



**THE COUNCIL
THE CITY OF NEW YORK
FINANCE DIVISION
250 BROADWAY, 15TH FLOOR
NEW YORK, N.Y. 10007-2594
(212) 788-6921**

TO: Honorable Melissa Mark-Viverito
Speaker

Honorable Julissa Ferreras-Copeland
Chair, Finance Committee

FROM: Latonia McKinney, Director, Finance Division
Raymond Majewski, Deputy Director/Chief Economist, Finance Division
Tanisha Edwards, Chief Counsel, Finance Division
Rebecca Chasan, Assistant Counsel, Finance Division
Paul Sturm, Unit Head, Finance Division

DATE: June 26, 2015

SUBJECT: A Budget Modification (MN-8) for Fiscal 2015 that will appropriate \$1.854 billion in new revenues.

INITIATION: By letter dated June 26, 2015 the Director of the Office of Management and Budget submitted to the Council, pursuant to section 107(e) of the New York City Charter, a request to appropriate \$1.854 billion in new revenues. These new revenues, as well as resources from a reduction of \$243 million in prior year payables will be used to increase the Budget Stabilization Account by \$1.976 billion and to add \$121 million to the General Reserve.

BACKGROUND: This modification (MN-8) seeks to recognize \$1.854 billion in new revenues, which are combined with \$243 million in resources from a decrease in prior year payables. This reflects changes since the February 2015 Financial Plan. Of these funds, the total amount of \$1.976 billion is added to the Budget Stabilization Account, which will prepay debt service for Fiscal 2016 and \$121 million are added to the General Reserve.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2015 budget of \$1.854 billion.

RESOLUTION APPROVING A MODIFICATION (MN-8) PURSUANT TO SECTION 107(e) OF THE CHARTER OF THE CITY OF NEW YORK.

By Council Member Ferreras-Copeland

Whereas, At a meeting the Committee on Finance of the City Council of the City of New York (the "City Council") on June 26, 2015, the Committee on Finance considered a communication, dated June 26, 2015, from the Mayor's Office of Management and Budget of the Mayor of the City of New York (the "Mayor"), of a proposed request to recognize a net increase in revenue pursuant to Section 107(e) of the Charter of the City of New York (the "Charter"), attached hereto as Exhibit A (the "Request to Appropriate"); and

Whereas, Section 107(e) of the Charter requires the City Council and the Mayor to follow the procedures and required approvals pursuant to Sections 254, 255, and 256 of the Charter, without regard to the dates specified therein, in the case of the proposed appropriation of any new revenues and the creation of new units of appropriation; and

Whereas, Section 107(e) of the Charter requires that any request by the Mayor respecting an amendment of the budget that involves an increase in the budget shall be accompanied by a statement of the source of current revenues or other identifiable and currently available funds required for the payment of such additional amounts, attached hereto as Exhibit B (together with the Request to Appropriate, the "Revenue Modification");

NOW, THEREFORE, The Council of the City of New York hereby resolves as follows:

1. Approval of Modification. The City Council hereby approves the Revenue Modification pursuant to Section 107(e) of the Charter.

2. Further Actions. The City Council directs the City Clerk to forward a certified copy of this resolution to the Mayor and the Comptroller as soon as practicable so that the Mayor, the Comptroller and the City Clerk may certify the Fiscal 2015 Expense Budget as amended by this resolution as the budget for the remainder of the fiscal year.

3. Effective Date. This resolution shall take effect as of the date hereof.

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Council of the City of New York on _____ on file in this office.

