



ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

April 3, 2023

ERIC ADAMS, MAYOR ● PRESTON NIBLACK, COMMISSIONER

Table of Contents

Executive Summary	3
Part I	
Introduction.....	4
A. About the Office of the Taxpayer Advocate	4
B. Annual Report to NYC Council.....	4
C. Taxpayer Advocacy.....	4
D. Taxpayer Bill of Rights.....	5
E. Not-for-Profit Ombudsperson.....	5
Part II	
Recommendations for the Current Reporting Period.....	6
Part III	
OTA Statistics for the Reporting Period January 1, 2022, to December 31, 2022, and Cumulative Statistics	14
A. Tax Year Case and Inquiry Totals for the Office of the Taxpayer Advocate.....	15
B. Total Inventory by Subject Matter	16
C. Source of Total Work by Borough	17
D. Breakdown of Recurring Issues	18
E. Cases in Which No Relief Was Granted	20
F. Property Tax Inquiries and Cases by Subcategories	21
G. Property Tax Inquiries and Cases by Borough.....	22
H. Property Tax Cases by City Council District.....	23
I. Business and Excise Tax Cases and Inquiries by Subcategories	26
J. Business and Excise Tax Cases and Inquiries by Borough.....	27
K. Business Tax Cases by City Council District.....	28
L. Dollar Impact of the Office of the Taxpayer Advocate	30
M. Referrals by Source.....	31
N. Open Cases and Inquiries.....	32
Part IV	
DOF-OTA Cross Agency Support	33
Part V	
Success Stories.....	35

Part VI

OTA Outreach Efforts39

Part VII

DOF Actions on 2022 OTA Recommendations40

Glossary42

New York City Office of the Taxpayer Advocate

2023 Annual Report

(Reporting Period: January 1, 2022 – December 31, 2022)

Executive Summary

Enclosed please find the eighth 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 January 1, 2022, through December 31, 2022. Since its establishment, OTA has assisted thousands of taxpayers with questions and contributed to the delivery of excellent customer service. In Part II of this report, OTA presents eight new recommendations, including:

- Restoring an exemptions lookup portal for improved customer tax planning;
- Providing greater ease of access to historical property information;
- Streamlining RPIE and storefront registry applications;
- Extending outreach to Tax Commission exemption awardees;
- Website language improvements for property tax transactions, sunseting commercial exemptions, and best practices for ACH vs FedWire payments; and
- Establishing a statute of limitations for Business Collections.

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. Furthermore, OTA handled property tax cases for property owners in all of New York City's 51 council districts in tax year 2022.

This report also documents, in Part VII, actions taken by DOF in response to previous OTA proposals. DOF has moved forward with legal review and submission of updates to the Clerical Error Remission Process, updating language for Class 1 Violations that may preclude Non-for-Profit properties from qualifying for renewal, and supplementing outreach efforts with more targeted in-person events.

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 normal 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;
- (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

OTA advocates 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. Beginning on January 1, 2022, OTA updated its definition of inquiries and cases.¹

Inquiries

Inquiries are matters resolved by OTA using in-house knowledge and resources. OTA helps taxpayers navigate DOF policies and procedures, as well as locate the appropriate operating units or responsible parties to resolve their issues.

Case Advocacy

Cases are matters resolved by OTA which require assistance, information, or resolution from another Department of Finance business unit or government agency.

¹ DOF's fiscal year runs July 1 through June 30, whereas OTA's reporting period runs January 1 through December 31; to distinguish, we will use the terms "tax year" or "reporting period" to refer to OTA, and "fiscal year" in reference to DOF. Note that the 2023 report constitutes the first year OTA has used this calendar-year reporting period; all prior reports were based on a year that began April 1 and ended March 31. We explain the rationale for the changes to our record-keeping in Part III.

OTA opens cases 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 may also open a case if a taxpayer can demonstrate that they face 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, other government agencies, and various community-based organizations.

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 January 1, 2022, to December 31, 2022, OTA has identified new issues and developed recommendations for corrective measures to mitigate problems encountered by New York City taxpayers.

1. Restoring Exemptions Lookup Portal

Although the 2019 switchover from FAIRTax to DOF's property tax system has been a welcome upgrade to the agency's property tax recordkeeping, not all information has transferred publicly. Prior to PTS, DOF had a public database which taxpayers could use to review their commercial and personal benefit information, including annual amounts, phase-out schedules, and renewal dates. Now, only the benefit amount for the current year is publicly accessible, though additional information about the benefit can be reviewed internally. As of March 2023, DOF estimates that approximately 207,150 units currently receive the 421a exemption.³

Benefit Information Before PTS

421A Exemption - Click here to see details.	
Benefit Name	421A-Newly constructed Multiple Dwelling Residential Property (Code 5113)
Benefit Amount	\$1,653,838 View Calculation Method
Benefit Year	Year 6 of 15
Benefit Type	Completion
Benefit Start Date	July 01, 2010
Benefit End Date	June 30, 2025
Ineligible Commercial %	01.7000%
Base Year	Year ending June 30, 2006
Base Year Assessed Value	\$23,961
Proposed Benefit Amount	\$1,173,004 View Calculation Method
Proposed Benefit for Tax Year	From July 1, 2016 to June 30, 2017

BENEFIT AMOUNT CALCULATIONS CLOSE X

Formula:

$$\text{Benefit Amount} = (\text{Assessed Value} - \text{Base Year Assessed Value}) \times \text{Phase Out Percentage}$$

Actual Calculation for BBL [REDACTED]:

$$\$1,172,914 = (\$1,217,250 - (\$24,052 + \$20,284)) \times 100\%$$

Ineligible Commercial Assessed Value:

$$\$20,284 = (\$1,217,250 - \$24,052) \times 01.7000\%$$

Your exemption is based upon your actual assessed value or your transitional assessed value, whichever is lower, as of July 1st of the current tax year.

The benefit amount for property having less than 12% commercial space is calculated using the current assessed value minus base year assessed value, which is then multiplied by the benefit phase out percentage.

The benefit amount for property having an excess of 12% commercial assessed value is calculated using the current assessed value minus base year assessed value plus the Ineligible Commercial Assessed Value, which is then multiplied by the benefit phase out percentage.

The benefit amount is divided into two benefit periods: construction and completion. Construction benefit is 100%, up to three years. The completion benefit will decrease at a set percentage as per the following chart.

421A POST-CONSTRUCTION BENEFIT PHASE OUT PERCENTAGE SCHEDULE:				
Benefit Year	10 Year Term (Code 5110 and 5117)	15 Year Term (Code 5113 and 5118)	20 Year Term (Code 5116)	25 Year Term (Code 5114)
1	100%	100%	100%	100%
2	100%	100%	100%	100%
3	80%	100%	100%	100%
4	80%	100%	100%	100%
5	80%	100%	100%	100%
6	80%	100%	100%	100%
7	40%	100%	100%	100%
8	40%	100%	100%	100%
9	20%	100%	100%	100%
10	20%	100%	100%	100%
11	Fully Taxable	100%	100%	100%
12	-	80%	100%	100%
13	-	80%	80%	100%
14	-	40%	80%	100%
15	-	20%	80%	100%
16	-	Fully Taxable	80%	100%
17	-	-	40%	100%
18	-	-	40%	100%
19	-	-	20%	100%
20	-	-	20%	100%
21	-	-	Fully Taxable	100%
22	-	-	-	80%
23	-	-	-	80%
24	-	-	-	40%
25	-	-	-	20%
26	-	-	-	Fully Taxable

Benefit Information After PTS⁴

Exemptions			
Benefit Name	Current Period	Current Amount	Proposed for Next Period
421A	2022 - 2023	57,919	64,380

³ "Annual Report on Tax Expenditures" Fiscal Year 2023,

https://www.nyc.gov/assets/finance/downloads/pdf/reports/reports-tax-expenditure/ter_2023_final.pdf

⁴ Note that the "Before" and "After" examples are not related to the same property.

Between calendar years 2019—when information was first transferred to PTS and DOF removed the benefit webpage—and 2022, OTA received 26 inquiries and cases requiring it to review information internally that taxpayers could previously access themselves.

DOF is in the process of revising its property information portal, but the restoration of a more detailed exemptions page is not planned at this time. DOF should assess the feasibility of adding this benefit information to public access PTS as well as the property information portal.

OTA Recommendation: DOF should restore public access to additional benefit information previously available to taxpayers, including phase-out schedules and renewal or end dates. Alternatively, DOF should provide a process that allows taxpayers to easily request and receive information about their commercial and personal benefit information.

2. Public Access to Dropped Lot Information

In the past two fiscal years, Department of Finance reports moving over five million outstanding charges from dropped “parent” lots onto new “child” lots. However, credits or expenses can accrue retroactively on parent lots long after they have been reapportioned into child lots. Commonly, in the case of commercial exemptions and abatements such as 421a or ICAP, the benefit may be approved before reapportionment, but not applied to the account until years later. The credits attributed to fiscal years prior to apportionment should be applied to the new child lots, but in some instances, the credits are applied to the parent lot.

Taxpayers cannot see parent lot information on PTS’s public access page if the lot number changes due to reapportionment. Thus, DOF must issue refunds manually from the dropped lots. Since taxpayers are unable to review the amount of the credit, they cannot confirm its accuracy. OTA has received 12 cases involving outstanding transactions on parent lots, information which is still available on PTS internally.

OTA understands that DOF only shares information on public access which is published on the Final Assessment Roll for the current year. (As a dropped lot no longer exists, it is not on the Final Assessment Roll.) But as a matter of transparency, DOF should provide information, however limited, for dropped lots with outstanding charges or credits.

OTA Recommendation: DOF should make accessible on PTS’s public access page information about dropped lots when a balance is due or a credit is owed, until the account is settled. Alternatively, DOF should provide a process that allows taxpayers to easily request and receive information about dropped lots.

3. RPIE and Storefront Registry Online Form Improvements

The SmartFile integration of the RPIE filing process has brought significant improvements, such as auto-populating information and a streamlined filing experience through specific application features for each type of property. During 2022, OTA assisted 45 taxpayers and representatives with the RPIE and Storefront Registry filing process. OTA has identified areas of further improvement for the RPIE online filing forms:

- *Including missing instructions on the online application:* The paper application contains instructions that the online application does not. These instructions involve specifics that are sometimes crucial to the taxpayer's ability to submit an application.
 - o RPIE sections E, H, and J. The SmartFile application does not include links to the worksheet and instructions. Filers must separately access these via the DOF website.

Example: Worksheet (Descriptive Instructions – Paper application)

SECTION E - PROPERTY USE AND VACANCY INFORMATION		
1. Description:		
a. Total # of Units: _____	b. # of Residential Units: _____	c. # of Commercial Units: _____
d. # of Buildings: _____	e. # of Floors: _____	f. Year of Purchase: _____
For each use type, indicate the percentage of total square feet that was vacant (unoccupied, unleased or generating no income) as of January 5, 2022. Square feet occupied for any portion of January 5, 2021 may not be included.		

Example: SmartFile (Limited Instructions)

Section E - Property Use and Vacancy Information		
1. Description:		Below are the # of units DOF has on file. To request for correction, please visit this site .
a. Total Number of Units	<input type="text"/>	
b. Number of Residential Units	<input type="text"/>	<input type="text" value="0"/>
c. Number of Commercial Units	<input type="text"/>	<input type="text" value="0"/>
d. Number of Buildings	<input type="text"/>	
e. Number of Outdoor Parking Spaces	<input type="text"/>	
f. Number of Indoor Garage Spaces	<input type="text"/>	
g. Year of Purchase	<input type="text"/>	
% Vacant		Below is the sq.ft DOF has on file. To request for correction, please visit this site .
2. Residential	<input type="text"/>	<input type="text" value="0"/>
3. Office	<input type="text"/>	<input type="text" value="0"/>

- *Indicating specific format requirements:* The RPIE application requires certain number entries to adhere to a specific format, such as using whole numbers or not using negative figures. The online form does not include the instructions on the required format and does not offer corrections prior to submission.
 - o RPIE sections J, K, L: The worksheet instructions indicate that no negative numbers be entered; however, the online form does not indicate this.

Example: Worksheet (Descriptive Instructions)

SECTION J - INCOME FROM REAL ESTATE. Do not list any negative figures.	
1. a.	Residential Regulated (If an amount is entered as Income, you must also enter the # of units).....
b.	Residential Unregulated (If an amount is entered as Income, you must also enter the # of units).

