

NYC Department of Finance

**Annual Report on Environmental Control
Board (ECB)-Adjudicated Judgments**

November 2024

Introduction

Under Local Law 11 of 2015, the New York City Department of Finance (DOF) is required to report to the City Council annually, by November 1, on outstanding Environmental Control Board (ECB)-adjudicated judgments. ECB, pursuant to NYC Charter Section 1049a, conducts proceedings for the adjudication of violations and is operated by the Office of Administrative Trials and Hearings (OATH). These cases involve summonses that are issued by 13 different City enforcement agencies responsible for protecting the public's health and safety. ECB judgment debt results when the agencies issue notices of violation against a respondent who does not pay the debt. The respondent is required to attend a hearing at ECB. If the respondent attends the hearing and the hearing officer renders a decision that the respondent owes the fine, this becomes the judgment amount. If the respondent fails to attend the hearing, a default penalty is imposed, and the judgment will be for a higher amount. The violation is filed as a court judgment and referred to DOF for collection. DOF first attempts to collect this debt in-house, using its own staff, and then uses city marshals, the Sheriff, and outside collection agencies if its in-house efforts are not successful. This report focuses on the ECB judgment debt referred to DOF and ECB judgment debt collection in FY24.

Summary

Highlights of the enclosed report include:

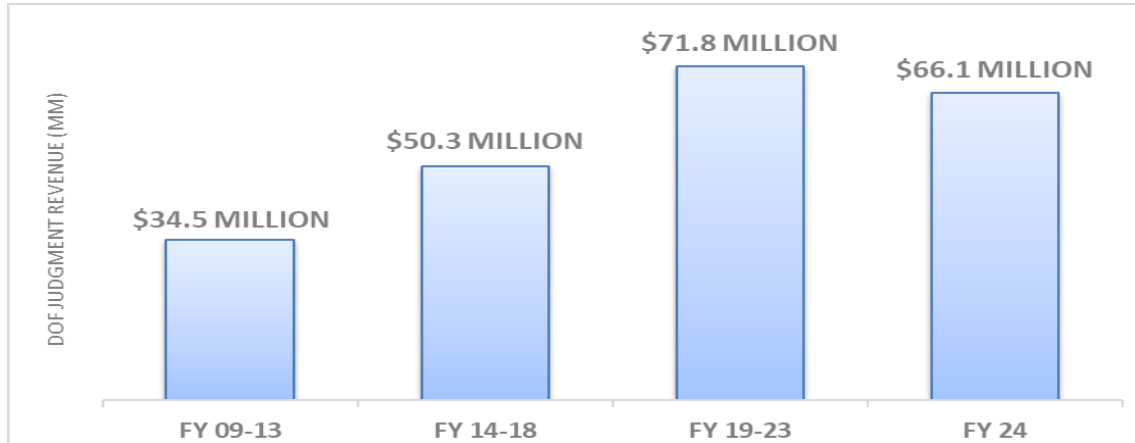
- ECB collections for FY24 totaled \$66.1 million. This represented a decrease from \$76.2 million in FY23, mainly due to the decline in the amount of ECB-adjudicated judgments referred to DOF in FY24, which had a notable impact on first-year revenue collection. The total amount of DOF judgment collections in FY24 was 8% lower than the FY19 to FY23 average of \$71.8 million, but 31% higher than the FY14 to FY18 average of \$50.3 million.
- The performance of its three collection agencies continued to help DOF sustain the level of revenue collection of previous years, as the revenue collected by the collection agencies accounted for 39% of overall revenue collection in FY24. ECB judgment revenue from the three collection agencies decreased 8%, from \$28.1 million in FY23 to \$25.9 million in FY24.
- The total value of outstanding ECB debt, after excluding the allowance for bad debt, increased slightly (0.4%) from \$617 million to \$619 million. Since onboarding the third collection agency at the end of FY20, DOF has referred ECB judgments to three successive collection agencies before placing uncollected judgments into an allowance for bad debt. DOF's allowance for bad debt increased 1.5% from \$659 million in FY23 to \$670 million in FY24. ECB judgments are not classified as bad debt until they have completed the three successive six-month assignments. Upon return from the third collection agency, these debts were classified as bad debt since they had been worked by all three collection agencies and met the other "allowance for bad debt" criteria.
- DOF expects to generate revenue close to \$70 million in FY25, despite the considerably lower volume of ECB judgments referred in FY24, as a result of continued collection

efforts, the implementation of new programs, and a slight increase in DOB-issued ECB judgments referred to DOF in early FY25.

