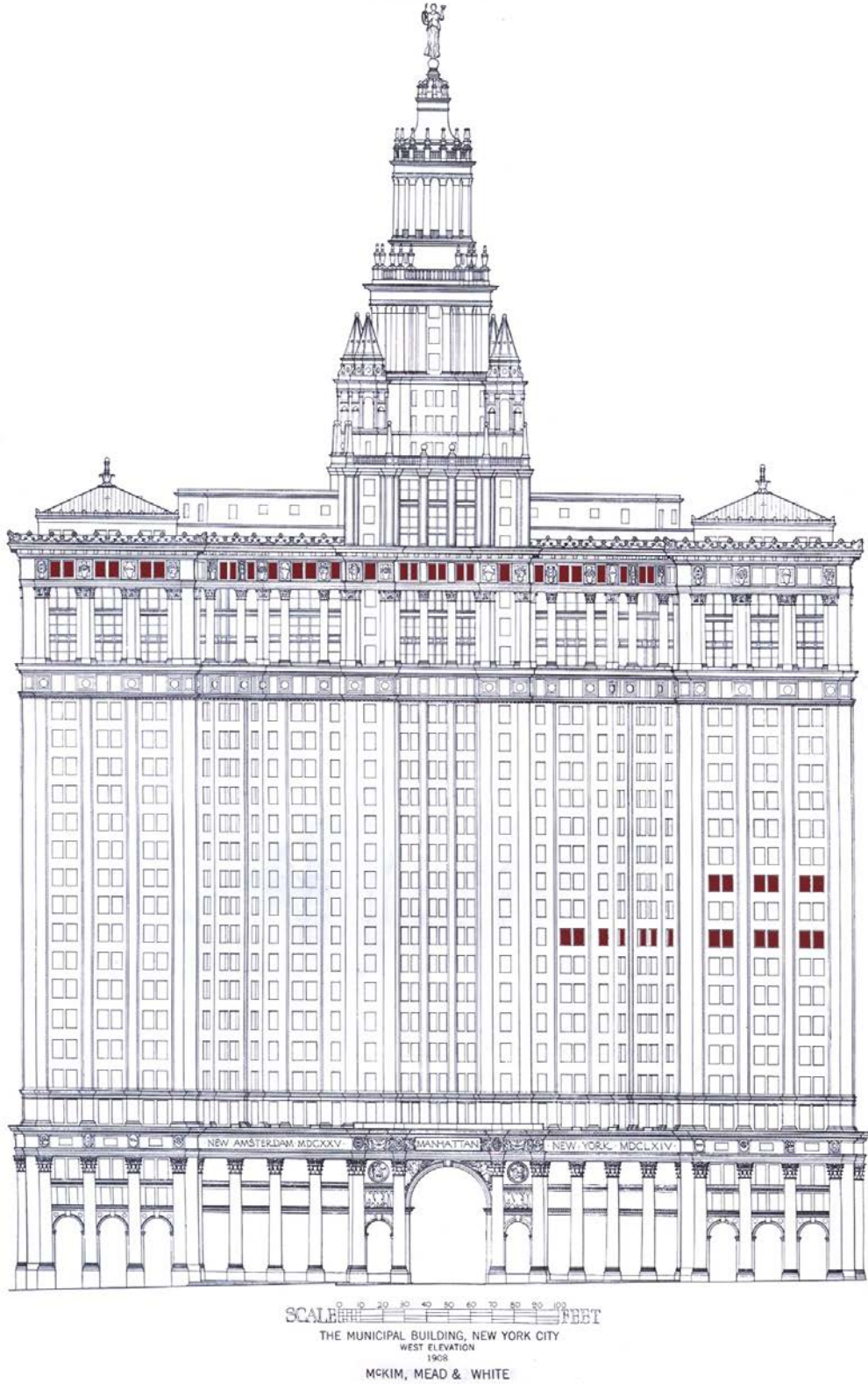


# TAX COMMISSION OF THE CITY OF NEW YORK



## 2013 ANNUAL REPORT

Glenn Newman  
President



GLENN NEWMAN  
President

THE CITY OF NEW YORK  
**TAX COMMISSION**

Telephone: (212) 669-4401  
E-Mail: [gnewman@taxcomm.nyc.gov](mailto:gnewman@taxcomm.nyc.gov)

Municipal Building  
1 Centre Street  
New York, NY 10007

March 3, 2014

Honorable Bill de Blasio  
Mayor of the City of New York  
City Hall  
New York, New York 10007

Dear Mayor de Blasio:

Pursuant to section 155 of the New York City Charter, I am pleased to submit the 2013 Annual Report of the Tax Commission.

The 2013 Annual Report contains information about the Tax Commission and its mission, functions, operations and resources, an overview of the agency's performance, and statistical profiles of its formal actions, during calendar year 2013. It also contains a statement of its accomplishments and improvements and a summary of plans for 2014.

The Tax Commission hears protests on about 52,989 real property tax assessment-related claims. In administering this process our commitment is to the highest standards of performance and integrity. We take great pride in striving to provide fair, efficient, productive and courteous delivery of service to the taxpayers and professional representatives pursuing administrative assessment review in connection with some 192,187 tax lots citywide each year.

Of course, I am available to respond to any questions or observations you may have concerning the Annual Report as well as the operations of the Tax Commission.

Respectfully yours,

A handwritten signature in black ink that reads "Glenn Newman".

Glenn Newman

GN/smm  
Enclosure



GLENN NEWMAN  
President

THE CITY OF NEW YORK  
**TAX COMMISSION**

Telephone: (212) 669-4401  
E-Mail: [gnewman@taxcomm.nyc.gov](mailto:gnewman@taxcomm.nyc.gov)

Municipal Building  
1 Centre Street  
New York, NY 10007

March 3, 2014

Honorable Melissa Mark-Viverito  
Speaker  
The Council of the City of New York  
City Hall  
New York, New York 10007

Dear Speaker Mark-Viverito:

Pursuant to section 155 of the New York City Charter, I am pleased to submit the 2013 Annual Report of the Tax Commission.

The 2013 Annual Report contains information about the Tax Commission and its mission, functions, operations and resources; an overview of the agency's performance, and statistical profiles of its formal actions, during calendar year 2013; a recapitulation of its accomplishments and improvements; and a summary of plans for 2014.

If you have any questions, please call.

