

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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January 6, 2009
Start: 10:58 am
Recess: 11:13 am

HELD AT: Council Chambers
City Hall

B E F O R E:
DAVID I. WEPRIN
Chairperson

COUNCIL MEMBERS:

Joel Rivera
Diana Reyna
Maria Baez
Leroy G. Comrie, Jr.
Bill De Blasio
Lewis A. Fidler
James F. Gennaro
Alan J. Gerson
Eric N. Gioia
Robert Jackson
G. Oliver Koppell
Helen Sears
Peter F. Vallone, JR.

A P P E A R A N C E S

COUNCIL MEMBERS:

Albert Vann
David Yassky
Vincent J. Gentile
Vincent Ignizio
James S. Oddo

A P P E A R A N C E S (CONTINUED)

Sam Miller
Assistant Commissioner
NYC Department of Finance

Dara Jaffe
Assistant Commissioner
Legal Affairs

Tim Mulligan
Office of Management and Budget

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2 CHAIRPERSON WEPRIN: Have somebody--
3 ask Antonio to get them. [Pause] Good morning
4 and welcome to today's Finance Committee hearing.
5 I'm David Weprin, I Chair the Committee. Today,
6 the Finance Committee has two out items on its
7 agenda, a Preconsidered Introduction that would
8 provide a one-time grace period of payment of real
9 property taxes on properties with an assessed
10 value of over \$250,000. And legislation that
11 would extend the dates related to the fiscal 2010
12 preliminary budget to give the Mayor, the Council,
13 and other agencies an additional two weeks to
14 submit or act on certain preliminary budget
15 reports.

16 Let's begin with the grace period
17 legislation. As you may remember, on December
18 18th, 2008, the City Council adopted Intro 887,
19 which, among other things, changed the assessed
20 value threshold that determines whether property
21 taxes are due on a quarterly or semiannual basis.
22 Intro 887 increased the threshold from \$80,000 to
23 250,000 and enacted a one-time extension of the
24 third-quarter January grace period for quarterly
25 tax payers from January 15th to January 30th,

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2 2009. Quarterly taxpayers own property with
3 assessed values of \$250,000 or less.--for
4 quarterly taxpayers who own property with assessed
5 value 250,000 are less.

6 Currently, the taxes on properties
7 with an assessed value of over 250,000, those
8 taxes are due and payable on January 1st and July
9 1st of each year. Unlike quarterly taxpayers, the
10 semiannual taxpayers do not have a grace period
11 and will be subject to interest charges for
12 nonpayment.

13 The administration is requesting a
14 one-time grace period for semiannual taxpayers for
15 taxes that are due on January 1st, or were due on
16 January 1st. The change in the threshold amount
17 required a recalculation of the real property tax
18 installment that is due and payable on January
19 1st, 2009. However, the passage of Intro 887 on
20 December 18th did not allow sufficient time for
21 the city to mail the Statement of Accounts with
22 the recalculated amount of the January
23 installment.

24 This Bill provides a one-time grace
25 period for payment of real property taxes. It

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2 applies to real property tax with an assessed
3 value--real property with an assessed value of
4 over 250,000 and relates to the installment of the
5 tax due and payable on January 1st, 2009. Under
6 the bill, such installment, if paid by January
7 16th, 2009, will not be subject to interest
8 charges for nonpayment.

9 Our next piece of legislation would
10 extend the dates related to the fiscal 2009
11 preliminary budget to give the Mayor, the Council,
12 and other agencies an additional week to submit or
13 act on certain preliminary budget reports. As a
14 result of the legislation, the Mayor will have
15 until January 30th to submit the preliminary
16 budget, and the Council will have until April 8th
17 to hold preliminary budget hearings and submit its
18 budget response.

