

GOVERNORS PROGRAM BILL  
2015

AN ACT to amend chapter 576 of the laws of 1974 amending the emergency housing rent control law relating to the control of and stabilization of rent in certain cases, the emergency housing rent control law, chapter 329 of the laws of 1963 amending the emergency housing rent control law relating to recontrol of rents in Albany, chapter 555 of the laws of 1982 amending the general business law and the administrative code of the city of New York relating to conversion of residential property to cooperative or condominium ownership in the city of New York, chapter 402 of the laws of 1983 amending the general business law relating to conversion of rental residential property to cooperative or condominium ownership in certain municipalities in the counties of Nassau, Westchester and Rockland and the rent regulation reform act of 1997, and to amend chapter 4 of the laws of 2013 amending the real property tax law and other laws relating to interim multiple dwellings in a city with a population of one million or more, in relation to extending the effectiveness thereof; to amend the emergency tenant protection act of nineteen seventy-four, the emergency housing rent control law, and the administrative code of the city of New York, in relation to deregulation thresholds; to amend the administrative code of the city of New York and the emergency tenant protection act of nineteen seventy-four, in relation to limiting rent increase after vacancy of a housing accommodation; to amend the administrative code of the city of New York, the emergency tenant protection act of nineteen seventy-four and the emergency housing rent control law, in relation to adjustment of maximum allowable rent; to amend chapter 97 of the laws of 2011, amending the general municipal law and the education law, relating to establishing limits upon school district and local government tax levies, in relation to extending such provisions; and to amend the real property tax law, in relation to extending certain provisions relating to exemption from taxation of alterations and improvements to multiple dwellings; to amend the tax law and part C of chapter 2 of the

laws of 2005 amending the tax law relating to exemptions from sales and use taxes, in relation to extending certain provisions thereof; to amend the general city law and the administrative code of the city of New York, in relation to extending certain provisions relating to relocation and employment assistance credits; to amend the general city law and the administrative code of the city of New York, in relation to extending certain provisions relating to specially eligible premises and special rebates; to amend the administrative code of the city of New York, in relation to extending certain provisions relating to exemptions and deductions from base rent; to amend the real property tax law, in relation to extending certain provisions relating to eligibility periods and requirements; to amend the real property tax law, in relation to extending certain provisions relating to eligibility periods and requirements, benefit periods and applications for abatements; to amend the administrative code of the city of New York, in relation to extending certain provisions relating to a special reduction in determining the taxable base rent; to amend the real property tax law and the administrative code of the city of New York, in relation to extending certain provisions relating to applications for abatement of tax payments; to amend the real property tax law, in relation to extending certain provision relating to partial tax abatement for residential real property held in the cooperative or condominium form of ownership in a city having a population of one million or more; to amend the real property tax law, in relation to extending certain provisions relating to exemptions of certain new or substantially rehabilitated multiple dwellings from local taxation; to amend the public housing law, in relation to the division of housing and community renewal being authorized to establish a tenant protection unit; and to amend the multiple dwelling law, in relation to interim multiple dwellings (Part A); to amend the education law, in relation to charter schools (Subpart A); making an appropriation to the education department for reimbursement to non-public schools (Subpart B); to amend the education law, in relation to the release of standardized test questions and answers, teacher evaluations and

establishing a content review committee; and making an appropriation therefor (Subpart C); to amend chapter 91 of the laws of 2002, amending the education law and other laws relating to reorganization of the New York city school construction authority, board of education and community boards, in relation to the effectiveness thereof; to amend chapter 345 of the laws of 2009, amending the education law and other laws relating to the New York city board of education, chancellor, community councils and community superintendents, in relation to the effectiveness thereof; and relating to the education budget plan of the mayor of the city of New York (Subpart D); and to amend the domestic relations law, in relation to determining who may solemnize a marriage (Subpart E) (Part B); and Intentionally omitted (Subpart A); to amend the tax law, in relation to establishing a property tax relief credit; to amend part K of chapter 59 of the laws of 2014, amending the tax law relating to providing an enhanced real property tax circuit breaker, in relation to the effectiveness thereof (Subpart B); to amend the education law and the general municipal law, in relation to capital local expenditures and the quantity change factor (Subpart C); to amend the tax law, in relation to extending the authority of the county of Nassau to impose additional sales and compensating use taxes, and extending local government assistance programs in Nassau county (Subpart D); to amend the tax law and the vehicle and traffic law, in relation to special motor vehicle use taxes imposed by the county of Suffolk (Subpart E); to authorize assistance to the city of Yonkers to support public schools in the city (Subpart F); making an appropriation for money for services and expenses of the city of Rochester (Subpart G); and appropriating money for certain municipal corporations and school districts; and providing for the repeal of such provisions upon expiration thereof (Subpart H) (Part C)

**Purpose:**

This bill would enact significant reforms in the areas of affordable housing, education, and tax relief.

