1. Public Notice 10-29-2020

    Documents:

        10-29-20 FINANCE PUBLIC NOTICE.PDF

2. FINANCE COMMITTEE, 10-29-20

    Documents:

        FINANCE COMMITTEE, 10-29-20.PDF

PUBLIC NOTICE

PLEASE TAKE NOTICE THAT

THE NASSAU COUNTY LEGISLATURE WILL HOLD

A HEARING OF THE FINANCE COMMITTEE
ON
THURSDAY, OCTOBER 29, 2020 AT 10:00AM

REGARDING SMALL CLAIMS ASSESSMENT REVIEW PETITIONS AND SCHOOL TAX BILLS FOR THE 2020/2021 TAX YEAR

IN

THE PETER J. SCHMITT MEMORIAL LEGISLATIVE CHAMBER
THEODORE ROOSEVELT EXECUTIVE AND LEGISLATIVE BUILDING
1550 FRANKLIN AVENUE, MINEOLA, NEW YORK 11501

Please be advised that public attendance is permitted at this meeting, but due to health and safety concerns associated with the COVID-19 virus and New York State requirements restricting public gatherings, the maximum capacity of the Peter J. Schmitt Legislative Chamber is limited to fifty people, inclusive of elected officials, staff, and attendees. Passes will be distributed on a first come first served basis beginning one half hour prior to meeting and attendees will be given an opportunity to sign in to address the Legislature for a maximum of three minutes. Attendees will be subject to temperature checks prior to entering the chamber, and must adhere to social distancing guidelines and wear a mask while they are in the chamber.

This meeting will also be available for viewing online at http://www.nassaucountyny.gov/agencies/Legis/index.html As in-person attendance is limited, public comment on any item may be emailed to the Clerk of the Legislature at LegPublicComment@nassaucountyny.gov and will be made part of the formal record for this Legislative meeting.

While this meeting is open to the public at a reduced capacity, the Nassau County Legislature is committed to making its public meeting accessible to individuals with disabilities. If, due to a disability, you need an accommodation or assistance to participate in the public meeting or to obtain a copy of the transcript of the public hearing in an alternative format in accordance with the provisions of the Americans with Disabilities Act, please contact the Office of the Clerk of the Legislature at 571-4252, or the Nassau County Office for the Physically Challenged at 227-7101 or TDD telephone no. 227-8989.

MICHAEL C. PULITZER
Clerk of the Legislature
Nassau County, New York

DATED: October 26, 2020
Mineola, NY

NASSAU COUNTY LEGISLATURE

RICHARD NICOLELLO
PRESIDING OFFICER

FINANCE COMMITTEE

LEGISLATOR HOWARD KOPEL
CHAIR

Theodore Roosevelt Building
1550 Franklin Avenue
Mineola, New York

October 29, 2020
10:15 A.M.

A P P E A R A N C E S:

LEGISLATOR HOWARD KOPEL
Chair

LEGISLATOR VINCENT MUSCARELLA
Vice Chair

LEGISLATOR TOM MCKEVITT

LEGISLATOR ROSE MARIE WALKER

LEGISLATOR ELLEN BIRNBAUM
Ranking member

LEGISLATOR ARNOLD DRUCKER

LEGISLATOR DEBRA MULE

Finance 10-29-20

LEGISLATOR KOPEL: This is a meeting of the Nassau County Legislature's Finance Committee. Before we begin, I just wanted to thank Mr. Dave Moog, who is joining us remotely, together with Mr. Miles and thank you for joining us and we look forward to hearing what you've got to tell us.

The subject of the hearing is to understand the process for the issuance of the school tax bills for 2021, school tax year 2021. And the SCAR, Small Claims Assessment Review, petitions filed for assessed values that are the basis for some of their school tax bills.

And the reason we're doing this is that this is, as everyone knows, has been a strange year. We have had a number of challenges. We've had obviously the COVID-19 situation, which I'm going to tell myself is the reason why we have such a tremendous attendance over here being that we do have a fascinating subject, as well as the fact that we've had a countywide reassessment for the first time in many, many years. And you put

those two things together and you've got interesting times.

So, we want to just get information so that the residents will understand what the upcoming school taxes, how they have been arrived at and the process. And with that, I'm going to ask Mr. Pulitzer to call the roll please.

MR. PULITZER: Thank you Chairman. Legislator Joshua Lafazan.

LEGISLATOR LAFAZAN: Here.

MR. PULITZER: Legislator Arnold Drucker.

LEGISLATOR DRUCKER: Here.

MR. PULITZER: Ranking Member Ellen Birnbaum.

LEGISLATOR BIRNBAUM: Here.

MR. PULITZER: Legislator Rose Marie Walker.

LEGISLATOR WALKER: Here.

MR. PULITZER: Legislator Thomas McKevitt.

LEGISLATOR MCKEVITT: Here.

MR. PULITZER: Vice Chairman

Finance 10-29-20

Vincent Muscarella.

LEGISLATOR MUSCARELLA: Here.

MR. PULITZER: And Chairman Howard Kopel.

LEGISLATOR KOPEL: Here.

MR. PULITZER: We have a quorum sir.

LEGISLATOR KOPEL: Thank you. Mr. Moog, good morning.

MR. MOOG: Good morning.

LEGISLATOR KOPEL: Once again thank you for joining us and I hope you're well. I think the way to start probably would be we need to ask you if you might be able to walk us through the process this year.

Anyone who is not talking please put your phones or computers on mute so we don't have a lot of this false talk. Mr. Moog can you hear me? I think we have hopefully eliminated the crosstalk.

So, what I would like is for you to do is to walk us through the process for the typical process. In other words, when I say typical I mean the statutory process for

including timelines for issuing the various tax bills and warrants and so forth. The dates for the tentative roll, the final roll and so forth. And this year's variations from that process. You can start with that if that's okay with you.

MR. MOOG: You want me to go through the process on the school bills are done?

LEGISLATOR KOPEL: I want to start with the assessment process itself.

MR. MOOG: The assessment process from beginning to end you mean? The timelines?

LEGISLATOR KOPEL: Correct. The dates at which the tentative rolls arrived at for this upcoming school tax year, the tentative date, the final roll date statutorily as well as the process for this particular year and the variations from the statutory process and the reasons and the results.

MR. MOOG: It starts in 2018 where we generate the tax roll through the

multiregression model to come out with the assessment roll. That roll is submitted in September for validation. So it's get to a 511 notice November 1st. November 1st --

LEGISLATOR KOPEL: Forgive me please but I'm going to interrupt you. Your voice is a little choppy. Perhaps you might get a little closer. And if we can, since there is the possibility that some taxpayers are listening, please avoid jargon or shortcuts. In other words, don't just say the final three words or something like that. Explain it. Go along with it.

Once you're done, we are going to vary this proceeding by the way, I should have said. We are going to allow other members of the legislature who do not happen to be members of the Finance Committee to participate with questions as well.

MR. MOOG: Is this better?

LEGISLATOR KOPEL: Yes. Go ahead please.

MR. MOOG: So, starting in 2018 the county already had engaged SVS to do a tax

cut one regression model.

LEGISLATOR KOPEL: One more thing. Is there anyone in the room with you?

MR. MOOG: Yes. Robert Miles.

LEGISLATOR KOPEL: I was just wondering about the mask. You'll be safe. It's okay. Whatever. You will be safe. It's okay. Do whatever you need.

MR. MOOG: He will keep six feet away.

LEGISLATOR KOPEL: Just be safe.

MR. MOOG: Rob is sitting behind me. Is that better?

So anyway, in 2018 we were developing the tax roll for 2021 based on the regression modeled provided by Matt Smith and SVS. Matt Smith and SVS was engaged by the county two years earlier in order to provide us the knowledge base in order to do the reassessment. So come September 2018 we were under legal obligation to submit tentative roll to be validated by ORPS because of the 511 period under statutory real property tax law 511. ORPS needs to validate the roll in

September. We would mail a notice out to all taxpayers on November 1st.

From November 1st through December taxpayers are allowed to come into the office and present any other information to help fine tune the numbers in the roll. That's the purpose of the 511 period and send it around the state. When you have a 511 period taxpayers can come in and they can look at the values, question the values.