Example: SmartFile (no instructions on entries)

Section J - Income from Real Estate		
1. Residential	# of Units	Actual Income
a. Regulated	<input type="text"/>	<input type="text"/>
b. Unregulated	<input type="text"/>	<input type="text"/>

DOF has informed OTA that it has updated the online Storefront Registry form to match the paper application and plans to include the required format for numeric information. Additionally, DOF has added direct links to the Storefront Registry user guide and tax class worksheets. DOF should consider a full review of the inconsistencies between the paper RPIE application and SmartFile.

OTA Recommendation: DOF should conform the online RPIE application to the paper application so that the two are consistent.

4. Tax Commission SCHE and DHE Awardees

When a taxpayer is approved for SCHE, the benefit is granted for two property tax years; for DHE, the benefit is granted for one year. When it is time to renew, DOF is legally required to mail taxpayers a renewal form at least sixty days prior to January 15 of the year prior to their renewal year.⁵ The mailing includes the short-form renewal application they are required to complete, sign, and return with appropriate documentation (most recent tax returns or income forms). Taxpayers are also able to renew online.

Taxpayers who receive SCHE or DHE via a Tax Commission appeal are treated differently. When the Tax Commission approves their application after a denial by DOF, the taxpayer will receive a letter from the Tax Commission stating that they have been approved for the program. The Tax Commission letter states the exemption percentage, beginning year of the exemption, and whom to contact in case the exemption is not reflected on the customer’s property tax statement of account. The letter does not contain information about continuing in the program beyond the approved year.

⁵ NYC Admin Code §§ 11-245.3(5), 11-245.4(5). Additionally, starting in 2022, state law mandates that a second notice be sent to SCHE recipients 30 days prior to the filing deadline. NY RPTL § 467(4).

The approval notice from the Tax Commission, shown here, is the only letter informing the homeowner that they are receiving the benefit.⁶ Though DOF awards the SCHE exemption for two years, and DHE exemption for one year, as it does for regularly approved recipients, DOF does not include these homeowners in the regularly “approved” population. Therefore, this population is not informed of the requirement to submit an initial application (with a more rigorous documentation process) prior to the expiration of the benefit.

Next, the two most recent SCHE and DHE cycles (2021-22 and 2022-23) were unusual, since auto-renewal was authorized by state law Chapter 381 (2020) and state Executive Order No. 11.1 (City Council Res 0054-2022). As a result, participating homeowners who reached their renewal date were re-enrolled in the program and excused from submitting a renewal application. Since DOF does not regard Tax Commission awardees as approved participants in the program, they did not qualify for auto-renewal. Any Tax Commission SCHE or DHE awardees during 2019-20 or 2020-21 must submit a new initial application, despite the lack of notice informing them of this obligation and even though they would likely qualify for autorenewal under state law.

Further exacerbating matters, the Tax Commission-approved population is not included in the renewal letters that provide a reminder to apply anew for the benefit cycle after their initial denial and subsequent successful appeal. Without a courtesy reminder (legally required for regularly approved applicants), without clear instruction as to whether they were automatically renewed, and without knowledge of which specific application to submit, a total of 385 qualified SCHE recipients were at risk of failing to submit a new initial application for tax year 2023-24.⁷

As a temporary fix, for tax year 2023-24, OTA obtained from DOF’s Senior and Disabled Programs Unit a list of the Tax Commission-approved population and sent letters explaining that to renew, applicants would have to file an initial application.

OTA Recommendation: DOF should send a letter to Tax Commission SCHE and DHE awardees explicitly stating that they are required to submit an initial application after the benefit period. DOF should also mail an initial application and letter to the recipients explaining why they must submit an initial application prior to the expiration of their benefits.



THE CITY OF NEW YORK
TAX COMMISSION
David N. Dinkins Municipal Building, 1 Centre Street, Room 2400 N, New York, NY 10007

June 11, 2021

Dear [REDACTED]:

The Tax Commission has reviewed your appeal and granted you a **50% Senior Homeowners Exemption** for the 2020/2021 tax year, which began on July 1, 2020.

That information has been communicated to the Department of Finance, the agency responsible for calculating the amount of the exemption(s) and applying it to your account.

If the exemption is not reflected on your next bill, please contact Finance, not the Tax Commission, at <http://www1.nyc.gov/site/finance/about/contact-us-by-email.page> or, by mail, at:

New York City Department of Finance
Home Tax Benefits
59 Maiden Lane, 24th Floor
New York, New York 10038

Sincerely,

Tax Commission

⁶ As the Tax Commission is a separate agency from DOF, OTA cannot recommend edits to Tax Commission notices. The contents and timing of the notice are explained only as background information to OTA’s recommendation that DOF better notify benefit applicants approved by the Tax Commission of renewal procedures.

⁷ OTA cites SCHE statistics here specifically because at least two years have gone by since their most recent application. As noted above, Tax Commission-approved DHE recipients are also affected, but because they must renew annually, they are more likely to learn about this requirement sooner.

5. Public Property Website: DOF Definition Review for Transaction Type Codes

The Department of Finance’s property tax public access portal is a useful tool for the public to access tax information about their property. In addition to being a repository of mailed statements of account and the annual Notice of Property Value, the portal provides additional information intended to clarify the charges assessed to customers.

DOF provides detailed account activity in the Account History Details page (see #1 below). The expanded table offers a single “Transaction Type” column (see #2) with a hyperlinked page that explains the information found in “Action Type” and “Reason.” The information found in the “Transaction Type Codes” page coincides with the three key alphanumeric codes for programs, interest, penalties, and other activities on the account.

1 Account History Details

Year	Period	Charge Type	Account ID	Original Due Date	Interest Begin/Process Date	Trans. Type	Action Type	Reason	Payment #	Payment Date	Amount Due
2023	1	TAX		07/01/2022	07/01/2022	TAX	ORG			06/04/2022	48,164.86
						TAX	ADJ	COURT ORDER		07/27/2022	-9,930.48
						SAF	PAY			06/30/2022	-13.00
						SAF	PAY			07/27/2022	13.00
						INT	PAY			01/11/2023	-143.80
						CHG	PAY			01/11/2023	-989.05
						CNT	PAY			02/09/2022	-42.52

2

The “Description” (see #3) does not adequately explain the complexity of the charges. As a result, taxpayers might struggle to understand the activity on their account and how to gather supporting information to resolve any outstanding issues that emerge during a billing cycle.

Transaction Type Codes	
Code	Description
CNT	CONTRACT INTERST
CHG	Consolidated Charges
INT	INTEREST
SAF	Special Fee
TAX	FINANCE-PROPERTY TAX

3

OTA Recommendation: DOF should provide expanded definitions of the transaction type codes to improve the public’s understanding of the variety of charges that may affect their property taxes. Alternatively, DOF should consider providing additional information on the transaction types within its FAQs.

6. NYCePay Guidance

NYCePay is the property tax payment portal meant to be used by large property owners and mortgage brokers to make substantial or multi-property payments. A taxpayer attempting to make property tax payments via NYCePay can link their bank account or pay via a two-step process by selecting “Fedwire” or “ACH Credit” from the dropdown menu. Upon submitting their payment, the taxpayer will receive a confirmation email *regardless of whether the payment has been successfully processed or applied*. The language of the confirmation email does not make clear that additional steps may be necessary for the payment to be processed.



Furthermore, the two-step process for ACH or FedWire is described in the FAQs, but these are located at the bottom of the page, and a taxpayer would have to know to review them to know that their payment may not have been processed correctly. The FAQs only explain the process of an ACH or FedWire transaction; they do not explain how these transactions differ or why a taxpayer would choose one over the other. Better guidance and correspondence is needed to convey to the taxpayer how to use NYCePay correctly.

OTA Recommendations:

- a. DOF should revise its NYCePay confirmation email to clarify that it is just confirmation of the transaction, and that a taxpayer may need to take additional steps to ensure that the payment is processed and applied.
- b. DOF should also revise the instructions and definitions in its NYCePay FAQs—and perhaps create a guide—to better explain the customer’s payment options.

7. Business Collections Statute of Limitations

As DOF seeks additional sources of revenue, it is still carrying old debts on its ledger that are likely not collectible.

The New York State Department of Taxation and Finance has a 20-year statute of limitations on collections from the first date a warrant could be filed. After that, the debt is “extinguished.”⁸ The city has no such corresponding statute, meaning DOF could theoretically attempt to collect delinquent taxes indefinitely. Although some of these debts may be dormant for years, perhaps

⁸ See NY Tax Law § 174-b(1).

due to a business dissolving or a taxpayer simply not being able to pay, the warrants remain open, presenting a distorted picture of DOF’s potential revenue and also negatively affecting the taxpayers’ credit. Nor can these outstanding debts often be compromised, as “the compromise amount cannot be less than the amount the Department could collect through legal proceedings.”⁹

At the end of 2022, DOF had more than \$42.8 million outstanding in various corporate tax debts related to 13,877 warrants that were docketed between 1996 and 2002. Of those, 1,492 warrants (more than \$6.2 million) were for individual unincorporated business tax debts, 74.2% of which were docketed for debts between \$1,000 and \$10,000. The purpose of such a statute would be to prevent blindsiding companies with old debts of which they were unaware or which they thought were long resolved.

Recommendation: DOF should push for the state legislature to adopt legislation implementing a statute of limitations on the collection of city business tax debts consistent with state law.

Note: OTA made this recommendation in its 2018 annual report, and DOF attempted to pursue it until the COVID-19 pandemic obligated the agency to prioritize other efforts.

8. Housing Development Benefit Sunset Communications

Owners of properties receiving housing development benefits, such as 421a or J-51, may not simultaneously receive personal exemptions or the co-op/condo abatement. However, owners may become eligible for personal exemptions and abatements once those benefits expire—meaning they must apply for them several months *before* the close of the fiscal year and conclusion of the benefit.

OTA spoke to DOF’s Homeowner Tax Benefits Unit about raising awareness among managing agents about applying for the co-op/condo abatement on behalf of all qualified owners. As a result, HTB added language on its webpage that applications must be filed by February 15 for owners to receive the abatement starting July 1. (See Part IV.) However, the managing agent cannot apply on behalf of potential recipients of personal exemptions such as SCHE, DHE, or the Veterans Exemption. As that population includes some of the city’s most vulnerable individuals, they may not be able to access information published on a website—and thus may not know to apply for the exemption until after the statutorily mandated March 15 deadline.

By the end of fiscal year 2022-23, 394 BBLs will lose their 421a benefits; another 135 will lose their benefits by the end of 2023-24; and 294 additional BBLs will lose their benefits by the end of fiscal year 2024-2025.¹⁰ Not all taxpayers will be eligible for personal exemptions, and DOF cannot identify them individually, but managing agents can alert potentially eligible unit owners of these valuable benefits.

Recommendation: DOF should specifically notice managing agents of properties with expiring housing development benefits so that the managing agents can encourage eligible homeowners to apply for SCHE, DHE, and other exemptions by March 15. DOF should also consider local legislation mandating such notice.

⁹ See 19 RCNY § 34-02(c).

¹⁰ The number of taxpayers affected is likely higher. While condominium units have their own individual BBLs, co-op shareholders share a single BBL.

Part III: OTA Statistics for the Reporting Period of January 1 to December 31, 2022

For this report, OTA has analyzed its data-recording methods and updated some key metrics to better explain its casework.

As noted in the title of Part III, OTA has updated its reporting year to be consistent with the calendar year. This change provides advantages over the previous reporting period of April 1 through March 31. As the March 31 reporting period end date was only one month before the May 1 report submission deadline, the data reported by OTA changed throughout the drafting process. Moreover, the end of the previous reporting period coincided with OTA's busiest season,¹¹ including the annual Notice of Property Value mailing in late January, the personal property tax exemption deadline of March 15, and the property valuation challenge deadline of April 1. Changing the reporting period to the calendar year will allow OTA to focus on casework during its busiest period, provide data that is final, rather than in process, and develop improved analyses and recommendations. The change will also make it easier for OTA to work with business units throughout DOF who contribute data and information to the annual report. Correspondingly, OTA has reviewed and converted tax years 2020 and 2021 to calendar year totals.

