

6225

2009-2010 Regular Sessions

I N S E N A T E

October 14, 2009

Introduced by Sen. KLEIN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the general city law and chapter 602 of the laws of 1993 amending the real property tax law relating to the enforcement of the collection of delinquent real property taxes and to the collection of taxes by banks, in relation to the collection of delinquent real property taxes and providing for the repeal of such provisions upon expiration thereof

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The general city law is amended by adding a new section
2 21-a to read as follows:
3 S 21-A. COLLECTION OF DELINQUENT TAX LIENS. NOTWITHSTANDING ANY
4 PROVISION OF ANY GENERAL, SPECIAL OR LOCAL LAW TO THE CONTRARY AND UNTIL
5 DECEMBER THIRTY-FIRST, TWO THOUSAND THIRTEEN, ANY CITY MAY ENTER INTO A
6 CONTRACT TO SELL SOME OR ALL OF THE DELINQUENT TAX LIENS HELD BY IT
7 WHICH HAVE BEEN ATTACHED TO REAL PROPERTY ON OR BEFORE JANUARY
8 THIRTY-FIRST, TWO THOUSAND FOURTEEN, TO A PRIVATE PARTY, SUBJECT TO THE
9 FOLLOWING CONDITIONS:
10 1. PRIOR TO ANY SALE, THE CITY COUNCIL SHALL HOLD A PUBLIC HEARING, ON
11 NOTICE OF AT LEAST FORTY-FIVE DAYS, ANNOUNCING THE INTENTION OF THE CITY
12 TO SELL ITS DELINQUENT REAL PROPERTY TAX LIENS TO A THIRD PARTY. SUCH
13 HEARING SHALL NOT BE HELD MORE THAN NINETY DAYS PRIOR TO SUCH SALE.
14 2. UPON THE APPROVAL OF THE CITY COUNCIL AND BY ADOPTION OF A LOCAL
15 LAW, ANY CITY SHALL BE AUTHORIZED TO SELL DELINQUENT TAX LIENS AND THE
16 CONSIDERATION TO BE PAID MAY BE MORE OR LESS THAN THE FACE AMOUNT OF THE
17 TAX LIENS SOLD.
18 3. PROPERTY OWNERS SHALL BE GIVEN AT LEAST THIRTY DAYS ADVANCE NOTICE
19 OF SUCH SALE IN THE SAME FORM AND MANNER AS IS PROVIDED BY SUBDIVISION
20 TWO OF SECTION ELEVEN HUNDRED NINETY OF THE REAL PROPERTY TAX LAW.
21 FAILURE TO PROVIDE SUCH NOTICE OR THE FAILURE OF THE ADDRESSEE TO
22 RECEIVE THE SAME SHALL INVALIDATE ANY SALE OF A TAX LIEN OR TAX LIENS.
23 4. THE CITY SHALL SET THE TERMS AND CONDITIONS OF THE CONTRACT OF
24 SALE.

