§ 489-aaaa. Definitions. When used in this title: 1. "Applicant" means any person obligated to pay real property taxes on the property for which an exemption from or abatement or deferral of real property tax payments is sought, or in the case of exempt property, the record owner or lessee thereof.

2. "Approved plans" means plans submitted to and approved by the department of buildings in connection with the applicant's building permit, including any amendments to such plans approved by such department before final inspection of the work for which such permit was issued.

3. "Benefit period" means the period of time when a recipient is eligible to receive benefits pursuant to this title, including in the case of a recipient of a certificate of eligibility for commercial construction work in a deferral area, the period of time tax payments are to be deferred, the interim period when no tax payments are to be deferred and no deferred tax payments are required to be made, and the period of time when the deferred tax payments are to be made.

4. "Commission" means the temporary commercial incentive area boundary commission.

5. "Commercial construction work" means the construction of a new building or structure, or portion thereof, or the modernization, rehabilitation, expansion, or other improvement of an existing building or structure, or portion thereof, for use as commercial property.

6. "Commercial property" means nonresidential property (a) on which will exist after completion of commercial construction work, a building or structure used for the buying, selling or otherwise providing of goods or services including hotel services, or for other lawful business, commercial or manufacturing activities; and (b) (i) where, except as provided in subparagraph (ii) of this paragraph and paragraph (c) of this subdivision, not more than fifteen per centum of the total net square footage of any building or structure on such property was used for manufacturing activities at any one or more times during the

twenty-four months immediately preceding the date of application for a certificate of eligibility or (ii) where not more than fifteen per centum of the total net square footage of any building or structure on such property was used for manufacturing activities at any one or more times during the sixty months immediately preceding the date of application for a certificate of eligibility if such property is located, in whole or in part, in the area in the borough of Manhattan lying south of the center line of 96th Street; and (c) in the commercial revitalization area, and with respect to an application for a certificate of eligibility filed on or after July first, two thousand, "commercial property" means nonresidential property on which will exist after completion of commercial construction work, a building or structure used for the buying, selling or otherwise providing of goods or services including hotel services, or for other lawful business, commercial or manufacturing activities.

6-a. "Commercial revitalization area" means any area of a city having a population of one million or more, provided that in the city of New York a commercial revitalization area shall mean any district that is zoned C4, C5, C6, M1, M2, or M3 in accordance with the zoning resolution of such city in any area of such city except the area lying south of the center line of 96th Street in the borough of Manhattan.

7. "Deferral area" means an area in which deferral of payment of real property taxes in accordance with subdivision four of section four hundred eighty-nine-bbbb of this title shall be available to a recipient who has performed commercial construction work.

8. "Excluded area" means each area specified in paragraphs (a), (b) and (c) of subdivision five of section four hundred eighty-nine-cccc of this title.

9. "Exemption base." (a) For purposes of computing the exemption pursuant to subdivision one, two, three or four of section four hundred eighty-nine-bbbb of this title, "exemption base" shall mean, with respect to property that is the subject of a certificate of eligibility with an effective date of June thirtieth, nineteen hundred ninety-two or

before: (i) for the first, second and third taxable years following the effective date of a certificate of eligibility, the assessed value of improvements made since the effective date of such certificate which are attributable exclusively to commercial or industrial construction work described in approved plans; and (ii) for all other years, the assessed value of such improvements which have been made before the fourth taxable status date following the effective date of such certificate.

(b) For purposes of computing the exemption pursuant to subdivision three, four or five of section four hundred eighty-nine-bbbb of this title, "exemption base" shall mean, with respect to property that is the subject of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after: (i) for the first through fifth taxable years following the effective date of a certificate of eligibility, the assessed value of improvements made since the effective date of such certificate which are attributable exclusively to commercial or renovation construction work described in approved plans; and (ii) for all other years, the assessed value of such improvements which have been made before the sixth taxable status date following the effective date of such certificate.

(c) For purposes of computing the exemption pursuant to subdivision one or two of section four hundred eighty-nine-bbbb of this title, "exemption base" shall mean, with respect to property that is the subject of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after: (i) for the first through fifth taxable years following the effective date of a certificate of eligibility, the assessed value of improvements made since the effective date of such certificate which are attributable exclusively to commercial or industrial construction work described in approved plans plus any equalization increases or minus any equalization decreases in the assessed value of the property so improved (excluding the land) occurring subsequent to the effective date of such certificate; and (ii) for all other years, the assessed value of such improvements made before the sixth taxable status date following the effective date of such certificate plus any equalization increases or minus any equalization decreases in the assessed value of the property so improved (excluding the land) occurring subsequent to the effective date of such certificate but before the fourteenth taxable status date following the effective

