

Practice Update

# New York City's Industrial and Commercial Real Estate Tax Abatement Program to be Extended to 2029

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The New York City Industrial and Commercial Abatement Program (ICAP) will be extended to remain in effect through 2029, with no modifications.

The bill to extend the deadline from March 1, 2025, to March 1, 2029, to apply for the partial commercial real estate tax abatement for certain industrial and commercial buildings in New York City passed the Senate and the Assembly on June 6, 2024. The bill has been sent to the governor for signature.

This program provides abatements for property taxes for periods of up to 25 years. To be eligible, industrial and commercial buildings must be built, modernized, expanded, or otherwise physically improved.

ICAP is available for new commercial building construction projects anywhere in the five boroughs except south of the center line of 96th Street and north of Murray, Frankfort, and Dover streets. Renovations and expansions of commercial buildings are eligible in the city except between north of the center line of 59th street and south of the center line of 96th Street in Manhattan. Construction work involving industrial properties located anywhere in the City is eligible for benefits.

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To vest into ICAP, a preliminary application must be filed by March 1, 2029, and a first construction permit issued no later than April 1, 2029, once the governor signs the ICAP extension bill. Akerman's Economic Development & Incentives professionals have expertise in all relevant ICAP issues, including the compliance requirements administered by the Department of Small Business Services/Division of Labor Services, tax escalation clauses for commercial leases, and formation of no action condominium declarations.

Please contact us for a discussion and evaluation of your project for eligibility under this program.

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