

New York City Department of Finance

Notice of Public Hearing and Opportunity to Comment on Proposed Rules

What are we proposing? The New York City Department of Finance (“DOF”) is proposing amendments to rules in order to comply with amendments made to the New York City Administrative Code (“Administrative Code”) and the General City Law (“GCL”) in relation to the Relocation Assistance Credit Per Employee program. In addition, DOF is proposing amendments to rules in order to allow DOF to determine the point at which applicable construction is complete under the Industrial and Commercial Abatement Program.

When and where is the hearing? DOF will hold a public hearing on the proposed rule. The public hearing will take place at 11:00 AM on October 27, 2025. The hearing will be conducted remotely through Microsoft Teams. To participate in the public hearing, enter the URL <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting>. If prompted to provide the meeting ID, please enter: 249 270 080 303 0; If prompted for a passcode, please enter the following: k4kB24Bi. You can also participate in the hearing via telephone by calling + 1 646-893-7101. The Phone conference ID: 455 229 015#.

This location has the following accessibility option(s) available:
Audio-only access

How do I comment on the proposed rules? Anyone can comment on the proposed rules by:

- **Website.** You can submit comments to DOF through the NYC rules website at <http://rules.cityofnewyork.us>.
- **Email.** You can email comments to DOFRules@finance.nyc.gov.
- **Mail.** You can mail comments to NYC Department of Finance, Legal Affairs Division, 375 Pearl Street, 30th Floor, New York, NY 10038, Attn: Timothy Byrne.
- **Fax.** You can fax written comments to NYC Department of Finance, Attn: Timothy Byrne, at (212) 748-6981.
- **By speaking at the hearing.** Anyone who wants to comment on the proposed rule at the public hearing must sign up to speak. You can sign up before the hearing by calling Joan Best at (212) 748-7214. You can speak for up to three minutes. Please note that the hearing is for accepting oral testimony only and is not held in a “Question and Answer” format.

Is there a deadline to submit comments? The deadline to submit written comments is October 27, 2025.

What if I need assistance to participate in the hearing? You must contact DOF’s Office of Legal Affairs if you need a reasonable accommodation of a disability at the hearing. You must tell us if you need a sign language interpreter. You can tell us by mail at the address given above. You may also tell us by telephone by calling Joan Best at (212) 748-7214; or by email at bestj@finance.nyc.gov. Advance notice is requested to allow sufficient time to arrange the accommodation. Please provide at least 72 hours’ notice prior to the hearing to ensure availability. This location has the following accessibility option(s) available: Audio-only access.

Can I review the comments made on the proposed rules? You can review the comments made online on the proposed rules by going to the website at <http://rules.cityofnewyork.us/>. A few days after the hearing, copies of all comments submitted online, copies of all written comments, and a video recording of oral comments concerning the proposed rule will be available on the DOF website. Copies of these documents may also be reviewed at NYC Department of Finance, Legal Affairs Division, 375 Pearl Street, 30th Floor, New York, N.Y. 10038.

What authorizes DOF to make this rule? Sections 1043(a) and 1504 of the New York City Charter (“Charter”), as well as sections 11-275(f) and 22-627(j) of the Administrative Code, section 25-ff(j) of the GCL and section 489-hhhhhh(6) of the Real Property Tax Law authorize DOF to make this proposed rule. This proposed rule was not included in the DOF’s regulatory agenda for this Fiscal Year because it was not contemplated when the DOF published the agenda.

Where can I find DOF’s rules? The NYC Department of Finance’s rules are in Title 19 of the Rules of the City of New York. See the link below.
<https://codelibrary.amlegal.com/codes/newyorkcity/latest/NYCrules/0-0-0-34211>

What laws govern the rulemaking process? NYC Department of Finance must meet the requirements of Section 1043 of the Charter when creating or changing rules. This notice is made according to the requirements of Section 1043 of the Charter.