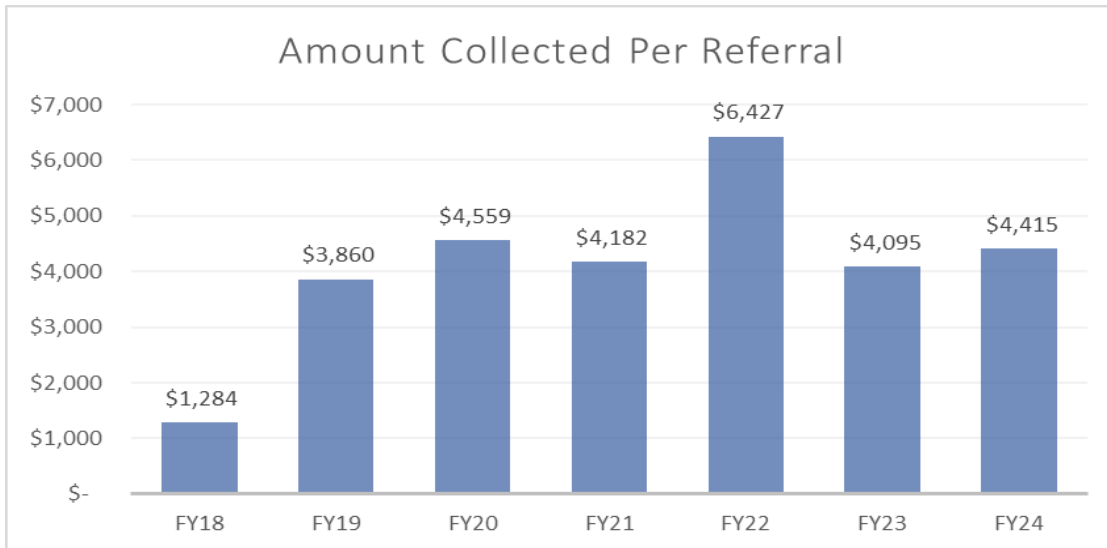
- DOF successfully launched a new collection system for ECB judgments, referred to internally as “BTCS,” in the second half of FY24. The new system has improved DOF’s operational efficiency and service delivery in the areas of debt management and automation, payment plan administration via e-Services, communication and reporting, database and system integration, and more.
- The Department of Finance works with other City agencies to enforce collection of judgment debt by suspending permits and licenses and offsetting the debt on vendor payments.
- DOF continues to improve the in-house collection case treatment flow and referrals.
 - DOF has leveraged and will continue to expand outreach communications to notify businesses and individuals who have outstanding ECB judgment debt in a timely manner.
 - DOF continues to convert some DOB-issued ECB judgments into property liens as authorized by the NYC Administrative Code. In FY24, DOF converted 1,247 violations to property liens totaling \$10.2 million. DOF also received \$2.2 million in payments from owners who were notified about the lien conversions.
 - DOF applied data analytics and debt segmentation methodologies to help assign and prioritize ECB judgment debt for various collection efforts.

FY24 Overview

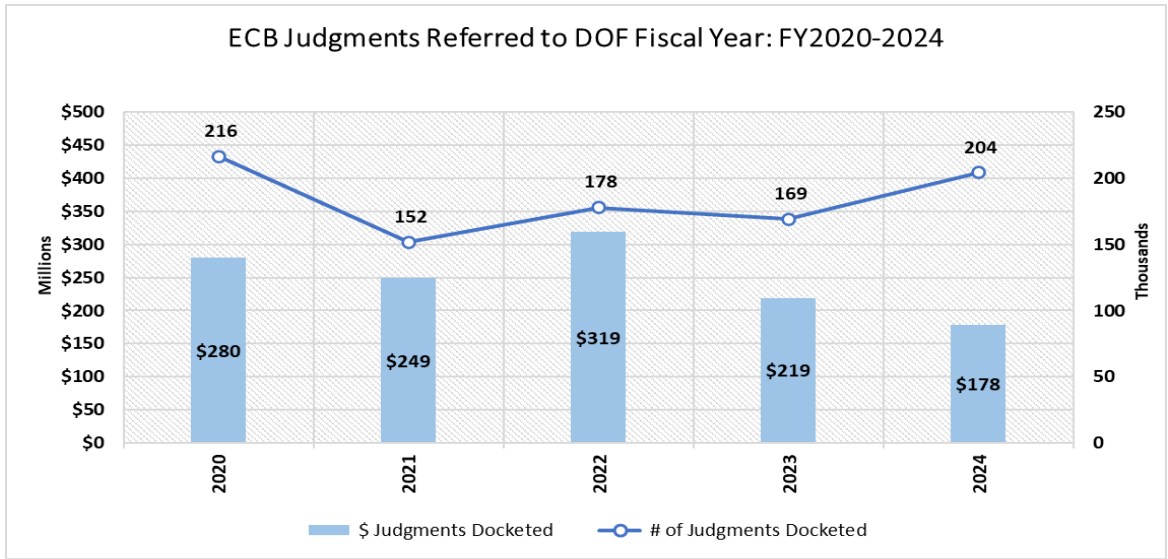
- The Department of Finance’s FY24 ECB judgment collection efforts were successful despite the reduction in revenue collected from the previous year. Although considerably fewer ECB judgments were referred to DOF in FY24, the continuation of special programs, the implementation of new initiatives, and collection efforts by the three collection agencies enabled DOF to collect \$66.1 million in FY24. The first-year collection rate (14.3%) was on par with the average from FY20 to FY23 (14.8%).
- FY24 ECB judgment revenue of \$66.1 million was \$5.7 million (7.9%) lower than the average \$71.8 million from FY19 through FY23; \$15.8 million (31.4%) higher than the average \$50.3 million collected from FY14 through FY18; and \$31.6 million (91.6%) higher than the average \$34.5 million collected from FY09 through FY13. (All revenue totals from previous fiscal years are net of the contribution by amnesty programs.)



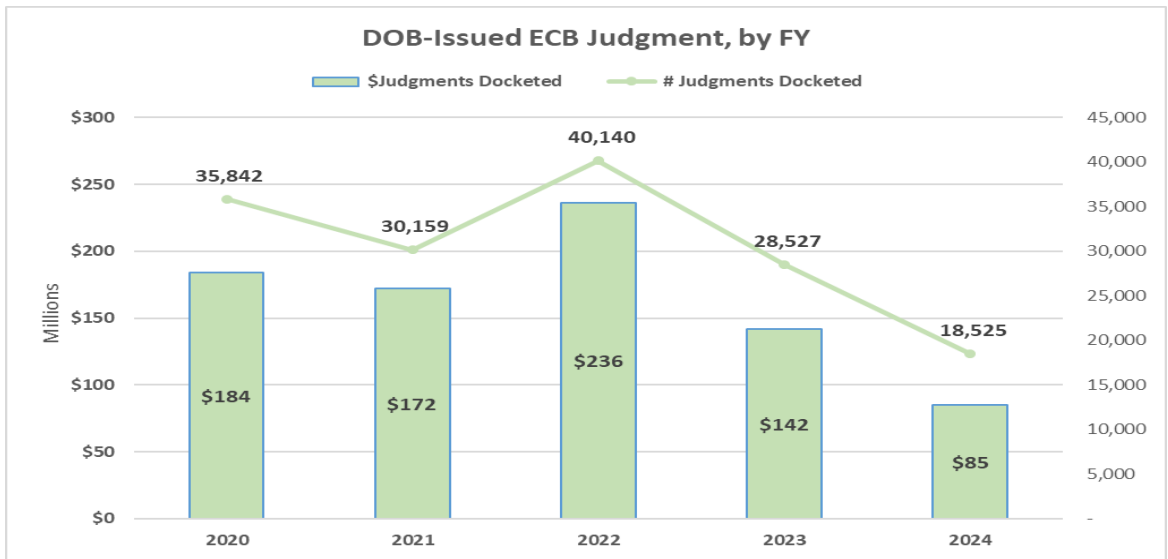
- Total execution issuance in FY24 (1,573) nearly reached the average pre-pandemic level of 1,800, while average collected revenue (amount collected per issued enforcement) in FY24 (\$4,415) was slightly higher than in FY23 (\$4,095). It was higher than the average from FY19 to FY21 (\$4,075), but 31% lower than the FY22 average of \$6,427.



