

# STATE OF NEW YORK

8829

## IN ASSEMBLY

January 18, 2024

Introduced by M. of A. SOLAGES -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to impose an excise tax on the failure of certain hedge funds owning excess single-family residences to dispose of such residences; and to amend the state finance law, in relation to establishing the housing down payment trust fund and directing the commissioner of the state division of housing and community renewal to establish a grant program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "End Hedge Fund Control of New York Homes Act".

3 § 2. The tax law is amended by adding a new article 20-E to read as  
4 follows:

### ARTICLE 20-E

#### EXCISE TAX ON CERTAIN TAXPAYERS FAILING TO SELL EXCESS SINGLE-FAMILY RESIDENCES

##### Section 500. Definitions.

9 500-a. Imposition of tax.

10 500-b. Maximum permissible units.

11 500-c. Construction.

12 500-d. Reporting.

13 500-e. Tax form.

14 500-f. Certification.

15 500-g. Use of tax revenues.

16 § 500. Definitions. For purposes of this article, the following defi-  
17 initions shall apply:

18 1. "Applicable date" means:

19 (a) the last day of the first full taxable year ending on or after the  
20 effective date of this article; or

21 (b) in the case of any taxpayer that changes its status during a taxa-  
22 ble year, the last day of the taxable year immediately preceding the  
23 taxable year in which the taxpayer changed its status.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 2. "Applicable single-family residence" means any single-family resi-  
2 dence which was acquired on or before the applicable date.

3 3. (a) "Applicable taxpayer" means a taxpayer, including a partner-  
4 ship, corporation, trust or other legal entity, that:

5 (i) manages funds pooled from investors and is a fiduciary with  
6 respect to such investors; and

7 (ii) is an asset manager in any of the following asset classes:

8 (A) public equity or fixed income securities;

9 (B) a hedge fund;

10 (C) a fund of hedge funds;

11 (D) private equity (including venture capital);

12 (E) a fund of private equity funds;

13 (F) a real estate investment fund;

14 (G) a fund of real estate funds; or

15 (H) any other asset class for which an applicable fiduciary-controlled  
16 entity engages external asset managers; and

17 (iii) that has fifty million dollars or more in net value or assets  
18 under management on any day during the taxable year.

19 (b) "Applicable taxpayer" shall not include:

20 (i) an organization which is described in section 501(c)(3) and exempt  
21 from tax under section 501(a) of the Internal Revenue Code; or

22 (ii) an organization primarily engaged in the construction or rehabil-  
23 itation of single-family residences.

24 4. "Disqualified sale" means any sale or transfer of a single-family  
25 residence to:

26 (a) a corporation or other entity engaged in a trade or business; or

27 (b) an individual who owns any other single-family residence at the  
28 time of such sale or transfer.

29 5. "Newly acquired single-family residence" means any single-family  
30 residence which was acquired by the taxpayer in any taxable year which  
31 begins after the effective date of this article.

32 6. "Single-family residence" means a residential property consisting  
33 of one to four dwelling units; provided that such term shall not  
34 include:

35 (a) any unoccupied single-family residence acquired through foreclo-  
36 sure;

37 (b) any single-family residence that is:

38 (i) not rented or leased, and

39 (ii) used as the principal residence of any person who has an owner-  
40 ship interest in the applicable taxpayer; or

41 (c) any single-family residence constructed, acquired, or operated  
42 with Federal appropriated funding sources.

43 7. "Trade or business" shall include any activity treated as a trade  
44 or business under paragraph (5) or (6) of section 469(c) of the Internal  
45 Revenue Code (determined without regard to the phrase 'To the extent  
46 provided in regulations' in such paragraph (6)).

47 § 500-a. Imposition of tax. 1. In the case of an applicable taxpayer,  
48 there is hereby imposed a tax on the acquisition of any newly acquired  
49 single-family residence equal to fifty percent of the fair market value  
50 of such residence.

