



**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
Chair, Finance Committee

FROM: Latonia McKinney, Director
Raymond Majewski, Deputy Director/Chief Economist
Tanisha Edwards, Chief Counsel
Rebecca Chasan, Assistant Counsel
Finance Division

DATE: January 7, 2015

SUBJECT: A budget modification (MN-4) for Fiscal 2015 that will appropriate \$284.5 million in new revenues.

INITIATION: By letter dated January 2, 2015 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 \$284.5 million in new revenues. These revenues will be used to: increase the Budget Stabilization Account by \$104.6 million, and to restore \$179.9 million to the General Reserve that was used in MN-3.

BACKGROUND: This modification (MN-4) seeks to recognize \$284.5 million in new revenues reflecting changes since the City's June financial plan. Of these funds, \$104.6 million are added to the Budget Stabilization Account, which will prepay debt service for Fiscal Year 2016. \$179.9 million is added to the General Reserve to replace funds it used in MN-3.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2015 budget of \$284.5 million.

Preconsidered Res. No. _____

RESOLUTION APPROVING A MODIFICATION (MN-4) PURSUANT TO SECTION 107(E) OF THE CHARTER OF THE CITY OF NEW YORK.

By Council Member Ferreras

Whereas, on January 2, 2015, the Committee on Finance of the City Council received a communication, dated January 2, 2015, 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 2015 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 (MN-4) 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 a meeting of the Committee on Finance of the City Council of the City of New York (the "City Council") on January 7, 2015, the Committee on Finance considered a communication, dated January 2, 2015, of a proposed request to modify, pursuant to Section 107(e) of the Charter of the City of New York, the Fiscal 2015 Expense Budget, and the revenue estimate related thereto prepared by the Mayor as of January 2, 2015

Analysis. The Council annually adopts the City's budget covering expenditures pursuant to Section 254 of the Charter. On June 26, 2014, the Council adopted the expense budget for fiscal year 2015 (the "Fiscal 2015 Expense Budget"). On June 25, 2014, the Mayor submitted to the Council a revenue estimate related to the Fiscal 2015 Expense Budget. On August 21, 2014, the Council adopted MN-1 modifying the Fiscal 2015 Expense Budget. On September 23, 2014 the Council adopted MN-2 modifying the Fiscal 2014 Expense Budget. Circumstances have changed since the Council last amended the Fiscal 2015 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 2015 Expense Budget and related revenue estimate requested in the Communication.

This modification (MN-4) seeks to increase revenues in the net amount of \$284.5 million from the Fiscal 2015 Adopted Budget. This represents an increase in City funds of approximately 0.6 percent.

MN-4 is the first revenue modification of Fiscal 2015 and it reflects changes since Adoption which are outlined in the November Plan.

The Revenue Modification (MN-4) recognizes \$766 million in additional tax revenue, including an additional \$189 million in real estate tax revenue and \$215 million from personal income taxes. The increase in real estate tax revenue comes mostly from a reduction in the property tax reserve for delinquencies, while revenue from personal income tax was boosted by stronger than expected employment growth. Additionally, an increase of \$202 million resulted from audits, mostly from the bank tax.

The increase in projected tax revenue is, in part, offset by a net reduction in anticipated Miscellaneous revenue of \$481.5 million. The most significant change results from a re-estimate that decreases by \$506 million revenues generated from the sale of Taxi Medallions. In the Financial Plan, projected revenue from the sale of Taxi medallions has been reduced in Fiscal 2015-2017 and increased by an equal amount in Fiscal 2018-2019. The net change to all other Miscellaneous revenue results in an increase of \$24 million, including additional revenue of \$14.8 million from fines and forfeitures and \$7.1 million from interest income.

Of the \$284.5 million in new revenue reflected in MN-4, \$104.6 million will be appropriated to the Budget Stabilization Account to prepay Fiscal 2016 Debt Service. The remaining \$179.9 million will be appropriated to the General Reserve to replace a drawdown of that account that recognizes new funding included in the Expense Modification (MN-3), which will be considered simultaneously with MN-4.

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 2015 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
Office of Management and Budget
255 Greenwich Street - New York, New York 10007 - 2146
(212) 788-5900

Dean Fuleihan
Director

January 2, 2015

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 \$284.5 million in fiscal year 2015.

This modification (MN-4) will implement revenue budget changes reflected in the City's November Financial Plan. The \$284.5 million of new revenues will be used to increase the Budget Stabilization Account by \$104.6 million to prepay fiscal year 2016 debt service in fiscal year 2015. In addition, an adjustment to the General Reserve will be implemented to maintain the funding in the City's General Reserve.

Your approval of modification MN-4 is respectfully requested.

