§ 421-f. * Exemption of capital improvements to residential buildings and certain new construction.

* NB Effective until January 1, 2026

* Exemption of capital improvements to residential buildings.

* NB Effective January 1, 2026

1. Residential buildings reconstructed, altered or improved subsequent to the effective date of a local law or resolution pursuant to this section shall be exempt from taxation and special ad valorem levies to the extent provided hereinafter. After a public hearing, the governing board of a county, city, town or village may adopt a local law and a school district, other than a school district subject to article fifty-two of the education law, may adopt a resolution to grant the exemption authorized pursuant to this section. A copy of such local law or resolution 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.

* 1-a. Buildings classified as class one property in section eighteen hundred two of this chapter reconstructed, altered, improved, or newly constructed in a special assessing unit that is not a city shall be exempt from taxation and special ad valorem levies to the extent provided hereinafter in the same manner and to the same extent to county, town, special district and school district taxes levied on the assessment roll prepared by such special assessing unit. Additional buildings and yard improvements shall be excluded from receiving this exemption. An application shall not be required to receive the exemption.

* NB Repealed January 1, 2026

* 2. (a) Such buildings shall be exempt for a period of one year to the extent of one hundred per centum of the increase in assessed value thereof attributable to such reconstruction, alteration or improvement, and new construction pursuant to subdivision one-a of this section, and for an additional period of seven years subject to the following:

(i) The extent of such exemption shall be decreased by twelve and one-half per centum of the "exemption base" each year during such additional period. The "exemption base" shall be the increase in assessed value as determined in the initial year of the term of the

exemption, except as provided in subparagraph (ii) of this paragraph.

(ii) In any year in which a change in level of assessment of fifteen percent or more is certified for a final assessment roll pursuant to the rules of the commissioner, the exemption base shall be multiplied by a fraction, the numerator of which shall be the total assessed value of the parcel on such final assessment roll (after accounting for any physical or quantity changes to the parcel since the immediately preceding assessment roll), and the denominator of which shall be the total assessed value of the parcel on the immediately preceding final assessment roll. The result shall be the new exemption base. The exemption shall thereupon be recomputed to take into account the new exemption base, notwithstanding the fact that the assessor receives certification of the change in level of assessment after the completion, verification and filing of the final assessment roll. In the event the assessor does not have custody of the roll when such certification is received, the assessor shall certify the recomputed exemption to the local officers having custody and control of the roll, and such local officers are hereby directed and authorized to enter the recomputed exemption certified by the assessor on the roll. The assessor shall give written notice of such recomputed exemption to the property owner, who may, if he or she believes that the exemption was recomputed incorrectly, apply for a correction in the manner provided by title three of article five of this chapter for the correction of clerical errors.

(iii) Except in a special assessing unit that is not a city, such exemption shall be limited to eighty thousand dollars in increased market value, or such other sum less than eighty thousand dollars, but not less than five thousand dollars as may be provided by the local law or resolution, of the property attributable to such reconstruction, alteration or improvement and any increase in market value greater than such amount shall not be eligible for the exemption pursuant to this section. In a special assessing unit that is not a city, the exemption shall be limited to seven hundred fifty thousand dollars in increased market value. For the purposes of this section, the market value of the reconstruction, alteration or improvement, or new construction as authorized by subdivision one-a of this section, shall be equal to the increased assessed value attributable to such reconstruction,

alteration, improvement or new construction divided by the class one ratio in a special assessing unit or the most recently established state equalization rate or special equalization rate in the remainder of the state, except where the state equalization rate or special equalization rate equals or exceeds ninety-five percent, in which case the increase in assessed value attributable to such reconstruction, alteration, improvement or new construction shall be deemed to equal the market value of such reconstruction, alteration or improvement.

(b) Except in a special assessing unit that is not a city, no such exemption shall be granted for reconstruction, alterations or improvements unless:

(i) such reconstruction, alteration or improvement was commenced subsequent to the effective date of the local law or resolution adopted pursuant to subdivision one of this section; and

(ii) the value of such reconstruction, alteration or improvement exceeds three thousand dollars; and

(iii) the greater portion, as so determined by square footage, of the building reconstructed, altered or improved is at least five years old.

(c) For purposes of this section the terms reconstruction, alteration and improvement shall not include ordinary maintenance and repairs.

* NB Effective until January 1, 2026

* 2. (a) Such buildings shall be exempt for a period of one year to the extent of one hundred per centum of the increase in assessed value thereof attributable to such reconstruction, alteration or improvement and for an additional period of seven years subject to the following:

(i) The extent of such exemption shall be decreased by twelve and one-half per centum of the "exemption base" each year during such additional period. The "exemption base" shall be the increase in assessed value as determined in the initial year of the term of the exemption, except as provided in subparagraph (ii) of this paragraph.

