

ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

April 1, 2024

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, 2023, to December 31, 2023	14
A. Tax Year Case and Inquiry Totals for the Office of the Taxpayer Advocate.....	14
B. Total Inventory by Subject Matter	15
C. Source of Total Work by Borough	16
D. Breakdown of Recurring Issues	17
E. Cases in Which No Relief Was Granted	19
F. Property Tax Inquiries and Cases by Subcategories	20
G. Property Tax Inquiries and Cases by Borough.....	21
H. Property Tax Cases by City Council District.....	22
I. Business and Excise Tax Cases and Inquiries by Subcategories	25
J. Business and Excise Tax Cases and Inquiries by Borough.....	26
K. Business Tax Cases by City Council District.....	27
L. Dollar Impact of the Office of the Taxpayer Advocate	29
M. Referrals by Source.....	30
N. Open Cases and Inquiries.....	31
Part IV	
Success Stories.....	32
Part V	
OTA Outreach Efforts	36

Part VI

DOF Actions on 2023 OTA Recommendations.....37

Part VII

Updated DOF Responses to Prior OTA Recommendations.....40

Glossary41

New York City Office of the Taxpayer Advocate

2024 Annual Report

(Reporting Period: January 1, 2023 – December 31, 2023)

Executive Summary

Enclosed please find the ninth 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, 2023, through December 31, 2023. 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:

- Taxpayer Technical Support
- Duplicate SCHE/DHE Application Submissions
- SCHE and DHE Pending Application Renewals Protection
- Biennial DHE Renewal
- Reassessment of the NYC Storefront Registry
- Improving Property Tax Payment Plan Default Notices
- PT AID Renewals for Mortgage Serviced Taxpayers
- J-51 Breakdown Reports

OTA handled property tax cases for property owners in all of New York City's 51 council districts, and business cases in 27 districts, in 2023. The success stories included in Part IV provide examples of the important and, in some cases, life-changing work performed by OTA's dedicated staff.

This report also documents, in parts VI and VII, actions taken by DOF in response to previous OTA proposals. DOF has moved forward with RPIE and storefront registry online form improvements; providing households awarded SCHE by the New York City Tax Commission with a full two years of benefits; improving and publishing NYCePay FAQ guidance; and adding language for Department of Buildings Class 1 violations that may preclude not-for-profit properties from qualifying for renewal.

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 sales tax or personal income tax. The Rent Freeze Program ombudspersons and the Office of the Parking Summons Advocate also work under OTA's purview.

B. Annual Report to NYC Council

In accordance with the New York City Budget Terms and Conditions, Fiscal Year 2024, the Department of Finance is required to submit an annual report to the New York City Council no later than April 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
- (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.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.

Cases

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

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

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; in 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; and in 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, 2023, to December 31, 2023, OTA has identified new issues and developed recommendations for corrective measures to mitigate problems encountered by New York City taxpayers.

1. Taxpayer Technical Support

DOF encourages taxpayers to conduct transactions electronically (rather than by paper or post) including filing applications via SmartFile, managing their business taxes via e-Services, or paying property taxes via CityPay or NYCePay.³ Electronic filing offers taxpayers instant confirmation that their transaction was successful and the convenience of uploading personal information to a secure server for future use.

For taxpayers having trouble using DOF's electronic services, requesting technical assistance is not straightforward. Taxpayers contacting 311 with login or navigation issues are sometimes routed to OTA, instead of to the relevant business unit with the knowledge, access, and experience to resolve the query. Since January 1, 2022, 99 taxpayers have contacted OTA for technical support.⁴

When OTA receives a technical question, the office is faced with two options. One is to attempt to redirect the inquiry to an individual or division with expertise, a process that often involves an indefinite wait time, even for urgent matters. The other is for OTA staff to attempt to resolve the issue on the spot, reviewing matters they may be seeing for the first time themselves. Both options lead to delays in resolving customer issues, which may prevent DOF from providing exceptional customer service to our most vulnerable constituents.

Purely technical questions may require assistance from the Finance Information Technology (FIT) Division or, in the case of login and NYC.ID issues, the New York City Office of Technology and Innovation (OTI). Others that are both technical and content-based—such as how to navigate past a particular page of an application—may involve DOF's business units.

Certain divisions and units do have procedures in place to handle technical issues. The Payments, Billing, and Refunds Unit is the most robust, with several individuals handling e-Services and other computer issues. However, taxpayers are unaware of these services, and OTA must often refer them back to 311. The Property Exemptions Administration's Customer Service Center is a taxpayer assistance hotline, but wait times can be long, particularly during DOF's busy periods, and the center does not handle technical questions. Other units, such as Homeowner Tax Benefits

³ The CityPay portal is where city services, violations, taxes, and other fees can be paid electronically. 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.

⁴ This figure includes items across both OTA and the SCRIE-DRIE ombuds, captured through December 31, 2023 (43 in 2022; 56 in 2023). Of those, 48 taxpayers contacted OTA with navigation difficulties (such as trouble with cookies or the autofill feature, or needing general help using the webpage or application in question), and 35 had issues logging in; the others had filing errors or general questions.

(HTB) and Real Property Income and Expense (RPIE), maintain email inboxes for general inquiries, but email cannot provide the real-time assistance that these customers need.

DOF should prioritize user-friendly experiences. FIT is taking a step in that direction by reviewing user interface issues and building chatbots to assist taxpayers with certain applications. More critically, taxpayers need clear guidance on how to access technical support assistance. This could be addressed by internally establishing which business unit will provide customer support for each public-facing electronic service, allowing DOF to train staff and create better 311 scripts to handle technical issues.

OTA Recommendations:

- a. DOF should explore creating internal guides for commonly asked taxpayer technical questions (for example, password support) for each public-facing electronic service, so that OTA and other DOF staff can troubleshoot basic issues without having to refer taxpayers elsewhere.
- b. DOF should identify and designate channels of technical support both internally and with other city agencies, like OTI. DOF should then revise 311 scripts for direct routing to units who can assist taxpayers with technical support needs and to provide instructions on DOF electronic services on how to seek help with application issues.

2. Duplicate SCHE/DHE Application Submissions

At present, if a taxpayer submits multiple applications for the Senior Citizens Homeowners' Exemption (SCHE) or the Disabled Homeowners' Exemption (DHE) for the same fiscal year, their submissions will be reviewed as separate applications. SCHE and DHE applications submitted by taxpayers are assigned an application ID. The application is then indexed using the application ID. A duplicate application submitted by the same taxpayer would receive a separate ID that does not link to any other application. As a result, it is possible for the same taxpayer to be approved and then subsequently denied for benefits. For the past fiscal year, 3,302 unique households submitted more than one application, for a total of 3,540 duplicate applications.

There are two common scenarios in which taxpayers might submit duplicate applications:

- Taxpayers who did not receive a letter of acknowledgement in response to their initial application may submit a second application.
- If the taxpayer submits their first application after the March 15 deadline, DOF might process it for the following fiscal year. Meanwhile, the taxpayer, thinking they had applied for the previous period, will send in a second application for the following fiscal year.

While DOF encourages taxpayers to file applications electronically, the majority of SCHE and DHE applicants continue to file by mail. Taxpayers who use paper applications comprise the majority of duplicate applicants. Moreover, the initial SCHE and DHE paper applications do not have an email field, so DOF is missing a crucial contact field to follow up with taxpayers when more information is needed.

Converting paper filers to online filers would likely decrease the number of duplicate applications, as taxpayers would receive instant confirmation that their application was received. However, there remain challenges to encouraging online filing beyond computer access. For example, the online application does not accept uploads in any format other than PDF. Taxpayers without access to a scanner must mail in or hand deliver documents.

Notably, the Property Division is undertaking a project to enhance internal access to applications, which will help customer-facing staff efficiently and effectively respond to application status questions. Furthermore, processors could benefit from more training to help address duplicate filing issues.

OTA Recommendations:

- a. DOF should index paper applications and relevant documents by borough-block-lot number (BBL), instead of solely by application ID for non-co-op applications.
- b. Processors should check DOF's Property Tax System (PTS) for SCHE and DHE applications already filed for that fiscal year.
- c. DOF should add an email field to the initial paper application to ease communication and to encourage taxpayers to renew electronically.
- d. DOF should accept non-PDF electronic files (such as photo formats) for online application submissions.

3. SCHE and DHE Pending Application Renewals Protection

Every two years, the Department of Finance receives renewal applications from 70% of the total population of SCHE and DHE recipients, or nearly 40,000 renewal applications.⁵ The agency refers to this period as the “peak-year renewal cycle.” SCHE recipients, required to renew every two years, represent approximately 92% of the population during the peak-year renewal cycle, while a much smaller population of DHE recipients must renew annually. Due to a state law in 2020⁶ and a gubernatorial emergency executive order in 2021,⁷ SCHE and DHE recipients were not required to renew their benefits for fiscal years 2021-22 and 2022-23. As a result, DOF was not affected by the peak-year renewal cycle during this time. However, the renewal requirement was reinstated for fiscal year 2023-24, and DOF was tasked with processing a peak year of more than 40,000 renewal applications for the first time since the spring of 2019.

The restart of the peak-year renewal cycle resulted in processing delays (applications with a pending status) for fiscal year 2023-24.⁸ When a renewal applicant has not been approved prior to the mailing of the first property tax bill of the new fiscal year, the bill will not include the exemption. For fiscal year 2023-24, a total of 6,146 renewal applications with a pending status (17.69% of all renewal applications received) did not receive a SCHE or DHE exemption for the

⁵ Of the 58,708 renewals in the most recent two-year renewal cycle, fiscal year 2023-24 accounted for 40,638 (69.22%) of renewal applications, whereas fiscal year 2022-23 had 18,070 renewals.

⁶ NY State Law Chapter 381 (2020).

⁷ Executive Order No. 11.1.

⁸ Reasons for pending applications: operation processing delay due to high volume; missing documentation; taxpayer verification of primary residence.

first quarter property tax bill generated in May with payment due on July 1, 2023. OTA received 41 SCHE and DHE pending renewal application cases in 2023. The taxpayers, aided by OTA, expressed anxiety over the perceived loss of an exemption, often seen as a lifeline, with its value as high as a 50% reduction in total taxes.

The Property Division agrees on the need to develop new ways to prevent a possible future pending application status backlog. Property is considering creating an alternate-borough application renewal year for Queens and Brooklyn, the two boroughs with the highest number of SCHE and DHE recipients.⁹

OTA Recommendations:

- a. DOF should continue awarding SCHE and DHE benefits to all households that submit renewal applications on time, even if their applications have not been approved prior to the issuance of the first quarterly bill of the fiscal year. SCHE and DHE recipients whose applications are pending should receive a notice explaining that the application is still subject to a final determination.
- b. The Property Division should explore how to redistribute peak-year renewal cycle populations to ensure that total renewal application workload is equitably distributed.

4. Biennial DHE Renewal

SCHE and DHE have different renewal periods despite having similar applications and benefits. State law requires that SCHE recipients file a renewal application every two years, while DHE recipients must file every year. The legislative history does not provide a clear explanation as to why this difference exists.¹⁰

Annual renewal creates a burden for DHE recipients that SCHE recipients do not face. Most notably, DHE recipients have more opportunities to miss an application deadline, thereby placing their benefits at risk. It is unfair to require one group receiving essentially the same benefit to renew every year while another group only renews every two years. DHE recipients should be allowed to renew their benefits biennially, rather than annually.

An applicant's disability must be permanent to qualify for DHE. Proof of permanent disability, such as qualifying for Social Security Disability Insurance (SSDI), only needs to be submitted in the first year the applicant receives DHE. Therefore, the renewal application only checks for income and residency. The SCHE renewal application also checks for income and residency. There is no reason for the income of DHE recipients to be checked more frequently, given that both SCHE and DHE recipients tend to have fixed incomes. Additionally, the chance that a DHE

⁹ This may require legislative change.

