



2003-04 Budget Analysis

REVIEW OF ECONOMIC AND REVENUE FORECASTS

M A R C H 2 0 0 3



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EXECUTIVE SUMMARY

This report is the ninth annual review of economic and revenue projections for the State budget issued by the Comptroller. This year's report includes additional analysis regarding the economic effects of the September 11th attacks and the related impact on revenue collections throughout the last two years. Furthermore, the report will also review the forecasts published by the Executive and the Legislature.

September 11th Attacks

The passage of time and the availability of better data have allowed a renewed examination of the impact of the September 11th terrorist attacks on New York City and State. While the attacks did have a significant impact on the State and City economies, it has become clear that the recession that was already underway when the attacks occurred was more severe than initially thought. As a result, the decline in the economy was exacerbated by the attack and prolonged by the corporate scandals. This report focuses on the employment, income, and revenue effects of the World Trade Center attack, and omits the impact on human capital, cleanup and restoration of the site, which have been subject of analysis by other entities.

While the national economy may technically be in recovery since GDP is again expanding, growth in many sectors has slowed as consumer confidence lags from the repercussions of corporate scandals and a possible military conflict with Iraq. Job losses—for the nation, the State, and the City—had briefly ended last year, but have since resumed as a result of market weakness and economic uncertainty.

For fiscal years 2001-02 and 2002-03, about \$2.9 billion, out of approximately \$8.7 billion, in State revenue losses attendant to jobs, wages, sales and profit can be attributed directly to the impact of the World Trade Center attack. However, the majority of revenue declines experienced by the State are attributable to the recession and the downturn in the financial markets, which has been worsened by corporate scandals.

Economic Uncertainty

In early 2002, economists believed the nation was emerging from the recession that began in March 2001 and was on a path to economic recovery. However, unforeseen circumstances hindered the anticipated rebound. While the economic ramifications of the September 11th attacks are actually much lower than initially predicted, corporate accounting scandals, spikes in energy prices and the threat of war have cultivated economic uncertainty throughout the State and country, effectively delaying any significant economic recovery. Lagging revenues and escalating spending coupled with tenuous consumer confidence have led to a significant deficit for the current year and extensive structural gaps for subsequent years.

Revenue Projections

The revenue forecasting process in New York remains flawed despite statutory changes made in 1996 that were intended to open up the process and impose a time frame to reach agreement. The law requires the Executive and the Legislature to hold a joint conference in March and jointly release a consensus economic report by March 10. A consensus by the statutory deadline has never been achieved with the Executive, Senate, and Assembly fiscal committees failing to bridge differences in their projections.

Unlike other years, differences in economic and revenue projections between the five parties are relatively minimal. General Fund tax revenue estimates for the two-year period of 2002-03 through 2003-04 ranged between \$449 million below and \$60 million above Executive estimates. This compares to two years ago when differences were over \$2.1 billion. Therefore, it would be expected that a revenue consensus should be attainable this year. This report identifies some technical issues that policymakers should discuss as they work toward a consensus by March 10th, including issues relating to 2002-03 income tax refunds, 2002-03 and 2003-04 withholding, and 2002-03 business taxes. It would also be useful for all forecasters to provide economic projections on a quarterly and state fiscal year basis.

Forecasts for the upcoming year need to consider an economy that may not recover and may indeed slip back into a recession. Furthermore, forecasts included in this report, should reflect expectations for consumer confidence, how the economy will react to possible war in the Middle East, increasing energy costs, and record deficits in the Federal Budget. Throughout the year, predictions need to be revisited and, if necessary, adjusted to meet economic circumstances.

The Impact of 9-11 on New York

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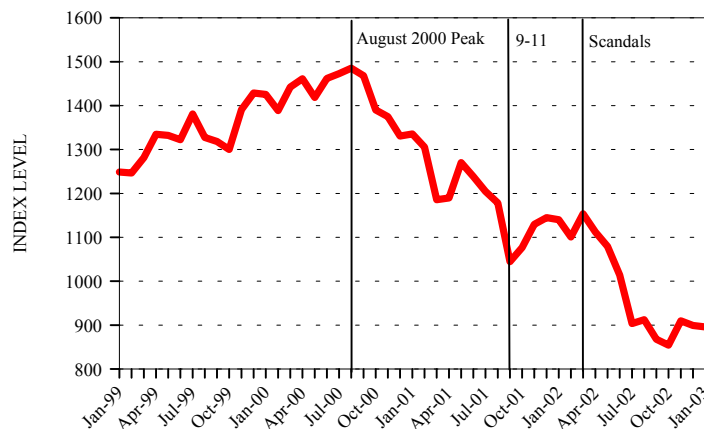
The passage of time and the availability of better data have allowed a renewed examination of the impact of the September 11th terrorist attacks on New York City and State. The actual revenue losses realized by New York State in 2001-02 and 2002-03, not only related to the attack, but also the impact of the recession both before and after the attack, are approximately \$8.7 billion. However, State revenue losses attributed specifically to the attacks for the same two-year period, are approximately \$2.9 billion.

While the attack did have a significant impact on the State and City economies, it has become clear that the recession that was already underway when the attacks occurred was more severe than initially thought. As a result, the decline in the economy was exacerbated by the attack and prolonged by the wave of corporate scandals that began in November 2001.

National Economy Before 9-11

The high productivity gains of the 1990s—characterized by increased capital investments, especially in information-technology software and hardware—contributed to the prolonged economic expansion of the last decade. However, excess supply over demand emerged in the late 1990s as businesses overextended their capacity and credit. By 2000, businesses were cutting back their spending plans in response to the quick buildups of their inventories and debt burden. Financial markets peaked in 2000, and the technology issues that had driven the market up now began to lead the decline. The Standard & Poor's 500 Stock Index had declined by over 20 percent (or 307 points) from its peak before the attacks occurred. (Figure 1) National employment peaked in March 2001, and had already declined by 642,000 jobs by the time of the terrorist attacks.

