



ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

May 2, 2022

ERIC ADAMS, MAYOR ● PRESTON NIBLACK, COMMISSIONER

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New York City Office of the Taxpayer Advocate

2022 Annual Report

(Reporting Period: April 1, 2021 – March 31, 2022)

Executive Summary

Enclosed please find the seventh annual report of the Office of the Taxpayer Advocate (OTA), an office established in 2015 by the Department of Finance (DOF) to assist customers and recommend improvements to the agency's policies and procedures. OTA is independent from other offices within DOF and reports directly to the commissioner.

This report highlights OTA's work from April 1, 2021, through March 31, 2022, the second full reporting period of the COVID-19 pandemic. As the report will show, OTA has continued to provide a high level of service to customers despite the challenges presented by the pandemic.

Since its establishment, OTA has assisted thousands of customers with tax questions and contributed to the improvement of many DOF policies and procedures. In Part II of this report, OTA presents seven new recommendations, including:

- A more efficient Clerical Error Remissions process;
- Assistance for small commercial property owners experiencing financial hardship;
- A liaison for issues related to the cooperative and condominium tax abatement;
- Lessons learned from the 2021 lien sale, including notice of qualifying charges, better access to internal databases, and door-to-door outreach; and
- Notice to not-for-profit organizations about the consequences of not curing building violations.

The success stories included in Parts IV and V provide examples of the important and, in some cases, life-changing work performed by OTA's dedicated staff.

This report also documents, in Parts VII and VIII, actions taken by DOF in response to previous OTA proposals, including those implemented after publication of OTA's 2021 report. Among those actions were notification procedures and revised language for business tax filing extensions, email notifications for Real Property Income and Expense statement filers who missed the initial filing deadline, and one-step wire payment procedures for property taxpayers paying only one lot.

OTA's work is key to DOF's mission 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. Further information on OTA can be found at www.nyc.gov/taxpayeradvocate.

Part I: Introduction

A. About the Office of the Taxpayer Advocate

The Office of the Taxpayer Advocate is an independent office within the New York City Department of Finance. It was created administratively by DOF and opened for business on October 19, 2015.

OTA assists customers who have been unable to resolve their tax issues through regular Department of Finance channels. In addition, the Office of the Taxpayer Advocate makes systemic recommendations to improve DOF policies and procedures. The office's work comprises property, business, and certain excise taxes; it does not handle matters related to parking tickets, sales tax, or personal income tax.

B. Annual Report to NYC Council

The Department of Finance is required to submit an annual report to the New York City Council no later than May 1 detailing the activities of OTA during the preceding year. This annual report must include the following:

- (1) The number and nature of inquiries received by OTA regarding property tax exemptions or business tax exemptions, whichever is applicable, for the reporting period;¹
- (2) The number, nature, and resolution of complaints received by OTA;
- (3) Any recommendations made by OTA to the DOF commissioner;
- (4) The acceptance and denial rates of such recommendations by the DOF commissioner;
- (5) The number and nature of inquiries referred to OTA by the ombudspersons at DOF; and
- (6) The number and nature of inquiries referred to OTA by 311.

C. Taxpayer Advocacy

For nearly seven years, OTA has advocated on behalf of New York City taxpayers and property owners through its handling of "inquiries" and "cases" involving business income, excise, and property taxes administered by DOF.

Inquiries

Inquiries are specific requests from taxpayers for information or assistance. The most common reason taxpayers seek guidance from OTA is that they do not understand how their taxes were calculated, or how to comply with tax laws. OTA helps taxpayers navigate DOF policies, regulations, and procedures, as well as locate the appropriate operating units or responsible parties to resolve their issues.

Case Advocacy

OTA advocates on behalf of taxpayers who can show that they have been unsuccessful in resolving an issue with DOF which may result from the incorrect application of a law, regulation, or policy. OTA will also act on behalf of taxpayers who can show that they face

¹ DOF's fiscal year runs July 1 through June 30, whereas OTA's reporting period runs April 1 through March 31; to distinguish, we will use the terms "tax year" or "reporting period" to refer to OTA, and "fiscal year" in reference to DOF.

actions with harmful immediate or long-term consequences, including the immediate seizure of funds or other property. OTA also handles cases that have the potential to affect multiple taxpayers or that present unique or compelling public policy issues.

Cases and inquiries come to OTA via the submission of form DOF-911 and through a variety of sources, including direct calls, the OTA webpage, emails, and 311 service requests. Another source of cases and inquiries are outreach events at which OTA partners with the Department of Finance's External Affairs Division and various community-based organizations (CBOs).

OTA works closely with DOF's operating units through formal and informal requests for information. Most issues are resolved through informal communications, and persistent problems are often addressed through periodic meetings with the appropriate functional units.

D. Taxpayer Bill of Rights

Shortly after OTA opened for business, DOF issued the NYC Taxpayer Bill of Rights:²

- The Right to Be Informed
- The Right to Quality Service
- The Right to Understand How Your Property Tax Is Determined
- The Right to a Fair and Just Tax System
- The Right to Retain Representation
- The Right to Pay No More than the Correct Amount of Tax
- The Right to Finality
- The Right to Privacy
- The Right to Confidentiality
- The Right to Challenge the Department of Finance's Position and Be Heard

E. Not-for-Profit Ombudsperson

OTA also houses the not-for-profit (NFP) ombudsperson, a role that was created with the passage of Local Law No. 42, enacted on March 29, 2020. The law states that the DOF commissioner shall designate an agency employee to serve as ombudsperson for not-for-profit organizations that own property, and that contact information shall be posted on DOF's website and notices pertaining to applications for or denials of exemptions under sections 420-a, 420-b, 446, or 462 of the New York State Real Property Tax Law, as well as notices pertaining to the sale of tax liens.

The ombudsperson's duties include, but are not limited to:

- Responding to inquiries from NFP organizations that own real property about real property tax exemptions and the tax lien sale;
- Coordinating and conducting public outreach to increase public awareness of exemptions from the real property tax and exclusions from the tax lien sale available to NFP organizations that own real property; and
- Coordinating with other City agencies to address consequences that an organization may confront as a result of tax liens.

² For full text, see http://www1.nyc.gov/site/finance/about/nyc_taxpayer_bill_of_rights.page.

Part II: Recommendations for the Current Reporting Period

For the reporting period of April 1, 2021, to March 31, 2022, OTA has identified and analyzed new issues and developed recommendations for corrective measures to mitigate problems encountered by New York City taxpayers and property owners.

1) Streamlining the Clerical Error Remission Process

Note: The Request for Review (RFR) and Clerical Error Remission (CER) processes enable city property owners to provide supporting information to review their properties' estimated market value or building classification, or correct recording errors that may affect the valuation of their properties.

Processing times for RFRs and CERs have been a matter of concern for OTA for several years.³ DOF has worked toward decreasing processing times by precluding duplicate filings and requiring only two levels of review (rather than three) if the reviewers agree that no change is necessary. In 2020, such changes cut the processing time of CERs in half; even so, currently open CERs have been open an average of nearly 400 days.⁴ DOF also removed from the lien sale properties with a pending CER whose resolution could affect their status in the lien sale at-risk pool. Despite these improvements, OTA has engaged in discussions with DOF's Property and Legal Affairs divisions on how to further streamline the process.

The Department of Finance may correct any assessment or tax due to a "clerical error" in accordance with NY State Real Property Tax Law § 550(2), or an "error in description" in accordance with Title 19, Section 53-02 of the Rules of the City of New York. CER processing time continues to be slowed by the filing of CERs for issues which do not qualify as clerical errors under the terms of the statute. These filings have not only slowed the agency's processing time for filed CERs, but have also involved the Department of Finance and the Law Department in time-consuming Article 78 litigation regarding those CERs which were denied change. Contrary to their intended purpose,⁵ CERs have become, in effect, another avenue to challenge a property's assessment, in addition to the RFR process and petitioning the Tax Commission.⁶

Since the promulgation of Chapter 53 of Title 19, which expanded the CER review process to its current state in 2016,⁷ 78.65% of all completed CER requests (3,477 of 4,433) resulted in no

³ See 2018 Recommendation No. 1; 2019 Recommendation No. 2; 2021 Recommendation No. 2.

⁴ As of February 18, 2022, outstanding CERs had been open an average of 399.08 days.

⁵ The Rules of the City of New York provide examples of each type of "clerical error" (e.g., "Assessor values an office building at \$1,000,000 but the assessment roll mistakenly reflects a value of \$10,000,000 due to a computer programming or inputting error") and each type of "error in description" (e.g., "Department records indicated that there were twelve units on the property when there were in fact ten units. The tax class will be changed from class 2 to subclass 2B [capped].") 19 RCNY § 53-02(a)(2), (b)(1). The Rules also indicate "errors not subject to administrative correction," such as use of an incorrect valuation model (e.g., "Retail property was valued using an 8% capitalization rate, but it was determined in subsequent models that a 9% capitalization rate was more appropriate for this type of property in this location.") 19 RCNY § 53-02(c)(2). A Request for Review, in contrast, is used to request that DOF reconsider the property's market values based on factors such as finances, comparable sales, building use/classification, physical development, or structural features. Unlike CERs, which can be filed year-round and are retroactive up to six years, RFRs are prospective only and cannot be filed after March 15 (class 1 properties) or April 1 (class 2 and 4 properties) for the upcoming fiscal year beginning July 1.

⁶ The Tax Commission is a separate agency independent of DOF that can review the following claims: 1) the property is assessed in the wrong tax class; 2) the property assessment is too high; 3) inequality, e.g., the property's assessed value is set at a higher proportion of market value than that applied to other properties in the same tax class; and 4) unlawfulness.

⁷ Title 19, Chapter 53 of the Rules draws from Section 11-206 of the NYC Administrative Code, which gives the commissioner of the Department of Finance the nonspecific power to correct errors. Historically, 11-206 powers had been "exercised narrowly, leaving unaddressed many categories of errors that could be corrected under this section." Chapter 53 expanded the categories of errors that could be corrected, and enabled taxpayers to apply the changes up

change. As of February 18, 2022, DOF had 1,645 CERs still under review—34 of which were filed in Fiscal Year 2017. Of CERs filed on 3,966 unique parcels since the procedures were expanded, 266 (7%) parcels have had more than one CER filed.⁸ Charging a nominal CER application fee would discourage bad-faith filing and encourage taxpayers to file CERs only when they truly suspect that a clerical error or error in description has been made.⁹ DOF could further decrease the backlog by precluding the filing of CERs on matters that have already been challenged with the Tax Commission.¹⁰ Assigning specialized staff to review CER requests would result in more efficient processing and clearer explanations of CER decisions, and narrower definitions of the rules would reduce the number of requests while preserving CERs as an important outlet for taxpayers. All of these improvements would help to ensure that taxpayers without resources to participate in another channel are granted the opportunity to contest obvious errors through the CER process.

Recommendations:

- a. Taxpayers who have challenged their assessment in another forum should be precluded from filing a CER on the same issue.
- b. DOF should designate dedicated staff to review taxpayer CER applications.
- c. DOF should amend the Rules of the City of New York to clarify what constitutes a clerical error.
- d. DOF should consider charging a nominal fee for taxpayers filing CERs.

2) Small Business Commercial Property Hardship Program

Note: One possible definition of “small business commercial property” would be class 4 properties with an actual assessed value of \$250,000 or less, which is the threshold to file a short-form Real Property Income and Expense statement. Capping the number of these properties owned by one entity (as well as their total actual assessed values) is also an option.¹¹

The Department of Finance has made efforts to help property owners who are struggling to pay their taxes. In 2019, legislation passed by the New York City Council created the Property Tax and Interest Deferral (PT AID)¹² Program for residential property owners who had fallen behind or were in danger of falling behind on their property taxes. In response to COVID-19, the city and state passed several laws to assist struggling property owners, including a law which allowed delinquent residential and small commercial landlords experiencing hardship to be removed from

to six years prior to the date of the application. Notice of Rule Making, Rule for the New York City Department of Finance Governing the Administrative Correction of Real Estate Assessment Errors, *The City Record*, June 16, 2016, <https://a856-cityrecord.nyc.gov/RequestDetail/20160608107>.

⁸ Of the CERs filed on those 266 parcels, 18 were withdrawn, 176 were completed, and 72 were still in review as of February 18, 2022.

⁹ Another option would be to charge fees only to properties represented by counsel; as of February 18, 2022, 27% of all CERs were filed by a representative. The Tax Commission, for instance, charged a \$175 fee for challenges to valuation on properties with an assessed value of \$2 million or more for fiscal year 2023, as those owners are more likely to be represented by counsel.

¹⁰ Sometimes taxpayers who do not receive relief from the Tax Commission will reshape their claim as a clerical error remission request.

¹¹ Small commercial landlords filing the COVID-19 hardship declaration were not allowed to own more than 10 properties. Pursuant to Section 131 of the New York State Economic Development Law, such businesses were also required to be independently owned and operated with 100 employees or less. Another possible definition of “small business” can be found in NYC Admin. Code § 11-704.4, which uses a \$5,000,000 income limit to allow corporate renters to take the commercial rent tax small business tax credit.

¹² A program which allows eligible owners of one- to three-family homes and residential condominium units to defer payment of their accrued real property taxes or make income-based partial payments.

the 2021 tax lien sale.¹³ Another local law temporarily reduced interest rates on outstanding property tax bills for certain commercial property owners for the first quarter of fiscal year 2021.¹⁴ Fiscal years 2021 and 2022 had reduced rates for properties with an assessed value below \$250,000 and a newly created lower interest rate tranche for properties with an assessed value between \$250,000 and \$450,000.¹⁵

Although the lower interest rates and temporary hardship provisions may provide some property tax relief to small commercial property owners, pandemic-related financial problems will likely stretch well beyond the lifting of the state of emergency. Small commercial property owners may continue to experience hardships due to vacancies and the financial distress of some tenants. While businesses that rent space in small commercial properties may have seen lower business taxes due to the sharp drop in their income resulting from the COVID-19 pandemic shutdowns, this did not necessarily result in property tax reductions for the property owners. Regardless of whether small commercial tenants were able to fulfill all their rent obligations, all small commercial landlords relying on that rental income are still obligated to pay property taxes. Moreover, pandemic-related hardship was the third-largest source of removals from the lien sale among class 4 properties, as 10% of all class 4 properties removed from the sale (331 of 3,307) were removed because their owners signed a COVID-19 hardship declaration.¹⁶

Currently, commercial property owners can enter into installment agreements to pay outstanding tax balances, though they are required to keep up with their current property taxes in addition to the installment plan payments. Owners who default on an installment agreement can claim “extenuating circumstances,” but these are only for limited situations.¹⁷ Creating a hardship program for small businesses involving income-based repayment or temporary deferral could increase compliance.