¹⁰ New York Bill Jacket, 1997 S.B. 5492, Ch. 315. The original inception of DHE would have extended SCHE to qualifying people with disabilities under § 467, which would have given DHE a two-year renewal requirement. This version of DHE was vetoed because of "numerous technical deficiencies" unrelated to the renewal requirement. The following year, the New York State Office of Real Property Services drafted a version of DHE under § 459-c. This version required annual renewal and was passed into law.

recipient would no longer qualify SSDI is low.¹¹ According to 2022 Social Security Administration data, less than 1% of disability insurance benefits were terminated because the recipient found work or no longer met the medical standard.¹²

In addition, changing the renewal period from annual to every two years would ease the administrative burden of reviewing applications, effectively halving the number of DHE renewal applications submitted each year.

OTA Recommendation: DOF should pursue legislative change to amend § 459-c of the New York State Real Property Tax Law to change the DHE renewal requirement from annual to biennial.¹³

5. Reassessment of the NYC Storefront Registry

The NYC Storefront Registry (Local Law No. 157 of 2019) was established in response to what the New York City Council has referred to as “pervasive” business tenant vacancies due to rising rents and landlords holding out for higher-paying tenants.

The law applies to all tax class 2 and 4 property owners with ground-floor or second-floor storefronts. Most of these properties are also required to file an annual Real Property Income and Expense statement, or a claim of exclusion.¹⁴

The usefulness of the data collected is only as good as what the population reports. If customers do not understand what they are being asked—or do not understand that they are required to file—DOF is not likely to collect accurate and actionable storefront statistics. For example, the definition of “commercial premises” as premises which are “occupied or used, or could be occupied or used for the purpose of offering or selling goods at retail” —is not a bright-line rule, thus raising questions about who is or is not required to file.¹⁵

¹¹ Recent state legislation, effective March 21, 2024, permits DHE applicants to submit an order from the workers’ compensation board determining an award of permanent compensation as evidence of a qualifying disability. *See* NY State Law Chapter 757 (2023).

¹² In 2022, 97,570 SSDI benefits were terminated for not meeting medical standards, of which 65,261 SSDI benefits were terminated for working above substantial gainful activity, out of a total 10,470,307 beneficiaries from 2021. *See* Social Security Administration, “Benefits Awarded, Withheld, and Terminated, Annual Statistical Report on the Social Security Disability Insurance Program, 2022, Table 49” https://www.ssa.gov/policy/docs/statcomps/di_asr/2022/sect03f.html; Social Security Administration, “Beneficiaries in Current-Payment Status, Annual Statistical Report on the Social Security Disability Insurance Program, 2022, Table 1” https://www.ssa.gov/policy/docs/statcomps/di_asr/2022/sect01a.html.

¹³ OTA made this recommendation in its 2019 annual report, and DOF attempted to pursue it until the COVID-19 pandemic obligated the agency to prioritize other efforts.

¹⁴ Owners of certain properties not legally required to file an RPIE must still file a claim of exclusion, which consists of completing a section of the RPIE showing how they are generally exempt.

¹⁵ The Storefront FAQs further break down this definition: “Note that Storefronts typically have windows that face the street and are accessible to the public using a street or interior entrance. Storefronts generally display products and signs to make them easily identifiable to the public. Storefront spaces are spaces that are used for retail sales or, without substantial physical alteration to the building or building entrances, could be used for retail sales. Retail sales include the sale of goods, food, or beverages, as well as personal or financial services. Professional offices with only a name plaque on the exterior of the building are not considered storefronts.” *See* https://www.nyc.gov/assets/finance/downloads/pdf/rpie/storefront_faq.pdf. However, without a precise list of the required premises, the definition is still open to interpretation.

a. Integration of Storefront Registry and RPIE filings

Despite having the same filing deadline as the RPIE report and significant overlap in required filers, the Storefront Registry is a separate application process from the RPIE, meaning business owners must submit two separate statements each year to comply with their property filing requirements. The double application process is administratively burdensome both to the property owners filing and the DOF staff processing, and the information could be combined.

OTA Recommendation: Identify the population of tax class 2 and 4 properties with storefronts and include the registration requirements within the RPIE application, rather than as a separate process.

b. Tax Class 1 Filing Requirement

Contrary to tax classes 2 and 4, tax class 1 properties are only required to file with the Storefront Registry if the storefront is vacant or owner-occupied for part of the reporting year. DOF has identified a pool of about 12,000 potential filers and posted them to the Storefront Registry page.¹⁶

In calendar year 2022, fewer than 20% of the tax class 1 property owners identified by DOF as required filers did in fact register their storefronts—and of those, nearly 80% were leased throughout the year and therefore not required to file. As the filing process is particularly burdensome on small business owners, DOF should evaluate whether the data collected is of sufficient use to require filing.

OTA Recommendation: DOF should propose legislation removing the requirement that tax class 1 properties register storefronts.

6. Improving Property Tax Payment Plan Default Notices

“Danger of default” letters explain the consequences of taxpayers being in default on their property tax payment plans, such as being included in the tax lien sale at-risk pool. These letters are usually mailed between 30 and 45 days after the quarterly property tax due dates.

Once taxpayers have entered into a payment plan, they must pay both the installment amount and newly accruing charges. If taxpayers fail to pay either of these for a period of six months, the agreement is in default and may be canceled.

During calendar year 2023, a total of 891 notices were sent to the taxpayers whose property tax payment plans were at risk of default. After each mailing, OTA received inquiries from taxpayers who claimed that they had already made payments, or who believed that their payments had not been applied correctly. Since January 2022, OTA has handled 80 issues related to payment plans, 19 of which involved payments that were processed late or not applied to both the payment plan installment and current charges.¹⁷

¹⁶ See <https://www.nyc.gov/assets/finance/downloads/pdf/rpie/designated-class-one-list.xlsx>.

¹⁷ Captured through December 31, 2023. Out of 40 payment plan matters in 2022, eight involved issues where either the taxpayers’ payments were mailed and processed late, or the taxpayer’s single check was not applied to both the

The message section of the letter was last updated in January 2021, and OTA recommends additional improvements to reduce taxpayer confusion.¹⁸

OTA Recommendations:

For the new warning notices:

- a. DOF should consider emphasizing that full payment includes both the installment amount and newly accruing charges.
- b. DOF should consider adding a web address for the PTS public access website, so that taxpayers can confirm their payment history and requirements.

7. PT AID Renewals for Mortgage Serviced Taxpayers

The New York City Council created the Property Tax and Interest Deferral (PT AID) Program in April 2019 for homeowners experiencing hardship. The program allows homeowners to defer their property tax payments, or pay only a small percentage of their income, so that they can remain in their homes. To enter into the program, the homeowner must provide income, homeownership, and equity information. In addition, participants agree to renew their agreements annually, either online or via a paper form. Failure to renew in a timely manner can result in the termination of their participation in the program, putting their property tax debt into delinquency.

A subset of the PT AID population pays its property taxes via a mortgage servicer, and a delay of any kind on the renewal of their agreements can have unexpected consequences. For example, OTA assisted a homeowner whose renewal was delayed despite having submitted all required information on time. After the renewal date passed, the property taxes entered delinquency, and the mortgage servicer made a payment to satisfy the debt. This triggered a ballooning of the homeowner's monthly mortgage payments.

OTA's research has determined that of the 329 enrolled properties, 25 paid property taxes via a mortgage servicer (7.6%). This population is large enough to merit expedited review and additional noticing to prevent agreements from lapsing.

OTA Recommendation: DOF should provide pending PT AID renewals expedited service if the agreement is close to its termination date. If an applicant's timely renewal is pending beyond the previous one-year agreement date, the renewal applicant should receive a letter addressed to both the applicant and the mortgage servicer informing the parties that the account remains in good standing while under review.

payment plan installment and current charges. In 2023, 11 out of 40 payment plan matters had the same late processing or single check payment.

¹⁸ The Payment Plan Unit is working on a new suite of noticing for properties in payment plans which will include a second warning notice prior to default. In this notice, an emphasis on the dual payment requirement of installment amount and new charges may be included. DOF may include a URL for the Public Access website (nyc.gov/nycproperty), so that taxpayers can confirm their balances for each period, as well as their payment history.

8. J-51 Breakdown Reports

In its 2023 annual report, OTA asked to restore the exemptions lookup portal that was in place before the advent of PTS. This public database allowed taxpayers to review their commercial and personal benefit information, including annual amounts, phase-out schedules, and renewal dates. OTA has encountered similar transparency issues with J-51 benefits.

A J-51 benefit includes a property tax exemption and an abatement for renovating a residential apartment building, subject to rent regulation if the taxpayer chooses to have a tenant. The benefit varies depending on the building's location and the type of improvements. The exemption can last either 14 or 34 years; both periods include four-year phase-outs. The abatement totals up to 8.33% or 12.5% of the cost of work each year for up to 20 years. However, the benefit may end earlier if the project funding runs out. Taxpayers must submit an application to the Department of Housing Preservation and Development.¹⁹

Currently, taxpayers can only view their benefits for the most recent fiscal year on DOF's Property Tax Public Access web portal. As the abatement is tied to the tax rate, there is no definite way to determine its value until after the taxes are calculated for the year. DOF provides taxpayers with the total abatement value and the maximum amount allowed per tax period, but taxpayers must calculate their own annual abatement balance and how it is allocated across multiple units. As the PTS webpage only shows three previous years of data, taxpayers may not have access to the information they need to make these calculations.

DOF maintains a record of current and prior benefit amounts. At least some of this information was publicly available before DOF upgraded to PTS in 2019. DOF should share this information to provide taxpayers with a rough estimate of their annual exemption and abatement amounts.

OTA Recommendation: Past and projected J-51 distributions should be made publicly available to inform customers of the benefits they have received in the past and can expect to receive in the future.

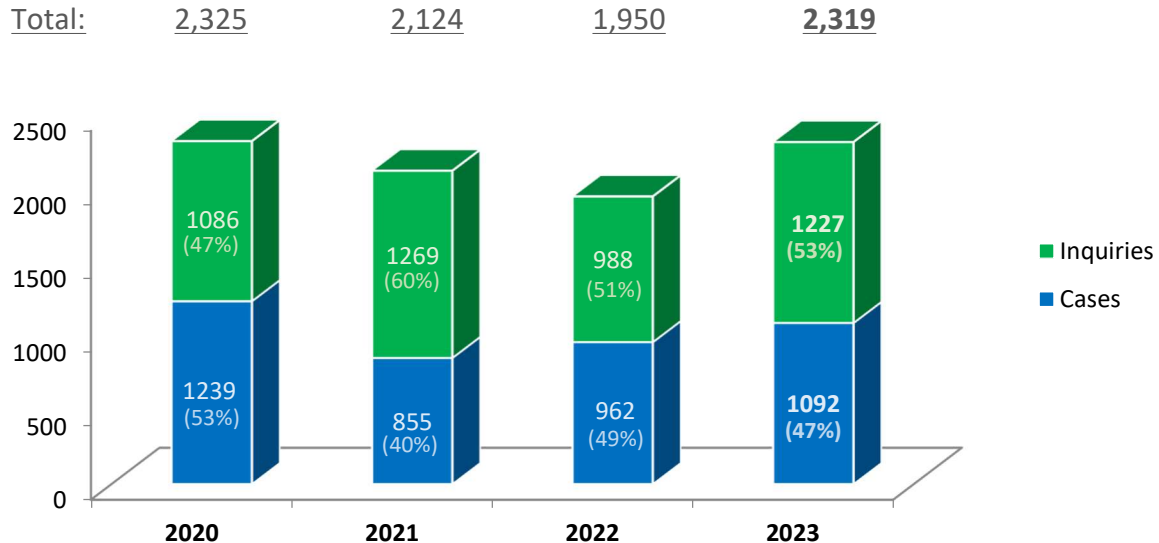
¹⁹ Although the application period for J-51 benefits ended as of June 29, 2022, and the statute has not been renewed, there will be taxpayers receiving the benefits for at least the next two decades such that the benefits will remain relevant. As of February 2023, 20,071 developments were receiving the J-51 exemption, and 27,251 developments were receiving the J-51 abatement. https://www.nyc.gov/assets/finance/downloads/pdf/reports/reports-tax-expenditure/ter_2023_final.pdf

Part III: OTA Statistics for the Reporting Period of January 1 to December 31, 2023

For this report, OTA uses the data-recording methods used last year to reflect the updated inquiry and case definitions. Under OTA’s revised definitions, 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. This clearer definition is a more accurate reflection of OTA’s workload, given that the office was designed and empowered to assist the public with more complicated matters.

