

STATE OF NEW YORK

9353

2025-2026 Regular Sessions

IN ASSEMBLY

December 19, 2025

Introduced by M. of A. MAGNARELLI -- read once and referred to the
Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to the determination of the amount of surplus

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

1 Section 1. Section 1196 of the real property tax law, as added by
2 section 15 of part BB of chapter 55 of the laws of 2024, is amended to
3 read as follows:

4 § 1196. Determination of existence and amount of surplus. 1. (a) With-
5 in forty-five days after the sale of tax-foreclosed property, the
6 enforcing officer shall determine whether a surplus is attributable to
7 such sale and if so, the amount thereof. [~~Subject to the provisions of~~
8 ~~subdivision two of this section, such~~ Such determination shall be made
9 by ascertaining the sum of the total amount of taxes due plus interest,
10 penalties and other charges as defined by section eleven hundred two of
11 this article, and subtracting such sum from whichever of the following
12 is applicable:

13 (i) where the sale was a public sale, the amount to be so subtracted
14 shall be the amount paid for the property;

15 (ii) where the sale was not a public sale, the amount to be so
16 subtracted shall be either (A) the full value of the property as shown
17 on the most recent tax roll, (B) if available, an appraisal prepared by
18 a licensed New York state appraiser that establishes the full value of
19 the property as of the date of the transfer of title, or (C) the full
20 value of the property as of the date of the transfer of title as deter-
21 mined by such other valuation method as the enforcing officer reasonably
22 determines will result in just compensation to the former owner and
23 other parties whose interests were extinguished by the foreclosure.

24 (b) For purposes of this subdivision, where the enforcing officer has
25 been notified that the tax district intends to retain tax-foreclosed

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

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1 property for a public use, the property shall be deemed to have been
2 sold on the date that the enforcing officer was so notified, and the
3 enforcing officer shall determine the existence and amount of a surplus
4 relative to such property in the manner provided by subparagraph (ii) of
5 paragraph (a) of this subdivision.

6 ~~[2. Notwithstanding the provisions of subdivision one of this section,~~
7 ~~when a tax district has sold or conveyed tax foreclosed property to a~~
8 ~~land bank, a housing development agency or another public entity, and~~
9 ~~such sale or conveyance was not the result of a public sale, or when a~~
10 ~~tax district has determined to retain tax foreclosed property for a~~
11 ~~public use, no surplus shall be payable if all of the following condi-~~
12 ~~tions are satisfied:~~

13 ~~(a) prior to such sale, conveyance or determination, the property had~~
14 ~~been offered for sale at two separate public auctions conducted at least~~
15 ~~three months apart from one another,~~

16 ~~(b) both auctions had been conducted in full compliance with the~~
17 ~~provisions of section two hundred thirty one of the real property~~
18 ~~actions and proceedings law,~~

19 ~~(c) the minimum acceptable bid at each auction had been set at an~~
20 ~~amount no greater than the sum of the taxes due plus interest, penalties~~
21 ~~and other charges, and~~

22 ~~(d) no qualifying bids were received for the property at either~~
23 ~~auction.~~

24 ~~3-]~~ 2. (a) If the enforcing officer determines that no surplus is
25 attributable to the sale, such enforcing officer shall submit a report
26 to the court describing the circumstances of the sale, stating that no
27 surplus was attributable to the sale and demonstrating how the enforcing
28 officer reached that conclusion.

29 (b) If the enforcing officer determines that a surplus is attributable
30 to the sale, such enforcing officer shall submit a report to the court
31 describing the circumstances of the sale, stating that a surplus was
32 attributable to the sale, and demonstrating how the amount of the
33 surplus was determined. Such surplus shall be paid to the court there-
34 with. Within ten days of submitting such report, the enforcing officer
35 shall notify the former property owner that a surplus was attributable
36 to the sale of such property, that such surplus has been paid into
37 court, and that the court will notify the interested parties of the
38 procedure to be followed in order to make a claim for a share of the
39 surplus.

40 (c) Where the enforcing officer's determination of surplus is based
41 upon such enforcing officer's estimate of the property's value, the
42 enforcing officer's report to the court shall set forth an explanation
43 of how this estimate was made, including the evidence upon which it was
44 based.

45 ~~[4-]~~ 3. Upon approval by the court of the enforcing officer's report,
46 the tax district shall have no further responsibilities in relation to
47 the parcel or any surplus attributable thereto, except to the extent the
48 court directs otherwise pursuant to section eleven hundred ninety-seven
49 of this title.

50 § 2. This act shall take effect immediately.