

Reply to Common Council File No. 200722
From DOA-Budget and Management Division

October 27, 2020

Ref: 2021 BF, 2-C

Common Council File 200722 contains an ordinance increasing various fees. These increases are part of Mayor Barrett's 2021 Proposed Executive Budget.

Standard budget practice is to annually review and update as appropriate selected licenses, permits, fees, and service charges. This helps establish a responsible balance between service and expenditure reductions and revenue increases. It also helps avoid unintended property tax levy support for the services in question. The 2021 budget presents several challenges, including stagnant State aid and losses in revenue. Adopting this file addresses this fiscal imbalance and helps preserve service levels.

The file updates the amounts charged for certain permits, fees and charges for services. The estimated annual fiscal impact of these changes is approximately \$3.8 million. Actual 2021 budget revenue impact is dependent on the Comptroller's recommended estimates. Changes with significant projected revenue increases are as follows:

- Municipal Vehicle Registration Fee – increases from \$20 per year to \$30 per year. Estimated increase in revenue of \$3.15 million
- Electrical Installation and Repair inspection fee – inspection fee of \$50 charged on first inspection, previously had no fee. Estimated increase in revenue of \$210,000
- Cigarette and Tobacco License – license fees increases by \$10 per year to \$110 per year. Estimated increase in revenue of \$90,000

This file is part of the Mayor's 2021 Proposed Executive Budget. City Charter and State law require the Mayor to submit a budget that is a complete financial plan, including estimates of all proposed expenditures and anticipated revenues. However, the Mayor does not control estimates of anticipated revenues. The City Charter authorizes the Comptroller to submit anticipated revenues with the budget request and then submit such changes in anticipated revenues as the Comptroller deems appropriate. The Comptroller generally withholds revenue recognition of increased revenue resulting from proposed fee increases until the Common Council adopts legislation to increase these fees. Action on this file allows for recognition of the anticipated revenues included in the Mayor's Proposed Budget.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER 200722

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