

STATE OF NEW YORK

7507

2025-2026 Regular Sessions

IN ASSEMBLY

March 28, 2025

Introduced by M. of A. NOVAKHOV, FITZPATRICK, TAGUE, BLANKENBUSH,
NORBER, HAWLEY, MIKULIN -- read once and referred to the Committee on
Ways and Means

AN ACT to amend the tax law, in relation to establishing a homeownership
rehabilitation credit

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

1 Section 1. Section 606 of the tax law is amended by adding a new
2 subsection (o-1) to read as follows:

3 (o-1) Homeownership rehabilitation credit. (1) A taxpayer shall be
4 allowed a credit of fifteen percent of the qualified rehabilitation
5 expenses made by the taxpayer with respect to a qualified residence
6 against the tax imposed by this article. For the purposes of this
7 subsection:

8 (A) "Qualified residence" means any residence which is located:

9 (i) in a census tract in which seventy percent or more of the families
10 have income that is less than ninety percent of the greater of area or
11 statewide median gross income;

12 (ii) in a rural area as defined under section 520 of the federal hous-
13 ing act of 1949;

14 (iii) on a reservation for a federally recognized Indian tribe; or

15 (iv) in an area of chronic economic distress, as defined by section
16 143 of the internal revenue code.

17 (B) "Residence" means:

18 (i) a single family home containing one to four housing units;

19 (ii) a condominium unit, or stock in a cooperative housing corpo-
20 ration; or

21 (iii) that is owned or purchased by a taxpayer or such taxpayer's
22 principal residence and is at least forty years old in the case of a
23 single family home or in the case of a multiple dwelling containing
24 condominium or cooperative housing units the exterior is at least forty
25 years old.

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

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1 (C) "Qualified rehabilitation expenses" means any amount properly
2 chargeable to capital account that exceeds five thousand dollars for
3 both interior and exterior work.

4 (2) The qualified residence shall be used by the taxpayer as such
5 taxpayer's principal residence during the taxable year in which the
6 taxpayer claims the credit.

7 (3) In the case of a qualified purchased residence, the taxpayer shall
8 be treated as having made, on the date of purchase, the qualified reha-
9 ilitation expenditures made by the seller of such home. Expenditures
10 made by the seller shall be deemed qualified rehabilitation expenditures
11 of such expenditures if made by the purchaser would have so qualified.

12 For purposes of this paragraph, the term "qualified purchased resi-
13 dence" means any rehabilitated residence purchased by the taxpayer if:

14 (A) the taxpayer is the first purchaser of such structure after the
15 date rehabilitation is completed and the purchase occurs within five
16 years after such date;

17 (B) the structure or a portion thereof shall, within a reasonable
18 period, be the principal residence of the taxpayer;

19 (C) no credit was allowed to the seller under this paragraph with
20 respect to such rehabilitation; and

21 (D) the taxpayer is furnished with such information as the commission-
22 er decides is necessary to determine the credit under this paragraph.

23 (4)(A) If before the end of the five-year period beginning on the date
24 in which the rehabilitation of the residence is completed or, if para-
25 graph three of this subsection applies, the date of purchase of such
26 building by the taxpayer, (i) the taxpayer disposes of such taxpayer's
27 interest in such building, or (ii) such building ceases to be used as
28 the principal residence of the taxpayer, the taxpayer's tax imposed by
29 this article for the taxable year in which such disposition or cessation
30 occurs shall be increased by the recapture percentage of the credit
31 allowed under this subsection for all prior taxable years with respect
32 to such rehabilitation.

33 (B) For purposes of subparagraph (A) of this paragraph, the recapture
34 percentage shall be the product of the amount of credit claimed by the
35 taxpayer multiplied by a ratio, the numerator of which is the number of
36 months the building is used as the taxpayer's principal residence and
37 the denominator of which is sixty.

38 (5) If the credit allowed under paragraph one of this subsection for
39 any taxable year exceeds the taxpayer's tax for such year and the
40 taxpayer's New York adjusted gross income for such year does not exceed
41 one hundred thousand dollars, the excess credit shall be treated as an
42 overpayment of tax to be credited or refunded in accordance with the
43 provisions of section six hundred eighty-six of this article, provided,
44 however, that no interest shall be paid thereon. If the taxpayer's New
45 York adjusted gross income for such year exceeds one hundred thousand
46 dollars, the excess credit may be carried over to the following year or
47 years and may be deducted from the taxpayer's tax for such year or
48 years.

49 (6) The commissioner shall prescribe such regulations as may be appro-
50 priate to carry out the purposes of this subsection, including, but not
51 limited to, regulations concerning valid proof of rehabilitation
52 expenses by a taxpayer and regulations where more than one taxpayer uses
53 the same dwelling unit on their principal residence.

54 § 2. This act shall take effect immediately and shall apply to taxable
55 years commencing on and after the first of January in the year in which
56 this act shall have become a law.