Legislation Details (With Text)

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Title: A Local Law to amend the administrative code of the city of New York and the New York City Charter, in relation to the interest rate and discount percentage recommendations provided by the New York City Banking Commission.

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Attachments: 1. Int. No. 497 - 10/7/14, 2. Proposed Int. No. 497-A - 1/15/15, 3. Committee Report 1/15/15, 4. Hearing Testimony 1/15/15, 5. Hearing Transcript 1/15/15, 6. Committee Report 3/31/15, 7. Hearing Transcript 3/31/15, 8. March 31, 2015 - Stated Meeting Agenda with Links to Files, 9. Fiscal Impact Statement, 10. Hearing Transcript - Stated Meeting 3-31-15, 11. Mayor's Letter, 12. Local Law 30, 13. Minutes of the Stated Meeting - March 31, 2015

Date	Ver.	Action By	Action	Result
10/7/2014	*	City Council	Introduced by Council	
10/7/2014	*	City Council	Referred to Comm by Council	
1/15/2015	*	Committee on Finance	Hearing Held by Committee	
1/15/2015	*	Committee on Finance	Amendment Proposed by Comm	
1/15/2015	*	Committee on Finance	Laid Over by Committee	
3/31/2015	*	Committee on Finance	Hearing Held by Committee	
3/31/2015	*	Committee on Finance	Amendment Proposed by Comm	
3/31/2015	*	Committee on Finance	Amended by Committee	
3/31/2015	B	Committee on Finance	Approved by Committee	Pass
3/31/2015	B	City Council	Approved by Council	Pass
3/31/2015	B	City Council	Sent to Mayor by Council	
4/20/2015	B	Mayor	Hearing Held by Mayor	
4/20/2015	B	Mayor	Signed Into Law by Mayor	
4/21/2015	B	City Council	Recved from Mayor by Council	

Int. No. 497-B

By Council Members Rosenthal, Levin, Ferreras and Kallos

A Local Law to amend the administrative code of the city of New York and the New York City Charter, in relation to the interest rate and discount percentage recommendations provided by the New York City Banking Commission.

Be it enacted by the Council as follows:

Section 1. The opening paragraph of subdivision e of section 11-224.1 of the administrative code of the city of New York, as amended by local law number 66 for the year 2008, is amended to read as follows:

(e) Council adopted rates. By May [twenty-fifth] thirteenth of each year, the banking commission shall send a written recommendation to the council of a proposed interest rate to be charged for nonpayment of taxes on real property. The commission shall consider the prevailing interest rates charged for commercial loans extended to prime borrowers by commercial banks operating in the city and:

§ 2. Section 11-224.1 of the administrative code of the city of New York is amended by adding a new subdivision e-1 to read as follows:

(e-1) Report on recommendation. The banking commission's recommendation provided pursuant to subdivision e of this section shall include a report describing the factors considered when determining the recommendation and the rationale for the use of such factors. Such report shall include the interest rate charged for nonpayment of taxes on real property in comparable cities for the two previous fiscal years. Such report shall further include, in a searchable and machine-readable format, sortable by council district, real property tax class, and real property tax sub class, the following information for the current fiscal year and two previous fiscal years, disaggregated by real property with an assessed value of over two hundred fifty thousand dollars and real property with an assessed value of two hundred fifty thousand dollars or less, provided that such information shall be reported for fiscal years prior to the 2016 fiscal year only to the extent such information is available:

(i) the total tax collected from all real properties subject to taxation within the city, disaggregated by fiscal year;

(ii) the total number of the real properties described in paragraph (i) of this subdivision for which an installment of tax due and payable remained unpaid as of April fifteenth of a fiscal year included in the report, disaggregated by fiscal year;

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(iii) the delinquency rate, which shall be calculated by dividing the total number of the real properties described in paragraph (ii) of this subdivision by the total number of the real properties described in paragraph (i) of this subdivision;

(iv) the total amount of real property tax that was not timely paid for the real properties described in paragraph (ii) of this subdivision;

(v) the average amount of real property tax that was not timely paid for the real properties described in paragraph (ii) of this subdivision;

(vi) the total amount of interest accrued on the real property tax that was not timely paid for the real properties described in paragraph (ii) of this subdivision;

(vii) the average amount of interest accrued on the real property tax that was not timely paid for the real properties described in paragraph (ii) of this subdivision;

(viii) the net interest earned by the city, which shall be calculated by subtracting the interest income not earned on real property tax that was not timely paid from the interest income earned on real property tax collected; and

(ix) any other information deemed relevant by the commission.

§ 3. Subdivision c of section 11-312 of the administrative code of the city of New York, as amended by local law number 62 for the year 2005, is amended to read as follows:

c. No later than the [twenty-fifth] thirteenth day of May in each year, the banking commission shall transmit a written recommendation to the council of a proposed interest rate to be charged for nonpayment of water rents. In making such recommendations the commission shall consider the prevailing interest rates charged for commercial loans extended to prime borrowers by commercial banks operating in the city and shall propose a rate of at least six per centum per annum greater than such rates. The council may by resolution adopt an interest rate to be charged for nonpayment of water rents pursuant to section 11-224 of the code and, for nonpayment of water rents that become due and payable on or after July first, two thousand five, pursuant to

section 11-224.1 of the code, and may specify in such resolution the date on which such interest rate is to take effect.

