



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 13, 2021¹

Attendees:

- Julie Bero, Chief Strategy Officer for the Deputy Mayor for Operations, Representative of the Mayor
- Brian Cook, Asst. Comptroller for Economic Development, 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
- Tina Coye, DOF, Treasury Division, Banking Commission Support

- I. The roll was called.
- II. The minutes from the May 13, 2020 meeting were unanimously accepted. Brian Cook motioned to approve, and Julie Bero seconded the motion.
- III. Brian Cook made a statement on behalf of Comptroller Stringer. Julie Bero made a statement on behalf of Mayor DeBlasio.
- IV. Mary Christine Jackman read the following resolutions to the Commission for vote:

RESOLUTION NO. 1 – FY2022 EARLY PROPERTY TAX PAYMENT DISCOUNT RATE RECOMMENDATION

WHEREAS, the decrease in interest rates due to the COVID-19 pandemic has caused the City to earn less income than it had previously on property taxes paid early. From April 2020 to May 2021, NYC's quarterly average rates on its investments ranged from 0.13% to 0.11%. in comparison to FY2020 from 1.09% - 2.16%, and

WHEREAS, the Banking Commission's impact analysis for FY2022 projects that this return on investments rate will result in \$1.8 Million of interest earned on taxes collected early at 50bps

¹ This meeting was held via Microsoft Teams Live teleconference.

(0.50%) and an additional estimated \$1.3 million in invoicing and administrative costs. This will not offset estimates of forgone tax revenue of (\$10.1 Million) (discount given) plus forgone interest income on forgone taxes of (\$14k), resulting in a net loss in revenue to the City of (\$7 Million), and

WHEREAS, New York City's cash flow projection for June 30th, 2021, the end of FY21 is \$5.4 billion. At the close of FY20 on June 30th, 2020, actual cash on hand at the close of business day was \$6.8 billion, a difference of \$1.4 billion. The lower cash flow projection for June 30th justifies the retention of a discount rate to encourage the early payment of property taxes in July. However, the Banking Commission does not recommend increasing the discount rate from 50 bps (0.50%) to 100bps (1.0%) as a 1.0% rate most likely would not materially increase the cash flow but would further reduce the City's net income from (\$8.3 Million) to (\$18.5 Million), and

WHEREAS, there is no economic reason for the Banking Commission to change the discount rate of 50 bps (0.50%) in FY2022. The impact of having this discount rate in place translates to a total net loss to the City of (\$7.0 Million). If the Council default rate of 19.5 bps (0.195%) were to be invoked, the City's net loss would decrease to (\$2.0 Million). If the Banking Commission were to increase the discount rate to 100 bps (1.0%), this would result in an even greater net negative of (\$18.5 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 FY2022, 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.

Julie Bero motioned to approve the resolution. Brian Cook seconded. Resolution No. 1 was unanimously approved by all three representatives.

Dated May 13, 2021

RESOLUTION NO. 2 – FY2022 LATE PROPERTY TAX PAYMENT INTEREST RATE RECOMMENDATION FOR PROPERTIES ASSESSED NO MORE THAN \$250,000

WHEREAS, pursuant to the New York City Administrative Code § 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 late 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 13, 2021 said prime rate stands at three point twenty-five percent (3.25%), 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, and

WHEREAS, many property tax owners whose properties are assessed at no more than \$250,000 have been adversely affected by the economic consequences of the COVID-19 pandemic and the lowest interest rate that the Banking Commission can recommend for this category of property owners is the current prime rate of 3.25%, and

WHEREAS, decreasing the current penalty rate of 5.0% to 3.25% in the first quarter and 4.5% for the second, third, and fourth quarters in Fiscal Year 2022 for assessed properties valued at no more than \$250,000 is consistent with past years' decreases and the current Federal Reserve position of holding rates at current levels, and

WHEREAS, the property tax balance (amount past due) decreased from \$419.8 million in FY20 to \$389.2 million in FY21, a decrease of 7.3% or ~\$30.6 million, and

WHEREAS, the amount past due for quarterly accounts (assessed properties < \$250,000) decreased from 11.9% to 9.0% or a decrease of 24.5%. The City's overall past due rate went from 12.66% in FY20 to 9.89% in FY21, now, therefore, be it

RESOLVED, the Banking Commission recommends to the City Council that the interest rate to be charged for late 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 reduced from five per cent (5.0%) per annum to three point twenty-five percent (3.25%) in the first quarter, and four and one-half percent (4.5%) per annum for the second, third, and fourth quarters for tax year 2022, and be it further

RESOLVED, the Banking Commission also requests that the Administration and City Council adopt local legislation to repeat the COVID relief program developed last year to provide additional help for those who have demonstrated continued hardship caused by the COVID-19 pandemic.