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

For tax year 2023, OTA closed 1,092 cases (47%) and 1,227 inquiries (53%). The total workload figure of 2,319 is an 18.92% increase over 2022. There are several reasons for the increase in this year’s overall workload. First, the restored SCHE and DHE renewal requirement led to 202 more personal exemption cases and inquiries, a 62% increase. Next, commercial and personal abatements cases and inquiries rose by 77, or 38.5%. Lastly, NFP exemptions grew by 30.3%, with a total of 50 more cases and inquiries. The following charts and graphs highlight the recurring issues brought to OTA’s attention over recent reporting periods.²⁰

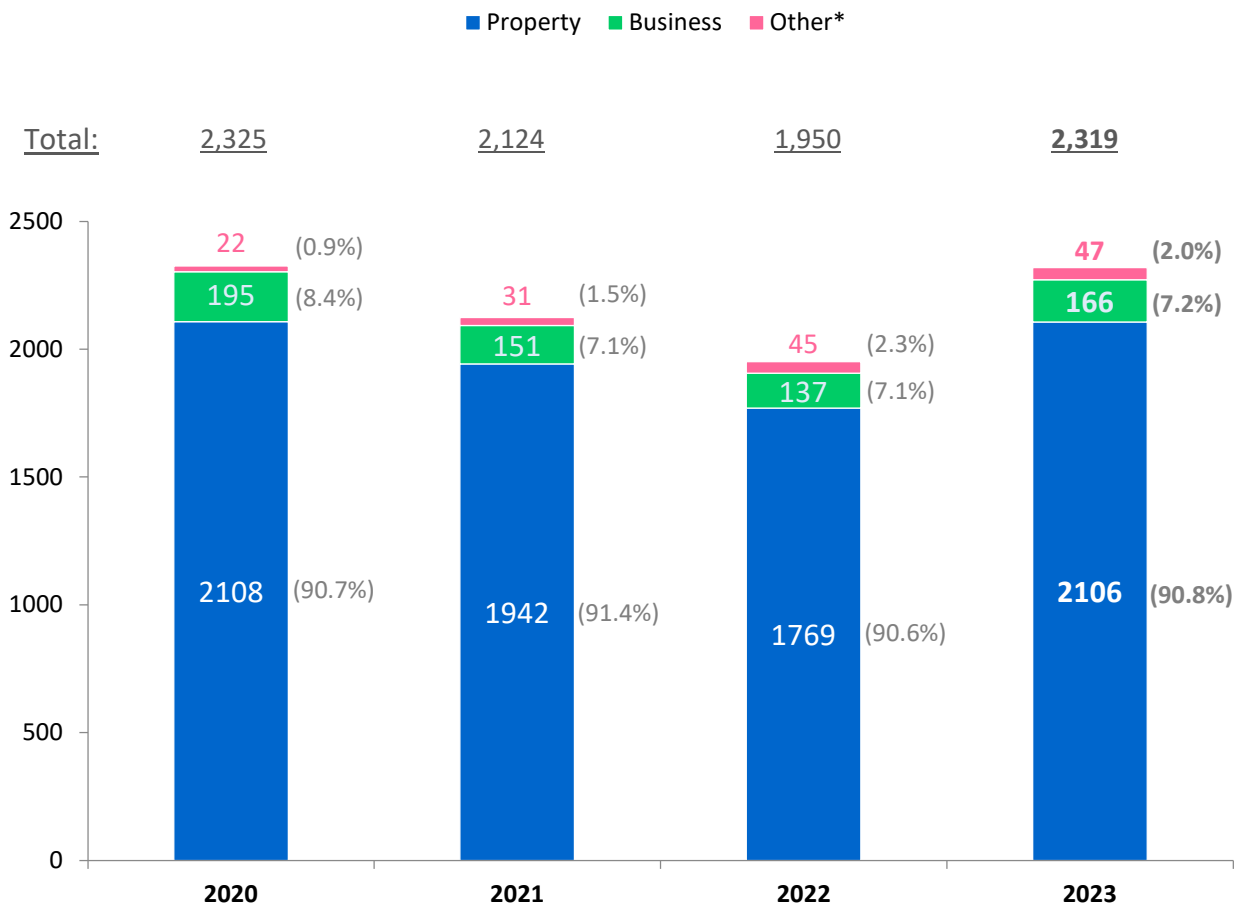


²⁰ OTA’s quantifying methods are based on the number of cases and inquiries closed during the reporting period. Cases and inquiries opened before January 1, 2024, and not closed are included in a separate chart (see Part III.N) but are otherwise not considered in these statistics. As of the 2023 Annual Report, OTA has reported on a calendar year basis, rather than its previous period of April 1 through March 31. OTA has retroactively converted previous data to calendar year reporting periods, beginning in 2020. For more information on recent changes to OTA’s reporting procedures, see Part III of OTA’s 2023 annual report.

B. Total Inventory by Subject Matter

Over 90% of matters handled by OTA in reporting period 2023 dealt with issues related to property taxes, which is consistent with previous years. Property tax cases and inquiries increased by 19.1%, primarily due to issues surrounding SCHE and DHE renewal applications; in 2021 and 2022, in response to the COVID-19 pandemic, all homeowner benefits were automatically renewed. Business and excise tax cases and inquiries increased by 21.2%, which included an uptick in NYC-1127 (nonresident New York City employee) issues, and excise tax issues, the latter of which have arisen due to increased taxpayer awareness of OTA’s services.

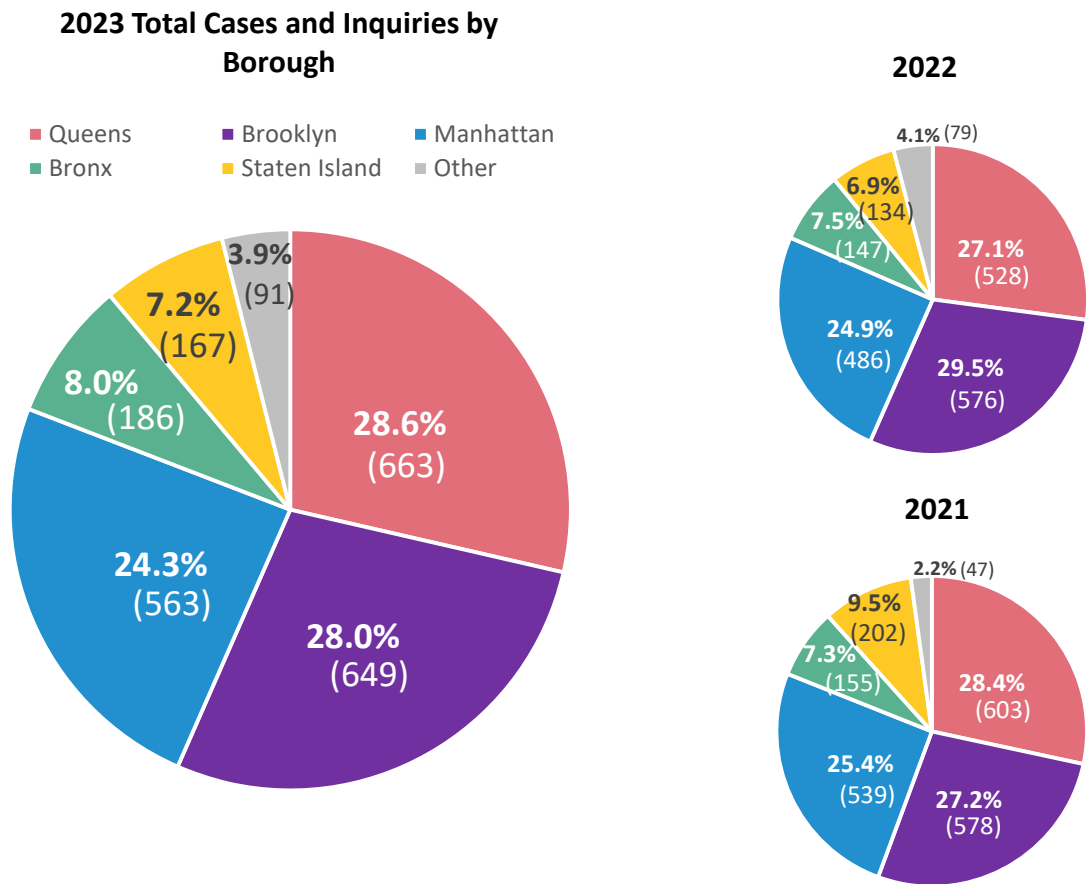
Major Tax Area Work Flow Comparison by Tax Year



*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, which is now under OTA’s purview, but keeps separate statistics. The latter is referred to the New York State Office of the Taxpayer Rights Advocate, or the IRS’s Taxpayer Advocate Service.

C. Source of Total Work by Borough

OTA’s percentage of cases and inquiries by borough has remained consistent as the volume of cases has increased. All boroughs saw a marked increase from 2022, the highest being in the Bronx (147 to 186, or 26.5%), followed by Queens (528 to 663, or 25.6%) and then Staten Island (134 to 167, or 24.6%). Much of this increase was attributable to personal exemption renewal issues. The “Other” category, consisting of 91 cases and inquiries, mostly involved general inquiries in which the source did not specify the taxpayer or property information. This category also included OTA’s work with non-local businesses required to file New York City returns and non-New York City resident employees.



D. Breakdown of Recurring Issues

The table on the next page shows OTA's top 25 recurring issues. Some matters involve multiple issues, so the total number of issues (2,479) does not match the number of cases and inquiries (2,319) in tax year 2023.

Four of the top six categories this year were related to property tax exemption application submissions and decisions. The four related categories include Denial - Benefit, Application Issues, Records Request/Verification, and Process Delay. The largest single issue, Denial - Benefit, includes 119 co-op/condo abatement (CCA) matters and 89 SCHE or DHE renewal cases. Application Issues saw the highest percentage increase (78%) of any category, with 123 more cases and inquiries than the previous year. Finally, the continued increase in the Records Request/Verification category (52% over last year and 355% over the past four years) stems from requests for status updates regarding CCA and RPIE applications, payments or property tax records, and personal exemptions.

After being the most prevalent issue in 2022, Unclear Policy/Procedure is now the fourth-most prevalent issue, though it also rose 13% in 2023 (245 total issues). This category maintains steady growth due to continuing CCA issues (25 total), procedural NFP exemption issues (24 total), and a 23% rise in personal exemption matters (96 total, 18 more than 2022).

Benefit Reduction has had a nearly 400% increase in the past three years (12 in 2021; 29 in 2022; 46 in 2023). In 2023, a total of 17 out of 46 benefit reductions were SCHE-related. This is caused by the first renewal requirement for SCHE and DHE recipients in three years and, more specifically, the codification of taxpayer submissions of the most recent tax returns. In previous years, taxpayers were afforded the option of either of the two federal tax return years filed prior to the application year, allowing applicants to select the year with the most beneficial income to be used to calculate their award amount.

Payment issues saw a modest increase in the last year, as Misapplied or Denied Payments increased by 13%, Erroneous Charges/Fees rose by 30%, and Other Charges - Property Tax Bill rose by 57%. Although there was a rise in each of these categories, the figures are comparable to those seen in tax year 2021.

A notable DOF achievement in the past few years has been the redesign of the agency's mailings and website, including a wholesale makeover of the property tax bills mailed directly to taxpayers. OTA saw a decrease of 19% in the category of Notice - Unclear Notices since last year. Over a three-year period, the number has decreased by 89 matters or 44.72% since 2021 (110 in 2023; 199 in 2021). Additionally, Penalty Abatement Requests decreased for the second consecutive year, with 42 fewer matters, a drop of 48.27%, since 2021. This decrease results from fewer RPIE penalty abatement requests, with 32 such requests in 2021, 24 requests in 2022, and 15 requests in 2023. Finally, for the second consecutive year, Lien Sale matters had the sharpest decline (44%) of any category, because the Department of Finance has not held a lien sale since December 2021.

