



**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: March 22, 2016

SUBJECT: A Budget Modification (MN-5) for Fiscal 2016 that will appropriate \$982 million in new revenues.

INITIATION: By letter dated March 17, 2016 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 \$982 million in new revenues. These new revenues, combined with additional resources of \$400 million of Prior Year Payables, and a reduction of \$778 million from the General Reserve will be used to increase the Budget Stabilization Account by \$2.160 billion.

BACKGROUND: This modification (MN-5) seeks to recognize \$982 million in new revenues, combines \$400 million in Prior Year Payables, and reduces the General Reserve by \$778 million, implementing changes reflected in the 2016 January Financial Plan. Of these funds, the total amount of \$2.160 billion is added to the Budget Stabilization Account, which will prepay debt service for Fiscal 2017.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2016 budget of \$982 million.

RESOLUTION APPROVING A MODIFICATION (MN-5) 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 March 22, 2016, the Committee on Finance considered a communication, dated March 17, 2016, 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 March 22, 2016, the Council considered a communication, from the Office of Management and Budget of the Mayor, dated March 17, 2016, 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 March 17, 2017.

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. On December 16, 2015 the Council adopted MN-2 modifying the Fiscal 2016 Expense Budget and MN-3 which appropriated new revenues.

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-5) seeks to increase revenues in the net amount of \$982 million compared to the Fiscal 2016 November Plan. This represents an increase in City funds of approximately 1.69 percent.

MN-5 is the second revenue modification of Fiscal 2016 and it reflects changes since the November Plan which are outlined in the January Plan.

MN-5 recognizes \$982 million in new revenues, including \$873 million from tax revenue, \$105 million from miscellaneous revenues, and \$4 million from unrestricted intergovernmental aid.

For Fiscal 2016, tax revenue collections are increased by \$873 million above the November Plan. This is largely due to a \$282 million increase from the personal income tax, a \$120 million increase from the real property tax, \$100 million from the real property transfer and mortgage recording taxes, \$76 million from the sales tax, and a \$255 million increase in audits.

For Fiscal 2016, miscellaneous revenue is up \$105 million, mostly due to a \$95.5 million increase from the Tobacco Settlement, \$74 million from deferred prosecution settlements, \$25 million from sale of City-owned real property, and \$26 million from property sales. This was offset by \$172 million in reduced revenues from foregoing debt service reimbursement from Health and Hospitals.

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.

EXHIBIT A



The City of New York
Office of Management and Budget
255 Greenwich Street - New York New York 10007 - 2146
(212) 768-3900

Dean Fuleihan
Director

March 17, 2016

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 \$ 982 million in fiscal year 2016.

This modification (MN-5) will implement revenue budget changes reflected in the City's January Financial Plan. The \$ 982 million of new revenues combined with additional resources of \$ 400 million of Prior Year Payables and the reduction of \$ 778 million to the General Reserve will be used to increase the Budget Stabilization Account by \$2.160 billion to prepay fiscal year 2017 debt service in fiscal year 2016.

Your approval of modification MN-5 is respectfully requested

Sincerely,

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

Dean Fuleihan

**FISCAL YEAR 2016 MODIFICATION
MN-5**

098	Miscellaneous 002 General Reserve	\$ -777,662,980
099	Debt Service 004 Budget Stabilization Account	\$ 2,159,736,270
	TOTAL	<u>\$ 1,382,073,290</u>

**Exhibit B - MN 5
Changes in Revenue by Revenue Source**

Agency Name	Source	Description	Fiscal 2016
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Real Estate	\$120,000,000
		Sales	76,000,000
		Mortgage Recording	35,000,000
		Personal Income	282,000,000
		General Corporation	(239,839,000)
		Banking Corporation	239,839,000
		Unincorporated Business	0
		Utility	0
		Hotel	9,000,000
		Commercial Rent	0
		Real Property Transfer	100,000,000
		Cigarette	0
		Others	(4,000,000)
		Audit	254,946,000
		STAR	0
		TAX AND AUDIT REVENUE TOTAL	\$872,946,000
		MISCELLANEOUS	
		Licenses, Franchises, Etc.	\$889,000
		Charges for Services	3,391,000
		Water and Sewage Charges	12,943,400
		Fines and Forfeitures	19,111,000
		Rental Income	0
		Other Miscellaneous	52,247,263
		Interest Income	16,630,000
		MISCELLANEOUS TOTAL	\$105,211,663
		UNRESTRICTED CATEGORICAL AID	\$3,915,627
		GRAND TOTAL	\$982,073,290

