STATE OF NEW YORK

1818

2025-2026 Regular Sessions

IN ASSEMBLY

January 14, 2025

Introduced by M. of A. SOLAGES, RAGA -- 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:

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

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

ARTICLE 20-E
EXCISE TAX ON CERTAIN TAXPAYERS FAILING TO SELL EXCESS SINGLE-FAMILY RESIDENCES

§ 500. Definitions. For purposes of this article, the following definitions shall apply:

1. "Applicable date" means:

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

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

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

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

3. (a) "Applicable taxpayer" means a taxpayer, including a partnership, corporation, trust or other legal entity, that:

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

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

(A) public equity or fixed income securities;

(B) a hedge fund;

(C) a fund of hedge funds;

(D) private equity (including venture capital);

(E) a fund of private equity funds;

(F) a real estate investment fund;

(G) a fund of real estate funds; or

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

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

(b) "Applicable taxpayer" shall not include:

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

(ii) an organization primarily engaged in the construction or rehabilitation of single-family residences.

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

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

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

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

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

(a) any unoccupied single-family residence acquired through foreclosure;

(b) any single-family residence that is:

(i) not rented or leased, and

(ii) used as the principal residence of any person who has an ownership interest in the applicable taxpayer; or

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

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

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

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

(i) fifty thousand dollars, and

(ii) the excess of:

(A) the number of applicable single-family residences owned by the taxpayer as of the last day of the taxable year, over

(B) the maximum permissible units for the taxable year.

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

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

In the case of:	The maximum permissible units for an applicable taxpayer is:
the first full taxable year beginning after the applicable date	ninety percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the second taxable year beginning after the applicable date	eighty percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the third taxable year beginning after the applicable date	seventy percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the fourth taxable year beginning after the applicable date	sixty percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the fifth taxable year beginning after the applicable date	fifty percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the sixth taxable year beginning after the applicable date	forty percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the seventh taxable year beginning after the applicable date	thirty percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the eighth taxable year beginning after the applicable date	twenty percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the ninth taxable year beginning after the applicable date	ten percent of the number of applicable single-family residences owned by the taxpayer on the applicable date

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. No later than the fifteenth day of January of each year the commissioner of the state division of housing and community renewal shall report to the governor, the temporary president of the senate and the speaker of the assembly on activities undertaken by the commissioner of the state division of housing and community renewal and any grantee pursuant to this section in the preceding year. The report shall include, but not be limited to, the current amount of funds available as well as the amount of money granted to any state housing finance agencies for the purposes identified in this section.

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