



GLENN NEWMAN
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THE CITY OF NEW YORK
TAX COMMISSION

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Municipal Building
1 Centre Street
New York, NY 10007

March 1, 2004

Honorable Michael R. Bloomberg
Mayor of the City of New York
City Hall
New York, New York 10007

Dear Mayor Bloomberg:

Pursuant to section 155 of the New York City Charter, I am pleased to submit the 2003 Annual Report of the Tax Commission.

The 2003 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 2003. It also contains a statement of its accomplishments and improvements and a summary of plans for 2004.

The Tax Commission hears protests on more than 42,000 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 134,000 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, appearing to read "Glenn Newman". The signature is fluid and cursive, with the first name "Glenn" written in a larger, more prominent script than the last name "Newman".

Glenn Newman

GN/smm
Enclosure



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Honorable Gifford Miller
Speaker
The Council of the City of New York
City Hall
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Dear Speaker Miller:

Pursuant to section 155 of the New York City Charter, I am pleased to submit the 2003 Annual Report of the Tax Commission.

The 2003 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 2003; a recapitulation of its accomplishments and improvements; and a summary of plans for 2004.

If you have any questions, please call.

Respectfully yours,

Glenn Newman

GN/smm
Enclosure

MEMBERS OF THE TAX COMMISSION

Glenn Newman, President

Ben Celaj

David A. Goldstein

Aladar G. Gyimesi

Lee A. Mayersohn

Alice D. Olick

Kirk P. Tzanides

MANAGERIAL STAFF

General Counsel Reed Schneider

Director of Operations.....Myrna Hall

Director of Information Technology Iftikhar Ahmad

Director of Appraisal & Hearings Carlo Silvestri

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Introduction

The Tax Commission's 2003 Annual Report has been prepared for submission to the Mayor and the City Council in accordance with section 155 of the City Charter.

The 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 2003. It also contains a statement of the Tax Commission's accomplishments and improvements and a summary of plans for 2004.

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 and claims for exemption or reclassification of property. Pursuant to the New York City Charter and Administrative Code, the Tax Commission's mission is to oversee and administer the City's real property tax assessment administrative review process.

Annual assessments are the means by which the real property tax levy—the City's largest source of revenue is set. An "assessment" encompasses a tax lot's tax class designation, market value, and eligibility for full or partial exemption. The amount of a tax lot's assessment, or its "assessed value", is based upon the property's market value to which the uniform assessment ratio for the tax class is applied. The tax to be borne by the tax lot for a given 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, tentative assessments are promulgated and published for tax lots citywide and individually printed on a notice mailed to the owner (or the designee of the owner) of each tax lot by the Department of Finance in connection with the property taxes to be levied for the City's ensuing fiscal year (July 1 through June 30). As also provided by law, respective assessment ratios for the four property tax classes are promulgated and published and set forth in an informal summary accompanying the

assessment notices by the Department of Finance. Individual assessments, and, in turn, the four tax class assessment ratios, are reevaluated annually by the Department of Finance in consideration of fluctuations in the real estate market, physical alterations and/or changes in taxable status.

Following publication of the final annual assessment roll by the Department of Finance on May 25th, the annual tax rates for the four property tax classes are promulgated 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.

Controlling State and local laws afford the right and the means for taxpayers to obtain administrative review of individual real property tax assessments. (The tax rates promulgated by the City Council are *not* subject to property-specific challenge.) Given the nature and components of a property tax assessment in "special assessing units" (including, as defined by State statute, the City of New York as well as neighboring Nassau County), the claims which may be interposed at the Tax Commission—via an "application for correction of assessment"—are claims of misclassification (i.e., the property is assessed per an incorrect tax class designation for its type and use, under the four-tiered classification system); excessiveness (principally, the property fails to receive all or a portion of an entitled partial exemption); inequality (i.e., the property's assessed value is set at a higher proportion of market value than the applicable proportion for other properties in the same tax class); and unlawfulness (principally, the property fails to receive an entitled full 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. Since the prevailing assessment ratio set and published by the Department of Finance for each of the four property tax classes effectively may be challenged only by resort to a proceeding in State Supreme Court, inequality claims before the Tax Commission are essentially reduced to a dispute over the fair market value as determined by the Department of Finance.

The valuation of real estate uses alternative methodologies including comparable sales, capitalization of income or replacement costs. Disputes over individual assessments

are an inevitable feature of ad valorem property taxation, even in a well-administered system such as the City of New York's.

