

STATE OF NEW YORK

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IN ASSEMBLY

January 14, 2025

Introduced by M. of A. BRAUNSTEIN, DINOWITZ, COLTON, BERGER, BICHOTTE HERMELYN, SEAWRIGHT, LUCAS, SIMON, PHEFFER AMATO, HYNDMAN, EICHENSTEIN, BORES, ZACCARO, SEPTIMO, FALL, CUNNINGHAM, VANEL, JACKSON, HEVESI, WEPRIN, CRUZ, KIM, RAJKUMAR, LEVENBERG, BENEDETTO, SIMONE, ROZIC, TAPIA, NOVAKHOV, REYES -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to establishing an abatement and exemption from real property taxes for capital improvements to reduce carbon emissions; and to repeal such provisions upon the expiration thereof

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

1 Section 1. Legislative intent. New York's leading climate law, the
2 climate leadership and community protection act of 2019 (CLCPA),
3 requires the state to reduce its greenhouse gas emissions to 40 percent
4 below 1990 levels by 2030, and 85 percent below 1990 levels by 2050,
5 among other goals. At the same time, New York city's local law number 97
6 for the year 2019 requires buildings over 25,000 square feet to reduce
7 their carbon emissions to comply with increasingly stringent emissions
8 limits. While New York's building stock accounts for more than 25
9 percent of statewide greenhouse gas emissions and transportation is a
10 top emitter, in New York city that ratio is reversed, with buildings
11 accounting for approximately 70 percent of greenhouse gas emissions. As
12 such, reaching the state and city's climate goals will require signif-
13 icant investment to decarbonize buildings including through electrifica-
14 tion, energy efficiency, and the use of new technologies and energy
15 sources. The use of this targeted abatement, which would be available to
16 support all property owners that are meaningfully engaged in reducing
17 carbon emissions will ensure the success of the CLCPA and local law 97.
18 This legislation will benefit all New Yorkers by ensuring that our
19 buildings can play a vital role in decarbonization.

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

LBD00341-01-5

1 § 2. The real property tax law is amended by adding a new section
2 488-b to read as follows:

3 § 488-b. Abatement and exemption from real property taxes for capital
4 improvements to reduce carbon emissions. 1. For the purposes of this
5 section, the following terms shall have the meanings specified in this
6 subdivision:

7 a. "Eligible real property" shall mean a property located within a
8 city of one million or more that is:

9 (i) any class B multiple dwelling as defined in the multiple dwelling
10 law;

11 (ii) any class A multiple dwelling as defined in the multiple dwelling
12 law;

13 Notwithstanding the foregoing, eligible real property shall not
14 include college and school dormitories, club houses, or residences whose
15 occupancy is restricted to an institutional use such as housing intended
16 for use primarily or exclusively by the employees of a single company or
17 institution. A building is an eligible real property only if it quali-
18 fies as such after completion of the eligible improvements, but need not
19 have been an eligible real property prior to the eligible improvements;

20 (iii) any non-residential, commercial property used primarily for the
21 buying, selling or otherwise providing of goods or services inclusive of
22 manufacturing and office space;

23 (iv) any single family private dwelling; or

24 (v) any two-family private dwelling.

25 b. "Eligible improvements" shall be limited to categories of work that
26 result in a reduction of greenhouse gas emissions for the building,
27 provided further that such work shall be in conformity with all applica-
28 ble laws. Eligible improvements shall include, but not be limited to,
29 any of the following types of improvements:

30 (i) design, permitting, and technical analysis work required to iden-
31 tify, measure, and complete eligible work including the development of
32 carbon emissions reduction strategies and plans;

33 (ii) cleaning, resurfacing or repair of adjacent surfaces, inclusive
34 of the replacement or installation of windows, walls, ceilings, floors,
35 doors or trim where necessary;

36 (iii) pointing, waterproofing and repair of building envelope, includ-
37 ing cleaning of entire building exterior surface to prepare for such
38 work, in the course of the replacement, installation or upgrading of
39 eligible systems or equipment;

40 (iv) replacement, repair or installation of new systems for heating or
41 cooling, including domestic hot water;

42 (v) installation of solar, green roofs or other mechanisms to offset
43 use of energy from the electricity grid;

44 (vi) replacement, or installation of insulation in walls, roofs,
45 flooring, eaves, and around pipes;

46 (vii) replacement or installation of thermostats to control temper-
47 ature and building management systems;

48 (viii) installation of energy efficient appliances, fixtures, or
49 lighting;

50 (ix) repair, replacement and modification of electrical systems,
51 and/or wiring associated therewith;

52 (x) appurtenant labor, equipment and supplies; and

53 (xi) any other categories of work established by the board in regu-
54 lations that results in a net reduction in greenhouse gas emissions for
55 the building.

1 c. "Board" shall mean the energy efficiency improvement board estab-
2 lished by this section.