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

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1 5. THE TAX LIEN PURCHASER MUST, THIRTY DAYS PRIOR TO THE COMMENCEMENT
2 OF ANY FORECLOSURE ACTION, PROVIDE TO THE CITY A LIST OF LIENS TO BE
3 FORECLOSED. THE CITY MAY, AT ITS SOLE OPTION AND DISCRETION, REPURCHASE
4 A LIEN OR LIENS ON THE FORECLOSURE LIST FROM THE TAX LIEN PURCHASER. THE
5 REPURCHASE PRICE SHALL BE THE AMOUNT OF THE LIEN OR LIENS AND MAY
6 INCLUDE ANY ACCRUED INTEREST AND REASONABLE AND NECESSARY COLLECTION
7 FEES INCURRED BY THE TAX LIEN PURCHASER. THE TAX LIEN PURCHASER SHALL
8 PROVIDE THE FORECLOSURE LIST TO THE CITY ALONG WITH THE APPLICABLE
9 REPURCHASE PRICE OF EACH LIEN, BY CERTIFIED MAIL, AND THE CITY SHALL
10 HAVE THIRTY DAYS FROM RECEIPT TO NOTIFY THE TAX LIEN PURCHASER OF ITS
11 OPTION TO PURCHASE ONE OR MORE OF THE LIENS. IF THE CITY OPTS TO
12 PURCHASE THE LIEN, IT SHALL PROVIDE PAYMENT WITHIN THIRTY DAYS OF
13 RECEIPT OF THE REPURCHASE PRICE OF SAID LIEN OR LIENS. IF THE CITY SHALL
14 FAIL TO OPT TO REPURCHASE THE LIEN OR LIENS THE TAX LIEN PURCHASER SHALL
15 HAVE THE RIGHT TO COMMENCE A FORECLOSURE ACTION ONLY AFTER THE PURCHASER
16 HAS GIVEN WRITTEN NOTICE TO THE PROPERTY OWNER AT THE LAST KNOWN ADDRESS
17 AS LISTED ON THE ASSESSMENT ROLL OF THE CITY THAT SAID PROPERTY OWNER
18 HAS THE RIGHT TO ENTER INTO A PAYMENT PLAN OF AT LEAST TWENTY-FOUR
19 MONTHS BUT NO LONGER THAN FORTY-EIGHT MONTHS TO REPAY THE TAX AMOUNT
20 OWED. THE TAX LIEN PURCHASER SHALL HAVE THE RIGHT TO CHARGE THE SAME
21 INTEREST AS WAS ACCRUING ON THE TAX LIEN CERTIFICATE. THE TAX LIEN
22 PURCHASER SHALL NOT BE ALLOWED TO CHARGE ANY OTHER FEES, COSTS OR CHARG-
23 ES EXCEPT THOSE EXPRESSLY ALLOWED HEREIN UNDER THIS SECTION.

24 6. THE SALE OF A TAX LIEN PURSUANT TO THIS SECTION SHALL NOT OPERATE
25 TO SHORTEN THE OTHERWISE APPLICABLE REDEMPTION PERIOD OR CHANGE THE
26 OTHERWISE APPLICABLE INTEREST RATE.

27 7. UPON THE EXPIRATION OF THE REDEMPTION PERIOD PRESCRIBED BY LAW, THE
28 PURCHASER OF A DELINQUENT TAX LIEN, OR ITS SUCCESSORS OR ASSIGNS, MAY
29 FORECLOSE THE LIEN AS IN AN ACTION AS PROVIDED IN SECTION ELEVEN HUNDRED
30 NINETY-FOUR OF THE REAL PROPERTY TAX LAW. THE PROCEDURE IN SUCH ACTION
31 SHALL BE THE SAME PROCEDURE AS PRESCRIBED BY ARTICLE THIRTEEN OF THE
32 REAL PROPERTY ACTIONS AND PROCEEDINGS LAW FOR THE FORECLOSURE OF MORT-
33 GAGES. AT ANY TIME FOLLOWING THE COMMENCEMENT OF AN ACTION TO FORECLOSE
34 A LIEN, THE AMOUNT REQUIRED TO REDEEM THE LIEN, OR THE AMOUNT RECEIVED
35 UPON SALE OF A PROPERTY, MAY INCLUDE REASONABLE AND NECESSARY COLLECTION
36 COSTS AND LEGAL FEES.

