

# DEPARTMENT OF FINANCE

Jacques Jiha, Commissioner



## WHAT WE DO

The Department of Finance (DOF) has a broad range of responsibilities, including collecting nearly \$35 billion annually in revenue for the City and valuing more than one million properties worth a total of more than \$1 trillion. The Department of Finance also records property-related documents, administers property tax exemption and abatement programs, adjudicates parking tickets, administers the City's network of bank accounts, manages the City's cash flows and administers the City's business and excise taxes.

In addition, DOF provides administrative support to the City's Banking Commission, which recommends interest rates for late payments of property taxes and approves bank and trust companies to hold City funds.

Through the Office of the Sheriff, DOF enforces court mandates, orders, warrants of arrest, property seizures, and conducts investigations of deed fraud, the sale of illegal and untaxed tobacco products, and the sale of synthetic cannabinoids.

Through the Mayor's Office of Pensions and Investments, DOF advises the Administration on the management of the City's five pension systems.

## FOCUS ON EQUITY

The Department of Finance administers the City's tax revenue laws fairly, efficiently and transparently to instill public confidence and encourage compliance, while providing exceptional customer service. Following the tenets of this mission, the agency has undergone a significant shift toward a more equitable and customer-centric business model, introducing a number of reforms and initiatives intended to ensure that all taxpayers, employees and stakeholders are treated fairly. Among the new services DOF has introduced is the Office of the Taxpayer Advocate, with a focus on helping taxpayers better understand the tax system.

DOF is in the process of reengineering its critical, customer-facing processes. As part of this major overhaul, the agency has implemented private-sector tools such as the Lean Six Sigma methodology to streamline processes, eliminate waste and inefficiencies, reallocate resources and improve end-to-end processing times. After a thorough internal review of the Rent Freeze Program, the agency found that 42 percent of SCRIE and 76 percent of DRIE initial applications submitted were incomplete. To address the issues, DOF is making significant changes to all of the exemption and abatement programs. The agency is simplifying its application forms, leveraging data from other government agencies to simplify eligibility determinations, using technology to revamp how applicants and clients submit and receive information, redesigning forms with larger fonts for seniors and people with visual impairments, creating a portal for landlords to submit lease information for the application-review process and partnering with the Social Security Administration and other government agencies to obtain income data that will enable the agency to verify eligibility more quickly and lessen the burden on seniors and people with disabilities.

## OUR SERVICES AND GOALS

### **SERVICE 1 Bill and collect property and other taxes.**

Goal 1a Increase the proportion of individuals and businesses that are in compliance with tax and revenue laws.

Goal 1b Promptly review requests for refunds.

### **SERVICE 2 Bill, adjudicate and collect on parking tickets.**

Goal 2a Increase the proportion of parking tickets that are collected.

Goal 2b Assure that all respondents are offered convenient options for challenging tickets.

### **SERVICE 3 Administer rent and property owner exemption programs.**

Goal 3a Promptly review applications for exemption programs.

### **SERVICE 4 Help NYC taxpayers resolve tax issues.**

Goal 4a Through the Office of the Taxpayer Advocate, promptly address inquiries and resolve cases.

### **SERVICE 5 Record property-related documents.**

Goal 5a Increase the percentage of online property recording transactions.

# HOW WE PERFORMED IN FISCAL 2016

## SERVICE 1 Bill and collect property and other taxes.

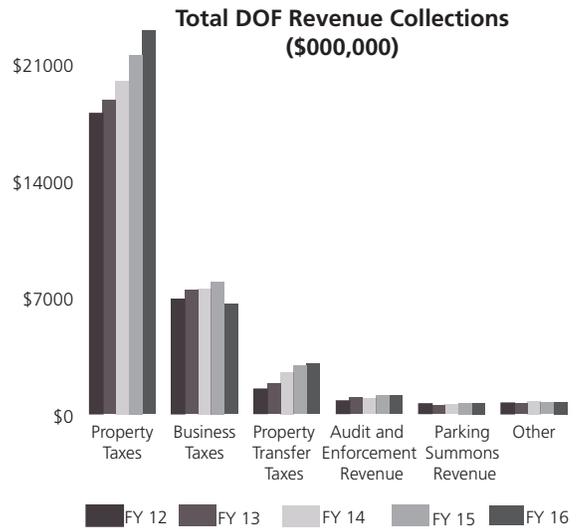
**Goal 1a** Increase the proportion of individuals and businesses that are in compliance with tax and revenue laws.

