



**THE COUNCIL
THE CITY OF NEW YORK
FINANCE DIVISION
250 BROADWAY, 15TH 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: June 19, 2009

SUBJECT: A Preconsidered Budget Modification (MN-6) for Fiscal 2009 that will appropriate \$438.8 in new revenues.

INITIATION: By letter dated June 18, 2009, 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 \$438.8 million in new revenues, to reduce the general reserve by \$314.3 million and to use these to prepay \$753.0 million in Fiscal 2010 expenses.

BACKGROUND: This modification (MN-6) seeks to recognize \$438.8 million in new revenues and to reduce the general fund by \$314.3 million. These will be used to make prepayments of \$264.4 million to the Library Systems, \$293.6 million to the MTA, \$110 million to DASNY and \$85 million to HHC for a total of \$753.0 million.

FISCAL IMPACT: This modification represents a net increase in the Fiscal 2009 budget of \$438.8 million.

Preconsidered Res. No. _____

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

By Council Member Weprin

Whereas, on June 19, 2009 the Committee on Finance of the City Council received a communication, dated June 18, 2009 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

R E P O R T

Introduction. At the meeting of the Committee on Finance of the City Council on June 19, 2009, the Council received a communication, from the Office of Management and Budget of the Mayor, dated June 18, 2009, 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 April 22nd, 2009.

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. On December 18, 2008, the Council adopted MN-1 and MN-2 modifying the Fiscal 2009 Expense and Revenue Budgets. On April 22, 2009, the Council adopted MN-3 and MN-4 once again modifying the Fiscal 2009 Expense and Revenue Budgets. Circumstances have changed since the Council last amended 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.

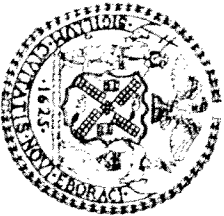
This modification (MN-6) seeks to increase revenues in the net amount of \$438.8 million. Tax revenues show a relatively small decrease with gains in tax audits and the banking corporation tax not fully compensating for weaknesses in mortgage recording tax and New York State offsets to the personal income tax. Increases in revenues come primarily

from non-tax sources including unrestricted New York State aid and miscellaneous revenues.

This revenue modification reduces the General Reserve in the City's Miscellaneous Budget by \$314.3 million. The reduction in the General Reserve and the new revenues will be used to make prepayments of \$264.4 million to the Library Systems, \$293.6 million to the MTA, \$110 million to DASNY and \$85 million to HHC for a total of \$753.0 million.

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 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.

Exhibit A



The City of New York
Office of Management and Budget
75 Park Place • New York, New York 10007-2146
Telephone: (212) 788-5900 • Fax: (212) 788-5300

Mark Page
Director

June 18, 2009

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 \$438.8 million in fiscal year 2009.

The \$438.8 million of new revenues and the reduction of the general reserve of \$314.3 million will be used to prepay \$753.0 million of expenses in fiscal year 2010. This includes prepayments of \$264.4 million to the Library Systems, \$293.6 million to the MTA, \$110 million to DASNY, and \$85 million to HHC.

Your approval of modification MN-6 is respectfully requested.

Yours truly,

Mark Page

Fiscal Year 2009 Modification
MIN-6

035	New York Public Library -- Research 001 Lump Sum Appropriation	\$21,128,365
037	New York Library 003 Lump Sum -- Borough of Manhattan 004 Lump Sum -- Borough of the Bronx 005 Lump Sum -- Borough of Staten Island 006 Systemwide Services	22,253,058 21,794,932 9,423,374 43,422,248
038	Brooklyn Public Library 001 Lump Sum	73,954,309
039	Queens Borough Public Library 001 Lump Sum	72,433,471
098	Miscellaneous 002 OTPS (MTA)	293,585,398
099	Debt Service 003 Lease Purchase and City Guar Debt	110,000,000
819	Health and Hospitals Corporation 001 Lump Sum Appropriation	<u>85,019,173</u>
		\$753,014,328