In addition, the definitions of both cases and inquiries have been updated to better reflect OTA's understanding of how casework is completed:

- Inquiries are matters resolved by OTA using in-house knowledge and resources.
- Cases are matters resolved by OTA which require assistance, information, or resolution from another Department of Finance business unit or government agency.

For inquiries, OTA has removed the previous 10-day time requirement for conversion into a case, since it is not an accurate representation of the work required to assist taxpayers. Instead, the new metric has been simplified to demonstrate the knowledge or operating requirements of an issue. If the matter cannot be resolved solely by the Office of the Taxpayer Advocate and must be referred to another unit for advice or completion, then it is converted into a case.

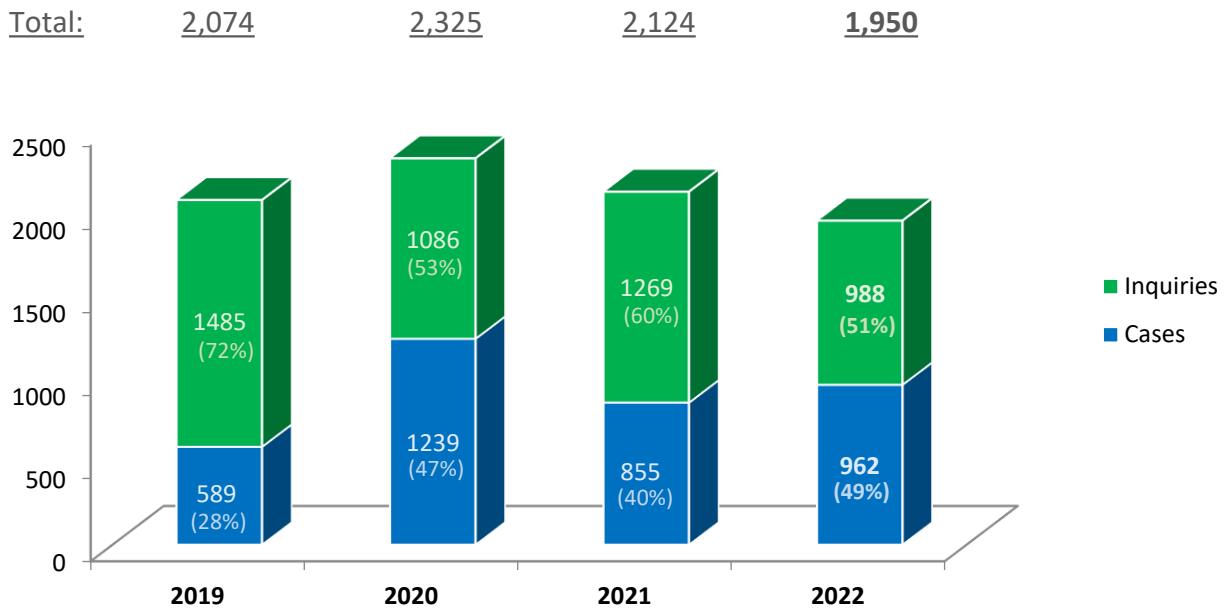
As part of OTA's intake criteria, a taxpayer is required to make a reasonable attempt at resolving their issue with the appropriate DOF business unit. Thus, an increase in case matters versus inquiries in the overall workload, as reported in previous reports, will be better captured with the new definitions, since OTA was designed and empowered to assist the public with more complicated matters.

¹¹ During the past four years (2019-2022), OTA opened 31.2% of its total workload during January through March of each year, while opening an average of 22.7% during each of the subsequent three quarters.

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

The following charts and graphs highlight OTA’s workload over the past four reporting periods.¹² The statistics shown have been updated to reflect the new reporting period and definitions. As such, the figures used in previous years’ reports do not match those shown below.

For tax year 2022, OTA closed 962 cases (49%) and 988 inquiries (51%). There are several causes for the slight decrease in this year’s overall workload as compared to 2020 and 2021. First, the expiration of lien sale authority in 2022 resulted in 113 fewer lien sale cases compared to 2021, a 75.3% decrease. Next, an additional year of auto-renewal for the SCHE and DHE benefits resulted in 45 fewer cases, a 22.5% decrease; such cases are among the most urgent and time-consuming. Furthermore, improved intra-agency communication may have helped to resolve matters before they reach OTA. Finally, OTA saw an all-time high in cases and inquiries in 2020 at the onset of the pandemic, but the subsequent prohibition of in-person outreach events reduced opportunities for new cases and inquiries.



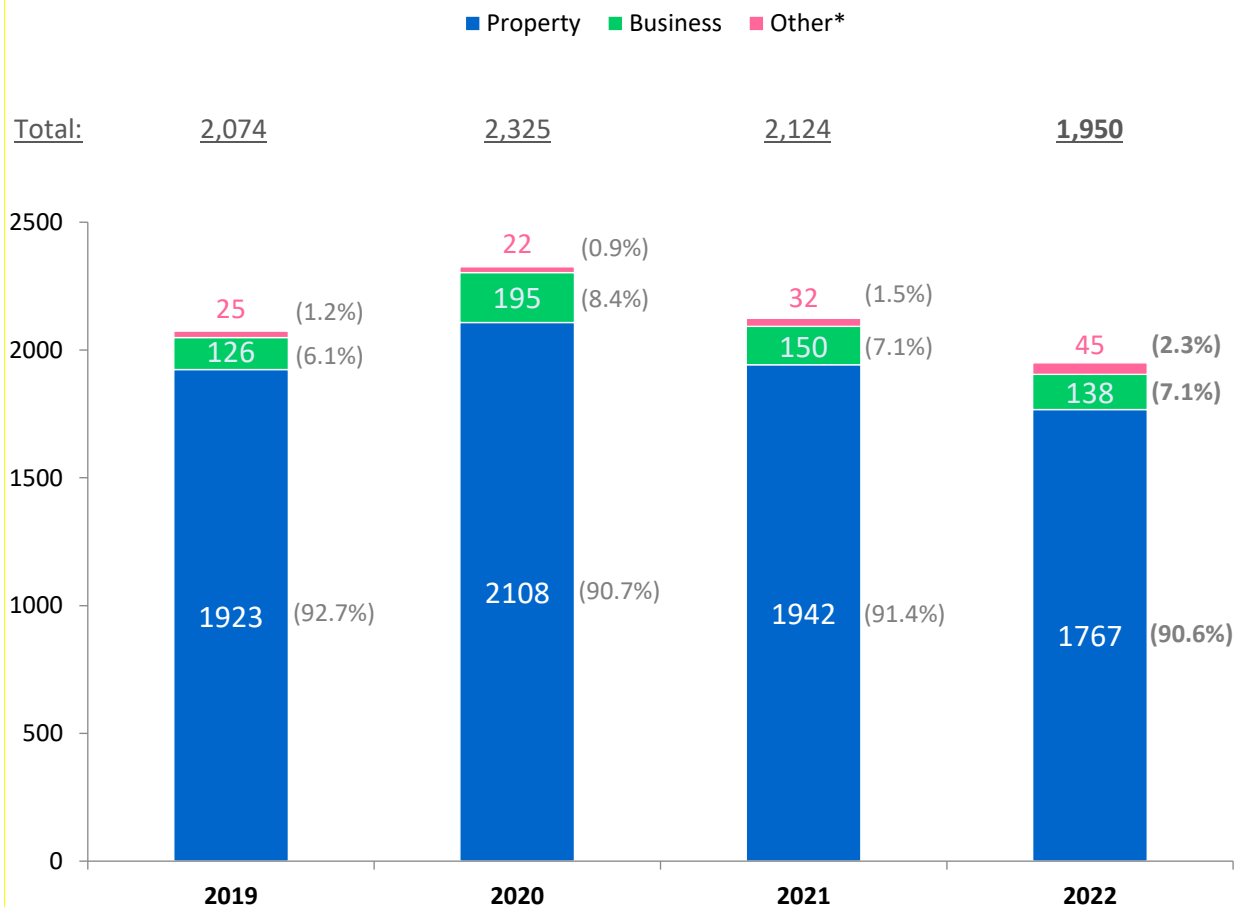
¹² OTA’s quantifying methods are based on the number of cases and inquiries closed during the reporting period. Cases and inquiries opened and not closed before December 31, 2022 are included in a separate chart (see Part III.N), but are otherwise not included in these statistics.

B. Total Inventory by Subject Matter

Over 90% of matters handled by OTA in reporting period 2022 dealt with issues related to property taxes, which is consistent with previous years. Property cases declined primarily due to the expiration of the lien sale authority and the second year of auto-renewal for SCHE and DHE participants. Furthermore, the COVID-19 pandemic, which continued into 2022, reduced direct outreach opportunities to taxpayers. The pandemic may also have factored into the public’s growing familiarity with online and virtual technologies to complete tasks via the DOF website. OTA registered a notable decline in misapplied payment, credit applied, and payment plan cases. Lastly, the continued improvement of DOF’s property tax system to meet the public’s needs was reflected in the decrease of process delay and erroneous charges/fee issues.

Business tax cases declined relative to the previous two years. In 2020, business tax cases reached an all-time high as notice issues and penalty abatement requests spiked at the outset of the pandemic.

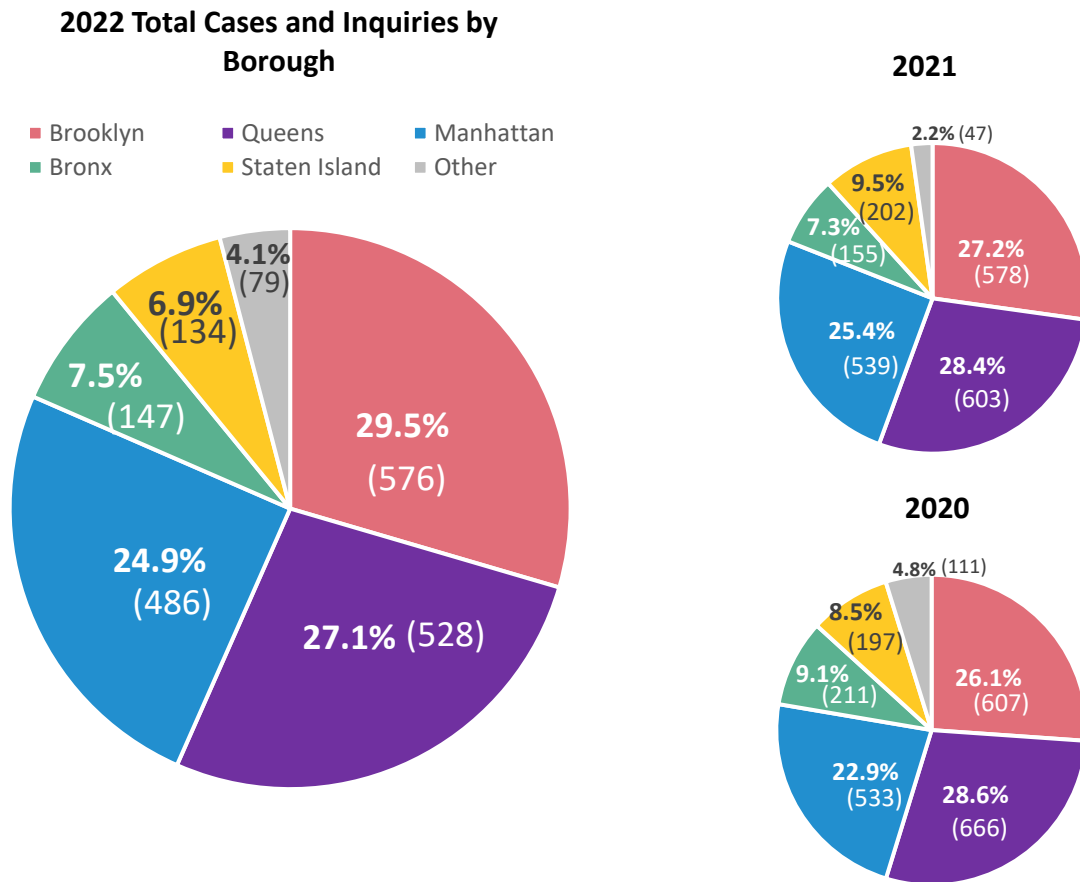
Major Tax Area Work Flow Comparison by Tax Year



*A small percentage (“Other”) generally involves inquiries outside OTA’s scope, such as parking disputes or personal income tax matters. 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. There have been notable declines from 2021 to 2022 in Manhattan (a decrease from 539 to 486, or 10%) and Staten Island (a decrease from 202 to 134, or 33.6%). The area with the largest growth is the “Other” category. These cases mostly involve 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. However, seven out of 79 “Other” cases involved multiple boroughs and many BBLs. These cases are housed under “Other” since they cannot be categorized under a single borough.



