



**THE COUNCIL
THE CITY OF NEW YORK
FINANCE DIVISION
250 BROADWAY, 15TH FLOOR
NEW YORK, N.Y. 10007-2594
(212) 788-6921**

TO: Honorable Melissa Mark-Viverito
Speaker

Honorable Julissa Ferreras-Copeland
Chair, Finance Committee

FROM: Latonia McKinney, Director, Finance Division
Raymond Majewski, Deputy Director/Chief Economist, Finance Division
Tanisha Edwards, Chief Counsel, Finance Division
Rebecca Chasan, Assistant Counsel, Finance Division
Paul Sturm, Unit Head, Finance Division

DATE: December 16, 2015

SUBJECT: A Budget Modification (MN-3) for Fiscal 2016 that will appropriate \$304.2 million in new revenues.

INITIATION: By letter dated December 11, 2015 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 \$304.2 million in new revenues. These new revenues will be used to increase the Budget Stabilization Account by \$135.2 million and to add \$169.0 million to the General Reserve.

BACKGROUND: This modification (MN-3) seeks to recognize \$304.2 million in new revenues. This reflects changes since the June 2015 Financial Plan. Of these funds, \$135.2 million is added to the Budget Stabilization Account, which will prepay debt service for Fiscal 2017, and \$169.0 million is added to the General Reserve.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2016 budget of \$304.2 million.

RESOLUTION APPROVING A MODIFICATION (MN-3) PURSUANT TO SECTION 107(e) OF THE CHARTER OF THE CITY OF NEW YORK.

By Council Member Ferreras-Copeland

Whereas, At a meeting the Committee on Finance of the City Council of the City of New York (the "City Council") on December 16, 2015, the Committee on Finance considered a communication, dated December 11, 2015, from the Mayor's Office of Management and Budget, 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 2016 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 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

Agency Name	Source Description	Fiscal 2016
TAX AND AUDIT REVENUE CHANGES		
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
TAX AND AUDIT REVENUE CHANGES TOTAL		\$263,000,481
MISCELLANEOUS		
Charges for Services		
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
Charges for Services Subtotal		\$23,974,862
Charges		
Mayoralty	00521 Reimbursement From Water Board	\$1,882,000
Water and Sewage Charges Subtotal		\$1,882,000
Fines and Forfeitures		
DOF	00603 Fines - ECB	\$3,200,000
Fines and Forfeitures Subtotal		\$3,200,000
Other Miscellaneous		
DCAS	00820 Sales Of City Real Property	\$2,440,000
Mayoralty	00859 Sundries	9,091,237
B'klyn Boro Pres	00859 Sundries	51,000
Other Miscellaneous Subtotal		\$11,582,237
MISCELLANEOUS TOTAL		\$40,639,099
UNRESTRICTED INTERGOVERNMENTAL AID		
Mayoralty	55025 Federal Cash Adjustments	\$522,478
UNRESTRICTED INTERGOVERNMENTAL AID TOTAL		\$522,478
GRAND TOTAL		\$304,162,058

Exhibit B - MN 3
Changes in Revenue by Revenue Source

Agency Name	Source Description	Fiscal 2016
SUMMARY		
TAX AND AUDIT REVENUE CHANGES		
	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
	TAX AND AUDIT REVENUE TOTAL	\$263,000,481
MISCELLANEOUS		
	Charges for Services	\$23,974,862
	Water and Sewage Charges	1,882,000
	Fines and Forfeitures	3,200,000
	Other Miscellaneous	11,582,237
	MISCELLANEOUS TOTAL	\$40,639,099
UNRESTRICTED INTERGOVERNMENTAL AID		
	Federal Cash Adjustments	\$522,478
	UNRESTRICTED INTERGOVERNMENTAL AID TO	\$522,478
	GRAND TOTAL	\$304,162,058