Finance Division
New York City Council

REVENUE NOTE

New York City Council
Hon. Corey Johnson, Speaker
Hon. Daniel Dromm, Chair, Finance Committee

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Resources, Reserves, the Economy and Tax Revenues

Introduction

In moving from the Executive Budget to the Adopted Budget additional resources are generally needed to fund Council priorities, while maintaining a balanced budget. These will come from one or more of the following four areas:

- Fiscal 2019 Expense Budget may have appropriated funding that will not be needed in Fiscal 2019. These excess resources are gathered through an end of the year expense budget modification.
- Fiscal 2019 Revenues may be greater than anticipated in the Executive Budget. As discussed below the Finance Division believes this is likely. These additional resources would be recognized in a revenue budget modification, which would be combined with resources from the expense modification and allocated to prepay certain Fiscal 2020 expenses.[1]
- The Fiscal 2020 spending proposed in the Executive Budget may contain estimates that are higher than necessary, and these may be reduced or reprioritized for other needs.
- The revenue estimate for Fiscal 2020 may increase and directly provide additional resources for the year.

Over the last five years, prepayments for the subsequent year have increased by an average of 19 percent between Executive and Adopted. This pattern suggests an additional $664 million will be added to the Budget Stabilization Account (BSA), increasing the Fiscal 2019 roll from the current $3.52 billion to $4.18 billion. Finance Division estimates there will be $650 million in extra tax revenues at the end of Fiscal 2019 and it seems likely there will be some additional expense savings, so even this is a conservative estimate. Last year prepayments increased by $924 million between the Executive and Adopted Budgets.

[1] Though prepayments involve paying expenses such as debt service or subsidies to the libraries, they are always done through the revenue modification.

As discussed below Council Finance's forecast for Fiscal 2020 is $997 million above the Executive Budget. Based on this, the City can safely increase the tax revenue estimate for Fiscal 2020.

Economy and Tax Revenues

The Finance Division forecasts that the national and city economies, as well as New York City tax revenues, will continue to grow in the coming years, though at a slower pace in the outyears. Both national and city economies remain at or near full employment through the forecast period. Finance Division's tax revenue forecast is above that of the Office of Management and Budget by $650 million in Fiscal 2019 and $997 million in Fiscal 2020.

National Economy

Following solid growth of 2.9 percent in 2018, the Finance Division expects Real Gross Domestic Product (GDP) to grow by a lesser but still solid 2.7 percent in 2019. However, signs are beginning to indicate that the national economy may be reaching capacity, which will slow future growth. Coupled with the stimulus effects of the Trump tax cuts wearing off, GDP growth is expected to decelerate to a modest 1.5 percent by 2023.[2]

Like the overall economy, the U.S. labor market has been showing historic strength recently, with employers hiring at a quicker pace, and workers seeing wage improvements. The unemployment rate declined to 3.6 percent in April, with notable job gains in professional and business services, construction, health care, and social assistance.[3] Unemployment is expected to reach a record low of 3.5 percent this summer, where it will hover before gradually rising. From April 2018 to April 2019, real average hourly earnings increased 1.4 percent.[4] This growth is expected to continue: a recent survey by the Wall Street Journal found that 69.1 percent of private-sector forecasters expect wages to grow at a faster rate over the next year.[5]

That said, the national labor market is expected to follow the overall economy's trend of slowing growth as capacity limits kick in. As such, while national payroll employment is expected to grow at a healthy 1.6 percent in 2019, its growth is expected to slow to a barely positive 0.3 percent in 2023.

Although standard economic indicators often paint a rosy picture of the US economy, certain persistent concerns have been highlighted by policymakers in recent weeks. In a speech at a Federal Reserve research conference in early May, Chairman Jerome Powell suggested the US needs to find ways to address a decades-long slowdown in income growth and economic mobility.[6] Powell noted that in the 1950's, "better than 80 percent of children born in middle-class households grew up to out-earn their parents, but more recently only around half do."

