



# NYC BUDGET BRIEF

Office of the New York City Comptroller

Scott M. Stringer

BUREAU OF BUDGET

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## Fines and Fees in the New York City Budget

Fines and fees are a necessary, and many times unpopular, source of revenue for running any government entity. This brief examines select components of the nearly \$2 billion in annual fines and fees charged or imposed by the City and highlights trends over the past four fiscal years.

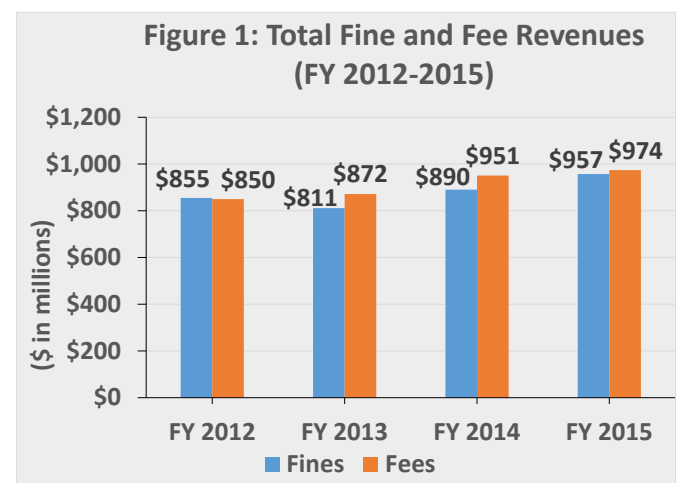
Locally-collected taxes in New York City, such as the property tax, fund almost two-thirds of the City's \$82 billion FY 2016 budget. More than \$20 billion comes to City coffers annually from the State and the Federal government. The remaining funding comes from the lesser-known \$5 billion revenue category broadly referred to as "miscellaneous revenue."<sup>1</sup>

Fines and fees charged or imposed by the City make up 37 percent of the miscellaneous revenue budget. Other types of revenues within this broad category include water and sewer charges; licenses, permits and franchise fees; rental income; and other miscellaneous revenues.

In FY 2015, the City took in \$957 million in fines and \$974 million in fees, a total of \$1.9 billion—more than the Commercial Rent Tax (\$787 million), Utility Tax (\$398 million), Hotel Tax (\$560 million), and Cigarette Tax (\$50 million) *combined*.<sup>2</sup>

### *What are fines?*

Fines are imposed to deter unwanted activities and protect the safety, health and well-being of residents. The City imposes fines for violations of various City rules, including regulations related to parking, building codes, consumer affairs, and public health.



By far the largest category of fines is parking violations, raising \$565 million in FY 2015. For example, the base penalty for parking at an expired meter is \$65, while parking too close to a fire hydrant could earn a \$115 ticket. Many fines require enabling legislation.

### *What are fees?*

Fees cover a broad range of municipal services where the user is directly charged for the benefit of the service provided. The charge must be reasonably related to the cost of the service, and in certain cases, fee amounts must also follow parameters set in local or state law. Otherwise agencies set fee levels through the City's rulemaking process. Generally, fee revenues augment the budgets of the responsible agency. The largest source of fee revenue is tuition and student fees paid to City University of New York (CUNY) community colleges. These revenues are directly allocated to CUNY's budget.



Some fees are large and well known, such as parking meter charges, while others are antiquated and obscure, including a 2.49 percent credit card “convenience” fee to pay fines, fees, and taxes via credit card. Revenues from this convenience fee rose 40 percent from \$7.5 million in FY 2012 to \$10.5 million in FY 2015; in FY 2015, one-third of parking ticket payments were made with a credit card.