Exhibit B - MN 5
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2016
TAX AND AUDIT REVENUE CHANGES			
Mayoral	00001	Real Prop Tax 1st Quart	\$365,309,000
Mayoral	00002	Real Prop Tax 2nd Quart	26,099,000
Mayoral	00003	Real Prop Tax 3rd Quart	(387,915,000)
Mayoral	00004	Real Prop Tax 4th Quart	(3,493,000)
Mayoral	00021	Real Estate Tax Refunds	120,000,000
Mayoral	00050	General Sales Tax	76,000,000
Mayoral	00077	Mortgage Tax	35,000,000
Mayoral	00090	Personal Income Tax	289,000,000
Mayoral	00091	Refunds Of Personal Income Tax	(7,000,000)
Mayoral	00093	General Corporation Tax	(239,839,000)
Mayoral	00095	Financial Corporation Tax	239,839,000
Mayoral	00099	Unincorporated Business Inc Tax	15,000,000
Mayoral	00100	Refunds Of Unicorp Busn Tax	(15,000,000)
Mayoral	00112	Tax On Occupancy Of Hotel Rooms	9,000,000
Mayoral	00115	Tax On Horse Race Admissions	30,000
Mayoral	00121	Off Track Betting - Surtax	(30,000)
Mayoral	00122	Conveyance Of Real Property Tax	100,000,000
Mayoral	00125	Taxi Medallion Transfer Tax	(4,000,000)
Mayoral	00135	Tax Audit Revenue	254,946,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$872,946,000

MISCELLANEOUS

Licenses, Franchises, Etc.

DOB	00251	Construction Permits	\$578,000
NYFD	00320	Franchises - Other	311,000
Licenses, Franchises, Etc. Subtotal			\$889,000

Charges for Service

HPD	00470	Other Services And Fees	\$4,440,000
DOB	00470	Other Services And Fees	28,000
DEP	00470	Other Services And Fees	46,000
DOF	00470	Other Services And Fees	(5,598,000)
NYPD	00470	Other Services And Fees	3,700,000
DOT	00472	Parking Meter Revenues	775,000
Charges for Service Subtotal			\$3,391,000

**Water and Sewage
Charges**

Mayoral	00521	Reimbursement From Water Boa	\$37,861,000
Mayoral	00522	Payment From Water Board	(24,917,600)
Water and Sewage Charges			\$12,943,400

Exhibit B - MN 5
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2016
Fines and Forfeitures			
DOB	00600	Fines-General	\$10,311,000
DOF	00602	Fines - Pvb	8,800,000
Fines and Forfeitures Subtotal			\$19,111,000
Interest Income			
DOF	56001	Interest Income - Other	(\$220,000)
Comptroller	56001	Interest Income - Other	22,600,000
DOF	56002	Interest Income- Sales Tax	(970,000)
Comptroller	56003	Interest-Debt Service Fund	(4,780,000)
Interest Income Subtotal			\$16,630,000
Other Miscellaneous			
DCAS	00820	Sales Of City Real Property	\$26,785,000
Law Dept	00820	Sales Of City Real Property	25,000,000
DCAS	00822	Minor Sales	3,300,000
Mayoral	00846	Awards From Litigation	95,500,000
Mayoral	00859	HHC Payment	(171,785,237)
Mayoral	00859	Restitution	74,282,500
NYPD	00859	Sundries	(1,752,000)
Dept of Social Svcs	00859	Sundries	800,000
HPD	00859	Sundries	660,000
DOHMH	00859	Sundries	(1,000,000)
DCAS	00859	Sundries	457,000
Other Miscellaneous Subtotal			\$52,247,263
MISCELLANEOUS TOTAL			\$105,211,663
UNRESTRICTED CATEGORICAL AID			
Mayoral	55025	Federal Cash Adjustments	\$3,915,627
UNRESTRICTED CATEGORICAL AID TOTAL			\$3,915,627
GRAND TOTAL			\$982,073,290

