STATE OF NEW YORK

7029

2021-2022 Regular Sessions

IN SENATE

May 25, 2021

Introduced by Sen. SKOUFIS -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the real property tax law, in relation to authorizing certain municipalities to add unpaid housing code violation penalties, costs and fines to such municipalities' annual tax levy in accordance with applicable law

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

Section 1. The real property tax law is amended by adding a new section 903 to read as follows:

§ 903. Collection of unpaid housing code violation penalties; levy. 1. Authorization. In addition to and not in limitation of any power otherwise granted by law, municipalities in the county of Orange, including the county of Orange, are hereby authorized to collect any unpaid housing, building and fire code violation penalties, costs and fines through placement by the municipality's commissioner of finance, treasurer, or other public official charged with the duties of overseeing tax collections on the municipality's annual tax levy in accordance with the provisions of this section.

2. Eligibility. In order to be eligible for placement on the municipality's annual tax levy such unpaid code violation penalties, costs and fines shall have been adjudicated and imposed through a judgment in a court of competent jurisdiction on an owner of real property within the municipality and recorded by the county clerk, as certified by the municipal counsel to the commissioner of finance, treasurer or other public official charged with the duties of overseeing tax collections and have remained unpaid for one year after the final adjudication and exhaustion of all appeals relating to the imposition of the fines for a code violation preceding the placement on the municipality's tax levy.

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

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3. Minimum amount owed. To qualify for placement on the tax levy the amount owed for unpaid code violations must be at least five percent of the amount of the tax assessed value of the property.

4. Levy. Such code violation penalty, cost or fine as set forth in a copy of the judgment certified by the municipal counsel to the commissioner of finance, treasurer or other public official charged with the duties of overseeing tax collections shall be set down in the annual tax levy under the heading uncollected fines and penalties and in according with this section shall be levied, enforced and collected in the same manner, by the same proceedings, at the same time, under the same penalties and having the same lien upon the property assessed as the general municipal tax and as a part thereof.

5. Notice. The municipality shall notify all owners or known interested parties of record of the placement of the code violations on the municipal tax levy as uncollected fines and penalties within thirty days of placement, pursuant to section three hundred eight of the civil practice law and rules. The notice shall include the date or dates of such violations, the description of the violations, the amount owed, a statement detailing the foreclosure process that will occur if the violations remain unpaid, the process to claim any surplus funds and the contact information for the municipal office in charge of receiving payments.

6. Tax year. Any unpaid code violations shall be placed on the tax roll the municipality is currently in and shall not be placed on a list, roll or levy of delinquent taxes.

7. Owner occupied. Notwithstanding any other applicable provisions of law, nothing in this section shall be applied to a residential dwelling that is owner-occupied or is the primary residence of a homeowner.

8. Tenants. Prior to the placement of any property with unpaid code violations on the tax levy, the municipality shall develop a program to assist tenants residing in a dwelling at risk for tax foreclosure due to unpaid code violations. Such program shall include housing counseling assistance or other support in relocating the tenants to suitable housing prior to the tax foreclosure.

9. Payment plan. Nothing in this section shall preclude an owner or landlord from entering into a payment plan with a municipality for past amounts due for code violations.

10. Curing code violations. (a) If all of the violations for which the penalties, fees and costs have been assessed are cured, removed or corrected prior to the expiration of the period for redemption pursuant to section eleven hundred ten of this chapter, the property shall be removed from the levy and auction and the balance of the amount owed shall be placed as a lien on the property pursuant to applicable laws for debt collection and an action for foreclosure of the property shall not be maintained for the amount owed.

(b) The determination of whether or not the code violations have been cured shall be made by the local municipal enforcing officer in charge of ensuring compliance with applicable housing, building, and fire codes such as a code enforcement officer. An appeal of this determination may be made to the municipality's zoning board of appeals or other local administrative body as provided for in local law. The final determination made by the administrative body shall be reviewable pursuant to article seventy-eight of the civil practice law and rules.

(c) This section shall not be applicable to any cause of action brought for money due based on the curing of code violations under any form for receivership or a mechanics lien.

11. Payment prior to auction. (a) If the balance owed for code violations placed on the tax levy is paid prior to the expiration of the period for redemption pursuant to section eleven hundred ten of this chapter and there is no balance due for unpaid real property taxes, the property may not be auctioned, and the property shall be removed from the tax levy.

(b) The owner shall have the right to pay the full balance prior to the expiration of the period for redemption pursuant to section eleven hundred ten of this chapter in order to redeem the property.

12. Surplus. Any surplus funds remaining after the sale of a property at a tax foreclosure for unpaid code violations shall be returned to the former owner of the property in a manner provided under local law. This provision shall not apply to a sale of a property at a tax foreclosure due to unpaid taxes. If a property has both unpaid taxes and unpaid code violations on the same tax levy and is auctioned at a tax foreclosure the amount of the surplus funds returned to the former owner shall be proportionate to the amount of unpaid code violations owed in the total amount of debt owed to the municipality. For the purpose of this section, "surplus funds" shall mean the balance of money received after auction of a property at a tax foreclosure sale minus the amount owed for code violations and the costs and attorneys fees incurred in the collection of the fees by the municipalities.

13. Balance due. If after an auction a balance is due for code violations, the municipality may proceed with any action against the former owner pursuant to applicable laws.

14. Exclusions. The provisions of this section shall not apply to any municipality that sells their tax liens in a tax lien sale.

§ 2. This act shall take effect immediately.