Issues Presented	2021	2022	2023	vs. 2022
Total	2474	2128	2479	351↑ (16%↑)
Denial - Benefit	213	197	293	96↑ (49%↑)
Application Issues	204	157	280	123↑ (78%↑)
Records Request/Verification	143	180	273	93↑ (52%↑)
Unclear Policy/Procedure	143	216	245	29↑ (13%↑)
Misapplied or Denied Payments	241	183	207	24↑ (13%↑)
Process Delay	185	157	190	33↑ (21%↑)
Notice - Unclear Notices	199	136	110	26↓ (19%↓)
MV/AV - Inconsistent Value	100	100	88	12↓ (12%↓)
Tax Calculations	86	79	87	8↑ (10%↑)
Inaccurate Record	70	79	66	13↓ (16%↓)
Erroneous Charges/Fees	67	50	65	15↑ (30%↑)
Benefit Revocation	60	71	61	10↓ (14%↓)
Benefit Reduction	12	29	46	17↑ (59%↑)
Penalty Abatement Requests	87	59	45	14↓ (24%↓)
Payment Plans Issues	58	41	45	4↑ (10%↑)
MV - TP Disagrees with RFR	61	44	42	2↓ (5%↓)
Incorrect Tax/Building Class	45	21	34	13↑ (62%↑)
Other Charges - Property Tax Bill	30	21	33	12↑ (57%↑)
Credit - Not Applied	31	30	32	2↑ (7%↑)
DOF - Unresponsive/Unhelpful	47	24	30	6↑ (25%↑)
Refund Issue	21	39	23	16↓ (41%↓)
Incorrect Benefit or Benefit Amount	20	20	19	1↓ (5%↓)
Exemption Not Corrected	22	13	19	6↑ (46%↑)
Lien Sale	147	32	18	14↓ (44%↓)
Levy / Hold on Account	1	8	14	6↑ (75%↑)

E. Cases in Which No Relief Was Granted

OTA strives to provide relief to taxpayers whenever possible. Yet in some cases, relief cannot be provided. Of OTA's 2,909 cases in the past three tax years, 253 (8.7%) have resulted in such an outcome. In 2023, there was a rise in the number cases in which no relief could be granted because of law or DOF policy which could not be controverted (81 out of 112 cases, or 72.32%). In previous years, this category accounted for 40% of all cases in which no relief was granted. The 81 such cases in 2023 break down as NFP (17), Payments (10), Abatements (9), Assessed Value/Market Value (8), SCHE (7), and RPIE Penalty (5).

In 2023, the total percentage of no relief cases was 10.25% (112 out of 1,092). The percentage of closed cases in which no relief was granted surpassed the previous all-time high set in 2020.²¹

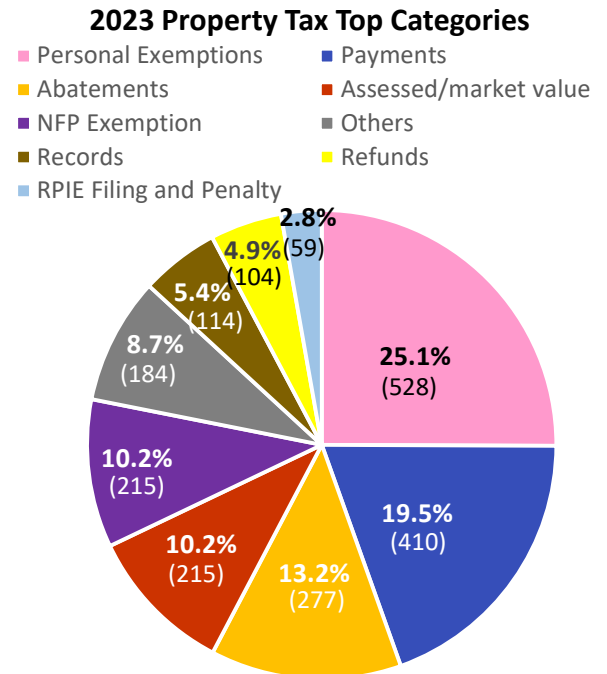
Cases in Which No Relief Was Granted, 2021-2023

Reason for No Relief	2021	2022	2023	Total
Law or DOF policy	44	29	81	154
Taxpayer failed to provide documents or information timely	25	16	16	57
Unable to contact taxpayer	6	6	3	15
Referred to another city agency	10	5	12	27
Total	85	56	112	253

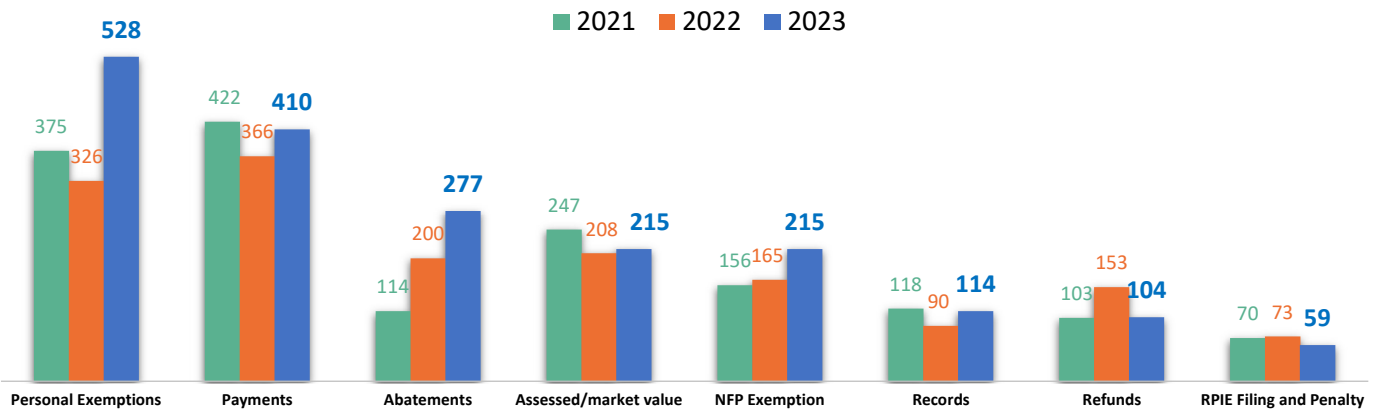
²¹ 2020 Cases in Which No Relief Was Granted: Law or DOF policy - 33; Taxpayer failed to provide documents or information in a timely manner - 54; Unable to contact taxpayer - 32; Referred to another city agency - 5; Total - 124. In 2020, OTA closed 1,239 cases, which resulted in 10.01% of cases in which no relief was granted.

F. Property Tax Inquiries and Cases by Subcategories²²

More than one-fourth of all property tax cases and inquiries were Personal Exemptions, as SCHE and DHE matters nearly tripled from 155 in 2022 to 408 in 2023, due to the reinstatement of the renewal application process after two years of autorenewal. Nearly one-fifth of property tax matters were related to Payments, which saw a modest increase partially attributable to customer questions about how to use DOF’s online services. Abatement issues continued to climb and have more than doubled since 2021, reflecting the sustained effect of state law changes to the renewal process, including the filing of prevailing wage affidavits for the co-op/condo abatement. Refund issues were comparable to 2021, after a one-time property tax rebate caused a spike in 2022. The number of NFP issues continued to grow, via the work of the NFP ombudsperson. (The chart on the right includes an “Others” category consisting of multiple issues that each made up less than 2.5% of the overall workload.)²³



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

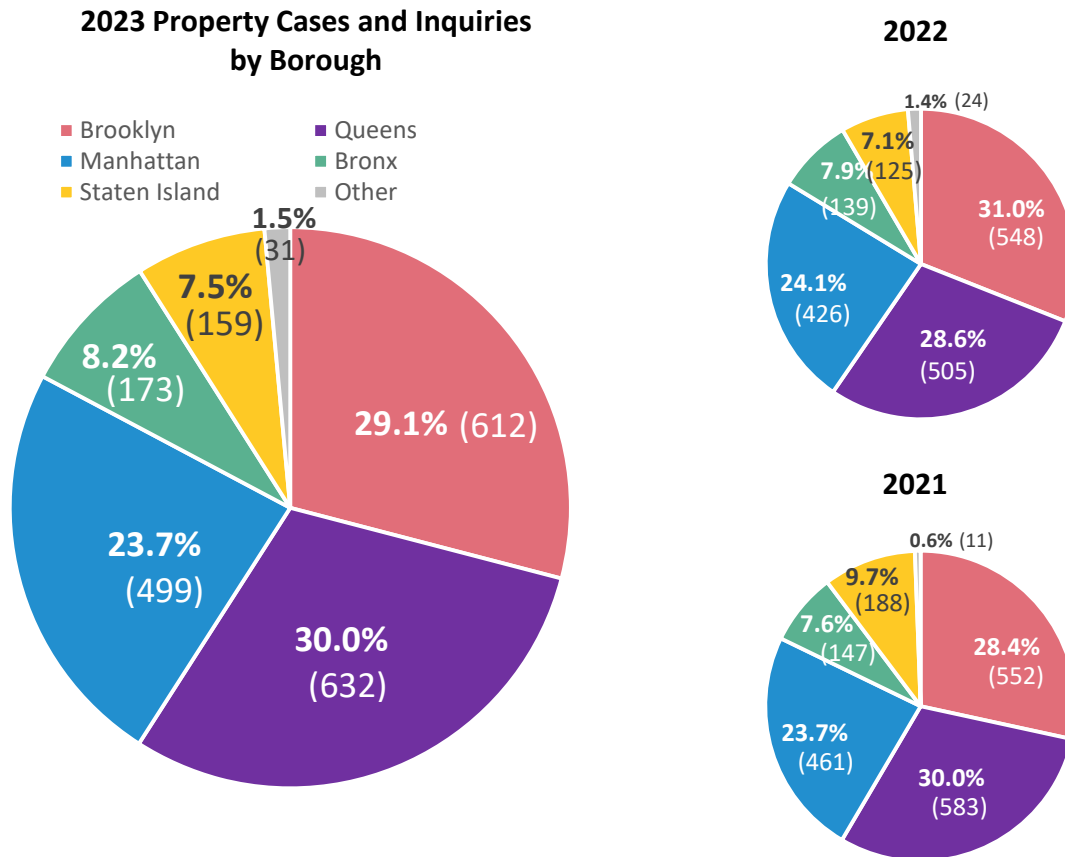


²² OTA’s property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veterans, Clergy, and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (co-op and condo, 421a, 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); 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).

²³ The “Others” subcategories include: Classification (2.1%), Payment Plan (1.9%), Commercial Exemptions (1.5%), Tax Lien Sales (1.0%), Mapping (0.6%), Collections (0.5%), Apportionment (0.2%), and a Miscellaneous category for unique issues (0.8%).

G. Property Tax Inquiries and Cases by Borough

The proportion of cases and inquiries by borough has remained consistent over the past three years, as Brooklyn and Queens continue to encompass nearly 60% of the workload. Total cases and inquiries have increased in all five boroughs for the reasons described earlier in this report, including exemption and abatement renewals. “Other” matters are reflective of general inquiries where no property location.



