



THE COUNCIL  
THE CITY OF NEW YORK  
FINANCE DIVISION  
250 BROADWAY, 15TH FLOOR  
NEW YORK, N.Y. 10007-2594

(212) 788-6921

TO: Honorable Christine Quinn  
Speaker

Honorable David Weprin  
Chairman, Finance Committee

FROM: Pablo Zangerle  
Deputy Director, Finance Division

DATE: June 29, 2008

SUBJECT: A Preconsidered Budget Modification (MN-6) for Fiscal 2008 that will recognize a net increase in revenues of \$69,379,822.

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INITIATION: By letter dated June 28, 2008, 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 increase revenues by \$69,379,822.

BACKGROUND: This modification (MN-6) seeks to increase revenues in the net amount of \$69,379,822 for Fiscal 2008. This modification includes a decrease of \$24.6 million in tax revenues, offset by an increase of \$94.0 million in miscellaneous revenue sources.

This revenue modification appropriates \$9.4 million to the general reserve and \$60 million to the Retiree Health Benefits Trust Fund.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2008 budget of \$69,379,822.

## 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 June 29, 2008, the Council received a communication, from the Office of Management and Budget of the Mayor, dated June 28, 2008, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2008 Expense Budget, and the revenue estimate related thereto prepared by the Mayor as of June 15<sup>th</sup>, 2007 and modified on May 28<sup>th</sup>, 2008.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 15, 2007, the Council adopted the expense budget for fiscal year 2008 (the "Fiscal 2008 Expense Budget"). On June 15, 2007, the Mayor submitted to the Council a revenue estimate related to the Fiscal 2008 Expense Budget. Circumstances have changed since the Council adopted the Fiscal 2008 Expense Budget. Since the adoption of the Fiscal 2008 budget, there have been three modifications to the City's Financial Plan reflecting changing conditions. These modifications occurred on October 26<sup>th</sup> 2007, January 24<sup>th</sup> 2008 and May 1<sup>st</sup>, 2008 and were implemented together as part of MN-3 on May 28<sup>th</sup> 2008. MN-6 represents the 2<sup>nd</sup> modification to the revenue budget during Fiscal 2008.

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 2008 Expense Budget and related revenue estimate requested in the Communication.

This modification (MN-6) seeks to increase revenues in the net amount of \$69,379,822 for Fiscal 2008. This modification includes a decrease of \$24.6 million in tax revenues, offset by an increase of \$94.0 million in miscellaneous revenue sources.

This revenue modification appropriates \$9.4 million to the general reserve and \$60 million to the Retiree Health Benefits Trust Fund.

The resolution would also direct the City Clerk to forward a certified copy thereof to the Mayor and the Comptroller so that Mayor, the Comptroller and the City Clerk may certify the Fiscal 2008 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.

PRECONSIDERED  
RESOLUTION NO. 1518

By Council Member Weprin

RESOLUTION APPROVING A MODIFICATION PURSUANT TO SECTION 107(E) OF  
THE CHARTER OF THE CITY OF NEW YORK

**Whereas**, on June 29, 2008, the Committee on Finance of the City Council received a communication, dated June 28, 2008, 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, 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 2008 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

# EXHIBIT A



The City of New York  
**Office of Management and Budget**  
75 Park Place - New York, New York 10007 - 2146  
(212) 788-5900

**Mark Page**  
Director

June 28, 2008

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 \$69.4 million in fiscal year 2008.

The \$69.4 million of new revenues results from an increase in miscellaneous revenues of \$94.0 million, offset by a reduction in tax revenues of \$24.6 million.

This modification – MN 6 – provides \$60.0 million to the Retiree Health Benefits Trust Fund previously budgeted in fiscal year 2009, as well as an increase of \$9.4 million to the General Reserve.

Your approval of modification MN – 6 is respectfully requested.

Yours truly,

  
Mark Page

Fiscal Year 2008 Modification  
MN - 6

098	Miscellaneous		
	002	General Reserve	9,379,822
	006	Retiree Health Benefits Trust Fund	<u>60,000,000</u>
			\$ 69,379,822