The Tax Commission is an accessible forum that expeditiously resolves assessment disputes, and orders remedial action where appropriate to rectify inequities and errors, in accordance with legal principles and appraisal concepts. The existence, mission and authority of the Tax Commission—as an administrative tribunal for 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 of New York.

In executing its core business of rendering determinations on annual 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 public confidence in government and the tax system.

A well-administered review process is essential to reducing the litigation of assessment disputes. Appropriate action by the Tax Commission brings closure to many claims that might otherwise be further contested. 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 an indeterminate period (often many years), while pursuing relief in an Article 7 proceeding handled 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 are awarded 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 heavy administrative burdens entailed in issuing them, and instead may make relatively minor adjustments in setting the applicable tax rates so as to compensate for the aggregate assessment reductions in each tax class.

Yet another feature of the Tax Commission's operations—the longstanding practice of employing a standard “acceptance agreement” which conditions any offer of remedial assessment relief for the current and/or preceding year on the discontinuance of all pending judicial proceedings with respect to prior years—invariably 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 City’s tax system.

Historical Context

The creation of the Tax Commission was authorized by State legislation in 1857.

The Tax Commission supervised the agency responsible for setting property tax assessments, formerly known as the Tax Department and later the Real Property Assessment Department, until 1968, when the assessing function was transferred to the Department of Finance as part of a reorganization of City government. The bifurcation of the 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. The Tax Commission, a Charter agency, has since existed and served exclusively as an autonomous review body (*see*, section 153 *et seq.* of the City Charter).

Structure & Resources

Pursuant to the 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.

Like many City agencies, the Tax Commission continued striving to meet the challenge to do more with less—that is, maintain the essential features of the agency’s operations, and make targeted improvements in productivity, efficiency and quality of customer service delivery, with fewer resources than in the past. For 2003, the Tax Commission had a staff of 26 full-time employees and an operating budget of less than two

million dollars. By contrast, in 1993 when the agency's funding was at its highest, the Tax Commission had an authorized payroll of 45 full-time employees (along with a complement of part-time workers). 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 of, or other party with legal standing in relation to, a given property who believes it to be incorrectly assessed may seek formal administrative review before the Tax Commission by filing an application for correction.

Pursuant to the City Charter and its own rules, procedures and policies, 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), at the Tax Commission's offices in the Manhattan Municipal Building or at any of the five borough offices of the Department of Finance's Property Division. The property's designated tax class and use, the amount of the assessment and the nature of the claim(s) to be interposed govern the particular form(s) 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 and/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 evaluation and disposition of the claims at issue.

Application forms, instructions, and informational summaries of applicable policies, practices and procedures are published by the Tax Commission, and may be obtained in person at the Tax Commission's offices as well as all five borough offices of the Department of Finance's Property Division and its Taxpayer Assistance Office. Forms are also available

on the Tax Commission's web pages at <http://nyc.gov/html/taxcomm>; or received by mail from 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. The Tax Commission (or any of the five borough offices of the Department of Finance's Property Division) is required by law to receive the application by the applicable deadline for the filing to be considered timely. The agency has no authority to waive or extend the deadline. There is no filing or other user fee.

All applicants who duly complete and execute the requisite application form(s), and timely file same, are entitled to 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 of the Department of Finance's Property Division. When a hearing is not requested, the application is subject to evaluation and determination on the papers submitted.

Pursuant to case law, the assessment set by the Department of Finance is presumed correct, and the burden is on the applicant first to offer evidence to overcome the presumed correctness of the assessment at issue, and then to prove by a preponderance of the evidence that the assessment should be reduced or otherwise corrected as claimed. To the extent the Tax Commission concludes the claim presented has been so proved, it offers a reduction or exemption as appropriate. Though not required, applicants customarily are represented by counsel or other, non-attorney professional, with the exception of tax class one applicants, who typically appear *pro se*. The Department of Finance is permitted to appear at hearings personally through an authorized representative, and/or tender written submissions, in defense of assessments under review. While the Department of Finance may send a representative in select cases or forward written submissions in a number of others, it often elects to rely on the legal presumption that the published assessment is correct.

