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

**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:

# R E P O R T

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.