

# STATE OF NEW YORK

10681

## IN ASSEMBLY

August 22, 2022

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Hunter) --  
read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to surplus  
proceeds from tax lien foreclosures

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

1 Section 1. Subdivision 2 of section section 1166 of the real property  
2 tax law, as amended by chapter 532 of the laws of 1994, is amended and a  
3 new subdivision 3 is added to read as follows:

4 2. No such sale shall be effective unless and until such sale shall  
5 have been approved and confirmed by a majority vote of the governing  
6 body of the tax district, except that no such approval shall be required  
7 when the property is sold at public auction to the highest bidder. In  
8 addition to any other notices required by law, where a tax district  
9 sells property at a public auction pursuant to the provisions of this  
10 section, such tax district shall post a notice of such auction on the  
11 front door, or equivalent placement where applicable, of such property  
12 fourteen days prior to such auction.

13 3. (a) A former owner of residential or farm property, as defined in  
14 this article, or commercial property shall be entitled to any surplus  
15 proceeds which result from the sale of such real property acquired by a  
16 tax entity through tax foreclosure proceedings. The term "surplus" shall  
17 mean the amount that is left after the property has been auctioned and  
18 all outstanding taxes, interest, issues, payments for county tax and  
19 utility liens and administrative and other fees have been paid.

20 (b) In the event that a sale authorized under this section shall  
21 result in a surplus as to any piece or parcel of land offered at such  
22 sale, the enforcing officer shall report the fact of such surplus to the  
23 court which shall direct the enforcing officer to deposit such surplus  
24 in trust with the county treasurer or commissioner of finance for the  
25 benefit of whomsoever may be entitled to such surplus pursuant to this  
26 subdivision. Such surplus shall be retained for a period of at least  
27 three years.

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

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1     (c) A municipality shall notify a property owner when the owner's  
2 property netted a surplus at a tax foreclosure auction that was held on  
3 or after the effective date of this subdivision. The notification shall  
4 be made as directed by the court and shall state the possible existence  
5 of a surplus, how to obtain the surplus and the steps the homeowner must  
6 take to obtain the surplus.

7     (d) Notwithstanding subdivision two of section eleven hundred four of  
8 this article, the provisions of this subdivision shall apply to all  
9 counties, cities, towns and villages in this state.

10    (e) As used in this subdivision, "commercial property" means any non-  
11 residential property used primarily for the buying, selling or otherwise  
12 providing of goods or services.

13    § 2. This act shall take effect immediately.