D. Breakdown of Recurring Issues

The table below shows OTA’s top 25 recurring issues. Some matters involve multiple issues, so the total number of issues (2,128) does not match the number of cases and inquiries (1,930) in tax year 2022.

The diversity of issues addressed by the Office of the Taxpayer Advocate continues to increase as the office has become more visible to the public. This is reflected in the rise of Unclear Policy/Procedure issues, a category which covers a range of taxpayer requests from general guidance to more detailed explanations of programs and decisions.

Denial of Benefit is again one of the most frequently recurring issues due to the new application requirements of the co-op/condo abatement (CCA); 72 out of 81 CCA matters were housed under Denial of Benefit.

In May 2022, DOF introduced a new online SmartFile option for Real Property Income and Expense (RPIE) statements, resulting in a 48.14% increase in RPIE issues recorded under Unclear Policy/Procedure and Denial of Benefit.

The continued increase in the Records Request/Verification category (26% over last year and 200% over the past two years) stems from status updates regarding CCA and RPIE applications, as well as payments or property tax records. In addition, the passage of New York State Law Chapter 422 (2021) resulted in the creation of a new category—Prevailing Wage—which was cited as a specific reason for CCA application delays and resulted in 26 issues.

Payment issues have seen a substantial decrease, as Misapplied or Denied Payments declined by 24% relative to last year and by over 50% in the past two years. This is attributable to improvements to DOF’s automated payment systems. Application issues (17% decrease) declined for the third consecutive year due to autorenewal of exemptions and the effectiveness of the Customer Service Center. Although Notice – Unclear Notices decreased by 32%, the majority of the 136 issues were related to exemption status inquiries. Refund requests saw a sharp rise (86%) as new property tax rebate checks were mailed in September 2022. Finally, Lien Sale matters had the sharpest decline of any category (78% decrease) because the Department of Finance did not hold a sale in 2022.¹³

Issues Presented	2020	2021	2022	vs. 2021	Total
Total	2,631	2,474	2,128	346↓ (14%↓)	7,233
Unclear Policy/Procedure	109	143	216	73↑ (51%↑)	468
Denial of Benefit	177	213	197	16↓ (8%↓)	587
Misapplied or Denied Payments	402	241	183	58↓ (24%↓)	826
Records Request/Verification	60	143	180	37↑ (26%↑)	383
Application Issue	142	205	170	35↓ (17%↓)	517
Process Delay	328	185	157	28↓ (15%↓)	670
Notice - Unclear Notices	211	199	136	63↓ (32%↓)	546
MV/AV - Inconsistent Value	121	100	100	–	321
Inaccurate Record	99	70	79	9↑ (13%↑)	248

¹³ “Lien sale” matters included 11 sold/foreclosure, eight pre-sale pulled verification, eight defected liens, and four miscellaneous.

Issues Presented	2020	2021	2022	vs. 2021	Total
Tax Calculations	88	86	79	7↓ (8%↓)	253
Benefit Revocation	52	61	71	10↑ (16%↑)	184
Penalty Abatement requests	60	87	59	28↓ (32%↓)	206
Erroneous Charges/Fees	94	67	50	17↓ (25%↓)	211
MV - TP Disagrees with RFR	34	61	44	17↓ (28%↓)	139
Payment Plans Issues	57	58	41	17↓ (29%↓)	156
Refund Issue	38	21	39	18↑ (86%↑)	98
Others	37	38	39	1↑ (3%↑)	114
Lien Sale	78	147	32	115↓ (78%↓)	257
Credit - Not Applied	115	31	30	1↓ (3%↓)	176
Prevailing Wage	0	0	26	-	26
Managing Agent Issue	34	29	25	4↓ (14%↓)	88
DOF - Unresponsive/Unhelpful	40	47	24	23↓ (49%↓)	111
Other Charges - Property Tax Bill	42	30	21	9↓ (30%↓)	93
Incorrect Tax/Building Class	39	45	21	24↓ (53%↓)	105
Incorrect Benefit or Benefit Amount	11	22	20	2↓ (9%↓)	53

E. Cases in Which No Relief Was Granted

OTA strives to provide relief to taxpayers to the extent that remedies are available. Yet in some cases, relief cannot be provided. Of OTA's 3,056 cases in the past three tax years, 265 (8.67%) have resulted in such an outcome. In the largest percentage of cases (40%) 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.

The number of unresolved cases has trended downward from an all-time high in 2020 (10% of 1,239 cases). The cause for the elevated number in 2020 was related to Unresponsive or Uncooperative Taxpayers with payment/refund or exemption/abatement issues. With DOF's return to the office and resumption of in-person outreach events, taxpayers have been able to submit their documentation more easily. Unresolved cases continue to decline, with only 5.8% of 962 cases unresolved in 2022.

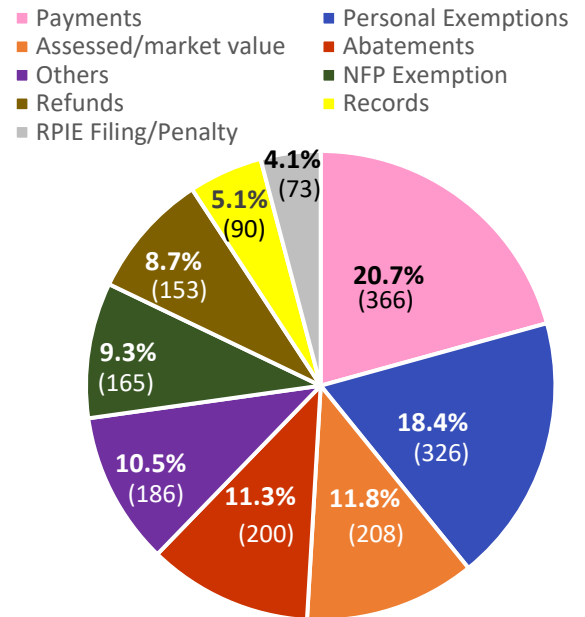
Cases in Which No Relief Was Granted, 2020-2022

Reason for No Relief	2020	2021	2022	Total
Law or DOF policy	33	44	29	106
Taxpayer failed to provide documents or information timely	54	25	16	95
Unable to contact taxpayer	32	6	6	44
Referred to another city agency	5	10	5	20
Total	124	85	56	265

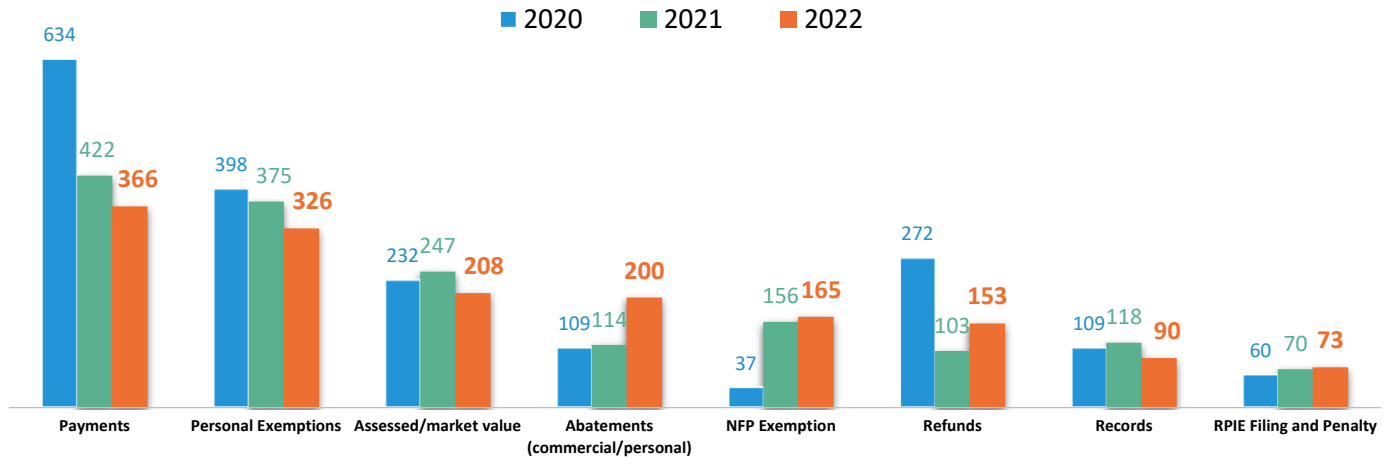
F. Property Tax Inquiries and Cases by Subcategories¹⁴

OTA’s top property tax categories continue to be Payments, Personal Exemptions, and Valuation. Over the past two years, Payments has seen the largest decline, which can be attributed to customer usage of DOF’s expanded online services. CCA experienced the largest increase, from 114 matters to 200, as a result of the change in renewal requirements and process. Refund matters increased 50% due to the introduction of the one-time property tax rebate for many property owners. OTA continues to see growth in NFP issues, via the work of the NFP ombudsperson. (The chart at right includes an “Others” category consisting of multiple issues that each made up less than 4% of the overall workload.)¹⁵

2022 Property Tax Top Categories



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

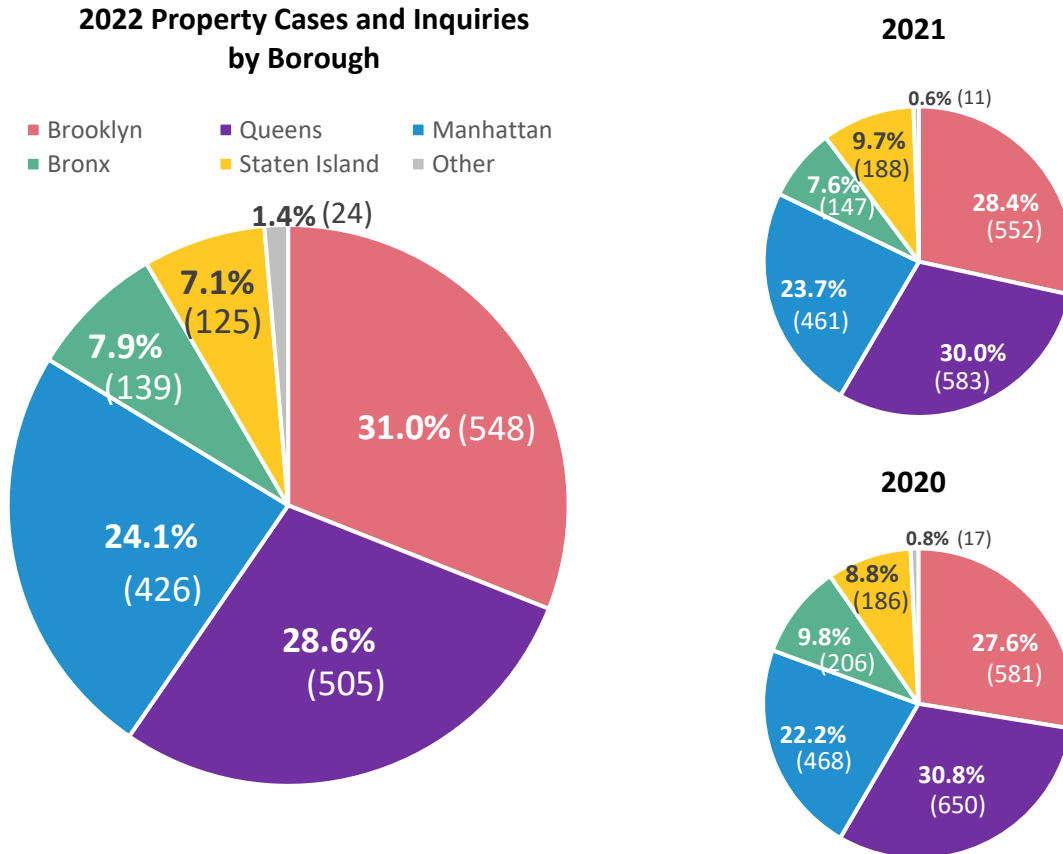


¹⁴ OTA’s property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veteran, Clergy, and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (co-op and condo, 421a, 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).

