



**THE COUNCIL
THE CITY OF NEW YORK
FINANCE DIVISION
250 BROADWAY, 15TH 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
Nashia Roman, Economist

DATE: December 17, 2020

SUBJECT: A Budget Modification (MN-2) for Fiscal 2021 that will appropriate \$616.7 million in new revenues.

INITIATION: By letter dated December 15, 2020, 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 \$616.7 million in new revenues. These new revenues with an additional \$15.5 million from General Reserve will be used for prepayments of \$632.2 million to increase the Budget Stabilization Account.

BACKGROUND: This modification (MN-2) seeks to recognize \$616.7 million in new revenues, implementing changes reflected since the June 2020 Adopted Budget. These funds will add \$632.2 million to the Budget Stabilization Account to prepay debt service for Fiscal 2022 expenses, and downwardly adjust the General Reserve by \$15.5 million.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2021 budget of \$616.7 million.

RESOLUTION APPROVING A MODIFICATION (MN-2) 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 December 17, 2020, the Committee on Finance considered a communication, dated December 15, 2020, 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 December 17, 2020 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-2) 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 December 17, 2020, the Council considered a communication from the Office of Management and Budget of the Mayor, dated December 15, 2020, 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 December 15, 2020.

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 15, 2020, the Mayor submitted to the Council MN-1, modifying the Fiscal 2021 Expense Budget. On December 15, 2020, the Mayor submitted to the Council a revenue estimate MN-2, related to the Fiscal 2021 Expense Budget.

Circumstances have changed since the Council last adopted 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-2) seeks to increase revenues in the net amount of \$616.7 million compared to the Fiscal 2021 Adopted Budget. This represents an increase in City funds of approximately 1.0 percent.

MN-2 is the first revenue modification of Fiscal 2021 and it reflects changes since the Adopted Budget which are outlined in the Fiscal 2021 November Financial Plan.

MN-2 recognizes \$616.7 million in increased revenues. Tax revenues increased by \$748.0 million since the Adopted Plan. This is largely due to a \$283 million increase from the business

corporation tax, a \$251 million increase from the personal income tax, and a \$108 million increase from the unincorporated business. The hotel tax was the only tax that declined since the Fiscal 2021 Adopted Budget

Miscellaneous revenues decreased by \$131.3 million since the Adopted Plan. This decrease is mainly because of \$76 million less in fines and forfeitures, \$38 million less in charges for services, and \$14 million less in licenses, franchises.

This modification (MN-2) uses the \$616.7 million in new revenues and \$15.5 million from the General Reserve funds to prepay \$632.2 million in debt service for Fiscal 2022 in Fiscal 2021.

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.

Exhibit A MN-2 (Request to Appropriate)



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

December 15, 2020

TO THE CITY COUNCIL

Dear Council Members:

In accordance with Section 107(e) of the New York City Charter, I request your approval to appropriate new City revenues in fiscal year 2021 in the amount of \$616.7 million.

This modification (MN-2) implements revenue budget changes reflected in the City's November Financial Plan. The \$616.7 million of new revenues, and an adjustment to the General Reserve, will be used to prepay \$632.2 million of fiscal year 2022 expenses in fiscal year 2021.

Your approval of modification MN-2 is respectfully requested.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacques Jiha", with a long horizontal line extending to the right.

Jacques Jiha, Ph.D.
Director

**FISCAL YEAR 2021 MODIFICATION
MN-2**

098	Miscellaneous	
	002 General Reserve	(\$15,487,665)
099	Debt Service	
	004 Budget Stabilization Account	\$632,204,721
	TOTAL	<u>\$616,717,056</u>

Exhibit B - MN-2

Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2021
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Real Estate	\$0
		Sales	2,000,000
		Personal Income	251,000,000
		General Corporation	283,000,000
		Unincorporated Business	108,000,000
		Utility	2,000,000
		Hotel	(13,000,000)
		Real Property Transfer	60,000,000
		Mortgage Recording	15,000,000
		Commercial Rents	33,000,000
		Cigarette	1,000,000
		Others	6,000,000
		TAX AND AUDIT REVENUE TOTAL	\$748,000,000
		MISCELLANEOUS	
		Licenses, Franchises, Etc.	(\$14,015,000)
		Charges for Services	(38,861,500)
		Water and Sewage Charges	(5,740,000)
		Fines and Forfeitures	(75,293,000)
		Other Miscellaneous	2,626,556
		MISCELLANEOUS TOTAL	(\$131,282,944)
		GRAND TOTAL	\$616,717,056

