Legislation Details (With Text)

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Title:	RESOLUTION APPROVING A MODIFICATION (MN-7) PURSUANT TO SECTION 107(e) OF THE CHARTER OF THE CITY OF NEW YORK.				
Sponsors:					
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Attachments:	1. Committee Report, 2. Complete Package, 3. Memorandum, 4. Hearing Transcript, 5. June 6, 2017 - Stated Meeting Agenda with Links to Files, 6. (MN-7) - M 517 & Res. No. 1530, 7. Hearing Transcript - Stated Meeting 6-6-17, 8. Minutes of the Stated Meeting - June 6, 2017				

Date	Ver.	Action By	Action	Result
6/6/2017	*	Committee on Finance	Hearing on P-C Item by Comm	
6/6/2017	*	Committee on Finance	P-C Item Approved by Comm	Pass
6/6/2017	*	City Council	Approved, by Council	Pass

Preconsidered Res. No. 1530

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 of the Committee on Finance of the City Council of the City of New York (the "City Council") on June 6, 2017, the Committee on Finance considered a communication, dated June 6, 2017, 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:

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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 2017 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 6, 2017, the Council considered a communication from the Office of Management and Budget of the Mayor (dated June 6, 2017) of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2017 Expense Budget Plan, and the revenue estimate related thereto prepared by the Mayor as of June 6, 2017.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 14, 2016, the Council adopted the expense budget for fiscal year 2017 (the "Fiscal 2017 Expense Budget"). On September 28, 2016 the Council adopted MN-1, modifying the Fiscal 2017 Expense Budget. On December 15, 2016, the Council adopted MN-2, modifying the Fiscal 2017 Expense Budget, and MN-3, which recognized less revenues. On March 16, 2017 the Council adopted MN-4, modifying the Fiscal 2017 Expense Budget, and MN-5, which appropriated new revenues.

Circumstances have changed since the Council last amended the Fiscal 2017 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 2017 Expense Budget and related revenue estimate requested in the communication.

This modification (MN-7) seeks to increase revenues in the net amount of $361.1 million compared to the the most recent Revenue Budget Modification (MN-5). This represents an increase in City funds of approximately 0.6 percent.

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MN-7 is the third revenue modification of Fiscal 2017, implementing changes since the second revenue modification (MN-5) and reflects changes since the January Plan.

MN-7 recognizes $361.1 million in increased revenues, including a reduction of $282.4 million in tax revenue, $230.4 million in miscellaneous revenues, and $413.0 million in reduced disallowances.

The most recent modification of the Revenue Budget, MN-5, reflected revenue projections in Fiscal 2017 Preliminary Plan. Between the Preliminary and Executive Plans, an additional $526 million in City Funds was projected. Of that amount, ($37 million) represents reduced revenues from taxes, $176 million in additional miscellaneous revenues, and $413 million in a reduction of the fund for disallowances of Federal and State categorical grants.

There were $37 million in reduced tax revenues, comprising $197 million in reduced personal income tax collections, $75 million in reduced collections from the business corporation tax, and $99 million less from the real property transfer tax. This was offset by $206 million in additional revenues from the real property tax - almost all of which was from drawing down the property tax reserve, and $210 million from audits.

Miscellaneous revenues increased by $176 million. Within miscellaneous revenue, $33 million comes from fines and forfeitures, $30 million comes from the sale of development rights on the site of the Brooklyn Heights branch of the Brooklyn Public Library, and $80.5 million are recoupments of prior year expenses used to prepay the MTA for student Metrocards.

There is also a one-time $413 million addition in the Revenue Budget from the reduction of a liability set up to cover any disallowances of State and Federal categorical grants. This follows a $215 million reduction from the fund in the Preliminary Plan. An historic example of such disallowance is a 2009 settlement with the Federal government in which New York State returned $540 million, $100 million of which was paid back by the City. This reduction of disallowances represents a judgement that the risk posed by these categorical grants is no longer great enough to require all of the $900 million liability currently on the City’s balance sheet.

Since the Executive Plan, City fund revenues are down by $165 million. Taxes are down $245 million mostly due to weaker business taxes. This is partially offset by an $80 million increase in miscellaneous revenues.

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 2017 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.