51 2. (a) In the case of an applicable taxpayer who fails to meet the  
52 requirements of subdivision (b) of this section there is hereby imposed  
53 a tax equal to the product of:

54 (i) fifty thousand dollars, and

55 (ii) the excess of:

1 (A) the number of applicable single-family residences owned by the  
 2 taxpayer as of the last day of the taxable year, over  
 3 (B) the maximum permissible units for the taxable year.

4 (b) An applicable taxpayer meets the requirement of this subdivision  
 5 for any taxable year if the number of applicable single-family resi-  
 6 dences owned by the taxpayer as of the last day of the taxable year is  
 7 equal to or less than the maximum permissible units determined with  
 8 respect to such taxpayer for such taxable year. For purposes of this  
 9 paragraph, a single-family residence which is sold or transferred in a  
 10 disqualified sale during the taxable year shall be treated as a single-  
 11 family residence which is owned by the applicable taxpayer as of the  
 12 last day of such taxable year.

13 § 500-b. Maximum permissible units. The maximum permissible units with  
 14 respect to any applicable taxpayer for any taxable year shall be deter-  
 15 mined as follows:

16 <u>In the case of:</u>	<u>The maximum permissible units</u>
17	<u>for an applicable taxpayer is:</u>
18 <u>the first full taxable</u>	<u>ninety percent of the number of applicable</u>
19 <u>year beginning after the</u>	<u>single-family residences owned by</u>
20 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
21 <u>the second taxable year</u>	<u>eighty percent of the number of applicable</u>
22 <u>beginning after the</u>	<u>single-family residences owned by</u>
23 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
24 <u>the third taxable year</u>	<u>seventy percent of the number of applicable</u>
25 <u>beginning after the</u>	<u>single-family residences owned by</u>
26 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
27 <u>the fourth taxable year</u>	<u>sixty percent of the number of applicable</u>
28 <u>beginning after the</u>	<u>single-family residences owned by</u>
29 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
30 <u>the fifth taxable year</u>	<u>fifty percent of the number of applicable</u>
31 <u>beginning after the</u>	<u>single-family residences owned by</u>
32 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
33 <u>the sixth taxable year</u>	<u>forty percent of the number of applicable</u>
34 <u>beginning after the</u>	<u>single-family residences owned by</u>
35 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
36 <u>the seventh taxable year</u>	<u>thirty percent of the number of applicable</u>
37 <u>beginning after the</u>	<u>single-family residences owned by</u>
38 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
39 <u>the eighth taxable year</u>	<u>twenty percent of the number of applicable</u>
40 <u>beginning after the</u>	<u>single-family residences owned by</u>
41 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>
42 <u>the ninth taxable year</u>	<u>ten percent of the number of applicable</u>
43 <u>beginning after the</u>	<u>single-family residences owned by</u>
44 <u>applicable date</u>	<u>the taxpayer on the applicable date</u>

1 any taxable year beginning 0  
2 more than nine years after  
3 the applicable date

4 § 500-c. Construction. 1. For purposes of this article, an applicable  
5 taxpayer shall be treated:

6 (a) as acquiring a single-family residence if the applicable taxpayer  
7 acquires a majority ownership interest in the single-family residence,  
8 regardless of the percentage of that ownership interest; and

9 (b) as owning a single-family residence if the applicable taxpayer  
10 owns a majority ownership interest in the single-family residence,  
11 regardless of the percentage of that ownership interest.

12 2. For purposes of this article, all persons or entities that are  
13 treated as a single employer under subsections (a) and (b) of section 52  
14 of the Internal Revenue Code shall be treated as a single person or  
15 entity.

16 § 500-d. Reporting. 1. The commissioner shall require such reporting  
17 as the commissioner determines necessary or appropriate to carry out the  
18 purposes of this section, including reporting with respect to:

19 (a) the dates on which single-family residences owned by an applicable  
20 taxpayer were acquired by such taxpayer; and

21 (b) whether any person acquiring a single-family residence from an  
22 applicable taxpayer owns any other single-family residences at the time  
23 of the acquisition.