Statement of Basis and Purpose of Proposed Rule

The New York City Department of Finance (“DOF”) is proposing the following rule change pursuant to the powers set forth in New York City Charter (“Charter”) §§ 1043(a) and 1504, as well as New York City Administrative Code (“Administrative Code”) § 22-628 and General City Law (“GCL”) § 25-gg.

On August 22, 2025, the Mayor of the City of New York designated the Department of Finance as the agency to implement elements of the Relocation Assistance Credit Per Employee (“RACE”) program pursuant to GCL § 25-ff(j) and Administrative Code § 22-627(j) in accordance with Charter § 11-a.

In addition to amendments in accordance with changes to the Administrative Code and GCL enacted by the Legislature in 2025 regarding RACE, DOF is proposing a rule amendment that would allow DOF to determine the point at which construction is completed under the Industrial and Commercial Abatement Program (“ICAP”) authorized under Real Property Tax Law (“RPTL”) Article 4, Title 2-F and Administrative Code Title 11, Chapter 2, Subchapter 2, Part 5.

ICAP Amendments

Section one of this rule would amend § 36-01(f) of Title 19 of the Rules of the City of New York (“RCNY”) to revise the definition of the term “completion date” to provide that, for purposes of ICAP, the completion date is determined based on the earlier of the date on which the New York City Department of Buildings issues a final certificate of occupancy, or when DOF has otherwise determined that construction is complete. DOF has the authority pursuant to RPTL § 489-aaaaaa(5) and Administrative Code § 11-268(e) to determine when a building is complete for purposes of ICAP. Current rules provide that DOF considers a building is complete upon certification by an architect or engineer. An architect or engineer could have an incentive to

submit such a certification even while a building is still under construction to achieve additional ICAP tax benefits. To prevent such a situation, DOF believes that it is appropriate for the Department to retain control over the final determination. As such, this rule amendment would provide that a certification by an architect or engineer is only one factor that DOF would consider in determining if a project is complete. Other considerations would include other documentation submitted by an applicant, DOF findings based on an assessor's on-site visit, or a combination of the foregoing, based on DOF's discretion.

RACE Pilot Program

Section two of this rule would amend Title 19 of the RCNY to add a new chapter 61. This chapter would provide rules necessary to implement the RACE program, as authorized by amendments to the GCL and the Administrative Code.

RACE is a citywide pilot program that will help attract companies that are new to New York State and encourage the leasing of underperforming office space by providing tax credits for employees relocated via this program. The program incentivizes the use of office space that is not likely to be suitable for residential conversion, and where a meaningful anchor lease could improve occupancy in the entire building.

These proposed rules would establish the process that a business must follow to apply for the RACE program, in which a business seeking credits:

- submits a preliminary eligibility application,
- submits a lease or a contract to purchase an eligible premises, and
- receives an initial certification of eligibility, if such business is eligible for the program.

After this initial process, the business must receive annual certifications of eligibility to continue to receive benefits under this program.

Section 61-01 would set forth definitions applicable to this new chapter.

Section 61-02 would establish the basic framework of eligibility pursuant to Chapter 6-E of Title 22 of the Administrative Code and Article 2-K of the GCL.

Section 61-03 would establish procedures related to the preliminary eligibility application. Initial certifications of eligibility will be granted on a first come, first served basis. This rule provision would use the timing of submission of preliminary eligibility applications to determine the order in which applicants receive RACE credits, allowing the City to assign maximum approved employment shares predictably and in accordance with the goals of the Administrative Code and the GCL.

The initial certification of eligibility would specify an eligible business's maximum approved employment shares. The maximum approved employment shares would establish the maximum number of full-time equivalent employment shares for which such business may claim RACE tax credits in any single taxable year. The maximum amount of approved employment shares included in all initial certifications of eligibility ("program total") is capped at 3,000 shares, pursuant to Administrative Code § 22-628(c) and GCL § 25-gg(c).

