



NEW YORK STATE SENATOR

Sean M. Ryan

## Senator Ryan Renews Push To Reform Property Tax Interest Rate Laws In New York

SEAN M. RYAN March 9, 2022

| ISSUE: **NYS SENATOR SEAN RYAN, NYS SENATE DISTRICT 60, PROPERTY TAX REFORM, PROPERTY TAX**



### **SENATOR RYAN RENEWS PUSH TO REFORM PROPERTY TAX INTEREST RATE LAWS IN NEW YORK**

*Western New York Law Center Releases Report Finding “Credit Card Level” Interest Rates Ineffective  
and Inequitable*

**BUFFALO** – Today, March 9, 2022, New York State Senator Sean Ryan called for reforms to New York’s property tax interest rate laws amid [a new study released by the Western New York Law Center \(WNYLC\)](#).

Above-prime interest rates on owed property taxes are not a new problem, but the issue has been exacerbated as residents across the state have been impacted financially by the COVID-19 pandemic. In New York, state law sets the minimum floor a municipality can charge for late fees on property tax annually at 12%, with some counties – including Erie County – charging as much as 18.5% interest.

Senator Ryan has introduced legislation ([S.6310B](#)) to lower the floor from its current 12% to a maximum of 7.5%. The delinquent tax interest rate floor has not been updated since its introduction in New York in 1983, when prime rates fluctuated between 10% and 20% – a far cry from the 3.25% of today.

In research done in conjunction with WNYLC, High Road Fellow Hannah Drexler of Cornell University found that 20% of homeowners who owe back-property taxes in Erie County’s low-to-moderate income zip codes owe more in interest than in back taxes. On average, interest accrued makes up 41% of the total amount owed by these homeowners.

Drexler’s report also found that these “credit-card level” interest rates on delinquent property taxes have contributed to a cycle of debt and poverty for many in low-to-moderate income communities – and particularly communities of color. Lowering the property tax interest rate would strengthen generational wealth building in communities of color and lower-income communities, and in turn alleviate cycles of poverty.

**Senator Sean Ryan** said, “Our current property tax laws unduly punish those who face financial hardships and fall behind on their payments. Unfair and outdated interest rates for

back property taxes prevent many New Yorkers from building wealth and keep them in a cycle of debt. This bill would pave the way for municipalities to lower their interest rates to modern standards and begin uplifting residents instead of punishing them for their misfortune. This will benefit the municipalities as well – keeping people in their homes will cut down on zombie properties, and allowing them to generate wealth will create a ripple effect on their local economies.”

**Kate Lockhart, Vacant and Abandoned Properties Director at WNYLC**, said, “High interest rates on back property taxes impact more than just the delinquent homeowner. High interest rates strip equity from homes, create barriers for low-moderate income homeowners in accessing rehab assistance, perpetuate cycles of disinvestment in communities, and in some cases lead to vacant and abandoned properties. In addition, they contribute to the widening racial wealth gap by eating up hard-earned equity from black homeowners, who have historically had a greater percentage of their wealth built up in their homes as compared to white homeowners. It is imperative that these harmful interest rates be addressed to help stabilize homeownership in New York, especially in low-moderate income communities.”

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#### RELATED LEGISLATION

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### **2021-S6310B**

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- Introduced
- ◦ In Committee Assembly

- In Committee Senate
  
- ◦ On Floor Calendar Assembly
  - On Floor Calendar Senate
  
- ◦ Passed Assembly
  - Passed Senate
  
- Delivered to Governor
  
- Signed By Governor
  
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Relates to delinquent tax interest rates

April 21, 2021

In Senate Committee [Local Government](#)

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Do you support this bill?