Figure 1
Standard & Poor's 500 Stock Index

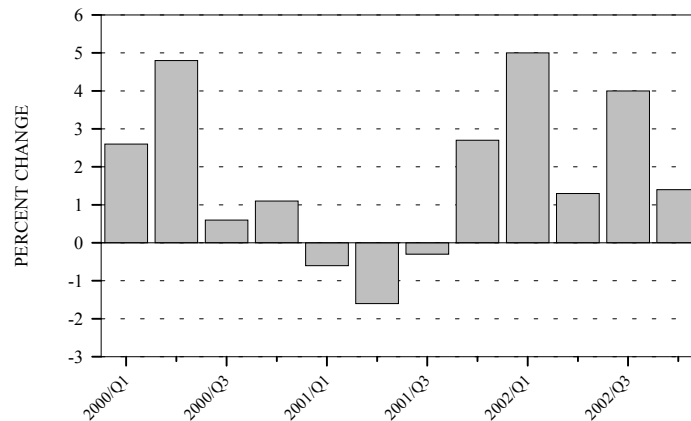


Source: Standard & Poor's

The national economy, as measured by the gross domestic product (GDP), declined during the first three quarters of 2001, and recovered in the fourth quarter, despite the economic disruptions caused by the terrorist attacks. (Figure 2)

This recovery was due partly to aggressive and timely actions from the Federal Reserve. Twelve consecutive cuts lowered the federal funds interest rate from 6.5 percent in late 2000 to 1.25 percent by late 2002, and led to other interest rate reductions throughout the economy. Lower mortgage and loan rates boosted home and auto sales and reduced the debt burdens for businesses. Consumption spending surged, and business investment ceased to decline.

Figure 2
Change in GDP



Source: U.S. Bureau of Economic Analysis

The National Economy Since 9-11

This economic growth was reflected in strong GDP gains in the final quarter of 2001 and the first quarter of 2002. By early 2002, national employment had ceased declining, the financial markets had rallied from their post-September 11 lows, and consumer confidence had begun to rise again. The outlook for the economy began to improve, with the Blue Chip Consensus forecast for GDP growth in 2002 rising from 1 percent in December 2001 to 2.8 percent by May 2002. Between February and August 2002, the national economy added 207,000 jobs. The prospects for the securities industry also looked better, with the Securities Industry Association forecasting in June that 2002 profits would rise to \$13 billion, up from \$10.4 billion in 2001. However, the expected improvement in the economy did not materialize.

Corporate Scandals

As the summer progressed into fall, employment growth began to falter, and declines resumed. The outlook for the national economy also dimmed, with the Blue Chip Consensus forecast for 2002 economic growth falling from 2.8 percent to 2.3 percent by November. The financial markets began to weaken under the weight of corporate accounting scandals. As a result, between June and November the Securities Industry Association's outlook for 2002 Wall Street profits dropped from \$13 billion to \$8.1 billion. The deterioration in Wall Street profits led to a forecast 37 percent decrease in year-end bonuses (the second consecutive annual decline) while financial market indices declined for a third year.

Wall Street Journal Headlines -- November 2001 – December 2002

November 2001	Enron Faces Collapse As Credit, Stock Dive And Dynegy Bolts (11/29)	Basic Principle Of Accounting Tripped Enron (should not have passed review of auditor Arthur Andersen) (11/12)	SEC Opens Probe Into Navigant Consulting For Possible Violation Of Securities Laws (11/30)
December 2001	Enron Files For Chapter 11 Bankruptcy, Sues Dynegy (12/3)	Double Enron Role Played By Andersen Raises Questions (12/14)	J.P. Morgan, Citigroup Decline On Fears About Enron Exposure (12/4)
January 2002	Global Crossing Seeks Bankruptcy Protection (1/29)	Tyco Stock Stumbles 20% In Latest Reaction To Corporate Behavior (1/30)	Xerox Says SEC Unit Disagrees With Way It Accounts For Certain Lease Transactions (1/8)
February 2002	Questioning The Books -- ImClone CEO Returns \$486,000 Profit From Possibly Rule-Breaking Stock Sales (2/22)	Global Crossing Faces SEC Probe Of Accounting Practices On Leases (2/4)	Senate Panel Grills Analysts Who Pushed Enron Stock Even As The Firm Faltered (2/28)
March 2002	Qwest, Worldcom Face SEC Inquiries (3/12)	Questioning The Books- Adelphia Draws Market Criticism Over Debt, Loans (3/29)	Analysts To Tell Congress That Skepticism Gets Them Abuse (3/19)
April 2002	Sec Says Xerox Mised Investors By Manipulating Its Earnings (4/12)	NYSE Inquiry Of Merrill Broker Focuses On Global Crossing Stock (4/30)	WorldCom's Slide Continues; Group's Shares Fall Below \$5 (4/11)
May 2002	Merrill Lynch To Pay Big Fine, Increase Oversight Of Analysts (5/22)	Government Takes Strong Case Into Andersen Trial (5/3)	Main Street Loses Faith In Stocks (5/8)
June 2002	Adelphia Communications Files For Bankruptcy-Court Protection (6/26)	Kmart Reacts To Anonymous Letters (alleging corporate wrongdoing) (6/10)	Martha Stewart Stock Declines 21% As Questions Grow (6/25)
July 2002	Xerox Overstates Pretax Income By \$1.41 Billion, Filing Reveals (7/1)	WorldCom Files For Bankruptcy (7/22)	U.S. To Investigate Possible Shredding At Global Crossing (7/3)
August 2002	Inquiry Into Salomon Widens To Include Possible Weill Role (8/23)	Charges Expected For WorldCom Ex-Officials (8/1)	Merrill Employee Casts Further Doubt On Stewart Version (8/6)
September 2002	Tyco Slashes Its Earnings Outlook (9/26)	Adelphia Ex-Officials Are Indicted (9/24)	WorldCom To Revise Results Again (additional \$2 to \$7 billion in improper accounting) (9/19)
October 2002	In Fateful Month, ImClone Insiders Sold Over \$70 Million In Stock (10/10)	Citigroup Chief Sanford Weill Will Testify In Salomon Probes (10/23)	Analyst Inquiry May Cost Wall Street \$2 Billion (10/28)
November 2002	Adelphia Sues Deloitte & Touche , Accusing Former Auditor Of Fraud (11/7)	SEC Asks Tyco If It Withheld Data In Earlier Inquiry (11/25)	SEC Probe Of Lucent Is Broader (11/1)
December 2002	Citigroup's Weill Might Avoid Charges Over Faulty Research (12/18)	Ex-Accountants Of WorldCom Inc Are Barred By SEC (12/10)	Tyco's Internal Inquiry Concludes Questionable Accounting Was Used (12/31)

Daily headlines in both industry and mainstream publications, as well as constant revelations of corporate wrongdoing on evening news programs, diminished investor confidence throughout 2002. Major companies such as WorldCom, Aldelphia, Xerox, and Tyco, among others, reported that their financial statements were based upon questionable accounting practices. Many firms began to restate their earnings at significantly lower levels, and some were pushed into bankruptcy. Consumer confidence began waning again as the financial markets declined under the ongoing weight of corporate scandals. Between March and October 2002, the Standard & Poor's 500 stock index lost approximately 300 points, or about one-quarter of its value.