The Department of Finance’s customer-centric business model is built on a platform of transparency and robust communication among taxpayers, their representatives and DOF. Recognizing that clear and concise guidance to the public is a critical component of effective tax administration, DOF has focused its efforts on ensuring that policy changes are quickly and effectively communicated so that taxpayers are better able to comply. To further increase compliance, DOF has adopted a Taxpayers Bill of Rights which sets forth clear, simple and non-technical explanations of the laws and procedures in all tax forms, instructions, publications, notices and correspondence.

The average turnaround time for audit completion rose five percent, from 479 to 504 days, principally due to the work involved in bringing the new business tax system online during this fiscal year. This is seen as a one-time occurrence and the Department anticipates that the long term downward trend will continue.

Tax liability as a result of audits rose by 7.5 percentage points to 25.8 percent and the average amount collected from an audit increased by nearly eight percent to \$238,000, as several large audits were completed during the fiscal year, a result of greater effectiveness in case modeling and screening.

In Fiscal 2016, 14 percent of originally noticed properties were sold in lien sales. As part of its due diligence review before and after mailing lien-sale notices, DOF removed parcels with incorrect addresses, properties slated for In Rem foreclosure, dropped lots, sliver lots, homeowners associations, landlocked lots and government-owned properties from the candidate list. As a result of a new application allowing property owners to be excluded from the lien sale due to extenuating circumstances, 58 properties were removed from the lien sale. Additionally, the Department contacted 203 not-for-profits that previously had received the not-for-profit exemption but had not filed for renewal. Of those, 130 renewed their exemption.



Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
★Property taxes billed that are paid (%)	97.3%	97.5%	98.6%	98.5%	98.6%	97.0%	97.0%	Up	Neutral
- Paid on time (%)	94.4%	94.8%	95.0%	95.3%	96.1%	*	*	Up	Neutral
Average turnaround time for audits (days)	684	632	677	479	504	*	*	Down	Down
Increase in tax liability as a result of audits (%)	10.5%	13.6%	16.0%	18.3%	25.8%	*	*	Up	Up
Originally noticed properties sold in lien sale (%)	19%	20%	21%	16%	14%	*	*	Down	Down

★ Critical Indicator "NA" - means Not Available in this report ↕ shows desired direction

**Goal 1b** Promptly review requests for refunds.

On average, the Department issued business tax refunds in 9 days compared to 31 days a year ago. The decrease was due to the implementation of Gentax in the second half of the year. Gentax is a new application that replaced the 24 year-old Fairtax program that is the foundation of the DOF Business Tax System. At the same time, the number of business tax refunds rose by more than 400 percent to 111,513 as the Department did a massive refund issuance in June as part of a clean-up of credits and overpayments, which skewed the annual average issuance time. Through May 2016, the time to issue a business tax refund was averaging 24 days. Gentax has enabled DOF to easily process and issue refunds nightly rather than weekly.