3 d. "Department of buildings" shall mean the department of buildings in
4 the city of New York.

5 2. Eligible property reconstructed, altered or improved subsequent to
6 the effective date of this section shall be exempt from taxation and
7 special ad valorem levies to the extent provided in this section. Any
8 exemption or abatement permitted pursuant to this section shall take
9 effect no sooner than July first next succeeding the effective date of
10 this section.

11 3. There is hereby established an energy efficiency improvement board
12 within the office of real property services, which shall consist of four
13 members appointed by the governor, one of whom shall be the commissioner
14 of taxation and finance, ex-officio, one of whom shall be the president
15 of the New York state energy research and development authority, ex-of-
16 ficio, one of whom shall be the commissioner of homes and community
17 renewal, ex-officio, and a fourth member who shall have experience in
18 the construction of multiple dwellings. The board shall additionally
19 have two, non-voting members appointed by the mayor of the city of New
20 York. The board shall be responsible for administering the benefits
21 conferred by this section. The board shall appoint staff, within amounts
22 appropriated therefor, to assist it in the execution of its duties. The
23 board members shall be entitled to reimbursement of their actual and
24 necessary expenses in the discharge of their duties, but shall not
25 otherwise be entitled to any compensation for their service. The board
26 shall promulgate a regulation to establish a methodology to determine
27 the greenhouse gas emissions of a building, and by regulation establish
28 a formula that applicants can utilize to determine the reduction in
29 emissions created by any improvements permitted by this section. The
30 improvements described in subparagraphs (i), (ii) and (x) of paragraph b
31 of subdivision one of this section which do not inherently reduce emis-
32 sions, may only be approved if they are part of an application which
33 includes other projects which have the net effect of reducing the net
34 greenhouse gas emissions of the building if the building is character-
35 ized as an eligible real property pursuant to subparagraph (i), (ii) or
36 (iii) of paragraph a of subdivision one of this section. For an eligible
37 real property defined in subparagraph (iv) or (v) of paragraph a of
38 subdivision one of this section, the benefits of subparagraph (i) of
39 paragraph b of subdivision one of this section may be claimed independ-
40 ently at a reduced benefit of fifty percent of actual costs as provided
41 further in this section. The board shall promulgate an application for
42 benefits afforded to owners under this section, and shall establish a
43 process to review applications for the benefits under this section. The
44 board may promulgate regulations to allow for additional classes or
45 categories of work that should entitle an individual to an exemption and
46 abatement under this section, upon a finding that such work has a bene-
47 ficial impact on greenhouse gas emissions. The board shall approve
48 reasonable costs associated with the work proposed and may use as a
49 guide the typical costs of such improvements, and update such informa-
50 tion annually. Any application for benefits shall be approved or denied
51 within one year of submission, or if an affirmative approval or denial
52 has not been given, then such application shall be deemed approved. The
53 board shall establish a process to communicate with the department of
54 finance in the city of New York as to their determinations, such that it
55 may promptly update the tax rolls.

1 4. Any increase in assessed valuation of eligible real property
2 resulting from eligible improvements shall be exempt from taxation for
3 local purposes for a period of twenty years, provided that:

4 a. the eligible improvements are commenced after December thirty-
5 first, two thousand twenty-three, and are completed within sixty months
6 of the issuance of a permit by the department of buildings;

7 b. the eligible improvements are approved by the board with respect to
8 their costs and their qualifications for the benefits of this section;

9 c. the exemption may commence no sooner than the July first following
10 the filing with the local agency responsible for real property tax
11 assessment an application for such assessment, provided that if the
12 board has not established the amount of such assessment prior to such
13 filing, that no such increase in assessment shall be permitted until
14 such time as the board determines that the cost or work is otherwise not
15 qualified for such exemption; provided, however, that no abatement of
16 existing taxes shall be permitted until such time as an application is
17 approved, or deemed approved as applicable. If the rehabilitation is
18 carried out with substantial government assistance as part of a program
19 for affordable housing, the exemption may commence no sooner than the
20 July first following the commencement of construction of eligible
21 improvements;

22 d. there shall be no outstanding real estate taxes, water and sewer
23 charges, payments in lieu of taxes or other municipal charges due and
24 owing as of the tax quarter prior to commencement of tax exemption to
25 this section;

26 e. no person who lives in the eligible real property shall be required
27 by the owner to permanently vacate the eligible real property in order
28 to perform the eligible improvements or any related work;

29 f. notwithstanding the provisions of any state or local law, rule or
30 regulation to the contrary, the exemption shall be available notwith-
31 standing the receipt of any other benefit under state, local or federal
32 law.