Section 61-04 would require each business seeking RACE tax credits to enter into and submit a valid lease or contract to purchase an eligible premises within three months of submitting their preliminary eligibility application. Requiring submission of a valid lease or contract to purchase

an eligible premises, which is a requirement set forth in Administrative Code § 22-628(b) and GCL § 25-gg(b), allows the City to reliably identify which businesses have taken material steps toward eligibility for RACE credits. Ultimately, this approach would assist DOF in identifying the businesses to which DOF may grant initial certifications of eligibility.

Section 61-05 would provide that, once a business submits a preliminary eligibility application and a valid lease or contract to purchase an eligible office space and ultimately relocates within the required timeframe, such business would be eligible to apply for an initial certification of eligibility, pursuant to Administrative Code § 22-628(b) and GCL § 25-gg(b).

Maximum approved employment shares would be determined upon approval of an application for initial certification of eligibility, provided that sufficient shares remain available based on the business's rank order and the program total of 3,000 shares.

For the duration of the benefit period, such maximum approved employment shares would function as a cap on the number of eligible aggregate employment shares that a business would be allowed each year. A business's eligible aggregate employment shares are determined based on the formula set forth in the proposed definition of "eligible aggregate employment shares" in proposed section 61-01. Another cap embedded in the definition of "eligible aggregate employment shares" would limit the benefit based on the product of a "linear scalar" and the aggregate employment shares in a taxable year. The linear scalar is equal to the quotient of dividing the total square footage of an eligible premises by the product of multiplying such business's aggregate employment shares by 175. For example, if an eligible business will bring 100 aggregate employment shares and leases 11,550 square feet of space, the linear scalar would be a value equal to .66. This cap would be equal to the product of .66 and 100, or 66 employment shares. This capping formula, included in Chapter 6-E of Title 22 of the Administrative Code and Article 2-K of the GCL, ensures that an adequate amount of square footage is leased or purchased for each employment share to promote the goals of the program.

Section 61-06 would establish a process for eligible businesses to apply for and DOF to issue annual certifications.

Sections 61-01 to 61-06 would also grant DOF administrators flexibility to create the forms businesses may use to apply for preliminary eligibility, initial certification of eligibility, and annual certifications and to submit any applicable leases and contracts to purchase eligible premises. To promote administrative efficiency, pursuant to Administrative Code § 22-628(e) and GCL § 25-gg(e), section 61-06 annual certification applications must be submitted to DOF in an electronic format.

Section 61-07 would establish a process for businesses to file administrative appeals challenging DOF decisions pursuant to this chapter. Such decisions would include the denial of recording of a preliminary eligibility application or the submission of a lease or contract to purchase an eligible premises, the denial of an initial certification of eligibility, the number of maximum approved employment shares as determined as of issuance of an initial certification of eligibility, and the denial of an application for annual certification or amount of eligible aggregate employment shares approved in an annual certification. A business would be required to submit such appeal within ten days of notice of DOF's decision.

New material is underlined.

[Deleted material is in brackets.]

“Shall” and “must” denote mandatory requirements and may be used interchangeably in the rules of this department unless otherwise specified or unless the context clearly indicates otherwise.

Proposed Rule Amendment

Section 1. Subdivision f of section 36-01 of Title 19 of the Rules of the City of New York is amended to read as follows:

- f. "Completion of construction," or "completion" means:
- (1) when relating to the construction of a new building or structure, the earlier of the date on which:
 - (i) the department of buildings issues a final certificate of occupancy; or
 - (ii) the department of finance has determined that construction is complete based on: (A) a site inspection by a department of finance assessor; or (B) a review of documentation provided by the applicant, including, as applicable, an [architect] architect's or [engineer certifies] engineer's certification to the department of finance indicating that construction is complete.
 - (2) when relating to the modernization, rehabilitation, expansion or improvement of an existing building or structure [work], [the earlier of] the date on which the department has determined that construction is complete based on: (i) a site inspection by a department of finance assessor; or (ii) a review of documentation provided by the applicant, including, as applicable, an [architect] architect's or [engineer certifies] engineer's certification to the department of finance indicating that construction is complete.