A personal hearing affords the taxpayer, attorney or other designated representative an opportunity to present its application and otherwise advocate for the relief sought. A substantial majority of applicants request a hearing. The duration of a hearing may be a few

minutes in some particularly straightforward cases at the presenter's choosing, to several hours in some particularly complex or unique cases at the Tax Commission's discretion, but usually is concluded in under 10 minutes. While allowing flexibility where warranted, the agency's general policy is to allot up to 15 minutes per hearing—a reasonable time frame which both reflects the practical realities of the agency's mission, workload and resources and affords applicants and/or their designated representatives ample opportunity to advocate for relief in a typical case. Preparation for a hearing generally includes review of the application and notation of salient facts and potential issues. At the applicant's request, the Tax Commission will entertain sworn oral testimony by the owner (or any other person with relevant knowledge) in support of the claim. (The Tax Commission and its designee Commissioners and assessor personnel are authorized by law to administer oaths and receive sworn testimony.) Neither stenographic minutes nor recordings are made, but the Tax Commission generates by computer a primary control document with pre-printed, property-specific information on which the individual conducting the hearing notes a summary of the argument presented and any testimony offered, along with his/her own observations, analysis and determination. Formal rules of evidence do not apply. Any relevant information and documents duly tendered by or on behalf of the applicant will be considered, along with any submissions from the Department of Finance and any facts of which the Tax Commission properly may take administrative notice.

Applications are evaluated, a hearing (if any) conducted, and a determination rendered on behalf of the Tax Commission by the President, a part-time Commissioner, General Counsel, and/or a member of the Appraisal & Hearings Group's professional staff. In addition, for the first time in 2003, Administrative Law Judges and the General Counsel of the New York City Tax Appeals Tribunal heard and made determinations of Tax Commission applications.

Generally, the President, General Counsel, Director and Deputy Director of the Appraisal & Hearings Group hear cases involving properties with high-end assessments (in 2003, internally designated as \$40 million and over), and select cases presenting novel or difficult legal, policy or appraisal issues. In cases involving utility properties, upon request by the applicant the Tax Commission proper will convene and act en banc as provided by

law. (In 2003, as in recent years, such applicants were also given the option of a hearing before and determination by General Counsel.) Cases presenting exemption claims are heard and determined by General Counsel. The rest of the cases are assigned on a random basis to members of the Appraisal & Hearings Group, the part-time Commissioners and designated staff of the New York City Tax Appeals Tribunal, individually.

The President sets policies and guidelines, and, with the assistance of General Counsel, offers direction and critical input to the part-time Commissioners and the Appraisal & Hearings Group's professional staff. Market research and monitoring are performed on an ongoing basis, and intra-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.

In the course of considering a claim posed by 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 corresponding 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 its notice of determination to the applicant or designated representative within 30 days after the hearing is conducted, or, in cases presented for review on papers, before the close of the final annual assessment roll.

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. 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 duly 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 should be reflected on the corresponding tax bills subsequently mailed by the Department of Finance for the coming fiscal year. Offers of relief made after the final roll and accepted for current-year assessments, as well as all accepted offers of relief with respect to prior-year assessments per 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 and/or credit to the affected taxpayer for the overpayment.

Applicants may seek de novo judicial review of assessments confirmed by the Tax Commission by filing the petition and related papers in the New York State Supreme Court in the appropriate county and serving upon the Tax Commission by October 24, as provided by law. An optional special small claims procedure, administered under the auspices of the State Supreme Court, is available for owner-occupied one, two and three-family homes. The Tax Commission disseminates 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 Tax Commission in court as the respondent named in these proceedings. The Tax Commission and the Tax and Bankruptcy Division of the New York City Law Department maintain ongoing communications accordingly.

Operations & Performance

The Tax Commission's core function of ruling on annual applications for correction of assessment is a great responsibility and integral part of the City's tax system. The volume of 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 of annual filed applications, and the multitude of operational functions necessary to treat them, are imposing. These operational functions include: 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 statistics; computer programming; clerical tasks; and responding to customer inquiries.

In 2003 the Tax Commission received 42,294 applications, covering more than 134,000 separately assessed tax lots, encompassing \$75 billion, or 76%, of actual taxable assessments citywide (net of exemptions). This corresponds to roughly \$8.1 billion of the City's anticipated 2003/2004 real estate tax levy, 31% of the City's anticipated 2003/2004 overall tax revenue and about 18.5% of the City's entire 2003/2004 expense budget.

