THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
TAX POLICY & DATA ANALYTICS DIVISION

ANNUAL REPORT ON TAX EXPENDITURES

FISCAL YEAR 2025

ERIC ADAMS, MAYOR • PRESTON NIBLACK, COMMISSIONER

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REPORT PREPARED BY THE
TAX POLICY & DATA ANALYTICS DIVISION
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EXECUTIVE SUMMARY

New York City furthers its social and economic objectives through a variety of programs. Some programs are funded by direct governmental appropriations, while others are funded by reductions in tax liability and are referred to as "tax expenditures." This report, mandated by the New York City Charter, identifies and describes tax expenditure programs related to taxes administered by the City and provides tax expenditure estimates based on available data.

- Tax expenditures related to the Real Property Tax totaled $8.1 billion in FY 2025. Housing and economic development-related incentives comprised 55 percent and 30 percent of Real Property Tax expenditures, respectively. The five largest tax expenditure programs represented 60 percent of Real Property Tax expenditures.

Five Largest FY 2025 NYC Real Property Tax Expenditure Programs

($ Millions)

	FY 2025	FY 2024*	$ Change	% Change
Section 421-a	$1,958	$1,852	$106	6%
Industrial and Commercial Incentive/Abatement Program	$945	$878	$67	8%
NYC Housing Authority	$775	$749	$26	3%
Class Two Coop/Condo Partial Tax Abatement	$695	$665	$30	5%
420-c Low-income Housing	$479	$448	$32	7%
Total	$4,852	$4,591	$261	6%

* as reported last year.

- Business income and excise tax expenditures that could be quantified were valued at $1.1 billion in Tax Year 2021. Many of these programs are designed to foster economic development by, for example, reducing City energy costs for eligible businesses or providing relocation incentives. The five largest tax expenditure programs represented 88 percent of the quantifiable cost of annual business income and excise tax expenditures.

Five Largest TY 2021 NYC Business Income and Excise Tax Expenditure Programs

($ Millions)

	TY 2021	TY 2020	$ Change	% Change
Insurance Corporation Non-Taxation	$711	$658	$53	8%
Business and Investment Capital Tax Limitation	$120	$139	-$19	-14%
Special Lower Tax Rate on Capital of Cooperative Housing Corporations	$61	$64	-$3	-4%
Special Deduction for ENI of Certain Banking Institutions	$52	$52	-$1	-1%
Reduced Corporate Tax Rates for Qualified Manufacturers and Other Small Businesses	$35	$28	$6	22%
Total	$978	$942	$37	4%

- City sales tax expenditures that could be quantified for Calendar Year 2021 were estimated at $4.7 billion. City-funded Personal Income Tax credits, reported for TY 2022, were worth $513 million.

This report is organized in six parts, covering tax expenditure programs by tax type. Parts II to V cover the main tax expenditure categories summarized above. Part VI summarizes public costs and benefits related to private investment projects. Appendices provide supplemental information pertinent to City tax expenditures and general descriptions of New York City taxes.

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PART I

INTRODUCTION

Definition of Tax Expenditures

Tax expenditures are deviations from the basic tax structure that reduce taxes for specific taxpayers or groups of taxpayers. They derive from provisions of the tax law that provide special exclusions, exemptions, deductions, credits, preferential rates of tax, or deferrals of tax liability. Tax expenditures have traditionally been used to alter the distribution of the tax burden and to create incentives for taxpayers to change economic behavior. They provide economic benefits and are often used as alternatives to direct governmental allocations.

The definition of a normal tax structure and identification of specific tax expenditures is subjective and controversial. Some recommend that tax expenditures be defined as inclusively as possible, encompassing all deductions or credits that reduce the taxable base from 100 percent of income and wealth. Others recommend a narrower definition, focused on targeted measures that provide preferential treatment. This latter approach assumes that the definition of the taxable entity and the general rate schedule are part of the "normal" tax system.

This report utilizes the more targeted approach. In accordance with City Charter requirements, it identifies provisions of City-administered taxes that are intended to confer special tax benefits. This approach focuses on the information needed for local policy evaluation and public accountability. A provision of the tax law is considered a tax expenditure if the following conditions are met:

1. *City-Specific:* The tax expenditure derives from a tax administered by the City, or by the State on behalf of the City.

2. *Targeted Preference:* The tax provision is "special" in that it is targeted to a narrow class of transactions or taxpayers.

3. *Clear Exception*: The tax provision is a clear exception to a general provision of tax law.

Tax expenditures targeted to commercial entities for the purpose of preserving or promoting economic growth, reinvigorating commercial retail business areas, or improving employment opportunities for local residents, are referred to as *economic development* or *commercial* tax expenditures.

Tax exemptions provided to government entities and to non-profit organizations that serve the public at large are not included as City tax expenditures because such exemptions are routinely granted by states and municipalities and generally reflect conformity with federal law.

Reporting Requirements

The federal government and most states, including New York, produce tax expenditure reports to help policy makers evaluate the impact of tax benefit programs. Section 240 of the New York City Charter mandates an annual City tax expenditure report published every year no later than February 15 that includes the citation of legal authority, objectives, and eligibility requirements of all City tax expenditures, and data, as available, on the number and kinds of taxpayers that benefit from these expenditures and the value of these programs. The text of NYC Charter Section 240 appears in Appendix I.

The FY 2025 Annual Report on Tax Expenditures

Parts II and III of this report cover tax expenditures related to the following City-administered taxes: Real Property Tax, Business Corporation Tax, General Corporation Tax, Banking Corporation Tax, Commercial Rent Tax, Real Property Transfer Tax, Unincorporated Business Tax, and Utility Tax. Part II, which covers the Real Property Tax, includes programs that exist throughout New York State and others that are granted by public authorities. Tax expenditures related to the State-administered Mortgage Recording Tax are included in Part III. Tax expenditures derived from the Sales and Use Tax and Personal Income Tax, both City taxes administered by the State, are discussed in Parts IV and V, respectively. Part VI summarizes public costs and benefits related to private investment projects. Appendices provide additional information, including a list of economic development tax expenditures and supplemental statistical data for Real Property Tax expenditures.

Reporting Period

Data provided in this report relate to various periods as indicated in the following table.

Tax	Period Reported (except where stated otherwise)
Real Property Tax	City Fiscal Year 2025 (July 1, 2024 - June 30, 2025); same as Tax Year 2025 Based on the final assessment roll except where stated otherwise
Business Income Taxes	Tax Year 2021 (returns with a start date between January 1, 2021 and December 31, 2021)
Commercial Rent Tax	Tax Year 2023 (June 1, 2022 - May 31, 2023)
Utility Tax	City Fiscal Year 2023 (July 1, 2022 - June 30, 2023)
Real Property Transfer Tax	Tax Year 2023 (January 1, 2023 - December 31, 2023)
Sales and Use Taxes	Calendar Year 2021
Personal Income Tax	Tax Year 2022 (January 1, 2022 - December 31, 2022)

Data Estimates

Estimates are derived from Department of Finance data except where noted otherwise. Data for payments in lieu of taxes (PILOTs) are based on Department of Finance data and information provided by the NYC Office of Management and Budget. Tax expenditure estimates are a direct mathematical calculation of the tax revenue foregone[1] unless stated otherwise. Estimates are not intended to represent the potential revenue gain for the City if the expenditure were eliminated. For example, the absence of a tax expenditure item may lead taxpayers to take advantage of other tax relief programs. In certain cases, the elimination of a tax expenditure item may even result in a revenue loss if the benefit had been

[1] For purposes of the Real Property Tax, the calculation assumes that the City would have sufficient authority under the New York State Constitution's tax limit to levy the tax if property tax exemptions were eliminated.

stimulating other taxable economic activity. The data provided in this report do not account for the effect of tax expenditures on the economic behavior of taxpayers or on the City's overall economy. Additional information regarding tax expenditure estimates is provided as needed in the individual sections of the report and program descriptions.

Reporting on Real Property Tax exemption programs reflect data as of the Final Roll Release (May 2024) and abatement data are reported as of November 2024 (to reflect possible mid-year adjustment of the tax rate). Payments in lieu of taxes (PILOTs) are per the January 2025 Financial Plan for Fiscal Years 2025-2029.

Dollar values in this report are generally expressed in millions or billions, rounded to one or two decimal positions. Sums of these rounded values may not precisely total the individual components because sums are computed using the full values.

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PART II

REAL PROPERTY TAX EXPENDITURES

Overview

The City's Real Property Tax, its single largest revenue source, is expected to raise $34.2 billion, or 44 percent of total tax revenue, in FY 2025. Real Property Tax programs provided $8.1 billion in benefits through 592,377 exemptions and abatements. Exemptions provide relief through a reduction in taxable assessed value while abatements reduce Real Property Tax liability through a credit.

The City's property tax programs can generally be categorized as: (1) building-wide incentives for spurring construction; or (2) tax relief to individual homeowners or tenants. The City derives its authority to provide Real Property Tax expenditures from a variety of New York State laws, provisions in the City Charter, the City Administrative Code, and agency regulations. Sunset dates are included for many programs to allow for periodic review of continuing need and, if necessary, to institute revisions in the law. Annual reports are mandated for some programs. Tax expenditures are largely granted and administered by various City agencies. The City also uses State-wide programs and public agencies to provide housing and economic development incentives to the local real estate market.

The School Tax Relief (STAR) program does not qualify as a local tax expenditure because the State bears the cost of the program. Consequently, the STAR program is excluded from this report.

Tax Expenditure Purposes

Property tax expenditures support residential, commercial, and individual assistance programs.

Residential

Housing benefits comprised 55 percent of property tax expenditures, with a value of $4.5 billion in FY 2025. Various programs provide incentives for new construction or rehabilitation of small homes and/or multi-family buildings. Some programs are combined with additional financial assistance to target benefits for low- and middle-income housing. Several housing programs vary benefits based on geographic criteria. The exemption benefits granted to residential properties are frequently extended to commercial space within the same building. The single largest residential tax expenditure program is the Section 421-a program, with 215,747 units and a value of $2.0 billion.

Commercial

The value of commercial incentives was $2.5 billion, or 30 percent of total property tax expenditures. Total benefits comprised 15,224 exemptions and 5,224 abatements. Properties assisted by the commercial programs range from hotels, retail space, and office buildings to properties involved in manufacturing and distribution activities, such as factories and warehouses. The programs frequently provide more extensive benefits to industrial construction and renovation.

Real Property Tax

Individual Assistance

Individual assistance totaled $1.1 billion. The objective is generally to offset part of the property tax for certain homeowners and renters so that they may afford to continue to stay in their homes. Some programs specifically target vulnerable populations, such as senior citizens, disabled persons, and veterans. The largest individual assistance program, the Class Two Cooperative and Condominium Partial Tax Abatement, reduced the FY 2025 tax bills of 307,659 homeowners by $695 million. Senior citizens and the disabled received benefits through various programs worth $361 million.

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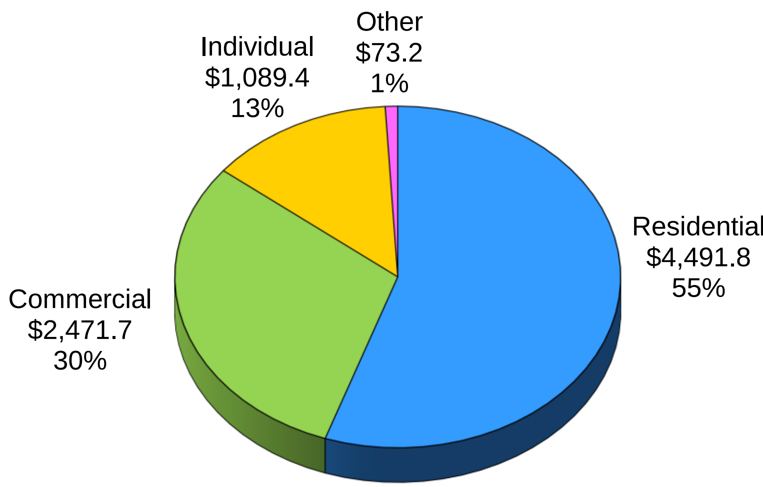
Figure 1
Real Property Tax Expenditures by Purpose
FY2025

Total: $8,126.1 million



Tax Expenditure Sources

The major sources of tax expenditures include City and State programs and public agencies. Various State programs are included in this report since the City administers the related exemptions and these programs serve as channels for housing and economic development incentives in the City (see Figure 2, next page).

City Programs

This category includes local incentives granted directly by the City for housing, commercial development, and individual assistance, and state programs in which participation is at the discretion of the locality. These tax expenditures totaled $4.9 billion, or 60 percent of all property tax expenditures. Residential incentives accounted for 54 percent of City program expenditures and were valued at 2.7 billion. Commercial and individual assistance programs each comprised 22 percent of city tax expenditures.

State Programs

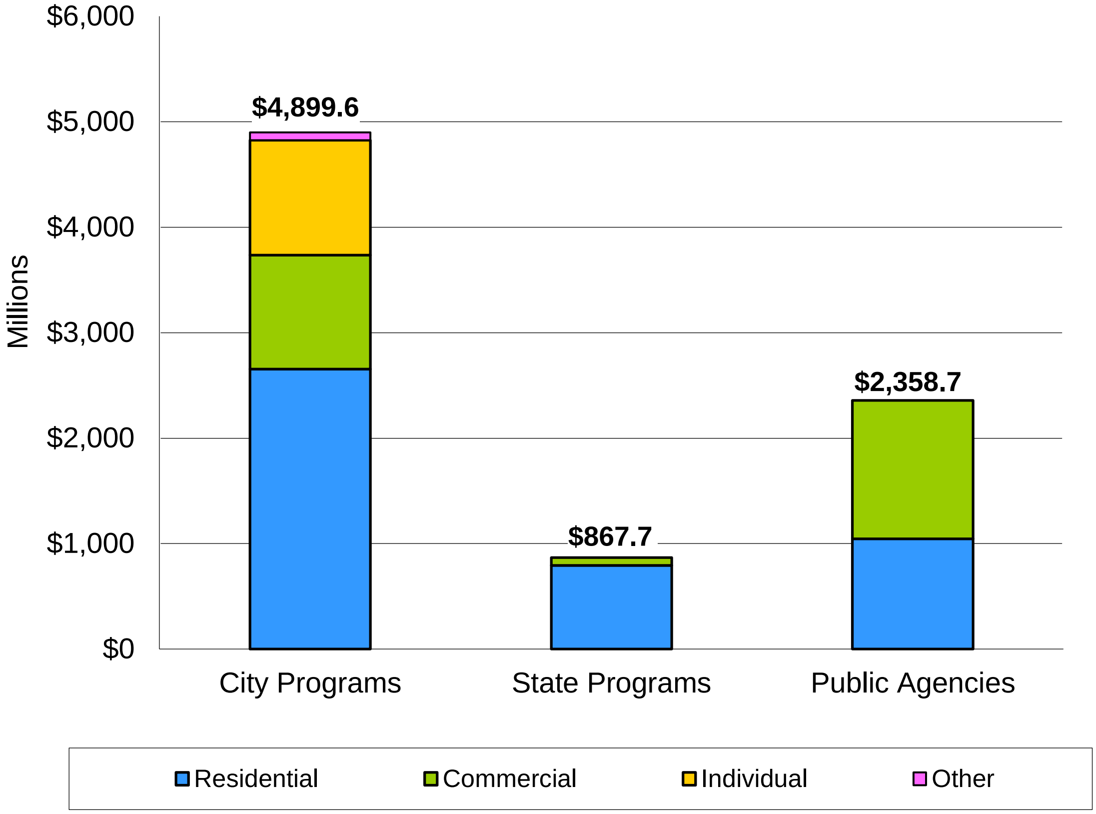
These are predominantly residential programs that have many of the same goals as the City programs but are not exclusive to City taxpayers. For these programs, the net tax expenditure is displayed after deducting payments in lieu of taxes (PILOTs) and shelter rent. Of the total $868 million of property tax expenditures in this category, 91 percent was granted to low- and middle-income housing, with the single largest portion going to Special Incentive Programs.

Public Agencies

Although tax exemptions are granted to all public authorities, the exempt properties included in this report benefit certain taxpayers rather than the public at large. The agencies include the NYC Industrial Development Agency, the NYC Housing Authority, the NYS Urban Development Corporation and the regional Port Authority of New York and New Jersey. Commercial and industrial projects accounted for $1.3 billion of the $2.4 billion in tax expenditures attributable to public agencies. The NYC Housing Authority accounted for 74 percent of the $1.0 billion spent by public agencies on residential programs.

Figure 2
Real Property Tax Expenditures by Source
FY 2025

Total: $8,126.1 million



Detailed Program Descriptions

The following provides information on tax expenditures within the Real Property Tax. Table 1 lists City programs, with a distribution by borough in Table 2. Similarly, Table 3 covers state programs, with borough analysis in Table 4. Public Agencies are reviewed on a citywide basis in Table 5, with borough analysis in Table 6. Terms are described below.

Number of Exemptions: This column provides the number of exemptions under each program. Certain properties may be eligible for more than one exemption, such as the Veterans and Senior Citizen exemptions. As a result, the number of exemptions may not match the number of parcels receiving exemptions.

Exempt Assessed Value: Exemptions exclude from the tax rolls a portion of the assessed value, whether the result of new construction (for example, the Industrial and Commercial Incentive Program) or tax relief programs targeted to individuals (Senior Citizen Homeowner Exemption). Prior to the FY 2020 report, when the taxable actual assessed value (defined as: actual AV minus actual exempt value) equaled the taxable transitional assessed value (defined as: transitional AV minus transitional exempt value), the actual exempt value was reported. Beginning with the FY 2020 report, if the taxable actual AV and taxable transitional AV are equal, the transitional exempt AV is reported.

When a program provides an abatement of property taxes, this column is marked "N/A" and the value of the abatement can be found in the column marked "Tax Expenditures."

Tax Expenditures:

Exemptions: For exemption programs, expenditures were determined by applying the appropriate tax rates to the exempt values in each category. Exemption categories were analyzed to determine the amount of exemption attributable to each of the City's four tax classes.

Abatements: Abatement benefits are direct dollar offsets to property tax liability. They are often based upon factors that are unrelated to assessed values. For example, an abatement granted to a landlord under the SCRIE program is based upon the cumulative amount of rent increases not collected from eligible senior citizen renters living in the apartment building.

Residential/Commercial: The number of exemptions, exempt assessed value, and tax expenditure are further detailed between residential and commercial use. The residential category includes those properties designated as tax class one or two. The commercial category includes all others, including properties that combine residential and commercial use.

Gross Tax Expenditures: Gross tax expenditures are determined by applying the appropriate tax rates to the exempt values, using the same methodology that was applied for Tax Expenditures but not accounting for any offsetting revenues.

Payments in Lieu of Taxes (PILOTs): Although exempt from taxation, certain properties may be contractually obligated to make payments to the City. Additionally, certain housing programs require payment of taxes based on a shelter rent formula, defined as gross rent less utility costs. Though available by exemption, this information may not be currently available by property type.

Net Tax Expenditures: These values are determined by reducing the gross tax expenditures by applicable PILOTs. Tax abatements, which are credits used to reduce tax liability (rather than assessment reductions), are included in this column.

Real Property Tax

Table 1
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2025

Program	Number of Exemptions & Abatements	Exempt Assessed Value[1] ($ millions)	Tax Expenditure ($ millions)
HOUSING DEVELOPMENT	**92,430**	**21,739.5**	**2,738.6**
J-51 Exemption	18,226	1,540.3	192.7
Residential	18,222	1,539.8	192.7
Commercial	4	0.5	0.1
J-51 Abatement	18,957	N/A	40.5
Residential	18,953	N/A	40.5
Commercial	4	N/A	0.0
421-a, New Multiple Dwellings (Pre-2016)	49,837	11,160.1	1,392.7
10-year exemption	743	95.6	11.9
15-year exemption	27,852	3,423.7	429.3
20-year exemption	2,519	3,428.6	424.0
25-year exemption	18,723	4,212.2	527.5
Residential	39,493	10,570.5	1,330.3
Commercial	10,344	589.6	62.4
421-a, Affordable NY Housing Program (2016 & Later)	1,428	4,555.5	565.1
20-year exemption	94	224.4	28.0
35-year exemption	1,334	4,331.2	537.1
Residential	1,310	4,350.5	543.4
Commercial	118	205.1	21.7
HPD Division of Alternative Management (DAMP)	1,045	444.6	55.6
CRP Sec. 421-g Lower Manhattan Conversion Exemption[2]	0	0.0	0.0
CRP Sec. 421-g Lower Manhattan Conversion Abatement[2]	25	N/A	0.0
420-c, Low-income Housing[3]	2,555	4,039.0	479.4
Major Capital Improvement (MCI) Cost Abatement	357	N/A	12.5

(continued)

1. When the program provides an abatement rather than an exemption, this column is marked "N/A".
2. The Lower Manhattan Conversion program was enacted as part of the Commercial Revitalization Program.
3. The tax expenditure is net of PILOT payments of $20.4 million.

Table 1 *(continued)*
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2025

Program	Number of Exemptions & Abatements	Exempt Assessed Value ($ millions)	Tax Expenditure ($ millions)
INDIVIDUAL ASSISTANCE	**455,630**	**1,262.9**	**1,089.4**
Senior Citizen Homeowner Exemption (SCHE)	50,835	1,010.2	183.0
Disabled Homeowner Exemption (DHE)	2,632	46.3	8.5
Senior Citizen Rent Increase Exemption(SCRIE)[4]	54,943	N/A	139.0
Disabled Person Rent Increase Exemption (DRIE)[4]	10,575	N/A	30.5
Veterans Exemption	28,367	205.4	33.6
Physically Disabled Crime Victims Exemption	5	0.1	0.0
Class Two Coop/Condo Partial Tax Abatement	307,659	N/A	694.6
Clergy Exemption	614	0.9	0.2
ECONOMIC DEVELOPMENT	**8,475**	**3,511.4**	**998.4**
Industrial & Commercial Incentive Program	3,430	3,112.7	335.9
Industrial & Special Commercial	248	60.9	6.6
All Other Commercial Projects	3,182	3,051.8	329.4
Industrial & Commercial Abatement Program[5]	4,718	N/A	609.2
Other Commercial & Industrial Programs	327	398.6	53.3
Major League Sports Facilities	1	398.6	42.9
Commercial Expansion Program	222	N/A	8.3
CRP: Real Property Tax Abatement	104	N/A	2.1
OTHER	**22,140**	**313.1**	**73.2**
Cooper Union/Chrysler Building	4	306.0	28.3
"Green Roof" Abatement	1	N/A	0.0
Solar Electric Generating System Abatement	22,075	N/A	41.6
Solar, Wind or Farm Waste Energy System Exemption	13	7.2	2.3
Childcare Center Abatement	47	N/A	1.0
TOTAL: CITY PROGRAMS	**578,675**	**26,826.9**	**4,899.6**
Total Residential	81,960	20,944.4	2,654.4
Total Commercial/Industrial	18,945	4,306.5	1,082.6
Total Individual Assistance	455,630	1,262.9	1,089.4
Other	22,140	313.1	73.2

4. Data as of January 2025.
5. The 4,718 ICAP abatements represent 3,302 unique parcels.

Real Property Tax

Table 2
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2025

	CITYWIDE		MANHATTAN		THE BRONX	
Program	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)
HOUSING DEVELOPMENT PROGRAMS	**92,430**	**2,738.6**	**12,632**	**1,004.5**	**27,857**	**365.3**
J-51 Exemption	18,226	192.7	1,662	71.6	13,159	67.3
J-51 Abatement	18,957	40.5	2,266	6.5	11,332	12.6
421-a, New Multiple Dwellings (Pre-2016)	49,837	1,392.7	7,189	538.4	2,055	64.1
421-a, Affordable NY Housing Program (2016 & Later)	1,428	565.1	138	221.9	279	55.4
HPD Division of Alternative Management (DAMP)	1,045	55.6	577	40.6	218	6.0
CRP Sec. 421-g Lower Manhattan Conversion Exemption	0	0.0	0	0.0	0	0.0
CRP Sec. 421-g Lower Manhattan Conversion Abatement	25	0.0	25	0.0	0	0.0
420-c, Low-Income Housing	2,555	479.4	657	121.3	725	157.8
Major Capital Improvement (MCI) Cost Abatement	357	12.5	118	4.2	89	2.1
INDIVIDUAL ASSISTANCE PROGRAMS	**455,630**	**1,089.4**	**180,403**	**578.7**	**33,813**	**54.7**
Senior Citizen Homeowner Exemption (SCHE)	50,835	183.0	2,573	15.3	3,501	9.6
Disabled Homeowner Exemption (DHE)	2,632	8.5	110	0.5	268	0.7
Senior Citizen Rent Increase Exemption (SCRIE)	54,943	139.0	17,691	48.3	10,054	20.0
Disabled Person Rent Increase Exemption (DRIE)	10,575	30.5	3,208	9.3	2,466	6.2
Veterans Exemption	28,367	33.6	2,645	8.0	2,279	2.2
Physically Disabled Crime Victims Exemption	5	0.0	0	0.0	0	0.0
Co-op/Condo Abatement	307,659	694.6	154,170	497.2	15,209	16.0
Clergy Exemption	614	0.2	6	0.0	36	0.0
ECONOMIC DEVELOPMENT PROGRAMS	**8,475**	**998.4**	**580**	**279.6**	**922**	**116.2**
Industrial & Commercial Incentive Program	3,430	335.9	150	42.4	416	51.2
Industrial & Commercial Abatement Program	4,718	609.2	321	192.1	493	64.3
Major League Sports Facilities	1	42.9	1	42.9	0	0.0
Commercial Expansion Program	222	8.3	4	0.1	13	0.7
CRP: Real Property Tax Abatement	104	2.1	104	2.1	0	0.0
OTHER	**22,140**	**73.2**	**131**	**28.8**	**2,351**	**6.2**
Cooper Union/Chrysler Building	4	28.3	4	28.3	0	0.0
"Green Roof" Abatement	1	0.0	0	0.0	0	0.0
Solar Electric Generating System Abatement	22,075	41.6	123	0.5	2,342	5.7
Solar, Wind or Farm Waste Energy System Exemption	13	2.3	0	0.0	3	0.3
Childcare Center Abatement	47	1.0	4	0.1	6	0.1
TOTAL: CITY PROGRAMS	**578,675**	**4,899.6**	**193,746**	**1,891.6**	**64,943**	**542.3**

(continued)

Table 2 *(continued)*
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2025

	BROOKLYN		QUEENS		STATEN ISLAND	
Program	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)
HOUSING DEVELOPMENT PROGRAMS	**34,183**	**986.2**	**17,413**	**367.2**	**345**	**15.5**
J-51 Exemption	3,303	41.9	96	8.3	6	3.7
J-51 Abatement	3,409	13.1	1,775	7.4	175	0.9
421-a, New Multiple Dwellings (Pre-2016)	25,240	542.2	15,207	242.9	146	5.1
421-a, Affordable NY Housing Program (2016 & Later)	831	214.8	176	72.8	4	0.2
HPD Division of Alternative Management (DAMP)	244	9.0	6	0.0	0	0.0
CRP Sec. 421-g Lower Manhattan Conversion Exemption	0	0.0	0	0.0	0	0.0
CRP Sec. 421-g Lower Manhattan Conversion Abatement	0	0.0	0	0.0	0	0.0
420-c, Low-Income Housing	1,093	163.8	66	30.9	14	5.5
Major Capital Improvement (MCI) Cost Abatement	63	1.4	87	4.8	0	0.0
INDIVIDUAL ASSISTANCE PROGRAMS	**89,716**	**181.4**	**134,377**	**241.1**	**17,321**	**33.5**
Senior Citizen Homeowner Exemption (SCHE)	13,767	49.2	24,013	87.1	6,981	21.8
Disabled Homeowner Exemption (DHE)	606	2.1	1,088	3.4	560	1.8
Senior Citizen Rent Increase Exemption (SCRIE)	15,108	37.7	11,762	32.3	328	0.7
Disabled Person Rent Increase Exemption (DRIE)	3,083	8.7	1,750	6.1	68	0.2
Veterans Exemption	5,731	5.9	11,128	11.0	6,584	6.4
Physically Disabled Crime Victims Exemption	2	0.0	1	0.0	2	0.0
Co-op/Condo Abatement	51,136	77.7	84,386	101.1	2,758	2.6
Clergy Exemption	283	0.1	249	0.1	40	0.0
ECONOMIC DEVELOPMENT PROGRAMS	**3,624**	**290.4**	**3,003**	**276.8**	**346**	**35.4**
Industrial & Commercial Incentive Program	1,529	97.2	1,169	137.8	166	7.4
Industrial & Commercial Abatement Program	1,947	188.6	1,780	136.1	177	28.0
Major League Sports Facilities	0	0.0	0	0.0	0	0.0
Commercial Expansion Program	148	4.6	54	2.9	3	0.1
CRP: Real Property Tax Abatement	0	0.0	0	0.0	0	0.0
OTHER	**5,273**	**11.0**	**9,955**	**18.5**	**4,430**	**8.7**
Cooper Union/Chrysler Building	0	0.0	0	0.0	0	0.0
"Green Roof" Abatement	1	0.0	0	0.0	0	0.0
Solar Electric Generating System Abatement	5,245	9.7	9,941	17.6	4,424	8.2
Solar, Wind or Farm Waste Energy System Exemption	2	0.8	4	0.8	4	0.5
Childcare Center Abatement	25	0.5	10	0.2	2	0.1
TOTAL: CITY PROGRAMS	**132,796**	**1,469.0**	**164,748**	**903.6**	**22,442**	**93.1**

J-51 Program

Citation

NYS Real Property Tax Law, Section 489; NYC Administrative Code, Sections 11-243 and 11-243.2

Policy Objective

Encourage the rehabilitation of existing residential structures by providing tax exemptions and abatements.

Description

There are two versions of J-51. The prior version applies to projects completed on or before June 29, 2022, and is otherwise known as the Residential Alterations and Rehabilitation Program. The newer version, known as the Affordable Housing Rehabilitation Program, applies to projects completed after June 29, 2022 and before June 30, 2026.

Residential Alterations and Rehabilitation Program

J-51 benefits vary based on government involvement in the rehabilitation of the property, its location, and the extent and nature of the improvement. Government-assisted projects receive enriched benefits, including a tax exemption for 34 years (30 years at full exemption followed by a four-year period of declining exemption) on the increase in assessed value due to renovation or rehabilitation, and an abatement that may equal the actual claimed cost, applied at a rate of 12.5 percent annually, for up to 20 years. Rehabilitation of formerly City-owned buildings receiving substantial government assistance through a program for affordable housing may also receive a 34-year exemption and an abatement of up to 150 percent of the reasonable cost of rehabilitation. In 1993, these enriched exemption and abatement benefits were extended to conversions of class A multiple dwellings and rehabilitation of class A buildings that are not entirely vacant, pursuant to the above conditions.

Properties that undergo renovations that qualify as Major Capital Improvements, such as the replacement of heating, plumbing or roofing systems, installation of new windows, or exterior and parapet wall repointing, may receive an exemption for 14 years (10 years at full exemption followed by a four-year period of declining exemption). Existing taxes may be abated for up to 90 percent of the reasonable cost of rehabilitation, at a rate of 8⅓ percent per year, for as long as 20 years. Buildings in designated areas of Manhattan below 96th Street are eligible for abatement of taxes on the building assessment, not the land, up to $2,500 per unit. Moderate rehabilitation projects, where there is a significant improvement to at least one major building-wide system, receive a 34-year tax exemption and an abatement of no more than 20 years for up to 100 percent of the reasonable cost. A major requirement is that the property remains substantially occupied during the rehabilitation.

Rental units must remain under rent regulation during the benefit period. Benefits are also available to cooperatives, condominiums, and Mitchell-Lama housing, with some limitations.

