



Legislation Details (With Text)

**File #:** Int 1385-2016 **Version:** A **Name:** Sale of tax liens and notice to property owners when property tax bills are available online.

**Type:** Introduction **Status:** Enacted

**In control:** Committee on Finance

**On agenda:** 12/6/2016

**Enactment date:** 1/27/2017 **Enactment #:** 2017/004

**Title:** A Local Law to amend the New York city charter and the administrative code of the city of New York, in relation to the sale of tax liens and notice to property owners when property tax bills are available online

**Sponsors:** Julissa Ferreras-Copeland, Robert E. Cornegy, Jr., Stephen T. Levin, Ben Kallos, (in conjunction with the Mayor)

**Indexes:** Agency Rule-making Required, Report Required

**Attachments:** 1. Legislative History Report, 2. Summary of Int. No. 1385-A, 3. Int. No. 1385 - 12/6/16, 4. December 6, 2016 - Stated Meeting Agenda with Links to Files, 5. Committee Report 1/11/17, 6. Hearing Testimony 1/11/17, 7. Hearing Transcript 1/11/17, 8. Committee Report 1/18/17, 9. Hearing Transcript 1/18/17, 10. January 18, 2017 - Stated Meeting Agenda with Links to Files, 11. Fiscal Impact Statement, 12. Int. No. 1385-A (FINAL), 13. Hearing Transcript - Stated Meeting 1-18-17, 14. Minutes of the Stated Meeting - January 18, 2017, 15. Mayor's Letter, 16. Local Law 4

| Date      | Ver. | Action By            | Action                       | Result |
|-----------|------|----------------------|------------------------------|--------|
| 12/6/2016 | *    | City Council         | Introduced by Council        |        |
| 12/6/2016 | *    | City Council         | Referred to Comm by Council  |        |
| 1/11/2017 | *    | Committee on Finance | Hearing Held by Committee    |        |
| 1/11/2017 | *    | Committee on Finance | Amendment Proposed by Comm   |        |
| 1/11/2017 | *    | Committee on Finance | Laid Over by Committee       |        |
| 1/18/2017 | *    | Committee on Finance | Hearing Held by Committee    |        |
| 1/18/2017 | *    | Committee on Finance | Amendment Proposed by Comm   |        |
| 1/18/2017 | *    | Committee on Finance | Amended by Committee         |        |
| 1/18/2017 | A    | Committee on Finance | Approved by Committee        | Pass   |
| 1/18/2017 | A    | City Council         | Approved by Council          | Pass   |
| 1/18/2017 | A    | City Council         | Sent to Mayor by Council     |        |
| 1/25/2017 | A    | Mayor                | Hearing Held by Mayor        |        |
| 1/27/2017 | A    | Mayor                | Signed Into Law by Mayor     |        |
| 1/30/2017 | A    | City Council         | Recved from Mayor by Council |        |

Int. No. 1385-A

By Council Members Ferreras-Copeland, Cornegy, Levin and Kallos (in conjunction with the Mayor)

A Local Law to amend the New York city charter and the administrative code of the city of New York, in relation to the sale of tax liens and notice to property owners when property tax bills are available online

Be it enacted by the Council as follows:

Section 1. Section 1519-a of the New York city charter is amended by adding a new subdivision 10 to read as follows:

10. When property tax bills for the quarterly or semi-annual installments of tax due in accordance with this section are available online, the commissioner shall notify by electronic mail owners of real property who have registered an electronic mail address online with the commissioner to receive department of finance property information updates that such bills are available online.

§ 2. Section 11-245.8 of the administrative code of the city of New York, entitled “ENERGY STAR appliances,” as added by local law number 107 for the year 2005, is renumbered as section 11-245.10.

§ 3. Section 11-245.8 of the administrative code of the city of New York, entitled “Notice of residential property tax exemptions,” is amended by adding a new subdivision c to read as follows:

c. The notice that is required, pursuant to this section, to be provided by the commissioner of finance or his or her designee no later than October thirty-first of each year shall include contact information for the office of financial empowerment at the department of consumer affairs.