¹⁵ The “Others” subcategories include: payment plan (2.3%), tax lien sales (2.1%), classification (2.0%), commercial exemptions (1.2%), collections (1.0%), apportionment (0.5%), mapping (0.5%), and a miscellaneous category for unique issues (1.0%).

G. Property Tax Inquiries and Cases by Borough

The proportion of cases and inquiries by borough has remained consistent over the past three years. Total cases and inquiries have declined in all five boroughs for the reasons described earlier in this report. The number of “Other” matters increased slightly and mostly reflects a higher number of inquiries and cases regarding the property taxation 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 2022. The refund, abatement, and correction¹⁶ amounts are listed below by district. The decrease in all three categories was related to a lack of high-dollar cases that were present in previous years. 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
Report Years 2020 through 2022**

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
1	C. Marte	60	46	35	\$71,975	\$2,076,054	\$757,525	\$119,764	\$385,805	\$27,317	\$206,103	\$3,786,339	\$58,295
2	C. Rivera	20	26	23	\$34,947	\$1,998,847	\$705,215	\$7,346	\$5,459	\$497,375	\$14,263	\$112,344	\$761,735
3	E. Bottcher	48	55	38	\$276,782	\$456,692	\$192,742	\$91,398	\$352,165	\$252,349	\$59,387	\$1,703,005	\$1,182,518
4	K. Powers	60	31	49	\$274,488	\$174,074	\$1,896,060	\$96,620	\$868,425	\$2,108,784	\$2,251,499	\$1,244,351	\$2,382,783
5	J. Menin	18	21	21	\$36,418	\$23,914	-	\$4,362	\$20,492	\$765,899	\$56,286	\$98,367	\$28,403
6	G. Brewer	43	27	38	\$266,668	\$15,750	\$11,491	\$19,083	\$19,077	\$756,296	\$22,027	\$1,642,601	\$4,424
7	S. Abreu	11	9	6	\$16,310	\$118,568	-	-	-	\$107,303	-	\$130,210	\$18,000
8	D. Ayala	7	3	6	-	-	-	-	-	\$10,518	-	-	\$5,143
9	K.R. Jordan	6	10	10	\$7,297	\$945,515	\$205,627	\$1,882	\$80,649	-	-	\$31,466	\$16,528
10	C. De La Rosa	3	3	5	-	\$189,370	\$94,019	-	-	-	-	-	-
11	E. Dinowitz	12	12	13	\$47,768	\$3,952	\$341,740	\$56,033	\$266,036	\$12,649	\$2,241	\$270,862	\$4,705
12	K. Riley	19	9	11	\$37,361	\$163,485	\$30,203	\$112,249	\$7,669	\$7,222	\$1,034	\$3,435	\$3,000
13	M. Velázquez	21	7	7	\$2,507	\$10,280	\$1,493	\$9,520	\$8,370	\$1,553	\$8,648	\$8,080	-
14	P. Sanchez	6	5	4	\$464,201	-	-	\$765	-	-	-	\$28,279	-

¹⁶ For an explanation of the “Corrections” category, see Part III.L.

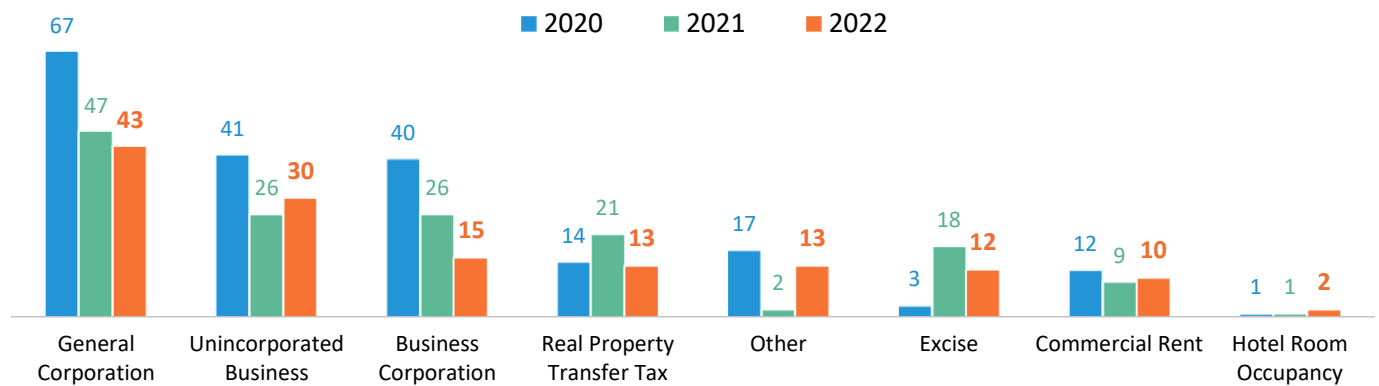
District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
15	O. Feliz	4	4	7	\$21,842	-	\$36,473	-	-	-	-	-	-
16	A. Stevens	1	1	3	-	-	-	-	-	-	-	\$66,636	\$341
17	R. Salamanca Jr.	23	2	9	\$67,834	-	-	\$206,802	-	-	\$414	-	\$2,361
18	A. Farias	13	11	5	\$15,491	-	\$15,589	\$1,416	\$448,215	\$1,577	\$2,963	\$45,180	\$4,500
19	V. Paladino	35	22	26	\$22,891	\$735	\$2,890	\$10,400	\$13,663	\$15,961	\$3,330	\$1,289,714	\$46,281
20	S. Ung	20	25	26	\$77,980	\$480,179	\$4,106	\$1,237	\$3,953	\$12,601	-	\$131,136	\$12,014
21	F. Moya	20	8	12	\$9,500	\$31,013	-	\$6,012	-	\$8,356	-	\$67,127	\$14,350
22	T. Cabán	12	15	10	\$3,210	\$7,348	\$12,710	\$712	\$396,561	\$21,439	-	\$5,684	\$21,605
23	L. Lee	27	15	20	\$67,264	\$10,308	\$25,796	\$14,518	\$5,765	\$16,352	\$416,143	\$3,710	\$10,544
24	J. Gennaro	15	8	17	\$42,136	\$1,948	\$150	-	\$4,735	\$3,543	\$3,500	\$23,177	\$42,668
25	S. Krishnan	15	7	5	\$5,992	\$55,363	\$150	\$34,715	-	-	\$118,029	\$8,387	\$12,506
26	J. Won	14	8	11	\$19,725	\$166,730	\$420,200	\$276,466	\$264	\$6,217	\$1,628	\$78,450	\$3,802
27	N. Williams	20	8	15	\$8,186	\$498,629	\$147,730	\$1,600	\$7,507	\$97,552	\$500	\$4,004	\$51,728
28	A. Adams	21	12	15	\$40,332	-	\$28,638	\$38,314	-	\$58,723	\$2,226	\$4,587	\$4,171
29	L. Schulman	26	12	13	\$33,664	-	\$7,157	\$413,221	\$12,629	\$61,134	\$22,328	\$26,357	\$659,417
30	R. Holden	30	12	15	\$47,819	-	\$31,906	\$4,688	\$11,065	\$793	\$46	\$1,292,081	\$15,750
31	S. Brooks-Powers	21	8	8	\$19,877	\$2,647	-	\$2,590	\$2,163	\$5,976	\$9,265	\$2,398	\$6,763
32	J. Ariola	24	13	19	\$11,548	\$10,496	\$1,553	\$8,788	\$18,693	\$1,040	\$855	\$11,650	\$6,960
33	L. Restler	40	37	48	\$309,761	\$765,540	\$784,258	\$643,792	\$711,541	\$250,118	\$20,817	\$79,287	\$82,100
34	J. Gutiérrez	13	15	14	\$87,999	\$48,853	\$756,038	\$27,507	\$56,875	\$250	\$418	\$646,237	\$360,300
35	C. Hudson	19	12	11	\$39,994	\$2,761	-	\$181,308	\$327	\$20,741	\$524	\$523	-
36	C. Ossé	15	8	12	\$88,329	\$36,932	\$152,174	-	-	\$17,537	\$12,339	-	-
37	S. Nurse	8	12	12	-	\$85,355	\$44,604	\$21,734	\$18,824	\$20,331	-	\$31,900	\$23,114
38	A. Avilés	21	11	12	\$215,135	\$25,333	\$459,505	\$2,914	\$7,123,597	\$5,102	\$128,391	\$3,118	\$36,407
39	S. Hanif	28	17	23	\$49,304	\$10,034	\$72,658	\$2,989	-	\$41,366	-	\$23,434	\$56,236
40	R. Joseph	9	5	8	\$699,624	\$32,572	\$90,369	\$421,357	-	-	-	-	\$260,830

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
41	D. Mealy	12	11	9	\$7,464	-	-	\$2,475	\$17,893	\$1,500	\$2,804	\$12,228	\$2,023
42	C. Barron	9	16	12	\$1,163	-	-	\$18,141	\$51,073	\$3,013	-	\$2,726	\$7,003
43	J. Brannan	21	11	8	\$63,125	\$17,707	\$3,554	\$4,114	\$14,704	\$16,971	\$2,051	\$7,029	\$51,905
44	K. Yeger	23	14	25	\$55,182	-	\$616,429	\$14,997	\$107,249	\$76,535	\$19,749	-	\$10,071
45	F. Louis	25	9	14	\$15,561	\$634	\$150	\$2,460	-	-	\$8,660	\$72,911	\$47,597
46	M. Narcisse	24	13	35	\$29,486	\$19,153	\$322,666	\$26,595	\$61,824	\$49,328	\$32,508	\$481,021	\$7,765
47	A. Kagan	19	8	10	\$167,946	\$49,368	-	\$32,429	-	-	\$286,167	\$12,751	\$3,224
48	I. Vernikov	28	14	28	\$300,182	\$2,342	\$31,877	\$8,545	\$31,921	\$404,852	\$3,927	\$61,334	\$23,727
49	K. Hanks	24	13	11	\$26,533	\$963	-	\$158,811	\$3,378	\$1,145	\$7,188	\$32,950	\$4,200
50	D. Carr	35	27	16	\$94,665	\$4,477	\$150	\$11,785	\$520,038	\$3,233	\$3,117	\$9,166	\$73,708
51	J. Borelli	35	26	26	\$12,803	\$615,759	\$9,198	\$54,416	\$62,645	\$9,619	\$5,766	\$41,121	\$69,792
Other		21	10	29	\$2,214,199	\$4,565,528	\$66,142	\$269,359	\$19,140	\$3,751,308	\$10,550,614	\$24,804	\$5,684,571
Total		1,104	744	865	\$6,530,471	\$13,725,210	\$8,380,936	\$3,446,227	\$11,740,391	\$9,531,477	\$14,287,750	\$13,662,156	\$12,185,867

I. Business and Excise Tax Cases and Inquiries by Subcategories

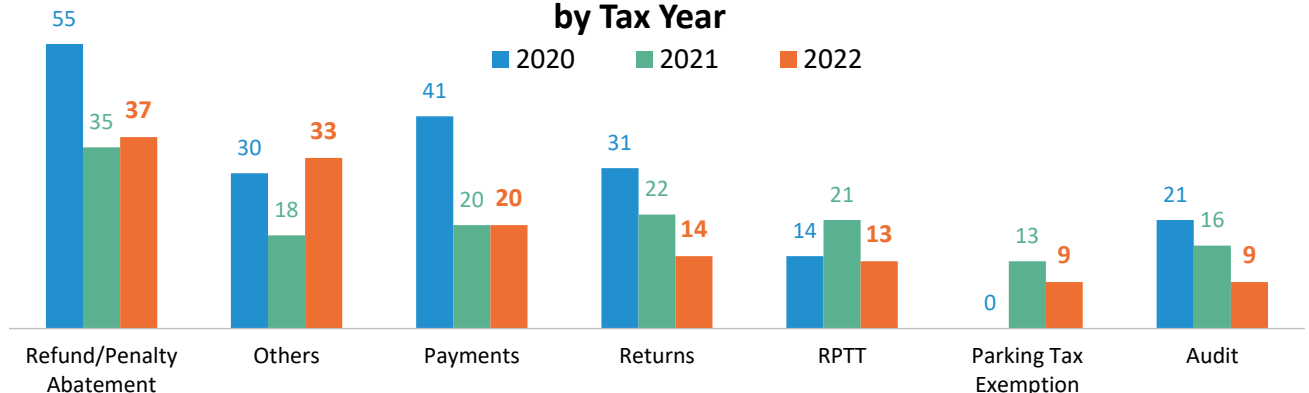
Of the 158 business tax cases and inquiries that OTA handled in tax year 2022, 43 involved general corporation tax (GCT) issues, 30 involved unincorporated business tax (UBT) issues, and 15 involved business corporation tax (BCT) issues. The decrease in BCT (62.5%) and GCT (35.82%) over the past three years is attributable in part to the lack of avenues for outreach during the COVID-19 pandemic. A notable increase in “Others” is due to eight Form 1127 (non-resident City employees) inquiries and three inquiries regarding collection procedures.