Respectfully yours,

Glenn Newman

GN/smm  
Enclosure

**MEMBERS OF THE TAX COMMISSION**

Glenn Newman, President

Vacant	Susan Grossman
Aladar G. Gyimesi	Alice D. Olick
Richard Stabile	Kirk P. Tzanides

**MANAGERIAL STAFF**

General Counsel .....	Vacant
Director of Operations .....	Myrna Hall
Director of Information Technology .....	Iftikhar Ahmad
Director of Appraisal & Hearings .....	Carlo Silvestri

# TABLE OF CONTENTS

INTRODUCTION.....	1
MISSION & FUNCTIONS .....	1
HISTORICAL CONTEXT .....	4
STRUCTURE & RESOURCES .....	5
ADMINISTRATIVE REVIEW OF PROPERTY TAX ASSESSMENT .....	6
OPERATIONS & PERFORMANCE .....	12
PLANNED OR IMPLEMENTED IMPROVEMENTS OR MODIFICATIONS .....	14

PROCEDURAL DELINEATION OF 2013 ASSESSMENT REVIEW APPLICATIONS .....	A 1
2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES .....	A 2
2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES - BY BOROUGH .....	A 3
2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES - BY PROPERTY TYPE .....	A 4
2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES - BY REDUCTION RANGE .....	A 5
2013 EXEMPTION CLAIMS AND OUTCOMES .....	A 6
2013 CHANGE OF PROPERTY TAX CLASS DESIGNATION CLAIMS AND OUTCOMES .....	A 7
REMEDIAL ACTIONS BY TAX COMMISSION IN 2013 FOR 2012 ASSESSMENTS COVERED BY PENDING JUDICIAL REVIEW PROCEEDINGS, PER TWO-YEAR JURISDICTION .....	A 8

ORGANIZATION CHART

## **Introduction**

The Tax Commission's 2013 Annual Report is submitted to the Mayor and the City Council pursuant to Section 155 of the Charter of the City of New York.

This report contains information about the Tax Commission and its mission, functions, operations and resources, an overview of the agency's performance and statistical profiles of its determinations during calendar year 2013. It also contains a statement of the Tax Commission's accomplishments and improvements and a summary of plans for 2014.

## **Mission & Functions**

The Tax Commission is the City of New York's independent forum for administrative review of real property tax assessments set by the Department of Finance. Pursuant to the New York City Charter and Administrative Code, the Tax Commission's mission is to ensure determinations of real property tax assessment protests are fair and efficient in order to provide effective administrative review of property tax assessments within the City of New York.

Annual assessments are the basis for the real property tax levy, the City's largest source of revenue. An "assessment" encompasses a tax lot's tax class, market value, and eligibility for full or partial exemption. The amount of a tax lot's assessment, or its "assessed value" (for tax lots where assessment increases are not limited by law), is based upon the property's market value to which the assessment ratio for the tax class is applied. The tax imposed on the tax lot for a fiscal year is the product of its taxable assessed value and the overall tax rate applicable to its designated tax class as adopted by the City Council.

Each January, as required by law, the Department of Finance publishes

tentative assessments for the more than 1.1 million tax lots in the City. The Finance Department also sends a notice of value to the owner (or designee) of each tax lot in connection with the property taxes to be levied for the City's next fiscal year (July 1 through June 30). In addition, as provided by law, the Finance Department publishes assessment ratios for the four property tax classes. Each year the Department of Finance calculates individual assessments and the assessment ratio for each of the four tax classes considering fluctuations in the real estate market, physical alterations and/or changes in taxable status.

Following publication of the final assessment roll by the Department of Finance on May 25th, the annual tax rates for the four property tax classes are set by the City Council in accordance with statutory formulae involving the aggregate assessments in each of the four tax classes citywide; the portion of the City's budget to be sustained by the total property tax levy; and the proportion of the total property tax levy to be borne by each of the four property tax classes.

State and local laws provide the right and the means for taxpayers to obtain administrative review of individual real property tax assessments. Tax rates are *not* subject to property-specific challenge. The claims in an application for correction of assessment that the Tax Commission may review are: 1) misclassification (that is, the property is assessed in the wrong tax class for its type and use, under the four-class system); 2) excessiveness (principally, the property fails to receive all or a portion of a partial tax exemption); 3) inequality (that is, the property's assessed value is set at a higher proportion of market value than that applied to all other properties in the same tax class); and 4) unlawfulness (principally, the property fails to receive a complete tax exemption).

The typical application filed with the Tax Commission seeks a reduction in the amount of the property's assessment based on a claim of inequality. A challenge to the assessment ratio set and published by the Department of Finance

for each of the four property tax classes would require extensive proceedings as provided in the New York State Real Property Tax Law. Therefore, challenges to the assessed value for properties not subject to limitations on assessment increases (Tax Class 1 and Tax Classes 2A, 2B and 2C) are, for almost all properties, a dispute over the value as determined by the Department of Finance.

The accepted methodologies for valuing real estate use sales of comparable properties, income generated by the property or the cost of reproducing the structure. Disputes over individual assessments are an inevitable feature of ad valorem property taxation.

The Tax Commission is an accessible forum that expeditiously resolves assessment disputes, and orders remedial action where appropriate, in accordance with applicable law and appraisal concepts. The existence, mission and authority of the Tax Commission—as an administrative agency of the City of New York—are required pursuant to the New York State Real Property Tax Law and the New York City Charter and Administrative Code. The fair and effective operation of the Tax Commission in discharging its functions is an integral part of tax administration in the City.

In executing its core business of determining applications for correction of assessment, the Tax Commission also helps the City maintain the integrity of the property tax assessment rolls, the sound and equitable allocation of the property tax burden and promotes public confidence in government and the tax system.

A fair and efficient review process is essential to reducing costly litigation of assessment disputes. Appropriate action by the Tax Commission brings closure to many claims that might be further contested costing additional time and resources for taxpayers and the City. Moreover, taxpayers may be inclined to moderate their demands when met with the genuine prospect of timely relief from the Tax Commission—in lieu of overpaying taxes for a number of years, while pursuing



relief in an Article 7 proceeding defended by the Law Department subject to the approval of the Comptroller or expensive, risk-laden trial and related proceedings in court. Also, to the extent taxpayers obtain appropriate relief by the Tax Commission prior to publication of the final annual assessment roll in May, the City avoids refunding tax overpayments and the administrative burdens entailed in issuing them, and instead may make relatively minor adjustments in setting the applicable tax rate to compensate for the aggregate assessment reductions in each tax class.

