



FY 2018 Executive Budget Hearing
Committee on Finance

Testimony of Jacques Jiha, Ph.D., Commissioner
New York City Department of Finance

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Good afternoon, Chairwoman Ferreras-Copeland and members of the City Council Committee on Finance. I am Jacques Jiha, Commissioner of the NYC Department of Finance (DOF). I am joined by First Deputy Commissioner Michael Hyman. Thank you for the opportunity to testify before you today on our Fiscal Year 2018 Executive Budget. Although New York City's finances continue to be stable, there are concerns raised by anticipated federal budget cuts and a slowing City economy. Through April, the City collected \$49.6 billion in revenue, which is 2.1 percent more than the same period last year. As of yesterday, the unrestricted cash balance for the City was \$9.7 billion. Put simply, revenue growth is modest; therefore, we must remain prudent.

In my previous testimonies, I have expressed my desire to transform this agency to become more efficient, fair and transparent, and to enhance the customer experience in every aspect of our business. That has been the focus of our work over the last three years. We have implemented policies, programs and infrastructure that support our commitment to putting customers first. It includes improving the types of services we provide and enhancing how the public gains access to these services. This has fostered a stronger and more positive relationship with the public when they have questions regarding their property or business-tax bill, are settling a parking violation, selecting a property-exemption benefit, seeking a refund, or protecting their home against deed fraud.

Expanding our use of technology is one strategy that has helped in making tremendous progress in improving the customer experience. We have developed a broad range of technology systems and applications that make it easier and faster for New Yorkers to conduct business with the City. For example, The NYC Parking Ticket: Pay or Dispute app, which launched in April, is the first official parking-ticket app in New York City and the only one of its kind in the country developed by a municipality. This application allows drivers to quickly resolve their parking violations by paying or disputing these tickets immediately, right in the palms of their hands. Mobile technology allows us to connect with many of our customers where they are increasingly transacting business – on their mobile devices. The app has been well received by the public. In one month, there have been more than 17,000 downloads. Approximately 8,700 tickets have been paid and about 5,000 violations have been disputed using the app.

Among the agency's other upgraded technological programs is the new Business Tax System (BTS), which has transformed the way tax practitioners manage online transactions for business-taxpayer accounts and dramatically improved our internal management processes. BTS has helped improve overall compliance, but has also made it easier for customers to set up payment plans and seek refunds. In fact, we have seen a 221-percent increase in business-tax refunds since BTS went live.

Two years ago, we embarked on what would be our greatest enhancement challenge: overhauling the more than 25-year-old property-tax-administration system, an intricately complicated framework with non-intersecting pieces. We are now implementing a new, comprehensive and fully-integrated system that will allow for better internal and external management of property data, tax assessment and billing information.

This has been a massive undertaking, which has required tweaking of strategy and extensive testing, and resulted in the delay in launching this new product. We had planned to implement the PTS system during the up-coming 2017 annual final roll-over, but the requirements for completion of the project, including robust testing of the new system, have forced us to amend the projected completion date to coordinate with the tentative roll in January 2018.

In the meantime, we are using new technologies to help generate the most accurate property-tax assessments for New York City's 1.2 million property parcels, with tools such as Streetscape Imagery, a unique software that provides high-resolution and angular imagery, accurate measurements, and geo-coded parcels for precise address location. In addition, in the first quarter of 2018, assessors will be equipped with tablets during field assignments to collect relevant property data. When fully implemented, it will provide a one-step process for the updating of property information, including notes, visitation history and photo documentation. This new tool will allow for the collection of more accurate data, thereby increasing the validity of property values.

We have also enhanced our customer engagement and responsiveness through direct connections to the public. Our social media platforms are increasing the amount of information we provide to New York City residents and improving the ways we address questions and complaints.

Our community outreach into all of the boroughs has also dramatically increased and has improved public responses to some of the most important initiatives, such as the 90-day Forgiving Fines: New York City Amnesty Program for ECB judgment violations, which forgave interest and 100 percent of default penalties for debtors who complied with the program's terms and conditions. In a successful collaboration with the City Council, DOF collected \$44 million associated with 128,000 violations. In the process, we saved taxpayers over \$100 million.