**Overall trends in fines and fees**

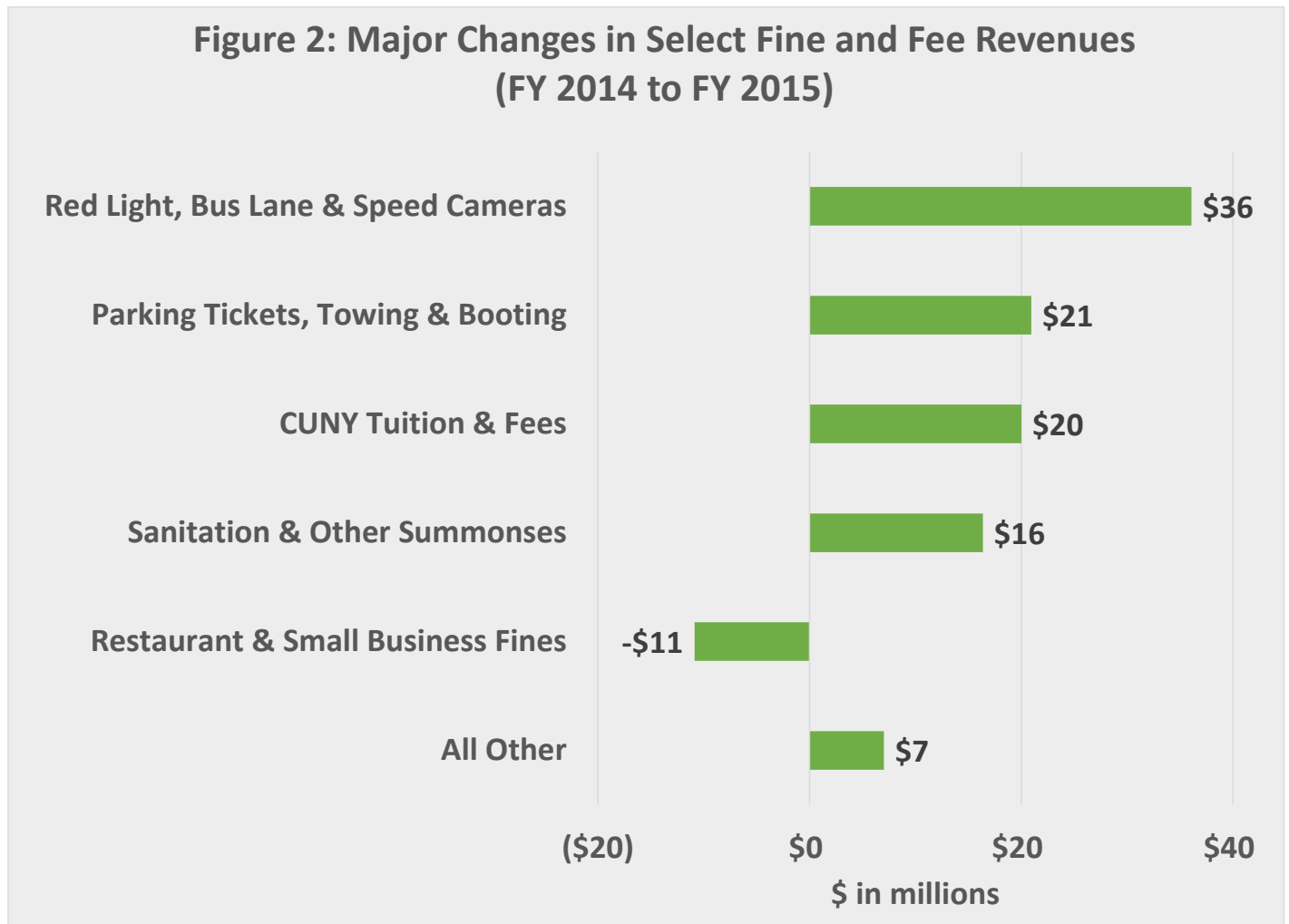
From FY 2012 to FY 2015 total fine and fee revenues increased 13.3 percent from \$1.7 billion to \$1.9 billion. Figure 1 shows fine revenues grew 12.0 percent from \$855 million to \$957 million as fee revenues grew 14.6 percent from \$850 million to \$974 million. If CUNY student fees and tuition are excluded, fees increased at a lower rate, 10.1 percent from \$539 million in FY 2012 to \$593 million in FY 2015.

Although total fee revenues grew faster than fines over this four-year period, from FY 2014 to FY 2015 fines grew three times as fast as fees, 7.5 percent compared to 2.4 percent. Without a 5.5 percent increase in CUNY fee revenues from FY 2014 to FY 2015, fees would have been roughly flat.

As shown in Figure 2, the largest fine and fee revenue increase from FY 2014 to FY 2015 was from red light, bus lane, and speed cameras (\$36 million). The next largest increase was parking tickets and towing and booting fees, which increased by \$21 million in FY 2015. At the same time, revenues from restaurant and small business violations decreased by \$11 million. In total, fine and fee revenues grew \$90 million, or 4.9 percent, from FY 2014 to FY 2015.

The remainder of this brief focuses on revenue trends for select fines and fees from FY 2012 to FY 2015.