Recommendation: Create a property tax hardship program for small business commercial property owners, similar to the PT AID Program for residential owners.

3) Co-op/Condo Liaison

Over the past two tax years, OTA saw a significant uptick in cases dealing with the cooperative/condominium abatement, from 36 cases in 2019-20 to 82 in 2020-21 and 90 in 2021-22. This was partially due to the removal of abatements during DOF’s migration of data to its new property tax system, but there were also legal issues, including eligibility for abatements

¹³ The hardship provisions in state law Chapter 381 (2020) and Chapters 73 and 154 (2021) expired January 15, 2022 (*see also* Chapter 104 [2021], Chapter 417 [2021]). The provisions of Local Law No. 24 of 2021, which included the authority to sell tax liens, expired December 31, 2021.

¹⁴ *See* Local Law No. 62 of 2020, which provided that the balance be repaid by September 30, 2020.

¹⁵ *See* Local Law No. 24 of 2021, Local Law No. 86 of 2021.

¹⁶ Nearly half of the class 4 properties were removed because they satisfied the charges that would qualify them to be included in the sale (1,577), and about a quarter (927) were removed for other administrative reasons, such as issues or disputes regarding the character of the lot or its ownership.

¹⁷ According to 19 RCNY § 40-03(e)(4)(i), “extenuating circumstances” is limited to four situations, all of which are generally more relevant to individual owners: (1) death; (2) loss of income due to an involuntary absence from the property for at least six months due to illness or military service, or pursuant to a court order; (3) loss of income due to unemployment for at least six months; or (4) active enrollment in DEP’s water debt assistance program.

with other benefits¹⁸ and determinations of primary residence.¹⁹ The new co-op/condo legislation (NY State Law Chapter 422 [2021]) may put a particular strain on DOF's ability to handle primary residence and prevailing wage documents, requiring extra levels of verification on behalf of a management company and a unit owner or shareholder.²⁰ Although the Office of the Comptroller is setting guidelines for the prevailing wage requirements, DOF has created and is processing the forms associated with it.

DOF has established liaison or ombudsperson positions focusing specifically on the not-for-profit exemption, the Rent Freeze Program, and the lien sale. A similar liaison or other committed resource for co-op/condo abatement issues could reduce the Homeowner Tax Benefits Unit's processing and fulfillment workload. Such a liaison could assist with more complicated cases and absorb some of the expected increase in inquiries resulting from changes to the co-op/condo abatement law, as well as acting as a link between DOF and the public and allowing the Homeowner Tax Benefits Unit to focus on processing applications and changes.

Recommendation: DOF should create a liaison position for issues related to the cooperative/condominium abatement.

4) Lien Sale Qualifying Charges

Eligible property owners who fail to meet their tax obligations may be included in a lien sale. DOF is legally required to mail warning notices to the owners of properties that are at risk of being included in the sale. The notices are mailed 90, 60, 30, and 10 days before the sale date.

There are several ways a property can be removed from the sale; one way is for the owner to pay the charges that qualified the property for the sale. These charges are called the "lien sale qualifying payment amount."

Current lien sale notices do not list the qualifying charges or the qualifying payment amount, which is the minimum amount due for removal from the lien sale. Instead, the notice lists all outstanding taxes on the property through the date of the lien sale, since liens sold are not limited to only qualifying charges. The lien sale notices use language instructing taxpayers to "pay or resolve this debt," "pay what you owe," or "pay the full amount of your debt" to be removed from the sale.²¹ The total amount eligible for inclusion in the sale is typically substantially larger than the minimum qualifying payment amount, and it may affect the choices a taxpayer makes when paying their property taxes. In the interest of transparency, fairness, and compliance, DOF should explain the customers' options more clearly in the lien sale warning notices.

Recommendation: The tax lien notices should include the minimum qualifying payment required to be pulled from the lien sale and detail the periods that the minimum payment will satisfy.

¹⁸ For an example of such an issue involving the conflict between the clergy exemption and condominium abatement, see Part IV.

¹⁹ Primary residence relies on the owner's intention, with no single factor controlling. *See* 11 Op. Counsel 77. The burden of proof in determining the taxpayer's eligibility for the co-op/condo abatement is on the managing agent; however, new legislation requires owners to certify their primary residence. NY RPTL § 467-a(3)(b), (e).

²⁰ To view the amendments to Title 19, Chapter 50 of the Rules of the City of New York implementing Chapter 422 at the city level, see <https://www1.nyc.gov/assets/finance/downloads/pdf/rules/dof-amendment-of-real-property-tax-abatement-cca.pdf>.

²¹ The notices for the 2021 lien sale also provided other options to be removed from the sale, such as entering into a payment plan or submitting a hardship declaration, but nothing referring to the qualifying charges.

5) Lien Sale Interactive Database

The Lien Sale Unit processes the actions taken by thousands of at-risk property owners for removal from the lien sale.²² Taxpayers who take action to be removed from the lien sale must wait for confirmation of their removal. Those who do not take action until within 30 days of the lien sale may not receive a removal letter until after the sale has occurred. Further complicating matters, a rush of actions for removal from the lien sale occurs during the final days of the sale; for example, of the 8,353 properties removed from the 2021 lien sale, more than half (4,689) were removed within the final 10 days.

Taxpayers regularly contact staff with requests for confirmation that their property has been removed from the lien sale. The high volume of requests, particularly in the final weeks, makes it difficult for the Lien Sale Unit to provide timely updates to customers. The creation of an internal database of removed properties would be helpful to staff and customers. DOF staff need quick access to status updates to ensure that taxpayers are given enough time to act if there is a delay or denial in the removal process.²³

Recommendation: Create a centralized database which DOF staff can use to check the status of lien sale removal requests in real time, to be updated daily in the final two weeks of the lien sale period.

6) Guidance on Not-for-Profit Class 1 Violations

The Department of Finance administers the not-for-profit property tax exemption. Eligible properties must apply with DOF and, if approved, renew the exemption annually. The requirements for approval are listed on the initial application, and DOF provides supporting information online. The renewal process has been simplified to entail entering a private numerical code and verifying the property's use.

The Office of the Taxpayer Advocate has been contacted by 10 not-for-profit organizations who have been denied the exemption because they have a Department of Buildings (DOB) class 1 violation,²⁴ vacate order, or stop-work order. DOF has enforced this policy in the interest of public safety and in accordance with judicial interpretations of “good faith” requirements within NY State Real Property Tax Law § 420-a.²⁵ Such violations are issued by and kept on record with the Department of Buildings; when taxpayers have cured the violations, they must notify DOB. The Department of Finance does not have the authority to render a decision on the status of a violation. Nevertheless, the not-for-profit exemption initial application and webpage do not have information on how DOB violations and orders can impede the approval of a not-for-profit exemption.

²² A few examples of actions for removal include hardship declarations, qualifying payment submission, payment agreement submission, exemptions checklist, NFP application, etc.

²³ The staff dependent on updates from the Lien Sale Unit include OTA; members of External Affairs fielding requests from elected officials; business centers processing late payments and applications; the Payment Operations Division applying qualifying payments; the Exemptions Unit receiving exclusionary personal exemption applications; and the Legal Affairs Division making determinations about whether lien sale candidates fit an exception allowing for their removal from the sale.

²⁴ A DOB class 1 violation is an “immediately hazardous” violation as specified in the New York City Construction Code, “or those where the violating condition poses a threat that severely affects life, health, safety, property, the public interest, or a significant number of persons so as to warrant immediate corrective action....” 1 RCNY § 102-01(b)(1).

²⁵ See, e.g., *Matter of Ahavas Chaverim Gemilas Chesed, Inc. v. Town of Mamakating*, 99 A.D.3d 1156 (3d Dep’t 2012).

Recommendation: Include language on the not-for-profit exemption webpage detailing the requirement to cure DOB class 1 violations, vacate orders, and stop-work orders prior to applying for or renewing the not-for-profit exemption. Also, direct customers to check DOB property account information and contact the Department of Buildings for information about corrective actions.

7) Door-to-Door Outreach: Analytical Canvassing

During the 2021 lien sale period, OTA conducted direct canvassing outreach to targeted populations. Case advocates performed geographical analysis and identified class 1 and 2 (residential rather than business) properties included in the 30-day lien sale at-risk pool in the areas surrounding the Staten Island and Queens business centers. In three days of targeted canvassing, OTA visited 191 at-risk properties, of which 142 (74.3%) were ultimately removed from the sale. The overall removal rate for properties on the 30-day list was 5,950 of 8,791 (67.7%). Properties contacted by the Office of the Taxpayer Advocate therefore had a removal rate 6.6% higher than the general population. Applied to the entire 30-day lien sale list, this higher rate would have resulted in the removal of an additional 581 properties from the lien sale.

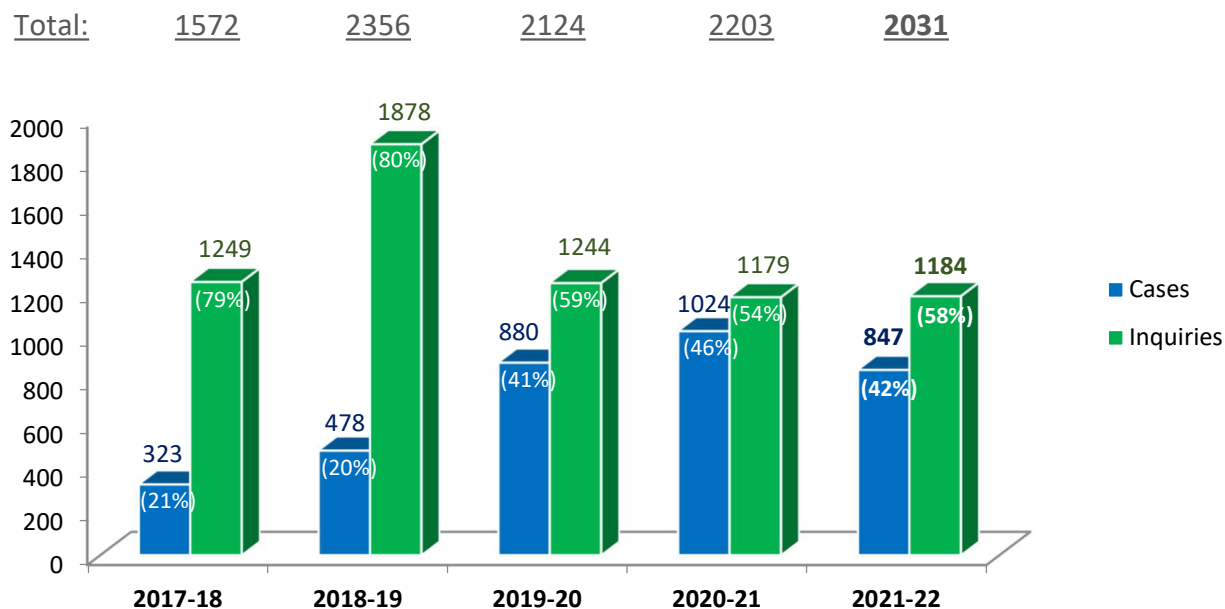
Recommendation: DOF should integrate targeted outreach to specific populations regarding programs or liens when participant information is available. Supplemental outreach may include but not be limited to door-to-door canvassing, live caller phone calls, and email or text message follow-ups.

Part III: OTA Statistics for the Reporting Period April 1, 2021, to March 31, 2022, and Cumulative Statistics

The following charts and graphs highlight the recurring issues brought to OTA's attention over the past five reporting periods.²⁶

A. Tax Year Case and Inquiry Totals for the Office of the Taxpayer Advocate

For tax year 2021-22, OTA closed 1,184 inquiries and 847 cases. OTA's cases continue to account for more than 40% of the office's overall workload, as they have for the past three years, an indication that taxpayers contact OTA with very complex matters. The main cause of this year's decrease in overall workload has been the effectiveness of updates to processes related to personal exemptions and payment operations.²⁷ Also of note is the continuing success of the Customer Service Contact Center. Opened in July 2019, the contact center specializes in handling personal exemption calls from 311. There was also a 171% increase in foot traffic at DOF business centers during reporting period 2021-22. Lastly, OTA reported an all-time high in cases closed last year (1,024 in reporting period 2020-21), partially due to the completion of many cases and inquiries (288 total) still open at the end of 2019-20. OTA has successfully eliminated the backlog and has decreased open items by 80% over the past two years (58 open items as of April 1, 2022).



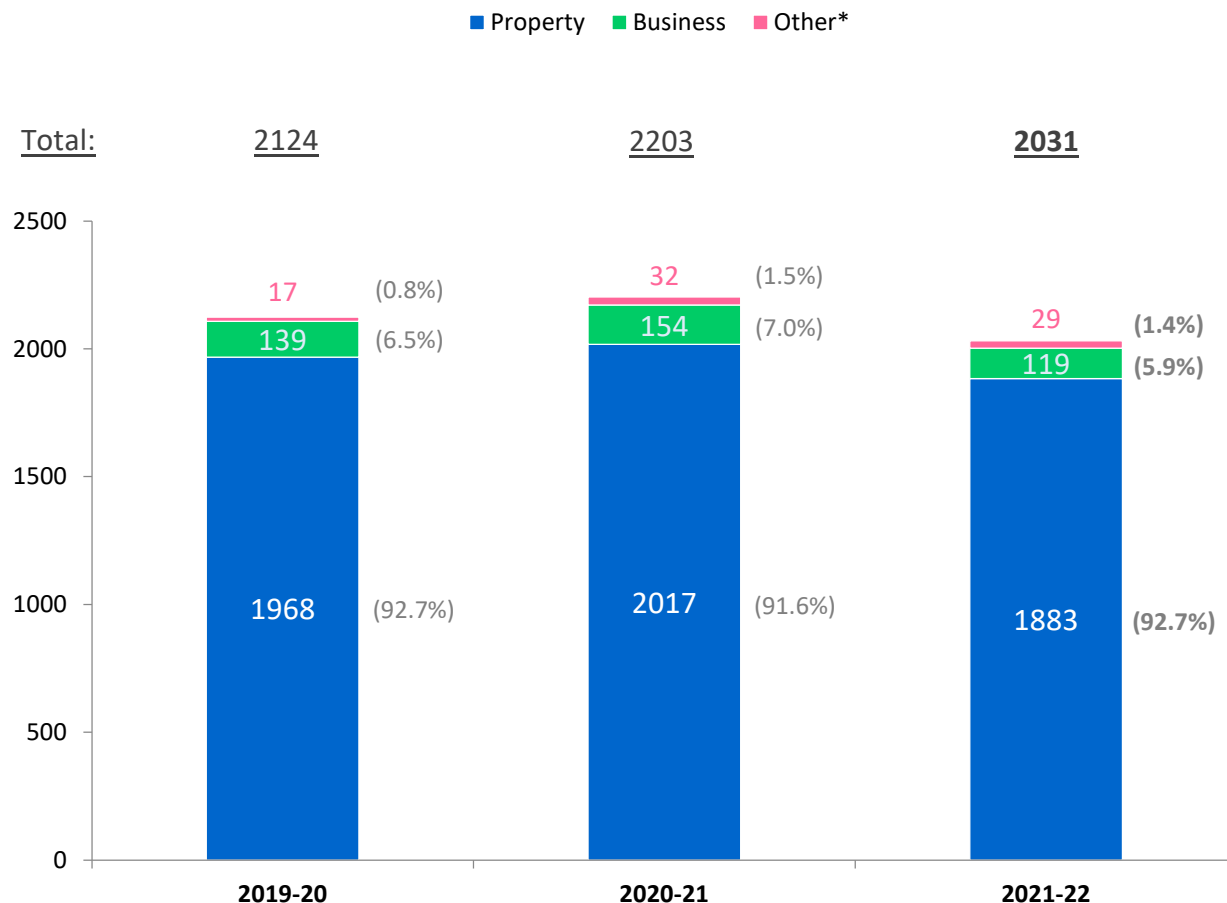
²⁶ OTA's quantifying methods are based on the number of cases and inquiries closed during the reporting period. Cases and inquiries opened before March 31, 2022, and not closed are included in a separate chart (see Part III.N), but are otherwise not considered in these statistics.