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 2023. The refund, abatement, and correction²⁴ amounts are listed below by district. 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 2021 through 2023

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
1	C. Marte	46	35	37	\$2,076,054	\$757,525	\$262,965	\$385,805	\$27,317	\$830,749	\$3,786,339	\$58,295	\$6,496
2	C. Rivera	26	23	25	\$1,998,847	\$705,215	\$204,593	\$5,459	\$497,375	\$1,729,128	\$112,344	\$761,735	\$1,766,304
3	E. Bottcher	55	38	42	\$456,692	\$192,742	\$163,069	\$352,165	\$252,349	\$673,266	\$1,703,005	\$1,182,518	\$785,968
4	K. Powers	31	49	63	\$174,074	\$1,896,060	\$867,946	\$868,425	\$2,108,784	\$628,338	\$1,244,351	\$2,382,783	\$2,851,406
5	J. Menin	21	21	28	\$23,914	-	\$46,217	\$20,492	\$765,899	\$1,778,991	\$98,367	\$28,403	\$907,529
6	G. Brewer	27	38	45	\$15,750	\$11,491	\$304,301	\$19,077	\$756,296	\$264,076	\$1,642,601	\$4,424	\$325,782
7	S. Abreu	9	6	10	\$118,568	-	\$150	-	\$107,303	\$13,742	\$130,210	\$18,000	\$3,305
8	D. Ayala	3	6	13	-	-	\$151,281	-	\$10,518	-	-	\$5,143	\$175,500
9	Y. Salaam	10	10	14	\$945,515	\$205,627	\$21,739	\$80,649	-	\$56,214	\$31,466	\$16,528	\$68,706
10	C. De La Rosa	3	5	5	\$189,370	\$94,019	\$413	-	-	-	-	-	-
11	E. Dinowitz	12	13	14	\$3,952	\$341,740	\$60,144	\$266,036	\$12,649	\$944	\$270,862	\$4,705	\$150
12	K. Riley	9	11	8	\$163,485	\$30,203	-	\$7,669	\$7,222	\$2,853	\$3,435	\$3,000	-
13	K. Marmorato	7	7	14	\$10,280	\$1,493	\$16	\$8,370	\$1,553	\$1,215	\$8,080	-	\$11,380
14	P. Sanchez	5	4	6	-	-	\$3,340	-	-	\$565	\$28,279	-	\$9,725

²⁴ For an explanation of the “Corrections” category, see Part III.L.

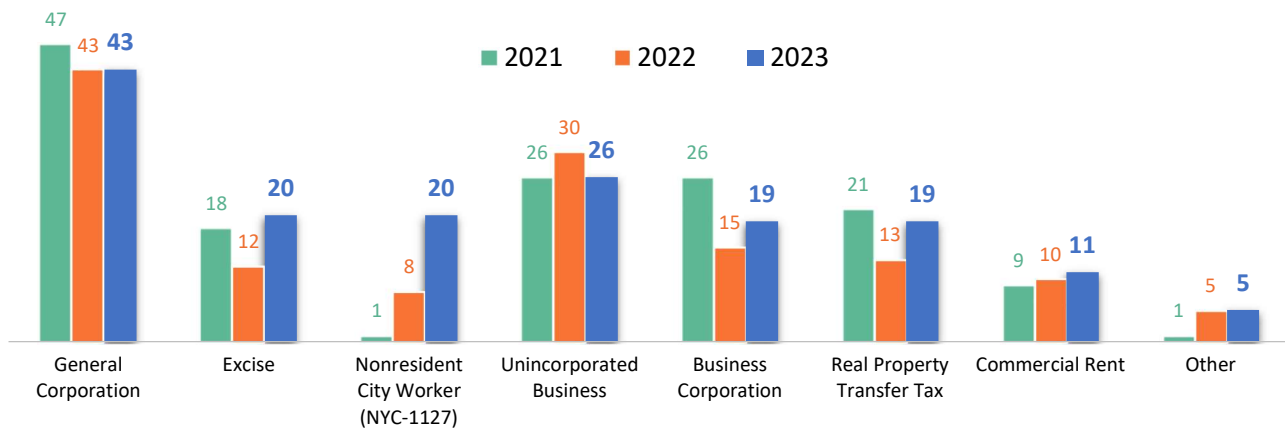
District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
15	O. Feliz	4	7	4	-	\$36,473	-	-	-	\$2,281	-	-	-
16	A. Stevens	1	3	4	-	-	-	-	-	-	\$66,636	\$341	-
17	R. Salamanca Jr.	2	9	9	-	-	-	-	-	-	-	\$2,361	\$359,392
18	A. Farias	11	5	11	-	\$15,589	\$1,853	\$448,215	\$1,577	\$1,853	\$45,180	\$4,500	\$50,252
19	V. Paladino	22	26	40	\$735	\$2,890	\$254,005	\$13,663	\$15,961	\$54,768	\$1,289,714	\$46,281	\$85,682
20	S. Ung	25	26	14	\$480,179	\$4,106	\$9,318	\$3,953	\$12,601	\$9,508	\$131,136	\$12,014	\$5,138
21	F. Moya	8	12	6	\$31,013	-	-	-	\$8,356	-	\$67,127	\$14,350	\$16,328
22	T. Cabán	15	10	20	\$7,348	\$12,710	\$19,176	\$396,561	\$21,439	\$4,115	\$5,684	\$21,605	\$7,323
23	L. Lee	15	20	33	\$10,308	\$25,796	\$150	\$5,765	\$16,352	\$23,192	\$3,710	\$10,544	\$7,943
24	J. Gennaro	8	17	25	\$1,948	\$150	\$33,913	\$4,735	\$3,543	\$82,791	\$23,177	\$42,668	\$15,746
25	S. Krishnan	7	5	15	\$55,363	\$150	-	-	-	\$27,839	\$8,387	\$12,506	\$6,767
26	J. Won	8	11	16	\$166,730	\$420,200	-	\$264	\$6,217	\$3,472	\$78,450	\$3,802	\$710
27	N. Williams	8	15	20	\$498,629	\$147,730	\$4,426	\$7,507	\$97,552	\$4,736	\$4,004	\$51,728	\$4,275
28	A. Adams	12	15	15	-	\$28,638	\$11,046	-	\$58,723	\$12,297	\$4,587	\$4,171	\$37,494
29	L. Schulman	12	13	17	-	\$7,157	-	\$12,629	\$61,134	\$6,329	\$26,357	\$659,417	\$6,407
30	R. Holden	12	15	15	-	\$31,906	\$1,323	\$11,065	\$793	\$832	\$1,292,081	\$15,750	\$14,456
31	S. Brooks-Powers	8	8	19	\$2,647	-	\$150	\$2,163	\$5,976	-	\$2,398	\$6,763	\$8,274
32	J. Ariola	13	19	28	\$10,496	\$1,553	\$1,258	\$18,693	\$1,040	\$27,049	\$11,650	\$6,960	\$19,493
33	L. Restler	37	48	40	\$765,540	\$784,258	\$151,945	\$711,541	\$250,118	\$39,130	\$79,287	\$82,100	\$714,467
34	J. Gutiérrez	15	14	14	\$48,853	\$756,038	\$8,384	\$56,875	\$250	\$24,259	\$646,237	\$360,300	-
35	C. Hudson	12	11	19	\$2,761	-	\$9,389,540	\$327	\$20,741	\$14,883	\$523	-	\$718,398
36	C. Ossé	8	12	17	\$36,932	\$152,174	\$1,605	-	\$17,537	-	-	-	\$3,618
37	S. Nurse	12	12	14	\$85,355	\$44,604	-	\$18,824	\$20,331	\$36,222	\$31,900	\$23,114	\$151,075
38	A. Avilés	11	12	15	\$25,333	\$459,505	-	\$7,123,597	\$5,102	\$4,825	\$3,118	\$36,407	\$45,630

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
39	S. Hanif	17	23	22	\$10,034	\$72,658	-	-	\$41,366	\$20,591	\$23,434	\$56,236	\$412,518
40	R. Joseph	5	8	7	\$32,572	\$90,369	-	-	-	\$12,039	-	\$260,830	-
41	D. Mealy	11	9	8	-	-	\$150	\$17,893	\$1,500	\$11,144	\$12,228	\$2,023	\$1,309
42	C. Banks	16	12	9	-	-	\$26,452	\$51,073	\$3,013	\$16,525	\$2,726	\$7,003	\$257,025
43	S. Zhuang	11	8	9	\$17,707	\$3,554	\$19,079	\$14,704	\$16,971	\$594	\$7,029	\$51,905	\$15,298
44	K. Yeger	14	25	20	-	\$616,429	\$8,381	\$107,249	\$76,535	\$9,540	-	\$10,071	\$98,501
45	F. Louis	9	14	15	\$634	\$150	-	-	-	\$4,385	\$72,911	\$47,597	\$224,209
46	M. Narcisse	13	35	32	\$19,153	\$322,666	\$18,977	\$61,824	\$49,328	\$10,618	\$481,021	\$7,765	\$64,341
47	J. Brannan	8	10	13	\$49,368	-	\$150	-	-	\$2,768	\$12,751	\$3,224	\$9,130
48	I. Vernikov	14	28	26	\$2,342	\$31,877	\$117,105	\$31,921	\$404,852	\$4,907	\$61,334	\$23,727	\$15,902
49	K. Hanks	13	11	17	\$963	-	\$150	\$3,378	\$1,145	\$10,127	\$32,950	\$4,200	\$12,376
50	D. Carr	27	16	22	\$4,477	\$150	\$5,381	\$520,038	\$3,233	\$9,132	\$9,166	\$73,708	\$202,593
51	J. Borelli	26	26	21	\$615,759	\$9,198	-	\$62,645	\$9,619	\$10,612	\$41,121	\$69,792	\$4,341
Other		10	29	14	\$4,565,528	\$66,142	-	\$19,140	\$3,751,308	-	\$24,804	\$5,684,571	\$1,903,998
Total		744	865	989	\$13,725,210	\$8,380,936	\$12,170,090	\$11,740,391	\$9,531,477	\$6,483,444	\$13,662,156	\$12,185,867	\$12,412,660

I. Business and Excise Tax Cases and Inquiries by Subcategories

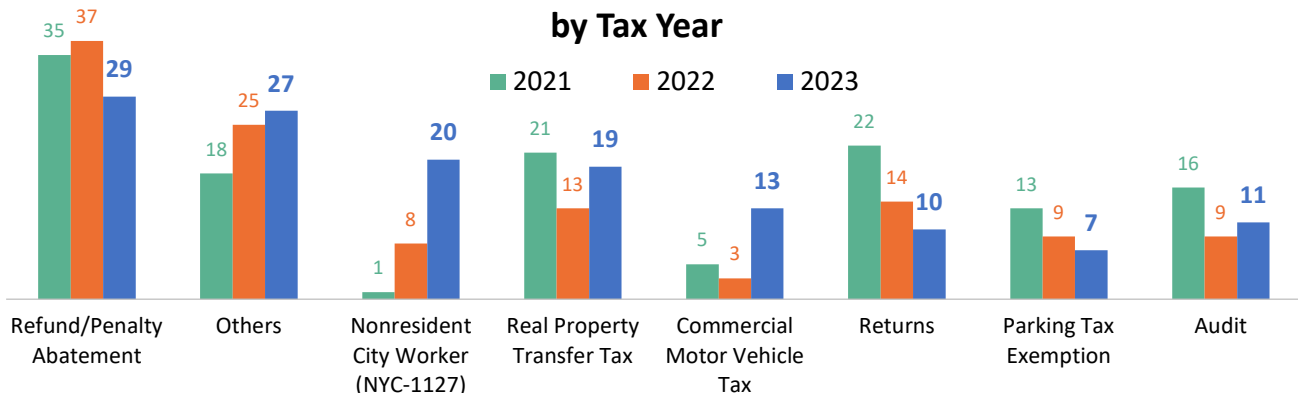
The most marked upsurge in business tax cases and inquiries was related to Nonresident City Worker (Form NYC-1127) cases, previously classified as “Other,” but for which OTA created a separate category due to the 150% rise in volume in 2023. Much of the increase in NYC-1127 cases is likely attributable to the trend toward remote work in recent years. Commercial motor vehicle tax cases (CMVT) have also contributed to the increase in excise tax cases, in part due to an increase in internal referrals to OTA. Real Property Transfer Tax saw modest increases but reflects no real change or trend that OTA can track. Most other tax categories have remained somewhat consistent, with only slight variation upward or downward.