**Figure 2: Major Changes in Select Fine and Fee Revenues (FY 2014 to FY 2015)**





### Trends in Fine Revenues, FY 2012 to FY 2015

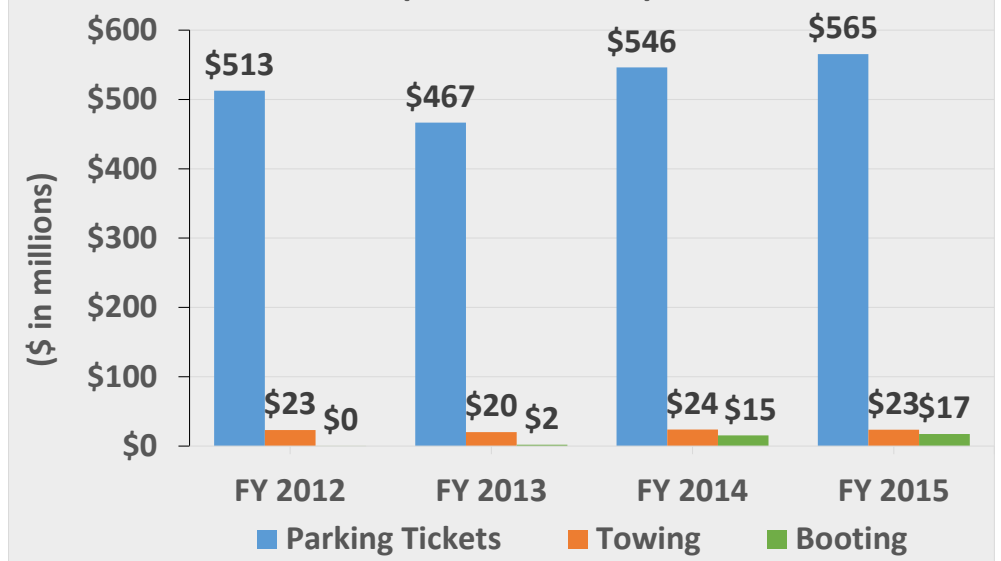
New York City collected \$957 million in fine revenues in FY 2015. More than 59 percent, \$565 million of the \$957 million, came from parking tickets. Another \$150 million came from “quality of life” violations, such as littering and noise pollution. The next largest sources of fine revenues are red light, bus lane, and speed cameras (\$77 million), building permit penalties (\$52 million), and restaurant violations (\$33 million).

Since FY 2012, parking ticket revenues have increased by 10.3 percent from \$513 million to \$565 million. In 2012 the City began booting vehicles with more than \$350 in unpaid tickets. The boot device is placed on a wheel and prevents the car from moving. The program began with a pilot and was expanded in FY 2014. In FY 2015, the City collected \$17 million in booting fees, an increase of 14.0 percent from \$15 million in FY 2014. Towing fees have been stable, generating \$23 million in FY 2015. Combined, parking tickets and booting and towing fees generated \$606 million in FY 2015, a 13.1 percent increase from \$536 million in FY 2012 (see Figure 3).

“Quality of life” fines imposed by 13 agencies and adjudicated by the City’s Environmental Control Board (ECB), an administrative tribunal, rose to \$150 million in FY 2015, a rise of 4.9 percent over \$143 million in FY 2012 (see Figure 4).<sup>3</sup> Following a drop in FY 2013 and FY 2014, quality of life fines increased 12.3 percent from FY 2014 to FY 2015.

The City issued a total of 623,758 quality of life violations in FY 2015. More than two-thirds of these were issued by the Department of Sanitation for improper waste disposal, dirty sidewalks, and other trash or public cleanliness infractions (see Figure 5). Other quality of life infractions in this broad category include operation of a motorized scooter, building code violations, bicycle riding restrictions, and unauthorized vending.

