OFFICE OF THE MAYOR
Hon. Stephanie A. Miner, Mayor

FOR IMMEDIATE RELEASE
DATE: September 25, 2014

CONTACT: Alexander Marion
Press Secretary (315) 448-8044

MINER VETOES TAX TRUST LEGISLATION WITH LANDLORD LOOPHOLE

Miner Vetoes Council Legislation Because It Reopens The Door For Absentee Landlords To Continue Flipping Properties To Avoid Paying Full Taxes

SYRACUSE, N.Y. – Mayor Stephanie A. Miner announced today that she vetoed legislation passed last week by the Common Council that would reopen a loophole used by absentee landlords to get into long term payment plans at a lower cost rather than repaying their full back tax bills.

Earlier this year, the Miner administration discovered that landlords were asking Councilors to hold votes foreclosing on their tax delinquent properties to give them time to flip the properties among themselves to orchestrate more favorable repayment terms. To stop that abuse, the Miner administration limited the long term tax trust repayment plans exclusively to homeowners. The legislation, sponsored by Councilor Kathleen Joy, sought to force the administration to offer tax trusts to multiple owners of rental property.

"The administration's policy to limit tax trusts is already working and changing it is a mistake," said **Syracuse Mayor Stephanie A. Miner**. On Tuesday, the Mayor conducted a public hearing on the law where community members turned out in opposition of the law.

In her veto message, Mayor Miner cited the example of 701 Catherine Street. After learning the rental property would not be eligible for a tax trust, the property was flipped back among landlords who had used the same tactic to pay only 10 percent of back taxes to get into a trust for another property, 310 Hier Avenue. Unable to get a tax trust for 701 Catherine Street after the administration's policy change, the owners paid the back taxes of more than $29,564 to avoid foreclosure.

"These landlords are in the business of collecting thousands of dollars from tenants each month," added Miner. "As 701 Catherine Street proves, landlords can pay their taxes just the like the rest of Syracuse's hard working residents. That is why I am vetoing this misguided legislation."

The full text of the Mayor's veto message appears below.

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Mr. John Copanas
City Clerk
231 City Hall
Syracuse, New York 13202

Re: Objection (veto) of Local Law No. 9 of 2014 from the September 15, 2014 meeting relative to proposed changes to the City's Tax and Assessment Act

Dear John:

I am writing to express my objection (veto) and disapproval of Local Law No 9 of 2014 relative to revisions to the City's Tax and Assessment Act.

As you know, my administration has been and will continue to conceive and institute policies to support and create strong vibrant neighborhoods. While obvious, it must be said that in order to accomplish this goal property taxes must be paid. Property taxes not only fund our services, they are evidence that we expect owners to meet basic standards in the care and upkeep of their property. Syracuse residents have lived with the detrimental impacts of lasting consequences for failure to pay property taxes – disinvestment, opportunistic owners' willful failure to meet basic standards of upkeep, and fewer resources to provide vital services. To stop this trend, my administration created and implemented a strong tax collection policy concurrent with a seizure policy and ultimate transfer to a land bank for failure to meet tax obligations.

This process resulted in dramatic increases in tax revenues and, importantly, recognition that the City will not be idle when confronted with property owners who fail to meet their obligations. It also became clear that there were a number of property owners who deserved a process to meet their obligations over time. To assist this deserving group, we allowed property owners to enter into a tax trust if they agreed to meet certain financial obligations.

As the City started to seize properties, my administration began to see a practice whereby income properties were sold on the precipice of seizure for far less than the assessed value, with the outstanding property taxes still owed, and the new owner entering a tax trust. This resulted in a significant delay in the collection of taxes.

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For example, one investor owned approximately fifteen (15) properties in Syracuse under his name and various LLCs. During the last quarter of 2013, he owed approximately $100,909.45 on seven tax delinquent properties and $3,845.35 in delinquent water bills. On October 23, 2013, his property located on Hier Avenue was due to be foreclosed upon and sold to the Land Bank because $21,954.23 in taxes was owed. The Common Council prevented the sale of the Hier Avenue property to the Land Bank for several months. On December 4, 2013, the investor sold the Hier Avenue property to another investor for $5,000 while it was assessed for $45,000.

As a result of this tactic, the City was not able to collect the $21,954.23 due and owing immediately, but instead must wait several years for it to be paid off through the tax trust. Also, importantly, the first investor avoided paying delinquent taxes on all but his three most tax delinquent properties. In total, by selling the property to the second investor, he avoided paying the City the $35,000 in back-taxes immediately.

After reviewing the process and instances of non-owner occupied properties transferring ownership and, as a result, evading the necessity of paying owed delinquent taxes immediately, I discussed the situation and policy with the Commissioner of Finance. After analysis of the process and consultations, the Commissioner of Finance changed the tax trust policy on March 12, 2014, effective April 15, 2014, to allow only owner occupied properties to be eligible for the benefit of a tax trust. It is my firm belief that this policy supports the creation and stability of neighborhoods by (1) allowing deserving homeowners the opportunity to enter into a tax trust; (2) ensuring that income property owners pay their property taxes in a timely fashion; (3) demonstrating the City's expectations when it comes to responsible ownership of property; and (4) by encouraging more owner occupied homes in our neighborhoods.

Our goal as a government is to foster the strength and stability of our neighborhoods by supporting the anchors of those neighborhoods – homeowners. It is not, nor should it ever be, to allow income property owners to circumvent the timely payment of property taxes in full as well as the standards that are an inherent part of responsible property ownership.

Based on the foregoing and pursuant to Article IV, Section 4-104 (2) of the City Charter and Article 3, Section 21 of NYS Municipal Home Rule Law, I have reviewed this legislation, sought the advice of counsel, and entertained comments at the required public hearing regarding proposed Local Law No. 9-2014 which proposes significant changes to the City's Tax and Assessment Act and the authority and responsibility of the Commissioner of Finance relative to the enforcement of said act.

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As a result of the aforementioned review I hereby disapprove of and object to (veto) the attached proposed Local Law No. 9 of 2014 for the following reasons:

(1) It is the legal opinion of the Corporation Counsel that the proposed local law has not been properly adopted as it requires a mandatory referendum pursuant to §23 of NYS Municipal Home Rule Law, such reference to the mandatory referendum is required as part of the legislation;

(2) the proposed Local Law makes changes to the City's Tax and Assessment Act which destroys the integrity, effectiveness, professional technical review, and overall discretion of the Commissioner of Finance and his designees in the Department of Finance to enter into agreements for the installment payment of delinquent taxes (Tax Trusts); and

(3) the proposed local law contains inaccuracies with respect to the City's application of the NYS Real Property Tax Law procedure which the City opted out of by Local Law No. 3 of 1994.

Accordingly, for these reasons, as well as the others listed above, I veto Local Law No 9 of 2014 relative to the revisions of the City of Syracuse Tax and Assessment Act.

Therefore in accordance with the City Charter and NYS Municipal Home Rule Law please transmit this objection (veto) to the Members of the Common Council for their consideration at their next regular meeting in accordance with applicable law.

Sincerely,

Stephanie A. Miner
Mayor

cc: Members of the Common Council

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