

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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November 16, 2009

Start: 11:50 am

Recess: 12:26 pm

HELD AT: Council Chambers
City Hall

B E F O R E:

DAVID I. WEPRIN
Chairperson

COUNCIL MEMBERS:

Council Member Gale A. Brewer
Council Member Leroy G. Comrie, Jr.
Council Member Bill de Blasio
Council Member Lewis A. Fidler
Council Member James F. Gennaro
Council Member Vincent J. Gentile
Council Member Alan J. Gerson
Council Member Eric N. Gioia
Council Member Vincent M. Ignizio
Council Member Robert Jackson
Council Member G. Oliver Koppell
Council Member James S. Oddo

A P P E A R A N C E S

COUNCIL MEMBERS:

Council Member Diana Reyna

Council Member Joel Rivera

Council Member Helen Sears

Council Member Albert Vann

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

David Margalit
Dep. Commissioner, Business Develop/Agency Strategy
Department of Small Business Services

Nadine Felton
Assistant Director
Finance Division

Amray Dev
Senior Financial Legislative Analyst
Finance Division

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2 CHAIRPERSON WEPRIN: Good morning,
3 under the wire. Welcome to this morning's Finance
4 Committee hearing. My name is David Weprin, I
5 Chair this Committee. Today there are five items
6 on our agenda: Intro 1057, which is a local law
7 to extend the boundaries of the Times Square BID;
8 three preconsidered resolutions relating to
9 property taxes, which will have the effect of
10 saving homeowners money and property taxes, and a
11 transparency resolution. Let's begin with the BID
12 item, Intro 1057, would extend the boundaries of
13 the Times Square BID located in the Speaker's
14 District. The extension would allow for the
15 inclusion of the Bank of America Tower at One
16 Bryant Park. The extended Times Square BID would
17 also include properties west of Sixth Avenue to
18 Eighth Avenue, and from 40th Street to 53rd Street.
19 On September 30, 2009, this Committee held its
20 initial hearing on the local law after having set
21 the date for that hearing by proposed Resolution
22 2096-A as required by the BID law. At that time,
23 all individuals who wanted to be heard on the
24 extension of the BID were given an opportunity to
25 be heard. After that hearing, a 30 day objection

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2 period began, allowing anyone objecting to the BID
3 to be given the opportunity to file an objection
4 with the City Clerk. Under the BID law, if 51
5 percent of more of property owners or individuals
6 owning at least 51 percent of the assessed
7 valuation of the property objected, we could not
8 adopt the local law. However, as the Department
9 of Small Business Services will soon tell us,
10 there were no objection to the extension of the
11 BID. Thus, if the Committee can answer the
12 following four questions in the affirmative, we
13 can adopt a local law extending the BID. The four
14 questions we must be prepared to answer are: One,
15 were all notices of hearings, for all hearings,
16 required to be held published and mailed as
17 required by law and otherwise sufficient? Two,
18 does all the real property within the district
19 boundaries benefit from the extension of the
20 district, except as otherwise provided by the law?
21 Three, is all real property benefited by the
22 district included within the district? And four,
23 is the extension of the district in the best
24 interests of the public? If the Committee finds
25 in the affirmative on these four questions, then

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2 the legislation can be adopted. Speaker Quinn
3 supports the extension of this BID. The next
4 items on our agenda are the three tax fixing
5 resolutions for the benefit of the public and my
6 colleagues. I'll speak briefly on the tax fixing
7 process. The class share is the portion or
8 percent of the real estate taxes or levy raised
9 each year, born by each of the four classes of
10 property. That percent changes each year based on
11 formulas and procedures in state law, which take
12 into account changes in the relative market value
13 for each class. On June 19th of this year, the day
14 we adopted the budget, we also adopted the three
15 property tax resolutions. The State law in effect
16 at that time, capped the amount any class share
17 could be increased to five percent. Subsequent
18 State legislation amended a law to establish a
19 lower cap at zero percent. What this means is
20 that under the amended law, no class shares of the
21 real property tax levy can increase by more than
22 zero percent from last year's share. If the zero
23 percent cap were not adopted, the typical
24 taxpayer's bill for a class one property, would be
25 \$176 higher and the tax bill for class two co-ops

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2 would be \$165 higher. So, today we are amending
3 the three property tax fixing resolutions adopted
4 on June 19th, to help make New York City a little
5 more affordable for class one and two homeowners.