24 2. Any person who fails to report information required under subdivi-  
25 sion one of this section or who fails to include correct information in  
26 such report shall pay a penalty of twenty thousand dollars; provided,  
27 however, that no such penalty shall be imposed with respect to any fail-  
28 ure if it is shown that such failure is due to reasonable cause and not  
29 to willful neglect. The penalty under this subdivision shall be paid  
30 upon notice and demand by the commissioner.

31 § 500-e. Tax form. Not later than one hundred eighty days after the  
32 effective date of this article, the commissioner, or the commissioner's  
33 delegate, shall publish a form to be used for calculating the amount of  
34 tax owed under this article.

35 § 500-f. Certification. 1. The reporting required under subparagraph  
36 (b) of subdivision one of section five hundred-d of this article, shall  
37 include a certification from each individual to whom a single-family  
38 residence is sold or transferred from an applicable taxpayer.

39 2. The certification required under this section shall be signed by  
40 the purchaser or transferee and state the following:

41 (a) the name and address of the purchaser or transferee;

42 (b) that the sale is not a disqualified sale; and

43 (c) that the purchaser or transferee will be subject to the penalty  
44 imposed under subdivision two of section five hundred-d of this article  
45 for any false certification.

46 § 500-g. Use of tax revenues. All revenues from taxes collected under  
47 this article shall be deposited into the housing down payment trust fund  
48 established by section eighty-b of the state finance law and shall be  
49 used only for the purposes specified in such section.

50 § 3. The state finance law is amended by adding a new section 80-b to  
51 read as follows:

52 § 80-b. Housing down payment trust fund. 1. There is established in  
53 custody of the state comptroller a special fund to be known as "the  
54 housing down payment trust fund" (hereinafter in this section referred  
55 to as the 'trust fund').

1 2. The trust fund shall consist of moneys appropriated thereto, moneys  
2 transferred from any other fund or sources, and all excise tax, penal-  
3 ties and forfeitures collected pursuant to article twenty-E of the tax  
4 law. Nothing contained in this section shall prevent the state from  
5 receiving grants, gifts or bequests for the purposes of the trust fund  
6 as defined in this section and depositing them into the trust fund  
7 according to law.

8 3. The moneys in the trust fund shall be kept separate from and shall  
9 not be commingled with any other moneys in the custody of the state  
10 comptroller. Such moneys shall be made available to the commissioner of  
11 the state division of housing and community renewal for the grants  
12 program for down payment assistance programs as provided in subdivision  
13 four of this section.

14 4. The commissioner of the state division of housing and community  
15 renewal shall establish a program under which said commissioner makes  
16 grants to state housing finance agencies to establish new or supplement  
17 existing programs that provide down payment assistance to families  
18 purchasing homes within the state. A state housing finance agency that  
19 receives a grant under this section shall give priority to families  
20 seeking assistance to purchase any single-family residence that is sold  
21 or transferred by an applicable taxpayer as defined in article twenty-E  
22 of the tax law. The commissioner of the state division of housing and  
23 community renewal shall establish the application criteria and quali-  
24 fications for the state housing finance agencies for the purposes of the  
25 trust fund as defined in this section. The commissioner of the state  
26 division of housing and community renewal may enter into contracts with  
27 such qualified state housing finance agencies which may thereafter be  
28 renewed, extended or succeeded by new contracts from year to year in the  
29 discretion of the commissioner of the state division of housing and  
30 community renewal.

31 5. The monies shall be payable from the trust fund on the audit and  
32 warrant of the comptroller on vouchers approved and certified by the  
33 commissioner of the state division of housing and community renewal.

34 6. No later than the fifteenth day of January of each year the commis-  
35 sioner of the state division of housing and community renewal shall  
36 report to the governor, the temporary president of the senate and the  
37 speaker of the assembly on activities undertaken by the commissioner of  
38 the state division of housing and community renewal and any grantee  
39 pursuant to this section in the preceding year. The report shall  
40 include, but not be limited to, the current amount of funds available as  
41 well as the amount of money granted to any state housing finance agen-  
42 cies for the purposes identified in this section.

43 § 4. This act shall take effect immediately and shall apply to taxable  
44 years beginning on and after the effective date of this act.