33 5. Eligible real property which qualifies for exemption from taxation
34 for local purposes for eligible improvements shall also be eligible for
35 a ten or twenty year abatement of real property taxes not to exceed the
36 cost of eligible improvements certified by the board, which abatement
37 may commence on the first day of the first tax quarter following the
38 filing with the local agency responsible for real property tax assess-
39 ment of a certification of eligibility issued by the board for such
40 abatement; provided, however that if the rehabilitation is carried out
41 with substantial government assistance as part of a program for affor-
42 dable housing the abatement may commence no sooner than the first day of
43 the first tax quarter following the commencement of construction of
44 eligible improvements, provided that:

45 a. the annual abatement shall not exceed the amount of taxes otherwise
46 payable in the corresponding tax year, provided that excess costs which
47 are not applied in any tax year may be carried forward for the remainder
48 of the period of the abatement applicable to such improvement;

49 b. the amount of such abatement shall not exceed the following amounts
50 and durations, which shall be determined by regulations establishing a
51 methodology to calculate the annual abatement for such applicable work.
52 Such methodology shall establish a base year for calculating the
53 percentage on the building's prior calendar year building emissions
54 report as required by article three hundred twenty of chapter three of
55 title twenty-eight of the administrative code of the city of New York,
56 or if not required to file a building emissions report, then a bench-

1 marking report required by article three hundred nine of chapter three
2 of title twenty-eight of the administrative code of the city of New
3 York:

4 (i) a ten year abatement shall apply for projects which have a green-
5 house gas emission reduction of between two percent and twenty-nine
6 percent as follows:

7 (1) five percent of the costs of such improvement annually for a
8 greenhouse gas emission reduction of between two to five percent;

9 (2) six and one-half percent of the costs of such improvement annually
10 for a greenhouse gas emission reduction of between five to ten percent;

11 (3) seven percent of the costs of such improvement annually for a
12 greenhouse gas emission reduction of between ten to twelve percent;

13 (4) seven and one-half percent of the costs of such improvement annu-
14 ally for a greenhouse gas emission reduction of between twelve to
15 fifteen percent;

16 (5) eight percent of the costs of such improvement annually for a
17 greenhouse gas emission reduction of between fifteen to seventeen
18 percent;

19 (6) eight and one-half percent of the costs of such improvement annu-
20 ally for a greenhouse gas emission reduction of between seventeen to
21 twenty percent;

22 (7) nine percent of the costs of such improvement annually for a
23 greenhouse gas emission reduction of between twenty to twenty-five
24 percent;

25 (8) nine and one-half percent of the costs of such improvement annual-
26 ly for a greenhouse gas emission reduction of between twenty-five to
27 twenty-nine percent; and

28 (ii) up to a twenty year abatement shall apply for projects which have
29 a greenhouse gas emission reduction of thirty percent or more as
30 follows: ten percent of the costs of such improvement annually, provided
31 that in any year in which such ten percent exceeds the tax owed, excess
32 amounts shall carry forward until the earlier of years is reached, or
33 one hundred percent of the costs of such improvement are expended.

34 c. the abatement shall be available for consecutive years from the
35 date such abatement first becomes effective;

36 d. the total abatement shall be the lesser of two hundred percent of
37 the certified reasonable costs of eligible improvements or the actual
38 costs as determined by the board pursuant to its rules and regulations;
39 and

40 e. notwithstanding the provisions of any state or local law, rule or
41 regulation to the contrary, the abatement shall be available notwith-
42 standing the receipt of any other benefit under state, local or federal
43 law.

44 6. During the period of tax exemption or abatement pursuant to this
45 section, the owner shall submit an annual certification to the board.
46 Failure to submit such certification may result in revocation of bene-
47 fits. Such certification shall include the following:

48 a. the annual greenhouse gas emissions and usage of energy for the
49 building;

50 b. a statement that the property currently complies with all building
51 and housing codes and that no tax required to be paid is in arrears; and

52 c. all such other information required by the board.

53 7. During the period of tax exemption or abatement pursuant to this
54 section, the exemption and abatement may be revoked upon a violation of
55 applicable oversight laws, where an agency with jurisdiction to enforce
56 such laws has requested a suspension of abatement or exemption based

1 upon violations of the multiple dwelling law, the local building code
2 and the local housing maintenance code, or other applicable law or regu-
3 lation.

4 8. The benefits of this section may be revoked or reduced upon a find-
5 ing by the board that:

6 a. the application for benefits hereunder or the annual certification
7 required hereunder contains a false statement or false information as to
8 a material matter or omits a material matter;

9 b. real estate taxes, water and sewer charges, payments in lieu of
10 taxes or other municipal charges are due and owing for more than one
11 year; or

12 c. the eligible real property fails to provide the annual certif-
13 ication required by this section; and

14 d. after receiving notice of such a failure, that such owner has
15 failed to cure the deficiency within ninety days.

16 9. The local agencies of government charged with the administration of
17 this section may promulgate rules and regulations to carry out the
18 provisions of this section.

19 § 3. This act shall take effect immediately and shall expire and be
20 deemed repealed December 31, 2032.