A 2013 legislative enactment added restrictions on benefits for certain projects completed on or after December 31, 2011:

1. With some exceptions, J-51 benefits will not be allowed for alterations or improvements to cooperative or condominium buildings with an average unit assessed value of $30,000 or more unless the work was carried out with substantial governmental assistance. Under later legislation, the $30,000 ceiling was raised to $32,000 and indexed to inflation thereafter, with the new ceiling capped at $40,000.

2. No benefits will be granted for the conversion of a non-residential building into a Class A multiple dwelling unless the conversion was carried out with substantial governmental assistance.

In 2022, the City Council, acting on state legislative authorization, adopted a local law that extended the deadline for completing projects to qualify for J-51 benefits to June 29, 2022.

Affordable Housing Rehabilitation Program

In December 2024, the City Council, acting on state legislative authorization, reinstated the J-51 program (which had expired June 29, 2022) with modifications. The new version of J-51 provides tax abatements that offset renovation costs at the rate of 8⅓ percent per year for up to 20 years for renovations completed after June 29, 2022 and before June 30, 2026. The amount of the abatement ranges from $1,500 per dwelling unit in existence at the time of completion to as much as 70 percent of total renovation costs. Eligible buildings include cooperatives and condominiums with average assessed valuations under $45,000 per dwelling unit and rental buildings where more than half the units are affordable, are operated by limited-profit housing companies, or receive substantial governmental assistance. Application for benefits must be filed within four months of either the law's effective date (December 18, 2024) or a project's completion. The tax expenditure for J-51 in this report reflects abatements and exemptions granted under the rules that were in effect for renovation projects completed on or before June 29, 2022.

Under both versions of J-51, recipients of J-51 abatements or exemptions are ineligible for benefits under Sections 420-c, 421-a, and 421-g of the NYS Real Property Tax Law and may not participate in the Industrial and Commercial Abatement Program or the Industrial and Commercial Incentive Program. Moreover, recipients of J-51 exemptions are ineligible for the Class 2 Cooperative and Condominium Partial Tax Abatement under Section 467-a of the NYS Real Property Tax Law.

Distributional Information

The J-51 program provided 18,226 exemptions and 18,957 abatements to 290,688 units. The exempt assessed value of these properties was $1,540.3 million. This total exempt value was distributed according to property type as shown in the table below. Additional distributional information appears in Appendix III.

Real Property Tax

J-51 Benefits by Property Type

	Exemptions		Abatements	
Property Type	Units	Exempt Assessed Value	Units	Abatement
1-3 Family	0.2%	0.2%	0.1%	0.7%
Condos	17.8%	19.7%	5.4%	8.8%
Co-ops	7.8%	6.1%	49.7%	22.9%
Rentals	73.5%	73.2%	44.6%	66.7%
Mixed Use	0.7%	0.8%	0.1%	0.9%
	100.0%	100.0%	100.0%	100.0%

Tax Expenditure

$233.3 million; consists of $192.7 million in exemption-related and $40.5 million in abatement-related tax expenditures.

Section 421-a

Citation

NYS Real Property Tax Law, Section 421-a; NYC Administrative Code, Sections 11-245, 11-245.1, 11-245.1-a and 11-245.1-b

Policy Objective

Promote construction of multi-family residential buildings with at least three dwelling units by providing a declining exemption on the new value created by the improvement.

Description

New Multiple Dwellings

The Section 421-a Program is used to promote multi-family residential construction by providing a declining exemption on the new value created by the improvement. The program has been amended since its initial enactment in the early 1970's to expand benefits based on location and other qualifying conditions, which include: (a) substantial government assistance; (b) at least 20 percent of the units must be reserved for low- and moderate-income occupants; or (c) participation in the lower-income housing production program. All projects are eligible for exemption during the construction period but not exceeding three years.

Depending on the area of the City in which the project is located, the date construction commenced and other factors, the project may qualify for a 10-year, 15-year, 20-year, or 25-year exemption following the construction period exemption. Each exemption begins with a period of full exemption on the assessed value of the new construction followed by a period during which the exemption is phased out. Through local legislative action, the City may limit benefits in certain situations.

In 2013, special legislation was enacted to allow 421-a benefits for projects constructed on specifically designated blocks and lots in high density districts of Manhattan where benefits were formerly not permitted, provided the developers meet certain requirements regarding the availability of affordable housing and comply with other statutory conditions. The parcels in question are lots 13 and 14 of block 51, lots 17, 18 and 21 of block 90, lots 7, 8, 10, 11, 57 and 111 of block 1010, lots 33, 34 and 35 of block 1259, and lot 10 of block 123.

In 2014, special legislation was enacted to allow 421-a benefits for a project in the Bronx consisting of unsubsidized dwellings with fewer than four units, provided certain conditions are met. (Generally, multiple dwellings with fewer than four units are eligible for benefits only if they are receiving governmental subsidies for the development of affordable housing.) The project is located on lots 1667 through 1708 and 1801 through 1964 of block 3432.

Prior to 2015, otherwise eligible projects could qualify for 421-a benefits if construction commenced before June 15, 2015. Under legislation enacted in 2015, the existing 421-a program was extended to cover any project on which construction commences not later than December

31, 2015, and completed on or before December 31, 2019. The owners of certain projects that are currently receiving 421-a benefits are given the option of extending the exemption for 10 or 15 years in return for agreeing to preserve existing affordable units and provide additional affordable units during the extended period.

The 2015 legislation also established a new 421-a exemption program for projects on which construction commenced after December 31, 2015. However, because certain statutory preconditions were not met, that program did not take effect.

Affordable New York Housing Program

In 2017, the name of the Section 421-a program was legislatively changed from New Multiple Dwellings to the Affordable New York Housing Program, and a revised exemption program was enacted for projects that commence construction between January 1, 2016, and June 15, 2022.

The new program provides tax exemptions for 35 years to rental projects that include specified numbers of affordable housing units and satisfy other requirements, including, in certain cases, the payment of specified minimum wages to construction workers. Rental projects that qualify for an "enhanced" 35-year benefit receive a 100 percent tax exemption for 35 years following completion of construction. Projects that don't qualify for the enhanced 35-year benefit receive a 100 percent benefit for 25 years following construction and an exemption equal to the percentage of affordable units during the final 10 years. (In addition, qualifying rental projects receive a 100 percent exemption during a construction period of up to 3 years.) Qualifying cooperative and condominium projects, which must be located outside of Manhattan and have no more than 35 units — referred to as homeownership projects — are eligible for a 100 percent exemption during a construction period of up to 3 years and for the following 14 post-construction years, and a 25 percent exemption during the next 6 years. The homeownership exemption only applies, however, to the first $65,000 of assessed value per unit. For additional information, please refer to https://www1.nyc.gov/site/hpd/services-and-information/tax-incentives-421-a.page

Amendments to Section 421-a enacted in 2024 require construction to be completed by June 15, 2026 if at least 30 percent of the units are affordable to households with income up to 130 percent of the area median income or if the project is a homeownership project. Other projects are required to complete construction by June 15, 2031. The 2024 amendments also require the NYC Department of Housing Preservation and Development, which administers the program, to create a program to annually audit and review eligible properties that have received 421-a benefits since January 1, 2014 to confirm that owners of eligible properties are complying with the rent registration, affordability, and rent stabilization requirements. No more than 25 percent of eligible properties shall be subject to an audit each year.

Recipients of benefits under the 421-a program are ineligible for benefits from any other tax expenditure program that applies to the NYC Real Property Tax.

Distributional Information

In FY 2025, the City provided 40,803 residential exemptions under Section 421-a. Rental buildings received a large percentage of these exemptions. Overall, there were 215,747 units receiving tax benefits with an exempt value of $15,715.6 million. This total exempt value was distributed according to property type as shown in the table below. Additional distributional information appears in Appendix III.

421-a Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	1.8%	0.6%
Condos	16.0%	18.1%
Co-ops	1.7%	1.6%
Rentals	73.7%	74.3%
Mixed Use	6.9%	5.4%
Total	100.0%	100.0%

Tax Expenditure

New Multiple Dwellings (for construction that began before 2016): $1,392.7 million

Affordable New York Housing Program (for construction that began in 2016 and later): $565.1 million

Total: $1,957.9 million

Section 485-x (Affordable Neighborhoods for New Yorkers (ANNY))

Citation

NYS Real Property Tax Law, Section 485-x.

Policy Objective

To incentivize the construction of affordable housing statewide but especially in New York City.

Description

The Section 485-x Affordable Neighborhoods for New Yorkers program, enacted by the State Legislature in 2024, exempts eligible properties from the NYC Real Property Tax for up to 40 years in exchange for creation of permanent affordable housing. The exemption period and rate depend on project size, location, and the proportion of units designated as affordable housing. The table on the next page summarizes available benefits by type of project as defined in the statute.

Construction must start after June 15, 2022 and on or before June 15, 2034, and be completed on or before June 15, 2038. The project must be either new construction or enlargement of an existing building, provided that the floor area of the existing building is 49 percent or less of the floor area of the expanded building. Affordability Option A projects of 150 units or more located in Zone A (see table footnote 3 above for list of neighborhoods) are required to be completed within 5 years of commencement; other Affordability Option A projects, as well as all Option B, C, and D projects, must be completed within 3 years. Applications for benefits are required to be filed within one year after construction ends.

Moreover, projects of 100 units or more (all Affordability Option A projects and some Affordability Option D projects) are subject to certain construction minimum wage requirements unless workers are covered by a Project Labor Agreement or collective bargaining agreement. All projects, regardless of size, must pay building service employees at least the prevailing wage as determined by the NYC Comptroller during the post-construction ANNY benefit period. Projects are required to make reasonable efforts to hire minority- and women-owned business enterprises (M/WBE) to work on the initial design and construction phase of the project.

Projects that receive 421-a benefits are ineligible for ANNY benefits.

ANNY is administered by the NYC Department of Housing Preservation and Development.

SECTION 485-x / AFFORDABLE NEIGHBORHOODS FOR NEW YORKERS BENEFITS BY PROJECT TYPE					
Affordability Option	Project Size	Type of Housing	Location	Affordability (1)	Exemption (2)
A (Large and Very Large Projects)	100 – 149 Units	Rental	Anywhere	25% of Units 80% of AMI	35 Years @100%
	150 Units or More	Rental	Zones A & B (3)	25% of Units 60% of AMI	40 Years @100%
			Outside Zones A & B (3)	25% of Units 60% of AMI	35 Years @100%
B (Modest Projects)	6 - 99 Units	Rental	Anywhere	20% of Units 80% of AMI	25 Years @ 100% 10 Years Equal to % of Affordable Units
C (Small Projects)	6 - 10 Units (4)	Rental	Outside Manhattan	At Least 50% of Units Rent Stabilized	10 Years @100%
D (Homeownership)	6 Units or More	Coop and Condo (5)	Outside Manhattan	-	14 Years @100% 6 Years @25%

1. This column shows the percentage of units that must be set aside as affordable housing and the average tenant household income. Households are eligible for affordable housing units if their annual income is equal to or less than the stated percentage of area median income (AMI), however, in Affordability Option A and B projects, the developer may establish up to 3 income bands, none to exceed 100 percent of AMI, such that household incomes in all bands, when averaged together, equal 60 percent of AMI for developments of 150 units or more or 80 percent of AMI for developments under 150 units.
2. All projects are 100 percent exempt during the "construction period" as defined in NYS RPTL §485-x. The duration of the exemption shown in this column refers to the "post-construction period."
3. Zones A and B are high-density areas in the city. Zone A consists of Manhattan south of 96th Street; Neighborhood Tabulation Areas (NTA) Brooklyn 0101 (Greenpoint), 0102 (Williamsburg), 0103 (South Williamsburg), and 0104 (East Williamsburg); and Queens 0201 (Long Island City and Hunters' Point). Zone B consists of NTA Brooklyn 0201 (Brooklyn Heights), 0202 (Downtown Brooklyn, DUMBO, and Boerum Hill), 0203 (Fort Greene), 0204 (Clinton Hill), 0601 (Carroll Gardens, Cobble Hill, Gowanus, and Red Hook), 0602 (Park Slope), and 0801 (Prospect Heights); and Queens 0102 (Old Astoria, Hallets Point) and 0105 (Queensbridge, Ravenswood, and Dutch Kills). Neighborhood Tabulation Areas are designated by the NYC Department of City Planning based on U.S. census data and revised periodically. The §485-x statute refers to the 2020 iteration.

4 Additionally, the zoning lot must permit no more than 12,500 square feet of residential floor area.

5. All units must have an average assessed value per square foot of $89 or less on the first assessment after completion and owners must occupy the units as their primary residence for at least 5 years after acquiring the unit.

Tax Expenditure

None. This is a new program.

Section 467-m (Affordable Housing from Commercial Conversions (AHCC))

Citation

NYS Real Property Tax Law, Section 467-m.

Policy Objective

To incentivize the conversion of unused or underutilized commercial properties into affordable housing.

Description

The Section 467-m Affordable Housing from Commercial Conversions program, enacted by the State Legislature in 2024, partially exempts commercial buildings, other than hotels, that have been converted to residential use and include affordable units. Conversions must begin after December 31, 2022 and on or before June 30, 2031, and end on or before December 31, 2039.

The exemption equals 100 percent of the Real Property Tax during construction, limited to a maximum of 3 years, then continues at a declining rate for another 25 to 35 years depending on the date construction begins and the location of the property. The exemption does not apply to areas of the property used for commercial, accessory, or community purposes that exceed 12 percent of the total area.

Date Construction Begins	Location	Exemption
On or Before June 30, 2026	Manhattan South of 96th St.	Years 1-30: 90%; For Years 31-35, Exemption Declines Every Year by 10 Percentage Points.
	All Other Areas	Years 1-30: 65%; Year 31: 50%; For Years 32-35, Exemption Declines Every Year by 10 Percentage Points
On or Before June 30, 2028	Manhattan South of 96th St.	Years 1-25: 90%; For Years 26-30, Exemption Declines Every Year by 10 Percentage Points
	All Other Areas	Years 1-25: 65%; Year 26: 50%; For Years 27-30, Exemption Declines Every Year by 10 Percentage Points
On or Before June 30, 2031	Manhattan South of 96th St.	Years 1-20: 90%; Years 21-25: Exemption Declines Every Year by 10 Percentage Points
	All Other Areas	Years 1-20: 65%; Year 21: 50%; Years 22-25: Exemption declines Every Year by 10 Percentage Points

A minimum of 25 percent of the units in the conversion project must be affordable. Developers may establish income bands, none to exceed 100 percent of the area median income (AMI), such that the average household income of all bands combined equal 80 percent or less of AMI. At least 5 percent of the affordable units must be affordable to households whose income is 40 percent of AMI or less. The affordable units must remain affordable and rent-stabilized in perpetuity. Beneficiaries who fail to comply with affordability requirements may incur penalties of up to 1000 percent of the initial benefit amount. Moreover, projects must meet certain prevailing wage requirements during the benefit period.

Tax Expenditure

None. This is a new program.

Division of Alternative Management Programs (DAMP), Department of Housing Preservation and Development

Citation

NYS Private Housing Finance Law, Section 577

Policy Objective

Return City-owned residential properties to private ownership.

Description

The Division of Alternative Management Programs of the NYC Department of Housing Preservation and Development operates several programs that select alternative managers for residential properties foreclosed by the City for nonpayment of taxes, with the goal of returning these properties to the tax roll. These programs are known as the Community Management Program (CMP), the Tenant Interim Lease Program (TILP), the Private Ownership and Management Program (POMP), and the Urban Homesteading Program. These programs differ in the kind of alternative manager they select. The properties are primarily cooperatives owned by Housing Development Fund Companies (HDFC). For additional information on HDFC-related exemptions, please see the HDFC and Special Incentive Programs page later in the report.

The CMP selects not-for-profit community housing organizations to manage and upgrade occupied City-owned residential buildings in their neighborhoods. The goal of the program is to sell a building to its tenants as a low-income cooperative for $250 per unit.

The TILP helps organized tenant associations develop occupied City-owned buildings into economically self-sufficient, low-income tenant-owned cooperatives. The program provides training to members of tenant associations, and the rental income is used to cover operating expenses, repairs, and management fees.

The POMP provides private real estate firms with an opportunity to manage, repair and eventually purchase occupied City-owned buildings. Firms that pass an initial screening enter into a contract with DAMP, which allocates community development funds and capital budget funds to cover major repairs and the difference between operating costs and rent collections for the first six months. After a year of successful management under City supervision, the building may be sold to the private firm.

Under the Urban Homesteading Program, organized low- and moderate-income families with construction skills can rehabilitate and purchase vacant buildings as low-income cooperatives. Participants receive financial and technical assistance from the City.

Properties sold through DAMP receive certain Real Property Tax breaks on the residential portion of the property for a forty-year period. For properties in the program in FY 1990, the taxable assessed value of the residential portion is equal to $3,500 per dwelling unit. For properties that have entered the program since FY 1990, the taxable assessed value per unit is subject to the terms of the applicable City Council resolution. Commencing July 1, 1990, and applicable to all properties in the program, the taxable assessed value per dwelling unit is subject to limited increases of 6 percent annually and 20 percent over any five-year period. Any assessed value in excess of these amounts is fully exempt.

Recipients of benefits through DAMP are ineligible for benefits under Sections 420-c, 421-a, 421-g, 460 (Clergy Exemption), and 467-a (Class 2 Cooperative/Condominium Partial Tax Abatement) of the NYS Real Property Tax Law and may not participate in the Industrial and Commercial Abatement Program, the Industrial and Commercial Incentive Program, and Urban Development Action Area Projects.

Distributional Information

In FY 2025, there were 1,045 DAMP exemptions on properties containing 21,173 units. The total exempt assessed value was $444.6 million. These benefits were distributed by property type as shown in the table below. More distributional information appears in Appendix III.

DAMP Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	0.0%	0.0%
Condos	0.0%	0.0%
Co-ops	80.8%	82.9%
Rentals	19.1%	16.9%
Mixed Use	0.1%	0.2%
Total	100.0%	100.0%

Tax Expenditure

$55.6 million

Commercial Revitalization Program (CRP)

Citation

NYS Real Property Tax Law, Sections 499a through 499h, and 421-g

Policy Objective

To spur economic activity by encouraging more productive use of older non-residential and mixed-use buildings in Lower Manhattan.

Description

Enacted by the State Legislature in 1995 at the City's request, the Commercial Revitalization Program (CRP) provides Real Property Tax abatements and exemptions, Commercial Rent Tax (CRT) special reductions, and energy subsidies to certain properties in Lower Manhattan. CRT and energy components of the program are discussed on page 120 of this report.

Real Property Tax Abatement

The Real Property Tax abatement is granted under Sections 499a – 499h of the NYS Real Property Tax Law for space that has been leased (new, renewal, or expansion lease) for office or retail purposes. For leases with a term of five years or more, the abatement lasts five years. In years one, two and three, the abatement is equal to the tax liability per square foot, not to exceed $2.50 per square foot, for all leases commencing on or after April 1, 1997. The abatement for years four and five is equal to two-thirds and one-third, respectively, of the abatement initially granted. The program also provides a more limited abatement for leases with a minimum term of three years but less than five years. The abatement in the initial year equals the tax liability per square foot, but not exceeding $2.50 per square foot. In years two and three, the abatement is equal to two-thirds and one-third, respectively, of the abatement in the initial year. The minimum three-year lease term is an option available only to tenants who employ no more than 125 people at the eligible premises. Tenants employing more than 125 people must sign leases with a minimum term of 10 years.

The program has other eligibility requirements:

- The space leased must be in a non-residential or mixed-use building constructed prior to 1975 and located in the statutorily designated Abatement Zone.
- There are mandatory minimum required expenditures for tenant improvements and/or common areas.
- Pursuant to an amendment enacted in 2023, the lease must be signed within the eligibility period that will end March 31, 2028. Additionally, the benefit period cannot extend beyond March 31, 2034.

In 2006, the program was extended to private elementary or secondary school premises.

Section 421-g Lower Manhattan Conversion of Non-Residential Buildings to Residential Use

Enacted through Section 421-g of the NYS Real Property Tax Law, this program provides a Real Property Tax exemption on the increase in assessed value due to conversion of non-residential buildings to residential use and an abatement of existing property taxes. To qualify for tax benefits, the building must be in the statutorily defined Lower Manhattan Abatement Zone and a permit for conversion must be issued between July 1, 1995, and June 30, 2006. If, after conversion, more than 12 percent of the building's aggregate floor area consists of commercial, community facility and accessory use space, the exemption and abatement will be reduced by the difference between the percentage of space so used and 12 percent. If more than 25 percent of the aggregate floor space is used for commercial, community facility or accessory use, the exemption and abatement will be revoked. For the purpose of this statute, "accessory use space" will be deemed not to include home occupation or accessory parking space located not more than 23 feet above the curb level. Notwithstanding any other provision of State or local law relating to rent stabilization, the rents of dwelling units in an eligible building are subject to control while the building is receiving a tax exemption and/or abatement.

The program provides a tax exemption for 12 years, including the first eight years at 100 percent. In the remaining four years, the exemption percentage declines at a rate of 20 percentage points each year. The tax abatement is granted for 14 years. In the first ten years the abatement is equal to the property's taxes in its first year of participation in the program. In years 11 through 14 of the abatement period, the abatement percentage is reduced by 20 percentage points each year. If the property has been designated as a landmark prior to completion of conversion, the exemption and abatement periods are extended to 13 years and 15 years, respectively. The 100 percent exemption period is extended to nine years and the full abatement period is extended to 11 years.

Participants are ineligible for benefits from any other tax expenditure program that applies to the NYC Real Property Tax.

Tax Expenditure

Real Property Tax Abatement: $2.1 million

Section 421-g Lower Manhattan Conversion of Non-Residential Buildings to Residential Use: Less than $100,000 abatement-related; there were no exemption-related benefits.

Section 420-c (Low-Income Housing Exemption)

Citation

NYS Real Property Tax Law, Section 420-c

Policy Objective

Assist nonprofit organizations in providing affordable housing for low-income tenants.

Description

Enacted in 1993, the Section 420-c program provides a 100 percent exemption from Real Property Taxes for qualifying low-income housing located in New York City. Under 2004 legislation, and applicable to exemption applications approved on or after September 28, 2004, the exemption generally applies to property owned by an entity wholly controlled by a charitable or social welfare organization recognized as exempt under the U.S. Internal Revenue Code, where the property provides housing accommodations to persons and families of low income, participates in or has participated in the federal low-income housing tax credit program, and is subject to a regulatory agreement with the NYC Department of Housing Preservation and Development. The exemption terminates upon the expiration or termination of the regulatory agreement. Applications approved prior to September 28, 2004, were subject to different ownership and certain other requirements.

Recipients of benefits under the 420-c program are ineligible for benefits from any other tax expenditure program related to the NYC Real Property Tax.

Distributional Information

In FY 2025, there were 2,555 Section 420-c exemptions on properties containing 96,662 units. The total exempt assessed value was $4,039.0 million. Rentals accounted for 95 percent of all units and most of the other units were devoted to uses such as adult care facilities and homes for the indigent. Appendix III has additional distributional information.

420-c Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	0.1%	0.1%
Co-ops	1.3%	1.1%
Rentals	94.9%	90.9%
Mixed Use	3.7%	7.9%
Total	100.0%	100.0%

Tax Expenditure (net after PILOTs)

$479.4 million

Major Capital Improvement (MCI) Cost Abatement

Citation

Chapter 20 (Part A, § 65), NYS Laws of 2015

Policy Objective

Help compensate landlords of rent-regulated buildings for economic losses resulting from the lengthening of the period for amortizing major capital improvement costs.

Description

In connection with various amendments in 2015 to the City's rent control and rent stabilization laws, the period during which a landlord can amortize or recoup the cost of building-wide major capital improvements (MCIs) through increased apartment rents has been increased from seven years to eight years in the case of a building with no more than 35 units or nine years in the case of a building with more than 35 units. Landlords affected by this change are eligible to receive a Real Property Tax abatement equal to 50 percent of the economic loss attributable to the extended amortization period. Such economic loss is determined by multiplying the total approved cost of the major capital improvement by a fraction whose numerator is the increase, measured in months, in the amortization period (12 or 24 months) and whose denominator is the total number of months in the new amortization period (96 or 108 months). The abatement applies only during the City fiscal year following the approval of an application for abatement by the NYC Department of Finance, and no part of the abatement can be carried over to any subsequent fiscal year.

The legislation is effective June 2015.

Tax Expenditure

$12.5 million

Rehabilitation of Single-Room Occupancy Housing

Citation

NYS Real Property Tax Law, Section 488-a; NYC Administrative Code, Section 11-244

Policy Objective

Encourage the rehabilitation of existing single-room occupancy housing units.

Description

Dating back to 1980, this program is designed to encourage the rehabilitation of multiple dwellings used for single-room occupancy by providing tax exemption and abatement for eligible improvements to a qualifying building. Eligible improvements include the upgrading or replacement of heating systems, electrical systems, elevators, plumbing, sprinklers, fire escapes and roofing, and other work necessary to meet code requirements. Qualifying buildings can receive tax exemption for 32 years on any increase in assessed value that results from eligible improvements, and an annual tax abatement, for up to 20 years, equal to 12½ percent of the reasonable cost of eligible improvements as certified by the Department of Housing Preservation and Development. The annual abatement cannot exceed the taxes otherwise payable for the year, and the total abatement cannot exceed the lesser of (a) 150 percent of the certified reasonable cost or (b) the actual cost of the eligible improvements.

This program has been extended periodically, most recently to eligible improvements commenced before December 31, 2019, and completed within 36 months of commencement.

Tax Expenditure

None

Senior Citizen Homeowner Exemption (SCHE)

Citation

NYS Real Property Tax Law, Section 467; NYC Administrative Code, Section 11-245.3

Policy Objective

To provide Real Property Tax relief to elderly homeowners with limited incomes.

Description

This program provides a partial exemption of the assessed value of the legal residence occupied in whole or in part by the owner(s) of the property. To qualify for the benefit, the following conditions must be met: (a) all owners must be at least 65 years of age, except that if the property is owned by a married couple or siblings, only one of them must meet the age criterion; (b) combined household income may not exceed specified limits detailed below; and (c) the owner must have held title to the property for a minimum of 12 consecutive months, although exceptions may apply when a qualifying property is sold and a new one purchased. There are two instances in which a property will qualify for SCHE although the qualifying senior citizen does not hold title to the property: (1) the property is held in trust for the benefit of a person or persons who meet the income and age requirements; or (2) the person or persons hold a legal life estate in the property.

Eligible tenant-shareholders of cooperative apartments can also claim SCHE benefits. For purposes of this program, the co-op tenant-shareholder is deemed to own that portion of the property represented by his or her proportionate share of the outstanding stock of the corporation. A co-op tenant-shareholder who resides in a dwelling subject to Article II, IV, V, or XI of the Private Housing Finance Law may be eligible for an exemption under the SCHE program if he or she is not eligible for a rent increase exemption pursuant to the Senior Citizen Rent Increase Exemption program. The reduction in taxes realized by the cooperative housing corporation must be credited against the amount of taxes payable by the eligible shareholder.

The SCHE exemption applies only to the portion of the property used for residential purposes.

The income eligibility ceiling has been raised periodically since the program's inception. Beginning in FY 2018, a 50-percent exemption is available for homeowners with incomes no greater than $50,000. For homeowners with incomes between $50,001 and $52,999, the tax exemption is reduced by five percentage points for each $1,000 increment in income above $50,000. For those with incomes between $53,000 and $58,399, the exemption percentage declines by five percentage points for each $900 increment in income above $52,999.

Legislation enacted in July 2023, and effective immediately, simplified the definition of income for purposes of determining eligibility and the level of benefit for new applicants. The new income definition conforms to the NYS School Tax Relief (STAR) program and is computed as the federal adjusted gross income minus the taxable portion of IRA distributions or distributions from an individual retirement annuity. To prevent current SCHE recipients from suffering any loss of benefits from the change to how income is computed, the law allows SCHE recipients who had received the exemption for a tax year ending on or before June 30, 2024, to use the prior definition of income in effect for the SCHE program before this year if they would receive a greater exemption under that definition for any tax year ending on or after June 30, 2025.

SCHE beneficiaries are ineligible for the Disabled Homeowner Exemption and benefits under Sections 420-c, 421-a, and 421-g of the NYS Real Property Tax Law.

The Senior Citizen Homeowner Exemption does not include a sunset provision.

Distributional Information

In FY 2025, there were 50,835 exemptions with an exempt assessed value of $1,010.2 million. The following table provides a distribution of households by income range. Additional distributional information appears in Appendix III.

Percentage Exemption	Income Range	Number of Exemptions	Percent of Total Exemptions	Exempt Assessed Value ($ millions)
50%	$0 - $50,000	46,978	92.4	963.9
45%	$50,001 - $50,999	512	1.0	9.7
40%	$51,000 - $51,999	517	1.0	8.5
35%	$52,000 - $52,999	467	0.9	7.0
30%	$53,000 - $53,899	408	0.8	5.5
25%	$53,900 - $54,799	434	0.9	5.2
20%	$54,800 - $55,699	410	0.8	3.8
15%	$55,700 - $56,599	361	0.7	2.7
10%	$56,600 - $57,499	370	0.7	2.3
5%	$57,500 - $58,399	378	0.7	1.7
	TOTAL	50,835	100.0	1,010.2

Senior Citizen Homeowner Exemption

Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	78.8%	73.8%
Condos	4.9%	8.2%
Co-ops	14.9%	16.8%
Rentals	1.0%	0.8%
Mixed Use	0.5%	0.4%
Total	100.0%	100.0%

Tax Expenditure

$183.0 million

Disabled Homeowner Exemption (DHE)

Citation

NYS Real Property Tax Law, Section 459-c; NYC Administrative Code, Section 11-245.4

Policy Objective

To provide Real Property Tax relief to disabled homeowners with limited incomes.

Description

This program provides a partial Real Property Tax exemption for disabled homeowners whose household incomes do not exceed specified levels. A 50-percent exemption is available where income does not exceed a base amount. A declining exemption, ranging from 45 percent to 5 percent, is available where income exceeds that amount. The income ceilings have been raised periodically. Beginning in FY 2018, the income ceiling for the 50-percent exemption is $50,000. For purposes of the declining exemption schedule, the income ceiling to qualify for the minimum 5 percent exemption is $58,399 as of July 1, 2017.

For purposes of the exemption, a person is considered disabled if he or she has a physical or mental impairment which substantially limits such person's ability to engage in one or more major life activities. Major life activities include caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working. The person must: (a) be certified to receive social security disability insurance or supplemental security income benefits; (b) be certified to receive Railroad Retirement Disability benefits; (c) have received a certificate from the State Commission for the Blind and Visually Handicapped stating that such person is legally blind; or (d) be certified to receive a United States Postal Service or Department of Veterans Affairs disability pension.

The property must be used exclusively for residential purposes or only that portion used for residential purposes shall be entitled to exemption. The property must also be the legal residence of and occupied by the eligible disabled person. An exception is permitted where the disabled person is absent while receiving health-related care as an inpatient of a residential health care facility. The exemption is available to eligible owners of cooperative apartments.

Legislation enacted in July 2023, and effective immediately, simplified the definition of income for purposes of determining eligibility and the level of benefit for new applicants. The new income definition conforms to the NYS School Tax Relief (STAR) program and is computed as the federal adjusted gross income minus the taxable portion of IRA distributions or distributions from an individual retirement annuity. To prevent current DHE recipients from suffering any loss of benefits from the change to how income is computed, the law allows DHE recipients who had received the exemption for a tax year ending on or before June 30, 2024, to use the prior definition of income in effect for the DHE program before this year if they would receive a greater exemption under that definition for any tax year ending on or after June 30, 2025.

Under legislation enacted in July 2024, eligibility for DHE was expanded to include people with disabilities whose primary residence is in a special needs trust. Also eligible for the exemption is a property owner who has a disabled tenant with a lease that provides the tenant with a life interest in the property, provided that the tenant remains in residence. In such cases, the exemption can be claimed by either the tenant or the property owner.

