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###### **THE NEW YORK CITY COUNCIL**

**LATONIA MCKINNEY, DIRECTOR, FINANCE DIVISION**

##### COMMITTEE ON FINANCE

##### HON. DANIEL DROMM, CHAIR

##### September 17, 2019

**INT. NO. 952:** By Council Members Vallone, Chin, Rosenthal, Holden, Ampry-Samuel, Yeger and Grodenchik

**TITLE:** A Local Law to amend the administrative code of the city of New York, in relation to requiring notice of renewal of the senior citizen homeowner exemption and disabled homeowner exemption by phone

**ADMINISTRATIVE CODE:** Adds §11-141 of the Administrative Code

**INT. NO. 1225:** By Council Member Dromm

**TITLE:** A Local Law to amend the administrative code of the city of New York, in relation to the collection and maintenance of contact information of real property owners

**ADMINISTRATIVE CODE:** Renumbers §11-140 and adds §11-142 of the Administrative Code

**INT. NO. 1702:** By Council Member Koslowitz

**TITLE:** A Local Law to amend the administrative code of the city of New York, in relation to notice regarding property tax rates

**ADMINISTRATIVE CODE:** Amends §11-129 of the Administrative Code

**INT. NO. 1705:** By Council Member Matteo

**TITLE:** A Local Law to amend the administrative code of the city of New York, in relation to the department of finance providing a receipt of payment

**ADMINISTRATIVE CODE:** Amends §11-129 of the Administrative Code

1. **Introduction**

On September 17, 2019, the Committee on Finance, chaired by Council Member Daniel Dromm, will hold a hearing on Int. 952, Int. 1225, Int. 1702, and Int. 1705. These bills aim to improve communication between the New York City Department of Finance (DOF) and real property owners. This is the first hearing on each of the four pieces of legislation. Those invited to testify include representatives from DOF and members of the public.

1. **Background**
2. *Property Tax Billing and Collection*

DOF is the City’s revenue service and taxation agency. According to the agency, in that role, it strives to administer the City’s tax revenue laws fairly, efficiently, and transparently to instill public confidence and encourage compliance while providing exceptional customer service.[[1]](#footnote-1) With respect to the real property tax system, the agency is responsible for valuing more than one million properties throughout the five boroughs which, in Fiscal 2020, were collectively worth a total market value of more than $1.32 trillion.[[2]](#footnote-2) In addition, DOF administers property tax exemption and abatement programs that provide $3.6 billion in tax relief to property owners and renters.[[3]](#footnote-3)

DOF must determine the market value of each taxable property in the City annually.[[4]](#footnote-4) Once the market value is determined, DOF determines the property’s assessed value by taking a percentage of the market value, with certain adjustments set by State law.[[5]](#footnote-5) After applying any exemptions granted to the property or the property owner, the tax bill is determined by applying the applicable tax rate for the property’s class to the property’s billable assessed value.[[6]](#footnote-6)

No later than January 15 of each year, DOF produces a tentative assessment roll setting forth the tentative market and assessed values of each property for the ensuing tax year.[[7]](#footnote-7) DOF also mails a Notice of Property Value to each property owner informing them of their property’s tentative assessment. The tentative assessment roll is subject to modifications until the final assessment roll is closed on May 25.[[8]](#footnote-8)

Tax rates are required to be determined by the City Council immediately after the adoption of the City’s budget each year.[[9]](#footnote-9) Budget adoption and the determination of the tax rates has historically generally occurred prior to the June 30 end of the City’s fiscal year. However, as the first installment of property taxes is due July 1,[[10]](#footnote-10) the ensuing year’s tax rates are not always set prior to DOF’s need to print and mail the bills to property owners with enough time for them to make a timely payment. In such instances, and pursuant to the Charter which allows the current year’s tax rates to continue until new rates are set if the budget and new rates are not adopted by June 5 of each year,[[11]](#footnote-11) DOF uses the current year’s tax rates to calculate the July 1 bill. Then, after the Council adopts the tax rates for the ensuing year, DOF makes a mid-year adjustment to the tax bills and notifies property owners on the January 1 bill of the new rate and any changes to the amount of tax owed.[[12]](#footnote-12)

A property tax bill may be paid online via CityPay, via mail, or in-person at a DOF Business Center.[[13]](#footnote-13) Property taxes are not always paid by the property owner themselves, for example, it is common for banks and mortgage servicing companies to pays the taxes on behalf of property owners. When a payment is made online, an immediate confirmation is generated to the payee that the payment was received and DOF reports that receipts are also provided when payment is made in-person at the business center. However, if a payment is made by an entity other than the property owner, or if a payment is made by mail, then no contemporaneous confirmation is received by the property owner. In order to ensure that a payment is properly applied to the property’s account, the property owner would need to proactively check DOF’s website to see that the payment was applied to the property’s account or wait until the next quarterly or semi-annual statement of account is issued.