Come January 2, 2019 the tentative roll is issued. On January 2nd through March 1st the taxpayers have the legal ability to file a grievance with the Assessment Review Commission. During that period they file the grievance. That period was extended I think two times to May 1st.

LEGISLATOR KOPEL: That was by order of the governor, correct?

MR. MOOG: No. This was in 2019. This was extended by the Nassau County Legislature. Extended the grievance period for ARC until May 1st. Then ARC does its process in reviewing all the grievances and

any cases that are unresolved in grievances where taxpayers feel they didn't get the proper due process from ARC, they didn't get the results they wanted, have the right to file SCAR.

Now, come April 1st of 2020 I signed a final roll, after ARC finishes its business in February of 2020, and that final roll usually kicks off the period to file for small claims assessment review for mailing Small Claims Assessment Review. Usually that period runs from April 1st to April 30th. But this year due to COVID, Governor Cuomo told that date. He extended that deadline out. So, the court system and the county clerk were unable to accept any applications until I think it was May 25th.

May 25 the county clerk and the court opened the portal for people to send their applications in. And normally that period would last 30 days. But through continuing extensions granted by the governor the filing period didn't get completed until September 4th of this year. By September 18th

we have to close our systems down to any sort of decisions or mediations that were done because we have to start calculating the school bills. And then the school bills are calculated and those warrants were sent out yesterday to the town receivers.

LEGISLATOR KOPEL: To all three of them?

MR. MOOG: What's that?

LEGISLATOR KOPEL: All of the receivers got it yesterday? All three?

MR. MOOG: The town receivers received their warrants yesterday, yes. They received the files and the warrants were signed for yesterday and they received the files on a timely basis by yesterday afternoon. So, that's the process for meeting timelines.

LEGISLATOR KOPEL: Now, in terms of actually what happened this year, you had a record number of protests filed; isn't that correct? A very large number?

MR. MOOG: We had 80,104 SCAR petitions filed during this extended period,

yes.

LEGISLATOR KOPEL: How does that compare to what the county would have found in a typical year going back? When I say typical let's talk about the last three or four years.

MR. MOOG: If you look going back to -- we took a look back going to 2004 or 2003 when the reassessment was done in 2004 they had 75,000 grievances filed.

LEGISLATOR KOPEL: You didn't really have that many more. Now, in ARC what were the results? In other words, you had the 80 some thousand filed, right?

MR. MOOG: We had approximately 240,000 ARC grievances were filed.

LEGISLATOR KOPEL: What were the results of that process?

MR. MOOG: 80,000 were accepted including --

LEGISLATOR KOPEL: When you say accepted what do you mean?

MR. MOOG: About 60,000 received reductions. 80,000 accepted the ARC results.

LEGISLATOR KOPEL: The rest of

them proceeded to SCAR?

MR. MOOG: SCAR is the decision of the taxpayer. The taxpayer has the right to file for SCAR if they don't feel like they received the results they wanted from the ARC proceeding.

LEGISLATOR KOPEL: I understand that but let me rephrase that. Did many of those who did not come to a reduction at ARC how many of those proceeded to file SCAR?

MR. MOOG: 160,000 grievances were not resolved at ARC but only 80,000 ARC proceedings were initiated. SCAR petitions.

LEGISLATOR KOPEL: About 80,000 SCAR petitions were initiated?

MR. MOOG: Yes.

LEGISLATOR KOPEL: This year those 80,000 would that have taken them beyond -- that would have happened in other words beyond the final tax roll at that point?

MR. MOOG: Pardon me.

LEGISLATOR KOPEL: In other words, the ones that proceeded to SCAR those

would be the ones that should a reduction be granted at SCAR those would be ones that would be eligible for a county refund, would that be correct?

MR. MOOG: No. If they filed for SCAR and we completed the hearing, got a resolution of the case before like September 18th they would be adjusted on the 2021 roll before the school bill or the other bills were adjusted. It wouldn't be on the county guarantee if we resolved it before September 18th.

LEGISLATOR KOPEL: What were the results in fact before September 18th.

MR. MOOG: 80,104 cases are filed. 58,000 cases were settled in mediation. In the end, the remaining cases were 11,654 cases.

I will just take a pause here to mention that our staff here did a remarkable job. An outstanding job. The courts commended us. The tax rep firms commended us on how we resolved over 84 percent of the cases. 84 percent of the cases were resolved

in a very quick manner during the COVID crisis and is also done all through remote hearings because of the original lockdown. And then when we came back all these cases were done remotely.

Systems had to be set up through the IT division. They worked through every day, six, seven days a week to get this done. My staff were able to get through so many cases because none of them took vacation. I don't think anyone called in sick during those days. We put a full effort into this and really have to commend the CSEA staff for doing something that was beyond really the expectation of the court, of the tax reps, of anyone who was in this process.

LEGISLATOR KOPEL: I think that all of us here will join in congratulating the members of our CSEA workers who generally do a wonderful job for the county altogether overall.

MR. MOOG: Yes.

LEGISLATOR KOPEL: So question is, so now at SCAR looking, at that process

just a little bit, do both sides present legal arguments, would that be correct?

MR. MOOG: Both sides present their side of the argument, that's correct.

LEGISLATOR KOPEL: Do both sides then get a chance to refute the other's legal arguments? Legal and factual?

MR. MOOG: Yes. Each side is able to submit comparable sales to justify their case.

LEGISLATOR KOPEL: What I mean is, let's say the petitioner submits -- the county submits legal arguments and the petitioner submits legal arguments in a case. I'm not even talking about comps. Does each side get a chance to submit responding briefs to those initial briefs?

MR. MOOG: Yes, they can.

LEGISLATOR KOPEL: Because someone told me that they were not able to.

Does the county end up at SCAR presenting on occasion values that are higher, comps that are higher than the initial values that were used to set up an assessment?

MR. MOOG: We submit comps to in order to best justify the value that we have going forward in a case. As any lawyer would, we bring forth the best possible comps to justify our number.

LEGISLATOR KOPEL: What I'm asking though, Mr. Moog, was are those comps the same comps that you used initially or that were used initially in establishing the assessment or are these new comps that are redone? In other words, you're going out looking for new ones.

MR. MOOG: When we did the assessment roll it's done through a multiple regression model which incorporated all the sales of the county through a multiple regression modeling system. The values themselves were generated for the roll through a model process. When we go to defend the case we bring comparable sales because it's a review of the values that are generated from the model.

LEGISLATOR KOPEL: I'm sorry, are those different comps or are those the same

exact ones?

MR. MOOG: We don't use comparables to generate the initial values. We use a model which uses all the sales for the entire county. So, when we do a multiple regression model, which is provided by SVS, SVS was engaged to do the modeling, and we reviewed the modeling they use sales throughout the entire county. That's one process.

When you go to SCAR you have to justify those values using comparable sales and that's what we did. We brought our comparable sales in to justify the values going forward to defend the case. As any legal proceeding would be done. You defend your case, you defend your values using whatever sales. The values initially generated were generated through a model. So it wasn't generated through comparables. It was generated through hundreds of sales through a multiple regression model.

LEGISLATOR KOPEL: Are those comps that you use then are those usually

within the same school district?

MR. MOOG: We use whatever comparables usually in the same school district. We use whatever evidence we can bring forward to justify the values.

LEGISLATOR KOPEL: That's not what I asked. Are those comps within the same school district or are those sometimes outside the school district?

MR. MOOG: As far as I know, we did review 80,000 cases, I can't speak for every single case but vast, vast majority we use in the same school district.

LEGISLATOR KOPEL: In the SCAR proceeding?

MR. MOOG: Yes. I'm not intermittently knowledgeable of every single case. There were 80,000 of them.

LEGISLATOR KOPEL: But is there a policy that the comps that are brought should be within the same school district?

MR. MOOG: Yes.

LEGISLATOR KOPEL: That is the policy. Okay. Now, what we would like to

know I think that would be very useful for us, you said you had 11 thousand 600 something?

MR. MOOG: 11,654.

