**T H E C O U N C I L**

**REPORT OF THE COMMITTEE ON FINANCE**

**RESOLUTION APPROVING A MODIFICATION (MN-6) 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:

# R E P O R T

Introduction. At the meeting of the Committee on Finance of the City Council on June 19, 2019, the Council considered a communication from the Office of Management and Budget of the Mayor, dated June 18, 2019, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2019 Expense Budget Plan, and the revenue estimate related thereto prepared by the Mayor as of June 18, 2019.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 14, 2018, the Council adopted the expense budget for fiscal year 2019 (the "Fiscal 2019 Expense Budget"). On December 20, 2018, the Council adopted MN-1, modifying the Fiscal 2019 Expense Budget, and MN-2, which appropriated new revenues. On March 28, 2019, the Council adopted MN-3, modifying the Fiscal 2019 Expense Budget, and MN-4, which appropriated new revenues. On June 18, 2019, the Mayor submitted to the Council MN-5, modifying the Fiscal 2019 Expense Budget. On June 18, 2019, the Mayor submitted to the Council a revenue estimate MN-6, related to the Fiscal 2019 Expense Budget.

Circumstances have changed since the Council last amended the Fiscal 2019 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 2019 Expense Budget and related revenue estimate requested in the communication.

This modification (MN-6) seeks to increase revenues in the net amount of $1.11 billion compared to the most recent Revenue Budget Modification (MN-4). This represents an increase in City funds of approximately 1.7 percent.

MN-6 recognizes $1.11 billion in increased revenues. Tax revenues increased by $642.8 million since the February 2019 Financial Plan. The largest contribution to the increase, $787.0 million, came from personal income tax collections, which benefited from strong tax extensions in April. Additional tax revenues included $167 million from the business corporation tax, which benefited from strong corporate profits. Offsetting these increases was $120.0 million in reduced revenues from the real property tax. There was also $158.0 million in reduced collections from the unincorporated business tax.

Miscellaneous revenues increased by $416.8 million since the February 2019 Financial Plan. This included $150.7 million in Mayoral sundries, mostly pertaining to a legal settlement. There was $35.0 million in Department of Education sundries, relating to a transfer from an Education Construction Fund surplus. There was $30.0 million in Small Business Services sundries, relating to an asset sale. There was $45.9 million from net fines for parking violations, and $28.3 million from construction permits.

Unrestricted intergovernmental aid increased by $50.1 million.

This budget modification uses the $1.11 million in newly additional revenue described above to add $852.15 million to the Budget Stabilization Account, which will prepay debt service for Fiscal 2020, prepay $200.0 million to Health and Hospitals, and upwardly adjust the General Reserve by $57.53 million.

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 2019 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.