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|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 612-A**  **Committee: Finance** |
| **Title:** To amend the administrative code of the city  of New York, in relation to the sale of tax liens. | **Sponsors:** Council Members Ferreras, Menchaca, Torres, Williams, Gentile and Rose |
| **Summary of Legislation:** This legislation would reauthorize the Commissioner of Finance’s ability to sell real property tax liens, stand-alone water liens, and other stand-alone municipal charges. Also included in the legislation are not-for profit and homeowner protections, and the creation of a temporary task force to ensure the tax lien sale process is fair, efficient and effective.  **Current Law**  Currently, owners of Class One homes (1-, 2- and 3-family homes) and owners of Class Two co-ops and condos must be three years in arrears on property taxes to be included in property tax lien sales. Owners of Class One 2- and 3-family homes must be at least one year in arrears and owe $2,000 or more to be included in water and sewer-only lien sales. All other properties, including owners of Class Two co-ops and condos must be at least one year in arrears and owe $1,000 or more to be included in water and sewer-only lien sales. In addition, properties with liens placed by the Department of Housing Preservation and Development (HPD) for Emergency Repair (ERP) charges accrued after January 1, 2006 and Alternative Enforcement Program (AEP) charges must be at least one year in arrears and owe $1,000 or more to be included in the lien sale. Housing Development Fund Companies (HDFCs) that are rentals can currently be included in the lien sale if they are at least two years in arrears and owe $5,000. Owners who are currently exempt from the lien sale due to delinquent property taxes include: Class One residential property owners receiving a qualifying exemption, including a Senior Citizens Homeowner Exemption, a Disabled Homeowner Exemption, a New York State Circuit Breaker, or a Veterans Property Tax Exemption. Owners who are currently exempt from the lien sale due to delinquent water and sewer charges include: Class One residential property owners receiving a qualifying exemption. Certain properties damaged by SuperStorm Sandy and properties in the Build It Back program are exempt from the lien sale.  **Proposed Legislation**  This legislation would maintain the current provisions for real property tax liens and extend the authority of the Commissioner of the Department of Finance (DOF) to sell tax liens until December 31, 2016.  HDFCs  This legislation would remove language specifying that HDFCs sold in the lien sale shall be deemed “defective.” Instead, their initial inclusion in the lien sale would be prohibited. If erroneously sold, the lien would be substituted for an equal value lien, or the purchaser of the lien would be refunded the value of the lien.  Sandy Damaged Properties  Properties tagged red and yellow by the Department of Buildings to indicate severity of damage due to SuperStorm Sandy and properties in the Build It Back program would be excluded from the lien sale. If erroneously sold, the lien would be substituted for an equal value lien, or the purchaser of the lien would be refunded the value of the lien.  Not-For-Profit Notification Provisions  The legislation would require the provision of information relating to property tax exemption application and renewal to not-for-profit organizations noticed for the lien sale that had received a property tax exemption in one of the three prior fiscal years. Such notice shall also include information on other actions that can be taken when noticed for the lien sale, including adjustment or cancellation of back taxes. Statements and notices must be provided in Chinese, Korean, Russian, or Spanish if requested by owner.  Lien Servicer Reporting  This legislation would require that lien sale servicers provide Property Status reports to the Council detailing the status of tax liens. Such reports would include: foreclosure information; if the property entered into a payment agreement; if the lien was deemed defective; and the reasons for such determinations.  Outreach Sessions  The legislation would codify the current practice to allow Council Members to request outreach sessions with HPD, the Department of Environmental Protection (DEP), and DOF in their respective Council districts. In addition, a report on outreach sessions would be provided by DOF to the Council, no later than 90 days after the lien sale. The report would detail the number of outreach sessions performed, the number of payment agreements begun, the number of property tax applications begun, and the number of attendees at each session.  Extenuating Circumstances  The legislation would require language to be included on the payment agreement form to make clear to the property owner (or other eligible person) that if the payment plan is defaulted on, that he/she would be prevented from entering into another payment agreement for five years unless extenuating circumstances exist. Extenuating circumstances would be defined on the form.  Temporary Task Force  This legislation would require the creation of a ten-member temporary task force to meet at least quarterly. The task force will consist of the Commissioners of DOF, HPD, and DEP, or their appointees; the Director of the Mayor’s Office of Management and Budget, or his/her appointee; an appointee of the Mayor; and five members appointed by the Speaker of the City Council. The task force will formulate and submit a report the Mayor and Council that outlines recommendations on changes to improve fairness, transparency, efficiency, and effectiveness of the lien sale process.  Expiration  The bill expires December 31, 2016.  **Effective Date:** The legislation would take effect immediately, retroactive to January 1, 2015. | |
| **Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2015 | |
| **Fiscal Impact Statement:**   |  |  |  |  | | --- | --- | --- | --- | |  | **Effective FY15** | **FY Succeeding**  **Effective FY16** | **Full Fiscal** Impact FY16 | | **Revenues (+)** | **$0** | **$0** | **$0** | | **Expenditures (-)** | **$0** | **$0** | **$0** | | **Net** | **$0** | **$0** | **$0** | | |
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| **Impact on Revenues & Expenditures:** | |
| The City’s financial plan already assumes the anticipated revenues and expenses associated with the lien sale under the framework authorized under the recently expired law. It is not anticipated that the proposed legislation would have an additional impact on the City’s revenues or expenditures because it in large part codifies existing practices, and introduces several new reporting and notification requirements which compliance will be accomplished utilizing existing resources.  **Source of Funds To Cover Estimated Costs:** N/A | |
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| |  | | --- | | **Source of Information:** New York City Council Finance Division  Office of Management and Budget | | **Estimate Prepared By**: Sarah Gastelum, Legislative Financial Analyst  Kate Seely-Kirk, Principal Legislative Financial Analyst  Emre Edev, Principal Legislative Financial Analyst    **Estimate Reviewed By:** Rebecca Chasan, Assistant Counsel, New York City Council Finance Division  Tanisha Edwards, Chief Counsel, New York City Council Finance Division  Ray Majewski, Chief Economist, Deputy Director, New York City Council Finance Division | | **History:** Intro. No. 612 was introduced by the Council and referred to the Committee on Finance on January 7, 2015. On January 8, 2015, the Committee considered Intro. No. 612 and the legislation was laid over. The legislation was subsequently amended and the amended legislation, Proposed Intro. No. 612-A, will be voted on by the Committee January 21, 2015. Upon successful vote by the Committee, Proposed Intro. No. 612-A will be voted on by the full Council on January 22, 2015. | | **Date Prepared:** January 20, 2015 | | |