Construction of buildings or structures for which benefits have been approved must be completed no later than five years after the date the first building permit is issued, or if no permit was required, after the completion of construction. Failure to complete construction within such time period will result in the loss of the inflation protection benefits described in 19 RCNY § 36-10(l).

§2. Title 19 of the Rules of the City of New York is amended by adding a new chapter 61 to read as follows:

CHAPTER 61 **RELOCATION ASSISTANCE CREDIT PER EMPLOYEE**

§ 61-01 Definitions.

When used in this chapter, the following terms have the following meanings:

Aggregate employment shares. The term "aggregate employment shares" means the sum of all employment shares maintained by an eligible business in a taxable year.

Commissioner. The term "commissioner" means the commissioner of finance, or such commissioner's designee.

Eligible aggregate employment shares. The term "eligible aggregate employment shares" means, in the case of an eligible business, the amount, if any, of aggregate employment shares maintained by an eligible business in eligible premises in the taxable year in which such eligible business claims a credit pursuant to § 22-628 of the Administrative Code of the City of New York; provided, however, that:

- (1) such amount shall not exceed the lesser of:
 - (i) the number of aggregate employment shares maintained by such eligible business in eligible premises in the taxable year during which such eligible business relocates;
 - (ii) the maximum approved employment shares for such eligible business; or

(iii) an amount equal to the product of multiplying the aggregate employment shares and the linear scalar for such eligible business in such tax year; and

(2) a full-time work week or part-time work week at eligible premises prior to the date of relocation shall not be taken into account in determining eligible aggregate employment shares.

Eligible business. The term "eligible business" means any person subject to a tax imposed under chapter 5, subchapter 2, 3 or 3-A of chapter 6 of title 11 of the Administrative Code of the City of New York, that:

(1) has been conducting substantial business operations at one or more business locations outside of New York state for the 24 consecutive months immediately preceding the taxable year during which such eligible business relocates but has not maintained employment shares at premises in New York state at any time during the period beginning January 1, 2025 and ending on the date such business enters into a lease or a contract to purchase the premises that will qualify as eligible premises pursuant to chapter 6-E of title 22 the Administrative Code of the City of New York; and

(2) on or after July 1, 2025 relocates all or part of such business operations.

Eligible premises. The term "eligible premises" means one or more non-residential premises that consist of at least 10,000 square feet that:

(1) are wholly contained in real property located in the city of New York; and

(2) if contained in real property wholly contained in the borough of Manhattan, are premises for which final certificates of occupancy were issued prior to January 1, 2000.

Employment share. The term "employment share" means, for each employee, partner or sole proprietor of an eligible business, the sum of: (1) the number of full-time work weeks worked by such employee, partner or sole proprietor during the eligible business's taxable year divided by the number of weeks in the taxable year; and

(2) the number of part-time work weeks worked by such employee, partner or sole proprietor during the eligible business's taxable year divided by an amount equal to twice the number of weeks in the taxable year.

Employment share shall not include full-time or part-time work weeks attributable to employees, partners or sole proprietors acquired by an eligible business as a result of a merger with or acquisition of another person, or a transaction having a comparable effect, that occurs after June 30, 2025, and before the end of the taxable year in which a credit is claimed by such eligible business pursuant to this section, or to successors, if any, to those employees, partners or sole proprietors.

Full-time work week. The term "full-time work week" means a week during which at least 35 hours of gainful work has been performed by an employee, partner or sole proprietor.

Linear scalar. The term "linear scalar" means, for an eligible business in a taxable year, the quotient of dividing the total square footage of an eligible premises by the product of multiplying such business's aggregate employment shares by 175.

Lease or contract submission date. The term "lease or contract submission date" means the date and time at which a business that was issued a notice pursuant to 19 RCNY 61-03(c) submitted to the commissioner a valid lease or contract to purchase an eligible premises.

Maximum approved employment shares. The term "maximum approved employment shares" means a limitation on the aggregate employment shares that an eligible business may receive in any taxable year determined by the commissioner pursuant to § 22-628 of the Administrative Code of the City of New York based on documentation submitted by such business demonstrating such business's intention to relocate, existing workforce and employment plans following relocation.