- In FY24, the total value of the inventory of ECB debt increased slightly. At the close of FY24, the total value of outstanding ECB judgment debt after excluding the allowance for bad debt was \$619 million, up 0.4% from \$617 million at the close of FY23.
 - The allowance for bad debt reflects the fact that in many instances DOF is unable to collect from individuals and businesses because they have passed away, gone out of business, filed for bankruptcy, moved out of the City, or experienced financial hardship. Judgments included in the allowance for bad debt are not written off. The judgments remain in effect for eight years in case the respondent decides to pay. The total amount of the allowance for bad debt at the close of FY24 was \$670 million, up 1.5% from \$659 million in FY23. After subtracting this from the total ECB judgment inventory of \$1.29 billion, we arrive at the current value of the debt, \$619 million.
 - The allowance for bad debt increased slightly (1.5%) from \$659 million in FY23 to \$670 million in FY24. In FY21, DOF increased the number of collection agencies it uses to collect ECB judgments from two to three. The three collection agencies work the debt in succession. In FY21 and prior, DOF classified the debts that had been worked by two collection agencies as bad debt. Since FY22, the debts that had been worked by the third collection agency and returned to DOF were reclassified as bad debt.
- OATH referred 204,499 judgments, including 172,721 default judgments, to DOF in FY24, an average of 51,000 per quarter. Although the number of referrals in FY24 represented an increase of 21% from 169,057 in FY23, the amount of the judgments referred during the same period decreased 19% from \$219.2 million in FY23 to \$177.6 million in FY24. When comparing FY24 to FY22, the number of referrals indicated an increase of 15%, while the amount of the judgments referred showed a significant decrease of 44%.



- Both the number and the amount of DOB-issued ECB violation judgments in FY24 dropped significantly. The number of DOB-issued ECB violation judgments 18,525, decreased by 35% from 28,527 in FY23 and by 54% from 40,140 in FY22. The \$85.3 million of DOB-issued ECB judgments in FY24 represented a 40% decrease from \$142 million in FY23 and a 64% decrease from \$235.9 million in FY22.



- DOF confirmed with the Department of Buildings that the decrease in the issuance of the ECB violations was due to the construction industry’s greater compliance with the City’s safety regulations, DOB’s efforts to educate the industry on conditions that would result in stop-work orders, and the continued implementation of programs designed to help property owners avoid civil penalties.
- DOF’s in-house collection efforts rely on notices sent to respondents informing them of their judgment debtor status, calls made to and received from respondents, and enforcement efforts such as placing City licenses and permits on hold. In-house

collection revenue was \$40.2 million in FY24, a 16% decrease from \$48.1 million in FY23, consistent with the overall 13% decrease in overall revenue collection.

- DOF issued 1,573 legal execution referrals, a slight decrease from the prior year. DOF did not issue executions for one month during FY 24 due to the adoption of BTCS.
- DOF continued to work with the Department of Buildings, Department of Transportation, and Department of Consumer and Worker Protection to suspend permits and licenses issued by other City agencies for permittees and licensees with ECB debt. These initiatives generated \$9.2 million in revenue in FY24.
- DOF reviewed vendor payments to see if the vendor has ECB judgments. The judgment debtor is contacted and if payment is not made, DOF may offset the ECB judgments.
- DOF continued to make it possible for eligible respondents to settle and pay ECB default judgment debt online by entering into agreements with DOF for these settlements when the respondent has achieved compliance with the issuing agency.

Other FY24 Highlights

- In FY24, OATH referred 204,499 violations to DOF totaling \$177.7 million, including \$90.2 million (50.8%) in default penalties and \$11.4 million (6.4%) in interest. The number of judgments referred to DOF during FY24 increased by 35,442 (21%), and the dollar amount of judgments decreased by \$41.6 million (19%) compared to FY23.
- In FY24, 29,388 violations in the amount of \$25.4 million were docketed and paid. The number of violations docketed in FY24 and paid decreased by 5,389 (15.5%) from 34,777 in FY23. The dollar amount of violations docketed in FY24 and paid decreased by \$11.8 million (31.8%) from \$37.2 million in FY23.
- The number of collection letters issued by DOF and its collection agencies increased 56% from 388,000 in FY23 to 604,400 in FY24. This was mainly because of the increased number of collection letters sent by the first and third outside collection agencies in response to the large assignment of aged debt during FY24.
- The statute of limitations for ECB judgments is eight years from the docket date. After that time, OATH removes the expired judgments from DOF’s inventory. The dollar amount of expired judgments during FY24 was \$65 million. These judgments are distinct from violations included in the allowance for bad debt category. Eight years after docketing, they are no longer in effect.

Collection Rates

Since DOF’s collection efforts are part of a larger process of issuing and collecting ECB violations (see page A-5 for a process flow chart), the following table shows the collection rate for the first year after a violation is issued by a city agency, including both pre-judgment and post-judgment collections. In FY24, the one-year collection rate was 55.4%.

