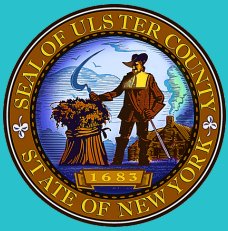




ULSTER COUNTY AUCTION REPORT

**Office of the
Ulster County Comptroller
March S. Gallagher**





ULSTER COUNTY OFFICE OF THE COMPTROLLER

Ulster County Auction Report

comptroller.ulstercountyny.gov

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Delinquent Real Property Taxes - A Changing Legal and Operational Landscape

Much has changed over the last five years in the way Ulster County addresses the auction of tax foreclosure properties. Ulster County held our last auction online on May 8, 2024, and will not be holding an auction in 2025 as the County works to address the changing regulatory landscape.

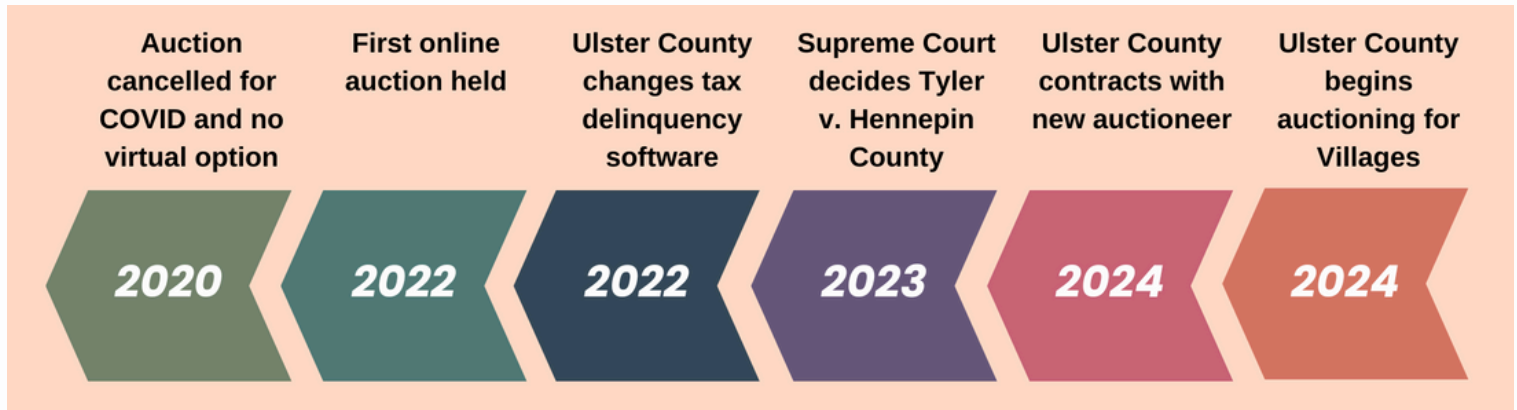
Auction Proceeds Over Time

As you can see in the chart below, auction proceeds have consistently increased over the last several years. With the delay in the 2020 auction, the move to online auctions with a new auctioneer and the increase in property values, the County saw increased revenues in 2021 and a banner year in 2022. The substantial increase in auction proceeds in 2022 was primarily due to a larger number of properties available because of the 2020 canceled auction. As the County's second online auction, it may have had wider marketing reach. Most importantly, however, the County experienced an unprecedented rise in the value of real property.

Year	Back Taxes on Properties Sold	Auction Sale Price	Auction Gain Recorded
2018	882,204	1,274,633	624,205
2019	849,000	1,324,689	725,638
2020	No Auction Held		
2021	1,145,159	1,944,550	1,116,333
2022	949,991	4,135,869	3,326,484
2023	No Auction Held		
2024	1,985,834	6,619,647	420,095

In 2024, gains of \$4.9 million on properties sold at auction were not recognized as revenues to the County because of changes to the law around auction surpluses. Gain is realized after taking the back taxes owed, taxes payable to other jurisdictions, fees, and expenses such as environmental analysis.

The County did not hold an auction in 2023 because of turnover in the Department of Finance management staff and changes to the law. Ulster County will forgo an auction again in 2025 as the County works to conform to additional changes made to New York State Real Property Tax Law, Article 11, which governs the foreclosure and sale of property for back taxes.



Moving from In-Person to Online Auctions

In 2020, because of the COVID pandemic, the in-person auction was limited to 45 participants. After objection by the Ulster County Comptroller's Office as to the exclusive nature of those permitted to attend and the failure to move online, the auction was cancelled and in 2021 George Cole Auctions, Inc. (Cole) conducted the County's first online auction. Prior to 2023, Ulster County contracted for auction services with Cole for an annual flat fee of \$5,000, with a 3% buyer's premium retained by the auctioneer and an additional 3% charge to buyers for payments made by credit card. Cole operated under three-year contracts and did not always invoice the County for the full amount of the contract each year if the auction was cancelled.