19 In addition, the proposed Local Law
20 extends the deadline for the Mayor to submit the
21 preliminary management report, the deadline for
22 the Council's public hearings and recommendation
23 on such report, and the deadlines for Charter-
24 mandated submission dates relating to the IBO,
25 borough boards, community boards, borough

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presidents, and the Campaign Finance Board.

Let me introduce my colleagues that are here, we have Council Member Maria Baez from the Bronx, Council Member Diana Reyna from Brooklyn and Queens, Council Member Peter Vallone Jr. from Queens, Council Member Lew Fidler from Brooklyn, Council Member Robert Jackson from Manhattan, and Council Member Vincent Gentile from Brooklyn.

I'll now call upon Assistant Commissioner Sam Miller from the Department of Finance to elaborate on anything I said or to answer any questions members may have.

COMMISSIONER SAM MILLER: I think you summed it up fully, so...

CHAIRPERSON WEPRIN: And just identify your colleagues for the record.

COMMISSIONER MILLER: Oh yes, this is Dara Jaffe, Assistant Commissioner for Legal Affairs.

MS. DARA JAFFE: Hello.

CHAIRPERSON WEPRIN: Any questions? Council Member Jackson.

COUNCIL MEMBER JACKSON: By delaying

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2 the--by the extension of the payment for taxes,
3 will that negatively impact any of the
4 constituents that we represent in the city of New
5 York?

6 COMMISSIONER MILLER: I think--

7 COUNCIL MEMBER JACKSON: That's an
8 easy question.

9 COMMISSIONER MILLER: --I think it's
10 a benefit because, as the Chairman said, we did
11 get the bills out later than usual this year, so
12 we're just giving them a little extra time to pay,
13 if they need it. So I think it's totally
14 positive.

15 COUNCIL MEMBER JACKSON: It's a
16 positive thing.

17 COMMISSIONER MILLER: Yeah.

18 COUNCIL MEMBER JACKSON: Okay. So
19 and the city is not going to lose any money as a
20 result of that, is that correct?

21 COMMISSIONER MILLER: Well there's a
22 fiscal impact statement here attached on this
23 report. I think it lays out what the maximum
24 would be if everybody, if all 50,000 or so
25 semiannual payers paid at the very last date,

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2 which would be the 16th. I don't think that's
3 going to happen, I think probably most people are
4 going to pay as soon as they get their bills, it's
5 just that we got them out later this year. So
6 it's going to be a little bit--some of them may
7 pay a little bit later and we just want to give
8 them that opportunity.

9 COUNCIL MEMBER JACKSON: Okay.

10 Thank you.

11 COMMISSIONER MILLER: Sure.

12 CHAIRPERSON WEPRIN: Thank you,
13 Council Member. Council Member Fidler.

14 COUNCIL MEMBER FIDLER: Yeah, just a
15 somewhat related subject, are all the rebate
16 checks in the mail?

17 COMMISSIONER MILLER: Yes.

18 COUNCIL MEMBER FIDLER: And how long
19 did it take you to get those checks printed and
20 out?

21 COMMISSIONER MILLER: How long did
22 it take us to get them printed?

23 COUNCIL MEMBER FIDLER: Yeah, well
24 actually when were they printed, I guess would be
25 the first question.

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COMMISSIONER MILLER: Well they started getting mailed the week of December 22nd, and the last ones I believe were mailed on the 29th.

COUNCIL MEMBER FIDLER: And when were they printed?

COMMISSIONER MILLER: When were they printed?

COUNCIL MEMBER FIDLER: Yeah.

COMMISSIONER MILLER: I don't know, I don't have the entire printing schedule in front of me. I could get back to you.

COUNCIL MEMBER FIDLER: How long did it take to print them?

COMMISSIONER MILLER: I don't know.
[Pause] [Off mic]

COUNCIL MEMBER FIDLER: Okay. Thank you. Not going to go for it, huh?

COMMISSIONER MILLER: I don't know the answer.

CHAIRPERSON WEPRIN: Okay. Any further questions? Thank you very much.