# of Summonses Issued *	700,373
# of Summonses Paid	388,323
- Before Judgment	373,823
- After Judgment	14,500
Collection Rate	55.4%

DOF also calculates a post-judgment collection rate. The first-year collection rate of an unpaid ECB violation after it was docketed as a judgment and referred to DOF was 14.3% in FY24. This is lower than the 17% first-year collection rate in FY23.

* Excluding violations issued by (i) Taxi and Limousine Commission, (ii) Department of Consumer and Worker Protection, and (iii) Department of Health and Mental Hygiene, as well as violations with unknown balances.

Item I: Department of Finance Inventory of OATH/ECB Debt

The total outstanding inventory, by quantity and dollar amount of violations, can be seen in the tables below. The total amount currently due is \$619,495,072, which excludes an allowance for bad debt of \$670 million.

Table 1: Total Outstanding Inventory and Its Components

# of Summons	Base Fine	Default Penalty	Interest	Total Inventory Before Allowance for Bad Debt	Allowance for Bad Debt	Total Amount Due
903,057	\$421,372,413	\$561,038,339	\$306,748,703	\$1,289,159,368	\$669,664,297	\$619,495,072

As outlined in the pie chart below, default penalties for failure to attend a hearing, which exclude judgments in the allowance for bad debt, are \$303 million, 49% of the total, and the largest component.

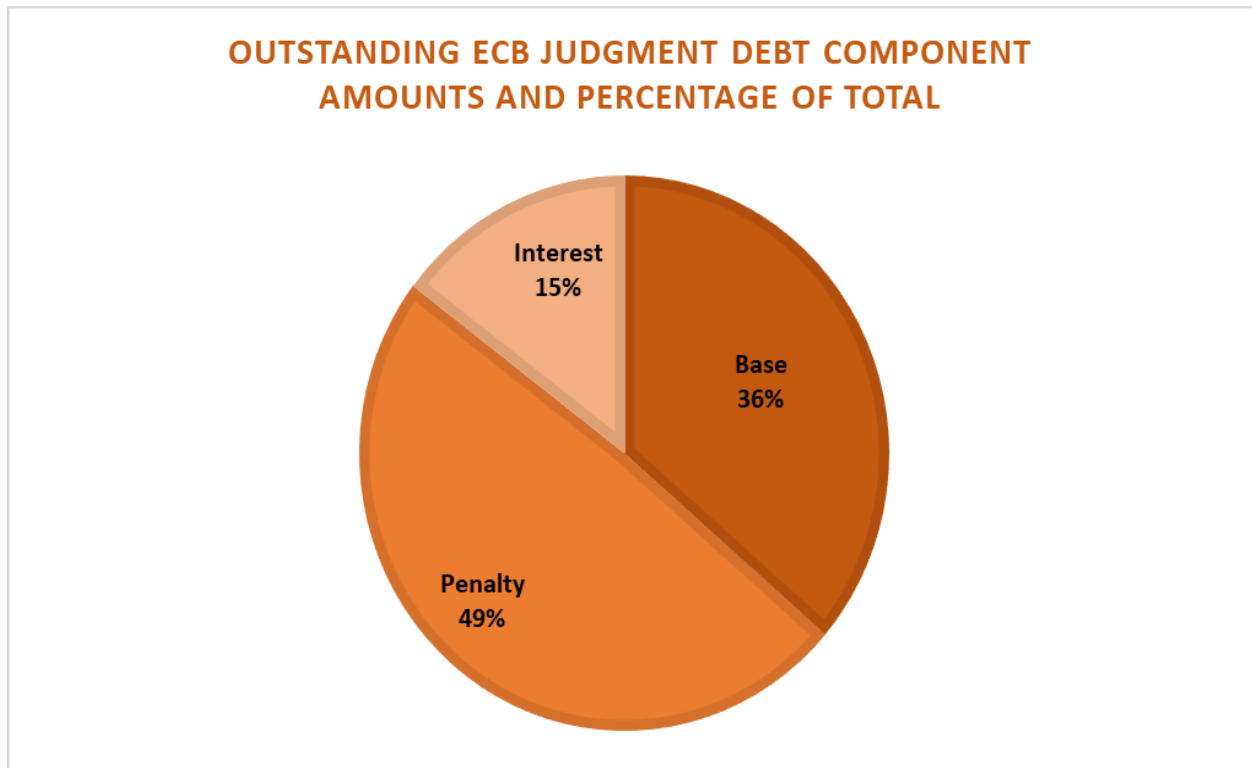


Table 2: DOF Inventory by Fiscal Year of Docket¹

Fiscal Year of Docket Date	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
FY25	57,975	21,455,473	29,072,325	578,749	51,106,518
FY24	172,741	57,333,348	75,021,510	8,749,442	141,104,308
FY23	115,374	59,501,199	76,455,891	21,870,183	157,827,242
FY22	94,860	68,554,927	99,646,213	40,174,325	208,375,457
FY21	4,396	3,412,617	4,764,056	2,367,585	10,544,256
FY20	6,859	3,655,682	4,350,474	3,041,001	11,047,155
FY19	7,722	3,868,368	4,391,486	3,831,534	12,091,388
FY18	9,534	3,663,766	4,661,381	4,750,242	13,075,393
FY17	10,079	3,515,042	5,040,787	5,687,985	14,243,815
FY16	15	32,025	30,400	17,115	79,540
Total	479,555	224,992,447	303,434,523	91,068,161	619,495,072

Table 3: DOF Inventory by Issuing Agency¹

Department of Buildings default penalties and interest account for \$252.2 million (40.7%) of the total value of outstanding judgment debt.