37 8. IN EACH YEAR SUBSEQUENT TO THE TAX LIEN SALE, AND NO MORE THAN
38 SIXTY DAYS AFTER THE ANNUAL ANNIVERSARY OF SUCH SALE, THE CITY COUNCIL
39 OR THEIR DESIGNEE SHALL PREPARE A REPORT ON THE STATUS AND RESULTS OF
40 SUCH SALE. SUCH REPORT SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, INFOR-
41 MATION ON THE TOTAL DOLLAR AMOUNT RECEIVED BY THE MUNICIPALITY IN SUCH
42 SALE, THE NUMBER OF FORECLOSURES CONDUCTED BY THE THIRD PARTY, THE
43 NUMBER OF PAYMENT PLANS ENTERED INTO BY TAXPAYERS AND THE STATUS THERE-
44 OF, THE NUMBER, IF ANY, OF COMPLAINTS ABOUT THE FORECLOSURE PROCESS, THE
45 NUMBER OF PROPERTIES TAKEN BACK BY THE CITY PURSUANT TO THE TERMS AND
46 CONDITIONS OF THE CONTRACT OF SALE, THE NUMBER, IF ANY, OF COMPLAINTS
47 RECEIVED BY THE CITY ON THE CONDUCT OF THE ACTIONS OF THE THIRD PARTY
48 AND ANY OTHER INFORMATION THE CITY COUNCIL DEEMS NECESSARY AND PROPER.
49 SUCH REPORT SHALL BE FILED WITH THE STATE COMPTROLLER FOR HIS OR HER
50 REVIEW. THE STATE COMPTROLLER SHALL ANNUALLY PREPARE A REPORT FOR
51 SUBMISSION TO THE GOVERNOR, THE TEMPORARY PRESIDENT OF THE SENATE, THE
52 SPEAKER OF THE ASSEMBLY, AND TO THE RESPECTIVE MINORITY LEADERS IN BOTH
53 THE SENATE AND ASSEMBLY WHICH DETAILS THE EXPERIENCES OF ALL CITIES THAT
54 PARTICIPATED IN SUCH PROGRAM TO COLLECT DELINQUENT TAX LIENS AS PROVIDED
55 FOR IN SECTION THREE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND NINE
56 THAT ADDED THIS SECTION.

1 9. THE PROVISIONS OF TITLE FIVE OF ARTICLE ELEVEN OF THE REAL PROPERTY
2 TAX LAW SHALL APPLY SO FAR AS IS PRACTICABLE TO A CONTRACT FOR THE SALE
3 OF TAX LIENS PURSUANT TO THIS SECTION.

4 S 2. Section 6 of chapter 602 of the laws of 1993 amending the real
5 property tax law relating to the enforcement of the collection of delin-
6 quent real property taxes and to the collection of taxes by banks, is
7 amended by adding a new subdivision (d) to read as follows:

8 (D) NOTWITHSTANDING ANY PROVISION OF ANY GENERAL, SPECIAL OR LOCAL LAW
9 TO THE CONTRARY AND UNTIL DECEMBER 31, 2013, ANY VILLAGE MAY ENTER INTO
10 A CONTRACT TO SELL SOME OR ALL OF THE DELINQUENT TAX LIENS HELD BY IT
11 WHICH HAVE BEEN ATTACHED TO REAL PROPERTY ON OR BEFORE JANUARY 31, 2014,
12 TO A PRIVATE PARTY, SUBJECT TO THE FOLLOWING CONDITIONS:

13 (1) PRIOR TO ANY SALE, THE BOARD OF TRUSTEES SHALL HOLD A PUBLIC HEAR-
14 ING, ON NOTICE OF AT LEAST 45 DAYS, ANNOUNCING THE INTENTION OF THE
15 VILLAGE TO SELL ITS DELINQUENT REAL PROPERTY TAX LIENS TO A THIRD PARTY.
16 SUCH HEARING SHALL NOT BE HELD MORE THAN 90 DAYS PRIOR TO SUCH SALE.

17 (2) UPON THE APPROVAL OF THE BOARD OF TRUSTEES AND BY ADOPTION OF A
18 LOCAL LAW, THE BOARD SHALL AUTHORIZE THE SALE OF SAID DELINQUENT TAX
19 LIENS AND THE CONSIDERATION TO BE PAID MAY BE MORE OR LESS THAN THE FACE
20 AMOUNT OF THE TAX LIENS SOLD.

21 (3) PROPERTY OWNERS SHALL BE GIVEN AT LEAST 30 DAYS ADVANCE NOTICE OF
22 SUCH SALE IN THE SAME FORM AND MANNER AS IS PROVIDED BY SUBDIVISION 2 OF
23 SECTION 1190 OF THE REAL PROPERTY TAX LAW. FAILURE TO PROVIDE SUCH
24 NOTICE OR THE FAILURE OF THE ADDRESSEE TO RECEIVE THE SAME SHALL INVALI-
25 DATE ANY SALE OF A TAX LIEN OR TAX LIENS OR THE VALIDITY OF THE TAXES OR
26 INTEREST PRESCRIBED BY LAW WITH RESPECT THERETO.

