



**City Council Budget and Oversight Hearing on the
FY 2022 Executive Budget**

**Testimony given by
Commissioner Sherif Soliman**

May 20, 2021

Good morning Chair Dromm, members of the Finance Committee, and all members with us today.

My name is Sherif Soliman, and I am the commissioner of the New York City Department of Finance. I am joined by First Deputy Commissioner Michael Hyman.

We are here today on behalf of the nearly 2,000 Department of Finance employees who provided exemplary service over the past year to the people of the City of New York.

Employees in our public-facing operations such as our business centers and the Sheriff's Office have shown their mettle, continuing to serve New Yorkers throughout the pandemic. They deserve our praise and I commend them for their hard work and perseverance in the face of adversity.

As the number of new COVID-19 cases continues to drop and the court system returns for expanded operations, the Sheriff's Office has already begun the shift to its regular duties, including the enforcement of court orders, arrest warrants, and property seizures, as well as the investigation of property and tax crimes, including the trafficking of illegal and untaxed tobacco products and synthetic narcotics.

The Sheriff is also currently coordinating with Family and Supreme Courts on the implementation of the 2020 Safe Homes and Families Act provisions which will have deputy sheriffs proactively search and remove firearms from homes during the initial phases of a domestic violence case.

We also laud the efforts of hundreds of DOF employees who have been incredibly flexible throughout the pandemic in adapting to a new work environment while helping DOF continue to meet its core mission. They met the moment and we thank them for the work they have done.

After careful preparation, the Department of Finance has successfully welcomed those working from home back to the office. Our teams have methodically prepared for months to facilitate a safe return to the office, poring over every last detail such as workspace configurations, scheduling changes, and availability of supplies. We have worked closely with DCAS, public health experts, our private

landlords, and other stakeholders to ensure that our policies and protocols matched the latest guidance.

All in all, it has been a smooth transition back to the office and we look forward to sustained success with in-office work activity. We're glad to be back and taking part in the city's recovery.

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Before we discuss the City's 2022 Executive Budget and fiscal position, I would like to thank the Council for its continued support and acknowledge our ongoing partnership in a few important areas.

First, thank you for our joint work on supporting the New York City Advisory Commission on Property Tax Reform. The Commission has relaunched the public hearing process to solicit input from the public on its 10 preliminary recommendations to achieve a more equitable property tax system.

The Commission held its first virtual hearing on May 11 and received helpful input from Staten Island homeowners, elected officials, and advocates on a number of issues. The commissioners look forward to the next hearing, focusing on Brooklyn, on May 27, and will keep the Council informed as future hearings are scheduled.

Second, the City's Lien Sale Task Force held its first meeting on April 30, with attendance by both Administration and Council appointees. We had a productive conversation and left the meeting as we had hoped to, with a lot to follow up on. Thank you for working closely with us to ensure that the lien sale process is as fair and as effective as possible.

And finally, we are grateful for our continued dialogue with the Council on legislation that would require greater reporting on the City's dealings with the banking industry. We look forward to working with you further on these issues and on the establishment of interest rates for the next fiscal year.

On all of this and more, we appreciate your partnership and we thank you for helping us to improve the agency's practices and policies.

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As Mayor de Blasio said in releasing the Executive Budget, New York City is on a path to recovery for all.

If there were many positive signs when I last testified before you two months ago, there are undeniable signals now that we are emerging from our darkest hours as a stronger, more resilient city.

Whether it's the direct local aid from the American Rescue Plan or the strength in personal income and corporate tax revenues, the City's fiscal outlook is much improved, enabling stimulus-driven investments that will fuel New York City's recovery. Several recent key economic indicators are promising.

- April PIT withholding growth increased 5.6 percent, reflecting increases in wages paid to working New Yorkers.
- The mortgage recording tax and real property transfer tax showed sharp growth in April, indicating strength and activity in the real estate market. For the mortgage recording tax, the number of residential transactions completed in the first four months of 2021 increased by 38 percent relative to the same period in 2020. For the real property transfer tax, the number of residential transactions increased by over 20 percent.
- The City added 100,000 jobs in the first quarter of 2021, with the largest gains in restaurants, hotels, and health care, and we are poised to add even more as we continue to recover.
- Hotel occupancy and tourism have begun to rebound.

And we are fortunate to be in a position to boost our recovery with meaningful investments, including: a \$100 million grant program for small businesses hit hard by the pandemic; a combination of ad campaigns designed to boost tourism; and a temporary suspension of the hotel room occupancy tax to help our hotel industry fill up rooms and put New Yorkers back to work.

Underpinning all of this is the fact that approximately 7.7 million vaccinations have been given in New York City, but it's also all of the attributes of New York that make it a draw for so many: our deep talent pool, diverse industries, rich arts and culture, and so much more.

While we have a lot to be optimistic about, we are clear-eyed about the challenges that continue to face us.

It will take some time before tourism returns to pre-pandemic levels, and the revenue, leisure, and hospitality jobs supported by tourism remain a concern.

It is unclear how long it will be before workers line the streets of Midtown at pre-pandemic levels, though I do want to acknowledge the recent encouraging announcements from a few large private sector employers about employees returning to the office.

And, as the American Rescue Plan is a one-time infusion of much-needed financial support, the impact on the City's long-term financial position due to pandemic-related shifts in traditional norms will need to be watched closely.

Still, the overall picture is very encouraging for a strong recovery.

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Through it all, the Department of Finance has remained focused on our mission to administer the tax and revenue laws of the City fairly, efficiently, and transparently while providing exceptional customer service.

In March I told you about several initiatives we have launched to better serve our customers, including a new pay-by-phone option for property taxes, improvements to the Rent Freeze Tenant Access Portal, and an online appointment scheduling system.

The PayPal and Venmo payment options for parking tickets that we launched are now averaging 1,454 transactions per day, a 17% increase since the preliminary budget hearing. PayPal and Venmo now account for 8% of all parking ticket

payments made on our website and 14% of those made on the Pay or Dispute mobile app.

Today I would like to share a bit more about improvements underway and what you should expect from DOF in the months ahead.

We have begun using a new digital outreach platform which allows us to communicate more frequently and in a more targeted fashion with our customers. This will help to tailor messaging to individuals or groups of individuals regarding a specific benefit or service, and to promote our outreach events, including the virtual For Your Benefit series which focuses on topics such as property tax payment plans, homeowner exemptions, and the Rent Freeze Program.

We continue to pursue additional solutions to the problem of deed fraud, including: legislation at the state level to increase penalties; enhanced optical character recognition and modeling to identify suspicious activity; and exploring a proof of concept for introducing blockchain technology to record documents related to property ownership, thereby making it more difficult for criminals to perpetrate fraud.

Leveraging technological tools to ease transaction processes for New Yorkers is constantly on our mind and we hope to keep the pipeline of improvements churning to benefit customers even more.

Looking ahead, we are exploring the addition of kiosks in our business centers which would provide another convenient option for customers to make cash payments.

We continue to work toward a “One Account” model, whereby customers would be able to conduct all Department of Finance payment transactions with a single account.

And, as I mentioned before, we continue to develop more user-friendly mediums to disseminate information, including homeowner exemption videos, a chatbot tool, and a story map presentation for income-producing properties.

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In closing, the Department of Finance remains committed to helping New York City move forward from the pandemic.

We look forward to a vigorous recovery whose benefits will be shared by all New Yorkers.

Thank you for the opportunity to testify today, and I would be happy to answer any questions.