²⁷ The three largest sources of cases and inquiries for OTA (as noted in Part III.F) have historically been personal exemptions, payments, and refunds. Personal exemptions (specifically SCHE & DHE) have seen automation via city council Res. 0052-2022 implementing state Executive Order No. 11.1, by which the properties receiving the exemptions the previous year would be automatically approved for the upcoming fiscal year. Payment and refund issues have declined, as PTS efficacy and processing times have improved.

B. Total Inventory by Subject Matter

Nearly 93% of matters handled by OTA in reporting period 2021-22 dealt with issues related to property taxes, which is consistent with previous years. Property cases peaked last year due to a rise in valuation disputes and requests for information and assistance with applying for relief during the summer and fall of 2020. Similarly, the decline in business tax cases is related to a number of factors, including the rise of notice issues and penalty abatement requests through the first and second years of the pandemic, coupled with a decline in direct outreach to business taxpayers during the same period. An additional factor is the public's familiarity with online and virtual technologies to complete tasks via the DOF website, which is reflected in the substantial decline of misapplied payment and refund cases.

Major Tax Area Work Flow Comparision by Tax Year

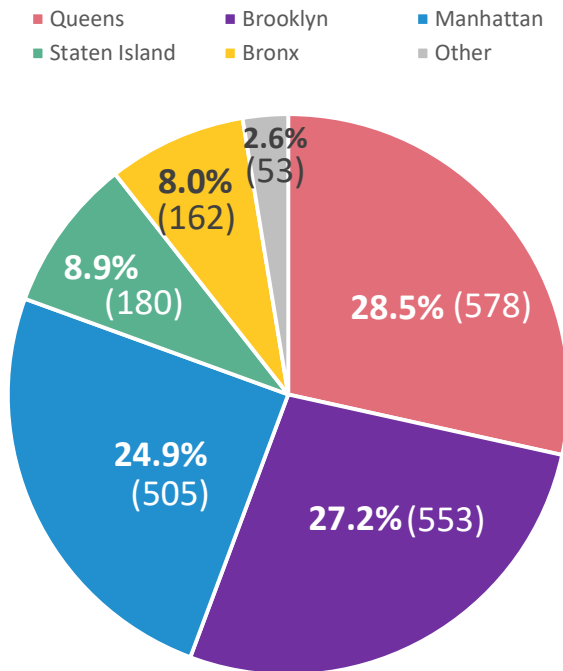


*A small percentage (“Other”) generally involves inquiries outside OTA’s scope, such as parking disputes or personal income tax. The former is usually referred to the Office of the Parking Summons Advocate. The latter is referred to the New York State Department of Taxation and Finance.

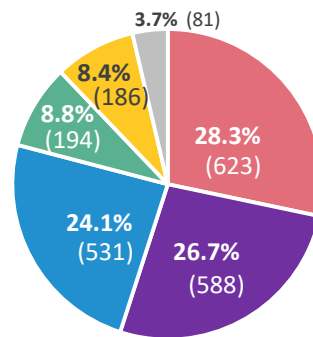
C. Source of Total Work by Borough

OTA's borough percentage breakdown has remained relatively consistent. The "Other" category mostly involves business tax matters (see Part III.J): either non-local businesses required to file New York City business tax returns, or practitioners with general inquiries for whom taxpayer information was not specified.

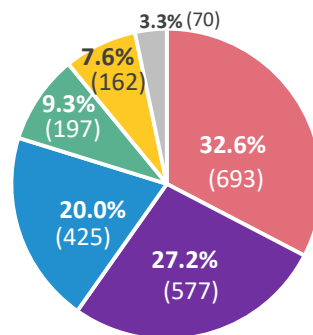
**2021-22 Total Cases and Inquiries
by Borough**



2020-21



2019-20



D. Breakdown of Recurring Issues

The table below shows OTA's top 20 recurring issues. Some matters involve multiple issues, so the total number of issues (2,289) does not match the number of cases and inquiries (2,031) in tax year 2021-22.

The breadth and diversity of issues addressed by the Office of the Taxpayer Advocate continue to increase, a trend first noted last year, when no one category dominated OTA's workload. Issues related to the lien sale were more prevalent this reporting period, as DOF did not hold a lien sale during fiscal year 2020-21. OTA saw a 103% increase in the records request/verification category from taxpayers who were checking the status of their application, payments, or property tax records. Payment issues continue to be the most common category, though the 29% drop is related to DOF's automated payment systems becoming more efficient, including upgrades to NYCePay.²⁸ Processing delay issues continue to fall, as refund request responses have become more efficient and personal exemption renewals were again automated. The 18% drop in market value/assessed value challenges is partially attributable to fewer taxpayers challenging the valuation of their properties, as values and tax rates decreased for fiscal year 2021-22 as a result of the COVID-19 pandemic.

Issues Presented	TY 2019-20	TY 2020-21	TY 2021-22	Change vs. 2020-21	Total
Total	2284	2613	2289	324↓ (12%↓)	7186
Misapplied or Denied Payments	365	312	220	92↓ (29%↓)	897
Denial - Benefit	173	198	194	4↓ (2%↓)	565
Processing Delay	384	237	166	71↓ (30%↓)	787
Records Request/Verification	35	80	162	82↑ (103%↑)	277
Lien Sale	78	66	159	93↑ (141%↑)	303
Inconsistent Market Value/Assessed Value Increase	118	189	155	34↓ (18%↓)	462
Application Issue	163	190	141	49↓ (26%↓)	494
Lack of Noticing/Right to Be Informed	82	198	126	72↓ (36%↓)	406
DOF Procedure - Unclear	48	117	123	6↑ (5%↑)	288
Penalty Abatement Requests	29	75	91	16↑ (21%↑)	195
Tax Calculations	117	85	73	12↓ (14%↓)	275
Bad Record	102	86	68	18↓ (21%↓)	256
Benefit Removal or Revocation	21	70	58	12↓ (17%↓)	149
Payment Plans - Creation or Default/Delinquent	21	58	56	2↓ (3%↓)	135
Erroneous Charges/Fees	74	87	53	34↓ (39%↓)	214
DOF - Unresponsive/Unhelpful	19	51	38	13↓ (25%↓)	108
Unclear Notices	29	35	37	2↑ (6%↑)	101
PTS Remission Issues	0	15	37	22↑ (147%↑)	52
Credit - Not Applied	145	53	34	19↓ (36%↓)	232
DOF Policy/Law - Unclear	18	28	33	5↑ (18%↑)	79

²⁸ See response to 2021 Recommendation No. 6 in Part VII of this report.

E. Cases in Which No Relief Was Granted

OTA strives to provide relief to taxpayers to the extent that remedies are available. Still, in some cases, relief cannot be provided. Of OTA's 2,751 cases in the past three tax years, 276 (10.03%) have resulted in such an outcome. In the largest percentage of cases (40.22%) over the past three tax years, DOF was unable to provide relief as the result of laws or internal policies that could not be controverted, including certain benefits for which taxpayers were ineligible.

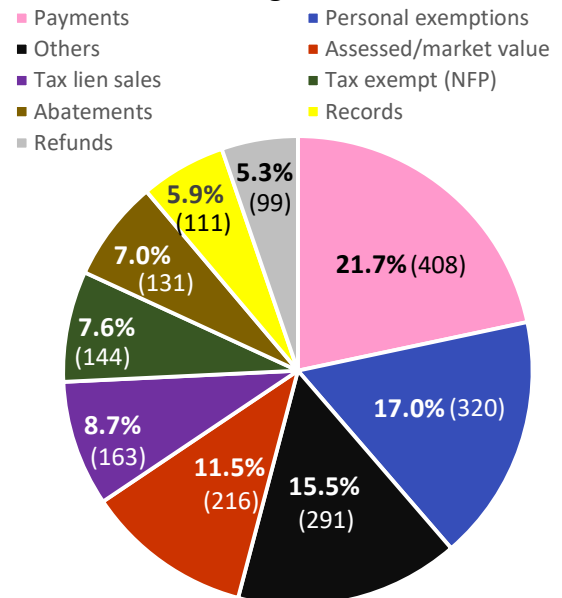
Cases in Which No Relief Was Granted in OTA's Past Three Years

Reason for No Relief	2019-20	2020-21	2021-22	Total
Law or DOF policy	35	32	44	111
Taxpayer failed to provide documents or information timely	51	28	23	102
Unable to contact taxpayer	19	23	3	45
Referred to another city agency	4	6	8	18
Total	109	89	78	276

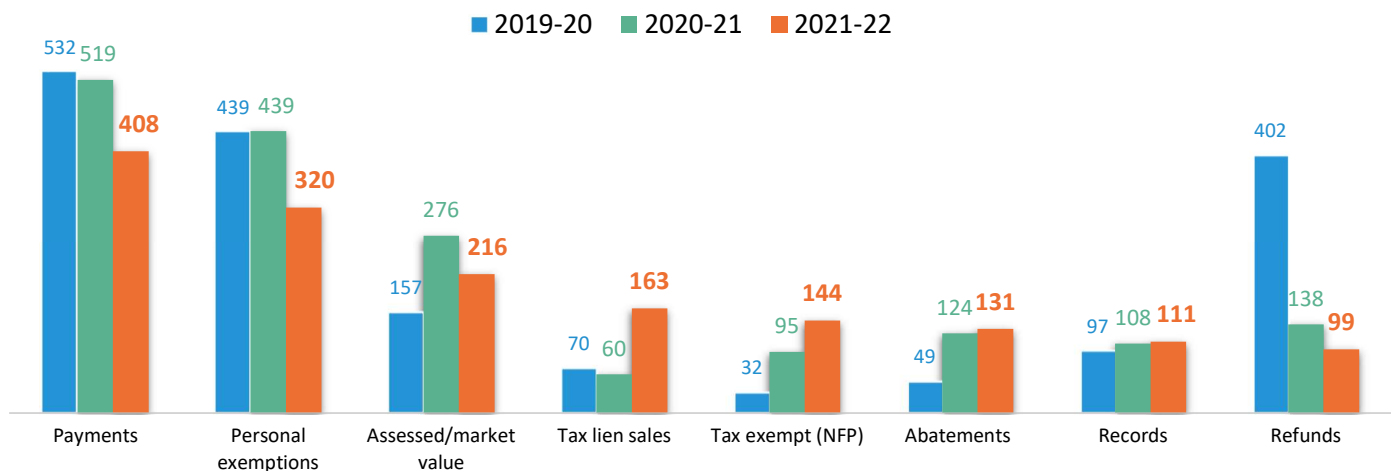
F. Property Tax Inquiries and Cases by Subcategories²⁹

OTA's top property tax categories continue to be payments, personal exemptions, and valuation. (The chart at right includes an "Others" category consisting of multiple issues that each made up less than 5% of the overall workload.)³⁰ The decline in refund issues over the past two years is a result of the technical and process issues involved in PTS integration being resolved. OTA has seen growth in NFP issues, which are now handled by the NFP ombudsperson. The increase in lien sale issues is due to DOF holding a lien sale in 2021 for the first time in two years.

2021-22 Property Tax Top Categories



Top 8 Property Tax Cases and Inquiries by Subcategory, by Tax Year

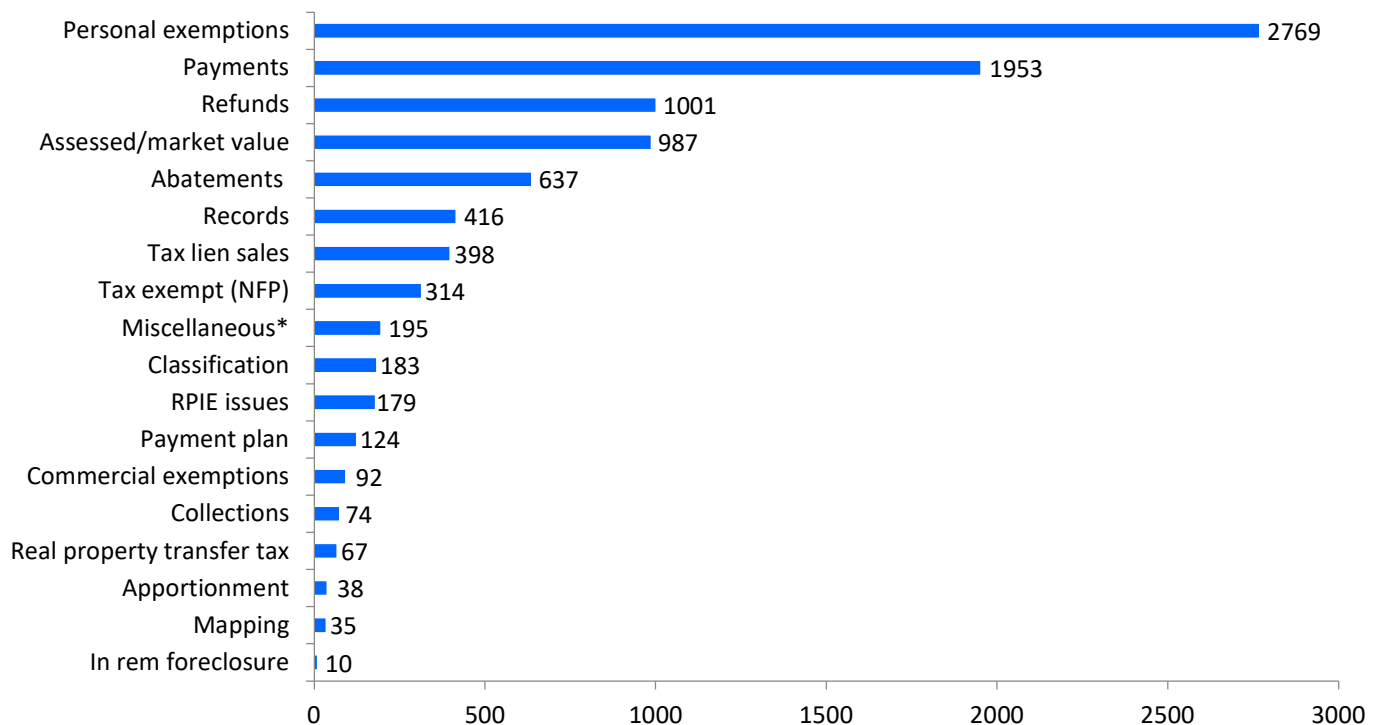


²⁹ OTA's property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veteran, Clergy and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (co-op and condo, 421-a, and commercial abatements); Records (how DOF has recorded a property); Tax Lien Sale (questions about properties in the current or previous tax lien sale); Not-for-Profit Tax Exemptions (questions concerning requested, denied or removed tax exemptions); Property Tax Classification; Apportionment (processing of requesting apportionment or merger requests); Commercial Exemptions (ICIP and ICAP); Collections (attempts to collect prior to a lien sale); Real Property Transfer Tax; Mapping (assignment of lot numbers); Payment Plans; RPIE Penalty (imposed on late and non-filers); In Rem Foreclosure; and Miscellaneous (unique issues or questions, or disputes that involve hybrid or multiple issues).