Another feature of the Tax Commission's operations—the longstanding practice of employing a standard “acceptance agreement” which requires the discontinuance of all pending judicial proceedings with respect to prior years when accepting an offer of reduction by the Tax Commission—benefits the City by eliminating thousands of pending Article 7 proceedings.

In sum, though it is a small agency in the context of staffing and expense budget allotments, the Tax Commission is an integral component of the New York City's tax administration system.

### **Historical Context**

The Tax Commission was created by State legislation in 1857.

The Tax Commission at its inception supervised the agency responsible for setting property tax assessments, formerly known as the Tax Department and later the Real Property Assessment Department. In 1968, the Department of Finance assumed the assessing function as part of a reorganization of City government. Separation of assessment administration and formal assessment review functions was completed in 1984, when original jurisdiction to determine applications for exemption was assigned to the Department of Finance. Since then, the Tax

Commission has served exclusively as an independent administrative review body. In 2007, the City Council amended the New York City Charter putting both the Tax Appeals Tribunal (the agency charged with administrative review of non-property tax determinations) and the Tax Commission under the umbrella of the Office of Administrative Tax Appeals (L.L. 57 of 2007).

### **Structure & Resources**

Pursuant to the New York City Charter, the Tax Commission proper consists of a President and six Commissioners appointed by the Mayor, with advice and consent of the Council, to staggered six-year terms. The President, as the head of the agency, serves full-time, while the six Commissioners serve part-time. Each member of the Commission must have at least three years of business experience in real estate or real estate law. Additionally, the Commission must include at least one resident of each borough.

The Tax Commission strives to meet the challenge to provide fair and efficient hearing on protests of property tax assessments and maintain the essential features of the agency's operations. In 2013/14 tax year, the fifth full budget year integrating the Tax Commission and the Tax Appeals Tribunal within the Office of Administrative Tax Appeals ("OATA"), OATA had a staff of 39 full-time employees plus 5 part-time Commissioners and an operating budget of \$4,272,758. The Tax Commission's structure and its managerial personnel are presented in the organization chart attached.

## **Administrative Review of Property Tax Assessment**

Each year, upon the Department of Finance's publication of the tentative assessment roll on or about January 15, an owner or other party with legal standing in relation to a property who believes it to be incorrectly assessed may seek review before the Tax Commission by filing an application for correction.

The Tax Commission designs and prints application forms each year for use in conducting the administrative review process. The applicant files the form(s), completed in accordance with printed instructions and signed before a notary public (for property in tax classes two, three and four) or with a certification (for property in tax class one). The forms may be filed at the Tax Commission's offices in the Manhattan Municipal Building or at any of the Business Centers of the Department of Finance in each borough. The property's designated tax class and use, the amount of the assessment and the nature of the claim(s) govern the particular forms that must be filed. Financial statements for income-producing properties assessed at \$1 million or more must, by law, be audited by a certified public accountant. In addition to affording applicants or their designated representatives the means to specify the nature and amount of claimed errors in assessments, the application forms are designed to elicit information and documents fundamental to the Tax Commission's proper determination of the claims at issue.

Application forms, instructions, and summaries of applicable procedures are published by the Tax Commission, and may be obtained in person at the Tax Commission's offices as well as the Department of Finance Business Centers. Forms are also available on the Tax Commission's webpage at <http://nyc.gov/html/taxcomm> or sent by the Tax Commission upon request.

The filing deadline for applications for review of assessments of one, two

and three-family homes and other properties designated by law as tax class one, is March 15; the deadline for filing applications in relation to the assessments of all other properties is March 1. To be considered timely, an application must be received at the Tax Commission or a borough office of the Department of Finance by the applicable deadline. There was no filing or other user fee prior to 2011. In 2011 and continuing through 2013, a fee of \$175 applied to properties with assessed values of \$2 million or more that are scheduled for review.

All applicants who properly complete, sign and timely file the required application forms, receive substantive review of their claims by the Tax Commission, including a personal hearing if requested. The Tax Commission conducts hearings at its offices in Manhattan, as well as in the Bronx, Brooklyn, Queens and Staten Island borough offices located within the premises of the Department of Finance's Property Division. If a hearing is not requested by the applicant, the application is determined on the papers submitted.

Pursuant to case law, the assessment set by the Department of Finance is presumed correct. The burden is on the applicant to offer substantial evidence to overcome the presumption, and then to prove by a preponderance of the evidence that the assessment should be reduced or otherwise corrected. To the extent the Tax Commission concludes an error has been proved, it offers a reduction, class change or exemption as appropriate. Though not required, 98% of applicants are represented by a lawyer or a non-attorney professional, with the exception of tax class one applicants, about half of whom appear on their own behalf. The Department of Finance is permitted to appear at hearings or may offer written submissions in defense of assessments under review. In previous years Finance relied upon the legal presumption that the published assessment is correct. In 2013, Finance sent representatives to almost all high-value hearings and selected other hearings. This allowed Finance to hear the arguments of the representatives and

have an opportunity clear up factual discrepancies.

A personal hearing gives the taxpayer, attorney or other designated representative an opportunity to present the application and otherwise advocate for the relief sought. A substantial majority of applicants request an in-person hearing. The duration of a hearing may be a few minutes in straightforward cases, up to an hour in some particularly complex or unique cases at the Tax Commission's discretion, but usually is concluded in under 20 minutes. While allowing flexibility where warranted, the agency's general policy is to allot up to 30 minutes per hearing—a reasonable time frame which both reflects the practical realities of the agency's mission, workload and resources and affords applicants or their representatives an opportunity to present their claims and evidence in support in a typical case.

Preparation for a hearing generally includes examination of the application, income and expense statement and noting salient facts and potential issues. At the applicant's request, the Tax Commission will entertain oral testimony under oath by the owner or another person with relevant knowledge in support of the claim. Tax Commission hearing officers are authorized by law to administer oaths and receive sworn testimony. In general, neither stenographic minutes nor recordings are made except for exemption hearings where some are recorded. The Tax Commission generates by computer a primary control document with pre-printed, property-specific information on which the hearing officer notes a summary of the argument presented and any testimony offered at the hearing, along with his/her own observations, analysis and determination. Formal rules of evidence do not apply. Any relevant information and documents presented are considered, along with any submissions from the Department of Finance and any other appropriate facts the Tax Commission may find.