Exhibit B. Change in Revenues by Revenue Source

Tax and Audit Revenue Changes		
Agency Source	Description	Fiscal 2009
Mayoral	1 Real Property Tax 1st Quarter	13,000,000
Mayoral	2 Real Property Tax 2nd Quarter	6,229,000
Mayoral	3 Real Property Tax 3rd Quarter	(136,947,303)
Mayoral	4 Real Property Tax 4th Quarter	271,718,303
Mayoral	21 Real Estate Tax Refunds	98,000,000
Mayoral	22 Property Tax Rebate	(255,000,000)
Mayoral	26 State Aid School Tax Relief	5,315,000
Mayoral	34 Real Property Tax Lien Sales	(3,000,000)
Mayoral	49 Accrued Real Estate Tax Revenue	20,000,000
Mayoral	50 General Sales Tax	120,000,000
Mayoral	70 Cigarette Tax	(5,600,000)
Mayoral	77 Mortgage Tax	(160,000,000)
Mayoral	88 State Aid Pit Relief Schoolaid	(79,000,000)
Mayoral	90 Personal Income Tax	(478,476,000)
Mayoral	91 Refunds of Personal Income Tax	(7,000,000)
Mayoral	93 General Corporation Tax	26,000,000
Mayoral	94 Refunds of General Corporation Tax	(114,000,000)
Mayoral	95 Financial Corporation Tax	401,000,000
Mayoral	96 Refunds of Financial Corp Tax	9,000,000
Mayoral	99 Unincorporated Business Inc Tax	66,000,000
Mayoral	100 Refunds of Unincorporated Business Tax	6,000,000
Mayoral	103 Utility Tax	17,000,000
Mayoral	110 Payment in Lieu of Taxes	17,097,000
Mayoral	112 Tax on Occupancy Of Hotel Room	(30,000,000)
Mayoral	113 Tx on Commercial Rents - Occup	13,000,000
Mayoral	114 Refunds of All Other Taxes	(6,000,000)
Mayoral	121 Off Track Betting -Surtax	(400,000)
Mayoral	122 Conveyance of Real Property Tx	(87,800,000)
Mayoral	125 Taxi Medallion Transfer Tax	3,300,000
Mayoral	130 Pen & Int-Gen Prop Tax	6,000,000
Mayoral	134 Refunds on Pen & Int-Other Tax	1,100,000
Mayoral	135 Tax Audit Revenue	300,000,000
Mayoral	200 Licenses - General	882,000
Mayoral	470 Other Services and Fees	45,000
Mayoral	476 Administrative Serv to Public	200,000
Mayoral	600 Fines-General	915,000
Mayoral	99995 Tax Increase Program	(77,000,000)
	Tax Revenue Total	(38,422,000)
Mayoral	54000 NYC State Per Capita Allocation	85,300,000
	Unrestricted Aid	85,300,000
Miscellaneous Revenues		
Licenses, Franchises, Etc.		
NYPD	200 Licenses - General	400,000
City Clerk	201 Marriage Licenses	110,000
Landmarks	250 Permits General	300,000
DOB	250 Permits General	1,750,000
DOT	250 Permits General	1,000,000

Agency Source	Description	Fiscal 2009
	Charges For Services	
	DOIT	6,176,000
Consumer Aff	320 Franchises - Other	2,000,000
Dept Sanit	325 Privileges - Other	(2,484,000)
DOT	325 Privileges - Other	(1,050,000)
DCAS	325 Privileges - Other	(4,971,500)
	Water and Sewage Charges	
	DOHMH	184,000
	DOI	195,000
	NYPD	2,166,000
	NYFD	1,100,000
	Conflicts of Interests Bd	24,500
	SBS	40,000
	HPD	15,463,000
	DEP	1,790,000
	DOF	(200,000)
DCAS	470 Other Services and Fees	11,000
Consumer Aff	470 Other Services and Fees	(150,000)
PA New York	470 Other Services and Fees	850,000
PA Bronx	470 Other Services and Fees	22,000
DCP	476 Administrative Services to Public	450,000
Dept Sanit	476 Administrative Services to Public	20,000
DCAS	476 Administrative Services to Public	1,831,000
	Fines and Forfeitures	
	Mayoral	(691,303)
	Mayoral	(10,792,000)
	Law Dept	290,000
	DOB	3,750,000
	DOF	(9,567,000)
Consumer Aff	600 Fines - General	1,200,000
DOF	602 Fines - Pvd	3,000,000
DEP	603 Fines - ECB	(166,500)
DOF	603 Fines - ECB	4,937,000
DCAS	603 Fines - ECB	11,856,500
DA Bronx	650 Forfeitures - General	107,000
	Rental Income	
	DPR	13,001,000
	DPR	1,541,000
	DOE	3,000,000
	HPD	289,000
DCAS	760 Rentals - Other	7,031,000
	Interest	
	Comptroller	38,130,000
	DOF	(390,000)
	Comptroller	(3,960,000)
	Other Miscellaneous	
	DCAS	379,000
BP Manhattan	817 Mortgage Payments	(135,000)
BP Bronx	822 Minor Sales	(38,000)
BP Queens	822 Minor Sales	(35,000)
BP Staten Island	822 Minor Sales	(246,400)
Dept Correct	822 Minor Sales	12,000
Dept Sanit	822 Minor Sales	8,216
DCAS	822 Minor Sales	1,340,000

Agency Source	Description	Fiscal 2009
Mayoral	846 Awards from Litigation	5,711,000
Law Dept	846 Awards from Litigation	1,450,000
NYPD	847 E-911 Surcharges	(2,300,000)
NYPD	848 Wireless/Cell Phone Surcharges	800,000
Mayoral	859 Sundries	284,546,880
Law Dept	859 Sundries	(600,000)
NYPD	859 Sundries	154,870
Dept Correct	859 Sundries	1,652,000
Dept Aging	859 Sundries	800,000
Landmarks	859 Sundries	1,100,000
SBS	859 Sundries	2,648,470
HPD	859 Sundries	1,100,000
Dept Sanit	859 Sundries	1,273,800
DOF	859 Sundries	25,000
DPR	859 Sundries	(1,438,000)
DCAS	859 Sundries	65,000
DOITT	859 Sundries	4,008,000
Miscellaneous Revenues Total		391,874,533
Grand Total MIN #6		438,752,533