

# THE COUNCIL

## REPORT OF THE COMMITTEE ON FINANCE

### RESOLUTION APPROVING A MODIFICATION 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 16, 2015, the Council considered a communication, from the Office of Management and Budget of the Mayor, dated December 11, 2015, 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 December 11, 2015

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.

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-3) seeks to increase revenues in the net amount of \$304.2 million compared to the Fiscal 2016 Adopted Budget. This represents an increase in City funds of approximately 0.53 percent.

MN-3 is the first revenue modification of Fiscal 2016 and it reflects changes since the Adopted Budget which are outlined in the Fiscal 2016 November Financial Plan.

MN-3 recognizes \$304.2 million in new revenues, including \$263.0 million from tax revenue, \$40.6 million from miscellaneous revenues, and \$522,000 from unrestricted intergovernmental aid.

For Fiscal 2016, tax revenue collections are increased by \$263.0 million above adoption. This is largely due to a \$157 million increase from the personal income tax, a \$129 million increase from the real property transfer and mortgage recording taxes, and a \$47 million increase in STAR for the personal income tax. These increases in tax collections were offset by a \$156 million reduction in the business taxes.

For Fiscal 2016 miscellaneous revenue is up \$40.6 million, mostly due to a \$16.8 million increase in City University of New York ("CUNY") tuition revenue which was passed through to the university. Further, an additional \$9 million comes from mayoral sundries, including \$6 million derived from asset sales.

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

December 11, 2015

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 \$304.2 million in fiscal year 2016.

This modification (MN-3) will implement revenue budget changes reflected in the City's November Financial Plan. The \$304.2 million of new revenues will be used to increase the Budget Stabilization Account by \$135.2 million to prepay fiscal year 2017 debt service in fiscal year 2016. In addition, an adjustment to the General Reserve will be implemented to maintain the funding in the City's General Reserve.

Your approval of modification MN-3 is respectfully requested.

Sincerely,

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

Dean Fuleihan

FISCAL YEAR 2016 MODIFICATION  
MN-3

|     |                                  |                       |
|-----|----------------------------------|-----------------------|
| 098 | Miscellaneous                    |                       |
|     | 002 General Reserve              | \$168,980,663         |
| 099 | Debt Service                     |                       |
|     | 004 Budget Stabilization Account | <u>\$135,181,395</u>  |
|     | TOTAL                            | <u>\$ 304,162,058</u> |