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



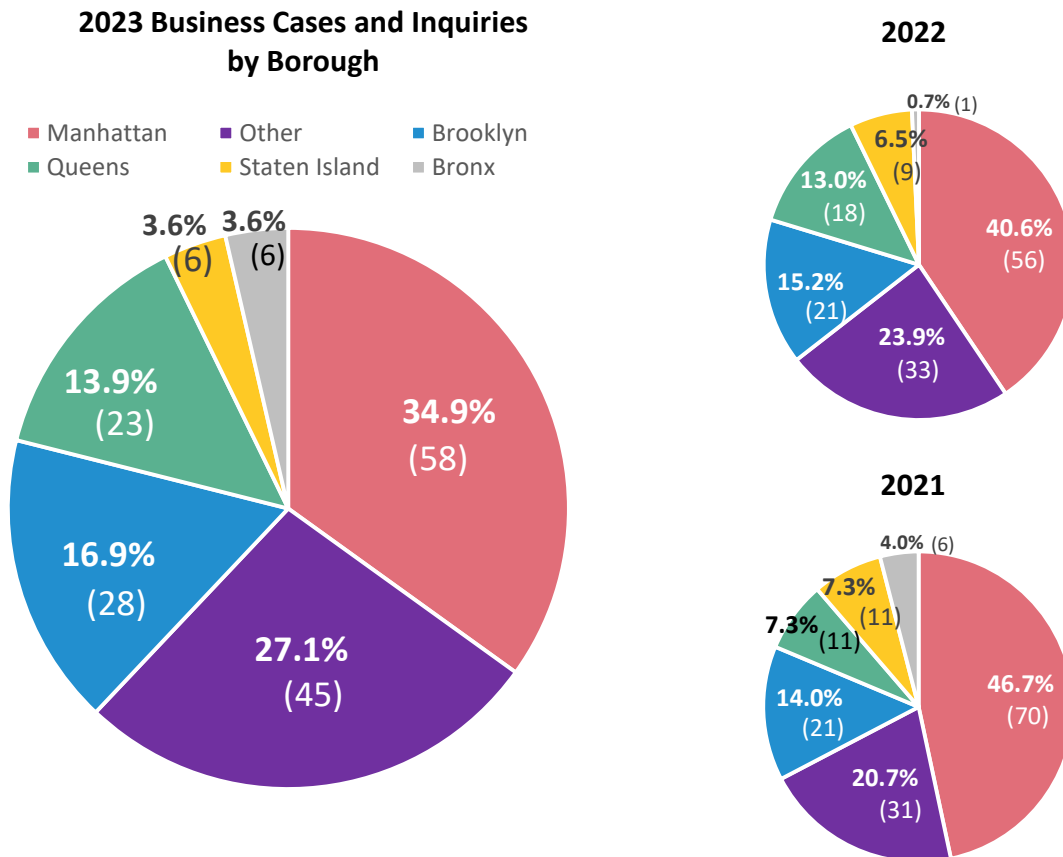
More variation was seen in terms of specific issues, including CMVT and Nonresident City Worker taxes, as stated above. The “Others” category encompasses a variety of issues, in particular 12 cases and inquiries related to bank levies, a significant enough number that OTA is considering grouping them into a separate category next year. “Others” also includes general business tax questions (6); billing inquiries (4); corporate dissolutions (3); and offers in compromise (2). The decrease in Refund/Penalty Abatement and Returns matters could be attributable to better communication on behalf of DOF’s Payment Operations Division and DOF’s Collections Unit, such that the matter need not be referred to OTA. Parking tax exemptions saw another slight decline, also the result of better internal communication.

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



J. Business and Excise Tax Cases and Inquiries by Borough

Non-NYC cases and inquiries (“Other”) have continued to increase more significantly than any borough (from 33 in 2022 to 45 in 2023), and they now comprise more than one-fourth of all business and excise tax matters. These “Other” issues include Nonresident City Worker (NYC-1127) cases (previously discussed), as well as non-NYC businesses owing city taxes—the latter likely the result of better outreach to non-NYC representatives less familiar with city laws. All boroughs except Staten Island saw increases. Within the city, most of the workload still comes from Manhattan (34.9% of overall cases and inquiries), despite only a modest increase.



K. Business Tax Cases by City Council District²⁵

OTA handled business tax cases, some of which resulted in refunds, abatements, or corrections,²⁶ for business taxpayers in 27 of the city’s 51 council districts during tax year 2023. Fifty 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 2021 through 2023

District/ Council Member	Number of Cases			Refunds			Abatements			Corrections		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
1 C. Marte	7	6	3	\$49	\$22,200	\$666,871	\$7,245	\$112,965	-	-	-	\$729
2 C. Rivera	2	2	1	\$2,319	-	-	\$45	-	-	\$17,686	-	-
3 E. Bottcher	11	7	8	\$66,000	\$33,285	-	\$3,354	\$14,669	\$28,032	-	-	-
4 K. Powers	21	9	3	\$73,490	-	\$74,825	\$854,232	\$103,605	-	\$1,585,365	\$8,016	-
5 J. Menin	3	1	2	-	-	-	-	-	-	-	-	\$13,768
6 G. Brewer	4	9	2	-	-	-	\$28,941	\$18,575	\$31,876	\$841,770	\$254,819	-
8 D. Ayala	-	-	1	-	-	-	-	-	-	-	-	-
9 Y. Salaam	1	4	-	\$3,607	\$2,508	-	-	-	-	-	\$23,827	-
10 C. De La Rosa	-	1	-	-	-	-	-	-	-	-	-	-
12 K. Riley	-	-	1	-	-	-	-	-	-	-	-	-
16 A. Stevens	1	-	-	-	-	-	-	-	-	-	-	-
17 R. Salamanca Jr.	-	-	1	-	-	-	-	-	\$10,956	-	-	-
18 A. Farias	1	-	-	-	-	-	-	-	-	\$600	-	-
19 V. Paladino	-	1	1	-	-	-	-	-	-	-	\$289	-
20 S. Ung	1	-	-	-	-	-	-	-	-	-	-	-
22 T. Cabán	1	-	1	-	-	-	-	-	-	\$7,772	-	\$2,287
23 L. Lee	-	2	-	-	-	-	-	\$579	-	-	-	-
24 J. Gennaro	-	1	3	-	-	\$140	-	-	-	-	-	-

²⁵ Omitted districts have not had any cases from January 1, 2021, through December 31, 2023.

²⁶ For an explanation of the “Corrections” category, see Part III.L.

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
25	S. Krishnan	-	1	-	-	\$2,489	-	-	-	-	-	-	-
26	J. Won	1	5	2	-	-	-	-	\$5,156	\$516	\$19	\$704	-
27	N. Williams	3	-	-	-	-	-	-	-	-	-	-	-
28	A. Adams	1	1	3	-	-	-	\$1,813	-	-	-	-	-
29	L. Schulman	2	-	-	-	-	-	\$193	-	-	\$4,000	-	-
30	R. Holden	-	-	1	-	-	-	-	-	-	-	-	-
31	S. Brooks-Powers	-	1	-	-	-	-	-	-	-	-	-	-
32	J. Ariola	1	-	-	-	-	-	\$979	-	-	-	-	-
33	L. Restler	1	2	1	-	-	\$720	-	\$2,454	-	\$9,576	-	-
34	J. Gutiérrez	1	1	1	-	-	-	-	\$4,831	-	\$27,950	-	-
35	C. Hudson	1	1	2	-	-	-	-	-	\$13,373	-	-	-
36	C. Ossé	4	1	-	-	-	-	\$20,902	-	-	\$26,503	\$158	-
38	A. Avilés	-	-	1	-	-	-	-	-	\$23,253	-	-	-
39	S. Hanif	1	1	2	-	-	-	-	\$1,110	\$1,976	-	-	\$6,496
40	R. Joseph	2	-	1	-	-	-	\$360,238	-	\$60	-	-	-
41	D. Mealy	1	-	-	-	-	-	-	-	-	-	-	-
42	C. Banks	1	-	1	-	-	\$1,943	-	-	-	-	-	-
43	S. Zhuang	-	-	2	-	-	-	-	-	-	-	-	-
44	K. Yeger	1	4	-	-	\$6,640	-	-	\$408	-	-	\$5,000	-
45	F. Louis	-	1	1	-	\$2,989	-	-	-	-	-	-	-
46	M. Narcisse	1	2	1	-	-	-	-	-	\$2,374	-	-	-
47	J. Brannan	-	1	-	-	-	-	-	-	-	-	-	-
49	K. Hanks	-	1	1	-	-	-	-	\$56,620	-	-	-	-
50	D. Carr	3	3	-	\$1,622	-	-	\$433	\$1,365	-	\$7,145	\$1,480	-
51	J. Borelli	3	2	2	-	-	-	\$978	-	-	\$7,736	\$8,820	-
Other		26	25	50	\$303,344	\$824,910	\$2,526,650	\$212,264	\$182,929	\$263,013	\$1,236,273	\$878,982	\$147,028
Total		107	96	99	\$450,430	\$895,021	\$3,271,150	\$1,491,617	\$505,265	\$375,429	\$3,772,395	\$1,182,094	\$170,308

L. Dollar Impact of the Office of the Taxpayer Advocate

The charts below include all cases completed between 2021 and 2023 and their total dollar impact—the amount of money saved by or returned to customers. Though 2023 saw a decrease in total cases with dollar impact (487 in 2022 and 482 in 2023), OTA registered a higher dollar-impact per case (\$72,371.54) than last year (\$67,106.08). Among cases that registered a dollar impact in 2023, the average total dollar impact was \$162,539 per refund, \$31,177 per abatement, and \$75,347 per correction.²⁷

The decrease in overall average dollar impact, even as the number of cases with a dollar impact increased, is attributable to the variance inherent in OTA’s case work. For example, OTA recorded six high-value cases²⁸ worth a total of \$18 million in 2023, while in 2021 there were 10 such cases.

TOTAL	Refunds	Abatements	Corrections	\$ Impact Total	Case Count ²⁹	Avg. per Case
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
TY 2023	\$15,441,239	\$6,858,874	\$12,582,968	\$34,883,081	1,092	\$31,944
Total	\$38,892,836	\$30,127,624	\$43,385,480	\$112,405,941	2,909	\$38,641

REFUNDS	Property	Business	Total Refunds	Number of Cases with Refunds	Avg. per Case
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
TY 2023	\$12,170,090	\$3,271,150	\$15,441,239	95	\$162,539
Total	\$34,276,236	\$4,616,601	\$38,892,836	337	\$115,409

ABATEMENTS	Property	Business	Total Abatements	Number of Cases with Abatements	Avg. per Case
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
TY 2023	\$6,483,444	\$375,429	\$6,858,874	220	\$31,177
Total	\$27,755,312	\$2,372,311	\$30,127,624	572	\$52,671

CORRECTIONS	Property	Business	Total Corrections	Number of Cases with Corrections	Avg. per Case
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
TY 2023	\$12,412,660	\$170,308	\$12,582,968	167	\$75,347
Total	\$38,260,683	\$5,124,797	\$43,385,480	521	\$83,273

²⁷ “Corrections” are misapplied payments that did not result in a refund or a reduction to existing charges. Also classified as “corrections” were technical PTS-related adjustments.

²⁸ High-value cases are defined as cases of at least \$1 million or more.

²⁹ 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 (for example, a refund and an abatement).