In 2023, the County issued a Request for Proposals to move the annual auction online going forward. The County awarded the contract to Absolute Auctions, a firm that regularly handles online real property auctions for multiple counties. They charge Ulster County nothing, and the firm charges buyers a premium of 6% for cash purchases and 7% for credit card purchases. Absolute Auctions has conducted one auction for the County.

Tracking Delinquent Taxes- A Software Change

For several decades Ulster County used a DOS based software called TRUT to track unpaid taxes. While TRUT served the County's needs in prior decades, it no longer met modern standards for integration or reconciliation and ran on antiquated hardware that the County was required to maintain. The Comptroller's 2023 Real Property Delinquent Tax Audit found that transactions recorded in the unpaid tax system (TRUT) did not agree to the County's financial system as information systems are not integrated or effectively reconciled. The County bid for replacement software and entered a contract with Systems East, Inc. for a software called Total Collections System (TCS). TCS was expected to provide better integration with other County system and ease of use. TCS is configured to enable towns and villages to use the software to record real property tax transactions. TCS has been operating for a little over one year. While reconciliation issues still exist, the software has significantly improved operations. The County has paid \$487,610 to Systems East, Inc. under this contract.

Making Taxing Jurisdictions Whole, Including Some Villages

Ulster County collects delinquent real property taxes on behalf of all towns and school districts within the County (except for those properties within the City of Kingston which collects its own delinquent taxes). Accordingly, the County "makes whole" or pays the remainder of the total tax levy to the school districts and towns. The County has always paid each taxing jurisdiction, including villages for delinquent taxes recovered on property auctioned by the County. Until recently, however, the County did not make villages whole nor did the County foreclose upon or auction any property upon which only delinquent village tax was owed. As per Local Law No. 5 of 2022 and the adoption of Resolution 2024-500 for the 2024-2025 village tax year and moving forward, the County will be making the Villages of Saugerties and Ellenville whole, re-levying Village tax owed on to the general tax owed and enforcing collection of those general taxes which include re-levied village taxes through the same foreclosure process as any other delinquent general tax. The Village of New Paltz still handles its own foreclosures and auction but has the choice to opt in to having the County handle its foreclosures moving forward.

Tyler v. Hennepin County: Property Owners Have a Right to the Surplus

In addition to changes in the auctioneer and the move to online auctions, the foreclosure and sale for back taxes process has been impacted by a significant Supreme Court case, Tyler v. Hennepin County, 598 U.S. 631 (2023), and subsequent New York State changes to Real Property Tax law to address the Hennepin County case.

In Tyler v. Hennepin County, the U.S. Supreme Court unanimously ruled a Fifth Amendment taking occurred when the County kept the surplus proceeds from the sale of Ms. Tyler's home. Ms. Tyler, a 94-year-old woman, owed about \$15,000 in unpaid property taxes and associated penalties. Hennepin County foreclosed on the property and sold it for \$40,000, generating a surplus of about \$25,000. At the time, most counties followed this practice, which was later deemed unconstitutional. Counties rely on the surplus to address shortfalls in sales of properties that are sold for less than the taxes owed. As a result of this decision, New York State law, and Ulster County's real property tax foreclosure and sale process has been modified.

During the 2024 auction, the County had to adhere to the new process for the first time. This required tracking administrative costs and fees to the County, identifying surplus amounts, and notifying property tax delinquent owners of their ability to obtain the surplus. Under the new changes to Article 11, within 45 days of the sale ("sale" means the transfer of the deed, not the date of the auction), the enforcing officer determines whether there is a surplus by taking the total amount of taxes due plus interest, penalties and other charges and subtracting that from the amount paid for the sale of the property.¹ Foreclosed taxpayers are notified that they have three years to file a claim for the surplus, and after three years any surplus not claimed is paid to the County to reduce its tax levy.²

[1] N.Y. Real Prop. Tax Law § 1196(1)(a)(i).

[2] N.Y. Real Prop. Tax Law § 1197(4).

Auction Surplus for the 2024 Auction

The County has held one auction since the change in the law. The numbers and values of parcels at auction varies from year to year in their geographic distribution. A review of the total proceeds and surplus by town can be illustrative. Shown here is the breakdown of proceeds, fees, and surplus by town.

