



**THE COUNCIL  
THE CITY OF NEW YORK  
FINANCE DIVISION  
250 BROADWAY, 15<sup>TH</sup> FLOOR  
NEW YORK, N.Y. 10007-2594**

(212) 788-6921

**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.

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**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.

**PRECONSIDERED  
RESOLUTION NO. \_\_\_\_\_**

**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 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 29<sup>th</sup>, 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.