

HB

399

Alaska State Legislature

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE
MILITARY & VETERANS AFFAIRS
COMMUNITY & REGIONAL AFFAIRS
OIL & GAS



Representative Joe Ryan

1 800-922-3875

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INTERIM:

716 W. 4TH AVE.
ANCHORAGE, AK 99501
PHONE (907) 258-8161

SESSION:

STATE CAPITOL
ROOM 420
JUNEAU, AK 99801-1182
PHONE (907) 465-3875

SPONSOR STATEMENT for

House Bill 399

The intent of this bill is to authorize local municipalities the option to provide a tax exemption for improvements of deteriorated real property. The concept is based on other state's local economic revitalization tax programs. Local municipalities will have the flexibility of allowing renovations of real property in order to increase the value of that real property, for tax purposes.

0-LS1492AB

Cook

4/20/98

SENATE CS FOR HOUSE BILL NO. 399(JUD)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES RYAN, Croft, Kemplen

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an optional exemption from, and deferral of payment of,
2 municipal taxes on deteriorated property, and defining 'deteriorated property' for
3 purposes of the exemption or deferral; and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. AS 29.45.050 is amended by adding a new subsection to read.

6 (o) A municipality may by ordinance partially or totally exempt all or some
7 types of deteriorated property from taxation for up to five years after the day
8 substantial rehabilitation, renovation, or replacement of any structure or improvement
9 on the property begins. The municipality may provide for renewal of the exemption
10 under conditions established in the ordinance. A municipality may by ordinance
11 permit deferral of payment of taxes on all or some types of deteriorated property for
12 up to five years after the day substantial rehabilitation, renovation, or replacement of
13 any structure or improvement on the property begins. The municipality may provide
14 for renewal of the deferral under conditions established in the ordinance. In this

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subsection, "deteriorated property" means real property

(1) that has been the subject of an order by a government agency requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

(2) on which a structure or other improvement not less than 15 years of age has undergone substantial rehabilitation, renovation, or replacement, subject to any conditions prescribed in the ordinance; or

(3) located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

* Sec. 2. This Act takes effect July 1, 1998.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

NO. HB 399
BILL VERSION: _____
PUBLISH DATE: 2/12/98

Revision Date: _____
Title: An act relating to deferred municipal taxes
Sponsor: Representative Ryan
Requestor: HL&C

Department Affected: DCRA
BRU: _____
Component: _____

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact.

Prepared By: Shirley Armstrong *Shirley L. Armstrong* Phone: 465-4954
Division: House Labor and Commerce Committee Date: 3/18/98

Approved By: Representative Norman Rokeberg *Norm Rokeberg*
Agency: House Labor and Commerce Committee Date: 3/18/98

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 3, 1998

SUBJECT: Sectional Summary (HB399)

TO: Representative Joe Ryan
Attn: Tracy Ashe

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Permits a municipality to partially or totally exempt deteriorated property from taxation or defer payment of taxes for up to five years. The exemption or deferral may be renewed. Defines "deteriorated property" to mean property (1) that has been required to be vacated, condemned, or demolished because of noncompliance with laws, ordinances, or regulations; (2) on which a structure not less than 15 years of age has been rehabilitated, renovated or replaced; or (3) located in a deteriorating or deteriorated area.

Sec. 2. The effective date is July 1, 1998.

TBC:jdr
98-129.jdr

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Approved

Date: 3/10/98

Submitted by: Assemblymembers BELL,
Begich, Wuerch
Prepared by: Assembly Office
For reading:

ANCHORAGE, ALASKA
AR NO. 98-_____

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING HOUSE BILL 399, RELATING TO MUNICIPAL TAX EXEMPTIONS AND DEFERRALS ON DETERIORATED PROPERTY

WHEREAS, HB 399, sponsored by State Representative Ryan, has been introduced before the State Legislature; and

WHEREAS, HB 399 provides that a municipality may by ordinance:

- Partially or totally exempt all or some types of deteriorated property from taxation for up to five years after commencement of substantial rehabilitation, renovation, or replacement of any structure or improvement on the property; and
- Permit deferral of payment of taxes on all or some types of deteriorated property for up to five years after commencement of substantial rehabilitation, renovation, or replacement of any structure or improvement on the property;

WHEREAS, these provisions will assist municipalities in ridding urban blight and encouraging economic development; and

WHEREAS, for example, these provisions may assist the Municipality of Anchorage in its efforts to resolve the McKay Building issue.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That the Assembly supports House Bill 399.

Section 2: That, upon passage, a copy of this resolution be forwarded by the Municipal Clerk to the State Legislature.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 1998.

Chair

ATTEST:

Municipal Clerk

Post-It™ brand fax transmittal memo 7671 # of pages 1

To <u>Rep. Joe Ryan</u>	From
Co.	Co.
Dept.	Phone #
Fax #	Fax #

HOGUE AND LEKISCH

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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PETER A. LEKISCH
JOHN W. COLVER
MARGARET J. RAWITZ
JACOB H. ALLMARAS
CALVIN R. JONES

March 13, 1998

Rep. Joe Ryan
State Capitol, Ste. 420
Juneau, AK 99801
Attn: Tracy

Via Fax: 907-465-4588

Re: House Bill 399
Deteriorated Property Tax Exemption

Dear Representative Ryan:

We support House Bill 399 because it will stimulate urban revitalization. When AS 29.45.050 was originally enacted in 1985, urban decay was not much of a problem in Alaska. It has since become a problem in the larger cities and this bill recognizes the fact that there are now aging, abandoned, and undesirable structures in certain urban areas in the state.

The intent of the bill is to authorize local taxing authorities to provide for tax exemption or deferral for improvements to certain deteriorated real property and for new construction in deteriorated areas. The bill does not actually create tax exemptions; it merely authorizes municipalities to do so by passing an ordinance.

The concept is generally based on Pennsylvania's Local Economic Revitalization Tax Assistance Act (LERTA), 72 P.S. § 4722 et seq., which was adopted in 1977. Proposed paragraph (o)(2) is based on Virginia Code § 58.1-3220. The language parallels Alaska's existing provisions for tax relief for "economic development property", found in AS 29.45.050(m).

March 13, 1998
Page 2

For your information, I have attached copies of the above referenced Pennsylvania and Virginia statutes, as well as some Florida statutes.

Sincerely yours,

HOGE AND LEKISCH

Margaret J. Rawitz PAR

Margaret J. Rawitz

MJR:mpt
Enclosure
cc: Tim Rogers

PURDON'S PENNSYLVANIA STATUTES AND CONSOLIDATED STATUTES ANNOTATED
PURDON'S PENNSYLVANIA STATUTES ANNOTATED
TITLE 72. TAXATION AND FISCAL AFFAIRS
CHAPTER 4. LOCAL TAXATION
EXEMPTIONS
LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE ACT

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Current through the end of 1996 Reg. Sess.
and through 1996 Sp. Sess. No. 2

§ 4722. Short title

This act shall be known and may be cited as the "Local Economic Revitalization Tax Assistance Act."

CREDIT(S)

1995 Main Volume

1977, Dec. 1, P.L. 237, No. 76, § 1, imd. effective.

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1995 Main Volume

Title of Act:

An Act Authorizing local taxing authorities to provide for tax exemption for certain deteriorated industrial, commercial and other business property and for new construction in deteriorated areas of economically depressed communities; providing for an exemption schedule and establishing standards and qualifications. 1977, Dec. 1, P.L. 237, No. 76. Title as amended 1988, July 13, P.L. 518, No. 90

Section 7 of Act 1977, Dec. 1, P.L. 237, No. 76 is a severability provision.

LAW REVIEW AND JOURNAL COMMENTARIES

Cooperative conversion: Is it only for the wealthy? Proposals that promote affordable cooperative housing in Philadelphia. Judith Bernstein-Baker, 61 Temp L Rev. 393 (1988).

NOTES OF DECISIONS

Construction with other laws 1

1. Construction with other laws

Local Economic Revitalization Tax Assistance Act and Improvement of Deteriorating Real Property or

improvement. MacDonald, Illig, Jones & Britton v. Erie County Bd. of Assessment Appeals, 604 A.2d 306, 145 Pa Cmwlth 521, Cmwlth 1992, appeal denied 617 A.2d 1276, 533 Pa. 603.

Areas Tax Exemption Act did not relate to same persons and things and, therefore, were not in pari materia, although they relate to similar persons and things. one statute applies to commercial

construction or improvement within deteriorated area, but other applies to residential construction or

PURDON'S PENNSYLVANIA STATUTES AND CONSOLIDATED STATUTES ANNOTATED
PURDON'S PENNSYLVANIA STATUTES ANNOTATED
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§ 4723. Construction

This act shall be construed to authorize local taxing authorities to exempt new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated industrial, commercial and other business property thereby implementing Article VIII, section 2(b)(iii) of the Constitution of Pennsylvania.

CREDIT(S)

1995 Main Volume

1977, Dec. 1, P.L. 237, No. 76, § 2. imd. effective. Amended 1988, July 13, P.L. 518, No. 90, § 1, effective in 60 days.

HISTORICAL AND STATUTORY NOTES

1995 Main Volume

The 1988 amendment inserted "new construction in deteriorated areas of economically depressed communities and".

72 P.S. § 4723

PA ST 72 P.S. § 4723

END OF DOCUMENT

Citation
PA ST 72 P.S. s 4724
72 P.S. § 4724

Docs in Sequence

Rank 1 of 0

Database
PA-ST

PURDON'S PENNSYLVANIA STATUTES AND CONSOLIDATED STATUTES ANNOTATED
PURDON'S PENNSYLVANIA STATUTES ANNOTATED
TITLE 72. TAXATION AND FISCAL AFFAIRS
CHAPTER 4. LOCAL TAXATION
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§ 4724. Definitions

The following words and phrases when used in this act shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

"Deteriorated property." Any industrial, commercial or other business property owned by an individual, association or corporation, and located in a deteriorating area, as hereinafter provided, or any such property which has been the subject of an order by a government agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinance or regulations.

"Improvement." Repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement.

"Local taxing authority." A county, city, borough, incorporated town, township, institution district or school district having authority to levy real property taxes.

"Municipal governing body." A city, borough, incorporated town or township.

CREDIT(S)

1995 Main Volume

1977, Dec. 1, P.L. 237, No. 76, § 3, imd. effective.

72 P.S. § 4724

PA ST 72 P.S. § 4724

PURDON'S PENNSYLVANIA STATUTES AND CONSOLIDATED STATUTES ANNOTATED
PURDON'S PENNSYLVANIA STATUTES ANNOTATED
TITLE 72. TAXATION AND FISCAL AFFAIRS
CHAPTER 4. LOCAL TAXATION
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§ 4725. Deteriorated areas

(a) Each local taxing authority may by ordinance or resolution exempt from real property taxation the assessed valuation of improvements to deteriorated properties and the assessed valuation of new construction within the respective municipal governing bodies designated deteriorated areas of economically depressed communities in the amounts and in accordance with the provisions and limitations hereinafter set forth. Prior to the adoption of the ordinance or resolution authorizing the granting of tax exemptions, the municipal governing body shall affix the boundaries of a deteriorated area or areas, wholly or partially located within its jurisdiction, if any. At least one public hearing shall be held by the municipal governing body for the purpose of determining said boundaries. At the public hearing the local taxing authorities, planning commission or redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated areas, shall present their recommendations concerning the location of boundaries of a deteriorated area or areas for the guidance of the municipal governing bodies, such recommendations taking into account the criteria set forth in the act of May 24, 1945 (P.L. 991, No. 385), known as the "Urban Redevelopment Law," [FN1] for the determination of "blighted areas," and the criteria set forth in the act of November 29, 1967 (P.L. 636, No. 292), known as the "Neighborhood Assistance Act," [FN2] for the determination of "impoverished areas," and the following criteria: unsafe, unsanitary and overcrowded buildings; vacant, overgrown and unsightly lots of ground; a disproportionate number of tax delinquent properties, excessive land coverage, defective design or arrangement of buildings, street or lot layouts; economically and socially undesirable land uses. Property adjacent to areas meeting the criteria of this section, but which would not otherwise qualify, may be included within the deteriorated area designated if the local taxing authority determines that new construction on such property would encourage, enhance or accelerate improvement of the deteriorated properties within economically depressed communities. The ordinance or resolution shall specify a description of each such area as determined by the municipal governing body, as well as the cost of improvements per unit to be exempted, and the schedule of taxes exempted as hereinafter provided.

(b) Two or more municipal governing bodies may join together for the purpose of determining the boundaries of a deteriorated area and to establish the uniform maximum cost per unit, and such municipal governing bodies shall cooperate fully with each other for the purposes of implementing this act. The local taxing authorities may by implementing ordinance or resolution agree to adopt tax exemptions contingent upon the similar adoption by an adjacent local taxing authority or by a local taxing authority with mutual jurisdiction, within the limitations provided herein.

CREDIT(S)

1995 Main Volume

1977, Dec. 1, P.L. 237, No. 76, § 4, imd. effective. Amended 1988, July 13, P.L. 518, No. 90, § 1, effective in 60 days.

[FN1] 35 P.S. § 1701 or seq.

[FN2] 62 P.S. § 2081 et seq.

HISTORICAL AND STATUTORY NOTES

1995 Main Volume

The 1988 amendment, in subsec. (a) in the first sentence, inserted "and the assessed valuation of new construction within the respective municipal governing bodies designated deteriorated areas of economically depressed communities", and inserted the fifth sentence.

72 P.S. § 4725

PA ST 72 P.S. § 4725

END OF DOCUMENT

PURDON'S PENNSYLVANIA STATUTES AND CONSOLIDATED STATUTES ANNOTATED
PURDON'S PENNSYLVANIA STATUTES ANNOTATED
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§ 4726. Exemption schedule

(a) A local taxing authority granting a tax exemption pursuant to the provisions of this act may provide for tax exemption on the assessment attributable to the actual cost of new construction or improvements or up to any maximum cost uniformly established by the municipal governing body. Such maximum cost shall uniformly apply to all eligible deteriorated property within the local taxing authority jurisdiction.

(b) Whether or not the assessment eligible for exemption is based upon actual cost or a maximum cost, the actual amount of taxes exempted shall be in accordance with the schedule of taxes exempted established by a local taxing authority subject to the following limitations:

(1) The length of the schedule of taxes exempted shall not exceed ten years.

(2) The schedule of taxes exempted shall stipulate the portion of new construction or improvements to be exempted each year.

(3) The exemption from taxes shall be limited to the additional assessment valuation attributable to the actual costs of new construction or improvements to deteriorated property or not in excess of the maximum cost per unit established by a municipal governing body.

(c) The exemption from taxes authorized by this act shall be upon the property exempted and shall not terminate upon the sale or exchange of the property.

CREDIT(S)

1995 Main Volume

1977, Dec. 1, P.L. 237, No. 76, § 5, imd. effective. Amended 1988, July 13, P.L. 518, No. 90, § 1, effective in 60 days.

HISTORICAL AND STATUTORY NOTES

1995 Main Volume

The 1988 amendment inserted references to new construction throughout the section.

72 P.S. § 4726

PA ST 72 P.S. § 4726

END OF DOCUMENT

§ 58.1-3220. Partial exemption for certain rehabilitated, renovated or replacement residential structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision and may require such structures to be older than fifteen years of age, or place such other restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from taxation of multifamily residential units which have been substantially rehabilitated by replacement for multifamily use. Such replacement structures may exceed the total square footage of the replaced structures by no more than thirty percent.