27 (4) THE VILLAGE SHALL SET THE TERMS AND CONDITIONS OF THE CONTRACT OF
28 SALE.

29 (5) THE TAX LIEN PURCHASER MUST, 30 DAYS PRIOR TO THE COMMENCEMENT OF
30 ANY FORECLOSURE ACTION, PROVIDE TO THE VILLAGE A LIST OF LIENS TO BE
31 FORECLOSED. THE VILLAGE MAY, AT ITS SOLE OPTION AND DISCRETION, REPUR-
32 CHASE A LIEN OR LIENS ON THE FORECLOSURE LIST FROM THE TAX LIEN PURCHAS-
33 ER. THE REPURCHASE PRICE SHALL BE THE AMOUNT OF THE LIEN OR LIENS AND
34 MAY INCLUDE ANY ACCRUED INTEREST AND REASONABLE AND NECESSARY COLLECTION
35 FEES INCURRED BY THE TAX LIEN PURCHASER. THE TAX LIEN PURCHASER SHALL
36 PROVIDE THE FORECLOSURE LIST TO THE VILLAGE ALONG WITH THE APPLICABLE
37 REPURCHASE PRICE OF EACH LIEN, BY CERTIFIED MAIL, AND THE VILLAGE SHALL
38 HAVE 30 DAYS FROM RECEIPT TO NOTIFY THE TAX LIEN PURCHASER OF ITS OPTION
39 TO PURCHASE ONE OR MORE OF THE LIENS. IF THE VILLAGE OPTS TO PURCHASE
40 THE LIEN, IT SHALL PROVIDE PAYMENT WITHIN 30 DAYS OF RECEIPT OF THE
41 REPURCHASE PRICE OF SAID LIEN OR LIENS. IF THE VILLAGE SHALL FAIL TO OPT
42 TO REPURCHASE THE LIEN OR LIENS THE TAX LIEN PURCHASER SHALL HAVE THE
43 RIGHT TO COMMENCE A FORECLOSURE ACTION ONLY AFTER THE PURCHASER HAS
44 GIVEN WRITTEN NOTICE TO THE PROPERTY OWNER AT THE LAST KNOWN ADDRESS AS
45 LISTED ON THE ASSESSMENT ROLL OF THE VILLAGE THAT SAID PROPERTY OWNER
46 HAS THE RIGHT TO ENTER INTO A PAYMENT PLAN OF AT LEAST 24 MONTHS BUT NO
47 LONGER THAN 48 MONTHS TO REPAY THE TAX AMOUNT OWED. THE TAX LIEN
48 PURCHASER SHALL HAVE THE RIGHT TO CHARGE THE SAME INTEREST AS WAS ACCRU-
49 ING ON THE TAX LIEN CERTIFICATE. THE TAX LIEN PURCHASER SHALL NOT BE
50 ALLOWED TO CHARGE ANY OTHER FEES, COSTS OR CHARGES EXCEPT THOSE EXPRESS-
51 LY ALLOWED HEREIN UNDER THIS SUBDIVISION.

52 (6) THE SALE OF A TAX LIEN PURSUANT TO THIS SUBDIVISION SHALL NOT
53 OPERATE TO SHORTEN THE OTHERWISE APPLICABLE REDEMPTION PERIOD OR CHANGE
54 THE OTHERWISE APPLICABLE INTEREST RATE.

55 (7) UPON THE EXPIRATION OF THE REDEMPTION PERIOD PRESCRIBED BY LAW,
56 THE PURCHASER OF A DELINQUENT TAX LIEN, OR ITS SUCCESSORS OR ASSIGNS,

1 MAY FORECLOSE THE LIEN AS IN AN ACTION AS PROVIDED IN SECTION 1194 OF
2 THE REAL PROPERTY TAX LAW. THE PROCEDURE IN SUCH ACTION SHALL BE THE
3 SAME PROCEDURE AS PRESCRIBED BY ARTICLE 13 OF THE REAL PROPERTY ACTIONS
4 AND PROCEEDINGS LAW FOR THE FORECLOSURE OF MORTGAGES. AT ANY TIME
5 FOLLOWING THE COMMENCEMENT OF AN ACTION TO FORECLOSE A LIEN, THE AMOUNT
6 REQUIRED TO REDEEM THE LIEN, OR THE AMOUNT RECEIVED UPON SALE OF A PROP-
7 ERTY, MAY INCLUDE REASONABLE AND NECESSARY COLLECTION COSTS AND LEGAL
8 FEES.

