

STATE OF NEW YORK

8889

2009-2010 Regular Sessions

IN ASSEMBLY

June 12, 2009

Introduced by M. of A. SILVER, GLICK -- read once and referred to the Committee on Ways and Means

AN ACT to amend the administrative code of the city of New York and the tax law, in relation to the temporary exemption from commercial rent or occupancy tax for premises used for retail sales in lower Manhattan and the World Trade Center area; and to amend 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 the effectiveness of provisions thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subparagraph (b-2) of paragraph 2 of subdivision i. of
2 section 11-704 of the administrative code of the city of New York, as
3 added by section 8 of part A of chapter 2 of the laws of 2005, is
4 amended to read as follows:

5 (b-2) The amount of the special reduction allowed by this subdivision
6 with respect to a lease other than a sublease commencing between July
7 first, two thousand five and June thirtieth, two thousand [~~nine~~] thir-
8 teen with an initial or renewal lease term of at least five years shall
9 be determined as follows:

10 (i) For the base year the amount of such special reduction shall be
11 equal to the base rent for the base year.

12 (ii) For the first, second, third and fourth twelve-month periods
13 following the base year the amount of such special reduction shall be
14 equal to the lesser of (A) the base rent for each such twelve-month
15 period or (B) the base rent for the base year.

16 § 2. Subparagraph (A) of paragraph 7 of subdivision (ee) of section
17 1115 of the tax law, as added by section 1 of part C of chapter 2 of the
18 laws of 2005, is amended to read as follows:

19 (A) "Tenant" means a person who, as lessee, enters into a space lease
20 with a landlord for a term of ten years or more commencing on or after

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[~~---~~] is old law to be omitted.

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1 September first, two thousand five, but not later than, in the case of a
2 space lease with respect to leased premises located in eligible areas as
3 defined in clause (i) of subparagraph (D) of this paragraph, September
4 first, two thousand [~~nine~~] thirteen and, in the case of a space lease
5 with respect to leased premises located in eligible areas as defined in
6 clause (ii) of subparagraph (D) of this paragraph not later than Septem-
7 ber first, two thousand [~~eleven~~] fifteen, of premises for use as commer-
8 cial office space in buildings located or to be located in the eligible
9 areas. A person who currently occupies premises for use as commercial
10 office space under an existing lease in a building in the eligible areas
11 shall not be eligible for exemption under this subdivision unless such
12 existing lease, in the case of a space lease with respect to leased
13 premises located in eligible areas as defined in clause (i) of subpara-
14 graph (D) of this paragraph expires according to its terms before
15 September first, two thousand [~~nine~~] thirteen or such existing lease, in
16 the case of a space lease with respect to leased premises located in
17 eligible areas as defined in clause (ii) of subparagraph (D) of this
18 paragraph and such person enters into a space lease, for a term of ten
19 years or more commencing on or after September first, two thousand five,
20 of premises for use as commercial office space in a building located or
21 to be located in the eligible areas, provided that such space lease with
22 respect to leased premises located in eligible areas as defined in
23 clause (i) of subparagraph (D) of this paragraph commences no later than
24 September first, two thousand [~~nine~~] thirteen, and provided that such
25 space lease with respect to leased premises located in eligible areas as
26 defined in clause (ii) of subparagraph (D) of this paragraph commences
27 no later than September first, two thousand [~~eleven~~] fifteen and
28 provided, further, that such space lease shall expire no earlier than
29 ten years after the expiration of the original lease.

30 § 3. Section 2 of part C of chapter 2 of the laws of 2005 amending the
31 tax law relating to exemptions from sales and use taxes is amended to
32 read as follows:

33 § 2. This act shall take effect September 1, 2005 and shall expire and
34 be deemed repealed on December 1, [~~2012~~] 2016, and shall apply to sales
35 made, uses occurring and services rendered on or after such effective
36 date, in accordance with the applicable transitional provisions of
37 sections 1106 and 1217 of the tax law; except that clause (i) of subpar-
38 agraph (D) of paragraph seven of subdivision (ee) of section 1115 of the
39 tax law, as added by section one of this act, shall expire and be deemed
40 repealed December 1, [~~2010~~] 2014.

41 § 4. This act shall take effect immediately; provided that if this act
42 shall take effect after June 30, 2009, it shall be deemed to have been
43 in full force and effect on and after June 30, 2009.

NEW YORK STATE ASSEMBLY
MEMORANDUM IN SUPPORT OF LEGISLATION
submitted in accordance with Assembly Rule III, Sec 1(f)

BILL NUMBER: A8889

SPONSOR: Silver (MS)

TITLE OF BILL: An act to amend the administrative code of the city of New York and the tax law, in relation to the temporary exemption from commercial rent or occupancy tax for premises used for retail sales in lower Manhattan and the World Trade Center area; and to amend 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 the effectiveness of provisions thereof

PURPOSE: To extend the expiration date of the New York City commercial rent reduction and sales tax exemption for areas in lower Manhattan that are due to expire this year.

SUMMARY OF PROVISIONS: Section one extends the date upon which a lease must be entered into to qualify for the commercial rent tax reduction from June 30, 2009 to June 30, 2013.

Section two extends the date upon which a lease must be entered into in order to be eligible to claim the sales tax exemption for equipping office space in the area of lower Manhattan south of Canal Street outside of the World Trade Center, World Financial Center and Battery Park City areas from September 1, 2009 to September 1, 2013. In addition, the date upon which a lease must be entered into in order to be eligible to claim the sales tax exemption for equipping office space in the World Trade Center, World Financial Center and Battery Park City areas is extended until September 1, 2015.

JUSTIFICATION: Commercial incentives continue to be crucial to maintaining Lower Manhattan as a competitive 24/7 world-class central business district during economic downturns. In 2007, the Legislature enacted several incentives to attract and retain commercial tenants in Lower Manhattan and to encourage the redevelopment of the World Trade Center site. Given today's economic climate and the slow pace of rebuilding the World Trade Center site, the extension of these credits are essential to continue the progress that has been made and ultimately ensuring that Lower Manhattan and New York City can retain its stature as the world's financial capital.

LEGISLATIVE HISTORY: New Bill

EFFECTIVE DATE: Immediately.