

Staff:
Rebecca Chasan, Senior Counsel
Noah Brick, Assistant Counsel
Emre Edev, Assistant Director



THE COUNCIL
REPORT OF THE FINANCE DIVISION
LATONIA MCKINNEY, DIRECTOR

COMMITTEE ON FINANCE
HON. DANIEL DROMM, CHAIR

June 30, 2021

PRECONSIDERED RES. No.: By: Council Member Dromm

TITLE: Resolution to establish that the interest rate be three percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of no greater than \$250,000, or no greater than \$250,000 per residential unit for cooperative apartments

PRECONSIDERED RES. No.: By: Council Member Dromm

TITLE: Resolution to establish that the interest rate be six percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments

PRECONSIDERED RES. No.: By: Council Member Dromm

TITLE: Resolution to establish that the interest rate be 13 percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of over \$450,000, or over \$450,000 per residential unit for cooperative apartments

Section 11-224.1 of the Administrative Code of the City of New York requires the New York City Banking Commission (the “Banking Commission”) to send a written recommendation to the City Council of proposed interest rates to be charged for late payment of property taxes no later than the 13th day of May each year. In making such recommendation, the Banking Commission must consider the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “Prime Rate”). Specifically, the Banking Commission must propose rates that meets the following requirements:

- for real property with an assessed value of \$250,000 or less, or \$250,000 or less per residential unit for cooperative apartments,¹ the recommended interest rate shall be at least equal to the Prime Rate;
- for real property with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments,² the recommended interest rate shall be at least four percent per annum greater than the Prime Rate; and
- for real property with an assessed value of over \$450,000, or over \$450,000 per residential unit for cooperative apartments,³ the recommended interest rate shall be at least six percent per annum greater than the Prime Rate.

By letter dated May 13, 2021, the Banking Commission identified the Prime Rate as three and one-quarter percent (3.25%) and recommended to the Council the following rates for late payment of property taxes:

¹ To be deemed \$250,000 or less, the cooperative apartment must be located in a building where the average assessed value of units is \$250,000 or less.

² To be deemed more than \$250,000 and no greater than \$450,000, the cooperative apartment must be located in a building where the average assessed value of units is more than \$250,000 and no greater than \$450,000.

³ To be deemed over \$450,000, the cooperative apartment would have to be located in a building where the average assessed valuation of units is over \$450,000.

- for real property with an assessed value of \$250,000 or less, or \$250,000 or less per residential unit for cooperative apartments, its recommended interest rate was three and one-quarter percent (3.25%) per annum in the first quarter (July 1, 2021 to September 30, 2021) and four and one-half percent (4.5%) per annum in the second, third, and fourth quarters (October 1, 2021 to June 30, 2022);
- for real property with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments, its recommended interest rate was twelve percent per annum; and
- for real property with an assessed value of over \$450,000, or over \$450,000 per residential unit for cooperative apartments, its recommended interest rate was 18 percent per annum.

As required by Local Law 30 of 2015, the Banking Commission included with its recommendation a report detailing the factors considered when determining the recommendation. For the Fiscal Year 2022 recommendation, the Banking Commission considered the penalty rates used by other property tax collectors, and the interest rates charged for mortgages and home equity lines of credit.

Pursuant to section 11-224.1 of the Administrative Code, the Council adopts by resolution interest rates that are lower than the rates recommended by the Banking Commission:

- for real property with an assessed value of \$250,000 or less, or \$250,000 or less per residential unit for cooperative apartments, the adopted interest rate is three percent per annum;
- for real property with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments, the adopted interest rate is six percent per annum; and

- for real property with an assessed value of over \$450,000, or over \$450,000 per residential unit for cooperative apartments, the adopted interest rate is 13 percent per annum.

Preconsidered Res. No.

