

**TESTIMONY OF SAM MILLER  
ASSISTANT COMMISSIONER  
NEW YORK CITY DEPARTMENT OF FINANCE**

**BEFORE THE CITY COUNCIL COMMITTEE ON FINANCE  
HEARING ON RESOLUTIONS 393 AND 467**

**AUGUST 12, 2004**

Good morning Chairman Weprin and members of the Committee on Finance. My name is Sam Miller, and I am an Assistant Commissioner at the New York City Department of Finance. On behalf of Commissioner Martha E. Stark, thank you for allowing me to offer brief testimony in favor of resolutions 393 and 467, which support two bills in Albany promoted by the Department of Finance.

Resolution 467 calls on the State to adopt legislation that would allow Finance to grant property tax exemptions to qualified not-for-profit organizations starting on the day they acquire the property. This legislation would eliminate the confusion of the current law, thereby preventing churches, synagogues, mosques and other charitable organizations from falling behind in their taxes.

Currently, Finance must grant an exemption for a fiscal year beginning July 1 based on the property's status as of the preceding January 5, which is known in the law as the "taxable status date." For this reason, it can take as long as 18 months for a not-for-profit organization to gain a tax exemption from the time that it acquires a property. For example, under current law, if the not-for-profit "Free Apples for All" buys a property on January 10, 2005 and applies for a tax exemption, Finance cannot grant the exemption until July 2006, the beginning of fiscal year 2007. For almost half of fiscal year 2005 and all of fiscal year 2006, "Free Apples for All" will be liable for the full property tax bill. If "Free Apples for All" were to purchase the property on January 4, 2005, Finance could grant the exemption in July 2005.

Unfortunately, a significant number of not-for-profits do not understand the law and assume that because they are a charitable organization, they are entitled to a property tax exemption from the date of purchase. In fact, many not-for-profits also don't realize that they have to apply for an exemption, because the law says that Finance must grant an exemption based on the use of the property, not ownership. This is because some not-for-profits rent part of their property for commercial purposes, and are liable for taxes on those portions of the property.

The legislation we are pushing in Albany would still require not-for-profits to apply for an exemption, but it would allow Finance to grant exemptions from the date of purchase once these organizations apply. As a result, fewer not-for-profits would unwittingly fail to pay taxes for a tax quarter or even a year.

Finance estimates that the legislation would cost the City about \$1 million per year in tax revenue. We believe that this is a small price to pay to prevent not-for-profits from falling behind in their taxes, which hurts their ability to deliver badly needed services in their communities.

Furthermore, the legislation would alleviate the administrative burden on Finance when the State, by passing pieces of so-called "special legislation", authorizes the agency to grant exemptions to individual not-for-profits retroactively. We takes these laws very seriously, which requires the agency to research our records going back dozens of years, in some cases, in order to determine whether a retroactive exemption is appropriate.

I strongly urge the Council to approve this resolution and join our effort to pass this legislation in Albany.

Resolution 393 calls on the State to adopt legislation that would eliminate an unfair cap on aid that the State provides to New York City to support the valuation of real property. Throughout the State, jurisdictions receive \$5 in State aid for every property that they value. Next year, that amount will drop to \$3 per property. New York City's aid, however, is capped at \$500,000. Since there are 950,000 properties in New York City, without a cap the City would receive \$2.85 million in State aid next year.

Because of the sheer volume of properties that we value each year, the variation of these properties and the complexity of State property tax laws, Finance needs its full share of State aid. In the wake of the assessor scandal, Finance has embarked on an aggressive plan to train its assessors and provide them with the most up-to-date technology so they can do their jobs accurately, efficiently, and in ways that are transparent and easy to monitor. It will be

more difficult to makes these changes as quickly as we would like to without our fair share of State aid.

For these reasons, Finance supports resolution 467 and hopes that the Council will help us lobby for this important change in Albany.

Thank you.