STATE OF NEW YORK

7549

2023-2024 Regular Sessions

IN SENATE

June 5, 2023

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

AN ACT relating to a temporary in rem foreclosure moratorium; and providing for the repeal of such provisions upon the expiration thereof

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

Section 1. Legislative findings. The legislature finds that the United States Supreme Court Case of Tyler v. Hennepin County, Minnesota, decided on May 25, 2023, has created legal uncertainty with regard to how municipalities must conduct their in rem foreclosures and return funds to the appropriate parties, when necessary. As such, the legislature seeks to find a solution that will provide legal certainty in this process and ensure the rights of property owners and municipalities are adequately protected.

§ 2. 1. No tax district, as defined in subdivision 6 of section 1102 of the real property tax law, shall commence an in rem tax foreclosure proceeding in any court of competent jurisdiction against any parcel or parcels of real property located within the geographic boundaries of such tax district until the expiration of this moratorium under this act.

2. No enforcing officer, as defined in subdivision 3 of section 1102 of the real property tax law, shall convey title to any tax-delinquent parcel of real property owned by a tax district, which has been the subject of an in rem tax foreclosure proceeding, to the treasurer or other official of the tax district, in any in rem tax foreclosure action which was filed and adjudicated prior to the effective date of this act and prior to its expiration date.

§ 3. This act shall not apply to:

1. properties owned by a tax district which were acquired at any time after May 25, 2023 and prior to July 1, 2023, pursuant to article 11 of

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

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the real property tax law, or where the tax district filed the final foreclosure judgement order with the court within such time period. In the event that any tax district has acquired title to any delinquent parcel of real property prior to July 1, 2023 pursuant to an in rem tax foreclosure proceeding under article 11 of the real property tax law, the tax district may auction said parcel or parcels contingent upon the foreclosing tax district holding any and all surplus funds in a segregated trust account to be maintained by the chief fiscal officer of such tax district until such time that this moratorium is repealed on June 30, 2024; or

2. a tax district that has a mechanism by which the municipality offers the return of surplus funds to the delinquent tax property owner and such municipality: (a) on January 1, 1993, was authorized to enforce the collection of delinquent taxes pursuant to a county charter, city charter, administrative code or special law; or (b) adopted a local law, no later than July 1, 1994 providing that the collection of taxes in such county, city or town shall continue to be enforced pursuant to such charter, code or special law, as such charter, code or special law may from time to time be amended; and (c) filed a copy of such local law with the commissioner of taxation and finance no later than August 1, 1994.

§ 4. This act shall take effect immediately and shall expire and be deemed repealed on and after June 30, 2024.