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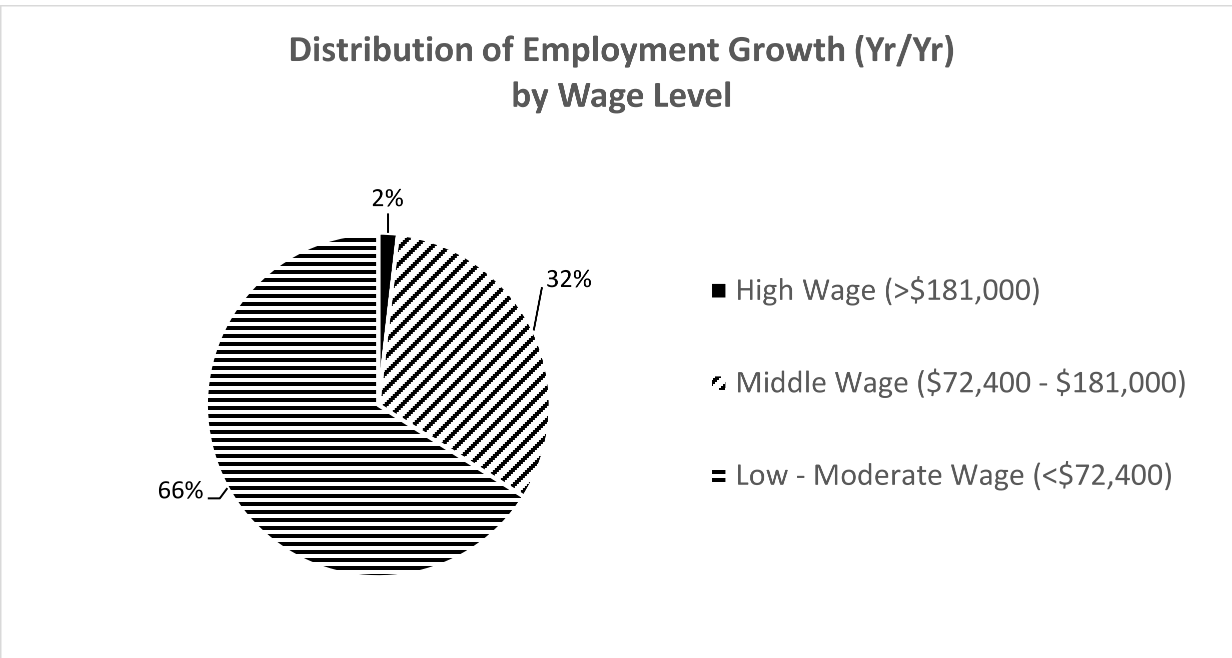
[2] IHS Markit, 'Executive Summaries,' May 2019. The Finance Division uses economic forecasts generated by IHS Markit, an independent research firm.
[3] The Employment Situation – April 2019. Bureau of Labor Statistics. https://www.bls.gov/news.release/empsit.nr0.htm
[4] Seasonally Adjusted Real Earnings – April 2019. Bureau of Labor Statistics. https://www.bls.gov/news.release/realer.nr0.htm
[55] Torry, Harriet. 'Nearly 70% of Economists Expect Faster Wage Growth Over Next Year, WSJ Survey Says.' May 9, 2019.
[6] Powell, Jerome H. 'Welcoming Remarks.' Federal Reserve System Community Development Research Conference: "Renewing the Promise of the Middle Class," Washington, D.C. May 9, 2019. https://www.federalreserve.gov/newsevents/speech/brainard20190510a.htm

City Economy

While the national economy will see slower future growth as it hits capacity constraints, New York City's economy may already be at full capacity and is showing signs of slower growth. Employment growth, while positive, has diminished for the fourth straight year. There were, however, more jobs last year in the City than previously reported. New York State Department of Labor upwardly re-benchmarked the City's payroll employment, using administrative records of employees covered by unemployment insurance to recalibrate samples counts. Private sector employment growth in 2018 was upwardly revised to 83,000 or 2.1 percent, from 73,800 or 1.9 percent. The re-benchmarking illustrates a more gradual deceleration.

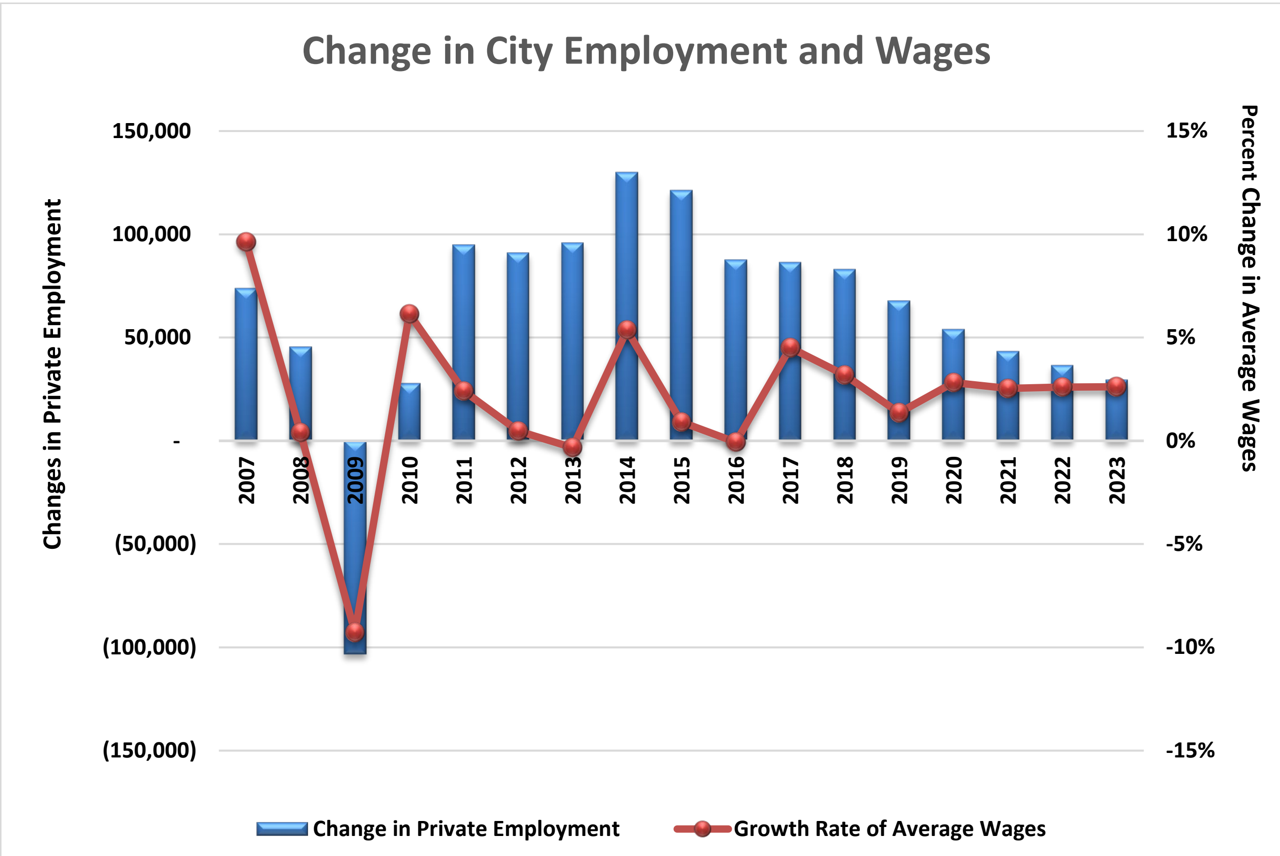
In the first quarter of 2019, private sector employment grew at 2.0 percent, a slightly slower rate compared to a year ago. This employment growth largely came from lower-paying industries, such as retail, food services, ambulatory healthcare, and social assistance. Approximately 66 percent of the additional payroll jobs were generated by these lower-paying industries with average wages under $72,400. About 32 percent came from industries paying a medium-wage, while the only two percent came from high-paying industries with average salaries of over $181,000.[7]



