

NONPROFIT NEW YORK

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WRITTEN TESTIMONY New York City Council Joint Committees of Government Operations and Finance Meeting November 19, 2019

Hearing on Intro 245 2018 Exemption from Sale of Tax Lien, Intro 1776 2019 Streamline Property Tax and Water/Sewer Charge Exemptions Application, Intro 1799 2019 Department of Finance Guide for Nonprofits, and Intro 1784 2019 Mayoral Office of Not-For-Profit Organizations Services

Submitted on behalf of Nonprofit New York

Dear Councilmember Cabrera and Councilmember Dromm,

We appreciate the opportunity to submit written testimony to the Committee on behalf of Nonprofit New York and our 1,600 nonprofit members in support of Intros 245, 1776, 1799, and 1784. Nonprofit New York works to strengthen and unite the nonprofit sector, working with more than 2,200 nonprofit organizations in the New York City area. We provide the education and resources to keep nonprofits well managed, and advocacy to strengthen the entire nonprofit sector. At Nonprofit New York, we are guided by our Declaration of Nonprofit Rights, the rights nonprofits need to thrive and serve our communities well. These include: 1) a right to sustainable financial resources; 2) a right to engage in advocacy and share our expertise; 3) a right to champion equity and an equitable workforce; and 4) a right to be powerful forces for change.

New York City is home to close to 47,000 nonprofits. These organizations provide incredible value to our city. Nonprofits are promoting arts and culture¹, a clean environment, advocating on behalf of marginalized communities, providing spiritual nourishment, fulfilling the government's statutorily required services², and trying to solve some of society's largest challenges. In addition to doing work with the mission of benefiting the public, nonprofits employ 18% of the private workforce in New York City³ - contributing to the economy and the tax base. However, the vast majority of nonprofits operate on a lean budget, with most resources focused on mission and programs. Small nonprofits and all-volunteer organizations without General Counsel or dedicated compliance staff may have a particularly challenging time keeping up with city and state compliance. Given the services and interventions that nonprofits provide to New York City residents, it is in the City's interest to

¹ New York State Arts and Cultural Affairs Law.

² New York State Social Services Law articles 1 through 11.

³ New York State Office of the Comptroller. (July 2019). *Nonprofit Organizations in New York State: Profile of Employment and Wages*. Retrieved from <https://www.osc.state.ny.us/reports/economic/nonprofits-in-nys-2019.pdf>

streamline compliance issues, and provide compliance support, wherever possible. These bills do that.

Based on our extensive history and experience with nonprofit organizations in New York City, we offer our perspective and recommendations on these issues for your consideration:

1. Intro 245 will exempt nonprofits from the City's sale of tax liens

Intro 245, which among many things would create an ombudsperson position within the Department of Finance and exempt nonprofit properties from the City's lien sale if the nonprofit received a property tax exemption under Sections 420-a, 420-b, 446 and 462 of the New York State Real Property Tax Law in at least one of the prior two fiscal years. The bill would also exempt property where the owner has, in good faith, submitted a pending initial or renewal application for a nonprofit property tax exemption. This legislation is necessary because nonprofits do not always know that they are required to submit regular applications for property tax exemptions and, when they do not do so, can face the loss of their property, one of the few assets the nonprofit may have. For nonprofits that have qualified for this exemption, the loss of property as a penalty for failing to recertify is harsh and unnecessary. In most cases, nonprofit need reminders and education about the process. The ombudsperson would be in a position to assist nonprofits in making the correct initial or renewal application, saving both the City and nonprofits the cost of legal fees and staff time. With the assistance of the Ombudsperson, nonprofits can remain in compliance with City law and put more resources to their missions. We urge City Council to pass this bill.

2. Intros 1776 and 1799 would streamline property tax and water/sewer charge exemptions applications, and create a Department of Finance guide for nonprofits

Intros 1776 and 1799 would require a single application form for nonprofit real property tax exemption and exemption from water and sewer charges, and require the Department of Finance to create a guide for nonprofit organizations. By requiring a single form, nonprofits will have a more efficient process with which to comply, and make it more likely that more nonprofits would be able to qualify from the exemptions to which they are required. The guide will help nonprofits accurately provide the information to the City that it needs for such applications for exemption. We urge City Council to pass this bill.

3. Intro 1784 would create a Mayoral Office of Not-for-Profit Organization [Services] to support New York's critical nonprofit sector

Intro 1784 would create a Mayoral Office of Not-for-Profit Organization Services. A centralized office to serve as a resource for the sector will streamline the regulatory information nonprofits must be aware of and allow them to comply more efficiently and effectively. We make the following recommendations for this bill:

- The office must have the power to implement policy reforms regarding nonprofit regulation, funding, and all other issues impacting the sector.
- The office prioritize the chronic underfunding of city-funded nonprofit contracts and the impact on the workforce
- These policy reforms must be crafted with input from the sector.

We suggest the following additions to the legislation:

4. Study conditions affecting the not-for-profit sector in the city and assess its health and economic well-being, **specifically chronic under-funding in government contracts and its impact on the nonprofit workforce;**

5. Recommend to the mayor or head of such department wherein the office has been established policies, programs and projects which promote the **financial** well-being of not-for-profit organizations in the city; and

Again, we appreciate the opportunity to submit this testimony and we are willing to meet to discuss these recommendations. Nonprofit New York looks forward to continuing to work with City Council and the future Office of Not-for-Profit Organization services in these efforts.

Thank you,



Chai Jindasurat
Policy Director