³⁰ The "Others" subcategories include: RPIE issues (4.4%), payment plan (3.1%), classification (2.8%), real property transfer tax (1.0%), commercial exemptions (0.9%), collections (0.9%), apportionment (0.6%), mapping (0.4%), and a miscellaneous category for unique issues (1.5%).

Over the past five years, OTA’s largest source of cases and inquiries has been personal exemptions (2,769 of 9,472, or 29.23%, of cases and inquiries); however, since the rollout of the Customer Service Contact Center on July 1, 2019, the cumulative workflow attributed to personal exemptions has decreased. Although OTA has seen a wider breadth of case topics as the office expands, more than 75% of OTA cases are still from the top five categories (personal exemptions, payments, refunds, assessed/market value, abatements). Treasury and Payment Services cases (payments, refunds, tax lien sales, payment plan, collections) comprise 39.5% of total property-related cases; however, the total number of those issues decreased between tax year 2020-21 (775) and tax year 2021-22 (745).

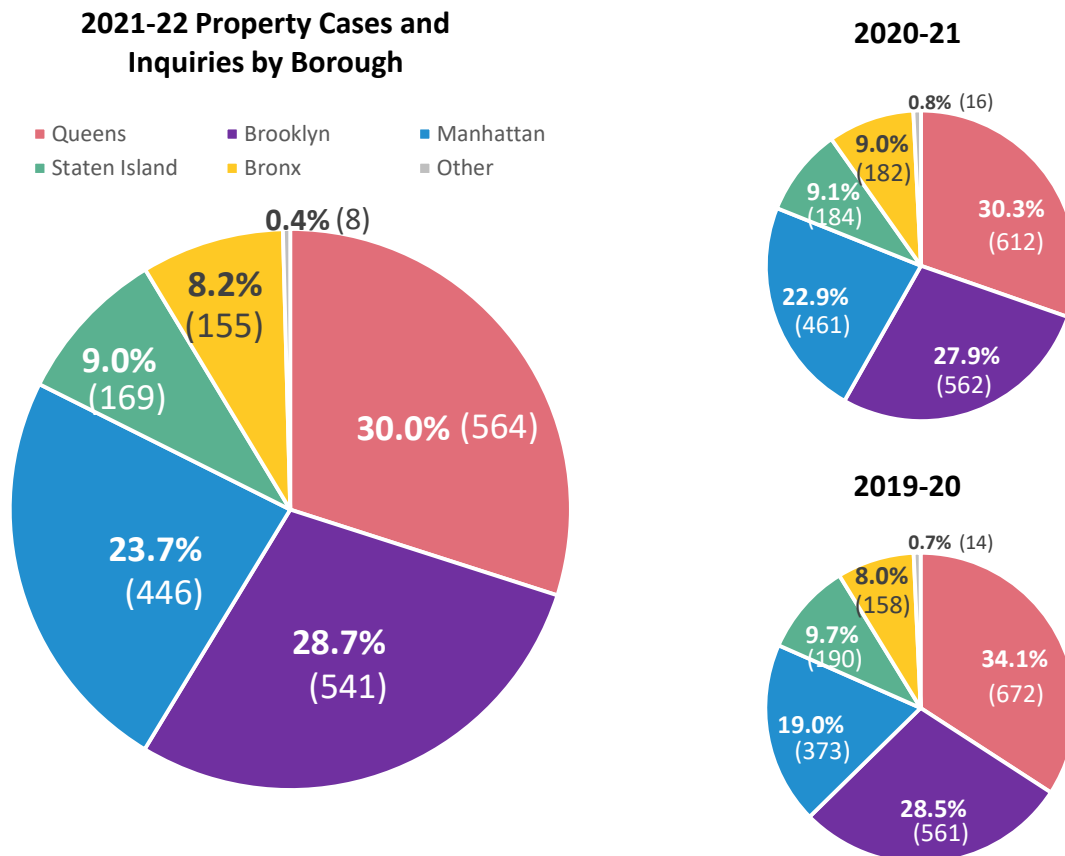
Property Tax Cases and Inquiries by Subcategory for OTA's Most Recent Five Years, Cumulative



* “Miscellaneous” refers to a variety of property tax issues that could not be properly classified, including charges not necessarily related to property tax debt (e.g., Environmental Control Board or Housing Preservation and Development debts); erroneous payments made to New York State; issues associated with Senior Citizen and Disabled Rent Increase Exemptions (SCRIE or DRIE); sidewalk charges; and basic legal or procedural questions. To the extent that those issues recur, they may receive their own category of classification in future reports.

G. Property Tax Inquiries and Cases by Borough

Of all property issues handled by OTA in tax year 2021-22, 30.0% were from Queens, and 28.7% were from Brooklyn. These proportions have remained consistent over the past three reporting periods.³¹



³¹ Property tax inquiries without boroughs involved general questions and suggestions regarding process.

H. Property Tax Cases by City Council District

OTA handled property tax cases for property owners in all of New York City’s 51 council districts in tax year 2021-22. The refund, abatement, and corrections³² amounts are listed below by district. The large increase in total refunds in 2021-22 was related to a few high-dollar cases in districts 1 and 2, as well as a citywide utility property case. The “Other” category generally encompasses cases involving several properties across multiple districts, wherein the dollar impact could not be easily divided.

Property Tax Refunds, Abatements, and Corrections by City Council District for Tax Years 2017-18 through 2021-22

District/Current Council Member		Number of Cases					Refunds					Abatements					Corrections	
		17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	20-21	21-22
1	C. Marte	6	14	22	62	42	\$57,780	\$11,234	\$1,392,115	\$61,420	\$2,825,923	\$3,655	\$7,644	\$215,334	\$191,314	\$2,875,944	\$211,615	\$3,839,121
2	C. Rivera	11	4	10	19	30	\$2,324	\$2,422	\$23,985	\$29,515	\$2,182,068	\$4,168	-	\$4,340	\$7,346	\$5,538	\$120,615	\$175,108
3	E. Bottcher	8	8	33	36	63	\$40,422	\$5,250	\$164,943	\$244,771	\$582,604	\$2,145	-	\$35,160	\$83,967	\$561,605	\$583,173	\$1,432,421
4	K. Powers	7	15	39	54	35	\$25,429	\$20,490	\$219,660	\$304,176	\$1,617,722	\$44,664	\$3,536	\$1,030,706	\$7,137,500	\$869,010	\$3,141,856	\$723,683
5	J. Menin	8	7	26	14	22	\$13,994	\$9,369	\$82,398	\$4,008	\$23,914	\$30,004	\$24,586	\$15,810	\$19,595	\$42,903	\$51,452	\$98,367
6	G. Brewer	9	7	33	28	29	\$7,359	\$96,142	\$309,913	\$21,361	\$22,795	\$18,975	\$610	\$13,608	\$3,964	\$19,022	\$22,027	\$2,668,614
7	S. Abreu	1	3	8	11	6	-	-	\$19,060	\$38,271	\$80,297	-	-	-	-	-	\$18,833	\$111,376
8	D. Ayala	4	1	3	6	4	\$1,823	-	-	-	-	\$642	-	-	-	\$10,518	-	-
9	K.R. Jordan	5	2	2	10	8	\$618	\$7,390	\$2,052	\$10,035	\$942,778	-	-	-	\$1,882	\$80,649	-	\$47,820
10	C. De La Rosa	-	2	2	1	3	-	-	-	-	\$189,370	-	\$815	-	-	-	-	-
11	E. Dinowitz	4	-	7	16	12	-	-	\$3,909	\$49,381	\$343,131	-	-	\$4,879	\$317,078	\$16,193	\$2,241	\$270,862
12	K. Riley	1	4	12	14	10	\$3,654	\$50	\$8,167	\$32,537	\$193,688	-	\$3,550	\$118,139	\$4,519	\$14,891	\$1,034	\$3,435
13	M. Velázquez	5	7	16	15	7	-	\$4,437	\$3,119	-	\$11,773	\$2,808	\$2,563	\$10,047	\$8,370	-	\$12,348	\$4,380
14	P. Sanchez	-	1	2	5	5	-	-	\$464,201	-	-	-	-	\$508	\$257	-	-	\$28,279
15	O. Feliz	2	3	8	2	4	-	\$5,427	\$36,850	-	\$36,473	-	-	\$5,878	-	-	-	-
16	A. Stevens	1	3	-	2	1	-	-	-	-	-	\$3,112	-	-	-	-	\$66,636	-

³² For an explanation of the new “Corrections” category, see Part III.L.

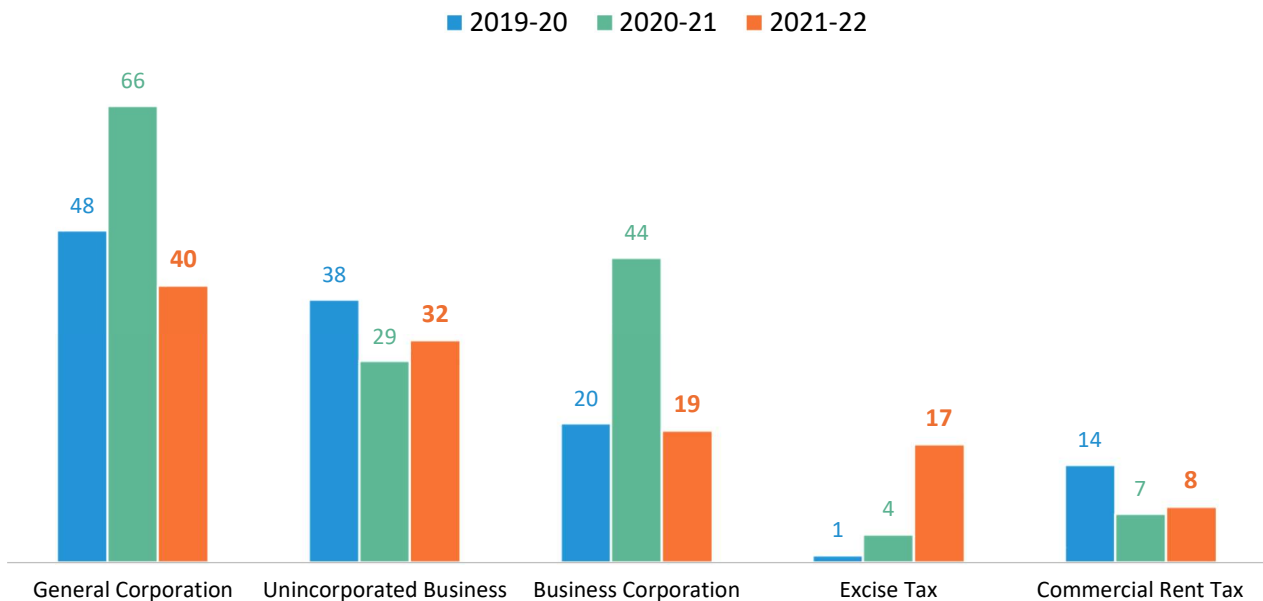
District/Current Council Member		Number of Cases					Refunds					Abatements					Corrections	
		17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	20-21	21-22
17	R. Salamanca Jr.	4	7	17	10	6	\$5,677	-	\$67,661	\$62,589	-	\$9,699	\$632	\$10,000	\$196,802	-	\$414	\$2,361
18	A. Farias	3	10	8	11	12	-	\$784	\$2,647	\$12,843	\$15,589	\$14,308	\$1,754	-	\$1,416	\$448,215	\$2,963	\$45,180
19	V. Paladino	11	20	32	29	23	\$2,321	\$36,083	\$33,673	\$14,364	-	\$40,674	\$22,285	\$1,623	\$15,462	\$14,257	\$1,286,316	\$27,929
20	S. Ung	5	4	13	23	24	\$7,711	\$2,063	\$15,524	\$68,030	\$477,285	\$20,732	-	\$3,517	\$1,700	\$12,680	\$130	\$139,378
21	F. Moya	6	6	15	13	9	\$13,866	\$113	\$100,770	\$23,470	\$7,544	\$31,527	\$3,017	\$1,850	\$4,966	\$1,137	-	\$70,677
22	T. Cabán	3	11	17	15	13	\$909	\$12,183	\$18,779	\$1,236	\$7,348	\$5,209	\$3,454	\$33,898	\$389,149	\$14,113	\$1,202	\$8,320
23	L. Lee	11	7	18	18	17	\$1,522	\$6,606	\$28,422	\$66,059	\$833	\$53,960	\$2,105	\$3,761	\$14,518	\$5,765	\$415,873	\$4,232
24	J. Gennaro	8	4	14	11	8	\$3,044	\$5,742	\$40,745	\$6,155	\$1,948	\$19,994	\$12,432	-	\$4,735	-	\$3,500	\$27,922
25	S. Krishnan	4	8	11	9	7	\$21,589	\$1,750	\$4,932	\$3,750	\$55,363	-	\$1,875	-	\$34,715	-	\$118,029	\$8,387
26	J. Won	4	3	13	11	6	\$744	\$5,080	\$28,377	\$500	\$166,730	\$1,898	-	\$27,682	\$255,084	\$264	\$1,628	\$82,251
27	N. Williams	8	14	20	15	9	\$44,738	\$4,661	\$10,323	\$498,629	-	\$3,056	\$4,737	\$2,504	\$1,600	\$34,339	\$500	\$35,086
28	A. Adams	4	10	23	16	10	\$2,107	\$450	\$7,464	\$37,400	-	\$1,442	\$2,691	\$18,863	\$38,314	\$1,813	\$5,880	\$101
29	L. Schulman	6	8	14	19	17	\$41,950	\$3,465	\$8,934	\$25,033	\$7,155	\$23,751	\$5,604	\$138,127	\$288,703	\$16,533	\$22,328	\$28,030
30	R. Holden	6	4	30	17	9	\$3,700	\$6,702	\$24,182	\$35,844	-	-	\$1,314	\$7,060	\$6,716	\$7,545	\$46	\$1,293,081
31	S. Brooks-Powers	9	9	16	14	8	\$1,348	\$10,532	\$21,286	\$4,308	\$2,647	\$22,847	\$584	\$11	\$2,953	\$1,800	\$9,265	\$2,398
32	J. Ariola	6	16	20	21	11	\$4,406	\$13,357	\$19,741	\$11,373	\$8,767	\$201,452	\$11,816	\$50,198	\$1,775	\$18,693	\$7,967	\$7,120
33	L. Restler	2	11	31	33	48	-	\$68,021	\$502,564	\$18,394	\$1,543,524	\$11,921	-	\$9,549	\$641,634	\$757,866	\$38,817	\$114,870
34	J. Gutiérrez	3	8	12	14	16	-	\$54,123	\$270,095	\$33,877	\$48,853	\$17,526	-	\$24,979	\$84,382	\$250	\$28,368	\$657,022
35	C. Hudson	4	5	14	14	11	\$13,093	-	\$168,469	\$21,117	-	-	-	\$435,935	\$20,876	\$327	\$524	\$523
36	C. Ossé	4	3	8	12	7	\$334,172	\$20,003	\$72,820	\$15,509	\$36,932	\$16,297	\$11,325	-	-	-	\$38,828	-
37	S. Nurse	3	9	9	7	14	-	\$11,863	-	\$11,993	\$73,362	-	\$8,717	\$6,610	\$21,734	\$18,824	-	\$34,552
38	A. Avilés	3	3	6	18	12	\$634	\$9,035	\$7,301	\$209,775	\$484,838	\$870	-	\$2,914	-	\$19,805	\$128,391	\$3,118
39	S. Hanif	7	10	22	19	19	\$4,170	\$10,215	\$21,458	\$39,283	\$15,216	-	\$1,207	\$40,107	\$2,989	-	-	\$23,434
40	R. Joseph	1	6	6	10	3	-	\$1,577	\$2,338	\$729,859	-	\$2,000	-	\$9,903	\$781,595	-	-	-
41	D. Mealy	1	1	5	12	10	-	-	\$533	\$6,931	-	-	-	\$4,306	\$2,475	\$19,393	\$3,004	\$12,028
42	C. Barron	3	7	12	9	15	-	\$1,244	\$584,551	\$808	-	-	\$2,600	-	\$18,141	\$51,073	-	\$2,726
43	J. Brannan	1	11	15	15	13	-	\$7,964	\$9,294	\$55,635	\$17,707	\$7,000	\$2,368	\$5,529	\$4,114	\$14,704	\$2,051	\$54,780

