

PART A

Section 1. Paragraph (a) of subdivision 6 of section 425 of the real property tax law, as amended by chapter 6 of the laws of 2010, and as further amended by subdivision (b) of section 1 of part W of chapter 56 of the laws of 2010, is amended to read as follows:

(a) Generally. All owners of the property who primarily reside thereon **and who are not subject to the provisions of subdivision sixteen of this section** must jointly file an application for exemption with the assessor on or before the appropriate taxable status date. Such application may be filed by mail if it is enclosed in a postpaid envelope properly addressed to the appropriate assessor, deposited in a post office or

CHAP. 60

4

official depository under the exclusive care of the United States postal service, and postmarked by the United States postal service on or before the applicable taxable status date. Each such application shall be made on a form prescribed by the commissioner, which shall require the applicant or applicants to agree to notify the assessor if their primary residence changes while their property is receiving the exemption. The assessor may request that proof of residency be submitted with the application. If the applicant requests a receipt from the assessor as proof of submission of the application, the assessor shall provide such receipt. If such request is made by other than personal request, the applicant shall provide the assessor with a self-addressed postpaid envelope in which to mail the receipt.

§ 2. Section 425 of the real property tax law is amended by adding a new subdivision 16 to read as follows:

16. Transition to personal income tax credit. (a) Beginning with assessment rolls used to levy school district taxes for the two thousand sixteen--two thousand seventeen school year, no application for an exemption under this section may be filed or approved unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the two thousand fifteen--two thousand sixteen school year and the property was granted an exemption pursuant to this section on that assessment roll. In the event that an application is submitted to the assessor that cannot be approved due to this restriction, the assessor shall notify the applicant that he or she is required by law to deny the application, but that, in lieu of a STAR exemption, the applicant may claim the personal income tax credit authorized by subsection (eee) of section six hundred six of the tax law if eligible, and that the applicant may contact the department of taxation and finance for further information. The commissioner shall provide a form for assessors to use, at their option, when making this notification. No STAR exemption may be granted on the basis of an application that is not approvable due to this restriction.

(b) If the owners of a parcel that is receiving the STAR exemption authorized by this section want to claim the personal income tax credit authorized by subsection (eee) of section six hundred six of the tax law in lieu of such exemption, they all must renounce that exemption in the manner provided by section four hundred ninety-six of this chapter, and must pay any required taxes, interest and penalties, on or before December thirty-first of the taxable year for which they want to claim the credit. Any such renunciation shall be irrevocable.

(c) The provisions of this subdivision shall apply to all applications for STAR exemptions beginning with assessment rolls used to levy school district taxes for the two thousand sixteen--two thousand seventeen school year, including those submitted prior to the effective date of this subdivision. If any application was approved prior to the effective date of this subdivision that is not approvable hereunder, such approval shall be deemed void, and the assessor shall provide the applicant with the notice required by paragraph (a) of this subdivision. If an application was submitted prior to the effective date of this subdivision but is not approvable hereunder, the applicant may apply for advance payment of the personal income tax credit authorized by subsection (eee) of section six hundred six of the tax law for the two thousand sixteen taxable year, if eligible, in the manner provided by paragraph ten of such subsection, notwithstanding the time limitations contained in that paragraph.

§ 3. Subdivision 2 of section 496 of the real property tax law, as added by section 3 of part N of chapter 58 of the laws of 2011, is amended to read as follows:

2. An application to renounce an exemption shall be made on a form prescribed by the commissioner and shall be filed with the county director of real property tax services no later than ten years after the levy of taxes upon the assessment roll on which the renounced exemption appears. The county director, after consulting with the assessor as appropriate, shall compute the total amount owed on account of the renounced exemption as follows:

(a) For each assessment roll on which the renounced exemption appears, the assessed value that was exempted shall be multiplied by the tax rate or rates that were applied to that assessment roll. Interest shall then be added to each such product at the rate prescribed by section nine hundred twenty-four-a of this chapter or such other law as may be applicable for each month or portion thereon since the levy of taxes upon such assessment roll.

(b) The sum of the calculations made pursuant to paragraph (a) of this subdivision with respect to all of the assessment rolls in question shall be determined.