6 I urge all of my colleagues to vote yes on these
7 amended property tax resolutions. The last item
8 on our agenda is a transparency resolution which
9 makes changes to designations made in the fiscal
10 2010 adopted budget, adopted on June 19, 2009.

11 For clarification purposes, it is to be noted that
12 organizations appeared in the Resolution that have
13 not yet completed the prequalification process
14 conducted by the Mayor's Office of Contract
15 Services by the Council or other government
16 agencies, are identified in the attached charts
17 with an asterisk. Additionally, as with all
18 transparency resolutions, Council Members will
19 have to sign a disclosure form indicating whether
20 or not a conflict exists with any of the groups on
21 the attached list. If any Council Member has a
22 potential conflict of interest with any of the
23 organizations listed, he or she may want to
24 disclose the conflict at the time of their vote.
25 To facilitate the disclosure process, the Finance

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2 Council, along with the general Council's office,
3 have extracted new groups listed in today's
4 transparency resolution that were not listed in
5 Schedule C or in prior transparency resolutions.
6 Rather than requiring members to peruse the entire
7 list of charts, this separate list of new groups
8 will allow members to easily identify new
9 organizations with which they may or may not have
10 a conflict. Additionally, for reference, the
11 Finance Council and the Ethics Council have on
12 hand a list of potential conflicts of interest
13 previously disclosed by members. We have a number
14 of members of the Committee here today. We have
15 Council Member Robert Jackson, from Manhattan;
16 Majority Leader Council Member Joel Rivera from
17 The Bronx; our Assistant Majority Leader, Council
18 Member Lew Fidler from Brooklyn; Council Member
19 Helen Sears from Queens; Council Member Albert
20 Vann from Brooklyn; Council Member Vincent Gentile
21 from Brooklyn; and Council Member Diana Reyna from
22 Brooklyn and Queens; our Deputy Majority Leader,
23 Council Member Leroy Comrie; and Council Member
24 Gale Brewer from Manhattan. [pause] Okay, we
25 will now hear from Deputy Commissioner of the

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2 Department of Small Business Services, David
3 Margalit, about the extension of the Time Square
4 BID.

5 DAVID MARGALIT: Thank you. Good
6 morning, Chairman Weprin and members of the
7 Finance Committee. I'm David Margalit, Deputy
8 Commissioner of the Department of Small Business
9 Services, where I'm responsible for our agency's
10 work with Business Improvement Districts, or BIDs.
11 We support this bill to expand the Times Square
12 BID to include One Bryant Park. As required by
13 the BID law, the Times Square BID mailed the
14 summary of the City Council resolution to each
15 owner of real property within the proposed
16 district, at their respective addresses, as shown
17 on the latest City Assessment Roll. The BID also
18 notified other persons who are registered with the
19 City, to receive tax bills concerning real
20 property within the district, as well as tenants
21 of each building within the proposed district.
22 SBS also published a summary of the resolutions in
23 the City record. No objections were filed with
24 the City Clerk against the extension of the Times
25 Square BID. The total assessed valuation of real

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2 property within the district is \$5.6 billion, and
3 the total number of properties is \$1,563, which
4 are held by 1,491 property owners. As there was
5 no objection to this expansion, we recommend this
6 bill for favorable consideration by the full City
7 Council. We support the extension of the Times
8 Square BID. In our judgment, the extended BID and
9 amended district plan will improve business
10 conditions and quality of life in the midtown area
11 of Manhattan. We request the City Council approve
12 the extension of the Times Square BID. Thank you.

13 CHAIRPERSON WEPRIN: Thank you.

14 Any questions for Deputy Commissioner Margalit?
15 Thank you. We'll now hear from Deputy Director in
16 the Finance Division, Nadine Felton, about the tax
17 fixing resolutions.

18 NADINE FELTON: Yeah, I'm Nadine
19 Felton, Assistant Director of the Finance
20 Division, and I'd like to introduce my colleague,
21 Amray Dev [phonetic].