Issuing Agency	# of Summonses	Base Fine	Default Penalty	Interest	Inventory Amount
DOB	59,960	145,240,189	189,920,316	62,338,655	397,499,151
DSNY	350,043	25,030,680	69,059,493	14,434,515	108,524,658
FDNY	31,598	35,128,880	20,852,516	7,350,544	63,331,928
DOT	7,517	6,083,046	9,791,525	2,981,549	18,856,118
DEP	8,463	4,008,682	6,793,267	1,061,979	11,863,923
NYPD	7,160	2,992,688	3,305,187	1,136,164	7,434,037
Asbestos Control Program	793	2,265,098	2,278,584	1,020,436	5,564,118
DOHMH	4,939	2,395,051	702,509	363,588	3,461,147
Parks	7,422	1,074,159	480,209	202,023	1,756,391
Mayor's Office of Midtown Enforcement	169	241,113	59,755	58,174	359,042
DCA	824	282,680	80	36,351	319,110
Agency Missing	581	118,706	106,645	45,906	271,256
BIC	31	86,300	67,850	32,298	186,448
Other Agency*	55	45,175	16,587	5,981	67,743
Total	479,555	224,992,447	303,434,523	91,068,161	619,495,072

* Other Agency comprises Landmarks, Seagate PD, Storm Water Processing, Small Business Services, and Peter Cooper Stuyvesant Town, where total due was less than \$50K.

¹ Excludes allowance for bad debt of \$669 million. (See Table 1.)

Item II Fiscal Year 2024²

Items I and II: Total Number of Judgments Referred to the Department of Finance by OATH. Total dollar amount of judgments referred to DOF, disaggregated by base penalty, interest, and default penalty.

During FY24, DOF received 204,499 judgment violations from OATH for a total of \$177.7 million, including default penalties assessed against respondents for failing to appear at a hearing.³ There were 35,442 (21%) more judgments than the 169,057 judgments referred in FY23. The dollar amount of new referrals decreased by 19% from \$219.2 million in FY23 to \$177.7 million in FY24. The increase in the number of newly referred judgment violations was due to a 34.1% increase in the number of summonses (37,923) issued by the Department of Sanitation. The Department of Buildings issued 10,002 fewer violations, a decrease of 35.1%. The total amount of newly referred judgments due decreased \$41.6 million, mainly due to the decrease in the dollar amount of Department of Buildings judgments from \$142 million in FY23 to \$85.3 million in FY24.

Table 4: FY24 Total Judgments Referred

# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
204,499	\$76,016,087	\$90,242,610	\$11,401,984	\$177,660,847

Table 5: FY24 Judgments Referred by Issuing Agency

Issuing Agency	# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	18,525	\$40,263,063	\$39,500,304	\$5,556,685	\$85,320,072
DSNY	149,232	\$8,609,297	\$30,722,358	\$2,643,876	\$41,975,673
FDNY	16,448	\$17,180,535	\$9,057,017	\$1,730,153	\$27,967,707
DOT	4,537	\$3,944,821	\$6,215,325	\$701,620	\$10,861,768
DEP	4,318	\$2,062,941	\$1,996,777	\$290,326	\$4,350,044
NYPD	3,987	\$1,826,084	\$2,076,484	\$288,332	\$4,190,899
DOHMH	3,527	\$1,429,672	\$405,882	\$122,329	\$1,957,884
Parks	3,369	\$489,228	\$219,671	\$48,307	\$757,205
DCA	291	\$91,722	\$40	\$8,311	\$100,073
Mayor's Office of Midtown Enforcement	47	\$87,905	\$156	\$6,780	\$94,841
Agency Missing	199	\$13,519	\$32,721	\$3,180	\$49,420
Other Agency*	19	17,300	15,875	2,086	35,261
Total	204,499	\$76,016,087	\$90,242,610	\$11,401,984	\$177,660,847

* Other Agency comprises Landmarks, BIC, Storm Water Processing, Small Business Services, and Peter Cooper Stuyvesant Town, where total due was less than \$50K.

² All the data displayed in the subsequent tables, except for tables 6, 7, and 8, are as of 09/18/2024.

³ Summonses referred to DOF with docket dates from 06/30/2023 through 05/31/2024 (last docket period for FY2024 is 05/31/2024) are considered as FY2024. We have excluded any recalls. Recalls are cases where a respondent requested a hearing and was granted one by OATH. The number of recalls is small.

Item III: Average Length of Time for Referral of a Judgment from OATH to DOF

The average elapsed time from docketing to DOF referral was 1.93 days in FY24.⁴

Item IV: Total Dollar Amount Collected by DOF for Judgments Referred During Preceding Fiscal Year

As of September 18, 2024, DOF collected \$25.4 million against violations that were referred to the agency during FY2024. This is reflected in Table 6. As of September 18, 2023, the first-year collection rate for newly referred debt in FY2024 was 14.3%.

Table 6: Revenue for Violations Docketed During FY24

Payment Date by FY	# of Summonses Paid	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Total Collected
		0-3M	4-6M	7-9M	10-12M	13-24M	
FY24	29,388	\$15,941,380	\$5,750,829	\$2,400,541	\$1,009,763	\$252,043	\$25,354,556

Payments on ECB judgments referred to DOF in FY24, disaggregated by issuing agency, are listed in Table 7.

Table 7: Total Collected by DOF from 7/1/2023 to 9/18/2024

Issuing Agency	# of Summonses Paid	Total Amount Collected
DOB	4,399	\$11,934,872
FDNY	3,898	\$5,077,010
DOT	1,974	\$3,209,589
DSNY	15,738	\$2,537,031
NYPD	974	\$1,483,427
DEP	1,140	\$716,343
DOHMH	946	\$309,752
Other*	319	\$86,532
Grand Total	29,388	\$25,354,556

* Other Agency comprises Parks, Agency Missing, Mayor's Office of Midtown Enforcement, Storm Water Processing, DCA, and BIC where total collection was less than \$50K.

⁴ We took a sample of three months and looked at the average time that it takes for a violation to be received by DOF.

