

Owners who pay their taxes through escrow, or those who pay more than \$2,750 per year in property taxes, must pay the higher rate, which has been 18% for the last several years. The \$2,750 threshold has existed since 1979, and as home values have risen, more homeowners have fallen into the higher category, paying 18% interest on late payments.

The new law will change the threshold to assessed value of \$80,000 or less, bringing almost all homeowners into the lower category.

For the individual homeowner who may not be able to pay on time, this will provide real relief. Overall, though, the impact will not be large because very few owners pay their taxes late. In fact, this year Finance recorded the lowest property tax delinquency rate -- 3.62 percent - in five years, in part due to the effects of the \$400 rebate.

- **Preventing interest charges on misapplied payments.** Under current law, if a payment is misapplied because of an error by Finance or another taxpayer, interest must be charged from the date the original payment was due, even going back 6 years. Under the new law, if Finance discovers a misapplied payment, we would not impose interest without first giving the taxpayer reasonable time to pay the principal amount due. In effect, we would treat this delinquency like a new charge.
- **Creating a bigger incentive to pay property taxes early.** Current law allows Finance to offer an annualized discount for payments made more than 30 days in advance of the due date, but it is confusing to taxpayers and difficult to program in the agency's computers. The new law would create a discount that is a simple percentage of the taxes owed, encouraging more owners to pay early.

These changes will be reflected in the Statement of Account mailed in June, showing property taxes due for fiscal year 2006. The statements will be based on the Final Property Assessment Roll, which was published today at nyc.gov/finance.

###