B. The partial exemption provided by the local governing body may be an amount equal to the increase in assessed value or a percentage of such increase resulting from the rehabilitation, renovation or replacement of the structure as determined by the commissioner of revenue or other local assessing officer or an amount up to fifty percent of the cost of the rehabilitation, renovation or replacement, as determined by ordinance. The exemption may commence upon completion of the rehabilitation, renovation or replacement or on January 1 of the year following completion of the rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than fifteen years. The governing body of a county, city or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city or town may assess a fee not to exceed fifty dollars for processing an application requesting the exemption provided by this section. No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

(Code 1950, § 58-760.2; 1979, c. 195; 1980, c. 417; 1981, c. 625; 1984, cc. 675, 750; 1986, c. 271; 1989, cc. 89, 656; 1994, cc. 424, 435; 1995, c. 673.)

Annotations

Law review. - For survey of Virginia law on taxation for the year 1978-1979, see 66 Va. L. Rev. 367 (1980); for the year 1989, see 23 U. Rich. L. Rev. 839 (1989).

§ 58.1-3220.01. Local real property tax credits on certain rehabilitated, renovated or replacement residential structures.

A. The governing body of any county, city or town may, by ordinance, provide for a local real property tax credit equal to certain property tax liens owed on real estate on which any structure or other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The credit shall be used by the owner of the property which has the real property tax liens and can be used to offset real property taxes assessed against such property. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the credit authorized by this provision and may require such structures to be older than fifteen years of age, or place such other restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may also provide for a credit for multifamily residential units which have been substantially rehabilitated by replacement for multifamily use. Such replacement structures may exceed the total square footage of the replaced structures by no more than thirty percent.

B. The local tax credit shall be available only to those property owners who have purchased a structure which at the time of purchase contained property tax liens exceeding fifty percent of the assessed value of the property. The tax credit granted by the locality shall not exceed the amount by which the property tax liens exceeded fifty percent of the assessed value of the property at the time of purchase. The credit may be applied upon completion of the rehabilitation, renovation or replacement or on January 1 of the year following completion of the rehabilitation, renovation or replacement and may be divided over a period of no longer than ten years.

C. The governing body of any county, city or town may assess a fee not to exceed fifty dollars for processing an application requesting the credit provided by this section. No property shall be eligible for such credit unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

D. Where rehabilitation is achieved through demolition and replacement of an existing structure, the credit shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

(1996, c. 765.)

§ 58.1-3220.1. Partial exemption for certain rehabilitated, renovated or replacement hotel or motel structures.

A. The governing body of any county, city or town may, by ordinance, provide partial exemption from taxation of real estate on which a hotel or motel no less than thirty-five years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the exemption authorized by this provision and may require such structures to be older than thirty-five years of age, or place such other restrictions and conditions on such property as may be prescribed by ordinance.

B. The "partial exemption" provided by the local governing body may not exceed either an amount equal to ninety percent of the total assessed value of the rehabilitated, renovated or replaced structure or an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or replacement of the structure as determined by the commissioner of the revenue or other local assessing officer, as established by ordinance. The partial exemption may commence upon completion of the rehabilitation, renovation or replacement or on January 1 of the year following completion of the rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than twenty-five years. The governing body of a county, city or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city or town may assess a fee for processing an application requesting the exemption provided by this section. No property shall be eligible for such partial exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

(1993, c. 157; 1994, cc. 424, 435.)

§ 58.1-3221. Partial exemption for certain rehabilitated, renovated or replacement commercial or industrial structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than twenty years of age, or fifteen years of age if the structure is located in an area designated as an enterprise zone by the Commonwealth, has undergone substantial rehabilitation, renovation or replacement for commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision and may require the structure to be older than twenty years of age, or fifteen years of age if the structure is located in an area designated as an enterprise zone by the Commonwealth, or place such other restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from taxation of real estate which has been substantially rehabilitated by complete replacement for commercial and industrial use. Such replacement structures may exceed the total square footage of the replaced structures by no more than 110 percent in areas designated as enterprise zones by the Commonwealth, and by no more than 100 percent in all other areas.

B. The partial exemption provided by the local governing body may not exceed an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or replacement of the commercial or industrial structure as determined by the commissioner of revenue or other local assessing officer or an amount up to fifty percent of the cost of rehabilitation, renovation or replacement as determined by ordinance. The exemption may commence upon completion of the rehabilitation, renovation or replacement, or on January 1 of the year following completion of the rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than fifteen years. The governing body of a county, city or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city or town may assess a fee not to exceed fifty dollars for processing an application requesting the exemption provided by this section. No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic landmark.

(Code 1950, § 58-760.3; 1979, c. 195; 1980, c. 417; 1984, c. 675; 1986, c. 271; 1989, c. 89; 1994, cc. 424, 437, 608; 1995, c. 673.)

Annotations

Applied in *DKM Richmond Assocs. v. City of Richmond*, 249 Va. 401, 457 S.E.2d 76 (1995).

WEST'S FLORIDA STATUTES ANNOTATED
TITLE XI. COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS
CHAPTER 163. INTERGOVERNMENTAL PROGRAMS
PART III. COMMUNITY REDEVELOPMENT

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Current through End of 1997 1st Reg. Sess.

163.340. Definitions

The following terms, wherever used or referred to in this part, have the following meanings:

(1) "Agency" or "community redevelopment agency" means a public agency created by, or designated pursuant to, s. 163.356 or s. 163.357.

(2) "Public body" or "taxing authority" means the state or any county, municipality, authority, special district as defined in s. 165.031(5), or other public body of the state, except a school district.

(3) "Governing body" means the council or other legislative body charged with governing the county or municipality.

(4) "Mayor" means the mayor of a municipality or, for a county, the chair of the board of county commissioners or such other officer as may be constituted by law to act as the executive head of such municipality or county.

(5) "Clerk" means the clerk or other official of the county or municipality who is the custodian of the official records of such county or municipality.

(6) "Federal Government" includes the United States or any agency or instrumentality, corporate or otherwise, of the United States.

(7) "Slum area" means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding; the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.

(8) "Blighted area" means either:

(a) An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors which substantially impairs or arrests the sound growth of a county or municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:

1. Predominance of defective or inadequate street layout;
2. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
3. Unsanitary or unsafe conditions;
4. Deterioration of site or other improvements.

5. Tax or special assessment delinquency exceeding the fair value of the land; and

6. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

(b) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.

However, for purposes of qualifying for the tax credits authorized in chapter 220, "blighted area" means an area described in paragraph (a).

(9) "Community redevelopment" or "redevelopment" means undertakings, activities, or projects of a county, municipality, or community redevelopment agency in a community redevelopment area for the elimination and prevention of the development or spread of slums and blight or for the provision of affordable housing, whether for rent or for sale, to residents of low or moderate income, including the elderly, and may include slum clearance and redevelopment in a community redevelopment area or rehabilitation or conservation in a community redevelopment area, or any combination or part thereof, in accordance with a community redevelopment plan and may include the preparation of such a plan.

(10) "Community redevelopment area" means a slum area, a blighted area, or an area in which there is a shortage of housing that is affordable to residents of low or moderate income, including the elderly, or a combination thereof which the governing body designates as appropriate for community redevelopment.

(11) "Community redevelopment plan" means a plan, as it exists from time to time, for a community redevelopment area.

(12) "Related activities" means:

(a) Planning work for the preparation of a general neighborhood redevelopment plan or for the preparation or completion of a communitywide plan or program pursuant to s. 163.365.

(b) The functions related to the acquisition and disposal of real property pursuant to s. 163.370(3).

(c) The development of affordable housing for residents of the area.

(13) "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith and every estate, interest, right, and use, legal or equitable, therein, including but not limited to terms for years and liens by way of judgment, mortgage, or otherwise.

(14) "Bonds" means any bonds (including refunding bonds), notes, interim certificates, certificates of indebtedness, debentures, or other obligations.

(15) "Obligee" means and includes any bondholder, agents or trustees for any bondholders, or lessor demising to the county or municipality property used in connection with community redevelopment, or any assignee or assignees of such lessor's interest or any part thereof, and the Federal Government when it is a party to any contract with the county or municipality.

(16) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic and includes any trustee, receiver, assignee, or other person acting in a similar representative capacity.

(17) "Area of operation" means, for a county, the area within the boundaries of the county, and for a municipality, the area within the corporate limits of the municipality.

(18) "Housing authority" means a housing authority created by and established pursuant to chapter 421.

(19) "Board" or "commission" means a board, commission, department, division, office, body or other unit of the county or municipality.

(20) "Public officer" means any officer who is in charge of any department or branch of the government of the county or municipality relating to health, fire, building regulations, or other activities concerning dwellings in the county or municipality.

(21) "Debt service millage" means any millage levied pursuant to s. 12, Art. VII of the State Constitution.

(22) "Increment revenue" means the amount calculated pursuant to s. 163.387(1).

CR01

CREDIT(S)

1997 Electronic Pocket Part Update

CR01 Amended by Laws 1991, c. 91-45, § 33; Laws 1993, c. 93-286, § 1, eff. July 1, 1993; Laws 1994, c. 94-236, § 1, eff. July 1, 1994; Laws 1995, c. 95-147, § 1447, eff. July 10, 1995.

<<For additional credits, if any, see Historical Note field.>>

HISTORICAL AND STATUTORY NOTES

1990 Main Volume

Derivation:

Laws 1987, c. 87-243, § 72.

Laws 1985, c. 85-180, § 83.

Laws 1984, c. 84-356, §§ 2, 22.

Laws 1983, c. 83-321, § 3.

Laws 1981, c. 81-44, § 1.

Laws 1977, c. 77-391, § 1.

Laws 1969, c. 69-305, § 3.

West's F. S. A. § 163.340

FL ST § 163.340

END OF DOCUMENT

WEST'S FLORIDA STATUTES ANNOTATED
TITLE XI. COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS
CHAPTER 163. INTERGOVERNMENTAL PROGRAMS
PART III. COMMUNITY REDEVELOPMENT

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Current through End of 1997 1st Reg. Sess.

163.345. Encouragement of private enterprise

(1) Any county or municipality, to the greatest extent it determines to be feasible in carrying out the provisions of this part, shall afford maximum opportunity, consistent with the sound needs of the county or municipality as a whole, to the rehabilitation or redevelopment of the community redevelopment area by private enterprise. Any county or municipality shall give consideration to this objective in exercising its powers under this part, including the formulation of a workable program; the approval of community redevelopment plans, communitywide plans or programs for community redevelopment, and general neighborhood redevelopment plans (consistent with the general plan of the county or municipality); the exercise of its zoning powers; the enforcement of other laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements; the development of affordable housing; the disposition of any property acquired; and the provision of necessary public improvements.

(2) In giving consideration to the objectives outlined in subsection (1), the county or municipality shall consider making available the incentives provided under the Florida Enterprise Zone Act [FN1] and chapter 420.

CR01

[FN1] Redesignated the Florida Enterprise Zone Act of 1994 by Laws 1994, c. 94-136, § 16.

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CR01 Amended by Laws 1994, c. 94-236, § 2, eff. July 1, 1994.

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Laws 1983, c. 83-231, § 4.

Laws 1969, c. 69-305, § 4.

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FL ST § 163.345

END OF DOCUMENT

WEST'S FLORIDA STATUTES ANNOTATED
TITLE XL COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS
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PART III COMMUNITY REDEVELOPMENT

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163.350. Workable program

Any county or municipality for the purposes of this part may formulate for the county or municipality a workable program for utilizing appropriate private and public resources to eliminate and prevent the development or spread of slums and urban blight, to encourage needed community rehabilitation, to provide for the redevelopment of slum and blighted areas, to provide housing affordable to residents of low or moderate income, including the elderly, or to undertake such of the aforesaid activities or other feasible county or municipal activities as may be suitably employed to achieve the objectives of such workable program. Such workable program may include provision for the prevention of the spread of blight into areas of the county or municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation or conservation of slum and blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements, encouraging voluntary rehabilitation, and compelling the repair and rehabilitation of deteriorated or deteriorating structures; the development of affordable housing; and the clearance and redevelopment of slum and blighted areas or portions thereof.

CR01

CREDIT(S)

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CR01 Amended by Laws 1994, c. 94-236, § 3, eff. July 1, 1994.

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HISTORICAL AND STATUTORY NOTES

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Laws 1984, c. 84-356, § 3.

Laws 1969, c. 69-305, § 5.

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FL ST § 163.350

END OF DOCUMENT

WEST'S FLORIDA STATUTES ANNOTATED
TITLE XI. COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS
CHAPTER 163. INTERGOVERNMENTAL PROGRAMS
PART III. COMMUNITY REDEVELOPMENT

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Current through End of 1997 1st Reg. Sess.

163.355. Finding of necessity by county or municipality

No county or municipality shall exercise the authority conferred by this part until after the governing body has adopted a resolution finding that:

(1) One or more slum or blighted areas, or one or more areas in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, exist in such county or municipality; and,

(2) The rehabilitation, conservation, or redevelopment, or a combination thereof, of such area or areas, including, if appropriate, the development of housing which residents of low or moderate income, including the elderly, can afford, is necessary in the interest of the public health, safety, morals, or welfare of the residents of such county or municipality.

CR01

CREDIT(S)

1997 Electronic Pocket Part Update

CR01 Amended by Laws 1994, c. 94-236, § 4, eff. July 1, 1994.

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HISTORICAL AND STATUTORY NOTES

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Laws 1984, c. 84-356, § 4.
Laws 1969, c. 69-305, § 6.

West's F. S. A. § 163.355

FL ST § 163.355

END OF DOCUMENT

New York State Consolidated Laws

Real Property Tax

TITLE 2-D

TAX EXEMPTION AND DEFERRAL OF TAX

PAYMENTS FOR CERTAIN INDUSTRIAL AND COMMERCIAL

PROPERTIES IN A CITY OF ONE MILLION OR MORE PERSONS

Section 489-aaaa. Definitions.

489-bbbb. Power to enact local law; **real property tax exemption**; deferral of **tax** payments.

489-cccc. Temporary commercial incentive area boundary commission; classes of area; excluded areas.

489-dddd. Eligibility for benefits.

489-eeee. Application for certificate of eligibility.

489-ffff. Reporting requirement; termination of benefits.

489-gggg. Conversion of **property**.

489-hhhh. Administration of the benefit program.

489-iiii. Code violations; suspension or termination of benefits.

489-jjjj. **Tax** lien; interest rate.

489-kkkk. Penalties for non-compliance, false statements and omissions.

489-llll. Participation of minority and women-owned business enterprises.

S 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, 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; or forty-eight months in the area in the borough of Queens delineated by a line beginning at a point where the center line of Vernon Boulevard would intersect with the center line of Bridge Plaza South and running easterly parallel with Bridge Plaza South; continuing easterly parallel with Queens Plaza South to the center line of 23rd Street; thence southerly parallel to 23rd Street to the center line of 44th Drive; thence westerly parallel to 44th Drive to the center line of Vernon Boulevard; thence northerly parallel to Vernon Boulevard to the point of beginning.

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-~~ddd~~ 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-~~ddd~~ 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.

