



# Revenue and Economics Forecast Update

## Fiscal 2022 Executive Plan Fact Sheet

### FY22 Size of Budget

**\$98.6 Billion**

**\$6.3 Billion more than**  
Fiscal 2022 Preliminary Budget

### FY22 Tax Revenue (OMB)

**\$62.4 Billion**

**\$164 Million more than**  
Fiscal 2022 Preliminary Budget

### City Economy

#### Real GCP

**2020: -6%**

**2021: +6%**

IHS Markit

### Private Employment

**2021: +322,000 jobs**

Q4 2020 to Q4 2021

NYCC Finance Division

### Current Economic Situation

#### National Economy

Real GDP increased 6.4% (annual rate) in Q1 of 2021, following a 4.3% increase in Q4 2020.

Consumer spending soared 10.7% in Q1, compared to 2.3% in Q4.

Employment growth slowed to 266,000 in April following strong growth of 770,000 in March.

Unemployment rate down to 6.1% - still 2.6 percentage points higher than its pre-pandemic level (3.5%).

Inflation - measured by PCE price index - rose 3.5% (annual rate) in Q1 - up from 1.5% in Q4.

#### City Economy

Net job loss of 10.8% between February 2020 and April 2021 (seas. adj.). That's two times higher than U.S. losses of 5.4%.

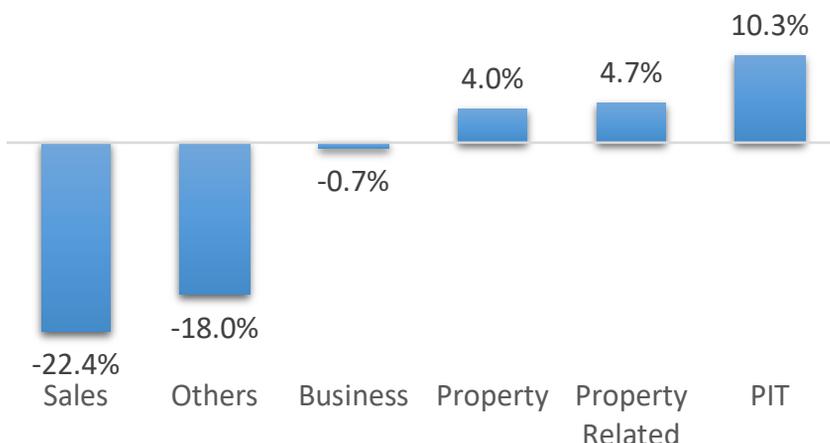
Unemployment rate was 11.4% for April 2021; compared to only 6.1% for U.S.

63% of job losses in low-paying industries (average wages under \$73K) that entail person-to-person contact.

Bright side: Large job gains in Feb. March & April of 36K, 51K & 69K, respectively.