Part-time work week. The term "part-time work week" means a week during which at least 15 but less than 35 hours of gainful work has been performed by an employee, partner or sole proprietor.

Person. The term "person" includes any individual, partnership, association, joint-stock company, corporation, estate or trust, limited liability company, and any combination of the foregoing.

Preliminary eligibility recording date. The term "preliminary eligibility recording date" means the date and time at which a business submitted a completed preliminary eligibility application.

Program total. The term "program total" means the sum of maximum approved aggregate employment shares included in all initial certifications of eligibility issued by the commissioner.

Relocate. The term "relocate" means, with respect to an eligible business, to transfer a preexisting business operation to an eligible premises, or to establish a new business operation at such premises, provided that an eligible business shall not be deemed to have relocated unless at least one employee, partner or sole proprietor of the eligible business is transferred to such premises from a preexisting business operation conducted outside the state of New York. The date of relocation shall be the first day on which the individual so transferred commences work at such eligible premises. The taxable year of relocation shall be the taxable year in which the date of relocation occurs. For purposes of this chapter, an eligible business may relocate only once but may add or substitute other eligible premises throughout such period.

§ 61-02 Authorization to provide relocation assistance credit per employee.

(a) An eligible business that relocates shall be allowed to receive a credit against a tax imposed by chapter 5 or subchapter 2, 3 or 3-A of chapter 6 of title 11 of the Administrative Code of the City of New York, as described in subdivision (r) of § 11-503, subdivision 24 of § 11-604, § 11-643.10, or subdivision 24 of § 11-654 of the Administrative Code of the City of New York.

(b) No eligible business shall be authorized to receive a credit against tax pursuant to subdivision (a) of this section, unless the premises with respect to which it is claiming the credit are eligible premises and until it has obtained an initial certification of eligibility from the commissioner and an annual certification from the commissioner as to the number of eligible aggregate employment shares maintained by such eligible business that may qualify for obtaining a tax credit for the eligible business's taxable year.

§ 61-03 Preliminary eligibility application.

(a) A business may submit a completed preliminary eligibility application to the commissioner. Such application must be on a form prescribed by the commissioner. Such application must include, but not be limited to, information sufficient to determine such business's potential program eligibility and intent to relocate to an eligible premises.

(b) Upon receipt by the commissioner of a preliminary eligibility application, the commissioner shall review such application and, if the commissioner determines such application is complete, the commissioner shall record such application and assign such application a preliminary eligibility recording date.

(c) The commissioner shall not record a preliminary eligibility application with a preliminary eligibility recording date on or after July 1, 2028.

(d) Upon recording of a preliminary eligibility application, the commissioner shall transmit notice of such preliminary eligibility recording date to the applicant business.

§ 61-04 Lease for or contract to purchase an eligible premises.

(a) A business that is issued a notice pursuant to 19 RCNY § 61-03(c) may submit to the commissioner a valid lease for or contract to purchase an eligible premises. A business must both enter into and submit to the commissioner such lease or contract during a three month period following the preliminary eligibility application recording date. Such lease or contract must be submitted along with a form prescribed by the commissioner.

(b) Upon receipt by the commissioner of such lease or contract, the commissioner shall record such lease or contract and assign such submission a lease or contract submission date. The commissioner shall not record submission of a valid lease or contract to purchase an eligible premises with a submission date that is on or after July 1, 2028.

(c) The commissioner shall transmit notice of such lease or contract submission date to the applicant business.

§ 61-05 Initial certification of eligibility.

(a) A business that receives notice pursuant to 19 RCNY § 61-04(c) may apply for initial certification of eligibility. Such application must be on a form prescribed by the commissioner. Such application must include, but not be limited to, information necessary to determine:

(i) eligibility to receive a credit against tax pursuant to 19 RCNY § 61-02(a), and
(ii) the appropriate maximum approved employment shares to include on the initial certification of eligibility.

