**T H E C O U N C I L**

**REPORT OF THE COMMITTEE ON FINANCE**

**RESOLUTION APPROVING A MODIFICATION (MN-2) 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 December 15, 2021, the Council considered a communication from the Office of Management and Budget of the Mayor, dated December 13, 2021, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2022 Expense Budget Plan, and the revenue estimate related thereto prepared by the Mayor as of December 13, 2021.

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 30, 2021, the Council adopted the expense budget for fiscal year 2022 (the "Fiscal 2022 Expense Budget"). On December 13, 2021, the Mayor submitted to the Council MN-1, modifying the Fiscal 2022 Expense Budget. On December 13, 2021, the Mayor submitted to the Council a revenue estimate MN-2, related to the Fiscal 2022 Expense Budget.

Circumstances have changed since the Council last adopted the Fiscal 2022 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 2022 Expense Budget and related revenue estimate requested in the communication.

This modification (MN-2) seeks to increase revenues in the net amount of $895.0 million compared to the Fiscal 2022 Adopted Budget. This represents an increase in City funds of approximately 1.3 percent.

MN-2 is the first revenue modification of Fiscal 2022 and it reflects changes since the Adopted Budget which are outlined in the Fiscal 2022 November Financial Plan.

MN-2 recognizes $895.0 million in increased revenues. Tax revenues increased by $71 million since the Adopted Plan. This is largely due to a $52 million increase from the real property transfer tax, a $45 million increase from the mortgage recording tax, and a $42 million increase from the business corporation tax. This was partially offset by a $73 million decrease from the personal income tax, and a $46 million decrease from the unincorporated business tax. All changes in tax revenues are due to updated collections and not to any changes in the forecast.

Miscellaneous revenues increased by $74 million since the Adopted Plan. This increase is mainly from a $31 million reimbursement from the Water Board, and $21 million in sales of In Rem properties.

Unrestricted federal aid increased by $750 million, chiefly from FEMA.

This modification (MN-2) uses the $895.0 million in new revenues and $69.7 million from the General Reserve funds to prepay $964.7 million in debt service for Fiscal 2023 in Fiscal 2022.

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 2022 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.