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



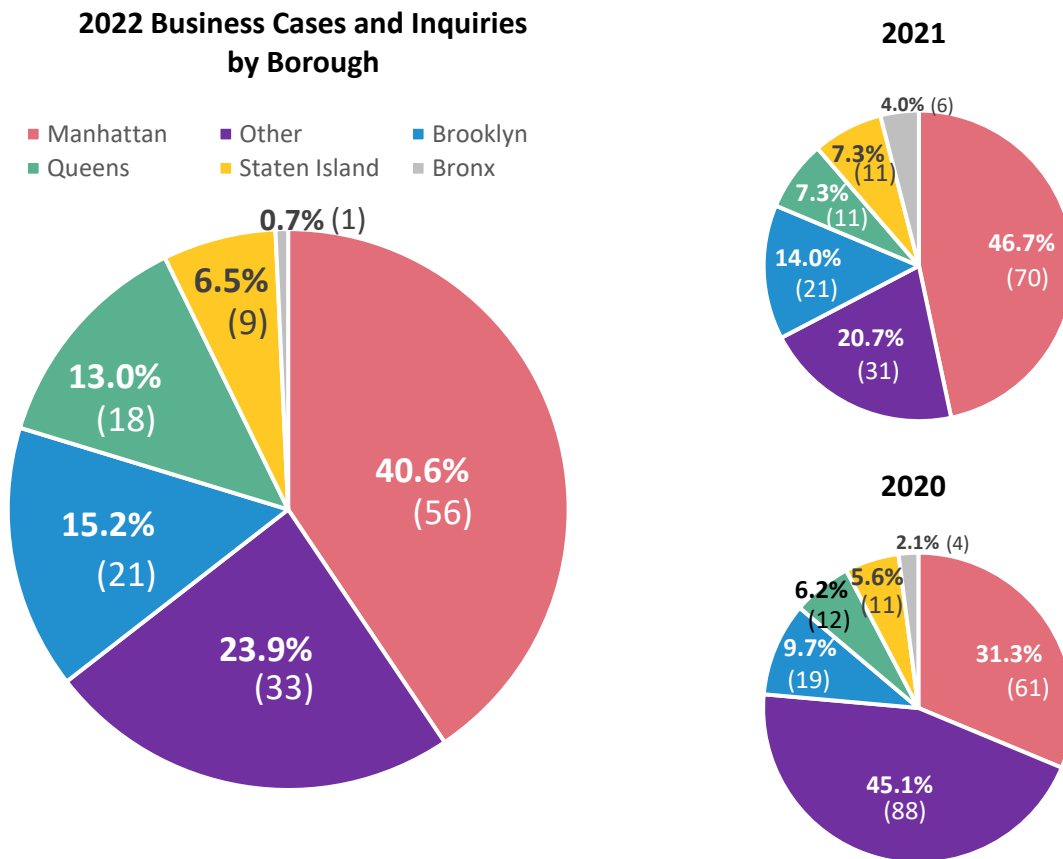
Areas that saw the greatest change were Others, Returns, RPTT, and Audit. Others issues were generally warrant/account status and Form 1127 inquiries. Returns, RPTT, and Audit cases saw similar decreases compared to the previous year. This could be attributable to fewer late submissions and improved handling of these matters as DOF and NYC have recovered from the COVID-19 pandemic. In addition, OTA hopes to pursue additional business tax-specific outreach opportunities to expand its footprint within the business community. Parking tax exemptions, a new category in 2021, saw a slight decline but has remained steady as garages assisted in referring other taxpayers to OTA.

Business and Excise Tax Cases and Inquiries by Issue, by Tax Year



J. Business and Excise Tax Cases and Inquiries by Borough

The distribution of business tax cases in the five boroughs and outside the city (“Other”) changed little from 2021 to 2022. Manhattan saw a decrease of 14 matters (20%), whereas Queens matters rose by seven (63.6%). Through tax year 2020, 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 in-person outreach opportunities as a result of the pandemic, this trend reversed and “Other” has decreased by 62.5% since 2020.



K. Business Tax Cases by City Council District¹⁷

OTA handled business tax cases, some of which resulted in refunds, abatements, or corrections,¹⁸ for business taxpayers in 27 of the city’s 51 council districts during tax year 2022. Twenty-five cases resulting in either abatements, refunds, or corrections could not be attributed to a district, because they involved taxpayers out of the city or in multiple districts. The refund, abatement, and correction amounts are listed below by district.

**Business Tax Refunds, Abatements, and Corrections by City Council District for
Report Years 2020 through 2022**

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
1	C. Marte	10	7	6	\$712,946	\$49	\$22,200	\$92,119	\$7,245	\$112,965	-	-	-
2	C. Rivera	2	2	2	-	\$2,319	-	-	\$45	-	-	\$17,686	-
3	E. Bottcher	8	11	7	\$2,817	\$66,000	\$33,285	\$67,265	\$3,354	\$14,669	-	-	-
4	K. Powers	17	21	9	\$15,286	\$73,490	-	\$185,944	\$854,232	\$103,605	\$15,600	\$1,585,365	\$8,016
5	J. Menin	3	3	1	-	-	-	\$9,457	-	-	-	-	-
6	G. Brewer	2	4	9	-	-	-	-	\$28,941	\$18,575	-	\$841,770	\$254,819
9	K.R. Jordan	1	1	4	-	\$3,607	\$2,508	\$2,139	-	-	-	-	\$23,827
10	C. De La Rosa	-	-	1	-	-	-	-	-	-	-	-	-
12	K. Riley	1	-	-	-	-	-	-	-	-	-	-	-
16	A. Stevens	-	1	-	-	-	-	-	-	-	-	-	-
18	A. Farias	-	1	-	-	-	-	-	-	-	-	\$600	-
19	V. Paladino	1	-	1	\$6,272	-	-	-	-	-	-	-	\$289
20	S. Ung	-	1	-	-	-	-	-	-	-	-	-	-
21	F. Moya	1	-	-	-	-	-	-	-	-	-	-	-
22	T. Cabán	-	1	-	-	-	-	-	-	-	-	\$7,772	-
23	L. Lee	-	-	2	-	-	-	-	-	\$579	-	-	-
24	J. Gennaro	-	-	1	-	-	-	-	-	-	-	-	-
25	S. Krishnan	-	-	1	-	-	\$2,489	-	-	-	-	-	-

¹⁷ Omitted districts have not had any cases from January 1, 2020 through December 31, 2022.

¹⁸ For an explanation of the “Corrections” category, see Part III.L.

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
26	J. Won	2	1	5	-	-	-	-	-	\$5,156	-	\$19	\$704
27	N. Williams	-	3	-	-	-	-	-	-	-	-	-	-
28	A. Adams	-	1	1	-	-	-	-	\$1,813	-	-	-	-
29	L. Schulman	-	2	-	-	-	-	-	\$193	-	-	\$4,000	-
31	S. Brooks-Powers	-	-	1	-	-	-	-	-	-	-	-	-
32	J. Ariola	-	1	-	-	-	-	-	\$979	-	-	-	-
33	L. Restler	2	1	2	-	-	-	\$4,222	-	\$2,454	-	\$9,576	-
34	J. Gutiérrez	1	1	1	-	-	-	-	-	\$4,831	-	\$27,950	-
35	C. Hudson	-	1	1	-	-	-	-	-	-	-	-	-
36	C. Ossé	-	4	1	-	-	-	-	\$20,902	-	-	\$26,503	\$158
38	A. Avilés	3	-	-	\$7,270	-	-	-	-	-	\$31,371	-	-
39	S. Hanif	1	1	1	-	-	-	-	-	\$1,110	-	-	-
40	R. Joseph	-	2	-	-	-	-	-	\$360,238	-	-	-	-
41	D. Mealy	-	1	-	-	-	-	-	-	-	-	-	-
42	C. Barron	-	1	-	-	-	-	-	-	-	-	-	-
43	J. Brannan	1	-	-	\$1,719	-	-	-	-	-	-	-	-
44	K. Yeger	1	1	4	-	-	\$6,640	\$6,736	-	\$408	-	-	\$5,000
45	F. Louis	1	-	1	-	-	\$2,989	\$6,664	-	-	-	-	-
46	M. Narcisse	1	1	2	-	-	-	\$30	-	-	-	-	-
47	A. Kagan	-	-	1	-	-	-	-	-	-	-	-	-
48	I. Vernikov	1	-	-	-	-	-	-	-	-	-	-	-
49	K. Hanks	1	-	1	\$563	-	-	-	-	\$56,620	-	-	-
50	D. Carr	3	3	3	\$6,351	\$1,622	-	\$4,882	\$433	\$1,365	-	\$7,145	\$1,480
51	J. Borelli	1	3	2	-	-	-	\$452	\$978	-	-	\$7,736	\$8,820
Other		69	26	25	\$676,675	\$303,344	\$824,910	\$378,673	\$212,264	\$182,929	\$2,574,250	\$1,236,273	\$878,982
Total		134	107	96	\$1,429,899	\$450,430	\$895,021	\$758,583	\$1,491,617	\$505,265	\$2,621,221	\$3,772,395	\$1,182,094

L. Dollar Impact of the Office of the Taxpayer Advocate

The charts below include all cases completed between 2020 and 2022 and their total dollar impact—the amount of money saved by or returned to customers. Though 2022 saw a decrease in average dollar impact per case, OTA still registered a higher dollar-impact case count (962) than last year (835). Furthermore, among cases that registered a dollar impact in 2022, the average total dollar impact was \$74,806 per refund, \$50,948 per abatement, and \$80,530 per correction.

The decrease in overall dollar impact is attributable to the variance inherent in OTA’s case work. For example, OTA recorded ten high-value cases¹⁹ worth a total of \$25 million in 2021; in 2022, there were only three such cases. Fewer high-value cases resulted in reductions to the dollar impact of OTA’s work; after resolving six correction cases of more than \$1 million in 2021, OTA closed only two such cases, for \$4.9 million and \$2 million, in 2022. Additionally, the one abatement case OTA resolved above \$1 million was for \$2.5 million in 2022, compared to the one abatement case closed in 2021 worth \$7.1 million. OTA did not close any refund cases worth more than \$1 million in 2022, compared to three such cases closed in 2021.

TOTAL	Refunds	Abatements	Corrections	\$ Impact Total	Case Count ²⁰	Avg. per Case
TY 2020	\$7,960,370	\$4,204,810	\$16,908,971	\$29,074,151	1,239	\$23,466
TY 2021	\$14,175,640	\$13,232,008	\$17,434,551	\$44,842,200	855	\$52,447
TY 2022	\$9,275,957	\$10,036,742	\$13,367,961	\$32,680,660	962	\$33,972
Total	\$31,411,968	\$27,473,560	\$47,711,483	\$106,597,010	3,056	\$34,881

REFUNDS	Business	Property	Total Refunds	Number of Cases with Refunds	Avg. per Case
TY 2020	\$6,530,471	\$1,429,899	\$7,960,370	303	\$26,272
TY 2021	\$13,725,210	\$450,430	\$14,175,640	118	\$120,133
TY 2022	\$8,380,936	\$895,021	\$9,275,957	124	\$74,806
Total	\$28,636,617	\$2,775,350	\$31,411,968	545	\$57,637

ABATEMENTS	Business	Property	Total Abatements	Number of Cases with Abatements	Avg. per Case
TY 2020	\$3,446,227	\$758,583	\$4,204,810	203	\$20,713
TY 2021	\$11,740,391	\$1,491,617	\$13,232,008	155	\$85,368
TY 2022	\$9,531,477	\$505,265	\$10,036,742	197	\$50,948
Total	\$24,718,095	\$2,755,465	\$27,473,560	555	\$49,502

CORRECTIONS	Business	Property	Total Corrections	Number of Cases with Corrections	Avg. per Case
TY 2020	\$14,287,750	\$2,621,221	\$16,908,971	123	\$137,471
TY 2021	\$13,662,156	\$3,772,395	\$17,434,551	188	\$92,737
TY 2022	\$12,185,867	\$1,182,094	\$13,367,961	166	\$80,530
Total	\$40,135,773	\$7,575,710	\$47,711,483	477	\$100,024

¹⁹ High-value cases are defined as any cases of at least \$1 million or more dollars.