22 AMRAY DEV: Hi, I'm Amray Dev, I'm
23 a Senior Financial Legislative Analyst, Finance
24 Division.

25 NADINE FELTON: And he's working on

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2 the property tax with me. As Chairman Weprin
3 mentioned in his opening statements, what we're
4 doing on the tax, with the tax fixing resolutions,
5 is we're amending the three resolutions setting--
6 the two of them set the class shares. We've got
7 four classes of property, each class is
8 responsible for a certain percent of real estate
9 taxes, and those shares, sort of change each year,
10 and the State caps the increase that any class's
11 share can be over the prior year by five percent.
12 But in the past several years, the Council
13 Members, when we considered this back in June,
14 before adoption, we can ask the State to change
15 that law and lower the cap on the class share
16 increases to something lower than five percent.
17 And the Council Members had voted at that time to
18 put it at zero percent, as we've done in the last
19 couple of years. The reason for doing this is
20 that it makes the tax rates for the residential
21 tax classes, class one, the one, two, three family
22 home, and class two, the multifamily homes, it
23 makes their tax rate be lower than it would be if
24 we kept the five percent cap. But what happened
25 is at the time of adoption, the State had not

1 acted on this law, so we had to adopt the tax
2 rates and the shares at the five percent cap,
3 which is what is in the estate law. Subsequent to
4 that, State Legislature amended the law permitting
5 us to do zero percent cap, that was done around
6 July 11th. So now what we need to do is to come
7 back, amend those shares and rates that we adopted
8 on, in June, to reflect the zero percent cap. And
9 the effect of this is, is that it's going to make
10 the tax bill for the class one, the single family
11 homeowner and the multifamily homeowner and
12 renter, less than what it would have been if we
13 kept the rates at the five percent. And I think
14 what you've got, well this is a very sort of
15 elaborated, long chart, that goes through like the
16 citywide savings for a typical, or an average
17 taxpayer, by type of property. And then it goes
18 by borough, so you can also look it up for Queens
19 or Brooklyn, so Staten Island, all the boroughs
20 are there. So for like a single family homeowner,
21 this action will be saving a typical, citywide
22 single family homeowner about \$176 on their tax
23 bill. What will happen after, if this is adopted,
24 and after this passes, the Department of Finance
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2 will mail out new bills, or corrective bills, I
3 should say, to all property owners, which'll be
4 for the second half of the fiscal year, due
5 January 1, or quarterly, for most of your
6 residential homeowner taxpayers. And it will then
7 adjust the bill that they got back in June, for
8 the rates that are now based on the zero percent
9 cap rate. Just one caveat: the bills that were
10 mailed out in June on the, by the Department of
11 Finance, were mailed out before we adopted the
12 budget on June 19th, which they're permitted to do
13 under the charter. So what they did is they
14 mailed the bills out, and it was based on the
15 fiscal 2010 assessed values, but they used fiscal
16 '09 tax rates. And you'll also see in the typical
17 charts, even though we're saving a single family
18 homeowner \$176, because the rate that we're
19 adopting now is the lowest we could do, the best
20 that we could do, will be slightly higher than the
21 fiscal '09 rate, almost two percent. They're, the
22 single family homeowner will see a slight increase
23 in their bill, about \$60, for the full year
24 effect, basically, of that change. Might be a
25 little confusing, but that's pretty much what will

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2 happen. We are certainly available to answer
3 questions and be available to your staff, and to
4 you, for any questions, should you get them from
5 your constituents or anyone else, and if you've
6 got questions now.

7 CHAIRPERSON WEPRIN: Thank you, Ms.
8 Felton. Any questions? Yes? We've been joined
9 by Council Member Oliver Koppell from The Bronx,
10 and also Council Member Darlene Mealy from
11 Brooklyn. Council Member Koppell?

12 COUNCIL MEMBER KOPPELL: Thank you.
13 I was a little confused, and I'm sorry I haven't
14 had a chance to study the documents, but you
15 indicate that the, there's going to be a reduction
16 in rate, that's for this current tax year, right?

17 NADINE FELTON: That's right.

18 COUNCIL MEMBER KOPPELL: Which
19 ends, it goes from '09 to June 30, '10, right?

20 NADINE FELTON: Right. The tax
21 rates that we adopted on June Fiscal '10 for the
22 '010 rates at the five percent cap, are higher
23 than the ones that we're adopting today. So the
24 final fiscal '10 tax rates are the ones that we're
25 adopting today at the zero percent.