S 489-bbbb. Power to enact local law; **real property tax exemption**; deferral of **tax** payments. Any city having a population of one million or more, acting through its local legislative body, is authorized and empowered to determine that incentives in the form of **exemption** from or abatement or deferral of payment of **real property** taxes are necessary to encourage industrial and commercial development in such city and to enact a local law providing that such benefits shall be provided in the manner set forth in this title. Such city shall be divided into six classes of areas as provided in this title and pursuant to designation of areas to be made by a temporary commercial incentive area boundary commission. Within such areas, the following benefits shall be available to qualified recipients:

1. (a) A recipient who, following the effective date of a certificate of eligibility, has performed industrial construction work in any area of such city shall be eligible for an **exemption** from **real property** taxes as follows: For the first thirteen **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following nine **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at ninety per centum thereof in the fourteenth **tax** year and decreasing by ten per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for industrial construction work:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 13	Tax on 100% of exemption base
14	Tax on 90% of exemption base
15	Tax on 80% of exemption base
16	Tax on 70% of exemption base
17	Tax on 60% of exemption base
18	Tax on 50% of exemption base
19	Tax on 40% of exemption base
20	Tax on 30% of exemption base
21	Tax on 20% of exemption base
22	Tax on 10% of exemption base

(b) Notwithstanding paragraph (a) of this subdivision, a recipient who filed an application for a certificate of eligibility for industrial construction work in any area of such city on or after July first, nineteen hundred ninety-five, and who, following the effective date of such certificate of eligibility, has performed such industrial construction work shall be eligible for an **exemption** from **real property** taxes as follows: For the first sixteen **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following nine **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at ninety per centum thereof in the seventeenth **tax** year and decreasing by ten per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for industrial construction work pursuant to this paragraph:

Tax year following effective date of certificate of eligibility:	Amount of exemption:
1 Through 16	Tax on 100% of exemption base
17	Tax on 90% of exemption base
18	Tax on 80% of exemption base
19	Tax on 70% of exemption base
20	Tax on 60% of exemption base
21	Tax on 50% of exemption base
22	Tax on 40% of exemption base
23	Tax on 30% of exemption base
24	Tax on 20% of exemption base
25	Tax on 10% of exemption base

(c)(i) A recipient who filed an application for a certificate of eligibility for industrial construction work in any area of such city on or after July first, nineteen hundred ninety-five, and who, following the effective date of such certificate of eligibility, both commenced and completed such work, shall be eligible for an abatement of **real property** taxes as follows: For the first **tax** year immediately following completion of such work, and for the second, third and fourth **tax** years following completion of such work, the abatement shall equal fifty per centum of the **real property tax** that was imposed on the **property** which is the subject of the certificate of eligibility for the **tax** year immediately preceding the effective date of such certificate of eligibility, provided, however, that if such **property** was fully or partially **exempt** from **real property** taxes during such **tax** year, then the abatement shall equal fifty per centum of the **real property tax** that would have been imposed on such **property** but for such full or partial **exemption**. For the fifth and sixth **tax** years, the abatement shall equal forty per centum of such amount; for the seventh and eighth **tax** years, the abatement shall equal thirty per centum of such amount; for the ninth and tenth **tax** years, the abatement shall equal twenty per centum of such amount; and for the eleventh and twelfth **tax** years, the abatement shall equal ten per centum of such amount. Notwithstanding any inconsistent provision of this paragraph, a recipient shall not be eligible for an abatement for the first **tax** year following completion of such work, unless the recipient submits proof satisfactory to the department of finance that such work was completed on or before the taxable status date for such first **tax** year no later than thirty days after such taxable status date. Where the recipient fails to submit such proof in accordance with the foregoing sentence, a recipient shall not be eligible for an abatement until the second **tax** year following completion of such work. In such case, a recipient shall submit proof satisfactory to the department of finance that such work was completed on or before the taxable status date for such first **tax** year no later than thirty days after the taxable status date for such second **tax** year. A recipient whose abatement begins in the second **tax** year following completion of such work shall not thereby have his or her twelve-year benefit period shortened.

The following table shall illustrate the computation of the abatement for industrial construction work pursuant to this paragraph:

Tax year following completion of industrial construction work:	Amount of abatement:
1	50%
2	50%
3	50%
4	50%
5	40%
6	40%
7	30%
8	30%
9	20%

10	20%
11	10%
12	10%

(ii) If, due to a determination of the department of finance or tax commission of such city or a court, the **real property tax** imposed on such **property** for the **tax** year immediately preceding the effective date of such certificate of eligibility is changed, then any abatement that was granted in accordance with this paragraph prior to such reduction shall be recalculated and any abatement to be granted in accordance with this paragraph shall be based on the **real property tax** imposed on such **property** for the **tax** year immediately preceding the effective date of such certificate of eligibility, as changed by such determination. The amount equal to the difference between the abatement originally granted and the abatement as so recalculated shall be deducted from any refund otherwise payable or remission otherwise due as a result of a change due to such determination, and any balance of such amount remaining unpaid after making any such deduction shall be paid to the department of finance within thirty days from the date of mailing by the department of finance of a notice of the amount payable. Such amount payable shall constitute a **tax** lien on such **property** as of the date of such notice and, if not paid within such thirty-day period, penalty and interest at the rate applicable to delinquent taxes on such **property** shall be charged and collected on such amount from the date of such notice to the date of payment.

(iii) No **property** which is the subject of a certificate of eligibility pursuant to this title shall receive more than one abatement pursuant to this title and no abatement shall exceed one consecutive twelve-year period as specified in subparagraph (i) of this paragraph.

(iv) In no event shall an abatement granted pursuant to this title exceed in any **tax** year the **real property** taxes imposed on the **property** which is the subject of a certificate of eligibility pursuant to this title.

(v) For the purpose of calculating an abatement of **real property** taxes pursuant to this title, where a **tax** lot contains more than one building or structure and not all of the buildings or structures comprising such **tax** lot are the subject of a certificate of eligibility for industrial construction work pursuant to this title, the **real property** taxes imposed on such **tax** lot for the **tax** year immediately preceding the effective date of such certificate of eligibility shall be apportioned among the buildings, structures and land comprising such **tax** lot and only such **real property** taxes as are allocable to the **property** which is the subject of the certificate of eligibility pursuant to this title shall be abated in accordance with this paragraph. Such apportionment shall be in accordance with rules promulgated by the department of finance.

2. (a) A recipient who, following the effective date of a certificate of eligibility, has performed commercial construction work in a special **exemption** area shall be eligible for an **exemption** from **real property** taxes as follows: For the first thirteen **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following nine **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at ninety per centum thereof in the fourteenth **tax** year and decreasing by ten per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for commercial construction work in a special **exemption** area:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 13	Tax on 100% of exemption base
14	Tax on 90% of exemption base
15	Tax on 80% of exemption base
16	Tax on 70% of exemption base

17	Tax on 60% of exemption base
18	Tax on 50% of exemption base
19	Tax on 40% of exemption base
20	Tax on 30% of exemption base
21	Tax on 20% of exemption base
22	Tax on 10% of exemption base

(b) Notwithstanding paragraph (a) of this subdivision, a recipient who filed an application for a certificate of eligibility for commercial construction work in a special **exemption** area on or after July first, nineteen hundred ninety-five, and who, following the effective date of such certificate of eligibility, has performed such commercial construction work shall be eligible for an **exemption** from **real property** taxes as follows: For the first sixteen **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following nine **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at ninety per centum thereof in the seventeenth **tax** year and decreasing by ten per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for commercial construction work in a special **exemption** area pursuant to this paragraph:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 16	Tax on 100% of exemption base
17	Tax on 90% of exemption base
18	Tax on 80% of exemption base
19	Tax on 70% of exemption base
20	Tax on 60% of exemption base
21	Tax on 50% of exemption base
22	Tax on 40% of exemption base
23	Tax on 30% of exemption base
24	Tax on 20% of exemption base
25	Tax on 10% of exemption base

3. (a) A recipient who, following the effective date of a certificate of eligibility, has performed commercial construction work in a regular **exemption** area shall be eligible for an **exemption** from **real property** taxes as follows: For the first eight **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following four **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at eighty per centum thereof in the ninth **tax** year and decreasing by twenty per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for commercial construction work in a regular **exemption** area:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 8	Tax on 100% of exemption base
9	Tax on 80% of exemption base
10	Tax on 60% of exemption base
11	Tax on 40% of exemption base
12	Tax on 20% of exemption base

(b) Notwithstanding paragraph (a) of this subdivision, a recipient who filed an application for a certificate of eligibility for commercial construction work in a regular **exemption** area on or after July first, nineteen hundred ninety-five, and who, following the effective date of such certificate of eligibility, has performed such commercial construction work shall be eligible for an **exemption** from **real property** taxes as follows: For the first eleven **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following four **tax** years, the recipient shall be **exempt** from

taxation on a percentage of the **exemption** base beginning at eighty per centum thereof in the twelfth **tax** year and decreasing by twenty per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for commercial construction work in a regular **exemption** area pursuant to this paragraph:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 11	Tax on 100% of exemption base
12	Tax on 80% of exemption base
13	Tax on 60% of exemption base
14	Tax on 40% of exemption base
15	Tax on 20% of exemption base

4. Except as provided in paragraphs (b) and (c) of subdivision five of section four hundred eighty-nine-cccc of this title, a recipient who, following the effective date of a certificate of eligibility, has performed commercial construction work in a deferral area shall be eligible for a deferral of **tax** payments as follows: For the first three **tax** years following the effective date of a certificate of eligibility, the **tax** payment on one hundred per centum of the **exemption** base shall be deferred. For the following four **tax** years, the **tax** payment on a percentage of the **exemption** base beginning at eighty per centum thereof in the fourth **tax** year and decreasing by twenty per centum each year shall be deferred. The total amount of **tax** payments deferred pursuant to this title shall be paid subsequently over the course of ten **tax** years as follows: Commencing in the eleventh **tax** year following the effective date of the certificate of eligibility, through and including the twentieth **tax** year following such effective date, an amount equal to ten per centum of the total amount of **tax** payments deferred pursuant to this section shall be added to the amount of **tax** otherwise assessed and payable in each such **tax** year on the **property** subject to such deferral.

The following table shall illustrate the computation of deferral and payment of taxes for commercial construction work in a deferral area:

Tax year following effective date of certificate of eligibility:	Amount of tax payments to be deferred or paid:
1 through 3	Deferral of tax payment on 100% of the exemption base
4	Deferral of tax payment on 80% of the exemption base
5	Deferral of tax payment on 60% of the exemption base
6	Deferral of tax payment on 40% of the exemption base
7	Deferral of tax payment on 20% of the exemption base
11 through 20	Payment each year of 10% of total dollar amount of tax payments deferred pursuant to this title

5. A recipient who, following the effective date of a certificate of eligibility, has performed renovation construction work in a renovation **exemption** area shall be eligible for an **exemption** from **real property** taxes as follows: For the first eight **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following four **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at eighty per centum thereof in the ninth **tax** year and decreasing by twenty per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption**

for renovation construction work in a renovation **exemption** area:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 8	Tax on 100% of exemption base
9	Tax on 80% of exemption base
10	Tax on 60% of exemption base
11	Tax on 40% of exemption base
12	Tax on 20% of exemption base

5-a. A recipient who, following the effective date of a certificate of eligibility, 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 in the new construction **exemption** area specified in paragraph (a) or paragraph (b) of subdivision six of section four hundred eighty-nine-cccc of this title shall be eligible for an **exemption** from **real property** taxes as follows: For the first four **tax** years, the recipient shall be **exempt** from taxation on one hundred per centum of the **exemption** base. For the following four **tax** years, the recipient shall be **exempt** from taxation on a percentage of the **exemption** base beginning at eighty per centum thereof in the fifth **tax** year and decreasing by twenty per centum of said **exemption** base each year.

The following table shall illustrate the computation of the **exemption** for 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 in the new construction **exemption** area specified in paragraph (a) or paragraph (b) of subdivision six of section four hundred eighty-nine-cccc of this title:

Tax year following effective date of certificate of eligibility:	Amount of exemption :
1 through 4	Tax on 100% of exemption base
5	Tax on 80% of exemption base
6	Tax on 60% of exemption base
7	Tax on 40% of exemption base
8	Tax on 20% of exemption base

6. There shall be no **exemption** from or deferral of a payment of **real property** taxes available pursuant to this title to any person who performs commercial or renovation construction work in an excluded area, except as provided in paragraphs (b) and (c) of subdivision five of section four hundred eighty-nine-cccc of this title.

7. The benefits of this title shall be granted exclusively for industrial, commercial or renovation construction work described in approved plans. No benefits shall be granted for residential construction work. Any parcel which is partly located in an excluded area shall be deemed to be entirely located in such area.

8. No benefits pursuant to this title shall be granted for work which is the subject of a certificate of eligibility issued pursuant to title two-C of this article.

§ 489-cccc. Temporary commercial incentive area boundary commission; classes of area; excluded areas. 1. Any city enacting a local law pursuant to section four hundred eighty-nine-bbbb of this title shall establish a temporary commercial incentive area boundary commission to consist of the deputy mayor for finance and economic development, the commissioner of finance, the chair of the city planning commission, the director of management and budget, the borough presidents, the speaker of the city council and a public member appointed by the mayor to serve at the mayor's pleasure. Each member except the public member shall have the power to designate an alternate to represent him or her at commission meetings to exercise all the rights and powers of such member, including the right to vote, provided that such designation be made in writing to the chair of the commission. The deputy mayor for finance and economic development shall be the chair of the commission. Each borough president shall be entitled to vote only on the designation

of areas within his or her borough. Commission members who shall be officers or employees of such city shall serve without compensation but shall be reimbursed for expenses necessarily incurred in the performance of their duties. Any other commission member shall receive as exclusive compensation for his or her services one hundred dollars per diem, provided, however, that the total compensation paid to any such member shall not exceed twelve hundred dollars for any calendar year. A majority of members of such commission entitled to vote on a matter shall constitute a quorum for such issue. Decisions shall be made by majority vote of those present entitled to vote on a matter. Notwithstanding any other law to the contrary, no officer or employee of the state or any of its subdivisions or any public benefit corporation shall be deemed to have forfeited his or her office or employment or any benefits provided under the retirement and social security law or under any public retirement system maintained by the state or any of its subdivisions by reason of accepting membership on such commission.

2. (a) The commission shall meet in nineteen hundred ninety-two and nineteen hundred ninety-five to determine the boundaries of the various areas which it is authorized to designate pursuant to this section. The areas designated by the commission in effect as of December thirty-first, nineteen hundred ninety-one shall remain in effect until the first taxable status date after the local legislative body approves a new designation pursuant to paragraph (d) of this subdivision.

(b) Not later than September fifteenth of each year when areas are to be designated, the commission shall publish a notice at least once in the city's official paper or a newspaper of general circulation in the city setting forth the proposed boundaries of areas to be designated and the date, not earlier than ten nor later than thirty days following the publication of such notice, on which the commission will hold a public hearing to hear all persons interested in the designation of areas. A copy of such notice shall be forwarded to the local legislative body and each community board of the city.

(c) The commission shall make such designation, and notify the local legislative body of such designation, not later than November first of each year when areas are to be designated. The designation shall be effective as provided in paragraph (d) of this subdivision.

(d) Within thirty days after the first stated meeting of the local legislative body following the receipt of notice of such designation, the local legislative body may, by majority vote, disapprove such designation. If, within such thirty-day period, the local legislative body fails to act or fails to act by the required vote, the local legislative body shall be deemed to have approved such designation. Such designation shall be effective as of the first taxable status date after the local legislative body approves such designation and shall remain in effect until the first taxable status date after the local legislative body approves a new designation pursuant to this paragraph.

3. The commission may designate areas to be special **exemption** areas, regular **exemption** areas, deferral areas, or excluded areas in accordance with the level of benefits such commission determines to be necessary to encourage commercial construction work in such areas, provided, however, that designation of areas in the city of New York shall be made in accordance with the provisions of subdivisions four and five of this section.

4. (a) In the city of New York, the commission may designate any area other than the area lying south of the center line of 96th Street in the borough of Manhattan, to be a special **exemption** area if it determines that market conditions in the area are such that the availability of a special **exemption** is required in order to encourage commercial construction work in such area. In making such determination, the commission shall consider, among other factors, the existence in such area of a special need for commercial and job development, high unemployment, economic distress or unusually large numbers of vacant, underutilized, unsuitable or substandard structures, or other substandard, unsanitary, **deteriorated** or **deteriorating** conditions, with or without tangible blight.

