



THE COUNCIL
THE CITY OF NEW YORK
FINANCE DIVISION
250 BROADWAY, 15TH FLOOR
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TO: Honorable Christine Quinn
Speaker

Honorable David Weprin
Chairman, Finance Committee

FROM: Preston Niblack, Director
Finance Division

Raymond Majewski
Deputy Director/Chief Economist
Finance Division

DATE: December 18, 2008

SUBJECT: A Preconsidered Budget Modification (MN-2) for Fiscal 2009 that will recognize a net increase in revenues of \$296.4 million.

INITIATION: By letter dated December 17, 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 \$296.4 million.

BACKGROUND: This modification (MN-2) seeks to increase revenues in the net amount of \$296.4 million for Fiscal 2009. This modification includes a decrease of \$284.7 million in economically sensitive tax revenues, offset by an increase of \$576 million due to rescinding the 7 percent property tax rate reduction and an increase \$5.1 million from miscellaneous revenue sources.

This revenue modification appropriates \$296.4 million to the Budget Stabilization Account in the City's Debt Service budget.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2009 budget of \$296.4 million.

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 18, 2008, the Council received a communication, from the Office of Management and Budget of the Mayor, dated December 17, 2008, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2009 Expense Budget, and the revenue estimate related thereto prepared by the Mayor as of June 29th, 2008.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 29, 2008, the Council adopted the expense budget for fiscal year 2009 (the "Fiscal 2009 Expense Budget"). On June 29, 2008, the Mayor submitted to the Council a revenue estimate related to the Fiscal 2009 Expense Budget. Circumstances have changed since the Council adopted the Fiscal 2009 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 2009 Expense Budget and related revenue estimate requested in the Communication.

This modification (MN-2) seeks to increase revenues in the net amount of \$296.4 million for Fiscal 2009. This modification includes a increase of \$576 million in property tax revenues due to the rescinding of the 7 percent property tax reduction, a reduction of \$284.7 million in income sensitive tax revenues, and an increase of \$5.1 million in miscellaneous revenue sources.

This revenue modification appropriates \$296.4 million to the Budget Stabilization Account in the City's Debt Service Budget.

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 2009 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. 1743

By Council Member Weprin

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

Whereas, on December 18, 2008, the Committee on Finance of the City Council received a communication, dated December 17, 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:

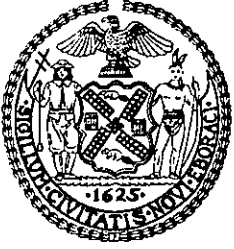
1. **Approval of Modification.** The City Council hereby approves the Revenue Modification pursuant to Section 107(e) of the Charter.

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 2009 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 City of New York
Office of Management and Budget
75 Park Place • New York, New York 10007-2146
Telephone: (212) 788-5900 • Fax: (212) 788-6300

Mark Page
Director

December 17, 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 \$296.4 million in fiscal year 2009.

The \$296.4 million of new revenues results from an increase of \$576 million in property tax revenues by rescinding the 7% property tax rate reduction and an increase of \$5.1 million in miscellaneous revenues. These increases are offset by a reduction of \$284.7 million in economically sensitive tax revenues.

This modification – MN 2 – provides \$296.4 million to the Budget Stabilization Account in the City's Debt Service budget.

Your approval of modification MN 2 is respectfully requested.

Yours truly,


Mark Page

Fiscal Year 2009 Modification
MN – 2

099	Debt Service		
	004	Budget Stabilization Account	<u>\$296,391,487</u>
			\$296,391,487

Exhibit B. Change in Revenues by Revenue Source

Tax and Audit Revenue Changes

Agency	Source Description	Fiscal 2008
Mayoral	1 Real Property Tax 1st Quarter	89,000,000
Mayoral	2 Real Property Tax 2nd Quarter	(89,000,000)
Mayoral	3 Real Property Tax 3rd Quarter	(1,446,000)
Mayoral	50 Sales Tax	83,000,000
Mayoral	73 Commercial Motor Vehicle Tax	(1,600,000)
Mayoral	77 Mortgage Recording Tax	(76,000,000)
Mayoral	90 Personal Income Tax	(55,000,000)
Mayoral	91 Personal Income Tax Refunds	(110,000,000)
Mayoral	93 General Corporation Tax	(104,000,000)
Mayoral	95 Banking Corporation Tax	(40,000,000)
Mayoral	96 Refunds of Banking Corporation Tax	(90,000,000)
Mayoral	99 Unincorporated Business Tax	19,000,000
Mayoral	100 Refunds of Unincorporated Business Tax	(19,000,000)
Mayoral	102 Personal Income Tax of Non Resident City Employees	10,500,000
Mayoral	103 Utility Tax	11,000,000
Mayoral	110 Payments in Lieu of Taxes	31,000,000
Mayoral	112 Tax on Occupancy of Hotel Rooms	(5,000,000)
Mayoral	113 Commercial Rent Tax	(10,000,000)
Mayoral	122 Real Property Transfer Tax	(33,000,000)
Mayoral	126 Surcharge on Liquor Licenses	800,000
Mayoral	134 Refunds on Pen & Int-Other Tax	2,000,000
Mayoral	135 Tax Audit Revenue	100,000,000
Mayoral	99991 Long Term Sustainability Plan	3,046,000
Tax Revenue Total		(284,700,000)

Tax Program

Mayoral	99990 Tax Program	575,978,107
		575,978,107

Miscellaneous Revenues

Mayoral	476 Administrative Services to Public	2,905,000
Mayoral	521 Reimbursement from Water Board	(4,601,620)
Mayoral	522 Payment from Water Board	(6,856,000)
Mayoral	846 Awards from Litigation	(3,045,000)
Mayoral	859 Sundries	6,714,000
Comptroller	56001 Interest Income - Other	4,840,000
Corrections	320 Franchises - Other	(1,277,500)
Corrections	482 Commissary Funds	5,942,500
TLC	859 Sundries	(13,158,000)
HPD	470 Other Services and Fees	7,000,000
HPD	760 Rentals: Others	1,570,000
DOB	600 Fines - Other	5,000,000
DEP	603 Fines - ECB	(34,021,500)
DOF	470 Other Services and Fees	(1,500,000)
DOF	476 Administrative Services to Public	1,500,000
DCAS	470 Other Services and Fees	80,000
DCAS	603 Fines - ECB	34,021,500
Miscellaneous Revenue Total		5,113,380

Grand Total MN #2

296,391,487