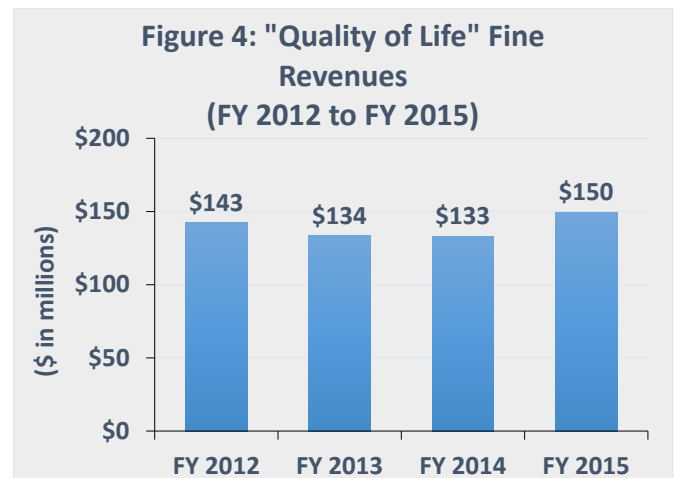
### Figure 3: Parking Tickets, Towing, and Booting Revenues (FY 2012-2015)



Recycling summonses and dirty sidewalk violations have both climbed more than 40 percent since FY 2012. More than 107,000 recycling summonses and nearly 50,000 dirty sidewalk summonses were issued in FY 2015.

Fine revenues from red light, bus lane, and speed camera enforcement has also shifted significantly in recent years. The City’s red light camera program began in 1994 with 15 cameras, but since 2010 cameras have been in place at 150 intersections. Red light camera revenues peaked in FY 2011 at \$71 million and have been falling since as the number of tickets dropped, likely due to increased motorist awareness.

### Figure 4: "Quality of Life" Fine Revenues (FY 2012 to FY 2015)



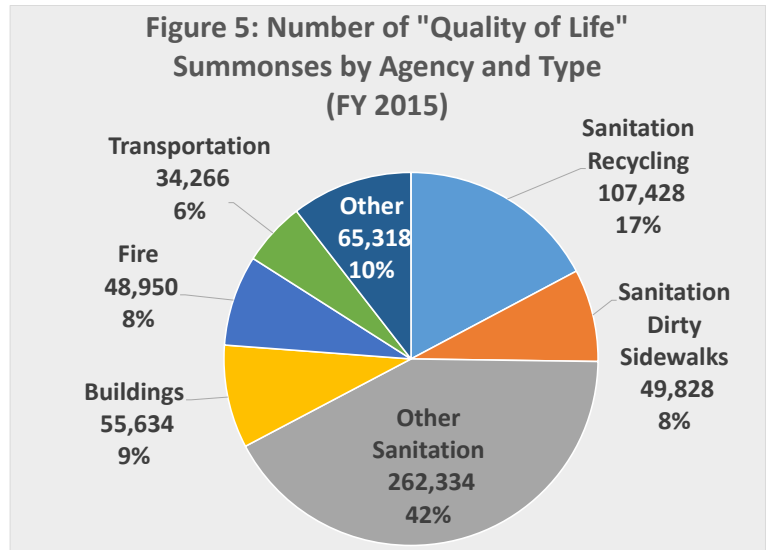


Bus lane cameras began operation in 2010 with initial state approval for cameras along six MTA Select Bus Service (SBS) routes. Revenues have grown steadily and are expected to continue growing under state legislation adopted in September 2015 that expanded the authorization to 16 routes.

In 2013, the State also allowed the City to install speed cameras in 20 school zones but then expanded the authority to 140 zones in 2014. In conjunction with Mayor de Blasio's Vision Zero traffic safety initiative, in calendar year 2015 the City issued one million tickets to drivers speeding in school zones.

As shown in Figure 6, while revenues from red light cameras fell 37.6 percent from \$47 million in FY 2012 to \$29 million in FY 2015, revenues from speed and bus lane cameras have more than made up the difference. From FY 2012 to FY 2015, revenues from bus lane cameras increased 117.1 percent from \$8 million to \$17 million. Speed cameras began producing revenues in FY 2014 and generated \$31 million in FY 2015. Altogether, fine revenues from cameras increased 41.0 percent from \$55 million in FY 2012 and 87.4 percent from \$41 million in FY 2014 to \$77 million in FY 2015.