LEGISLATOR KOPEL: If we could have I think and you can provide this to the Majority counsel and Minority counsel, both would be interested, is a spreadsheet for class one properties. And I think Legislator Rhoads asked for this some time ago. I'm going to ask Legislator Rhoads to just go ahead and explain that once again exactly what we wanted. What I understand it would be the initial assessed valuations for each property, the grievance request, results from ARC, results from SCAR. Why don't you jump in?

LEGISLATOR RHOADS: Mr. Chairman you've summarized it quite well actually.

MR. MOOG: What are you requesting?

LEGISLATOR RHOADS: What we are looking for is a scorecard of results essentially. A breakdown of the challenges. A breakdown of the actions taken by ARC with respect to those challenges and then a

breakdown of those that went to SCAR and how those were resolved.

LEGISLATOR KOPEL: Once again I'm going to summarize --

MR. MOOG: Is this of the remaining cases or of all the cases?

LEGISLATOR KOPEL: Let me do it again.

LEGISLATOR RHOADS: This would be of all the cases. If you wish Mr. Moog, not to cut the chairman off certainly, we can submit that request in writing. It's something that we had actually asked for during your appearance during the budget hearings at this point I guess on the 14th if I'm not mistaken.

MR. MOOG: If you provide it in writing I'll have counsel look at it and we'll provide whatever information they feel is appropriate.

LEGISLATOR KOPEL: I think that's a good suggestion. We will agree we will do it in writing. But once again, just so you understand, we want all of the properties

class one, the assessed valuations, the grievance request in each case in which such a grievance was made, the results in each case out of ARC and SCAR. And one additional item that we haven't mentioned here now would be interested in knowing what the exposure to the county potentially would be on the 11,600 cases remaining.

In other words, if there are a lot of $50,000 variations in assessed valuation that's one thing. If there's several hundreds of thousands or even millions, if they're north shore homes that are worth well into the millions, that variation could result in a heavy exposure. We would like to get a feel for what the exposure to the county might be should we lose many of those cases. The remaining cases that have not yet been resolved.

MR. MOOG: So you want that information to try to figure out some liability? Make the request and I will have my counsel review it and we will provide it as soon as possible.

LEGISLATOR KOPEL: Is there reason counsel might reject something like that?

MR. MOOG: I don't know. I always run things by counsel. I don't see any reason why but it's prudent on my behalf to always do that. I don't see any reason why but I always make sure my counsel is involved with it.

LEGISLATOR KOPEL: Let me just say that I don't see a reason either and that's something that a legislature should have.

MR. MOOG: Okay.

LEGISLATOR KOPEL: I'm going to let legislators, other legislators talk with you as well. Mr. Rhoads.

LEGISLATOR RHOADS: Thank you very much Mr. Chairman. I actually had an opportunity to question Mr. Miles quite extensively on Monday, so I'm going to defer to other legislators.

But I did want to make a point though, Mr. Moog, that with respect to that

last item and the county's potential exposure, I want you to understand, and you certainly should understand, we're voting on a budget today. So, the fact that and I was a little surprised to be perfectly honest that the Department of Assessment had no idea with respect to the county's potential exposure as it pertains to those 11,645 SCAR petitions that are still pending because that's directly relevant to our budget liability for next year which we are considering this afternoon.

MR. MOOG: I will say -- sorry.

LEGISLATOR RHOADS: I was going to say that this isn't something that can sort of wait for us to send a letter and counsel will consider it and we'll provide whatever information we feel like we're going to provide. As a legislature we've got a responsibility to know the county's potential liabilities and as the Department of Assessment you have a responsibility to provide that information obviously both to the administration and to us so that we can make logical, knowledgeable choices with respect to

our budget for next year. So time is of the essence on that, and I would have hoped that based on Monday's discussion that process had already begun.

So while we can wait on the scorecarding of the 250 some odd grievances that were filed for the 2021 year and how that process worked out, the final numbers in the county's potential exposure is something that we need to know right away.

MR. MOOG: I will say this, since these cases, the 11,654 cases, are individual cases going to individual hearing officers with taxpayers exercising their right to grieve, the outcomes are really unknown to us.

But that being said, you can take an accounting figure and give you a range on an accounting figure. But again, it's a ranged based on just an estimate. Probably anywhere between $2,250,000 and seven and a half million dollars. Somewhere in that range. But again, it's an accounting figure and it's also based on our comps that we don't

know from independent hearing officers.

LEGISLATOR RHOADS: It's something more than an accounting figure. When we're talking about potential liability I'm talking about if the 11,645 SCAR petitioners, taxpayers, were to win what is the county's potential liability, right? That's what our potential exposure is. It doesn't mean that that's going to happen. But we need to know what the county's full potential exposure is as a result of the 11,645 petitions not being heard and now being subject to the county guarantee if they succeed. That's my point.

MR. MOOG: Okay.

LEGISLATOR KOPEL: That point, just to put a number on to it, which is probably important, if we had an average of $500 reduction in taxes, not talking about assessed valuations, for those 12,000 cases, and that's not a lot, 500 bucks I think when a case does get settled, that's already six million in terms of budgetary impact. It's a significant number and that's why Legislator

Rhoads is pushing that. It's important. We need to know those numbers.

MR. MOOG: We will provide you numbers to you on that. But I just want to mention that the 11,654 cases 99 percent of them received mediated offers. They were reviewed by our office and reviewed by ARC. We feel confident that these are good numbers but we don't know what the outcome will be in front of an independent hearing officer. But we will provide you with any data you need on this.

LEGISLATOR KOPEL: But these are the ones that didn't get settled. In other words, the ones that did get settled are the easier ones almost by definition. There's no reason to quibble.

Why don't you go ahead Mr. Drucker.

LEGISLATOR DRUCKER: Thank you Mr. Chairman. I just have one question. I think I asked something of this question the other day in follow-up to my colleague Legislator Rhoads' question. Does the

Department of Assessment, Mr. Moog, ever estimate the sum total of possible refunds the county would have to pay based on the number of unresolved SCAR petitions each and every year at the time the legislature has to vote on the budget?

MR. MOOG: Not that I know of.

LEGISLATOR DRUCKER: So this has never happened before?

MR. MOOG: Not that I know of, no.

LEGISLATOR DRUCKER: Thank you.

LEGISLATOR KOPEL: Mr. McKevitt.

LEGISLATOR MCKEVITT: Yes. I just have a couple of questions. I hate to go and backtrack to the original part of the process but I just wanted to clarify one issue which you mention in your initial testimony that when the original values were devised SVS had done the modeling approach through a multiple regression model. And the reason I'm asking is, I just decided to pull up My Nassau Property report, which I have to think is very comprehensive, there's a lot of good, helpful

information on it and I do commend your office for keeping up to date because it's very helpful to research these issues.

I just went to my own house and it gives a number of tabs you can look at. Values, general school taxes, open, paid taxes and the last tab says tax class one res prognose. I click on that and I go to the print report. It gives me a list of six comparable homes similar to mine at least in sort of location as well as class of homes with values to it. What is the relevance of that print report on the website as far as how the value of my home was come up with?

MR. MOOG: That initial report was generated for the 511 period. It enabled taxpayers because we did a multiple regression model but enabled them also to see some comparables in the area. Now if they had a question or objection or something about the properties or what the inventory their property was they were able to bring it into our office and discuss it with one of our assessors. It was to demonstrate possible

comparables. But the actual values are generated through a regression model.

I went through this earlier a couple of years ago regression model uses hundreds of sales in order to generate a value and those models were provided by SVS. As you know, SVS was engaged by the county I think in 2016 to start this process and generate models. Use of regression models is commonplace throughout all 50 states. Almost every jurisdiction that does any sort of reassessment uses models.

But every taxpayer has a right and exercise in Nassau County, as well as everywhere else, to grieve their value and to bring forth evidence to prove their case. That's what the Assessment Review Commission does and if they're not satisfied they go through SCAR. So those two processes of ARC and SCAR allow taxpayers to bring comparables to prove their case. But the original values were generated through a model.

LEGISLATOR MCKEVITT: If a person then goes through ARC and goes through SCAR,

the homes which are listed, the six homes listed on this report, they may be used by the department in order to justify the determination of value or you could then find six completely different other homes in order to try to go and justify the determination?

