§ 421-l. Exemption of capital improvements to residential buildings in certain towns. 1. Residential buildings designed and occupied exclusively for residential purposes by not more than three families that are 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 town with a population of not less than sixteen thousand three hundred fifty and not more than sixteen thousand three hundred sixty, situated in a county with a population of not less than nine hundred nineteen thousand and not more than nine hundred nineteen thousand one hundred, based upon the two thousand ten federal census, may adopt a local law to grant the exemption authorized pursuant to this section. Subsequent to the adoption of such a local law, the county in which such town is located, any village located within such town and any school district all or part of which is located within such town may likewise exempt such property from its taxation and special ad valorem levies by local law, or in the case of a school district, by resolution in the same manner and to the same extent as the town. A copy of such local laws or resolutions shall be filed with the commissioner and appropriate assessor.

2. Such residential real property shall be exempt for a period of one year to the extent of fifty per centum of the increase in assessed value thereof attributable to such reconstruction, alteration or improvement and for an additional period of four years subject to the following:

(i) The extent of such exemption shall be decreased by ten per centum of the "exemption base" each year during such additional four-year period, such that during year two there shall be an exemption of forty per centum of the increase in assessed value thereof attributable, during year three there shall be an exemption of thirty per centum of the increase in assessed value thereof attributable, in year four there shall be an exemption of twenty per centum of the increase in assessed value thereof attributable and in year five there shall be an exemption of ten per centum of the increase in assessed value thereof attributable;

(ii) The "exemption base" shall be the increase in assessed value due

to reconstruction, alterations or improvements as determined by the assessor in the initial year of such five-year period following the filing of an original application; and

(iii) A qualified reconstruction, alteration or improvement shall have increased the assessed value of the real property by at least ten thousand dollars, with a maximum permitted exemption not to exceed one hundred fifty thousand dollars.

3. For purposes of this section, "reconstruction", "alteration" or "improvement" shall not include ordinary maintenance and repairs.

4. Any owner of a one to three family residence may qualify for an exemption pursuant to this section, including owners who do not occupy such residences, individuals, partnerships and limited liability corporations. Exemptions granted pursuant to this section are not transferable from owner to another if the real property is sold or transferred during the exemption period.

5. No such exemption shall be granted unless:

(a) Such reconstruction, alteration or improvement was commenced subsequent to the effective date of the local law or resolution adopted by a town, county, village or school district pursuant to subdivision one of this section;

(b) The owner of real property applying for such exemption has satisfied all outstanding town, county, village and school tax obligations; and

(c) Such reconstruction, alteration or improvement is documented by a building permit, if required, for the improvements or other appropriate documentation as required by the assessor and/or code enforcement officer.

6. Such exemption shall be granted only upon application by the owner of such real property on a form prescribed by the commissioner. Such application shall be filed with the assessor on or before the appropriate taxable status date and within one year after the date of completion of such reconstruction, alteration or improvement.

7. 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 provided in this section commencing with the assessment roll prepared on the basis of the taxable status date referred to in subdivision six of this section. The assessor shall enter the assessed value of any exemption granted pursuant to this section on the assessment roll for the taxable property, with the amount of the exemption shown in a separate column.

8. In the event that real property granted an exemption pursuant to this section ceases to be used primarily for eligible purposes, the exemption granted pursuant to this section shall cease.

9. Such town, county, village or school district shall be permitted by local law to reduce the percentage of exemption otherwise allowable by subdivision two of this section or increase the required minimum assessed values set forth in paragraph (iii) of subdivision two of this section, provided that a project in the course of reconstruction, alteration or improvement shall not be subject to such amendments.