(c) A processing fee of five hundred dollars shall be added to the sum determined pursuant to paragraph (b) of this subdivision, unless the provisions of paragraph (d) of this subdivision are applicable.

(d) If the applicant is renouncing a STAR exemption in order to qualify for the personal income tax credit authorized by subsection (eee) of section six hundred six of the tax law, and no other exemptions are being renounced on the same application, no processing fee shall be applicable.

§ 4. Subdivision 3 of section 520 of the real property tax law, as added by chapter 635 of the laws of 1978, is amended to read as follows:

3. For purposes of any fiscal year or years during which title to such property is transferred, such property shall be deemed to have been omitted and the assessed value thereof shall be entered on the assessment roll to be used for the next tax levy by or for each municipal corporation in which such property is located in the same manner as provided by title three of article five of this chapter with respect to a parcel omitted from the assessment roll of the previous year. A pro rata tax shall be extended against the property for the unexpired portion of each fiscal year. Such real property shall be taxed at the tax rate or tax rates for the fiscal year during which the transfer occurred. The amount of tax or taxes levied pursuant to this subdivision shall be deducted from the aggregate amount of taxes to be levied for the fiscal year immediately succeeding the fiscal year during which the transfer occurred; provided, however, that where the property is receiving a school tax relief (STAR) exemption authorized by section four hundred twenty-five of this chapter, the portion of the tax or taxes levied that equals the recovered STAR tax savings shall be applied to reduce the amount of aid payable to the school district under subdivision three of section thirteen hundred six-a of this chapter.

§ 5. Subdivision 6 of section 1306-a of the real property tax law is renumbered subdivision 7 and a new subdivision 6 is added to read as follows:

6. When the commissioner determines, at least thirty days prior to the levy of school district taxes, that an advance credit of the personal income tax credit authorized by subsection (eee) of section six hundred six of the tax law will be provided to the owners of a parcel in that

CHAP. 60

6

school district, he or she shall so notify the authorities of the school district, who shall cause a statement to be placed on the tax bill for the parcel in substantially the following form: "A STAR reimbursement check of \$ _____ will be mailed to you upon issuance by the NYS Tax Department." The commissioner shall advise the school district authorities of the amount to be entered therein. Notwithstanding any provision of law to the contrary, in the event that the parcel in question had been granted a STAR exemption on the assessment roll upon which school district taxes are to be levied, such exemption shall be deemed null and void and shall be disregarded when the parcel's tax liability is determined.

§ 6. Section 606 of the tax law is amended by adding a new subsection (eee) to read as follows:

(eee) School tax relief (STAR) credit. (1) Definitions. For purposes of this subsection:

(A) "Qualified taxpayer" means a resident individual of the state, who maintained his or her primary residence in this state on December thirty-first of the taxable year, who was an owner of that property on that date, who cannot receive the STAR exemption on that property either because (i) he or she is precluded from filing an application for the STAR exemption on that property pursuant to paragraph (a) of subdivision sixteen of section four hundred twenty-five of the real property tax law, or because (ii) he or she has irrevocably renounced his or her claim to such exemption in conjunction with all other owners pursuant to paragraph (b) of such subdivision, and who is required or chooses to file a return under this article. A taxpayer whose primary residence received a STAR exemption for the associated fiscal year that commenced after the acquisition of such residence shall not be considered a qualified taxpayer for purposes of this subsection.

(B) "Affiliated income" shall mean the combined income of all of the owners of the parcel who resided primarily thereon as of December thirty-first of the taxable year, and of any owners' spouses residing primarily thereon as of such date; provided that the income to be so combined shall be the "adjusted gross income" for the taxable year as reported for federal income tax purposes, or that would be reported as adjusted gross income if a federal income tax return were required to be filed, reduced by distributions, to the extent included in federal adjusted gross income, received from an individual retirement account and an individual retirement annuity.

(C) "Associated fiscal year" means the school district fiscal year that began on July first of the taxable year or, in the case of a city school district that is subject to article fifty-two of the education law, the city fiscal year that began on July first of the taxable year.