A Gallup poll released in July found distrust of stocks at its highest level since February 1990, when memories of the stock market crash of 1987 were still fresh. In fact, 63% of investors polled said they would not invest another \$1,000 in the market. A Harris Poll issued the same month showed 82 percent of respondents supported "tough new laws" to reduce or prevent corporate fraud.

Cooking the Books: The Cost to the Economy, a Policy Brief issued by the Brookings Institution in August, estimated that corporate scandals would cost the U.S. economy \$35 billion in 2002. The Brief notes that stock market wealth accounts for approximately one-third of household net worth, and almost 50 percent of households own some form of stock today – up from 37 percent in 1992.

Given the increased involvement in the stock market during the past decade, it follows that Americans are paying attention to news of scandals and responding. The effects of corporate scandals on New York's economy and revenues, while not yet quantifiable, clearly is significant.

Recent Developments

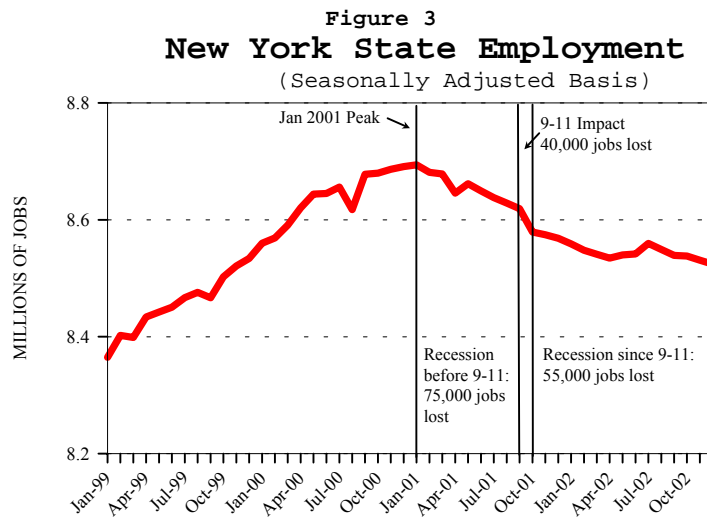
The outlook for economic growth in 2003 has been lowered, with the Blue Chip Consensus for GDP growth dropping from 3.6 percent in July 2002 to its current 2.7 percent forecast. A brief rally in the financial markets at the start of 2003 has reversed with the emergence of a possible war with Iraq. The overall economy has slowed; putting business-spending plans on hold. Furthermore, the national instability may cause consumers to retrench in the face of a resumption of job losses and a general sense of economic uncertainty.

The State and City Economies

While the national economic recession officially started in March 2001, the State's economy began to decline in January 2001, reflecting the financial industry-led downturn in New York City and the manufacturing-led slowdowns across the upstate regions. Thus, the recession affected State revenue collections well before the effects of the World Trade Center attack accelerated job and revenue losses, thereby greatly expanding the scope of the State's fiscal and economic problems. However, at the time of the attack, the severity of the recession and its impact on New York had not yet been quantified, which caused early analysis of the fiscal impact of the attacks to be overstated.

Each March the New York Department of Labor (DOL) re-benchmarks employment data using updated information. In March 2002, the DOL adjusted benchmark dramatically reduced reported employment levels prior to the attack and confirmed the severity of the recession in New York prior to September 11. Overall, the State showed a loss of 75,000 jobs before the attack due to the recession. Further revisions to the employment data due to be released later in March 2003 are expected to show that the losses were actually greater.

In the month immediately following the attack, the State's employment declined by 40,000 jobs (see Figure 3). Although the decline in employment in New York City was significantly larger, the State's loss was lower partially due to the relocation of some jobs out of Manhattan into other parts of the State.



Source: U.S. Bureau of Labor Statistics

As the target of the attack, New York City found its economy was hit hard in the immediate aftermath of September 11. The financial markets closed for several days, and when they reopened, markets declined sharply. The Standard & Poor's index declined 11.4 percent in September. The air transportation network was temporarily shutdown, and even when flights resumed, traffic levels were significantly depressed. As a result, hotels and Broadway, both of which relied on tourism and business travel, were hard hit. Consumer confidence plunged, and a sense of paralysis dampened all but the most essential activities. With access to parts of Lower Manhattan restricted after the attack, many businesses in the area were temporarily closed. Together, these developments significantly disrupted retail trade in the City. In the month immediately following the attack, the City's employment declined by 56,700 jobs.

The attack further damaged an economy that had been in recession since January 2001. Between the start of the recession and September 2001, New York City's economy had lost 54,700 jobs. The national recession and the downturn in the financial markets weighed heavily on the City, with 28,900 jobs lost in the City's business services sector and another 5,600 jobs lost in banking, securities, and insurance. Small losses had begun in the trade sector, while manufacturing was quietly losing another 13,000 jobs. The recession was thus well established in the City before the attack.

While some portion of the continued employment declines in the City after the attack can be traced to the lingering effects of the attack, most of the remainder of the decline is related more to the recession and what was happening in the local economy before the attacks as well as the impact of corporate scandals and security concerns and the anticipation of another terrorist attack. The sector with the greatest recurring impact after the attack was air transportation, which lost 3,200 jobs in the month after the attack and another 6,300 in the six months that followed.