Of the \$4,858,054 surplus from the 2024 auction, as of July 15, 2025, owners of 15 of the 87 properties (17% of the properties) have given notice of intent to apply for their surplus funds. To date, the County Court Judge has ordered surplus paid on 13 of the 15 parcels. The Hennepin County decision and subsequent changes to Article 11 have increased administrative demands on the County and the Court. With the requirement to return surplus to taxpayers, the delinquent real property tax auction will no longer be a significant source of revenue for the County.

2024 Auction				
Town	Proceeds	Fees	Surplus	Net
ESOPUS	\$557,008	\$2,003	\$516,542	\$40,466
GARDINER	\$102,000	\$270	\$92,856	\$9,144
HURLEY	\$6,000	\$740	\$4,883	\$1,117
KINGSTON Town of	\$7,000	\$438	\$0	\$7,000
LLOYD	\$583,000	\$4,825	\$350,532	\$232,468
MARBLETOWN	\$12,089	\$640	\$10,970	\$1,119
MARLBOROUGH	\$494,911	\$4,395	\$318,089	\$176,822
NEW PALTZ	\$14,079	\$708	\$2,325	\$11,754
OLIVE	\$263,000	\$1,214	\$222,926	\$40,074
PLATTEKILL	\$463,888	\$4,786	\$321,302	\$142,586
ROCHESTER	\$680,547	\$17,258	\$415,871	\$264,676
ROSENDALE	\$42,813	\$640	\$37,689	\$5,124
SAUGERTIES	\$804,800	\$10,618	\$437,161	\$367,639
SHANDAKEN	\$227,500	\$2,371	\$179,025	\$48,475
SHAWANGUNK	\$52,000	\$272	\$39,145	\$12,855
ULSTER	\$630,032	\$6,779	\$486,190	\$143,842
WAWARSING	\$959,980	\$5,647	\$778,601	\$181,379
WOODSTOCK	\$719,000	\$2,197	\$643,947	\$75,053
Grand Total	\$6,619,647	\$65,801	\$4,858,054	\$1,761,593

Properties Withheld from the Auction

Properties are sometimes not auctioned during the first legally permissible year. This can be for several reasons. The County may identify a property as having a potential public use on occasion, but more often, the issue is that the property may have a legal impediment or hazards that prevent the immediate sale. Ulster County has a history of withholding properties from the auction if there is even an unverified hazard or impediment. The decision to withhold properties from the auction can have a significant impact on County taxpayers. The Comptroller's Review of 701 Grant Avenue identified that one such property had accumulated \$10.1 million in back taxes, interest and penalties but had yet to be moved to sale. The County has since foreclosed on 701 Grant Avenue, taking title in January of 2023, and sold the property in July 2024 for \$4 million with \$3,702,789.67 being returned to the taxpayers (after title and closing fees).

The County continues to sell properties from older tax years, bringing real value to taxpayers as these properties are returned to the tax rolls. For example, 11 Tow Path, which failed to pay taxes beginning in 2011, had been classified as a hazardous uncollectible property because of the stigma of contamination. When the Comptroller's Office released our Delinquent Real Property Tax Audit in 2023, 11 Tow Path Rd. in Accord had accumulated \$182,563 in back taxes, interest and penalties. Our report identified that an oil spill liability had been resolved resulting in no legitimate reason to delay sale. By the time of the 2024 auction the property had accumulated taxes, interest and penalties of \$214,909.49. The property sold at auction for \$452,000. During the entire period of eligibility for foreclosure, over ten years for this property, Ulster County bore the responsibility for school taxes, having to make the school district whole each year. Between the 2012-2013 school year and the 2024-2025 school year, the County paid \$74,191.04 in school taxes on this property. Accordingly, delays in moving delinquent parcels to auction do create a financial burden on County taxpayers.

As you can see from the table here, most of the value of property sold in the 2024 auction was from later years.

2024 Auction				
Earliest Tax Year	Proceeds	Fees	Surplus	Net
2011 G	\$ 452,000	\$16,218	\$ 220,872	\$ 231,128
2015 G	\$ 219,000	\$2,976	\$ 90,206	\$ 128,794
2016 G	\$ 46,480	\$839	\$ 9,676	\$ 36,804
2017 G	\$ 557,000	\$6,869	\$ 227,578	\$ 329,422
2018 G	\$ 839,800	\$10,544	\$ 505,428	\$ 334,372
2018/2019 S	\$ 111,000	\$328	\$ 95,284	\$ 15,716
2019 G	\$ 361,200	\$6,449	\$ 251,641	\$ 109,559
2020 G	\$ 1,492,125	\$8,719	\$ 1,215,467	\$ 276,658
2021 G	\$ 2,541,042	\$12,859	\$ 2,241,901	\$ 299,141
Grand Total	\$ 6,619,647	\$65,801	\$ 4,858,054	\$ 1,761,593

*G is general tax (town and county), S is school tax

Hazardous Uncollectibles

Hazardous uncollectible properties are parcels eligible for foreclosure but burdened with environmental or structural hazards that could expose the County to legal or financial liabilities if acquired. These properties are typically withheld from tax auctions, resulting in lost tax revenue and an ongoing burden to County taxpayers, who must cover unpaid school and local taxes.