**Clerk of The Council of The City
of New York**

THE COUNCIL

REPORT OF THE COMMITTEE ON FINANCE

RESOLUTION APPROVING A MODIFICATION PURSUANT TO SECTION 107(E) OF THE CHARTER OF THE CITY OF NEW YORK

The Committee on Finance, to which was referred the above-captioned resolution, respectfully submits to the Council of the City of New York the following:

REPORT

Introduction. At the meeting of the Committee on Finance of the City Council on June 26, 2015, the Council considered a communication, from the Office of Management and Budget of the Mayor, dated June 26, 2015, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2015 Expense Budget, and the revenue estimate related thereto prepared by the Mayor as of June 26, 2015

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 26, 2014, the Council adopted the expense budget for fiscal year 2015 (the "Fiscal 2015 Expense Budget"). On June 25, 2014, the Mayor submitted to the Council a revenue estimate related to the Fiscal 2015 Expense Budget. On August 21, 2014, the Council adopted MN-1 modifying the Fiscal 2015 Expense Budget. On September 23, 2014 the Council adopted MN-2 modifying the Fiscal 2015 Expense Budget. On January 7, 2015 the Council adopted MN-3 modifying the Fiscal 2015 Expense Budget and MN-4 which appropriated new revenues. On April 28, 2015 the Council adopted MN-5 modifying the Fiscal 2015 Expense Budget and MN-6 which appropriated new revenues.

Circumstances have changed since the Council last amended the Fiscal 2015 Expense Budget.

Section 107(e) provides one mechanism for the Mayor and the Council to amend the Expense Budget and related revenue estimate to reflect changes in circumstances that occur after adoption of a budget. Section 107(e) permits the modification of the budget in order to create new units of appropriation, to appropriate new revenues from any source other than categorical federal, state and private funding or to use previously unappropriated funds received from any source.

Discussion of Above-captioned Resolution. The above-captioned resolution would authorize the modifications to the Fiscal 2015 Expense Budget and related revenue estimate requested in the Communication.

This modification (MN-8) seeks to increase revenues in the net amount of \$1.854 billion compared to MN-6 which reflected the Fiscal 2016 Preliminary Budget. This represents an increase in City funds of approximately 3.4 percent.

MN-8 is the third revenue modification of Fiscal 2015 and it implements changes, since the second revenue modification MN-6, and reflects changes since the February Plan.

MN-8 recognizes \$1.854 billion in new revenues, including \$1.318 billion tax revenue and \$535 million from miscellaneous revenues. More than half of the tax revenue \$672 million, comes from the personal income tax. OMB's recent forecasts significantly under estimated April personal income tax and the past two months have also been strong reflecting the strength of the City's economy. Most of the rest of the additional tax revenue, \$455 million comes from the two transfer taxes, the real property transfer tax, and the mortgage recording tax. This reflects the strength of the City's real estate market, including commercial real estate.

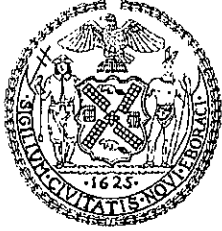
Miscellaneous revenues were significantly increased by \$535 million. Of this, about \$173 million comes from the sale of a building at East 73rd Street, and another \$82 million from legal restitutions. In Exhibit B these are a part of the Mayoral Sundries.

In addition to these revenues MN-8 uses \$243 million in additional resources from a takedown of prior year payables. This adjustment is usually done at the end of the year and was planned in the Fiscal 2016 Executive Budget.

These \$1.976 billion in new revenues and resources will be allocated to the Budget Stabilization Account (BSA) along with \$121 million that will be transferred to the General Reserve.

The resolution would also direct the City Clerk to forward a certified copy thereof to the Mayor and the Comptroller so that the Mayor, the Comptroller and the City Clerk may certify the Fiscal 2015 Expense Budget as amended thereby as the budget for the remainder of the fiscal year. The above-captioned resolution would take effect as of the date adopted.

EXHIBIT A



The City of New York
Office of Management and Budget
255 Greenwich Street - New York, New York 10007 - 2146
(212) 788-5900

Dean Fuleihan
Director

June 26, 2015

TO THE CITY COUNCIL

Dear Council Members:

In accordance with Section 107(e) of the New York City Charter, I seek your approval to appropriate new revenues of \$1.854 billion in fiscal year 2015.