9 (8) IN EACH YEAR SUBSEQUENT TO THE TAX LIEN SALE, AND NO MORE THAN 60
10 DAYS AFTER THE ANNUAL ANNIVERSARY OF SUCH SALE, THE VILLAGE SHALL
11 PREPARE A REPORT ON THE STATUS AND RESULTS OF SUCH SALE. SUCH REPORT
12 SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, INFORMATION ON THE TOTAL
13 DOLLAR AMOUNT RECEIVED BY THE MUNICIPALITY IN SUCH SALE, THE NUMBER OF
14 FORECLOSURES CONDUCTED BY THE THIRD PARTY, THE NUMBER OF PAYMENT PLANS
15 ENTERED INTO BY THE TAXPAYERS AND THE STATUS THEREOF, THE NUMBER, IF
16 ANY, OF COMPLAINTS ABOUT THE FORECLOSURE PROCESS, THE NUMBER OF PROPER-
17 TIES TAKEN BACK BY THE VILLAGE PURSUANT TO THE TERMS AND CONDITIONS OF
18 THE CONTRACT OF SALE, THE NUMBER, IF ANY, OF COMPLAINTS RECEIVED BY THE
19 VILLAGE ON THE CONDUCT OF THE ACTIONS OF THE THIRD PARTY AND ANY OTHER
20 INFORMATION THE VILLAGE DEEMS NECESSARY AND PROPER. SUCH REPORT SHALL BE
21 FILED WITH THE STATE COMPTROLLER FOR HIS OR HER REVIEW. THE STATE COMP-
22 TROLLER SHALL ANNUALLY PREPARE A REPORT FOR SUBMISSION TO THE GOVERNOR,
23 THE TEMPORARY PRESIDENT OF THE SENATE, THE SPEAKER OF THE ASSEMBLY, AND
24 TO THE RESPECTIVE MINORITY LEADERS IN BOTH THE SENATE AND ASSEMBLY WHICH
25 DETAILS THE EXPERIENCES OF ALL VILLAGES THAT PARTICIPATED IN SUCH
26 PROGRAM TO COLLECT DELINQUENT TAX LIENS AS PROVIDED FOR IN SECTION THREE
27 OF THE CHAPTER OF THE LAWS OF TWO THOUSAND NINE THAT ADDED THIS SUBDIVI-
28 SION.

29 (9) THE PROVISIONS OF TITLE 5 OF ARTICLE 11 OF THE REAL PROPERTY TAX
30 LAW SHALL APPLY SO FAR AS IS PRACTICABLE TO A CONTRACT FOR THE SALE OF
31 TAX LIENS PURSUANT TO THIS SUBDIVISION.

32 S 3. The state comptroller in preparing its annual report that
33 outlines the experiences of all cities and villages that have partic-
34 ipated in a program to collect delinquent tax liens as provided for in
35 section 21-a of the general city law and subdivision (d) of section 6 of
36 chapter 602 of the laws of 1993, shall include the following information
37 as provided for in this section. Such report shall briefly outline the
38 reports submitted by all participating municipalities, the cost effec-
39 tiveness of such program to enhance real property tax collections, the
40 aggregate amount of tax revenue collected minus expenses, the number of
41 foreclosures conducted by third parties, the number of payment plans
42 entered into by taxpayers, the number and severity of complaints about
43 the foreclosure process, the number of properties taken back by partic-
44 ipating municipalities, any complaints received by participating munici-
45 palities from tax lien debtors and the general public, and any other
46 items or suggestions that the state comptroller may make to increase
47 consumer protections to assist real property owners who have delinquent
48 tax liens pending to retain their real property. Such report shall be
49 issued by the state comptroller by July first of each year.

50 S 4. This act shall take effect immediately and shall expire January
51 31, 2014 when upon such date the provisions of this act shall be deemed
52 repealed.