DHE beneficiaries are ineligible for the Senior Citizen Homeowner Exemption and benefits under Sections 420-c, 421-a, 421-b, and 421-g of the NYS Real Property Tax Law. Moreover, residents of properties subject to Article II, IV, V, or XI of the NYS Private Housing Finance Law, that is, limited-profit housing companies, limited-dividend housing companies, redevelopment companies, and housing development fund companies, are in most cases ineligible for DHE benefits.

Tax Expenditure

$8.5 million

Senior Citizen Rent Increase Exemption (SCRIE) and Disabled Person Rent Increase Exemption (DRIE)

Citation

NYS Real Property Tax Law, Sections 467-b and 467-c; NYC Administrative Code, Sections 26-405, 26-406, 26-509, 26-601 through 26-617

Policy Objective

To eliminate rent increases for elderly and disabled tenants with limited incomes who meet certain income guidelines.

Description

The Senior Citizen Rent Increase Exemption program (SCRIE) exempts an eligible renter from increases in rent above one-third of total household income. In return, the landlord receives a Real Property Tax abatement equal to the amount of rent forgiven. If the total value of the rent increase credit applicable to a property exceeds the taxes outstanding, the excess credit is rolled into the next period or a Real Property Tax refund is granted.

Tenants may be eligible for the SCRIE program if they are at least 62 years old and have a total household income that does not exceed $29,000 (but see below). The definition of "income" excludes payments made to individuals because of their status as victims of Nazi persecution as defined in P.L. 103-286, as well as certain other exclusions as provided by law. However, there have been changes to the income definitions based on new legislation in 2023 (see below). Once tenants qualify for the program, increases in their Social Security income are excluded from the determination of total household income. Furthermore, the tenant must reside in a rent-controlled, rent-stabilized, or rent-regulated (such as Mitchell-Lama housing) unit, or, under legislation enacted in 2023 and effective retroactively to December 15, 2022, in a building with a Battery Park City Authority land lease or in a former Mitchell-Lama building that privatized and left the program.

Legislation enacted in 2005 extended the SCRIE program to tenants, regardless of age, who qualify as "persons with disabilities." This program is known as the Disability Rent Increase Exemption program (DRIE). To qualify as a disabled person, an individual must be receiving social security disability insurance (SSDI) or supplemental security income (SSI) benefits under federal law (or currently receiving medical assistance benefits based on prior eligibility for SSDI or SSI) or receiving a veterans disability pension or disability compensation benefits. Under 2016 legislation, a person can also qualify as disabled if he or she receives a disability pension or disability compensation benefits provided by the U.S. Postal Service. To be eligible for the DRIE benefit, the combined income of all members of the disabled person's household cannot exceed the maximum income above which he or she would not be eligible to receive cash supplemental security income under federal law (but see below).

Under legislation enacted in 2014, the SCRIE and DRIE household income eligibility limit was increased to $50,000 for FY 2015 through FY 2022. Chapter 292 of the Laws of 2022 extended the higher ceiling through June 30, 2024, and Chapter 144 of the Laws of 2024 extended it for two additional years, to June 30, 2026. If this ceiling is not extended by legislation, the pre-FY 2015 ceiling will apply beginning July 1, 2026.

Legislation enacted in July 2023, and effective immediately, simplified the definition of income for purposes of determining eligibility and the level of benefit for new applicants. The new income definition conforms to the NYS School Tax Relief (STAR) program and is computed as the federal adjusted gross income minus the taxable portion of IRA distributions or distributions from an individual retirement annuity. To prevent current SCRIE/DRIE recipients from suffering any loss of benefits from the change to how income is computed, the law allows SCRIE/DRIE recipients who had received the exemption for a tax year ending on or before June 30, 2024, to use either the prior definition of income or the current definition of income for purposes of establishing benefit eligibility.

Tax Expenditure

SCRIE: $139.0 million
DRIE: $30.5 million

Veterans Exemption

Citation

NYS Real Property Tax Law, Sections 458 and 458-a; NYC Administrative Code, Sections 11-245.45, 11-245.5, 11-245.6 and 11-245.7

Policy Objective

Provide property tax relief to qualified veterans in recognition of their service to the country and community.

Description

Partial tax exemptions are granted under two sections of the NYS Real Property Tax Law. The original program, under Section 458, granted tax exemptions to veterans who had purchased real property using a bonus, pension, or insurance, or compensation received as a prisoner of war. The exemption granted is equal to the amount of eligible funds, not to exceed $5,000, or effective July 1, 2015, $7,500. Prior to January 1, 2018, the exemption does not apply to the portion of the Real Property Tax levied for school purposes. Beginning January 1, 2018, the exemption is applicable to the full tax rate, including the school portion of the levy. A total exemption of up to $10,000 is provided, for both school and non-school tax purposes, for suitable handicapped-designed housing made necessary as the result of a war-related disability.

A veteran who sells a property that has been granted a Section 458 veteran exemption and purchases a new property any time thereafter may be granted a Section 458 exemption for the new property, provided such property qualifies for this exemption. The statute requires that the money received from the sale of the first property equals or exceeds the amount of eligible funds used for its purchase and that such funds be subsequently used to purchase the second property.

New veterans exemptions are granted under Section 458-a, based upon service rendered. An exemption equal to 15 percent of the property's assessed value is granted to eligible veterans who served during a specified period of war; an additional 10 percent exemption is available to eligible veterans who served in a combat zone; and an additional exemption may be granted to eligible disabled veterans equal to the product of 50 percent of the veteran's disability rating. However, these exemptions are subject to dollar limitations, which were adjusted in 2017 pursuant to local law and became effective with the assessment roll for FY 2018, as follows: (a) the period of war exemption may not exceed $48,000, or $48,000 multiplied by the latest class ratio, whichever is less; (b) the combat zone exemption may not exceed $32,000, or $32,000 multiplied by the latest class ratio, whichever is less; and (c) the disability exemption may not exceed $160,000, or $160,000 multiplied by the latest class ratio, whichever is less. Prior to FY 2018, the exemption does not apply to the portion of the Real Property Tax levied for school purposes (see table below). Beginning with FY 2018, the exemption is applicable to the full tax rate, including the school portion of the levy. A total exemption of up to $10,000 is provided, for both school and non-school tax purposes, for suitable handicapped-designed housing made necessary as the result of a war-related disability.

Maximum Assessed Value Caps for New Veterans Exemptions by Tax Class and Service Rendered

	Wartime Veterans		Combat Veterans		Disabled Veterans	
Tax Class	Prior to FY 2018	Beginning FY 2018	Prior to FY 2018	Beginning FY 2018	Prior to FY 2018	Beginning FY 2018
1	$4,140	$2,880	$6,900	$4,800	$13,800	$9,600
2	$24,300	$21,600	$40,500	$36,000	$81,000	$72,000
4	$24,300	$21,600	$40,500	$36,000	$81,000	$72,000

Section 458 or 458-a exemptions may be granted to properties held in trust for the benefit of a person or persons who would otherwise be eligible for these exemptions but for the fact that they do not hold legal title to the property. Veterans who own and occupy cooperative apartments, except those in Mitchell-Lama developments or other projects subject to Article II, IV, V or XI of the State Private Housing Finance Law, are also eligible for a veterans exemption. The property or cooperative apartment must be used exclusively for residential purposes and be the primary residence of the veteran or the surviving spouse who has not remarried. If the property is not used exclusively for residential purposes, the non-residential portions of the property are fully taxable.

Recipients of the Veterans Exemption are ineligible for benefits under Sections 420-c, 421-a, and 421-g of the NYS Real Property Tax Law.

Distributional Information

In FY 2025, there were 28,367 exemptions in this program with a total exempt value of $205.4 million. Queens accounted for 39 percent of total units. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix III.

Veterans Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	77.4%	50.4%
Condos	3.1%	9.3%
Co-ops	18.5%	39.1%
Rentals	0.7%	0.8%
Mixed Use	0.3%	0.2%
Total	100.0%	100.0%

Tax Expenditure

$33.6 million

Physically Disabled Crime Victims Exemption

Citation

NYS Real Property Tax Law, Section 459-b

Policy Objective

To provide Real Property Tax relief to crime victims or good Samaritans who suffer a disability as a result of a crime.

Description

State law authorizes the City to provide a tax exemption for the assessed value of improvements made to one-, two- or three-family homes that facilitate and accommodate the use and accessibility needs of physically disabled crime victims or good Samaritans. A qualifying crime victim is a person who personally suffers a physical injury as the direct result of a crime. A good Samaritan is a person who is not a law enforcement officer, but who:

1. apprehends a person who committed a crime or a felony in his or her presence; or
2. acts to prevent or attempts to prevent a crime; or
3. assists a law enforcement officer in making an arrest; and
4. was physically disabled as a result of such crime

The qualifying crime victim or good Samaritan must be an occupant of the property for which an exemption is sought and may be the property owner, a member of the homeowner's household, or a resident. The physical disability must be permanent and must substantially limit one or more of the individual's major life activities.

The amount of the exemption is based upon the assessed value of the improvements made to accommodate the physically disabled person. The exemption continues for as long as the improvements remain necessary to facilitate and accommodate the use and accessibility of the disabled person.

Tax Expenditure

Less than $50,000

Class Two Cooperative and Condominium Partial Tax Abatement (Section 467-a)

Citation

NYS Real Property Tax Law, Section 467-a

Policy Objective

Provides partial property tax relief to owners or tenant-shareholders of class two condominiums or cooperatives to reduce the disparity in property taxation between residential real property in class one and class two residential property held in condominium or cooperative form of ownership.

Description

A program was enacted in 1996 to provide partial tax relief for dwelling units owned by condominium owners or cooperative tenant-shareholders who, as of the applicable taxable status date, own no more than three dwelling units in any one property held in condominium or cooperative form of ownership. Units held by sponsors or their successors in interest are not eligible for the abatement. Additionally, properties that already receive a tax exemption or abatement based upon a State or local law are not eligible for this abatement except in certain specified circumstances.

Legislation in 2013 extended the program's expiration date from June 30, 2012 (the end of FY 2012) to June 30, 2015 (the end of FY 2015) and revised the benefits. Under later legislation, the revised program was extended to June 30, 2023 and then to June 30, 2027 (the end of FY 2027). Before the revision, units with an average assessed value greater than $15,000 were eligible for an abatement equal to 17.5 percent of the unit's taxes, while units with an average assessed value of $15,000 or less were eligible for a 25 percent abatement. Under the revised program, units that are the owner's primary residence are allowed benefits as follows:

Average Assessed Value of Residential Units	Benefit Amount Per Year		
	FY 2013	FY 2014	FY 2015 – FY 2027
$50,000 or less	25.0%	26.5%	28.1%
$50,001 - $55,000	22.5%	23.8%	25.2%
$55,001 - $60,000	20.0%	21.2%	22.5%
$60,001 and above	17.5%	17.5%	17.5%

Beginning in FY 2013, a unit that is not the owner's primary residence is no longer eligible for an abatement; however, if the owner had received an abatement in FY 2012, the abatement was phased out over the next two years through a 50 percent reduction in FY 2013 and a 75 percent reduction in FY 2014. Thus, beginning in FY 2015, the abatement is not available for units that are not the owner's primary residence.

Under a 2021 State law that applies to City fiscal years beginning in and after 2022, buildings seeking to qualify for the abatement must pay their building service employees the prevailing wage rate and supplemental benefits, as determined annually by the City Comptroller. This new requirement does not apply to buildings with an average unit assessed value of $60,000 or less, or to buildings with an average unit assessed value of more than $60,000 but not more than $100,000, and fewer than 30 dwelling units.

Recipients of the Class Two Cooperative and Condominium Partial Tax Abatement are ineligible for the Clergy Exemption, J-51 exemptions, or benefits under Sections 420-c, 421-a, and 421-g of the NYS Real Property Tax Law. Moreover, they may not participate in the Industrial and Commercial Abatement Program, the Industrial and Commercial Incentive Program, Division of Alternative Management Programs, or Urban Development Action Area Projects.

Distributional Information

A total of 60,353 condominium units and 247,306 cooperative apartments benefited from this program in FY 2025. Additional distributional information appears in Appendix III.

Class Two Coop/Condo Partial Tax Abatement

by Property Type

Property Type	Units	Abatement
Condos	19.6%	26.7%
Coops	80.4%	73.3%
Total	100.0%	100.0%

Tax Expenditure

$694.6 million

Clergy Exemption

Citation

NYS Real Property Tax Law, Section 460

Policy Objective

To provide Real Property Tax relief to members of the clergy engaged in the work of their religious denominations.

Description

Real property that is owned by a member of the clergy who is engaged in the work of his or her religious denomination is exempted from Real Property Taxation to the extent of $1,500 of assessed value. The exemption also applies if the clergy member is unable to perform such work due to impaired health or because he or she is over the age of 70, or if the property is owned by the clergy member's unremarried surviving spouse. To qualify for the exemption, the owner must be a resident and inhabitant of New York State. Owners of co-ops are not eligible for the clergy exemption.

Recipients of the Clergy Exemption are ineligible for benefits under Sections 420-c, 421-a, 421-g, and 467-a (Class 2 Cooperative and Condominium Partial Tax Abatement) of the NYS Real Property Tax Law.

Tax Expenditure

$0.2 million

Industrial and Commercial Incentive Program (ICIP) and Industrial and Commercial Abatement Program (ICAP)

Citation

NYS Real Property Tax Law, Sections 489-aaaa through 489-llll and 489-aaaaaa through 489-kkkkkk; NYC Administrative Code, Sections 11-256 through 11-267 and 11-268 through 11-278

Policy Objective

Encourage economic development by means of tax exemptions and abatements for construction or rehabilitation of commercial, industrial, or mixed-use structures.

Description

Industrial and Commercial Incentive Program

The Industrial and Commercial Incentive Program (ICIP) replaced the Industrial and Commercial Incentive Board (ICIB) in November 1984. ICIP differs from the original program in two important respects: 1) benefits are granted on an "as-of-right" basis rather than at the discretion of a board and are structured to encourage development outside Manhattan's business districts; and 2) the new program includes clear guidelines regarding the qualifying conditions that determine eligibility for tax exemptions.

Industrial Projects

ICIP provides tax exemptions and, in some cases, abatements of pre-existing tax liability for industrial construction work. An industrial property is any building or structure in which, after completion of industrial construction work, at least 75 percent of the total net square footage is used or immediately available and held out for manufacturing activities. Unlike commercial projects, the eligibility requirements and benefits for industrial projects are uniform across the City.

The exemption period consists of 16 years in which the increase in assessed value due to the industrial construction work is fully exempt, followed by a nine-year phase-out period in which the exemption percentage is reduced by 10 percentage points each year. To qualify for the exemption, the minimum required expenditure (MRE) is equal to 10 percent of the initial assessed value.

Industrial projects can also qualify for a tax abatement if their MRE is equal to 25 percent of the initial assessed value. The abatement is equal to a percentage of the Real Property Tax imposed on the property for the tax year immediately preceding the effective date of the project's Certificate of Eligibility and commences in the first tax year immediately following completion of the industrial construction work. In tax years one through four, the abatement percentage is equal to 50 percent; in tax years five and six, 40 percent; in tax years seven and eight, 30 percent; in tax years nine and ten, 20 percent; and in tax years 11 and 12, 10 percent.

Commercial Projects

With a few exceptions, ICIP benefits are targeted to encourage commercial development in Manhattan above 96th Street, the Bronx, Brooklyn, Queens, and Staten Island. Through a combination of legislation and designation by the ICIP Boundary Commission, the City has been divided into development areas for the purpose of determining the availability of ICIP incentives.

1. Excluded Area: With the exception of benefits for renovation projects and construction of "smart" office buildings, there are currently no ICIP benefits available for commercial construction work in Manhattan below 96th Street. Prior to January 1, 1993, a portion of the Excluded Area had been designated as a Deferral Area. As the name implies, the tax liability on the increase in assessed value resulting from commercial construction work for eligible projects in the Deferral Area was postponed, not forgiven. Projects that received deferral benefits are required to repay the obligation in 10 equal installments commencing in the eleventh year following the effective date of the certificate of eligibility.

2. Renovation Area: Since February 1, 1995, the eligibility for ICIP benefits has been limited to renovation projects south of 59th Street in Manhattan. Renovation construction work encompasses rehabilitation, renovation, expansion or modernization of an existing building or structure. Benefits are structured to provide an exemption equal to 100 percent of the increase in assessed value resulting from the renovation construction work for the first eight years, followed by a four-year phase-out in which the exemption percentage declines by 20 percentage points in each year.

3. New Construction of "Smart" Office Buildings: As of December 31, 1996, tax incentives for new construction of "smart" office buildings have been restricted to Lower Manhattan (roughly, the area south of Murray Street). To qualify as a "smart" building, the property must meet certain physical and technological requirements as set forth in the statute. Such projects receive an exemption equal to 100 percent of the increase in assessed value resulting from such construction work for four years followed by a four-year phase-out, declining by 20 percentage points in each year.

The following designations and benefits apply to areas in Manhattan north of 96th Street as well as the Bronx, Brooklyn, Queens, and Staten Island.

1. Special Exemption Areas: These areas are designated by the Boundary Commission based on criteria that indicate such areas need deeper tax incentives to encourage commercial construction work. Special Exemption Areas also include areas designated as Empire Zones in accordance with Article 18-b of the General Municipal Law. Projects in Special Exemption Areas receive the same tax exemption as industrial projects, i.e., 16 years of full exemption followed by a nine-year phase-out period.

2. Regular Exemption Areas: Areas not designated as Special Exemption Areas are considered Regular Exemption Areas. Commercial projects receive a tax exemption equal to 100 percent of the increase in assessed value for the first eight years following the effective date of the certificate of eligibility. This is followed by a four-year phase-out period in which the exemption percentage declines by 20 percentage points each year. By year 13, the exemption is fully phased-out.

3. Revitalization Areas: The ICIP program was amended as part of the City's Commercial Expansion Program. Within Regular or Special Exemption Areas, an area may be designated as a Revitalization Area, which may be any area of the City, except in Manhattan south of 96th Street, that is zoned C4, C5, C6, M1, M2 or M3. The importance of the Revitalization Area designation is that it eliminates the two- or four-year waiting period for eligibility where commercial projects had more than 15 percent of the total net square footage used for manufacturing; and it allows a pro rata tax abatement for the industrial portion of a mixed-use project (commercial and industrial) in which less than 75 percent but at least 25 percent of the total square footage of the building or structure is used for manufacturing or immediately available for manufacturing use. An abatement is available outside Revitalization Areas only if at least 75 percent of the structure is used for manufacturing or immediately available for manufacturing use.

In 2007, the State Legislature extended ICIP program sunset dates by one year, allowing applications for benefits to be filed until June 30, 2008, and building permits to be obtained by July 31, 2008.

Industrial and Commercial Abatement Program

In 2008, the ICIP program was replaced by a new Industrial and Commercial Abatement Program (ICAP). However, the ICIP program will generally continue to apply to construction work performed pursuant to a building permit issued before August 1, 2008, and to construction work performed pursuant to additional building permits issued on or after August 1, 2008, if at least one permit was issued before that date and the work was described in an application for a certificate of eligibility filed on or before June 30, 2008.

Under the new ICAP program, tax abatements are available for qualifying commercial or industrial construction work for varying periods ranging up to 25 years, depending on geographical area, type of construction and other factors. Property used by a utility (other than certain facilities known as "peaking units") is not eligible for any abatement, and property used partly for retail purposes is subject to certain limitations on benefits. In general, the ICAP benefit, called the "abatement base," takes into account the real estate tax on the property before and after construction, referred to as the "initial tax" and the "post-completion tax." No abatement is allowed unless the post-completion tax exceeds the initial tax by more than 15 percent, and the abatement is for only the amount by which the post-completion tax exceeds 115 percent of the initial tax. In specified circumstances, the abatement may be increased during the benefit period (referred to as "inflation protection").

Legislation enacted in 2024 extended ICAP's sunset dates. Benefit applications are now required to be filed not later than March 1, 2029, extended from March 1, 2025, and building permits must be obtained not later than April 1, 2029, extended from April 1, 2025.

In general, benefits are available if location and other requirements described below are met.

Location Requirements

1. *Industrial projects*: Industrial projects can be located anywhere in the City.

2. *New Commercial Construction:* New commercial construction can be located anywhere in the City, except in some parts of Manhattan. The area south of 96th Street (including the south side of 96th Street) and north of Murray, Frankfort, and Dover Streets does not qualify.

3. *Commercial Renovations:* Commercial renovations can be located anywhere in the City, except in some parts of Manhattan. The area between 59th Street and 96th Street (including the north side of 59th street and the south side of 96th street) does not qualify. Below 59th Street, specific commercial renovation benefits are available and additional benefits are provided in the Garment Center District and in Lower Manhattan between Murray Street, Battery Place, South Street and West Street.

4. *Special Areas of the City:* Additional benefits may be granted for new commercial construction or renovations in special areas of the City. Special areas of the City can be viewed at the following webpage: https://www1.nyc.gov/site/finance/benefits/benefits-industrial-and-commercial-abatement-program-icap.page

Other Requirements

Applicants must spend at least 30 percent of the property's taxable assessed value no later than four years from the date the building permit was first issued, or from the start of construction, if no permit is required. (Industrial construction projects that spend at least 40 percent of the property’s taxable assessed value receive additional benefits.) Construction must be completed no later than five years from the date of issuance of the first building permit, or if no permit is required, from the start of construction.

ICAP benefit schedules vary according to the type of project. A summary of these schedules appears below.

SUMMARY OF ICAP BENEFIT SCHEDULES			
Work Project	Retail Use	Length of Abatement	Benefit Schedule
Commercial construction outside a special commercial area	No restriction	15 years	100% of abatement base in the first 11 years, phasing out over 4 years
Commercial construction in special commercial area	10% or less	25 years	100% of abatement base in the first 16 years, phasing out over 9 years
Commercial construction in special commercial area - schedule for retail portion over 10%	Over 10%	15 years	100% of abatement base in the first 11 years, phasing out over 4 years
Commercial construction work on new construction in certain areas of Manhattan	No restriction	8 years	100% of abatement base in the first 4 years, phasing out over 4 years
Industrial construction	10% or less	25 years	100% of abatement base in the first 16 years, phasing out over 9 years
Industrial construction - schedule for retail portion over 10%	Over 10%	15 years	100% of abatement base in the first 11 years, phasing out over 4 years
Renovation in Renovation Areas (Lower Manhattan and Garment District)	5% or less[1]	12 years	100% of abatement base in the first 8 years, phasing out over 4 years
Renovation in Renovation Areas (south of 59th Street, except Lower Manhattan and Garment District)	5% or less[1]	10 years	100% of abatement base in the first 5 years, phasing out over 5 years
Additional industrial abatement on the initial tax amount	No restriction	12 years	Reduces the initial tax on the building by 50% in the first 4 years, phasing out over 8 years

1. Retail space in excess of 5% receives no abatement.

ICIP and ICAP participants are ineligible for the Senior Citizen Homeowner Exemption, Disabled Homeowner Exemption, Veterans Exemption, Clergy Exemption, J-51, or any benefits under Sections 420-c, 421-a, 421-g, and 467-a (Class 2 Cooperative and Condominium Partial Tax Abatement) of the NYS Real Property Tax Law and may not participate in the Division of Alternative Management Program or Urban Development Action Area Projects. ICAP participants are also ineligible for the "Green Roof" Abatement and the Solar Electric Generating System and Electric Energy Storage Equipment Abatement.

Tax Expenditure

ICIP: $335.9 million
ICAP: $609.2 million

Major League Sports Facilities - Madison Square Garden

Citation

NYS Real Property Tax Law, Section 429

Policy Objective

Ensure the viability of a major league sports facility in New York City.

Description

The City provides a full Real Property Tax exemption for Madison Square Garden. The exemption is contingent upon the continued use of the Garden by professional major league hockey and basketball teams for their home games.

Tax Expenditure

$42.9 million

Commercial Expansion Program

Citation

NYS Real Property Tax Law, Sections 499aa through 499hh

Policy Objective

To encourage businesses to locate in Manhattan north of 96th Street, the midtown Special Garment Center District, or the other four boroughs of New York City.

Description

The program provides a Real Property Tax reduction for space that has been leased (new, renewal, or expansion lease) for commercial, office, or industrial purposes within Expansion Areas, which include all manufacturing districts and most commercial areas outside Manhattan's Central Business District. The tax abatement is passed through to the tenant as a reduction in rent. The program excludes any space occupied or used for retail, hotel, or residential purposes.

To be eligible, the premises must be in a non-residential or mixed-use building with a minimum aggregate floor area of 25,000 square feet. The building and the premises must meet statutory deadlines concerning completion of construction and lease commencement date. Finally, the program requires minimum improvements to the premises, varying by the length of the lease and the number of employees that will be located at the premises.

The tax benefits and structure of this program are the same that apply to commercial leases in Lower Manhattan under the Commercial Revitalization Program. Qualifying leases with a term of five years or more are eligible for a five-year tax abatement while qualifying leases with a term of at least three years but less than five years are eligible for the three-year benefit.

Under legislation enacted in 2005, the program was liberalized to promote manufacturing and industrial activity within the Expansion Areas as well as in the Manhattan Special Garment Center District, as defined in the City's zoning resolution. "Industrial and manufacturing activities" are defined as activities involving the assembly of goods to create a different article, or the processing, fabrication, or packaging of goods. A qualifying firm that enters into a lease for three years or more on or after July 1, 2005, is eligible for a tax abatement/rent reduction for up to 120 months. Space in any non-residential or mixed-use building can qualify for the benefit, regardless of the building's size or when it was constructed. Other program conditions have also been eased for qualifying firms, including those related to expenditures for building improvements and employment levels. In 2006, amendments modified and clarified the 2005 changes. Legislation enacted in 2023 extended the eligibility period from June 30, 2024 to June 30, 2028.

Tax Expenditure

$8.3 million

The Cooper Union/Chrysler Building

Citation

Chapter 279, §11, NY Laws of 1859, as amended

Policy Objective

Provide revenue to support the educational mission of The Cooper Union for the Advancement of Science and Art.

Description

The Chrysler Building, a landmarked commercial office building on East 42nd Street in Manhattan, is situated on land owned by The Cooper Union for the Advancement of Science and Art, an educational institution in Manhattan's East Village. Under the terms of the exemption provision contained in Cooper Union's statutory charter (Chapter 279, §11, NY Laws of 1859), as interpreted by the New York courts (Cooper Union v. Sexton, 247 A.D. 371 (1936) and Cooper Union v. Wells, 180 N.Y. 537 (1905)), the Chrysler Building, although not itself used for educational purposes, is exempt from Real Property Taxation. In accordance with the terms of the lease between Cooper Union and the operator of the building, amounts equivalent to the real estate taxes that would be due on the building but for the exemption are payable to Cooper Union to further its educational purposes.

Two Cooper Union-owned sites (three tax lots) on Astor Place in the East Village were leased to developers under arrangements similar to those in effect for the Chrysler Building. A luxury residential building was constructed on one site and an office building on the other. While the two properties are fully tax-exempt, certain payments in lieu of taxes are made to the City under the terms of a negotiated agreement. This report has included the leased properties under the Cooper Union exemption since FY 2016.

Tax Expenditure (net after PILOTs)

$28.3 million

Green Roof Abatement

Citation

NYS Real Property Tax Law, Article 4, Title 4-B, Sections 499-aaa through 499-ggg; Chapter 154 of the Laws of 2024.

Policy Objective

To ease the strain on the City's stormwater and sewage systems by reducing flash flooding and sewage overflows; lower energy demand; and improve the quality of life by improving air quality, reducing greenhouse gas emissions, and mitigating the urban heat island effect.

Description

A Real Property Tax abatement is provided for the construction of a green roof on a Class One, Two or Four building in the City. Generally, a green roof is an addition to a roof which includes, among other things, a growth medium and a vegetation layer that consists of at least 80 percent of drought-resistant and hardy plants. The abatement has been revised through legislation several times since it was first enacted in 2008; the most recent revision, in 2024, reduced some green roof design requirements and increased abatement amounts to encourage construction of more green roofs.

The amount abated depends on when the green roof was completed and where the property is located. For tax years that begin on or after July 1, 2009, and end on or before June 30, 2014, the abatement is $4.50 per square foot, not to exceed the lesser of $100,000 or the building's tax liability in the tax year in which the abatement is taken. For tax years that begin on or after July 1, 2014 and end on or before June 30, 2027, the abatement is $10 per square foot not to exceed $200,000; if the abatement exceeds the total tax liability in any tax year, the unused amount may be carried forward for up to 5 subsequent tax years. For tax years that begin on or after July 1, 2019 and end on or before June 30, 2027, an enhanced abatement is available for properties located within specifically designated New York City community districts that meet certain conditions, at the discretion of City officials. The abatement is $15 per square foot not to exceed $200,000; if the abatement exceeds the total tax liability in any given year, the unused amount may be carried forward for up to 5 subsequent tax years.

The aggregate amount of tax abatements paid in a given tax year is limited by law. For the tax year that begins July 1, 2014 and ends June 30, 2015, the aggregate limit is $750,000. For tax years that begin on or after July 1, 2015, and end on or before June 30, 2027, the aggregate limit per tax year is $4 million.

Applications for the abatement must be filed with the NYC Department of Finance between January 1, 2009 and March 15, 2026, and include certification from an engineer, architect, or other licensed construction professional that the green roof complies with all the conditions of the abatement as well as all relevant City construction and fire codes. The NYC Department of Finance allocates the abatement on a first-come, first served basis among approved applications.

Recipients of the Green Roof Abatement are ineligible for benefits under Sections 420-c, 421-a, and 421-g of the NYS Real Property Tax Law and may not participate in the Industrial and Commercial Abatement Program. Property owners who pay PILOTs are also ineligible.

The Green Roof Abatement sunsets on June 30, 2027.

Tax Expenditure

Less than $50,000

Solar Electric Generating System and Electric Energy Storage Equipment Abatement

Citation

NYS Real Property Tax Law, Sections 499-aaaa through 499-gggg; Chapter 485 of the Laws of 2023

Policy Objective

Help reduce greenhouse emissions and provide cleaner energy and more efficient energy systems.

Description

A four-year tax abatement is provided for the construction of a solar electric generating system or electric energy storage equipment in a Class One, Two or Four building in the City. Under legislation enacted in 2023, and effective January 1, 2024, the abatement is 7.50 percent of eligible construction costs per year over four years (30 percent total), not to exceed the lesser of $62,500 or the taxes payable on the building in that year. The maximum abatement allowed per building in total over the four years is $250,000. Eligible system expenditures include reasonable expenditures for materials, labor costs and certain other costs directly related to the construction or installation of the system. The abatement is claimed in the City fiscal year following the approval of the abatement and in the following three fiscal years. Equipment must be placed in service before January 1, 2035 and the application for abatement filed before January 1, 2036.

The abatement level varies for solar electric generating systems placed in service prior to January 1, 2024. If the system is placed in service on or after August 5, 2008, and before January 1, 2011, the amount of the abatement is 8.75 percent of eligible solar electric generating system expenditures. For systems placed in service on or after January 1, 2011, and before January 1, 2013, the amount of the abatement is 5 percent of the eligible expenditures. For systems placed in service on or after January 1, 2013, and before January 1, 2014, the amount of the abatement is 2.5 percent of the eligible expenditures. For systems placed in service on or after January 1, 2014, and before January 1, 2024, the amount of the abatement is 5 percent of the eligible expenditures.

Electric energy storage equipment, which is defined as a set of technologies capable of storing electric energy and releasing that energy as electric power at a later time, was added to the abatement program under legislation enacted in 2018. Eligible equipment placed in service on or after January 1, 2019, and before January 1, 2024, may receive an abatement of 10 percent of eligible equipment expenditures. The 2023 legislation standardized the abatement level for both solar electric generating system and electric energy storage equipment at 7.50 percent for equipment placed in service January 1, 2024 or later.