1. *New Technology at DOF*

Prior to the implementation this year of a new property tax information and collection system, called “Property Tax System” (PTS), DOF utilized a combination of in-house and external technologies to maintain information related to property taxes and to undertake tax collection. PTS was intended replace the existing system with a commercial, off-the-shelf system, which would centralize the functions for taxpayer interactions, assessment administration and assessment roll management, tax benefits, payments, and case management. In 2013, DOF entered into an $18.4 million contract with Tyler Technologies for their property appraisal and tax administration software, which included software licenses, implementation services, and support.[[14]](#footnote-14)

In addition, DOF is in the process of creating and implementing a customer relationship management (CRM) interface to centrally manage its interactions with each property owner, program beneficiary, taxpayer, and other members of the public.[[15]](#footnote-15) The system currently allows the public to create a case to obtain assistance with property taxes, parking tickets, tax benefits, and other DOF services; change a mailing address that DOF uses to send out notices and bills; provide feedback; and receive technical assistance with DOF’s software applications.[[16]](#footnote-16)

1. *Communication Between DOF and Property Owners*

Currently, DOF does not have a systematic approach to collecting and maintaining telephone and email contact information for property owners in order to communicate with them regarding their properties and property taxes, and instead primarily relies on physical mailings to contact owners. In recent years, the Council has encouraged the agency to use alternative methods of communication, other than physical mailings. For example, in Local Law 4 of 2017, the Council required DOF to contact property owners on the 90-day tax lien sale notice list by telephone or email, if an owner had registered their telephone number or email address with the agency. In addition, in Local Law 15 of 2011, the Council required DOF to follow up by telephone, when such telephone number was known to DOF, with property owners on the lien sale notice list who had completed an eligibility checklist and been mailed an exemption application that was not completed and returned to the agency.

1. *Renewal of the Senior Citizen and Disabled Homeowner Exemptions*

The Senior Citizen and Disabled Homeowner Exemptions (SCHE and DHE, respectively) are available to senior citizens and people with disabilities with incomes of $58,399 or less who own one-, two-, or three-family homes or condominium or cooperative apartments and use the property as their primary residence.[[17]](#footnote-17) SCHE must be renewed every two years in order to maintain the benefit, and DHE must be renewed annually.[[18]](#footnote-18) DOF currently mails each property owner who must renew a renewal reminder and an application.[[19]](#footnote-19) For the 2019/2020 tax year, of the 39,152 property owners who needed to renew SCHE or DHE, 3,830, or 9.8% of the benefit recipients, failed to renew.[[20]](#footnote-20)

1. **Legislation**
2. *Analysis of Int. No. 952*

Section 1 of Int. No. 952 would require DOF, by no later than November 15 of each year, to provide notice of renewal by phone to property owners required to renew their SCHE or DHE benefits. Such notice would include, at a minimum, information regarding the mailing of the renewal application to the property owner, the filing deadline for the renewal application, and contact information in the event that the renewal application is not received.

Section 2 of Int. No. 952 would provide that the local law takes effect immediately.

1. *Analysis of Int. 1225*

Section 1 of Int. No. 1225 would provide that §11-140 of the Administrative Code, as added by Local Law 252 of 2017, is renumbered §11-141.

Section 2 of the Int. No. 1225 would require that DOF make best efforts to collect and maintain the name, telephone number, and email address of every property owner in the City, or equivalent information of an individual authorized to receive communications regarding the property on behalf of the owner. The legislation would require that DOF, at a minimum, solicit the contact information on all hard copy and online forms, applications, and other documents related to the recording of deed- or mortgage-related documents, or the administration of the property tax, lien sale, real property transfer tax, or the mortgage recording tax created by DOF for submission by a property owner.

Section 2 of Int. No. 1225 would provide that the local law takes effect 60 days after it becomes law.