§ 4. Subdivision a-4 of section 11-319 of the administrative code of the city of New York, as added by local law number 15 for the year 2011, is amended to read as follows:

a-4. In addition to any sale authorized pursuant to subdivision a, a-1, a-2 or a-3 of this section and notwithstanding any provision of this chapter to the contrary, beginning on March first, two thousand eleven, the emergency repair charges component or alternative enforcement expenses and fees component, where such emergency repair charges accrued on or after January first, two thousand six and are made a lien pursuant to section 27-2144 of this code, or where such alternative enforcement expenses and fees are made a lien pursuant to section 27-2153 of this code, of any tax lien on any class of real property, as such real property is defined in subdivision one of section eighteen hundred two of the real property tax law, may be sold by the city pursuant to this chapter, where such emergency repair charges component or alternative enforcement expenses and fees

component of such tax lien, as of the date of the first publication, pursuant to subdivision a of section 11-320 of this chapter, of the notice of sale: (i) shall have remained unpaid in whole or in part for one year, and (ii) equals or exceeds the sum of one thousand dollars or, beginning on January first, two thousand twelve, in the case of any class two residential property owned by a company organized pursuant to article XI of the state private housing finance law that is not a residential condominium or a residential cooperative, as such class of property is defined in subdivision one of section eighteen hundred two of the real property tax law, for two years, and equals or exceeds the sum of five thousand dollars; provided, however, that such emergency repair charges component or alternative enforcement expenses and fees component of such tax lien may [not] only be sold pursuant to this subdivision on any one, two or three family residential real property in class one, [except a] where such one, two or three family residential property in class one [where such property is subject to the provisions of section 27-2153 of this code and] is not the primary residence of the owner. After such sale, any such emergency repair charges component or alternative enforcement expenses and fees component of such tax lien may be transferred in the manner provided by this chapter.

§ 5. The opening paragraph of subdivision b of section 11-319 of the administrative code of the city of New York, as amended by local law number 14 for the year 2015, is amended to read as follows:

The commissioner of finance, on behalf of the city, may sell tax liens, either individually, in combinations, or in the aggregate, pursuant to the procedures provided herein. The commissioner of finance shall establish the terms and conditions of a sale of a tax lien or tax liens. [Enactment of the local law that added this sentence shall be deemed to constitute authorization by the council for the commissioner of finance to conduct a sale or sales of tax liens through and including December thirty-first, two thousand sixteen. Subsequent to December thirty-first, two thousand sixteen, the city shall not have the authority to sell tax liens.] Enactment of the local law that added this sentence shall be deemed to constitute authorization by the council for the commissioner of finance to conduct a sale or sales of tax liens through and including December thirty-first, two thousand twenty. Subsequent to December thirty-first, two thousand twenty, the city shall not have the

authority to sell tax liens.

§ 6. Paragraph 6 of subdivision b of section 11-319 of the administrative code of the city of New York, as amended by local law number 15 for the year 2011, is amended to read as follows:

6. The rate of interest on any tax lien certificate shall be the rate adopted for nonpayment of taxes on real property, pursuant to subdivision (e) of section [11-224.1 of this title on the effective date of the local law that added this sentence] 11-224.1, that is in effect on January first of the year in which the tax lien is sold.

§ 7. Subdivision a of section 11-320 of the administrative code of the city of New York, as amended by local law number 68 for the year 2007, is amended to read as follows:

a. 1. The tax lien on property in the city shall not be sold pursuant to section 11-319 of this chapter unless notice of such sale as provided herein has been published twice, the first publication to be in a newspaper of general circulation in the city, not less than ninety days preceding the date of the sale, and the second publication to be in a publication designated by the commissioner of finance, not less than ten days preceding the date of the sale. Such publication shall include a description by block and lot or by such other identification as the commissioner of finance may deem appropriate, of the property upon which the tax lien exists that may be included in the sale, and a statement that a list of the tax liens that may be included in the sale is available for inspection in the office of the city register and the office of the county clerk of Richmond county. The commissioner of finance shall file such list in the office of the city register and the office of the county clerk of Richmond county not less than ninety days prior to the date of sale.

2. Not less than ninety days preceding the date of the sale, the commissioner of finance shall post online, to the extent such information is available, the borough, block and lot of any property on which a lien has been or will be noticed for sale in accordance with paragraph one of this subdivision and that, in one or more of the five fiscal years preceding the date of the sale, was in receipt of a real property tax exemption pursuant to section four hundred twenty-a, four hundred twenty-b, four hundred forty-six or four hundred sixty-two of the real property tax law and, in addition, shall post online, to the extent such information is available,

the borough, block and lot of any vacant land classified as class one or class four pursuant to section eighteen hundred two of the real property tax law on which a lien has been or will be noticed for sale in accordance with paragraph one of this subdivision. Any failure to comply with this paragraph shall not affect the validity of any sale of tax liens pursuant to this chapter.