The 2003 Tax Commission season was unusual in particular due to the continuing effects of the arrest and indictment of 18 current and former assessors employed at the Department of Finance. The agency faced challenges due to reduced resources and the need to respond to the corruption in the assessor's office. Applicants within Manhattan assessing districts affected by the scandal were required to file a form (TC152) in order to receive merits review of their applications in 2002. The TC152 required applicants to state whether two people indicted in the assessors' scandal had been engaged to discuss property tax assessments with Department of Finance assessors. This process was challenged in court and as a result of the litigation, in 2003 the Tax Commission was required to hear claims for reduction covering a three-year period rather than the ordinary two-year jurisdiction for

approximately 7,000 applications for which a TC152 was not submitted and had not been heard in the 2002 season.

In the exercise of its three-year jurisdiction, the Tax Commission took remedial actions in 2003 which, in the aggregate, granted \$237 million in actual relief to aggrieved taxpayers.

In conjunction with its disposition on the merits of 21,611 applications posing claims in relation to 2003 assessments, the Tax Commission brought closure to 17,277 pending judicial review proceedings which posed claims in relation to assessments for prior years totaling \$56.4 billion. Ancillary to its primary function, the Tax Commission's also received and responded to 615 FOIL (Freedom of Information Law) requests.

Planned or Implemented Improvements or Modifications

Over the past year, the Tax Commission integrated five attorneys employed at 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 has 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 Unit 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 camera equipment to enhance its ability to record and exchange information on physical changes and descriptions of properties.

The Tax Commission together with the Office of Court Administration and the Real Estate Tax Review Bar Association continues to work and expand on a program for electronic filing of pleadings for Article 7 court proceedings. Currently, the program is in effect in Manhattan and efforts are underway to expand the program so that it will eventually be available in the other counties. This will provide an efficient system for filing and tracking Article 7 petitions.

The Tax Commission continues its emphasis on the efficient delivery of service to applicants by:

- Maintaining the dialogue with various professional and industry organizations on the practices, procedures and policies employed in administering the annual assessment review process.

- Frequently speaking at programs and events hosted by professional, industry and community organizations.

- Maintaining 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 *pro se* were able to opt for a hearing in the borough in which they resided *or* the subject property was located. Representatives were able to opt for a hearing in the borough in which the applicant, if an individual (as opposed to a corporation or other entity), resided *or* the subject property was located. As always, all applicants and representatives could request that a hearing be held at the Tax Commission's offices in Manhattan.

- The Tax Commission conducted 80 one-step/one-stop "walk-in" hearings, on pre-set, publicized dates, in the Tax Commission's Manhattan offices and in the Bronx, Brooklyn, Queens and Staten Island borough offices of the Department of Finance's Property Division, predominantly for private homeowners. This program affords individual taxpayers the convenience of filing an application for correction of assessment, and receiving a personal hearing, at the same time, in the same place.

- The Tax Commission's efforts to hear and determine applications before the final assessment roll continued. In 2003, 6,878 or 16% of all applications, covering about half of the total assessed value under review, were determined before the roll became final.

The Tax Commission is committed to continual improvement in productivity and delivery of customer service. Important challenges remain, which the agency would very much like to meet. The Tax Commission's capacity to tackle these challenges, however, is based upon the human and financial resources at the agency's disposal.

Despite continued emphasis on management, creativity, planning, technology and the

dedication and hard work of agency staff, the Tax Commission, as all City agencies, is constrained by budgetary limits. The challenges include decrepit and dysfunctional office space, extensive record-keeping and reporting requirements, oversight and compliance activities, and other administrative responsibilities. The staff has been reduced, leaving a shortage of qualified employees to handle these challenges. The Tax Commission has experienced difficulty in retaining and recruiting personnel in general and seasoned senior managers and technology staff in particular. This situation makes safeguarding institutional memory difficult and leaves certain tasks, such as reviewing and improving quality control of functions, unattained.

The physical condition of the office space is in need of upgrading. Having staff divided between two floors of the Municipal Building is cumbersome and the lack of appropriate space for hearings has an impact on morale and operations.

However, working within the constraints it faces, the Tax Commission continues to operate well and accomplish its mission of providing fair administrative review of property tax assessments.