Whereas many sectors of the economy continued to feel reverberations from the attack, the weight of the recession was greater. Business services, for example, which as reported above had already lost 28,900 jobs between December 2000 and September 2001, lost 2,300 in the month after the attack, and then another 12,800 in the next six months. Employment in hotels fell by 1,600 before the attack, and by another 3,700 jobs in the month after the attack, but then gained 600 jobs in the following six-month period. Restaurant employment gained 2,200 jobs before the attack, lost 11,400 immediately after the attack, but then gained 4,000 jobs in the following six months. The upcoming employment revisions may raise the impact of the attack somewhat, but they will also show the pre-attack recession losses in many sectors to be even greater.

For a brief period last summer, employment losses in New York City slowed, and for a few months showed small gains. However, with the national economy once more slowing, the financial markets again declining, ongoing corporate scandals and war concerns gripping businesses and consumers, the City's economy has seen a resumption of job losses. For the entire period commencing October 2001 through December 2002, the City lost an additional 57,800 jobs.

Prior Reports on the Impact of 9-11

In the immediate aftermath of the attack on the World Trade Center, several studies were released that sought to quantify the impact of the attack on the economy. Some studies focused primarily on the job losses, while others also looked at wages, output, insurance, and redevelopment. Other reviews focused on direct cost of cleanup and recovery efforts, as well as costs to the economy. All of these, however, relied upon preliminary employment data that did not yet reflect the magnitude of the recession already underway.

The Fiscal Policy Institute released a preliminary report Economic Impact of the September 11 World Trade Center Attack on September 28, 2001. It found that 108,500 jobs had been lost, representing \$6.7 billion in wages. Hardest hit were securities, retail trade, and restaurants, accounting for one-third of the job losses but nearly one-half of the lost wages. The job losses reflected both direct losses in the attack, estimated spillover effects on other industries such as air travel, and the impact of a reduction in consumer demand based upon economic multipliers.

The New York City Comptroller's Office released a preliminary estimate of the impact of the attack in their report The Impact of the September 11 WTC Attack on NYC's Economy and City Revenues (October 4, 2001). While this report did not

estimate the revenue impact on the State, it did estimate that the economic impact of the attack was between \$90 and \$105 billion with \$45 billion attributed to capital losses and the rest to continuing economic cost, including cleanup/rescue/security; business interruption; and lost rents and wages. The estimated number of jobs displaced was over 100,000.

On October 9, 2001, the New York State Division of the Budget (DOB) released Analysis of Revenue Loss Resulting from World Trade Center Attack. This report estimated that the State revenue loss related to the World Trade Center and economic downturn, over two fiscal years (2001-02 and 2002-03) could be as much as \$9 billion – with State revenue loss directly attributed to the attack to be \$5.1 billion. Of this amount, over three-quarters of the revenue loss was expected to occur in personal income tax collections, mainly from reduced wages and capital gains. DOB estimated that 43,500 jobs were lost in fiscal year 2001-02, on an annualized basis, and the magnitude of the loss was expected to grow to 133,000 in fiscal year 02-03. For capital gains, DOB estimated that over 50 percent of the \$45 billion decline was attributed to the attack.

The New York City Partnership and Chamber of Commerce released Working Together to Accelerate New York's Recovery: Economic Impact Analysis of the September 11 Attack on New York City in November 2001. It found \$83 billion in damage to the City's economy, representing \$30 billion in capital losses, \$14 billion in cleanup expenses, and \$39 billion in lost economic output. This damage covered the period immediately after the attack; projected through to the end of 2003 with part of this loss recovered through insurance payments and federal assistance. This report also estimated that 125,000 jobs would be lost in the fourth quarter of 2001 as a direct result of the attack, with the City experiencing a net loss of 57,000 jobs at the end of 2003.

When these reports were released, their conclusions on the impact of the attack were reasonable and the projections widely accepted.

Two reports recently released by the Federal Reserve Bank of New York Measuring the Effects of the September 11 Attack on New York City, by Bram, Orr and Rapaport and New York City's Economy before and after September 11, by Bram, reexamine the impact of the September 11th with the benefit of more than a year of actual data since the attacks. The following are the major conclusions of these reports:

- New York City's economy was in worse shape than initially thought and the city's continuing troubles stem more from the downturn in the national economy and the financial markets than on September 11,
- The total cost of the September 11 attack is now estimated to be between \$33 - \$36 billion through June 2002. This represented between \$11.4-14.2 billion in labor costs from the loss of life, the loss of jobs, reduced work hours, and reduced productivity. The capital loss was estimated at \$21.6 billion, and covered the replacement value of the destroyed buildings, contents of the destroyed buildings, site cleanup, and the cost of repairs to damaged buildings and infrastructure (public transportation and utilities).

- In October 2001, the number of private sector jobs lost to the attack was between 38,000 and 46,000. By February 2002 the range grew between 49,000 to 71,000, then eased to between 28,000 and 55,000 by June 2002, and
- There have been earnings losses of between \$3.5 and \$6.4 billion in wage and salary income in city industries attributed to the attack through June 2003.

Revenue Impact of 9-11

The actual revenue losses realized by New York State in 2001-02 and 2002-03, not only related to the attack, but also the impact of the recession both before and after the attack, are approximately \$8.7 billion. However, State revenue losses attributed specifically to the attacks for the same two-year period, are approximately \$2.9 billion. Only about one-third of the recurring revenue losses can be attributed to the terrorist attack. The balance represents the recurring value of wages declines and lower capital gains realizations due to the ongoing declines in the financial markets since 2000 and job losses attributable to the pre-existing recession. Figure 4 summarizes our estimates of the impact of the September 11 attack on New York State revenue collections.