For property taxes, the average time to issue a refund time held steady at 24 days and remained better than the 28-day target.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
★ Average time to issue a property tax refund (days)	26	27	37	24	24	28	28	Down	Neutral
★ Average time to issue a business tax refund (days)	32	30	29	31	9	32	32	Down	Down

★ Critical Indicator "NA" - means Not Available in this report ↕ ↗ shows desired direction

## SERVICE 2 Bill, adjudicate and collect on parking tickets.

**Goal 2a** Increase the proportion of parking tickets that are collected.

The percentage of parking tickets paid within 90 days from issuance increased from 65.8 percent in Fiscal 2015 to 66.8 percent in Fiscal 2016. The percentage of tickets paid before the assessment of a penalty remained virtually unchanged at 55.2 percent.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
Tickets paid before penalty assessed (%)	NA	51.5%	53.1%	55.3%	55.2%	*	*	Up	NA
★ Parking tickets issued that are paid within 90 days (%)	65.1%	63.5%	63.2%	65.8%	66.8%	65.0%	65.0%	Up	Neutral

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**Goal 2b** Assure that all respondents are offered convenient options for challenging tickets.

The number of parking ticket hearings decreased by 6.1 percent, from 1,041,841 in Fiscal 2015 to 978,447 in Fiscal 2016, coinciding with a decrease in the number of parking tickets received. Fewer hearings, expanded payment options and enhanced utilization of administrative law judges, resulted in a decrease in the hearing turnaround times for all categories: in-person, by mail and online. Leveraging technology, DOF continues to work on ways to make paying or challenging tickets easier and more convenient for customers.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
★ Parking ticket hearings - Total	1,235,067	901,026	1,104,940	1,041,841	978,447	*	*	Neutral	Down
★ Average turnaround time for in-person parking ticket hearings (minutes)	18	19	25	19	14	25	25	Down	Down
★ Average turnaround time to issue decision for parking ticket hearing-by-web (days)	6.5	3.8	7.0	6.5	4.4	8.5	8.5	Down	Down
★ Average turnaround time to issue decision for parking ticket hearing-by-mail (days)	23.2	4.2	10.3	8.3	7.0	14.0	14.0	Down	Down
Parking ticket appeals reviewed	26,478	36,094	41,405	55,036	58,939	*	*	Neutral	Up
Parking ticket appeals granted a reversal (%)	12.2%	9.9%	12.8%	14.0%	10.0%	*	*	Down	Neutral

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### SERVICE 3 Administer rent and property owner exemption programs.

**Goal 3a** Promptly review applications for exemption programs.

Following a significant increase in the SCRIE program's income eligibility from \$29,000 to \$50,000 in the beginning of Fiscal 2015, the number of initial applications received nearly doubled last year. In Fiscal 2016 the volume of initial applications received, while higher than the years prior to the change, leveled off to approximately 9,000. The Department is developing a new SCRIE mobile marketing outreach program, partnering with senior and advocacy groups to bring the SCRIE application process to the neighborhoods where eligible seniors live. DOF is also leveraging data for targeted communications and developing a program to reach seniors through their support network (e.g., extended family, places of worship and healthcare professionals). As a result of enhanced marketing outreach and improvements in application processing, the agency expects to see an increase in the number of applications in Fiscal 2017. The volume of SCRIE renewal applications increased in Fiscal 2016 and is expected to increase every year, in lockstep with the growth of new application volume.

At 4.7 days, the average time to process initial SCRIE applications was three days faster than a year ago, attributed to the decrease in applications as well as process changes and cross training of all processing staff, which have allowed for greater efficiency. For similar reasons, average processing times for SCRIE renewal applications were also faster, improving by two days. The Department expects to further reduce the turnaround times with the ongoing enhancements to processing.

Initial and renewal applications submitted for the Disability Rent Increase Exemption program, where the income eligibility threshold was also raised in Fiscal 2015, were processed in 7.5 and 7.6 days, respectively.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
Senior Citizen Rent Increase Exemption (SCRIE) - Initial applications received	NA	7,094	8,272	15,713	8,951	*	*	Neutral	NA
★Average time to process initial SCRIE applications (days)	NA	17.3	4.4	7.7	4.7	10.0	10.0	Down	NA
SCRIE renewal applications received	NA	22,670	21,239	23,321	27,760	*	*	Neutral	NA
★Average time to process renewal SCRIE applications (days)	NA	13.4	9.6	8.9	6.9	10.0	10.0	Down	NA
Disability Rent Increase Exemption (DRIE) - Initial applications received	NA	NA	NA	NA	2,594	*	*	Neutral	NA
★Average time to process initial DRIE applications (days)	NA	NA	NA	NA	7.5	10.0	10.0	Down	NA
DRIE renewal applications received	NA	NA	NA	NA	5,816	*	*	Neutral	NA
★Average time to process renewal DRIE applications (days)	NA	NA	NA	NA	7.6	10.0	10.0	Down	NA

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## SERVICE 4 Help NYC taxpayers resolve tax issues.