Recipients of the Solar Electric Generating System and Electric Energy Storage Equipment Abatement are ineligible for benefits under NYS Real Property Tax Law Sections 420-c, 421-a, and 421-g, and may not participate in the Industrial and Commercial Abatement Program.

Tax Expenditure

$41.6 million

Solar, Wind or Farm Waste Energy System Exemption

Citation

NYS Real Property Tax Law, Section 487

Policy Objective

Help reduce greenhouse emissions and provide cleaner energy.

Description

Real property that includes a solar or wind energy system or farm waste energy system can qualify for a 15-year exemption on the increase in the value of the property attributable to the installation of the system. To qualify for the exemption, the system must meet guidelines established by the NYS Energy Research and Development Authority. In addition, the exemption applies only to systems that (a) existed or were constructed prior to July 1, 1988, or (b) are constructed after January 1, 1991, but before January 1, 2030. Under the law, local jurisdictions granting the exemption can require property owners to enter into contracts for payments in lieu of taxes during the exemption period.

Under legislation enacted in 2017 and 2018, this exemption is extended to the following systems, as defined in section 487: micro-hydroelectric energy systems; fuel cell electric generating systems; micro-combined heat and power generating equipment systems; fuel-flexible linear generator electric generating systems; electric energy storage equipment; and electric energy storage systems. The new exemption applies only to systems constructed after January 1, 2018, and before January 1, 2030.

Tax Expenditure

$2.3 million

Childcare Center Abatement

Citation

NYS Real Property Tax Law, Title 6, Section 499-AAAAA through Section 499-FFFFF

Policy Objective

To create an equitable, accessible childcare and early childhood education experience for New York City families.

Description

Applicable to tax years beginning on or after July 1, 2023, an abatement of real property taxes is provided for certain eligible buildings in New York City that create or expand childcare centers. The property tax abatement is available for eligible buildings where construction, conversion, alteration, or improvement is completed on or after April 1, 2022, and has resulted in the creation of a childcare center or an increase in the maximum number of children allowed on the premises of an existing childcare center. The childcare center must have a permit from the NYC Department of Health and Mental Hygiene.

Only one abatement may be granted to an eligible building and applied to the real property tax liability of the building for the tax year. Any unused portion of the abatement can be carried forward to four succeeding tax years; together with the initial tax year the abatement is taken, this is referred to as the "abatement period." The amount of abatement is equal to the certified costs incurred in the construction, conversion, alteration, or improvement that has created or expanded the childcare center. For any tax year, such abatement cannot exceed $7 per square foot of the childcare center or the lesser of $20,000 or the real property tax liability for the eligible building. During the abatement period, such abatement cannot exceed $35 per square foot of the childcare center or $100,000.

In addition, an enhanced tax abatement is provided to an eligible building located within a "childcare desert." Childcare desert means a census tract in a city having a population of one million or more where, at the time of an application for tax abatement, there are three or more children under five years of age for each available childcare slot. The definition also applies in cases where there are no available childcare slots as of the most recently published determinations by the NYS Office of Children and Family Services. The amount of the enhanced tax abatement is equal to the certified costs incurred in the construction, conversion, alteration, or improvement that has created or expanded childcare centers within a childcare desert. For any tax year, such abatement cannot exceed $15 per square foot of the childcare center or the lesser of $45,000 or the real property tax liability for the eligible building. During the abatement period, such abatement cannot exceed $75 per square foot of the childcare center or $225,000. The enhanced tax abatement can also be carried forward for four tax years if unexhausted.

Because the Legislature capped the aggregate amount of the abatement at $25 million per year, the NYC Department of Finance, at its discretion, may reduce the abatement for some or all applicants to adhere to the cap whether the eligible building is in a childcare desert or otherwise.

An application must be filed by March 15 before the tax year, beginning on July 1, for which the tax abatement is sought (e.g., March 15, 2023, for the tax year beginning July 1, 2023) but may not be filed later than March 15, 2025.

Tax Expenditure

$1.0 million

Table 3
STATE PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2025

	Number of Exemptions	Exempt Assessed Value ($ millions)	Gross Tax Expenditure ($ millions)	PILOTs ($ millions)	Net Tax Expenditure ($ millions)
Limited Profit Housing Cos.	273	3,535.1	438.4	111.1	327.3
Residential	226	3,326.7	415.9	111.1	304.9
Commercial	47	208.4	22.4	0.0	22.4
Limited Dividend Cos.	21	108.6	13.6	4.2	9.4
Redevelopment Cos.	237	1,073.1	133.7	46.6	87.1
Residential	222	1,049.6	131.2	46.6	84.5
Commercial	15	23.5	2.5	0.0	2.5
Housing Development Fund Cos.	218	644.1	75.5	28.7	46.7
Residential	145	352.6	44.1	28.7	15.3
Commercial	73	291.5	31.4	0.0	31.4
Special Incentive Programs	2,046	3,398.6	423.1	49.8	373.3
Residential	1,972	3,269.7	409.2	49.8	359.4
Commercial	74	128.9	13.9	0.0	13.9
Urban Development Action Area Projects	3,327	82.6	12.9	0.0	12.9
Miscellaneous State Assisted Housing	33	118.9	14.0	3.0	11.0
Residential	17	68.9	8.6	3.0	5.6
Commercial	16	50.0	5.4	0.0	5.4
Housing Trust Fund Purchase of Damaged Sandy Parcels[1]	34	0.4	0.1	0.0	0.1
TOTAL: STATE PROGRAMS	**6,189**	**8,961.3**	**1,111.2**	**243.4**	**867.7**
Total Residential	5,964	8,259.0	1,035.6	243.4	792.2
Total Commercial/Industrial	225	702.4	75.6	0.0	75.6

1. In FY 2024 and FY 2025, most of these parcels were reclassified as exempt NYC government-owned property.

Table 4
STATE PROGRAMS
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2025

Program	CITYWIDE		MANHATTAN		THE BRONX	
	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)
Limited Profit Housing Companies	273	327.3	62	125.1	82	74.7
Limited Dividend Companies	21	9.4	2	3.7	14	2.1
Redevelopment Companies	237	87.1	49	49.6	99	10.0
Housing Development Fund Companies	218	46.7	60	16.5	58	11.9
Special Incentive Programs	2,046	373.3	615	154.3	784	93.7
Urban Development Action Area Program	3,327	12.9	135	0.9	204	0.4
Miscellaneous State Assisted Housing	33	11.0	10	3.2	12	2.8
Housing Trust Fund - Sandy Parcels	34	0.1	0	0.0	0	0.0
TOTAL: STATE PROGRAMS	**6,189**	**867.7**	**933**	**353.1**	**1,253**	**195.6**

Program	BROOKLYN		QUEENS		STATEN ISLAND	
	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)
Limited Profit Housing Companies	94	85.4	30	39.9	5	2.3
Limited Dividend Companies	5	3.6	0	0.0	0	0.0
Redevelopment Companies	74	14.7	14	12.7	1	0.1
Housing Development Fund Companies	74	11.8	18	4.8	8	1.7
Special Incentive Programs	511	55.1	116	66.4	20	3.7
Urban Development Action Area Program	1,631	4.7	1,356	6.9	1	0.0
Miscellaneous State Assisted Housing	6	2.5	5	2.5	0	0.0
Housing Trust Fund - Sandy Parcels	0	0.0	0	0.0	34	0.1
TOTAL: STATE PROGRAMS	**2,395**	**177.8**	**1,539**	**133.3**	**69**	**7.9**

Limited-Profit Housing Companies (Mitchell-Lama Housing)

Citation

NYS Private Housing Finance Law, Article 2; NYS Real Property Tax Law, Section 414

Policy Objective

Maintain and increase low- and middle-income housing stock in New York State.

Description

The Limited-Profit Housing Companies Law was originally adopted in 1955 to assist in the construction of low- and middle-income housing. These privately managed rental and co-op projects, commonly known as Mitchell-Lama housing, were constructed with financing assistance from the City or the State. In return for 40- to 50-year mortgages at interest rates of four to eight percent, the respective government maintains supervisory rights to establish tenant-income restrictions, set rent levels, impose co-op resale restrictions, and establish waiting list procedures.

Real property taxes for Mitchell-Lama projects are based on the greater of 10 percent of shelter rent (gross rent less utilities) or a specified percentage of the assessed value of the property multiplied by the applicable tax rate. In addition, the City receives payments in lieu of taxes (PILOTs) from a small number of Mitchell-Lama projects.

The enabling legislation does not have a sunset provision.

Distributional Information

In FY 2025, there were 226 residential and 47 commercial exemptions under this program. The residential properties contained 89,001 units with a total exempt assessed value of $3.3 billion. Sixty-six percent of units receiving benefits were co-ops. Twenty-five percent of units were Bronx co-ops (the location of Co-op City). Rental units receiving benefits were primarily located in Brooklyn, the Bronx, and Manhattan. Twenty-seven percent of the exempt assessed value was attributable to Manhattan co-ops. More distributional information appears in Appendix III.

Limited-Profit/Mitchell-Lama (Residential Only)
Benefits by Property Type

Property Type	Units	Exempt Assessed Value
Co-ops	66.0%	64.7%
Rentals	34.0%	35.3%
Total	100.0%	100.0%

Tax Expenditure (net after PILOTs)

$327.3 million

Limited-Dividend Housing Companies

Citation

NYS Private Housing Finance Law, Article 4; NYS Real Property Tax Law, Section 414

Policy Objective

Maintain and increase low- and middle-income housing stock in New York State.

Description

The Limited-Dividend Housing Companies (LDHC) program, dating from the 1920's, is one of the earliest attempts to channel private investment into affordable housing for low- and middle-income households. Private developers, who financed garden apartment cooperative developments for which they were receiving a limited return on investment, received a 50-year Real Property Tax exemption. However, they were required to comply with State regulations on eligibility of purchasers, co-op sale prices, and operating surpluses. Although the original exemptions for all LDHC projects have expired, the then-existing Board of Estimate approved a 14-year phase-in of full taxation, recognizing the hardship an abrupt change in tax liability would have on co-op owners.

The enabling legislation does not have a sunset provision.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in Appendix III.

Tax Expenditure (net after PILOTs)

$9.4 million

Redevelopment Companies

Citation

NYS Private Housing Finance Law, Article 5; NYS Real Property Tax Law, Section 423

Policy Objective

Encourage low- to moderate-income housing through private financing.

Description

This program was a precursor to the Limited-Profit Housing Company Program (Mitchell-Lama). The participants are largely institutional investors, such as insurance companies and pension funds, which provide financing for the development of rental and co-op units. Participants are granted a 25-year tax exemption that may be extended through City Council action in exchange for accepting a limited rate of return on their investment and for complying with City regulations regarding tenant eligibility, rent levels and restrictions of co-op sales.

The enabling legislation does not have a sunset provision.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential," and can be found in Appendix III.

Tax Expenditure (net after PILOTs)

$87.1 million

Housing Development Fund Companies (HDFC) and Special Incentive Programs

Citation

NYS Private Housing Finance Law, Articles 11 and 18-A; NYS Private Housing Finance Law, Article 32; NYS Real Property Tax Law, Section 414

Policy Objective

To provide low- and moderate-income housing, both publicly and privately financed, through a variety of programs.

Description

Housing Development Fund Companies

Housing Development Fund Companies (HDFC) is an umbrella term for a wide range of projects developed by non-profit organizations. Special exemptions are adopted by the City Council under the authority of Article 11, depending upon the nature of the program in which the project is involved. For additional information on HDFC-related exemptions, please see the Division of Alternative Management Programs (DAMP) page in the report.

Projects that are entitled to full exemptions include housing constructed in the 1960s and early 1970s under the federal Section 236 program, housing renovated through the Capital Budget Homeless Housing Program, and some properties participating in the SRO Loan Program. In addition, new housing for the elderly and handicapped developed under Federal Section 202 also receives this tax benefit.

In 1995, this legislation was amended by adding a provision that grants local legislative bodies the authority to exempt from Real Property Taxes projects to which the municipality has made loans under Section 576 of the Private Housing Finance Law (for acquisition, rehabilitation, or construction) for housing for low-income households. Thirty percent of a project's residents must be households previously residing in emergency shelter facilities.

In 2024, the State Legislature added a new Article 32 to the Private Housing Finance Law to promote the development of affordable housing on certain property, including state-owned sites, municipally-owned sites, and sites owned by not-for-profit corporations or community land trusts for the purpose of providing housing. Article 32 makes housing agency funds available for the creation of co-ops and rentals on these sites. It also permits the granting of tax exemptions under the authority of Article 11 to limited-equity cooperatives and rental properties where household incomes are initially restricted to 130 percent of the area median income or less and apartments remain affordable in perpetuity. As of the publication of this report, the City Council has not granted any exemptions under Article 32.

The enabling legislation does not have a sunset provision.

Special Incentive Programs

Tax benefits are also available to projects receiving grants or loans for the construction or rehabilitation of turnkey/enhanced rental projects for low-income persons under Article 18-A of the Private Housing Finance Law.

Distributional Information

There were 145 residential and 73 commercial exemptions under the HDFC program, with a total of 12,673 units and an exempt assessed value of $644.1 million. Units in rental properties made up 78 percent of the program. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix III.

Housing Development Fund Company
Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	0.1%	0.0%
Condos	0.0%	0.0%
Co-ops	1.1%	1.3%
Rentals	78.4%	53.4%
Mixed Use	20.5%	45.3%
Total	100.0%	100.0%

Under Special Incentive Programs, there were 2,046 exemptions, with 77,900 units and an exempt assessed value of $3.4 billion. Over 90 percent of the units were in rental buildings.

Tax Expenditure (net after PILOTs)

HDFC: $46.7 million
Special Incentive Programs: $373.3 million

Urban Development Action Area Projects (UDAAP)

Citation

NYS General Municipal Law, Section 696

Policy Objective

To encourage the construction of residential housing in designated areas.

Description

This exemption is granted to property developed on formerly City-owned land in designated Urban Development Action Area Projects (UDAAP). While UDAAP encompasses a wide range of housing development programs, the most notable examples are the Nehemiah and the Mutual Housing Association of New York (MHANY) Programs, which provide housing in the Brownsville and East New York sections of Brooklyn.

UDAAP sites receive Real Property Tax exemptions only on the assessed value of improvements: 10 years at 100 percent of assessed value, followed by a 10-year declining exemption. In 1999, the State Legislature amended the statute to provide that for projects consisting of new construction the land value shall be the lesser of: (a) the assessed value immediately prior to commencement of construction; or (b) the assessed value of the land appearing on the assessment roll in the first year after completion of construction.

UDAAP participants are ineligible for benefits under Sections 420-c, 421-a, 421-g, and 467-a (Class 2 Cooperative and Condominium Partial Tax Abatement) of the NYS Real Property Law and may not participate in the Industrial and Commercial Incentive Program, Industrial and Commercial Abatement Program, or the Division of Alternative Management Program.

The enabling legislation does not have a sunset provision.

Distributional Information

In FY 2025, there were 3,327 exemptions under this program representing 3,954 units with an exempt assessed value of $82.6 million. Brooklyn and Queens received the largest proportion of UDAAP benefits. Additional distributional information appears in Appendix III.

Urban Development Action Area Project
Benefits by Property Type

Property Type	Units	Exempt Assessed Value
1 - 3 Family	66.4%	40.8%
Condos	12.1%	17.2%
Co-ops	0.4%	0.2%
Rentals	13.0%	39.9%
Mixed Use	8.1%	1.8%
Total	100.0%	100.0%

Tax Expenditure

$12.9 million

Miscellaneous State-Assisted Housing

Citation

NYS Real Property Tax Law, Section 422

Policy Objective

Encourage the creation of housing for a target population.

Description

Section 422 provides tax exemptions for real property owned by not-for-profit corporations and used exclusively to provide housing and auxiliary facilities for a target population. This population includes, but is not exclusive to, faculty members, students, and employees (and their immediate families) attending or employed by a college or university; nurses, interns, resident physicians and other related personnel at hospitals and medical research institutions; and handicapped or elderly persons with low incomes. For Section 8 projects providing housing for the elderly, the City Council is authorized to grant a full exemption during construction, followed by a partial exemption.

The laws relating to these programs do not have sunset provisions.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in Appendix III.

Tax Expenditure (net after PILOTs)

$11.0 million

Housing Trust Fund Purchase of Damaged Sandy Parcels

Citation

NYS Private Housing Finance Law, Section 45-a

Policy Objective

Assist property owners whose properties were damaged or destroyed by Superstorm Sandy.

Description

Section 45-a of the NYS Private Housing Finance Law established the Housing Trust Fund Corporation (HTFC) as a subsidiary of the NYS Housing Finance Agency. In the aftermath of Superstorm Sandy, which occurred on October 29 and 30, 2012, the Housing Trust Fund Corporation purchased from private property owners some properties in the City that had been damaged or destroyed by the storm. While those properties are owned by the HTFC, they are exempt from local real estate taxes. Some of these parcels are now owned by the NYC Department of Parks and Recreation or other City agencies.

Tax Expenditure

$0.1 million

Table 5
PUBLIC AGENCIES
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2025

	Number of Exemptions & Abatements	Exempt Assessed Value ($ millions)	Gross Tax Expenditure ($ millions)	PILOTs[4] ($ millions)	Net Tax Expenditure ($ millions)
Industrial Development Agency[1,2]	269	6,830.8	735.1	353.0	382.1
Economic Development Corporation (EDC)	237	3,469.1	376.9	145.0	231.9
NYC Housing Authority (NYCHA)	1,146	6,217.4	775.3	0.0	775.3
Residential	989	6,081.2	760.7	0.0	760.7
Commercial	157	136.1	14.6	0.0	14.6
Urban Development Corporation (UDC)	846	4,058.1	462.3	0.0	462.3
Residential	792	1,473.9	184.2	0.0	184.2
Commercial	54	2,584.3	278.1	0.0	278.1
Brooklyn Bridge Park Development Corp. (BBPDC)[3]	874	N/A	24.6	0.0	24.6
Residential	698	N/A	17.2	0.0	17.2
Commercial	176	N/A	7.4	0.0	7.4
NYS Power Authority	30	1,209.0	134.0	0.0	134.0
Battery Park City Authority (BPCA)	3,824	2,855.0	329.1	155.0	174.1
Residential	3,756	1,257.9	157.2	74.1	83.2
Commercial	68	1,597.0	171.9	80.9	90.9
World Trade Center (Port Authority of NY & NJ)	20	1,872.5	201.5	51.0	150.5
Teleport (Port Authority of NY & NJ)	19	70.9	7.6	0.0	7.6
Trust for Cultural Resources - Museum of Modern Art	248	157.7	18.2	2.0	16.2
TOTAL: PUBLIC AGENCIES	**7,513**	**26,740.5**	**3,064.7**	**706.0**	**2,358.7**
Total Residential	6,235	8,813.0	1,119.3	74.1	1,045.2
Total Commercial/Industrial	1,278	17,927.5	1,945.5	631.9	1,313.5

1. PILOT includes $325 million from the Hudson Yards Infrastructure Corporation (HYIC).
2. The New York State Empire State Development Corporation (ESDC) has transferred the residential portion of Atlantic Yards to 595 Dean LLC; This parcel will be taxable and the PILOT (of $4.5 million) will be applied as property tax.
3. Abatement applied to the entire tax bill is equal to the PILOT payment. The PILOT is paid directly to the BBPDC.
4. Based on the January Financial Plan for Fiscal Year 2025.

Table 6
PUBLIC AGENCIES
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2025

	CITYWIDE		MANHATTAN		THE BRONX	
	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)
Industrial Development Agency	269	735.1	37	380.3	46	145.9
Economic Development Corp.	237	376.9	87	267.0	21	17.3
NYC Housing Authority	1,146	775.3	236	339.3	258	136.9
Urban Development Corporation	846	462.3	640	268.7	2	1.3
Brooklyn Bridge Park Development Corp.	874	24.6	0	0.0	0	0.0
NYS Power Authority	30	134.0	3	3.0	4	10.6
Battery Park City Authority	3,824	329.1	3,824	329.1	0	0.0
World Trade Center, Port Authority	20	201.5	20	201.5	0	0.0
Teleport, Port Authority	19	7.6	0	0.0	0	0.0
Trust for Cultural Resources	248	18.2	248	18.2	0	0.0
TOTAL: PUBLIC AGENCIES	**7,513**	**3,064.7**	**5,095**	**1,807.2**	**331**	**312.0**

	BROOKLYN		QUEENS		STATEN ISLAND	
	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)
Industrial Development Agency	83	15.4	92	192.7	11	0.9
Economic Development Corp.	43	80.4	12	7.4	74	4.7
NYC Housing Authority	472	226.8	165	59.5	15	12.8
Urban Development Corporation	5	123.7	199	68.6	0	0.0
Brooklyn Bridge Park Development Corp.	874	24.6	0	0.0	0	0.0
NYS Power Authority	3	8.0	16	109.8	4	2.6
Battery Park City Authority	0	0.0	0	0.0	0	0.0
World Trade Center, Port Authority	0	0.0	0	0.0	0	0.0
Teleport, Port Authority	0	0.0	0	0.0	19	7.6
Trust for Cultural Resources	0	0.0	0	0.0	0	0.0
TOTAL: PUBLIC AGENCIES	**1,480**	**478.8**	**484**	**438.0**	**123**	**28.7**

Industrial Development Agency (IDA)

Citation

NYS General Municipal Law, Section 917; NYS Real Property Tax Law, Section 412-a

Policy Objective

Encourage business expansion and increase employment in New York City.

Description

The NYC Industrial Development Agency (IDA) assists eligible manufacturing, industrial and commercial businesses interested in large-scale expansion or modernization through the purchase of land, buildings, machinery, and equipment. The IDA helps businesses gain access to the capital markets through the sale of industrial revenue bonds, the interest from which is exempt from some or all taxes. The result is lower-cost project financing.

All real property acquired or constructed with the use of IDA financing is exempt from the Real Property Tax. The exemption benefits are passed on to the project owners through leaseback arrangements. Lease payments are equivalent to debt service on bonds plus payments in lieu of taxes (PILOTs) on land and buildings.

The enabling legislation does not have a sunset provision.

Tax Expenditure (net after PILOTs)

$382.1 million

Economic Development Corporation (EDC)

Citation

NYS Real Property Tax Law, Section 412

Policy Objective

To encourage real estate development that protects and enhances the City's job and income base.

Description

The Economic Development Corporation (EDC) is a non-profit local development corporation, acting as an independent entity under contract to the City to assist and promote real estate development. EDC assists developers in all stages of a project, from planning and design to negotiations, financing, and construction. A major focus of EDC is development outside Manhattan. EDC also leases City-owned property and then subleases it to private developers for construction of commercial and industrial projects. Ground lease agreements include a rental formula for payments in lieu of taxes (PILOTs) on both the land and project buildings.

The enabling legislation does not have a sunset provision.

Tax Expenditure (net after PILOTs)

$231.9 million

New York City Housing Authority (NYCHA)

Citation

NYS Public Housing Law, Section 52; NYS Real Property Tax Law, Section 414

Policy Objective

Provide housing for low-income residents of New York City.

Description

Except for New York State-assisted projects, NYCHA property is exempt from direct taxation. City-aided projects are exempt for a period of 50 years and Federally aided projects may be exempt for up to 60 years. (Upon the expiration of the initial 50- or 60-year exemption period, an additional 50- or 60-year exemption period may be granted.) However, by law, the City may require payments in lieu of taxes (PILOTs) from NYCHA projects and collected these payments through FY 2014. The City waived payments for FY 2015 and subsequent years to help stabilize NYCHA's financial crisis.

Until FY 2014, the fixed annual PILOT for NYCHA's City-funded projects was $109,000. For the Federally aided projects, NYCHA paid a PILOT based on net routine operating expenses, which may vary annually. As assessed value for the State projects has been held constant for many years, there was a substantial implicit tax expenditure.

As of June 30, 2024, NYCHA operated 248 developments with 155,814 apartments with approximately 306,321 residents. NYCHA also administers a citywide Section 8 Leased Housing Program in private rental apartments for 102,730 households.

Distributional Information

In FY 2025, there were 989 residential exemptions representing 195,597 housing units with an exempt assessed value of $6,081.2 million. There were 157 commercial exemptions with an exempt assessed value of $136.1 million. NYCHA benefits were distributed throughout all boroughs. Manhattan, Brooklyn, and the Bronx had the greatest proportion of NYCHA residential exempt value. Rental properties comprised 99 percent of NYCHA residential exemptions. Additional distributional information appears in Appendix III.

NYCHA provided household income data for 146,104 households living in public housing as of June 30, 2024. Based on these data, the income distribution of households is as follows:

Household Income	Number of Households	Percentage of Households
Annual Income Under Review	3,980	2.7%
$0 - $9,999	23,966	16.4%
$10,000 - $12,499	27,197	18.6%
$12,500 - $14,999	10,684	7.3%
$15,000 - $19,999	17,167	11.7%
$20,000 - $24,999	12,839	8.8%
$25,000 - $29,999	9,090	6.2%
$30,000 - $34,999	7,404	5.1%
$35,000 - $39,999	6,352	4.3%
$40,000 - $44,999	5,150	3.5%
$45,000 - $49,999	4,522	3.1%
$50,000 and Over	17,753	12.2%
Total	146,104	100.0%

Source: New York City Housing Authority, Department of Research and Management Analysis.

Tax Expenditure

$775.3 million

Urban Development Corporation (UDC)

Citation

NYS Unconsolidated Laws, Title 16, Chapter 24; NYS Real Property Tax Law, Section 412

Policy Objective

To create and retain jobs in New York State, with particular emphasis on targeting economically distressed areas.

Description

Created in 1968, the Urban Development Corporation (UDC) is a New York State agency that finances, constructs and operates residential, commercial, industrial, and civic facilities. An important tool in the State's economic development program, the UDC provides financing and technical assistance to businesses and local governments. Examples of UDC-assisted projects include the Columbia University Telecommunications Center, the Jacob K. Javits Convention Center, and the Roosevelt Island housing development.

The UDC exemption does not have a sunset provision.

Distributional Information

In FY 2025, there were 792 residential and 54 commercial exemptions under this program. The properties contained 17,792 units with an exempt assessed value of $4,058.1 million, of which $2,584.3 million was commercial. Additional distributional information appears in Appendix III.

UDC Benefits by Property Type

Property Type	Units	Exempt Assessed Value
Condos	4.2%	1.9%
Coops	52.8%	15.5%
Mixed Use	0.8%	63.7%
Rentals	42.1%	18.9%
Total	100.0%	100.0%

Tax Expenditure

$462.3 million

Brooklyn Bridge Park Development Corporation (BBPDC)

Citation

NYS Urban Development Corporation Act (UDCA) Section 16-n2; the UDCA was enacted by Chapter 174 of the Laws of 1968, as amended

Policy Objective

Create a mechanism to fund the operation, maintenance, and improvement of Brooklyn Bridge Park.

Description

Parcels within the Brooklyn Bridge Park Civic Project, which include the 85-acre public park on the Brooklyn waterfront, residential condominium units, and commercial parcels, receive a full tax abatement, following application of other abatements. The condominium units and commercial parcels then remit payments in lieu of taxes (PILOTs) to the BBPDC equivalent to that of real estate tax payments otherwise payable, with the funds administered by BBPDC and dedicated specifically to the improvement, operation, and maintenance of Brooklyn Bridge Park.

Section 16-n2 of the UDCA concerns collection of PILOTs within the Project and provides the following:

(a) requires that each lease for a parcel on which residential condominium units are located must provide for PILOTs by each residential unit owner in an amount equal to the amount of real property taxes that would otherwise be payable with respect to such unit if the parcel were not located within the Project;

(b) permits the lease for a parcel on which a non-residential condominium unit is located to provide for PILOTs by non-residential unit owners of amounts corresponding to real property taxes that would otherwise be payable if the parcel were not located within the Project;

(c) permits such leases to require payment of interest on overdue PILOTs equivalent to amounts provided for payment of interest on overdue real property taxes in the City;

(d) requires that all PILOTs, and all interest and earnings thereon, (i) from the effective date of this section until the twentieth anniversary thereof, shall be used to improve, maintain and operate the Park and (ii) from such anniversary, or earlier by agreement between the BBPDC, the City, and the State (acting by an entity designated by the Governor), shall be used (1) to improve, maintain and operate the Park, (2) to fund reserve accounts for improvement, operation and maintenance of the Park, or (3) be paid into the City’s general fund to be used for general public purposes; and

(e) permits the engagement of any State or City agency, department, or authority to provide PILOTs collection and enforcement services.

Distributional Information

In FY 2025, 697 condominiums and 1 rental parcel received tax abatements. There were 176 commercial abatements.

Tax Expenditure (net after PILOTs)

$24.6 million

New York Power Authority

Citation

NYS Public Authorities Law, Article 5, Title 1; NYS Real Property Tax Law, Section 412

Policy Objective

Provide low-cost electric energy through seven investor-owned utilities and 51 municipal and cooperative systems.

Description

The New York Power Authority finances, constructs, and operates electric generating and transmission facilities. Construction is financed through the sale of tax-exempt bonds. Revenues from the sale of power to public agencies, industries, investor-owned utilities, and municipalities throughout the State cover the costs of debt service and project operations. In the New York metropolitan area, the Authority directly provides low-cost power to government agencies promoting economic development.

The Power Authority's enabling legislation does not have a sunset provision.

Tax Expenditure

$134.0 million

Battery Park City Authority (BPCA)

Citation

NYS Public Authorities Law, Section 1981; NYS Real Property Tax Law, Section 412

Policy Objective

Manage the development of a mixed commercial/residential community whose amenities serve the larger New York community.

Description

The Battery Park City Authority (BPCA) was created in 1968 by the Battery Park City Act. In cooperation with the City and the private sector, the Authority has developed a mixed-use community, combining residential and commercial properties with public facilities (schools, parks, etc.) and utilities. Under a 1981 agreement with a developer, four office towers containing six million square feet of space were completed in 1987.

PILOT payments remitted annually by the Authority, as stipulated in the 1986 Amendment to the Settlement Agreement between BPCA and the City of New York, are currently used as additional support for City housing programs. The Housing New York Agreement provides for BPCA revenues to back bond issues as well; in this regard, $400 million in net proceeds from bonds issued by the Housing New York Corporation will allow for the increase of low- and moderate-income housing production throughout the City. The enabling legislation does not have a sunset provision.

Distributional Information

In FY 2025, there were 3,756 residential exemptions with an exempt value of $1.3 billion, providing tax relief for 3,743 condominiums and 4,546 rental apartments. There were 68 commercial exemptions with an exempt value of $1,597.0 million. Additional distributional information appears in Appendix III.

BPCA Benefits by Property Type

Property Type	Units	Exempt Assessed Value
Condos	42.3%	22.3%
Mixed Use	6.3%	55.9%
Rentals	51.4%	21.8%
Total	100.0%	100.0%

Tax Expenditure (net after PILOTs)

$174.1 million

World Trade Center (Port Authority of NY and NJ)

Citation

NYS Unconsolidated Laws, Title 17, Chapter 5, Section 6611

Policy Objective

To encourage economic development in the New York-New Jersey region, and, specifically, in the Lower Manhattan area.

Description

The World Trade Center (WTC), owned and operated by the Port Authority of New York and New Jersey, is in the process of being redeveloped in the aftermath of the events of September 11, 2001.

Although exempt from taxation, the WTC makes payments in lieu of taxes (PILOTs) to the City. The PILOTs are based on the rental of private space in the WTC multiplied by a fixed amount per square foot. The PILOTs are adjusted to reflect increases in assessments of comparable office buildings in the financial district and tax rate changes.

The enabling legislation that exempts World Trade Center property from taxation contains no sunset provision.