District/Current Council Member		Number of Cases					Refunds					Abatements					Corrections	
		17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	20-21	21-22
44	K. Yeger	3	7	9	27	13	-	\$377	\$876	\$54,306	\$616,429	\$3,459	\$3	\$11,917	\$71,957	\$63,123	\$19,749	-
45	F. Louis	4	8	13	20	8	\$3,005	\$7,596	\$5,222	\$13,020	\$634	\$13,700	\$5,624	-	\$2,410	-	\$71,312	\$6,019
46	M. Narcisse	7	8	22	17	11	\$6,092	\$1,012	\$24,476	\$9,354	\$37,190	\$3,033	\$11,622	\$23,467	\$36,403	\$42,733	\$32,508	\$481,021
47	A. Kagan	1	9	9	16	9	-	\$63,738	\$1,058	\$217,313	-	-	\$2,740	\$370	\$32,059	-	\$281,882	\$12,751
48	I. Vernikov	6	19	21	23	16	-	\$3,176	\$305,983	-	\$2,342	\$6,143	\$13,812	\$14,076	\$27,465	\$13,001	\$3,927	\$70,964
49	K. Hanks	3	9	16	18	11	\$18,515	\$3,534	\$3,676	\$23,020	\$963	-	\$7,094	\$173,936	-	\$3,378	\$7,188	\$32,950
50	D. Carr	15	8	27	31	20	\$1,027	\$21,476	\$1,575,835	\$70,460	\$3,928	\$38,009	\$3,449	\$2,534,582	\$511,411	\$15,054	\$8,151	\$13,578
51	J. Borelli	11	19	29	24	30	\$1,533	\$29,907	\$49,662	-	\$616,712	\$18,190	\$18,512	\$63,596	\$76,471	\$6,849	\$5,766	\$93,471
Other		1	4	6	17	2	\$12,000	-	-	\$733,824	\$4,565,528	-	\$2,021	-	\$269,359	-	\$10,550,614	-
Total		253	387	796	903	758	\$703,274	\$586,641	\$6,770,041	\$3,931,536	\$17,867,905	\$698,870	\$208,699	\$5,115,282	\$11,639,874	\$6,099,810	\$17,328,944	\$12,799,727

I. *Business and Excise Tax Cases and Inquiries by Subcategories*

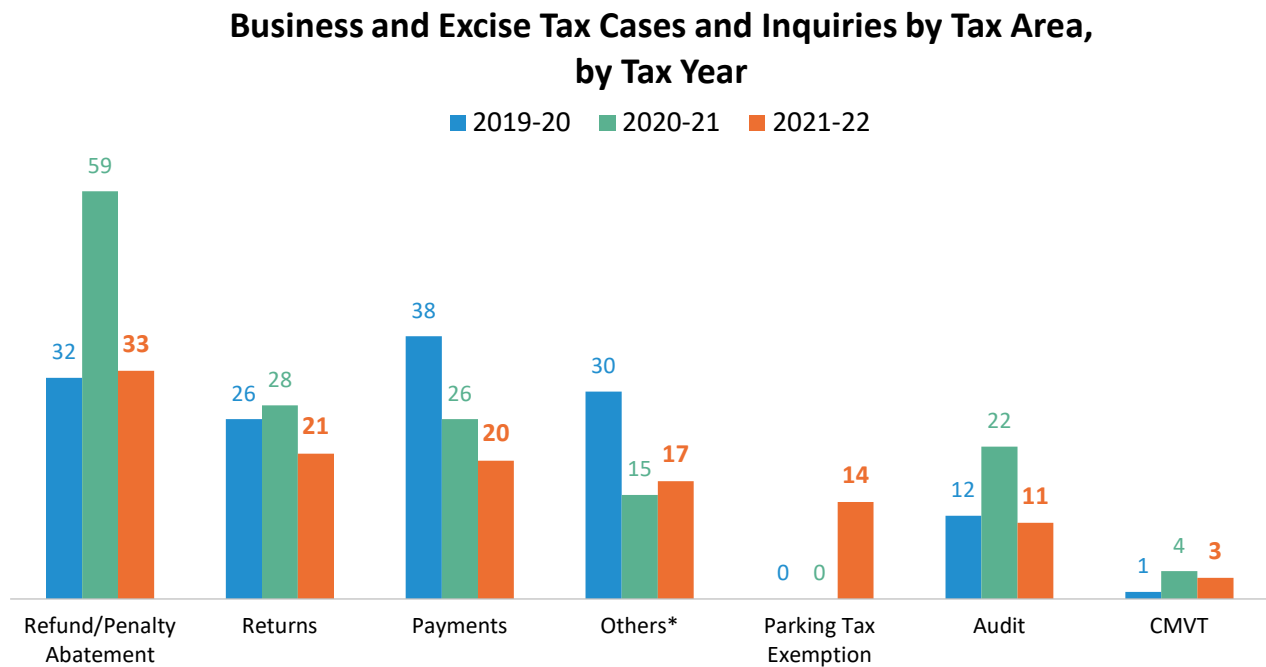
Of the 119 business tax cases and inquiries that OTA handled in tax year 2021-22, 40 involved general corporation tax (GCT) issues, 32 involved unincorporated business tax (UBT) issues, and 19 involved business corporation tax (BCT) issues. The decrease in BCT (56.8%) and GCT (39.4%) is attributable in part to the lack of avenues for outreach during the COVID-19 pandemic. OTA also began tracking excise tax cases this year, particularly commercial motor vehicle tax (CMVT) and parking tax exemptions, and has attempted to reclassify cases from previous years that fit under that category.

Top 5 Business and Excise Tax Cases and Inquiries by Tax Area, by Tax Year



There were three business and excise issues that did not fit into the top five categories for tax year 2021-22: one dealing with hotel room occupancy tax and two concerning the Fines and Interest Reduction Enabling Recovery (FAIRER) Program, which granted amnesty for Environmental Control Board debts.

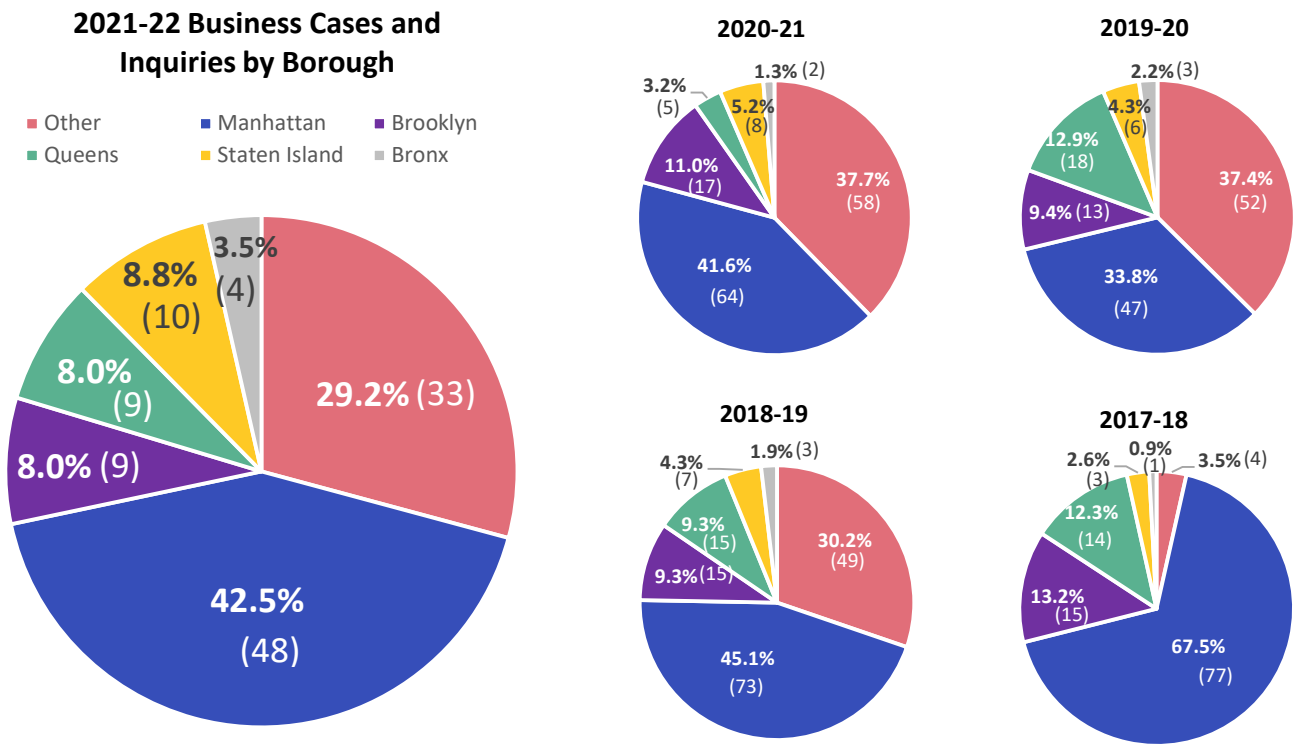
Refund and penalty abatement matters dropped by 26 between reporting periods 2020-21 and 2021-22. In 2020-21, DOF abated penalties on certain late returns due to the COVID-19 pandemic. Audit saw the biggest drop in percentage compared to last year (50.0%). Parking tax exemptions, a new category, has grown based on word of mouth; garages assisted will refer other taxpayers to OTA.



* “Others” refers to miscellaneous collections matters (including warrants, levies, and courtesy conferences); inquiries related to the FAIRER Program; payment plans; entering the Voluntary Disclosure and Compliance Program; and questions related to DOF business tax policies and procedures.

J. Business and Excise Tax Cases and Inquiries by Borough

Between tax years 2018-19 and 2020-21, OTA saw significant growth in cases and inquiries initiated by tax practitioners or businesses whose offices were outside the city (“Other”); however, because of the lack of outreach opportunities as a result of the pandemic, this trend has decreased in 2021-22. A similar trend is seen for Manhattan, where there were approximately the same percentage of cases and inquiries as the previous year, but fewer cases and inquiries in total.³³ The decreases in “Other” and “Manhattan” cases make any modest gains in Queens, Staten Island, and the Bronx appear much larger in the overall borough distribution.



³³ Parking tax exemptions are a Manhattan-based benefit; therefore, all related matters are grouped in Manhattan.

K. Business Tax Cases by City Council District³⁴

OTA handled business tax cases, some of which resulted in refunds, abatements, or corrections,³⁵ for business taxpayers in 22 of the City's 51 council districts during tax year 2021-22. Twenty-nine cases resulting in either abatements, refunds, or corrections could not be attributed to a district; as indicated in the previous section, OTA also had a large corporate dollar impact for 2021-22 from taxpayers located outside New York City who did business within the city. The refund, abatement, and correction amounts are listed below by district.

