



Commissioner Jacques Jiha, Ph.D.
FY19 Preliminary Budget hearing testimony
March 5, 2018

1 Good afternoon.

2 Thank you, Chair Dromm and members of the Finance committee, for the
3 opportunity to testify today.

4 My name is Jacques Jiha, and I am the commissioner of the New York
5 City Department of Finance. I am joined today by First Deputy
6 Commissioner Michael Hyman.

7 Since this is my first opportunity to testify before many of the new
8 committee members, I'll begin with a brief overview of the agency. We
9 tend to go about our business quietly, but we play an incredibly important
10 role in city government.

11 Among other things, the Department of Finance administers the tax and
12 revenue laws of the City, including property and business taxes and
13 parking summonses.

14 We value close to 1.1 million properties worth a combined market value
15 of \$1.3 trillion, and we are responsible for recording deeds and other
16 documents associated with those properties. We administer 26 exemption
17 and abatement programs that provide about \$3.8 billion in tax relief to
18 property owners and renters.

19 We manage the City's banking relations and treasury with operating cash
20 balances of more than \$14 billion. We advise the mayor on the City's five
21 pension systems, and, through the Sheriff's Office, enforce the orders of
22 the city and state court systems.

23 And one of our most important responsibilities is to keep you informed of
24 the City's financial position.

25 Through February, New York City's revenue totaled about \$46 billion,
26 an increase of 11 percent over last year. This increase is partly the result
27 of taxpayers prepaying their taxes in December because of the new
28 federal tax law limiting the deductibility of state and local taxes.

29 While our overall financial position is relatively strong, there are several
30 areas of concern.

31 The corporation tax continues to underperform, declining by about 4% so
32 far this fiscal year. The real property transfer and the mortgage recording
33 tax, which are indicators of the health of the real estate market, have
34 declined by about 6% and 5%, respectively.

35 There are also economic uncertainties which, when combined with recent
36 stock-market volatility and concerns over the still-developing national

37 economic policies of the Trump administration, give us reason to
38 approach the FY19 budget cycle with caution.

39 As such, we will continue to closely monitor tax collections and will brief
40 the Council as warranted.

41 While revenue collection is an important part of our job, I would also like
42 to give you a sense of the principles and priorities that guide our work.

43 At the Department of Finance, we believe that like any business, cities
44 that do not provide efficient, friendly services at reasonable prices will not
45 attract or retain customers—in our case, the residents, visitors, and
46 businesses that support our robust and diversified tax-revenue base.

47 And so we treat all New Yorkers with fairness and respect.

48 We try to give our customers the benefit of the doubt.

49 We strive to collect the right amount of taxes: not one penny more, and
50 not one penny less.

51 This means that if you overpay your taxes, we will come looking for you
52 to give you a refund.

53 In fact, the number of refunds issued by the City since my appointment as
54 commissioner has increased more than 60% over the previous four years.

55 Our business model is built on four foundational pillars: fairness,
56 efficiency, transparency, and customer service.

57 These pillars are at the heart of an annual strategic planning process that
58 has united the Department of Finance around a suite of more than 100
59 projects designed to modernize the agency, improve our processes, and
60 ensure a better experience for our customers.

61 Many successful initiatives have emerged from this process, including
62 several that have made it easier for customers to pay what they owe, or
63 challenge us when they think we have made a mistake.

64 For example, you can now pay or dispute a parking ticket from the palm
65 of your hand with our award-winning Pay or Dispute app.

66 Since its launch in April of last year, the app has been downloaded
67 265,000 times, and more than 400,000 tickets were disputed or settled
68 using its simple, customer-friendly interface. Pay or Dispute is truly a
69 win-win, making the parking-ticket-resolution process easier for both the
70 customer and the agency.

71 The next best thing to paying a parking ticket from your phone is being
72 able to pay it in your own neighborhood, even if you do not have a credit
73 or debit card.

74 Thanks to a new partnership with a company called Pay Near Me, New
75 Yorkers can now settle their parking violations in cash at over one
76 hundred 7/11 stores in the city, and thousands more locations
77 nationwide—in fact, 15% of all our Pay Near Me transactions have been
78 conducted out of state.

79 The Pay Near Me partnership and the Pay or Dispute app were designed
80 to provide our customers—in this case, parking-ticket recipients—with
81 the most convenient experience possible.

82 We are also making it easier for New Yorkers to apply for and receive the
83 benefits administered by the Department of Finance, with online
84 platforms that allow landlords, coop boards, condo management
85 companies, and Rent Freeze program participants to renew their benefits
86 and upload their documentation electronically—no more mailing us a
87 packet of information or making a special trip to one of our business
88 centers.

89 At the same time, we are speeding up the determination process for the
90 Rent Freeze program by automatically uploading data from the IRS and
91 Social Security Administration. This will make the determination process
92 faster and less burdensome for seniors and people with disabilities.

93 We have also launched a new business-tax system which has made life
94 much easier for tax practitioners—a key Department of Finance
95 constituency.

96 Accountants and lawyers now have direct access to their clients' records
97 online and can perform many transactions from a single, secure portal.