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COUNCIL MEMBER KOPPELL: But

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you're, what, what you're saying is that the tax--

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the tax bill that the taxpayers received, in June,

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that tax bill is still going to be increased.

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NADINE FELTON: Yes, because the,

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the tax bill they received in June, since the

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rates were not adopted, they mailed it out like in

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the early June, we adopted the budget on June 19th-

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COUNCIL MEMBER KOPPELL: So if a

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taxpayer, let's assume, had a tax bill of, let's

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say, \$5,000, they're now going to get an adjusted

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tax bill for, in January, or maybe in December,

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but it'll be for the last half year, is that

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correct?

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NADINE FELTON: It'll be for the

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last half--it will be, it'll be for the last half

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of the year, but it will be retroactive to June 1.

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So we know--yeah, yeah.

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COUNCIL MEMBER KOPPELL: But what,

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in other words, when, when my constituents get a

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tax bill--

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NADINE FELTON: Right.

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COUNCIL MEMBER KOPPELL: They

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would've gotten a tax bill in June for \$5,000 for the year. Or \$2,500 for the half year.

NADINE FELTON: Use \$3,000 it's a little easier. [laughs] If they got a tax bill for \$3,000--

COUNCIL MEMBER KOPPELL: Okay, they got a tax bill for \$3,000--

NADINE FELTON: They'll now get a tax bill for \$3,060.

COUNCIL MEMBER KOPPELL: So that actually they're going to get a higher tax bill, even though it's lower than what was antic--

NADINE FELTON: That's right.

COUNCIL MEMBER KOPPELL: --what would've been anticipated.

NADINE FELTON: That's correct.

COUNCIL MEMBER KOPPELL: So that's not such a great thing, because they're going to still see an increase.

NADINE FELTON: Yes, but that was about, at the zero percent--we can't go any lower than zero percent, you know.

COUNCIL MEMBER KOPPELL: No, no, I understand that, there's nothing we can do about

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it.

NADINE FELTON: No, there's nothing we can do.

COUNCIL MEMBER KOPPELL: But just in terms of, in terms of what we're doing, it's not going to give us any great appreciation.

NADINE FELTON: No. But well--

COUNCIL MEMBER KOPPELL: [laughs]

NADINE FELTON: No. I mean, it's very, that's what, you always get into the situation, "Well, since nobody saw the bill at the five percent," you know, "nobody saw the tax rates--"

COUNCIL MEMBER KOPPELL: Right, that's the problem, nobody saw it, so nobody's going to really know--

NADINE FELTON: So, all you can say, well you really can't--

COUNCIL MEMBER KOPPELL: Nobody's going to know that we did something good, they're going to only say, "Oh, my tax bill went up."

NADINE FELTON: Or you can tell them, instead of it being three--

COUNCIL MEMBER KOPPELL: [laughs]

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Yeah, well.

NADINE FELTON: \$3,000.60 it would
be \$3,000.02.

COUNCIL MEMBER KOPPELL: You just
convinced me not to send out a press release.

NADINE FELTON: [laughs]

COUNCIL MEMBER KOPPELL: Thank you.

CHAIRPERSON WEPRIN: Yes, Council
Member Gentile.

COUNCIL MEMBER GENTILE: So, when
they get, when residents get this tax bill,
they're not going to be told all these
machinations, I guess, right?

NADINE FELTON: I think probably
not, I'm not sure what the Department--Department
of Finance usually sends out a flyer with the
rebilling, and I'm not quite sure, I mean, but
usually these machinations, yeah, are--

COUNCIL MEMBER GENTILE: So, they
wont' know that it went down, and then it went up,
and it went up less than it could've gone up,
because it went down? They're not going to know
that, right?

NADINE FELTON: No, not, no. I

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2 don't think so, I don't think the Department of
3 Finance is going to say it would've been, 'cause
4 nobody saw the rates at five percent, quite
5 honestly, on the bill.

6 COUNCIL MEMBER GENTILE: Okay, so
7 you leave it up to us when they come screaming and
8 yelling that their tax bill went up.

