

**Department of Finance
Fiscal 2025 Preliminary Budget Hearing Testimony**

I. Introduction

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

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

I'm joined by Deirdre Snyder, Assistant Commissioner for Financial Management.

Thank you for the opportunity to testify today on our FY2025 Preliminary budget.

Few city agencies have the reach and impact of the Department of Finance.

We collect over \$47 billion annually in taxes and other revenues, which amounts to 40% of the City budget ...

... and we interact with millions of New Yorkers every year.

As I've testified in the past, I see my role as continually improving our customer service by evaluating our existing operations, leveraging new technologies, and giving our incredible staff the tools they need to serve the public to the best of their ability. We may not be everyone's favorite agency to interact with, but we do promise to always strive to make paying your taxes and other charges as straightforward and painless as possible.

Much of what I'll have to say today will be focused on our efforts to better serve our customers. I'll update you on what we have done, and what we plan to do, to continue improving our service to the public.

But first, I will give a brief review of this year's tentative assessment roll, released in January, as well as an overview of DOF's proposed fiscal year 2025 budget.

II. Tentative roll

As you know, DOF is required to determine market and assessed values for all properties in the City each year and issue a tentative property tax assessment roll by January 15th.

The tentative assessment roll for FY25 showed a small increase in market value of just 0.7% over last year, to \$1.491 trillion. Assessed values – to which tax rates are applied – rose by 4.2% to \$299 billion, reflecting the continued phase-in of prior-year market value growth.

As I said when we released the roll, this overall very modest growth in market values subsumes a range of different recovery patterns in the various segments of the city's real estate market.

Encouragingly, a resurgence in construction and renovation spending after three years of decline generated almost \$14 billion in new market value, more than offsetting an overall decline of nearly \$6 billion in changes in value attributable to market forces.

The decline in values due to market forces was driven by Class 1, which saw an overall decrease in market value of 3.4%. This primarily reflects the rise in interest rates which helped slow sales activity, which fell off by nearly 30% between calendar years 2022 and 2023.

Class 2 market values rose 5.3% on the tentative roll. For rental apartment buildings, recovery in terms of both lower vacancy rates and higher rents were partially offset by rising expenses. Nonetheless, this is another area where we saw robust investment, with physical changes accounting for 71% of market value growth.

The office building picture is more mixed, with strong demand for modern, high-quality space, but continued weakness in less sought-after segments of the office market. Standalone retail stores and hotels continue to recover from the dramatic hits they took at the peak of the pandemic.

III. DOF Budget and Staffing

Next, I'd like to give you a brief overview of the Department of Finance's proposed budget for the coming fiscal year.

DOF's FY 2025 preliminary budget is \$340.2 million. That includes \$182.7 million in personal services (PS) funds to support an authorized headcount of 1,932 full-time staff, and \$157.5 million for other than personal services (OTPS).

Like all city agencies, the past few years have presented DOF with challenges from a staffing perspective. When I was appointed commissioner two years ago, one of our pressing challenges was recovering from pandemic-era attrition, particularly retirements.

Progress has been slow but steady. I'm pleased to report that we filled 168 vacancies in fiscal year 2023, the highest in any year since fiscal year 2020.

For the first half of fiscal year 2024, the agency has filled 101 vacancies, and we are currently working towards filling critical vacancies, including city tax auditors, deputy city sheriffs, and principal administrative associates.

We still have a way to go before we are at full strength, but we are very pleased with how far we have come with support from the mayor and this council.

IV. Accomplishments

Department of Finance staff come to work each day ready to contribute to a culture of professionalism and excellence. They believe, as I do, that our customers deserve to be treated with respect and courtesy.

We are proud of our many achievements in the area of customer service over the past year.

First, we are setting records in the number of in-person outreach events – with 170 events thus far in fiscal year 2024. We will hold over 50 in-person NOPV sessions this season – our most ever.

