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Testimony of Elizabeth Brown
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To the New York City Council Finance Committee
On Department of Finance Reporting of Environmental Control Board Delinquent Judgments

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Good morning Chairwoman Ferreras and members of the City Council Finance Committee. My name is Elizabeth Brown and I am the supervising analyst for housing, environment, and infrastructure at the New York City Independent Budget Office.

Thank you for the invitation to testify today regarding Intro 489-A, legislation that would require the Department of Finance to provide annual reports to the City Council on the number of Environmental Control Board violations it receives for collection, as well as the outstanding debt associated with those violations. While this legislation would enhance transparency and accountability for the collection of a large source of city revenue, IBO would encourage the City Council to expand the information required and to establish even greater transparency in the distribution of the reports.

The Environmental Control Board (ECB), a tribunal located within the city's Office of Administrative Trials and Hearings, is charged with adjudicating the city's "quality of life" violations. This includes tickets issued by 13 city agencies— ranging from infractions for disposing of recycling in a nonrecycling refuse container, to unauthorized vending, to performing construction or demolition work without a building permit. In fiscal year 2014, city agencies sent ECB nearly 567,000 violations for adjudication. ECB holds hearings on the violations when necessary and issues judgments with associated fines and penalties. If the penalties for these judgments remain unpaid for more than 60 days, the outstanding balance is transferred from ECB's jurisdiction to the Department of Finance, the agency charged with collecting funds owed to the city.

In fiscal year 2014, the city collected \$136 million in payments for ECB-adjudicated violations, according to the "Green Book," which are monthly data files created by ECB and shared with city agencies. This figure includes all payments collected during the year, even if the penalties were levied in earlier years. (ECB accounted for about two-thirds of the funds collected in fiscal year 2014, with the remaining third collected by the Department of Finance.) ECB's monthly Green Book provides useful data on the number and types of citations received, as well as revenue collected; all of the information is broken out by the agency issuing the citation. It does not, however, report data on total penalties imposed or debt outstanding.

Our office has looked into this question of unpaid fines several times. In 2011, at the request of then-City Council Member Gale Brewer, IBO [published an analysis](#) of the city's delinquent accounts, which

was a bit broader than the legislation we are discussing today. In addition to ECB-adjudicated violations, we also accounted for monies owed for parking and red-light camera violations (which are collected by the Department of Finance), as well outstanding property charges (also collected by the Department of Finance) and certain payments handled directly by the Department of Health and Mental Hygiene and the Fire Department of New York.

IBO found that the city was owed nearly \$440 million in delinquent ECB-adjudicated fines registered in the three years prior to our analysis (2007, 2008, and 2009). Of this, IBO found that the largest share of unpaid fines (\$200 million) was issued by the Department of Buildings, followed by the Department of Sanitation (\$134 million), and Department of Transportation (\$37 million). Violations issued by the fire department accounted for \$27 million of the unpaid fines and outstanding tickets from the Department of Environmental Protection totaled \$15 million. Unpaid balances from the remaining eight agencies that refer violations to ECB totaled \$25 million.

In addition to the ECB fines, IBO also found that \$308 million was outstanding for parking tickets and red-light camera violations (at the time most were for parking tickets but the number of red-light camera violations has grown since then). Given the magnitude of the unpaid parking and red-light camera fines—and given that they are also collected by the Department of Finance—IBO suggests the Council consider including similar data on these and other camera violations collected by the finance department in the reporting required under Intro 489-A. While the total amount of uncollected parking fines is published annually in the Comptroller's Comprehensive Annual Financial Report (although without the interest due on the unpaid balances), the level of detailed information described in Intro 489-A is not available.

In the past IBO has been able to provide snapshots of the city's unpaid fines. However, regular reporting would add another layer of transparency. It would also help provide a clearer picture of the city's financial position and ensure that the city agencies charged with collecting fines are held accountable for their efforts. Under the current draft of the legislation, the new reports would be provided to the Council. In the interest of further enhancing the transparency provided by this legislation, IBO suggests that the Intro be amended to also require that the reports be made available online to the public and other offices.

Thank you for the invitation to testify and I would be happy to answer any questions.