

**City Council Committee on Finance
Hearing on the Department of Finance
FY 2024 Preliminary Budget**

Testimony of
Commissioner Preston Niblack
March 6, 2023

Good afternoon, Chair Brannan, members of the Finance Committee, and members of the City Council.

My name is Preston Niblack, and I am the commissioner of the New York City Department of Finance.

Thank you for the opportunity to testify today.

I'm joined by the Department of Finance's first deputy commissioner, Jeffrey Shear.

While many of you already know Jeff, a reintroduction may be in order.

This is Jeff's first budget hearing as first deputy commissioner, a position he was appointed to last fall after previously serving as deputy commissioner for Treasury and Payment Services.

Those of you who have had the pleasure of working with Jeff will understand how grateful I am to have him at my side today, and every day.

I'm also joined today by our chief financial officer and deputy commissioner for administration, Jacqueline James. Jackie brings a wealth of knowledge and experience to running the Department's budget, procurement, and facilities.

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I'd like to say at the outset that the members of the City Council Finance Committee might be the only people in New York City who actually look forward to hearing from the Department of Finance.

If city government were a popularity contest, no one would bet on the agency that collects parking tickets and property taxes.

Yet few other agencies serve as many members of the public, in as many different ways, as the Department of Finance.

Last year, for example, 2.7 million unique customers used our CityPay page to make a total of more than 9 million property tax, parking violation, and other payments. And in just the first six months of this fiscal year, there were over 792,000 transactions conducted in our 5 borough business centers for \$319 million. Those are just two of the many ways that customers interact with DOF.

So, since millions of New Yorkers are, or one day will be, Department of Finance customers, our responsibility is to make interacting with us as straightforward and effortless as possible.

- For example, if you owe the City money, it should be easy for you to pay, with plenty of payment options to choose from.
- If you get a notice from the Department of Finance, it should be clear enough that you understand at a glance what action you need to take.
- And if you apply for a program administered by the Department of Finance, it shouldn't take a week to assemble all the required documents, and you should know when to expect a response.

The objective of all my efforts as commissioner is to continually improve our interaction with the public, to ensure that our customers get clear and accurate information and prompt and professional service.

Happily, DOF staff take pride in providing the best possible experience for our customers.

I wish I could introduce you to all the extraordinary people I have had the honor to meet and work with during my first year as commissioner of DOF. Since I can't do that, I'll tell you a little about the makeup of our team.

- Approximately 700 are in customer-facing roles, serving the public at our business centers, Property Exemptions call center, External Affairs division, and in the field.

- 190 of our staff are the property assessment professionals responsible for valuing more than one million properties worth a total of nearly \$1.5 trillion every year.
- 150 are the hardworking law enforcement professionals of the New York City Sheriff's Office.
- And approximately 300 are collection staff, auditors, and others responsible for helping ensure we are collecting more than \$46 billion annually in property taxes, business taxes, fines, and other charges.

I cannot overstate the importance of the work that our staff performs, day in and day out. Nearly fifty cents of every dollar that the Administration and this Council agree to spend annually is collected by Department of Finance staff. Really the entire function of the City depends, in large part, on the DOF team, and I know I speak for all of you in thanking them for their extraordinary service.

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It's been an especially busy year for DOF as we emerged from the pandemic and began to resume more normal business operations, and I'd like to share some highlights of our accomplishments since I came before this committee at this time last year.

First, we have successfully implemented several programs that I know were high priorities for the Administration and the Council.

Through February 2023, the Department of Finance has issued property tax rebates of up to \$150 to over 402,000 households, putting much-needed relief into the hands of New York City's homeowners.

Meanwhile, following the Mayor's successful campaign in Albany last session to enact the childcare center property tax abatement and business tax credit, DOF has been working diligently with City Hall and our sister agencies to implement them.

The property tax abatement is available to property owners whose construction, conversion, alteration, or improvement completed on or after April 1, 2022, resulted in the creation of a new childcare center, or an increase in the maximum number of children allowed in an existing center. Online applications are available at nyc.gov/childcareabatment, and the application deadline is March 15.

Last month, we sent letters to almost 200 property owners who may be eligible for the abatement based on DOHMH-issued licenses.

The business income tax credit for businesses that provide free or subsidized childcare for their employees will be applicable for tax years beginning this year. Our team is working to make the application available this summer, ahead of the November 1 due date.

The childcare center abatement and credit are critical to the Administration's plan to increase childcare availability citywide, and we will continue to do our part to make sure that eligible taxpayers can take advantage of these incentives.

And finally, another highlight of the past fiscal year was the Fine and Interest Reduction Enabling Recovery Program, also known as FAIRER. The FAIRER Program allowed businesses and individuals to pay a reduced amount for eligible ECB judgments. It helped more than 33,000 participants resolve \$144.2 million in debt: \$47.2 million in paid base fines and \$97 million in abated penalties and interest.

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In addition to implementing these important programs and initiatives, we have focused over the past year on improving the customer's experience through innovation and staff excellence.

As I said earlier, people don't necessarily choose to be Department of Finance customers, which makes it all the more important that we make the experience as frictionless as we can for them.

We've introduced a number of improvements toward that end, with more on the way.

We have recently rolled out a new self-serve payment plan website for parking tickets. This will allow most customers to set up payment plans at their convenience, online, without unnecessary trips or calls to our business centers.

