



## NEW YORK CITY BANKING COMMISSION

66 John Street, New York, NY 10038

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Mary Christine Jackman, *Secretary*

### NYC Banking Commission Meeting Minutes May 11, 2023

#### Attendees:

- Tonya Jenerette, Special Counsel/Chief Strategy Officer to the 1<sup>st</sup> Deputy Mayor, Representative of the Mayor
- Annie Levers, Deputy Comptroller for Policy, Representative of the Comptroller
- Mary Christine Jackman, Asst. Commissioner and Treasurer, Representative of the Commissioner of the Department of Finance (DOF)
- Antonio Whitaker, DOF, Treasury Division, Banking Commission Support
- Adam Rabiner, DOF, Treasury Division, Banking Commission Support
- Hua Tan, DOF, Treasury Division, Banking Commission Support

- I. The roll was called.
- II. The minutes from the May 12, 2022 meeting were unanimously accepted. Annie Levers motioned to approve, and Tonya Jenerette seconded the motion.
- III. Mary Christine Jackman read the following resolutions to the Commission for vote:

#### **RESOLUTION NO. 1 – FY2024 EARLY PROPERTY TAX PAYMENT DISCOUNT RATE RECOMMENDATION**

**WHEREAS**, pursuant to Section 1519-a of the New York City Charter, the Banking Commission shall send a written recommendation to the City Council of a proposed discount percentage for the early payment of property taxes for the ensuing fiscal year no later than the thirteenth of May, and

**WHEREAS**, The Banking Commission's impact analysis for FY2024 projects that the return on investments rate will result in \$8.7 million of interest earned on taxes collected early. This will not offset estimates of forgone tax revenue of negative \$10.5 million (discount given) plus forgone interest income on forgone taxes of (\$44k), resulting in a net loss in revenue to the city of negative \$1.8 million, and

**WHEREAS**, Semi-annual payers are billed twice per year and Quarterly payers four times, at an estimated total cost of \$7.40 per invoice. When taxpayers pay their entire year's property tax early,

eliminating the need for further billing, the City saves from processing fewer invoices. In FY2023, a total of 174,148 property owners made early payments saving NYC an estimated \$2.5 million in invoicing and administrative costs. If similar savings are realized in FY2024, the total impact of the 0.50% discount will be a positive \$725 thousand, and

**WHEREAS**, New York City's Cash Flow projection for June 30th, 2023, the end of FY23, is \$9 billion. The Banking Commission does not recommend increasing the discount rate from 50 bps (0.50%) to 100 bps (1.0%). A 1.0% rate will not materially increase the cash flow but would further reduce the City's net income from negative \$10 million to negative \$21 million, and

**WHEREAS**, there is no economic reason for the Banking Commission to change the discount rate of 50 bps (0.50%) in FY2024. The impact of having this discount rate in place translates to a total net gain to the city of positive \$725 thousand. If the statutory default rate of 145 bps (1.45%) were to be invoked, the City's net loss would increase to negative \$31 Million. If the Banking Commission were to increase the discount rate to 100 bps (1.0%), this would result in a revenue loss of approximately \$21 Million; now, therefore be it

**RESOLVED**, the Banking Commission recommends to the City Council that the discount rate for the early payment of real property taxes shall remain at 50 basis points (0.50%) per annum for FY2024, and be it further

**RESOLVED**, that said discount rate is to be offered only for that portion of the real estate tax that is paid before the due date.

*Annie Levers motioned to approve the resolution. Tonya Jenerette seconded. Resolution No. 1 was unanimously approved by all three representatives.*

Dated May 11, 2023

## **RESOLUTION NO. 2 – FY2024 LATE PAYMENT RATE FOR CERTAIN PROPERTY TAX PAYMENT PLANS RECOMMENDATION**

**WHEREAS**, pursuant to Local Law 36 of the City New York 2023, the Banking Commission shall send a written recommendation to the City Council of a proposed late payment interest rate for the late payment of certain property tax payment plans for the ensuing fiscal year no later than the thirteenth of May, and

**WHEREAS**, the May 2023 Applicable Federal Rate is 4.30%, which under Local Law 36 of 2023 must be rounded to the nearest half a percentage point for a base rate of 4.50%, and

**WHEREAS**, the Applicable Federal Rate has increased almost two hundred basis points since last July, and

**WHEREAS**, a rate lower than the current Applicable Federal Rate has further tax implications for the people the law was written to help; now, therefore be it

**RESOLVED**, the Banking Commission recommends to the City Council that the late payment rate for certain Property Tax Payment Plans shall be set at six percent (6%) per annum for FY2024.

*Tonya Jenerette motioned to approve the resolution. Annie Levers seconded. Resolution No. 2 was unanimously approved by all three representatives.*

Dated May 11, 2023

**RESOLUTION NO. 3 – FY2024 LATE PROPERTY TAX PAYMENT INTEREST RATE RECOMMENDATION FOR PROPERTIES ASSESSED NO MORE THAN \$250,000**

**WHEREAS**, pursuant to the New York City Administrative Code Section 11-224.1, the Banking Commission is required to recommend to the City Council, no later than the thirteenth of May, the proposed interest rates to be charged for non-payment of taxes for properties with an assessed value of not more than two hundred fifty thousand dollars (\$250,000), or not more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, and

**WHEREAS**, the proposed interest rate shall be at least equal to the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “prime rate”), and