MR. MOOG: You have to remember when those sales were put up they were put up in November and there's a lag period of sales. It takes about three months, four months for sales to register to go through the county clerk and come to us and we validate it. Even though we put up those sales to demonstrate to taxpayers, when you go to ARC and go to SCAR, especially when you go to SCAR as a respondent, we're able to use sales up to January of the year even though those sales were not fully available for that demonstration purposes for taxpayers.

So, there are sales that come forth in that fiscal year, in that calendar year, that we can use and we can use any sale to try to defend our assessment, yes.

So the sales in that line record

viewer was to demonstrate to taxpayers during the 511 period. And again, those sales probably ran up to about August. Then from August through September other sales come in and when we go to SCAR we are able to use sales for the entire calendar year.

LEGISLATOR MCKEVITT: Just for information, the comparables for my house one of them was October 11 of 2018.

MR. MOOG: That is a more recent sale that did get in. But sales sometimes take three, four months to get through the process. Only because attorneys take a while to register with the clerk and the clerk sends up regular file uploads to us and it goes through a process here. So sometimes it delays from closing attorney filing with the county clerk. Sometimes it's just a timing mechanism between the clerk and our office.

LEGISLATOR MCKEVITT: Understood. One other point I want to get to is, so we have these over 11,000 SCAR proceedings which still have to be adjudicated and obviously some the department's

determination will be sustained and some will invariably have a change. It may be minor may not be minor. But what I'm getting concerned is is for those that do receive reductions between now and the rest of the year is my understanding that is going to be an attempt by the department to make those corrections on the second half school bills which go out in approximately April or so of 2021?

MR. MOOG: We are engaging in the same process that was engaged for the past 20 years on these issues. When you have SCAR cases resolved and they resolve before March or so we adjust the second half bill. Which was done during the Gulotta administration, done during the Suozzi administration, done during the Mangano administration. This is not something new. This is actually been basically a pro forma SOP for years.

So those taxpayers who prepay the entire year if they get adjustments those taxpayers will receive a refund check.

LEGISLATOR MCKEVITT: But for those, for example, I'll just throw out there

in the North Bellmore School District, let's say you go and have ten people who are getting reductions for what it's worth, when it comes down to that bill that comes out in April does that have any impact on the bills for the rest of the people within that school district? Some people are going down. It may be very minor. Would it then be possible that some people then would have bills in the second half higher than -- it may be only pennies or so -- but would that be a possibility?

MR. MOOG: No. That's actually why the county guarantee -- when the adjustment is made it's coming out of the county's coffer on that, so there's for no adjustment to their bill. The county is reimbursing the school district for the adjusted bill. There's no adjustment to the levy to the other taxpayers. That's how the county guarantee works. It sort of prevents any adjustment of the bill in the second half.

LEGISLATOR MCKEVITT: Thank you.

LEGISLATOR KOPEL: We have some other questions from legislators. Legislator

Kennedy did you have a question? Legislator Ferretti.

LEGISLATOR FERRETTI: Hello Mr. Moog. Can you hear me?

MR. MOOG: Yes, I can hear you.

LEGISLATOR FERRETTI: Mr. Moog, in the 2021 SCAR season 92,678 SCAR filings were filed in your office. Can you --

MR. MOOG: No. I want to correct you. It's 80,104.

LEGISLATOR FERRETTI: I know that's what you're saying. The county clerk's office is reporting a number of over 12,000 more SCAR filings.

MR. MOOG: No. I think the county clerk provided you all the Article 7s included. SCAR is only for tax class one. So it's 80,104. We got that from the court.

LEGISLATOR FERRETTI: How many of Article 7s were there?

MR. MOOG: I'm not sure. They can still file an Article 7 so it's a continual count. It's still changing that number. SCAR deadline already passed but the

Article 7 deadline has not past yet.

LEGISLATOR FERRETTI: So to date with approximately 12,000 Article 7s at ARC would that be the difference in the two numbers?

MR. MOOG: I guess that would be a very good estimate. Probably close, yes.

LEGISLATOR FERRETTI: Let's go back to.

MR. MOOG: Wait, wait. You're breaking up a little bit Mr. Ferretti.

LEGISLATOR FERRETTI: Let's go back to the 1920 SCAR. How many SCAR filings were there for 1920?

MR. MOOG: In 1920 there were 8400.

LEGISLATOR FERRETTI: So roughly ten percent of what we had this year?

MR. MOOG: That is correct.

LEGISLATOR FERRETTI: Now out of those 8400 how many were of them were with a mediator?

MR. MOOG: On the 8400 or the 80,000? I'm sorry I missed that.

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LEGISLATOR FERRETTI: In 1920 8400. We're only talking about 1920. How many were mediated?

MR. MOOG: None of them were mediated. They all went through hearings.

LEGISLATOR FERRETTI: None of them were settled in SCAR prior to a hearing?

MR. MOOG: They all went to a hearing.

LEGISLATOR FERRETTI: How many of those were adjudicated, settled, whatever before the date where the county guarantee kicks in in 1920?

MR. MOOG: Every one except for 44 cases.

LEGISLATOR FERRETTI: So when Legislator Drucker asked a few minutes ago about if the question of tax liability ever came up in the past and you responded no, that's because for the most part there was no tax liability, right?

MR. MOOG: Just for that one year. If you look at other past years there's quite a bit of liability.

LEGISLATOR FERRETTI: How about in the last five years?

MR. MOOG: Five years there was considerable liability in one of the past five years, yes.

LEGISLATOR FERRETTI: Now for the 2021. I appreciate you walking us through the entire process.

MR. MOOG: I'm sorry. You're breaking up again. I'm sorry.

LEGISLATOR FERRETTI: 2021 and I thank you for going through the entire process. I want to make sure I got the numbers though. How many residents filed at ARC for 2021?

MR. MOOG: How many filed for SCAR you said?

LEGISLATOR FERRETTI: No ARC. The Assessment Review Commission. The challenges.

MR. MOOG: Approximately 240,000.

LEGISLATOR FERRETTI: And how many were settled at ARC?

MR. MOOG: 80,000.

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LEGISLATOR FERRETTI: So 80,000 received reductions, correct?

MR. MOOG: 60,000 received reductions. 20,000 just discontinued.

LEGISLATOR FERRETTI: Correct me if I'm wrong, but after the ARC process, you know, we were told that the roll was accurate, correct?

MR. MOOG: That is correct.

LEGISLATOR FERRETTI: What is the necessity for settling the 50,000 at SCAR? What's the risk if the roll is accurate?

MR. MOOG: The risk it comes about when you're doing mediation you're looking at the results coming from SCAR hearings. In order to mitigate any sort of liability you can mediate. This was a process we actually started negotiating with the court last year to do mediation. And so when you get SCAR decisions coming down you try to in a predictive manner in order to mediate cases and most were mediated in a very timely fashion with some minimal reductions sometimes. Actually 24 percent of the cases

was zero reductions.

LEGISLATOR FERRETTI: I'll just go back to the question. If the roll was completely accurate and there was no fear that we were going to lose any cases at SCAR then there would be no need to settle, right?

MR. MOOG: The roll is accurate. When you talk about accuracy of a roll you're talking the accuracy of a roll from a multiple regression basis. When you go to SCAR every taxpayer is able to bring individual information and then the individual hearing officer will decide, it's his opinion, of value that determines the determination. As anyone would know, if you hire let's say five appraisers those five appraisers will come in with five different values for the same home. Even same comparables.

So when you go to a hearing officer the hearing officer has an opinion for the comparables brought forth from DOA as well as comparables from the petitioner and that individual hearing officer will make a decision.

When you do a mediation we're just looking at the possible risk of a reduction as a result from the mediation. From the decision from SCAR.

So, it's not that the roll was inaccurate. The roll was still highly accurate based on the multiple regression model. Based on the standards. Based on outside experts both from Newsday and from our own internal hiring of an outside expert.

But taxpayers do have the right to bring forth a SCAR hearing after ARC to make their case and sometimes the hearing officer has a different opinion of value than we have. It's an opinion of value that comes out from SCAR. And we chose to go through a predictive manner to see if there's exposure in remaining cases to try to resolve those cases before they go to SCAR. And we did that this year. And again, I mentioned 24 percent of those cases mediated received a zero offer. They were resolved no money and many were resolved with small reductions. But it's just manner of risk management. That's why it

was done.

