STATE OF NEW YORK

1122

2025-2026 Regular Sessions

IN SENATE

January 8, 2025

Introduced by Sens. OBERACKER, BORRELLO, RHOADS -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the real property tax law, in relation to extending the benefits of the STAR program to small businesses

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

Section 1. Subdivision 3 of section 425 of the real property tax law, as added by section 1 of part B of chapter 389 of the laws of 1997, paragraph (a) as amended by chapter 264 of the laws of 2000, paragraph (b-1) as amended by section 1 of part RR of chapter 59 of the laws of 2019, paragraph (d) as amended by chapter 564 of the laws of 2015 and paragraph (e) as added by section 2 of part W of chapter 57 of the laws of 2008, is amended to read as follows:

3. Eligibility requirements. (a) Property use. To qualify for exemption pursuant to this section, the property must be a one, two or three family residence, a farm dwelling**, small business** or residential property held in condominium or cooperative form of ownership. If the property is not an eligible type of property, but a portion of the property is partially used by the owner as a primary residence, that portion which is so used shall be entitled to the exemption provided by this section; provided that in no event shall the exemption exceed the assessed value attributable to that portion.

(b) Primary residence. The property must serve as the primary residence of one or more of the owners thereof**, unless such property is owned by a small business as defined in paragraph (f) of this subdivision**.

(b-1) Income. For final assessment rolls to be used for the levy of taxes for the two thousand eleven-two thousand twelve through two thousand eighteen-two thousand nineteen school years, the parcel's affiliated income may be no greater than five hundred thousand dollars, as

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

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determined by the commissioner pursuant to subdivision fourteen of this section or section one hundred seventy-one-u of the tax law, in order to be eligible for the basic exemption authorized by this section. Beginning with the two thousand nineteen-two thousand twenty school year, for purposes of the exemption authorized by this section, the parcel's affiliated income may be no greater than two hundred fifty thousand dollars, as so determined. As used herein, the term "affiliated income" shall mean the combined income of all of the owners of the parcel who resided primarily thereon on the applicable taxable status date, and of any owners' spouses residing primarily thereon. For exemptions on final assessment rolls to be used for the levy of taxes for the two thousand eleven-two thousand twelve school year, affiliated income shall be determined based upon the parties' incomes for the income tax year ending in two thousand nine. In each subsequent school year, the applicable income tax year shall be advanced by one year. The term "income" as used herein shall have the same meaning as in subdivision four of this section.

(c) Trusts. If legal title to the property is held by one or more trustees, the beneficial owner or owners shall be deemed to own the property for purposes of this subdivision.

(d) Farm dwellings not owned by the resident. (i) If legal title to the farm dwelling is held by an S-corporation or by a C-corporation, the exemption shall be granted if the property serves as the primary residence of a shareholder of such corporation.

(ii) If the legal title to the farm dwelling is held by a partnership, the exemption shall be granted if the property serves as the primary residence of one or more of the partners.

(iii) If the legal title to the farm dwelling is held by a limited liability company, the exemption shall be granted if the property serves as the primary residence of one or more of the owners.

(iv) Any information deemed necessary to establish shareholder, partner or owner status for eligibility purposes shall be considered confidential and exempt from the freedom of information law.

(e) Dwellings owned by limited partnerships. (i) If legal title to a dwelling is held by a limited partnership, the exemption shall be granted if the property serves as the primary residence of one or more of the partners, provided that the limited partnership which holds title to the property does not engage in any commercial activity, that the limited partnership was lawfully created to hold title solely for estate planning and asset protection purposes, and that the partner or partners who primarily reside thereon personally pay all of the real property taxes and other costs associated with the property's ownership.

(ii) Any information deemed necessary to establish partner status for eligibility purposes shall be considered confidential and exempt from the freedom of information law.

(f) For the purposes of this subdivision, the term "small business" shall mean a business which employs one hundred persons or less.

§ 2. This act shall take effect immediately and shall apply to all taxable years beginning on and after January 1, 2025.