(b) Any other area in such city, other than the area lying south of the center line of 96th Street, which the commission has not designated as a special **exemption** area shall be a regular **exemption** area.

(c) In the city of New York, on or after January first, nineteen hundred ninety-two, the commission shall not designate any area to be either a deferral area or an excluded area, nor shall the commission make any new designation in any urban renewal area designated pursuant to article fifteen of the general municipal law so as to reduce the level of benefits available pursuant to this title in such area.

(d) Notwithstanding any other provision of this title, any area in the city of New York designated as an economic development zone in accordance with article eighteen-B of the general municipal law, which the commission has not designated as a special **exemption** area, shall be a special **exemption** area as of July first, nineteen hundred ninety-five or as of the date of the designation of such area as an economic development zone, whichever is later.

5. (a) The following area in the borough of Manhattan shall, except as otherwise provided in paragraphs (b), (c) and (d) of this subdivision and subdivision six of this section, be an excluded area: the area in the borough of Manhattan lying south of the center line of 96th Street and north of the center line of 23rd Street.

(b) The following areas in the borough of Manhattan shall, except as otherwise provided in paragraph (d) of this subdivision and subdivision six of this section, be excluded areas as of July first, nineteen hundred ninety-two; provided, however, that if an application for a certificate of eligibility has been filed for commercial construction work in such areas on or before December thirty-first, nineteen hundred ninety-two and the recipient presents evidence satisfactory to the department of finance: (i) (A) for a new building or structure, that construction has been completed on a foundation, as described in approved plans, on or before June thirtieth, nineteen hundred ninety-three; or (B) for an existing building or structure, that at least five per centum of the minimum required expenditure has been made for commercial construction work, as described in approved plans, on or before June thirtieth, nineteen hundred ninety-three; and (ii) that all other requirements of this title have been met; then, a deferral of **tax** payments pursuant to subdivision four of section four hundred eighty-nine-bbbb of this title shall be granted for such commercial construction work, except that no deferral of **tax** payments shall be granted for commercial construction work on mixed-use **property**:

(1) the area delineated by a line beginning at the point where the center line of 96th Street would intersect the Hudson River Pierhead line and running easterly along the center line of 96th Street to the center line of Central Park West; thence southerly along said center line to the center line of 59th Street; thence westerly along said center line to the Hudson River Pierhead line; thence northerly along said Pierhead line to the point of beginning; and

(2) the area delineated by a line beginning at a point where the center line of 59th Street would intersect with a point one hundred fifty feet west of the center line of 8th Avenue and running easterly along the center line of 59th Street to a point one hundred fifty feet west of the center line of the Avenue of the Americas; thence southerly parallel to the Avenue of the Americas to a point which is the midpoint between the center line of 42nd Street and the center line of 41st Street; thence westerly parallel to 41st Street to a point one hundred fifty feet west of the center line of 8th Avenue; thence northerly parallel to 8th Avenue to the point of beginning.

(c) The following area in the borough of Manhattan shall, except as otherwise provided in paragraph (d) of this subdivision and subdivision six of this section, be an excluded area as of January first, nineteen hundred ninety-three; provided, however, that if an application for a certificate of eligibility has been filed for commercial construction work in such area on or before December thirty-first, nineteen hundred ninety-two and the recipient presents evidence satisfactory to the department of finance: (i) (A) for a new building or structure, that

construction has been completed on a foundation, as described in approved plans, on or before December thirty-first, nineteen hundred ninety-three; or (B) for an existing building or structure, that at least five per centum of the minimum required expenditure has been made for commercial construction work, as described in approved plans, on or before December thirty-first, nineteen hundred ninety-three; and (ii) that all other requirements of this title have been met, then, a deferral of **tax** payments pursuant to subdivision four of section four hundred eighty-nine-bbbb of this title shall be granted for such commercial construction work, except that no deferral of **tax** payments shall be granted for commercial construction work on mixed-use **property**: the area delineated by a line beginning at the point where the center line of 59th Street would intersect with the Hudson River Pierhead line; thence southerly along said Pierhead line to the center line of Liberty Street; thence easterly along said center line to the center line of Church Street; thence northerly along said center line to the center line of Fulton Street; thence easterly along said center line to the East River Pierhead line; thence northerly along said Pierhead line to a point which is the midpoint between the center line of 34th Street and the center line of 33rd Street; thence westerly parallel to 33rd Street to a point one hundred fifty feet west of the center line of the Avenue of the Americas; thence northerly parallel to the Avenue of the Americas to a point which is the midpoint between the center line of 42nd Street and the center line of 41st Street; thence westerly parallel to 41st Street to a point one hundred fifty feet west of the center line of 8th Avenue; thence northerly parallel to 8th Avenue to the center line of 59th Street; thence westerly along said center line to the point of beginning.

(d) Notwithstanding the provisions of paragraphs (a), (b) and (c) of this subdivision, the following areas in the borough of Manhattan shall be renovation **exemption** areas: (i) as of July first, nineteen hundred ninety-two and until June thirtieth, nineteen hundred ninety-nine: the area in the borough of Manhattan lying south of the center line of 23rd Street; (ii) as of July first, nineteen hundred ninety-two and until January thirty-first, nineteen hundred ninety-five: the area in the borough of Manhattan lying south of the center line of 96th Street and north of the center line of 23rd Street; and (iii) as of July first, nineteen hundred ninety-five and until June thirtieth, nineteen hundred ninety-nine the area in the borough of Manhattan lying south of the center line of 59th Street and north of the center line of 23rd Street.

6. Notwithstanding the provisions of subdivision five of this section, the areas in the borough of Manhattan specified in paragraphs (a) and (b) of this subdivision, except the "Project Area" described in a lease held by the Battery Park City Authority as tenant and originally dated as of November twenty-fourth, nineteen hundred sixty-nine and thereafter from time to time amended, shall be new construction **exemption** areas: (a) as of July first, nineteen hundred ninety-five and until December thirty-first, nineteen hundred ninety-six: the area in the borough of Manhattan lying south of the center line of 96th Street, excluding the area specified in paragraph (b) of this subdivision; and (b) as of July first, nineteen hundred ninety-five and until June thirtieth, nineteen hundred ninety-nine: the area in the borough of Manhattan bounded by Murray Street on the north starting at the intersection of West Street and Murray Street; running easterly along the center line of Murray Street; connecting through City Hall Park with the center line of Frankfort Street and running easterly along the center line of Frankfort and Dover Streets to the intersection of Dover Street and South Street; running southerly along the center line of South Street to Peter Minuit Plaza; connecting through Peter Minuit Plaza to the center line of State Street and running northwesterly along the center line of State Street to the intersection of State Street and Battery Place; running westerly along the center line of Battery Place to the intersection of Battery Place and West Street; and running northerly along the center line of West Street to the intersection of West Street and Murray Street.

S 489-dddd. Eligibility for benefits. 1. A recipient of a certificate of eligibility with an effective date of June thirtieth, nineteen hundred ninety-two or before must make one-half the minimum required expenditure within eighteen months of the effective date of such recipient's certificate of eligibility, and make the minimum required expenditure within thirty-six months of the effective date of such certificate to be eligible to receive the benefits of this title. A recipient of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after must make one-half the minimum required expenditure within thirty months of the effective date of such recipient's certificate of eligibility, and make the minimum required expenditure within sixty months of the effective date of such certificate to be eligible to receive the benefits of this title; provided, however, that a recipient of a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title must make one-half the minimum required expenditure within eighteen months of the effective date of such recipient's certificate of eligibility, or by December thirty-first, nineteen hundred ninety-four, whichever is earlier, and make the minimum required expenditure within thirty-six months of the effective date of such certificate, or by December thirty-first, nineteen hundred ninety-five, whichever is earlier, to be eligible to receive the benefits of this title; provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-four, but before February first, nineteen hundred ninety-five, must make one-half the minimum required expenditure within eighteen months of the effective date of such certificate, or by July thirty-first, nineteen hundred ninety-five, whichever is earlier, and make the minimum required expenditure within thirty-six months of the effective date of such certificate, or by July thirty-first, nineteen hundred ninety-six, whichever is earlier, to be eligible to receive the benefits of this title provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (i) or (iii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-five, must make one-half the minimum required expenditure within eighteen months of the effective date of such certificate, and make the minimum required expenditure within thirty-six months of the effective date of such certificate, to be eligible to receive the benefits of this title. Any recipient who shall fail to make such expenditures shall become ineligible and shall pay, with interest, any taxes for which an **exemption** or deferral was claimed pursuant to this section. This subdivision shall not apply to the recipient of a certificate of eligibility for 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 in a new construction **exemption** area.

2. No benefits pursuant to this title shall be granted for construction work on any condominium unit unless such unit is in a building or structure which, if viewed as a whole and as if it were under single ownership, would qualify as commercial or industrial **property**. The minimum required expenditure applicable to any recipient of a certificate of eligibility for construction work on a condominium unit shall be equal to the minimum expenditure which would apply if a certificate of eligibility were issued for construction work on the entire **property** where such unit is located. Nothing in this subdivision shall be construed to prevent owners of condominium units in the same **property** from forming an association to be a recipient. This subdivision shall not apply to any applicant whose **property** would be, or recipient

whose **property** is, the subject of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after.

3. (a) No benefits pursuant to this title shall be granted for any construction work unless the applicant filed an application for such benefits on or before the date of issuance of a building permit for such work. The requirements of this subdivision may be satisfied where the applicant's architect, contractor or other representative authorized to file the application for such building permit files with the department of finance on behalf of the applicant a preliminary application containing such information as the department of finance shall prescribe by regulation.

(b) Notwithstanding paragraph (a) of this subdivision, an applicant may file an application for benefits pursuant to this title for renovation construction work for **property** located in the areas specified in paragraph (c) of this subdivision, regardless of whether a building permit for such work was issued before such application was filed, provided that such permit was not issued before January first, nineteen hundred ninety or after June thirtieth, nineteen hundred ninety-two, and provided further that a final application is filed with, and accepted by, the department of finance, on or before December thirty-first, nineteen hundred ninety-two. The department of finance shall issue a certificate of eligibility to such an applicant upon determining that the applicant satisfies all other requirements of this title. The effective date of such certificate shall be the date of acceptance by the department of finance of a final application containing such information as prescribed by rule of the department of finance. No benefits pursuant to this title shall be granted for construction work performed before the effective date of the recipient's certificate of eligibility.

(c) Pursuant to paragraph (b) of this subdivision, an applicant may file an application for benefits pursuant to this title for renovation construction work for **property** located in the following areas in the borough of Manhattan lying south of 96th Street:

(i) the area delineated by a line beginning at the point where the center line of 96th Street would intersect the East River Pierhead line and running westerly along the center line of 96th Street to the center line of Fifth Avenue; thence southerly along said center line to the center line of 59th Street; thence westerly along said center line to a point one hundred fifty feet west of the center line of the Avenue of the Americas; thence southerly parallel to the Avenue of the Americas to the center line of 34th Street; thence easterly along said center line to the East River Pierhead line; thence northerly along said Pierhead line to the point of beginning; and

(ii) the area delineated by a line beginning at the point where the center line of Fulton Street would intersect the East River Pierhead line and running westerly along the center line of Fulton Street to the center line of Church Street; thence southerly along said center line to the center line of Liberty Street; thence westerly along said center line to the Hudson River Pierhead line; thence southerly and along said Pierhead line to the point of beginning.

(d) Notwithstanding paragraph (a) of this subdivision, an applicant may file an application for benefits pursuant to this title for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (iii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title within sixty days of the effective date of the chapter of the laws of nineteen hundred ninety-five that added this paragraph, regardless of whether a building permit for such work was issued before such application was filed, provided that such permit was not issued before February first, nineteen hundred ninety-five, and provided further that a final application is filed with, and accepted by, the department of finance, on or before December thirty-first, nineteen hundred ninety-five. The department of finance shall issue a certificate of eligibility to such an applicant upon determining that the applicant satisfies all other requirements of this title. The effective date of

such certificate shall be the date of acceptance by the department of finance of a final application containing such information as prescribed by rule of the department of finance. No benefits pursuant to this title shall be granted for construction work performed before the effective date of such certificate of eligibility.

4. No benefits pursuant to this title shall be granted to any recipient for construction work on **property** any part of which is to be used for a restricted activity.

5. No benefits pursuant to this title shall be granted for any construction work unless the applicant shall file, together with the application, an affidavit setting forth the following information:

(a) a statement that within the seven years immediately preceding the date of application for a certificate of eligibility, neither the applicant, nor any person owning a substantial interest in the **property** as defined in paragraph (c) of this subdivision, nor any officer, director or general partner of the applicant or such person was finally adjudicated by a court of competent jurisdiction to have violated section two hundred thirty-five of the **real property** law or any section of article one hundred fifty of the penal law or any similar arson law of another state with respect to any building, or was an officer, director or general partner of a person at the time such person was finally adjudicated to have violated such law; and

(b) a statement setting forth any pending charges alleging violation of section two hundred thirty-five of the **real property** law or any section of article one hundred fifty of the penal law or any similar arson law of another jurisdiction with respect to any building by the applicant or any person owning a substantial interest in the **property** as defined in paragraph (c) of this subdivision, or any officer, director or general partner of the applicant or such person.

(c) "Substantial interest" as used in this subdivision shall mean ownership and control of an interest of ten per centum or more in a **property** or any person owning a **property**.

6. If any person described in the statement required by paragraph (b) of subdivision five of this section is finally adjudicated by a court of competent jurisdiction to be guilty of any charge listed in such statement, the recipient shall cease to be eligible for benefits pursuant to this title and shall pay with interest any taxes for which an **exemption**, abatement or deferral was claimed pursuant to this title.

7. In addition to any other qualifications for **exemption** from or abatement or deferral of payment of taxes set forth in this title, an applicant must be:

(a) obligated to pay **real property tax** on the **property** for which an **exemption**, abatement or deferral is sought, whether such obligation arises because of record ownership of such **property**, or because the obligation to pay such **tax** has been assumed by contract; or

(b) the record owner or lessee of **property** which is **exempt** from **real property** taxation who has entered into an agreement to sell or lease such **property** to another person. Such person shall be a co-applicant with such owner or lessee.

8. A co-applicant with a public entity shall be an eligible recipient pursuant to this title, provided that for such period as the **property** which is the subject of the certificate of eligibility is **exempt** from **real property** taxation because it is owned or controlled by a public entity no benefits shall be available to such recipient, pursuant to this title. Such recipient shall receive benefits pursuant to this title when such **property** ceases to be eligible for **exemption** pursuant to other provisions of law, as follows: the recipient shall, commencing with the date such **tax exemption** ceases, and continuing until the expiration of the benefit period pursuant to this title, receive the benefits to which such recipient is entitled in the corresponding **tax** year pursuant to this title.

9. (a)(i) No benefits pursuant to this title shall be granted for construction of a new building or structure in the new construction **exemption** area specified in paragraph (a) of subdivision six of section

four hundred eighty-nine-cccc of this title unless (A) construction of the foundation of such building or structure has been completed within twelve months of the effective date of the recipient's certificate of eligibility, or by December thirty-first, nineteen hundred ninety-seven, whichever is earlier; and (B) construction of such building or structure has been completed within thirty-six months of the effective date of the recipient's certificate of eligibility, or by December thirty-first, nineteen hundred ninety-nine, whichever is earlier.

(ii) No benefits pursuant to this title shall be granted for construction of a new building or structure in the new construction **exemption** area specified in paragraph (b) of subdivision six of section four hundred eighty-nine-cccc of this title unless: (A) construction of the foundation of such building or structure has been completed within twenty-four months of the effective date of the recipient's certificate of eligibility; and (B) construction of such building or structure has been completed within forty-two months of the effective date of the recipient's certificate of eligibility.

