Fiscal Impact Statement Prepared By
New York City Mayor's Office of Management and Budget

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Disclaimer: This fiscal impact statement is a preliminary estimate and subject to change based upon further data analysis or changes in bill text. This legislation is summarized as understood by the administration as of the date this statement was prepared and does not include or consider subsequent text changes. This fiscal impact statement is not legally binding on the administration. "Total" columns represent the respective sum over a four-year period; note that fiscal impacts continue after year four. Unless otherwise stated, information used in the preparation of this Fiscal Impact Statement is sourced from the agencies impacted and the NYC Mayor's Office of Management and Budget.

Proposed Intro No. / Title: *Int. 1407 / Sale of tax liens*

Sponsors: Adams, Nurse, Brannan, Farías, Schulman, Avilés, Williams, Banks, Lee, Brooks-Powers, Stevens and Hanif

Committee: Finance

Summary of Legislation: This legislation would remove the discretion of the Commissioner of the Department of Finance (DOF) to conduct a tax lien sale. Instead, DOF must receive authorization from the council approving the lien sale. DOF may sell liens to a land bank without approval from the council. This legislation also adds, as a condition of the lien sale, a prohibition of foreclosure against residential property of three units or fewer that is the primary residence of the owner. This prohibition does not apply to properties where the amount of the lien is the lesser of 20% of the market value of such property (as determined by the final assessment roll) or $200,000.

Effective Date: Immediately upon enactment

First Fiscal Year Legislation Takes Effect: Fiscal Year 2026

First Fiscal Year with Full Impact: Fiscal Year 2026

Agencies Impacted: Department of Finance, Department of Environmental Protection

Fiscal Impact Analysis

A. Total Impact (Expense and Revenue)

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Expense	0	0	0	0	0
Revenue	($285,000,000)	($305,000,000)	($317,500,000)	($330,000,000)	($1,237,500,000)
Total	($285,000,000)	($305,000,000)	($317,500,000)	($330,000,000)	($1,237,500,000)

Date Prepared: November 10, 2025

B. Expense

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Expenditures	0	0	0	0	0

Impact on Expenditures (Expense):

There is no anticipated impact on expense expenditures.

C. Revenue

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Revenue	($285,000,000)	($305,000,000)	($317,500,000)	($330,000,000)	($1,237,500,000)

Impact on Revenue:

Intro. 1407 would require any future lien sale to be first approved by the City Council, which introduces uncertainty into related processes as to make the lien sale no longer a reliable expectation, impacting property tax and water and sewer charge collections, as well as water and sewer rates and capital improvement programs.

Property Taxes

It is anticipated that this legislation will result in $80,000,000 of lost revenue to the City annually from the lien sale not being conducted. Additionally, this legislation is expected to increase the property tax delinquency rate, resulting in an estimated $100,000,000 in lost property tax revenue to the City annually.

Water and Sewer Revenues

The Fiscal Year 2025 lien sale resulted in $22,000,000 direct water and sewer revenues collected, and $180,000,000 in receipts attributed to the 'halo' effect of lien sale as an enforcement mechanism (account holders who pay their debt to avoid entering into lien sale). In addition, to come into good standing and avoid lien sale, account holders are able to enter into long-term (up to 10 years) payment agreements with zero downpayment; water and sewer ratepayers entered into $172,000,000 in payment agreements as part of the lien sale.

This legislation is expected to reduce direct revenue and the receipts from the 'halo' effect of lien sale, resulting in an estimated $105,000,000 in lost revenue to the Water System annually. It is also anticipated that this legislation would result in a higher rate of delinquency on payment agreements, estimated to result in additional water and sewer revenue losses of $20,000,000 to $45,000,000 annually, with the potential for this delinquency to increase over subsequent years as long as lien sale is not in effect. .

Total potential lost revenues: FY26 ($105,000,000), FY27 ($125,000,000), FY28 ($137,500,000), FY29 ($150,000,000).

D. Capital

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Expenditures	0	0	0	0	0

Impact on Expenditures (Capital):

Disrupting the reliability of the lien sale may impact long-term investments. In the event this legislation passes, DEP could potentially need to remove as much as $1.75-2.5B from its 10-year capital plan. Water System capital projects are bonded over 30 years. That means that reliability of recurring revenue is critical to capital investments. Based on investment patterns to date, a recurring annual revenue of $6 million can support a capital investment of as much as $100 million. Therefore, a reduction in annual recurring revenue of $105 ~ $150 million could mean a choice to invest $1.75 ~ $2.5 billion less in capital project work.

Further, DEP can only remove discretionary projects (not mandated projects). As a result, it is likely that reductions will be disproportionately focused on stormwater management and flood mitigation projects, such as:

- Funding for DEP's entire project to upsize the network of sewers in Dyker Heights to relieve flooding for 14,300 residents in a 145-acre area;
- Completion of the Tibbets Brook project to reduce CSOs into the Harlem River and help alleviate flooding in the Bronx;
- Funding for nearly half of the Knickerbocker Avenue Project to expand sewer capacity in Bushwick by more than 850 percent and reduce flooding across a 2,300acre area.