Targeted outreach to individuals, non-profits and community-advocacy groups has helped inform many property owners on how to avoid the lien sale. We are also working with council members to ensure that properties with non-for-profit exemptions meet the requirements that will prevent them from entering the lien sale. These efforts have been effective in reducing the number of properties in this year's sale, which started with 22,629 properties at the beginning of the 90-day notice period. To date, 9,569 properties have been pulled from the lien sale, resulting in 13,060 tax liens by the time 10-day notices were issued. In this process, we recognize that even after people have agreed to a payment plan, some may have difficulties adhering to the terms of the agreement; and, so we are developing more flexible payment plans that take into account reduced and fixed incomes, thus easing compliance for seniors and low-income individuals.

It is critical that we do our best to help all New Yorkers, particularly those who are most vulnerable – seniors, veterans and people with disabilities on fixed incomes. It is why our exemptions programs have been a primary focus of our restructuring over the last three years. Our partnerships with elected officials, community groups, and faith-based organizations have raised awareness of the New York City Rent Freeze Program also known as the Senior Citizen Rent Increase Exemption Program and the Disability Rent Increase Exemption Program (SCRIE and DRIE). Along with increased outreach, the development of simpler application forms, and the expansion of the Manhattan walk-in center, We are committed to ensuring all of our applications and worksites are more ADA compliant, including our soon-to-be-opened SCRIE/DRIE walk-in centers in the Bronx and Brooklyn.

We are dedicating the same level of commitment to seniors, veterans and people with disabilities who are homeowners, through the Senior Citizen Homeowner Exemption (SCHE) and the Disability Homeowner Exemption (DHE). As many of you know, this is the first renewal for

these exemptions programs in 10 years. In advance of the application renewal deadline of March 15, 2017, we sent three reminder notices to all current program participants. As with any renewal process, however, some people may no longer qualify, and income may be a challenge for eligibility. That's why we are working to mitigate the impact through the passage of state legislation (S4628/A7463) sponsored by State Senator Diane Savino and Assembly Member Brian Kavanagh, which would increase the income ceiling for SCHE and DHE from \$37,399 to \$58,399. Last month, the Mayor announced his support for this legislation and has proposed resources for this expansion in the Executive Budget. As a result we anticipate that more than 32,000 senior homeowners and homeowners with disabilities would experience an average tax reduction of \$1,752 from the expansion of SCHE and DHE programs.

In addition to providing financial relief to homeowners, we are just as focused on making sure that New Yorkers are not losing their homes to deed fraud. Since 2014, 1,788 cases have been referred to the Sheriff's office for investigation. Of these cases, 983 have been closed, 103 are active criminal investigations and 702 are ongoing. The Sheriff's Office has made 32 arrests for 48 properties that have a total market value of \$27 million.

Our attention to customer responsiveness has been an informative and constructive exercise in understanding the areas of frustration that New Yorkers experience in their interactions with this agency. We may not be able to fix every complaint, but the goal is to address them and create a process to fix systemic problems. One area where we hear the most complaints is in the adjudication of parking tickets. However, I would like to give some context to the scope of parking-ticket operations: NYC issues approximately 10 million parking tickets per year, and DOF processes about nine million payments and holds more than 1.2 million parking-related hearings. Given such a high volume, there will undoubtedly be drivers who are dissatisfied with how their tickets are being resolved. That is why we are creating an independent Ombudsperson's Office for parking tickets to promote a better understanding of the adjudication process and alleviate public frustration. The Ombudsperson would serve as a general advocate for members of the public who wish to dispute or have disputed their parking tickets. In addition, this office would collaborate with other agencies involved in the ticket-issuance process to help inform them of systemic problems. This would only continue to enhance compliance

while providing important resources and information to help drivers better manage the process of resolving their parking-ticket issues.

This and many other projects will be our focus for improving all the many ways we can better engage and provide important services and benefits to our customers in 2017. I'd like to take this opportunity to thank the DOF staff for their tireless dedication to ensuring that New Yorkers are treated fairly and respectfully.

Thank you for the opportunity to testify before you today. At this time, I am happy to take your questions.