Even prior to doing any marketing of the self-serve option, it has already proven successful. Since our soft launch in early February, 1,800 customers have created online payment plans and made approximately \$450,000 in down payments.

We have also added more applications to our online “SmartFile” system, including the property tax rebate application; primary residence self-verification for the co-op and condo abatement; not-for-profit tax exemption applications; and Real Property Income and Expense filings. As a result, we received a total of 192,903 online applications, a 165% increase over 2021.

Of course, some customers will always prefer to visit us in person at our business centers, rather than conduct their transactions online.

We’ve made it easier to do business at the business centers by installing self-service payment kiosks that accept credit card, check, and cash payments for parking and camera violations. They are prominently located in the centers, do not require customers to create an account, and can display information in both English and Spanish. Staff are on hand to provide assistance as needed. Beginning later this month, customers will also be able to pay their water and sewer bills at a kiosk.

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In addition to working continuously to improve customer experience, we endeavor to make sure New Yorkers have the opportunity to receive all of the benefits and savings for which they are eligible.

This past year, our public outreach efforts have returned to full strength. We are fully back in the field following the pandemic, and we continue to offer virtual outreach sessions to reach New Yorkers facing mobility or other challenges to travel.

We have partnered with the Mayor's Office of Public Engagement and the Department for the Aging on various initiatives to connect residents with the Rent Freeze and homeowner tax exemption programs. And, as many of you know, we have hired a director of constituent services who works closely with your offices to resolve constituent issues.

Once again this year, we have partnered with the IRS and the New York State Department of Taxation & Finance to contact taxpayers who were eligible for the earned income tax credit (EITC) in previous years but did not claim it. We mailed letters to approximately 2,500 taxpayers to inform them that they may be eligible for the EITC, and, working with our DSS and DCWP partners, will be mailing to another 54,000 non-filers to let them know they may also be eligible to receive the EITC and other credits, even if they don't owe any income tax.

We also sent letters earlier this year to approximately 15,000 property owners who may be eligible for Enhanced School Tax Relief, also known as Enhanced STAR or E-STAR. We focused on two audiences: customers who are currently receiving Basic STAR, but are likely eligible for the *enhanced* benefit; and customers who are not receiving STAR, but are receiving the Senior Citizen Homeowners' Exemption and therefore should be eligible for Enhanced STAR.

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Let me turn to our plans for the coming fiscal year. The Department of Finance's FY 2024 preliminary budget is \$332.2 million. That includes \$173.8 million in personal services (PS) funds to support an authorized headcount of 1,878 full-time staff, and \$158.4 million for other than personal services (OTPS).

Additionally, we are deeply appreciative that the agency will be receiving an additional 19 lines restored in the most recent budget modification.

We have many initiatives planned for fiscal year 2024 that will help us achieve our objectives of improving the quality of our web and print communications, modernizing our revenue collection systems, and making it easier for customers to conduct their business with DOF.

First, we are working with the Office of Technology and Innovation and a vendor specializing in user experience to interview a broad range of New Yorkers and gain valuable insight and data to help reshape the future of DOF's website.

The redesigned website will be focused on human-centered design and offer a more user-friendly experience, with an improved layout, intuitive site navigation, and fewer "clicks" to get where you need to go. I'd like to thank Chief Technology Officer Matthew Fraser and the Digital Services team at OTI for their invaluable assistance with this project.

We will also introduce a new and improved Property Information Portal to make it easier for customers to access important information about their properties, and will include the new Digital Tax Map, upgraded to incorporate 3D floor plans and interactive data tools. The new portal will connect property owners to all the DOF resources they need, including their NOPV, property tax accounts, ACRIS and the new tax map, through a single point of entry.

We will modernize our collections system, which will deliver many improvements for our customers, including automatic payment deductions for Environmental Control Board and parking ticket payment plans. This will help to ensure that fewer customers default and face potential collection actions.

We will configure the business center payment kiosks to accept property tax payments, in addition to parking ticket and water bill payments. As many customers who come to our business centers do so in order to pay their taxes, having additional in-person payment options should reduce wait times and make the visiting experience more efficient for the customer.

We will redesign the property tax statement of account so that customers can more easily understand their bills. This will include the usage of color and industry-standard design elements to call attention to the most important information customers need to know - specifically how much they owe, how those charges were calculated, and how to pay.

We plan to introduce parking hearings by video, giving customers another option for disputing their tickets. (And as a reminder, customers already have the ability to dispute their tickets online, via a mobile app, in person, or by mail.)

And finally, we look forward to working with both our City and State legislative partners on shared priorities.

We are pursuing legislation at both the City and State level to strengthen our enforcement against illicit license plates and parking of commercial vehicles in residential neighborhoods. New Yorkers should not be competing for parking near their homes with tractor trailers or cars using ghost plates to evade enforcement.

Additionally, we are advocating for the State to simplify the income definitions for both the Rent Freeze and Senior and Disabled Homeowner Exemptions, which will vastly simplify the application process for applicants and for DOF. We estimate that by making these changes, 17,000 more New Yorkers will take advantage of these vital programs – or about 14 percent more than currently.

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In summary, we have a busy year ahead of us, and we will keep you informed of our progress on these and other initiatives.

The Department of Finance is committed to providing excellent service to your constituents, and we remain committed to a productive working relationship with the Council.

Thank you again for the opportunity to testify today, and I will be happy to answer any questions.