Figure 4
Revenue Impact on NYS of the September 11 Attack
(\$ millions)

	SFY 2001-02	SFY 2002-03	Total
Personal Income Tax	\$ 325	\$ 1,925	\$ 2,250
Wage Income	225	425	650
Non-Wage Income	100	1,500	1,600
Sales Tax	\$ 175	\$ 125	300
Business Taxes	\$ 225	\$ 125	350
Total	\$ 725	\$ 2,175	\$ 2,900

Personal Income Tax Losses

The impact on wages primarily stems from job losses in New York City. Using the Department of Labor employment data, we estimate that the number of jobs lost in the immediate aftermath of the attack to be almost 57,000, with an annualized wage loss of \$5.8 billion. This loss in wage and salary income reduced withholding tax collections by \$225 million in SFY 01-02 and \$425 million in SFY 02-03. The Non-wage income is derived mainly from the decline in the financial markets and its impact on capital gains realizations. Because of the method for making tax payments on non-wage income, much of the impact was deferred until final personal income tax payments were received in April 2002, which fell in SFY 2002-03. We estimate that the attack reduced capital gains realizations by over \$11 billion, based upon the declines in the financial markets in the aftermath of the attack. Also affected by the attack were partnership income, business income and interest income. The reductions of non-wage income due to the attack reduced personal income tax collections by \$1.6 billion over two years. The combined loss from wage and non-wage income is estimated at \$2.25 billion over the two fiscal years.

Sales Tax Collection Declines

Sales tax collections in New York City were severely affected immediately following the attack as businesses closed and tourism came to a halt. The months following the attack saw a slow and steady improvement in collections as business reopened and visitors started returning to the City. Hotel occupancy rates have rebounded, as have the number of visitors to the City. Upstate tourism was affected less and eventually benefited from the increase in domestic travel. The reduction in employment and wages accounts for much of the decline in taxable sales. Based on consumption patterns, lost wages, and reduced tourism we estimate that sales tax collections have been reduced by \$300 million over the two fiscal years.

Weakening in Business Tax

The majority of business tax losses have been from trade, business and professional services, securities firms, banks and insurance companies. Air transportation companies have also suffered, as people have been hesitant to fly since the attack and during the current threat of war. Focusing on the industries that suffered large employment declines, we looked at recent New York City business tax collection reports by industry and extrapolated that experience to State business taxes for those industries. We estimate that the attack has reduced State business tax collections by \$350 million over the two fiscal years.

Conclusion

While there is no denying the significant impact that the September 11th terrorist attack had on the State and City economies, the passage of time has shown that the recession that was underway when the attack occurred was more severe than initially thought. The upcoming employment revisions will provide additional support for that view. While the national economy may technically be in recovery since GDP is again expanding, growth in many sectors has slowed as consumer confidence lags from the repercussions of corporate scandals only to be exacerbated by a possible military conflict with Iraq. Job losses—for the nation, the State, and the City—had briefly ended last year, but have since resumed.

The actual revenue losses realized by New York State in 2001-02 and 2002-03, not only related to the attack, but also the impact of the recession both before and after the attack, are approximately \$8.7 billion. For fiscal years 2001-02 and 2002-03, about \$2.9 billion in State revenue losses attendant to jobs, wages, sales and profit can be attributed directly to impact of the World Trade Center attack. Much of the significant revenue declines experienced by the State are attributable to the recession and, more importantly, the downturn in the financial markets.

ECONOMIC PROJECTIONS

National Economy

The Executive and legislative forecasts generally call for modest recovery and growth in the U.S. economy in 2003 from the extended economic slowdown that began in March 2001. The forecasts call for growth of between 2.2 and 2.5 percent in 2003, which is less optimistic than the February Blue Chip Consensus forecast of 2.7 percent. In light of the continuing volatility of the economy, the Assembly minority provided the least optimistic national economic outlook, while the Senate majority offered the most optimism.

Calendar Year 2003 National Economic Projections

	Lower Range	Upper Range
GDP	2.2%	3.0%
Personal Income	4.0%	4.7%
Wages ¹	4.2%	4.5%
Corporate Profits (pre-tax)	-0.2%	15.8%
Employment	0.3%	0.7%
Inflation	2.1%	2.5%

Growth is expected in nearly all major economic indicators forecast by the Executive and Legislature, except for the S&P 500 Index which measures stock market performance. Personal income and wage growth are expected to increase in 2003, at a rate lower rate than forecast throughout the mid to late 90's.

Inflation is expected to stay within the range of 2.1 and 2.5 percent. The Blue Chip consensus forecast for inflation in 2003 is 2.2 percent, within the low end of the forecast range. This is an increase from the 2002 inflation rate of 1.6 percent.

As in the past, the Executive and legislative forecasts varied significantly in their outlook for corporate profits in 2003, ranging from a slight decrease of 0.2 percent to 15.8 percent. The February Blue Chip forecast for corporate profits is 8.2 percent.

New York Economy

The State economic forecasts generally project improved performance over 2002 although not as robust as at national level. Employment is forecast between a decline of 0.6 and growth of 0.7 percent; personal income to grow between 2.8 to 4.1 percent; and wages to grow in the range of 2.1 to 4.5 percent. The wage and income forecasts for the national and State economies differ widely as the nation is expected to grow faster than

¹ The Assembly minority did not provide projections for US wage growth.

the State, which is consistent with economic downturns in the past where recovery in New York lagged the nation.

Calendar Year 2003 State Economic Projections

	Lower Range	Upper Range
Personal Income	2.8%	4.1%
Wages	2.1%	4.5%
Employment	-0.6%	0.7%

Risks to the Economic Forecasts

New York State remains dependent on the financial services sector, dominated by activity on Wall Street. This, in conjunction with the challenges that face the upstate economy, present risks to the forecast. Many economists agreed that the national recession would be short lived, but the economy is still volatile and subject to the following pressures:

- The length and severity of the economic slowdown – economic stagnancy is lasting longer than predicted and many of the contributing factors are still very apparent. The situation in the Middle East and concern about security within this country is probably the largest risk to national and State forecasts at this time. It is already contributing to higher energy costs and will undoubtedly contribute to federal deficits, should any action occur.
- Military defense and homeland security are federal spending priorities but the Federal government is also interested in implementing additional tax cuts and taking action to stimulate the economy. Therefore, projections in New York State should not assume optimistic amounts of federal aid, even in light of September 11th related requests.
- The Dow Jones Industrial average has declined 26 percent in the past twelve months (as of March 3, 2003). The S&P 500 index has declined over 28 percent over the last twelve months. As a result of New York's dependence on revenues generated in the financial markets, projections must consider further decline or reasonable growth. Continued stagnancy or decline will affect personal income tax receipts from bonus payments and high-income individuals and business taxes from across the State.

RECEIPTS PROJECTIONS

State law requires the Executive and Legislature to convene an economic and revenue consensus forecasting conference prior to March 10th of each year. This conference was held on March 5, 2003 and allowed experts in the field to offer guidance on the expected performance of the economy and its impact on State revenues.