Sincerely,

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

Dean Fuleihan

FISCAL YEAR 2015 MODIFICATION
MN-4

098	Miscellaneous	
	002 General Reserve	\$179,882,284
099	Debt Service	
	004 Budget Stabilization Account	<u>\$104,574,093</u>
	TOTAL	<u>\$ 284,456,377</u>

**Exhibit B - MN 4
Changes in Revenue by Revenue Source**

Agency Name	Source	Description	Fiscal 2015
		SUMMARY	
		TAX AND AUDIT REVENUE CHANGES	
		Real Estate	\$189,000,000
		Sales	15,000,000
		Mortgage Recording	69,000,000
		Personal Income	215,000,000
		General Corporation	42,000,000
		Banking Corporation	(42,000,000)
		Unincorporated Business	31,000,000
		Utility	(9,000,000)
		Hotel	12,000,000
		Commercial Rent	5,000,000
		Real Property Transfer	16,000,000
		Cigarette	(1,000,000)
		Others	22,000,000
		Audit	202,000,000
		STAR	0
		TAX AND AUDIT REVENUE TOTAL	\$766,000,000
		MISCELLANEOUS	
		Licenses, Franchises, Etc.	\$460,000
		Charges for Services	(594,500)
		Water and Sewage Charges	5,609,400
		Fines and Forfeitures	14,773,000
		Rental Income	(2,883,000)
		Other Miscellaneous	(506,048,523)
		Interest Income	7,140,000
		MISCELLANEOUS TOTAL	(\$481,543,623)
		GRAND TOTAL	\$284,456,377

Exhibit B - MN 4
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
TAX AND AUDIT REVENUE CHANGES			
Mayoral	00001	Real Prop Tax 1st Quart	\$92,997,814
Mayoral	00002	Real Prop Tax 2nd Quart	(73,997,814)
Mayoral	00003	Real Prop Tax 3rd Quart	170,000,000
Mayoral	00033	Interest On Tax Receivable	2,000,000
Mayoral	00050	General Sales Tax	15,000,000
Mayoral	00070	Cigarette Tax	(1,000,000)
Mayoral	00073	Commercial Motor Vehicle Tax	3,000,000
Mayoral	00077	Mortgage Tax	69,000,000
Mayoral	00090	Personal Income Tax	215,000,000
Mayoral	00093	Genera! Corporation Tax	20,000,000
Mayoral	00094	Refunds Of General Corp Tax	22,000,000
Mayoral	00095	Financial Corporation Tax	(55,000,000)
Mayoral	00096	Refunds Of Financial Corp Tax	13,000,000
Mayoral	00099	Unincorporated Business Inc Tx	31,000,000
Mayoral	00102	Pers Inc Tax Cty Emp Non-Res	4,000,000
Mayoral	00103	Utility Tax	(9,000,000)
Mayoral	00110	Payment In Lieu Of Taxes	15,000,000
Mayoral	00112	Tax On Occupancy Of Hotel Room	12,000,000
Mayoral	00113	Tx On Commercial Rents - Occup	5,000,000
Mayoral	00114	Refunds Of All Other Taxes	(3,000,000)
Mayoral	00122	Conveyance Of Real Property Tx	16,000,000
Mayoral	00130	Pen & Int-Gen Prop Tax	1,000,000
Mayoral	00135	Tax Audit Revenue	202,000,000
TAX AND AUDIT REVENUE CHANGES TOTAL			\$766,000,000
MISCELLANEOUS			
Licenses, Franchises, Etc.			
Taxi and Limousine Comm	00200	Licenses - General	\$433,000
City Clerk	00201	Marriage Licenses	27,000
Licenses, Franchises, Etc. Subtotal			\$460,000

Exhibit B - MN 4
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
Charges for Service			
NYPD	00470	Other Services And Fees	(\$1,799,500)
HPD	00470	Other Services And Fees	280,000
DOB	00470	Other Services And Fees	905,000
DOF	00470	Other Services And Fees	(4,650,000)
Dept. of Records & Info Svcs	00470	Other Services And Fees	69,000
DOT	00472	Parking Meter Revenues	(812,000)
DOF	00476	Administrative Serv To Public	4,500,000
DCAS	00476	Administrative Serv To Public	913,000
Charges for Service Subtotal			(\$594,500)
Water and Sewage Charges			
Mayoral	00521	Reimbursement From Water Board	\$4,609,400
Mayoral	00522	Payment From Water Board	1,000,000
Water and Sewage Charges			\$5,609,400
Fines and Forfeitures			
Taxi and Limousine Comm	00600	Fines-General	\$462,000
DOB	00600	Fines-General	7,311,000
DOF	00600	Fines-General	6,000,000
DOF	00603	Fines - ECH	2,000,000
DOF	00650	Forfeitures - General	(1,000,000)
Fines and Forfeitures Subtotal			\$14,773,000
Rental Income			
DPR	00755	Rentals: Yankee Stadium	(\$500,000)
SBS	00760	Rentals: Other	(2,473,000)
DCAS	00760	Rentals: Other	90,000
Rental Income Subtotal			(\$2,883,000)
Interest Income			
Comptroller	56001	Interest Income - Other	\$8,330,000
DOF	56001	Interest Income - Other	50,000
DOF	56002	Interest Income- Sales Tax	(320,000)
Comptroller	56003	Interest-Debt Service Fund	(920,000)
Interest Income			\$7,140,000

Exhibit B - MN 4
Changes in Revenue by Revenue Source

Agency Name	Source	Description	Fiscal 2015
Other Miscellaneous			
HPD	00815	Sales Of In Rem Property	\$9,200,000
DCAS	00822	Minor Sales	352,000
NYPD	00848	Wireless /Cell Phone Surcharges	(3,000,000)
Taxi and Limousine Comm	00859	Sale of Taxi Medallions	(506,000,000)
Mayoral	00859	Sundries	(192,000)
SBS	00859	Sundries	(6,278,523)
DPR	00859	Sundries	500,000
DOITT	00859	Sundries	(630,000)
<i>Other Miscellaneous Subtotal</i>			<i>(\$506,048,523)</i>
MISCELLANEOUS TOTAL			(\$481,543,623)
GRAND TOTAL			\$284,456,377