



**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
Rebecca Chasan, Counsel, Finance Division
Paul Sturm, Supervising Economist, Finance Division

DATE: June 14, 2016

SUBJECT: A Budget Modification (MN-7) for Fiscal 2016 that will appropriate \$738.5 million in new revenues.

INITIATION: By letter dated June 14, 2016 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 \$738.5 million in new revenues. These new revenues, combined with additional resources of \$100 million of Prior Year Payables, and a reduction of \$860 million from the General Reserve will be used to increase the Budget Stabilization Account by \$1.299 billion and to provide a \$400 million lump sum for Health and Hospitals.

BACKGROUND: This modification (MN-7) seeks to recognize \$738.5 million in new revenues, combines \$100 million in Prior Year Payables, and reduces the General Reserve by \$860 million, implementing changes reflected since the January 2016 Financial Plan. Of these funds, \$1.299 billion is added to the Budget Stabilization Account, which will prepay debt service for Fiscal 2017, and a \$400 million lump sum provided to the Health and Hospitals.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2016 budget of \$738.5 million.

RESOLUTION APPROVING A MODIFICATION (MN-7) 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 14 2016, the Committee on Finance considered a communication, dated June 14, 2016, from the Mayor's Office of Management and Budget, 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 2016 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 (MN-7) 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 14, 2016, the Council considered a communication, from the Office of Management and Budget of the Mayor, dated June 14, 2016, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2016 Expense Budget, and the revenue estimate related thereto prepared by the Mayor as of June 14, 2016.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 26, 2015, the Council adopted the expense budget for fiscal year 2016 (the "Fiscal 2016 Expense Budget"). On December 11, 2015, the Mayor submitted to the Council a revenue estimate related to the Fiscal 2016 Expense Budget. On October 29, 2015 the Council adopted MN-1 modifying the Fiscal 2016 Expense Budget. On December 16, 2015 the Council adopted MN-2 modifying the Fiscal 2016 Expense Budget and MN-3 which appropriated new revenues. On March 22, 2016 the Council adopted MN-4 modifying the Fiscal 2016 Expense Budget and MN-5 which appropriated new revenues.

Circumstances have changed since the Council last amended the Fiscal 2016 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 2016 Expense Budget and related revenue estimate requested in the communication.

This modification (MN-7) seeks to increase revenues in the net amount of \$738.5 million compared to the Fiscal 2017 Preliminary Budget. This represents an increase in City funds of approximately 1.27 percent.

MN-7 is the third revenue modification of Fiscal 2016 and it implements changes since the second revenue modification MN-5, and reflects changes since the January Plan.

MN-7 recognizes \$738.5 million in new revenues, including \$434 million from tax revenue, and \$303 million from miscellaneous revenues.

For Fiscal 2016, tax revenue collections are increased by \$434 million above the January Plan. This is largely due to a \$357 million increase from the real property tax, a \$127 million increase from the real property transfer tax, a \$199 million increase from the mortgage recording tax, and a \$65 million increase in audits. This was offset by a \$230 million decrease in the personal income tax, a \$56 million decrease in the general corporation tax, and a \$122 million decline in the sales tax, which is net of the \$50 million paying New York State's claim to the refinancing gains from the Sales Tax Asset Receivable Corporation (STARC).

For Fiscal 2016, miscellaneous revenue is up \$303 million, mostly due to a \$64.7 million increase from Environmental Control Board fines, \$48.5 million more from Parking Violation Bureau fines, and \$25 million in Department of Building late filing and no permit penalties.

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 2016 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.



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

Exhibit A

June 14, 2016

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 \$738.5 million in fiscal year 2016.

This modification (MN-7) will implement revenue budget changes reflected in the City's Executive and Adopted Financial Plans. The \$738.5 million of new revenues combined with additional resources of \$100 million of Prior Year Payables and an adjustment to the General Reserve, will be used to prepay \$1.698 billion of fiscal year 2017 expenses in fiscal year 2016.

Your approval of modification MN-7 is respectfully requested.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Fuleihan".