LEGISLATOR FERRETTI: What percentage, if you know, what percentage of the 80,000 were pro se SCAR filings?

MR. MOOG: We had 500 pro ses left. It was like -- do you have the number? 2400 was it? It was a very small percentage of pro ses. We have 500 pro ses remaining I think.

LEGISLATOR FERRETTI: You have 500 remaining but was it a very small percentage of the total amount at SCAR that was pro se?

MR. MOOG: Very small percentage. I don't have the number in front of me on that. I'm sorry.

LEGISLATOR FERRETTI: What about the filings at ARC, what was the percentage of pro se filings at ARC?

MR. MOOG: That I don't have on me right now. No, no. ARC had a larger percent but I'm not sure of the number. I don't have that on me.

LEGISLATOR FERRETTI: Do you know

if it was approaching 50 percent at ARC that were pro se?

MR. MOOG: No, no. It was less than 50 percent but I don't know the exact percentage. I know there were a lot of pro ses filed at ARC but I'm not sure the number or percentage. If it is 30 percent, 25 percent I'm really not sure.

LEGISLATOR FERRETTI: But it was a significant amount?

MR. MOOG: It was a more significant amount, yes.

LEGISLATOR FERRETTI: My concern is that we've seemed to have set up a process where essentially we're offering settlements to SCAR point in the process which is over 95 percent tax grievance firms and it seems like it's an unfair advantage to those residents who challenge their assessment through grievance firms rather than pro se. This is a process that nobody knew was coming. It's almost a second bite at the apple.

MR. MOOG: I would say all taxpayers, even pro ses, when they receive the

results from ARC I think are notified that they can file with SCAR. And we did have mediated settlements on pro ses from our office. The pro se cases were treated with the same respect as tax rep cases in all three mediations.

Mr. Miles, who is the deputy assessor of SCAR process, I will let him chime in.

MR. MILES: We set up a separate mediation program for the pro ses specifically to address that concern. And they were able to call in and address their -- I can't hear from the legislator.

LEGISLATOR FERRETTI: Mr. Miles, that doesn't address my concern because my concern is that pro se filers didn't know they had this opportunity.

MR. MILES: No. We let them know that they had this opportunity. We created a whole separate program. We sent out I believe a mailing that said that they have this opportunity and they were provided a separate call-in number to call into our expert staff

to discuss the mediation offers that we sent out to the pro ses. They were able to negotiate themselves on a phone call with a personal SCAR representative to discuss the offer that they were given.

LEGISLATOR FERRETTI: Mr. Miles, every pro se residential tax assessment grievant who went to ARC was sent a notice that there was going to be a mediation program at SCAR and that they would have another opportunity to sit down and discuss their assessment?

MR. MOOG: I'm not sure what happened at ARC but I know that when we did our overview of all filings from petitioners we made sure to also include pro ses and we created a separate program for the pro ses.

LEGISLATOR FERRETTI: You included pro ses who had filed a SCAR petition, correct?

MR. MOOG: Of course.

LEGISLATOR FERRETTI: That's my point, that pro se grievants at ARC were not aware that this mediation program was going to

exist at SCAR and so they didn't know that they were going to have another opportunity at SCAR to settle their assessment grievance.

MR. MOOG: When people file a SCAR -- the mediation process it's a process through the court system. So in any case when you file for an Article 7 or you file Article 7A or file any case in New York State there's always that mediation process. That's a universal process throughout the state. We decided to avail ourselves of that during this period to get as many cases resolved before the county guarantee would kick in. So, anyone filing any litigation there's always a mediation portion to it and it's been expanded to Article 7.

Pro ses going into SCAR always know they can go to a hearing. Mediation is just our way of resolving the case before. It doesn't mean we get more money. It doesn't mean that we are making it easier. It's just means that we trying try to resolve the case before the filing period ends or before the county guarantee period ends and that they can

avail themselves of SCAR at any time. It's not like they got something special, monies given out or special favors given out. This was try to replicate the type of results you'd receive from a SCAR petition by a hearing officer.

LEGISLATOR FERRETTI: Thank you. And Mr. Moog, out of the 50,000 that have been mediated at SCAR --

MR. MOOG: 58,000.

LEGISLATOR FERRETTI: Sorry. How many of those received a reduction at SCAR through mediation?

MR. MOOG: 14,000 received zero offers. No offer. The remainder received an offer.

LEGISLATOR FERRETTI: 44,000 received a reduction?

MR. MOOG: Yes. 44,000 were offered reductions and accepted.

LEGISLATOR FERRETTI: If you include the ARC number of approximately 60,000 reductions through settlement and add the 44,000 that were settled at SCAR with a

reduction we're at approximately 104,000 reductions through settlement, correct?

MR. MOOG: Correct.

LEGISLATOR FERRETTI: That's out of how many properties that grieved their assessment in total?

MR. MOOG: 240,000.

LEGISLATOR FERRETTI: So 104,000 out of 240,000 would you call that mass settlement?

MR. MOOG: No.

LEGISLATOR FERRETTI: What would the threshold be to be considered mass settlement?

MR. MOOG: Mass settlement is when you set up a general parameter of just giving a straight percentage cut to properties or creating a stratified cut that would result in cuts that were not done through analysis. Every mediated offer had comparable properties attached to it and an analysis was done on every individual property before a mediated offer was given out.

A mass settlement process doesn't

use any analysis or appraisal background. It just uses strictly we're going to give three percent, four percent, five percent on the properties to clear cases. That wasn't the case here. We had reductions of zero. We had reductions of one percent, five percent, ten percent. Depending on how the comparable pointed and how it was negotiated with the individual petitioner.

LEGISLATOR FERRETTI: In 1920 we know that at SCAR we didn't give any reductions through settlement, but how many reductions at ARC through settlement were there in 1920?

MR. MOOG: 1920 I'm not sure of the exact number. I think it was between 170 and 190,000 reductions in 1920.

LEGISLATOR FERRETTI: So this entire reassessment process, which was supposed to eliminate essentially the necessity to grieve your assessment, has resulted in 104,000 settlement reductions, where the previous system, which we all acknowledge was completely broken, was

approximately 170,000.

MR. MOOG: The 170,000 was based on strictly the level of assessment being granted at ARC compared to what was being used at the Department of Assessment. It still was a grossly inaccurate assessment roll by all measure. And people who had comparable properties next to each other paid very different tax bills. The equity to the tax roll was important.

LEGISLATOR FERRETTI: Mr. Moog, I completely understand that the system was broken. The point of reassessing is to fix it. I would have hoped that by fixing it we wouldn't have 104,000 grievants being granted settlement reductions. But we do. I appreciate your responses and thank you to both you and Mr. Miles.

MR. MOOG: Thank you.

LEGISLATOR KOPEL: Mr. Rhoads.

LEGISLATOR RHOADS: Just a couple of quick follow-ups. Legislator Drucker made the point which was addressed by legislator Ferretti as well. We do budget for grievances

for certioraris, both residential and commercial, in one lump sum in our budget. There's $30 million in the budget for certioraris. My concern is the fact that in 1920 we were dealing with, as Mr. Moog has testified, 44 petitions that were still pending at the time bills were issued. At the time our September 18th deadline -- at the time the county guarantee would kick in.

We budgeted $30 million last year for certiorari payments with 44 residential petitions still outstanding. We have the same $30 million in the budget this year with nearly 12,000 petitions that are still pending. So that's the reason I'm asking the question. And the reason that it's relevant is because I have no confidence that the $30 million that we've budgeted is actually nearly enough and are we going to wind up with having some sort of massive liability that we haven't been able to account for in the budget. That's the reason for the question. There's such a huge discrepancy between where we were last year and where we are this year. When we

are in the budget process we want to make sure we've accounted for that.

LEGISLATOR DRUCKER: The distinction, Legislator Rhoads, is that we are now going to court defending a much more accurate roll.

LEGISLATOR RHOADS: Are we?