Applications are reviewed, a hearing may be conducted, and a determination

rendered on behalf of the Tax Commission by the President, one of the five sitting part-time Commissioners, a hearing officer in the Appraisal & Hearings Group all of whom are assessors, or a New York City Tax Appeals Tribunal Commissioner, Administrative Law Judge, General Counsel or other attorney in the office.

In 2013, teams of two hearing officers including the President, Director, Deputy Director or a senior member of the Appraisal & Hearings group together with another member of the Appraisal & Hearings group heard cases involving properties with assessments of \$55 million or more, and select cases presenting novel or difficult legal, policy or appraisal issues. In cases involving utility properties, upon request by the applicant the entire Tax Commission (i.e., the President and part-time Commissioners) will convene and act on the application as provided by law. Utility applicants may also choose a hearing before and determination by the President of the Tax Commission working with a senior assessor in the Appraisal & Hearings group. Cases presenting exemption claims are heard and determined by attorneys in the Tax Commission or Tax Appeals Tribunal. The rest of the cases are assigned to hearing officers on a random basis.

The President sets policies and guidelines, and, with the assistance of the Director of the Appraisal & Hearings and agency attorneys, offers direction and critical input to hearing officers. Market research and monitoring are performed on an ongoing basis, and agency reference manuals are compiled and supplemented accordingly. Exterior and/or interior field inspections of subject properties are performed when deemed necessary for the proper evaluation of claims. The Tax Commission also reviews documents and articles regarding the real estate industry such as recent sales and leasing activity and maintains a history in its files of materials relevant to specific properties.

In the course of considering a claim made in an application eligible for substantive review in relation to a property's current-year assessment, the Tax

Commission is also authorized by law to reconsider and act in relation to the assessment for the most recent preceding year, over the past five years, for which a valid judicial review proceeding is pending.

In determining an assessment-related claim eligible for review on the merits, the Tax Commission may confirm the original assessment as set by the Department of Finance or offer remedial relief; it has no authority to increase the assessment.

The Tax Commission generally mails notice of its determination to the applicant or designated representative within 40 days after the hearing is conducted. In cases presented for review on papers, the review is done as soon as the files are complete.

An offer to reduce or otherwise adjust an assessment is implemented only if accepted by the applicant or authorized representative by duly executing and returning the Tax Commission's standard written agreement subject to the terms and conditions therein. The terms and conditions include a withdrawal of protests involving the parcel including any administrative or judicial protest and the discontinuance of all judicial proceedings pending with respect to assessments for prior years in which the current applicant has an interest. All offers are subject to review and approval by the President of the Tax Commission.

The Tax Commission also employs a quality control auditing process. Cases flagged as circumstances warrant, cases systematically identified under predetermined factors and a statistically significant number of other cases selected via stratified random sample, are subject to reexamination and the potential issuance of a revised determination.

In any case where an offer of remedial relief is made but not accepted, or, in conjunction with the quality control auditing process, the offer is withdrawn or an acceptance agreement revoked, the assessment at issue is then confirmed.

Tax Commission offers of remedial relief which are accepted by

approximately May 21 appear as adjustments on the final annual assessment roll published by the Department of Finance on or about May 25, and thus can be reflected on the corresponding tax bills subsequently mailed by the Department of Finance for the coming fiscal year. Offers of relief for current-year assessments accepted after the roll becomes final as well as all accepted offers of relief with respect to prior-year assessments under the Tax Commission's two-year jurisdiction are implemented by remission. In such cases, the Department of Finance recalculates the property's tax liability based on the assessment as corrected by the Tax Commission, and issues a refund or credit to the affected taxpayer for the overpayment.

Applicants may seek judicial review of assessments confirmed by the Tax Commission by filing a petition in the New York State Supreme Court in the appropriate county by October 24 and serving the petition on the Tax Commission. The State law does not require the Supreme Court to give any deference to the Tax Commission's administrative determination but rather, the court reviews the assessment *de novo*. An optional small claims assessment review procedure ("SCARP") is available for owner-occupied one, two and three-family homes. The Tax Commission provides information on how to commence judicial review and small claims proceedings to all applicants.

In addition to accepting service of process, the Tax Commission maintains records of all judicial proceedings relating to property tax assessments from commencement to disposition. The City's Corporation Counsel represents the Department of Finance and the Tax Commission in court as the respondents named in these proceedings. The Tax Commission and the Tax and Bankruptcy Division of the New York City Law Department maintain ongoing communications to foster efficiency, fairness and to pursue the best interests of the City.



## **Operations & Performance**

The Tax Commission's core function of ruling on annual applications for correction of assessment is a great responsibility and an integral part of the City's tax system. Application forms—along with associated instructions and informational summaries—issued by the Tax Commission for use in administering the formal administrative review process are revised annually. The number and variety of applications filed each year require a multitude of functions to be performed. These functions include: outreach to the public and information sessions on the application process, intake and stratified sorting of forms and documents; creating and maintaining case files and records; calendaring; allocating internal assignments; scheduling, preparing for and conducting hearings; performing legal, appraisal and factual research and analyses; rendering determinations; generating and mailing disposition notices; processing remedial relief, and communications with the Department of Finance and the Law Department; auditing; compiling and analyzing performance statistics; computer programming; clerical tasks; and responding to customer inquiries and requests under the Freedom of Information Law.

In 2013, the Department of Finance issued the tentative assessment roll in January and many properties that had been affected by Hurricane Sandy did not have their assessments reflect the storm damage. Finance undertook a review of the neighborhoods where the storm had major impact and revised assessments through the issuance of the final assessment roll on May 25<sup>th</sup>. After consulting with the Law Department, the Tax Commission accepted applications from

property owners who had received a Revised Notice of Value if the application was filed within 20 days after the revision. More than 300 property owners filed applications after the revisions were made.

The Tax Commission staff, together with Finance staff, held outreach sessions in the communities affected by the storm. We held sessions during the day and in the evening in Staten Island, Howard Beach and the Rockaways at which several hundred homeowners were able to get information on their property tax assessments and help in filing protests.

After the borough hearings were held in June (they were scheduled before all of the Revised Notices of Value were issued), the Tax Commission provided in-person hearings to those whose properties were affected by Hurricane Sandy in the fall of 2013. Offers of reduction were made to reflect the damage to the properties.

