



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

TO: Honorable Corey Johnson
Speaker

Honorable Daniel Dromm
Chair, Finance Committee

FROM: Latonia McKinney, Director, Finance Division
Raymond Majewski, Deputy Director/Chief Economist, Finance Division
Rebecca Chasan, Senior Counsel
Paul Sturm, Supervising Economist

DATE: June 30, 2021

SUBJECT: A Budget Modification (MN-8) for Fiscal 2021 that will appropriate \$2.07 billion in new revenues.

INITIATION: By letter dated June 29, 2021, 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 \$2.07 billion in new revenues. These new revenues, combined with additional resources of \$0.41 billion from the General Reserve, will be used to prepay \$2.48 billion in fiscal year 2022 expenses.

BACKGROUND: This modification (MN-8) seeks to recognize \$2.07 billion in new revenues, and combines \$0.41 billion from the General Reserve, implementing changes reflected in the June 2021 Plan at Adoption. Of these funds, \$2.05 billion is added to the Budget Stabilization Account, which will prepay debt service for fiscal year 2022, and \$0.43 billion will be used to replenish the Retiree Health Benefit Trust.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2021 budget of \$2.07 billion.

RESOLUTION APPROVING A MODIFICATION (MN-8) PURSUANT TO SECTION 107(e) OF THE CHARTER OF THE CITY OF NEW YORK.

By Council Member Dromm

Whereas, At a meeting of the Committee on Finance of the City Council of the City of New York (the "City Council") on June 30, 2021, the Committee on Finance considered a communication, dated June 29, 2021, from the Office of Management and Budget of the Mayor of the City of New York (the "Mayor"), 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 2021 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 June 30, 2021 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 (MN-8) 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:

R E P O R T

Introduction. At the meeting of the Committee on Finance of the City Council on June 30, 2021, the Council considered a communication from the Office of Management and Budget of the Mayor, dated June 29, 2021, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2021 Expense Budget Plan, and the revenue estimate related thereto prepared by the Mayor as of June 29, 2021.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 30, 2020, the Council adopted the expense budget for fiscal year 2021 (the "Fiscal 2021 Expense Budget"). On December 17, 2020, the Council adopted MN-1, modifying the Fiscal 2021 Expense Budget, and MN-2, which appropriated new revenues. On February 25, 2021, the Council adopted MN-3, modifying the Fiscal 2021 Expense Budget, and MN-4, which appropriated new revenues. On May 21, 2021, the Council adopted MN-5, modifying the Fiscal 2021 Expense Budget, and MN-6, which appropriated new revenues. On June 29, 2021, the Mayor submitted to the Council MN-7, modifying the Fiscal 2021 Expense Budget. On June 29, 2021, the Mayor submitted to the Council a revenue estimate MN-8, related to the Fiscal 2021 Expense Budget.

Circumstances have changed since the Council last amended the Fiscal 2021 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 2021 Expense Budget and related revenue estimate requested in the communication.

This modification (MN-8) seeks to increase revenues in the net amount of \$2.07 billion compared to the most recent Revenue Budget Modification (MN-6). This represents an increase in City funds of approximately 3.1 percent.

MN-8 recognizes \$2.07 billion in increased revenues, including \$2.07 billion in tax revenues, a reduction of \$5.8 million in miscellaneous revenues, and an additional \$205,000 in unrestricted aid.

Tax revenues increased by \$2.07 billion since the April 2021 Financial Plan. The largest contribution to the increase, \$1.6 billion, came from personal income tax collections. Additional tax revenues included \$439 million from the general corporation tax.

Miscellaneous revenues decreased by \$5.8 million. This mostly consisted of a reimbursement from the New York City Water Board.

This budget modification adds \$2.48 billion to prepay Fiscal 2022 expenses. This addition is funded by the \$2.07 billion increase in revenue, and a \$0.41 billion reduction in the General Reserve.

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 2021 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
Mayor's Office of Management and Budget
255 Greenwich Street · New York, New York 10007
Telephone: 212-788-5900 Email: jihaj@omb.nyc.gov

Jacques Jiha, Ph.D.
Director

June 29, 2021

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 City revenues in fiscal year 2021 in the amount of \$2.07 billion.

This modification (MN-8) implements revenue budget changes reflected in the City's Adopted Financial Plan. The \$2.07 billion of new revenues combined with an adjustment to the General Reserve, will be used to prepay \$2.48 billion of fiscal year 2022 expenses in fiscal year 2021.

Your approval of modification MN-8 is respectfully requested.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Jiha'.

Jacques Jiha, Ph.D.
Director

**FISCAL YEAR 2021 MODIFICATION
MN-8**

099	Debt Service	
	004 Budget Stabilization Account	\$ 2,054,530,722
098	Retiree Health Benefit Trust	
	003 Fringe Benefits	\$ 425,000,000
	TOTAL	<u>\$ 2,479,530,722</u>

**Exhibit B - MN 8
Changes in Revenue Source**

Agency Name	Source	Description	Fiscal 2021
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Personal Income	\$1,634,000,000
		General Corporation	439,000,000
		TAX AND AUDIT REVENUE TOTAL	\$2,073,000,000
		MISCELLANEOUS	
		Water Sewage Charges	(\$6,291,000)
		Rental Income	472,733
		MISCELLANEOUS TOTAL	(\$5,818,267)
		UNRESTRICTED AID	
		Prior Year Reimbursement	\$204,527
		UNRESTRICTED AID TOTAL	\$204,527
		GRAND TOTAL	\$2,067,386,260

Exhibit B - MN 8
Changes in Revenue Source

Agency Name	Source	Description	Fiscal 2021
TAX AND AUDIT REVENUE CHANGES			
Mayorality	00090	Personal Income Tax	\$1,634,000,000
Mayorality	00093	General Corporation Tax	400,000,000
Mayorality	00094	Refunds of Geneal Corp Tax	39,000,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$2,073,000,000
Water and Sewage Charges			
Mayorality	00521	Reimbursement From Water Board	(\$6,291,000)
Water and Sewage Subtotal			(\$6,291,000)
Rental Income			
Department Of Citywide Administrative Services	00760	Rentals: Other	\$472,733
Rental Income Subtotal			\$472,733
MISCELLANEOUS TOTAL			(\$5,818,267)
UNRESTRICTED AID			
Mayorality	55021	Prior Year Reimbursement	\$204,527
UNRESTRICTED AID TOTAL			\$204,527
GRAND TOTAL			\$2,067,386,260