COMMISSIONER MILLER: Thank you.
[Pause]

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2 CHAIRPERSON WEPRIN: We also have
3 Tim Mulligan from the Office of Management and
4 Budget and he's going to talk about the request to
5 extend all the charter deadlines for the
6 preliminary budget by two weeks, is that correct?

7 MR. TIM MULLIGAN: Correct.

8 CHAIRPERSON WEPRIN: Okay. And the
9 reason for this request?

10 MR. MULLIGAN: Well, it's to give us
11 more time, particularly with the economy and the
12 uncertainty to get more--excuse me, to get more
13 data on the revenue collections that are coming in
14 from December. So it'll give us and actually two
15 weeks worth of data so that the revenue estimates
16 in the preliminary budget can have the benefit of
17 that additional information.

18 CHAIRPERSON WEPRIN: Okay. And what
19 date does the Mayor now anticipate introducing a--
20 but, you know, we got a head start with the
21 November plan, so obviously it's probably going to
22 be a less dramatic Introduction because we kind of
23 did an 18-month Introduction with the November
24 plan. How is this year's budget's Introduction
25 going to differ because of that--in light of that?

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2 MR. MULLIGAN: Well exactly, instead
3 of doing the historically traditional update of
4 the financial plan in the fall, we tried to
5 anticipate as much as we could the changes in the
6 economy. Even since the November modification,
7 there's been additional changes and, particularly
8 in the national economic data, so there will be
9 some change in the January plan, but hopefully
10 this additional time this legislation provides for
11 the preliminary budget to come out not later than
12 the 30th of January will have the fullest possible
13 picture of where we are for the coming fiscal
14 year.

15 CHAIRPERSON WEPRIN: But do you
16 anticipate because of our early start and because
17 we did the November plan, kind of within an 18-
18 month horizon that the normal January Introduction
19 will be less extensive, or less of a presentation
20 as opposed to just an update?

21 MR. MULLIGAN: I think that the
22 presentation will be the same as we always do.
23 Hopefully there will be fewer surprises in terms
24 of the amount of information we provided in the
25 November update modification in terms of the

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direction of where the economy is going.

CHAIRPERSON WEPRIN: We like fewer surprises.

MR. MULLIGAN: Hopefully.

CHAIRPERSON WEPRIN: Any questions? For Mr. Mulligan? Now's the time to ask question, we're waiting for two members for a quorum.

COUNCIL MEMBER GENTILE: Let me ask a question.

CHAIRPERSON WEPRIN: Council Member Gentile.

COUNCIL MEMBER GENTILE: I'm not clear, first the Mayor was saying we needed to take these actions quickly in December because of what you anticipated coming in the coming months. Now you're saying we need to wait for more data to come in to put the submission together to the Council. So I don't--am I correct in what I'm saying in terms of equating the two or comparing the two?

[Pause]

MR. MULLIGAN: I think that the action taken by acting on the November modification [pause] that's helpful in terms of

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2 budget changes on the expense side that need to be
3 made quickly. Obviously, the sooner you take
4 action, the less severe the action has to be and I
5 think that that was the basis of the comments and
6 that's true. This is a small change, we make
7 changes, not routinely, but on a regular basis to
8 this schedule and this is a slight change. I
9 think last year we made a change of about a week,
10 this is a change of about two weeks and, in light
11 of the uncertainty and the additional variability
12 in the economy, I think that it's prudent to make
13 this small adjustment, I don't think it'll be a
14 significant delay in the ultimate action of
15 adoption.

16 COUNCIL MEMBER GENTILE: So are you
17 less certain about the economy now than you were
18 when you submitted the November plan?

19 MR. MULLIGAN: I'm not going to go
20 into the statement, I'll leave that for our
21 forecasters.

22 COUNCIL MEMBER GENTILE: Well that's
23 what it sounds like, that you're waiting another
24 two weeks just to see how the economy shakes out.