(D) "Owner" means:

(i) a person who owns a parcel in fee simple absolute or as a tenant in common, a joint tenant or a tenant by the entirety,

(ii) an owner of a present interest in a parcel under a life estate,

(iii) a vendee in possession under an installment contract of sale,

(iv) a beneficial owner under a trust,

(v) a tenant-stockholder of a cooperative apartment corporation who resides in a portion of real property owned by such cooperative apartment corporation, to the extent represented by his or her share or shares of stock in such corporation as determined by its or their proportional relationship to the total outstanding stock of the corporation, including that owned by the corporation,

(vi) a resident of a farm dwelling that is owned either by a corporation of which the resident is a shareholder, a partnership of which the resident is a partner, or by a limited liability company of which the resident is an owner, or

(vii) a resident of a dwelling, other than a farm dwelling, that is owned by a limited partnership of which the resident is a partner, provided that the limited partnership that holds title to the property does not engage in any commercial activity, that the limited partnership was lawfully created to hold title solely for estate planning and asset protection purposes, and that the partner or partners who primarily reside thereon personally pay all of the real property taxes and other costs associated with the property's ownership.

(E) "Qualifying taxes" means the school district taxes that were levied upon the taxpayer's primary residence for the associated fiscal year that were actually paid by the taxpayer during the taxable year; or, in the case of a city school district that is subject to article fifty-two of the education law, the combined city and school district taxes that were levied upon the taxpayer's primary residence for the associated fiscal year that were actually paid by the taxpayer during the taxable year. In no case shall the term "qualifying taxes" be construed to include penalties or interest.

(F) "STAR exemption" means the school tax relief (STAR) exemption authorized by section four hundred twenty-five of the real property tax law.

(G) "STAR tax savings" means the tax savings attributable to the STAR exemption within a portion of a school district, as determined by the commissioner pursuant to subdivision two of section thirteen hundred six-a of the real property tax law.

(2) Allowance of credit. A qualified taxpayer shall be allowed a credit as provided in paragraph three or four of this subsection, whichever is applicable, against the taxes imposed by this article reduced by the credits permitted by this article, provided that the requirements set forth in the applicable subsection are satisfied. If the credit exceeds the tax as so reduced for such year under this article, the excess shall be treated as an overpayment, to be credited or refunded, without interest. If a qualified taxpayer is not required to file a return pursuant to section six hundred fifty-one of this article, a qualified taxpayer may nevertheless receive the full amount of the credit to be credited or repaid as an overpayment, without interest.

(3) Determination of basic STAR credit. (A) Beginning with taxable years after two thousand fifteen, a basic STAR credit shall be available to a qualified taxpayer if the affiliated income of the parcel that serves as the taxpayer's primary residence is less than or equal to five hundred thousand dollars.

(B) Subject to the provisions of subparagraph (C) of this paragraph, such basic STAR credit shall be the lesser of:

(i) the basic STAR tax savings applicable to the taxpayer's primary residence, or

(ii) the taxpayer's qualifying taxes.

(C) If the qualifying taxes paid by the taxpayer constituted only a portion of the total school district taxes that were levied upon the taxpayer's primary residence for the associated fiscal year or, in the case of a city school district that is subject to article fifty-two of the education law, if the qualifying taxes paid by the taxpayer constituted only a portion of the total combined city and school district taxes that were levied upon the taxpayer's primary residence for the

CHAP. 60

8

associated fiscal year, the credit allowable to such taxpayer shall be equal to the amount determined pursuant to subparagraph (B) of this paragraph multiplied by the percentage that such portion represents.

(4) Determination of enhanced STAR credit. (A) Beginning with taxable years after two thousand fifteen, an enhanced STAR credit shall be available to a qualified taxpayer where both of the following conditions are satisfied:

(i) All of the owners of the parcel that serves as the taxpayer's primary residence are at least sixty-five years of age as of December thirty-first of the taxable year or, in the case of property owned by a married couple or by siblings, at least one of the owners is at least sixty-five years of age as of that date. The terms "siblings" as used herein shall have the same meaning as set forth in section four hundred sixty-seven of the real property tax law. In the case of property owned by a married couple, one of whom is sixty-five years of age or over, the credit, once allowed, shall not be disallowed because of the death of the older spouse so long as the surviving spouse is at least sixty-two years of age as of December thirty-first of the taxable year.

(ii) The affiliated income of the parcel that serves as the taxpayer's primary residence is less than or equal to the income standard for the taxable year established by the commissioner for the corresponding "income tax year" pursuant to clause (C) of subparagraph (i) of paragraph (b) of subdivision four of section four hundred twenty-five of the real property tax law for purposes of the enhanced STAR exemption.

