

City Council Committee on Finance
Testimony of Maria Policarpo, President of Local 1757, DC 37
On Proposed Int. No 1038-A
January 24, 2019

FOR THE RECORD

My name is Maria Policarpo, I am the President of DC 37 Local 1757 and an Assessor with the NYC Tax Commission. The Local represents New York City Real Property Assessors, Appraisers and Housing Development Specialists. I would like to bring to the Council's attention some important issues regarding Proposed Int. No 1038-A, which seeks to change the certification threshold requirement of income and expense statements filed with the NYC Tax Commission. These statements are needed for income producing properties to be granted a Tax Commission merits review with the possibility of subsequent offers of reduction in their tax burden.

The purpose of this bill is to increase the threshold for a certified income and expense statement from one million dollars in assessed value to five million dollars in assessed value. This is based on the premise that the one million dollar threshold set in 1973 has not been adjusted since then. I would like to note that a \$1M assessed value is equal to over \$2.2M market value. Also a \$5M assessed value is equal to over \$11.1M market value. It is of my opinion that perhaps the \$1M assessed value threshold was set too high in 1973!

I hardly consider it a burden for an income producing property owner who can afford a property valued at over \$2.2M; much less a property valued at over \$11.1M to have their income and expense figures certified. It would only be an unnecessary expense if the case based on the I&E has no merits, meaning the figures filed would probably result in a Tax Commission confirmation of the assessed value. It is my belief, that the need to file an I&E should be part of a pre-filing discussion between the attorney and client. Isn't it the responsibility of the tax attorney to first advise the client if the case has no merits and thus not in need of filing a certified I&E?

The attorney with years of experience is well versed in the Tax Commission standards and rules. They even know the Tax Commission guidelines and capitalization rates that are now public information. The tax attorney representative can always prescreen cases and determine those that are deserving of reductions and those that are not. It is my opinion that the added expense of certification is created as a result of a representative that does not properly advise his/her client as to the merits of a case prior to the I&E even being submitted, either with the original application or as a supplemental filing. Why certify if the numbers will not produce a reduction? The fact that the cert industry every year passes on thousands of cases before and at scheduled hearings, speaks volumes as to their expertise in determining those cases with or without merit. It appears to me that the so called burden of certification is directly attributable to ill advice of any tax representative. However, it is always a burden on the Assessor who is tasked with determining the merits of additional cases without the benefit of certification.

Contrary to President Hoffman's testimony, I believe the threshold holds the same significance today as it did when it was adopted, given the enormous authority and responsibility placed on the individual Assessor. For instance, a 20% reduction on a \$1M property is no less significant than a 20% reduction on a \$10M or a \$40M property. The equalizer of all three scenarios is the truthfulness of the I&E's and the Assessors comfort level with the information provided; both of which are enhanced through certification. Certification represents an objective review by an unbiased party not interested or effected by the tax burden of the property, which forces objectivity and truthfulness in the figures. In general, non-certified statements always require more scrutiny from other sources, such as rent rolls and TC159 statements (affidavit in support of the application). This further burdens the Assessors time requirements to do a thorough job and results in more time spent on each case. In FY 18/19 the Tax Commission received over 58,000 protest applications! Lowering the bar of certification will have a BIG IMPACT on the increased number of filings and time spent determining the merits of each case.

The Tax Commission is understaffed and simply cannot handle any additional applications. The amount of mandatory overtime is already a huge burden on the existing staff. This needs to be carefully considered, as the liability to NYC will be seriously jeopardized if cases are not given the time and consideration necessary to render sound decisions. The need for additional qualified Assessors is absolutely vital to an agency entrusted with such responsibility. As it stands now, at least half of the Assessors are eligible to retire and a line of succession needs to be addressed with the hiring and training of additional Assessors.

Finally, in the matter of indexing and changing the threshold on a regular basis, this creates an additional burden. We have limited time to screen an application with supplemental forms attached for eligibility and completeness before we can get to a merits review. Changing the threshold on an ongoing basis will cause confusion and take additional time which we cannot spare in our mission to review all that comes before us.

Comments or questions on what has been stated may be sent to:
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Thank You.