date of such certificate. For purposes of the preceding sentence: no adjustment shall be made to the assessed value of the improvements referred to in subparagraphs (i) and (ii) of this paragraph for any portion of an equalization increase or decrease which is being phased in pursuant to section eighteen hundred five of this chapter subsequent to the effective date of the certificate of eligibility if such increase or decrease occurred prior to such effective date; with respect to any taxable year, an adjustment for an equalization increase or decrease shall reflect only the portion of such increase or decrease which is being phased in during such taxable year or which was phased in during a prior taxable year; no adjustment for an equalization decrease shall reduce the exemption base to an amount less than the assessed value of the improvements referred to in subparagraphs (i) and (ii) of this paragraph, and, to the extent that any such decrease would reduce the exemption base below such amount, such decrease shall reduce the taxable portion of the assessed value; and no adjustment shall be made for an equalization increase or decrease if the improvements referred to in subparagraphs (i) and (ii) of this paragraph do not result in a physical increase in the assessed value of the property.

(d) Notwithstanding paragraph (a) of this subdivision, for purposes of computing the exemption pursuant to subdivision one of section four hundred eighty-nine-bbbb of this title, "exemption base" shall mean, with respect to industrial property that is located in the area in the borough of Manhattan lying north of the center line of 96th Street, or that is located in the Bronx, Brooklyn, Queens or Staten Island; and that is the subject of a certificate of eligibility with an effective date after December thirty-first, nineteen hundred eighty-nine and before July first, nineteen hundred ninety-two: (i) for the first, second and third taxable years following the effective date of a certificate of eligibility, the assessed value of improvements made since the effective date of such certificate which are attributable exclusively to industrial construction work described in approved plans; and (ii) for all other years, the assessed value of such improvements made before the fourth taxable status date following the effective date of such certificate plus any equalization increases or minus any equalization decreases in the assessed value of the property so improved (excluding the land) occurring subsequent to the fourth taxable status

date following the effective date of such certificate but before the fourteenth taxable status date following the effective date of such certificate. For purposes of the preceding sentence: no adjustment shall be made to the assessed value of the improvements referred to in subparagraphs (i) and (ii) of this paragraph for any portion of an equalization increase or decrease which is being phased in pursuant to section eighteen hundred five of this chapter subsequent to the effective date of the certificate of eligibility if such increase or decrease occurred prior to such effective date; with respect to any taxable year, an adjustment for an equalization increase or decrease shall reflect only the portion of such increase or decrease which is being phased in during such taxable year or which was phased in during a prior taxable year; no adjustment for an equalization decrease shall reduce the exemption base to an amount less than the assessed value of the improvements referred to in subparagraphs (i) and (ii) of this paragraph, and, to the extent that any such decrease would reduce the exemption base below such amount, such decrease shall reduce the taxable portion of the assessed value; and no adjustment shall be made for an equalization increase or decrease if the improvements referred to in subparagraphs (i) and (ii) of this paragraph do not result in a physical increase in the assessed value of the property.

(e) For purposes of computing the exemption: (i) pursuant to subdivision five-a of section four hundred eighty-nine-bbbb of this title, "exemption base" shall mean, with respect to property that is the subject of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-five or after and that is located in the new construction exemption area specified in paragraph (a) of subdivision six of section four hundred eighty-nine-cccc of this title: for any taxable year following the effective date of a certificate of eligibility, the assessed value of improvements made since the effective date of such certificate which are attributable exclusively to the construction of a new building or structure that meets the requirements set forth in subdivision nine of section four hundred eighty-nine-dddd of this title as described in approved plans, provided such improvements are made within thirty-six months of the effective date of such certificate or by December thirty-first, nineteen hundred ninety-nine, whichever is earlier; and (ii) pursuant to subdivision five-a of section

four hundred eighty-nine-bbbb of this title, "exemption base" shall mean, with respect to property that is the subject of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-five or after and that is located in the new construction exemption area specified in paragraph (b) of subdivision six of section four hundred eighty-nine-cccc of this title: for any taxable year following the effective date of a certificate of eligibility, the assessed value of improvements made since the effective date of such certificate which are attributable exclusively to the construction of a new building or structure that meets the requirements set forth in subdivision nine of section four hundred eighty-nine-dddd of this title as described in approved plans, provided such improvements are made within forty-two months of the effective date of such certificate.

(f) For purposes of this subdivision "equalization increase or decrease" means an increase or decrease in the assessed value of property which is not attributable to construction work, fire, demolition, destruction or other change in the physical characteristics of the property (excluding gradual physical deterioration or obsolescence), or to a change in the description or boundaries of the property.

10. "Industrial construction work" means the construction of a new building or structure or the modernization, rehabilitation, expansion or improvement of an existing building or structure for use as industrial property.

11. "Industrial property" means nonresidential property on which will exist after completion of industrial construction work a building or structure wherein at least seventy-five per centum of the total net square footage is used or immediately available and held out for use for manufacturing activities involving the assembly of goods or the fabrication or processing of raw materials.