§ 8. Subdivision b of section 11-320 of the administrative code of the city of New York is amended by adding a new paragraph 5 to read as follows:

5. The department of finance and the department of environmental protection shall, to the extent practicable, contact by telephone or electronic mail any person who (i) has registered their telephone number or electronic mail address with such departments and (ii) has received the ninety-day notice described in paragraph one of this subdivision. Any such contact shall be made within a time period reasonably proximate to the mailing of such notice, shall inform such person of the intention to sell a tax lien and shall provide such other information as the respective commissioner deems appropriate, which may include, but need not be limited to, the telephone numbers and electronic mail addresses of the employees designated pursuant to subdivision f of this section. Failure by the department of finance or the department of environmental protection to contact any such person by telephone or electronic mail shall not affect the validity of any sale of tax liens pursuant to this chapter.

§ 9. Section 11-320 of the administrative code of the city of New York is amended by adding a new subdivision c-1 to read as follows:

c-1. Where a tax lien on property in the city has been noticed for sale pursuant to subdivision b of this section and such lien, prior to the date of sale, has been paid or is otherwise determined by the commissioner not to be eligible to be sold, the commissioner shall promptly provide written notification to the owner of such property that such lien will not be or was not included in such sale and the reason therefor.

§ 10. Subdivision f of section 11-320 of the administrative code of the city of the New York, as amended by local law number 68 for the year 2007, is amended to read as follows:

f. The commissioner of finance shall designate an employee of the department to respond to inquiries from owners of property for which a tax lien has been sold or noticed for sale pursuant to subdivision a of this section and shall designate an employee of the department to respond to inquiries from owners sixty-five years of age or older of property for which a tax lien has been sold or noticed for sale pursuant to subdivision a of this section. The commissioner of environmental protection shall designate at least one employee of the department of environmental protection to respond to inquiries from owners of property for which a tax lien containing a water rents, sewer rents or sewer surcharges component has been sold or noticed for sale pursuant to subdivision a of this section. The telephone numbers and electronic mail addresses of employees designated pursuant to this subdivision shall be posted online and shall be included on all publications and notices required by subdivisions a and b of this section. Failure to include such numbers and addresses on all such publications and notices shall not affect the validity of any sale of tax liens pursuant to this chapter.

§ 11. Subdivision j of section 11-320 of the administrative code of the city of New York, as added by local law number 14 for the year 2015, is amended to read as follows:

j. At the request of a council member, the commissioner of finance, in consultation with the commissioner of housing preservation and development and the commissioner of environmental protection, may conduct outreach sessions in the district of such council member. The scope of such outreach sessions shall include, but need not be limited to, (i) actions property owners can take if a lien is sold on such property; (ii) the type of tax lien or tax liens that can be sold in a tax lien sale; (iii) installment agreement information, including informing attendees in such outreach sessions of their option to enter into an installment agreement for exclusion from the tax lien sale with no down payment, and their option to enter such agreement for a term not more than ten years; (iv) credits and property tax exemptions that may exclude a property from a tax lien sale; (v) distribution of a customer survey to property owners who have received notice of the intention to sell a tax lien on their property, in order to determine the circumstances that led to the creation of the lien; and [(v)] (vi) any other credit or residential real property tax exemption information, which, in the discretion of the

commissioner, should be included in such outreach sessions. The commissioner shall make a good faith effort to have a financial counselor available at such outreach sessions. No later than ninety days after the tax lien sale, the commissioner of finance shall submit to the council a report on the number of outreach sessions performed in each council district during the ninety-day period preceding the tax lien sale. Such report shall include: (i) the number of installment agreements begun by property owners or, as defined in subdivision b of section 11-322 of this chapter, other eligible persons, acting on behalf of property owners at each outreach session; (ii) the number of property tax exemption applications begun at each outreach session; [and] (iii) the total number of attendees at each outreach session; (iv) the number of outreach sessions at which a financial counselor was available; (v) the number of property owners, or other eligible persons acting on behalf of property owners, who consulted a financial counselor at each outreach session at which a financial counselor was available; and (vi) the results of such surveys. Such report and the results of each outreach session shall be disaggregated by council district.

