



**Commissioner Jacques Jiha, Ph.D.**  
**FY20 Executive Budget Hearing Testimony**  
**May 23, 2019**

Good morning. Thank you, Chair Dromm and the members of the Finance Committee, for the opportunity to testify today.

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

I'll begin by providing you with an update on the city's financial position. Through April, the city's revenue totaled \$55.8 billion, which represents a 3.1 percent increase over last year. The improvement in the city's financial position since the March's preliminary budget hearing is due to a rebound in personal income tax collections.

The economy remains strong, with interest rates moderate and unemployment at a half-century low. Nonetheless, we remain concerned about the future as there's a small risk that the national economy will skid into a recession in late 2020. As a result, we continue to advise caution when approaching the FY20 adopted budget.

When we met in March, I told you that our agency has been relying more and more on data analytics and artificial intelligence to mitigate risk, reduce inefficiencies, bring down costs, and make better decisions.

As I said then, our customers are also customers of private companies that are providing state-of-the-art products and services. Companies like Google and Apple set our customers' expectations, and to meet this high standard, we have to continuously improve the way we do business.

Hence, in the last five years, we have developed a suite of strategic initiatives designed to modernize the agency, improve our processes, and ensure a better experience for our customers.

Some of our most successful initiatives include:

- the award-winning parking ticket Pay or Dispute mobile app;
- our updated business tax computer system;
- the use of advanced technology for more accurate property valuations;
- the incorporation of artificial intelligence into the selection of audit candidates;

- and a cross-agency data sharing initiative that has created a collaborative culture among more than twenty participating city agencies while producing concrete results, such as the use of Department Of Building data for more accurate property assessments.

Now, I will provide an update on several important initiatives that we believe will change and improve our business practices.

In March, the Department of Finance was only days into the launch of our new online property tax system. Those of you familiar with the “green screens” of the old web page will no doubt appreciate the more modern, customer-friendly experience that we are able to offer with the new system.

It is now much easier for customers to perform transactions and access important information such as their property tax bills and notice of property value. And because the site is mobile responsive, property owners can now view their bills and pay their taxes from the palm of their hand.

As with any new computer system, there have been and will continue to be growing pains. But we have spent the past two months improving the system in response to customer inquiries. Key improvements include:

- a new “account balance” page which allows customers to predict their future discounts and interest in order to plan their property tax payments;
- a “historical notices” feature which displays all notices of property value since January 2010 and all property tax bills since June 2009;
- and several improvements that make it easier for customers to access Department of Finance data on the NYC Open Data portal.

More data will be added in the coming months.

As I have testified in the past, a key part of the new system is the Smart File online application process. Through Smart File, property owners can apply for money-saving tax breaks such as SCHE and DHE and the veterans and clergy exemptions. Already, more than 250 New Yorkers have applied for benefits via the Smart File system.

We are pleased with the early response to Smart File and hope to see similar results later this year with the launch of a new tenant access portal for participants in the Rent Freeze program.

Modeled on our successful landlord access portal, the tenant access portal will provide beneficiaries with a one-stop shop for forms, information, and resources for the Rent Freeze program. Tenants will be able to see the status of their benefits and download custom reports electronically.

With Smart File already in place, the launch of the Rent Freeze tenant access portal means that property owners and renters will be able to access more information about their benefits online, at their own convenience, rather than having to write or call us.

Another important initiative that was launched to the public this spring is the Property Tax and Interest Deferral program, also known as PT AID. This program offers manageable and affordable payment plans to low- and moderate-income property owners who are having trouble paying their property taxes.

There are three PT AID payment plans: one for seniors, one for homeowners facing extenuating circumstances, and one for those who simply need to stretch a year's worth of taxes over multiple years.