9 NADINE FELTON: Just may. Their
10 tax--Well, you can tell them, yes, but you did the
11 best you could do, under the circumstances, and it
12 would've been like \$176 more than the, than what,
13 what it--

14 COUNCIL MEMBER GENTILE: And just,
15 just to be clear, this is because of what the
16 State Legislature has done.

17 NADINE FELTON: Well, this is, the
18 State Legislature did what we wanted at the zero
19 percent cap, but the hallway [phonetic] class
20 shares are set, are done, according to State laws
21 and State formulas, the Council has no real power
22 in that, that's the first thing. And we did the
23 best we could do in holding down the tax rate
24 increase for the residential owners. And
25 secondly, the Department of Finance assesses

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property every year, and we do not have responsibility over that.

COUNCIL MEMBER GENTILE: David, it's up to you.

CHAIRPERSON WEPRIN: Council Member Jackson.

COUNCIL MEMBER JACKSON: Thank you, Mr. Chair. So, I am looking at Manhattan, because that's where I live, and I represent constituents in Northern Manhattan. So, based on the chart that I'm looking at, one of my constituents who owns a single family home, the build changed from five percent to zero percent cap, as a reduction of \$1,489 in their tax bill, is that correct?

NADINE FELTON: That's correct.

COUNCIL MEMBER JACKSON: Okay, but considering the fact that their home assessed value may have gone up, they're still paying taxes, is that correct?

NADINE FELTON: Correct.

COUNCIL MEMBER JACKSON: Okay. So, on this example here, that is given, the Fiscal 2009 tax bill, based on the billable assessed value, the BAV, is \$27,103 in the given example,

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is that correct? This is just an example.

NADINE FELTON: That's, that was the '09 bill.

COUNCIL MEMBER JACKSON: Right.

NADINE FELTON: Right.

COUNCIL MEMBER JACKSON: Okay, but then the change of zero cap of Fiscal '10--

NADINE FELTON: Right.

COUNCIL MEMBER JACKSON: --that the tax bill has gone up to \$29,000 from \$27, is that correct?

NADINE FELTON: That's correct.

COUNCIL MEMBER JACKSON: The change of \$2,663.

NADINE FELTON: That's correct.

COUNCIL MEMBER JACKSON: So, considering this particular example, my homeowner may have received half of that, that \$2,663, is that correct? In the first, first--

NADINE FELTON: Right, the first, yeah, in their billing for the first half of the year, they've paid half of that, yeah.

COUNCIL MEMBER JACKSON: Half of that. And so, now, they will receive a bill

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saying how much they owe, if anything.

NADINE FELTON: They'll receive the bill for the second half, which'll be slightly, right, which will be a little bit more than, than what they paid for the first half.

COUNCIL MEMBER JACKSON: And that's because the assessed value of their property has gone up, is that correct?

NADINE FELTON: No, that's--well, their assessed value of the property did go up, that's why, that's the major reason why there's an increase from '09. But the other thing that they'll get now is a, if you'll notice, the class two tax rate went up by 1.4 percent over what--so they'll get about a one percent, a little more than a one percent increase, in what they would've gotten billed in June. So--

COUNCIL MEMBER JACKSON: But I think the bottom line--

NADINE FELTON: --they'll get about a \$300 more--

COUNCIL MEMBER JACKSON: --the bottom line of this resolution that we're approving is that the State of New York approved

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our zero assessed on these properties.

NADINE FELTON: That's correct.

COUNCIL MEMBER JACKSON: And if in fact we did not request that, it would've been at five percent, is that correct?

NADINE FELTON: That's correct, that's correct.

COUNCIL MEMBER JACKSON: And which, which means a lot more taxes they would have paid.

NADINE FELTON: That's correct, that's, that's really, that's what's happening, right.

COUNCIL MEMBER JACKSON: Okay. And what is the impact on Class Four, which is office buildings? 'Cause I see here, where everyone else is going to be basically their tax changed from a five percent to zero cap, is going to be less money. And the office buildings are going to be increased, is that correct?

NADINE FELTON: Well, the office build--but even the small retailer, there'll be a slight, there'll be a slight increase, but the, the rate for Class Four is still, even at the zero percent cap, is still less, it's still almost two

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percent less than last year's rate.