**WHEREAS**, the Banking Commission notes that as of May 11, 2023, said prime rate stands at 8.25 percent (8.25%), as published by the Board of Governors of the Federal Reserve System, and

**WHEREAS**, the Federal Reserve plans to keep rates at these levels for an extended period of time, to fight the highest inflation in 40 years. The Federal Reserve is expecting that the rate hikes will slash inflation and stabilize the economy, at a time when there is much uncertainty in the global economy, and

**WHEREAS**, it is in the City’s best interest to encourage the prompt payment of property taxes by all taxpayers, now therefore, be it

**RESOLVED**, the Banking Commission recommends to the City Council that the late payment interest rate to be charged for non-payment of taxes for all properties with an assessed value of not more than two hundred fifty thousand dollars (\$250,000), or not more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, be set at nine percent (9%) per annum for tax year 2024.

*Annie Levers motioned to approve the resolution. Tonya Jenerette seconded. Resolution No. 3 was unanimously approved by all three representatives.*

Dated May 11, 2023

**RESOLUTION NO. 4 – FY2024 LATE PROPERTY TAX PAYMENT INTEREST RATE RECOMMENDATION FOR PROPERTIES ASSESSED GREATER THAN \$250,000 BUT LESS THAN OR EQUAL TO \$450,000**

**WHEREAS**, pursuant to Local Law 24 of 2021, the Banking Commission is required to recommend to the City Council, no later than the thirteenth of May, the proposed interest rate to be charged for non-payment of taxes for properties with an assessed value of more than two hundred fifty thousand dollars (\$250,000) but less than or equal to four hundred fifty thousand dollars (\$450,000), or more than two hundred fifty thousand dollars (\$250,000) but less than or equal to four hundred fifty thousand dollars (\$450,000) per residential unit for co-ops, and

**WHEREAS**, said provisions of Local Law 24 require the Banking Commission to propose a rate at least four percentage points (4.0%) per annum greater than the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “prime rate”), and

**WHEREAS**, the Banking Commission notes for the record that as of May 11, 2023, said prime rate stands at 8.25 percent (8.25%), as published by the Board of Governors of the Federal Reserve System, and

**WHEREAS**, it is in the City’s best interest to encourage the prompt payment of real estate taxes by all taxpayers, now, therefore, be it

**RESOLVED**, the Banking Commission recommends to the City Council that the late payment interest rate to be charged for non-payment of real property taxes where the assessed value of a property is more than two hundred fifty thousand dollars (\$250,000), but less than or equal to four hundred fifty thousand dollars (\$450,000), or more than two hundred fifty thousand dollars (\$250,000) but less than or equal to four hundred fifty thousand dollars (\$450,000) per residential unit for co-ops, be set at fifteen percent (15%) per annum for FY2024.

*Tonya Jenerette motioned to approve the resolution. Annie Levers seconded. Resolution No. 4 was unanimously approved by all three representatives.*

Dated May 11, 2023

**RESOLUTION NO. 5 – FY2024 LATE PROPERTY TAX PAYMENT INTEREST RATE RECOMMENDATION FOR PROPERTIES ASSESSED GREATER THAN \$450,000**

**WHEREAS**, pursuant to the New York City Administrative Code Section 11-224.1, the Banking Commission is required to recommend to the City Council, no later than the thirteenth of May, the proposed interest rate to be charged for non-payment of taxes for properties with an assessed value of more than four hundred fifty thousand dollars (\$450,000), or more than four hundred fifty thousand dollars (\$450,000) per residential unit for co-ops, and

**WHEREAS**, said provisions of the Administrative Code require the Banking Commission to propose a rate at least six percentage points (6.0%) per annum greater than the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “prime rate”), and

**WHEREAS**, the Banking Commission notes for the record that as of May 11, 2023, said prime rate stands at 8.25 percent (8.25%), as published by the Board of Governors of the Federal Reserve System, and

**WHEREAS**, it is in the City's best interest to encourage the prompt payment of real estate taxes by all taxpayers, now, therefore, be it

**RESOLVED**, the Banking Commission recommends to the City Council that the late payment interest rate to be charged for non-payment of real estate taxes where the assessed value of a property is more than four hundred fifty thousand dollars (\$450,000), or more than four hundred fifty thousand dollars (\$450,000) per residential unit for co-ops, be set at eighteen per cent (18%) per annum for FY2024.

*Annie Levers motioned to approve the resolution. Tonya Jenerette seconded. Resolution No. 5 was unanimously approved by all three representatives.*

Dated May 11, 2023

#### **RESOLUTION NO. 6 – POPULAR BANK BROOKLYN BDD DEPOSIT**

**WHEREAS**, the New York State Department of Financial Services has approved a fifth branch of Popular Bank to participate in the Banking Development District (BDD) program; and

**WHEREAS**, Popular Bank has requested that the City of New York make a \$10 Million deposit at its Brooklyn BDD branch located at 4502 Fifth Avenue in Brooklyn; therefore, be it

**RESOLVED**, the Banking Commission approves a \$10 Million City BDD deposit at the Popular Bank Brooklyn BDD branch.

*Annie Levers motioned to approve the resolution. Tonya Jenerette seconded. Resolution No. 6 was unanimously approved by all three representatives.*

Dated May 11, 2023

Tonya Jenerette moved to adjourn the meeting. Annie Levers seconded the motion.

  
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Mary Christine Jackman, Secretary

5.25.2023

Date