(b) No benefits pursuant to this title shall be granted for construction of a new building or structure in a new construction **exemption** area unless such building or structure meets the requirements set forth in subparagraphs (i) and (ii) of this paragraph and, in addition, meets at least two of the five requirements set forth in subparagraphs (iii) through (vii) of this paragraph.

(i) The height of at least fifty per centum of the floors in such building or structure shall be not less than twelve feet, nine inches measured from the top of the slab comprising the floor to the bottom of the slab comprising the ceiling;

(ii) Such building or structure shall be served by fiber-optic telecommunications wiring and shall contain vertical penetrations for the distribution of fiber optic cabling to individual tenants on each floor;

(iii) The total square footage of such building or structure is not less than five hundred thousand gross square feet;

(iv) A minimum of two hundred thousand gross square feet or twenty-five per centum of such building or structure is comprised of floors of not less than forty thousand gross square feet;

(v) At least ten per centum of the gross square footage of such building or structure is comprised of floors that contain no more than eight structural columns, excluding any columns within the core or on the periphery of such building or structure;

(vi) The electrical capacity of such building or structure is not less than six watts per net square foot;

(vii) Emergency backup power sufficient to accommodate a need of six watts per net square foot is available in at least two hundred thousand gross square feet or twenty-five per centum of such building or structure.

S 489-eeee. Application for certificate of eligibility. 1. Application for a certificate of eligibility pursuant to this title may be made immediately following the effective date of a local law enacted pursuant to this title and continuing until June thirtieth, nineteen hundred ninety-nine; provided, however, that application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title may not be made after January thirty-first, nineteen hundred ninety-five; provided, further, however, that application for a certificate of eligibility for 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 in the new construction **exemption** area specified in paragraph (a) of subdivision six of section four hundred eighty-nine-cccc of this title may not be made after December thirty-first, nineteen hundred ninety-six; and provided, further, however, that no benefits pursuant to this title shall be granted for construction work performed pursuant to

a building permit issued after July thirty-first, nineteen hundred ninety-nine. Such application shall state whether it is for industrial, commercial or renovation construction work, and shall be filed with the department of finance. In addition to any other information required by such department, the application shall include cost estimates or bids for the proposed construction and an affidavit of a professional engineer or architect of the applicant's choice, certifying that detailed plans for the construction work have been submitted to the department of buildings. Such application shall also state that the applicant agrees to comply with and be subject to the rules issued from time to time by the department of finance to secure compliance with all applicable city, state and federal laws or which implement mayoral directives and executive orders designed to ensure equal employment opportunity. If required by local law or rule as described in section four hundred eighty-nine-llll of this title, such application shall also state that the applicant agrees to comply with the program established thereby to ensure meaningful participation of minority and women-owned business enterprises in construction work for which the applicant receives benefits. Such application shall also certify that all taxes currently due and owing on the **property** which is the subject of the application have been paid or are currently being paid in timely installments pursuant to written agreement with the department of finance.

2. The burden of proof shall be on the applicant to show by clear and convincing evidence that the requirements for granting an **exemption** from or abatement or deferral of payment of taxes pursuant to this title have been satisfied. The department of finance shall have the authority to require that statements in connection with the application be made under oath.

3. The department of finance shall issue a certificate of eligibility upon determining that the applicant satisfies the requirements for industrial, commercial or renovation construction work in an area where benefits are available for such work. Such certificate shall state whether such benefits are to be granted for industrial, commercial or renovation construction work, and in which class of area the **property** is located. The effective date of such certificate, except as provided in paragraph (b) or paragraph (d) of subdivision three of section four hundred eighty-nine-dddd of this title, shall be the earlier of (a) the date on which a building permit for the construction work is issued by the department of buildings, or (b) the last day before the effective date of any designation of boundaries by the commission which changes the class of area in which the **property** is located so as to reduce the level of benefits for commercial construction work on such **property**. Where the effective date of the certificate of eligibility is July first, nineteen hundred ninety-two or after, the benefits granted for industrial, commercial or renovation construction work pursuant to this title shall be in accordance with the provisions of this title as amended by the provisions of chapter seven hundred eighty-one of the laws of nineteen hundred ninety-two, and as amended by the provisions of chapter seven hundred twenty-six of the laws of nineteen hundred ninety-four, and as further amended by the provisions of the chapter of the laws of nineteen hundred ninety-five that added this clause. Where the effective date of the certificate is June thirtieth, nineteen hundred ninety-two or before, the benefits granted for industrial or commercial construction work pursuant to this title shall be in accordance with the provisions of this title as it was in effect until June thirtieth, nineteen hundred ninety-two immediately prior to its amendment by chapter seven hundred eighty-one of the laws of nineteen hundred ninety-two. No recipient whose **property** is the subject of a certificate of eligibility for commercial construction work in a deferral area shall be eligible to apply for a certificate of eligibility for renovation construction work on the same **property**, where the renovation construction work is the same as, or similar to, the commercial construction work for which the deferral area certificate was issued, until three years after the effective date of the deferral area

certificate. No recipient shall receive a **tax** deferral and a **tax exemption** for the same expenditure on eligible construction work.

4. A copy of the certificate of eligibility shall be filed by the department of finance in the manner prescribed for recording a mortgage pursuant to section two hundred ninety-one-d of the **real property** law.

5. The department of finance may provide by rule for reasonable administrative charges or fees necessary to defray expenses in administering the benefit program provided by this title.

S 489-ffff. Reporting requirement; termination of benefits. 1. Upon approval by the department of buildings of the plans submitted in connection with the building permit and any amendments to such plans, the recipient shall file with the department of finance a narrative description of such approved plans describing the industrial, commercial or renovation construction work for which such recipient seeks benefits pursuant to this title.

2. For the duration of the benefit period the recipient shall file annually with the department of finance, on or before the taxable status date, a certificate of continuing use stating the purposes for which the **property** described in the certificate of eligibility is being used and the net square footage allotted to each such purpose. Such certificate of continuing use shall be on a form prescribed by the department of finance and shall state the total number of workers employed on the **property** and the number of such workers who are city residents. The department of finance shall have authority to terminate benefits pursuant to this title upon failure of a recipient to file such certificate by the taxable status date. The burden of proof shall be on the recipient to establish continuing eligibility for benefits and the department of finance shall have the authority to require that statements made in such certificate shall be made under oath.

3. A recipient shall file an amendment to the latest certificate of continuing use prior to (a) converting square footage within **property** which is the subject of a certificate of eligibility for industrial construction work from use for the manufacturing activities described in such certificate of continuing use where such conversion results in less than sixty-five per centum of total net square footage being used or held out for use for manufacturing activities; or (b) converting any portion of **property** which is the subject of a certificate of eligibility to use for any restricted activity or as residential **property**.

4. Not later than eighteen months after the effective date of a certificate of eligibility, with an effective date of June thirtieth, nineteen hundred ninety-two or before, the recipient shall present evidence to the department of finance demonstrating that the recipient has made one-half of the minimum required expenditure. Not later than thirty-six months after the effective date of such certificate, such recipient shall present evidence to such department demonstrating that the recipient has made the minimum required expenditure. Not later than thirty months after the effective date of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after, the recipient shall present evidence to the department of finance demonstrating that the recipient has made one-half of the minimum required expenditure; provided, however, that a recipient of a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title shall present such evidence not later than eighteen months after the effective date of such certificate, or by December thirty-first, nineteen hundred ninety-four, whichever is earlier; provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-four, but before February first, nineteen hundred ninety-five, shall present such evidence not later than eighteen months

after the effective date of such certificate, or by July thirty-first, nineteen hundred ninety-five, whichever is earlier, provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (i) or (iii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-five, shall present such evidence not later than eighteen months after the effective date of such certificate. Not later than sixty months after the effective date of a certificate of eligibility with an effective date of July first, nineteen hundred ninety-two or after, the recipient shall present evidence to such department demonstrating that the recipient has made the minimum required expenditure; provided, however, that a recipient of a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title shall present such evidence not later than thirty-six months after the effective date of such certificate, or by December thirty-first, nineteen hundred ninety-five, whichever is earlier; provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (ii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-four, but before February first, nineteen hundred ninety-five, shall present such evidence not later than thirty-six months after the effective date of such certificate, or by July thirty-first, nineteen hundred ninety-six, whichever is earlier, provided, further, however, that a recipient who filed an application for a certificate of eligibility for renovation construction work for **property** located in the renovation **exemption** area specified in subparagraph (i) or (iii) of paragraph (d) of subdivision five of section four hundred eighty-nine-cccc of this title on or after July first, nineteen hundred ninety-five, shall present such evidence not later than thirty-six months after the effective date of such certificate. Such evidence shall be presented in the form and manner prescribed by such department. The burden of proof shall be on the recipient to show by clear and convincing evidence that the required expenditures have been made. This subdivision shall not apply to the recipient of a certificate of eligibility for 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 in a new construction **exemption** area.

5. A recipient of a certificate of eligibility for construction of a new building or structure in a new construction **exemption** area shall present evidence to the department of finance demonstrating that the requirements of subdivision nine of section four hundred eighty-nine-dddd of this title have been met. Such evidence shall be presented in the form and manner and at the time prescribed by such department. The burden of proof shall be on the recipient to show by clear and convincing evidence that such requirements have been met.

S 489-gggg. Conversion of **property**. 1. Any recipient whose **property** is the subject of a certificate of eligibility for commercial or renovation construction work, and who, prior to the expiration of the benefit period, uses such **property** as industrial **property**, shall continue to receive benefits for commercial or renovation construction work as the case may be.

2. Any recipient whose **property** is the subject of a certificate of eligibility for industrial construction work, and who, prior to the expiration of the benefit period, uses such **property** as commercial **property**, shall cease to be eligible for further **exemption** or abatement for industrial construction work as of the last date to which such recipient proves by clear and convincing evidence that such **property** was

used as industrial **property**, and shall pay with interest any taxes for which an **exemption** or abatement was claimed after such date, except that:

(a) a recipient of a certificate of eligibility for industrial construction work in a special **exemption** area who would have been eligible to receive a certificate of eligibility for commercial construction work at the time such recipient applied for benefits shall continue to receive an **exemption** for industrial construction; and

(b) a recipient of a certificate of eligibility for industrial construction work in a regular **exemption** area who would have been eligible to receive a certificate of eligibility for commercial construction work at the time such recipient applied for benefits shall, commencing with the date of conversion to commercial **property** and continuing until the expiration of the benefit period for commercial construction work, receive any **exemption** which such recipient would have received in the corresponding **tax** year pursuant to a certificate of eligibility for commercial construction work; and

(c) a recipient of a certificate of eligibility for industrial construction work in any area of the city on whose **property** at least sixty-five per centum of the net square footage continues to be used or held out for use for manufacturing activities after conversion to commercial **property**, shall not be required to pay the pro rata share of **tax** for which an **exemption** was claimed during the **tax** year in which such conversion occurred.

3. Except as provided in subdivision four of this section, any recipient whose **property** is the subject of a certificate of eligibility for commercial, industrial or renovation construction work, and who uses such **property** as residential **property** or for any restricted activity prior to the expiration of the benefit period, shall cease to be eligible for further **exemption**, abatement or deferral as of the date such **property** was first used as residential **property** or for any restricted activity. In the case of **property** in an area that was designated as an **exemption** area at the time the certificate of eligibility was issued, such recipient shall pay with interest any taxes for which an **exemption** was claimed after such date, including the pro rata share of **tax** for which any **exemption** was claimed during the **tax** year in which such use occurred. In the case of industrial **property**, such recipient shall pay with interest any taxes for which an **exemption** or abatement was claimed after such date, including the pro rata share of **tax** for which any **exemption** or abatement was claimed during the **tax** year in which such use occurred. In the case of **property** in an area that was designated as a deferral area at the time the certificate of eligibility was issued, all deferred **tax** payments on the **property** shall become due and payable immediately.

4. Notwithstanding subdivision three of this section, any recipient whose **property** is the subject of a certificate of eligibility for commercial or renovation construction work with an effective date of July first, nineteen hundred ninety-two or after, and who, prior to the expiration of the benefit period, uses a portion of such **property** as residential **property**, shall cease to be eligible for further **exemption** for commercial or renovation construction work for that portion of such **property** used as residential **property** as of the date such portion of the **property** was first used as residential **property**. Such recipient shall pay, with interest, any taxes for which an **exemption** was claimed after such date attributable to that portion of the **property** used as residential **property**, including the pro rata share of **tax** for which such **exemption** was claimed during the **tax** year in which such use occurred. Such recipient shall continue to receive an **exemption** for commercial or renovation construction work for that portion of the **property** which continues to be used as commercial **property**.

S 489-hhhh. Administration of the benefit program. 1. The department of finance of any city enacting a local law pursuant to section four

hundred eighty-nine-bbbb of this title shall have, in addition to any other functions, powers and duties which have been or may be conferred on it by law, the following functions, powers and duties:

(a) To publicize the availability of benefits pursuant to this title for industrial, commercial and renovation construction work.

(b) To receive and review applications for certificates of eligibility, issue such certificates where authorized pursuant to section four hundred eighty-nine-eeee of this title, and record the issuance of such certificates as prescribed in such section.

(c) To receive evidence of expenditures made for construction, and where such expenditures do not equal the amount required to qualify for **exemption** from or abatement or deferral of **tax** payments to take appropriate action, including but not limited to denying, reducing, suspending, terminating or revoking benefits pursuant to this title.

(d) To enter and inspect **property** to determine whether it is industrial or commercial or mixed-use and to determine whether (i) any such **property** is being used for any restricted use, or (ii) any **property** which is the subject of a certificate of eligibility for industrial construction work is being used as commercial **property**, or (iii) any industrial or commercial **property** is being used as residential or mixed-use **property**, or (iv) all or part of the nonresidential portion of mixed-use **property** is being used as residential **property**.

(e) To collect all **real property** taxes for which payment is deferred pursuant to this title.

(f) To collect all **real property** taxes, with interest, due and owing as a result of reduction, suspension, termination or revocation of any **exemption** from or abatement or deferral of taxes granted pursuant to this title.

(g) To make and promulgate regulations to carry out the purposes of this title, including, but not limited to, regulations requiring applicants to publish notice of their applications, defining manufacturing and commercial activities and specifying the nature of work for which expenses may be included in the minimum required expenditure, provided, however, that any regulation increasing the minimum required expenditure shall not apply to any person who is a recipient on the effective date of such regulation. Such regulations shall include a requirement that with respect to the construction work recipients and their contractors shall be equal opportunity employers and may also provide that any person employed in the construction work shall implement a trainee program for economically disadvantaged persons.

S 489-iiii. Code violations; suspension or termination of benefits. A local law enacted pursuant to this title may provide that benefits pursuant to this title shall be suspended or terminated if the recipient is found to have failed to cure violations of the applicable building, fire, or air pollution control codes on the **property** which is the subject of the certificate of eligibility. Such local law shall define the circumstances under which benefits may be suspended or revoked for such violations and provide procedures whereby determinations to suspend, terminate or reinstate such benefits shall be made.

S 489-jjjj. **Tax** lien; interest rate. 1. All taxes plus interest required to be paid retroactively pursuant to this title shall constitute a **tax** lien as of the date it is determined such taxes and interest are owed. All interest shall be calculated from the date the taxes would have been due but for the **exemption**, abatement or deferral claimed pursuant to this title at three per centum above the applicable rate of interest imposed by such city generally for non-payment of **real property tax** on such date.

2. All taxes for which payment is deferred pursuant to section four hundred eighty-nine bbbb of this title shall constitute a **tax** lien as of the date they are due and payable in accordance with the provisions of

that section.