Item V: Length of Time for Collection of Judgments on Referred Violations during FY2024

Table 8: Time Between Docket Date and Payment from 7/1/2023 to 9/18/2024

Issuing Agency	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Revenue Collected
	0-3M	4-6M	7-9M	10-12M	13-24M	
DOB	\$6,955,054	\$2,920,895	\$1,289,026	\$625,099	\$144,799	\$11,934,872
FDNY	\$3,077,668	\$1,274,490	\$529,219	\$153,369	\$42,264	\$5,077,010
DOT	\$2,553,958	\$456,296	\$122,238	\$76,176	\$920	\$3,209,589
DSNY	\$1,530,901	\$625,069	\$268,249	\$82,795	\$30,018	\$2,537,031
NYPD	\$1,157,189	\$195,822	\$88,164	\$28,327	\$13,925	\$1,483,427
DEP	\$441,284	\$164,050	\$62,831	\$34,261	\$13,918	\$716,343
DOHMH	\$164,886	\$95,305	\$36,307	\$7,627	\$5,627	\$309,752
Other*	\$60,440	\$18,902	\$4,508	\$2,109	\$573	\$86,532
Grand Total	\$15,941,380	\$5,750,829	\$2,400,541	\$1,009,763	\$252,043	\$25,354,556

* Other Agency includes Parks, Mayor’s Office of Midtown Enforcement, Agency Missing, BIC, Storm Water Processing, Peter Cooper Stuyvesant Town, and DCA, where total collection was less than \$50,000.

Item VI: Total Number of FY2024 Judgments Requiring Corrective Action⁵

The number of violations that require corrective action decreased (18%) compared to FY23, from 40,923 to 33,671.

Table 9: FY24 Referred Judgments Requiring Corrective Action by Issuing Agency

Agency Name	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	17,476	\$37,214,520	\$35,371,203	\$5,069,923	\$77,655,646
FDNY	16,101	\$16,776,784	\$8,785,392	\$1,676,907	\$27,239,083
DEP	90	\$57,207	\$135,454	\$16,372	\$209,033
Storm Water Processing	3	\$8,500	\$0	\$467	\$8,967
Landmarks	1	\$5,000	\$0	\$510	\$5,510
Grand Total	33,671	\$54,062,011	\$44,292,049	\$6,764,178	\$105,118,239

⁵ Summonses referred to DOF with Aim Source = B docketed during FY2024 from static table of FY2024 Docketed Judgments; includes uncollectible states and satisfied summonses; excludes anything recalled.

Item VII: Enforcement Efforts Used by DOF to Collect Judgments in Item IV

The number of letters sent increased by 56%, from 388,000 in FY23 to 604,400 in FY24.

Table 10: Collection Letters Sent in FY24 By Letter Type

Enforcement Letters Sent FY24:		
Type	Count of Letter	Total \$ Addressed
DOF Initial Letter	114,832	\$623,527,532
DOF Partial Payment & Payment Plan Letter	6,848	\$132,554,297
DOF Letters in Response to Bounced Checks	9	\$155,105
DOF Follow-up/Special Collection Letter	2,166	\$141,674,066
DOF Legal Affairs Demand Letters	421	N/A
OCA* Demand Letter	480,142	\$894,076,217
Total	604,418	\$1,791,987,217

* Outside Collection Agencies

Table 11 shows the marshal and sheriff executions issued during FY24. Most executions are referred to city marshals, but in a limited number of situations, DOF issues executions to the Sheriff's Office.

Table 11: Legal Executions Issued by Fiscal Year

FY	# of Executions Issued			Amount Collected		
	Sheriff	Marshals	Total	Sheriff	Marshals	Total
2024	28	1,545	1,573	\$57,740	\$6,887,225	\$6,944,966
2023	83	1,606	1,689	\$39,725	\$6,875,921	\$6,915,646
2022	17	497	514	\$202,772	\$3,100,736	\$3,303,508
2021	0	381	381	\$61,282	\$1,532,161	\$1,593,443
2020	270	753	1,023	\$642,339	\$4,021,995	\$4,664,334
2019	495	1,997	2,492	\$544,316	\$9,075,742	\$9,620,058
2018	119	1,894	2,013	\$86,300	\$2,499,159	\$2,585,459

Item VIII: Total Number of Statutorily Expired Judgments, by Issuing Agency

There is an eight-year statute of limitations for ECB judgment violations. Violations that are older than eight years have expired and are excluded from the inventory. In Table 12, FY16 judgment violations are considered expired and were excluded from the inventory.

FY16 through FY24 figures also reflect judgment violations that were withdrawn by issuing agencies and were excluded from the inventory.

Table 12: Total Number of Judgments Statutorily Expired and Withdrawn by FY

Fiscal Year of Docket Date	# of Summonses	\$ Amount Due
FY24	30	\$38,900
FY23	32	\$57,750
FY22	4	\$13,800
FY21	2	\$600
FY20	4	\$10,188
FY19	1	\$3,000
FY18	1	\$1,000
FY16	72480	\$64,864,862
Unknown	3	\$780
Total	72,557	\$64,990,880

Table 13: Total Number of Judgments Expired by Issuing Agency

Agency Name	# of Summonses	\$ Amount Due
DOB	5,370	\$35,832,626
DSNY	56,136	\$14,773,077
FDNY	3,126	\$6,343,622
DOT	1,284	\$2,141,283
DOHMH	2,243	\$1,940,407
DEP	950	\$1,798,229
Parks	2,280	\$1,115,471
NYPD	953	\$591,575
Asbestos Control Program	65	\$308,023
Other *	150	\$146,568
Total	72,557	\$64,990,880

* Other Agency includes Agency Missing, BIC, Landmarks, DCAS, Seagate PD, DCA and Animal Care & Control, where total due was less than \$75k.

What is ECB?

