



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

**TO:** Honorable Corey Johnson  
Speaker

Honorable Daniel Dromm  
Chair, Finance Committee

**FROM:** Latonia McKinney, Director, Finance Division  
Raymond Majewski, Deputy Director/Chief Economist, Finance Division  
Rebecca Chasan, Senior Counsel  
Paul Sturm, Supervising Economist

**DATE:** June 30, 2021

**SUBJECT:** A Budget Modification (MN-8) for Fiscal 2021 that will appropriate \$2.07 billion in new revenues.

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**INITIATION:** By letter dated June 29, 2021, 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 \$2.07 billion in new revenues. These new revenues, combined with additional resources of \$0.41 billion from the General Reserve, will be used to prepay \$2.48 billion in fiscal year 2022 expenses.

**BACKGROUND:** This modification (MN-8) seeks to recognize \$2.07 billion in new revenues, and combines \$0.41 billion from the General Reserve, implementing changes reflected in the June 2021 Plan at Adoption. Of these funds, \$2.05 billion is added to the Budget Stabilization Account, which will prepay debt service for fiscal year 2022, and \$0.43 billion will be used to replenish the Retiree Health Benefit Trust.

**FISCAL IMPACT:** This modification represents a net increase in the Fiscal 2021 budget of \$2.07 billion.

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

By Council Member Dromm

**Whereas**, At a meeting of the Committee on Finance of the City Council of the City of New York (the "City Council") on June 30, 2021, the Committee on Finance considered a communication, dated June 29, 2021, from the 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 2021 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 June 30, 2021 on file in this office.

**Clerk of the Council of the City of New York**

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# **THE COUNCIL**

## **REPORT OF THE COMMITTEE ON FINANCE**

### **RESOLUTION APPROVING A MODIFICATION (MN-8) 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 30, 2021, the Council considered a communication from the Office of Management and Budget of the Mayor, dated June 29, 2021, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2021 Expense Budget Plan, and the revenue estimate related thereto prepared by the Mayor as of June 29, 2021.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 30, 2020, the Council adopted the expense budget for fiscal year 2021 (the "Fiscal 2021 Expense Budget"). On December 17, 2020, the Council adopted MN-1, modifying the Fiscal 2021 Expense Budget, and MN-2, which appropriated new revenues. On February 25, 2021, the Council adopted MN-3, modifying the Fiscal 2021 Expense Budget, and MN-4, which appropriated new revenues. On May 21, 2021, the Council adopted MN-5, modifying the Fiscal 2021 Expense Budget, and MN-6, which appropriated new revenues. On June 29, 2021, the Mayor submitted to the Council MN-7, modifying the Fiscal 2021 Expense Budget. On June 29, 2021, the Mayor submitted to the Council a revenue estimate MN-8, related to the Fiscal 2021 Expense Budget.

Circumstances have changed since the Council last amended the Fiscal 2021 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 2021 Expense Budget and related revenue estimate requested in the communication.

This modification (MN-8) seeks to increase revenues in the net amount of \$2.07 billion compared to the most recent Revenue Budget Modification (MN-6). This represents an increase in City funds of approximately 3.1 percent.

MN-8 recognizes \$2.07 billion in increased revenues, including \$2.07 billion in tax revenues, a reduction of \$5.8 million in miscellaneous revenues, and an additional \$205,000 in unrestricted aid.

Tax revenues increased by \$2.07 billion since the April 2021 Financial Plan. The largest contribution to the increase, \$1.6 billion, came from personal income tax collections. Additional tax revenues included \$439 million from the general corporation tax.

Miscellaneous revenues decreased by \$5.8 million. This mostly consisted of a reimbursement from the New York City Water Board.

This budget modification adds \$2.48 billion to prepay Fiscal 2022 expenses. This addition is funded by the \$2.07 billion increase in revenue, and a \$0.41 billion reduction in 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 2021 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.



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The City of New York  
**Mayor's Office of Management and Budget**  
255 Greenwich Street · New York, New York 10007  
Telephone: 212-788-5900 Email: jihaj@omb.nyc.gov

**Jacques Jiha, Ph.D.**  
*Director*

June 29, 2021

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 City revenues in fiscal year 2021 in the amount of \$2.07 billion.