**Summary of Provisions:**

**Section 1 of the bill sets forth Parts A through C.**

**Part A** would alleviate widespread uncertainty about the rights of landlords and tenants, as well as instability in the real estate market, through comprehensive reforms to the State rent regulation system and tax abatements to encourage development of residential buildings in New York City via the following:

- Extend various provisions of the laws that create the State rent regulation system including State Rent Stabilization Law, City Rent Stabilization Law, City Rent Control Law, and the Emergency Tenant Protection Act (ETPA), as well as provisions of law related thereto, for four years, to June 15, 2019, and make such provisions retroactive to June 15, 2015.
- Increase the high rent decontrol threshold to \$2700, with annual indexed increases thereafter based on the percentage increase of the applicable rent guidelines board increases, for various provisions of State Rent Stabilization Law, City Rent Stabilization Law, City Rent Control Law, and the ETPA, as well as various provisions of law related thereto.
- Decrease the vacancy bonus for preferential rent to 5%, 10%, 15%, or 20%, depending on the length of tenancy in the unit rented at a preferential rate.
- Increase civil penalties available subsequent to a finding of tenant harassment by the Division of Housing and Community Renewal.
- Increase the amortization period for major capital improvements and mandate separate amortization schedules for buildings with more than thirty-five, and less than thirty-five housing accommodations.
- Extend the J-51 program until June 15, 2019.
- Open the window for applications under the 2010 Loft Law expansion for an additional two years and establish compliance language for loft units that would be included.
- Extend sections 467-a and 421-m, relating to co-op and condominium conversions and rehabilitation of multiple dwellings for four years, respectively.
- Extend the property tax cap for four years to June 15, 2020.

- Extend section 421-a of the real property tax law for seven months and provide that the program will be extended until June 15, 2019 if representatives of labor and real estate interest groups enter into a fully executed memorandum of understanding regarding wage protections for construction workers performing construction work on projects receiving 421-a benefits.
- Amend section 421-a to: (i) increase the number of affordable units being built under the program by providing for multiple affordable development options; (ii) mandate the same entry be available for use by all tenants; (iii) allow for the New York City Council to pass legislation modifying the Geographic Exclusion Area that defines where affordable units are mandated under this program; (iv) mandate wage protections for building service workers at buildings participating in the 421-a program; and (v) increase the commitment to affordability and the length of the tax abatement to 35 years.
- Extend the (i) lower Manhattan sales and use tax program; (ii) the relocation and employment assistance program; (iii) the energy cost savings program; (iv) the lower Manhattan energy program; (v) the commercial rent tax reduction program; (vi) the commercial expansion program; (vii) the commercial revitalization program; (viii) the industrial and commercial abatement program; and (ix) the S-Corps program, each for two years.
- Establish a real property tax abatement.

**Part B** would: (i) enact critical reforms and support for public, non-public, and charter schools; and (ii) allow a current or former governor to solemnize marriages in the State of New York, by amending the education law and domestic relations law, respectively, to:

- Increase the number of charter schools available to be issued in New York City to 50 and removes authorizer-specific caps so that the remaining charters may be issued by the State University of New York (SUNY) or the State Education Department (SED). This subpart would also enhance and authorize charter schools' flexibility in hiring school personnel and authorizes an optional enrollment preference for children of charter school and charter management organization employees.
- Appropriate \$250 million to reimburse private schools for the costs of performing State mandated services.
- Appropriate \$8.4 million to the SED to support increased disclosure of State exam questions and answers. It would also clarify required components of the State growth model for teacher evaluations, establish a committee to review the content of all standardized tests, prohibit teacher confidentiality agreements in certain circumstances, and direct the SED Commissioner to undertake a comprehensive review of education standards by June 30, 2016.
- Extend mayoral control in New York City for one year to June 30, 2016.

- Amend the current law to allow the current or a former governor to the list of officials who may solemnize marriages in the State of New York.

**Part C would:**

- Establish a new Property Tax Relief Credit against the personal income tax for tax years 2016-2019.
  - The new credit would be available as an advance payment to income-eligible resident taxpayers who own and reside in property receiving basic or enhanced STAR located outside of New York City.
  - For 2016, the credit would be \$130 for taxpayers in the metropolitan commuter transportation district (MCTD) with household incomes up to \$275,000, and \$185 for taxpayers outside the MCTD with household incomes up to \$200,000.
  - For subsequent tax years, the credit would be calculated as a percentage of the property STAR saving, using a progressive income-based percentage schedule: for a taxpayer with income below \$75,000, the credit will be 28% of the STAR savings for 2017 and will grow to 85% of the STAR savings for 2019.
- Extend the expiration of the enhanced real property tax circuit breaker from 2016 to 2020.
- Authorize the Commissioner of the Department of Taxation and Finance (DTF) to provide, by rules and regulations, for the adjustment of a school district's capital local expenditures to reflect the district's share of capital expenditures made by a Board of Cooperative Educational Services (BOCES).
- Authorize the DTF Commissioner to provide, by rules and regulations, for the adjustment of quantity change factor for a local government or school district to reflect development on tax-exempt property within the jurisdiction.
- Extend Nassau County's ability to impose additional sales and compensating use taxes for two years and allow Suffolk County to impose a special motor vehicle use tax.
- Establish a special fund known as the "local ad valorem mitigation fund" in the custody of the Urban Development Corporation.
- Provide \$25,000,000 in municipal aid to the City of Yonkers to support public schools in the city.
- Provide \$6,000,000 in funding for the City of Rochester to support services enhancing anti-poverty programs.