COUNCIL MEMBER JACKSON: Okay, so you mean--

NADINE FELTON: So, they're actually going to get a savings.

COUNCIL MEMBER JACKSON: Because the current rate is 1.8 percent, is that correct?

NADINE FELTON: They're actually going to see--that's correct. So, in other words, they're, when they got their tax--

COUNCIL MEMBER JACKSON: That's for Manhattan.

NADINE FELTON: That's all, for everybody.

COUNCIL MEMBER JACKSON: For the City.

NADINE FELTON: For Class Four, the '09 tax rate that they got billed on in June, is higher than the fiscal '10 tax rate that they will see on their bill come January.

COUNCIL MEMBER JACKSON: Okay.

NADINE FELTON: In other words, so they're actually going to get a savings, both the office and the retailer.

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COUNCIL MEMBER JACKSON: Thank you.

CHAIRPERSON WEPRIN: Thank you, Council Member. We've been joined by our minority leader, Councilman Jim Oddo, from Staten Island and Brooklyn; and Council Member Vincent Ignizio from Staten Island. The next questioner is Council Member Gale Brewer.

COUNCIL MEMBER BREWER: Thank you very much. My question is about the condos and the co-ops. Can you update me on their abatement and how that impacts, if at all, this particular discussion? There are three--

NADINE FELTON: Yeah, the co-op condo abatement is still in effect, and for another, I think it sunsets 20--after Fiscal 2012, 'cause we renewed it for four years a year ago. So, most co-ops in Manhattan, in fact the overwhelming number of co-ops now get 17-and-a-half percent taken off their tax bill. So whatever their final tax bill is, so like for, you can look on here for the Manhattan co-op, this is per unit, they'll get a 17-and-a-half percent reduction. And it's off the actual, after all other deductions, so it's off whatever their,

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2 their taxes it would be, after all other
3 deductions are taken. So if they had a star, or a
4 J-51 or something. So, if they end up with a tax
5 bill of \$10,000, 17-and-a-half percent would be
6 deducted from that.

7 COUNCIL MEMBER BREWER: Okay. And
8 so, and the other question I have is, those, the
9 issue of the assessment, which of course is what
10 people see in their increase, they don't
11 understand that it's a zero sum game, in terms of
12 the abatement, in terms of the taxes, they just
13 look at the assessment. So, I should know this,
14 but is there any discussion about how you, how we
15 present the zero percent increase versus five
16 percent, and then the assessment on top of that.
17 Is that something that we try to explain to
18 taxpayers?

19 NADINE FELTON: Well, the
20 assessment would be--

21 COUNCIL MEMBER BREWER: It's
22 different in every case, I understand that.

23 NADINE FELTON: --the same, yeah,
24 yeah, same whether it's zero percent or five
25 percent. So, we actually did have a breakdown. I

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think--the co--this is, now this is not Manhattan, although Manhattan is the bulk of your co-op condo in terms of big money. But this is the, for a co-op unit--

COUNCIL MEMBER BREWER: Okay.

NADINE FELTON: --average citywide, the assessed value was about five percent. So about five percent of the increase is assessed value.

COUNCIL MEMBER BREWER: Okay.

NADINE FELTON: And the tax rate is about 1.4 percent.

COUNCIL MEMBER BREWER: Okay.

NADINE FELTON: Now, as another reason why we did this, people are seeing the--we did, if you remember, a rescinding of the seven percent decrease that we had instituted. We did this last December. So, for the, it was effected for the second half of '09. So, the full year effect, people are still seeing about a 3.8 percent increase in their bill as a result of rescinding the seven percent decrease we had done. Which his one of the reasons why things are a little higher than they might ordinarily be if you

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just did assessed value and the tax rate change.

COUNCIL MEMBER BREWER: Okay,
alright. Thank you very much.

