



**TESTIMONY BEFORE
NEW YORK CITY ADVISORY COMMISSION
ON PROPERTY TAX REFORM'S
PRELIMINARY REPORT**

MAY 11, 2021

SUBMITTED VIA WEBSITE

PREPARED BY
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CANDIDATE FOR NEW YORK CITY COUNCIL
49TH DISTRICT, STATEN ISLAND

Good afternoon Chairperson Shaw. My name is Michael Schnall and I am a candidate for New York City Council running to represent the 49th Council district, covering the north shore of Staten Island. While I am unable to attend the hearing today on the New York City Advisory Commission on Property Tax Reform Preliminary Report, I am submitting this testimony for the record.

First, I want to thank and applaud all members of the commission for your hard work and dedication to our city, and a special thank you to my former colleagues in the NYC Council Finance Division for their ever ongoing work to make sure our City's budget is an equitable and fair document.

I have been a homeowner since 2003. Understanding how real estate taxes are determined has been the single most perplexing and frustrating thing as a homeowner, public servant, and now candidate for office. In what might be one of the few times I have agreed with Mayor de Blasio, the tax system remains unfair, lacks transparency, and is highly perplexing to anyone trying to decipher how their real estate taxes are calculated.

I want to applaud the commission for putting forward its ten initial recommendations. While I will admit that after reading your report I am still confused about how real estate taxes are calculated, I appreciate the attempt to help make calculations more transparent and equitable.

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I have five points for the commission to consider:

1. Staten Island's north shore, where I live and where I aspire to represent in the NYC Council, has an almost perfect split between homeowners and renters. Any changes to shift the burden from renters/building owners to homeowners, or vice versa, would be catastrophic as our City comes out of the pandemic. Tax rates must remain the same for the next few years as our job market, small business sector, and other areas of our economy start to claw back to pre-pandemic levels;
2. Tax rates for Classes 2 through Class 4 have remained steady since 2005, with Class 4 tax rate actually going down. However, Class 1, which encompasses most homeowners on the north shore of Staten Island, has been steadily rising from 2005 until now, from a tax rate of 15% in 2005 to 21% in 2020. Any efforts to stabilize, and even reduce the tax burden on families, will help to bring our economy back faster and more fairly;
3. In recommendation number 4, the commissioner suggests that annual market value change be capped at a rate of 20% per year. Unless I'm missing something, the average homeowner in my district like me could see a tax increase of at least \$960 per year over 5 years. That doesn't seem to be the fix we need. In fact, that seems like a rather steep increase over what the current system provides;
4. As we start to see commercial tenants in Manhattan abandoning their buildings, the City must resist shifting the burden of maintaining tax revenues onto homeowners. I hope this commission has contemplated that dynamic and have some ideas about how to solve for it; and
5. Lastly, rather than this commission disbanding and returning after ten year's time, this commission should remain intact to monitor the intended, and unintended impacts of your suggested changes. This commission should transcend Mayoralties and Speakerships, stay outside of politics, to work on the side of the everyday New Yorker.

Again, I will remind you that these recommendations, however well-intentioned, will have intended and unintended consequences for those who are subject to the real estate taxing scheme in New York City. Any increases in taxes on our poor and working-class homeowners and renters will be catastrophic to the viability of a comeback our City must make post-pandemic. Balancing the City's budget on the backs of our poor and working-class citizens will always be unacceptable, and I hope your work here will bring about the change we need for a more transparent and equitable real estate tax system.

Thank you for this opportunity to submit testimony.

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