**Goal 4a** Through the Office of the Taxpayer Advocate, promptly address inquiries and resolve cases.

The Office of the Taxpayer Advocate (OTA), which opened in August 2015, plays an important role in protecting taxpayer rights and promoting taxpayer confidence in the integrity and accountability of the Department of Finance. The OTA has made a positive impact on DOF's efforts to improve customer service, increasing the transparency with which the agency serves NYC residents by holding the agency's staff to a higher level of accountability. Through its case and advocacy work, the OTA has identified problems that affect taxpayers. In addition to addressing issues directly with the taxpayers and raising recurring concerns, the OTA provides information to taxpayers, tax practitioners and property owners. Further improvements in the way it serves taxpayers by improving community outreach, finding ways to better identify systemic issues in the Department and enhancing DOF's communication with taxpayers are anticipated. In Fiscal 2016, during its eight months of operation, the OTA received 381 inquiries. The majority were related to property tax refund delays and misunderstandings as related to a property's assessed or market valuations. These were addressed in an average of 9 days. OTA also opened 194 cases, many of which concerned issues related to property tax exemptions as well as refund/penalty abatements connected to the general business tax. The average time to close a case in Fiscal 2016 was 53.7 days.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
Inquiries received	NA	NA	NA	NA	381	*	*	Neutral	NA
★Average time to address inquiries (days)	NA	NA	NA	NA	9.0	↓	↓	Down	NA
Cases opened	NA	NA	NA	NA	194	*	*	Neutral	NA
Cases closed	NA	NA	NA	NA	156	*	*	Neutral	NA
★Average time to close a case (days)	NA	NA	NA	NA	53.7	↓	↓	Down	NA

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## SERVICE 5 Record property-related documents.

**Goal 5a** Increase the percentage of online property recording transactions.

In Fiscal 2016 the Department of Finance launched a “Go Green” initiative in the Office of Land Records, focused on making the submission of documents easier and faster, enabling the Department to more quickly review property registration documents and get back to customers sooner. Recording property transactions online are a “win-win” for the agency and the customer. Customers can upload their property documents to DOF systems, eliminating the need to bring the documents into a DOF business center, and make online payments at the time of the upload.

Nearly 59 percent of property recording transactions were made online during Fiscal 2016, a percentage that is expected to increase significantly over the next few years.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
Customer Experience									
Online property recording transactions (%)	NA	NA	NA	NA	58.8%	*	*	Up	NA
Average time to record and index property documents (days) - Citywide	1.9	3.1	2.4	3.8	3.4	*	*	Down	Up

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## AGENCY-WIDE MANAGEMENT

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
Customer Experience									
Total revenue collected (\$000,000)	\$28,158	\$30,167	\$32,227	\$34,452	\$36,044	*	*	Neutral	Up
- Property taxes collected (\$000,000)	\$17,945	\$18,751	\$19,977	\$21,317	\$22,946	*	*	Neutral	Up
- Business taxes collected (\$000,000)	\$6,838	\$7,410	\$7,578	\$7,724	\$7,550	*	*	Neutral	Neutral
- Property transfer taxes collected (\$000,000)	\$1,448	\$1,828	\$2,488	\$2,920	\$3,008	*	*	Neutral	Up
- Parking summons revenue (\$000,000)	\$569	\$508	\$588	\$643	\$642	*	*	Neutral	Up
- Audit and enforcement revenue collected (\$000,000)	\$743	\$1,009	\$911	\$1,132	\$1,161	*	*	Neutral	Up
- Other revenue (\$000,000)	\$616	\$661	\$685	\$717	\$738	*	*	Neutral	Up