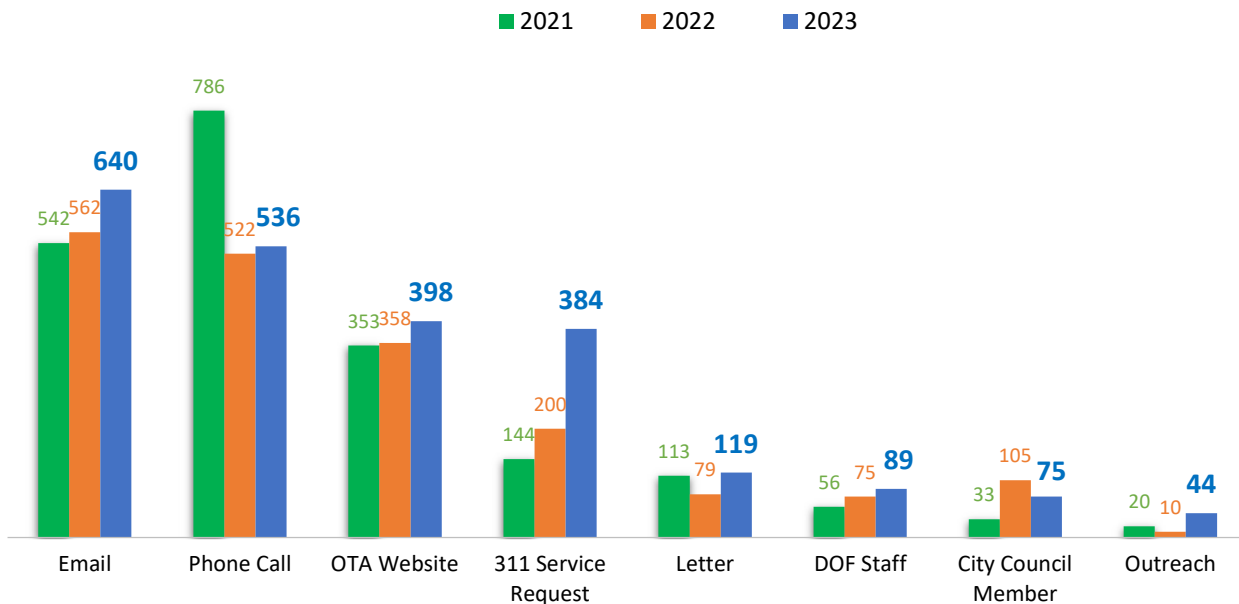
M. Referrals by Source

Emails, calls, and website inquiries were OTA’s 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”) continued to rise in 2023 after a sharp decline in 2021. However, the majority of taxpayers assisted by OTA have contacted the office directly. In 2023, OTA began to inquire about the manner in which each direct phone call reached the office and, as a result, discovered 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, with caller referrals accounting for 153 out of 384, or 40%, of all 311 SRs.

Another area of notable increase is letters from the public. This increase is linked with SCHE renewals (40 out of 119 letters, more than doubling 2022’s SCHE letter total of 19). The SCHE population still tends to apply in high numbers via paper application and seek out assistance when they have questions about their applications.

Top 8 Sources of Referral, by Tax Year

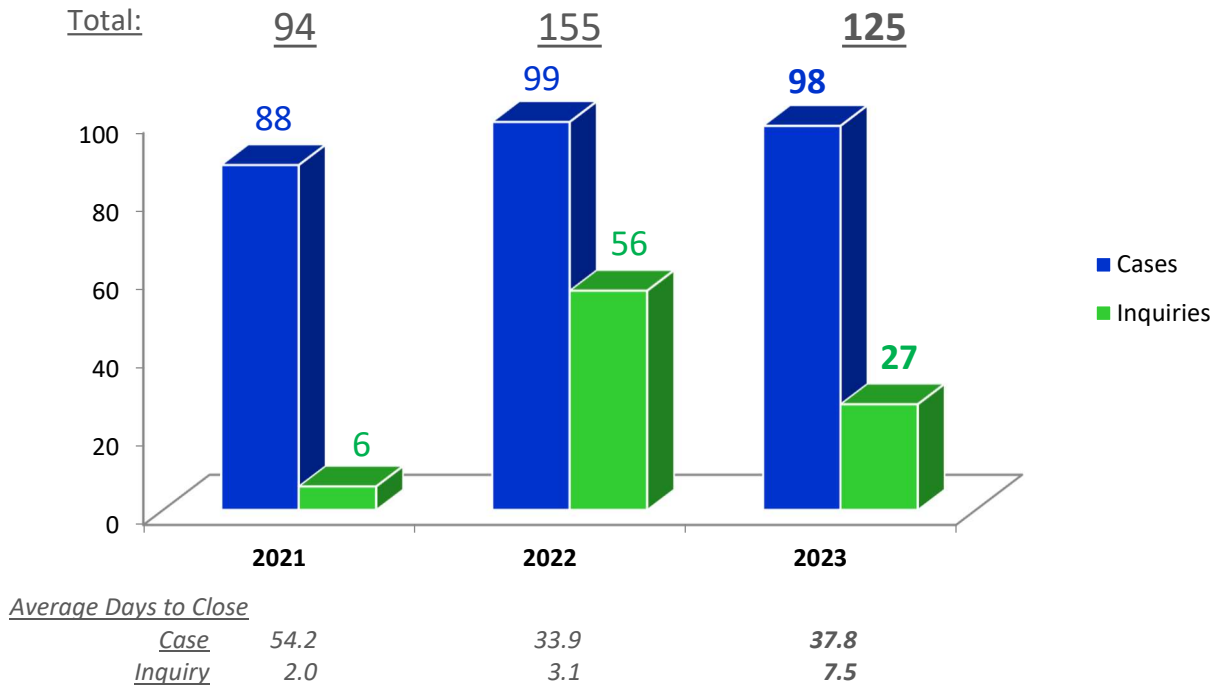


N. Open Cases and Inquiries

During the 2023 reporting period, the average time to investigate, advocate for, and close a case increased from 33.9 days to 37.8 days. The increase is still within the 45-day service level agreement.

As of December 31, 2023, OTA had 98 cases and 27 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 2023 remained roughly the same as in 2022 (99 to 98).

Open Cases and Inquiries for the Past Three Reporting Periods



Part IV: Success Stories

Below is a sample of cases and outcomes illustrating OTA's accomplishments via its collaborative efforts with other DOF divisions and city agencies.

1. Helping a Senior Avoid Lien Sale Foreclosure

In May 2023, OTA received an inquiry from the neighbor of a Brooklyn property owner whose home was in foreclosure and scheduled to go up for auction on June 15. The neighbor helped the property owner at times with basic medical expenses, but all of the property owner's income was derived from collecting cans. Because the property owner had not paid close attention to government notices, liens had been sold on his property in 2017, 2019, and 2021. The neighbor tried contacting law firms specializing in services for senior citizens to represent the property owner, to no avail.

OTA reached out to Brooklyn Legal Services to represent the property owner in the foreclosure hearing, and the property owner filed for bankruptcy to put a hold on the foreclosure. In the meantime, OTA contacted the Lien Sale Unit to see if there were any grounds to defect the liens. After consulting with DOF's Legal Division, OTA worked out an agreement with the Lien Sale Unit: if the property owner applied and was approved for SCHE and PT AID, DOF would defect the lien. Over the next four months, OTA acted as a liaison between Legal Services and the Department of Finance's Property, Legal Affairs, Treasury & Payment Services, and Customer Operations divisions to file and process the property owner's SCHE and PT AID applications. By the end of November, both applications were approved. DOF then defected the lien within the week, thus dismissing the foreclosure proceedings and allowing the property owner to remain in his home.

2. Nullifying Business Tax Debt from 1991

A co-op property manager and the property's internal auditor contacted OTA after DOF levied their account in September 2022 for outstanding general corporation tax debt from 1991. The internal auditor said that the earliest notice she could recall receiving about this balance was dated 2019. The auditor had previously contacted DOF and learned that DOF had first tried to collect the 1991 balance in 2016. The property's internal auditor told OTA that she could not verify whether the taxpayer filed a return in 1991, because no one associated with the development had records that dated back that far. With the knowledge that 2016 was the approximate time that DOF had transferred records from their old database to the Business Tax System (BTS), OTA reached out to DOF's Collections Division.

The Collections team confirmed that the levy was actually for a more recent unpaid tax period. Collections also confirmed that the taxpayer filed a return in 1991 and that there was a remaining balance due. Because a return was filed on time, any warrants or further assessments would be long past the statute of limitations. OTA asked Collections to review whether a warrant was

timely filed on the 1991 taxes. Collections found that the statute of limitations on issuing the warrant had indeed expired³⁰ and thus nullified the \$31,876.06 balance due.

3. Reviewing a Clerical Error Remission for Errors

An attorney representing a condominium complex contacted OTA in March 2023, claiming that the property was misclassified from tax class 2C to tax class 2 prior to fiscal year 2011-12. The tax classification change on the property was due to an error in description. The property's 11 total units were all erroneously categorized as residential; the property actually consisted of eight residential units and three commercial units.³¹ The property was misclassified as tax class 2 for fiscal years 2011-12 and 2012-13, before reverting back to the original tax class 2C.

Although the property was properly re-classified for fiscal year 2013-14, a second key change did not occur: the correction of the property tax assessment. All tax class 2C properties in New York City are provided property tax assessment cap protections to keep their taxes from drastically increasing in consecutive years. However, a change in tax class can have substantial financial implications on the valuation of a property, as it will result in an assessment at full value and negate any previous cap protections. The tax class change led to a spike in property tax for this lot in 2011-12 and the following years.

To assist, OTA requested that the Property Division reopen a Clerical Error Remission (CER) filed in July 2018 which specifically targeted the years in question. OTA advocated that a confirmed receipt of a CER originally filed in July 2018 should be sufficient evidence to grant a review of the prior six-year period. When Property originally reviewed this CER in 2018, they agreed that an assessment change was necessary due to the classification error. But a review conducted at that time had determined that the property tax assessment liability was in line with the standards for this property type, and as such, no change in valuation was recommended in 2018.

The Property Division agreed with OTA to revalue the property, per the six-year lookback period, from the date of the filed CER (July 2018), which included fiscal years 2012-13 through 2017-18. As a result of applying the cap on assessment increases for tax class 2C properties, the assessment changes for this period and subsequent years (fiscal years 2018-19 through 2022-23) were also adjusted. The property was thus able to save \$215,640.53 in property tax assessed from fiscal years 2012-13 through 2023-24.

4. Restoring Abatement Benefits to a Co-op

A building in downtown Manhattan merged from a “condop”³² (two lots) to a co-op (one lot) in March 2022, but the 2022-23 abatement benefits did not transfer to the new lot. The property manager contacted OTA in December 2022 after receiving no response from DOF, seeking assistance to get their benefits restored. As the Homeowner Tax Benefit (HTB) Unit researched the issue for OTA, the property manager contacted OTA again when DOF's electronic submission

³⁰ DOF must issue a warrant within six years after the date of assessment of taxes. NYC Admin Code § 11-683(3).

³¹ See NY RPTL § 1805(2).

³² A “condop” signifies a property consisting of a combination of condominium and co-operative lots.

program known as SmartFile did not permit the property to apply for the 2023-24 abatement; with the February 15 application deadline approaching, they needed guidance on how to file.

HTB's investigation found that the property, before becoming a condop, had previously been a co-op in fiscal year 2004-05 under the same lot number and development number which they were reusing for the newly merged co-op. Typically, each property in New York City receives a unique ten-digit identifying BBL number. HTB said that reusing old numbers is not standard practice as it leads to data issues; because PTS recognized those lot numbers as having been dropped, it was not picking up recent information. The property manager was advised to file an initial paper application under the old development number, and to send it to OTA. On February 15, the co-op was issued a new lot number, which the manager was able to use on the paper application that OTA forwarded to HTB. The application was accepted, and eligible units within the co-op were granted the abatement for 2023-24. DOF was able to get the old benefits transferred to the newly configured development, resulting in a credit of \$158,943.92.

5. Cancellation of CMVT Results in Warrant Nullification

A retired senior taxpayer called OTA because there was a hold on his bank account due to a levy resulting from an outstanding business tax judgment. Since this taxpayer lives on a fixed income and does not have another bank account, he required immediate assistance. Prior to the levy, the taxpayer did not have any knowledge of the outstanding tax debt or the warrant.

OTA researched the taxpayer's BTS account and learned that the taxpayer owed \$400 in commercial motor vehicle tax (CMVT), debt that had been due on June 22, 2021. In addition to the original CMVT amount, the account was also assessed a late payment penalty, a late filing penalty, and accrued interest on the debt, resulting in a total balance of more than \$700. BTS research also showed that the notices regarding tax debt and warrants were sent to his former taxi company employer, which had previously handled the taxpayer's CMVT-related compliance matters. The taxpayer stated that the taxi company never informed him about the unpaid tax obligation or the ensuing collection activities for tax debts.

