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**United States Senate Subcommittee on Taxation and IRS Oversight
Tax Relief after a Disaster: How Individuals, Small Businesses, and Communities Recover
Tuesday, November 18, 2014**

Good afternoon Chairman Casey, Ranking Member Enzi, Members of the Subcommittee on Taxation and IRS Oversight, and distinguished guests. My name is Vincent Ignizio. I am the Minority Leader of the New York City Council. Thank you for allowing me the opportunity to testify on behalf of my constituents in Staten Island and all New York City residents, on how Hurricane Sandy has affected our communities, and how we can continue to help them through tax relief and other programs.

I want to also to give a special thanks to Senator Chuck Schumer, who has been a great partner with my office and all of Staten Island's elected officials, especially as we have worked together to help our city recover from the worst natural disaster in its history.

You have my bio, so I will start with a brief introduction to my borough: Staten Island is approximately 58 square miles with very diverse socio-economic demographics, a healthy mix of small businesses and larger national retailers and a wide range of housing stock.

Many of you have become familiar with our borough since Hurricane Sandy wrought destruction on the Northeast coast on October 29 and 30th of 2012.

On Staten Island, Sandy's storm surge took a particularly devastating toll: 24 people died, thousands of homes and

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businesses were severely damaged or destroyed, and in some cases, entire neighborhoods taken off the map.

More than two years later, residents of my borough, and all of New York City, are still struggling to recover. Thousands of families are stuck in the maze of bureaucratic government recovery programs, and many local small business owners have closed their doors permanently.

Even those who have been fortunate enough to get back on their feet are filled with angst about what a future disaster may bring, or are grappling with the prospect that misguided government policies may finish the job Sandy started.

Take for example Paul DiCristina, who has lived with relatives in Brooklyn since the storm destroyed his home and his family's restaurant, the Coral Bay Café in Tottenville. Paul desperately wants to rebuild. But he has received no assistance from recovery programs created to help businesses and homeowners - though it is clear he is exactly the type of person those programs were designed to help.

Atlantic Village, a homeowners association consisting of 152 homes and more than 350 residents in Annadale, is also in dire need of assistance. To protect themselves from the waters of the Raritan Bay, the association took out a SBA loan to fund the construction of a steel-reinforced, concrete seawall. But the storm surge from Hurricane Sandy ripped their seawall apart as if it were made of paper. Many of the homes closest to the water were damaged, though it would have been far worse had the seawall not taken the brunt of the impact.

After cleaning up the debris, the association has no money left to rebuild their seawall and cannot afford to take out another loan, leaving hundreds of residents in harm's way. Ironically, they were much better protected before Hurricane Sandy than they are now.

I have been working with Sen. Schumer's office to identify a source of funding for Atlantic Village, but I think we both agree it should not be so difficult. Federal disaster recovery programs are welcome and necessary, but in my 17 years as a public servant, I have learned that anything we can do in government to help people help themselves is far more effective, more sustainable and faster.

We should provide federal tax incentives to help homeowners associations like Atlantic Village and individual homeowners build flood protections or build to more resilient standards.

That type of tax relief would have certainly helped Richard White, a city bus driver from Crescent Beach. Rich has been more fortunate than many others affected by Sandy. Through sheer determination and resourcefulness, he has

been able to rebuild his bungalow home. He took out a pension loan, ran up credit card debt, scrimped and saved and applied for every charitable program so could to scrape together more than \$70,000 to repair his home back to its pre-Sandy condition. He is still waiting for the city's housing recovery program to elevate his home to protect it from future flooding.

Meanwhile, when Rich was finally able to move his family back home last year, he was struck another blow when his property tax bill was 30 percent higher than it was before Sandy. He, like thousands of other New York City Homeowners, discovered one of the unintended consequences of rebuilding their flooded houses: Soaring property taxes. The New York state tax code does not distinguish between an owner voluntarily making substantial improvements or repairs to his or her home and an owner who has to rebuild his or her home after a tragedy. In both cases, the improvements are taxed at full market value, creating a substantial disincentive for owners who are considering whether to rebuild and potentially making previously affordable homes unaffordable.

It was because of Rich and many other constituents who called my office shocked by their property tax bills after Sandy, that I worked with NYC Mayor Bill de Blasio's office, State Senator Andrew Lanza, the NYS Assembly, and Governor Andrew Cuomo to create a property tax abatement for the thousands of New York City homeowners affected by this problem. I am currently working with Sen. Lanza, the NYS Assembly and the Mayor's Office on a permanent solution.

But even when we solve our post-disaster property tax problems, there is a much greater obstacle to a permanent, sustainable recovery in New York that cannot be overcome without federal intervention: The soaring cost of flood insurance. While I know it not the purview of this committee, I feel strongly that we cannot talk about economic recovery without addressing this crucial problem, which, if not fixed, will price our constituents out of their homes. I believe tax relief should be considered as part of this solution.

The passage of the Homeowner Flood Insurance Affordability Act of 2013 has helped alleviate some very steep increases in premiums brought on by the Biggert Waters Flood Insurance Reform Act of 2012. I want to thank Congressman Michael Grimm for shepherding this through the House and Senator Robert Menendez for sponsoring the bill's passage in this body. As outlined in that bill, FEMA should develop a flood protection standard for existing urban buildings like those in our city and offer premium reductions for alternative resiliency measures - partial credit for partial mitigation.

The IRS can help as well, by providing tax credits for homeowners who elevate their homes, or perform other measures to make their homes more resilient – perhaps with something similar to the Energy STAR rebate program. It can also provide tax incentives for homeowners who are not required to purchase flood insurance or

who are purchasing flood insurance for the first time. In New York City alone that could potentially include tens of thousands of new policy holders, since the recently updated 100-year floodplain maps include about 400,000 residents and 70,000 buildings, about double the numbers from the previous flood maps. Already, my constituents have been contacting my office in alarm about these new policies, having received quotes for residential flood insurance upwards of \$36,000 per year.

Passage of the National Disaster Tax Relief Act of 2014 would be another big step in the right direction, as it would provide substantial assistance with my constituents, especially the provisions that would give them the ability to expense qualified disaster costs, allow an exclusion from gross income for disaster mitigation payments received from state and local governments and take a full earned income tax credit if their home was damaged by Sandy.

In fact, I believe the provisions of the National Disaster Tax Relief Act should be long-term or periodically renewable, so that the federal government could instantly “turn on” a tax relief package for areas declared national disasters. Such a package would not only help stimulate a faster recovery, but would also provide some certainty for affected individuals and businesses during a time filled with uncertainty and difficulty.

I know elected officials on all levels are working hard to make sure Americans who have suffered so much from disasters have a government that is helping them recover quickly and efficiently while helping us become more resilient for any future storm that comes our way.

Thank you again for your time.

I am happy to answer any questions you may have.