LEGISLATOR DRUCKER: I certainly believe. So that's certainly a distinction. And I think what is rather telling is that there's been a substantial number of settlements in which the taxpayer agreed to no change. So, taxpayers are settling quite a bit and accepting the fact that the assessment is accurate after they file a grievance and filed a petition with SCAR they're settling saying okay, we accept that you're not going to reduce our taxes. I think that's the distinction.

So maybe we can hear from someone from the administration about the budgeted set for refunds and see if that's changes or they anticipate something. I see we have Andy coming up.

LEGISLATOR RHOADS: I know that the -- and Andy you certainly have an opportunity to answer that question -- but the concern that I have is that as of right now we have no idea what the potential exposure is. The Department of Assessment doesn't have any idea what the potential exposure is. That's still a number they have to calculate. Unless that was calculated independently by the administration, I don't know how you can answer that question but if want to choose to go ahead.

MR. MOOG: I did state earlier that the department believes it will be somewhere between two and a quarter million and seven and a half million dollars. But again, it's determined on the decisions from an independent hearing officer. The number is going to be probably somewhere between that range but I can't say definitively because we don't know when decisions will come out and how they will be coming out.

LEGISLATOR RHOADS: I know that you're giving me an estimate of what you think

will happen, but the information that I'm looking for is what is the county's potential exposure? In other words, as I explained before, if those 11,600 some odd homeowners succeed in their petition, get what they're asking for, right? Because they've got to give a value. They're the ones that have the burden of proof of defending that that value is accurate, right? But let's say they're able to meet that burden and a SCAR officer says you know what? You're right. What's the county's potential exposure at that point? What's the total number? That's the information that I'm looking for.

MR. MOOG: As I mentioned before, we believe it's going to be somewhere between two and a quarter and seven and a half million. We will provide any data you want for -- put in a request and we will provide the data and carry the conversation on after that.

MR. PERSICH: Legislator, two things I would say. One is we have $30 million appropriated. We had it this year.

We've had it historically I think for the past few years. We've allocated $30 million in cert liability. Now, what I think from the residential side what I'm hearing is the 12,000 cases, I think we probably have enough budget appropriation to cover that shortfall based on the number of cases.

Remember now, the class fours are the lion's share of what our exposure is. So we have the DAF set up to cover those shortages, which should add some relief in the operating budget for these class one claims should they come in.

Combined total I don't think residential is going to exceed $30 million. And from what Mr. Moog is telling me I think the seven million at the top end of his thing, even if it goes to ten, I think the budget for 2021 can absorb that exposure that we may have.

LEGISLATOR RHOADS: How would you believe that the budget can absorb it?

MR. PERSICH: As it stands now we have $30 million in the budget for that. My

point is if the class ones come in at ten million I will then have 20 million for other things or I'll have freed up 20 million. Or I can use some to pay some additional class four cert claims to buy down some of the exposure in the liability.

The other thing too is, we really don't calculate the liability until the end of the year on an accounting basis. But that may not be true liability that we have because it's a negotiated settlement is what's happening.

I think from the budgetary standpoint I think there's enough -- that 30 should cover Mr. Moog's shortage that he may have in grievances. If doesn't and we get a judgement against us it's like everything else, we will have to then readjust money and move it around to cover the shortfall if we have it.

LEGISLATOR RHOADS: Part of the issue is that we haven't been doing that historically. We have $580 million in debt that we owe to county taxpayers. Certiorari

debt that we owe to county taxpayers, right?

MR. PERSICH: That's correct but remember included in that 580 --

LEGISLATOR RHOADS: I'm just trying to make sure we're not in a situation where we're adding to that number.

MR. PERSICH: I don't believe that. I think the budget will cover that. There will be no class one liability I hope by the end of next year. I think with the more defendable roll as stated we have to start believing at some point that the numbers we're putting out there and after adjustments that we will have a defendable roll that will limit the number of cases that we will be getting. It is subjective.

LEGISLATOR RHOADS: We were supposed to have the defendable roll this year, right, for 2021? Part of the issue that I have is that as much as the Department of Assessment has been telling us and the administration has been telling us that this is the most accurate roll you can achieve. This is a roll where the Department of

Assessment, through the process, identified tens of thousands of errors before that roll went final on April 1st and the SCAR petition process started.

Yet, you have 60,000 after that roll went. You've had 60,000 people receive reductions in ARC. You've had another 44,000 people, so roughly over 25 percent of the entire roll after the discovery of tens of thousands of errors during the course of the process. You've had an acknowledgment now on behalf of the county that over a quarter of the roll representing about 40 percent of all people who filed petitions was incorrect.

And for the 300,000 properties that weren't subject to that, all of those reductions resulted in an increase, a corresponding increase to other homeowners that had no idea that that increase was actually coming.

I don't know how we say that the roll is accurate. I'm not quite sure what a regression model means and maybe that means something in assessment parlance but with

respect to sort of where the rubber hits the road, where the taxpayer is concerned, I don't know how we can say this roll is accurate when we are acknowledging that there are over 100,000 mistakes.

MR. MOOG: I want to say that when we completed this roll it was vetted independently by an independent expert. It was vetted by ORPS and was vetted by even the experts at Newsday. So it was an accurate roll.

LEGISLATOR RHOADS: But what we've been saying all along, Mr. Moog, is that while you can have experts and you can have Newsday and you can say as much as you want about how accurate the roll was, you won't know how accurate the roll is until you've seen the end of the process and we are, well, except for 12,000 homeowners, we are at the end of the process now and what that process has shown us over is that over one-quarter of the values we're still wrong to the point where we had to offer settlements in order to resolve those cases.

MR. MOOG: I want to point out that probably from the ARC reductions and from SCAR reductions the vast majority of these adjustments were of minimal nature. They were probably in the five percent. As I pointed out before, you can have multiple appraisers come in on the same property with same comparables and come up with different values. The multiple regression model that's used gives values on a mass scale and that mass scale values were accurate for the most part.

But at the same time, people do have the right to grieve. They have the right to file petitions and the right to have properties heard on an individual basis.

There will be adjustments made no matter who does the tax roll. If a reassessment is done there will be adjustments made through the grievance and ARC process. That's universal, not only in Nassau but throughout the country. You read any sort of assessment journals when a reassessment is done after a number of years of a frozen roll

or inaccurate roll you have a large number of grievances files to fine tune the number. But a lot of these adjustments are very small adjustments.

LEGISLATOR RHOADS: But if the overall, to Legislator Ferretti's point, if the overall idea is that we were going to have an accurate roll to point where we could reduce the number of grievances that we're receiving on an annual basis. Not having to put taxpayers through the process of having to fight for us to be able to get it right. Simply getting it right to begin with. I don't know how we can say that was a success when in over 100,000 cases we had an acknowledgment on the part of the county that it was inaccurate.

But moving on from there. Do we have any idea with respect to these 11,600 some odd homeowners that are put in a situation where they may be asked to pay taxes that it may be determined that they don't owe, do we have any idea when those outstanding petitions are going to be resolved?

MR. MOOG: We believe all these outstanding petitions will be resolved before the second half school bills are issued. It's all dependent on the court calendar. The court controls the calendars. But at the present pace we are working on all the cases will be resolved before the second half bills.

LEGISLATOR RHOADS: I do understand that obviously COVID played a part. The deadline itself was extended, the filing deadline itself was extended. The 12,000 petitions or 11,600 petitions that are still outstanding are those petitions that were all filed after September 4th? In other words, what's the reason --

MR. MOOG: No, no, September 4th was the deadline. It could be filed after September 4th. The cases -- we had received over 50,000 filings after July 1st, and we worked through and we made mediation offers on 99 percent of the cases. More than 99 percent of the cases receive a mediated offer. At the end, the court, which sets the calendar up, heard approximately 13,000 cases. They

control the speed that cases are heard.

If we don't make a mediated offer, we try to resolved the case and the court has limited resources to get things done and they did not get all the hearings completed. That's why these 11,654 cases remain.

LEGISLATOR RHOADS: Were there offers, just so I understand the process, were there mediated offers made mediated offers rejected? Were all of the mediated offers made first and only then the hearings started? Or if a mediated offer was rejected in one case it was scheduled for a hearing in that case?