As in 2012, in 2013 the Department of Finance sent renewal of property tax exemptions to not-for-profit organizations requiring them to provide updated information to establish their exemption from property tax. This resulted in 185 such applications protesting the denial or reduction of their exemption as compared to 189 in 2012. These matters required additional outreach to those claiming exemption, in-person hearings and extensive documentation of the exempt status of the organizations and use of the premises. Many of these organizations did not have professional staff and so the Tax Commission spent a considerable amount of time explaining the requirements for exemption and how to present the facts needed to prove their claim.

In 2013, the Tax Commission received 52,989 applications, covering 192,187 separately assessed tax lots, encompassing \$166.757 billion in assessed value.

The Tax Commission conducted 23,618 substantive hearings in 2013. In exercising its two-year jurisdiction, the Tax Commission took remedial actions in

2013 that, in the aggregate, granted \$6.5 billion in assessment reductions, yielding \$572,932,181 in tax relief to aggrieved taxpayers. In conjunction with its disposition of applications protesting 2013 assessments, the Tax Commission also brought closure to 15,297 pending judicial review proceedings claiming errors in assessments for prior years totaling \$70.8 billion. In the same year, the Law Department disposed of approximately 684 judicial proceedings claiming errors in assessment totaling \$2.8 billion (presumably the more intractable matters) by settlement. In recent years, the Courts, after trial, have issued judgments disposing of few proceedings; in 2013, there were 54 Article 7 petitions taken to trial and decided by the Courts (resolving \$3,041,173 in claimed errors). The Tax Commission's administrative review has been and continues to be the most effective means of resolving the pending judicial proceedings contesting hundreds of billions of dollars in assessments.

After the 2012 referrals by the Tax Commission to the District Attorney for New York County and the Department of Investigation concerning suspected submissions of false information in connection with property tax appeals, the Tax Commission worked with the Department of Finance to identify properties with income from signage or cell towers and ensure accurate reporting of the income generated. In furtherance of the pursuing actions recommended in the Grand Jury Report that was issued, we have continued efforts to identify underreporting of income and met with the Mayor's Office of Operations and the Data Analysis staff to find additional tools to find those underreporting income.

### **Planned or Implemented Improvements or Modifications**

The Tax Commission has fully integrated the New York City Tax Appeals Tribunal into the process of hearing Tax Commission cases. This enabled the Tax

Commission to include fewer cases on its daily hearing calendars and thereby provide closer attention to the cases heard.

The Tax Commission continued to expand its use of technology for information gathering and has found a wealth of material on the Internet. Property sales prices, as well as income and expense data, have been found and used in determining property values. In addition, members of the Appraisal & Hearings Group continue to perform inspections and field visits to enhance their knowledge of neighborhoods and the use of specific properties. The Tax Commission has used digital cameras to enhance its ability to record and exchange information on physical changes and descriptions of properties.

The Tax Commission together with the Law Department, the Office of Court Administration, and the Real Estate Tax Review Bar Association worked to establish a program for electronic filing of Article 7 petitions in Supreme Court, New York County and expand the program to cover the other four counties in the City. This provided a highly efficient system for filing and tracking 39,002 Article 7 petitions commenced in 2013.

The Tax Commission continued its emphasis on the efficient delivery of service to applicants in 2013 by:

- Continuing the imposition of a fee of \$175 for hearings on properties having an assessed value of \$2 million or more. The fee provides a reliable source of revenue to reduce the need for significant reductions in operating costs that the agency has absorbed over the past several years and allow enhanced technology to make the appeals process more efficient.
- Continuing integration of the Tax Appeals Tribunal and the Tax Commission into the Office of Administrative Tax Appeals and improve the two entities that hear all administrative tax appeals of the City's property and non-property taxes.

- In cooperation with representatives, allowing additional time before hearings commenced for representatives to screen their cases and decline hearings on those matters for which merits review is not requested. This resulted in fewer cases being scheduled for hearing and allowed hearing officers to focus on those cases requiring their attention.
- In response to requests by the Department of Finance and representatives of taxpayers, holding hearings on certain condominium properties earlier in the season so that determinations can be made and assessments corrected prior to the issuance of the first real property tax bill. This reduced the substantial time and effort of the Department of Finance, representatives and taxpayers required in issuing refunds to individual condominium unit owners.
  - Maintaining the dialogue with various professional and industry organizations on the practices, procedures and policies employed in administering the annual assessment review process. In particular, the Tax Commission worked with the New York State Society of CPAs' to accept wording on the accountants' certification in compliance with revised AICPA standards.
    - Speaking at programs and events hosted by professional, industry and community organizations.
    - Maintaining a series of 'self-help' programs at which taxpayers' filing applications on their own behalf can receive information and guidance in advance of their scheduled hearings.
    - Providing the opportunity for taxpayers to have hearings outside the Tax Commission's offices in Manhattan, i.e., in the Bronx, Brooklyn, Queens and Staten Island borough offices of the Tax Commission located within the Department of Finance's Property Division offices. All applicants appearing on their own behalf were able to opt for a hearing in the borough in which they

resided *or* the subject property was located. Applicants and representatives could request that a hearing be held at the Tax Commission's offices in Manhattan, irrespective of the property's location or applicant's residence. In 2013, we held additional in-person hearings in the boroughs after Finance issued revised assessments for those affected by Hurricane Sandy.

- The Tax Commission conducted a briefing on policies and practices for representatives who regularly appear at the agency before the deadline for filing applications to inform them of the impact of the agency's rules of practice, other changes to be introduced in 2013, and the agency's requirements of professional conduct and integrity, and to help representatives avoid common mistakes that deny their clients' applications consideration on the merits of their claims for correction of the assessments at issue. About 175 people attended the briefing on January 24, 2013, including representatives filing most of the applications received in 2013.

- The Tax Commission created a database of representatives in order to track compliance with the recently adopted Rules of Practice.

- The Tax Commission moved its Appraisal and Hearing staff to renovated space in the Manhattan Municipal Building that includes dedicated hearing rooms and a LAN room that meets DOITT specifications.

In 2014, Tax Commission plans include:

- Continuing to plan and pursue funding for a paperless application process and continuing to explore the feasibility and efficacy of acquiring and deploying electronic filing technology for income and expense forms to enhance agency operations and to improve coordination with the Department of Finance.

