



**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
Nashia Roman, Economist

DATE: December 15, 2021

SUBJECT: A Budget Modification (MN-2) for Fiscal 2022 that will appropriate \$895.0 million in new revenues.

INITIATION: By letter dated December 13, 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 \$895.0 million in new revenues. These new revenues with an additional \$69.7 million from General Reserve will be used for prepayments of \$964.7 million to increase the Budget Stabilization Account.

BACKGROUND: This modification (MN-2) seeks to recognize \$895.0 million in new revenues, implementing changes reflected since the June 2022 Adopted Budget. These funds will add \$964.7 million to the Budget Stabilization Account to prepay debt service for Fiscal 2023 expenses, and downwardly adjust the General Reserve by \$69.7 million.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2022 budget of \$895.0 million.

THE COUNCIL

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:

REPORT

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.

Preconsidered Res. No. 1877

RESOLUTION APPROVING A MODIFICATION (MN-2) 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 December 15, 2021, the Committee on Finance considered a communication, dated December 13, 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 2022 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 December 15, 2021 on file in this office.

**Clerk of the Council of The City
of New York**



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

December 13, 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 2022 in the amount of \$895 million.

This modification (MN-2) implements revenue budget changes reflected in the City's November Financial Plan. The \$895 million of new revenues combined and an adjustment to the General Reserve, will be used to prepay \$964.7 million of fiscal year 2023 expenses in fiscal year 2022.

Your approval of modification MN-2 is respectfully requested.

Sincerely,

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

Jacques Jiha, Ph.D.
Director

**FISCAL YEAR 2022 MODIFICATION
MN-2**

098	Miscellaneous Budget	
	002 General Reserve	\$ (69,695,977)
099	Debt Service	
	004 Budget Stabilization Account	\$ 964,685,692
	TOTAL	<u>\$ 894,989,715</u>

Exhibit B - MN 2
Changes in Revenue Source

Agency Name	Source	Description	Fiscal 2022
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Real Estate	\$0
		Sales	27,000,000
		Mortgage Recording	45,000,000
		Personal Income	(73,000,000)
		General Corporation	42,000,000
		Unincorporated Business	(46,000,000)
		Utility	3,000,000
		Hotel	7,000,000
		Commercial Rent	4,000,000
		Real Property Transfer	52,000,000
		Others	9,000,000
		TAX AND AUDIT REVENUE TOTAL	\$71,000,000
		MISCELLANEOUS	
		Charges for Services	4,016,500
		Water Sewage Charges	30,449,000
		Fines and Forfeitures	(2,700,000)
		Rental Income	8,615
		Other Miscellaneous	42,215,600
		MISCELLANEOUS TOTAL	\$73,989,715
		UNRESTRICTED AID	
		Coronavirus Aid, Relief And Economic Security Act	\$750,000,000
		UNRESTRICTED AID TOTAL	\$750,000,000
		GRAND TOTAL	\$894,989,715

Exhibit B - MN 2
Changes in Revenue Source

Agency Name	Source	Description	Fiscal 2022
TAX AND AUDIT REVENUE CHANGES			
Mayoralty	00001	Real Property Tax 1st Quarter	(\$52,000,000)
Mayoralty	00002	Real Property Tax 2nd Quarter	245,000,000
Mayoralty	00003	Real Property Tax 3rd Quarter	(42,000,000)
Mayoralty	00004	Real Property Tax 4th Quarter	(151,000,000)
Mayoralty	00033	Interest On Tax Receivable	6,000,000
Mayoralty	00034	Real Property Tax Lien Sales	(47,000,000)
Mayoralty	00049	Accrued Real Estate Tax Revenue	47,000,000
Mayoralty	00050	General Sales Tax	27,000,000
Mayoralty	00070	Cigarette Tax	1,000,000
Mayoralty	00077	Mortgage Tax	45,000,000
Mayoralty	00090	Personal Income Tax	(47,000,000)
Mayoralty	00091	Refunds Of Personal Income Tax	(26,000,000)
Mayoralty	00093	General Corporation Tax	37,000,000
Mayoralty	00094	Refunds Of General Corp Tax	5,000,000
Mayoralty	00099	Unincorporated Business Inc Tx	(37,000,000)
Mayoralty	00100	Refunds Of Unicorp Busn Tax	(9,000,000)
Mayoralty	00102	Pers Inc Tax Cty Emp Non-res	3,000,000
Mayoralty	00103	Utility Tax	3,000,000
Mayoralty	00112	Tax On Occupancy Of Hotel Room	7,000,000
Mayoralty	00113	Tx On Commercial Rents - Occup	4,000,000
Mayoralty	00122	Conveyance Of Real Property Tx	52,000,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$71,000,000
MISCELLANEOUS			
Charges for Service			
Mayoralty	00470	Other Services And Fees	(\$300,000)
Department Of Finance	00470	Other Services And Fees	(1,153,500)
Department Of Buildings	00470	Other Services And Fees	3,470,000
Department Of Transportation	00472	Parking Meter Revenues	2,000,000
Charges for Service Subtotal			\$4,016,500
Water and Sewage Charges			
Mayoralty	00521	Reimbursement From Water Board	\$30,449,000
Water and Sewage Subtotal			\$30,449,000
Fines and Forfeitures			
Mayoralty	00600	Fines - General	(\$3,050,000)
Police Department	00650	Forfeitures - General	350,000
Fines and Forfeitures Subtotal			(\$2,700,000)
Rental Income			
Department Of Citywide Administrative Services	00760	Rentals: Other	\$8,615
Rental Income Subtotal			\$8,615

Exhibit B - MN 2
Changes in Revenue Source

Agency Name	Source	Description	Fiscal 2022
Other Miscellaneous			
Mayoralty	00846	Awards From Litigation	\$1,276,000
Mayoralty	00859	Sundries	11,529,000
Police Department	00847	Sundries	(350,000)
Housing Preservation And Development	00815	Sales of In Rem property	21,090,000
Department Of Information Technology and Telecon	00859	Sundries	8,670,600
<i>Other Miscellaneous Subtotal</i>			<i>\$42,215,600</i>
MISCELLANEOUS TOTAL			\$73,989,715
 UNRESTRICTED AID			
Mayoralty	55037	Coronavirus Aid, Relief And Economic St	\$750,000,000
UNRESTRICTED AID TOTAL			\$750,000,000
GRAND TOTAL			\$894,989,715