# STATE OF NEW YORK

11678

# IN ASSEMBLY

September 2, 2026

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Ra) -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to expanding the tax exemption for first-time home buyers

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

Section 1. Section 457 of the real property tax law, as added by chapter 529 of the laws of 2001, the closing paragraph of subdivision 1 and subdivision 7 as further amended by subdivision (b) of section 1 of part W of chapter 56 of the laws of 2010, paragraph (a) of subdivision 2 as amended by chapter 496 of the laws of 2003, paragraph (c) of subdivision 2 as separately amended by chapter 529 of the laws of 2001 and chapter 496 of the laws of 2003 and subdivision 5 as amended by chapter 485 of the laws of 2022, is amended to read as follows:

§ 457. Exemption for first-time homebuyers [~~of newly constructed homes~~]. 1. [~~Newly constructed primary~~] **Primary** residential property purchased by one or more persons, each of whom is a first-time homebuyer and has not been married to a homeowner in the three years prior to applying for this first-time homeowners exemption, shall be exempt from taxation levied by or on behalf of any county, city, town, village or school district in which such [~~newly constructed~~] residential property is located, provided the legislative body or governing board of such county, city, town or village, after public hearing, adopts a local law, or a school district, other than a school district to which article fifty-two of the education law applies, adopts a resolution providing therefor. The length of such exemption shall be set forth in such local law or resolution, but in no event shall it exceed five years.
Such exemption shall be computed in accordance with the following table:

| Year of Exemption | Percentage assessed Valuation exempt from tax |
|---|---|
| 1 | 50 |
| 2 | 40 |
| 3 | 30 |
| 4 | 20 |

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

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| | |
|---|---|
| 5 | 10 |
| 6 or more | 0 |

A copy of such local laws or resolutions shall be filed with the commissioner and the assessor of such county, city, town, or village who prepares the assessment roll on which the taxes of such county, city, town, village or school district are levied.

**Local laws adopted pursuant to this section prior to assessment rolls based upon taxable status dates occurring on or after March first, two thousand twenty-seven may remain in effect as enacted unless the legislative body or governing board of such county, city, town, village or school district adopts a new resolution to expand the exemption to include all primary residential properties purchased by eligible first-time homebuyers.**

2. (a) Any [~~newly constructed~~] primary residential real property within the purchase price limits defined by the state of New York mortgage agency low interest rate mortgage program in the non-target, one family new category for the county where such property is located and in effect on the contract date for the purchase and sale of such property, shall be eligible for the exemption allowed pursuant to this section.

(b) A first-time homebuyer who either as part of the written contract for sale of the primary residential property, or who enters into a written contract within ninety days after closing of the sale of the primary residence for reconstruction, alteration or improvements, the value of which exceeds three thousand dollars, to the primary residential property shall be exempt from taxation to the extent provided by this section. Such exemption shall apply solely to the increase in assessed value thereof attributable to such reconstruction, alteration or improvement provided that the assessed value after reconstruction, alteration, or improvements does not exceed fifteen percent more than the purchase price limits as defined in paragraph (a) of this subdivision. For purposes of this section the terms reconstruction, alteration and improvement shall not include ordinary maintenance and repairs.

(c) A first-time homebuyer shall not qualify for the exemption authorized pursuant to this section if the household income exceeds income limits defined by the state of New York mortgage agency low interest rate mortgage program in the non-target, one and two person household category for the county where such property is located and in effect on the contract date for the purchase and sale of such property.

(i) The term "household income" as used herein shall mean the total combined income of all the owners, and of any owners' spouses residing on the premises, for the income tax year preceding the date of making application for the exemption.