MR. MOOG: If we make mediated offers on all cases and if they reject the mediated offer then that would go in the pool to be -- cases to be heard by the court.

LEGISLATOR RHOADS: But the cases were being heard by the court throughout the process after it opened up on what was it May 25th?

MR. MOOG: Absolutely. They started hearings the third week in June. June

14th they started doing hearings. A slow start because we were just getting things set up with Zoom and getting files set up. But they did start on June 14th. I would say it really started getting up to speed by the first week of July.

LEGISLATOR RHOADS: With respect to the 11,600 some odd homes that are still participating in the SCAR process, do we know where the majority of those are located?

MR. MOOG: They're all over the county. It's a result of either not accepting the mediated offer or they weren't satisfied that their assessment was correct so they decided to take the next step.

LEGISLATOR RHOADS: We had a discussion earlier on in the process with respect to north shore properties, which I believe there was an acknowledgment on the part of the Department of Assessment, that some -- on your part as a matter of fact Mr. Moog -- that some of the values with respect to those higher end north shore properties the values were not defensible.

Are any of these SCAR petitions that are still pending those properties?

MR. MOOG: All I know is that the remaining cases are throughout the county. I haven't done a deep dive of where these cases are located.

LEGISLATOR RHOADS: Wouldn't that information though be relevant? We will ask for that breakdown.

MR. MOOG: Okay.

LEGISLATOR RHOADS: I know you had indicated before because we had spoken about some of the things that we would be seeking that you would ask counsel. I notice that Mr. Miles is actually there with you. Is there any reason, Mr. Miles, why that information would not be able to be turned over?

MR. MILES: It's open information but it is a smattering all over the county. We have to have a mapping of where it is. That takes a long process. We will have to utilize other departments to help us.

LEGISLATOR KOPEL: I think he

means a legal reason.

MR. MOOG: Also this is still open litigation too.

MR. MILES: It's open litigation still. And just upon a review of the parties that are still in play they are all over the county. And no acknowledgment here that there was any issue with north shore properties or that they were indefensible. I said that on Monday.

LEGISLATOR RHOADS: The question was -- you weren't 100 percent certain about a lot of the answers that you gave on Monday and that's why we were asking Mr. Moog.

The question of immediate concern, at least for me, is the total exposure to the county based on those petitions. When do you think that you might be able to get that information to us? Is there any chance that you can get it to us before our budget vote that's supposed to be at one o'clock?

MR. MOOG: We will not get the information to you before one o'clock. I know Mr. Persich already spoke to you about the

reserve and I already spoke to you that we believe it will be between two and a quarter and seven and a half million dollars. This exercise I don't think has ever been performed before with any of the prior administrations. I don't think it was done under the Mangano administration, the Suozzi administration or the Gulotta administration.

LEGISLATOR RHOADS: Look, it's my job to ask for information so we're making sure we're making an educated decision. I can't necessarily rely upon the information that's being provided to me by the administration. That's why we ask questions to try and confirm the information that we're being given. So the question is, can you get us that number?

MR. MOOG: They're individual hearings and it's also open litigation. I'm not sure. I will have to check back with my general counsel on that.

LEGISLATOR RHOADS: He's right there.

MR. MILES: I stated on Monday

that based on the individual nature of the hearings, and remember these are petitions, these are hearings, this is not a term that was used in prior administrations, been hearings in the past, continue to be hearings. It is very difficult to put together a solid number. But Mr. Moog is giving you a range based on his experience.

LEGISLATOR RHOADS: I understand that he's giving a range based upon his experience but it's not the question I'm asking. The question that I'm asking is, what is the county's total exposure if the 11,640 some odd petitions are granted? If the petitioner gets what they ask for what's the total exposure?

MR. MOOG: I don't think that's a realistic budget number. That wouldn't be a realistic budgeting number because not every petition is going to receive the maximum result of their settlement. And I think in this exercise you're trying to figure out budgeted liability we gave you a range. And Mr. Persich did mention to you that there are

sufficient funds in the budget to cover this liability in the remaining cases.

LEGISLATOR RHOADS: With all due respect, I don't have to accept what it is that you want to give me. My job is to ask questions as a legislator for information that we believe is relevant to the determination that we make and your job is to the best of your ability provide that information.

So I appreciate the estimate that you're giving me, but I would like to know what the total exposure to the county is so that we can make our own independent evaluation. I'm not suggesting that your information is incorrect in any way. But what I do want to know is can we independently corroborate that information so that we can make our best determination in budgeting things here. So I appreciate that.

MR. MOOG: I heard that before, yes.

LEGISLATOR RHOADS: We will send the other requests in writing.

MR. MOOG: Okay.

LEGISLATOR RHOADS: We will send the other requests in writing. But again, based on our breakdown of some of the things that we've been looking for, total number of petitions, total number of settlements, all of that base information that we spoke about earlier, is there a reason why that information -- I know you said you had to check with counsel, who is there, is there a reason why you think that information wouldn't be able to be provided for any reason?

MR. MOOG: Like I said, I make sure whenever a request comes I run it by the county attorney to make sure I'm not causing any legal problems down the line. Especially situations that are open litigation. That's just standard policy here. I don't see a reason why but I would have to refer to the county attorney on his opinion to make sure it's okay.

LEGISLATOR RHOADS: But Mr. Miles is with the county attorney's office.

MR. MOOG: No. He works for my office. Mr. Miles is an employee with the

Department of Assessment.

LEGISLATOR RHOADS: Just out of curiosity, what's the reason for the discrepancy? Your counsel can't make that determination?

MR. MOOG: I will have to wait for the request to come in and we will make the determination. It's that simple. I've said that before. It's always prudent of any agency head to make sure that legal counsel is aware of any information we are disbursing. That's standard operating procedure in any agency.

LEGISLATOR RHOADS: Thank you Mr. Moog.

LEGISLATOR KOPEL: Anyone else? Ms. Walker.

LEGISLATOR WALKER: Many of my questions have been answered already. When someone goes to SCAR, the typical modeling that was done for our homes when we first got our assessment you said came from sales throughout the whole county. Now they have gone through the process and going to SCAR.

Now you're coming prepared with other homes that might not have ever been considered before. Also homes that were later sales.

So someone who is going to SCAR of all these 11,654 cases that you still have left, what homes, like, what can you compare them to? The cut off date for sales or whatever.

MR. MOOG: You use comparable sales of properties of similar size and nature and in the same neighborhood or similar neighborhoods. But since this is open litigation I don't go too deep into how a petitioner would file and attack his case.

But it's basically a process that you're trying to prove your value of your property is different than the value presented by the Department of Assessment. And it always done through comparable sales. Unless there's other mitigating situation of inventory, stuff like that. But it's comparable sales to prove your value.

LEGISLATOR WALKER: I understand that but you said that obviously you could use

more recent sales. So, for these 11,654 cases where is the cutoff date of the sales you might be able to use?

MR. MOOG: That would be January 2 of 2019. Right? The petitioner is allowed to use any sales they want because it is a small claims proceeding. The department uses sales up to January 2 of 2019.

MR. MILES: The department, the way to defend the SCAR is you try to get sales close in time to the publication date as possible. That's our policy here. The petitioner obviously has their administrative right and they can choose however they please to defend themselves using various years. But it becomes less and less likely for them to defend their case if it gets further and further away from the publication dates.

LEGISLATOR WALKER: But the latest date would be January 2, 2019 that you could present homes in the county's case?

MR. MOOG: Yes. On the county side.

LEGISLATOR WALKER: Are all our

people that are going to SCAR are they aware of that they're not just looking at the homes that were shown on their report? They have all that information. I feel like so many of my residents call and they say -- they get blindsided quite a bit. I really do think some of them just say forget it, I'm getting nowhere here.

MR. MOOG: When you file litigation you have to know the rules of that litigation. That's why some people employ a tax rep. Other people feel confident to handle it on their own. But it's still the obligation of the petitioner to prove his case and to use whatever sales necessary. And the sales are publicly available. So, they can use those sales and adjust to how they see fit in order to make their case.

MR. MILES: We are one of the only New York jurisdictions actually provide a set of comparable sales that can be potentially used in the multiple regression analysis. There's no other jurisdiction in New York State that does something like this

except some of the few upstate.