### NYC Year-to-Date (YTD) Tax Collection

#### FY21 YTD Collection, Year-Over-Year Change

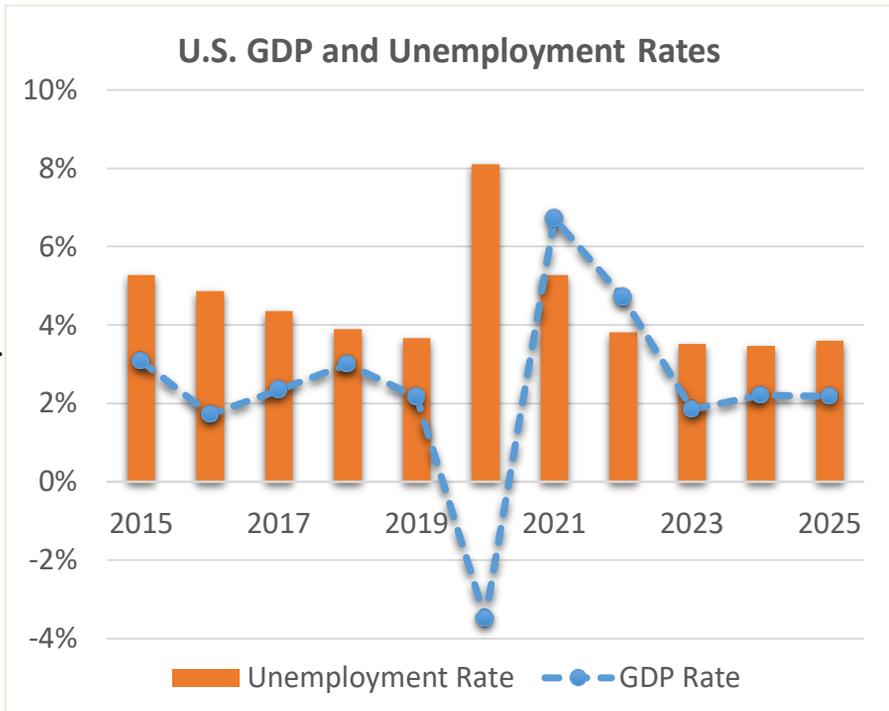


- YTD collections for Fiscal 2021 are up \$200 million or 0.4%, compared to the same period in Fiscal 2020.
- PIT and business taxes have seen significant boost in collections; sales and hotel taxes continue to suffer from the damaging effects of the pandemic.
- YTD collections are about \$780 million over OMB's Preliminary Plan.

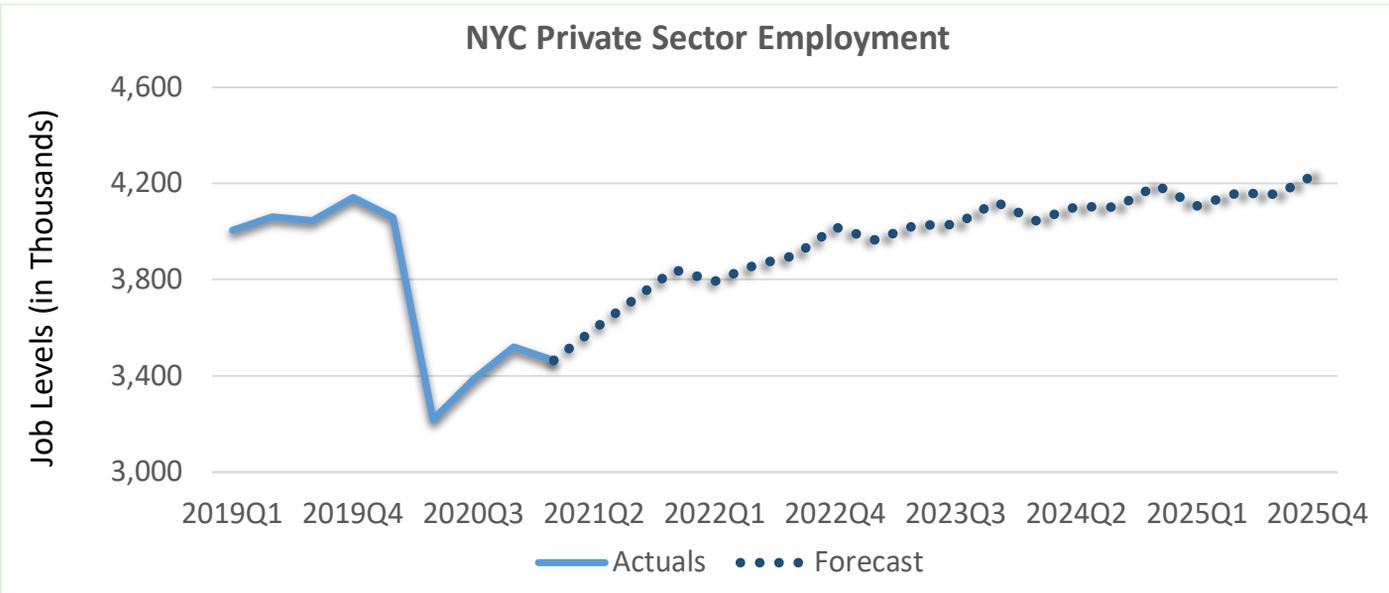
\* PIT collection is through April; all others are through March

# National Economy Forecast

- Real GDP growth is expected to sharply rebound in 2021 before decelerating to pre-pandemic trend.
- Monthly output is expected to surpass pre-pandemic peak in May 2021, but remain shy of pre-Covid trend in the near term.
- The unemployment rate is expected to drop to 5.3% in 2021.
- It is projected to continue to decline, reaching pre-pandemic level (3.6%) by Q4 of 2022.