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

COUNCIL MEMBER FIDLER: Yeah, I--
you know, I don't know why this is sounding so
mystical to everybody here. I believe in the
eight years that most of us have been here, I
believe this is the sixth time this has happened.
And the challenge--and I'm glad to see Mr.
Lombardi walked into the room--the challenge is
really to have to newspapers explain this
correctly. I know he got it right, I think the
last time he wrote about it. You know, this is
when up is down. The action that we're taking
today will, will reduce the property tax bill that
would have gone out to Class I and II property
owners, yet their bill will go up. And will
increase the taxes on Class IV property owners,
yet their bill will go down. Yet it is the only
action that we can possibly take to protect Class
I and II property owners, with doing it to the
maximum extent that the law permits. And yet

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2 everyone of us will get angry phone calls,
3 sometime in January, saying "Why did my bill go
4 up? You raised my rate." Alright, and the fact
5 of the matter is we didn't raise their rate, the
6 State formula acts to raise their rate; we are
7 taking that action that the Legislature has
8 permitted us to reduce their rate to the maximum
9 extent of our power. And if the newspapers get it
10 right, we will be able to explain to our
11 constituents what we have done, to try and protect
12 it. And of course that doesn't get to the
13 question that is asked perhaps most frequently in
14 the last year is, "Why if my property value has
15 gone down has my assessment gone up anyway? And
16 my taxes go up" which is a totally unrelated
17 question to all of this. But clearly, something
18 that is kind of reflected in the reality that we
19 all face when we, we have to explain these bills
20 to our constituents. So, I guess the most
21 important person in the Council today will be
22 Jamie McShane as he goes around and tries to
23 explain this to, to the reporters in Room 9, so
24 that when they write their article, they do say
25 that the Council acted to protect property owners

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2 today, to the maximum extent that they were
3 permitted to do so by law.

4 CHAIRPERSON WEPRIN: Yeah, Council
5 Member Sears.

6 COUNCIL MEMBER SEARS: It comes up
7 all the time, Councilman Fidler, because it seems
8 to get more convoluted and more convoluted, when
9 it can be reduced in a very simple way. But my
10 question is, for the assessment that may not be
11 the issue today, but one of the things that I'm
12 constantly asked, and will continue, particularly
13 after these bills go out, since the, since my
14 property values have gone down, and even though
15 Queens is a little bit maybe in that bubble, have
16 they calculated the reduction in the value of the
17 property when they're sending out their bills?
18 And how do they do that?

19 NADINE FELTON: I think, I have
20 this here for you. Also, I think we may have
21 given this, but you know, this was back in June,
22 the Department of Finance did a nice flyer for us,
23 trying to explain why the law, the assessment
24 process and the laws are in such a way that even
25 though your market value may go down in one year,

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your assessments are still increasing.

COUNCIL MEMBER SEARS: Correct.

NADINE FELTON: And it has to do with, and I will give you a copy of this--

COUNCIL MEMBER SEARS: Okay.

NADINE FELTON: --and it has to do with, there's kind of a phase-in for Class I. We know that for Class II and IV, they phase the values in over five years. So, you can experience market value declines in Year I, but if you've come off of a boon year, you're still getting the Phase ins of the higher values, so your assessments can be higher. So, something not quite the same, I won't even call it a phase-in 'cause it gets confused, but there's something that goes on for the one, two and three family homeowners, which are assessed basically on comparable sales prices, that have been going down. So people have been seeing, there's been a decline in market value for Class I. But there's this problem is that there's something called a target assessment ratio. Your assessed value for Class I can be as much, the target assessment ratio is six percent of your market value, or your

1 sales price, if you're full value. What's
2 happened over the boom years, where we've had a
3 very high growth in market value for the one, two
4 and three family homes, they've had like double
5 digit growth over the last ten years. That that
6 assessment never gets captured, because what
7 happens is that if you have a market value going
8 up by ten percent and ten and eleven percent,
9 there are, 'cause it gets complica--there are caps
10 on this new, and I think you're all familiar with
11 this, there are caps on assessment growth. No
12 homeowners, one, two or three family homeowners'
13 assessments can grow by more than six percent a
14 year, or 18, or 20 percent over five years. So if
15 you're going market value's going up ten percent,
16 but your assessments can only go up six percent--
17 you're losing that. So, what happens is if you
18 are a homeowner and your assessment ratio, you
19 started out at six percent of your full value ten
20 years ago. But you've experienced really high
21 growth and market value. Now your ratio might be
22 down to three percent of that assessed, of that
23 market value. The Department of Finance, even
24 though your market value is going down, according
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2 to the rules, I mean, the assessments, it's not
3 "them," they're doing because of the rules, they
4 can increase your assessed value up until you get
5 to that target assessment ratio of six percent.
6 And that's why for a lot of homeowners, even
7 though their values have gone down the last couple
8 of years, they're still seeing assessment
9 increases. And I'll give you this flyer that
10 hopefully might make that clearer.

