

# DEPARTMENT OF FINANCE

Jacques Jiha, Commissioner



## WHAT WE DO

The Department of Finance (DOF) has a broad range of responsibilities, including the collection of nearly \$37 billion annually in revenue for the City and the valuation of more than one million properties worth a total of more than \$1 trillion. DOF 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 its business and excise taxes. In addition, DOF provides administrative support to the City's Banking Commission, which recommends interest rates for late property tax payments and approves bank and trust companies to hold City funds.

Through the Office of the Sheriff, DOF enforces court mandates, orders, warrants of arrest and property seizures. The Sheriff's Office investigates deed fraud, the trafficking of illegal and untaxed tobacco products and the sale of synthetic narcotics.

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

In addition to administering the City's tax laws fairly, efficiently and transparently to instill public confidence and encourage compliance, the Department of Finance (DOF) is committed to providing exceptional customer service. The agency has undergone a significant shift toward a more equitable and customer-centric business model, introducing a number of reforms and initiatives to ensure that all taxpayers, employees and stakeholders are treated fairly.

DOF has focused heavily on updating its technology and systems to re-engineer critical customer-facing processes. The agency has replaced a decades-old Business Tax System and is preparing to implement a new Property Tax System in early 2018. Its customer relationship management technology has been upgraded to allow for greatly enhanced customer engagement through secure online forms, mobile apps and a variety of self-service options.

The adoption of new systems and technologies, coupled with revamped processes, has made the agency more efficient and improved its service to the public. By combining technology with private-sector tools like the Lean Six Sigma methodology, DOF is able to streamline processes, eliminate waste and inefficiencies, reallocate resources and improve end-to-end processing times. These and other strategic initiatives further the agency's mission and support its commitment to delivering a better customer service experience for New York City's residents and businesses.

## OUR SERVICES AND GOALS

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### 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.

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### 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.

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

- Goal 3a Promptly review applications for exemption programs.

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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.

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### SERVICE 5 Record property-related documents.

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

# HOW WE PERFORMED IN FISCAL 2017

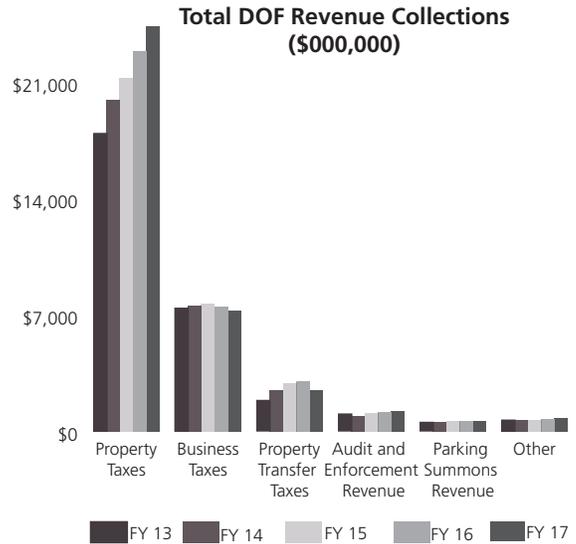
## SERVICE 1 Bill and collect property and other taxes.

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

On a year-over-year basis, the percentage of property taxes billed that are paid and the percent paid on time improved incrementally to 98.7 and 97.1 percent, respectively. This reflects the trend of recent years.

The average time to complete an audit decreased by approximately 18 percent, from 504 days to 413 days. Several factors contributed to the 91-day decrease in turnaround time, including: auditors' growing familiarity and experience with the new automated business tax system that was implemented last fiscal year; increased management efforts to close audits within specified timeframes; and a significant increase in less complex cases, which typically require less time to complete.

Tax liability as a result of audits remained high at 25.9 percent, reflecting the agency's effective use of case modeling and screening, while the average amount collected from an audit decreased to \$208,000. In Fiscal 2017, 17 percent of originally noticed properties (22,629) were sold in the lien sale compared to 14 percent of noticed properties (24,202) in the prior year. In total, 478 more liens were sold due, in part, to an increase in liens of sliver lots and other vacant land liens. 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, homeowner associations, Housing Development Fund Companies, landlocked lots, government-owned properties and properties whose owners were approved for exemptions due to extenuating circumstances. Additionally, the properties of a number of taxpayers who defaulted on payment agreements with the Department due to extenuating circumstances were removed from the sale.



Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
★ Property taxes billed that are paid (%)	97.5%	98.6%	98.5%	98.6%	98.7%	97.0%	97.0%	Neutral	Up
- Paid on time (%)	94.8%	95.0%	95.3%	96.1%	97.1%	*	*	Neutral	Up
Average turnaround time for audits (days)	632	677	479	504	413	*	*	Down	Down
Increase in tax liability as a result of audits (%)	13.6%	16.0%	18.3%	25.8%	25.9%	*	*	Up	Up
Originally noticed properties sold in lien sale (%)	20%	21%	16%	14%	17%	*	*	Down	Down

★ Critical Indicator    "NA" Not Available    ↑↓ Directional Target    \* None

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

In Fiscal 2017 the Department implemented Phase 2 of the changeover to its new business tax system, Gentax, with the transition expected to be complete in the next few months. Due in large part to the efficiencies generated by Gentax, the Department issued 83,735 business tax refunds, with an average processing time of 26 days. While a significant difference from the 111,513 refunds processed in an average of 9 days in Fiscal 2016, when the volume and annual average issuance time was skewed due to a massive refund clean-up effort in June of 2016, Fiscal 2017 performance for both the volume of refunds and processing time are better than periods prior to last year.

DOF also issued 43,854 property tax refunds during Fiscal 2017. Despite the 24 percent increase from the previous year, the average processing time remained at 24 days.

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
★ Average time to issue a property tax refund (days)	27	37	24	24	24	28	28	Down	Down
★ Average time to issue a business tax refund (days)	30	29	31	9	26	25	25	Down	Down
★ Critical Indicator	"NA" Not Available		↕ Directional Target	* None					

## 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 remained virtually unchanged at 66.3 percent. At the same time, the percentage of tickets paid before a penalty was assessed dipped from 55.2 percent to 53.6 percent.

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Tickets paid before penalty assessed (%)	51.5%	53.1%	55.3%	55.2%	53.6%	*	*	Neutral	Up
Parking tickets resolved within 90 days (000)	NA	NA	8,374	8,813	7,655	*	*	NA	*
★ Parking tickets issued that are paid within 90 days (%)	63.5%	63.2%	65.8%	66.8%	66.3%	65.0%	65.0%	Neutral	Up
Parking tickets issued that are dismissed within 90 days (%)	14.1%	13.7%	13.2%	12.9%	12.6%	*	*	Down	Down
★ Critical Indicator	"NA" Not Available		↕ Directional Target	* None					

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

The number of parking ticket appeals reviewed fell by almost half due to a court order hold for a large commercial entity. The number of parking ticket appeals granted a reversal more than doubled to 21 percent due to a Fiscal 2017 rule change allowing for additional evidence on appeal.

Overall, total parking ticket hearings held steady at approximately 978,000, while average turnaround times for in-person hearings and hearings by mail and web improved slightly.

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Summonses adjudicated (000)	1,719	2,072	2,082	2,037	1,988	*	*	Up	*
★ Parking ticket hearings - Total	901,026	1,104,940	1,041,841	978,447	978,574	*	*	Neutral	*
– In-person hearings	206,320	239,063	236,097	220,221	216,695	*	*	Neutral	*
– Hearings-by-mail	473,411	453,399	401,422	343,601	318,373	*	*	Down	*
– Online hearings	221,295	412,478	404,322	414,625	443,506	*	*	Up	*
★ Average turnaround time for in-person parking ticket hearings (minutes)	19	25	19	14	12	25	25	Down	Down
★ Average turnaround time to issue decision for parking ticket hearing-by-web (days)	3.8	7.0	6.5	4.4	3.7	8.5	8.5	Down	Down
★ Average turnaround time to issue decision for parking ticket hearing-by-mail (days)	4.2	10.3	8.3	7.0	6.9	14.0	14.0	Up	Down
Parking ticket appeals reviewed	36,094	41,405	55,036	58,939	30,375	*	*	Neutral	*
Parking ticket appeals granted a reversal (%)	9.9%	12.8%	14.0%	10.0%	21.0%	*	*	Up	Down
★ Critical Indicator	"NA" Not Available		↕ Directional Target	* None					

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

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

The Department advanced several initiatives to support the ongoing effort to increase enrollment in the SCRIE and DRIE rent freeze programs. These include targeted outreach in under enrolled neighborhoods, as defined by the agency's 2014 report, in addition to the general citywide enrollment events; and creation of a new unit to build partnerships with community-based organizations, using a train-the-trainer model, in efforts to better screen for eligibility and collect the necessary paperwork to complete the application process before submission to the Department. While the Department did not see an increase in the number of new applications filed in Fiscal 2017 as initially anticipated, the results of the enhanced outreach and marketing are now expected in Fiscal 2018.

The almost 10 percent decrease in SCRIE renewal applications received stems from approximately 4,500 rent controlled tenants that were not required to recertify in Fiscal 2017, as renewal is required every two years for rent controlled tenants.