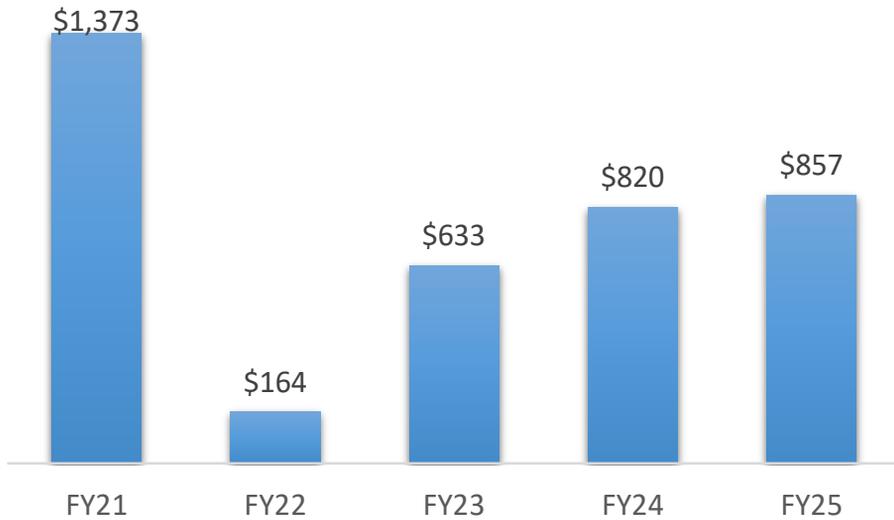


# City Economy Forecast (NYCC Finance Division)



- NYC expected to recover 322,000 private sector jobs by the end of 2021 (Q4 2020 to Q4 2021) , as the economy is fueled by federal stimulus and aggressive vaccination campaign.
- Jobs level is expected to continue to rise steadily, but is not expected to return to pre-pandemic level until Q4 of 2023.
- OMB, on the other hand, forecasts 400,000 more jobs through 2021, and expects total employment to return to pre-pandemic levels earlier – between Q4 of 2022 and Q1 of 2023.

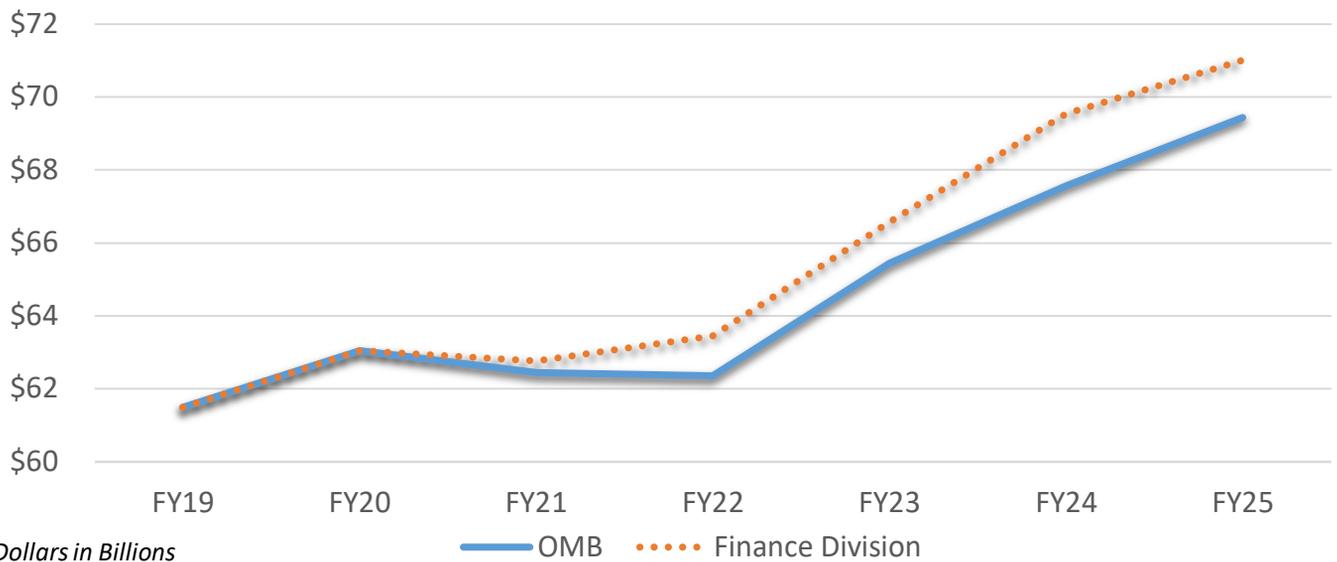
# OMB Tax Revenue Changes Since Preliminary



- OMB has raised its tax revenue forecast for Fiscal 2021-2022 by \$1.5 billion compared to its Preliminary forecast.
- The upwards revision reflects a stronger economy, as PIT and business taxes have seen huge increases.