²⁰ 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).

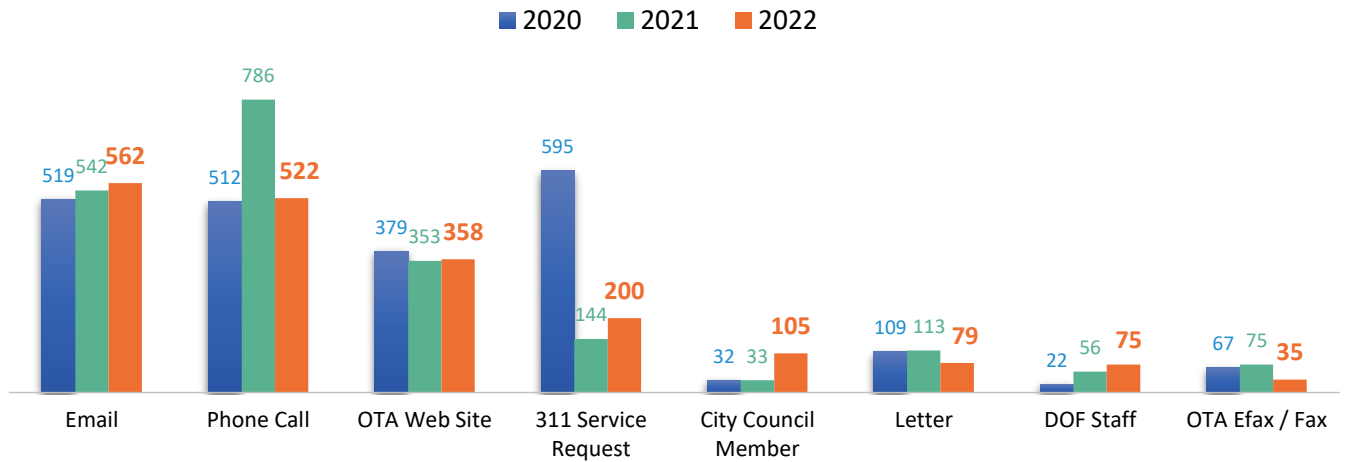
M. Referrals by Source

Calls, emails, and website inquiries were the top three referral sources for each of the past two years. 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 three years.

311 service requests (“311 SRs”) rebounded in 2022 after a sharp decline in 2021. As noted above, taxpayers have opted to contact OTA directly. However, in 2022, OTA began to note the manner in which each direct phone call contact was able to reach the office and, as a result, found that a large number of customer phone calls were in fact 311 SR referrals. Instead of submitting an internal 311 SR, some 311 operators provided customers with OTA’s direct customer contact information. Many taxpayers then opted to call OTA directly (76 out of 200 were 311 caller referrals).

Some other areas of notable increase came from direct communication with city council members and DOF staff. The increase in direct contacts from council members may be attributable to an outreach email sent on February 4, 2022, to all city council offices. This email provided direct contact information, an overview of OTA’s services, and a link to OTA’s homepage. Additionally, other DOF business units reached out to OTA with issues brought to them by an elected official or taxpayer. The flow of matters to OTA from city council members and DOF staff indicates that established streams of communication are yielding benefits for taxpayers.

Top 8 Sources of Referral, by Tax Year

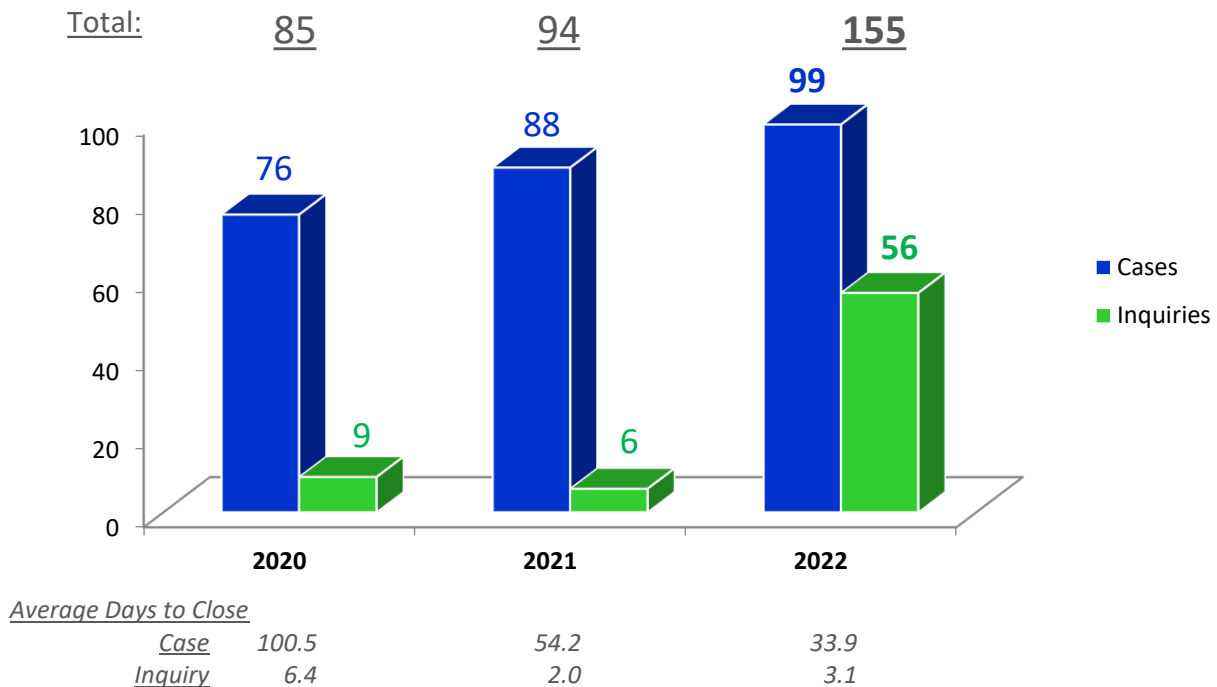


N. Open Cases and Inquiries

The new method of case and inquiry categorization described in Part III has been used only on items closed since January 1, 2022. During the 2022 reporting period, the average time to investigate, advocate for, and close a case decreased to 33.9 days. The reduction is a result of the full staff working through a backlog of cases in 2020 and 2021. In addition, the new case and inquiry definitions influenced this decrease, as more inquiries are converted into cases.

As of December 31, 2022, OTA had 99 cases and 56 inquiries remaining open. OTA generally has more open cases than open inquiries, as cases are usually more complex, require further review, and involve other DOF business units. The number of open cases in 2022 increased by 12.5% over 2021 (88 to 99). As previously noted, OTA has redefined inquiries as matters that cannot be converted into a case until OTA has sufficient information to request additional support from another DOF unit. A busier-than-average December 2022 brought new open items during the holiday season, when taxpayers were slower to respond to requests for additional information. Also, a majority of open inquiries during this time were status requests (application submissions for property tax rebates, exemptions, and abatements) which are kept open as inquiries to permit time for an application’s status to be updated.

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.

Missing Dates on Co-op/Condo Abatement Renewal Letter

In mid-December 2022, a managing agent forwarded OTA a renewal reminder email they had received a few weeks before. The email included renewal instructions and a link to the online filing portal. It also stated in bold that “Failure to renew will result in the abatement being removed from the entire development.” The email did not state the renewal period—January 5 through February 15—so that if a managing agent were to click on the portal link in December, it would appear that the deadline had already passed. OTA reported this omission to External Affairs for review. Less than 24 hours later, External Affairs stated that they would update the renewal notification emails and letters to include the dates.

Specifying Merger/Appportionment within PTS

OTA learned from the Payment Operations Division that the transaction code pertaining to merger and apportionment charges on the PTS public site was labeled a nonspecific “Real Estate Additional.” OTA requested that DOF use a more descriptive term such as “Mergers/Appportionments” to better signify to taxpayers the origin of those charges. FIT and Payment Operations confirmed that such a label was available and implemented the change shortly thereafter.

Applying for Co-op/Condo Abatement After a Commercial Exemption

Condos and co-ops with certain commercial benefits, such as a 421a or J-51, are not eligible to receive the co-op/condo abatement. They may receive the abatement once the commercial benefit expires, which is generally on June 30. However, to receive the co-op/condo abatement, management companies must file their applications by February 15 of the preceding year. At least two management companies indicated to OTA that they found the application timeline confusing. They did not know if they were eligible to apply for the co-op/condo abatement before the commercial benefit officially expired. The Homeowner Tax Benefits Unit confirmed that management companies could apply for the abatement the year the commercial benefit was expiring.

OTA suggested that such language be included on HTB’s webpage, to help ensure that eligible condos and co-ops would not miss a year between benefits. HTB agreed and added the following to their webpage:

Note: If the development’s commercial exemption (such as a 421a or J51 exemption) is due to expire at the end of the tax year on June 30, you can apply for the co-op/condo abatement. We will determine your eligibility to receive the abatement upon review of your application.

ACRIS Autopay Rollover

Taxpayers who wish to sign up for autopayment of their property taxes can apply online or by mail, but they can only cancel their autopayments online. This poses a problem for seniors who have sold their properties but do not have the computer skills necessary to cancel their payments. OTA reported this systemic issue to DOF's Payment Operations Division, which suggested connecting autopayments to ACRIS so that they are cancelled simultaneously with a change in ownership. DOF is in the process of coding this enhancement, which is projected to launch by May 2023.

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

Reviewing a SCHE Denial for High Income and IRA Distributions

A city council member reached out to OTA seeking assistance on a constituent's 2022-23 SCHE initial application. The taxpayer's application was denied because their 2020 income was above the program's threshold.

A full review of the taxpayer's history revealed that they were previously approved for SCHE in 2017. Subsequent renewal applications after 2017 were denied due to high income and missing documents. OTA reviewed the applications filed for tax years 2017-18, 2019-20, 2020-21, and 2021-22, and determined that not all denials rendered for those applications were correct. The 2020-21 and 2021-22 applications should have been approved for the full 50%.

Though the 2020-21 application was denied for missing documents, OTA's review determined that all necessary documents had been submitted. The items listed as missing were the husband's ID and signature, but the deed showed that the husband was not an owner, and thus his documentation was not required. OTA also found that the 2021-22 denial for high income was incorrect because the taxpayer's IRA distributions were not excluded from the income calculation. If the distributions had been excluded, the applicant would have qualified for the maximum 50% reduction.

OTA shared all of this information with exemptions staff, who agreed that the applications should have been approved for 50% in tax years 2020-21 and 2021-22. The taxpayer's application was approved for tax year 2022-23. DOF issued a refund for \$4,969.36.

Protecting a Senior from Foreclosure

An attorney from Brooklyn Legal Services contacted OTA about a lien sale foreclosure action. The taxpayer was 89 years old, blind, and living on \$1,500 per month. She needs assistance from her granddaughter, who lives with her, to complete any paperwork; unfortunately, the taxpayer missed the lien sale notices that were sent to her in 2019 and 2021. The attorney implored OTA to find some way to nullify the sale on account of the taxpayer's age and infirmity. OTA learned that the taxpayer had been receiving SCHE until 2017, when DOF began enforcing the renewal requirement. Unaware of the renewal process, the taxpayer lost her exemption when she failed to file an application.

OTA reviewed the relevant law and found that if DOF determines that a taxpayer was "qualified" for SCHE after the lien sale date, the sold liens shall be deemed defective. OTA asked the Legal Affairs Division whether the taxpayer, who was clearly still eligible for SCHE, would be considered "qualified" under the interpretation of the statute. Legal Affairs confirmed that she would, as the statutory language was intended for people who failed to apply for or renew an exemption they were eligible to receive. Furthermore, DOF actually had "broad

discretion” to defect liens. Two months later, the liens were defected, thus dismissing the foreclosure action and allowing the taxpayer to remain in the house where she has lived for more than 30 years.