Property owners with a PT AID agreement will be excluded from the 2019 tax lien sale. For that reason, we included an informational PT AID insert with the mailing of the 90-day lien sale notice, and we plan to do the same with the 60-, 30-, and 10-day notices. We have also advertised the program on social media and in the press, and we expect that many New Yorkers will apply as we get closer to the lien sale, which will be held in July.

We created PT AID in response to the high default rate in our standard payment agreements. We are also exploring another improvement that may help customers avoid falling behind on their taxes in the first place.

Most people pay their mortgages each month, and many would find it difficult, if not impossible, to make that payment on a quarterly basis.

Yet our customers do not have the option to pay their property taxes each month, rather than each quarter. We plan to introduce a monthly payment option that will make property tax payments more manageable

for customers. Our hope, as I said, is that if we can help homeowners keep up with their property-tax payments, they will never find themselves in need of a payment plan.

Fortunately, we continue to see fewer properties at risk of being included in the lien sale than in previous years.

Earlier in the decade, the Department of Finance included, on average, more than 26,000 properties in the risk pool each year, a number that has been reduced to about 22,000 properties this year as the result of clearer and more frequent communication with customers.

It is important to note that the majority of these properties will not end up in the lien sale. Last year, approximately 3,700 liens were sold, considerably less than the 5,300 that were sold in 2014.

We have been particularly focused over the past several years on making sure that not-for-profit organizations remain out of the sale. DOF has convened a task force to help keep not-for-profits informed of their obligation to renew their tax exemptions annually.



It takes a concerted and collaborative effort to communicate effectively with customers, and today, I am asking the council's assistance and partnership to inform New Yorkers of a very important new state law.

As you know, the governor recently signed legislation that will expand the speed camera program in school zones.

It is important that drivers be informed of the new rules. Most significantly, the hours of speed camera operation are expanding.

Beginning July 11, when the law takes effect, the cameras will be operating from 6 a.m. to 10 p.m. Monday through Friday, twelve months a year. In addition, the speed camera zones will be expanded to within a quarter mile of any school, and the number of zones will increase from 140 to 750.

The new law will result in significant changes for drivers, and we plan to work with the council, DOT, advocates, and the media to help get the word out. We look forward to partnering with you in this effort.

Another key Department of Finance communications initiative from the first day of this administration has been a broad effort to improve some of our most important mailings.

Last year, we revised the annual notice of property value in response to customer requests that we include an estimate of their property taxes for the coming year. By presenting the NOPV's information in a logical progression and by incorporating design elements that customers are accustomed to seeing in bills and statements from private companies, we were able to reduce 311 calls about the NOPV by almost 10%.

Meanwhile, "general" 311 NOPV inquiries—from customers who do not have a specific question about information contained in the notice—were reduced by 23%, an indication that customers understood the notice well enough to ask informed and specific questions. We saw similar results with our redesigned SCHE and DHE renewal mailing.

The response rate to the mailing—in other words, the number of recipients who returned a completed application—increased from 25% in 2016 to 75% in 2018, while calls to 311 regarding SCHE and DHE renewals decreased by more than 70%. Subsequent communications brought the final renewal rate to 94%.

While we are pleased with these results, we also understand that no matter how much we simplify our communications, customers will always need to talk to us one-on-one.

Property and business taxation are complex subjects, and there are certain questions which require the help of an expert.

That is why on July 1, we will launch a new Department of Finance call center to provide customers with access to experts on business taxation, property tax exemptions and benefits, the Rent Freeze program, and refunds and mis-applied payments.

The call center will be able to direct calls from 311 to knowledgeable agency staff to provide faster and more personalized service to customers who have questions about their taxes and benefits. In short, the call center will make it easier for New Yorkers to access the information and help that they need.

Our goal is that whether they call, write, or visit the Department of Finance, all customers have their questions answered and their needs addressed in a timely, friendly manner.

The initiatives I have described today are part of an agency-wide commitment to the customer which we take very seriously, and are proud to share with the council. We thank you for your continued support and partnership, and I will be happy to answer any questions that you have.