(B) Subject to the provisions of subparagraph (C) of this paragraph, such credit shall be the lesser of:

- (i) the enhanced STAR tax savings for the school district portion, or
- (ii) the taxpayer's qualifying taxes.

(C) If the qualifying taxes paid by the taxpayer constituted only a portion of the total school district taxes that were levied upon the taxpayer's primary residence for the associated fiscal year or, in the case of a city school district that is subject to article fifty-two of the education law, if the qualifying taxes paid by the taxpayer constituted only a portion of the total combined city and school district taxes that were levied upon the taxpayer's primary residence for the associated fiscal year, the credit allowable to such taxpayer shall be equal to the amount determined pursuant to subparagraph (B) of this paragraph multiplied by the percentage that such portion represents.

(5) Disqualification. A taxpayer shall not qualify for the credit authorized by this subsection if the parcel that serves as the taxpayer's primary residence received the STAR exemption on the assessment roll upon which school district taxes for the associated fiscal year were levied. Provided, however, that the taxpayer may remove this disqualification by renouncing the exemption and making any required payments by December thirty-first of the taxable year, as provided by subdivision sixteen of section four hundred twenty-five of the real property tax law.

(6) Special cases. (A) In the case of property consisting of a cooperative apartment corporation that is described by paragraph (k) of subdivision two of section four hundred twenty-five of the real property tax law, the amount of the credit allowable with respect to a cooperative apartment shall be equal to sixty percent of the basic STAR tax savings for the school district portion, or sixty percent of the enhanced STAR tax savings for the school district portion, whichever is applicable. Provided, however, that in the case of a cooperative apartment corporation that is described by subparagraph (iv) of paragraph (k) of subdivi-

vision two of section four hundred twenty-five of the real property tax law, the credit allowable with respect to a cooperative apartment shall be equal to twenty percent of such amount.

(B) In the case of property consisting of a mobile home that is described in paragraph (1) of subdivision two of section four hundred twenty-five of the real property tax law, the amount of the credit allowable with respect to such mobile home shall be equal to twenty-five percent of the basic STAR tax savings for the school district portion, or twenty-five percent of the enhanced STAR tax savings for the school district portion, whichever is applicable.

(C) In the case of a primary residence that is located in two or more school districts, the applicable basic or enhanced STAR tax savings for the school district portion shall be determined as follows:

(i) determine the sum of the total school district taxes that were levied upon the taxpayer's primary residence for the associated fiscal year by each of the school districts in which the residence is located;

(ii) for each such school district, divide the total school district taxes that were levied upon the taxpayer's primary residence by that school district for the associated fiscal year by the sum determined in clause (i) of this subparagraph. Express the result as a percentage with two decimal places;

(iii) for each such school district, multiply the percentage determined in clause (ii) of this subparagraph by the basic or enhanced STAR tax savings for the school district portion, whichever is applicable; and

(iv) add the products determined in clause (iii) of this subparagraph.

(7) Disclosure of incomes. Where the commissioner has denied a taxpayer's claim for the credit authorized by this subsection in whole or in part on the grounds that the affiliated income of the parcel in question exceeds the applicable limit, the commissioner shall have the authority to reveal to that taxpayer the names and incomes of the other taxpayers whose incomes were included in the computation of such affiliated income.

(8) Proof of claim. The commissioner may require a qualified taxpayer to furnish the following information in support of his or her claim for credit under this subsection: affiliated income, the total school district taxes levied on the property for the associated fiscal year or, in the case of a city school district that is subject to article fifty-two of the education law, the total combined city and school district taxes levied on the property for the associated fiscal year, the qualifying taxes paid by the taxpayer, the names and taxpayer identification numbers of all owners of the property and spouses who primarily reside on the property, the parcel identification number and all other information that may be required by the commissioner to determine the credit.

(9) Returns. If a qualified taxpayer is not required to file a return pursuant to section six hundred fifty-one of this article, a claim for a credit may be taken on a return filed with the commissioner within three years from the time it would have been required that a return be filed pursuant to such section had the qualified taxpayer had a taxable year ending on December thirty-first. Returns under this paragraph shall be in such form as shall be prescribed by the commissioner, who shall make available such forms and instructions for filing such returns.