Tax Expenditure (net after PILOTs)

$150.5 million

Teleport Center (Port Authority of NY and NJ)

Citation

NYS Unconsolidated Laws, Title 17, Chapter 26; NYS Real Property Tax Law, Section 412

Policy Objective

Provide state-of-the-art communications technology with the goal of encouraging the economic development of the New York-New Jersey region.

Description

The Teleport Center, located on land owned by the Port Authority of New York and New Jersey, is a joint venture among the Authority, Merrill Lynch, and Western Union, developing and utilizing the latest technology in worldwide telecommunications. The Center provides fiber-optic links with the participating companies' Manhattan offices.

The Port Authority's enabling legislation does not contain any sunset provisions.

Tax Expenditure

$7.6 million

Trust for Cultural Resources of the City of New York - Museum of Modern Art

Citation

NYS Arts and Cultural Affairs Law, Sections 20.33 and 21.11

Policy Objective

To support the expansion and operating costs of cultural institutions deemed essential to the general and economic welfare of the State and City.

Description

In 1976, the legislature enacted legislation that provides for the creation of cultural trusts (public benefit corporations). The legislation further provides that: (1) the trust shall submit annual financial reports to the governor and mayor; and (2) the State comptroller and the City's chief fiscal officer are authorized to examine the books and records of the trust at least once every three years or, in lieu thereof, accept from the trust an external examination made by a certified public accountant acceptable to such officer.

The only trust that has been created to date is for the Museum of Modern Art in New York City. As a result, a 52-story tower was developed adjacent to the museum, containing six floors dedicated to the Museum and 260 residential condominiums.

The residential portion of the building is exempt from NYC Real Property Taxes. However, the condominiums make payments to the trust, equivalent to Real Property Taxes. These payments are used primarily to defray administrative costs of the trust, fund the debt service on the mixed-use facility and provide the cultural institution with funds for operating expenses.

Tax Expenditure (net after PILOTs)

$16.2 million

PART III

BUSINESS INCOME AND EXCISE TAX EXPENDITURES

Overview

The tax expenditures in this section derive from provisions of New York City tax law concerning the following business income and excise taxes: Business Corporation Tax; General Corporation Tax; Unincorporated Business Tax; Banking Corporation Tax; Utility Tax; Mortgage Recording Tax; Real Property Transfer Tax; and Commercial Rent Tax. Appendix II has descriptions of each tax, including the tax rate and base.

Certain tax benefits are explicitly designed to foster economic development. Other tax expenditures, while created for economic development purposes, are also intended to reflect the unique economic activity in which certain industries are engaged. For example, there are special rules for allocating net income for the broadcasting, publishing, and mutual fund industries. Still other tax expenditures are created for social objectives, such as assisting the dramatic arts or promoting certain types of scientific research.

Table 7 summarizes business income and excise tax expenditures for the most recent available tax year. Estimates are based on Department of Finance data, unless otherwise noted. The estimates are stated on a tax year rather than fiscal year basis. Tax expenditures are not quantifiable for some programs.

Following the summary table is a description of each program. Descriptions include legal citations and, where applicable, information regarding the years to which tax benefits can be carried forward. The number of businesses that benefit from tax expenditure programs is provided where available.

Table 7

BUSINESS INCOME AND EXCISE TAX EXPENDITURES
(in millions of dollars)

Program	Amount
Business Income Taxes (TY 2021)	
Insurance Corporation Non-Taxation	711
Business and Investment Capital Tax Limitation	120
Special Lower Tax Rate on Capital of Cooperative Housing Corporations	61
Special Deduction in Determining Entire Net Income of Certain Banking Institutions	52
Reduced Corporate Tax Rates for Qualified Manufacturers and Other Small Businesses	35
Special Allocation Rule: Regulated Investment Company (RIC) Management Fees	33
Relocation and Employment Assistance Program (REAP)[1]	26
Special Lower Tax Rate on Capital of Utilities and Insurance Corporations	9
Three-Factor Method for Allocation of Business Income & Capital	3
Beer Production Credit for Beer Produced in NYC	<1
Small Business Grants Exclusion from Business Income Taxes	<1
Employment Opportunity Relocation Costs Credit and Industrial Business Zone Credit	<1
Real Property Tax Escalation Credit	0
International Banking Facility Deduction	0
Excise and Other Taxes (TY 2023)	
Housing Development Fund Company Transfers	27
Small Business CRT Credit	17
Energy Cost Savings Program Credit	9
Commercial Revitalization Program	9
Real Estate Investment Trusts	<1
Total	**1,111**

Not Quantifiable

Air Pollution Control Facilities Deduction
Credit Line Mortgages
Dramatic or Musical Arts Performance Exemption
Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property
Purchase and Sale of Property or Financial Instruments for Taxpayers' Own Account
Small Corporation Exemption from Alternative Taxes
Special Allocation Rules:
- Credit Card Interest
- Newspaper and Periodical Publishers' Advertising Sales Receipts
- Radio/TV Commercial Receipts and Subscriber Charges
- Certain Service Receipts of Registered Securities or Commodities Brokers or Dealers

Not Applicable in TY 2021

Biotechnology Credit (starts TY 2023)
Childcare Credit Against Certain Business Income Taxes (starts TY 2023)
Deduction for Expenses of a Cannabis Business Authorized Under State Law (starts TY 2022)

1. This program has an excise tax component.

Insurance Corporation Non-Taxation

Citation

Chapter 649, Section 11, NYS Laws of 1974

Policy Objective

Promote the New York City insurance industry.

Description

Corporations with income allocable to New York City are normally subject to City taxation. Except for out-of-state insurance companies insuring City property against fire loss or damage, insurance companies operating in the City are not subject to taxation on income from their insurance services, or on income from their non-insurance activities, such as real estate or financial services activities.

Prior to 1974, New York City taxed all insurance companies on premiums received on risks located or resident in the City. This tax was discontinued in 1974.

Taxes Affected

General Corporation Tax
Business Corporation Tax

Tax Expenditure

$711 million

Business and Investment Capital Tax Limitation

Citation

NYC Administrative Code, Sections 11-604 (1)(F) and 11-654(1) (e)(1)(ii)

Policy Objective

Limit the City tax liability of corporations that have large net worth and relatively little taxable income.

Description

General Corporation Tax

A corporation subject to taxation in New York City determines its tax liability by making three alternative calculations (net income, net income plus compensation paid to certain shareholders and business and investment capital), comparing the results to a sliding scale fixed minimum amount and paying the largest of the four amounts. Beginning in TY 2009, a corporation's tax on New York City-allocated business and investment capital is limited to a maximum of $1 million.

Business Corporation Tax

A taxpayer determines its tax liability by making two calculations (net business income and business capital), comparing the results to a sliding scale fixed minimum amount and paying the largest of the three amounts. Under the Business Corporation Tax, a corporation's tax on New York City-allocated business capital is limited to a maximum of $10 million.

Taxes Affected

General Corporation Tax
Business Corporation Tax

Tax Expenditure

General Corporation Tax: $2 million
Business Corporation Tax: $118 million

Number of Beneficiaries

Fewer than 10 corporations

Special Lower Tax Rate on Capital of Cooperative Housing Corporations

Citation

NYC Administrative Code, Sections 11-604 E(a)(2) and 11-654 (1)(e)(1)(ii)(B)

Policy Objective

Promote cooperative housing corporations in New York City.

Description

Capital allocated to New York City is normally taxed at the rate of 0.15 percent. However, cooperative housing corporations are taxed at a rate of 0.04 percent on capital allocated to the City under the Business Corporation Tax and General Corporation Tax.

Taxes Affected

General Corporation Tax
Business Corporation Tax

Tax Expenditure

General Corporation Tax: less than $100,000
Business Corporation Tax: $61 million

Number of Beneficiaries

4,679 corporations

Special Deduction in Determining Entire Net Income of Certain Banking Institutions

Citation

NYC Administrative Code, Section 11-652.8(q), (r), (s) and (t)

Policy Objective

Encourage local lending in New York City.

Description

The Business Corporation Tax allows qualifying banking institutions to claim certain deductions when calculating entire net income subject to tax. The types of institutions that can qualify for benefits under this program include (1) small thrift institutions and qualified community banks that make New York City small business loans and New York City residential mortgage loans; (2) thrifts and qualified community banks holding qualified residential loan portfolios; and (3) institutions with less than $150 billion of assets that make or purchase loans secured by residential real property in the City used for affordable housing or located in a low income community. The allowable deduction may be for a portion of the interest income received on qualifying loans or a percentage of entire net income determined with reference to the amount of the federal bad debt deduction claimed. Special rules may apply to a small thrift or qualified community bank that maintained a captive REIT as of April 1, 2014.

Taxes Affected

Business Corporation Tax

Tax Expenditure

Institutions that maintained a captive REIT as of April 1, 2014: $13 million
Institutions that hold qualified residential loan portfolios: $4 million
Institutions that make NYC small business and residential mortgage loans: $11 million
Institutions with less than $150 billion of assets that make or purchase loans secured by residential real property in the City used for affordable housing or located in a low-income community: $24 million

Number of Beneficiaries

45 corporations

Reduced Corporate Tax Rates for Qualified Manufacturers and Other Small Businesses

Citation

NYC Administrative Code, Section 11-654.1(j) and (k)

Policy Objective

Encourage manufacturing firms and small businesses to conduct their operations in New York City.

Description

Under the Business Corporation Tax, the rate of the tax on allocated business income is 8.85 percent (or 9 percent for financial corporations with assets exceeding $100 billion that meet certain other criteria). Manufacturing companies and small businesses that meet certain conditions can, however, qualify for lower rates, but not lower than 4.425 percent or 6.5 percent, respectively.

Qualified New York Manufacturing Corporations

A qualified New York manufacturing corporation is a firm that derives more than 50 percent of its gross receipts from the sale of goods that it manufactures, and that either (1) has manufacturing property in New York State with an adjusted basis of at least $1 million, or (2) has more than 50 percent of all its real and personal property in the State.

If a qualified manufacturing corporation's business income allocated to the City is less than $10 million and unallocated business income is less than $20 million, its tax rate is 4.425 percent. Under a statutory formula, that lower rate is phased out for firms with allocated business income between $10 million and $20 million and business income before allocation between $20 million and $40 million.

Other Small Businesses

A firm's status as a small business depends on the amount of its business income. If a corporation's business income allocated to the City is less than $1 million and unallocated business income is less than $2 million, its tax rate is 6.5 percent. That lower rate is phased out for firms with allocated business income between $1 million and $1.5 million and business income before allocation between $2 million and $3 million.

Taxes Affected

Business Corporation Tax

Tax Expenditure

Manufacturers: $1 million
Other Small Businesses: $33 million

Number of Beneficiaries

Manufacturers: 1,043 corporations
Other Small Businesses: 46,523 corporations

Special Allocation Rule: Regulated Investment Company (RIC) Management Fees

Citation

NYC Administrative Code, Sections 11-508(e-2), 11-604.3(a)(5) and 11-642(a)(G)(2)

Policy Objective

Promote the activities of managers of RICs (commonly known as mutual funds) in New York City.

Description

In determining their business allocation percentage, under the Banking Corporation Tax, General Corporation Tax, and Unincorporated Business Tax, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, a mutual fund management company's receipts from management, administration or distribution services rendered to the mutual fund are allocated based on the percentage of the RIC's shareholders domiciled in New York City. For this purpose, a shareholder's mailing address is presumed to be the shareholder's domicile.

The allocation of receipts is based upon the RIC's average "monthly percentage," which is calculated by dividing (a) the number of shares in the RIC that are owned on the last day of the month by shareholders domiciled in the City by (b) the total number of shares in the RIC outstanding on that date. Once calculated, the RIC's average monthly percentage for the taxable year is multiplied by the management company's receipts from management, administration, or distribution services.

Comparable rules for allocating RIC management fees are included under the Business Corporation Tax enacted in 2015. In addition, under the new law, receipts from services generally are allocated based on the location of the customer.

Taxes Affected

Banking Corporation Tax
General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

$33 million; estimate includes General Corporation Tax and Unincorporated Business Tax only.

Relocation and Employment Assistance Program (REAP)

Citation

NYC Administrative Code, Sections 11-503(i), 11-503(ℓ), 11-604.17, 11-604.19, 11-643.7, 11-643.9, 11-654.17, 11-654.19, 11-1105.2, 11-1105.3, and Chapters 6-b and 6-c of Title 22

Policy Objective

Promote business development in Manhattan north of 96th Street, in Lower Manhattan and in the other boroughs of New York City.

Description

Three versions of the REAP program are currently in effect: REAP, Lower Manhattan REAP, and Lower Manhattan REAP for Special Eligible Businesses.

REAP

Established in 1987, REAP provides a credit to certain taxpayers that relocate jobs from outside NYC or below 96th Street in Manhattan to “revitalization areas” in Upper Manhattan (the area north of 96th Street) or the other boroughs. Legislation enacted in 2000 provides for an annual credit of $3,000 per eligible employment share, generally the equivalent of one full-time employee, in the year of relocation and for each of the succeeding eleven years for relocations to REAP-eligible revitalization areas zoned as C4, C5, C6, M1, M2, or M3. The credit is refundable in the first five years. For relocations to areas in Upper Manhattan or the other boroughs that are not revitalization areas, a non-refundable annual credit of $1,000 per eligible employment share is available. Although relocations from Lower Manhattan (the area approximately south of Houston Street) to eligible areas qualify for REAP, the Mayor has discretion to limit REAP benefits for businesses that reduce their number of employees in Lower Manhattan to relocate elsewhere. For relocations from Lower Manhattan on or before June 30, 2005, the Mayor may only limit REAP benefits to businesses that reduce staff in Lower Manhattan by more than 100 employees. For relocations after June 30, 2005, any reduction of staff in Lower Manhattan may result in a reduction of benefits.

To be eligible for REAP, a business must have conducted substantial business operations either outside NYC or below 96th Street in Manhattan for at least 24 consecutive months immediately before relocating. Most retail activities and hotel services do not qualify, however, internet sales and sales by mail or telephone may qualify. Moreover, the premises where the business relocates must be nonresidential, must have been improved by construction or renovation on or after July 1, 2003, and meet certain other conditions.

Taxpayers must be certified annually by the City to participate in this program. A firm must receive its certificate of eligibility or file a preliminary application and fulfill certain requirements on or before June 30, 2025.

Lower Manhattan REAP (LMREAP)

Effective July 1, 2003, Lower Manhattan REAP (LMREAP) offers credits to businesses that relocate to Lower Manhattan. The LMREAP area lies south of a line running from the intersection of the Hudson River with the Holland Tunnel; running north along West Street to the intersection of Clarkson Street; running east to the intersection of Washington Street; running south along the centerline of Washington Street to the intersection of West Houston Street; and east along the centerline of West Houston Street, then at the intersection of the Avenue of the Americas the line continues east along the centerline of East Houston Street to the easterly bank of the East River. Eligible businesses receive an annual credit of $3,000 for twelve years per eligible employment share.

To be eligible for LMREAP, a business must have conducted significant business operations outside of New York City for at least 24 consecutive months immediately before relocating, must relocate on or after July 1, 2003, and must not have had employees working in New York City between January 1, 2002, and the date it enters into a lease or contract for eligible premises. Most retail activities and hotel services do not qualify, however, internet sales and sales by mail or telephone may qualify. The premises where the business relocates must meet REAP criteria.

Taxpayers must be certified annually by the City to participate in this program. A firm must receive its certificate of eligibility or file a preliminary application and fulfill certain requirements on or before June 30, 2025.

Lower Manhattan REAP for Special Eligible Businesses (LMREAP-SEB)

The Lower Manhattan Relocation and Employment Assistance Program for Special Eligible Businesses (LMREAP-SEB) is available to businesses that do not qualify for LMREAP because they had employees in Manhattan before their relocation. The credit is the same as in LMREAP. To be eligible for LMREAP-SEB, the business must have conducted substantial business operations outside of New York City for at least 24 consecutive months immediately preceding the taxable year of relocation, must relocate to eligible premises after June 30, 2005, must have had employees in Manhattan between January 1, 2002, and the date it enters into a contract to lease or purchase the relocation site, and must move at least 250 employees or a sufficient number of employees to increase its payroll in the city by 25 percent. Most retail activities and hotel services are not eligible, however, internet sales and sales by mail or telephone may be eligible. The premises where the business relocates must meet REAP criteria, except that the contract or lease must be entered into after June 30, 2005 and property improvements must have been made after that date.

Taxpayers must be certified annually by the City to participate in this program. A firm must receive its certificate of eligibility or file a preliminary application and fulfill certain requirements on or before June 30, 2025.

Distributional Information

The data below are from business income tax returns that received the REAP credit.

REAP, LMREAP, and LMREAP-SEB CREDIT BY INDUSTRY
TAX YEAR 2021

	Firms		Credit	
Industry	Number	Percent	Amount ($ millions)	Percent
Finance & Insurance, Real Estate, Information	20	11%	4.9	19%
Services	75	42%	6.4	24%
Trade	47	26%	6.1	24%
Manufacturing	10	6%	1.3	5%
Other	26	15%	7.4	28%
Total	178	100%	$26.1	100%

Taxes Affected

Banking Corporation Tax
General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax
Utility Tax

Tax Expenditure

$26 million

Number of Beneficiaries

178 firms

Special Lower Tax Rate on Capital of Utilities and Insurance Corporations

Citation

NYC Administrative Code, Section 11-654 (1)(e)(1)(ii)(C)

Policy Objective

Limit the City tax liability of corporations that have large net worth.

Description

Capital allocated to New York City is normally taxed at the rate of 0.15 percent. However, the portion of total business capital directly attributable to stock in a subsidiary that is taxable as a utility within the meaning of the NYC Utility Tax or would have been taxable as an insurance corporation under the former NYC Insurance Corporation Tax, as in effect on June 30, 1974, is taxed at a rate of 0.075 percent.

Taxes Affected

Business Corporation Tax

Tax Expenditure

$9 million

Number of Beneficiaries

24 corporations

Three-Factor Method for Allocation of Business Income and Capital[1]

Citation

New York City Administrative Code, Sections 11-654(3)(a)(10)(x), 11-654(3)(a)(10)(xii), 11-654.2, and 11-654(3)(a)(10)(ix).

Policy Objective

To reduce the tax burden on small and medium-size corporations with receipts factors exceeding their property and/or payroll factors.

Description

In general, for tax years beginning on or after January 1, 2018, taxpayers that allocate business income and business capital inside and outside New York City must do so using their receipts factor, i.e., the percentage of all receipts that are from sources inside New York City. However, a taxpayer with New York City receipts of $50,000,000 or less that allocates business income and business capital may make a one-time, revocable election to allocate business income and business capital using the three-factor weighted percentage applicable to TY 2017. This election may only be made during a corporation's first taxable year commencing on or after January 1, 2018, and shall remain in effect until revoked by the corporation. Once revoked, the election may not be made again.

The three-factor weighted percentage for TY 2017 is the sum of the following three amounts: the current year's receipts percentage multiplied by 93 percent; the current year's property percentage multiplied by 3½ percent; and the current year's payroll percentage multiplied by 3½ percent.

Taxes Affected

Business Corporation Tax

Tax Expenditure

$3 million

Number of Beneficiaries

658 corporations

[1] *Three-Factor Method for Allocation of Business Income and Capital* became a tax expenditure for tax years beginning on or after January 1, 2018, because it became an exception to the fully phased-in single sales factor allocation method. For years beginning before January 1, 2018, *Single-Sales Factor* was classified as a tax expenditure as it was being phased in, replacing the prior norm of the three-factor formula.

Beer Production Credit for Beer Produced in New York City

Citation

NYC Administrative Code, Sections 11-503(p), 11-604.22 and 11-654.22

Policy Objective

Encourage the growth of New York City breweries.

Description

For tax years beginning on or after January 1, 2017, a beer distributor registered with the NYS Department of Taxation and Finance under Article 18 (Taxes on Alcoholic Beverages) that produces no more than 60 million gallons of beer in the State is allowed a credit for each gallon of beer produced in the City; however, the credit cannot be claimed for more than 15.5 million gallons produced during the year. The amount of the credit is 12 cents per gallon for the first 500,000 gallons of beer produced in the City during the year and 3.86 cents per gallon on any excess over 500,000 gallons. Credits in excess of tax liability are refundable.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Number of Beneficiaries

12 beer distributors

Small Business Grants Exclusion from Business Income Taxes

Citation

NYC Administrative Code Sections 11-506(c)(12), 11-602(8)(a)(16), 11-641(t), and 11-652(8)(a)(17)

Policy Objective

To assist small businesses adversely affected by the COVID-19 pandemic.

Description

New York State and New York City established the COVID-19 Pandemic Small Business Recovery Grant Program and the Small Business Resilience Grant Program, respectively, for small businesses adversely affected by the pandemic. Small businesses in New York City received grants under these programs. To further assist these businesses, legislation was enacted that excludes these grants from income subject to tax for NYC business income tax purposes. The grants are subject to federal income tax.

The COVID-19 grant exclusions are applicable to tax years beginning on or after January 1, 2021. However, due to the timing of the NYC grants, no firms used the NYC grant exclusion in tax year 2021.

Taxes Affected

Business Corporation Tax
Unincorporated Business Tax
General Corporation Tax
Banking Corporation Tax

Tax Expenditure

Less than $1 million

Employment Opportunity Relocation Costs Credit and Industrial Business Zone Credit

Citation

NYC Administrative Code, Sections 11-503(f), 11-503(n), 11-604.14, 11-604.17-b, 11-654.14, 11-654.17-b and Title 22, Chapter 6-D

Policy Objective

Promote employment in New York City.

Description

Employment Opportunity Relocation Costs Credit. Taxpayers may be allowed a tax credit for certain costs incurred in relocating commercial or industrial "employment opportunities" to New York City from an area outside New York State. "Employment opportunity" means the creation of a full-time position and the hiring of an employee for the position. To be eligible for the credit, a taxpayer must relocate to the City a minimum of 10 employment opportunities. The allowable credit may not exceed $300 and $500, respectively, for each commercial and industrial position relocated.

Industrial Business Zone Credit. Legislation enacted in 2005 provides a new employment relocation costs credit, in place of the above credit, for industrial and manufacturing firms that satisfy certain conditions. The new credit is a one-time, refundable credit of $1,000 for each full-time employee (or two part-time employees) relocating to premises in an industrial business zone, as designated by a newly created Industrial Business Zone Boundary Commission. The credit, available after 2005, cannot exceed the lesser of $100,000 or the actual cost of relocating furniture, fixtures, equipment, machinery, and supplies.

These credits, which originally applied to the General Corporation Tax and Unincorporated Business Tax, have been continued under the Business Corporation Tax.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $100,000

Number of Beneficiaries

Fewer than 10 taxpayers

Real Property Tax Escalation Credit

Citation

NYC Administrative Code, Sections 11-503(e), 11-604.13 and 11-654.13

Policy Objective

Encourage businesses to relocate to New York City.

Description

Certain taxpayers that have relocated to leased premises in New York City from a location outside New York State and that have created at least 100 full-time industrial or commercial employment opportunities in the City are allowed a tax credit for additional lease payments actually paid to the taxpayer's landlord that are based solely and directly upon increased Real Property Taxes imposed upon the relocation premises.

Before a taxpayer can claim the credit, the taxpayer's eligibility must be approved and certified by the City. The credit can be claimed annually for the length of the lease term, or for a period not to exceed ten years from the date of relocation, whichever period is shorter.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

None

International Banking Facility Deduction

Citation

NYC Administrative Code, Section 11-641(f)

Policy Objective

Promote international banking activities in New York City.

Description

Beginning in December 1981, the Federal Reserve Board permitted banking offices in the United States to establish international banking facilities (IBFs). This allowed banking offices to conduct a deposit and loan business with foreign residents without being subject to reserve requirements or interest rate ceilings. In addition, several states, including New York, have encouraged banking institutions to establish IBFs by granting favorable tax treatment under State or local law for IBF operations.

New York City allows banking corporations to deduct the adjusted eligible net income of an IBF, and to exclude IBF payroll, receipts and deposits from the numerator and denominator of the income allocation formula, in calculating taxable income under the Banking Corporation Tax. Alternatively, a bank can elect to include its IBF's results in calculating its net income, but to exclude IBF payroll, receipts, and deposits from the numerator (while including them in the denominator) of its income allocation formula. As a result, banking offices in New York can, through their IBFs, conduct transactions with foreign residents in a regulatory environment broadly like that of the Eurocurrency market without having to use an offshore facility.

Only corporations subject to the Banking Corporation Tax may claim the IBF tax benefit. The Business Corporation Tax does not include special treatment of IBFs.

Taxes Affected

Banking Corporation Tax

Tax Expenditure

None

Air Pollution Control Facilities Deduction

Citation

NYC Administrative Code, Sections 11-507(9), 11-602.8(g), and 11-652.8(g)

Policy Objective

Improve the quality of air in New York City.

Description

Eligible taxpayers are entitled to a special deduction for expenditures paid or incurred during the taxable year for the construction, reconstruction, erection, or improvement of Air Pollution Control Facilities. Such facilities must be certified by the NYS Commissioner of Environmental Conservation or the commissioner’s designated representative in accordance with applicable provisions of the Environmental Conservation Law, the NYS sanitary code and regulations, permits or orders issued pursuant thereto.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property

Citation

NYC Administrative Code, Section 11-502(d)

Policy Objective

Exempt certain revenue-generating activities from business taxation.

Description

The NYC Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, certain owners of real property, lessees or fiduciaries engaged in holding, leasing, or managing real property are not considered to be engaged in an unincorporated business, and are exempt from the tax. Other business activities, however, may be taxable. In this connection, if the owner, lessee, or fiduciary carries on any business at the real property, including, for example, a garage, restaurant, laundry, or health club, that business will be considered incidental to the holding, leasing and management of real property and also not subject to taxation, provided the business is conducted solely for the benefit of tenants and is not available to the public.

An owner of real property, a lessee or a fiduciary that operates a garage in a building exempt from the Unincorporated Business Tax receives an exemption for income received from building tenants who rent parking spaces in the building's public garage on a monthly or longer-term basis, but income from renting parking spaces to the public or to building tenants on a short-term basis is subject to tax.

Taxes Affected

Unincorporated Business Tax

Tax Expenditure

Not available

Purchase and Sale of Property or Financial Instruments for Taxpayer's Own Account

Citation

NYC Administrative Code, Section 11-502(c)

Policy Objective

Exempt certain revenue-generating activities from business taxation.

Description

The NYC Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, individuals or entities engaged in certain trading activities for their own account are not considered to be engaged in an unincorporated business. These activities include the purchase and sale of property or the purchase, sale or writing of stock option contracts, or both, for the individual's or entity's own account. Also included are certain investment transactions involving notional principal contracts and other types of derivative financial instruments.

The law contains certain safe harbors designed to prevent loss of the exemption where incidental business activities are conducted.

Taxes Affected

Unincorporated Business Tax

Tax Expenditure

Not available

Small Corporation Exemption From Alternative Taxes

Citation

NYC Administrative Code, Section 11-604.1.I

Policy Objective

To provide tax relief to small corporations located entirely within the City.

Description

For tax years beginning on or after January 1, 2007, the alternative income-plus-compensation tax base and the business and investment capital tax base under the General Corporation Tax do not apply to a corporation if its Federal gross income is less than $250,000, its business allocation percentage is 100 percent, and it has no investment or subsidiary capital. Such a corporation pays the higher of the tax on entire net income or the fixed dollar minimum tax. These provisions are not included under the Business Corporation Tax, which does not impose the income-plus-compensation base and includes only business capital in the capital base.

Taxes Affected

General Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: Credit Card Interest

Citation

NYC Administrative Code, Section 11-642(a)(2)(D)

Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, under the Banking Corporation Tax, taxpayers normally determine the source of receipts from services based upon where the services were performed. Accordingly, service charges and fees from credit cards are deemed earned in New York City if the card is serviced in the City. However, credit card interest is allocated based upon the mailing address of the cardholder.

The mailing-address rule for allocating credit card interest is continued under the Business Corporation Tax enacted in 2015. In addition, receipts from service charges and fees are also allocated based on the cardholder’s mailing address, and receipts from services generally are allocated based on the location of the customer.

Taxes Affected

Banking Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: Newspaper and Periodical Publishers' Advertising Sales Receipts

Citation

NYC Administrative Code, Sections 11-508(e-1) and 11-604.3(a)(2)(B)

Policy Objective

To accurately allocate taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, under the General Corporation Tax and Unincorporated Business Tax, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, publishers of newspapers and periodicals allocate income received from advertising based on the number of newspapers and periodicals delivered to points within the City.

The rule for allocating advertising sales receipts is continued under the Business Corporation Tax enacted in 2015. In addition, under the new law, receipts from services are generally allocated based on the location of the customer.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Special Allocation Rule: Radio/TV Commercial Receipts and Subscriber Charges

Citation

NYC Administrative Code, Sections 11-508(e-1), 11-604.3(a)(2)(B), and 11-604.3(a)(9)

Policy Objective

To accurately allocate taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, under the General Corporation Tax and Unincorporated Business Tax, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, the income a business receives from broadcasting radio and television commercials or programs (whether through the public airwaves or by cable, satellite transmission or any other means of transmission) is allocated to the City based on the "audience location method," i.e., the ratio of the number of the broadcaster's New York City listeners/viewers to its total listeners/viewers. In addition, charges paid by subscribers to television or radio programming services (whether transmitted by cable or otherwise) are allocated to the jurisdiction in which the subscriber is located, determined, generally, based on the subscriber's billing address.

Similar rules apply under the Business Corporation Tax enacted in 2015. In addition, under the new law, receipts from services are generally allocated based on the location of the customer.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Special Allocation Rule: Service Receipts of Registered Securities or Commodities Brokers or Dealers

Citation

NYC Administrative Code, Sections 11-508(e-3), 11-604.3(a)(2)(B) and 11-604.3(a)(10)

Policy Objective

Encourage registered securities and commodities brokers and dealers to locate in New York City.

Description

In determining their business allocation percentage, under the General Corporation Tax and Unincorporated Business Tax, taxpayers normally determine the source of receipts from services based upon where the services were performed. Special rules apply in apportioning receipts from certain services performed by registered securities or commodities brokers or dealers. Among other items, brokerage commission receipts, margin interest, advisory service fees and account maintenance fees are sourced within and outside the City based on the mailing address of the firm’s customer.

The rule for allocating these service receipts is continued under the Business Corporation Tax enacted in 2015. In addition, under the new law, receipts from services are generally allocated based on the location of the customer.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Biotechnology Credit

Citation

NYS Tax Law, Section 1201-a(d), NYC Administrative Code, Sections 11-503(o), 11-604.21 and 11-654.21

Policy Objective

To encourage small, emerging biotechnology companies to locate and expand in the City.

Description

Biotechnology firms with not more than 100 full-time employees, at least 75 percent of whom are employed in the City, with total annual product sales not exceeding $10 million, and that meet certain other conditions, are eligible for a credit against the Business Corporation Tax, General Corporation Tax or Unincorporated Business Tax based on qualifying expenditures for research and development property, qualified research expenses and qualified high-technology training costs. A taxpayer is allowed a credit of up to $250,000 for a tax year in which its in-City employment level is at least 105 percent of its base year employment; if the increase in jobs is less than 105 percent, the credit is limited to 50 percent of the amount otherwise allowable, and the total annual credit cannot exceed $125,000. The credit can only be claimed for three consecutive years. The total of all biotechnology credits allowed during any calendar year under the General Corporation Tax and the Unincorporated Business Tax cannot exceed $3 million; if the cap is exceeded, the credits are to be prorated under rules adopted by the Commissioner of Finance. The credit can be refunded or applied toward the next year's tax if it exceeds the current year's tax liability.

The credit was originally available only for tax years beginning on or after January 1, 2010, and before January 1, 2019, however, under 2023 legislation, the credit was restored for tax years beginning on or after January 1, 2023, and before January 1, 2026.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

None; the credit starts TY 2023.