***Source**: New York State Department of Labor: Current Employment Statistics (CES), Q1 2019, and Quarterly Census of Employment and Wages (QCEW) Q3 2018. Wages are in 2018 dollars*

[7] New York State Department of Labor: Current Employment Statistics (CES), Q1 2019 and Quarterly Census of Employment and Wages (QCEW) Q3 2018. Wages are in 2018 dollars.
The wage threshold demarcating low wages is 80 percent of the City's Area Medium Income (AMI) , at which households become eligible for benefits from the U.S. Department of Housing and Urban Development. The high wage threshold represents 200 percent of the AMI.

The Finance Division expects private employment growth to slow to 1.7 percent in 2019 and continue to decelerate through the next four years. Most sectors are likely to follow this pattern, particularly the broad-based professional and business services, as demand for City services softens and high-skilled workers are more expensive to recruit. Health care and social services will hold up better than other sectors, as baby boomers continue to require increased services. Retail will resume shedding jobs as it faces reduced consumer confidence and increased competition from online purchasing.



Source: *NYS Department of Labor, Current Employment Statistics (CES), March 2019; and Quarterly Census of Employment and Wages (QCEW), Q3 2018; New York City Council Finance Division (forecasts).*

While the national unemployment rate continues to fall, reaching 3.6 percent as of last April, unemployment in the City has inched-up recently to 4.3 percent after dropping to 3.9 percent in September 2018. The City emerged from the Great Recession before the rest of the U.S. and may be approaching capacity before the rest of the U.S. On the bright side, the labor force participation rate has reached a historic plateau of 60.9 percent, which it has maintained since November 2018.

Private sector average wage growth is also starting to show signs of a slowdown. While wages grew by an estimated 3.2 percent in 2018, the rate of growth is expected to be only 1.4 percent in 2019. This dramatic slowdown is driven by the securities industry, which makes up around 20 percent of total private wages in New York City. That industry faced a steep 17 percent cut in average bonuses in 2018, which was mostly paid out in 2019.[8] This is expected to reduce average wage growth in the securities industry to only 0.6 percent in 2019. Excluding the securities industry, the average private sector wage would increase by 3.1 percent. The private sector average wage is expected to grow by a lackluster 2.8 percent in 2020, still dampened by the securities industry's weak 1.9 percent wage growth.

The City's real estate market largely shows signs of strength, albeit with a few weak spots. Commercial real estate continues to thrive, with the Manhattan office market leasing around 8.3 million square feet during the first quarter, the second highest first quarter leasing on record. The residential market saw strong growth in rents, and nearly flat vacancy changes. However, residential real estate sales are showing some weakness, with the Manhattan market seeing declining sales volume and weakening prices[9] and the Queens market seeing a slight dip in prices after eight quarters of growth. [10]

In 2018, visitors to the City numbered 65.1 million, increasing for the ninth consecutive year. This has helped hotel industry maintain its momentum, with a 3.2 percent growth in room rates sold and room rates of $293 virtually the same as last year's $292.[11]

Both the Finance Division and OMB expect reduced employment growth through the Financial Plan years. The Finance Division expects 1.7 percent growth in private sector employment in 2019, falling to 1.3 percent in 2020. Job growth will further decrease, reaching 0.7 percent in 2023. OMB expects total employment growth grow of 1.5 percent in 2019, and 1.4 percent in 2020, reaching 1.0 percent in 2023. The Finance Division and OMB have very different forecasts of the average wage for the first two years, but converge in the outyears. The Finance Division expects private sector average wage growth to decline sharply to 1.4 percent in 2019, driven by the fall in Wall Street bonuses. Growth will only rebound slightly in 2020 at 2.8 percent, and will remain around 2.6 percent in the outyears, kept subdued by a less profitable securities industry. OMB forecasts average wages to grow by three percent in 2019, and then slow to 2.6 percent in 2020. Average wage growth will remain at that until 2023 when it falls to 2.2 percent.