S 489-kkkk. Penalties for non-compliance, false statements and omissions. 1. The department of finance may deny, reduce, suspend, revoke or terminate any *exemption* from or abatement or deferral of *tax* payments pursuant to this title whenever (a) a recipient fails to comply with the requirements of this title or the rules promulgated by the department of finance pursuant thereto; or (b) an application, certificate, report or other document delivered by an applicant or recipient hereunder contains a false or misleading statement as to a material fact or omits to state any material fact necessary in order to make the statements therein not false or misleading, and may declare any applicant or recipient who makes such false or misleading statement or omission to be ineligible for future *exemption*, abatement or deferral pursuant to this title for the same or other *property*.

2. Notwithstanding any other law to the contrary, a recipient shall be personally liable for any taxes owed pursuant to this title whenever such recipient fails to comply with such law and rules or makes such false or misleading statement or omission, and the department of finance determines that such act was due to the recipient's willful neglect, or that under the circumstances such act constituted a fraud on the department of finance or a buyer or prospective buyer of the *property*. The remedy provided herein for an action in personam shall be in addition to any other remedy or procedure for the enforcement of collection of delinquent taxes provided by any general, special or local law. Any lease provision which obligates a tenant to pay taxes which become due because of willful neglect or fraud by the recipient, or otherwise relieve or indemnify the recipient from any personal liability arising hereunder, shall be void as against public policy except where the imposition of such taxes or liability is occasioned by actions of the tenant in violation of the lease.

S 489-llll. Participation of minority and women-owned business enterprises. A city enacting a local law pursuant to this title may provide for a program to ensure meaningful participation of minority and woman-owned business enterprises in construction work for which an applicant receives benefits. Such program may be established, and amended from time to time, by local law, or by rule of the department of finance not inconsistent with any such local law.

New York State Consolidated Laws

General Municipal

ARTICLE 16

URBAN DEVELOPMENT ACTION AREA ACT

- Section 690. Short title.
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Sec. 690. Short title. This article shall be known and may be cited and referred to as the "urban development action area act".

S 691. Policy and purposes of article.

There exist in many municipalities within this state municipally-owned areas which were acquired pursuant to the urban renewal powers delineated in article fifteen of this chapter or through condemnation for projects now abandoned or as a direct result of previous landowners' failure to meet in full their **real** estate **tax** or other obligations or through proceedings relating to abandoned multiple dwellings or which consist of municipal facilities no longer needed for public purposes. These areas are residential, non-residential, commercial, industrial, municipal facilities or vacant areas, and combinations thereof, which are slum or blighted, or which are becoming slum or blighted areas because of substandard, insanitary, **deteriorated** or **deteriorating** conditions, factors, and characteristics, with or without tangible physical blight. The existence of such areas constitutes a serious and growing menace, is injurious to the public safety, health, morals and welfare, contributes increasingly to the spread of crime, juvenile delinquency and disease, necessitates excessive and disproportionate expenditures of public funds for all forms of public service and maintenance and constitutes a negative influence on adjacent **properties** impairing their economic soundness and stability, thereby threatening the source of public revenues.

In order to protect and promote the safety, health, morals and welfare of the people of the state and to promote the sound growth and development of our municipalities, it is necessary to provide incentives for the correction of such substandard, insanitary, blighted, **deteriorated** or **deteriorating** conditions, factors, and characteristics by the clearance, replanning, reconstruction, redevelopment, rehabilitation, restoration or conservation of such areas, the undertaking of public and private improvement programs related thereto and the encouragement and participation in these programs by private enterprise.

Moreover in order to assure that each segment of our society, particularly enterprises experienced in the construction of one to four family residential structures and business enterprises which are controlled by members of minorities, is accorded a **real** and proper ability to participate in projects to be undertaken pursuant to this article, it must be the public policy of each municipality operating pursuant to the provisions hereof to take such initiatives as are appropriate to effect such participation.

It is necessary for the accomplishment of such purposes to grant municipalities of this state the rights and powers provided in this article. The use of such rights and powers to correct such conditions, factors and characteristics and to eliminate or prevent the development and spread of **deterioration** and blight through the clearance, replanning, reconstruction, rehabilitation, conservation or renewal of such areas, for residential, commercial, industrial, community, public and other uses is a public use and public purpose essential to the public interest, and for which public funds may be expended.

S 692. Definitions. As used in this article the following terms shall mean:

1. "Governing body". The local legislative body.
2. "Municipality". A city having a population of one hundred thousand or more and the town of Huntington.
3. "Municipally-owned area". **Real property**, title to which is held by a municipality. Provided, however, that **real property** consisting of two contiguous acres or more of wooded land which exists as substantially undeveloped at the time this article becomes effective shall not be included as a municipally-owned area for purposes of this article.
4. "Agency". The officer, board, commission, department, or other agency of the municipality designated by the governing body, or as otherwise provided by law, to carry out the functions vested in the agency under this article or delegated to the agency by the governing body in order to carry out the purpose and provisions of this article, except that in a city having a population of one million or more, the term "agency" shall mean a department of housing preservation and development.
5. "Urban development action area". An area designated by the governing body, or by the commission where so authorized to act by the governing body, pursuant to section six hundred ninety-three of this article as appropriate for urban development, at least eighty percent of which constitutes a municipally-owned area.
6. "Urban development action area project". A project which shall be consistent with the policy and purposes stated in section six hundred ninety-one of this article, and located in an urban development action area, unless the area designation requirement is waived pursuant to section six hundred ninety-three of this article. The project summary for an urban development action area project shall include but shall not be limited to: a statement of proposed land uses; proposed public, semi-public, private or community facilities or utilities; a statement as to proposed new codes and ordinances and amendments to existing codes and ordinances as are required or necessary to effectuate the project; a proposed time schedule for the effectuation of such project, and such additional statements or documentation as the agency may deem appropriate.
7. "Commission". The local commission or board charged with the planning of land use within the municipality or other analogous body or, if there be none, the board of estimate or other governing body of the municipality.

S 693. Area designation. An urban development action area shall by resolution be designated by the governing body, or by the commission where so authorized to act by the governing body, on its own initiative or upon recommendation of the agency, provided at least eighty percent of such area is municipally owned. Any such designation shall be in conformance with the standards and procedures required for all land use determinations pursuant to general, special or local law or charter. Provided, however, that if a proposed urban development action area project is to be developed on municipally-owned land and consists solely of the rehabilitation or conservation of existing private or multiple dwellings or the construction of one to four unit dwellings without any change in land use permitted by local zoning, the governing body, or the commission where so authorized to act by the governing body, may waive the area designation requirement.

S 694. Urban development action area project and approval thereof. 1. Following or in conjunction with the designation of an area or the waiver of an area designation pursuant to section six hundred ninety-three of this article, the agency shall prepare or cause to be prepared, with provisions which, where appropriate, are expressly designed to encourage and stimulate businesses experienced in the development of one to four family low-rise residential structures or minority owned enterprises in proposed projects, a project summary for a proposed urban development action area project.

2. A proposal for an urban development action area or for a part or portion of such area, shall be submitted to the commission which shall certify, after a public hearing held on due notice, its unqualified approval, its disapproval, or its qualified approval with recommendations for modifications therein. The commission shall forward its certification to the governing body.

3. Following receipt of the commission's certification after a public hearing held on due notice, the governing body may:

(a) if the commission shall have certified its unqualified approval, approve the area designation by a majority vote;

(b) if the commission shall have certified its disapproval nevertheless approve the area designation, but only by a three-fourths vote;

(c) if the commission shall have certified its qualified approval together with recommendations for modifications, approve the area designation together with the modifications recommended by the commission by a majority vote, or approve the area designation without such modifications but only by a three-fourths vote.

4. In order to approve the proposal for an urban development action area the governing body must by resolution first find that:

(a) the present status of the area tends to impair or arrest the sound growth and development of the municipality;

(b) the financial aid in the form of tax incentives, if any, to be provided by the municipality pursuant to section six hundred ninety-six of this article, is necessary to enable the project to be undertaken; and

(c) the area designation is consistent with the policy and purposes stated in section six hundred ninety-one of this article.

5. Any approval of an urban development action area project shall be in conformance with the standards and procedures required for all land use determinations pursuant to general, special or local law or charter. In a city having a population of one million or more, the governing body may require that the agency incorporate into the project any or all of the following: (i) the proposed number of residential units; (ii) whether such units are home ownership units, rental units or condominium or cooperative units; (iii) a best estimate of the initial rents or selling prices for such units; (iv) the proposed income restrictions, if any, on renters or purchasers of such units; and (v) the basis on which the consideration for the sale or lease of the property is to be determined. Provided, however, that if the proposed urban development action area project consists solely of the rehabilitation or conservation of existing private or multiple dwellings or the construction of one to four unit dwellings without any change in land use permitted by local zoning, the governing body, or the commission where so authorized to act by the governing body, may waive any such standards and procedures required by local law or charter.

S 695. Disposition of property. 1. In addition to employing any other lawful method of utilizing or disposing of a municipally-owned area, a municipality may sell, lease for a term not exceeding ninety-nine years, or otherwise dispose of any such real property and appurtenances thereto, to any person, firm or corporation at the highest marketable price or rental at public auction or by sealed bids pursuant to the provisions of any general, special or local laws applicable to the sale or disposition of real property by such municipality.

2. Notwithstanding any provision to the contrary contained in this article or any other law, general, special or local, applicable to the sale of real property by a municipality, such real property and appurtenances thereto may be sold, leased for a term not exceeding ninety-nine years or

otherwise disposed of for the effectuation of any of the purposes of this article to:

(a) any person, firm or corporation designated by the agency and approved by the governing body or, in a city having a population of one million or more, by the mayor, as a qualified and eligible sponsor in accordance with established rules and procedures prescribed by the agency, provided that: (i) the agency has published, in at least one newspaper of general circulation in the municipality at least ten days prior to such sale, lease or other disposition, a notice which shall include a project summary of the proposed urban development action area project and such notice shall be in the form and manner prescribed by the agency; (ii) such proposed sponsor agrees to pay the minimum price or rental fixed by the agency for such **real property**; (iii) such proposed sponsor matches any bid higher than such minimum price or rental; and (iv) such sale, lease or other disposition requires effectuation of the urban development action area project within a definite and reasonable period of time; or

(b) any person, firm or corporation designated by the agency as a qualified and eligible sponsor in accordance with established rules and procedures prescribed by the agency without public auction or sealed bids, provided that (i) the price or rental to be paid by such sponsor for such **property** and all other essential terms and conditions of such sale, lease or other disposition shall be included in the notice published by the agency pursuant to subparagraph (i) of paragraph (a) of this subdivision, (ii) such sale, lease or other disposition requires the effectuation of an urban development action area project with a definite and reasonable period of time, and (iii) that such sale, lease or other disposition be approved by the governing body or, in any city having a population of one million or more, by the mayor, after a public hearing held not less than ten days after the publication of such notice.

3. A municipality may not transfer pursuant to this article any interest in any municipally owned area to any person, firm or corporation constituting (i) any former owner in fee of all or part of the **real property** in which such interest is sought to be transferred or of any other **real property** which was acquired by the municipality through **real property tax** or other lien enforcement proceedings; (ii) any spouse of such a former owner; (iii) any business entity substantially controlled by such a former owner; or (iv) any successor in interest to such a former owner, except a purchaser from such successor in interest in good faith and for value. The municipality shall require an affidavit from each person, firm or corporation to whom it proposes to sell or lease an interest in any such municipally owned area certifying that the proposed sale or lease does not violate the provisions of this subdivision. Any deed, lease, or instrument which transfers an interest in any such municipally owned area in violation of this subdivision shall be voidable by the municipality, provided that a subsequent bona fide holder of an interest in the **real property**, whether as purchaser, lessee, or mortgagee shall not be affected by this subdivision three.

4. Any lease of **real property** and appurtenances thereto for a period in excess of one year including any renewals or options to renew or for a total rental may be made only upon a written appraisal of the market value thereof verified by an appraiser with at least five years experience appraising **real property**, made within a period of sixty days prior to the authorization to enter into such lease given by the governing body or, in any city having a population of one million or more, by the mayor, and filed in the office of that body or officer and made available for public examination and copying at least thirty days before such authorization. Any sale of **real property** and appurtenances thereto shall be made only upon a written appraisal of the value thereof by an appraiser with at least five years experience appraising **real property**, made within six months prior to the authorization of such sale or other disposition by the governing body or, in any city having a population of one million or more, by the mayor, and filed in the office of that body or officer and made available for public examination and copying at least thirty days before such authorization.

5. Any deed, lease or instrument by which **real property** and appurtenances thereto, or air rights and concomitant easements or other rights of users necessary for the use and development of such air rights over streets, alleys, highways or other public rights of way, railway or subway tracks, bridge or tunnel approaches or entrances, or other similar facilities, or air rights sites and necessary sitework, the foundations and platforms constructed or to be constructed in connection therewith, or any interest therein is conveyed or disposed of pursuant to this section shall contain provisions requiring the purchaser, lessee or grantee to replan, clear, rehabilitate, restore, renew, conserve, improve, reconstruct or redevelop such **property** in accordance with the urban development action area project as approved by the governing body and within a definite and reasonable period of time subject to the terms of the contract or lease or deed relating thereto between the municipality and the sponsor, and shall contain provisions insuring the use of such **real property** for purposes consistent with such urban development action area project.

6. (a) Leases authorized by this section may contain provisions subordinating the fee interest of a municipality to a sponsor for purposes of pledging or assigning such fee interest to the primary leasehold mortgagee of such lease, provided that the amount to which the fee is subordinated shall not exceed the lessee's cost of completing its obligation to replan, clear, rehabilitate, restore, renew, conserve, improve, reconstruct or redevelop such **property** in accordance with the lease provisions.

(b) A municipality may execute such instruments as may be required to implement the provisions of this subdivision.

(c) Leases and such other instruments as may be required shall contain provisions stating that: (i) the municipality shall assume no liability for any debt underlying the pledge or assignment of the fee interest; (ii) the municipality, at its option, may satisfy any obligation for which the fee interest is assigned or pledged; and (iii) no foreclosure action shall be maintained against such subordinated fee interest until the obligation of the sponsor to replan, clear, rehabilitate, restore, renew, conserve, improve, reconstruct or redevelop such **property** has been completed in accordance with the lease provisions.

(d) Notwithstanding any standards or procedures established for land disposition by general, special or local law or charter, if an urban development action area project is to be developed on municipally-owned land and consists solely of the rehabilitation or conservation of existing private or multiple dwellings or the construction of one to four unit dwellings without any change in land use permitted by local zoning, a municipality may dispose of the **real property** constituting such urban development action project to any person, firm, or corporation qualified pursuant to this subdivision by resolution of its governing body or, in any city having a population of one million or more, by action of the mayor, provided that such disposition is in accordance with the requirements of this subdivision. Disposition of **real property** acquired by condemnation shall be in accordance with the requirements of section four hundred six of the eminent domain procedure law, if applicable.

Sec. 696. **Tax incentives.** Upon the consent of the governing body of any municipality in which an urban development action area project is or is to be located, the **real property** of a project may be **exempted** from local and municipal taxes, other than assessments for local improvements and land value, to the extent of all or part of the value of the improvement included in such project, for a period of twenty years from the first date on which taxes otherwise would become due in the absence of the **exemption**, during the last ten years of which the **exemption** shall be decreased in equal annual or biennial decrements according to a formula established by the governing body at the time it gives its consent to the **tax exemption**, pursuant to this section. Such **exemption** may only be made available where the urban development action area project includes the construction of a new structure

or the renovation, rehabilitation or conversion of an existing structure where the cost of such renovation, rehabilitation or construction is at least equal to one hundred percent of the assessed value of such structure as determined in the **tax** year immediately preceding the governing body's grant of **tax exemption** to such project. Any lease of **real property** and appurtenances thereto for a period not exceeding twenty years shall require payments to the municipality in lieu of taxes. Such additional payments shall be required to be in equal annual or biennial escalating amounts over the life of any lease for a period not exceeding twenty years so as to ensure that payments in lieu of taxes made during the final year of such lease shall be equal to all local and municipal taxes. All renewals of any lease shall include provision for payment of rental and in lieu of **tax** payments greater than or equal to those required during the final year of the original lease. Any lease of **real property** and appurtenances thereto for a period in excess of twenty years but not exceeding ninety-nine years shall require payments in lieu of taxes. Such payments shall commence in the tenth year of such lease and increase in equal annual or biennial amounts until the twentieth year so that such payments commencing in the twenty-first year and continuing until the conclusion of the lease shall be equal to all local and municipal taxes.