Brian Cook motioned to approve the resolution. Julie Bero seconded. Resolution No. 2 was unanimously approved by all three representatives.

Dated May 13, 2021

RESOLUTION NO. 3 – FY2022 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 late 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 13, 2021 said prime rate stands at three point twenty-five percent (3.25%), 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 interest rate to be charged for late 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 twelve per cent (12%) per annum for FY2022.

Brian Cook motioned to approve the resolution. Julie Bero seconded. Resolution No. 3 was unanimously approved by all three representatives.

Dated May 13, 2021

RESOLUTION NO. 4 – FY2022 LATE PROPERTY TAX PAYMENT INTEREST RATE RECOMMENDATION FOR PROPERTIES ASSESSED GREATER THAN \$450,000

WHEREAS, pursuant to the New York City Administrative Code § 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 late 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 13, 2021 said prime rate stands at three point twenty-five percent (3.25%), 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, and

WHEREAS, the number of semi-annual properties (assessed values >\$250,000) charged interest increased from 8,058 in FY2020 to 9,623 in FY2021 or 19.4%. The Banking Commission does not believe that this increase is attributable to the 18% penalty rate which has not changed in decades, and

WHEREAS, the City's overall late payment rate (both quarterly and semi-annual property) decreased from 12.66% to 9.89% or 21.88%. There continues to be a positive impact on New York City revenue when considering interest paid for both semi-annual and quarterly accounts of \$49.3 million, offset by the negative (\$1.2 million) of forgone interest/investment revenue, resulting in a positive \$48.1 million in net revenue. There is no compelling reason for the Banking Commission to either raise or lower the penalty rate in FY2022 for semi-annual taxpayers, now, therefore, be it

RESOLVED, the Banking Commission recommends to the City Council that the interest rate to be charged for late 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, remain at eighteen per cent (18%) per annum for FY2022.

Julie Bero motioned to approve the resolution. Brian Cook seconded. Resolution No. 4 was unanimously approved by all three representatives.

Dated May 13, 2021

RESOLUTION NO. 5 – POPULAR BANK BDD DEPOSIT TRANSFER

WHEREAS, Popular Bank's East Houston Street branch, located at 310 East Houston Street, in the Lower East Side neighborhood in Manhattan, was closed on January 29, 2021; and

WHEREAS, The East Houston Street branch held a City BDD deposit of \$10 Million; and

WHEREAS, Based on the recommendation of the NYS Department of Financial Services, the Commission recommends that the City's \$10 Million BDD deposit be transferred to the bank's Delancey Street branch, located at 134 Delancey Street, also in the Lower East Side neighborhood of Manhattan, approximately 0.4 miles from the East Houston Street Branch, and within the existing Lower East Side BDD, therefore, be it

RESOLVED, the Banking Commission approves the transfer of the City's \$10 Million BDD deposit from Popular Bank's now-closed East Houston Street branch to its Delancey Street branch.

Brian Cook motioned to approve the resolution. Julie Bero seconded. Resolution No. 5 was unanimously approved by all three representatives.

Dated May 13, 2021

RESOLUTION NO. 6 – POPULAR BANK BDD DEPOSIT

WHEREAS, Popular Bank has requested that the City of New York make a \$10 Million deposit at its East Harlem BDD branch located at 164 East 116th Street in Manhattan; therefore, be it

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

Julie Bero motioned to approve the resolution. Brian Cook seconded. Resolution No. 6 was unanimously approved by all three representatives.

Dated May 13, 2021

Julie Bero moved to adjourn the meeting. Brian Cook seconded the motion.



Mary Christine Jackman, Secretary

5/27/2021
Date