THE ENVIRONMENTAL CONTROL BOARD (ECB)

is a part of the Office of Administrative Trials and Hearings (OATH).

It is an administrative court - not part of the state court system.

ECB judges hear cases on violations of the City's laws that protect the City's quality of life.

Types of ECB Violations

These violations come from over a dozen different agencies and include:

- Dirty sidewalks
- Littering
- Failure to remove snow and ice
- Posting of posters or signs where they are not permitted
- Work without a permit from the Department of Buildings (DOB)
- Failure to comply with DOB building code
- Failure to file a Certificate of Correction with DOB
- Failure to comply with a DOB order

Types of Debt

There are two types of Debt*

COMPLIANCE- \$466.5 million

- Requires a correction to be made to rectify the violation.

NON-COMPLIANCE- \$153.0 million

- Does not require corrective action.

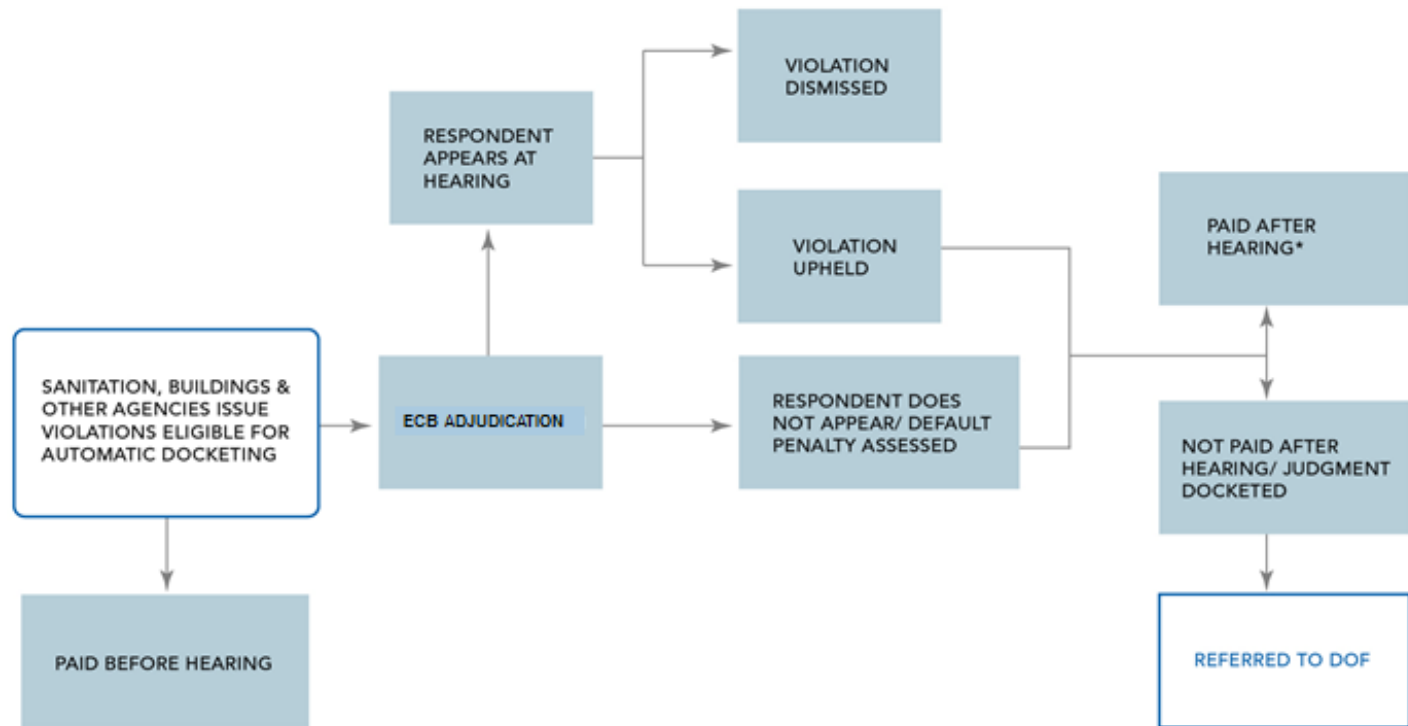
* As of September 2024

Pre-DOF Process Key Points

- Violations are issued against property owners, individuals, businesses, lessees, contractors, or pedestrians. Summonses do not indicate the entity type
- Each violation requires an affidavit of service
- Respondents are entitled to due process, including contestation of proper service, prior to DOF referral
- Most violations are resolved prior to DOF referral; 53.4% paid and 5.3% dismissed at hearing¹
- About 84% of the violations referred to DOF have large penalties imposed for failure to attend a hearing. In some instances, the penalties can quintuple to the base fine amount. Base fines only constituted 43% of the amount referred in FY24

¹ FY2024 Data

Context: Pre-DOF Process Overview



* For Paid After Hearing, the Criminal Justice Reform Act violations may be addressed via community service



Hearings for ECB Violations

- For both Compliance or Non- Compliance violations, ECB holds a hearing.
 - If the respondent attends the hearing and is found guilty:
 - The judgement amount is the base fine.
- Default means the respondent did not attend a hearing at ECB.
 - If respondent failed to appear for a hearing:
 - ECB imposes a default penalty.
 - Judgment amount is the base fine plus the default penalty.
 - Default penalty can be significantly more than the base fine.
- Docketed means the violation is in judgment and has been entered into the court's records.
 - Interest begins to accrue on the judgment amount once a violation is docketed.