This modification (MN-8) will implement revenue budget changes reflected in the City's Executive and Adopted Financial Plans. The \$1.854 billion of new revenues combined with additional resources of \$243 million of Prior Year Payables will be used to increase the Budget Stabilization Account by \$1.976 billion to prepay fiscal year 2016 debt service in fiscal year 2015, and will also adjust the General Reserve.

Your approval of modification MN-8 is respectfully requested.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Fuleihan".

Dean Fuleihan

FISCAL YEAR 2015 MODIFICATION
MN-8

098	Miscellaneous 002 General Reserve	\$ 121,175,456
099	Debt Service 004 Budget Stabilization Account	<u>\$ 1,975,598,429</u>
	TOTAL	<u>\$ 2,096,773,885</u>

Exhibit B - MN 8
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
Rental Income			
DPR	00753	Rentals: Dock Ship Wharfage	(\$216,000)
DOE	00760	Rentals: Other	5,500,000
SBS	00760	Rentals: Other	(22,501,000)
HPD	00760	Rentals: Other	3,092,000
DCAS	00760	Rentals: Other	13,111,000
DOITT	00760	Rentals: Other	100,000
Rental Income Subtotal			(\$914,000)
Interest Income			
Comptroller	56001	Interest Income - Other	\$4,000,000
DOF	56001	Interest Income - Other	22,000
DOF	56002	Interest Income- Sales Tax	50,000
Comptroller	56003	Interest-Debt Service Fund	(140,000)
Interest Income Subtotal			\$3,932,000
Other Miscellaneous			
HPD	00815	Sales Of In Rem Property	\$6,415,000
Law	00820	Sales Of City Real Property	490,000
DCAS	00822	Minor Sales	3,277,000
Mayoral	00846	Awards From Litigation	(10,464,000)
Law Dept	00846	Awards From Litigation	2,841,000
Mayoral	00859	Sundries	314,761,000
Law Dept	00859	Sundries	602,000
DOE	00859	Sundries	5,077,000
DOC	00859	Sundries	65,000
TLC	00859	Sundries	(26,000,000)
SBS	00859	Sundries	(3,466,477)
HPD	00859	Sundries	1,025,000
DOHMH	00859	Sundries	(850,000)
DOF	00859	Sundries	3,120,000
DPR	00859	Sundries	500,000
DCAS	00859	Sundries	368,000
DOITT	00859	Sundries	1,472,000
DORIS	00859	Sundries	(74,000)
Other Miscellaneous Subtotal			\$299,158,523
MISCELLANEOUS TOTAL			\$535,473,885
GRAND TOTAL			\$1,853,773,885

Exhibit B - MN 8

Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
Charges for Services			
DOT	00410	Highways & Street Service/Fees	\$229,000
DOHMH	00430	Health Services/Fees	(500,000)
DPR	00450	Culture-Recreation Service/Fee	(3,422,000)
DOE	00460	Education Services/Fees	2,000,000
CUNY	00461	Higher Educ Ser/Fees Comm Coll	14,325,862
DOI	00470	Other Services And Fees	(495,300)
NYPD	00470	Other Services And Fees	3,516,000
NYFD	00470	Other Services And Fees	3,665,000
COIB	00470	Other Services And Fees	51,000
HPD	00470	Other Services And Fees	8,400,000
DOB	00470	Other Services And Fees	2,700,000
DEP	00470	Other Services And Fees	540,000
DOF	00470	Other Services And Fees	164,800
DORIS	00470	Other Services And Fees	351,000
PA Kings	00470	Other Services And Fees	165,000
PA Richmond	00470	Other Services And Fees	441,000
DOHMH	00476	Administrative Serv To Public	(600,000)
DCAS	00476	Administrative Serv To Public	5,727,000
Charges for Services Subtotal			\$37,258,362
Water and Sewage Charges			
Mayoral	00521	Reimbursement From Water Board	(\$1,146,000)
Mayoral	00522	Payment From Water Board	(2,369,000)
Water and Sewage Charges Subtotal			(\$3,515,000)
Fines and Forfeitures			
Mayoral	00600	Fines-General	\$1,365,000
TLC	00600	Fines-General	4,200,000
HPD	00600	Fines-General	334,000
DOB	00600	Fines-General	17,000,000
OATH	00600	Fines-General	2,400,000
DOF	00600	Fines-General	6,140,000
DCA	00600	Fines-General	1,650,000
DOF	00602	Fines - Pvb	70,452,000
OATH	00603	Fines - ECB	12,519,000
DOF	00603	Fines - ECB	17,500,000
Fines and Forfeitures Subtotal			\$133,560,000