## AGENCY CUSTOMER SERVICE

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17		
Customer Experience									
E-mails responded to in 14 days (%)	75%	85%	86%	83%	71%	85%	85%	Up	Neutral
Letters responded to in 14 days (%)	60%	91%	79%	90%	87%	85%	85%	Up	Up
Completed customer requests for interpretation	3,274	3,254	4,353	4,466	5,453	*	*	Neutral	Up
Average customer in-person wait time (minutes)	11	7	17	9	4	12	12	Down	Down
CORE customer experience rating (0-100)	82	86	92	93	81	90	90	Up	Neutral

# AGENCY RESOURCES

Resource Indicators	Actual <sup>1</sup>					Plan <sup>2</sup>		5yr Trend
	FY12	FY13	FY14	FY15	FY16	FY16	FY17	
Expenditures (\$000,000) <sup>3</sup>	\$221.3	\$222.3	\$240.3	\$251.8	\$268.5	\$272.2	\$276.8	Up
Revenues (\$000,000)	\$693.6	\$652.1	\$743.8	\$803.9	\$816.3	\$712.0	\$777.1	Up
Personnel	1,814	1,802	1,870	1,916	1,954	2,180	2,234	Neutral
Overtime paid (\$000)	\$618	\$1,240	\$1,545	\$1,709	\$1,356	\$1,356	\$1,352	Up

<sup>1</sup>Actual financial amounts for the most current fiscal year are not yet final. Final fiscal year actuals, from the Comptroller's Comprehensive Annual Financial Report, will be reported in the next PMMR. Refer to the "Indicator Definitions" at [nyc.gov/mmr](http://nyc.gov/mmr) for details. <sup>2</sup>Authorized Budget Level <sup>3</sup>Expenditures include all funds  
 "NA" - Not Available in this report

## NOTEWORTHY CHANGES, ADDITIONS OR DELETIONS

- The Department of Finance's Fiscal 2016 Mayor's Management Report (MMR) includes changes to services, goals and metrics to better reflect and measure the agency's work. The Department added three new services, 'Administer rent and property owner exemption programs,' 'Help NYC taxpayers resolve tax issues' and 'Record property-related documents,' and retired the service 'Provide public access to data.'
- DOF will no longer report data for the four indicators that reported on payment methods – 'Percent of cash transactions,' 'Percent of check/money order transactions,' 'Percent of credit card transactions' and 'Percent of electronic (ACH/EFT) transactions' – nor for the metric 'Current property tax documents available online (%)'.
- The Department added five indicators to report on the work and performance of the Office of the Taxpayer Advocate – 'Inquiries received,' 'Average time to address inquiries,' 'Cases opened,' 'Cases closed' and 'Average time to close a case (days).' Fiscal 2016 data for these metrics is based on eight months of activity.
- DOF also added the metric 'Online property recording transactions (%)'. The indicator 'Average time to record and index property documents (days) – Citywide,' which previously only appeared in the web version of the MMR, has been included in the PDF version.
- The Department revised previously reported revenue data for fiscal years 2012 through and including 2015 to reflect final numbers.
- Fiscal 2016 data for Customers Observing and Reporting Experiences (CORE) ratings represents a change in methodology. For agencies with multiple service centers, inspectors focused on sites that had historically lower scores, specifically sites that received an average overall site score of 85 or lower over the last three years and sites that received a score of 85 or lower in Fiscal 2015. If all agency service centers scored above 85 last year, the service center with the lowest overall score was inspected.

## ADDITIONAL RESOURCES

For additional information on items referenced in the narrative, go to:

- NYC Rent Freeze Program:  
[www.nyc.gov/rentfreeze](http://www.nyc.gov/rentfreeze)

For more information on the agency, please visit: [www.nyc.gov/dof](http://www.nyc.gov/dof).

