



**Testimony of Elaine A. Kloss, Treasurer  
New York City Department of Finance  
Before the New York City Council Finance Committee  
June 14, 2011**

Good morning Chairman Recchia and members of the City Council Finance Committee. I am Elaine Kloss, Treasurer of the City of New York. I am here today to testify about the interest rate resolutions adopted by the NYC Banking Commission and recommended to the Council for late payment of property taxes, water and sewer charges and for early payment of property taxes for fiscal year 2012.

As required by the New York City Charter and the Administrative Code the Banking Commission sent the attached letter to the City Council on May 24, 2011 with its recommendations regarding the interest rates for late payment and early payment of taxes. The Banking Commission recommends that the Council adopt the same rates as those in effect for fiscal year 2011. These rates are 9% for late payment of property taxes on properties assessed below \$250,000, 18% for properties assessed greater than \$250,000, 9% for late water and sewer payments on properties assessed below \$250,000, 18% for late water and sewer payment on properties assessed greater than \$250,000, and a 1% discount rate for early payment of property taxes.

The interest rates charged for late payment of property taxes and water and sewer charges have remained unchanged since 2002. Last year the discount rate for early payment of property taxes was lowered from 1.5% to 1.0%.

In fiscal year 2011 property taxes paid early totaled \$1.7 billion and the City granted a total discount of \$15.2 million. Approximately 172,000 property owners with properties assessed under \$250,000 paid their taxes early and received an average discount of \$46. About 3,600 property owners with properties assessed at \$250,000 or more paid their taxes early and received an average discount of \$2,600. The number of early property tax payers was consistent with prior years.

Thank you for your consideration and I will be happy to answer any questions.



**NEW YORK CITY BANKING COMMISSION**

66 John Street, New York, NY 10038  
Telephone: (212) 487-2594

Andrew Salkin, *Secretary*

May 24, 2011

Honorable Christine Quinn  
Speaker of the Council  
City Hall  
New York, NY 10007

Dear Ms. Quinn:

Pursuant to Sections 11-224.1, 11.312(c), 11-313(e) and 1519-a, of the New York City Administrative Code, the Banking Commission, at its meeting on May 19, 2011, adopted resolutions recommending to the Council that the proposed interest rates to be charged for non-payment of taxes for real estate, and for non-payment of water and sewer rents, and the discount rate for early payment of real estate taxes for FY 2012 be:

- a. Nine percent (9.00%) per annum for non-payment of taxes for real estate with an assessed value of not more than two hundred fifty thousand dollars (\$250,000.00), or not more than two hundred fifty thousand dollars (\$250,000.00) per residential unit for co-ops;
- b. Eighteen percent (18.00%) per annum for non-payment of taxes for real estate with an assessed value of more than two hundred fifty thousand dollars (\$250,000.00), or more than two hundred fifty thousand dollars (\$250,000.00) per residential unit for co-ops, or where irrespective of the assessed value, the parcel consists of vacant or unimproved land;
- c. Nine percent (9.00%) per annum for non-payment of water and sewer rents for real estate with an assessed value of not more than two hundred fifty thousand dollars (\$250,000.00), or not more than two hundred fifty thousand dollars (\$250,000.00) per residential unit for co-ops;
- d. Eighteen percent (18.00%) per annum for non-payment of water and sewer rents for real estate with an assessed value of more than two hundred fifty thousand dollars (\$250,000.00), or more than two hundred fifty thousand dollars (\$250,000.00) per residential unit for co-ops, or where irrespective of the assessed value, the parcel consists of vacant or unimproved land;

Page 2  
Honorable Christine Quinn  
May 24, 2011  
Interest Rate Recommendations

- e. One percent (1.00%) discount per annum applied to the real estate tax that is paid no later than the due date.

Copies of the resolutions are attached.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Salkin". The signature is fluid and cursive, with a large initial "A" and a long, sweeping underline.

Andrew Salkin  
Secretary

- C: Honorable Michael R. Bloomberg  
Comptroller John C. Liu  
Commissioner David M. Frankel  
Assistant Commissioner Elaine A. Kloss

**Resolution No. 1 – Interest Rate Recommendation (Real Estate)**

**WHEREAS**, pursuant to New York City Administrative Code §11-224.1, the Banking Commission is required to recommend to the City Council, not later than the twenty-fifth day of May, the proposed interest rate to be charged for non-payment of taxes for real estate with an assessed value of not more than two hundred fifty thousand dollars (\$250,000), or not more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, and

**WHEREAS**, the proposed interest rate shall be at least equal to the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “prime rate”), and

**WHEREAS**, the Banking Commission notes that as of May 19, 2011, said prime rate stands at three and one-quarter per cent (3.25%), as published by the Federal Reserve Board of Governors, and

**WHEREAS**, it is in the City’s best interest to encourage the prompt payment of taxes for real estate by all taxpayers, now, therefore be it

**RESOLVED**, the Banking Commission recommends to the City Council that the interest rate to be charged for non-payment of taxes for all properties with an assessed value of not more than two hundred fifty thousand dollars (\$250,000), or not more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, remains nine per cent (9%) per annum for Fiscal Year 2012, and be it further

**RESOLVED**, that the Secretary’s letter to the City Council be sent as close to May 25<sup>th</sup> as possible, to protect against fluctuations in interest rates.