Dollars in Billions

## Tax Revenue Forecast



Dollars in Billions

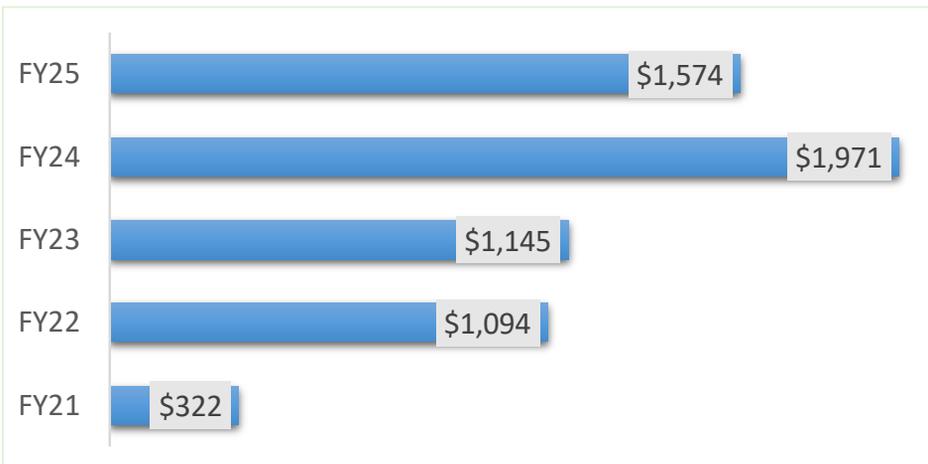
— OMB    ..... Finance Division

- The Finance Division expects total tax revenues to decline slightly in Fiscal 2021, reflecting the continued impact of Covid-19 on the City.
- The expected decline, however, represents an upward adjustment from the Division's January forecast of 1.8% decline.
- Similar to OMB's, the Finance Division's forecast is driven by the recent surge in income taxes.

|                  | FY20 | FY21  | FY22  | FY23 | FY24 | FY25 |
|------------------|------|-------|-------|------|------|------|
| Finance Division | 2.5% | -0.5% | 1.1%  | 4.9% | 4.4% | 2.1% |
| OMB              | 2.5% | -1.0% | -0.1% | 4.9% | 3.3% | 2.8% |

- Going forward, collections are projected to rebound in Fiscal 2022 and accelerate in 2023.
- All taxes are expected to grow in Fiscal 2022. Sales, hotel and transaction taxes are to see the highest year-over-year increases, as businesses and tourism reopen fully.

## Differences from OMB's Fiscal 2022 Executive Plan



- The Finance Division's forecast is nearly \$1.4 billion higher than OMB's Executive Plan for Fiscal 2021 and 2022.
- The difference is mostly attributable to differences in sales, property, and income taxes.

Dollars in Millions

## Finance Division Tax Forecast Levels

| Type of Tax            | FY20            | FY21            | FY22            | FY23            | FY24            | FY25            |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Real Property          | \$29,650        | \$31,154        | \$29,461        | \$30,424        | \$31,789        | \$32,051        |
| Personal Income        | 13,551          | 13,368          | 14,078          | 14,971          | 15,336          | 15,803          |
| Business Corporate     | 4,509           | 4,405           | 4,541           | 4,637           | 4,713           | 4,845           |
| Unincorporated         | 1,939           | 1,976           | 2,051           | 2,143           | 2,202           | 2,208           |
| Sales                  | 7,372           | 6,518           | 7,769           | 8,380           | 9,147           | 9,492           |
| Commercial Rent        | 864             | 837             | 887             | 918             | 954             | 996             |
| Real Property Transfer | 1,135           | 990             | 1,287           | 1,399           | 1,479           | 1,538           |
| Mortgage Recording     | 974             | 833             | 968             | 1,041           | 1,093           | 1,131           |
| Utility                | 356             | 365             | 389             | 396             | 405             | 412             |
| Hotels                 | 468             | 83              | 204             | 370             | 518             | 640             |
| All Others             | 1,231           | 1,054           | 914             | 1,001           | 998             | 995             |
| Audits                 | 999             | 1,171           | 900             | 900             | 900             | 900             |
| <b>Total Taxes</b>     | <b>\$63,048</b> | <b>\$62,754</b> | <b>\$63,450</b> | <b>\$66,582</b> | <b>\$69,535</b> | <b>\$71,009</b> |

Dollars in Millions

## Risks to the Forecast

The following factors heighten the level of uncertainty around the Finance Division's forecast.

- New strains of the virus, and a surge in global infections, as in India
- Pace of vaccinations in U.S.
- Slow economic growth in global economy
- Inflation
- Financial Market Volatility
- Federal Policy
- Reopening of City
- Pace of Return to Manhattan Offices
- Return of Tourists