In prior years, the list of hazardous properties was poorly maintained. Some properties were delayed from auction without a documented reason, including parcels not formally classified as hazardous but withheld from sale, nonetheless. The Comptroller’s 2023 Delinquent Real Property Tax Audit revealed that Ulster County lacked a formal policy governing the withdrawal of properties from auction, leading to unnecessary delays, increased interest and penalties, and prolonged taxpayer burden.

Since 2021, however, the County has taken steps to improve oversight and reduce the number of hazardous uncollectibles. The sale of large parcels such as the iPark properties and 701 Grant Avenue contributed to this reduction. The County has also utilized American Rescue Plan Act (ARPA) funds to assess and address risks through a process called “Temporary Incidence of Ownership” (TIO),³ enabling safe remediation and return of some properties to the tax rolls.

Year	Hazardous Uncollectibles
2011	\$ 1,436,561
2012	\$ 1,177,492
2013	\$ 1,340,000
2014	\$ 3,197,688
2015	\$ 6,955,857
2016	\$ 6,479,641
2017	\$ 6,469,934
2018	\$ 14,603,177
2019	\$ 21,351,191
2020	\$ 21,722,820
2021	\$ 12,292,184
2022	\$ 2,376,262
2023	\$ 2,376,262
2024	\$ 1,185,293

In 2024, the County auctioned several long-delayed parcels, including four properties that had foreclosure judgments prior to the 2022 auction but were never previously listed. These sales returned \$236,851.89 to taxpayers after fees and surplus distributions. The 2024 auction also marked a shift in approach, with better vetting of the hazardous list and fewer properties unjustly withheld due to stigma rather than substantiated risk.

SBL	Index #	Judgment Date	Street Address	Town	Oldest Year of Delinquent Tax	Delinquent Tax, Interest and Penalties	Accepted Bids	Admin Fees	Surplus Funds	Cost of notices	“Delinquent Tax” kept by County	
045.001-0002-034.215-0000	2015-3377	12-Mar-18	MEADOW LN / BURGHER RD	OLIVE	2015 G	\$ 24,377	\$ 34,000	\$ 574	\$ 10,745	\$ 120	\$ 23,255	
095.001-0003-032.001-0000	2017-3146	9-Mar-20	597 RT 44 55	PLATTEKILL	2015 G	\$ 89,202	\$ 164,000	\$ 1,870	\$ 74,622	\$ 120	\$ 89,378	
087.008-0001-005.000-0000	2017-3146	9-Mar-20	245 UPPER NORTH RD	LLOYD	2017 G	\$ 72,813	\$ 160,000	\$ 1,452	\$ 86,971	\$ 20	\$ 73,029	
056.013-0001-014.000-0000	2017-3146	9-Mar-20	106 PETTICOAT LN	ULSTER	2017 G	\$ 51,401	\$ 138,000	\$ 1,023	\$ 86,810	\$ 20	\$ 51,190	
Properties with Judgment Before 2022 Auction						Total	\$ 237,793	\$ 496,000	\$ 4,919	\$ 259,148	\$ 280	\$ 236,852

Despite progress, taxpayers continue to bear costs for properties left unauctioned. For the 2024–2025 school year alone, County taxpayers paid \$58,669.85 in school taxes on hazardous uncollectible parcels. Moving forward, the County must maintain a disciplined review process and auction all eligible properties promptly to reduce financial burdens and restore taxable value.

Conclusion

Much has changed in the County’s real property tax delinquency auction process. The auctioneer, the move to online auctions, handling village foreclosures, the software the County uses to track delinquent taxes, the requirement to return surplus, and significant improvements in moving properties out of a limbo state to auction. While the County delays the 2025 auction to address changes in the law, ultimately, County taxpayers will benefit from a substantially improved process.

[3] A temporary incidence of ownership enables a municipality to act as an owner on a temporary basis for the purpose of site investigation or clean up without being subject to environmental liability. NY ECL § 56-0508.