Childcare Credit Against Certain Business Income Taxes

Citation

Chapter 59 of the New York State Laws of 2022, Part II; NYC Administrative Code, Sections 11-144, 11-503(q), 11-604(23), and 11-654(23)

Policy Objective

To expand employment and career opportunities for parents of infants and toddlers by increasing the availability of subsidized childcare.

Description

Businesses subject to New York City business taxes (specifically, the Unincorporated Business Tax, General Corporation Tax, and Business Corporation Tax) may qualify for a refundable tax credit for creating or expanding infant and toddler childcare programs for their employees. Rules relating to the administration of the credit are published in Title 19 of the Rules of the City of New York (RCNY) §59-01 through §59-06. The credit amount is generally based on the weekly childcare subsidy market rates for infants and toddlers for New York City as set forth in a childcare market survey report by the New York State Office of Children and Family Services (the "childcare rate") published in 2022 and the average number of new or additional childcare seats that are occupied while the childcare program is in operation. The credit is capped at 25 new or additional childcare seats that are occupied. Further, the childcare program may not impose a cost on employees that exceeds 40 percent of the childcare rate.

Businesses must apply to the NYC Department of Finance for the credit. No later than January 31 of the calendar year following the calendar year in which the application was submitted, the Department of Finance shall approve or deny such application and provide a calculation of the amount of such credit. Because the Legislature capped the aggregate amount of the credit at $25 million per year, the Department of Finance, at its discretion, may reduce the credit issued to some or all applicants to adhere to the cap.

The credit is available in Tax Years 2023, 2024 and 2025 for childcare slots created on or after April 1, 2022.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

None; credit starts TY 2023.

Deduction for Expenses of a Cannabis Business Authorized Under State Law

Citation

NYC Administrative Code, Sections 11-506(c)(13), 11-602(8)(a)(17), and 11-652(8)(a)(18).

Policy Objective

To equalize the tax treatment of legal businesses selling cannabis with other legitimate businesses.

Description

Marijuana remains a Schedule I controlled substance within the meaning of the federal Controlled Substances Act and is subject to the limitations of the Internal Revenue Code. Section 280E of the federal tax code currently bars cannabis businesses from claiming deductions of many basic business expenses. That rule often results in an effective tax rate of 70 percent or more, wiping out most licensed marijuana retailers' earnings. For state purposes, the sale of adult-use cannabis and medical cannabis is permitted provided that the selling business meets certain licensing requirements. This provision allows the deduction of the excluded expenses for city purposes and is effective beginning in tax years commencing on or after January 1, 2022.

Taxes Affected

General Corporation Tax
Business Corporation Tax
Unincorporated Business Tax

Tax Expenditure

None; deduction starts in TY 2022.

Housing Development Fund Company (HDFC) Transfers

Citation

NYC Administrative Code, Section 11-2106.9

Policy Objective

Encourage investment in low-income housing developments.

Description

Under legislation enacted in 2016, and effective August 19, 2016, qualifying transfers of real property by or to housing development fund companies organized pursuant to Article 11 of the NYS Private Housing Finance Law (or by or to entities they control) are exempted from the NYC Real Property Transfer Tax. The exemption is retroactive to transfers occurring on or after January 1, 2010.

To qualify for the exemption, the property must be subject to a regulatory agreement with New York State or one of its municipal or public corporations. Among other conditions, the agreement must, for at least 30 years, restrict more than 50 percent of the property’s floor area (other than common areas) to residential use, and restrict at least two-thirds of the residential space to use by low-income individuals or families. If less than 100 percent of the property’s floor area is to be used by low-income residents, a partial transfer tax will apply based on the percentage of the space that is not so used.

If a regulatory agreement is not in place at the time a transfer occurs, the transfer tax must be paid; however, if the property is made subject to a qualifying regulatory agreement within the following two years, a refund can be applied for.

Taxes Affected

Real Property Transfer Tax

Tax Expenditure

$27 million, representing 74 transactions

Small Business CRT Credit

Citation

NYC Administrative Code, Section 11-704.4

Policy Objective

Provide small businesses relief from the Commercial Rent Tax.

Description

Beginning on or after June 1, 2018, a full tax credit is available to tenants whose base rent (before the 35 percent reduction available to all taxpayers under the Commercial Rent Tax) is less than $500,000 and whose total income is not more than $5 million; the tax credit phases out for tenants whose base rent before reduction is between $500,000 and $550,000 and whose total income is more than $5 million but not more than $10 million.

Taxes Affected

Commercial Rent Tax

Tax Expenditure

$17 million

Number of Beneficiaries

1,501 tenants

Energy Cost Savings Program (ECSP) Credit

Citation

NYS General City Law, Sections 25-s to 25-u; NYC Administrative Code, Section 11-1105.1 and Chapter 6 of Title 22

Policy Objective

To promote business development in designated parts of Manhattan and in the other boroughs.

Description

The ECSP program applies to industrial and commercial companies that relocate to Manhattan north of 96th Street or the other boroughs or that occupy new or improved space in these areas. Manufacturing firms that own or lease space in a building located in Manhattan south of 96th Street may also qualify for ECSP benefits. In addition, certain other eligible businesses in Lower Manhattan may be eligible for ECSP benefits.

An eligible user that purchases electricity or gas from a utility supervised by the Public Service Commission (PSC) is entitled to receive from the utility a special rebate, which reduces monthly utility bills. Utilities deduct the rebates they grant from their City utility gross receipts tax payments.

The ECSP reduction in energy costs is calculated as a percentage of the cost of delivery. Eligible firms receive a 45 percent discount on the delivery portion of their electric bill and 35 percent off gas delivery costs. Tying the reduction to delivery costs enables businesses to purchase the electric or natural gas commodity in the deregulated market and realize additional savings. ECSP benefits must be received directly from a PSC-supervised utility, which, as noted above, will receive a Utility Tax credit for rebate amounts against its utility gross receipts tax payments.

Legislation enacted in 2023 extended the deadline for new applicants to qualify for benefits to June 30, 2027.

Taxes Affected

Utility Tax

Tax Expenditure

$9 million

Number of Beneficiaries

357 firms

Commercial Revitalization Program (CRP)

Citation

Commercial Rent Tax: NYC Administrative Code, Section 11-704(i);
Lower Manhattan Energy Program: NYS General City Law, Section 25-aa through 25-cc; NYS Tax Law, Section 1201-c; NYC Administrative Code, Section 11-1105.1

Policy Objective

To spur economic activity by encouraging more productive use of older non-residential and mixed-use buildings in Lower Manhattan and Manhattan's Special Garment Center District.

Description

Enacted by the State Legislature in 1995 at the City's request, the Commercial Revitalization Program provides Real Property Tax abatements and exemptions, Commercial Rent Tax (CRT) special reductions, and energy subsidies to certain properties. Property tax benefits are discussed on page 26 of this report.

Commercial Rent Tax Reduction

Lower Manhattan tenants eligible for the Real Property Tax Abatement under the Commercial Revitalization Program are also eligible for a special reduction in calculating their liability for the CRT. A tenant leasing space in a pre-1975 building owned by a government entity may also qualify for the CRT benefit if it meets certain eligibility requirements.

The benefit is a reduction in the amount of rent otherwise subject to the CRT and can be claimed starting on the rent commencement date of the lease. The reduction is available for a period of up to 60 months.

In general, to determine the reduction, the 60-month period is divided into five 12-month periods. For the first 12-month period (the "base year" period) the reduction is equal to the actual rent paid. For the second and third 12-month periods, the reduction is equal to the lesser of the rent paid during each period or the base-year rent paid. For the fourth and fifth 12-month periods, the reduction is equal to two-thirds and one-third, respectively, of the lesser of the rent paid during each period or the base-year rent paid. A modified CRT benefit is available to eligible tenants who enter into minimum three-year leases, rather than five-year terms.

The following enhancements, enacted in 2005, supplement the original program:

- An enhanced special reduction benefit is available for leases in Lower Manhattan (except subleases) with a term of at least five years that commence between July 1, 2005, and June 30, 2027. As to such leases, the two-thirds and one-third limits described above will not apply, and leased space can qualify for the reduction regardless of when the building was constructed or received its certificate of occupancy. The special reduction will not be available after March 31, 2034.

- Lower Manhattan retail premises, defined as premises used primarily for the selling of tangible goods to ultimate consumers, are exempted from the CRT beginning December 1, 2005. Also exempted from the tax are tenants in a defined area of Lower Manhattan referred to as the World Trade Center Area.

- A CRT special reduction is allowed for premises located in Manhattan's Special Garment Center District (as defined in the City's zoning resolution) that are used for industrial and manufacturing activities. The special reduction applies to eligible leases commencing on or after July 1, 2005, and is available for up to 120 months, but in no case after June 30, 2023.

Lower Manhattan Energy Program (LMEP) [1]

Eligible occupants of commercial space in renovated or newly constructed buildings located in a defined area of Lower Manhattan may receive a reduction in their electricity costs. Eligibility for the benefit depends on several factors, including investment in the building, occupancy of premises in the building by eligible users (generally commercial tenants), and compliance with certain sub-metering and notice requirements.

In general, the reduction in energy charges is provided as a rebate in the form of a reduced energy bill from the utility to the building's landlord, who, in turn, is required to pass along the benefit to eligible tenants. The utility recoups the special rebate by claiming a credit for the amount against its gross receipts tax otherwise payable to the City. Application for benefits must be made after June 30, 1995, and before July 1, 2027, and, in any case, before a building permit for the required construction or renovation is issued.

Taxes Affected

Commercial Rent Tax
Utility Tax

Tax Expenditure

CRT special reduction benefit for leases: $4 million
CRT Lower Manhattan retail premises: not available
CRT World Trade Center exemption: not available
CRT Special Garment Center district: not available
Utility Tax LMEP: $5 million

Number of Beneficiaries

CRT special reduction benefit for leases: 43 firms
CRT Lower Manhattan retail premises: not available
CRT World Trade Center exemption: not available
CRT Special Garment Center district: not available
Utility Tax LMEP: 319 firms

[1] The Lower Manhattan Energy Program is enabled under the same laws as the Energy Cost Savings Program but has its own, separate rules and regulations.

Real Estate Investment Trusts (REITs)

Citation

NYC Administrative Code, Sections 11-603.7, 11-653.7 and 11-2102.e

Policy Objective

Promote REITs as investment vehicles.

Description

New York City generally conforms to federal tax treatment of Real Estate Investment Trusts (REITs). To the extent that the REIT passes its income to the shareholders, the REIT pays no City corporate tax on that income. The dividend or distributed gain is taxed at the shareholder level. Any undistributed income the REIT possesses is subject to taxation. To the extent that they are taxable, REITs are subject to two of the three alternative tax bases under the Business Corporation Tax enacted in 2015. The tax liability of a REIT is determined by utilizing only the net income and fixed dollar minimum corporate tax bases.

Legislation enacted in 1994 provided eligible REITs tax relief against the NYC Real Property Transfer Tax. The measure was intended to encourage the purchase of properties in New York City by REITs by providing a 50 percent Real Property Transfer Tax rate reduction during a two-year period for qualifying transfers of property made in connection with the formation of a REIT. In addition, in determining the consideration for a qualifying transfer, the value of the real property was deemed to be its estimated market value as reflected on the most recent notice of assessment issued by the Commissioner of Finance, or such other value as the taxpayer could establish to the Commissioner’s satisfaction.

Legislation enacted in 1996 made the above benefit permanent and extended the benefit to certain transfers to pre-existing REITs. Through legislative extensions, the reduced tax rate for transfers of real property into existing REITs has been continued until August 31, 2026.

Taxes Affected

Business Corporation Tax
Real Property Transfer Tax

Tax Expenditure

Business Corporation Tax: not available
Real Property Transfer Tax: less than $1 million; there were 13 transfers

Dramatic or Musical Arts Performance Exemption

Citation

NYC Administrative Code, Sections 11-701.17 and 11-704.e

Policy Objective

Promote the dramatic and musical arts in New York City.

Description

A tenant that uses taxable premises for a dramatic or musical arts performance for less than four weeks where there is no indication prior to or at the time that the performance commences that it will continue for less than four weeks is exempt from the Commercial Rent Tax. Under this provision, a dramatic or musical arts performance is defined to include theater plays, musical comedies, and operettas. It does not include cabaret or nightclub shows, circuses, aqua shows, ice skating, radio, or television performances.

In addition, premises used for the production and performance of a theatrical work are eligible for a Commercial Rent Tax benefit for up to 52 weeks.

Taxes Affected

Commercial Rent Tax

Tax Expenditure

Not available

Credit Line Mortgages

Citation

NYS Tax Law, Section 253-b; NYC Administrative Code, Section 11-2603

Policy Objective

To reduce the cost of credit for small homeowners and businesses.

Description

Taxpayers normally pay a tax each time a new indebtedness is created that is secured by a mortgage on real property located in New York City. However, for a credit-line mortgage — a mortgage that secures indebtedness under a financing agreement that allows the borrower to receive a series of advances or re-advances up to a stated amount — the Mortgage Recording Tax is paid on the maximum principal amount. No further tax is due on advances or re-advances by the lender if the maximum principal amount is not increased.

Prior to 1996, this benefit was only available in the case of one- to six-family, owner-occupied residences. Legislation enacted in 1996 extended this benefit to all residential and commercial credit-line mortgages with a credit limit of less than $3 million.

Taxes Affected

Mortgage Recording Tax

Tax Expenditure

Not available

PART IV

SALES AND USE TAX EXPENDITURES

Overview

The NYC Sales and Use Tax generally applies to retail sales of tangible personal property and certain services occurring within the City. With some exceptions, the tax base is the same as for the NYS Sales and Use Tax. First imposed in 1934, the NYC Sales and Use Tax rate is currently 4.5 percent, charged in addition to the 4.0 percent NYS Sales and Use Tax and the Metropolitan Commuter Transportation District surcharge of 0.375 percent. The State took over responsibility for collecting, administering, and enforcing the Sales and Use Tax on behalf of all localities with a Sales and Use Tax when it adopted its own Sales and Use Tax in 1965.

NYC Sales & Use Tax Rates*
August 1, 1965 - Present

August 1, 1965 to June 30, 1974	3.000%
July 1, 1974 to June 3, 2003	4.000%
June 4, 2003 to May 31, 2005	4.125%
June 1, 2005 to July 31, 2009	4.000%
August 1, 2009 to present	4.500%

* Some parts of the tax base may be subject to different rates than shown here.

This section of the report begins with a comprehensive list of exemptions to the NYC Sales and Use Tax base that makes note of how they differ from the State's exemptions. Table 8 lists available City tax expenditure estimates. Additional information is provided for some estimates following Table 8.

Estimates of City tax expenditures in this section of the report are based on internal government agency information and published non-tax aggregate data. Estimates should be considered only suggestive of the revenue loss associated with the particular provision of law because they necessarily rely on subjective assumptions. For example, in valuing exemptions from the tax base, it is assumed that all transactions would be subject to Sales and Use Tax if the exemption were eliminated, but in reality, some transactions would continue to be tax-exempt because the purchaser is a tax-exempt entity such as a government agency or non-profit charitable organization.

City Tax Expenditures

Tax Expenditures Common to New York City and New York State

The retail sales of the following are exempt from NYC and NYS Sales and Use Taxes.

Sales and Use Tax

Services

Certain information services[1]
Certain information services provided over the telephone
Services performed on a non-trade basis
Laundering, tailoring, shoe repair and similar services
Capital improvement installation services
Services related to railroad rolling stock
Services related to property delivered outside New York
Municipal parking services
Parking and garaging at a private residence
Certain protective and detective services
Medical emergency alarm call services
Coin-operated car wash services
Trash removal from a waste transfer facility
Transportation services in connection with funerals
Transportation services provided by affiliated livery vehicles
Water and sewer line protection programs

Food

Certain food products
Food sold to airlines
Food sold at school cafeterias
Food purchased with SNAP benefits
Water delivered through mains or pipes
Mandatory gratuity charges
Alcoholic beverage tastings
Vending machine sales of hot drinks and certain foods
Vending machine sales of candy, juice, soft drinks, and bottled water
Food sold at senior citizen housing communities

Medical and Health-Related

Drugs, medicines, and medical supplies
Eyeglasses, hearing aids and prosthetic aids
Feminine hygiene products
Veterinarian services
Service dogs
Drugs or medicines used in farm production
Breast pump replacement parts and breast pump collection and storage supplies
Diapers for children and adults, including disposable diapers

Energy

Fuel, gas, electricity, refrigeration, and steam used in research and development and production[2]
Fuel, gas, electricity, refrigeration, and steam used in farming and commercial horse boarding
Gas and electricity used in transmission, distribution, and storage
Electricity, refrigeration, and steam sold by certain cooperative corporations

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[1] Starting in 1991, the City taxed credit rating and credit reporting, whether rendered in written, oral, or any other manner.
[2] Energy used to produce gas, electricity, refrigeration, or steam is exempt from NYS Sales Tax but not City Sales Tax.

Residential solar energy systems
Alternative fuels
B20 bio-diesel fuel

Transportation

Commercial vessels
Ferry boats
Vessels[1]
Barge repairs
Commercial aircraft
General aviation aircraft
Fuel sold to airlines
Parts for foreign aircraft
Services to private aircraft
Intra-family sales of motor vehicles
Motor vehicles and vessels sold to non-residents
Motor vehicles purchased out-of-state by a member of the military
Rental of trucks in certain cases
Tractor-trailer combinations
Sales of property by railroads in reorganization
Commercial buses

Communication and Media

Interstate and international telephone and telegraph service
Newspapers and periodicals
Electronic news services and electronic periodicals
Shopping papers
Telephone services used by the media
Certain coin-operated telephone charges
Cable television service
Internet access services
Certain telecommunications and Internet equipment
Radio and television broadcasting
Internet data centers
Film production
Certain mobile telecommunication services

Industry

Tools and supplies used in production
Farm production and commercial horse boarding
Research and development property
Machinery and equipment used in production
Services to machinery and equipment used in production
Wrapping and packaging materials
Milk crates
Commercial fishing vessels

[1] Only the portion of the sales price that exceeds $230,000 is exempt from Sales Tax. Applies to vessels as defined in the NYS Vehicle and Traffic Law §2250.

Certain services used in gas/oil production
Pollution control equipment
Property manufactured by user

Miscellaneous

Certain property sold through vending machines
Trade-in allowances
Hotel room rents paid by a permanent resident [1]
Dues for fraternal societies
Dues for homeowners' associations
Homeowner association parking services
Property sold by morticians
Cemetery monuments
Flags
Military decorations
Military flags and banners
Certain property manufactured and sold by a veteran
Garage sales
New or used mobile homes
Modular homes
Registered racehorses
Racehorses purchased through claiming races or outside the State
Training and maintaining racehorses
Property sold to contractor for capital improvements or repairs for exempt organizations
Property donated by manufacturer to tax-exempt organization
Sales and use taxes paid to other states
Precious metal bullion and coins
Computer software transferred to affiliated corporations
Services to computer software
Self-use of pre-written software by its author
Certain computer system hardware
Promotional materials mailed out of state
Printed promotional materials
U.S. postage used in the distribution of promotional materials
Clothing and footwear
Coin-operated photocopy machines
Luggage carts
Emissions testing equipment
College textbooks
Live dramatic or musical arts production
Lower Manhattan commercial office space
Certain related-party sales that arise due to the Dodd-Frank Wall Street Reform and Consumer Protection Act
Adult-use cannabis products[2]

[1] The City defines a permanent resident as an occupant of a hotel room for at least 180 consecutive days while the State defines a permanent resident as an occupant for at least 90 consecutive days.
[2] Under NYS Tax Law §1115(a)(3-b), adult-use cannabis products as defined by Article 20-C of the Tax Law are exempt from the Sales Tax effective April 1, 2021, but are subject to an excise tax of 4 percent under NYS Tax Law §493(c).

Tax Expenditures Applicable to New York City Only

Interior Decorating and Design Services are exempt from City Sales and Use Tax but are subject to State Sales and Use Tax and the Metropolitan Commuter Transportation District surcharge.

Other Exemptions from the Sales and Use Tax

The following are not considered tax expenditures for purposes of this report (see definition of tax expenditures in Part I), but are listed below for reference. They are common to the State and the City.

Exempt Organizations

New York State agencies and political subdivisions
Industrial development agencies
Federal agencies
United Nations
Diplomats and foreign missions
Charitable organizations
Veterans' posts or organizations
Veterans' home gift shops
Indian nations and members of such Indian nations
U.S. military base post exchanges
Non-profit health maintenance organizations
Non-profit medical expense indemnity or hospital service corporations
Non-profit property/casualty insurance companies
Certain State credit unions
Rural electric cooperatives

Admission Charges

Certain admission charges
Amusement park admissions
Events given for the benefit of charitable organizations, veterans' posts, and Indian nations
Certain symphony orchestra and opera company events
National Guard organization events
Municipal police and fire department events
Certain athletic games
Carnivals or rodeos for certain charitable organizations
Agricultural fairs
Historic homes, gardens, sites, and museums
Performances at a roof garden or cabaret

Credits

Tangible property sold by contractors in certain situations
Bus companies providing local transit service
Vessel operators providing local transit service

New York City Tax Expenditure Estimates and Program Descriptions

Table 8 on the next page presents available New York City tax expenditure estimates. Only programs for which estimates are available are included in the table.

Some tax expenditure estimates are derived through specific methodologies developed by the Department of Finance, using data from primary sources such as City agencies, New York State agencies, the Port Authority of New York and New Jersey, and federal agencies. Descriptions of these tax expenditure estimates follow Table 8.

The remainder of the tax expenditure estimates provided in Table 8 are calculated by sharing down statewide tax expenditures reported in the State FY 2025 NYS Annual Report of Tax Expenditures. Estimates are included only if they are relevant to NYC and the amount is not negligible. Additional information about the State's estimates are available in the State's annual tax expenditure report, available from the Division of the Budget.

Table 8
TAX EXPENDITURE ESTIMATES FOR SELECTED EXEMPTIONS FROM THE SALES TAX BASE
January 1, 2021 – December 31, 2021

Program	Amount ($ Millions)
Services	
Capital Improvement Installation Services	332
Laundering, Tailoring, Shoe Repair, and Similar Services	43
Interior Decorating and Design Services[1]	24
Transportation Services Provided by Affiliated Livery Vehicles	23
Parking Tax Exemption for Manhattan Residents	18
Municipal Parking Services	5
Coin-Operated Car Wash Services	5
Food	
Certain Food Products	896
Food Purchased with SNAP Benefits	96
Water Delivered Through Mains or Pipes[2]	86
Food Sold at School Cafeterias	80
Mandatory Gratuity Charges	21
Vending Machine Sales of Hot Drinks and Certain Foods	9
Vending Machine Sales of Candy, Juice and Soft Drinks, and Bottled Water	5
Airline Food and Drink for In-Flight Consumption	3
Medical	
Drugs, Medicine and Medical Supplies	752
Eyeglasses, Hearing Aids and Prosthetic Aids	113
Veterinarian Services	22
Energy	
Fuel, Gas, Electricity, Refrigeration and Steam Used in Research & Development and Production	56
Gas and Electricity Used in Transmission, Distribution and Storage	4
Transportation	
Fuel Sold to Airlines	100
Tractor-Trailer Combinations	13
Commercial Aircraft	11
Services to Private Aircraft	2
Commercial Buses	2
Motor Vehicles Purchased Out-of-State by a Member of the Military	2

(continued)

Sales and Use Tax

Program	Amount ($ Millions)
Communication and Media	
Internet Access Service	289
Cable Television Service	98
Interstate and International Telephone and Telegraph	50
Newspapers and Periodicals	21
Telecommunications and Internet Equipment	14
Intenet Data Centers	4
Certain Mobile Telecommunications Services	3
Radio and Television Broadcasting	1
Industry	
Machinery and Equipment Used in Production	234
Research and Development Property	37
Pollution Control Equipment	8
Services to Machinery and Equipment Used in Production	7
Miscellaneous	
Clothing & Footwear[2]	501
Trade-in Allowance	299
Precious Metal Bullion and Coins	250
Property Sold to Contractors for Capital Improvements or Repairs for Exempt Organizations	115
Printed Promotional Materials	20
Computer System Hardware	12
Dues for Fraternal Societies	10
Lower Manhattan Commercial Office Space	8
College Textbooks	5
Property Sold by Morticians	3
Live Dramatic or Musical Arts Production	1
Total	**4,711**

1. Reported for the period of March 1, 2021 – February 28, 2022.
2. Reported for NYC Fiscal Year 2021.

Clothing and Footwear

Citation

NYS Tax Law, Section 1115(a)(30); NYC Administrative Code, Section 11-2001(b)(4)

Description

Effective March 1, 2000, the City exempted clothing and footwear items that cost less than $110 from Sales Tax. The exemption also applies to items, such as fabric, thread, and buttons, that are used to make or repair exempt clothing.

The exemption was suspended from June 1, 2003, to August 31, 2005, and then restored effective September 1, 2005. Starting September 1, 2007, clothing and footwear items that cost $110 or more were also exempted from NYC Sales Tax; this exemption was repealed effective August 1, 2009.

History of Sales Tax Exemptions on Clothing and Footwear
New York City

Pre-March 1, 2000	Not Exempt*
March 1, 2000 - May 31, 2003	Exempt under $110
June 1, 2003 - August 31, 2005	Not Exempt
September 1, 2005 - August 31, 2007	Exempt under $110
September 1, 2007 - July 31, 2009	All Exempt
August 1, 2009 - Present	Exempt under $110

* There were various sales tax-free weeks between 1996 and March 2000.

Tax Expenditure

$501 million in FY 2021

Data Source

The tax expenditure estimate was provided by the NYC Office of Management and Budget, Tax Policy, Revenue Forecasting and Economic Analysis Task Force.

Aviation Fuel Sold to Airlines

Citation

NYS Tax Law, Section 1115(a)(9)

Description

Fuel sold to airlines for use in their airplanes is tax exempt.

Tax Expenditure

$100 million; includes only sales at LaGuardia and John F. Kennedy International Airports.

Data Source

Estimates are prepared based on data from (1) the Port Authority of New York and New Jersey and (2) the United States Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics.

Cable Television Service

Citation

NYS Tax Law, Section 1105(c)(9)

Description

The provision of cable television service to customers is tax-exempt.

Tax Expenditure

$98 million; estimate includes open video systems.

Data Source

Estimates are prepared based on data provided by the NYC Office of Technology & Innovation.

Water Delivered to Consumers through Mains or Pipes

Citation

NYS Tax Law, Section 1115(a)(2)

Description

Purchases of water delivered to consumers through mains or pipes are exempt.

Tax Expenditure

$86 million in FY 2021; excludes wastewater.

Data Source

Estimates are prepared based on data provided by the Water Board, NYC Department of Environmental Protection.

Interstate and International Telephone and Telegraph

Citation

NYS Tax Law, Section 1105(b)

Description

Interstate and international telephone and telegraph services are tax exempt.

Tax Expenditure

$50 million

Data Source

Estimates are prepared based on data from (1) the Federal Communications Commission and (2) the United States Department of Commerce, United States Census Bureau.

Interior Decorating and Design Services

Citation

Laws of New York, 1995, Chapters 297 and 298

Description

Interior decorating and design services delivered within New York City are not subject to the NYC Sales Tax. Charges for interior decorating and design services that are provided in conjunction with the sale of tangible personal property or other services must be separately itemized on the bill or invoice given to the customer for the Sales Tax exemption to apply. Customers are required to pay NYS and MCTD sales taxes.

Tax Expenditure

$24 million; the estimate includes only entities that filed NYS Sales Tax returns using an address in New York City and reported their NAICS industry code as 541410. The reporting period is March 1, 2021, to February 28, 2022.

Data Source

Estimates are based on NYS Sales Tax return files of New York City filers provided to the NYC Department of Finance.

Transportation Services Provided by Affiliated Livery Vehicles

Citation

NYS Tax Law, Section 1101(b)(34)

Description

Charges for certain transportation services provided by affiliated livery vehicles within New York City are excluded from the Sales Tax.

Tax Expenditure

$23 million

Data Source

NYS Annual Report of Tax Expenditures

Newspapers and Periodicals

Citation

NYS Tax Law, Sections 1101(b)(6) and 1115(a)(5)

Description

Newspapers and periodicals are exempt from Sales Tax.

Tax Expenditure

$21 million

Data Source

Estimates are prepared based on data from the United States Department of Commerce, United States Census Bureau.

Parking Tax Exemption for Manhattan Residents

Citation

NYS Tax Law, Section 1212-A(a)(1); NYC Administrative Code, Section 11-2051(d)

Description

In addition to the regular NYS and NYC sales taxes on motor vehicle parking and garaging services in the City, an eight percent sales tax is imposed on parking and garaging services in the borough of Manhattan. However, an individual who meets the following conditions is exempt from the additional Manhattan parking tax: (1) the individual's primary residence is in Manhattan; (2) he or she owns the vehicle or leases it for a term of at least one year; (3) the vehicle is registered in New York at the Manhattan primary residence address; (4) the vehicle is not used for business or commercial purposes; and (5) the parking or garaging services are provided on a monthly or longer-term basis at a facility that is the vehicle's principal location when not in use.

Tax Expenditure

$18 million

Data Source

Estimates are based on NYC Department of Finance parking tax exemption application records.

Lower Manhattan Commercial Office Space

Citation

NYS Tax Law, Section 1115(ee)

Description

Purchase and use of certain property used to outfit, furnish, and equip certain leased commercial office space in eligible areas in Lower Manhattan are exempt from Sales Tax. Commercial tenants, landlords, and contractors are eligible for the exemption.

Tax Expenditure

$8 million

Data Source

NYS Annual Report of Tax Expenditures

Airline Food and Drink for In-Flight Consumption

Citation

NYS Tax Law, Section 1105(d)(ii)(A)

Description

Sales of food and drink to airlines for in-flight consumption are exempt from Sales Taxes.

Tax Expenditure

$3 million; includes food and drink consumed on flights (foreign and domestic) that originate at LaGuardia and John F. Kennedy International Airports; estimate excludes non-scheduled passengers.

Data Source

Estimates are prepared based on data from the United States Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics.

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PART V

PERSONAL INCOME TAX EXPENDITURES

Overview

New York City charges its residents Personal Income Tax based on their New York State taxable income.[1] Like the Sales and Use Tax, the Personal Income Tax is collected, administered, and enforced by the NYS Department of Taxation and Finance.

Modifications of Personal Income and Tax Liability for New York City Purposes

The following list identifies selected items that modify personal income and tax liability for NYC Personal Income Tax purposes. These items are primarily federal exclusions from income and State modifications that pass through in determining City taxable income.

Federal Exclusions from Income

IRA and Keogh Contributions and Earnings Exclusion
Income Earned Abroad by U.S. Citizens
Passive Losses on Rental Real Estate
Capital Gains on Home Sales
Scholarship and Fellowship Income
Employee Meals and Lodging
Public Assistance Benefits
Veterans Benefits
Employer Contributions for Medical or Long-Term Care Insurance
Employer Contributions for Employee Pensions
Workers' Compensation Benefits
Employer-Provided Tuition Assistance
Employer-Provided Childcare
Certain Employer-Provided Transportation Benefits
Benefits and Allowances to Armed Forces Personnel
Accelerated Death Benefits
Contributions to Health/Medical Savings Accounts
Self-Employed Persons’ Health and Long-Term Care Insurance
Employer-Provided Adoption Assistance
Employer-Paid Premiums on Life, Accident and Disability Insurance
Interest on Life Insurance Policy and Annuity Cash Value
Interest on Qualified New York State and Local Bonds
Oil and Gas Exploration and Development Costs
Accelerated Depreciation
Amortization of Business Start-Up Costs
Capital Gains at Death

[1] New York City taxable income only diverges from New York State taxable income for filers who contributed to the Health Charitable Account or Elementary and Secondary Education Account of the New York Charitable Gifts Trust set forth in section 92-gg of the state finance law, and who claimed an itemized deduction for that contribution. For these filers, New York City taxable income includes the amount of that contribution.