This modification (MN-8) implements revenue budget changes reflected in the City's Adopted Financial Plan. The \$2.07 billion of new revenues combined with an adjustment to the General Reserve, will be used to prepay \$2.48 billion of fiscal year 2022 expenses in fiscal year 2021.

Your approval of modification MN-8 is respectfully requested.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Jiha'.

Jacques Jiha, Ph.D.  
Director

**FISCAL YEAR 2021 MODIFICATION  
MN-8**

|     |                                  |                         |
|-----|----------------------------------|-------------------------|
| 099 | Debt Service                     |                         |
|     | 004 Budget Stabilization Account | \$ 2,054,530,722        |
| 098 | Retiree Health Benefit Trust     |                         |
|     | 003 Fringe Benefits              | \$ 425,000,000          |
|     | TOTAL                            | <u>\$ 2,479,530,722</u> |

**Exhibit B - MN 8  
Changes in Revenue Source**

| Agency Name | Source | Description                          | Fiscal 2021            |
|-------------|--------|--------------------------------------|------------------------|
|             |        | <b>SUMMARY</b>                       |                        |
|             |        | <b>TAX AND AUDIT REVENUE CHANGES</b> |                        |
|             |        | Personal Income                      | \$1,634,000,000        |
|             |        | General Corporation                  | 439,000,000            |
|             |        | <b>TAX AND AUDIT REVENUE TOTAL</b>   | <b>\$2,073,000,000</b> |
|             |        | <b>MISCELLANEOUS</b>                 |                        |
|             |        | Water Sewage Charges                 | (\$6,291,000)          |
|             |        | Rental Income                        | 472,733                |
|             |        | <b>MISCELLANEOUS TOTAL</b>           | <b>(\$5,818,267)</b>   |
|             |        | <b>UNRESTRICTED AID</b>              |                        |
|             |        | Prior Year Reimbursement             | \$204,527              |
|             |        | <b>UNRESTRICTED AID TOTAL</b>        | <b>\$204,527</b>       |
|             |        | <b>GRAND TOTAL</b>                   | <b>\$2,067,386,260</b> |

**Exhibit B - MN 8  
Changes in Revenue Source**

| <b>Agency Name</b>                             | <b>Source</b> | <b>Description</b>                         | <b>Fiscal 2021</b>     |
|--|---------------|--|------------------------|
| <b>TAX AND AUDIT REVENUE CHANGES</b>           |               |  |                        |
| Mayorality                                     | 00090         | Personal Income Tax                        | \$1,634,000,000        |
| Mayorality                                     | 00093         | General Corporation Tax                    | 400,000,000            |
| Mayorality                                     | 00094         | Refunds of Geneal Corp Tax                 | 39,000,000             |
|  |               | <b>TAX AND AUDIT REVENUE CHANGES TOTAL</b> | <b>\$2,073,000,000</b> |
| <br>   |               |  |                        |
| <b>Water and Sewage Charges</b>                |               |  |                        |
| Mayorality                                     | 00521         | Reimbursement From Water Board             | (\$6,291,000)          |
|  |               | <b>Water and Sewage Subtotal</b>           | <b>(\$6,291,000)</b>   |
| <br>   |               |  |                        |
| <b>Rental Income</b>                           |               |  |                        |
| Department Of Citywide Administrative Services | 00760         | Rentals: Other                             | \$472,733              |
|  |               | <b>Rental Income Subtotal</b>              | <b>\$472,733</b>       |
| <br>   |               |  |                        |
|  |               | <b>MISCELLANEOUS TOTAL</b>                 | <b>(\$5,818,267)</b>   |
| <br>   |               |  |                        |
| <b>UNRESTRICTED AID</b>                        |               |  |                        |
| Mayorality                                     | 55021         | Prior Year Reimbursement                   | \$204,527              |
|  |               | <b>UNRESTRICTED AID TOTAL</b>              | <b>\$204,527</b>       |
| <br>   |               |  |                        |
|  |               | <b>GRAND TOTAL</b>                         | <b>\$2,067,386,260</b> |