



NEWS

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From Bill Magnarelli

District: 333 East Washington St., Syracuse, NY 13202 (315) 428-9651 Albany: LOB 837, Albany, 12248 (518) 455-4826

129th Assembly District

Magnarw@nyassembly.gov

Legislation Signed into Law to Stop Abuses of the §485-a Property Tax Exemption Program

Governor Cuomo signed important legislation designed to put an end to commercial developers abusing a property tax exemption program. The legislation sponsored by Assemblyman William Magnarelli, 129th District (D-Syracuse, Van Buren, Geddes) was introduced after seeing major violations take place in Syracuse.

The intent of §485-a of the Real Property Tax Law is to incentivize the redevelopment of older buildings by allowing municipalities to offer a 12-year exemption on property taxes to developers who renovate these buildings to include commercial and residential space. The program was abused by developers who completed the projects with minimal or no commercial uses, buildings that are nearly totally demolished and rebuilt, and projects built on vacant lots. The resulting property tax exemptions are costing participating localities millions of dollars each year and placing a heavier burden on other property taxpayers.

“The abuses under this program are egregious,” Assemblyman Magnarelli said, “§485-a exemptions should not be going to projects where the only commercial uses in the building are vending machines or storage units, or where the developer essentially demolishes the underlying structure for new construction. Local governments and assessors say the current law does not give them the authority to deny these applications. This newly enacted legislation gives them that authority and will return the §485-a program to this purpose. This program was created to help our downtowns redevelop old buildings into useful mixed-use structures.”

This legislation will reform the §485-a program in the following ways:

- Limit the types of commercial purposes and uses that can qualify for the exemption and require them to be publicly accessible.
- Require at least 40% of a building be used for residential purposes and at least 15% of the building be used for commercial purposes exclusive of below-grade floor areas.
- Require the portion of the building used for commercial purposes to be currently used as such or in good faith contemplated.
- Require an annual certification to the assessor attesting that the property complies with the eligibility requirements.
- Require a revocation of benefits if the property is non-compliant; and impose penalties if a material misstatement is made on an application.

The newly enacted legislation takes effect on January 1, 2021.

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