[8] Office of the New York State Comptroller, New York City Securities Industry Bonus Pool and Average Bonus, March 11, 2019
[9] Douglas Elliman Real Estate, Elliman Report, Manhattan Sales, Q1 2019,
[10] Douglas Elliman Real Estate, Elliman Report, Queens Sales, Q1 2019,
[11] NYC & Company, NYC Hotel Occupancy, ADR & Room Demand, May 9, 2019. April 2019 numbers are preliminary.

Forecast of Selected Economic Indicators: National and New York City, CY2018-2023						
	CY18	**CY19**	**CY20**	**CY21**	**CY22**	**CY23**
NATIONAL ECONOMY*						
Real GDP %	**2.9**	**2.7**	**2.1**	**1.8**	**1.5**	**1.5**
Private Employment						
Level Change, '000	2,356	2,260	1,520	1,005	362	(66)
Percent Change, %	1.9	1.8	1.2	0.8	0.3	(0.0)
Unemployment Rate, %	**3.9**	**3.6**	**3.5**	**3.6**	**3.9**	**4.3**
Total Wages %	**3.0**	**2.7**	**3.4**	**3.6**	**3.6**	**3.5**
Interest rates %						
3-Month Treasury Bill	1.9	**2.4**	**2.5**	**2.5**	**2.4**	**2.4**
30-Year Conventional Mortgage Fixed	4.5	**4.4**	**4.6**	**4.8**	**4.9**	**4.9**
NEW YORK CITY ECONOMY						
Real GCP %*	3.2	2.6	2.0	1.6	1.4	1.2
Private Employment						
Level Change, '000	83	68	54	43	37	30
Percent Change, %	2.1	1.7	1.3	1.1	0.9	0.7
Average Private Wages %	3.2	1.4	2.8	2.5	2.6	2.6
Excluding Securities Industry	3.8	3.1	3.0	3.1	3.2	3.2
Total Private Wages %	5.4	3.1	4.2	3.6	3.5	3.3
NYSE Member Firms %						
Total Revenue	20.2	16.6	4.4	5.0	4.0	3.5
Total Compensation	1.8	4.7	0.7	0.5	0.2	0.1

Source: *IHS Markit, May 2019; New York City Council Finance Division (City)*

** Calculated by IHS Markit*

Tax Revenue Forecast

The Finance Division forecasts that tax collections in Fiscal 2019 will be $2.4 billion over the prior year, a decent 4.1 percent growth rate. This follows the explosive growth of 8.2 percent in Fiscal 2018, stoked by federal fiscal policy. Driving the growth are the recovered business corporation tax, property tax, sales tax and real property transfer tax. In 2020, total collections will increase by $2.6 billion or 4.2 percent growth, and soften to around 3.8 percent growth from Fiscal 2021 through 2023.

Personal Income Tax

The Finance Division expects personal income tax (PIT) collections to drop close to two percent in Fiscal 2019. The decline comes on the heels of a 21 percent jump in collections in Fiscal 2018, largely from the federal government's cap on state and local tax (SALT) deductions, and the mandated repatriation of non-qualified deferred compensation (NQDCs). Both tax law changes led to an influx of estimated payments from hedge fund managers and other taxpayers.[12]

[12] The cap on SALT deductions was enacted by the TCJA, while the repatriation of non-qualified deferred compensation was enacted by the Emergency Economic Stabilization Act of 2008. See the Finance Division's report on the Fiscal 2019 Economic and Revenue Forecast, May 24, 2018 (Executive Budget) for how the two federal tax changes temporarily boosted the City's Unincorporated Business Tax collections.

Underlying economic factors also played a significant role in the huge increase we saw in PIT collections last year. Collections also benefited from wage growth (including strong Wall Street bonuses), continued employment growth, and increased capital gains. The expected decline in Fiscal 2019, however, represents a correction from the temporary surge in last fiscal year's collections.

Since the release of the Preliminary Budget, estimated payments have picked up significantly. Estimated payments for April 2019 were $380 million or 36.5 percent more than what OMB projected in the Preliminary Budget. The strong April estimated payments enabled the City to offset the steep losses in estimated payments from December and January. In spite of the boost from April collections, estimated payments are expected to end the current fiscal year with a 17.3 percent decline. This forecast, however, represents an upward adjustment of the Finance Division's projection of estimated payments from February. Withholdings, on the other hand, are expected to grow by 2.9 percent in Fiscal 2019, reflecting a decline in Wall Street bonuses and slower job growth.

PIT collections for Fiscal 2020 are expected to see 1.9 percent growth, with both estimated payments and withholdings increasing. The growth reflects expected increases in local employment and wages.