12. "Initial assessed value" means the lesser of (a) the taxable assessed value of real property appearing on the books of the annual record of the assessed valuation of real property on the effective date of a recipient's certificate of eligibility or (b) the assessed value to

which such assessment is thereafter reduced pursuant to application to the tax commission or court order. Where the real property is used for both residential and nonresidential purposes on the effective date of such certificate of eligibility, the initial assessed value of such real property, determined as provided in the preceding sentence, shall be apportioned between the residential and nonresidential portions thereof in such manner as shall properly reflect the initial assessed value of each such portion. Such apportionment shall be in accordance with rules promulgated by the department of finance.

13. "Manufacturing activity" means an activity involving the assembly of goods or the fabrication or processing of raw materials.

14. "Minimum required expenditure" means expenditure for commercial, renovation or industrial construction work in an amount equal to twenty per centum of the initial assessed value; provided, however, that with respect to a recipient who filed an application on or after July first, nineteen hundred ninety-five for a certificate of eligibility for industrial construction work or for commercial construction work in a special exemption area or a regular exemption area, minimum required expenditure means expenditure for such work in an amount equal to ten per centum of the initial assessed value; provided, however, that with respect to a recipient who filed an application on or after July first, nineteen hundred ninety-five for a certificate of eligibility for industrial construction work and for the purpose of receiving an abatement of real property taxes in accordance with paragraph (c) of subdivision one of section four hundred eighty-nine-bbbb of this title, minimum required expenditure means expenditure for such work in an amount equal to twenty-five per centum of the initial assessed value; and provided further that if the department of finance, after consultation with the deputy mayor for finance and economic development, determines that a greater expenditure is required to encourage significant industrial and commercial development it may establish by rule a higher percentage of initial assessed value, not to exceed fifty per centum thereof, as the minimum required expenditure. Expenditure for residential construction work shall not be included in the minimum required expenditure; provided, however, that for mixed-use property,

expenditures for construction work related to the common areas and systems of such property shall be allocated, in accordance with rules promulgated by the department of finance, between the residential and nonresidential portions of the property. If real property was used for both residential and nonresidential purposes on the effective date of the certificate of eligibility, the initial assessed value of such real property, for purposes of this subdivision, shall be the initial assessed value apportioned to the nonresidential portions thereof.

15. "Person" means an individual, corporation, partnership, association, agency, trust, estate, foreign or domestic government or subdivision thereof, or other entity.

16. "Recipient" means an applicant to whom a certificate of eligibility has been issued pursuant to this title, or the successor in interest of such applicant, provided that where a person who has entered into a lease or purchase agreement with the owner or lessee of exempt property has been a co-applicant, such person or the successor in interest of such person shall be the recipient.

17. "Regular exemption area" means an area in which a regular exemption from taxes in accordance with subdivision three of section four hundred eighty-nine-bbbb of this title shall be available to a recipient who performs commercial construction work.

18. "Residential construction work" means any construction, modernization, rehabilitation, expansion or improvement of dwelling units other than dwelling units in a hotel.

19. "Residential property" means property, other than property used for hotel purposes, on which exists or will exist, upon completion of construction work, a building or structure used for residential purposes.

20. "Restricted activity" means any entertainment activity which the department of finance has identified in regulations promulgated pursuant to a local law enacted pursuant to this title as an activity which, in

the public interest, should not be encouraged through the benefits of this title.

21. "Special exemption area" means an area in which the commission has determined that a special exemption from real property taxes in accordance with subdivision two of section four hundred eighty-nine-bbbb of this title shall be available to a recipient who performs commercial construction work and, in addition, means the area specified in paragraph (d) of subdivision four of section four hundred eighty-nine-cccc of this title.

22. "Mixed-use property" means property on which exists, or will exist upon completion of construction work, a building or structure used for both residential and nonresidential purposes.

23. "Renovation construction work" means the modernization, rehabilitation, expansion or improvement of an existing building or structure, or portion thereof, for use as commercial property in a renovation exemption area where such modernization, rehabilitation, expansion or improvement is physically and functionally integrated with the existing building or structure, or portion thereof, does not increase the bulk of the existing building or structure by more than thirty per centum and does not increase the height of the existing building or structure by more than thirty per centum.

24. "Renovation exemption area" means the area specified in paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title in which a renovation exemption from taxes in accordance with subdivision five of section four hundred eighty-nine-bbbb of this title shall be available to a recipient who performs renovation construction work.

25. "New construction exemption areas" means the areas specified in subdivision six of section four hundred eighty-nine-cccc of this title in which an exemption from real property taxes in accordance with subdivision five-a of section four hundred eighty-nine-bbbb of this title shall be available to a recipient who constructs a new building or

structure that meets the requirements set forth in subdivision nine of section four hundred eighty-nine-dddd of this title.