Business Tax Refunds, Abatements, and Corrections by City Council District for Tax Years 2017-18 through 2021-22

District/Current Council Member		Number of Cases					Refunds					Abatements					Corrections	
		17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	20-21	21-22
1	C. Marte	9	3	9	17	8	\$1,000	-	\$56,603	\$717,011	\$49	\$7,335	-	\$2,906	\$157,890	\$7,365	\$4,000	-
2	C. Rivera	2	2	2	7	1	-	-	\$11,351	\$23,496	\$2,319	\$2,875	\$11,772	-	\$4,222	\$45	-	\$17,686
3	E. Bottcher	7	5	10	6	8	\$859	-	\$18,934	\$36,951	\$66,285	\$30,056	\$10,301	\$5,106	\$11,224	\$3,354	-	-
4	K. Powers	18	7	16	20	14	\$542,615	\$130,009	\$145,810	\$214,790	\$73,490	\$10,973	-	\$70,626	\$432,038	\$731,626	\$2,753,501	\$12,154
5	J. Menin	3	2	-	-	3	\$1,582	-	-	-	-	\$964	\$11,348	-	-	-	-	-
6	G. Brewer	3	4	-	2	3	-	-	-	-	-	\$792	-	-	\$28,877	\$951	\$70,000	\$5,000
8	D. Ayala	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	K.R. Jordan	-	-	-	1	1	-	-	-	-	\$3,607	-	-	-	\$2,139	-	-	-
10	C. De La Rosa	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	K. Riley	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	A. Stevens	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
17	R. Salamanca Jr.	1	1	-	-	-	-	-	-	-	-	\$9,861	\$16,457	-	-	-	-	-
18	A. Farias	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	\$600
19	V. Paladino	-	1	4	-	-	-	\$14,000	\$6,272	-	-	-	-	\$1,280	-	-	-	-
22	T. Cabán	1	-	-	-	1	-	-	-	-	-	\$4,378	-	-	-	-	-	\$7,772
23	L. Lee	-	-	2	1	1	-	-	-	\$281	-	-	-	-	-	\$57	-	-

³⁴ Omitted districts have not had any cases through March 31, 2022.

³⁵ For an explanation of the new "Corrections" category, see Part III.L.

District/Current Council Member		Number of Cases					Refunds					Abatements					Corrections	
		17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22	20-21	21-22
25	S. Krishnan	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	J. Won	3	-	-	2	1	\$916	-	-	-	-	-	-	-	-	-	-	\$19
27	N. Williams	-	-	-	1	2	-	-	-	-	-	-	-	-	-	-	-	-
29	L. Schulman	1	-	-	1	1	-	-	-	-	-	-	-	-	\$193	-	-	\$4,000
31	S. Brooks-Powers	2	2	-	-	-	-	-	-	-	-	-	\$21,415	-	-	-	-	-
32	J. Ariola	1	1	-	1	-	-	-	-	-	-	-	\$7,031	-	\$979	-	-	-
33	L. Restler	1	2	6	3	1	\$330	-	-	\$7,270	-	-	-	\$13,534	\$6,736	-	\$31,371	-
34	J. Gutiérrez	3	-	-	1	-	-	-	-	-	-	\$3,309	-	-	-	-	-	-
35	C. Hudson	-	1	-	-	-	-	-	-	-	-	-	\$385	-	-	-	-	-
36	C. Ossé	-	-	-	2	1	-	-	-	-	-	-	-	-	\$967	\$19,935	-	-
38	A. Avilés	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
39	S. Hanif	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
40	R. Joseph	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
41	D. Mealy	3	-	-	-	1	\$25,330	-	-	-	-	\$3,346	-	-	-	-	-	-
43	J. Brannan	-	-	1	1	-	-	-	-	\$1,719	-	-	-	-	-	-	-	-
44	K. Yeger	1	1	1	-	1	-	-	\$5,019	-	-	\$4,530	-	-	-	-	-	-
45	F. Louis	-	-	-	1	-	-	-	-	-	-	-	-	-	\$6,664	-	-	-
46	M. Narcisse	-	-	-	2	-	-	-	-	-	-	-	-	-	\$30	-	-	-
49	K. Hanks	-	2	1	2	1	-	-	-	\$6,914	-	-	\$1,698	\$1,353	-	\$56,620	-	-
50	D. Carr	1	1	1	1	4	-	-	-	-	\$1,622	\$135,018	\$2,758	\$8,280	\$526	\$433	-	\$8,625
51	J. Borelli	1	1	-	-	2	-	\$13,240	-	-	-	-	-	-	-	\$978	-	\$7,736
Outside of NYC		7	54	25	44	29	-	\$178,796	\$268,638	\$165,950	\$303,344	\$35,564	\$1,194,921	\$1,247,120	\$138,733	\$261,664	\$2,521,716	\$352,289
Total		70	90	81	118	87	\$572,632	\$336,045	\$512,627	\$1,174,383	\$450,715	\$249,002	\$1,278,086	\$1,350,205	\$791,217	\$1,083,030	\$5,380,588	\$415,882

L. Dollar Impact of the Office of the Taxpayer Advocate

The aggregate impact of OTA’s outreach over the years has led to cases with more complex issues, and thus a rising dollar impact. OTA saw an increase in dollar impact of \$6,425 per case during the current reporting period.

Refunds accounted for an increased share of OTA’s dollar impact this year, though more than half of that consisted of five high-value cases worth a total of \$9.2 million.

During tax year 2020-21, OTA started tracking “DOF Corrections,” or misapplied payments that did not result in a refund or a reduction to existing charges. Also classified as “corrections” were technical PTS-related adjustments.

In tax year 2020-21, OTA resolved a \$13 million correction case and a \$7 million abatement case. No cases of comparable magnitude were resolved in 2021-22, which explains the decrease in corrections and abatements dollar impact.

TOTAL	Refunds	Abatements	Corrections	\$ Impact Total	Case Count*	Avg. per Case
TY 2017-18	\$1,275,907	\$947,872	-	\$2,223,779	323	\$6,885
TY 2018-19	\$922,685	\$1,486,787	-	\$2,409,472	478	\$5,041
TY 2019-20	\$7,282,668	\$6,465,537	-	\$13,748,205	880	\$15,623
TY 2020-21	\$5,105,920	\$12,413,334	\$22,709,531	\$40,228,785	1,024	\$39,286
TY 2021-22	\$18,318,620	\$7,182,839	\$13,215,609	\$38,717,068	847	\$45,711
Total	\$32,905,799	\$28,496,370	\$35,925,140	\$97,327,309	3,552	\$27,411

REFUNDS	Business	Property	Total Refunds	Number of Cases with Refunds	Avg. per Case
TY 2017-18	\$572,632	\$703,274	\$1,275,907	unavailable	unavailable
TY 2018-19	\$336,045	\$586,641	\$922,685	unavailable	unavailable
TY 2019-20	\$512,627	\$6,770,040	\$7,282,668	312	\$23,342
TY 2020-21	\$1,174,383	\$3,931,536	\$5,105,920	176	\$29,011
TY 2021-22	\$450,715	\$17,867,905	\$18,318,620	117	\$156,569
Total	\$3,046,402	\$29,859,397	\$32,905,799	605	\$54,390

ABATEMENTS	Business	Property	Total Abatements	Number of Cases with Abatements	Avg. per Case
TY 2017-18	\$249,002	\$698,870	\$947,872	unavailable	unavailable
TY 2018-19	\$1,278,088	\$208,699	\$1,486,787	unavailable	unavailable
TY 2019-20	\$1,350,205	\$5,115,332	\$6,465,537	136	\$47,541
TY 2020-21	\$791,217	\$11,622,118	\$12,413,334	194	\$63,986
TY 2021-22	\$1,083,030	\$6,099,810	\$7,182,839	143	\$50,230
Total	\$4,751,541	\$23,744,829	\$28,496,370	473	\$60,246

CORRECTIONS	Business	Property	Total Corrections	Number of Cases with Corrections	Avg. per Case
TY 2020-21	\$5,380,588	\$17,328,944	\$22,709,531	144	\$157,705
TY 2021-22	\$415,882	\$12,799,727	\$13,215,609	207	\$63,844
Total	\$5,796,469	\$30,128,670	\$35,925,140	351	\$102,351

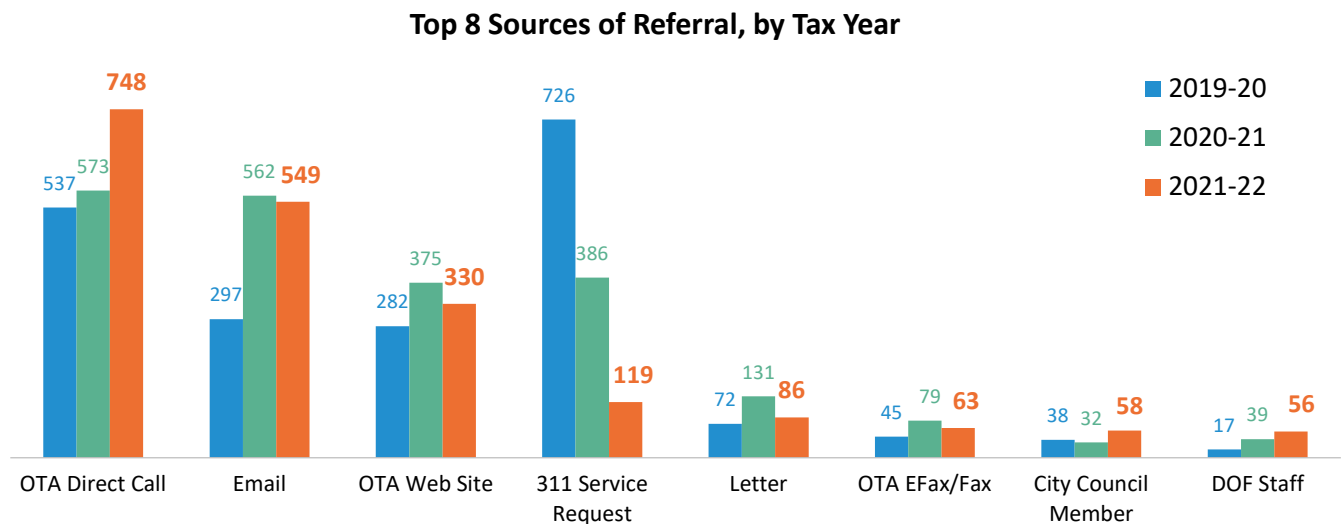
* Case counts represent total cases for each reporting period, regardless of whether there was any dollar impact. Some cases involve more than one dollar impact category (e.g., a refund and an abatement).

M. Referrals by Source

Since the 2019-20 reporting period, OTA has seen an increase in the number of direct phone calls it receives. Contact information for the office is available in the Notice of Property Value that is sent to taxpayers each year, as well as in OTA brochures that have been widely disseminated via in-person and virtual events over the past two years. Calls, emails, and website inquiries remain the top three referral sources.

Several factors explain the decrease in 311 service requests (“311 SRs”) over the past two years. As noted above, taxpayers have opted to contact OTA directly. 311 SRs accounted for 34.1% of the office’s total workload in 2019-20, but only 5.9% in 2021-22. The specific 311 SR topic areas that saw the largest decrease were property tax payments, refunds, and personal exemptions. Property tax payments and refund issues increased in 2019-20 due to since-resolved PTS conversion issues from DOF’s legacy system (544 in 2019-20 to 49 in 2021-22). Meanwhile, the Customer Service Contact Center resolves personal exemption issues before they reach OTA, and the automatic renewal of the Senior Citizen and Disable Homeowner Exemption (SCHE and DHE) recipients for the past two fiscal years has led to a decrease in the amount of inquiries OTA receives on that topic (71 in 2019-20 to 28 in 2021-22).

Lastly, two areas of increase come from direct communication with city council members and DOF staff. The steady increase of matters flowing directly to OTA indicates better communication with the city council and other units within DOF.

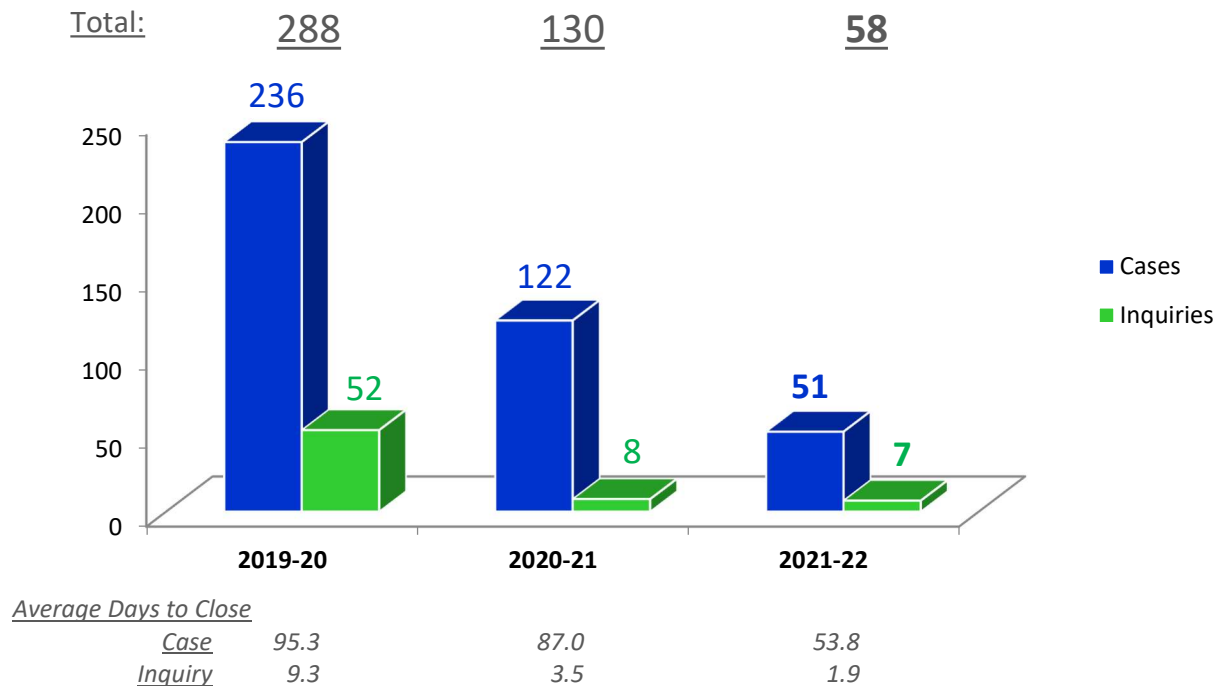


N. *Open Cases and Inquiries*

As of April 1, 2022, OTA had 51 cases and seven inquiries remaining open. OTA generally has more open cases than open inquiries, as cases are more complex and require further review. The number of open cases in reporting year 2021-22 decreased by 58.2% when compared to 2020-21 (122 to 51).

