



City Council Budget and Oversight Hearing on the

FY 2023 Preliminary Budget

Testimony given by

Commissioner Preston Niblack

March 2, 2022

Good afternoon Chair Brannan, members of the Finance Committee, and members of the City Council.

My name is Preston Niblack, and I am the commissioner of the New York City Department of Finance.

Thank you for the opportunity to testify today on our preliminary budget for fiscal year 2023. I am joined by Michael Hyman, first deputy commissioner of the department, deputy commissioner for Treasury and Payment Services Jeff Shear, and Sheriff Joe Fucito.

Since this is our first hearing together, I thought it would be helpful to begin with an overview of the Department of Finance—who we are, what we do, and how we will work with you in the year ahead.

Let me start with our FY 2023 budget, which is just short of \$349 million.

That includes \$183 million in PS funds to support an authorized headcount of 1,992 fulltime staff, and \$166 million for OTPS, which pays for everything from cyber security services to banking and credit card processing services, collection services, and maintenance of our revenue generating systems, including our property and business tax systems.

The Department of Finance is responsible for collecting more than \$44 billion annually in property taxes, business taxes, fines, and other charges.

Before collecting property tax revenues, the Department of Finance must first value over one million properties worth a total of nearly \$1.4 trillion.

Each year, we release a tentative assessment property roll which values properties based on their status and condition as of January 5 of each year—a date referred to as the “taxable status date.”

The tentative roll for fiscal year 2023, which was released on January 18th, reflected improvement in the residential market, with sales prices and rents both showing strong increases.

The picture for commercial properties is more mixed. Office and retail leasing activity and hotel occupancies have picked up in recent quarters, but overall office occupancy remains down, and the lack of office workers and visitors means that retail stores and hotels continue to suffer. As a whole, commercial property remains almost 8% below its Fiscal Year 2021, pre-pandemic value.

Between the publication of the tentative roll and the final assessment roll, customers who disagree with the valuation of their properties have several options. They can request that the

Department of Finance review their market value, or they can challenge their assessed value with the independent New York City Tax Commission.

The final roll, released in May, generates the values that will be used for property tax purposes for the next tax year.

While valuation is one of our most important functions, the Department of Finance's work goes far beyond property assessment.

We also record property-related documents, such as deeds, administer the City's business and excise taxes, adjudicate parking tickets, administer the City's bank accounts, and represent the mayor on the City's five pension system boards. The Office of the Sheriff is also part of DOF, and performs important civil enforcement and public safety functions not just for DOF, but citywide.

Add it all up, and you have an agency whose work reaches millions of New Yorkers each year.

Whether they purchase a home, start a business, or get a parking ticket, it is fair to say that most New Yorkers will interact with the Department of Finance at some point in their lives.

We serve them by pursuing our mission, which is to administer the tax and revenue laws of the City fairly, efficiently, and transparently to instill public confidence and encourage compliance while providing exceptional customer service.

That means, for example, not only collecting property taxes, but also administering property tax exemption and abatement programs to help New Yorkers save money and remain in their homes.

It means not only enforcing parking violations, but also helping New Yorkers to understand what is needed to contest their tickets, often with help from DOF's Office of the Parking Summons Advocate.

It means partnering with the IRS and the New York State Department of Taxation and Finance to communicate with New Yorkers who did not claim the earned income tax credit even though they were eligible for it.

And it means protecting New Yorkers through the Sheriff's enforcement of Kendra's Law, execution of firearm search warrants, and seizure of vehicles with illegal paper license plates.

DOF has a presence in every borough, with five business centers and over 1,700 employees working out of a dozen different locations.

Our goal is that all New Yorkers, including Council Member offices, find us to be friendly, accessible, and easy to work with.

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In light of the city's ongoing recovery, DOF is resuming many core collection and enforcement functions that were suspended during the pandemic.

Penalties and booting for camera violations resumed last year, and will resume for parking violations in May.

Later this month, we will send notices to motorists with unpaid parking violations, warning them that penalties will be assessed in thirty days unless they pay or dispute their summonses.

At the same time, we plan to continue our new policy – put in place during the pandemic – of granting two-year payment plans with 20% down payments upon request, along with plans of longer length for people experiencing hardship.