**Exhibit B - MN 3**  
**Changes in Revenue by Revenue Source**

| <b>Agency Name</b>                              | <b>Source Description</b>                    | <b>Fiscal 2016</b>   |
|---|--|----------------------|
| <b>TAX AND AUDIT REVENUE CHANGES</b>            |  |                      |
| Mayoralty                                       | 00034 Real Property Tax Lien Sales           | \$17,000,000         |
| Mayoralty                                       | 00049 Accrued Real Estate Tax Revenue        | 35,000,000           |
| Mayoralty                                       | 00050 General Sales Tax                      | (32,000,000)         |
| Mayoralty                                       | 00073 Commercial Motor Vehicle Tax           | 5,000,000            |
| Mayoralty                                       | 00077 Mortgage Recording Tax                 | 78,000,000           |
| Mayoralty                                       | 00088 State Aid PIT Relief School Aid (STAR) | 47,000,000           |
| Mayoralty                                       | 00090 Personal Income Tax (PIT)              | 23,000,000           |
| Mayoralty                                       | 00091 Refunds Of Personal Income Tax         | 134,000,000          |
| Mayoralty                                       | 00093 General Corporation Tax (GCT)          | (129,000,000)        |
| Mayoralty                                       | 00099 Unincorporated Business Tax (UBT)      | (27,000,000)         |
| Mayoralty                                       | 00102 Pers Inc Tax City Emp Non-Res          | 10,000,000           |
| Mayoralty                                       | 00103 Utility Tax                            | (8,000,000)          |
| Mayoralty                                       | 00110 Payment In Lieu Of Taxes (PILOT)       | 30,000,000           |
| Mayoralty                                       | 00122 Real Property Transfer Tax             | 51,000,000           |
| Mayoralty                                       | 00135 Tax Audit Revenue                      | 29,000,481           |
| <b>TAX AND AUDIT REVENUE CHANGES TOTAL</b>      |  | <b>\$263,000,481</b> |
| <b>MISCELLANEOUS</b>                            |  |                      |
| <b>Charges for Services</b>                     |  |                      |
| CUNY  | 00461 Higher Educ Ser/fees Community College | \$16,799,862         |
| HPD   | 00470 Other Services And Fees                | 5,085,000            |
| DCAS  | 00470 Other Services And Fees                | 190,000              |
| Records & Info                                  | 00470 Other Services And Fees                | 100,000              |
| DOF   | 00476 Administrative Serv To Public          | 1,800,000            |
| <b>Charges for Services Subtotal</b>            |  | <b>\$23,974,862</b>  |
| <b>Charges</b>                                  |  |                      |
| Mayoralty                                       | 00521 Reimbursement From Water Board         | \$1,882,000          |
| <b>Water and Sewage Charges Subtotal</b>        |  | <b>\$1,882,000</b>   |
| <b>Fines and Forfeitures</b>                    |  |                      |
| DOF   | 00603 Fines - ECB                            | \$3,200,000          |
| <b>Fines and Forfeitures Subtotal</b>           |  | <b>\$3,200,000</b>   |
| <b>Other Miscellaneous</b>                      |  |                      |
| DCAS  | 00820 Sales Of City Real Property            | \$2,440,000          |
| Mayoralty                                       | 00859 Sundries                               | 9,091,237            |
| B'klyn Boro Pres                                | 00859 Sundries                               | 51,000               |
| <b>Other Miscellaneous Subtotal</b>             |  | <b>\$11,582,237</b>  |
| <b>MISCELLANEOUS TOTAL</b>                      |  | <b>\$40,639,099</b>  |
| <b>UNRESTRICTED INTERGOVERNMENTAL AID</b>       |  |                      |
| Mayoralty                                       | 55025 Federal Cash Adjustments               | \$522,478            |
| <b>UNRESTRICTED INTERGOVERNMENTAL AID TOTAL</b> |  | <b>\$522,478</b>     |
| <b>GRAND TOTAL</b>                              |  | <b>\$304,162,058</b> |

**Exhibit B - MN 3**  
**Changes in Revenue by Revenue Source**

| <b>Agency Name</b>                        | <b>Source Description</b>                    | <b>Fiscal 2016</b>   |
|---|--|----------------------|
| <b>SUMMARY</b>                            |  |                      |
| <b>TAX AND AUDIT REVENUE CHANGES</b>      |  |                      |
|   | Real Estate                                  | \$52,000,000         |
|   | Sales  | (32,000,000)         |
|   | Mortgage Recording                           | 78,000,000           |
|   | Personal Income                              | 157,000,000          |
|   | General Corporation                          | (129,000,000)        |
|   | Unincorporated Business                      | (27,000,000)         |
|   | Utility                                      | (8,000,000)          |
|   | Real Property Transfer                       | 51,000,000           |
|   | Others                                       | 45,000,000           |
|   | Audit  | 29,000,481           |
|   | STAR   | 47,000,000           |
|   | <b>TAX AND AUDIT REVENUE TOTAL</b>           | <b>\$263,000,481</b> |
| <b>MISCELLANEOUS</b>                      |  |                      |
|   | Charges for Services                         | \$23,974,862         |
|   | Water and Sewage Charges                     | 1,882,000            |
|   | Fines and Forfeitures                        | 3,200,000            |
|   | Other Miscellaneous                          | 11,582,237           |
|   | <b>MISCELLANEOUS TOTAL</b>                   | <b>\$40,639,099</b>  |
| <b>UNRESTRICTED INTERGOVERNMENTAL AID</b> |  |                      |
|   | Federal Cash Adjustments                     | \$522,478            |
|   | <b>UNRESTRICTED INTERGOVERNMENTAL AID TO</b> | <b>\$522,478</b>     |
|   | <b>GRAND TOTAL</b>                           | <b>\$304,162,058</b> |