STATE OF NEW YORK

9116

2025-2026 Regular Sessions

IN ASSEMBLY

September 26, 2025

Introduced by M. of A. BICHOTTE HERMELYN -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to the collection of monies owed for unpaid real property tax liens and water and sewer charges; to amend the state finance law, in relation to establishing the homeowner protection fund; to prohibit municipalities from conveying tax liens on real property to any private entity, trust, or third-party servicer; and to repeal certain provisions of the real property tax law and the administrative code of the city of New York, relating to foreclosure of real property tax liens

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

Section 1. Short title. This act shall be known and may be cited as the "community wealth and homeownership protection act".

§ 2. Legislative intent. The legislature finds that the sale of property tax liens to private entities has disproportionately harmed low-income, elderly, and Black and brown homeowners, leading to displacement, foreclosure, and the erosion of generational wealth. This act affirms the state's commitment to equitable taxation, community stability, and the protection of homeownership.

§ 3. Prohibition of property tax lien sales. (a) Notwithstanding any other provision of law, no municipality, including the city of New York, shall sell, assign, transfer, or otherwise convey any tax lien on real property to any private entity, trust, or third-party servicer.

(b) Any existing municipal authority to conduct tax lien sales is hereby revoked.

(c) No future legislation, local law, or administrative rule shall authorize the sale of property tax liens unless expressly approved by the state legislature through a two-thirds majority vote.

§ 4. Titles 3, 5 and 6 of article 11 of the real property tax law are REPEALED.

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

LBD13780-01-5

§ 5. Sections 11-319, 11-320, 11-321, 11-321.1, 11-322, 11-322.1, 11-323, 11-324, 11-327, 11-328, 11-330, 11-331, 11-332, 11-333, 11-334, 11-335, 11-336, 11-337, 11-338, 11-339, 11-340, 11-341, 11-342 and 11-347 and chapter 4 of title 11 of the administrative code of the city of New York are REPEALED.

§ 6. Subdivision 1 of section 202 of the real property tax law is amended by adding a new paragraph (q) to read as follows:

(q) Develop a model program to collect unpaid real property taxes, school taxes and water and sewer charges and a grant program as provided in title three of article eleven of this chapter.

§ 7. Article 11 of the real property tax law is amended by adding a new title 3 to read as follows:

TITLE 3

COLLECTION MEASURES

Section 1120. Collection.

1121. Grants.

§ 1120. Collection. The commissioner of taxation and finance, in consultation with the state comptroller, shall develop a model program to collect unpaid real property and school taxes, and water and sewer charges, without tax lien sales. Each municipality collecting real property or school taxes shall adopt and implement the program in its real property tax jurisdiction.

§ 1121. Grants. 1. The commissioner of taxation and finance, in consultation with the state comptroller, shall develop and implement a grant program to assist counties and, in the case of a county wholly contained within a city, such city, in implementing real property tax collection programs as an alternative to selling liens on real property due to unpaid real property taxes, school taxes or water and sewer charges assessed to the property, including legal assistance, estate planning, and outreach to tax-distressed homeowners.

2. The attorney general shall establish the application criteria and qualifications for grant recipients.

3. The program shall prioritize grants to municipalities with high rates of tax lien sales prior to the effective date of this title.

4. Funds received by a county or city through the program shall be used to supplement and not supplant any local funds which such county or city would otherwise have had to expend for the provision of real property tax collection programs.

§ 8. The state finance law is amended by adding a new section 97-vvvv to read as follows:

§ 97-vvvv. Homeowner protection fund. 1. There is hereby established in the joint custody of the comptroller and the commissioner of taxation and finance a special fund to be known as the homeowner protection fund.

2. Such fund shall consist of all moneys appropriated for the purpose of such fund, all other moneys required to be paid into or credited to such fund, and all moneys received by the fund or donated to it.

3. Monies in the fund shall be used to implement the grant program described in section eleven hundred twenty-one of the real property tax law.

4. Monies in the fund shall be kept separate from and not commingled with other funds held in the custody of the comptroller.

5. Monies in the fund shall be payable from the fund on the audit and warrant of the comptroller on vouchers approved and certified by the commissioner of taxation and finance.

§ 9. Severability. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent

jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 10. This act shall take effect one year after it shall have become a law and shall apply to tax and water and sewer assessments made on and after such effective date. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.