During the 2021-22 reporting period, the average time to investigate, advocate for, and close a case was 54 days. The improvement in average days to close is a result of working through the backlog of cases and inquiries from 2019-20 (288) after the transition from the old legacy system to the new property tax system.

Open Cases and Inquiries for the Past Three Reporting Periods



Part IV: DOF-OTA Cross Agency Support

OTA alerts DOF to systemic issues as they arise throughout the year. Below are a few collaborations that show how OTA helps DOF operate more efficiently on a day-to-day basis.

Clergy Exemption-Condominium Abatement Exclusion

While the co-op/condominium abatement webpage states that co-ops are not eligible for the clergy exemption, no such similar language existed for condominiums. According to state law NY RPTL § 467-a(2)(a), (f), condominiums receiving another benefit are not eligible to receive the co-op/condo abatement (with certain exceptions that do not include the clergy exemption).

OTA brought the statute to the attention of the Department of Finance's Legal Affairs Division, which confirmed the prohibition, as well as the Homeowner Tax Benefits Unit. As a result, the Homeowner Tax Benefits Unit found that 10 qualifying condominium owners had attempted to receive both the abatement and the clergy exemption. Owners were permitted to choose which benefit they wished to retain. Seven qualifying units opted for the condo abatement (at least 17.5% reduction of taxable assessed value) over the clergy exemption (\$184 reduction for each property in fiscal year 2021). The difference between choosing the condo abatement and the clergy exemption for the seven units that opted for the abatement totaled \$22,319.67.

In addition, HTB updated the webpage for the co-op/condominium abatement to specify that applicants could not receive both the clergy exemption and the condominium abatement.

Late-Night Lien Sale Support

Over the last year, OTA has increased the number of its monthly or bi-monthly recurring meetings with different units across DOF, in addition to continuing its close relationship with the Property Division. This close collaboration helps to resolve cases and identify new opportunities to serve customers, such as with the extended lien sale hours offered at the DOF business centers last year. In total, OTA assisted 27 taxpayers during the extended hours in their removal from the lien sale.

Supplementing Not-for-Profit Exemption Renewal Efforts

OTA also assisted the Not-for-Profit Unit during the most recent exemption renewal cycle. The NFP Unit boasts a 98% renewal rate; the 2% non-renewing properties require additional work, such as phone call follow-ups, over-the-phone guidance through the renewal process, and sometimes locating a contact person for the organization. OTA contacted organizations and produced a non-responder list at the request of the NFP Unit. This has been an ongoing collaboration for the past two fiscal years.

Part V: Success Stories

Below is a sample of cases and outcomes illustrating OTA's accomplishments via its collaborative efforts with other DOF units and divisions.

PROPERTY

1. RPIE – Claim of Exclusion Penalty Reversals

Since the Real Property Income and Expense (RPIE) penalty structure was changed in 2019,³⁶ the most common RPIE case type for OTA is related to three consecutive years of noncompliance and the associated penalty of up to 5% of the property's assessed value.

A taxpayer contacted the Department of Finance regarding unexpected RPIE charges on two class 4 properties totaling \$43,032. He explained that he had owned both properties since the 1990s, but this was the first time he had seen such a charge on his account. OTA learned that this was an owner-occupied property and should have filed a claim of exclusion.³⁷

When a taxpayer does not file an RPIE, DOF's property tax system cannot distinguish whether the taxpayer is required to file or might be eligible to file a claim of exclusion. Therefore, the property tax system will automatically assume the taxpayer is required to file after the first year, and thus will assess the full non-filing penalty. OTA submitted to the RPIE Unit that the taxpayer should have filed a claim of exclusion. The RPIE Unit adjusted the penalties on the lots in accordance with the penalty structure for non-compliant claim of exclusion properties (\$100 the first year, \$500 the second year, and \$1,000 the third year), and a total of \$42,532 was abated.

2. Misapplied Payment – Serving the Limited English Proficiency Community

A feature of OTA's advocacy is helping people with limited English proficiency. Thanks to targeted outreach with community partners, the Office of the Taxpayer Advocate has been able to serve more customers in their own language with the assistance of native speakers.

To cite one example, a Korean-speaking case advocate helped a non-English speaking Korean taxpayer to resolve a misapplied payment. The taxpayer made his usual property tax payment by check for \$3,966, but only \$966 was applied to his property taxes. The full \$3,966 payment was withdrawn from his personal bank account, and per his bank's instruction, the funds were held by DOF. The Payment Operations Division's research revealed an encoding error by the check processing vendor. Over a four-month period, OTA acted as liaison between Payment Operations, DOF's bank, the taxpayer's bank, and, in Korean translation, the taxpayer himself. The funds were eventually located by DOF's bank, and the additional \$3,000 payment was applied retroactively, with the interest waived.

³⁶ Required filers who do not file an RPIE statement or claim of exclusion face penalties based on the final assessed value of the property. Penalties are assessed proportionate to assessed value, but in 2019, the RPIE penalty for reaching a third consecutive year of non-filing was increased to a maximum of five percent of the total assessed value applied for each year of noncompliance. This was done to increase compliance, since five percent of the total assessed value is substantially larger than the previous penalty structure.

³⁷ Certain owners of income-producing property are not required by statute to submit an RPIE statement; instead, they must submit a claim of exclusion from the filing requirement. Properties that are 100% owner-occupied, such as the above case, are among those required to submit a claim of exclusion. See NYC Admin. Code § 11-208.1(d)(4).

3. Co-op/Condo Abatement – Reinstating the Benefit After Managing Agent Error

In the fall of 2020, an elderly couple contacted OTA because they lost the co-op abatement that they had received from 2014 through 2019. The couple’s unit was their primary residence, they did not change the deed, and they did not receive notice or a reason for the removal.

OTA discovered that the reason for the removal of the unit was due to a change of primary residency status for tax year 2020. A new management company had taken over the previous year and mistakenly listed both owners as “N” for primary residence on the change forms (denoting it was not their primary residence). When contacted, the management company admitted its mistake, updated the forms, and submitted a signed letter to OTA confirming the error.

OTA appealed to the Homeowner Tax Benefits Unit by establishing the history of the unit’s receipt of the benefit since 2014 and showing that the couple had also been continuously approved for Basic STAR, which also has a primary residency requirement, by the New York State Department of Taxation and Finance. Normally this would constitute a no-change decision and the unit owner would wait a year for an update. However, the Homeowner Tax Benefits Unit determined that it would be able to correct the unit’s status and reinstate the co-op abatement for tax year 2020, providing the owners with \$1,655.62 in retroactive benefits.

BUSINESS

4. Vacating a Warrant After Unexpected Adjustments

DOF’s Payment Operations Division periodically sends Statements of Financial Account showing internal adjustments that may lead to credit reductions. Taxpayers who do not receive these statements in a timely manner may underpay their taxes, thinking they have a larger credit on their account than they actually have. The timing of the statements leaves the taxpayer without timely notice.

A taxpayer received a credit reduction in her unincorporated business tax between 2017 and 2018; because she was not aware of the reduction to her credit, she underpaid her 2019 taxes (filed in October 2020), resulting in a balance, interest, and penalty. The taxpayer was not aware of this underpayment until she was sent a Notice of Tax Due on December 13, 2020. Her representative responded with a request for more information about the underpayment; however, due to mailing delays and the holiday season, the taxpayer did not receive a timely reply from DOF. On January 26, 2021, with the balance still unpaid, DOF issued a warrant. The taxpayer paid the balance in full upon receiving the warrant. However, the taxpayer explained to OTA that had she known the source of the balance, she would have complied before it reached the warrant stage. The warrant had seemingly been issued per protocol—more than 15 days after the tax notice—but because DOF had not responded in a timely manner to the taxpayer’s inquiry, she felt that the collection actions were unfair.

The taxpayer’s concerns were shared with the Payment Operations Division, which agreed that because the taxpayer had not received timely notice, there were grounds to vacate the warrant manually. DOF filed a request to vacate the warrant with the court and expunge it from the record on April 14, 2021.

LIEN SALE

5. Question of Ownership – Surrogate Court Filings and Request for Removal

A property owner passed away without a will and the daughter of the deceased owner explained that the estate had yet to go through probate. Typically, OTA would offer to enroll an owner into a payment plan, submit a hardship declaration, or apply for an exemption—each of which requires the signature of all owners listed on the deed. OTA explained that the property could still be removed from the lien sale if the owner’s heirs submitted probate court documents before the lien sale deadline. This would remove the property from the lien sale due to “ongoing litigation.”

At an extended-hours lien sale session at the Queens Business Center, the daughter of the deceased property owner requested help to guide her through the probate court proceedings. Later, she asked for assistance to transmit the proof of documentation to the Lien Sale Unit so that the property could be removed from the sale. OTA informed the Lien Sale Unit of the situation and the prospective owner’s intended action. The unit earmarked the property and waited for the taxpayer to file the documents with the Queens Surrogate’s Court. Documentation was received before the December 17, 2021, deadline and the property was pulled from the 2021 lien sale.

LIEN SALE & NOT-FOR-PROFIT (NFP)

6. NFP – Lots Adjusted for Multiple Years Nets Big Savings

During the spring of 2021, the not-for-profit ombudsperson and OTA staff assisted a church in the Bronx that failed to renew its not-for-profit exemption. After OTA provided the pastor of the church with step-by-step renewal instructions over the phone, the pastor brought a few more parcels to the ombudsperson’s attention. OTA’s review found that DOF had previously approved each of the parcels for the exemption, but the church had failed to renew since July 1, 2018. Having fallen out of the exemption renewal cycle, each individual parcel was now required to file anew and request a retroactive start date to receive the exemption.

Due to COVID-19 restrictions, the church was not able to perform the property’s exempted uses—Sunday school teaching and a food pantry—throughout much of 2020 and 2021. Its initial application for reinstatement was denied because of a lack of evidence for the use of the buildings. The ombudsperson was able to locate the Certificate of Occupancy for each lot and advocated for the reinstatement of their exemptions on the basis of contemplated use. The Not-for-Profit Unit agreed and reinstated the lots retroactively to fiscal year 2019, saving the church \$424,465.10 in property taxes. In addition, the lots had also been charged RPIE non-filing penalties for the years they did not receive the not-for-profit exemption. Those charges were reversed, netting the customer a further \$44,344.44 in savings.

Part VI: OTA Outreach Efforts

For tax year 2021-22, OTA's outreach efforts were a combination of in-person and virtual events. The majority of OTA's outreach reflects the widespread adoption of virtual platforms in response to COVID-19. OTA's 10 in-person and 47 virtual events attracted a total of 1,409 attendees. While OTA's primary focus will be on in-person outreach opportunities for the upcoming tax year, virtual events will continue to be offered.

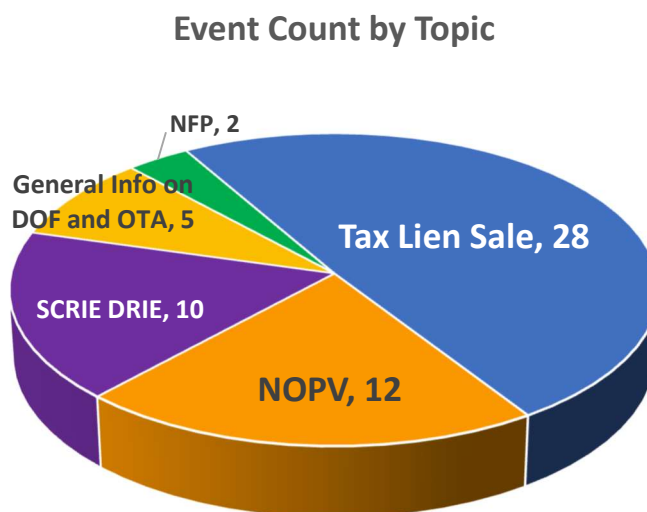
About half of OTA's 57 outreach events were related to the 2021 tax lien sale, which is due to OTA's concern with public awareness, as the previous sale was held in August 2019. OTA worked with DOF stakeholders (External Affairs and the business centers) and community-based organizations such as the Center for New York City Neighborhoods and Legal Services NYC to conduct extended-hours assistance sessions at DOF business centers in the Bronx, Brooklyn, Queens, and Staten Island.

As discussed in 2022 Recommendation No. 7, OTA also piloted three days of in-person targeted outreach to at-risk class 1 and class 2 properties in the areas surrounding the business centers of Staten Island and Queens.

Next, OTA participated in 12 Notice of Property Value sessions in 2022. These events were held virtually during the months of February and March, with an average of 38 attendees per session. The External Affairs Division organized the sessions in partnership with the NYC Tax Commission and OTA.

The Department of Finance hosted two not-for-profit informational sessions in collaboration with Bricks and Mortals, a grassroots organization comprised of faith-based institutions. Both events were delivered in English and supplemented by French and Urdu translators. The event detailed the policies of the not-for-profit exemption and the compliance requirements for organizations to remain in the program.

Although the SCRIE and DRIE ombudspersons submit a separate annual report, Rent Freeze Program events are included in OTA's total outreach count because OTA staff provide support at those events.



Part VII: DOF Actions on 2021 OTA Recommendations

OTA made nine recommendations in its 2021 annual report. This section provides the status of the implementation of those recommendations.

Recommendation No. 1: COVID-Centric and Virtual Hybrid Outreach Opportunities

- a. Plan more outreach sessions to promote public awareness of policies and regulations established due to the COVID-19 pandemic as well as the policies that can help taxpayers navigate the crisis.**
- b. Permanently implement some of the communication techniques used during tax year 2020-21 into DOF's standard operating procedure, including videoconferences, email blasts, and live video broadcasting.**

DOF Action:

Outreach

In calendar year 2021, the Outreach Unit participated in 150 virtual events, serving 9,233 attendees. Going forward, DOF will offer in-person and virtual events for all homeowner and rental benefit programs.

Leveraging Technology

QR codes have been added to SCHE, DHE, and clergy renewal mailings to encourage online filing. The Exemptions Unit is determining the feasibility of including QR codes on other materials.

Online appointments are available at the business centers, as well as at the assistance centers for seniors and people with disabilities.

DOF's Web and Forms Unit created a successful digital outreach platform with which the agency has sent over 1.3 million customer emails since its launch on April 21, 2021.

Training

As critical issues arise, DOF offers targeted video training. Partnering with the Payment Operations Division, the External Affairs Division provided training to advocates and CBOs on filing the hardship declaration to remove a property from the tax lien sale. DOF has resources available on its YouTube channel regarding [applying for Rent Freeze benefits](#), [enhancements to e-Services](#), and [co-op and condo abatement portal training](#).

Recommendation No. 2: Clerical Error Remission (CER) Communications

Give taxpayers a dedicated email inbox or phone number to check on the status of their CER, so that they know whether it is still in the queue or was resolved. Alternatively, create a portal similar to e-Services where taxpayers can look up this information themselves.