After informing the taxpayer about the history of the CMVT noncompliance and breakdown of the tax owed, OTA offered its assistance in filing a reasonable cause abatement request to DOF on the taxpayer's behalf to remove the late filing and late payment penalties. The taxpayer provided the formal letter requesting a reasonable cause abatement shortly thereafter, and it was forwarded to the Payment Operations Division for review. Payment Operations came back with a surprising answer: further research showed that the taxpayer's license plate was, in fact, returned to DOF within the grace period during the pandemic, so the taxpayer did not owe any CMVT (or related penalties) for the period.

OTA immediately reached out to the Collections Division to share this information. Collections notified the taxpayer's bank that the warrant was being vacated, thus nullifying the account levy activities and saving the taxpayer more than \$700.

6. Waiving Real Property Transfer Tax Charges

A taxpayer separated from his spouse in 2018. As part of the divorce agreement, the taxpayer transferred to the former spouse his shares in their Brooklyn co-operative in the amount of \$30,318, and, in a timely manner, filed and paid the corresponding real property transfer tax (RPTT) of \$303.18. DOF audited the taxpayer in 2021 and reassessed the RPTT based on half of the \$1.55 million fair market value at the time of transfer, or 1.425% of \$775,000. As the audit notices were sent to the taxpayer's former spouse, as well as to an address with which the taxpayer was not associated, he did not find out about the additional assessment until two years after the issuance of the Notice of Determination, by which time it was too late to challenge it via the normal channels. His only remaining recourse was to seek help from OTA.

RPTT in legal separations is based only on the fair market value of the property “in the absence of evidence establishing the consideration”—for example, if the price of the transfer is not stipulated in the separation agreement. OTA asked for a copy of the taxpayer's divorce settlement and confirmed that the amount of the sale was in the document. OTA then shared the settlement agreement with the Audit and Collections divisions and advocated for the reversal of the additional assessment. Audit and Collections agreed, saving the taxpayer \$13,372.79 in taxes and interest.

7. Researching and Rectifying a Sidewalk Charge

A taxpayer received her July 2023 property tax bill with a surprise charge for sidewalk repairs. The taxpayer had taken ownership of the property in mid-2022, and no sidewalk repair had been conducted since. This sidewalk repair predated her ownership, and the owner requested to void the “new” sidewalk repair charge violation. The charge was a special assessment from another agency, and a DOF agent explained that only the responsible agency could remediate it. The taxpayer contacted both the Department of Transportation (DOT) and the Department of Design and Construction (DDC) for assistance, and both agencies referred her to the Comptroller's Office. After 15 business days without a reply from the Comptroller, she sought help from OTA.

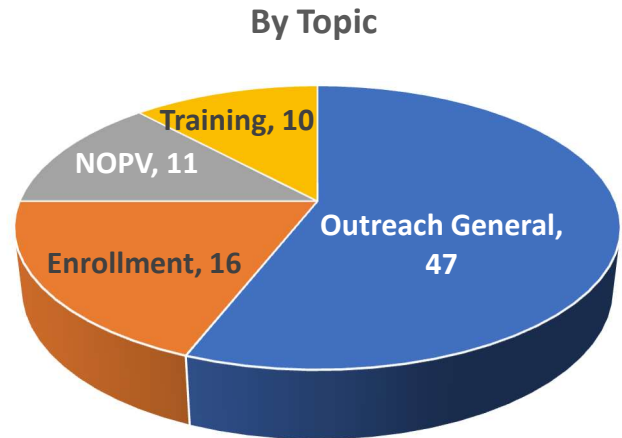
OTA first attempted to identify the charges within PTS. DOF's Billing, Payments, and Refunds Unit could not confirm whether the charges were for a new or previous sidewalk repair project. Next, OTA followed up with DDC to determine whether the charges were the same item. DDC confirmed they were the same charges; however, even after DDC had voided the violation, the cost of the work remained. This project cost was from DOT, which should have been resolved by placing an amount in escrow as part of the new owner's closing costs. (At closing, the title search did not return any work orders, only a voided violation.) It seemed that the charges would then need to be paid by the new homeowner.

With DDC's assistance, OTA contacted a supervisor in DOT to confirm the charge. DOT reviewed their files and found that the sidewalk repair was in fact completed by a private contractor. The work order and cost of the project was an estimate that was never updated to reflect private work.

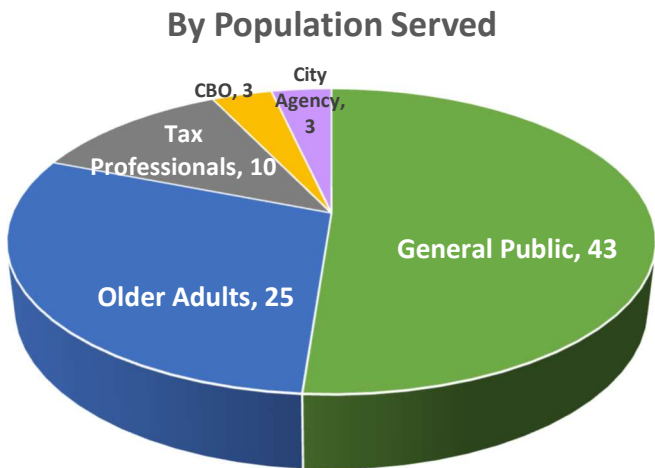
The taxpayer had contacted four different agencies over four months with no success; her issue was resolved by OTA in fewer than 10 days. The charges were voided, and the taxpayer saved \$1,995.60.

Part V: OTA Outreach Efforts

OTA resumed mostly in-person outreach in 2023, after three years of virtual or hybrid events. The majority (56%) of OTA’s outreach efforts involved non-specific community programming and appearances, though OTA also hosted training sessions with elected officials, and participated in DOF’s annual NOPV outreach and government-sponsored benefit enrollment events. As a direct result of its 84 total outreach appearances, OTA picked up 44 new cases and inquiries. (In 2022, OTA picked up 10.)³³



The 84 events more than doubled the 32 events OTA attended in 2022, a sign of OTA’s growing partnerships with government agencies, elected officials, and professional and not-for-profit organizations. This growth can also be attributed to the return of in-person events such as the annual Tax Representatives and Practitioners Program (TaxRAPP). More than half of the 2023 outreach events were aimed at the general public; another 29.7% were geared toward older adults. Examples included TaxRAPP and other presentations on local property and business tax law changes; outreach to community-based organizations, community boards, and business improvement districts; and appearances at the Latino Tax Fest conference in Las Vegas, the annual conference of the New York State Society of Enrolled Agents in Saratoga Springs, and NYU’s 15th Annual Tax Controversy Forum.



Examples included TaxRAPP and other presentations on local property and business tax law changes; outreach to community-based organizations, community boards, and business improvement districts; and appearances at the Latino Tax Fest conference in Las Vegas, the annual conference of the New York State Society of Enrolled Agents in Saratoga Springs, and NYU’s 15th Annual Tax Controversy Forum.

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.

³³ See Part III.M for case and inquiry source information. The number of cases and inquiries resulting from “outreach” is likely higher, as many taxpayers contact OTA more than once.

Part VI: DOF Actions on 2023 OTA Recommendations

OTA made eight recommendations in its 2023 annual report. This section provides the status of the implementation of those recommendations.

Recommendation No. 1: Restoring Exemptions Lookup Portal

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.

DOF Action:

In progress. DOF acknowledges the importance of such a database and is working with FIT to assess its viability.

Recommendation No. 2: Public Access to Dropped Lot Information

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.

DOF Action:

In progress. DOF's Property Division is still assessing the operational challenges of this recommendation. As transparency is one of the four pillars of DOF's mission, DOF has been exploring possible avenues and alternative solutions to facilitate public access to this information.

Recommendation No. 3: RPIE and Storefront Registry Online Form Improvements

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

DOF Action:

Implemented. Changes have been implemented to the online application so that it conforms to the paper application.

Recommendation No. 4: Tax Commission SCHE and DHE Awardees

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.

DOF Action:

Implemented. As of fiscal year 2025, applicants who receive SCHE through the Tax Commission will receive the benefit for the full two years. Additionally, these SCHE and DHE awardees will be notified by DOF of their renewal requirements.

Recommendation No. 5: Public Property Website: DOF Definition Review for Transaction Type Codes

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.

DOF Action:

In progress. DOF’s External Affairs Unit is in the process of revising definitions, with a goal of publishing them later this year.

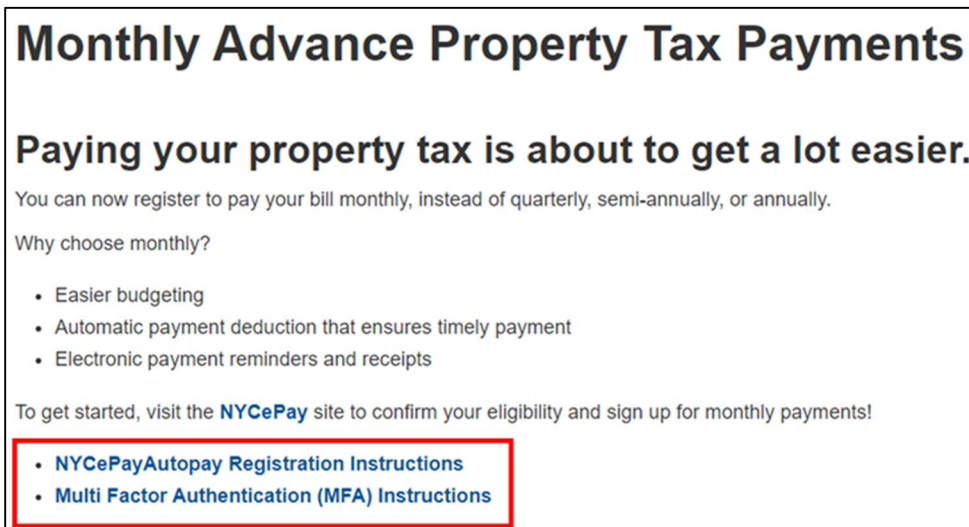
Recommendation No. 6: NYCePay Guidance

- 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.**

DOF Action:

Partially implemented. DOF is in the process of revising the NYCePay confirmation email for clarity. DOF has also revised its NYCePay FAQs, creating two guides to help with registration, per the link and screenshot below:

<https://www.nyc.gov/site/finance/property/monthly-property-tax-payments.page>



Recommendation No. 7: Business Collections Statute of Limitations

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.

DOF Action:

Under review. The agency is still assessing the viability of this recommendation such that it may be proposed at the state level.

Recommendation No. 8: Housing Development Benefit Sunset Communications

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.

DOF Action:

In progress. OTA will work with the DOF Property Division to review the list of benefits that expire in the near future. Once the data is acquired, OTA can work with PEU and External Affairs to create notifications.

Part VII: Updated DOF Responses to Prior OTA Recommendations

DOF committed to implement or otherwise resolve recommendations in prior reports. OTA discusses the progress DOF has made toward the completion of one of these initiatives here.

Guidance on Not-for-Profit Class 1 Violations

In its 2022 annual report, OTA recommended that language be included on the not-for-profit exemption webpage detailing the requirement to cure DOB Class 1 violations, vacate orders, and stop-work orders prior to filing the not-for-profit exemption or renewal application.

On DOF's NFP webpage "[What to Know Before You Apply](#)," DOF has included the following:

"Please be advised that DOF reviews all properties to determine if there are any immediately hazardous conditions. This includes Department of Buildings Class 1 violations, Stop-Work orders, and full or partial Vacate orders. If your property has any of these violations, DOF may deny your new or renewal application unless you are actively working to correct it."

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.

Co-operative – 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 Information Portal (PIP) – A DOF web application providing taxpayers a centralized portal for New York City property information, including the digital tax map.

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, co-operatives, 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 co-operative 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 co-operatives, condominiums, and rental buildings with more than 10 units.