25 MR. MULLIGAN: This change will

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2 allow us to have an additional two weeks worth of
3 data collection, which I think that the
4 preliminary budget will benefit from that
5 additional time.

6 [Pause]

7 CHAIRPERSON WEPRIN: Thank you,
8 Council Member, if you could just wait one minute,
9 we have two members on their way up, unless
10 somebody else has any further questions?

11 [Off mic]

12 CHAIRPERSON WEPRIN: Oh, Council
13 Member Fidler.

14 [Pause]

15 COUNCIL MEMBER FIDLER: As long as
16 we're filling time.

17 CHAIRPERSON WEPRIN: We've been
18 joined by Councilman Jim Gennaro--

19 COUNCIL MEMBER FIDLER: One more to
20 go.

21 CHAIRPERSON WEPRIN: --from Queens.

22 COUNCIL MEMBER FIDLER: I guess to
23 follow up on Councilman Gentile's point and you
24 need to maybe be careful 'cause half of the people
25 here are gutless, I just want you to know that.

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2 Can you now say with any certainty
3 what the impact of the state budget proposal is on
4 our budget gap? How much? Do you know that yet?

5 MR. MULLIGAN: Yeah, we have
6 preliminary estimates about that and the Mayor
7 will be addressing that full picture when he
8 testifies in Albany shortly.

9 COUNCIL MEMBER FIDLER: Do you know
10 what the number is or you're not coming to class
11 prepared for that?

12 [Pause]

13 MR. MULLIGAN: Yeah, we have a
14 preliminary estimate of that, but I don't think
15 that this is the right time to sort of go into
16 that [crosstalk]--

17 COUNCIL MEMBER FIDLER: But do you
18 know? I mean, I was interested that the
19 Department of Finance people didn't seem to know
20 when the rebate checks were printed and so I'm
21 just you know, I'm just--

22 MR. MULLIGAN: We don't--

23 COUNCIL MEMBER FIDLER: --I don't
24 have to kill any more time, right? We have a
25 quorum?

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[Off mic]

COUNCIL MEMBER FIDLER: So I'll just ask you, do you know the answer to the question and, if so, what is it?

MR. MULLIGAN: There is not a final determination, there's preliminary information, I'm aware of those, but, you know, there's different versions of that. Like there's--

COUNCIL MEMBER FIDLER:

[Interposing] Do you want to give me a range so we can put it [crosstalk]--

MR. MULLIGAN: [Interposing] Yeah, I think the range is from a billion to over that.

COUNCIL MEMBER FIDLER: Where is Stu Klein [phonetic]? Never mind.

[Pause]

CHAIRPERSON WEPRIN: Council Member Jackson.

COUNCIL MEMBER JACKSON: Thank you, Mr. Chair, good morning. My question relates to the delay in the dates, basically, the push out of the dates. The governor is having his State of the State message tomorrow at, I believe, about noon, and I don't know the exact date of when he's

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2 coming out with some information, but obviously
3 the State of the State is going to be an
4 indication. How does what the governor has to say
5 over the next three weeks impacts what the city is
6 going to do with respects to moving forward on
7 their budgetary situation?

8 MR. MULLIGAN: I think that your
9 question with Councilman Fidler's question
10 addresses the issue of the grave risk that the
11 governor's proposed executive budget [pause]
12 places on our upcoming fiscal year budget in the
13 city, and I think that, since the budget was
14 released early by the state, we have a lot more
15 information than we normally do at this time of
16 year in terms of what that potential impact will
17 be.

18 However, the uncertainty in terms
19 of what the legislature will do with that proposed
20 executive budget in terms of adoption is just as,
21 if not more, uncertain this year than it is
22 normally, since they take up the budget, they have
23 an April 1st deadline. There's certainly efforts
24 by the executive in Albany to move towards
25 adoption at an earlier date, but we don't know for

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certain what's going to happen with that.