In 2004, the Tax Commission plans include:

- Seek to impose a fee for applications for which review on the merits is sought for certain properties in Tax Classes 2, 3 and 4.
- Continue discussing with the agency's landlord, the Department of Citywide Administrative Services, the necessary renovations and sorely warranted improvements in the maintenance, cleanliness, appearance and condition, of the agency's offices, or, alternatively, suitable office space elsewhere. Also, explore the procedure for pursuing and the criteria for obtaining capital budget funding for these purposes.
- Expand public outreach and information briefings for taxpayers interested in learning more about the assessment system and protest process and to provide additional information for representatives practicing before the Tax Commission.
- Continue improvement of the agency's computer systems that are integrated with the Department of Finance's mainframe systems.
- Continue 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.

- Apply the resources available to maximize the number of determinations made and conveyed prior to publication of the corresponding final annual assessment roll.

- Expand the information gathering efforts of the Appraisal & Hearings Unit in order to ensure the most reliable information is available to value properties.

- Continue participation in the city-wide “311” telephone system to greatly reduce the substantial amount of staff time spent responding to misdirected inquiries regarding federal, state and local business taxes.

- Continue updating and upgrading the agency’s computer software and hardware to enable the performance of additional functions and the speedier performance of existing functions, and thereby further enhance efficiency, productivity and customer service delivery.

- Continue to explore the feasibility and efficacy of acquiring and deploying electronic filing technology to enhance agency operations and to improve coordination with the Department of Finance.

- Continue the effort to clarify and conform amendments to the Tax Commission’s outdated “Practice and Procedures” as published in Title 21 of the Rules of the City of New York to reflect the agency’s current operations, policies and procedures.

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

- Consider and draft an updated, cohesive and comprehensive formal Code of Conduct for agency personnel and representatives practicing before the agency.

- Establish an Advisory Group consisting of representatives of organizations with a stake in the Tax Commission’s operations to provide input for improving the process.

- Pursue a dialogue with New York City-based institutions of higher learning to develop an internship program, where select graduate students would be placed with the Tax Commission each semester to learn from and contribute to the work of the agency’s General Counsel, Information Technology Group, and Appraisal & Hearings Group, in exchange for academic credits.

NEW YORK CITY TAX COMMISSION 2003 ANNUAL REPORT

PROCEDURAL DELINEATION OF 2003 ASSESSMENT REVIEW APPLICATIONS	APPLICATIONS FILED	TAX LOTS COVERED
COUNT	42,294	134,014
NOT ELIGIBLE FOR SUBSTANTIVE REVIEW	8,145	17,886
LATE FILING	52	75
INCOMPLETE FILING	1,813	9,056
NOT EXECUTED BY PARTY WITH KNOWLEDGE / OTHER LEGALLY FATAL DEFECTS IN EXECUTION	289	427
MOOT (More favorable than Applicant's Claimed Assessment, or Remedial Action taken by Department of Finance before Tax Commission consideration)	183	183
APPLICANT'S STANDING TO PROTEST NOT ESTABLISHED	64	65
REQUIRED DEPT. OF FINANCE INCOME AND EXPENSE STATEMENT ("RPIE") NOT FILED, LATE OR IMPROPER	1,173	1,183
REQUIRED TAX COMMISSION INCOME AND EXPENSE FORM ("TCIE") NOT FILED, LATE OR IMPROPER	3,901	6,446
UNRESOLVED MULTIPLE APPLICATIONS FOR SAME TAX LOT	147	196
UNEXCUSED NON-APPEARANCE BY APPLICANT OR REPRESENTATIVE AT SCHEDULED HEARING	199	201
WITHDRAWN BY APPLICANT	324	54
ELIGIBLE FOR SUBSTANTIVE REVIEW	34,149	116,128
CALENDARED HEARINGS CONDUCTED IN PERSON	21,192	86,945
CALENDARED HEARINGS CONDUCTED BY TELEPHONE	40	40
CALENDARED HEARINGS – SUBSTANTIVE CLAIMS NOT PURSUED	12,538	28,764
HEARINGS CONDUCTED PER ONE-STEP / ONE-STOP "WALK-IN" PROGRAM	80	80
AS SUBMITTED – REVIEWED ON PAPERS / NO HEARING REQUESTED	299	299