(ii) In any year in which a change in level of assessment of fifteen percent or more is certified for a final assessment roll pursuant to the rules of the commissioner, the exemption base shall be multiplied by a fraction, the numerator of which shall be the total assessed value of the parcel on such final assessment roll (after accounting for any physical or quantity changes to the parcel since the immediately preceding assessment roll), and the denominator of which shall be the

total assessed value of the parcel on the immediately preceding final assessment roll. The result shall be the new exemption base. The exemption shall thereupon be recomputed to take into account the new exemption base, notwithstanding the fact that the assessor receives certification of the change in level of assessment after the completion, verification and filing of the final assessment roll. In the event the assessor does not have custody of the roll when such certification is received, the assessor shall certify the recomputed exemption to the local officers having custody and control of the roll, and such local officers are hereby directed and authorized to enter the recomputed exemption certified by the assessor on the roll. The assessor shall give written notice of such recomputed exemption to the property owner, who may, if he or she believes that the exemption was recomputed incorrectly, apply for a correction in the manner provided by title three of article five of this chapter for the correction of clerical errors.

(iii) Such exemption shall be limited to eighty thousand dollars in increased market value, or such other sum less than eighty thousand dollars, but not less than five thousand dollars as may be provided by the local law or resolution, of the property attributable to such reconstruction, alteration or improvement and any increase in market value greater than such amount shall not be eligible for the exemption pursuant to this section. For the purposes of this section, the market value of the reconstruction, alteration or improvement shall be equal to the increased assessed value attributable to such reconstruction, alteration or improvement divided by the class I ratio in a special assessing unit or the most recently established state equalization rate or special equalization rate in the remainder of the state, except where the state equalization rate or special equalization rate equals or exceeds ninety-five percent, in which case the increase in assessed value attributable to such reconstruction, alteration or improvement shall be deemed to equal the market value of such reconstruction, alteration or improvement.

(b) No such exemption shall be granted for reconstruction, alterations or improvements unless:

(i) such reconstruction, alteration or improvement was commenced subsequent to the effective date of the local law or resolution adopted

pursuant to subdivision one of this section; and

(ii) the value of such reconstruction, alteration or improvement exceeds three thousand dollars; and

(iii) the greater portion, as so determined by square footage, of the building reconstructed, altered or improved is at least five years old.

(c) For purposes of this section the terms reconstruction, alteration and improvement shall not include ordinary maintenance and repairs.

* NB Effective January 1, 2026

* 3. Except in a special assessing unit that is not a city, 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 or county. In a special assessing unit that is not a city, the exemption shall be applied based upon that completion of reconstruction, alteration, improvement or new construction on or before the applicable taxable status date of the special assessing unit; provided, however that the exemption for such reconstruction, alteration, improvement or new construction that occurred after the taxable status date of such special assessing unit for the two thousand nineteen -- two thousand twenty assessment roll and on or before the taxable status date of such special assessing unit for the two thousand twenty -- two thousand twenty-one assessment roll shall be applied beginning with the two thousand twenty-one -- two thousand twenty-two assessment roll.

* NB Effective until January 1, 2026

* 3. 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 or county.

* NB Effective January 1, 2026

4. If satisfied that the applicant is entitled to an exemption pursuant to this section, the assessor shall approve the application and such building shall thereafter be exempt from taxation and special ad

valorem levies as herein provided commencing with the assessment roll prepared on the basis of the taxable status date referred to in subdivision three 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.

* 5. For the purposes of this section, except in a special assessing unit that is not a city, a residential building shall mean any building or structure designed and occupied exclusively for residential purposes by not more than two families.

* NB Effective until January 1, 2026

* 5. For the purposes of this section, a residential building shall mean any building or structure designed and occupied exclusively for residential purposes by not more than two families.

* NB Effective January 1, 2026

* 6. In the event that a building granted an exemption pursuant to this section ceases to be used primarily for residential purposes, is no longer classified as class one property in a special assessing unit that is not a city, or title thereto is transferred to other than the heirs or distributees of the owner in other than a special assessing unit that is not a city, the exemption granted pursuant to this section shall cease.

* NB Effective until January 1, 2026

* 6. In the event that a building 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 cease.

* NB Effective January 1, 2026

* 7. (a) Except for a special assessing unit that is not a city, a county, city, town or village may, by its local law, or school district, by its resolution:

(i) reduce the per centum of exemption otherwise allowed pursuant to this section;

(ii) limit eligibility for the exemption to those forms of reconstruction, alterations or improvements as are prescribed in such local law or resolution;

(iii) provide that the exemption shall be applicable only to those

improvements which would otherwise result in an increase in the assessed valuation of the real property but which consist of an addition, remodeling or modernization to an existing residential structure to prevent physical deterioration of the structure or to comply with applicable building, sanitary, health and/or fire codes.

(b) No such local law or resolution shall reduce or repeal an exemption granted pursuant to this section until the expiration of the period for which such exemption was granted.

* NB Effective until January 1, 2026

* 7. (a) A county, city, town or village may, by its local law, or school district, by its resolution:

(i) reduce the per centum of exemption otherwise allowed pursuant to this section;

(ii) limit eligibility for the exemption to those forms of reconstruction, alterations or improvements as are prescribed in such local law or resolution;

(iii) provide that the exemption shall be applicable only to those improvements which would otherwise result in an increase in the assessed valuation of the real property but which consist of an addition, remodeling or modernization to an existing residential structure to prevent physical deterioration of the structure or to comply with applicable building, sanitary, health and/or fire codes.

(b) No such local law or resolution shall reduce or repeal an exemption granted pursuant to this section until the expiration of the period for which such exemption was granted.

* NB Effective January 1, 2026

8. The provisions of this section shall not apply to a city with a population of more than one million.