# EXHIBIT B

## FY 2008 MN Changes by Rev Source

Agency	Source	Fund	Curr Modified	MN 6 Changes	Curr Mod After MN 6	Rev Source Description
002	00001	C	5,766,772,000	286,000	5,767,058,000	Real Prop Tax 1st Quart
002	00002	C	887,869,000	16,564,000	904,433,000	Real Prop Tax 2nd Quart
002	00003	C	5,785,312,000	-47,726,000	5,737,586,000	Real Prop Tax 3rd Quart
002	00004	C	853,183,000	45,576,000	898,759,000	Real Prop Tax 4th Quart
002	00034	C	58,000,000	-25,000,000	33,000,000	Real Property Tax Lien Sales
002	00049	C	166,000,000	22,300,000	188,300,000	Accrued Real Estate Tax Revenue
002	00050	C	4,817,000,000	17,000,000	4,834,000,000	General Sales Tax
002	00070	C	121,000,000	4,000,000	125,000,000	Cigarette Tax
002	00073	C	46,000,000	3,000,000	49,000,000	Commercial Motor Vehicle Tax
002	00077	C	1,167,000,000	-18,000,000	1,149,000,000	Mortgage Tax
002	00090	C	9,796,494,000	193,403,000	9,989,897,000	Personal Income Tax
002	00091	C	-1,357,000,000	-32,000,000	-1,389,000,000	Refunds Of Personal Income Tax
002	00093	C	3,288,000,000	34,000,000	3,322,000,000	General Corporation Tax
002	00094	C	-394,000,000	-21,000,000	-415,000,000	Refunds Of General Corp Tax
002	00095	C	1,027,000,000	-119,000,000	908,000,000	Financial Corporation Tax
002	00096	C	-164,000,000	12,000,000	-152,000,000	Refunds Of Financial Corp Tax
002	00099	C	2,017,000,000	-106,000,000	1,911,000,000	Unincorporated Business Inc Tx
002	00100	C	-88,000,000	3,000,000	-85,000,000	Refunds Of Unicorp Busn Tax
002	00103	C	382,000,000	5,000,000	387,000,000	Utility Tax
002	00110	C	188,859,000	-3,322,000	185,537,000	Payment In Lieu Of Taxes
002	00112	C	371,000,000	6,000,000	377,000,000	Tax On Occupancy Of Hotel Roo
002	00114	C	-24,000,000	-4,200,000	-28,200,000	Refunds Of All Other Taxes
002	00121	C	19,890,000	-2,000,000	17,890,000	Off Track Betting - Surtax
002	00122	C	1,414,000,000	9,000,000	1,423,000,000	Conveyance Of Real Property Tx
002	00126	C	4,000,000	500,000	4,500,000	Surcharge On Liquor Licenses
002	00134	C	-5,000,000	2,000,000	-3,000,000	Refunds On Pen & Int-Other Tax
002	00135	C	1,058,635,000	-20,000,000	1,038,635,000	Tax Audit Revenue
002	00521	C	1,085,594,000	-18,399,278	1,067,194,722	Reimbursement From Water Boar
002	00522	C	146,439,000	-6,900,000	139,539,000	Payment From Water Board
002	00859	C	11,400,000	54,500,000	65,900,000	Sundries
015	56001	C	300,000,000	8,000,000	308,000,000	Interest Income - Other
025	00859	C	9,100,000	-1,000,000	8,100,000	Sundries
040	00760	C	28,000,000	2,566,000	30,566,000	Rentals: Other
040	00859	C	9,800,000	6,550,000	16,350,000	Sundries
056	00470	C	22,594,000	2,400,000	24,994,000	Other Services And Fees
057	00470	C	42,000,000	1,000,000	43,000,000	Other Services And Fees

Friday, June 27, 2008

OMB Revenue Unit

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## FY 2008 MN Changes by Rev Source

Agency	Source	Fund	Curr Modified	MN 6 Changes	Curr Mod After MN 6	Rev Source Description
131	00859	C	43,000	1,214,000	1,257,000	Sundries
156	00200	C	27,600,000	500,000	28,100,000	Licenses - General
156	00859	C	30,000,000	5,500,000	35,500,000	Sundries
806	00470	C	26,715,000	3,262,000	29,977,000	Other Services And Fees
810	00250	C	12,000,000	1,000,000	13,000,000	Permits - General
810	00251	C	84,000,000	1,000,000	85,000,000	Construction Permits
810	00600	C	21,500,000	1,250,000	22,750,000	Fines-General
816	00600	C	29,000,000	1,500,000	30,500,000	Fines-General
826	00603	C	73,000,000	6,000,000	79,000,000	Fines - ECB
827	00325	C	9,750,000	940,000	10,690,000	Privileges - Other
836	00470	C	38,538,000	2,222,000	40,760,000	Other Services And Fees
841	00250	C	18,500,000	500,000	19,000,000	Permits - General
841	00472	C	111,131,000	1,000,000	112,131,000	Parking Meter Revenues
846	00859	C	7,290,000	-3,865,000	3,425,000	Sundries
856	00760	C	59,735,000	5,200,000	64,935,000	Rentals: Other
856	00822	C	9,414,000	259,000	9,673,000	Minor Sales
858	00320	C	117,720,900	15,800,100	133,521,000	Franchises - Other
866	00200	C	8,000,000	800,000	8,800,000	Licenses - General
866	00320	C	7,251,576	1,200,000	8,451,576	Franchises - Other
<b>City Funds</b>			<b>39,549,129,476</b>	<b>69,379,822</b>	<b>39,618,509,298</b>	
<b>Grand Total</b>			<b>39,549,129,476</b>	<b>69,379,822</b>	<b>39,618,509,298</b>	

\*\* Grand Total reflect Revenue Sources that have MN changes only