*** § 421-h. Exemption of capital improvements to residential buildings.** 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 city, with a population of more than one hundred forty thousand but less than one hundred fifty thousand as determined by the latest decennial federal census, may adopt a local law or 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 city who prepares the assessment roll on which the taxes of such city are levied.

2. (a) Such buildings shall be exempt to the extent of one hundred per centum of the increase in assessed value thereof attributable to such reconstruction, alteration or improvement subject to the provisions of subdivision six of this section. Such exemption shall be limited to forty thousand dollars in increased market value, or such other sum less than forty 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 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.

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 having the power to assess property for taxation on or before the appropriate taxable status date of such city.

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. No such application shall be approved after December thirty-first, two thousand five.

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 one family.

6. In the event that a building granted an exemption pursuant to this section ceases to be used primarily for residential purposes by the owner who was granted the exemption pursuant to this section or title thereto is transferred to other than the spouse of the owner, the exemption granted pursuant to this section shall cease.

7. Such city may, by its local law or resolution:

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

(b) limit eligibility for the exemption to those forms of

reconstruction, alterations or improvements as are prescribed in such local law or resolution;

(c) 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.

* NB There are 2 § 421-h's