In addition to being present in neighborhoods throughout New York, we have also opened our doors to make it easier for New Yorkers to come to us by offering extended hours at our business centers to assist with exemption applications and questions as we approach the March 15th application deadline.

And we are renewing in-person engagement with the tax practitioner community, including the first Tax Representatives and Practitioners Program, known as TaxRAPP, since the pandemic, last October.

In addition to our in-person outreach, we have conducted several email and mail campaigns directed to households that may be eligible for, but did not claim, various tax credits, such as the Senior and Disabled Homeowner Exemptions, the Earned Income Tax Credit, the Child Tax Credit, and the Child and Dependent Care Credit.

But there is perhaps no better indication of our commitment to customers than the redesign of the Department of Finance website, developed in partnership with OTI Digital Services.

DOF's website is one of the most highly trafficked municipal websites in the country, serving approximately 800,000 visitors who generate 2.5 million hits each month.

Now we hope that it is also one of the best.

The new website, launched in January, reflects our commitment to making it easier and more convenient for the public to get the information they need and conduct their business with the Department of Finance. The feedback so far has been very positive, with users giving us high marks for ease of use and navigability – and not just on our desktop version, but also on the mobile-phone compatible version. Over the course of the coming year, we'll continue to improve the website in response to user feedback and through our own ongoing content review.

We've not only improved the usability of our website, but added new tools that will make it easier for customers to access information and services:

- First, I encourage council members and staff to visit the new and improved Property Information Portal, which connects property owners to all the DOF resources they need – including their NOPV, property tax account, ACRIS and the new 3D digital tax map – through a single, convenient point of entry.
- Second, our self-serve parking judgment payment plans continue to help customers pay what they owe and avoid being booted or towed. Since February 2023, some 70,000 customers have enrolled in payment plans online and made down payments of \$18 million toward violations totaling \$92 million.
- Third, since October, Rent Freeze Program participants have been able to renew their benefits online, rather than returning a paper application, so we can now accept both initial and renewal applications online. And starting today, I'm excited to announce we have also made it possible for your constituents to easily look up the status of their benefit applications online, which is one of the most common inquiries we receive. New Yorkers who have applied for property tax exemptions can visit nyc.gov/exemptionstatus to check the status of their applications.

We are continuing to serve as leaders and partners in the effort to close down illegal smoke shops to ensure that legally licensed businesses have the chance to operate in a fair marketplace. To date, the Sheriff's Office Joint Compliance Task Force has completed inspections at 1,786 unique addresses, seized \$29 million in illegal products. We have mailed over 400 notices to landlords of illegal shops warning of possible penalties. We will be unflagging in our efforts, and appreciate both the Council and the State Legislature's support in strengthening the legal tools we have to close down illegal shops.

V. Plans for the coming year

In the coming fiscal year, we look forward to delivering a number of new improvements to benefit our customers.

As we continue to modernize our collections system, customers will find it easier than ever to pay their parking and camera violations and Environmental Control Board debt, including with an auto-debit option. We are also working to introduce voice-bot technology to streamline calls to our Collections Division and provide better, faster customer service.

This year we will introduce parking hearings by video, so that customers can present their case directly to a judge from the comfort of home, the office, the coffee shop, or anywhere else. With the addition of video hearings, customers will have a full range of options for disputing tickets, which can already be done via the web, by mail, in person, or through our Pay or Dispute mobile app.



Finally, we are eager to work with the council to pass meaningful reforms to property tax enforcement, enabling us to collect property taxes from those who *won't* pay while helping those who *can't* pay protect their homes and assets. We are grateful for the council's input in guiding our proposal thus far and look forward to continuing this dialogue.

VI. Closing

In summary, we remain committed to providing the best customer service in all of city government. We are grateful for the many DOF initiatives you have supported in the past and know that we can continue to count on your support in the future.

Our door is always open to assist you with any needs that your constituents might have.

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