§ 4. Subdivision e of section 11-313 of the administrative code of the city of New York, as amended by local law number 62 for the year 2005, is amended to read as follows:

e. No later than the [twenty-fifth] thirteenth day of May in each year, the banking commission shall transmit a written recommendation to the council of a proposed interest rate to be charged for nonpayment of sewer rents. In making such recommendations the commission shall consider the prevailing interest rates charged for commercial loans extended to prime borrowers by commercial banks operating in the city and shall propose a rate of at least six per centum per annum greater than such rates. The council may by resolution adopt an interest rate to be charged for nonpayment of sewer rents pursuant to section 11-224 of the code and, for nonpayment of sewer rents that become due and payable on or after July first, two thousand five, pursuant to section 11-224.1 of the code, and may specify in such resolution the date on which such interest rate is to take effect.

§ 5. Paragraphs b, c and d of subdivision 7 of section 1519-a of the charter of the city of New York, as added by local law number 62 for the year 2005, are amended to read as follows:

(b) Determination of discount percentage. Not later than the [twenty-fifth] thirteenth day of May in each year, the banking commission shall send a written recommendation to the council of a proposed discount percentage for the ensuing fiscal year. Such recommendation shall include a report detailing the research and analytical methods used by the commission to provide the recommendation on the discount percentage; factors considered when determining the recommendation, including whether the city's current cash balance was a factor; and the rationale for the use of such factors. The information contained in the report required by this paragraph shall be in a searchable and machine-readable format, sortable by council district, real property tax class, and real property tax sub class. Such report shall include the following information for the two previous fiscal years unless otherwise specified, provided that such information shall be reported for fiscal years prior to

the 2016 fiscal year only to the extent such information is available, and provided further that the information required in subparagraphs (vi) through (x) of this paragraph shall be reported using discount percentages in the amount of one-half of one percent, one percent, one and one-half percent, two percent, and the six-month London Inter Bank Offered Rate (LIBOR) for United States dollars in effect on the thirtieth day of April as published by the Federal Reserve Bank of St. Louis in the Federal Reserve Economic Data (FRED) database:

(i) the total number of properties for which the taxes were paid in semi-annual installments, disaggregated by fiscal year, and the estimated total number of properties for which the taxes were paid in semi -annual installments in the current fiscal year;

(ii) the total number of properties for which the taxes were paid in quarterly installments, disaggregated by fiscal year, and the estimated total number of properties for which the taxes were paid in quarterly installments in the current fiscal year;

(iii) the total amount of real property taxes paid for the properties described in subparagraphs (i) and (ii) of this paragraph, disaggregated by fiscal year, and the estimated amount of real property taxes paid for such properties in the current fiscal year;

(iv) the total amount of real property taxes due for the properties described in subparagraphs (i) and (ii) of this paragraph for which a discount for early payment pursuant to paragraph (c) of subdivision two or three of this section was applied, before the application of any such discount;

(v) the total amount of real property taxes due for the properties described in subparagraphs (i) and (ii) of this paragraph for which a discount for early payment pursuant to paragraph (c) of subdivision two or three of this section was applied, after the application of any such discount;

(vi) the average amount of real property taxes paid for the properties described in subparagraph (v) of this paragraph;

(vii) the average amount of the discount provided for the properties described in subparagraph (v) of this paragraph;

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(viii) the difference between subparagraphs (iv) and (v) of this paragraph, disaggregated by fiscal year, including such estimated difference for the current fiscal year;

(ix) the interest income not earned on unpaid taxes due for the properties described in subparagraph (v) of this paragraph, and the estimated interest income not earned on unpaid taxes due for such properties in the current fiscal year;

(x) any other information deemed relevant by the commission; and

(xi) the discount percentage provided for the early payment of real property taxes in comparable cities for the two previous fiscal years.

(c) [The] Not earlier than the fourteenth day of May, the council may adopt by resolution a discount percentage [on the fifth day of June preceding such ensuing fiscal year, or at any time thereafter]. In the event the council adopts a discount percentage different than the proposed discount percentage recommended by the banking commission pursuant to paragraph (b) of this subdivision, such resolution shall contain the research and analytical methods used by the council when determining the discount percentage; factors considered when determining the discount percentage, including the city's current cash balance; and the rationale for the use of such factors.

(d) If the council does not adopt a discount percentage prior to the date that the statement of account or other similar bill or statement is prepared, [a] the discount percentage [of one and one-half percent shall be used to determine the discount provided] shall be the annualized interest rate on six-month United States treasury bills, as reported by the Board of Governors of the Federal Reserve System in its H.15 report or similar statistical report detailing selected interest rates, plus seventy-five basis points, the sum of which shall be divided by four for the last business day of April preceding the ensuing fiscal year where a discount is allowed for payments made on or before the last day that the installment due July first could be paid without interest, and this percentage shall continue to apply until the council adopts a discount percentage pursuant to paragraph (c) of this subdivision.

§ 6. This local law shall take effect immediately.

TE 9-30-14, amended 11-25-14, 3-9-15, 3-23-15

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