DOF Action:

OTA and DOF have discussed the possibility of broader reform to streamline the CER process than was recommended here. The results of such discussions are described in 2022 Recommendation No. 1.

Recommendation No. 3: Real Property Income and Expense (RPIE) Notices

Create a system whereby property owners can register an email address to receive specific electronic notices about their RPIE, in addition to mail delivery by the postal service.

DOF Action:

The RPIE Unit emailed 7,584 noncompliance notices to potential RPIE filers at the start of the RPIE-2020 cure period. Email addresses were extracted from taxpayer information on file in prior years and sent to matching properties that did not file an RPIE-2020. More than 97% of the emails were successfully delivered, and 61.34% of all emails were opened and viewed by their recipients. The open rate is particularly notable as the average open rate of government emails is only a fraction of that.³⁸

On March 1, 2022, DOF's Finance Information Technology Division also deployed an upgrade to electronic RPIE filing processes, allowing taxpayers to file their RPIE-2021 via the SmartFile system. Taxpayers can now file RPIE statements using the same secure sign-on they use to file certain other applications, including personal exemptions. The new RPIE filing system also improves the quality of the data entered by filers and provides assessors with easier and timelier access to filed RPIEs.

³⁸ According to Mailchimp's *Email Marketing Benchmarks and Statistics by Industry*, government emails have an average open rate of 28.77%, per data compiled in October 2019. <https://mailchimp.com/resources/email-marketing-benchmarks/>. Campaign Monitor found the open rate for "Government & Politics" emails in 2021 to be 19.4%. <https://www.campaignmonitor.com/resources/guides/email-marketing-benchmarks/>. Constant Contact, under the broader "Family and Social Services" category, which includes government, had a 34.76% email open rate in February 2022. https://knowledgebase.constantcontact.com/articles/KnowledgeBase/5409-average-industry-rates?lang=en_US.

Recommendation No. 4: Co-op/Condo Abatement Guidance

Create an information sheet regarding applying for the co-op/condo abatement that clarifies for unit owners the managing agent responsibility to file annually, and that unit owners should confirm with their managing agent that the change form is filed correctly on time.

DOF Action:

The passage of New York State Law Chapter 422 instituted, among other things, further primary residency verification requirements on behalf of condominium owners and co-op shareholders, including that owners and shareholders “shall... certify the primary residence of such unit owner or shareholder.”³⁹ These requirements necessitated communication of legislative updates to managing agents and boards of directors in January 2022, outlining the following points:

- Managing agents are responsible for applying and renewing the co-op/condo abatement benefit for the developments they manage.
- Managing agents will continue to be responsible for collecting owner information, including primary residency status. Verification and proof of the information collected by the managing agent will now be the responsibility of the individual unit owners.
- Managing agents are required to report changes in ownership and unit structures.
- Managing agents are now required to file a prevailing wage affidavit for properties that have 30 or more dwelling units and an average unit assessed value more than \$60,000, or that have fewer than 30 dwelling units and an average unit assessed value more than \$100,000.

Although there are no plans to develop further primary residency verification literature at this time, the Homeowner Tax Benefits Unit drafted an electronic primary residency verification application to be used by unit owners to verify and submit proof of their primary residency. The primary residency verification application will be used by unit owners in instances where DOF has identified primary residency discrepancies. For such units, DOF will reach out directly to the owners by notice, instructing them to complete the primary residency verification application and supply documentation verifying their residency to prove their eligibility for the benefit. Furthermore, the Finance Information Technology Division has completed an analysis of the underlying systems supporting the co-op/condo abatement processes and is in the process of improving those systems.

³⁹ NY State Law Chapter 422 (September 6, 2021).

Recommendation No. 5: Premature Cancellation of 421-a Benefits

Create publicly available guidance for taxpayers wishing to cancel 421-a in order to apply for SCHE and DHE benefits.

DOF Action:

New York City Housing and Preservation Development provides guidance regarding the cancellation of 421-a benefits, as DOF is only responsible for the billing end of property tax charges. However, DOF would be open to forming an inter-agency working group with HPD to address this issue.

Recommendation No. 6: Wire Transfers

Until DOF updates its wire transfer system, prominently link to wire payment directions readily available on the NYCeFile site.

DOF Action:

DOF instituted a one-step process for single properties with wire payments in late 2021; however, taxpayers paying multiple borough, block, and lot numbers (BBLs) must still undergo the two-step wire payment application process, designating which properties are paid and the amount to apply to each property. DOF has included such procedures in every communication about the new one-step process. As a workaround, some taxpayers have opted to send multiple wires for each BBL so that they can avoid the second step of having to designate payments.

DOF's Payment Operations Division is in the process of updating the NYCePay⁴⁰ "Frequently Asked Questions." Once the NYCePay instructions are updated, DOF will activate the link to the FAQs.

Recommendation No. 7: Ability to Revert to Quarterly from Semiannual Bills

Encourage the PTS vendor to create an automatic reversion to quarterly billing from semiannual for property taxpayers whose assessed value decreased below \$250,000 through the RFR or Tax Commission process.

DOF Action:

DOF's Payment Operations Division entered a formal change request, which will be prioritized by senior management.

⁴⁰ NYCeFile and NYCePay refer to different iterations of the same software.

Recommendation No. 8: Not-for-Profit Video Tutorial

Create a video tutorial regarding how to apply for and renew the NFP exemption.

DOF Action:

On the landing page for the not-for-profit exemption, there is a hyperlinked user guide, which has alleviated the need for a video tutorial. In the second year of using the new SmartFile system, DOF has seen fewer instances of taxpayers having difficulty filing online. The Not-for-Profit Unit also has dedicated staff who assist the public with the applications, in addition to the NFP ombudsperson's support. DOF has determined that these means of communication are sufficient, and there is no immediate need for a video tutorial.

Recommendation No. 9: Secondary Contact Information on NFP Applications

Add secondary contact person's information to the NFP application to ensure a response.

DOF Action:

Technical and data challenges prevent implementation. DOF will still consider the option for the future when changes to the data fields in PTS become more feasible.

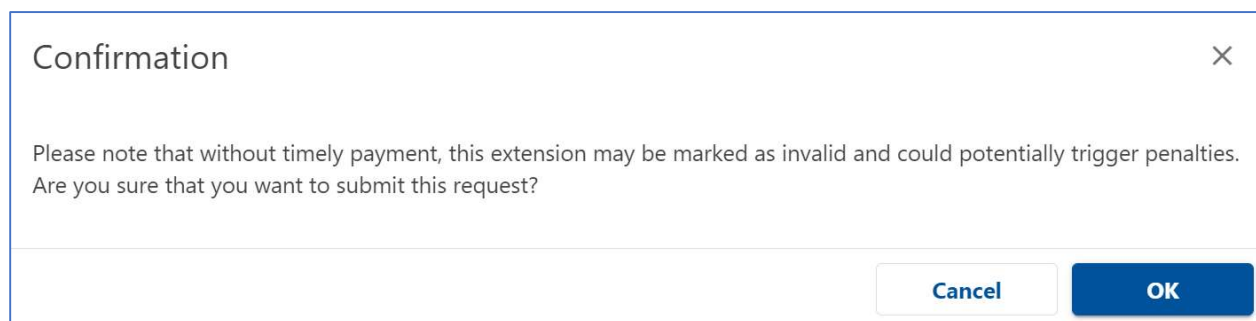
Part VIII: Updated DOF Responses to Prior OTA Recommendations

DOF committed to implement or otherwise resolve recommendations in prior reports. OTA discusses the progress DOF has made toward the completion of these initiatives here.

“Invalid” Extensions

In 2020, OTA recommended better guidelines and notice for invalid extensions, including an alert when the taxpayer attempted to file. In last year’s report, DOF’s Payment Operations Division said that it was working with the business tax system vendor to include a popup alert that the taxpayer could be submitting an invalid extension and create a “timely extension” acknowledgement letter.

In the past year, DOF has implemented those recommendations. An example of the popup notification that taxpayers receive when filing extensions in e-Services is below:



Confirmation

Please note that without timely payment, this extension may be marked as invalid and could potentially trigger penalties. Are you sure that you want to submit this request?

Cancel OK

Additionally, DOF also completed a “timely extension” acknowledgement letter. On February 24, 2022, the language was updated to be more taxpayer friendly. The language reads:

Your application for a six-month extension to file your business tax return, form NYC-EXT, will be deemed invalid unless it is filed on time and accompanied by estimated tax payments that meet the minimum required amount. Your estimated tax payments—including all prepayments and any payment made with the application—must equal 90% of the current year’s tax or 100% of the prior year’s tax if the taxable period for the prior year consisted of 12 months.

Credit Reductions

Also in 2020, OTA recommended that DOF revise and implement a Reduced Refund/Credit Notice in BTS to alert taxpayers to systematic adjustments on overpayment credits that might trigger an underpayment penalty, as well as form a working group related to the agency-wide public-facing notices revision process.

The Chief of Staff’s office created a working group in 2021. In January 2022, DOF’s Payment Operations Division requested a draft of the Reduce Refund/Credit Notice from the group. It is being reviewed internally and awaits approval, with hopes it will be completed later in 2022.

GLOSSARY

Abatement – A reduction in real estate tax liability through credit rather than a reduction in taxable assessed value. The city has several abatements, for which more information is available at <https://www1.nyc.gov/site/finance/benefits/benefits.page>.

Actual Assessed Value – The assessment established for all tax classes, without regard to the five-year phase-in requirement for most class 2 and all class 4 properties.

Assessed Value – The value of a property for real property taxation purposes. In New York City, property may have three assessed values: actual assessed value, transitional assessed value, and billable assessed value. The amount each can rise each year is capped at certain percentages for class 1 and class 2A, 2B, and 2C properties.

Assessment Ratio – The ratio of assessed value to market value.

BBL – Borough, block, and lot number. The parcel number system used to identify units of real estate in New York City.

Billable Assessed Value – The assessed value on which tax liability is based. For properties in classes 2 or 4, the billable assessed value is the lower of the actual or transitional assessed value.

Borough – 1= Manhattan; 2= Bronx; 3= Brooklyn; 4= Queens; 5= Staten Island

Business Tax System – Collection and accounting system for all business taxes, which went live in early 2016. GENTAX is the software that runs the BTS system.

Comparable Sales Method – The process by which a property's market value is estimated based on the sales price of similar (comparable) properties.

Condominium – A form of ownership that combines individual ownership of residential or commercial units with joint ownership of common areas such as hallways, etc.

Cooperative – A form of corporate ownership of real property whereby shareholders are entitled to use dwelling units or other units of space.

Delinquency – The amount of tax liability that remains outstanding after the due date, allowing for any grace period, if applicable.

Disability Rent Increase Exemption – A program begun in 2005 to protect lower-income disabled adult tenants living in rent-regulated properties from future rent increases.

Effective Market Value – A theoretical value used in class 1 and class 2A, 2B, and 2C properties that is calculated by dividing the assessed value by the assessment ratio. It is, in effect, what the market value of the property would be were it subject to the same caps as assessed value.

Equalization – Changes in assessed value made by a taxing jurisdiction to ensure that all properties (or all properties within a tax class, if applicable) are assessed at the same percentage of market value.

Exemption – A provision of law that reduces taxable value or income.

Exempt Value – The amount or percentage of assessed value that is not subject to taxation. Property may be fully exempt or partially exempt; in the case of veterans exemptions, the exempt amount is taxable for education purposes.

Fiscal Year – A 12-month period used for financial reporting. New York City’s fiscal year runs from July 1 to June 30.

FIT – Finance Information Technology, DOF’s IT division, is in charge of applications for property collections and accounting; tax policy, audit, and assessment; and parking and payment; as well as systems modernization and network operations.

Grace Period – The period of time, beyond the due date, in which payment may be made without incurring a penalty.

HPD – Established in 1978, the New York City Department of Housing Preservation and Development’s mission is to promote the construction and preservation of affordable, high-quality housing for low- and moderate-income families in thriving and diverse neighborhoods in every borough by enforcing housing quality standards, financing affordable housing development and preservation, and ensuring sound management of the city’s affordable housing stock.

Liability – A debt or financial obligation.

Lien – A legal claim against property for outstanding debt.

Market Value – The most probable price that a property should command in a competitive and open market. This definition also requires that the buyer and seller be willing, but not compelled, to act.

Notice of Property Value – An annual notice containing information about a property’s market and assessed values. The DOF determines property values every year, according to state law. New York City’s property tax rates are applied to the assessed value to calculate property taxes for the next tax year.

Parcel – A piece of land under ownership.

Property Tax Interest and Deferral program (PT AID) – A program which allows eligible owners of one-to-three family homes and residential condominium units to defer payment of their accrued real property taxes or make income-based partial payments.

Property Tax System – DOF’s system to store property tax data, which went live on March 4, 2019.

Request for Review – A form enabling city property owners to provide supporting information to review their estimated market value or building classification. DOF may increase, decrease, or make no change to the property’s market value or classification; RFR decisions may not be appealed.

Rent Increase Exemptions – Database of all tenants who are in a rent increase exemption program, such as SCRIE or DRIE.

Real Property Income & Expense – An annual taxpayer-filed statement used by DOF to determine value and property tax for certain income-producing properties.

SDP – DOF’s Senior and Disabled Program Unit, a product of the merger of the SCHE-DHE and SCRIE-DRIE Units in August 2018.

Senior Citizen Rent Increase Exemption – A program begun in 1970 to protect lower-income senior citizens living in rent-regulated properties from future rent increases.

Tax Class – Property in NYC is divided into 4 classes:

- *Class 1* – Most residential property of up to three units (family homes and small stores or offices with one or two apartments attached), and most condominiums that are not more than three stories.
- *Class 2* – All other property that is not class 1 and is primarily residential (rentals, cooperatives, and condominiums). It includes sub-class 2A (4-6 unit rental buildings); sub-class 2B (7-10 unit rental buildings); sub-class 2C (2-10 unit cooperative or condominium buildings); and class 2 (buildings with 11 or more units).
- *Class 3* – Mostly utility property.
- *Class 4* – All commercial and industrial properties, such as office, retail, factory buildings, and all other properties not included in tax classes 1, 2, or 3.

Tax Rate – The amount, usually expressed in dollars per hundred of assessed value, applied to the tax base to determine tax liability. In New York City, a tax rate is established for each tax class.

Taxable Value – Assessed value minus any exemptions. The taxable value is used to calculate a property owner’s annual tax bill.

Transitional Assessed Value – The assessed value, during the five-year phase-in of equalization changes, of all class 4 properties and all class 2 cooperatives, condominiums, and rental buildings with more than 10 units.