Dean Fuleihan

**FISCAL YEAR 2016 MODIFICATION
MN-7**

098	Miscellaneous 002 General Reserve	\$ -860,126,038
099	Debt Service 004 Budget Stabilization Account	\$ 1,298,587,564
819	Health and Hospitals Corp. 001 Lump Sum	\$ 400,000,000
	TOTAL	<u>\$ 838,461,526</u>

**Exhibit B - MN 7
Changes in Revenue by Revenue Source**

Agency Name	Source	Description	Fiscal 2016
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Real Estate	357,300,000
		Sales	(122,000,000)
		Mortgage Recording	199,000,000
		Personal Income	(230,000,000)
		General Corporation	(55,794,000)
		Banking Corportion	(11,206,000)
		Unincorporated Business	50,000,000
		Utility	(30,000,000)
		Hotel	22,000,000
		Commercial Rent	10,000,000
		Real Property Transfer	127,000,000
		Cigarette	(3,000,000)
		Others	54,000,000
		Audit	65,000,000
		STAR	1,700,000
		TAX AND AUDIT REVENUE TOTAL	434,000,000
		MISCELLANEOUS	
		Licenses, Franchises, Etc.	73,080,706
		Charges for Services	21,541,555
		Water and Sewage Charges	(70,589,000)
		Fines and Forfeitures	161,121,000
		Rental Income	5,636,450
		Interest Income	18,400,000
		Other Miscellaneous	93,553,276
		MISCELLANEOUS TOTAL	302,743,987
		UNRESTRICTED CATEGORICAL AID	1,717,539
		GRAND TOTAL	738,461,526

Exhibit B - MN 7
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2016
TAX AND AUDIT REVENUE CHANGES			
Mayoral	00001	Real Prop Tax 1st Quart	(\$12,273,000)
Mayoral	00002	Real Prop Tax 2nd Quart	(85,186,000)
Mayoral	00003	Real Prop Tax 3rd Quart	505,270,000
Mayoral	00004	Real Prop Tax 4th Quart	(98,511,000)
Mayoral	00021	Real Estate Tax Refunds	38,000,000
Mayoral	00026	State Aid School Tax Relief	1,700,000
Mayoral	00033	Interest On Tax Receivable	3,000,000
Mayoral	00034	Real Property Tax Lien Sales	10,000,000
Mayoral	00050	General Sales Tax	(122,000,000)
Mayoral	00070	Cigarette Tax	(3,000,000)
Mayoral	00073	Commercial Motor Vehicle Tax	2,000,000
Mayoral	00077	Mortgage Tax	199,000,000
Mayoral	00090	Personal Income Tax	(165,000,000)
Mayoral	00091	Refunds Of Personal Income Tax	(65,000,000)
Mayoral	00093	General Corporation Tax	(118,471,000)
Mayoral	00094	Refunds Of General Corp Tax	62,677,000
Mayoral	00095	Financial Corporation Tax	51,471,000
Mayoral	00096	Refunds Of Financial Corp Tax	(62,677,000)
Mayoral	00099	Unincorporated Business Inc Tx	50,000,000
Mayoral	00102	Pers Inc Tax Cty Emp Non-Res	16,000,000
Mayoral	00103	Utility Tax	(30,000,000)
Mayoral	00110	Payment In Lieu Of Taxes	48,500,000
Mayoral	00112	Tax On Occupancy Of Hotel Roo	22,000,000
Mayoral	00113	Tx On Commercial Rents - Occu	10,000,000
Mayoral	00114	Refunds Of All Other Taxes	(12,000,000)
Mayoral	00122	Conveyance Of Real Property Tx	127,000,000
Mayoral	00125	Taxi Medalion Transfer Tax	(2,500,000)
Mayoral	00130	Pen & Int-Gen Prop Tax	2,000,000
Mayoral	00134	Refunds On Pen & Int-Other Tax	(3,000,000)
Mayoral	00135	Tax Audit Revenue	65,000,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$434,000,000
MISCELLANEOUS			
Licenses, Franchises, Etc.			
NYPD	00200	Licenses - General	\$800,000
TLC	00200	Licenses - General	(1,465,000)
Business Integrity Comm	00200	Licenses - General	924,706
Landmarks	00250	Permits - General	2,266,000
DOB	00250	Permits - General	17,015,000
DEP	00250	Permits - General	1,380,000
DOT	00250	Permits - General	18,757,000
DPR	00250	Permits - General	(827,000)
DOB	00251	Construction Permits	16,722,000
DOITT	00320	Franchises - Other	8,263,000
Consumer Aff	00320	Franchises - Other	2,484,000
DOT	00325	Privileges - Other	1,971,000
DPR	00325	Privileges - Other	4,790,000
Licenses, Franchises, Etc. Subtotal			\$73,080,706

