



**Testimony of Elaine A. Kloss, Treasurer
New York City Department of Finance
City Council Finance Committee
June 25, 2014**

Good evening Chairwoman Ferreras and members of the City Council Finance Committee. I am Elaine Kloss, Treasurer of the City of New York. I am here today to testify about the resolutions adopted by the NYC Banking Commission and recommended to the Council regarding interest rates for late payment of property taxes, water and sewer charges and for early payment of property taxes for fiscal year 2015.

As required by the City Charter and Administrative Code, the NYC Banking Commission sent a letter to the City Council on May 20, 2014 with its interest rate recommendations for late payment of property taxes and water and sewer charges and for early payment of property taxes for fiscal year 2015. As you are aware, interest rates have remained at historically low levels during the past year and the prime rate has remained at 3.25% since January 2009.

The Banking Commission recommended that the Council adopt the same rates as those in effect for fiscal year 2014. These rates are 9% and 18% for the late payment of property taxes and water and sewer payments on properties assessed below \$250,000 and \$250,000 or more, respectively. The discount rate for early payment of property taxes is 1%.

The interest rates charged for late payment of property taxes and water and sewer charges have remained unchanged since fiscal year 2005. The discount rate on early payment of property taxes was last lowered from 1.5% to 1.0% for fiscal year 2012.

According to our records, in fiscal year 2014, property taxes paid early totaled \$2.2 billion, and the City granted a discount of \$19.8 million. The net cost of this discount to the City, after recognizing the interest earned on the taxes paid early, was \$18.1 million.

In fiscal year 2013, approximately 168,500 property owners with properties assessed under \$250,000, who paid their taxes early, received an average quarterly discount of \$38. There were 6,000 property owners with properties assessed at \$250,000 or more, who paid their taxes early and received an average annual discount of \$2,232. The number of early payers was consistent with prior years.

Thank you for your consideration. I will be happy to answer any questions.