Dated May 19, 2011

**Resolution No. 2 – Interest Rate Recommendation (Real Estate)**

**WHEREAS**, pursuant to New York City Administrative Code §11-224.1, the Banking Commission is required to recommend to the City Council, not later than the twenty-fifth day of May, the proposed interest rate to be charged for non-payment of taxes for real estate with an assessed value of more than two hundred fifty thousand dollars (\$250,000), or more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, or where, irrespective of the assessed value, the parcel consists of vacant or unimproved land,

**WHEREAS**, said provisions of the Administrative Code require the Banking Commission to propose a rate at least six percentage points (6%) per annum greater than the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “prime rate”), and

**WHEREAS**, the Banking Commission notes that as of May 19, 2011, said prime rate stands at three and one-quarter per cent (3.25%), as published by the Federal Reserve Board of Governors, and

**WHEREAS**, it is in the City’s best interest to encourage the prompt payment of taxes for real estate by all large taxpayers, now, therefore be it

**RESOLVED**, the Banking Commission recommends to the City Council that the interest rate to be charged for non-payment of taxes for real estate where the assessed value on a parcel is over two hundred fifty thousand dollars (\$250,000), or over two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, or where, irrespective of the assessed value, the parcel consists of vacant or unimproved land remains eighteen per cent (18%) per annum for Fiscal Year 2012, and be it further

**RESOLVED**, that the Secretary’s letter to the City Council be sent as close to May 25<sup>th</sup> as possible, to protect against fluctuations in interest rates.

Dated May 19, 2011

**Resolution No. 3 – Interest Rate Recommendation (Water and Sewer Rents)**

**WHEREAS**, pursuant to New York City Administrative Code §§11-312(c) and 11-313(e) and 11-224.1, the Banking Commission is required to recommend to the City Council, not later than the twenty-fifth day of May, the proposed interest rate to be charged for non-payment of water rents and sewer rents, and

**WHEREAS**, the proposed interest rate to be charged for non-payment of water rents and sewer rents for properties with an assessed value of not more than two hundred fifty thousand dollars (\$250,000), shall be at least equal to the said prime rate, and

**WHEREAS**, the Banking Commission notes that as of May 19, 2011, the said prime rate stands at three and one-quarter per cent (3.25%), as published by the Federal Reserve Board of Governors, now, therefore, be it

**RESOLVED**, that the Banking Commission recommends to the City Council that the interest rate to be charged for non-payment of water rents and sewer rents for properties with an assessed value of not more than two hundred fifty thousand dollars (\$250,000), or not more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, remains nine per cent (9%) per annum for Fiscal Year 2012, and be it further

**RESOLVED**, that the Secretary's letter to the City Council be sent as close to May 25<sup>th</sup> as possible, to protect against fluctuations in interest rates.

Dated May 19, 2011

**Resolution No. 4 – Interest Rate Recommendation (Water and Sewer Rents)**

**WHEREAS**, pursuant to New York City Administrative Code §§11-312(c) and 11-313(e) and 11-224.1, the Banking Commission is required to recommend to the City Council, not later than the twenty-fifth day of May, the proposed interest rate to be charged for non-payment of water rents and sewer rents, and

**WHEREAS**, pursuant to said provisions of the Administrative Code, the proposed interest rate to be charged non-payment of water rents and sewer rents for a property with an assessed value of more than two hundred fifty thousand dollars (\$250,000) shall be at least six percentage points (6%) per annum greater than the prevailing interest rate charged for commercial loans extended to prime borrowers by commercial banks operating in the City (the “prime rate”), and

**WHEREAS**, the Banking Commission notes that as of May 19, 2011, the said prime rate stands at three and one-quarter per cent (3.25%), as published by the Federal Reserve Board of Governors, now, therefore, be it

**RESOLVED**, that the Banking Commission recommends to the City Council that the interest rate to be charged for non-payment of water rents and sewer rents for all properties with an assessed value of more than two hundred fifty thousand dollars (\$250,000), or more than two hundred fifty thousand dollars (\$250,000) per residential unit for co-ops, remains eighteen percent (18%) per annum for Fiscal Year 2012, and be it further

**RESOLVED**, that the Secretary’s letter to the City Council be sent as close to May 25<sup>th</sup> as possible, to protect against fluctuations in interest rates.

Dated May 19, 2011

**Resolution No. 5 – Discount Rate Recommendation**

**WHEREAS**, pursuant to Section 1519(a) of the City Charter, the Banking Commission is required to recommend to the City Council, not later than the twenty-fifth of May, the proposed discount percentage allowed for early payment of real estate taxes, now, therefore be it

**RESOLVED**, the Banking Commission recommends to the City Council, the discount percentage that shall be allowed for early payment of real estate taxes shall be one per cent (1.0%) per annum for Fiscal Year 2012, and be it further

**RESOLVED**, that the Secretary's letter to the City Council be sent as close to May 25<sup>th</sup> as possible, to protect against fluctuations in interest rates.

Dated May 19, 2011

*Representatives of the Mayor's Office and the Commissioner of Finance voted yea for Resolutions 1 through 5 and the representative of the Office of the City Comptroller voted nay for Resolutions 1 through 5.*