**Existing Law:**

This legislation would amend existing provisions of the Emergency Housing Rent Control Law, the General Business Law, the Real Property Tax Law, the Emergency Tenant Protection Act, the Administrative Code the City of New York, the Public Housing Law, the Multiple Dwelling Law, of the Education Law, the General Municipal Law, and the Vehicle and Traffic Law.

**Statement in Support:**

**Part A:**

Rent regulations laws are critical to the well-being of New Yorkers who live in approximately one million rent regulated homes. Few things are more fundamental than having a stable, affordable home. Rent regulation laws prevent landlords of rent regulated units from harassing low-income tenants, raising rents improperly, and engaging in deceptive business practices.

Passage of this legislation would avoid widespread uncertainty about the rights of owners and tenants and stop the rents of thousands of New Yorkers from increasing to a point at which they could no longer afford to live in their homes, thus averting a crisis to which local governments could not respond adequately.

Passage of various tax incentives and tax abatements as provided in this legislation would also encourage development of affordable units and would require wage protections for building services workers.

**Part B:**

Charter schools represent a critical component of parental choice in education, and many charter schools have shown outstanding results in student achievement. This legislation would increase the number of charter schools available to be issued in New York City, ensuring that this category of schools can continue to increase access and choice in communities across New York City. This legislation would also enhance flexibility in educator hiring at charters schools, and encourages community building by allowing an optional enrollment preference for children of charter school employees.

Non-public schools serve over 400,000 students across the state - nearly 15% of the total public school population. The State Education Department (SED) currently reimburses non-public schools for the cost of performing certain State mandated functions. This legislation would add \$250 million available for this purpose, to ensure that schools are accurately reimbursed for their costs and can continue to survive and provide important educational opportunities.

Over the last several years, parents, students and teachers have been frustrated by the lack of transparency of New York State's testing regime. In order to allow for an increased disclosure of state exam questions and answers, this legislation would provide \$8.4 million in new funding to the SED. In addition, this bill would clarify required components of the state growth model for teacher evaluations; would establish a committee to review the content of all standardized tests;

would prohibit teacher confidentiality agreements in certain circumstances; and would direct the SED Commissioner to undertake a comprehensive review of education standards by June 30, 2016.

Mayoral control of New York City was first enacted in 2002, and - absent this legislation - would expire June 30, 2015. This legislation would renew all provisions of mayoral control for an additional year, to June 30, 2015.

This bill would also allow the current or a former governor to solemnize marriages.

### **Part C:**

Since its enactment in 2011, the real property tax cap has dramatically reduced the growth in local property taxes: as compared with the 10 year period prior to 2011, the real property tax cap has reduced the rate of growth in local taxes by nearly 60%. This bill would extend the tax cap for an additional four years, ensuring that this critical program will continue to control the growth of property taxes. The bill would also authorize the DTF Commissioner to adopt regulations to make minor adjustments to the cap to reflect BOCES capital expenses that are borne by school districts and the impact of tax-exempt property improvements.

Even with the tax cap in place, New York's homeowners pay the highest property taxes in the nation. This bill would establish a new Real Property Tax Credit to provide over \$3 billion in progressive property tax relief to low- and middle-income homeowners outside New York City over the next four years. This bill would also extend the enhanced real property circuit breaker, which provides progressive property tax relief to New York City homeowners and renters, for four years.

This bill would further establish a special fund known as the "local ad valorem mitigation fund" in the custody of the urban development corporation. It would also provide relief for the Counties of Nassau and Suffolk, and the Cities of Yonkers and Rochester.

### **Legislative History**

This is a new bill.

### **Budget Implications**

**Part A:** The legislation is expected to have no material impact on the State Financial Plan.

**Part B:** This legislation would provide new appropriations of \$250 million to reimburse private schools for the costs of performing State mandated services and \$8.4 million to support increased disclosure of state exam questions and answers by the State Education Department.

The Yonkers School District would receive \$25 million in emergency aid from excess balances available in the State of New York Mortgage Agency's Mortgage Insurance Fund. There will be no impact on the State Financial Plan.

The City of Rochester would receive an additional \$6 million in General Fund support, offset by other revenues available to the State. There will be no net impact on the Financial Plan

The New York State Energy Research and Development Authority (NYSERDA) would make available \$19 million to support these appropriations. There will be no net impact on the Financial Plan.

**Part C:** The legislation would provide for a property tax relief credit that will result in additional Financial Plan costs, beginning in Fiscal Year 2017. The expected costs are approximately \$400 million in Fiscal Year 2016-17, \$450 million in Fiscal Year 2017-18, \$950 million in Fiscal Year 2018-19, and \$1.3 billion in Fiscal Year 2019-20 and thereafter. In addition, the extension of the enhanced New York City circuit breaker results in additional Financial Plan costs of \$85 million annually, starting in Fiscal Year 2017-18.

**Effective Date**

Immediately.