98 Our experiences with this system will help guide the launch of a new
99 online property-tax system that will allow property owners to access
100 important information and apply for tax benefits in a single place.

101 In addition to providing customers with helpful and user-friendly
102 resources, we are also resolute in our effort to address their complaints.

103 That is why we have created two units whose purpose is to make the
104 agency more accountable to the public.

105 The first is the Office of the Taxpayer Advocate, which assists taxpayers
106 who feel that they have not received an adequate response through normal

107 Department of Finance channels. Since its creation, the Office of the
108 Taxpayer Advocate has helped New Yorkers receive almost \$2.5 million
109 in refunds and more than \$5 million in tax abatements and credits.

110 The second is the Parking Summons Advocate, whose office will focus
111 on identifying and resolving systemic issues regarding parking
112 infractions. Once this position is filled, we will be one of only two major
113 cities in the country with an office devoted to advocating on behalf of
114 parking-ticket recipients.

115 We are also committed to keeping New Yorkers in their homes. Last year
116 we supported state and local legislation that increased the income ceiling
117 for the senior citizen and disabled homeowners' property tax exemptions.
118 More than 44,500 households receive these benefits, and we continue to
119 reach out to homeowners who may be eligible under the new income
120 guidelines.

121 We also continue to push for state legislation that will allow us to build
122 on our successful efforts to fight deed fraud, which remains a serious
123 concern for property owners in New York City.

124 And we are grateful to have worked with the city council on other
125 initiatives designed to help New Yorkers, including the Rent Freeze
126 program, our lien-sale outreach, and the very successful Environmental
127 Control Board amnesty program.

128 Of course, our work is far from finished. We have many goals for the new
129 term, and I would like to share just a few of them with you today.

130 The first is what we are calling the “One Account” model.

131 Today, if you have multiple relationships with the Department of Finance,
132 you are required to visit different websites and create different accounts
133 in order to conduct your business.

134 With the One Account model, all of your relationship and transactional
135 data will be housed in a single user-friendly web portal.

136 You will be able to access everything with a single account—every
137 property you own, every tax break you receive, every fine or business tax
138 you must pay.

139 This will be enormously helpful to customers who are trying to keep
140 multiple accounts in good standing.

141 We are also exploring the creation of a Department of Finance call center
142 which would give customers a direct line for questions about all business-
143 tax services and personal benefits, including the Rent Freeze program and
144 the senior citizen, disability, and veterans-tax exemptions.

145 Right now, we rely on 311, and their agents do a great job helping our
146 customers. But when you have a question about net operating losses or
147 you don't understand the legal definition of income when you are
148 applying for a senior exemption program, you don't need 311—you need
149 a tax expert or an exemption expert to assist you with your application.

150 With the Department of Finance call center, customers will get an answer
151 right away, or, if a question requires further research, within seven days.

152 Another priority of this administration is an issue that has perplexed
153 several previous state and city administrations for decades—namely
154 property-tax reform.

155 Now, how we assess and collect property taxes is largely a matter of state
156 law, but in the last three years, the Department of Finance has been
157 building the infrastructure to improve our valuation methods.

158 We have dramatically improved our data collection, econometric
159 modeling, and valuation process by hiring more assessors and making a
160 major investment in street-level imagery with GIS accuracy to
161 complement our on-site inspections.

162 This technology has been a game changer for the agency, allowing us to
163 re-engineer our valuation process to review more properties with fewer
164 errors.

165 For example, our assessors visited approximately 15,000 parcels in a
166 three-month period in 2016.

167 For the same period in 2017, they reviewed about 52,600 parcels: 43,000
168 via desktop review, and the rest through field visits.

169 As a result, we made close to 8,600 data corrections in those three months
170 alone.

171 This has resulted in property-tax values that are more accurate and more
172 transparent than they were four years ago.

173 This is a prime example of how technology and governmental innovation
174 can help us do our jobs better, serve our clients better, and carry out our
175 core mission better.

176 We will continue to explore new methods to improve the property-tax
177 system. But, frankly, we cannot do it on our own. State legislation will be
178 necessary to overcome the legal constraints imposed by Albany.

179 Mayor de Blasio has stated on many occasions that reforming our
180 property-tax system in a revenue-neutral manner is a second term priority.

181 He is of the fundamental belief that we should strive for a more
182 straightforward, more transparent, and more consistent system.

183 He is also very clear-eyed, as am I, that this will be a massive undertaking.

184 And reform has become even more difficult now that the federal
185 government has limited the deductibility of state and local taxes for
186 individual taxpayers.

187 To put it simply, federal tax reform was not designed to reward cities like
188 New York. It has real consequences for the people who live, work, and
189 pay taxes here, and this administration is committed to working with you
190 and the State to help reduce the negative impacts of the law where
191 possible.

192 In this and in all other matters, our goal in working with you will always
193 be to provide timely responses and accurate information so that you can
194 make informed decisions and provide first-rate service to your
195 constituents.

196 We are proud and eager to be your partners, and we know that we cannot
197 achieve our goals without your support.

198 As we go forward together, please know that we are as committed to our
199 customers as you are to your constituents—and if you have ideas for how
200 we can do a better job serving the public, we would love to hear them.

201 Thank you and I am happy to take any questions.