STATE OF NEW YORK

6108

2025-2026 Regular Sessions

IN ASSEMBLY

February 26, 2025

Introduced by M. of A. HUNTER, KELLES, CUNNINGHAM, DINOWITZ, GIBBS, FORREST, STIRPE -- 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 Assembly, do enact as follows:

Section 1. Subdivision 2 of section 1166 of the real property tax law, as amended by section 13 of part BB of chapter 55 of the laws of 2024, is amended and a new subdivision 4 is added to read as follows:

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

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

(b) In the event that a sale authorized under this section shall result in a surplus as to any piece or parcel of land offered at such sale, the enforcing officer shall report the fact of such surplus to the court which shall direct the enforcing officer to deposit such surplus

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

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in trust with the county treasurer or commissioner of finance for the benefit of whomsoever may be entitled to such surplus pursuant to this subdivision. Such surplus shall be retained for a period of at least three years.

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

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

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

§ 2. This act shall take effect immediately.