On average, the time to process all application types decreased due to both the overall decrease in applications and a continued effort to improve operations by cross-training staff and diligent monitoring of the workload. The more significant decreases in DRIE processing times—improvements of over three days—are also attributed to efficiencies gained from a modernized database and simplified application process.

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Senior Citizen Rent Increase Exemption (SCRIE) - Initial applications received	7,094	8,272	15,713	8,951	8,289	*	*	Up	*
★ Average time to process initial SCRIE applications (days)	17.3	4.4	7.7	4.7	3.0	10.0	10.0	Down	Down
SCRIE renewal applications received	22,670	21,239	23,321	27,760	25,091	*	*	Up	*
★ Average time to process renewal SCRIE applications (days)	13.4	9.6	8.9	6.9	5.2	10.0	10.0	Down	Down
Disability Rent Increase Exemption (DRIE) - Initial applications received	NA	NA	NA	2,594	2,143	*	*	NA	*
★ Average time to process initial DRIE applications (days)	NA	NA	NA	7.5	3.4	10.0	10.0	NA	Down
DRIE renewal applications received	NA	NA	NA	5,816	6,141	*	*	NA	*
★ Average time to process renewal DRIE applications (days)	NA	NA	NA	7.6	4.2	10.0	10.0	NA	Down

★ Critical Indicator    "NA" Not Available    ↑↓ Directional Target    \* None

## SERVICE 4 Help NYC taxpayers resolve tax issues.

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

In Fiscal 2017, in its first full year of operation, the Office of the Taxpayer Advocate (OTA) received 770 inquiries, opened 308 cases and closed 311 cases. The majority of inquiries and cases were related to tax exemption or abatement issues, and misunderstandings related to a property's assessed or market value. Inquiries were closed in an average of 7.8 days, and cases were closed in an average of 61.6 days. Although business and excise tax issues still make up a small percentage of OTA's inventory, OTA has seen an uptick in the amount of cases and inquiries in that area in Fiscal 2017 and anticipates further increases.

During Fiscal 2017 the Ombudspersons for DOF's Rent Freeze programs—the SCRIE and DRIE programs—fully transferred their operations to OTA. SCRIE/DRIE statistics for Fiscal 2017 will be tabulated and analyzed in OTA's annual report due October 1, 2017.

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Inquiries received	NA	NA	NA	381	770	*	*	NA	*
★ Average time to address inquiries (days)	NA	NA	NA	9.0	7.8	↓	↓	NA	Down
Cases opened	NA	NA	NA	194	308	*	*	NA	*
Cases closed	NA	NA	NA	156	311	*	*	NA	*
★ Average time to close a case (days)	NA	NA	NA	53.7	61.6	↓	↓	NA	Down
★ Critical Indicator "NA" Not Available ⬆️⬆️ Directional Target * None									

## SERVICE 5 Record property-related documents.

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

In Fiscal 2017 the Department of Finance's Office of Land Records continued to focus on making document submission easier, faster and more transparent by retraining staff to enable quicker review and return of property registration documents. Also, to encourage the online submission of property related documents, the office utilized social media sites and provided training videos to inform the public of the changes in procedures and the ease in uploading property documents. These changes have resulted in the more than two-day reduction in the average time to record and index property documents from 3.4 to 1.1 days, and an increase in the percent of online property recording transactions from 58.8 to 63.1 percent.

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Online property recording transactions (%)	NA	NA	NA	58.8%	63.1%	*	*	NA	Up
Average time to record and index property documents (days) - Citywide	3.1	2.4	3.8	3.4	1.1	*	*	Down	Down
★ Critical Indicator "NA" Not Available ⬆️⬆️ Directional Target * None									

## AGENCY-WIDE MANAGEMENT

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Total revenue collected (\$000,000)	\$30,167	\$32,227	\$34,452	\$36,044	\$36,914	*	*	Up	*
- Property taxes collected (\$000,000)	\$18,751	\$19,977	\$21,317	\$22,946	\$24,447	*	*	Up	*
- Business taxes collected (\$000,000)	\$7,410	\$7,578	\$7,724	\$7,550	\$7,289	*	*	Neutral	*
- Property transfer taxes collected (\$000,000)	\$1,828	\$2,488	\$2,920	\$3,008	\$2,501	*	*	Up	*
- Parking summons revenue (\$000,000)	\$508	\$588	\$643	\$642	\$627	*	*	Up	*
- Audit and enforcement revenue collected (\$000,000)	\$1,009	\$911	\$1,132	\$1,161	\$1,252	*	*	Up	*
- Other revenue (\$000,000)	\$661	\$685	\$717	\$738	\$798	*	*	Up	*
★ Critical Indicator "NA" Not Available ⬆️⬆️ Directional Target * None									