1. *Analysis of Int. 1702*

Section 1 of Int. 1702 would require DOF to put a notice on the July 1 property tax bill when such bill is calculated using a tax rate for a prior fiscal year to inform taxpayers that the tax rate, and the total amount of taxes owed, may change once a new rate is adopted for the current year.

Section 2 of Int. 1702 would provide that the local law takes effect immediately.

1. *Analysis of Int. 1705*

Section 1 of Int. 1705 would require DOF to establish and maintain an opt-in system for property owners to receive a receipt when a payment is made towards their statement of account and to notify owners about the availability of such system.

Section 2 of Int. 1705 would provide that the local law takes effect 60 days after it becomes law.

Int. No. 952

By Council Members Vallone, Chin, Rosenthal, Holden, Ampry-Samuel and Yeger

..Title

A Local Law to amend the administrative code of the city of New York, in relation to requiring notice of renewal of the senior citizen homeowner exemption and disabled homeowner exemption by phone

..Body

Be it enacted by the Council as follows:

Section 1. Chapter 1 of title 11 of the administrative code of the city of New York is amended by adding a new section 11-141 to read as follows:

§ 11-141 Notice of renewal of senior citizen homeowner exemption and disabled homeowner exemption. a. Definitions. For purposes of this section, the following terms have the following meanings:

Disabled homeowner exemption. The term “disabled homeowner exemption” means the real property tax exemption authorized by section 11-245.4.

Renewal application. The term “renewal application” means the application form mailed by the department of finance pursuant to subdivision 5 of section 11-245.3 and subdivision 5 of section 11-245.4.

Senior citizen homeowner exemption. The term “senior citizen homeowner exemption” means the real property tax exemption authorized by section 11-245.3.

b. No later than November 15, the department of finance shall provide notice of renewal by phone to each property owner required to file a renewal application for the senior citizen homeowner exemption between January 15 and March 15 of the following calendar year or the disabled homeowner exemption on or before March 15 of the following calendar year.

c. The notice of renewal required by subdivision b of this section shall include at a minimum the following information:

1. Notice that the property owner will receive the renewal application in the mail;

2. The filing deadline for the renewal application; and

3. Contact information in the event that the property owner does not receive the renewal application by the applicable date as set forth in subdivision 5 of section 11-245.3 or subdivision 5 of section 11-245.4.

§ 2. This local law takes effect immediately.

MHL

LS #5836

05/17/18

Int. No. 1225

By Council Member Dromm

..Title

A Local Law to amend the administrative code of the city of New York, in relation to the collection and maintenance of contact information of real property owners

..Body

Be it enacted by the Council as follows:

Section 1. Section 11-140 of the administrative code of the city of New York, as added by local law number 252 for the year 2017, is renumbered section 11-141.

§2. Chapter 1 of title 11 of the administrative code of the city of New York is amended by adding a new section 11-142 to read as follows:

§ 11-142 Contact information of real property owners. The department shall make best efforts to collect the name, telephone number, and email address of every owner of real property in the city, or where such information is not available, the name, telephone number, and email address of an individual authorized to receive communications regarding the real property on behalf of the owner. Such best efforts shall include, at a minimum, a field soliciting the above-listed contact information on all hard copy and online forms, applications, and other documents related to the recording of any deed-related or mortgage-related document, as such terms are defined in section 7-628, or the administration of the real property tax, the tax lien sale, the real property transfer tax, or the tax on mortgages created by the department for submission by a property owner. Upon receipt of the names, telephone numbers, and email addresses the department shall ensure that any computer system or database used by the department for the purpose of maintaining or compiling information about property owners or otherwise administering the real property tax contains such contact information.

§3. This local law takes effect 60 days after it becomes law.

RKC

LS #7187

10/23/18 3:20 p.m.

Int. No. 1702

By Council Member Koslowitz

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to notice regarding property tax rates

Be it enacted by the Council as follows:

Section 1. Subdivision a of section 11-129 of the administrative code of the city of New York, as added by local law number 19 for the year 2009, is amended to read as follows:

a. At intervals determined by the commissioner of finance, the department of finance shall send to owners of real property a statement of account for the property, which shall represent a bill for taxes, charges and assessments, and which shall include, in a manner determined by the commissioner, a description of taxes, charges and assessments that remain unpaid on the property, and payments received by the department for taxes, charges and assessments on the property, and which may include additional information as the commissioner deems appropriate. Any statement of account representing a bill for real property taxes due on July 1 that reflects the amount of taxes due based on a calculation using the tax rate for the prior fiscal year shall include a notice that the taxes due are subject to adjustment upon the adoption of the tax rate for the new fiscal year, and that a subsequent bill issued during the course of the tax year may reflect the adjusted amount of tax due and the new tax rate.