§ 12. Section 11-320 of the administrative code of the city of New York is amended by adding a new subdivision k to read as follows:

k. The commissioner of finance shall post online the information reported to the council pursuant to subdivisions h and i of this section, provided that no information shall be posted online that specifically identifies any property or property owner, except by zip code and a randomly generated identifier.

§ 13. Subdivision b of section 11-322 of the administrative code of the city of New York, as amended by local law number 147 for the year 2013, paragraph 5 of subdivision b as added by local law number 14 for the year 2015, is amended to read as follows:

b. In accordance with rules promulgated by the commissioners of finance and environmental protection, a property owner, or other eligible person, as defined by rule, acting on behalf of an owner, may enter into agreements with the departments of finance and environmental protection for the payment in installments of any delinquent real property taxes, assessments, sewer rents, sewer surcharges, water rents, or any other

charges that are made a lien subject to the provisions of this chapter. The proposed sale of a tax lien or tax liens on property shall be cancelled when a property owner, or other eligible person acting on behalf of an owner, enters into an agreement with the respective agency for the payment of any such lien. Such rules shall also provide that such property owners or such other eligible persons be given information regarding eligibility for real property tax exemption programs prior to entering into such agreements. As used in this subdivision, the term "other eligible person" shall include a fiduciary, as defined in paragraph three of subdivision (a) of section 11-1.1 of the estates, powers and trusts law, acting with respect to the administration of the property of an estate of a decedent who owned the real property as to which an agreement under this subdivision is sought, or on behalf of a beneficiary of such real property from such estate. Any rules promulgated in accordance with this subdivision defining "other eligible person" shall include in such definition the means by which a beneficiary of real property of the estate of a decedent who owned real property as to which an agreement under this subdivision is sought meets the definition of "other eligible person." Such means shall include the furnishing of any death certificates or other relevant documents that substantiate the claim of a beneficiary that they are the legal owner of the property. Notwithstanding any other provision of this section, no more than one such agreement with each respective agency may be in effect for a property at any one time.

1. If payments required from a property owner, or other eligible person acting on behalf of an owner, pursuant to such an agreement are not made for a period of six months, such property owner, or such other eligible person, shall be in default of such agreement, and the tax lien or tax liens on the subject property may be sold, provided, however, that such default may be cured upon such property owner's, or such other eligible person's, bringing all installment payments and all current charges that are outstanding at the time of the default to a current status, which shall include, but not be limited to, any outstanding interest and fees, prior to the date of sale, provided, however, that such property owner, or such other eligible person, may elect to cure such default by entering into a new installment agreement with a down payment of twenty percent, or more, of all delinquent real property taxes, assessments, sewer rents, sewer surcharges, water rents and other charges that



are made a lien subject to the provisions of this chapter, including any outstanding interest and fees, prior to the date of sale. If such default is not cured prior to the date of sale, such property owner, and any other eligible person acting on behalf of an owner, shall not be eligible to enter into an installment agreement for the subject property for five years, unless there is a finding of extenuating circumstances by the department that entered into the installment agreement with the property owner or such other eligible person. Notwithstanding the prohibition against entering into an installment agreement for the subject property for five years, a property owner, or such other eligible person, who has defaulted on an installment agreement and whose lien has been sold and, subsequent to the sale of the lien, whose property on which the lien was sold is subject to another tax lien that is eligible to be sold, may elect to enter into another installment agreement with respect to such other lien before the end of such five-year period, provided that such property owner, or such other eligible person, makes a down payment of twenty percent, or more, of all delinquent real property taxes, assessments, sewer rents, sewer surcharges, water rents and other charges that are made a lien subject to the provisions of this chapter, including any outstanding interest and fees, prior to the date of the sale. No such property owner, or such other eligible person, may make the election that is authorized pursuant to this paragraph to enter into an installment agreement with a down payment more than once for the subject property. The standards relating to defaults and cures of defaults of installment agreements set forth in this paragraph apply to installment agreements entered into pursuant to such election.