In addition, business tax warrant bank levies will resume next week. And referrals of Environmental Control Board judgments to City marshals will resume after the conclusion of the FAIRER amnesty program, which ends on March 20.

The resumption of these critical operations is key to ensuring fair and equitable compliance with City tax laws, parking rules, and other regulations. We will provide our customers with ample notice and send multiple communications before resuming these enforcement operations.

We will also continue and build upon programs and services implemented during the pandemic to make it easier for New Yorkers to conduct business with the Department of Finance.

Improvements that we plan to continue, and possibly expand, in the coming months include several business center enhancements, such as new payment kiosks which accept cash and credit cards; appointment scheduling options for popular services; and having staff accessible in all five business centers to assist customers with booted vehicle recovery and help resolve legal issues with parking violations.

Other improvements we have made include:

- The introduction of new payment plans, such as the two-year payment plans now available for parking judgments and booting.
- The Tenant Access Portal, which allows Rent Freeze Program participants to access information and file applications online.
- Online PayPal and Venmo payment options, which are currently available for parking violations and will soon be expanded to other services.

- Digital outreach via the agency's customer communication platform, which allows us to communicate more frequently and strategically with the public.
- And deed fraud prevention, through flagging suspicious transactions, which is being enhanced by the use of optical character recognition.

Other initiatives developed with the assistance of the Council include the welcome packets we mail to new property owners and the email receipts customers can opt to receive for their property tax payments.

As an agency, we strive to maintain a culture of continuous improvement. We are always looking for new and better ways to serve our customers, and we welcome your suggestions.

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Of course, none of these service improvements would be possible without the work of DOF's incredibly talented and dedicated staff.

Throughout the pandemic, DOF employees went above and beyond to continue providing the high level of service that the public has come to expect from us.

Our business center staff and other key support staff continued reporting to their offices and serving the public throughout the pandemic.

Our facilities team made it possible for the entire agency to return to the office safely.

Many of our teams made significant changes to how they do business, such as our property assessors, who successfully conducted property valuations employing advanced street-level and aerial imaging technology, limiting the need for on-site inspections.

And the Sheriff's Office took on new responsibilities to help keep our City safe.

In short, employees throughout DOF have been flexible and creative, taking on new responsibilities and facing the challenges of COVID-19 as a team.

In my first two months on the job, I have visited all of our business centers and other worksites. I have been consistently impressed by the dedication and professionalism of our staff. They have risen to the occasion through difficult times. I realize I may be biased, but I think they count among the City's best agency workforces, and their work deserves our recognition and our gratitude.

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Before I conclude, let me turn to important issues related to the administration and collection of property taxes.

Property tax revenues account for \$30 billion in City revenue each year—a third of all City revenues, and nearly half of all City tax revenues.

As I said earlier, a key part of DOF's mission is to ensure compliance with the city's tax laws.

It is important to note that the city's property tax delinquency rate has been just 1.5 percent on average in recent years. The vast majority of owners pay their taxes on time.

We need enforcement tools to ensure that compliance is fair and equitable—that everyone is paying their fair share. And our option of last resort to ensure compliance is the annual tax lien sale.

But we can work toward a system that does more to protect those homeowners who are legitimately overburdened, and the equity they have built up and hope to pass on to their family members.

We'll look forward to working with the City Council in the coming months to craft a system that meets our shared goals of effective enforcement tools for those who won't pay their taxes, along with ample assistance for those who can't pay.

We also look forward to reviewing the recommendations of the Advisory Commission on Property Tax Reform.

I think we can all acknowledge that the current system is overly complex, opaque, arcane—and riddled with inequities, particularly for homeowners.

At Mayor Adams's direction, we have begun to review in depth the Advisory Commission's recommendations, with the goal of ensuring that we have a property tax system that is fairer and more transparent to taxpayers, protects and promotes homeownership, and continues to be the mainstay of City finances.

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As we work on these and many other issues, please know that the Department of Finance is here to be your partner. We share your goal of providing excellent service to your constituents, and we are eager to continue doing our part to ensure that all New Yorkers share in the City's recovery.

Thank you again for the opportunity to testify today, and I will be happy to answer any questions.