§ 2. This local law takes effect immediately.

NAB

LS #9851

08/27/2019 11:15AM

Int. No. 1705

By Council Member Matteo

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to the department of finance providing a receipt of payment

Be it enacted by the Council as follows:

Section 1. Section 11-129 of the administrative code of the city of New York, as added by local law number 19 for the year 2009, is amended by adding a new subdivision d to read as follows:

d. The department shall establish and maintain a system to allow owners to receive a receipt of payment by e-mail and/or print when the department receives a payment on a statement of account. The department shall notify owners of the availability of such receipt system on the statement of account. Such receipt shall include the property address, borough, block and lot number, the amount paid and applied toward the tax, charge or assessment on the statement of account, the date the payment was received, and may include additional information as the commissioner of finance deems appropriate. The department shall not charge a fee for use of such receipt system and shall require owners to register with the department in order to receive a receipt. The city shall not be liable for any damages as a result of failure to provide the requested receipts, nor shall any cause of action arise from such failure.

§ 2.  This local law takes effect 60 days after it becomes law.

SR

LS # 11757

9/4/2019

1. *See* <https://www1.nyc.gov/site/finance/about/about-us.page> (last accessed September 9, 2019). [↑](#footnote-ref-1)
2. *Id.*  [↑](#footnote-ref-2)
3. *Id.* [↑](#footnote-ref-3)
4. New York City Charter §1506. However, that the values of most class 3 utility and special franchise properties are determined by the Office of Real Property Tax Services within the New York State Department of Taxation and Finance which then transmits those values to DOF for purposes of administering the property tax. See <https://www.tax.ny.gov/research/property/assess/reassessment/reassess_orpts.htm> (last visited September 12, 2019). [↑](#footnote-ref-4)
5. *See* <https://www1.nyc.gov/site/finance/taxes/calculating-your-property-taxes.page> (last visited September 12, 2019). [↑](#footnote-ref-5)
6. *See id.* [↑](#footnote-ref-6)
7. New York City Charter §1510. [↑](#footnote-ref-7)
8. New York City Charter §§163(b) and 1514. [↑](#footnote-ref-8)
9. New York City Charter §1516(a). [↑](#footnote-ref-9)
10. New York City Charter §1519-a(2)(b). [↑](#footnote-ref-10)
11. New York City Charter §1516(b). [↑](#footnote-ref-11)
12. While most properties can pay taxes in quarterly installments, some properties are required to pay semi-annually. Therefore, the bills due January 1 represent the only other bill other than the July 1 bill where all properties would receive a tax bill. For this reason, waiting until this bill to update the tax rate allows DOF to avoid any extra mailings and associated costs to effectuate the tax rate adjustments. [↑](#footnote-ref-12)
13. *See* <https://www1.nyc.gov/site/finance/pay-now/pay.page> (last visited September 12, 2019). [↑](#footnote-ref-13)
14. *See* [https://tylertech.irpass.com/profiles/investor/ResLibraryView.asp?ResLibraryID=63863&BzID=499&g=32 0&Nav=1&LangID=1&s=0](https://tylertech.irpass.com/profiles/investor/ResLibraryView.asp?ResLibraryID=63863&BzID=499&g=32%200&Nav=1&LangID=1&s=0) (last accessed September 12, 2019. [↑](#footnote-ref-14)
15. *See* <https://nycdepartmentoffinance.dynamics365portals.us/welcome/> (last accessed September 12, 2019). [↑](#footnote-ref-15)
16. *See* <https://nycdepartmentoffinance.dynamics365portals.us/contactdof/> (last accessed September 12, 2019). [↑](#footnote-ref-16)
17. New York City Administrative Code §§11-245.3 and 11-245.4. [↑](#footnote-ref-17)
18. *Id.* [↑](#footnote-ref-18)
19. *See* <https://www1.nyc.gov/site/finance/benefits/sche-dhe-faqs.page> (last accessed September 19, 2019). [↑](#footnote-ref-19)
20. Data on file with the New York City Council Finance Division. [↑](#footnote-ref-20)