- Continuing to refine a system to enforce the standards of professional

integrity in proceedings before the Tax Commission in the recently adopted rules of practice published in Title 21 of the Rules of the City of New York.

- Exploring an even more effective means of outreach and information briefings, including evening sessions, for taxpayers and staff of public officials interested in learning more about the assessment system and protest process and to provide additional information for those coming before the Tax Commission.

- Continuing the improvement of the agency's computer systems that are integrated with the Department of Finance's mainframe systems and exploring the use of CAMA-2 the Finance Department's valuation tool.

- Continuing to improve the quality and the efficiency of the annual assessment review hearings and determinations and expand quality control procedures to protect against potential corruption and ensure consistency and accuracy of determinations.

- Continuing our work with law enforcement agencies, referring cases of suspected fraud for investigation and prosecution and advancing the recommendations of the Grand Jury Report.

- Applying the resources available to maximize the number of determinations made and conveyed prior to publication of the corresponding final annual assessment roll including early hearings for certain condominium properties.

- Expanding the information gathering efforts of the Appraisal & Hearings Group in order to ensure the most current and reliable information is available to value properties.

- Continuing to participate in the City's "311" telephone system to greatly reduce the substantial amount of staff time spent responding to misdirected inquiries regarding federal, state and local business taxes so that the Tax Commission can focus on answering the public's inquiries on the assessment

protest process.

- Continuing the updating and upgrading the agency's computer software and hardware to improve technological functions and further enhance efficiency, productivity and customer service.

- Affording managerial and support personnel the opportunity to attend educational seminars to enhance their work-related capabilities.



# NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT

## PROCEDURAL DELINEATION OF 2013 ASSESSMENT REVIEW APPLICATIONS

	APPLICATIONS	TAX LOTS
<b>NOT ELIGIBLE FOR REVIEW</b>	<b>9,183</b>	<b>15,456</b>
LATE FILING	46	46
INCOMPLETE FILING	1,129	3,769
NOT EXECUTED BY PARTY WITH KNOWLEDGE / OTHER LEGALLY FATAL DEFECTS IN EXECUTION	194	207
MOOT (Assessment was already more favorable than applicant's claimed assessment, or Department of Finance resolved the claim before Tax Commission consideration)	130	195
APPLICANT'S STANDING TO PROTEST NOT ESTABLISHED	30	168
REQUIRED DEPT. OF FINANCE INCOME AND EXPENSE STATEMENT ("RPIE") NOT FILED, LATE OR IMPROPER	1,494	1,511
REQUIRED TAX COMMISSION INCOME AND EXPENSE FORM ("TCIE") NOT FILED, LATE OR IMPROPER	5,524	9,288
UNRESOLVED MULTIPLE APPLICATIONS FOR SAME TAX LOT	71	53
UNEXCUSED NON-APPEARANCE BY APPLICANT OR REPRESENTATIVE AT SCHEDULED HEARING	163	163
WITHDRAWN BY APPLICANT	402	56
<b>ELIGIBLE FOR REVIEW</b>	<b>43,806</b>	<b>176,731</b>
HEARINGS CONDUCTED	23,618	124,947
HEARINGS CONDUCTED BY TELEPHONE	55	55
REQUIRED FACTUAL SUBSTANTIATION NOT SUBMITTED AT HEARING	1,052	2,127
SUBSTANTIVE CLAIMS NOT PURSUED	17,329	47,754
REQUESTED REVIEW AS SUBMITTED	1,752	1,848
<b>TOTAL</b>	<b>52,989</b>	<b>192,187</b>

**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**  
**2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES**

APPLICATIONS				ASSESSMENT REDUCTION OFFERS			ACCEPTED ASSESSMENT REDUCTION OFFERS		
REAL PROPERTY DESIGNATION	COUNT	TAX LOTS COVERED	COLLECTIVE AMOUNT OF ASSESSMENTS	APPLICATIONS RECEIVING	TAX LOTS COVERED	COLLECTIVE AMOUNT	APPLICATIONS	TAX LOTS COVERED	COLLECTIVE AMOUNT
TAX CLASS 1	3,268	4,885	\$ 211,728,774	552	583	\$ 4,485,915	499	530	\$ 4,273,434
TAX CLASS 2	25,038	150,666	\$ 66,246,365,677	3,504	19,889	\$ 1,287,739,981	2,981	16,760	\$ 1,119,047,424
TAX CLASS 3	94	94	\$ 2,628,349,295	7	7	\$ 86,674,660	7	7	\$ 86,674,660
TAX CLASS 4	24,589	36,542	\$ 97,670,224,987	4,683	6,518	\$ 4,246,090,481	3,932	5,574	\$ 3,762,970,249
<b>TOTAL</b>	<b>52,989</b>	<b>192,187</b>	<b>\$ 166,756,668,733</b>	<b>8,746</b>	<b>26,997</b>	<b>\$ 5,624,991,037</b>	<b>7,419</b>	<b>22,871</b>	<b>\$ 4,972,965,767</b>

**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**

**2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES - BY BOROUGH**

APPLICATIONS				ASSESSMENT REDUCTION OFFERS			ACCEPTED ASSESSMENT REDUCTION OFFERS		
BOROUGH	COUNT	TAX LOTS COVERED	COLLECTIVE AMOUNT OF ASSESSMENTS	APPLICATIONS RECEIVING	TAX LOTS COVERED	COLLECTIVE AMOUNT	APPLICATIONS	TAX LOTS COVERED	COLLECTIVE AMOUNT
<b>BRONX</b>	6,398	19,989	\$ 6,344,988,492	766	851	\$ 122,200,710	634	719	\$ 102,582,194
<b>BROOKLYN</b>	12,129	26,955	\$ 12,054,739,028	1,506	3,030	\$ 270,790,034	1,286	2,371	\$ 226,804,926
<b>MANHATTAN</b>	21,116	113,669	\$ 131,226,923,859	4,248	20,130	\$ 4,799,650,994	3,584	17,113	\$ 4,257,879,776
<b>QUEENS</b>	11,086	27,469	\$ 15,693,879,915	1,899	2,627	\$ 405,758,651	1,613	2,334	\$ 360,685,486
<b>STATEN ISLAND</b>	2,260	4,105	\$ 1,436,137,439	327	359	\$ 26,590,648	302	334	\$ 25,013,385
<b>TOTAL</b>	<b>52,989</b>	<b>192,187</b>	<b>\$ 166,756,668,733</b>	<b>8,746</b>	<b>26,997</b>	<b>\$ 5,624,991,037</b>	<b>7,419</b>	<b>22,871</b>	<b>\$ 4,972,965,767</b>