Property Tax

Property tax collections are expected to maintain strong growth throughout the Financial Plan. Growth in property tax revenue is driven by a recent history of strong market value growth, which will sustain strong assessment growth through the financial plan period. Fiscal 2019 collections are expected to finish 6.4 percent above the previous year, while Fiscal 2020 collections, based on the Fiscal 2020 final roll, are expected to grow by nearly 6.7 percent. The Finance Division's forecast for Fiscal 2019 and Fiscal 2020 is similar to that of OMB's forecast, with minor differences due to updated projections for certain components of the property tax reserve. Growth is expected to slow in subsequent years, reaching 4.3 percent by Fiscal 2023. This is due to rising interest rates, and the loss of valuable federal income tax deductions for state and local taxes (SALT).

Business Taxes

After three years of continuous decline, the Finance Division expects collections from the business corporation tax (BCT) to rebound in Fiscal 2019. As of April 2019, year-to-date collections have grown 17 percent compared to the same period last fiscal year. This phenomenal growth can be attributed to firms making payments that reflect their liabilities, after utilizing their overpayments from tax year 2015. Strong growth in corporate profits in 2018, buoyed by the rate reduction from the Tax Cuts and Jobs Act (TCJA) have also contributed to the surge in BCT collections. However, the Finance Division expects collections to slowdown for the rest of the fiscal year, finishing the year with a 13.1 percent growth. The expected slowdown towards the end of the year is due to slower growth in corporate profits during the second quarter of 2019, and higher than normal levels of refunds. Collections are expected to remain flat for Fiscal 2020 reflecting slack in the economy.

The unincorporated business tax (UBT), on the other hand, has performed badly so far in Fiscal 2019. Year-to-date collections through April stand at 10.9 percent below the same period last year. The drop in year-to-date UBT collection represent a return to normal levels of collections. Like the PIT, UBT collections for Fiscal 2018 were boosted by the repatriation of NQDCs and taxpayer behavior in response to the cap on SALT deductions. The Finance Division expects collections to pick up in the last quarter of the fiscal year, but still finish the year with a 2.6 percent decline. UBT collections are expected to rebound with a 2.3 percent growth in Fiscal 2020.

Real Estate Transaction Taxes

The real estate transaction taxes, Real Property Transfer (RPTT) and Mortgage Recording (MRT), are experiencing a rebound in Fiscal 2019 after two years of declining revenues, with both expected to end the year with strong growth before decelerating in the outyears. The Finance Division expects RPTT and MRT collections to grow by 9.6 percent and 5.1 percent, respectively, in Fiscal 2019. The forecast for subsequent years expects decelerating growth going forward, with RPTT experiencing slightly negative growth in Fiscal 2020 after its Fiscal 2019 peak. Despite the bounce-back in commercial real estate, headwinds, including softening in the luxury condo market, a potential rising interest-rate environment, and continued effects of federal tax law changes, may soften revenues from residential transactions. The Finance Division's major departure from OMB's forecast in the outyears stems from OMB's expectation of significant declines in MRT revenues from commercial transactions in Fiscal 2020, which this forecast is less pessimistic about.

Sales Tax

Sales tax collections for Fiscal 2019 are expected to grow by a strong 5.4 percent over last year. Consumption remains steady, buoyed by higher wage gains and a strong labor market. Also, New York City's tourism continues to break records fueling visitor spending. In Fiscal 2020, collections will grow by 6.5 percent, but part of the increase between 2019 and 2020 is attributable to New York State subtracting $150 million in 2019 for STAR C reimbursement. Excluding the payment, collections in Fiscal 2020 actually grew by 4.6 percent. Growth in collections is expected to gradually soften during the outyears as the economy and consumer confidence becomes less robust.

The Finance Division's overall tax revenue forecast is stronger than OMB's throughout the financial plan period. Combining Fiscal 2019 and 2020, the Finance Division forecasts $1.6 billion in additional tax revenues. The Finance Division's Executive Budget forecast is stronger than its previous forecast during the Preliminary Budget, expecting $1.1 billion more revenues from 2019 and 2020.

New York City Council Finance Division - Tax Revenue Growth Rates					
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Real Property	6.4%	6.7%	5.8%	5.3%	4.3%
Personal Income	(1.9%)	1.9%	1.7%	2.7%	2.9%
Business Corporate	13.1%	(0.0%)	2.0%	3.4%	4.0%
Unincorporated	(2.6%)	2.3%	3.2%	4.3%	5.4%
Sales	5.4%	6.5%	3.5%	3.5%	3.4%
Commercial Rent	5.0%	(0.5%)	4.7%	4.0%	3.6%
Real Property Transfer	9.6%	(1.1%)	5.3%	3.7%	4.5%
Mortgage Recording	5.1%	2.0%	2.7%	1.8%	2.2%
Utility	5.8%	0.9%	2.2%	(0.3%)	3.0%
Hotels	7.4%	0.7%	3.3%	3.3%	2.8%
All Others	20.8%	(4.5%)	(0.3%)	(0.3%)	(0.3%)
Audits	(20.9%)	(5.6%)	(17.8%)	0.0%	0.0%
Total Taxes	**4.1%**	**4.2%**	**3.7%**	**4.1%**	**3.8%**