In addition, the Executive and Legislature are also required, by March 10th, to issue a joint report containing a consensus forecast of the economy and receipts for the current and upcoming state fiscal years.² Since this law's enacted in 1996, only two consensus reports have been released. In 1997, a report was issued that contained a large range of differences in the estimates. In 1999, no consensus was reached, but differences were narrowed and a report was released after the statutory deadline. For 2001-02, through October 2001, budget actions were taken without any agreement on revenue projections.

In an effort to inform the public and help facilitate a consensus, this review compares revenue projections produced by the Executive³, Senate Finance majority and minority, and Assembly Ways and Means majority and minority committees. Tables in the Appendix provide revenue estimate comparisons on a tax-by-tax basis for both General Fund projections and All Funds projections.

Differences from Executive General Fund Revenue Estimates (Millions)

Fiscal Year	Senate Majority	Assembly Majority	Senate Minority	Assembly Minority
2002-03				
Tax Revenue	(\$99)	(\$198)	\$98	(\$62)
Total Revenue	N/A	(\$224)	\$98	N/A
2003-04				
Tax Revenue	(\$350)	\$150	(\$38)	(\$370)
Total Revenue	N/A	\$146	(\$79)	N/A
Two-Year Total Tax Revenue	(\$449)	(\$48)	\$60	(\$432)
Two-Year Total Revenue	N/A	(\$78)	\$19	N/A

General Fund tax revenue estimates for the two-year period of 2002-03 through 2003-04 ranged between \$449 million below and \$60 million above Executive estimates. The Senate minority represented the most optimistic forecast while the Senate majority represented the most pessimistic forecast. The Assembly majority estimates are the

² See section 23 (6)(b) State Finance Law

³ The Executive estimates reflect 30 day budget amendments that further reduced receipts by \$200 million in 2002-03 and increased receipts by \$49 million in 2003-04.

closest to the Executive’s projections. The Senate majority and the Assembly minority did not provide projections for miscellaneous receipts or lottery revenues; therefore, discussion in this report is limited to tax receipts.

The Assembly majority believes that General Fund tax receipts will fall significantly below the Executive projections for 2002-03, but they are more optimistic in 2003-04 when they see General Fund tax receipts significantly above the Executive forecast. The Senate majority and the Assembly minority are consistently more pessimistic than the Executive for both fiscal years. The Senate minority is the only party that expects General Fund tax receipts to exceed Executive estimates in 2002-03.

Differences from Executive All Fund Tax Revenue Estimates
(Millions)

Fiscal Year	Senate Majority	Assembly Majority	Senate Minority	Assembly Minority
2002-03 Tax Revenue	(\$83)	(\$189)	N/A	(\$29)
2003-04 Tax Revenue	(\$211)	\$253	N/A	(\$479)
Two-Year Total Tax Revenue	(\$294)	\$64	N/A	(\$508)

All Funds tax revenue estimates for the two-year period of 2002-03 through 2003-04 ranged between \$508 million below and \$64 million above Executive estimates. All funds tax forecasts differ from General Fund because it includes revenue funds dedicated to debt service and other purposes. These revenues include income tax receipts used to back revenue bonds, sales tax receipts used to back Local Government Assistance Corporation bonds, and real estate transfer taxes that back environmental bonds. Over the two-year period, the Assembly majority represents the most optimistic forecast and the Assembly minority the most pessimistic forecast. The Assembly majority estimates are the closest to the Executive’s projections.

2002-03 Estimates

General Fund tax revenue estimates for 2002-03 ranges from \$198 million below to \$98 million above Executive estimates. The Assembly majority is the most pessimistic about collections for the current fiscal year and the Senate minority is the most optimistic. Only the Senate minority produced projections above those of the Executive.

The largest differences in projections are in the personal income tax where the Assembly majority projects receipts will be \$129 million less than the Executive. The next largest variance is in the business taxes where the Senate majority estimates that business taxes will come in \$124 million less than the Executive.

2002-03 General Fund Revenue Estimates Differences
(Millions)

Category	Committee	Difference
Personal Income Tax	Ways and Means majority	\$ -129
User Taxes and Fees	Ways and Means majority	\$ 19
Business Taxes	Senate Finance majority	\$ -124
Other Taxes	Ways and Means minority	\$ 22
Miscellaneous Receipts*	None	\$ 0
Lottery*	Ways and Means majority	\$ -26

2003-04 Forecast

General Fund tax revenue forecasts for 2003-04 ranges from \$370 million below to \$150 million above Executive estimates. The Assembly minority is the most pessimistic about collections for the fiscal year and the Assembly majority is the most optimistic. Only the Assembly majority produced projections above those of the Executive.

The largest differences in projections are in the personal income tax where the Senate majority projects receipts will be \$463 million less than the Executive. The next largest variance is in the business taxes where the Senate majority estimates that business taxes will come in \$133 million above than the Executive estimate.

2003-04 General Fund Revenue Estimates Differences
(Millions)

Category	Committee	Difference
Personal Income Tax	Ways and Means majority	\$ -463
User Taxes and Fees	Ways and Means minority	\$ -27
Business Taxes	Senate Finance majority	\$ 133
Other Taxes	Ways and Means minority	\$ 24
Miscellaneous Receipts*	Senate Finance minority	\$ -41
Lottery*	Ways and Means majority	\$ -5

Risks to the Revenue Forecast

Although they appear to be precise, economic and revenue forecasts use econometric tools and the best available data at the time of composition, and are subject to inherent risks and unanticipated factors:

- Recent history illustrates how the economy can take a significant turn for the worse in a relatively short period of time. Forecasting models are generally constructed using historical trends that may not indicate upcoming economic problems. Revenue forecasts for the 2001-02 fiscal year did not fully consider the economic downturn

that began nationwide in March 2001. Economic shocks such as September 11th or various accounting scandals further exacerbated the variance. The Executive has lowered personal income tax revenue predictions by nearly 8 percent between the enacted financial plan that was reported in May 2002 and the financial plan updated in February 2003. A nearly 10 percent downward revision has been made for business taxes in the same period.