(10) Advance payments. (A) The commissioner shall establish a mechanism by which a qualified taxpayer who has acquired a new primary residence between January first and July first of the taxable year, inclu-

CHAP. 60

10

sive, may apply for an advance payment of the credit authorized by this section, provided that:

(i) Any such application must be submitted to the commissioner by the first day of July of the taxable year, or such later date as may be prescribed by the commissioner, and

(ii) A qualified taxpayer who fails to apply for an advance payment of such credit in a timely manner may request and receive such credit in the manner otherwise provided by this section.

(B) On or before September fifteenth of each year, or as soon thereafter as practicable, the commissioner shall determine the eligibility of taxpayers for this credit utilizing the information available to him or her. For those taxpayers whom the commissioner has determined eligible for this credit, the commissioner shall advance a payment in the amount specified in paragraph three, four or six of this subsection, whichever is applicable. Such payment shall be issued by September thirtieth of the year the credit is allowed, or as soon thereafter as is practicable. A taxpayer who has failed to receive an advance payment that he or she believes was due to him or her, or who has received an advance payment that he or she believes is less than the amount that was due to him or her, may request payment of the claimed deficiency in a manner prescribed by the commissioner.

(C) An advance payment of credit provided pursuant to this subsection that exceeds the taxpayer's qualifying taxes for that taxable year shall be added back as tax on the income tax return for that taxable year.

(D) If the commissioner determines after issuing an advance payment that it was issued in an excessive amount or to an ineligible or incorrect party, the commissioner shall be empowered to utilize any of the procedures for collection, levy and lien of personal income tax set forth in this article, any other relevant procedures referenced within the provisions of this article, and any other law as may be applicable, to recoup the improperly issued amount.

(11) Administration. The provisions of this article, including the provisions of sections six hundred fifty-three, six hundred fifty-eight, and six hundred fifty-nine of this article and the provisions of part six of this article relating to procedure and administration, including the judicial review of the decisions of the commissioner, except so much of section six hundred eighty-seven of this article that permits a claim for credit or refund to be filed after the period provided for in paragraph nine of this subsection and except sections six hundred fifty-seven, six hundred eighty-eight and six hundred ninety-six of this article, shall apply to the provisions of this subsection in the same manner and with the same force and effect as if the language of those provisions had been incorporated in full into this subsection and had expressly referred to the credit allowed or returns filed under this subsection, except to the extent that any such provision is either inconsistent with a provision of this subsection or is not relevant to this subsection. As used in such sections and such part, the term "taxpayer" shall include a qualified taxpayer under this subsection and, notwithstanding the provisions of subsection (e) of section six hundred ninety-seven of this article, where a qualified taxpayer has protested the denial of a claim for credit under this subsection and the time to file a petition for redetermination of a deficiency or for refund has not expired, he or she shall, subject to such conditions as may be set by the commissioner, receive such information (A) that is contained in any return filed under this article by a member of his or her household for the taxable year for which the credit is claimed, and (B) that the commissioner finds is

relevant and material to the issue of whether such claim was properly denied.

(12) In the case of a taxpayer who has itemized deductions from federal adjusted gross income, and whose federal itemized deductions include an amount for real estate taxes paid, the New York itemized deduction otherwise allowable under section six hundred fifteen of this chapter shall be reduced by the amount of the credit claimed under this subsection.

§ 7. The opening paragraph of subparagraph (a) of paragraph 2 of subsection (n-1) of section 606 of the tax law, as added by section 1 of subpart B of part C of chapter 20 of the laws of 2015, is amended to read as follows:

To be eligible for the credit, the taxpayer (or taxpayers filing joint returns) on the personal income tax return filed for the taxable year two years prior, must have (i) been a resident, (ii) owned and primarily resided in real property receiving either the STAR exemption authorized by section four hundred twenty-five of the real property tax law or the school tax relief credit authorized by subsection (eee) of this section, and (iii) had qualified gross income no greater than two hundred seventy-five thousand dollars. Provided, however, that no credit shall be allowed if any of the following apply:

§ 8. This act shall take effect immediately, provided, however, that sections six and seven of this act shall apply to taxable years beginning on or after January 1, 2016.