Source: *New York City Council Finance Division, Executive Budget Fiscal 2020*

New York City Council Finance Division - Tax Revenue Difference From OMB					
Dollars in millions	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Real Property	$113	$259	$608	$1,051	$1,531
Personal Income	396	230	169	110	80
Business Corporate	18	166	240	311	450
Unincorporated	22	32	(50)	(12)	51
Sales	17	85	89	90	109
Commercial Rent	8	21	39	40	40
Real Property Transfer	24	19	81	100	132
Mortgage Recording	30	167	187	186	188
Utility	6	(2)	(6)	(18)	(15)
Hotels	15	19	37	46	50
All Others	0	0	0	0	0
Audits	0	0	100	100	100
Total Taxes	**$650**	**$997**	**$1,493**	**$2,003**	**$2,715**

Source: *New York City Council Finance Division, NYC Office of Management and Budget, Executive Budget Fiscal 2020*

Risks to the Forecast

In his February 7th press conference Mayor de Blasio started the Fiscal 2020 budget season by discussing an "unusual level of uncertainty" faced in this year's budget. In particular he cited three challenges; the economy - including the risk of recession, the State Budget and federal policy.[13] Some of this uncertainty has been resolved. While the State Budget is done and we know its impact on the City, Federal policy from the Trump Administration remains erratic and Congress is largely paralyzed. The economy is somewhere in between. We know more than in February, but risks remain.

The Finance Division is not forecasting a recession in the near future. Prior to the recessions of 2001 and of 2007-2009 there were obvious imbalances: bubbles in the stock market, housing market, and credit market. Today there are no obvious imbalances of this kind.[14] Rather, economic growth simply slows throughout our forecast period.

However, weak growth leaves the U.S. economy vulnerable to economic shocks. Shocks include phenomena like: loss of confidence, policy mistakes, large bankruptcies, wars and civil conflicts. Much of the risk of shocks comes outside the U.S.

The global economy remains fragile. The Chinese economy remains vulnerable to shocks related to the trade war and to a run-down of that country's economic stimulus program. The Eurozone is growing, but like the United Kingdom is vulnerable to shocks related to Brexit. Overall, Wells Fargo Securities Economic Group expects global growth of 3.4 percent this year, down from 3.6 percent last year.[15]

The economic forecast company IHS Markit places the risk of recession at 30 percent, based on a scenario of largely domestic shocks that includes a loss of consumer confidence and growing risk aversion among investors.[16] The Federal Reserve Bank of New York's recession probability model has the risk of a recession within the next 12 months at 27 percent.[17] The possibility of recession remains a major risk in our forecast.

Mayor de Blasio's uncertainty in February was strongly influenced by the weak performance of the stock market at the end of 2018. As home of the securities industry, the asset markets play an unusually large role in the City's economy and tax revenues. The Finance Division expects the S&P 500 to continue on a modest upward trend during the forecast period. However, should we have a recession, the City impact would be compounded by a forecasted 6.8 percent decline in the S&P 500 in 2020.[18]

Finally, the Mayor's uncertainty was enhanced by the erratic behavior of Personal Income Tax (PIT) estimated payments and collections from the Unincorporated Business Tax in December

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[13] "Transcript: Mayor de Blasio Presents the Fiscal Year 2020 Preliminary Budget" February 7, 2019. www1.nyc.gov/office-of-the-mayor/news/083-19/transcript-mayor-de-blasio-presents-fiscal-year-2020-preliminary-budget.

[14] Many are keeping their eye on corporate debt, however, which has reached a fifty year high (as a percentage of GDP).

[15] Wells Fargo Securities Economics Group, "Monthly Outlook" May 8, 2019 p. 1.

[16] Macroeconomic Advisers by IHS Markit, "Executive Summary: US Economic Outlook", May 2019, p.10.

[17] Federal Reserve Bank of New York, "Probability of US Recession Predicted by Treasury Spread" May 2, 2019, www.newyorkfed.org/medialibrary/media/research/capital_markets/Prob_Rec.pdf