**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**

**2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES - BY PROPERTY TYPE**

APPLICATIONS				ASSESSMENT REDUCTION OFFERS			ACCEPTED ASSESSMENT REDUCTION OFFERS		
REAL PROPERTY DESIGNATION	COUNT	TAX LOTS COVERED	COLLECTIVE AMOUNT OF ASSESSMENTS	APPLICATIONS RECEIVING	TAX LOTS COVERED	COLLECTIVE AMOUNT	APPLICATIONS	TAX LOTS COVERED	COLLECTIVE AMOUNT
<b>TAX CLASS 1</b>	<b>3,268</b>	<b>4,885</b>	<b>\$ 211,728,774</b>	<b>552</b>	<b>583</b>	<b>\$ 4,485,915</b>	<b>499</b>	<b>530</b>	<b>\$ 4,273,434</b>
CONDOMINIUMS	106	1,723	\$ 27,724,383	29	60	\$ 277,737	28	59	\$ 276,094
1,2 & 3 FAMILY	2,557	2,557	\$ 138,382,560	473	473	\$ 1,753,126	428	428	\$ 1,578,584
VACANT LAND	374	374	\$ 21,804,448	22	22	\$ 1,937,968	18	18	\$ 1,927,822
OTHER	231	231	\$ 23,817,383	28	28	\$ 517,084	25	25	\$ 490,934
<b>TAX CLASS 2</b>	<b>25,038</b>	<b>150,666</b>	<b>\$ 66,246,365,677</b>	<b>3,504</b>	<b>19,889</b>	<b>\$ 1,287,739,981</b>	<b>2,981</b>	<b>16,760</b>	<b>\$ 1,119,047,424</b>
CONDOMINIUMS	1,988	127,663	\$ 15,232,795,950	359	16,744	\$ 303,593,591	303	14,082	\$ 249,720,693
2-10 FAMILY	3,761	3,760	\$ 1,425,744,071	400	400	\$ 19,370,483	364	364	\$ 17,095,968
COOPERATIVES	4,086	4,075	\$ 19,729,258,194	794	794	\$ 440,681,713	663	663	\$ 387,663,933
RENTAL APTS	15,203	15,168	\$ 29,858,567,462	1,951	1,951	\$ 524,094,194	1,651	1,651	\$ 464,566,830
<b>TAX CLASS 3</b>	<b>94</b>	<b>94</b>	<b>\$ 2,628,349,295</b>	<b>7</b>	<b>7</b>	<b>\$ 86,674,660</b>	<b>7</b>	<b>7</b>	<b>\$ 86,674,660</b>
UTILITY PROPERTY	94	94	\$ 2,628,349,295	7	7	\$ 86,674,660	7	7	\$ 86,674,660
<b>TAX CLASS 4</b>	<b>24,589</b>	<b>36,542</b>	<b>\$ 97,670,224,987</b>	<b>4,683</b>	<b>6,518</b>	<b>\$ 4,246,090,481</b>	<b>3,932</b>	<b>5,574</b>	<b>\$ 3,762,970,249</b>
CONDOMINIUMS	2,136	14,346	\$ 14,966,506,446	489	2,324	\$ 876,745,396	386	2,028	\$ 756,993,961
OFFICES/LOFTS	4,143	4,094	\$ 52,692,452,316	1,036	1,036	\$ 2,199,344,281	880	880	\$ 1,944,089,373
STORES	7,785	7,679	\$ 10,410,259,160	1,306	1,306	\$ 312,931,915	1,088	1,088	\$ 264,098,113
INDUSTRIAL	3,822	3,803	\$ 3,348,495,424	803	803	\$ 103,422,278	687	687	\$ 90,676,757
HOTELS	623	612	\$ 7,845,217,808	196	196	\$ 549,581,602	170	170	\$ 520,922,222
VACANT LAND	1,223	1,211	\$ 790,437,190	171	171	\$ 26,377,477	138	138	\$ 21,058,668
UTILITY PROPERTY	163	163	\$ 2,871,656,329	31	31	\$ 76,146,809	30	30	\$ 74,766,809
OTHER	4,694	4,634	\$ 4,745,200,314	651	651	\$ 101,540,723	553	553	\$ 90,364,346
<b>TOTAL</b>	<b>52,989</b>	<b>192,187</b>	<b>\$ 166,756,668,733</b>	<b>8,746</b>	<b>26,997</b>	<b>\$ 5,624,991,037</b>	<b>7,419</b>	<b>22,871</b>	<b>\$ 4,972,965,767</b>

**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**

**2013 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES – BY REDUCTION RANGE**

<b>ASSESSMENT REDUCTION OFFERS</b>				<b>ACCEPTED ASSESSMENT REDUCTION OFFERS</b>		
<b>RANGE OF OFFER AMOUNTS</b>	<b>APPLICATIONS RECEIVING</b>	<b>TAX LOTS COVERED</b>	<b>COLLECTIVE AMOUNT</b>	<b>APPLICATIONS</b>	<b>TAX LOTS COVERED</b>	<b>COLLECTIVE AMOUNT</b>
UNDER \$50,000	2,977	3,516	\$ 64,985,407	2,498	3,019	\$ 54,472,667
\$50,000-\$249,999	3,307	5,878	\$ 397,639,011	2,804	4,997	\$ 339,792,810
\$250,000 AND OVER	2,462	17,603	\$ 5,162,366,619	2,117	14,855	\$ 4,578,700,290
<b>TOTAL</b>	<b>8,746</b>	<b>26,997</b>	<b>\$ 5,624,991,037</b>	<b>7,419</b>	<b>22,871</b>	<b>\$ 4,972,965,767</b>

**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**

<b>2013 EXEMPTION CLAIMS &amp; OUTCOMES</b>	<b>APPLICATIONS FILED</b>	<b>TAX LOTS COVERED</b>	<b>COLLECTIVE ASSESSMENT AMOUNT</b>
EXEMPTIONS CLAIMS	236	255	\$ 469,417,107
EXEMPTIONS CLAIMS GRANTED	4	4	\$ 28,961,550
FULL EXEMPTIONS GRANTED	2	2	\$ 338,400
PARTIAL EXEMPTIONS GRANTED	2	2	\$ 28,623,150

\* Determination pending for 145 exemption applications.