There's just one thing, we try to keep the SCAR filings, the SCAR comparables as close to January 2, 2019. Our policy is to keep it prior to. Although if there are other circumstances that push the date past January 2, 2019 we will. But the policy is to heavily weight until the publication date. Whereas, the petitioner can choose whatever date they choose for the comparable sales.

But back to your point, we are one of the few jurisdictions in the state that actual provide comparable sales to the taxpayers because we support our taxpayers rights to challenge their values.

MR. MOOG: And the Arrow system and ARC also provide comparable sales. So they've been through grievance process and use the Arrow system to begin which gave a wide range of comparable sales. Much more than what we provided in our LRV.

So if they went through the ARC process they were exposed to all the sales in the area and could pick and choose whatever

sales they want. We provide a wide range of data through our website and through the ARC website.

LEGISLATOR WALKER: But you definitely would not go beyond January 2, 2019? The county wouldn't?

MR. MOOG: As far as I know.

LEGISLATOR WALKER: Mr. Miles said something different in the last sentence.

MR. MOOG: There are some circumstances where we do but we heavily weight towards January 2.

MR. MOOG: Some exceptional cases we do but we weight heavily to the January 2nd date because that's tax status date. But the homeowner gets plenty of sales to draw from on the Assessment Review Commission site too. Which they had gone through that process. Because they're pro se they've gone through the ARC process. You can't go through SCAR unless you went through ARC. You have to exhaust your administrative remedy before go through a judicial remedy.

LEGISLATOR WALKER: Thank you.

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LEGISLATOR BIRNBAUM: I have a question.

LEGISLATOR KOPEL: One second.

LEGISLATOR DRUCKER: I just had one quick question and I'm done.

LEGISLATOR KOPEL: Was that Legislator Birnbaum also?

LEGISLATOR BIRNBAUM: Yes.

LEGISLATOR KOPEL: Once he finishes then you go.

LEGISLATOR DRUCKER: Just for purposes of historical context. Mr. Moog, you stated earlier that in 2004 after the last reassessment there were 75,000 SCAR challenges; is that correct?

MR. MOOG: That's correct.

LEGISLATOR DRUCKER: In 2020 there were 80,000?

MR. MOOG: Correct.

LEGISLATOR DRUCKER: Is this typical any time there is a reassessment in your opinion?

MR. MOOG: Yes. When you do a reassessment after a long stagnant period you

do get quite a few administrative appeals and judicial appeals afterward. That's very typical. It happens in other jurisdictions around the state and the country when you have a roll that hasn't been updated in many years.

LEGISLATOR DRUCKER: Thank you.

LEGISLATOR KOPEL: Ms. Birnbaum.

LEGISLATOR BIRNBAUM: So, before when we were discussing with Legislator Rhoads the cases that are still pending, the 11,654, if these are representing homes throughout the county, could you extrapolate based on the ones that were sales, the median price so that we know what it adds to so that way you could estimate I would assume how much you would have to pay out through these cases?

MR. MOOG: From the information that's being requested by the legislature you could probably run that number also. Right? You could probably extrapolate that out also.

That's why when I say when I say two and a quarter to seven and a half million it sort of falls within that range from the decisions made before. That's why we use a

range because a lot of these cases again are cases that we felt very solid about either no offer is made or an offer was made and rejected it. But mostly it's a no offer case from our end and an offer case from ARC. So that's why we're not sure. We put the range out there. And again, budget office felt that way apparently.

We will provide the information after review with counsel when submitted to my office and then we can have further discussion on that.

LEGISLATOR BIRNBAUM: But based on what you're saying is there any possibility it could be more than $30 million?

MR. MOOG: No.

LEGISLATOR BIRNBAUM: That's what we have in reserve?

MR. MOOG: It will not exceed $30 million.

LEGISLATOR BIRNBAUM: Could you give some historical perspective on how we stand now compared to how we've done in previous years? Not just last year but

comparing everything to 2019. But could you foresee the accuracy of what you the believe the roll is now compared to previous years and the amount basis that were before SCAR?

MR. MOOG: In 2004, after the reassessment in 2004, there were 75,000 SCAR filings. 51,000 received reductions on the guarantee. And the refund that year was $38 million on the county guarantee. Most years the number of reduction claims from 2002 to I would say all the way through 2013, with the exception of 2011, 2012, the number of claims exceeds what we are going to be exceeding this year on the county guarantee. So it's only during the years of the frozen roll that the refund claims dropped.

But when you usually do reassessments every year you do get claims. You do get litigation. But that year was 51,000. There are other years where you had 26,000 on the county guarantee reduction claims. 12,000. 13,000. So it's not uncommon during those past years.

I will say from the work that my

staff did along with Rob Miles and mediation we were able to resolve so many cases to get down to 11,000. It's so remarkable a number considering we were working under COVID. Working remotely. This is the first time this has ever happened in a county where you had the entire staff working outside the office and the hearing officers working remotely.

So, I would say considering the extreme circumstances we were working under it's really remarkable that we only have 11,654 left considering the efforts that were made.

Again, talking about mediation with the court last year and we were able to implement in this remote Zoom process, which I have to say hats off to the staff on that. If you look at past years we had a fully funded staff and everything was done with a staff much larger than we have now you still had more cases going on the county guarantee from 2002 to almost 2013 with few exceptions.

Right now I have 152 staff members. Back in the day when Harvey Levinson

was handling this he had 280 people on staff and he didn't have COVID and he didn't have a frozen roll for a good number of years, eight years or so, and come up with this and we were still able to come out ahead to only 11,654.

MR. MILES: And the last time there were double digits of claims on the county guarantee is not that long ago because in the 2013-2014 tax year there was 11,187 claims.

MR. MOOG: That were refunded.

MR. MILES: I do wonder back then they received the same we are receiving now to Legislator Drucker's point.

So, it's not unprecedented. It happened as recently as the 2013-2014 year. And to Mr. Moog's point, right after the reassessment they had more claims on the county guarantee by much, much more than this administration did.

LEGISLATOR BIRNBAUM: I want to thank you and your staff for all the hard work you've done. I really appreciate it. I believe that next year -- correct me if I'm

wrong -- do you believe that we will see a lot less people make claims based on what they're settling on this year?

MR. MOOG: I would think the claim numbers should be going down and God willing with no COVID, we should have a normal hearing season and be able to resolve cases in a timely fashion. And now that we have the processes set up, even God forbid we're still in some sort of COVID lockdown, we will be able to proceed as quickly as possible. We invented these processes really on the fly very quickly considering we were in this pandemic situation.

LEGISLATOR BIRNBAUM: Right. And that anyone can just go to their computer and look up their property and see the comps and see all that information. It's very commendable because we didn't have that before.

MR. MOOG: It was all invented in the processes ahead. Hats off to the IT staff. NCIT really came through for us. The court. Full cooperation of the court. And we

had full cooperation of the tax rep firms. So everybody got on board. We realized we had to resolve this. We had to work with them and we got it done. Right Robert? So thank you.

LEGISLATOR RHOADS: I'm not sure Mr. Moog that we're looking at the same record. According to what I'm looking at in 2004 there were 197 open claims that were subject to the county guarantee.

MR. MOOG: In 2004?

LEGISLATOR RHOADS: We're talking about the first year after the reassessment, right? Those are the numbers that we're comparing?

MR. MOOG: In the 2004-2005 tax roll there were 75,000 cases filed of which 51,000 went on the county guarantee resulting in a refund of $38 million. We got those records from the filings we got from the ORBS's website and we got our records from the treasurer's office.

LEGISLATOR RHOADS: Obviously there's a discrepancy here, so we will have to take a look that those records. Thank you.

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MR. MOOG: We will provide those records where we got them from.

LEGISLATOR KOPEL: Anyone else? I think we're done. Thank you Mr. Moog. Thanks everyone else. We're adjourned.

(Committee was adjourned at 11:42 a.m.)

CERTIFICATION

I, FRANK GRAY, a Notary Public in and for the State of New York, do hereby certify:

THAT the foregoing is a true and accurate transcript of my stenographic notes.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of November 2020

FRANK GRAY