NEW YORK CITY TAX COMMISSION 2003 ANNUAL REPORT

2003 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	1,946	4,558	\$128,547,382	102	163	\$716,499	96	157	\$680,837
TAX CLASS 2	20,693	103,598	\$35,733,212,696	2,383	19,661	\$769,700,488	1,994	16,936	\$561,958,645
TAX CLASS 3	59	59	\$1,242,084,150	5	5	\$270,380,700	3	3	\$97,114,500
TAX CLASS 4	19,596	25,799	\$48,777,588,896	2,755	4,148	\$1,524,368,086	2,379	3,481	\$1,283,294,856
TOTAL	42,294	134,014	\$85,881,433,124	5,245	23,977	\$2,565,165,773	4,472	20,577	\$1,943,048,838

NEW YORK CITY TAX COMMISSION 2003 ANNUAL REPORT

2003 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
BRONX	5,011	18,416	\$3,522,041,706	611	627	\$133,410,906	515	530	\$28,201,807
BROOKLYN	9,074	16,124	\$6,045,401,479	888	1,712	\$176,701,313	760	1,520	\$136,979,965
MANHATTAN	17,997	74,292	\$67,059,764,991	2,509	18,904	\$1,879,233,875	2,103	16,088	\$1,585,362,709
QUEENS	8,634	21,319	\$8,306,175,685	1,069	2,412	\$367,099,330	931	2,122	\$184,653,508
STATEN ISLAND	1,578	3,863	\$948,049,263	168	322	\$8,720,349	163	317	\$7,850,849
TOTAL	42,294	134,014	\$85,881,433,124	5,245	23,977	\$2,565,165,773	4,472	20,577	\$1,943,048,838

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2003 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
TAX CLASS 1	1,946	4,558	\$128,547,382	102	163	\$716,499	96	157	\$680,837
CONDOMINIUMS	97	2,713	\$39,921,715	6	67	\$67,960	6	67	\$67,960
1, 2 & 3 FAMILY	1,380	1,380	\$69,003,507	81	81	\$549,537	76	76	\$516,755
VACANT LAND	293	289	\$7,693,473	12	12	\$80,110	12	12	\$80,110
OTHER	176	176	\$11,928,687	3	3	\$18,892	2	2	\$16,012
TAX CLASS 2	20,693	103,598	\$35,733,212,696	2,383	19,661	\$769,700,488	1,994	16,936	\$561,958,645
CONDOMINIUMS	1,130	84,064	\$6,035,206,768	284	17,562	\$169,471,493	247	15,189	\$149,701,488
2 - 10 FAMILY	3,161	3,158	\$780,725,402	299	299	\$7,272,736	263	263	\$6,303,548
COOPERATIVES	3,886	3,881	\$11,296,693,080	664	664	\$235,234,199	568	568	\$141,335,299
RENTAL APTS	12,516	12,495	\$17,620,587,446	1,136	1,136	\$357,722,060	916	916	\$264,618,310
TAX CLASS 3	59	59	\$1,242,084,150	5	5	\$270,380,700	3	3	\$97,114,500
UTILITY PROPERTY	59	59	\$1,242,084,150	5	5	\$270,380,700	3	3	\$97,114,500
TAX CLASS 4	19,596	25,799	\$48,777,588,896	2,755	4,148	\$1,524,368,086	2,379	3,481	\$1,283,294,856
CONDOMINIUMS	1,223	7,677	\$5,029,271,414	279	1,672	\$151,798,050	236	1,338	\$116,742,770
OFFICES/LOFTS	3,772	3,741	\$29,553,868,338	545	545	\$798,979,729	443	443	\$687,341,079
STORES	6,284	6,157	\$5,031,939,933	914	914	\$79,623,564	789	789	\$60,832,014
INDUSTRIAL	3,347	3,332	\$1,742,087,065	469	469	\$24,199,551	425	425	\$21,301,401
HOTELS	366	363	\$3,817,056,150	87	87	\$294,933,250	75	75	\$253,032,000
VACANT LAND	883	878	\$231,030,354	44	44	\$3,113,850	42	42	\$2,850,350
UTILITY PROPERTY	70	70	\$614,556,810	11	11	\$117,820,800	8	8	\$107,553,600
OTHER	3,651	3,581	\$2,757,778,832	406	406	\$53,899,292	361	361	\$33,641,642
TOTAL	42,294	134,014	\$85,881,433,124	5,245	23,977	\$2,565,165,773	4,472	20,577	\$1,943,048,838