- Revenue trends illustrate economic slowdown or changes in taxpayer behavior, amendments to tax law, economic circumstances, and perceptions of future changes i.e., looming war, corporate scandals. Therefore, slight shifts in any of these factors can cause significant differences in revenue forecasts.
- The changing characteristics of personal income tax have made accurate forecasting more difficult. Historical trends for the personal income tax illustrate two things: New York's increasing dependence on this revenue source and the ever changing behavior of receipts collected on behalf of higher income sources. Throughout the 1990's, the State became increasingly dependent on the personal income tax and the large increases in collections due to the Wall Street boom. Wall Street activity has slowed significantly causing the recent decline in personal income tax receipts.
- The nature of forecasting and the use of econometric techniques to produce a single number imply statistical precision. In reality, the number represents a point estimate within a range; any figure in the range is just as likely to be correct. Furthermore, there are a number of calculations and data elements that are used to construct the final estimate; each is accurate within a specified range. Even small errors in the forecasting model can result in millions of dollars in revenue change.

Recommendations

The differences in revenue projections this year are dramatically smaller than prior years. These relatively minor differences in economic and revenue outlooks represent an opportunity to reach consensus on revenues by the statutory deadline for the first time since the law was implemented in 1997.

As policymakers continue deliberations through March 10th the following observations warrant discussion:

- Significant variances exist for 2002-03 personal income tax refunds. At this point in the fiscal year, major differences should not exist since virtually all refunds have been paid with the exception of early refunds on 2002 tax liability which is an administrative decision made by the Division of Budget and is not related to economic forces.
- Significant variances exist for 2002-03 personal income tax withholding collections. It is difficult to determine consistency between revenue and economic projections without a breakdown of quarterly or monthly wage estimates. Calendar year projections should be further dissected to facilitate a discussion of first quarter of 2003 and the impact on withholding.

- Significant variances exist for 2002-03 business taxes. Business tax payments are due on March 15th and final results will not be available until after this point. Historically, the March payment has been very volatile and it may be wise to err on the side of caution.
- All legislative committees have lower 2003-04 personal income tax withholding forecasts, yet some committees have higher forecasted calendar year wage growth than the Executive. A portion of this variance may be explained by examining wage forecasts for the first quarter of 2004. Again, this suggests that disclosure of more detailed economic projections (quarterly data that can be translated into a fiscal year projection) by all forecasters would assist in understanding implied relationships between the economy and revenues.

2002-03 Revenue Estimates Summary - General Fund
(Millions)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	17,070	17,107	16,941	17,122	16,973
Withholding	20,045	19,942	19,900	20,119	19,978
Estimated Payments	4,855	4,860	4,852	4,855	4,868
Final Returns	1,335	1,374	1,322	1,360	1,339
Other Payments	815	542	818	905	798
Refunds	(4,295)	(3,926)	(4,308)	(4,432)	(4,355)
Refund Reserves	1,250	1,250	1,250	1,250	1,250
STAR Deposit	(2,667)	(2,667)	(2,667)	(2,667)	(2,667)
STAR Reserve Deposit	-	-	-	-	-
RBTF/DRRF Deposit	(4,268)	(4,268)	(4,226)	(4,268)	(4,238)
User Taxes and Fees	7,052	7,061	7,071	7,047	7,083
Sales	6,303	6,314	6,312	6,298	6,323
Cigarette	451	461	460	451	464
Motor Fuel	-	-	-	-	-
Motor Vehicle	76	64	74	76	75
Alcoholic Beverage	182	222	184	222	181
ABC License Fees	40	-	41	-	40
Auto Rental	-	-	-	-	-
Business Taxes	3,472	3,348	3,388	3,522	3,454
Corporate Franchise	1,485	1,390	1,475	1,535	1,478
Utilities	868	852	809	868	875
Insurance	670	679	677	670	663
Bank	449	427	427	449	438
Petroleum	-	-	-	-	-
Other Taxes	761	740	757	762	783
Estate and Gift	727	706	722	727	748
Real Prpoerty Gains	4	4	4	4	4
Pari-Mutual	30	29	30	30	30
Other	1	1	1	1	1
Total Taxes	28,355	28,256	28,157	28,453	28,293
Miscellaneous Receipts	4,085	<i>N/A</i>	4,085	4,085	<i>N/A</i>
Lottery	1,829	<i>N/A</i>	1,803	1,829	<i>N/A</i>
Total	34,269	<i>N/A</i>	34,045	34,367	<i>N/A</i>

2002-03 Revenue Estimates - General Fund
Difference from Division of Budget
(Millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	37	(129)	52	(97)
Withholding	(103)	(145)	74	(67)
Estimated Payments	5	(3)	-	13
Final Returns	39	(13)	25	4
Other Payments	(273)	3	90	(17)
Refunds	369	(13)	(137)	(60)
Refund Reserves	-	-	-	-
STAR Deposit	-	-	-	-
STAR Reserve Deposit	-	-	-	-
DRRF/RBTF Deposit	-	42	-	30
User Taxes and Fees	9	19	(5)	31
Sales	11	9	(5)	20
Cigarette	10	9	(0)	13
Motor Fuel	-	-	-	-
Motor Vehicle	(12)	(2)	-	(1)
Alcoholic Beverage	40	2	40	(1)
ABC License Fees	(40)	1	(40)	-
Auto Rental	-	-	-	-
Business Taxes	(124)	(84)	50	(18)
Corporate Franchise	(95)	(10)	50	(7)
Utilities	(16)	(59)	-	7
Insurance	9	7	-	(7)
Bank	(22)	(22)	-	(11)
Petroleum	-	-	-	-
Other Taxes	(21)	(4)	1	22
Estate and Gift	(21)	(5)	0	21
Real Property Gains	0	0	0	0
Pari-Mutual	(1)	0	0	0
Other	0	0	0	0
Total Taxes	(99)	(198)	98	(62)
Miscellaneous Receipts	<i>N/A</i>	-	-	<i>N/A</i>
Lottery	<i>N/A</i>	(26)	0	<i>N/A</i>
Total	<i>N/A</i>	(224)	98	<i>N/A</i>