Farmers' Expensing of Capital Outlays
Capital Asset Treatment of Certain Timber Income and from Ore and Coal Royalties
Expensing of R&D Costs
Expensing of Certain Depreciable Business Property
Social Security and Railroad Retirement Benefits (Partial Exclusion)
Capital Gains from Small Corporation Stock
Expensing of Certain Small Investments
Deferral of Income from Installment Sales
Student Loan Interest
Education IRAs
Earnings of Qualified Tuition Programs

New York State Modifications to Income

Additions[1]

Interest or Dividends on Obligations or Securities of Certain Federal Authorities
Interest on Obligations of Other States or Political Subdivisions of those States
State, Local or Foreign Income Taxes, Including Unincorporated Business Income Taxes, Deducted in Determining Federal Taxable Income
Interest on Loans Incurred to Carry Tax-Exempt Securities
Expenses for Production of Tax-Exempt Income
Public Employee Retirement Contributions
Federal Percentage Depletion
New Business Investment Deferral
S Corporation Shareholder Additions
College Choice Tuition Savings Distributions
Other Additions

Subtractions

Interest and Dividends on Obligations or Securities Taxable Federally but NY Tax-Exempt
Interest and Dividends on Obligations or Securities of Certain Federal Authorities
Interest on Obligations of the U.S. and its Possessions
Pensions Paid by the Federal Government, the State of New York, or New York Localities
Portion of Pensions and Annuities Received by Individuals 59½ Years of Age or Older
Disability Income Included in Federal AGI
Social Security and Tier I Railroad Retirement Benefits Included in Federal AGI
Accelerated Death Benefits and Viatical Settlements
Contribution to NYS College Choice Tuition Savings Program
Compensation for Members of an Organized Militia
Deferral of Gain from Sale of Qualifying Emerging Technology Investments
Payments to Victims of Nazi Persecution
Expenses Incurred by Living Organ Donors
Compensation for Service in a Combat Zone for Members of the U.S. Armed Services
Income Attributable to NYS Business Incubator and Innovation Hot Spot Support Act

[1] Addition modifications are not considered tax expenditures. They are listed here for informational purposes.

Wages Received from an Employer Located in a START-UP New York Area
Service Award for Volunteer Firefighters and Ambulance Workers
Moving expenses and moving expense reimbursements
Small Business and/or Farm Income[1]
Alimony paid

New York State Deductions and Exemptions (2025)

Standard Deduction

Single and Claimed as a Dependent on Another Taxpayer's Return	$3,100
Single and not Claimed as a Dependent on Another Taxpayer's Return	$8,000
Married Filing Joint Return	$16,050
Married Filing Separate Return	$8,000
Head of Household with Qualifying Person	$11,200
Qualifying Surviving Spouse	$16,050

Itemized Deductions

Medical and Dental Expenses
Interest Expenses
Charitable Contribution Deduction
Casualty and Theft Losses
Taxes Paid
College Tuition Deduction
Miscellaneous Expenses Subject to 2 percent AGI Threshold
Other Miscellaneous Expenses
Union Dues Deduction

Dependent Exemption

$1,000 Exemption per Dependent

New York City Tax Credits

Household Credit
Unincorporated Business Tax Payment Credit
Earned Income Credit
Child and Dependent Care Services Credit

The NYC Pass-through Entity Tax (PTET) Credit, applicable for tax years beginning on or after January 1, 2022, is not a tax expenditure because the credit offsets the NYC Pass-through Entity Tax.

[1] In addition to sole proprietorships, owners of New York S corporations and tax-partnerships with one or more employees and net farm income greater than zero but less than $250,000, and owners of New York S corporations and tax-partnerships with one or more employees and New York gross business income greater than zero but less than $1.5 million attributable to a non-farm business, are also eligible for the small business net income subtraction beginning in 2022. The percent of net income that may be subtracted increased from 5 percent to 15 percent in 2022.

Components of Adjusted Gross Income and Summary of Deductions and Credits

Tables 9 and 10 on the following pages are based on NYC Personal Income Tax (PIT) returns processed by the NYS Department of Taxation and Finance. The tables provide income, adjustment, deduction, and credit information for taxpayers (filers with positive liabilities before NYC PTET credits) and all filers. Full-year New York City residents filed 3.9 million returns and, of these, 2.9 million were from taxpayers.

New York State administers the NYC Personal Income Tax and, accordingly, modifications to income, such as exclusions, deductions and other adjustments allowed by the State in determining taxable income, are automatically passed through to the City tax. NYC PIT tax rates are independent of the New York State rates and reflect local policy choices about the distribution of the tax burden among income groups.

The information on the following pages is for TY 2022, the most recent year for which data are available. The amounts provided are aggregate dollars claimed.

Table 9
NEW YORK CITY PERSONAL INCOME TAX
COMPONENTS OF ADJUSTED GROSS INCOME (AGI)
TAX YEAR 2022

($ Millions)

INCOME	**TAXPAYERS** (1)	**ALL FILERS**
Wages and Salaries	$275,072	$281,351
Dividends and Interest	$22,941	$24,553
Business Income/Loss	$12,396	$14,981
Capital Gain/Loss	$45,445	$46,151
Social Security, Pensions, Annuities, IRA	$20,897	$29,181
Other Income (2)	$38,455	$31,162
Federal Adjustments (3)	($3,959)	($5,047)
FEDERAL AGI (4)	$411,249	$422,333
NY ADJUSTMENTS DUE TO DECOUPLING FROM THE IRC (5)		
Additions	$34	$35
Subtractions	($72)	($75)
RECOMPUTED FEDERAL AGI (5)	$411,212	$422,294
NY ADDITIONS		
Interest Income on State and Local Bonds (6)	$766	$798
Other Additions (7)	$16,722	$19,470
TOTAL ADDITION ADJUSTMENTS	$17,488	$20,268
NY SUBTRACTIONS		
Pension Income from Federal, NYS, and Local Governments	($3,137)	($7,272)
U.S. Government Bond Interest	($1,504)	($1,587)
State and Local Tax Refunds	($86)	($98)
Taxable Social Security Benefits	($5,465)	($7,305)
Pension and Annuity Income Exclusion (8)	($3,217)	($5,102)
New York's 529 College Savings Program Deduction	($380)	($392)
Other Subtractions	($3,864)	($4,458)
TOTAL SUBTRACTION ADJUSTMENTS	($17,653)	($26,214)
POSITIVE NY STATE AGI (9)	$411,048	$420,184
NY STATE AGI (4)	$411,047	$416,348

Note: Table pertains to full-year NYC residents. Totals may not add due to rounding.

1. Taxpayers are defined as filers with a positive liability before NYC PTET credit.
2. Includes taxable tax refunds, unemployment compensation, alimony received, and other income or losses.
3. Includes IRA and Keogh plan contributions, one-half of self-employment tax, self-employed health insurance deduction, penalty on early withdrawal of savings, and alimony paid.
4. Amount is adjusted to include New York State Office of Tax Policy Analysis corrections.
5. For tax years beginning before January 1, 2022, the 2020-2021 New York State budget decoupled NY State and City personal income tax from any amendments made to the Internal Revenue Code (IRC) after March 1, 2020. Taxpayers were required to adjust federal AGI to implement this decoupling. In Tax Year 2022, a small number of filers were required to continue making these adjustments to federal AGI, generally because the filer was a partner in a partnership, shareholder of an S corporation, or beneficiary of an estate or trust that reported adjustments due to New York State decoupling.
6. Does not include interest paid on debt issued by New York State or local governments within the state.
7. Includes public employee retirement contributions, college choice tuition savings distributions, and miscellaneous adjustments, including New York State and New York City pass-through entity tax (PTET) deduction addbacks.
8. Taxpayers may take an exclusion of up to $20,000 for qualifying pension and annuity income.
9. Including only NY State AGI values that are greater than $0.

Table 10
NEW YORK CITY PERSONAL INCOME TAX
SUMMARY OF DEDUCTIONS AND CREDITS
TAX YEAR 2022
($ Millions)

DEDUCTIONS	TAXPAYERS (1)	ALL FILERS
ITEMIZED DEDUCTIONS		
Taxes Paid	($23,527)	($24,160)
Mortgage Interest Paid	($5,301)	($5,745)
Charitable Contributions	($9,898)	($10,117)
Theft and Casualty Losses	($6)	($13)
Medical Expenses	($671)	($1,347)
Job and Employee Expenses (2)	($1,728)	($1,837)
College Tuition Deduction	($135)	($138)
Other Miscellaneous Expenses (3)	($353)	($411)
TOTAL ITEMIZED DEDUCTIONS (4)	($39,136)	($41,282)
TOTAL ITEMIZED DEDUCTIONS AFTER ADJUSTMENTS (5)	($11,718)	($13,615)
TOTAL STANDARD DEDUCTION	($25,481)	($35,628)
TOTAL DEDUCTIONS APPLIED (6)	($37,197)	($43,998)
EXEMPTIONS APPLIED (6)	($1,262)	($1,715)
TAXABLE INCOME	$372,589	$374,471
NYC RESIDENT TAX	$14,055	$14,112
NYC Household Credit	($2)	($7)
Unincorporated Business Tax Paid Credit	($157)	($159)
Earned Income Tax Credit	($44)	($345)
NYC Child and Dependent Care Credit	($0)	($1)
TOTAL NYC TAX LIABILITY (BEFORE NYC PTET CREDIT) (7)	$13,854	$13,601
NYC PASS-THROUGH ENTITY TAX (PTET) CREDIT (7)	($1,618)	($1,621)
TOTAL NYC TAX LIABILITY (AFTER NYC PTET CREDIT) (7)	$12,236	$11,980

Note: Table pertains to full-year NYC residents. Totals may not add due to rounding.
1. Taxpayers are defined as filers with a positive liability before NYC Pass-Through Entity Tax (PTET) credit.
2. Job expenses and most other miscellaneous deductions are subject to a 2 percent of AGI threshold.
3. Includes miscellaneous deductions not subject to the 2 percent threshold.
4. Shown after application of the limitation on itemized deduction for high-income filers. This limitation has the same design as the federal Pease limitation, which was eliminated at the federal level for tax years 2018 through 2025 by the Tax Cuts and Jobs Act .
5. Available itemized deductions after New York State add-backs and additional high-income limitations.
6. For each filer, exemptions and deductions are limited to NY State AGI.
7. The NYC PTET credit does not reduce filers' overall NYC tax liability, since it is equal to the NYC PTET that partnerships and S corporations remit on their behalf.

Personal Income Tax

Earned Income Credit

Citation

NYS Tax Law, Section 1310(f); NYC Administrative Code, Section 11-1706(d)

Policy Objective

Provide tax relief to low-income New York City residents.

Description

Low-income New York City residents are eligible for an earned income tax credit against the City Personal Income Tax equal to a percentage of the earned income tax credit allowed for federal income tax purposes under Section 32 of the Internal Revenue Code. From 2004 to 2021, the earned income tax credit was 5 percent of the federal credit for all filers. Starting in 2022, the percentage ranges from 10 percent to 30 percent based on the filer's NY AGI.

NY AGI	Percent of Federal EITC
Less than $5,000	30%
$5,000 - $7,499	30% minus (0.002 multiplied by NY AGI in excess of $4,999)
$7,500 - $14,999	25%
$15,000 - $17,499	25% minus (0.002 multiplied by NY AGI in excess of $14,999)
$17,500 - $19,999	20%
$20,000 - $22,499	20% minus (0.002 multiplied by NY AGI in excess of $19,999)
$22,500 - $39,999	15%
$40,000 - $42,499	15% minus (0.002 multiplied by NY AGI in excess of $39,999)
$42,500 and over	10%

Credit in excess of tax liability, computed after deducting other allowable credits, is treated as an overpayment and refunded to the filer.

Distributional Information

A total of 747,010 filers received the earned income tax credit, worth $345.2 million. The average credit per filer was $462. Additional distributional information appears below.

NEW YORK CITY EARNED INCOME TAX CREDIT
TAX YEAR 2022

Federal Adjusted Gross Income (Recomputed)	Number of Filers	Total Value of Credit	Average Value
Under $5,000	64,466	$9,409,704	$146
$5,000 - $9,999	119,926	$32,880,163	$274
$10,000 - $14,999	166,655	$87,202,140	$523
$15,000 - $19,999	105,095	$83,067,067	$790
$20,000 - $24,999	69,245	$48,873,716	$706
$25,000 - $29,999	59,221	$35,204,810	$594
$30,000 - $59,187	162,402	$48,585,487	$299
All Filers	747,010	$345,223,087	$462

Tax Expenditure

$345.2 million

Household Credit

Citation

NYS Tax Law, Section 1310(d); NYC Administrative Code, Section 11-1706(b)

Policy Objective

Provide tax relief to low-income New York City households.

Description

New York City filers with federal adjusted gross income below specified levels may claim the household credit. The amount of the credit varies according to filing status, federal adjusted gross income, and the number of persons in the household. The credit is available to single filers with federal adjusted gross income not greater than $12,500 and other filing types with adjusted gross income not greater than $22,500. The credit amount decreases as income increases, and ranges from $10 to $15 for single filers, from $5 to $15 per household member for married people filing separately, and from $10 to $30 per household member for all other filers. The household credit is not refundable.

Distributional Information

A total of 288,474 filers claimed the household credit. The household credit reduced tax liability by $7.1 million. The average benefit was $25 per household, with 57 percent of beneficiaries reporting income below $15,000.

NEW YORK CITY HOUSEHOLD CREDIT
TAX YEAR 2022

Federal Adjusted Gross Income (Recomputed)	Number of Filers	Total Value of Credit	Average Value
Under $10,000	57,946	$829,596	$14
$10,000 - $14,999	107,162	$1,750,732	$16
$15,000 - $19,999	78,931	$3,344,097	$42
$20,000 - $22,500	44,435	$1,174,208	$26
All Filers	288,474	$7,098,633	$25

Tax Expenditure

$7.1 million

Child and Dependent Care Services Credit

Citation

NYC Administrative Code, Section 11-1706(e)

Policy Objective

To help low-income New York City residents pay certain expenses necessary for gainful employment.

Description

Beginning with TY 2007, a refundable Personal Income Tax credit is allowed for expenses for certain household and dependent care services necessary for gainful employment. The credit equals the "applicable percentage" of the allowable New York State household and dependent care credit; however, for purposes of the New York City credit, only childcare expenses for dependents under the age of four are considered. For filers with households with federal adjusted gross income up to $25,000, the applicable percentage is 75 percent. Under a sliding-scale formula, the applicable percentage declines from 75 percent to zero for households with federal adjusted gross incomes between $25,000 and $30,000. The maximum credit available varies with the number of dependents as well as income. A filer with two eligible dependents can claim up to $1,733 in credit. The highest possible credit, $2,598, is available for unmarried filers with five or more dependent children under four and incomes between $9,000 and $15,000.

Distributional Information

A total of 2,654 filers claimed the child and dependent care services credit. The total value of the credit was $1.0 million and the average credit per filer was $379.

NEW YORK CITY CHILD AND DEPENDENT CARE SERVICES CREDIT
TAX YEAR 2022

Federal Adjusted Gross Income (Recomputed)	Number of Filers	Total Value of Credit	Average Value
Under $5,000	183	$61,339	$335
$5,000 - $9,999	201	$65,583	$326
$10,000 - $14,999	428	$182,392	$426
$15,000 - $19,999	571	$284,736	$499
$20,000 - $24,999	555	$260,629	$470
$25,000 - $30,000	716	$150,606	$210
All Filers	2,654	$1,005,285	$379

Tax Expenditure

$1.0 million

Credit for Unincorporated Business Tax Payments

Citation

NYS Tax Law, Section 1310(e); NYC Administrative Code, Section 11-1706(c)

Policy Objective

To relieve New York City residents who own or have an interest in a business subject to the Unincorporated Business Tax from the double taxation of income earned by the business.

Description

New York City residents are allowed to claim credits against their NYC Personal Income Tax liabilities for Unincorporated Business Taxes (UBT) paid by businesses they carry on as sole proprietors or paid by partnerships in which they are partners. For taxable years beginning on or after January 1, 1997, a City resident whose taxable income is not more than $42,000 is allowed a credit for 65 percent of his or her share of the UBT paid by the firm for its tax year ending within or at the same time as the resident's tax year; a resident whose taxable income is more than $42,000 but not more than $142,000 is allowed a declining credit computed by subtracting from 65 percent, one-tenth of a percentage point for each $200 of taxable income above $42,000; and a resident whose taxable income is over $142,000 is allowed a 15 percent credit. The City is authorized to adopt local laws to raise (but not reduce) the above percentages to as much as a 100 percent credit. A local law enacted in 2007, and applicable to tax years beginning in 2007 and thereafter, raised the credit percentage to 100 percent where taxable income is not over $42,000, to 23 percent where income is $142,000 or over, and to a percentage that declines from 100 percent to 23 percent in income ranges between $42,000 and $142,000.

Distributional Information

A total of 23,492 filers claimed the Unincorporated Business Tax credit. The total value of the credit was $159.3 million and the average credit per filer was $6,782. Additional distributional information appears on the next page.

UNINCORPORATED BUSINESS TAX CREDIT
TAX YEAR 2022

Federal Adjusted Gross Income (Recomputed)	Number of Filers	Total Value of Credit	Average Value
Less than $25,000	101	$455,534	$4,510
$25,000 - $49,999	84	$76,813	$914
$50,000 - $74,999	236	$253,357	$1,074
$75,000 - $99,999	759	$885,796	$1,167
$100,000 - $124,999	1,078	$1,762,530	$1,635
$125,000 - $149,999	1,009	$1,677,424	$1,662
$150,000 - $199,999	1,812	$2,611,190	$1,441
$200,000 - $299,999	3,034	$4,966,413	$1,637
$300,000 - $499,999	3,717	$7,876,500	$2,119
$500,000 - $999,999	4,358	$13,899,433	$3,189
$1,000,000 and above	7,304	$124,848,689	$17,093
All Filers	23,492	$159,313,679	$6,782

Tax Expenditure

$159.3 million

PART VI

SUMMARY OF PUBLIC COSTS AND BENEFITS RELATED TO PRIVATE INVESTMENT PROJECTS FISCAL YEAR 2024

Excerpted from the Annual Investment Projects Report New York City Economic Development Corporation

This section summarizes the costs and benefits of City financial assistance given to private businesses to support investment, job creation, job retention, and growth. Information is excerpted from the FY 2024 Annual Investment Projects Report, Volume I, prepared by the NYC Economic Development Corporation (NYCEDC) and available at http://www.nycedc.com/about-nycedc/financial-public-documents.

The NYC Administrative Code §22-823 requires NYCEDC to submit to the NYC Council, the mayor, the City comptroller, the public advocate, and the borough presidents an annual report with descriptive data on a selected group of NYCEDC projects, the amounts of City assistance (City Costs) provided to the businesses involved in these projects, and estimates of the tax revenues generated by these projects (City Benefits). Investment projects that received financial assistance on any day in the reporting fiscal year are included regardless of their execution date. The data provided about each project depends on the reporting requirements in effect at the time the project started.

Financial assistance consists of loans, grants, tax benefits, and energy benefits. More specifically, it includes NYCEDC loans, Business Incentive Rate (BIR) programs, tax-exempt bonds, Sales Tax waivers, Mortgage Recording Tax waivers, payments in lieu of taxes (PILOTs), Real Property Tax exemptions, and incentives awarded as part of the Applied Sciences NYC program and New Markets Tax Credit program. The assistance is provided by NYCEDC, the NYC Industrial Development Agency (NYCIDA), and/or the Build NYC Resource Corporation (Build NYC).

NYCEDC believes this report shows how critical its financial assistance efforts are to maintain and expand New York City's economic base by stimulating investment, job growth and business expansion. The typical company investment included in this report would have been delayed, abandoned, or made outside the City but for the intervention and support of NYCEDC. In addition, NYCEDC appreciates the opportunity to discuss the public benefits generated by its investment projects and to explain the dynamic public/private partnership that makes NYCEDC successful.

NYCEDC reported 440 financial assistance investment projects in FY 2024. Twenty projects started reporting and financial assistance ended for 23 projects. The 440 investment projects accounted for:

- 4.4 percent of total private employment in New York City;
- $37.3 billion in private investment;
- $7.8 billion in City costs (present value), net of recapture, cancellations, reductions, and penalties;
- $104.4 billion in City benefits (present value), net of the assistance provided, recapture, and penalties.

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APPENDIX I

NEW YORK CITY CHARTER SECTION 240

Not later than the fifteenth day of February the mayor shall submit to the City Council a tax benefit report which shall include:

1. a list of all exclusions, exemptions, abatements, credits, or other benefits allowed against City tax liability, against the base or the rate of, or the amount due pursuant to, each City tax, provided however that such listing need not include any benefits which are applicable without any City action to such City tax because they are available in regard to a federal or State tax on which such City tax is based; and

2. a description of each tax benefit included in such a list, providing the following information:

   a. the legal authority for such tax benefit;

   b. the objectives of, and eligibility requirements for, such tax benefit;

   c. such data and supporting documentation as are available and meaningful regarding the number and kind of taxpayers using benefits pursuant to such tax benefit and the total amount of benefits used pursuant to such tax benefit, by taxable and/or fiscal year;

   d. for each tax benefit pursuant to which a taxpayer is allowed to claim benefits in one year and carry them over for use in one or more later years, the number and kind of taxpayers carrying forward benefits pursuant to such tax benefit and the total amount of benefits carried forward, by taxable and/or fiscal year;

   e. for nineteen hundred ninety and each year thereafter for which the information required by paragraphs [c] and [d] are not available, the reasons therefor, the steps being taken to provide such information as soon as possible, and the first year for which such information will be available;

   f. such data and supporting documentation as are available and meaningful regarding the economic and social impact and other consequences of such tax benefit; and

   g. a listing and summary of all evaluations and audits of such tax benefit issued during the previous two years.

APPENDIX II

DESCRIPTION OF MAJOR NEW YORK CITY TAXES

FISCAL YEAR 2024 REVENUES

(millions)

Tax	Revenues
Real Property Tax[1]	$32,859
Personal Income Tax	$14,014
Sales Tax	$9,914
Corporate, General and Banking Corporation Taxes	$6,886
Unincorporated Business Tax	$2,789
Pass-through-Entity Tax	$1,657
Real Property Transfer Tax	$1,130
Commercial Rent Tax	$918
Hotel Room Occupancy Tax	$706
Mortgage Recording Tax	$597
Utility Tax	$409
Other[2]	$1,201
Total	$73,081

Reported as of January 23, 2025. Complete tax revenue information is available in the Comprehensive Annual Financial Report (CAFR), published by the Office of the New York City Comptroller. Reports are available for download at the Comptroller's Office website.

1. Excludes STAR Aid.
2. Includes Cigarette, Commercial Motor Vehicle Tax, Auto Use, payments in lieu of taxes (PILOTs), Horse Race Admissions, OTB, Beer & Liquor, Surcharge on Liquor Licenses, Taxi Medallion, Section 1127 Waiver, Adult Use Cannabis, Medical Marijuana, other tobacco, penalties and interest, and refunds and rebates issued against these taxes (as a negative).

Banking Corporation Tax

Effective January 1, 2015, this tax is imposed on banking corporations, including commercial and savings banks, savings and loan associations, trust companies, and certain subsidiaries of banks, which do business in New York City and are S corporations (including qualified Subchapter S subsidiaries), as defined in the U.S. Internal Revenue Code.

A banking corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The tax due is the largest of the following four amounts:

- 9 percent of entire net income allocated to the City;
- 3 percent of alternative entire net income allocated to the City;
- one-tenth of a mill on each dollar of taxable assets allocated to the City;
- $125 minimum tax.

Business Corporation Tax

This tax, which applies to tax years beginning on or after January 1, 2015, is imposed on all corporations, wherever organized, for doing business, employing capital, owning, or leasing property or maintaining offices in New York City. Regulated utilities subject to the NYC Utility Tax are not subject to this tax. Insurance corporations pay no City business income taxes. S corporations (including qualified Subchapter S subsidiaries), as defined in the U.S. Internal Revenue Code, are not subject to the Business Corporation Tax, but are subject to the General Corporation Tax or the Banking Corporation Tax.

A corporation determines its tax liability by making two alternative calculations and comparing the results to a sliding-scale fixed-dollar minimum tax. The tax liability is the largest of the three following amounts:

- The taxpayer's business income allocated to the City multiplied by the appropriate rate shown below:

Qualified manufacturing corporations……..	4.425% to 8.85%
Qualified small businesses…………………	6.5% to 8.85%
Financial corporations……………………...	9%
All other taxpayers…………………………	8.85%

- The taxpayer's business capital allocated to the City and taxed at the rate of 0.15 percent, subject to a cap of $10 million;
- A fixed-dollar minimum tax, which is a graduated amount ranging from $25 where the taxpayer's City receipts are not over $100,000, to $200,000 where City receipts exceed $1 billion.

Commercial Rent Tax

This tax is imposed at an effective rate of 3.9 percent of the base rent paid by tenants of premises used to conduct any business, profession, or commercial activity.

The tax does not apply in Manhattan north of 96th Street or in the other boroughs. Tenants with annual rent (or annualized rent for part-year filers) below $250,000 are exempt from the tax and tenants with annual taxable rents between $250,000 and $300,000 are eligible for a sliding-scale credit that partially offsets tax liability.

To provide relief specifically to small businesses, starting with CRT tax years beginning on or after June 1, 2018, a full tax credit is available to tenants whose base rent before the 35 percent reduction is less than $500,000 and whose total income is not more than $5 million; the tax credit phases out for tenants whose base rent before reduction is between $500,000 and $550,000 and whose total income is more than $5 million but not more than $10 million.

General Corporation Tax

This tax is imposed on those corporations, both domestic and foreign, that do business, employ capital, own or lease property or maintain an office in New York City and are S corporations (including qualified Subchapter S subsidiaries), as defined in the U.S. Internal Revenue Code.

A corporation determines its tax liability by making three alternative calculations and comparing the results to a sliding-scale fixed minimum tax. The primary tax liability is the largest of the four following amounts:

- 8.85 percent of the corporation's entire net income allocated to the City;
- 0.15 percent of the firm's business and investment capital allocated to the City (or 0.04 percent for cooperative housing corporations), subject to a cap of $1 million;
- 8.85 percent of 15 percent of the sum of entire net income plus the compensation paid to certain shareholders, less a fixed-dollar exclusion, allocated to the City;
- the minimum tax, which ranges from $25 to $5,000, depending on the taxpayer's New York City receipts.

Corporations having only business capital, a 100 percent allocation percentage and federal gross income below $250,000 are not subject to the calculations in items (2) and (3) above.

In addition to the primary tax liability, a tax on subsidiary capital is also payable. The subsidiary tax is at the rate of 0.075 percent of subsidiary capital allocated to the City.

Mortgage Recording Tax

This tax is imposed on the recording of real estate mortgages in New York City. For mortgages that are less than $500,000, the rate is $1.00 per $100 of indebtedness. For mortgages that are $500,000 or more, the rate varies:

- for mortgages on 1-, 2- or 3-family homes or individual residential condominium units, the rate is $1.125 per $100 of indebtedness.
- for all other mortgages that are $500,000 or more, the rate is $1.75 per $100 of indebtedness.

Personal Income Tax

This tax is imposed on the taxable income of every resident of New York City. The City's definition of taxable income follows, with certain modifications, Federal law, and is the same as the New York State definition.

The Personal Income Tax rates imposed on New York City residents range from 3.078 percent to 3.876 percent.

Real Property Tax

Under Article 18 of the Real Property Tax Law, real property in New York City is divided into four different classes:

- Class 1 consists of 1-, 2- and 3-family residential property, small condominiums, and certain vacant land north of 110th Street in Manhattan and in the other boroughs;
- Class 2 consists of all other residential property, including cooperatives and condominiums;
- Class 3 consists of utility company equipment and special franchises; and
- Class 4 consists of all other real property, such as office buildings, factories, stores, hotels, and lofts.

FY 2025 Rates

New York City assesses properties at a uniform percentage of market value within each class of real property, applying class-specific tax rates to determine tax liability. The rates, per $100 of assessed value, are as follows:

Class 1	20.085
Class 2	12.500
Class 3	11.181
Class 4	10.762

Real Property Transfer Tax

This tax is imposed on the transfer of real property located in New York City and on the transfer of a controlling economic interest in real property located in New York City.

The rates of the Real Property Transfer Tax for residential properties (1-, 2- or 3-family homes, an individual residential condominium unit, or an individual cooperative apartment) are the following:

- for residential properties transferred for a consideration of $500,000 or less, the rate is 1 percent of the consideration;

- for residential properties transferred for a consideration of more than $500,000, the rate is 1.425 percent of the consideration.

For properties other than the residential properties referred to above:

- the tax rate is 1.425 percent if the consideration is not more than $500,000; and
- 2.625 percent if the consideration is more than $500,000.

Sales and Use Tax

This tax is imposed on the sale or use of tangible personal property and certain services; sales of gas, electricity, steam, refrigeration, and intrastate telephone and telegraph services; food and beverages sold by restaurants and caterers; hotel and motel occupancies; admission charges to certain places of amusement; and club dues. The current NYC Sales and Use Tax rate is 4.5 percent.

NYC Sales and Use Tax is also imposed on charges for the parking or garaging of motor vehicles. The basic tax rate imposed on the parking charge is 6 percent; an additional 8 percent tax is imposed on parking in Manhattan. Manhattan residents who meet certain conditions are exempt from the 8 percent tax.

Unincorporated Business Tax

This tax is imposed on every individual or unincorporated entity carrying on a trade, business, or profession wholly or partly within New York City. The Unincorporated Business Tax is imposed at the rate of 4 percent of taxable income allocable to New York City. A full credit is allowed if the tax is not more than $3,400 and a partial credit is allowed if the tax is more than $3,400 but less than $5,400.

Utility Tax

This tax is imposed on every utility and vendor of utility services that does business in New York City. “Utilities” are those companies that are subject to the supervision of the NYS Department of Public Service, including gas and electric companies and telephone companies. Companies that derive 80 percent or more of their gross receipts from mobile telecommunications services are also considered utilities, regardless of whether they are supervised by the Department of Public Service. Vendors of utility services are entities that are not considered “utilities” but that sell gas, electricity, steam, water, refrigeration, or telecommunications services, or that operate omnibuses or railroads, even if those activities are not the vendor’s main business.

The basic Utility Tax rate is 2.35 percent of gross income or gross operating income. Different rates apply to bus companies and railroads.