# AGENCY CUSTOMER SERVICE

Performance Indicators	Actual					Target		Trend	
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	5-Year	Desired Direction
Customer Experience									
E-mails responded to in 14 days (%)	85%	86%	83%	71%	73%	85%	85%	Down	Up
Letters responded to in 14 days (%)	91%	79%	90%	87%	91%	85%	85%	Neutral	Up
Completed customer requests for interpretation	3,254	4,353	4,466	5,453	7,699	*	*	Up	*
Average customer in-person wait time (minutes)	7	17	9	4	5	12	12	Down	Down
CORE customer experience rating (0-100)	86	92	93	81	96	90	90	Neutral	Up
★ Critical Indicator    "NA" Not Available    ↑↓ Directional Target    * None									

# AGENCY RESOURCES

Resource Indicators	Actual <sup>1</sup>					Plan <sup>2</sup>		5yr Trend
	FY13	FY14	FY15	FY16	FY17	FY17	FY18	
Expenditures (\$000,000) <sup>3</sup>	\$222.3	\$240.3	\$251.8	\$258.8	\$277.7	\$278.5	\$302.5	Up
Revenues (\$000,000)	\$652.1	\$743.8	\$803.9	\$816.2	\$823.2	\$792.5	\$779.7	Up
Personnel	1,802	1,870	1,916	1,954	2,016	2,233	2,261	Up
Overtime paid (\$000)	\$1,240	\$1,545	\$1,709	\$2,699	\$1,311	\$1,311	\$1,332	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 <a href="http://nyc.gov/mmr">nyc.gov/mmr</a> for details. <sup>2</sup> Authorized Budget Level <sup>3</sup> Expenditures include all funds "NA" - Not Available    *None								

# SPENDING AND BUDGET INFORMATION

Where possible, the relationship between an agency's goals and its expenditures and planned resources, by budgetary unit of appropriation (UA), is shown in the 'Applicable MMR Goals' column. Each relationship is not necessarily exhaustive or exclusive. Any one goal may be connected to multiple UAs, and any UA may be connected to multiple goals.

Unit of Appropriation	Expenditures FY16 <sup>1</sup> (\$000,000)	Modified Budget FY17 <sup>2</sup> (\$000,000)	Applicable MMR Goals <sup>3</sup>
<b>Personal Services - Total</b>	<b>\$148.1</b>	<b>\$156.8</b>	
001 - Administration and Planning	\$40.9	\$42.0	All
002 - Operations	\$26.3	\$22.5	1b, 3a
003 - Property	\$21.2	\$27.5	1a, 1b, 5a
004 - Audit	\$25.6	\$28.8	1a, 1b
005 - Legal	\$6.1	\$6.6	1a, 1b, 2a
007 - Parking Violations Bureau	\$10.7	\$10.4	2a, 2b
009 - City Sheriff	\$17.3	\$19.0	1a, 2a
<b>Other Than Personal Services - Total</b>	<b>\$110.8</b>	<b>\$121.0</b>	
011 - Administration	\$56.7	\$60.7	All
022 - Operations	\$32.1	\$34.4	1b, 3a
033 - Property	\$1.2	\$4.0	1a, 1b, 5a
044 - Audit	\$0.5	\$0.9	1a, 1b
055 - Legal	\$0.1	\$0.1	1a, 1b, 2a
077 - Parking Violations Bureau	\$1.0	\$1.4	2a, 2b
099 - City Sheriff	\$19.2	\$19.4	1a, 2a
<b>Agency Total</b>	<b>\$258.8</b>	<b>\$277.7</b>	
<sup>1</sup> Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2016. Includes all funds. <sup>2</sup> City of New York Adopted Budget for Fiscal 2017, as of June 2017. Includes all funds. <sup>3</sup> Refer to agency goals listed at front of chapter.			

## NOTEWORTHY CHANGES, ADDITIONS OR DELETIONS

- The Department added indicators on the number of parking summonses adjudicated, the number resolved within 90 days as well as the percent dismissed within 90 days. Due to the length of time allowed to contest a parking ticket and appeal a hearing decision, Fiscal 2017 data for the number of parking tickets resolved within 90 days, as well as payment and dismissal rates, are based on 11 months of activity. Revised Fiscal 2017 data for these measures, based on a full 12 months of activity, will appear in the Fiscal 2018 Preliminary Mayor's Management Report.
- The Department also added metrics on the number of parking ticket hearings held in-person, by mail or online (web).
- Fiscal 2017 data for Customers Observing and Reporting Experiences (CORE) ratings are based on the inspection results of all the agency's service centers. In Fiscal 2016, as an exception, the rating was based on inspections of targeted facilities.

## 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).