Exhibit B - MN-2

Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2021
TAX AND AUDIT REVENUE CHANGES			
Mayoralty	00001	Real Property Tax 1st Quarter	\$100,000,000
Mayoralty	00003	Real Property Tax 3rd Quarter	(100,000,000)
Mayoralty	00033	Interest On Tax Receivable	4,000,000
Mayoralty	00050	General Sales Tax	2,000,000
Mayoralty	00070	Cigarette Tax	1,000,000
Mayoralty	00077	Mortgage Tax	15,000,000
Mayoralty	00090	Personal Income Tax	271,000,000
Mayoralty	00091	Refunds Of Personal Income Tax	(20,000,000)
Mayoralty	00093	General Corporation Tax	253,000,000
Mayoralty	00094	Refunds Of General Corp Tax	30,000,000
Mayoralty	00099	Unincorporated Business Inc Tax	100,000,000
Mayoralty	00100	Refunds Of Unicorp Business Tax	8,000,000
Mayoralty	00103	Utility Tax	2,000,000
Mayoralty	00112	Tax On Occupancy Of Hotel Room	(13,000,000)
Mayoralty	00113	Tax On Commercial Rents	33,000,000
Mayoralty	00122	Conveyance Of Real Property Tax	60,000,000
Mayoralty	00130	Pen & Int-gen Prop Tax	2,000,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$748,000,000
MISCELLANEOUS			
Licenses, Franchises, Etc.			
NYC Taxi And Limousine Commission	00200	Licenses - General	(\$1,500,000)
Department Of Transportation	00250	Permits - General	1,050,000
Department Of Sanitation	00325	Privileges - Other	222,000
Department Of Transportation	00325	Privileges - Other	113,000
Department Of Parks And Recreation	00325	Privileges - Other	(13,900,000)
Licenses, Franchises, Etc. Subtotal			(\$14,015,000)
Charges for Service			
Department Of Parks And Recreation	00450	Culture-recreation Service/fee	(\$2,400,000)
Office Of Administrative Tax Appeals	00470	Other Services And Fees	134,000
Fire Department	00470	Other Services And Fees	(8,964,000)
Department Of Finance	00470	Other Services And Fees	(3,253,500)
Department Of Transportation	00472	Parking Meter Revenues	(21,078,000)
Department Of Correction	00482	Commissary Funds	(3,300,000)
Charges for Service Subtotal			(\$38,861,500)
Water and Sewage Charges			
Mayoralty	00521	Reimbursement From Water Boa	(\$5,740,000)
Water and Sewage Charges Subtotal			(\$5,740,000)

Exhibit B - MN-2**Changes in Revenue by Revenue Source**

Agency Name	Source	Description	Fiscal 2021
Fines and Forfeitures			
Mayoralty	00600	Fines-general	(\$4,550,000)
NYC Taxi And Limousine Commission	00600	Fines-general	(5,600,000)
Department Of Buildings	00600	Fines-general	(6,000,000)
Administrative Trials And Hearings	00600	Fines-general	(12,488,000)
Department Of Finance	00600	Fines-general	(8,232,000)
Administrative Trials And Hearings	00603	Fines - ECB	(26,775,000)
Department Of Finance	00603	Fines - ECB	(11,648,000)
<i>Fines and Forfeitures Subtotal</i>			<i>(\$75,293,000)</i>
Other Miscellaneous			
Law Department	00846	Awards From Litigation	\$2,626,556
<i>Other Miscellaneous Subtotal</i>			<i>\$2,626,556</i>
MISCELLANEOUS TOTAL			(\$131,282,944)
GRAND TOTAL			\$616,717,056