11 COUNCIL MEMBER SEARS: Okay, I, I'd
12 appreciate that. But so are the co-ops and condos
13 experiencing that as well.

14 NADINE FELTON: That, and that's
15 because there's a different kind of phase in,
16 because they're Class Two, and so any more, any
17 declines in mark--they've come off also from a
18 high, you know, high boom years of market value
19 growth.

20 COUNCIL MEMBER SEARS: Sure.

21 NADINE FELTON: Even though they're
22 based on rental incomes.

23 COUNCIL MEMBER SEARS: Which
24 actually--

25 NADINE FELTON: So it's been phase

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in, they're still getting some of that.

COUNCIL MEMBER SEARS: --the co-ops and condos still have a big disadvantage because we were supposed to be studying the inequity in the form, in the co-op/condo situation, that's for another conversation. So it means, seems to me the co-ops and condos have something that they should not be experiencing. I understand exactly what you're saying--

NADINE FELTON: Yeah.

COUNCIL MEMBER SEARS: And we have not reviewed the formula for the co-op and condos, so they're really caught, I think, in a mess.

NADINE FELTON: No.

COUNCIL MEMBER SEARS: Thank you very much.

CHAIRPERSON WEPRIN: Thank you, Council Member. Any other questions? Seeing none, I'd like to couple the three property tax resolutions, the Times Square BID, local law expansion and the transparency resolution. Call the roll.

CLERK: William Martin, Committee Clerk, roll call on the Committee on Finance.

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Council Member Weprin.

CHAIRPERSON WEPRIN: Aye on all.

CLERK: Rivera.

COUNCIL MEMBER RIVERA: [off mic]

Aye on all.

CLERK: Reyna.

COUNCIL MEMBER REYNA: Aye on all.

CLERK: Brewer.

COUNCIL MEMBER BREWER: Aye on all.

CLERK: Comrie.

COUNCIL MEMBER COMRIE: [off mic]

Aye on all.

CLERK: Fidler.

COUNCIL MEMBER FIDLER: Aye on all.

CLERK: Gerson.

COUNCIL MEMBER GERSON: Aye on all.

CLERK: Jackson.

COUNCIL MEMBER JACKSON: Got a

minute, one second - -

CLERK: Koppell.

COUNCIL MEMBER KOPPELL: [off mic]

Aye.

CLERK: Sears.

COUNCIL MEMBER SEARS: Aye.

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CLERK: Vann.

COUNCIL MEMBER VANN: Aye.

CLERK: Gentile.

COUNCIL MEMBER GENTILE: Aye on
all.

CLERK: Ignizio.

COUNCIL MEMBER IGNIZIO: [off mic]
Yes.

CLERK: Oddo.

COUNCIL MEMBER ODDO: [off mic]
Yes.

CLERK: [pause] Current vote in the
Committee on Finance is 13 in the affirmative,
zero in the negative, no abstentions. All items
have been adopted. Council Members, please sign
the Committee reports.

CHAIRPERSON WEPRIN: Okay, I'm
going to keep the roll open for a half hour, until
12:52 p.m.; other than that, we're adjourned.
[gavel] Yeah.

CLERK: Council Member Jackson.

COUNCIL MEMBER JACKSON: I vote aye
on all.

CLERK: Vote now stands at 14 in

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the affirmative.

CLERK: De Blasio.

COUNCIL MEMBER DE BLASIO: I vote
aye.

CLERK: Vote is 15 in the
affirmative.

[pause, background noise]

CLERK: Council Member Gioia.

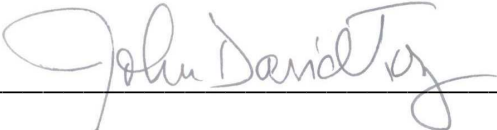
COUNCIL MEMBER GIOIA: I vote yes.

Thank you.

CLERK: Vote--vote now stands at 16
in the affirmative.

C E R T I F I C A T E

I, JOHN DAVID TONG 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  _____

Date November 24, 2009