NEW YORK CITY TAX COMMISSION 2003 ANNUAL REPORT

2003 ASSESSMENT REVIEW APPLICATIONS AND OUTCOMES – BY REDUCTION RANGE

ASSESSMENT REDUCTION OFFERS				ACCEPTED ASSESSMENT REDUCTION OFFERS		
RANGE OF OFFER AMOUNTS	APPLICATIONS RECEIVING	TAX LOTS COVERED	COLLECTIVE AMOUNT	APPLICATIONS	TAX LOTS COVERED	COLLECTIVE AMOUNT
UNDER \$50,000	2,560	3,150	\$55,134,980	2,247	2,799	\$47,705,588
\$50,000 - \$249,999	1,703	5,112	\$196,948,145	1,447	4,524	\$166,890,262
\$250,000 AND OVER	982	15,715	\$2,313,082,648	778	13,254	\$1,728,452,988
TOTAL	5,245	23,977	\$2,565,165,773	4,472	20,577	\$1,943,048,838

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2003 EXEMPTION CLAIMS & OUTCOMES	APPLICATIONS FILED	TAX LOTS COVERED	COLLECTIVE ASSESSMENT AMOUNT
EXEMPTION CLAIMS	102	102	\$11,184,071
EXEMPTION CLAIMS GRANTED	69	69	\$3,888,533
FULL EXEMPTIONS GRANTED	0	0	0
PARTIAL EXEMPTIONS GRANTED	69	69	\$3,888,533

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2003 CHANGE OF PROPERTY TAX CLASS DESIGNATION CLAIMS & OUTCOMES	APPLICATIONS FILED	TAX LOTS COVERED
MISCLASSIFICATION CLAIMS	257	564
MISCLASSIFICATION CLAIMS GRANTED	61	79

NEW YORK CITY TAX COMMISSION 2003 ANNUAL REPORT

REMEDIAL ACTIONS BY TAX COMMISSION IN 2003 FOR 2002 ASSESSMENTS COVERED BY PENDING JUDICIAL REVIEW PROCEEDINGS, PER TWO – YEAR JURISDICTION