Exhibit B - MN 8
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
TAX AND AUDIT REVENUE CHANGES			
Mayoral	00021	Real Estate Tax Refunds	\$100,000,000
Mayoral	00050	General Sales Tax	(26,000,000)
Mayoral	00077	Mortgage Tax	183,000,000
Mayoral	00088	State Aid PIT Relief Schoolaid	(1,000,000)
Mayoral	00090	Personal Income Tax	598,000,000
Mayoral	00091	Refunds of Personal Income Tax	74,000,000
Mayoral	00093	General Corporation Tax	336,000,000
Mayoral	00094	Refunds of General Corp Tax	(64,000,000)
Mayoral	00095	Financial Corporation Tax	(318,000,000)
Mayoral	00096	Refunds of Financial Corp Tax	64,000,000
Mayoral	00099	Unincorporated Business Inc Tx	(35,000,000)
Mayoral	00102	Pers Inc Tax Cty Emp Non-Res	4,000,000
Mayoral	00103	Utility Tax	(7,000,000)
Mayoral	00110	Payment In Lieu of Taxes	(20,700,000)
Mayoral	00112	Tax On Occupancy of Hotel Room	(4,000,000)
Mayoral	00113	Tx On Commercial Rents - Occup	5,000,000
Mayoral	00122	Conveyance of Real Property Tx	272,000,000
Mayoral	00125	Taxi Medalion Transfer Tax	(4,000,000)
Mayoral	00135	Tax Audit Revenue	162,000,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$1,318,300,000

MISCELLANEOUS

Licenses, Franchises, Etc.

TLC	00200	Licenses - General	(\$2,237,000)
DOB	00200	Licenses - General	(489,000)
LPC	00250	Permits - General	1,000,000
DOB	00250	Permits - General	3,400,000
DEP	00250	Permits - General	324,000
DOT	00250	Permits - General	8,925,000
DPR	00250	Permits - General	(1,027,000)
DOITT	00250	Permits - General	156,000
DOB	00251	Construction Permits	39,080,000
DOT	00320	Franchises - Other	1,688,000
DOITT	00320	Franchises - Other	10,247,000
DCA	00320	Franchises - Other	2,284,000
DSNY	00325	Privileges - Other	(400,000)
DOT	00325	Privileges - Other	825,000
DPR	00325	Privileges - Other	2,218,000
Licenses, Franchises, Etc. Subtotal			\$65,994,000

Exhibit B - MN 8
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Real Estate	\$100,000,000
		Sales	(26,000,000)
		Mortgage Recording	183,000,000
		Personal Income	672,000,000
		General Corporation	272,000,000
		Banking Corporation	(254,000,000)
		Unincorporated Business	(35,000,000)
		Utility	(7,000,000)
		Hotel	(4,000,000)
		Commercial Rent	5,000,000
		Real Property Transfer	272,000,000
		Cigarette	0
		Others	(20,700,000)
		Audit	162,000,000
		STAR	(1,000,000)
		TAX AND AUDIT REVENUE TOTAL	\$1,318,300,000
		MISCELLANEOUS	
		Licenses, Franchises, Etc.	\$65,994,000
		Charges for Services	37,258,362
		Water and Sewage Charges	(3,515,000)
		Fines and Forfeitures	133,560,000
		Rental Income	(914,000)
		Interest Income	3,932,000
		Other Miscellaneous	299,158,523
		MISCELLANEOUS TOTAL	\$535,473,885
		GRAND TOTAL	\$1,853,773,885