So that there is a very substantial risk to the city's budget from the impact of the proposed state budget, but we won't know even at the end of January what the legislature is doing with that proposal in terms of adopting a state budget.

COUNCIL MEMBER JACKSON: Do you know if the Mayor is going up to the State of the State address tomorrow?

MR. MULLIGAN: I believe that he is.

COUNCIL MEMBER JACKSON: Thank you, Mr. Chair.

CHAIRPERSON WEPRIN: Thank you, Council Member. I'm now going to couple both items and we'll call for a vote.

MR. WILLIAM MARTIN: William Martin, committee clerk. Roll call on the Committee of Finance. Council Member Weprin.

CHAIRPERSON WEPRIN: Aye on both.

MR. MARTIN: Rivera.

COUNCIL MEMBER RIVERA: I vote aye on both.

MR. MARTIN: Reyna.

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COUNCIL MEMBER REYNA: Aye on both.

MR. MARTIN: Baez.

COUNCIL MEMBER BAEZ: Aye on both.

MR. MARTIN: Comrie.

COUNCIL MEMBER COMRIE: Aye on both.

MR. MARTIN: Fidler.

COUNCIL MEMBER FIDLER: Aye.

MR. MARTIN: Gennaro.

COUNCIL MEMBER GENNARO: Yes.

MR. MARTIN: Jackson.

COUNCIL MEMBER JACKSON: Aye on all.

MR. MARTIN: Koppell.

COUNCIL MEMBER KOPPELL: Aye on

both.

MR. MARTIN: Vallone.

COUNCIL MEMBER VALLONE: Aye.

MR. MARTIN: Gentile.

COUNCIL MEMBER GENTILE: Aye on all.

MR. MARTIN: Ignizio.

COUNCIL MEMBER IGNIZIO: Yes.

MR. MARTIN: Oddo.

COUNCIL MEMBER ODDO: Yes.

MR. MARTIN: By a vote of 13 in the
affirmative, zero in the negative, and no

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abstentions, both items are adopted. Members,
please sign the committee reports. Thank you.

CHAIRPERSON WEPRIN: Okay. I'm
going to keep the roll open for a half-hour, a
number of members called me and told me they were
on their way, so the roll will be open for a half-
hour 'til about approximately 11:40.

Other than that, we're adjourned.
Please sign the committee reports.

[Pause]

[End Tape 1002]

[Begin Tape 1003]

MALE VOICE: Works very closely with
Zalekoff [phonetic], helps everybody do their
petitions.

FEMALE VOICE: Council Member Gioia.

COUNCIL MEMBER GIOIA: Thank you, I
vote yes.

MR. MARTIN: Vote now stands at 14.

[Pause] Council Member Vann.

COUNCIL MEMBER VANN: Aye on all.

MR. MARTIN: Vote now stands at 15.

[Pause] Council Member Sears.

COUNCIL MEMBER SEARS: Aye on all.

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MR. MARTIN: Vote now stands at 16 in the affirmative. [Pause] [Off mic] No dancing. [Pause] Council Member Yassky.

COUNCIL MEMBER YASSKY: Aye.

MR. MARTIN: Vote now stands at 17 in the affirmative, zero in the negative, no abstentions. [Pause] Thank you. [Pause] Council Member de Blasio.

COUNCIL MEMBER DE BLASIO: Aye on all.

MR. MARTIN: Vote on Committee on Finance now stands at 18 in the affirmative, zero in the negative, no abstentions. [Pause] Council Member Gerson.

COUNCIL MEMBER GERSON: Aye on all.

MR. MARTIN: Final vote on the Committee on Finance now stands at 19 in the affirmative, zero in the negative, and no abstentions. Thank you.

[Pause]

CHAIRPERSON WEPRIN: Okay. The Committee on Finance is now adjourned.

[End Tape 1003]

C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature Tammy Wittman

Date January 14, 2009