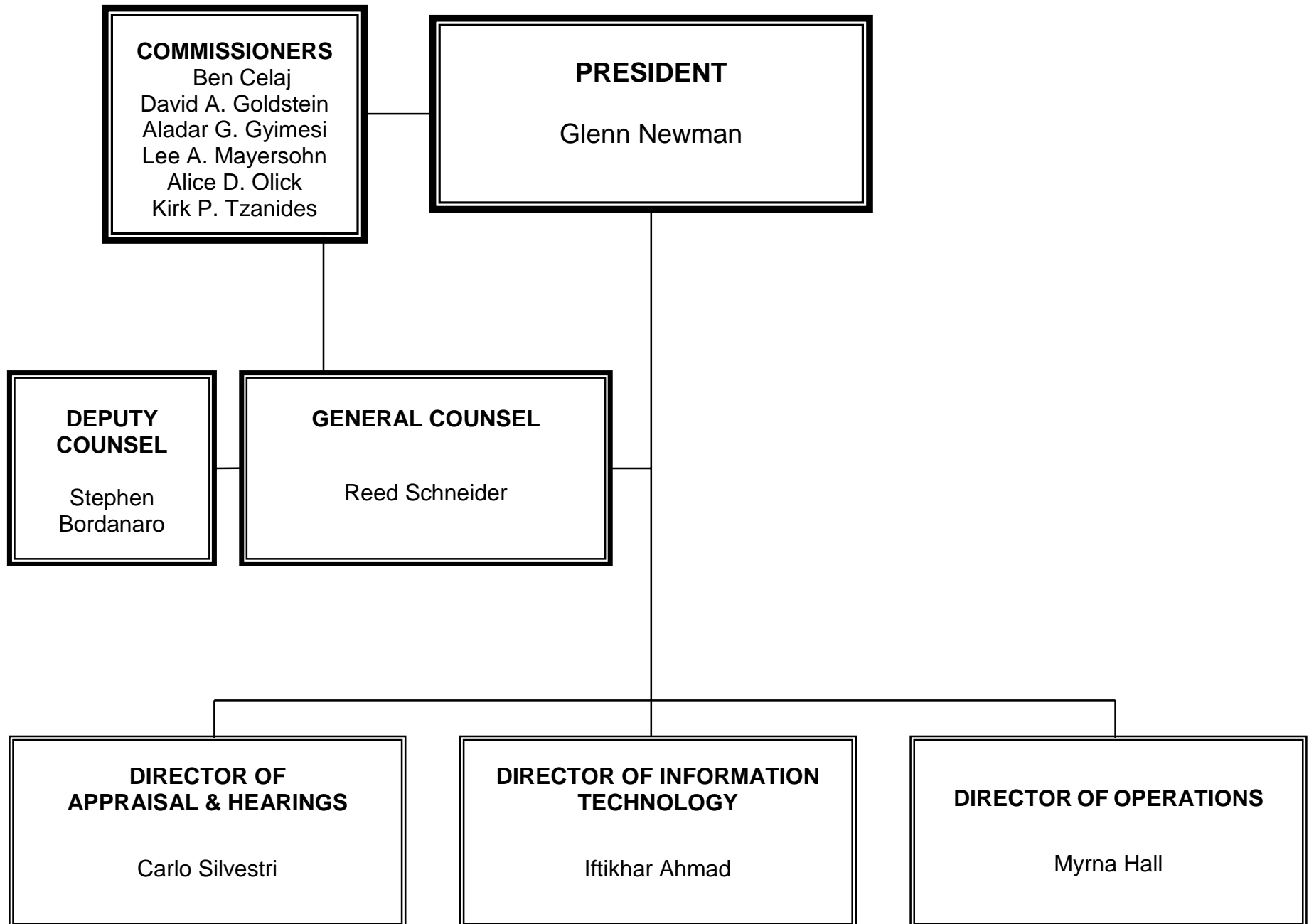
PENDING JUDICIAL REVIEW PROCEEDINGS FOR 2002 ASSESSMENTS		OFFERS TO REDUCE 2002 ASSESSMENTS			2002 JUDICIAL REVIEW PROCEEDINGS DISCONTINUED IN CONJUNCTION WITH ACCEPTED OFFERS TO REDUCE 2002 ASSESSMENTS		
COUNT	COLLECTIVE AMOUNT OF ASSESSMENTS	COUNT	COLLECTIVE AMOUNT OF ASSESSMENTS AT ISSUE	COLLECTIVE AMOUNT OF ASSESSMENT REDUCTION OFFERS	COUNT	COLLECTIVE AMOUNT OF ACCEPTED ASSESSMENT REDUCTION OFFERS	COLLECTIVE AMOUNT OF ASSESSMENTS NO LONGER AT ISSUE
32,481	\$66,181,093,541	2,871	\$10,741,587,149	\$862,206,361	2,466	\$721,945,087	\$8,565,090,578

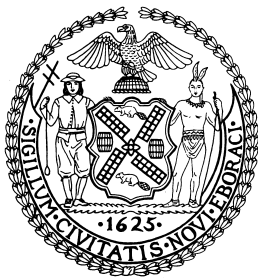
NEW YORK CITY TAX COMMISSION 2003 ANNUAL REPORT

REMEDIAL ACTIONS BY TAX COMMISSION IN 2003 FOR 2001 ASSESSMENTS COVERED BY PENDING JUDICIAL REVIEW PROCEEDINGS, PER THIRD YEAR JURISDICTION CONFERRED BY SUPREME COURT

PENDING JUDICIAL REVIEW PROCEEDINGS FOR 2001 ASSESSMENTS		OFFERS TO REDUCE 2001 ASSESSMENTS			2001 JUDICIAL REVIEW PROCEEDINGS DISCONTINUED IN CONJUNCTION WITH ACCEPTED OFFERS TO REDUCE 2001 ASSESSMENTS		
COUNT	COLLECTIVE AMOUNT OF ASSESSMENTS	COUNT	COLLECTIVE AMOUNT OF ASSESSMENTS AT ISSUE	COLLECTIVE AMOUNT OF ASSESSMENT REDUCTION OFFERS	COUNT	COLLECTIVE AMOUNT OF ACCEPTED ASSESSMENT REDUCTION OFFERS	COLLECTIVE AMOUNT OF ASSESSMENTS NO LONGER AT ISSUE
29,433	\$53,310,724,510	217	\$1,861,378,312	\$135,314,341	187	\$110,793,256	\$1,634,942,403

THE TAX COMMISSION OF THE CITY OF NEW YORK





CITY OF NEW YORK
Michael R. Bloomberg
Mayor

TAX COMMISSION
Glenn Newman
President