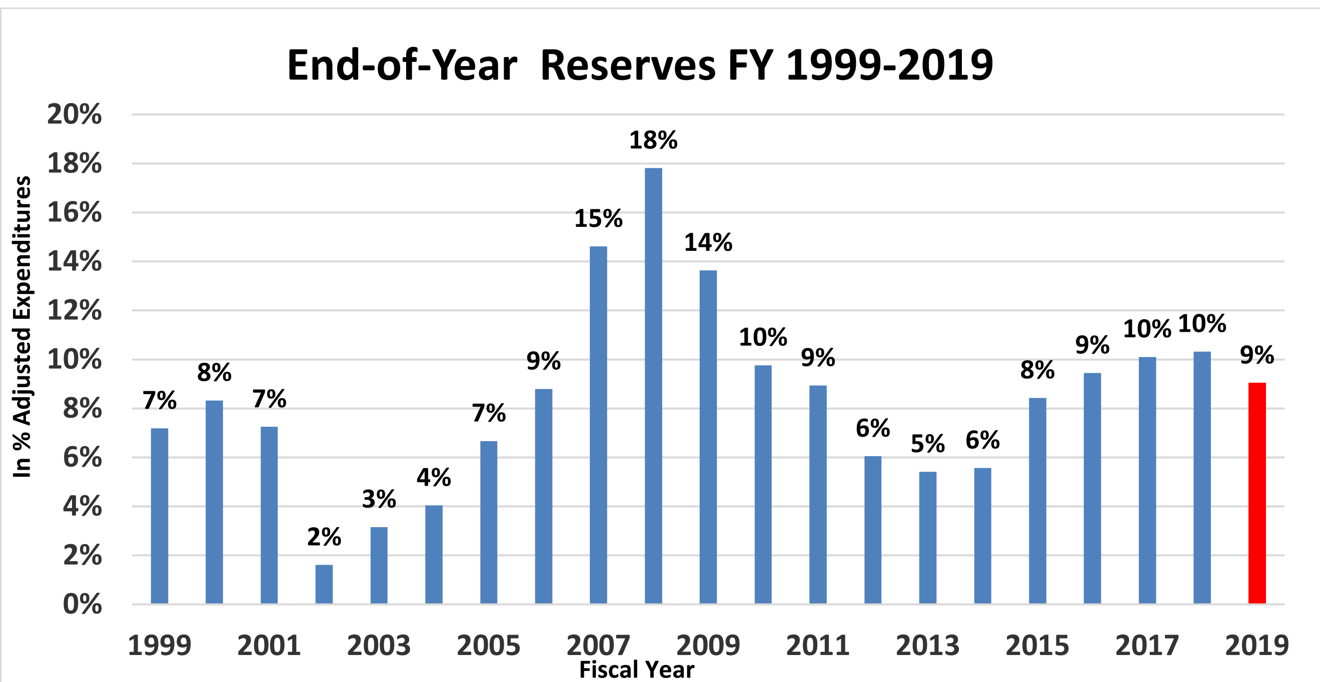
[18] Macroeconomic Advisers by IHS Markit, "Executive Summary: US Economic Outlook", May 2019, p.11.

and January. The recent behavior of taxpayers is influenced by the Federal Tax Cuts and Jobs Act. At minimum this has caused a change of timing in tax payments. The rebound of PIT estimated payments in April, suggests that the tax is returning to something like its previous pattern of payments. Even so there remains considerable risk to this part of the forecast.

Reserves

One way the City has been able to manage risks is through the use of budgetary reserves. Due to accounting rules the City is required to follow, it is unable to have a distinct reserve fund. Rather it has been able to create an informal system of reserve accounts, though this means the exact amount of reserves are not easily measured. One of the clearest ways is to measure them at the end of each fiscal year. At the end of Fiscal 2018 the net total reserve balance was $9.07 billion, with $4.57 billion in the Budget Stabilization Account (BSA) and $4.56 billion in the Retirement Health Benefit Trust Fund (RHBT).

To understand the adequacy of this reserve level, it is helpful to measure it in comparison to the size of the budget. In Fiscal 2018 reserves represented 10.3 percent of total adjusted expenditures. This compares to 12 percent of total adjusted expenditures in Fiscal 2008, the highest point the City has reached in the past 20 years. That level preceded the Great Recession, during which the City used over $7 billion in reserves to help offset declines in revenue collections and maintain City services.



The Executive Budget shows $3.5 billion in the BSA, and $4.5 billion in the RHBT. However, the City typically increases the BSA between the Executive and Adopted Budgets. For example, last year the City had $3.6 billion in the BSA at the Executive budget but then ended up with the aforementioned $4.57 billion at the end of Fiscal 2018.

Last year's increase in the BSA was larger than average for the de Blasio Administration. However, assuming the City repeats itself, the current fiscal year would end with a reserve balance of $9.07 billion. While this is the same level as Fiscal 2018, it would represent a decline as a share of the total adjusted expenditures as the size of the budget has grown over the prior year.

Appendix: 1 Executive Budget Fiscal 2020 Tax Revenue Levels

New York City Council Finance Division - Tax Revenue Levels
Dollars in Millions

	FY18*	FY19	FY20	FY21	FY22	FY23
Real Property	$26,219	$27,908	$29,788	$31,517	$33,201	$34,641
Personal Income	13,380	13,125	13,376	13,598	13,966	14,377
Business Corporate	3,437	3,888	3,888	3,967	4,101	4,265
Unincorporated	2,182	2,125	2,173	2,244	2,340	2,466
Sales	7,443	7,844	8,352	8,642	8,942	9,243
Commercial Rent	853	895	891	933	970	1,005
Real Property Transfer	1,388	1,522	1,505	1,585	1,644	1,718
Mortgage Recording	1,049	1,103	1,125	1,155	1,177	1,202
Utility	370	392	395	404	403	415
Hotels	597	641	646	667	689	708
All Others	854	1,031	985	982	979	976
Audits	1,337	1,058	999	821	821	821
Total Taxes	**$59,111**	**$61,533**	**$64,123**	**$66,514**	**$69,231**	**$71,836**
OMB	$59,111	$60,883	$63,125	$65,021	$67,229	$69,120