(ii) The term "income" as used herein shall mean the "adjusted gross income" for federal income tax purposes as reported on the applicant's latest available federal or state income tax return subject to any subsequent amendments or revisions, reduced by distributions, to the extent included in federal adjusted gross income, received from an individual retirement account and an individual retirement annuity; provided that if no such return was filed within the one year period preceding taxable status date, "income" shall mean the adjusted gross income that would have been so reported if such a return had been filed. For purposes of this subdivision, "latest available return" shall mean the federal or state income tax return for the year immediately preceding the date of making application, provided however, that if the tax return for such tax year has not been filed, then the income tax return for the tax year two years preceding the date of making application shall be considered the latest available.

3. [~~Newly constructed primary~~] <u>**Primary**</u> residential property purchased by first-time homebuyers at a sales price greater than the maximum eligible sales price shall qualify for the exemption allowed pursuant to this section for that portion of the sales price of such [~~newly constructed~~] primary residential property equal to the maximum eligible sales price, provided, however, that any [~~newly constructed~~] primary residential property purchased at a sales price greater than fifteen percent above the maximum eligible sales price shall not be allowed any exemption.

4. The legislative body or governing board of a county, city, town or village may adopt a local law, or a school district, other than a school district to which article fifty-two of the education law applies may adopt a resolution to provide for an increase not to exceed twenty-five per centum on the purchase price limit used for eligibility for the exemption provided for in this section.

5. No exemption shall be allowed pursuant to this section for any [~~newly constructed~~] primary residential property purchased by a first-time homebuyer on or after December thirty-first, two thousand [~~twenty-eight~~] <u>**thirty-four**</u>, unless such purchase is pursuant to a binding written contract entered into prior to December thirty-first, two thousand [~~twenty-eight~~] <u>**thirty-four**</u>. Provided, however, that any first-time homebuyer who is allowed an exemption pursuant to this section prior to such date shall continue to be allowed further exemptions pursuant to subdivision one of this section.

6. (a) No portion of a single family [~~newly constructed~~] primary residential property shall be leased during the period of time when the first-time homeowner exemption shall apply to the residence. If any portion of the single family [~~newly constructed~~] primary residential property is found to be the subject of a lease agreement the assessor shall discontinue any exemption granted pursuant to this section.

(b) In the event that a primary residential property granted an exemption pursuant to this section ceases to be used primarily for residential purposes or title thereto is transferred to other than the heirs or distributees of the owner, the exemption granted pursuant to this section shall be discontinued.

(c) Upon determining that an exemption granted pursuant to this section should be discontinued, the assessor shall mail a notice so stating to the owner or owners thereof at the time and in the manner provided by section five hundred ten of this chapter. Such owner or owners shall be entitled to seek administrative and judicial review of such action in the manner provided by law, provided that the burden shall be on such owner or owners to establish eligibility for the exemption.

7. Such exemption shall be granted only upon application by the owner of such building on a form prescribed by the commissioner. The application shall be filed with the assessor of the city, town, village or county having the power to assess property for taxation on or before the appropriate taxable status date of such city, town, village and county.

8. If satisfied that the applicant is entitled to an exemption pursuant to this section, the assessor shall approve the application and such primary residential property shall thereafter be exempt from taxation and special ad valorem levies as provided in this section commencing with the assessment roll prepared on the basis of the taxable status date referred to in subdivision seven of this section. The assessed

value of any exemption granted pursuant to this section shall be entered by the assessor on the assessment roll with the taxable property, with the amount of the exemption shown in a separate column.

9. For purposes of this section: (a) "first-time homebuyer" means a person who has not owned a primary residential property and is not married to a person who has owned a residential property during the three-year period prior to [~~his or her~~] **their** purchase of the primary residential property, and who does not own a vacation or investment home.

(b) "Primary residential property" means any one or two family house, townhouse or condominium located in this state which is owner occupied by such homebuyer.

[~~(c) "Newly constructed" means an improvement to real property which was constructed as a primary residential property, and which has never been occupied and was constructed after the effective date of this section. "Newly constructed" shall also mean that portion of a primary residential property that is altered, improved or reconstructed.~~]

§ 2. This act shall take effect immediately and shall apply to assessment rolls based on taxable status dates beginning on or after March 31, 2027.