2. An installment agreement shall provide for payments by the property owner, or other eligible person acting on behalf of an owner, on a quarterly or monthly basis, [in the discretion of the appropriate commissioner,] for a period not less than eight years and not more than ten years, provided that a property owner, or other eligible person acting on behalf of an owner, may elect a period less than eight years. [There] Except as provided in paragraph one of this subdivision, there shall be no down payment required upon the property owner's, or such other eligible person's, entering into the installment agreement with the respective department, but the property owner, or other eligible person acting on behalf of an owner, may elect to make a

down payment. With respect to installment agreements with the commissioner of environmental protection, the determination of whether payments shall be on a quarterly or monthly basis shall be in the discretion of such commissioner, except as provided in paragraph three of this subdivision. With respect to installment agreements with the commissioner of finance, the determination of whether payments shall be on a quarterly or monthly basis shall be in the discretion of the property owner, or other eligible person acting on behalf of an owner.

3. Beginning January first, two thousand twelve, any property owner who has entered into an installment agreement with the commissioner of environmental protection pursuant to this subdivision and who has automated meter reading shall receive a consolidated monthly bill for current sewer rents, sewer surcharges and water rents and any payment due under such installment agreement.

4. No later than September first, two thousand eleven, the commissioners of finance and environmental protection shall promulgate rules governing installment agreements, including but not limited to, the terms and conditions of such agreements, the payment schedules, and the definition and consequences of default; no later than June first, two thousand fourteen, the commissioners of finance and environmental protection shall promulgate rules governing eligibility of owners or other eligible persons acting on behalf of owners to enter into installment agreements.

5. All installment agreements executed on or after March first, two thousand fifteen shall include a conspicuous statement that if payments required from a property owner pursuant to such an agreement are not made for a period of six months, such property owner shall be in default of such agreement, and the tax lien or tax liens on the subject property may be sold, provided, however, that such default may be cured upon such property owner's bringing all installment payments and all current charges that are outstanding at the time of the default to a current status, which shall include, but not be limited to, any outstanding interest and fees, prior to the date of sale. Such statement shall also include a notification that if such default is not cured prior to the date of sale, such property owner shall not be eligible to enter into an installment agreement for the subject property for five years, unless there is a finding of extenuating circumstances in accordance with rules

promulgated by the department that entered into the installment agreement with the property owner. Such statement shall include the definition of extenuating circumstances. All installment agreements executed on or after the effective date of the local law that added this sentence shall also include a statement describing the conditions under which the property owner, or any other eligible person acting on behalf of an owner, may be eligible, after default, to enter into another installment agreement after such default, in accordance with paragraph one of this subdivision.

6. If a property owner, or other eligible person acting on behalf of an owner, who has entered into an installment agreement with the department of finance, fails to make a payment pursuant to such agreement, then the department of finance shall, after the first missed payment, mail a letter to the property owner, or other eligible person acting on behalf of an owner, stating that such owner, or other eligible person, is at risk of being in default of such agreement. The letter shall be mailed after the first missed payment if the department has not received payment within two weeks of the due date.

§ 14. Section 11-355 of the administrative code of the city of New York, as amended by local law number 98 for the year 1997, is amended to read as follows:

§ 11-355 Reporting. The commissioner of finance shall submit an annual report to the council concerning the sale or sales of tax liens during the preceding year pursuant to this chapter. Such report shall include the following information regarding such sale or sales: a list of properties for which a tax lien or tax liens has or have been sold, including identification of the particular tax lien or tax liens sold; the proceeds received from the sale or sales of tax liens; identification of the purchaser of and servicer for the tax lien or tax liens sold; a report of servicer activities during the immediately preceding year; the redemption rate for tax liens that have been sold; the delinquency rate for real property taxes for the immediately preceding year; and any other information pertinent to the sale of tax liens that may be requested by the council and which is not made confidential pursuant to section 11-208.1 of the code. Upon request by the council, information provided in such report shall be arranged by community board. In addition to such report, the commissioner of finance

shall from time to time provide any other information pertinent to the sale of tax liens that may be requested by the council and which is not made confidential pursuant to section 11-208.1 of the code, including updated information regarding the sale or sales of tax liens pursuant to this chapter. In addition to such report, no later than August thirty-first, two thousand twenty, the commissioner shall provide to the council a report listing all properties on which liens have been sold during the period from January first, two thousand fifteen through December thirty-first, two thousand nineteen. The report shall indicate, based on records in the office of the register, whether a transfer of or mortgage recorded on any of such properties has occurred during such period after the sale of any tax lien sold during such period.

§ 15. This local law takes effect immediately.

12/7/2016 10:33AM