(b) No initial certification of eligibility shall be issued by the commissioner to an eligible business on or after July 1, 2028 unless such business relocates to such premises not later than 36 months from such preliminary eligibility application recording date.

(c) Each initial certification of eligibility must include the maximum approved employment shares. The maximum approved employment shares for an eligible business shall not exceed 500 employment shares for such eligible business.

(d) The commissioner shall not issue an initial certification of eligibility that would cause the program total to exceed 3,000 maximum approved employment shares. For the purpose of determining whether such maximum program total has been reached, initial certifications of eligibility must be approved by the commissioner in an order based on the preliminary eligibility recording date.

(e) If an eligible business submits an application for an initial certification of eligibility and there are other eligible businesses with earlier preliminary eligibility recording dates that could submit applications for initial certification of eligibility that, if approved, would cause the program total to be exceeded, the commissioner may notify the applicant business that its application is being held pending review of such other eligible businesses' applications.

§ 61-06 Annual certification.

(a) After each year for the duration of the benefit period, an eligible business seeking to receive a credit pursuant to 19 RCNY § 61-02(a) must file an application for an annual certification. Such application must be on a form prescribed by the commissioner. Such application must include, but not be limited to, information necessary to determine continued eligibility to receive a credit against tax pursuant to 19 RCNY § 61-02(a).

(b) Such application must be filed electronically.

§ 61-07 Administrative appeals.

(a) A business may appeal:

(1) the denial of recording of a preliminary eligibility application or the submission of a lease or contract to purchase an eligible premises,

(2) the denial of an initial certification of eligibility,

(3) the maximum approved employment shares included in an initial certification of eligibility,

(4) the denial of an application for annual certification, or

(5) the amount of eligible aggregate employment shares approved in an annual certification.

(b) A business must submit such appeal in writing to the commissioner within 10 days of notice of any such denial or determination. Such appeal shall be considered by the

commissioner, and the commissioner shall notify such applicant in writing concerning the appeals determination rendered by the commissioner.

NEW YORK CITY MAYOR'S OFFICE OF OPERATIONS
253 BROADWAY, 10th FLOOR
NEW YORK, NY 10007
212-788-1400

CERTIFICATION / ANALYSIS
PURSUANT TO CHARTER SECTION 1043(d)

RULE TITLE: Implementation of Relocation Assistance Credit Per Employee Program

REFERENCE NUMBER: DOF-74

RULEMAKING AGENCY: Department of Finance

I certify that this office has analyzed the proposed rule referenced above as required by Section 1043(d) of the New York City Charter, and that the proposed rule referenced above:

- (i) Is understandable and written in plain language for the discrete regulated community or communities;
- (ii) Minimizes compliance costs for the discrete regulated community or communities consistent with achieving the stated purpose of the rule; and
- (iii) Does not provide a cure period because it does not establish a violation, modification of a violation, or modification of the penalties associated with a violation.

/s/ Francisco X. Navarro
Mayor's Office of Operations

September 17, 2025
Date

NEW YORK CITY LAW DEPARTMENT
DIVISION OF LEGAL COUNSEL
100 CHURCH STREET
NEW YORK, NY 10007
212-356-4028

CERTIFICATION PURSUANT TO
CHARTER §1043(d)

RULE TITLE: Implementation of Relocation Assistance Credit Per Employee Program

REFERENCE NUMBER: 2025 RG 068

RULEMAKING AGENCY: Department of Finance

I certify that this office has reviewed the above-referenced proposed rule as required by section 1043(d) of the New York City Charter, and that the above-referenced proposed rule:

- (i) is drafted so as to accomplish the purpose of the authorizing provisions of law;
- (ii) is not in conflict with other applicable rules;
- (iii) to the extent practicable and appropriate, is narrowly drawn to achieve its stated purpose; and
- (iv) to the extent practicable and appropriate, contains a statement of basis and purpose that provides a clear explanation of the rule and the requirements imposed by the rule.

/s/ STEVEN GOULDEN
Senior Counsel

Date: September 16, 2025