Camera revenues should continue to grow in coming years. The City plans to install an additional 100 speed

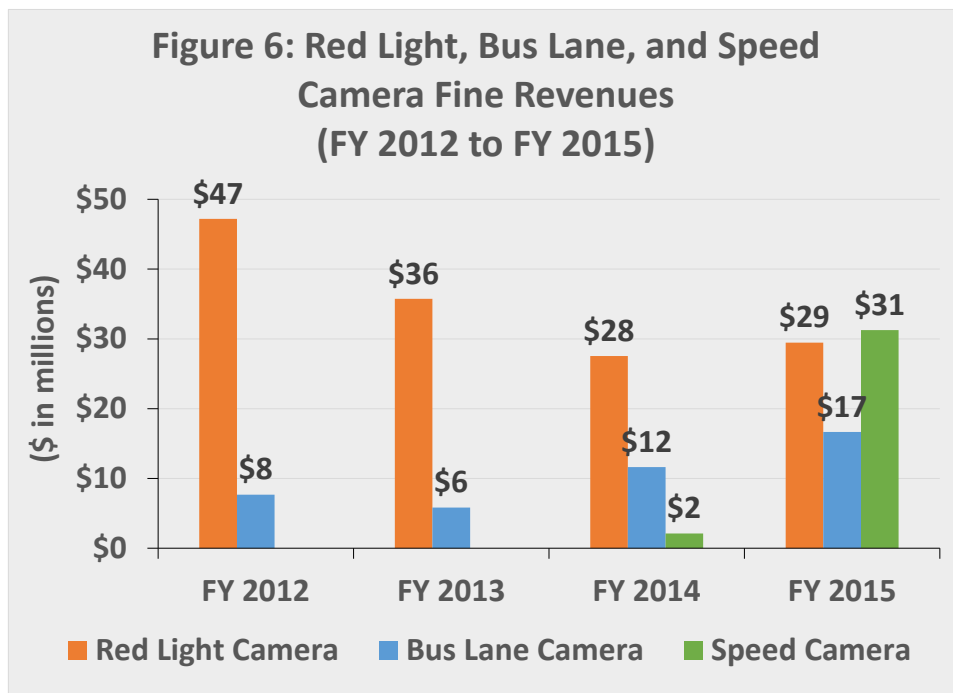


cameras, facing the opposite direction of the existing 140 cameras, and install 100 new bus lane cameras along the 10 newly authorized routes over the next four years.

Other categories of fine revenues have fallen in recent years. For example, fine revenues from restaurants and other penalties imposed by the Department of Health and Mental Hygiene, fell 38.3 percent from \$54 million in FY 2012 to \$33 million in FY 2015, as shown in Figure 7.<sup>4</sup>

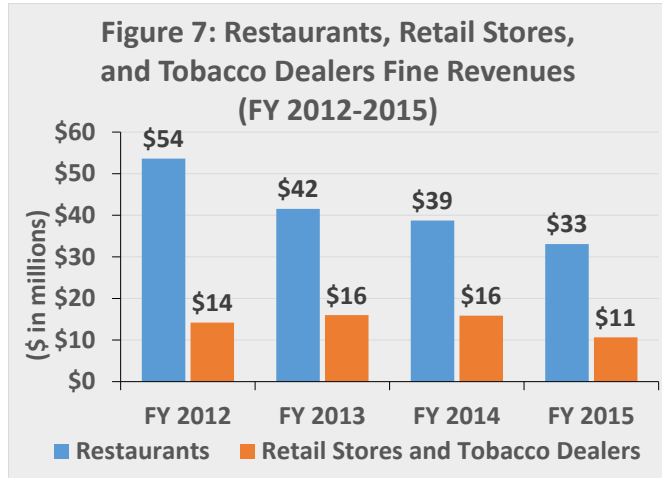
Restaurant fines had risen sharply following the implementation of letter grades in 2010, with fines increasing 47 percent in just two years from \$36 million in FY 2010 to \$54 million in FY 2012. In 2013 the City Council and the Administration reached an agreement to reduce fines for minor violations and waive penalties for restaurants with a small number of offenses. After these changes, the amount of annual restaurant fine revenue was similar to collections prior to adoption of the grading system.

Following implementation of Mayor de Blasio's small business relief package in 2014, other small business fines have also dropped, as restaurant fines have continued to decline. In FY 2015, fine revenues from retail stores and tobacco dealers totaled \$11 million,