**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**

<b>2013 CHANGE OF PROPERTY TAX CLASS DESIGNATION CLAIMS &amp; OUTCOMES</b>	<b>APPLICATIONS FILED</b>	<b>TAX LOTS COVERED</b>
MISCLASSIFICATION CLAIMS	212	229
MISCLASSIFICATION CLAIMS GRANTED	13	18

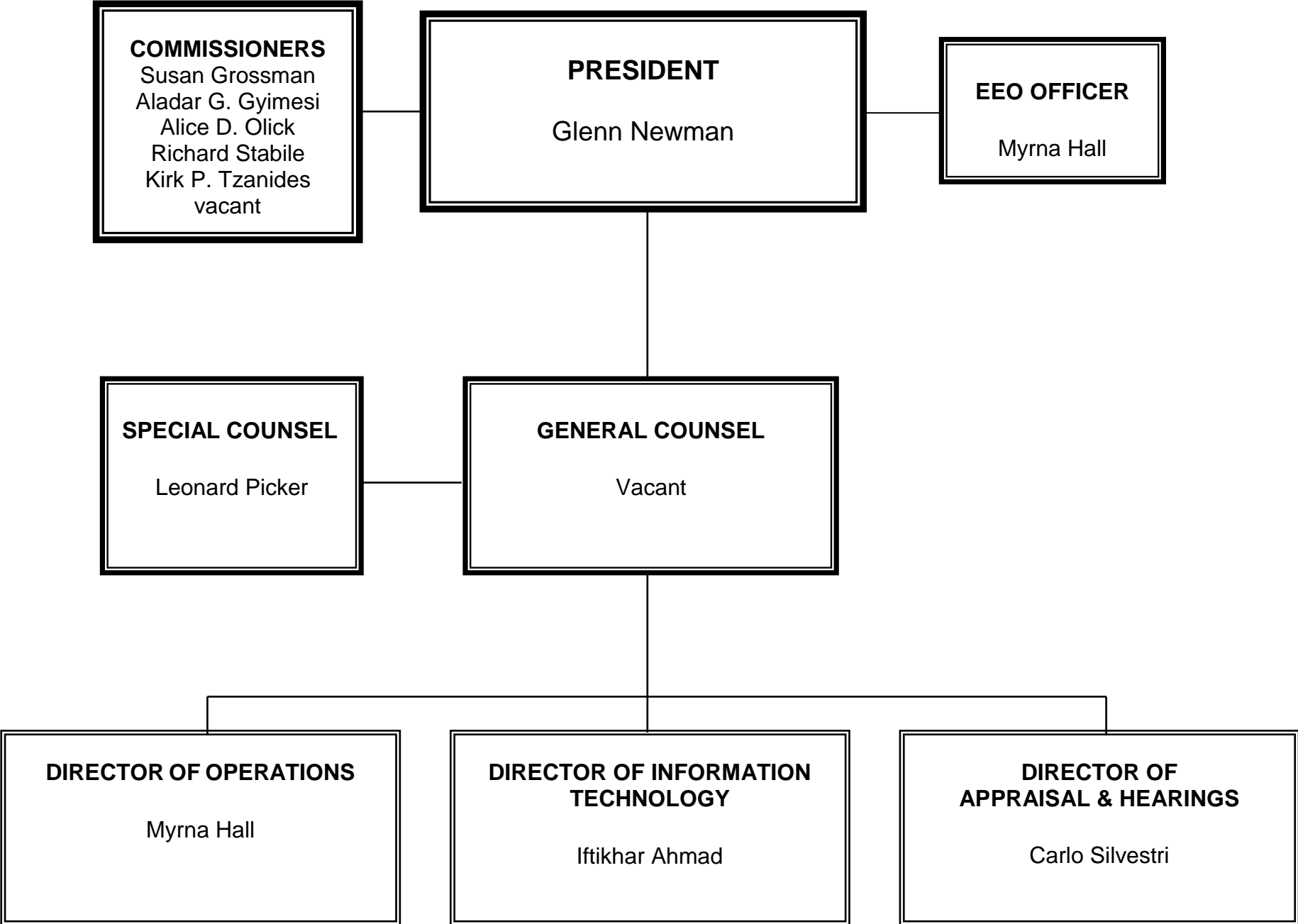
**NEW YORK CITY TAX COMMISSION 2013 ANNUAL REPORT**

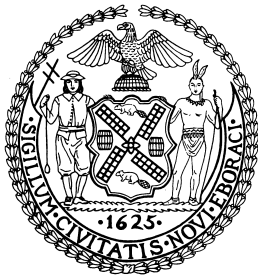
**REMEDIAL ACTIONS BY TAX COMMISSION IN 2013 FOR 2012 ASSESSMENTS  
COVERED BY PENDING JUDICIAL REVIEW PROCEEDINGS,  
PER TWO – YEAR JURISDICTION**

<b>PENDING JUDICIAL REVIEW PROCEEDINGS FOR 2012 ASSESSMENTS</b>		<b>OFFERS TO REDUCE 2012 ASSESSMENTS</b>			<b>2012 JUDICIAL REVIEW PROCEEDINGS DISCONTINUED IN CONJUNCTION WITH ACCEPTED OFFERS TO REDUCE 2012 ASSESSMENTS</b>		
<b>COUNT</b>	<b>COLLECTIVE AMOUNT OF ASSESSMENTS</b>	<b>COUNT</b>	<b>COLLECTIVE AMOUNT OF ASSESSMENTS AT ISSUE</b>	<b>COLLECTIVE AMOUNT OF ASSESSMENT REDUCTION OFFERS</b>	<b>COUNT</b>	<b>COLLECTIVE AMOUNT OF ASSESSMENTS NO LONGER AT ISSUE</b>	<b>COLLECTIVE AMOUNT OF ACCEPTED ASSESSMENT REDUCTION OFFERS</b>
35,648	\$ 93,921,971,784	2,281	\$ 14,381,300,271	\$ 1,637,859,727	1,977	\$ 13,048,605,776	\$ 1,500,844,185



**THE TAX COMMISSION OF THE CITY OF NEW YORK 2013**





CITY OF NEW YORK  
Bill de Blasio  
Mayor

TAX COMMISSION  
Glenn Newman  
President