Resolution to establish that the interest rate be three percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of no greater than \$250,000, or no greater than \$250,000 per residential unit for cooperative apartments

By Council Member Dromm

Whereas, Pursuant to Section 11-224.1 of the Administrative Code of the City of New York the Banking Commission is required to recommend to the City Council, not later than the 13th day of May of each year, the proposed interest rate to be charged for non-payment of taxes on properties with an assessed value of no greater than \$250,000, or no greater than \$250,000 per residential unit for cooperative apartments; and

Whereas, The Banking Commission is required to propose a rate at least equal to the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the "Prime Rate"); and

Whereas, The Banking Commission notes that as of May 13, 2021, the Prime Rate stands at three and one-quarters percent as published by the Board of Governors of the Federal Reserve System; and

Whereas, It is in the best interest of the City to encourage the prompt payment of taxes on real estate by all taxpayers; and

Whereas, The Banking Commission forwarded its recommendation to the Council, by letter dated May 13, 2021, that the interest rate to be charged for the non-payment of taxes on properties with an assessed value of no greater than \$250,000, or no greater than \$250,000 per residential unit for cooperative apartments, be three and one-quarter percent (3.25%) per annum in the first quarter (July 1, 2021 to September 30, 2021) and four and one-half percent (4.5%) per

annum in the second, third, and fourth quarters (October 1, 2021 to June 30, 2022); now, therefore,
be it

Resolved, That the Council of the City of New York establishes that the interest rate be three percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of no greater than \$250,000, or no greater than \$250,000 per residential unit for cooperative apartments.

NB
LS #17836
06/24/2021

Preconsidered Res. No.

Resolution to establish that the interest rate be six percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments

By Council Member Dromm

Whereas, Pursuant to Section 11-224.1 of the Administrative Code of the City of New York the Banking Commission is required to recommend to the City Council, not later than the 13th day of May of each year, the proposed interest rate to be charged for non-payment of taxes on properties with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments;

Whereas, The Banking Commission is required to propose a rate at least four percent per annum greater than the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the "Prime Rate"); and

Whereas, The Banking Commission notes that as of May 13, 2021, the Prime Rate stands at three and one-quarters percent as published by the Board of Governors of the Federal Reserve System; and

Whereas, It is in the best interest of the City to encourage the prompt payment of taxes on real estate by all taxpayers; and

Whereas, The Banking Commission forwarded its recommendation to the Council, by letter dated May 13, 2021, that the interest rate to be charged for the non-payment of taxes on properties with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments, be 12 percent per annum; now, therefore, be it

Resolved, That the Council of the City of New York establishes that the interest rate be six percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments.

NB
LS # 17837
06/24/2021

Preconsidered Res. No.

Resolution to establish that the interest rate be 13 percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed value of more than \$450,000, or more than \$450,000 per residential unit for cooperative apartments

By Council Member Dromm

Whereas, Pursuant to Section 11-224.1 of the Administrative Code of the City of New York the Banking Commission is required to recommend to the City Council, not later than the 13th day of May of each year, the proposed interest rate to be charged for non-payment of taxes on properties with an assessed value of more than \$450,000, or more than \$450,000 per residential unit for cooperative apartments; and

Whereas, The Banking Commission is required to propose a rate at least six percent per annum greater than the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “Prime Rate”); and

Whereas, The Banking Commission notes that as of May 13, 2021, the Prime Rate stands at three and one-quarters percent as published by the Board of Governors of the Federal Reserve System; and

Whereas, It is in the best interest of the City to encourage the prompt payment of taxes on real estate by all taxpayers; and

Whereas, The Banking Commission forwarded its recommendation to the Council, by letter dated May 13, 2021, that the interest rate to be charged for the non-payment of taxes on properties with an assessed value of more than \$450,000, or more than \$450,000 per residential unit for cooperative apartments, be 18 percent per annum; now, therefore, be it

Resolved, That the Council of the City of New York establishes that the interest rate be 13 percent per annum for Fiscal Year 2022 for non-payment of taxes on properties with an assessed

value of more than \$450,000, or more than \$450,000 per residential unit for cooperative apartments.

NB
LS # 17838
06/24/2021