Correcting an Excessive Property Valuation

The Office of New York State Senator John Liu reached out to OTA because a constituent was suffering financial harm from an excessive valuation of their two-family home. The taxpayer completed an extension to the home in 1987 on one lot, and this physical alteration was reflected accurately on the account. In 2017, the same physical alteration was made to the adjacent lot, owned by the same taxpayer, although the extension was predominantly on the first lot. The taxpayer had tried to resolve the issue in 2017 by filing Requests for Review and Requests to Update but was unsuccessful. The taxpayer then merged the lots in 2018 with the expectation that the merger would reduce the physical assessment, since it occurred in 1987. The merger did not reduce the property’s assessed value, since the assessed values were merged correctly per the (higher) valuation of the two lots.

OTA reached out to the office of the Queens assessor and requested a comprehensive review of the valuation after verifying the history of the lots. The review determined that the extension of the original house (on the first lot) was reflected accurately, whereas the adjacent lot, which was previously vacant, did not show this value until 2017. Essentially, since tax year 2017-18, the same physical alteration was assessed twice—once in 1987, and again in 2017. To avoid this, the taxpayer should have merged the lots before or at the time of completion in 1987.

Since the physical alteration was added to the first lot in 1987, the increase to the adjacent lot in 2017 was erroneous. The assessment team determined that the assessed value of the property should be reduced each year since tax year 2018.

Helping a NYS Homeowner Assistance Fund Recipient Locate a Missing Payment

In early September 2022, the daughter of a homeowner contacted OTA because a payment by the New York State Homeowner Assistance Fund (NYSHAF) of \$26,535.60 on her mother’s property in Queens was missing since early February 2022. Delays in applying the payment to the property could trigger the mortgage company to consider the property delinquent on its taxes and thus endanger the status of the mortgage. The taxpayer made numerous attempts to locate the payment via normal departmental channels, but the payment could not be located with the information provided. The only information the taxpayer could provide was the check number and the date it was cashed (February 25, 2022).

Further complicating matters was that the payor, NYSHAF, could not provide proof of payment to the taxpayer or DOF, since the payment was not made by NYSHAF itself. In October 2022, OTA spoke directly with NYSHAF and requested proof of payment. NYSHAF explained that they requested this information several times on behalf of the property owner dating back to May 2022, and that it was in the queue of the US Treasury.

OTA then attempted to locate the additional payment information independently. The US Treasury explained to OTA that the check information did not match US Treasury identifying

deposit information. Next, OTA reached out to the New York State Office of the Taxpayer Rights Advocate, which referred OTA to an employee at the Department of Taxation and Finance who could research the missing payment. The employee determined that OTA should contact New York State Homes and Community Renewal. On Monday, November 23, the senior vice president of Homes and Community Renewal contacted OTA and DOF to provide the information necessary to resolve the case.

In the end, the payment was held by DOF all along and remained in suspense due to insufficient information initially submitted to apply it to the right lot. Furthermore, OTA and DOF's Payment Operations Division could not locate the \$26,535.60 missing from this particular taxpayer's lot because it was part of a payment that included numerous lots.

The payment was subsequently applied and all accrued interest was removed. The taxpayer's nine-month odyssey to get the payment applied was finally over.

BUSINESS

Corporation Tax Penalty Abatement

A taxpayer's representative contacted OTA for assistance on behalf of a client who received notice of a business corporation tax warrant for penalties from tax years 2019 and 2020. DOF determined that the extensions the taxpayer filed for both years were invalid because the taxpayer had underpaid; however, the taxpayer claimed to have made the required payments.

OTA found that the tax shown on the original 2019 return was \$1,053,663, but the notice showed \$1,126,474, indicating that an adjustment had been made by DOF. Additionally, the taxpayer was under audit for tax years 2017-2019. OTA contacted the Collections Division with its findings; Collections agreed to place a 30-day hold on the account due to the audit.

Next, OTA contacted the Tax Audit & Enforcement Division to express the taxpayer's concerns regarding the penalties. An audit supervisor told the taxpayer's representative that the 2019 liability was not due to the audit, but from an error on the return. The error led to a higher tax liability for 2019, which resulted in an underpayment. Therefore, the taxpayer did not make sufficient payments in 2020 to file a valid extension. Audit provided an account reconciliation and determined that DOF could keep the hold on collection for tax year 2019 under audit but would not provide a hold for tax year 2020 (which was not under audit).

The taxpayer's representative was not satisfied by this decision, because the penalties for tax year 2020 stemmed from prior DOF changes to the tax due in 2019. Now that the year was under audit, that tax liability was uncertain. OTA advised the Tax Audit & Enforcement Division that it was unfair to impose penalties on a subsequent year because of changes to the tax in a prior year, particularly when the issue causing the change had not been resolved.

After further review, the audit supervisor determined that the taxpayer had prepaid 2020 based on the originally filed 2019 tax return. The correction of the taxpayer's error in 2019 caused the understatement of tax liability and triggered the underpayment and late filing penalties; however,

as the year was still under audit, those amounts were not final. DOF agreed to abate the 2020 penalties due to reasonable cause, saving the taxpayer \$89,344.65.

Refund of an Erroneously Charged and Levied Real Property Transfer Tax (RPTT)

In August 2022, a senior taxpayer inquired about a tax warrant letter received as a result of an RPTT audit. The taxpayer explained that her husband was suffering from Alzheimer’s disease, and, per their accountant’s advice, the husband’s share of the property was transferred to the taxpayer in early 2021. Before the transfer to her ownership, they were joint owners.

OTA’s research showed that, according to the deed, the property was transferred for a nominal amount (\$10). Both DOF’s property tax system and ACRIS recordings provided sufficient grounds to support that the 2021 transfer was a non-arm’s-length deed transfer. Furthermore, the mortgage on the property was satisfied in 2017, well before the transfer. Most importantly, the couple has been residing together in the same property since purchasing it in 2002. DOF’s business tax system also showed that the 2021 RPTT filings were filed and processed on time.

OTA brought the case to the Collections Division for review, citing one of the RPTT exemption clauses, which states that RPTT should not apply where “[a] deed ... transferring real property or an economic interest therein that effects a mere change of identity or form of ownership or organization to the extent the beneficial ownership of such real property or economic interest therein remains the same.”²¹ OTA argued that DOF records showed that the transaction was a mere identity change, since the beneficial ownership and the economic interest for the property remained the same for the taxpayer and her husband.

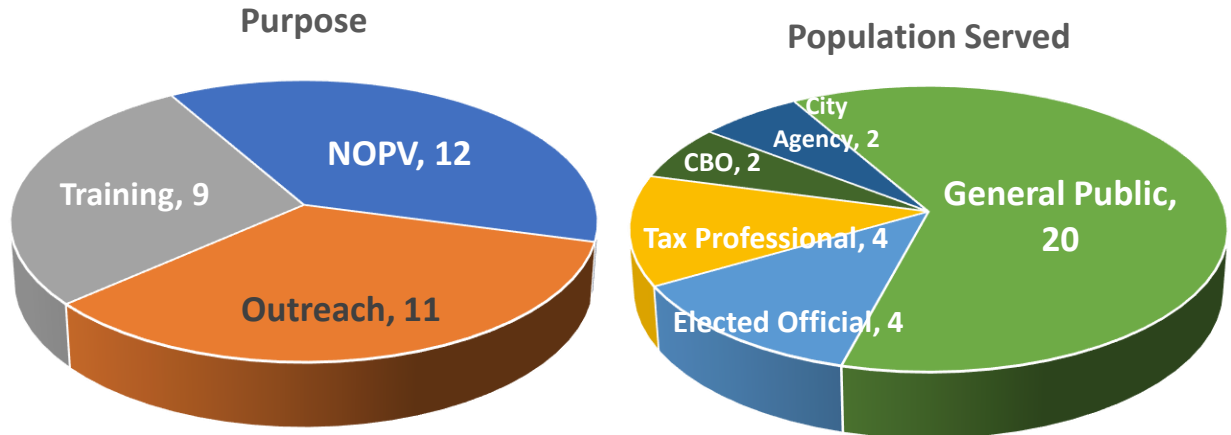
Collections forwarded the case to the RPTT Audit Unit for a courtesy review. However, during this review, the warrant amount was levied from the taxpayer’s account. When the levied payment was discovered, OTA asked the Collections and Audit units to expedite their review. As a result, all RPTT-related charges were removed, and the taxpayer was refunded \$2,989.25.

²¹ NYC Admin Code § 11-2106(b)(8).

Part VI: OTA Outreach Efforts

For tax year 2022, OTA’s outreach efforts were a combination of 10 in-person and 22 virtual events, which attracted a total of 2,260 attendees.

The events can be grouped into three categories: Notice of Property Value sessions, educational outreach, and training sessions. The majority of those events (62.5%) were aimed at the general public, though OTA also hosted training events with elected officials, as many legislators were newly elected to state and local offices.



Although the 32 outreach events represented a decrease from the 52 OTA attended in 2021, much of that decrease can be attributed to the expiration of lien sale authority, which accounted for 28 events on its own in 2021. OTA’s 2022 outreach addressed a diverse range of issues and audiences, including a presentation on updates to local property and business tax law which was presented to tax professionals through NYU and at the Latino Tax Fest conference in Las Vegas; outreach to community boards and Business Improvement Districts; and enrollment events sponsored by local elected officials.

OTA plans to focus on in-person outreach opportunities for the upcoming tax year, though virtual events will continue to be offered. For instance, while all of the NOPV events in 2022 remained virtual, in-person NOPV sessions were offered at the start of 2023, and OTA participated in several of these. The in-person NOPV sessions provide OTA a chance to interact with taxpayers one-on-one and generate more cases.

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 2022 OTA Recommendations

OTA made seven recommendations in its 2022 annual report. This section provides the status of the implementation of those recommendations.

Recommendation No. 1: Streamlining the Clerical Error Remission Process

- 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.**

DOF Action:

As of March 1, 2023, DOF has a dedicated team exclusively reviewing CER and RFR applications.

On the regulatory side, DOF's Legal Affairs Division drafted rules pertaining to the other CER recommendations above, which they submitted to the New York City Law Department for review in September 2022. The rules are still under review with the Law Department.

Recommendation No. 2: Small Business Commercial Property Hardship Program

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

DOF Action:

As the shape of future property tax enforcement legislation is unclear, the impact and necessity of a Small Business Commercial Property Hardship Program remains uncertain at this time.

Recommendation No. 3: Co-op/Condo Liaison

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

DOF Action:

DOF's Property Division still supports this recommendation. It suggests that the liaison should be an individual within the Co-op/Condo Abatement Unit who possesses the knowledge necessary to independently respond to co-op/condo abatement questions, as opposed to an individual within OTA who would not have the benefit of the same extensive training within the program. However, DOF's Homeowner Tax Benefits Unit is currently addressing other critical vacancies.

Recommendation No. 4: Lien Sale Qualifying Charges

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.

DOF Action:

DOF intends to propose this recommendation as part of a package of reforms to the system of property tax enforcement later this year.

Recommendation No. 5: Lien Sale Interactive Database

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.

DOF Action:

To help the DOF Lien Sale Unit and customer-facing DOF staff manage and track the rush of requests to remove properties from the lien sale, especially in the period immediately prior to the sale, DOF will consider this recommendation upon passage of new property tax enforcement legislation.

Recommendation No. 6: Guidance on Not-for-Profit Class 1 Violations

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.

DOF Action:

DOF's Commercial Exemptions Unit is conferring with the Legal Affairs Division about language to publish on the not-for-profit exemption webpage.

Recommendation No. 7: Door-to-Door Outreach: Analytical Canvassing

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.

DOF Action:

DOF has been conducting more in-person outreach as the city recovers from the COVID-19 pandemic. DOF continues to partner with the Mayor's Office of Public Engagement to serve the city's most vulnerable populations. DOF hopes to continue such targeted outreach, depending on any new property tax enforcement legislation passed by the city council.

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.

Prevailing Wage – The rate of wages and supplemental benefits paid in the locality to building service workers in the same trade or occupation and annually determined by the New York City Comptroller’s Office in accordance with the provisions of section 234 of the New York State Labor Law.

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.

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.