Exhibit B - MN 7
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2016
Charges for Service			
DOHMH	00430	Health Services/Fees	(\$500,000)
DPR	00450	Culture-Recreation Service/Fee	(3,322,000)
Comptroller	00470	Other Services And Fees	110,000
DOI	00470	Other Services And Fees	(579,300)
NYPD	00470	Other Services And Fees	(284,000)
NYFD	00470	Other Services And Fees	6,135,000
Office of Payroll Admin	00470	Other Services And Fees	(12,145)
TLC	00470	Other Services And Fees	(317,000)
HPD	00470	Other Services And Fees	12,960,000
DOB	00470	Other Services And Fees	7,484,000
DEP	00470	Other Services And Fees	(1,886,000)
Dept Sanit	00470	Other Services And Fees	(71,000)
DOF	00470	Other Services And Fees	975,000
PA Kings	00470	Other Services And Fees	295,000
PA Queens	00470	Other Services And Fees	668,000
DOT	00472	Parking Meter Revenues	(1,201,000)
DOHMH	00476	Administrative Serv To Public	(113,000)
DCAS	00476	Administrative Serv To Public	1,200,000
Charges for Service Subtotal			\$21,541,555
Water and Sewage			
Mayoral	00521	Reimbursement From Water Boa	(\$75,789,000)
Mayoral	00522	Payment From Water Board	5,200,000
Water and Sewage Subtotal			(\$70,589,000)
Fines and Forfeitures			
Mayoral	00600	Fines-General	\$2,665,000
TLC	00600	Fines-General	7,882,000
HPD	00600	Fines-General	434,000
DOB	00600	Fines-General	25,000,000
Trials & Hearings	00600	Fines-General	(4,000,000)
Business Integrity Comm	00600	Fines-General	(500,000)
DOF	00600	Fines-General	17,633,000
Consumer Aff	00600	Fines-General	(374,000)
DOF	00602	Fines - Pvb	48,400,000
Trials & Hearings	00603	Fines - ECB	29,392,000
DOF	00603	Fines - ECB	35,300,000
DOF	00650	Forfeitures - General	(961,000)
DA Queens	00650	Forfeitures - General	250,000
Fines and Forfeitures Subtotal			\$161,121,000

Exhibit B - MN 7
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2016
Rental Income			
DPR	00753	Rentals: Dock Ship Wharfage	(\$106,000)
DPR	00755	Rentals: Yankee Stadium	(498,000)
Board of Education	00760	Rentals: Other	9,000,000
CUNY	00760	Rentals: Other	(2,300,000)
SBS	00760	Rentals: Other	(18,552,550)
HPD	00760	Rentals: Other	7,360,000
DCAS	00760	Rentals: Other	10,733,000
Rental Income Subtotal			\$5,636,450
Interest Income			
Comptroller	56001	Interest Income - Other	\$18,400,000
Interest Income Subtotal			\$18,400,000
Other Miscellaneous			
HPD	00815	Sales Of In Rem Property	\$3,095,000
DCAS	00817	Mortgage Payments	8,674,000
DCAS	00820	Sales Of City Real Property	(10,059,000)
DCP	00822	Minor Sales	418,000
Dept Sanit	00822	Minor Sales	6,000
Consumer Aff	00822	Minor Sales	385,000
Mayoral	00846	Awards From Litigation	9,984,000
Comptroller	00846	Awards From Litigation	250,000
Law Dept	00846	Awards From Litigation	411,000
NYPD	00849	Wireless /E911 Surcharges-VOI	4,600,000
Mayoral	00859	Sundries	60,264,000
Law Dept	00859	Sundries	898,000
DCP	00859	Sundries	(50,000)
Board of Education	00859	Sundries	7,904,032
Dept Correct	00859	Sundries	437,244
TLC	00859	Sundries	(69,000)
HPD	00859	Sundries	1,555,000
DOHMH	00859	Sundries	200,000
Dept Sanit	00859	Sundries	1,350,000
DPR	00859	Sundries	700,000
DCAS	00859	Sundries	3,553,000
DOITT	00859	Sundries	(953,000)
Other Miscellaneous Subtotal			\$93,553,276
MISCELLANEOUS TOTAL			\$302,743,987
UNRESTRICTED CATEGORICAL AID			
Mayoral	55025	Federal Cash Adjustments	\$1,717,539
UNRESTRICTED CATEGORICAL AID TOTAL			\$1,717,539
GRAND TOTAL			\$738,461,526