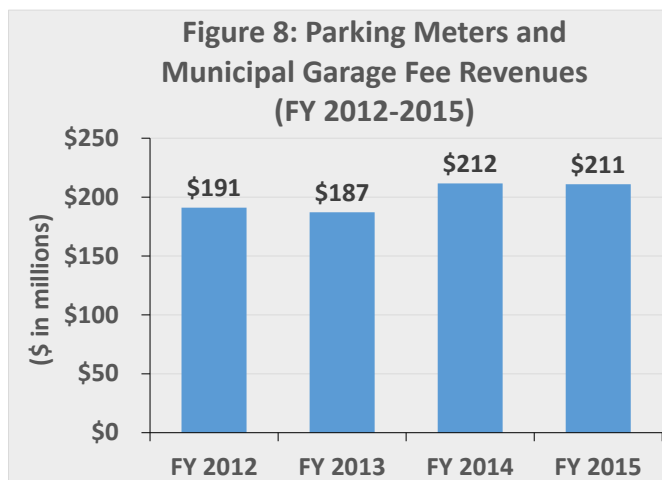
24.9 percent less than collections of \$14 million in FY 2012 and 32.8 percent less than collections of \$16 million in FY 2014.



**Trends in Fee Revenues, FY 2012 to FY 2015**

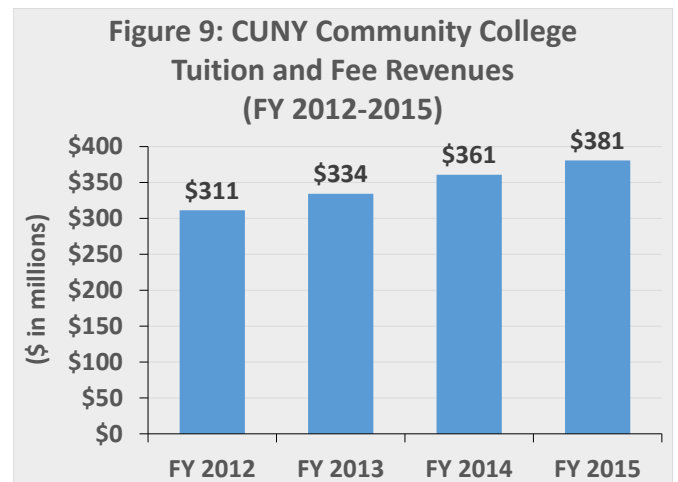
Fees collected by the City generated \$974 million in FY 2015. Of the total collected, \$592 million came from two sources: CUNY (\$381 million) and parking meters and municipal or Department of Transportation (DOT) garages (\$211 million).

DOT collects revenue from more than 85,000 parking meters and 39 municipal garages. As shown in Figure 8, parking revenues increased 10.4 percent between FY 2012 and FY 2015 from \$191 million to \$211 million. A meter rate increase, as well as the installation of additional parking meters, resulted in a large revenue jump from FY 2013 to FY 2014.



In early 2013, the metered rate increased 50 cents per hour for spaces below 110<sup>th</sup> Street in Manhattan. Today the hourly rate at a metered spot is \$3.50 below 96<sup>th</sup> Street in Manhattan; \$1.50 between 96<sup>th</sup> and 110<sup>th</sup> Street; and \$1.00 above 110<sup>th</sup> Street and in the other boroughs.

Revenues from CUNY students increased 22.3 percent from \$311 million in FY 2012 to \$381 million in FY 2015 as community college tuition rates increased 25.0 percent and enrollment expanded about 2 percent (see Figure 9). For the current school year, full-time resident undergraduate tuition is \$4,800 at community colleges, excluding fees for technology and other services.





## Acknowledgements

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## Endnotes

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<sup>1</sup> Excludes intra-city funds allocated from one agency to another.

<sup>2</sup> All revenue data is from the Office of the City of New York Comptroller, *Comprehensive Annual Financial Report* and the New York City *Financial Management System*. Additional data comes from the New York City Mayor's Office of Operations, *Mayor's Management Report*; New York City Office of Administrative Trials and Hearings, *Environmental Control Board Tribunal Data*; and City University of New York, *Five-year Trends in Total Fall Enrollment – Community Colleges*.

<sup>3</sup> The ECB is an administrative tribunal within the Office of Administrative Trials and Hearings. Of the \$150 million in ECB fines collected in FY 2015, \$50 million was collected through the Department of Finance for past-due obligations.

<sup>4</sup> Restaurants were 91.4 percent of Department of Health and Mental Hygiene cases in FY 2015.



**NEW YORK CITY COMPTROLLER**  
**SCOTT M. STRINGER**

MUNICIPAL BUILDING • 1 CENTRE STREET, 5TH FLOOR • NEW YORK, NY 10007

PHONE (212) 669-3500 FAX (212) 669-8878

[WWW.COMPTROLLER.NYC.GOV](http://WWW.COMPTROLLER.NYC.GOV)