



City Handling of Property Tax Appeals

What questions did the audit look at?

- ▶ Did the New York City Office of Administrative Tax Appeals (OATA) handle real property tax assessment appeals fairly and equitably?

Why does it matter for New Yorkers?

Property taxes are New York City's largest source of tax revenue. To determine a property tax assessment, the City first estimates a property's market value, then calculates the assessed value using an assessment ratio based on the property's tax class, which is then used to calculate how much the owner owes in taxes. If the assessment is too high, the owner may pay more than their fair share. The process for appealing property assessments is crucial in ensuring that owners are taxed fairly. OATA is responsible for reviewing appeals made by New Yorkers, providing an independent forum where property owners can challenge these assessments.

The audit found that OATA generally handled scheduled appeals equitably, though property owners in Queens and Staten Island experienced longer wait times compared to other boroughs. The audit also identified a loophole in the appeals process that allowed certain owners to withdraw their appeal early and instead opt for a "judicial review." This effectively circumvents OATA's procedures, and goes through New York State Supreme Court, which may offer property owners more favorable outcomes.

When the appeals process is not followed as intended, it can undermine fairness in how property taxes are applied. This can shift burdens across taxpayers. Ensuring that the appeals process is handled equitably—and that the process is not bypassed—is an important part of maintaining a fair and effective property tax system for all New Yorkers.

What changes did the agency commit to make following the audit?

- ▶ OATA agreed to consider revising how it schedules hearings to ensure that processing times are not delayed due to the borough of an applicant.
- ▶ OATA agreed to ensure that supervisory reviews are documented and stored securely either physically or electronically, to support internal oversight.

AUDIT FINDINGS



OATA generally processed scheduled appeals equitably and fairly.



Property owners in Queens and Staten Island experienced longer wait times compared to applicants in other boroughs.



Certain property owners were able to bypass OATA's administrative process.



Audit Recommendations	Agency Response
<p>1 Consider how its current method for scheduling hearings can be modified to ensure appeal processing times are not delayed based upon the applicant's borough.</p>	<p>AGREED</p>
<p>2 Ensure that supervisory reviews are documented, including the use of standardized audit workpapers or review templates. These documents should be stored securely in either a physical file or an electronic system to support internal oversight and future audit review.</p>	<p>AGREED</p>
<p>3 Consult with DOF, the Office of Management and Budget, and other relevant parties to determine whether the property tax principles applied by SCAR hearing officers and OATA assessors are consistent, and whether actions should be taken to close the loophole allowing owners to request "no further review" of their appeals to OATA to pursue a remedy through SCAR.</p>	<p>DID NOT AGREE OR DISAGREE¹</p>

¹ OATA stated that it has no control over the SCAR hearing process and that actions to change the SCAR process fall outside the scope of the Tax Commission's Charter mandate.