S 696-a. Loans. * 1. Notwithstanding the provisions of any general, special or local law, an agency is hereby authorized to make or contract to make grants or loans: (i) to the owner of any **property** that is part of an urban development action area project for the purpose of rehabilitation of an existing private or multiple dwelling, (ii) for the purpose of providing site improvements, including, but not limited to, water and sewer facilities, sidewalks, landscaping, the curing of problems caused by abnormal site conditions, excavation and construction of footings and foundations and other improvements associated with the provision of infrastructure, or (iii) for the purpose of providing for other costs of construction for the development of private and multiple dwelling housing accommodations. In the case of a grant made under this section for the rehabilitation of an existing multiple dwelling intended to be converted to a condominium or cooperative form of ownership or for the development of one to four unit housing accommodations or a condominium or cooperative housing corporation, such grant shall require a regulatory agreement with the agency limiting profits. Any loan made in accordance with this section shall be secured by a note and mortgage upon the **property** improved or, in the case of a condominium, a note and mortgage upon each of the housing accommodations aided by such loan, or in the case of a cooperative housing corporation, a note and mortgage upon the economic interest in such corporation of each tenant-shareholder aided by such loan, or upon the **property** improved, or upon both such economic interest or **property**. Such loan shall be repaid over such period as the agency shall determine. In the case of a loan for rehabilitation of an existing multiple dwelling intended to be converted to a condominium or cooperative form of ownership or a loan for the provision of infrastructure or for the provision of other costs of construction for the development of one to four unit housing accommodations or a condominium or cooperative housing corporation, such note and mortgage may provide that the loan shall automatically be reduced to zero over a period of owner-occupancy of the housing accommodations assisted by such loan. In the case of a grant or loan made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such loan or grant shall require a regulatory agreement with the agency limiting profits and rentals charged. In the case of a loan made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such note and mortgage may provide

that the loan shall automatically be reduced to zero over a period of up to thirty years of compliance by the owner with a regulatory agreement with the agency limiting profits and rentals charged. The repayment of any loan made in accordance with this section shall be made in such manner as may be provided in such note and mortgage in connection with such loan, and may authorize the owner, with the consent of the agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and mortgage may contain such other terms and conditions not inconsistent with the provisions of this article as the agency may deem necessary or desirable to carrying out the purposes and provisions of this article including, but not limited to, provisions concerning the repayment of the loan, the interest, if any, thereon, and other charges in connection therewith. For purposes of this section, the term "mortgage" shall include any pledge or assignment of shares or assignment of a proprietary lease in a cooperative housing corporation where such pledge or assignment is intended as security for the performance of an obligation and which imposes a lien on or affects title to such shares or such proprietary lease.

* NB Reverts to op par 01/06/30

* 2. Notwithstanding the provisions of, or any regulation promulgated pursuant to, the emergency housing rent control law, the local emergency housing rent control act, the emergency tenant protection act of nineteen seventy-four, and/or any local law enacted pursuant thereto, upon completion of the rehabilitation of any building used primarily for residential purposes, which is aided by a loan made by a municipality pursuant to subdivision one of this section in a jurisdiction in which rents are regulated pursuant to any of the above laws or acts, the agency shall establish the initial rent for each rental dwelling unit within the building. All dwelling units within such building subsequent to establishment of initial rents by the agency shall be subject to the emergency housing rent control law, the local emergency housing rent control act, the emergency tenant protection act of nineteen seventy-four, and/or any local law enacted pursuant thereto, if applicable in the municipality, but only if such laws and/or acts would otherwise apply to such dwelling units. The tenants in occupancy of such dwelling units in such a building that are regulated pursuant to such laws and/or acts shall be offered a choice of a one-year or two-year lease at the initial rent established by the agency, notwithstanding any contrary provisions of, or regulations adopted pursuant to, such laws and/or acts. The agency shall cause all tenants in occupancy of each dwelling unit affected by this subdivision to be notified of and have an opportunity to comment upon the contemplated rehabilitation. Such notification shall advise such tenants of the approximate expected rent increase and the subsequent availability of a one- or two-year lease. Such notification and opportunity to comment shall be provided prior to commencement of the rehabilitation and again after its completion before establishment of the initial rents.

* NB Repealed 01/06/30

* 3. The agency shall use its best efforts to ensure that actions undertaken pursuant to subdivision two of this section are structured so as to minimize the likelihood of any involuntary economic displacement of tenants who reside in multiple dwellings which are the subject of such actions, provided, however, that if temporary physical displacement is required as a direct result of rehabilitation work which is performed in a multiple dwelling which is aided by a loan made by a municipality pursuant to subdivision one of this section, suitable temporary relocation arrangements shall be provided.

* NB Repealed 01/06/30

S 696-b. Condemnation. Notwithstanding any inconsistent provision of any general, special or local law, a municipality shall be authorized to exercise its power of eminent domain pursuant to the eminent domain procedure law for the purpose of condemning any interest of a third

party in **real property** which may continue subsequent to the vesting of title of **real property** in the municipality pursuant to a foreclosure of a **tax** lien, whether or not title to such **real property** remains with the municipality at the time of the commencement of any proceeding brought pursuant to such law.

S 696-c. Site preparation. A municipality shall be authorized to undertake site preparation for each municipally-owned area prior to its disposition. Such site preparation may include, but need not be limited to, demolition, site clearance and the curing of problems caused by abnormal site conditions.

S 696-d. Neighborhood improvement projects. 1. As used in this section the term "neighborhood improvement project" shall mean any non-residential use permitted by local zoning.

2. Notwithstanding the provisions of any general, special or local law, the agency in a city having a population of one million or more is hereby authorized to make or contract to make mortgage loans or to participate with another lender in the making of mortgage loans for the development of any neighborhood improvement project that such agency determines to be an improvement associated with the construction or rehabilitation of private or multiple dwellings. **Real property** assisted with a loan pursuant to this section shall be located: (i) in an urban development action area; (ii) in proximity to an urban development action area; or (iii) in proximity to an urban development action area project for which the area designation requirement was waived pursuant to section six hundred ninety-three of this article.

3. Any loan made in accordance with this section shall be secured by a note and mortgage upon the **property** improved. Such note and mortgage shall specify the term and manner of repayment of such loan, and may authorize the owner, with the consent of such agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and mortgage may contain such other terms and conditions not inconsistent with the provisions of this article as such agency may deem necessary or desirable to carrying out the purposes and provisions of this article, including, but not limited to: provisions concerning the repayment of the loan, the interest, if any, thereon, and other charges in connection therewith.

Sec. 697. Application of article. The provisions of this article shall be applicable in any municipality wherein the local legislative body has adopted a resolution providing therefor, provided however, that at any time subsequent to the adoption of such a resolution the local legislative body may adopt a further resolution providing that the provisions of this article will no longer be applicable in the municipality and thereafter this article shall cease to be of force or effect therein. Upon adoption of a resolution providing for the application of this article in any municipality by the local legislative body, a copy of such resolution shall be filed within thirty days with the commissioner of the state division of housing and community renewal. The commissioner shall prescribe rules and regulations requiring subsequently timely notice of all area designations and approved projects therein. Rules and regulations prescribed by the commissioner shall be limited exclusively to procedures, content and format for timely notification. The commissioner shall thereupon report to the legislature annually, commencing on January one, nineteen hundred eighty concerning all municipal applications of the provisions of this article. For purposes of this section the term "local legislative body" in any city having a population of one million or more means a city council of any such city.

S 698. Severability. If any clause, sentence, paragraph, section or

part of this act shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part thereof directly involved in the controversy in which such judgment shall have been rendered.

New York State Assembly
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HB589 MODIFIES REAL PROPERTY TAX INCREMENT ALLOCATION REDEVELOPMENT.		
Sponsor:	<i>Rizzo, Henry C. (40)</i>	Effective Date:00/00/00
CoSponsor:	<i>Cooper, Bonnie Sue (32)</i>	LR Number:1409-02
Last Action:	05/15/97 - Placed on Informal Calendar (S)	
	SCS HCS HB 589	
Next Hearing:	Hearing not scheduled	
Calendar:	Bill currently not on calendar	
ACTIONS	HEARINGS	CALENDAR
BILL SUMMARIES	BILL TEXT	FISCAL NOTES
HOUSE HOME PAGE	BILL SEARCH	

Available Bill Summaries for HB589

| [Senate Committee Substitute](#) | [Perfected](#) | [Committee](#) | [Introduced](#) |

Available Bill Text for HB589

| [Senate Committee Substitute](#) | [Perfected](#) | [Committee](#) | [Introduced](#) |

Available Fiscal Notes for HB589

| [Senate Committee Substitute](#) | [House Committee Substitute](#) | [Introduced](#) |

BILL SUMMARIES

PERFECTED

HCS HB 589 -- TAX INCREMENT FINANCING (Rizzo)

This substitute makes a number of changes to Tax Increment Financing (TIF) law. In its main provisions it:

- (1) Defines "redevelopment area," "special allocation fund," "gambling establishment", and "economic activity taxes", and excludes certain sales and local use taxes from inclusion in economic activity taxes for TIF projects;
- (2) Requires projects approved on or after 8/28/97 to meet at least 3 of the 5 factors outlined under the "conservation area" criteria;
- (3) Requires a two-year waiting period before new municipalities can use TIF, effective August 28, 1997;
- (4) Increases non-county TIF Commissions from 9 to 11 members, with the 2 new members to be appointed by the county in which the municipality is located.
- (5) Allows at the option of the municipal TIF Commission representatives, TIF Commission members representing the schools or other taxing districts to be appointed to a definite term, or

to be appointed on a project-specific basis;

(6) Requires the municipality to execute an affidavit, indicating that the evidence provided suggests the project would not likely be developed without the use of TIF;

(7) Prohibits TIF plans and projects from including the development or redevelopment of gambling establishments;

(8) Requires increased amounts of sales and use tax revenues to be generated, if a facility relocates within the same county within one year, and is a direct beneficiary of TIF ;

(9) Requires a cost-benefit analysis as part of the redevelopment plan which enumerates the economic impact on taxing jurisdictions if the project is not built, and is built with TIF. The cost-benefit analysis must also include a fiscal impact study on every affected political subdivision, and information indicating the financial history and status of the developer;

(10) Requires municipalities or the TIF Commissions to establish procedures for obtaining competitive bids and proposals for implementation of the redevelopment projects;

(11) Provides that any surplus funds in the special allocation fund be refunded to taxing districts on a proportional basis;

(12) Allows professional fees-for-service as a recoverable redevelopment cost, but only if such fees are included as an initial and up-front expense prior to the initiation of the TIF project. The administrative costs incurred by TIF Commissions are recoverable professional costs;

(13) Provides that, for minor changes to the redevelopment plan, project or area, additional public hearings are not required;

(14) Allows the clerk's or other official's costs for administering TIF projects to be recouped by the municipality incurring such costs;

(15) Requires municipalities to submit a copy of the required public hearing notices to the Department of Economic Development (DED);

(16) Requires municipalities to add information on the economic activity taxes within the redevelopment area to the currently required annual report submitted to the DED;

(17) Requires the DED to provide, when requested, information and technical assistance to local jurisdictions, and to submit summary information on TIF projects statewide to the General Assembly by each February 1;

(18) Establishes a joint legislative committee to review existing TIF legislation, beginning in 1999 and every 5 years thereafter. The committee is to submit a report based on its review, and may recommend statutory changes;

(19) Makes clear that any penalties and interest owed on property taxes in a TIF district are to be collected in the same manner as other penalties and interest are collected;

(20) Allows, beginning January 1, 1998, certain blighted TIF areas to be eligible for 50% of state sales taxes not

constitutionally dedicated, and excluding School District Trust Fund taxes, and sales and use taxes on motor vehicles, trailers, boats and outboard motors. Municipalities must apply to the Department of Economic Development for the rebate of state sales taxes. An affidavit is required attesting that without the rebate, the area is unlikely to be developed. In addition, the required cost-benefit analysis must include an assessment of the impact on the state. A new fund, the Missouri Sales Tax Increment Financing Fund is created in the Department of Revenue, for the purpose of rebating state sales taxes to municipalities; and

(21) Changes the residency requirement for those appointed to a Land Clearance for Redevelopment Commission so that taxpayers who reside within the municipality or the county (rather than the area of operation) for the required minimum 5 years may qualify for commission appointment.

FISCAL NOTE: Net Cost to General Revenue Fund* of \$68,815 for FY 1998, \$71,211 for FY 1999, and \$73,065 for FY 2000. (* Does not include losses due to sales taxes deposited to Missouri Sales Tax Increment Financing Fund.) Net Effect to School District Trust Fund is Unknown for FY 1998, FY 1999, and FY 2000. Net Effect on Missouri Sales Tax Increment Financing Fund of \$0 for FY 1998, FY 1999, and FY 2000.

COMMITTEE

HCS HB 589 -- TAX INCREMENT FINANCING

SPONSOR: [REDACTED]

COMMITTEE ACTION: [REDACTED] "do pass" by the Committee on Commerce by [REDACTED]

This substitute proposes a number of changes to Tax Increment Financing (TIF) laws. In its main provisions it:

- (1) Defines "redevelopment area," "special allocation fund," "economic activity taxes," and "gambling establishment";
- (2) Requires projects approved on or after 8/28/97 to meet at least 2 of the 3 factors outlined under the "conservation area" criteria;
- (3) Requires a 1-year waiting period before new municipalities can use TIF until 8/28/97;
- (4) Increases county TIF Commissions from 9 to 11 members, with the 2 new members to be appointed by the county in which the project is located;
- (5) Allows at the discretion of the municipal TIF Commission representatives of TIF Commission members representing schools or other taxing districts to be appointed to a defined term, or to be reappointed on a project-specific basis;
- (6) Requires developers to submit a signed affidavit with the redevelopment plan indicating that the project would not be developed without the use of TIF;
- (7) Prohibits TIF laws and projects from including the development or redevelopment of gambling establishments;

(8) Requires increased amounts of sales and use tax revenues to be generated, if a facility relocates within the same county within one year, and is a direct beneficiary of TIF;

(9) Requires a cost-benefit analysis as part of the redevelopment plan which enumerates the economic impact on taxing jurisdictions if the project is not built, and is built with TIF. The cost-benefit analysis must also include a fiscal impact study on every affected political subdivision, and information indicating the financial history and status of the developer;

(10) Requires municipalities or the TIF Commissions to establish procedures for obtaining competitive bids and proposals for implementation of the redevelopment projects;

(11) Provides that any surplus funds in the special allocation fund be refunded to taxing districts on a proportional basis;

(12) Allows professional fees-for-service as a recoverable redevelopment cost, but only if such fees are included as an initial and up-front expense prior to the initiation of the TIF project. The administrative costs incurred by TIF Commissions are recoverable professional costs;

(13) Provides that for minor changes to the redevelopment plan, projects in areas additional public hearings are not required;

(14) Allows the clerk's or other official's costs for administering TIF projects to be recouped by the municipality incurring such costs;

(15) Requires municipalities to submit a copy of the required public hearing notices to the Department of Economic Development (DED);

(16) Requires municipalities to add information on the economic activities in the redevelopment area to the currently required annual reports submitted to the DED;

(17) Requires the DED to provide, when requested, information and reports to local jurisdictions, and to submit summary information on TIF projects statewide to the General Assembly on each February 1;

(18) Establishes a joint legislative committee to review existing TIF statutes, beginning in 1999 and every 5 years thereafter. The committee is to submit a report based on its review, with any recommended statutory changes;

(19) Makes clear that any penalties and interest owed on property taxes in a TIF district are to be collected in the same manner as other penalties and interest are collected; and

(20) As of January 1, 1999, certain blighted TIF areas are eligible for 50% of state sales taxes not currently locally collected. Municipalities must apply to the Department of Economic Development for the rebate of state sales taxes. An affidavit is required attesting that without the rebate, the area is unlikely to be developed. In addition, the required cost-benefit analysis must include an assessment of the impact on the state. A new fund, the Missouri Sales Tax Increment Financing Fund is created in the Department of Revenue, for the purpose of rebating state sales taxes to

municipalities.