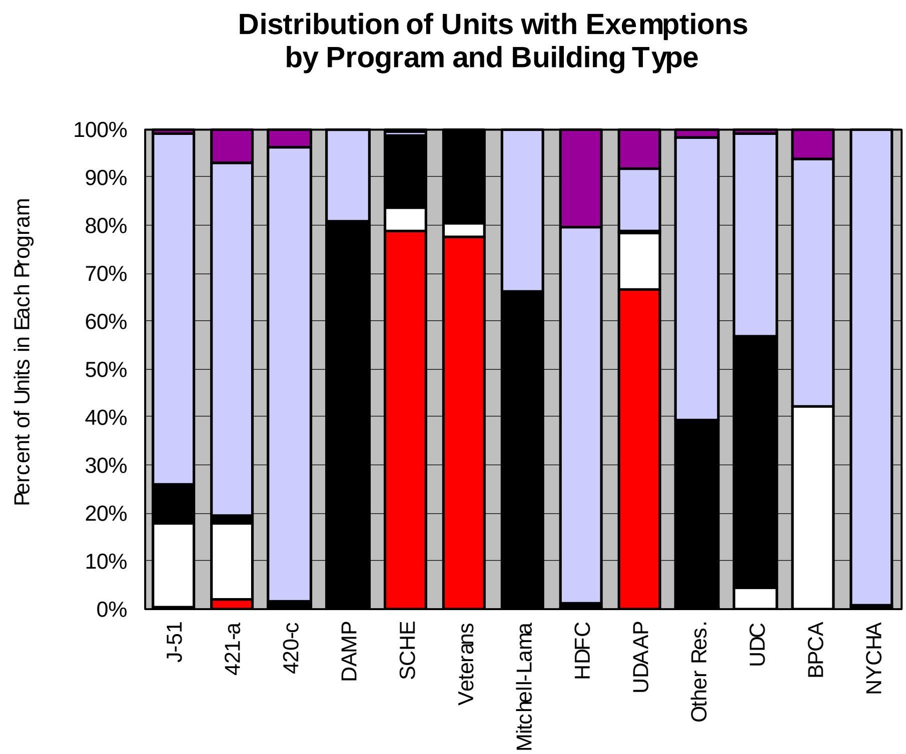
APPENDIX III

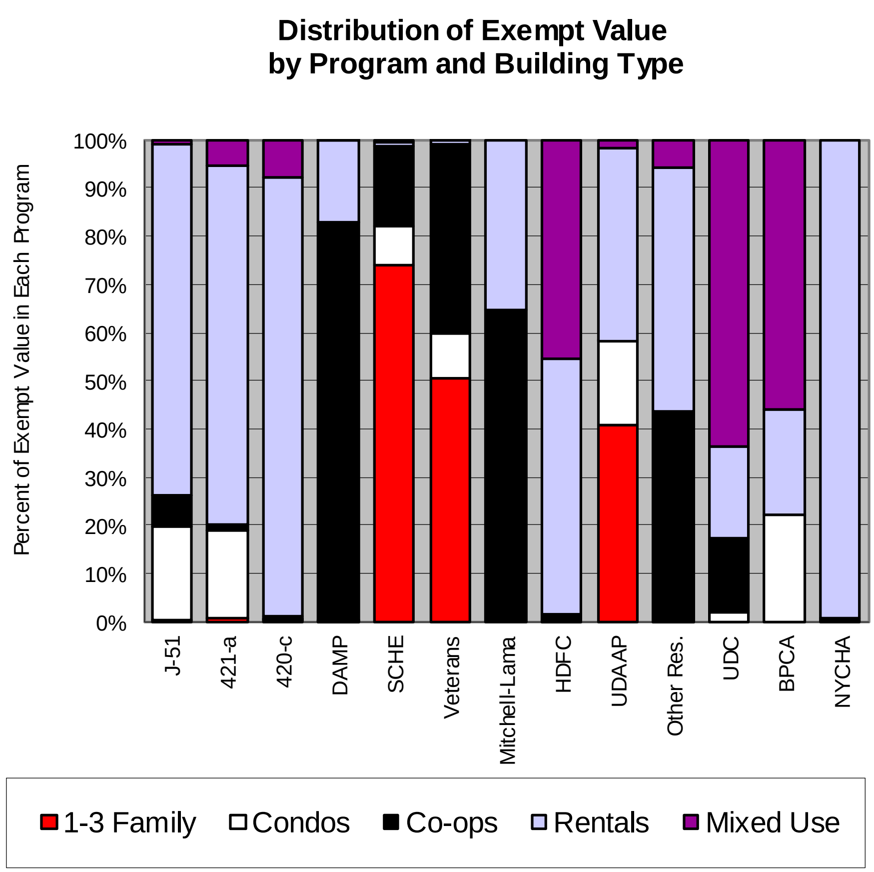
REAL PROPERTY TAX EXPENDITURE STATISTICAL SUPPLEMENT

This appendix provides distributions of exemptions by program, borough and building type for FY 2025. Information on the number of units, the exempt assessed value, and the taxable assessed value is included.

Because a property may have more than one exemption, the number of exemptions presented in Part II of this report may not equal the number of properties presented in this appendix. For example, a single property may receive more than one J-51 exemption if the rehabilitation of the property consisted of separate improvements initiated at different times. Consequently, the data in Part II would account for two exemptions, while the statistical appendix would count one property.

In Part II and in the following tables, 1-3 family homes are counted as one unit receiving the exemption or abatement. For the veterans and SCHE exemption programs, rentals and mixed-use parcels are also counted as one unit receiving the exemption.


Distribution of Units with Exemptions
by Program and Building Type
Percent of Units in Each Program
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
J-51
421-a
420-c
DAMP
SCHE
Veterans
Mitchell-Lama
HDFC
UDAAP
Other Res.
UDC
BPCA
NYCHA


Distribution of Exempt Value
by Program and Building Type
Percent of Exempt Value in Each Program
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
J-51
421-a
420-c
DAMP
SCHE
Veterans
Mitchell-Lama
HDFC
UDAAP
Other Res.
UDC
BPCA
NYCHA
1-3 Family
Condos
Co-ops
Rentals
Mixed Use

CITY PROGRAMS

Distribution of Exemptions and Abatements by Borough and Property Type

Fiscal Year 2025

($ Millions)

J-51

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
Exemptions							
1-3 FAMILY	Number of Units	154	22	9	121	2	0
	Exempt AV	2.72	0.60	0.17	1.87	0.08	0.00
	Taxable AV	2.24	0.62	0.06	1.55	0.00	0.00
CONDOS	Number of Units	15,580	875	12,368	2,309	28	0
	Exempt AV	303.61	42.59	200.53	58.81	1.69	0.00
	Taxable AV	245.16	60.71	93.50	90.42	0.54	0.00
CO-OPS	Number of Units	6,840	862	2,400	739	2,839	0
	Exempt AV	94.36	38.84	15.57	13.24	26.72	0.00
	Taxable AV	148.12	7.56	43.92	18.10	78.54	0.00
MIXED USE	Number of Units	610	104	43	461	0	2
	Exempt AV	12.16	3.20	1.11	7.85	0.00	0.01
	Taxable AV	11.54	2.80	0.35	8.37	0.00	0.02
RENTALS	Number of Units	64,228	17,518	29,597	12,637	3,083	1,393
	Exempt AV	1,127.42	486.82	320.83	252.34	38.08	29.35
	Taxable AV	976.96	361.90	319.30	210.92	70.29	14.55
ALL	Number of Units	87,412	19,381	44,417	16,267	5,952	1,395
	Exempt AV	1,540.27	572.05	538.20	334.10	66.56	29.36
	Taxable AV	1,384.03	433.60	457.13	329.35	149.37	14.57
Abatements							
1-3 FAMILY	Number of Units	232	39	8	113	72	0
	Total Abatement	0.27	0.08	0.02	0.17	0.00	0.00
CONDOS	Number of Units	10,956	1,429	6,221	2,081	1,066	159
	Total Abatement	3.59	0.78	0.87	1.57	0.35	0.01
CO-OPS	Number of Units	101,068	8,162	25,886	17,143	49,757	120
	Total Abatement	9.28	1.50	1.38	2.11	4.29	0.00
MIXED USE	Number of Units	303	24	26	244	3	6
	Total Abatement	0.35	0.04	0.01	0.29	0.00	0.01
RENTALS	Number of Units	90,717	8,239	35,468	28,576	16,262	2,172
	Total Abatement	27.06	4.08	10.28	8.97	2.81	0.91
ALL	Number of Units	203,276	17,893	67,609	48,157	67,160	2,457
	Total Abatement	40.53	6.49	12.55	13.10	7.45	0.94
Total Number of Exemption and Abatement Units		290,688	37,274	112,026	64,424	73,112	3,852

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2025

($ Millions)

421-a

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	3,852	2	1,006	1,523	1,252	69
	Exempt AV	99.09	0.26	20.90	39.01	37.98	0.95
	Taxable AV	46.71	0.01	7.02	19.71	19.63	0.35
CONDOS	Number of Units	34,460	6,522	485	17,743	9,698	12
	Exempt AV	2,843.55	1,126.13	18.50	1,230.79	467.71	0.42
	Taxable AV	857.18	203.55	1.73	423.93	227.82	0.14
CO-OPS	Number of Units	3,655	2,123	417	872	169	74
	Exempt AV	245.20	153.22	14.39	72.37	3.41	1.81
	Taxable AV	55.28	40.25	0.54	4.73	6.48	3.29
MIXED USE	Number of Units	14,861	1,381	222	6,843	6,354	61
	Exempt AV	855.86	491.44	21.01	257.10	81.35	4.95
	Taxable AV	259.62	123.59	3.03	64.85	67.60	0.56
RENTALS	Number of Units	158,919	45,632	22,707	60,664	28,906	1,010
	Exempt AV	11,671.92	4,380.11	871.25	4,466.58	1,919.55	34.43
	Taxable AV	2,550.92	1,485.70	65.98	724.17	270.08	4.99
ALL	Number of Units	215,747	55,660	24,837	87,645	46,379	1,226
	Exempt AV	15,715.62	6,151.16	946.04	6,065.84	2,510.01	42.57
	Taxable AV	3,769.71	1,853.09	78.30	1,237.38	591.61	9.33

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2025

($ Millions)

Division of Alternative Management Programs

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	7	4	1	0	2	0
	Exempt AV	0.06	0.04	0.00	0.00	0.02	0.00
	Taxable AV	0.13	0.09	0.04	0.00	0.00	0.00
CO-OPS	Number of Units	17,103	9,681	3,980	3,420	22	0
	Exempt AV	368.67	266.85	38.00	63.45	0.37	0.00
	Taxable AV	228.84	136.70	46.88	44.95	0.31	0.00
MIXED USE	Number of Units	28	19	0	9	0	0
	Exempt AV	0.89	0.74	0.00	0.15	0.00	0.00
	Taxable AV	0.52	0.32	0.00	0.20	0.00	0.00
RENTALS	Number of Units	4,035	1,630	1,838	567	0	0
	Exempt AV	74.97	56.85	9.91	8.22	0.00	0.00
	Taxable AV	42.07	22.86	11.73	7.48	0.00	0.00
ALL	Number of Units	21,173	11,334	5,819	3,996	24	0
	Exempt AV	444.59	324.47	47.90	71.83	0.38	0.00
	Taxable AV	271.56	159.97	58.65	52.63	0.31	0.00

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025

($ Millions)

420-c

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	138	1	16	120	0	1
	Exempt AV	4.20	0.05	0.18	3.94	0.00	0.03
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	1,245	168	791	286	0	0
	Exempt AV	43.98	12.12	20.78	11.08	0.00	0.00
	Taxable AV	0.03	0.01	0.02	0.00	0.00	0.00
MIXED USE	Number of Units	3,577	951	1,138	1,101	387	0
	Exempt AV	320.92	103.13	84.14	97.29	36.35	0.00
	Taxable AV	6.00	3.58	0.04	2.37	0.00	0.00
RENTALS	Number of Units	91,702	20,228	36,153	27,958	6,049	1,314
	Exempt AV	3,669.93	915.86	1,194.74	1,278.02	228.64	52.67
	Taxable AV	29.58	16.25	7.68	4.57	1.00	0.08
ALL	Number of Units	96,662	21,348	38,098	29,465	6,436	1,315
	Exempt AV	4,039.03	1,031.17	1,299.84	1,390.34	264.98	52.69
	Taxable AV	35.61	19.84	7.74	6.94	1.00	0.08

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2025

($ Millions)

Senior Citizen Homeowner

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	40,037	96	2,849	11,201	19,148	6,743
	Exempt AV	746.03	3.74	43.11	212.23	380.68	106.27
	Taxable AV	729.92	3.71	55.04	194.91	379.75	96.51
CONDOS	Number of Units	2,506	816	191	473	896	130
	Exempt AV	82.96	45.42	1.53	15.02	19.06	1.93
	Taxable AV	78.50	44.07	1.08	14.90	16.90	1.55
CO-OPS	Number of Units	7,551	1,647	405	1,683	3,728	88
	Exempt AV	169.58	70.83	4.97	31.31	61.40	1.07
	Taxable AV	14,728.66	9,275.31	480.47	1,599.33	3,331.14	42.40
MIXED USE	Number of Units	248	3	12	121	96	16
	Exempt AV	4.01	0.11	0.13	1.74	1.83	0.19
	Taxable AV	12.18	0.28	0.46	5.93	5.12	0.39
RENTALS	Number of Units	493	11	44	289	145	4
	Exempt AV	7.65	0.20	0.68	3.98	2.74	0.04
	Taxable AV	57.05	2.32	4.97	29.78	19.64	0.34
ALL	Number of Units	50,835	2,573	3,501	13,767	24,013	6,981
	Exempt AV	1,010.23	120.31	50.42	264.29	465.71	109.51
	Taxable AV	15,606.31	9,325.69	542.02	1,844.85	3,752.57	141.19

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2025

($ Millions)

Veterans

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	21,951	107	1,879	4,737	8,790	6,438
	Exempt AV	103.61	0.48	9.00	22.41	40.36	31.37
	Taxable AV	657.03	13.18	61.54	139.18	280.37	162.75
CONDOS	Number of Units	873	470	61	110	158	74
	Exempt AV	19.20	13.28	0.63	2.64	2.02	0.63
	Taxable AV	78.23	64.73	0.83	6.28	4.88	1.50
CO-OPS	Number of Units	5,253	2,043	312	711	2,129	58
	Exempt AV	80.33	49.56	2.43	7.31	20.60	0.42
	Taxable AV	18,255.94	13,724.99	457.25	1,394.85	2,637.11	41.74
MIXED USE	Number of Units	98	9	6	52	22	9
	Exempt AV	0.50	0.08	0.03	0.26	0.09	0.04
	Taxable AV	8.46	3.99	0.16	3.13	0.90	0.28
RENTALS	Number of Units	192	16	21	121	29	5
	Exempt AV	1.74	0.22	0.17	1.05	0.24	0.07
	Taxable AV	25.34	5.03	2.83	12.98	4.02	0.48
ALL	Number of Units	28,367	2,645	2,279	5,731	11,128	6,584
	Exempt AV	205.38	63.63	12.25	33.67	63.31	32.52
	Taxable AV	19,025.00	13,811.92	522.62	1,556.42	2,927.28	206.75

Note: A unit receiving more than one type of veterans’ exemption is counted once in this table.

Distribution of Abatements by Borough and Property Type
Fiscal Year 2025
($ Millions)

Class Two Cooperative and Condominium Partial Tax Abatement

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
CONDOS	Number of Units	60,353	37,366	791	11,336	9,539	1,321
	Abatement	185.60	145.01	0.99	25.06	13.21	1.33
COOPS	Number of Units	247,306	116,804	14,418	39,800	74,847	1,437
	Abatement	508.97	352.23	15.02	52.59	87.86	1.28
ALL	Number of Units	307,659	154,170	15,209	51,136	84,386	2,758
	Abatement	694.57	497.23	16.01	77.65	101.07	2.61

STATE PROGRAMS

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025
($ Millions)

Limited-Profit/Mitchell-Lama (Residential Only)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
CO-OPS	Number of Units	58,740	14,938	22,369	10,494	10,936	3
	Exempt AV	2,152.22	893.34	509.74	409.11	339.91	0.11
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	30,261	6,399	7,123	13,897	1,852	990
	Exempt AV	1,174.46	411.09	209.21	455.49	66.76	31.92
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	89,001	21,337	29,492	24,391	12,788	993
	Exempt AV	3,326.68	1,304.43	718.95	864.60	406.67	32.03
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025
($ Millions)

Housing Development Fund Companies

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	8	0	2	6	0	0
	Exempt AV	0.25	0.00	0.04	0.21	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	136	136	0	0	0	0
	Exempt AV	8.34	8.34	0.00	0.00	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
MIXED USE	Number of Units	2,592	414	842	730	442	164
	Exempt AV	291.53	112.47	74.42	60.50	34.57	9.57
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	9,937	2,036	3,315	3,095	1,083	408
	Exempt AV	344.01	90.42	82.25	119.62	36.43	15.29
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	12,673	2,586	4,159	3,831	1,525	572
	Exempt AV	644.13	211.23	156.71	180.33	71.00	24.86
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025

($ Millions)

Urban Development Action Area Projects

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	2,627	74	192	1,389	971	1
	Exempt AV	33.71	0.77	1.76	16.87	14.29	0.02
	Taxable AV	59.92	3.50	5.16	33.07	18.18	0.01
CONDOS	Number of Units	477	46	8	169	254	0
	Exempt AV	14.21	0.63	0.07	9.07	4.44	0.00
	Taxable AV	15.46	0.79	0.27	4.50	9.91	0.00
CO-OPS	Number of Units	17	0	0	17	0	0
	Exempt AV	0.17	0.00	0.00	0.17	0.00	0.00
	Taxable AV	0.46	0.00	0.00	0.46	0.00	0.00
MIXED USE	Number of Units	320	10	8	168	134	0
	Exempt AV	1.49	0.10	0.04	0.84	0.51	0.00
	Taxable AV	3.87	0.35	0.17	2.74	0.61	0.00
RENTALS	Number of Units	513	218	9	56	230	0
	Exempt AV	32.98	4.99	0.03	0.32	27.63	0.00
	Taxable AV	7.11	2.82	0.13	0.82	3.33	0.00
ALL	Number of Units	3,954	348	217	1,799	1,589	1
	Exempt AV	82.56	6.49	1.90	27.27	46.88	0.02
	Taxable AV	86.82	7.46	5.73	41.59	32.02	0.01

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025
($ Millions)

Other Residential

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	4	0	3	1	0	0
	Exempt AV	0.04	0.00	0.02	0.02	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	10,842	4,253	1,487	2,696	2,406	0
	Exempt AV	569.09	348.24	32.06	95.50	93.29	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
MIXED USE	Number of Units	433	46	242	143	2	0
	Exempt AV	73.64	14.15	23.54	26.76	9.19	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	16,162	3,695	6,345	3,921	2,097	104
	Exempt AV	657.78	265.07	169.79	151.54	68.14	3.24
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	27,441	7,994	8,077	6,761	4,505	104
	Exempt AV	1,300.55	627.46	225.41	273.82	170.63	3.24
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00

Note: This table includes Limited-Dividend Housing Companies, Redevelopment Companies, and Miscellaneous State-Assisted Housing programs.

PUBLIC AGENCIES

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025
($ Millions)

NYC Housing Authority (Residential Only)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	277	0	21	145	111	0
	Exempt AV	6.80	0.00	0.30	3.83	2.67	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	917	181	220	300	216	0
	Exempt AV	36.23	16.35	5.83	9.09	4.97	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	194,403	54,588	59,447	60,335	15,527	4,506
	Exempt AV	6,038.19	2,644.64	1,077.68	1,771.07	442.65	102.14
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	195,597	54,769	59,688	60,780	15,854	4,506
	Exempt AV	6,081.23	2,660.99	1,083.82	1,783.99	450.29	102.14
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2025
($ Millions)

Urban Development Corporation

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
CONDOS	Number of Units	753	569	0	0	184	0
	Exempt AV	78.54	61.53	0.00	0.00	17.01	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
COOPS	Number of Units	9,392	8,856	0	0	536	0
	Exempt AV	628.19	587.55	0.00	0.00	40.64	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
MIXED USE	Number of Units	151	141	2	5	3	0
	Exempt AV	2,584.80	1,419.88	12.24	1,149.19	3.49	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	7,496	3,341	0	0	4,155	0
	Exempt AV	766.61	278.25	0.00	0.00	488.36	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	17,792	12,907	2	5	4,878	0
	Exempt AV	4,058.15	2,347.21	12.24	1,149.19	549.51	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00

Note: For purposes of this table, Tax Class 3 utility properties are classified as mixed use.

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2025

($ Millions)

Battery Park City Authority

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
CONDOS	Number of Units	3,743	3,743	0	0	0	0
	Exempt AV	635.44	635.44	0.00	0.00	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
MIXED USE	Number of Units[1]	561	561	0	0	0	0
	Exempt AV	1,597.04	1,597.04	0.00	0.00	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	4,546	4,546	0	0	0	0
	Exempt AV	622.49	622.49	0.00	0.00	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	8,850	8,850	0	0	0	0
	Exempt AV	2,854.97	2,854.97	0.00	0.00	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00

APPENDIX IV

NEW YORK CITY ECONOMIC DEVELOPMENT PROGRAMS

Please refer to program descriptions elsewhere in this report. Tax expenditures below are net of PILOTs, where applicable, and are shown in millions. Expenditures denoted as "n/a" are not available.

Program	Tax Expenditure
Air Pollution Control Facilities Deduction	n/a
Aviation Fuel Sold to Airlines Sales Tax Exemption	$100
Beer Production Credit for Beer Produced in NYC	<1
Business and Investment Capital Tax Limitation	$120
Commercial Expansion Program	$8
Commercial Revitalization Program	
Conversion of Non-residential Real Property to Residential Use	<1
Real Property Tax Abatement	$2
CRT Special Reduction Benefit for Leases	$4
Lower Manhattan Energy Program (LMEP)	$5
Cooper Union/Chrysler Building	$28
Dramatic or Musical Arts Performance Exemption	n/a
Economic Development Corporation (EDC)	$232
Employment Opportunity Relocation Cost Credit/Industrial Business Zone Credit	<1
Energy Cost Savings Program Credit (ECSP)	$9
Industrial and Commercial Incentive/Abatement Program (ICIP/ICAP)	$945
Industrial Development Agency (IDA)	$382
Insurance Corporation Non-taxation	$711
Interior Decorating and Design Services Sales Tax Exemption	$24
International Banking Facility Deduction	$0
Lower Manhattan Commercial Office Space Sales Tax Exemption	$8
Major League Sports Facilities, Madison Square Garden	$43
New York Power Authority	$134
Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property	n/a
Purchase and Sale of Property or Financial Instruments for Taxpayer's Own Account	n/a
Real Estate Investment Trusts (REITs)	<1
Real Property Tax Escalation Credit	$0
Reduced Corporate Tax Rates for Qualified Manufacturers and Other Small Businesses	$35
Relocation and Employment Assistance Program (REAP)	$26
Small Business CRT Credit	$17
Small Corporation Exemption from Alternative Taxes	n/a
Special Allocation Rule: Regulated Investment Company (RIC) Management Fees	$33
Special Allocation Rules	n/a
Teleport Center, Port Authority of NY and NJ	$8
Three-Factor Method for Allocation of Business Income and Capital	$3
Trust for Cultural Resources of the City of NY - Museum of Modern Art	$16
Urban Development Corporation (commercial only)	$278
World Trade Center, Port Authority of NY and NJ	$151
Total	$3,323

APPENDIX V

PARCELS WITH BENEFITS OF AT LEAST $5 MILLION
TAX CLASSES 3 AND 4
FISCAL YEAR 2025

Boro	Block	Lot	Street Address	Tax Class	Owner[1]	Program	Gross Tax Expenditure *(millions)*
1	58	1	185 Greenwich Street 10007	4	Lower Manhattan Development Corp.	WTC Port Authority[2]	$169.7
4	1787	20	123-01 Roosevelt Avenue 11368	4	Citifield	NYC IDA	$159.7
2	2493	1	1 East 161 Street 10451	4	Dept. of Parks and Recreation	NYC IDA	$129.5
3	1118	1	620 Atlantic Ave 11217	4	Arena Nominee Sub B	NYS UDC	$123.6
1	680	1	601 West 34 Street 10014	4	New York Convention Center	NYS UDC	$92.5
1	995	33	1111 Avenue Of The Americas 10036	4	One Bryant Park	NYC EDC	$72.2
1	705	39	415 10 Avenue 10001	4	50 Hymc Owner LLC	NYC IDA	$70.0
1	706	17	509 West 34 Street 10001	4	509 W 34, LLC	NYC IDA	$58.2
4	72166	2	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$45.8
1	729	1002	395 9 Avenue 10001	4	BOP NE LLC	NYC IDA	$43.2
1	781	9001	420 8 Avenue 10001	4	MSG Arena, LLC	Madison Square Garden	$42.9
1	702	10	501 West 30 Street 10001	4	Legacy Yards Tenant L	NYC IDA	$38.7
1	729	1402	389 9 Avenue 10001	4	BOP SE LLC	NYC IDA	$37.5
1	995	5	1472 Broadway 10036	4	NYC EDC	NYC EDC	$36.3
1	16	260	200 West Street 10282	4	Goldman Sachs Headquarters	Battery Park Authority	$34.9
1	16	125	225 Liberty Street 10280	4	WFP Tower B Co. LP	Battery Park Authority	$33.9
1	705	1	380 11 Avenue 10001	4	One Hudson Yards Owners	NYC IDA	$32.1
1	702	1302	500 West 33 Street 10001	4	30 Hy Wm Unit Owner L	NYC IDA	$31.1
1	994	1	1459 Broadway 10036	4	DCAS	NYC EDC	$27.1
1	999	1001	1568 Broadway 10036	4	Times Square Hotel Owners	ICAP	$26.5
1	16	140	200 Vesey Street 10281	4	American Express Co.	Battery Park Authority	$26.4
1	84	36	7 World Trade Center 10007	4	The Port Authority of NY & NJ	WTC Port Authority	$25.4
4	72766	19	17-10 Steinway Street 11105	4	NYS Power Authority	ICIP	$24.6
1	16	150	250 Vesey Street 10281	4	WFP Tower D Co. LP	Battery Park Authority	$24.1
1	1013	29	592 7 Avenue 10036	4	NYC EDC	NYC EDC	$22.9
1	702	1301	20 Hudson Yards 10001	4	20-30 Hudson Yards Co	NYC IDA	$21.7
1	1014	33	3 Times Square 10036	4	NYC EDC	NYC EDC	$21.3
1	1297	23	395 Lexington Avenue 10174	4	405 Lexington, LLC	Chrysler Bldg Cooper Union	$19.3
4	72767	12	18-27 22 Avenue 11107	4	NYS Power Authority	NYS Power Authority	$18.9
1	16	120	200 Liberty Street	4	Brookfield Properties	Battery Park Authority	$17.7
4	420	1	28-10 Queens Plaza South 11101	4	Lic Site B-1 Owner, LLC	ICAP	$16.6
1	685	42	608 West 40 Street 10018	4	New York Convention Center	NYS UDC	$16.5
1	1280	30	109 East 42 Street 10017	4	Metropolitan Transportation Authority	NYS UDC	$12.3
4	70000	211	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$12.0
4	72766	15	17-10 Steinway Street 11105	4	NYS Power Authority	ICIP	$11.9
4	70000	132	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$11.7
1	962	1202	430 East 29 Street 10016	4	Alexandria Real Estate	NYC EDC	$10.7
1	702	1308	30 Hudson Yards 10001	4	Wells Fargo Properties	NYC IDA	$10.5
1	554	35	51 Astor Place 10003	4	Cooper Union	Chrysler Bldg Cooper Union	$10.4
4	75211	101	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$9.4
1	216	1	388 Greenwich Street 10013	4	Citigroup Technology	ICAP	$8.8
3	147	4	351 Jay Street 11201	4	Forest City Jay Street	NYC EDC	$8.8
4	72766	18	17-10 Steinway Street 11105	4	NYS Power Authority	ICIP	$8.3
1	962	1201	430 East 29 Street 10016	4	Alexandria Real Estate	NYC EDC	$8.1
1	16	225	1 North End Avenue 10282	4	BOP One North End LLC	Battery Park Authority	$7.9
4	72166	111	18-27 22 Avenue 11107	4	NYS Power Authority	NYS Power Authority	$7.4

(continued)

Boro	Block	Lot	Street Address	Tax Class	Owner[1]	Program	Gross Tax Expenditure *(millions)*
4	420	1001	42-01 28 Street 11101	4	HR Gotham Tower LP	ICIP	$7.4
1	1716	8	520 East 117 Street 10035	4	Tiago Holdings, LLC	ICIP	$7.1
3	26	50	55 Water Street 11201	4	Brooklyn Bridge Park	ICAP, BBP	$6.8
1	16	1301	102 North End Avenue 10282	4	Goldman Sachs	Battery Park Authority	$6.7
1	702	1309	20 Hudson Yards 10001	4	Wells Fargo Properties	IDA	$6.4
2	5141	6	200 Baychester Avenue 10475	4	Mall 1 - Bay Plaza, LLC	ICAP	$6.1
1	1280	9010	200 Park Avenue 10017	4	200 Park, LP	ICAP	$6.1
1	702	1306	30 Hudson Yards 10001	4	Kkr Hy Owner LLC	IDA	$6.1
1	755	1002	441 8 Avenue 10001	4	New York State Urban Development	NYS UDC	$5.9
4	72757	1	2 Vernon Blvd. 11101	4	Helix Ravenswood, LLC	ICIP	$5.9
1	1013	12	234 West 42 Street 10036	4	NYC EDC	NYC EDC	$5.8
1	731	1	460 West 34 Street 10001	4	601W Tenth Owner LLC	ICAP	$5.8
3	2002	1	625 Atlantic Avenue 11217	4	Atlantic Center Fort	NYC EDC	$5.7
1	1003	29	1271 Avenue Of The Americas 10020	4	Rockefeller Center North	ICAP	$5.6
1	786	51	498 7 Avenue 10018	4	498 Seventh LLC	ICAP	$5.6
2	70356	655	415 Bruckner Boulevard 10454	4	NYS Power Authority	ICIP	$5.5
1	729	9001	450 West 33 Street 10001	4	450 Partners LLC	ICAP	$5.4
1	993	29	5 Bryant Park 10018	4	5 Bryant Park Properties	ICAP	$5.4
4	72736	201	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$5.3
4	72736	202	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$5.3
4	72736	21	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$5.3
4	72736	11	18-27 22 Avenue 11107	3	NYS Power Authority	NYS Power Authority	$5.3
1	702	1303	500 West 33 Street 10001	4	Hudson Yards North Tower	NYC IDA	$5.3
4	2610	336	55-15 Grand Avenue 11378	4	55-15 Grand Avenue Pr	ICAP	$5.2
3	140	1101	350 Jay Street 11201	4	Brooklyn Renaissance	NYC EDC	$5.1
3	149	1003	445 Gold Street 11201	4	Washington Square Park	NYC EDC	$5.1
3	2047	40	115 Myrtle Avenue 11201	4	Forest City Myrtle As	NYC EDC	$5.0
3	148	7	100 Myrtle Avenue 11201	4	Forest City Bridge St	NYC EDC	$5.0
1	1016	36	1515 Broadway 10036	4	1515 Broadway Owner LLC	ICAP	$5.0

1. Owners shown are per Department of Finance public records. The owner may or may not be the beneficiary of the tax expenditure.
2. Some World Trade Center (WTC) parcels are formally exempt under the NYS Urban Development Corporation exemption code. For purposes of this report, all WTC parcels are classified as 'World Trade Center-Port Authority."

APPENDIX VI

CHANGES TO FY 2024 REAL PROPERTY TAX EXPENDITURE ESTIMATES

Exemptions and abatements are added and removed throughout the year. The table below lists changes in FY 2024 tax expenditures exceeding $5 million that occurred after the publication of the FY 2024 Tax Expenditures Report.

	Gross Tax Expenditure *($ millions)*		
Program	FY 2024 Report	January 2025	Change
421-a	1,851.9	2,023.9	172.0
Industrial & Commercial Abatement Program	506.3	555.2	49.0
Special Incentive Programs	323.1	398.6	75.6
420-c, Low-Income Housing	447.6	475.7	28.1
New York City Housing Authority (NYCHA)	749.5	760.1	10.6
Battery Park City Authority	316.3	321.6	5.2

INDEX OF TAX EXPENDITURE PROGRAMS

Key to Tax Abbreviations:

BCT	Banking Corporation Tax	CRT	Commercial Rent Tax
COR	Business Corporation Tax	GCT	General Corporation Tax
MRT	Mortgage Recording Tax	PIT	Personal Income Tax
RPT	Real Property Tax	RPTT	Real Property Transfer Tax
STX	Sales and Use Tax	UBT	Unincorporated Business Tax
UTX	Utility Tax		

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