DOF Challenges

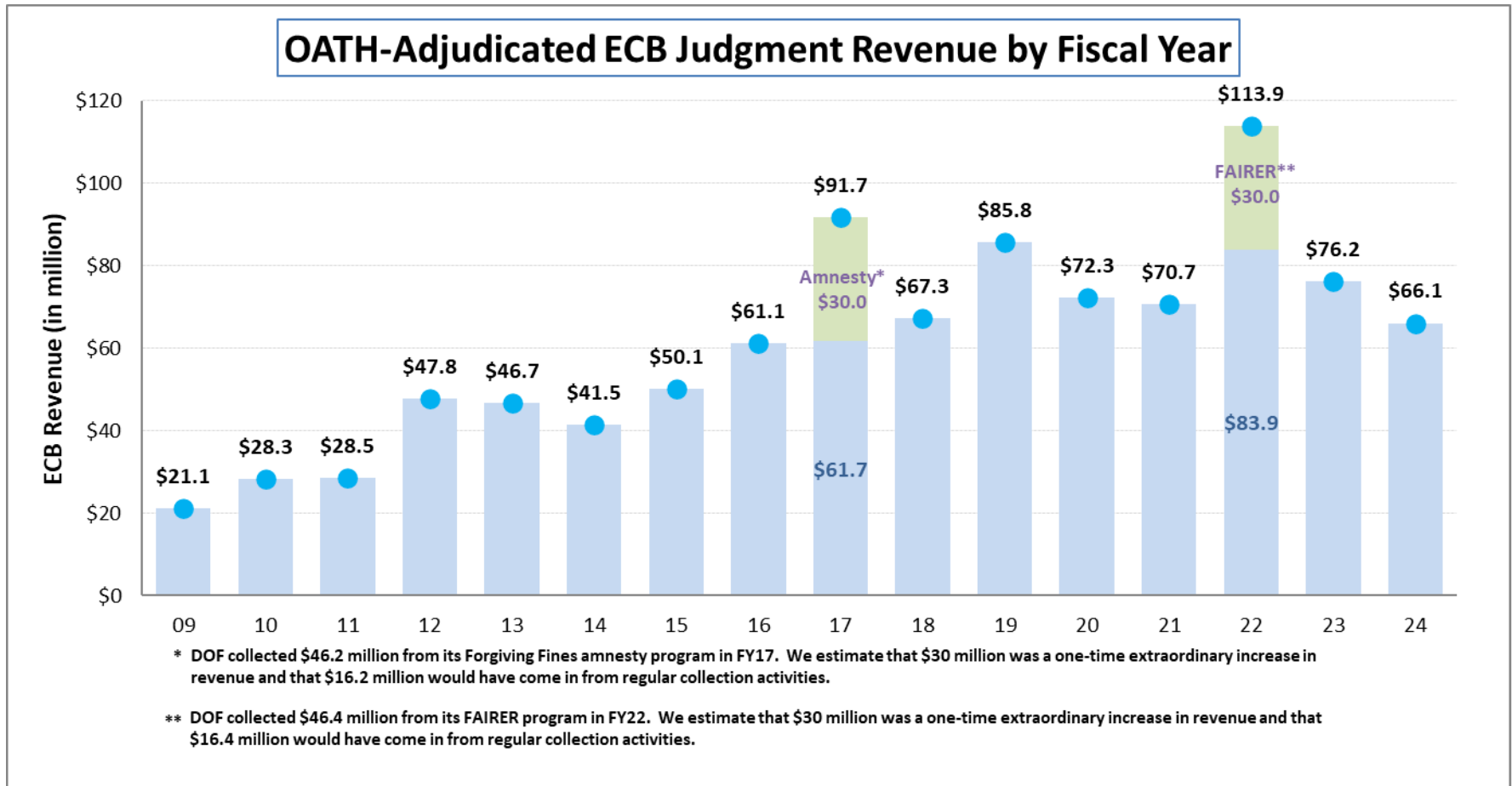
- **Nature of the debt** ECB judgments are not always issued against property owners and those that are can only become property liens under certain circumstances. In contrast, property liens attach directly to a property and must be paid during property transfers, making them a more effective collection device.
- **LLCs** Many properties are held in the name of LLCs. Each LLC is only legally responsible for its own obligations (i.e., judgments filed under its name). The LLCs make it difficult to aggregate the debt when the beneficial owners of the LLC are not known and/or when a landlord has a different LLC “owner” for separate properties.
- **Affidavit of Service** Each violation has an affidavit of service to show that the respondent was properly served with the violation. When a respondent claims that they have not been served with the violation, the affidavit of service may be the basis for the respondent challenging the underlying violation. Verification of service prevents DOF from enforcing against multiple respondents at the same time as it does when booting vehicles for parking ticket debt.

Other Challenges

OATH violations are difficult to collect because:

- Businesses often go out of business/file for bankruptcy and some owners reincorporate in a new name to avoid judgments
- Respondents who passed away
- Violations are written to incorrect name, incorrect address or incorrect entity that has no legal connection to the property
- Often the violation is handwritten and data is entered manually which may result in name misspellings or typos
- There is no unique identifier for the violations such as:
 - EIN or SSN for the respondent
 - Borough, Block, and Lot (BBL) for the property
- Respondents often file motions to vacate default judgments at OATH
- The Department of Buildings defaulted judgments maybe corrected and the amount owed may change when they are being collected

Appendix B: ECB Judgment Revenue FY09 – FY24



Appendix C: ECB Judgment Collection Rate

ECB Judgment First-Year Collection Rate By Fiscal Year	
Fiscal Year	First Year Collection Rate*
15	8.8%
16	11.1%
17 **	12.8%
18	11.7%
19	15.3%
20	13.0%
21	13.3%
22 ***	16.1%
23	17.0%
24	14.3%

* Derived by dividing FY revenue for new referrals by the FY new referrals. NOTE: First-year collection rates that appeared in previous versions of the Local Law 11 Report were found to have an error. The rates shown here correct the previously reported first-year collection rates.

** We were unable to estimate the impact of amnesty on the FY17 first-year collection rate. Very few first year judgments were eligible for amnesty but some amnesty applicants paid for both amnesty eligible and for newer judgments.

*** There was no/little direct impact of amnesty on the FY22 first-year collection rate as ECB judgments docketed after June 23, 2021 were not eligible for the FAIRER program.