**Actuals*
Source: *New York City Council Finance Division Executive Budget Fiscal 2020*

Appendix: 2 Executive Budget Fiscal 2020 Revenue Levels

Executive Budget Fiscal 2020 - OMB Revenue Plan

Dollars in Millions

	FY19	FY20	FY21	FY22	FY23
Taxes					
Real Estate	$27,795	$29,529	$30,909	$32,150	$33,110
Sales	7,827	8,267	8,553	8,852	9,134
Mortgage Recording	1,073	958	968	991	1,014
Personal Income	12,729	13,145	13,429	13,856	14,296
General Corporation	3,930	3,722	3,727	3,790	3,815
Banking Corporation	($60)	0	0	0	0
Unincorporated Business	2,103	2,141	2,294	2,352	2,415
Utility	386	397	410	421	430
Hotel	626	627	630	643	658
Commercial Rent	887	870	894	930	965
Real Property Transfer	1,498	1,486	1,504	1,544	1,586
Cigarette	36	34	33	32	31
All Other	814	768	769	769	769
Audit	1,058	999	721	721	721
Tax Program	0	0	0	0	0
STAR	181	182	180	178	176
Total Taxes	**$60,883**	**$63,125**	**$65,021**	**$67,229**	**$69,120**
Federal Categorical Grants	$8,494	$7,226	$7,069	$6,998	$6,966
State Categorical Grants	$15,473	$15,333	$15,719	$16,186	$16,693
Non-Governmental Grants (Other Cat.)	$1,864	$1,663	$1,542	$1,535	$1,535
Unrest. / Anticipated State & Federal Aid	$201	$0	$0	$0	$0
Miscellaneous Revenue					
Charges for Services	$1,016	$1,018	$1,015	$1,015	$1,015
Water and Sewer Charges	1,453	1,509	1,513	1,496	1,490
Licenses, Permits, Franchises	795	758	742	748	752
Rental Income	272	255	250	250	250
Fines and Forfeitures	1,047	1,015	977	964	960
Other Miscellaneous	1,049	346	345	342	342
Interest Income	213	235	252	254	256
Intra City	2,220	1,819	1,817	1,815	1,814
Total Miscellaneous	**$8,065**	**$6,955**	**$6,911**	**$6,884**	**$6,879**
Net Disallowances & Transfers	($2,129)	($1,834)	($1,832)	($1,830)	($1,829)
Total Revenue	**$92,851**	**$92,468**	**$94,430**	**$97,002**	**$99,364**
City Funds	**$66,819**	**$68,246**	**$70,100**	**$72,283**	**$74,170**
Federal & State Revenue	**$23,967**	**$22,559**	**$22,788**	**$23,184**	**$23,659**
Federal & State as a Percent of Total	**25.81%**	**24.40%**	**24.13%**	**23.90%**	**23.81%**
City Funds as a Percent of Total Revenue	**71.96%**	**73.80%**	**74.23%**	**74.52%**	**74.64%**

Source: OMB Fiscal 2020 Executive Budget

Appendix: 3 Executive Budget Fiscal 2020 Revenue Changes

Executive Budget Fiscal 2020 - OMB Revenue Changes from Fiscal 2020 Preliminary Budget

Dollars in Millions

	FY19	FY20	FY21	FY22	FY23
Taxes					
Real Estate	($70)	$0	$0	$0	$0
Sales	18	98	114	112	112
Mortgage Recording	(24)	25	24	27	25
Personal Income	284	152	120	122	87
General Corporation	60	71	67	78	41
Banking Corporation	11	0	0	0	0
Unincorported Business	(52)	(189)	(133)	(106)	(110)
Utility	0	1	0	0	0
Hotel	5	(9)	1	0	7
Commercial Rent	11	15	16	18	18
Real Propery Transfer	(30)	45	44	48	45
Cigarette	0	0	0	0	0
All Other	(12)	(1)	0	0	0
Audit	1	1	0	0	0
Tax Program	0	0	0	0	0
STAR	0	0	0	0	0
Total Taxes	**$202**	**$209**	**$253**	**$299**	**$225**
Federal Categorical Grants	$215	($101)	($136)	($135)	($154)
State Categorical Grants	($24)	($57)	($118)	($119)	$340
Non-Governmental Grants (Other Cat.)	$50	$76	$12	$12	$12
Unrest. / Anticipated State & Federal Aid	$0	$0	$0	$0	$0
Miscellaneous Revenue					
Charges for Services	($9)	$9	$7	$7	$8
Water and Sewer Charges	(11)	53	67	70	64
Licenses, Permits, Franchises	67	3	3	1	1
Rental Income	13	1	0	0	0
Fines and Forfeitures	67	59	44	44	44
Other Miscellaneous	219	1	1	(1)	(1)
Interest Income	20	5	(4)	(5)	6
Intra City	66	25	21	21	22
Total Miscellaneous	**$432**	**$156**	**$139**	**$137**	**$144**
Net Disallowances & Transfers	($66)	($25)	($21)	($21)	($22)
Total Revenue	**$832**	**$258**	**$129**	**$173**	**$545**
City Funds	**$568**	**$340**	**$371**	**$415**	**$347**
Federal & State Revenue	**$288**	**($158)**	**($254)**	**($254)**	**$186**

Source: OMB Fiscal 2020 Executive Budget and Fiscal 2020 Preliminary Budget

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