FISCAL NOTE: Net Cost to General Revenue Fund of \$68,815 for FY 1998, \$1,218 for FY 1999, and \$73,065 for FY 2000. Net Effect to School District Trust Fund is Unknown for FY 1998, FY 1999, and FY 2000. Net Effect on Missouri Sales Tax Increment Financing Fund of \$0 for FY 1998, FY 1999, and FY 2000.

PROPOSERS: Supporters say that tax increment financing is a valuable economic development tool which needs to be reformed but not dismantled.

Testifying for the bill were Representative Rizzo; City of Mexico; Missouri Association of Counties; City of Maryland Heights; St. Charles County; City of Cameron; Jackson County Legislature; Clay County Commission; and Jim Leahy.

OPPONENTS: Those who oppose the bill say that tax increment financing works well as outlined in the current statutes.

Testifying against the bill were Missouri Tax Increment Financing Association; and City of Fulton.

Debra Cashier, Research Analyst

INTRODUCED

HB 539 -- Tax Increment Financing

Spencer - Fasco

This bill proposes a number of changes to Tax Increment Financing (TIF) law. Its main provisions are:

- (1) Defines "redevelopment area," "special allocation fund," and "gambling establishment";
- (2) Requires projects approved on or after August 28, 1997 to meet at least 3 of the 15 factors outlined under the "conservation area" criterion;
- (3) Requires a two-year waiting period before new municipalities can use TIF, effective August 28, 1997;
- (4) Increases non-county TIF commissions from 9 to 12 members, with the 3 new members to be appointed by the county in which the project will be located. In Jackson County, the 3 new members will be appointed by the county executive;
- (5) Allows TIF commission members representing the schools or other taxing districts to be appointed to a definite term, or to be appointed on a project-specific basis;
- (6) Requires developers to submit a signed affidavit with the redevelopment plan, indicating that the project would not be developed without the use of TIF;
- (7) Prohibits TIF plans and projects from including the development or redevelopment of gambling establishments;
- (8) Prohibits businesses from using TIF to relocate within the county in which an approved area is located, for 5 years;

- (9) Requires a cost-benefit analysis as part of the redevelopment plan, which enumerates the economic impact on taxing jurisdictions if the project is not built, is built with TIF, or is built without TIF. The cost-benefit analysis must also include a fiscal impact study on every affected political subdivision, and information indicating the financial history and status of the developer;
- (10) Requires municipalities or the TIF commissions to establish procedures for obtaining competitive bids and proposals for implementation of the redevelopment projects;
- (11) Requires that any surplus funds in the special allocation fund be refunded to taxing districts on a proportional basis;
- (12) Allows professional fees-for-service as a recoverable redevelopment cost, but only if such fees are included as an initial and up-front expense prior to the initiation of the TIF project;
- (13) Provides that, for minor changes to the redevelopment plan, project or area, additional public hearings are not required;
- (14) Allows the clerk's costs for administering TIF projects to be recouped by the municipality incurring such costs;
- (15) Requires municipalities to submit a copy of the required public hearing notices to the Department of Economic Development (DED);
- (16) Requires municipalities to add information on the economic activity taxes within the redevelopment area to the currently required annual reports submitted to the DED;
- (17) Requires the TIF to provide, when requested, information and technical assistance to local jurisdictions, and to submit summary information on TIF projects statewide to the General Assembly, by each February 1; and
- (18) Establishes a joint legislative committee to review existing TIF statutes, beginning in 1999 and every 5 years thereafter. The committee is to submit a report based on its review, with any recommended statutory changes.



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CHAPTER 279A
REHABILITATION OF *PROPERTY* IN RESIDENTIAL NEIGHBORHOODS

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279A.010 Legislative findings and declarations. The legislature hereby finds and declares that:

1. There exists within the urban areas of this state a large number of *deteriorated*, substandard and unsanitary residential *properties* because of the inability of their owners, for whatever reason, to pay for their repair and maintenance;
2. These *properties* are a threat not only to the health, safety and well being of the persons who occupy them but also to neighboring persons and *property*;
3. There is also a shortage of decent, safe and affordable housing for persons of low or moderate income and the counties and cities of this state have an obligation to encourage persons who own residential *property* to maintain that *property* in a decent, safe and sanitary condition; and
4. It is in the public interest to encourage the preservation and maintenance of housing in this state for persons of low or moderate income, in order to improve their living conditions and, in doing so, to benefit the health, safety and welfare of the people of this state.

(Added to NRS by 1987, 2203)

279A.020 Definitions. As used in this chapter, unless the context otherwise requires:

1. "Agency" means an agency of a county or city established or designated to administer a program.
2. "Fund" means a revolving fund for loans for the rehabilitation of residential *property*.
3. "Governing body" means the governing body of a county or city.
4. "Program" means a program for the rehabilitation of residential neighborhoods established by a governing body pursuant to this chapter.
5. "Rehabilitation" includes structural improvements, landscaping and any other measure to improve the appearance of *property* or maintain *property* in a decent, safe and sanitary condition.

(Added to NRS by 1987, 2203)

279A.030 County or city may establish program; contents of ordinance.

1. The governing body of a county or city may adopt an ordinance establishing a program for the rehabilitation of residential neighborhoods in that county or city.
2. The ordinance must contain provisions:
 - (a) Establishing an agency, or designating an existing agency, of the county or city to administer the program.
 - (b) Creating a revolving fund for loans for the rehabilitation of residential *property* and designating the amount of the original allocation of money by the governing body for the fund.
 - (c) Providing the criteria and procedures for allocating additional money to the fund.
 - (d) Providing the maximum amount of a loan from the fund and the period and rate of interest of each loan.
 - (e) Setting forth the criteria for determining the eligibility of an applicant for a loan and of *property* for rehabilitation.
 - (f) Establishing such other requirements for participation in the program as the governing body considers necessary.

(Added to NRS by 1987, 2204)

279A.040 Loan for rehabilitation: Qualifications.

1. An applicant for a loan for the rehabilitation of residential *property* must, at the time application is made:

- (a) Be a resident of or an owner of residential *property* in the city or an unincorporated area of the county, as the case may be.
- (b) Be a member of a household having a gross income of less than 80 percent of the median gross income for households of the same size within the same geographic area or rent residential *property* to such households.
- (c) Own and reside on or rent for residential purposes only the *property* for which the loan is sought.
- (d) Have the financial resources to repay the loan in accordance with the terms of the agreement.
- (e) Have the ability to complete the rehabilitation within a reasonable time and maintain the *property* in a decent, safe and sanitary condition.
- (f) Meet such other requirements as are imposed by the governing body.

2. Any residential *property* for which a loan for rehabilitation is sought must be:

- (a) Entirely situated within the boundaries of the city or within an unincorporated area of the county, as the case may be.
- (b) Capable of rehabilitation within reasonable limits.
- (c) Subject to not more than two encumbrances.

(Added to NRS by 1987, 2204)

279A.050 Loan for rehabilitation: Duties of agency.

1. Upon receiving an application for a loan for the rehabilitation of residential *property*, the agency shall:

- (a) Inspect the *property* to determine if rehabilitation of the *property* is feasible.
- (b) Determine the amount of the loan that the condition of the *property* justifies.

2. After inspection of the *property*, the agency shall interview the applicant to determine if the applicant satisfies the criteria for eligibility for a loan and, if he satisfies those criteria, the amount, terms and conditions of the loan.

3. The agency shall recommend to the governing body the amount of the loan, if any, and the terms and conditions of the loan.

(Added to NRS by 1987, 2204)

279A.060 Loan for rehabilitation: Evidenced by promissory note; agreement between county or city and person to whom loan made. If the governing body approves the application for a loan, the loan must be:

1. Evidenced by a promissory note, the principal amount of which must be equal to the amount of the loan, secured by a mortgage on the *property*.

2. Made pursuant to an agreement between the county or city and the person to whom the loan is made, identifying the *property*, specifying the amount and period of, and rate of interest on, the loan and providing that:

- (a) The *property* must be rehabilitated for decent, safe and sanitary residential use; and
- (b) The rehabilitation must begin and be completed within a period determined by the governing body.

(Added to NRS by 1987, 2205)

279A.070 Duties of person to whom loan made; deferment of repayment of loan.

1. A person to whom a loan is made pursuant to this chapter shall:

- (a) Maintain the *property* in a decent, safe and sanitary condition; and
- (b) Reside, or have a member of his family reside, on the *property*.

2. If the person to whom a loan is made is unable to repay in accordance with the established schedule, the

governing body may defer, upon good cause shown, repayment of the amount of the loan until the sale of the rehabilitated *property*.

(Added to NRS by 1987, 2205)

279A.080 Agency to provide advice and technical assistance; access to *property* required; deficiencies in maintenance of *property*.

1. During the rehabilitation of the *property*, the agency shall provide such advice and technical assistance as may be reasonably requested.
2. The owner of the *property* shall permit representatives of the agency, the governing body and, if state or federal assistance is involved, the state or Federal Government, to have access to the *property* during normal business hours to ensure compliance with this chapter and with the provisions of the loan and agreement for rehabilitation.
3. If the agency discovers deficiencies in the maintenance of the *property* during any inspection, it shall advise the owner of the *property* in the proper methods of correcting those deficiencies.

(Added to NRS by 1987, 2205)

279A.090 Deposit of payments in fund; availability of money for future loans. The governing body shall deposit in the fund all money received in payment on a loan for the rehabilitation of residential *property* and make that money available for future loans.

(Added to NRS by 1987, 2205)

279A.100 Preference to applicant with low income; conditions. If at any time the aggregate amount represented by pending applications from qualified applicants for loans for the rehabilitation of residential *property* exceeds the amount available in the fund, the governing body shall give preference to those applicants who are members of households having a gross income that is 50 percent or less of the median gross income for households of the same size within the same geographic area.

(Added to NRS by 1987, 2205)

279A.110 Powers of governing body. The governing body may:

1. Contract directly with a contractor for the rehabilitation of the *property* of a qualified applicant.
2. Establish a panel of contractors who have agreed to provide continuing maintenance at a discount to *property* rehabilitated pursuant to this chapter.
3. Use for the purposes of this chapter any money made available to it for housing for persons having low or moderate incomes under state or federal law, if permitted by the terms of the state or federal law.
4. Accept gifts, grants, loans and bequests of money for the purposes of this chapter.

(Added to NRS by 1987, 2206)

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HB 399 would allow municipalities to exempt or defer, in whole or in part, property taxes on the value of deteriorated property for a period of up to five years and allow renewal after the initial period.

"Deteriorated Property" has three definitions under the proposed legislation;

- 1) property that has been the subject of an order by a government agency requiring the property to be vacated, condemned or demolished by reason of non-compliance with laws, ordinances or regulations.

Under existing law, property is to be valued at its full and true value, which is synonymous with the term "market value". If a property is suffering from the condition described in subsection 1, the assessed value should also be reflective of that condition under existing law. In other words, the value, if carried on the assessment roll, should be minimal.

The second definition:

- 2) property on which a structure other improvement not less than 15 years of age has undergone substantial rehabilitation, renovation, or replacement, subject to conditions prescribed in the ordinance;

This subsection appears to offer an exemption for property (over 15 years old) which has been renovated or replaced. No definition is given for what constitutes a renovation or substantial rehabilitation, however, it appears that someone remodeling a home could qualify under this exemption. The exemption also appears to be an "after the fact" exemption in that it is given after the condition of deterioration has been removed. This exemption will place additional tax burdens on other taxpayers for the revenue lost due to the property's renovation, even though it is receiving the same services.

The last definition:

- 3) property located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

This subsection does not define the term, "deteriorating or deteriorated area", but could exempt property within that area. This could have the affect of exempting property which may not be deteriorated as defined in the previous two definitions, but may just happen to be in the area. Again, this shifts the tax burden to other taxpayers who are receiving the same municipal services as the affected property.

Under existing statutes a municipality may exempt the increase of property taxes if the increase is directly attributable to new maintenance, repair or renovation.

AS 29.45.050(f). And a municipality may exempt certain "economic development" property within the jurisdiction. *AS 29.45.050(m)*

These statutes allow an exemption for which renovation action has taken place rather than the proposed bill which could conceivably allow an owner to sit on the property without any action for up to five years.

Based on the fact that municipalities already have the exemption authority mentioned above, there is a question of whether or not this proposed legislation is necessary.

If the legislature finds that it is, indeed, necessary, ^{Mr. Van Sant} I would recommend that the property tax deferral be made available rather than the exemption. The deferral would assure the municipality of ultimately receiving the taxes on the property even if the property owner chose not to continue with renovation plans. With today's dwindling revenues, local municipalities need all the help they can get. A deferral of taxes would not be a total loss of these revenues.

Sec. 29.45.050. Optional exemptions and exclusions.

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this section may not exceed the assessed value of \$10,000 for any one residence.

(b) A municipality may by ordinance

(1) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. The easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant. The municipality may provide by ordinance that, if the area subject to the easement is sold, leased, or otherwise disposed of for uses incompatible with the easement or

if the easement is conveyed to the owner of the property, the owner must pay to the municipality all or a portion of the amount of the tax exempted, with interest.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the local assessor, whichever is later.

(h) A municipality may by ordinance partially or wholly exempt land from a tax for fire protection service and fire protection facilities and may levy the tax only on improvements, including personal property affixed to the improvements.

(i) A municipality may by ordinance approved by the voters exempt from taxation the assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

- (1) 65 years of age or older;
- (2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or
- (3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

(j) A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 75 percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. In this subsection "taxing unit" means a municipality and includes

- (1) a service area in a unified municipality or borough;
- (2) the entire area outside cities in a borough; and
- (3) a differential tax zone in a city.

(k) A municipality may by ordinance approved by the voters exempt from taxation pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

(l) A municipality may by ordinance exempt from taxation an interest, other than record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 - 18.55.960 or by a regional housing authority formed under AS 18.55.996. However,

the corporation may make payments to the municipality or political subdivision for improvements, services, and facilities furnished by it for the benefit of a housing project, and this subsection does not prohibit a municipality from receiving those payments or any payments in lieu of taxes authorized under federal law.

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 - 1629e (Alaska Native Claims Settlement Act), that

- (1) has not previously been taxed as real or personal property by the municipality;
- (2) is used in a trade or business in a way that
 - (A) creates employment in the municipality;
 - (B) generates sales outside of the municipality of goods or services produced in the municipality; or
 - (C) materially reduces the importation of goods or services from outside the municipality; and

(3) has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories.

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. The ordinance may provide for different levels of exemption for different classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application, which shall be a public document, for each exemption.