**2002-03 Revenue Estimates - General Fund
Annual Growth (from Actual 01-02)**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	-34.0%	-33.8%	-34.5%	-33.8%	-34.3%
Withholding	-1.1%	-1.6%	-1.8%	-0.7%	-1.4%
Estimated Payments	-23.6%	-23.5%	-23.6%	-23.6%	-23.4%
Final Returns	-28.8%	-26.7%	-29.5%	-27.4%	-28.6%
Other Payments	35.6%	-9.8%	36.1%	50.6%	32.8%
Refunds	22.2%	11.7%	22.5%	26.1%	23.9%
Refund Reserves	-32.1%	-32.1%	-32.1%	-32.1%	-32.1%
STAR Deposit	6.3%	6.3%	6.3%	6.3%	6.3%
STAR Reserve Deposit	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
DRRF/RBTF Deposit	1607.2%	1607.2%	1590.4%	1607.2%	1595.2%
User Taxes and Fees	-0.7%	-0.5%	-0.4%	-0.7%	-0.2%
Sales	2.8%	3.0%	2.9%	2.7%	3.1%
Cigarette	-15.1%	-13.3%	-13.5%	-15.2%	-12.7%
Motor Fuel	0.0%	0.0%	0.0%	0.0%	0.0%
Motor Vehicle	-58.9%	-65.4%	-60.0%	-58.9%	-59.5%
Alcoholic Beverage	1.9%	24.6%	3.3%	24.6%	1.6%
ABC License Fees	17.0%	-100.0%	19.9%	-100.0%	17.0%
Auto Rental	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Business Taxes	-4.0%	-7.4%	-6.3%	-2.6%	-4.5%
Corporate Franchise	-2.0%	-8.2%	-2.6%	1.3%	-2.4%
Utilities	-10.7%	-12.4%	-16.8%	-10.7%	-10.0%
Insurance	5.8%	7.3%	6.9%	5.8%	4.7%
Bank	-9.4%	-13.9%	-13.9%	-9.4%	-11.7%
Petroleum	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Other Taxes	-5.2%	-7.8%	-5.7%	-5.1%	-2.5%
Estate and Gift	-5.3%	-8.0%	-6.0%	-5.3%	-2.6%
Real Prpoerty Gains	-19.1%	-14.9%	-14.9%	-14.9%	-14.9%
Pari-Mutual	0.0%	-2.0%	1.4%	1.4%	1.4%
Other	-14.3%	42.9%	42.9%	42.9%	42.9%
Total Taxes	-24.1%	-24.4%	-24.7%	-23.9%	-24.3%
Miscellaneous Receipts	151.3%	<i>N/A</i>	151.3%	151.3%	<i>N/A</i>
Lottery	17.1%	<i>N/A</i>	15.5%	17.1%	<i>N/A</i>
Total	-15.5%	<i>N/A</i>	-16.1%	-15.3%	<i>N/A</i>

2003-04 Revenue Estimates Summary - General Fund
(Millions)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	15,254	14,791	15,344	15,215	14,877
Withholding	21,105	20,626	21,011	21,055	20,695
Estimated Payments	4,485	4,860	4,652	4,490	4,522
Final Returns	1,140	1,217	1,163	1,145	1,106
Other Payments	720	709	669	720	697
Refunds	(4,350)	(4,775)	(4,275)	(4,362)	(4,422)
Refund Reserves	(41)	(41)	(41)	(41)	(41)
STAR Deposit	(2,707)	(2,707)	(2,707)	(2,707)	(2,707)
STAR Reserve Deposit	-	-	-	-	-
RBTF/DRRF Deposit	(5,098)	(5,098)	(5,128)	(5,085)	(4,973)
User Taxes and Fees	7,508	7,506	7,495	7,508	7,481
Sales	6,765	6,775	6,752	6,765	6,741
Cigarette	446	438	446	446	443
Motor Fuel	-	-	-	-	-
Motor Vehicle	75	71	72	75	74
Alcoholic Beverage	180	222	182	222	180
ABC License	42	-	43	-	43
Business Taxes	3,682	3,815	3,755	3,682	3,692
Corporate Franchise	1,591	1,599	1,601	1,591	1,518
Utilities	805	892	880	805	832
Insurance	818	846	831	818	853
Bank	468	478	443	468	489
Petroleum	-	-	-	-	-
Other Taxes	771	753	771	772	795
Estate and Gift	737	721	732	737	760
Real Property Gains	2	2	2	2	2
Pari-Mutual	32	29	36	32	32
Other	1	1	1	1	1
Total Taxes	27,215	26,865	27,365	27,177	26,845
Miscellaneous Receipts	3,579	<i>N/A</i>	3,580	3,538	<i>N/A</i>
Lottery	1,835	<i>N/A</i>	1,830	1,835	<i>N/A</i>
Total	32,629	<i>N/A</i>	32,775	32,550	<i>N/A</i>

2003-04 Revenue Estimates - General Fund
Difference from Division of Budget
(Millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	(463)	90	(39)	(377)
Withholding	(479)	(94)	(50)	(410)
Estimated Payments	375	167	5	37
Final Returns	77	23	5	(34)
Other Payments	(11)	(51)	-	(23)
Refunds	(425)	75	(12)	(72)
Refund Reserves	-	-	-	-
STAR Deposit	-	-	-	-
STAR Reserve Deposit	-	-	-	-
DRRF/RBTF Deposit	-	(30)	13	125
User Taxes and Fees	(2)	(13)	0	(27)
Sales	10	(13)	0	(24)
Cigarette	(8)	0	0	(3)
Motor Fuel	-	-	-	-
Motor Vehicle	(4)	(3)	0	(1)
Alcoholic Beverage	42	2	42	0
ABC License Fees	(42)	1	(42)	1
Business Taxes	133	73	-	10
Corporate Franchise	8	10	-	(73)
Utilities	87	75	-	27
Insurance	28	13	-	35
Bank	10	(25)	-	21
Petroleum	-	-	-	-
Other Taxes	(18)	(0)	1	24
Estate and Gift	(16)	(5)	0	23
Real Property Gains	(0)	(0)	(0)	(0)
Pari-Mutual	(3)	4	0	0
Other	0	0	0	0
Total Taxes	(350)	150	(38)	(370)
Miscellaneous Receipts	<i>N/A</i>	1	(41)	<i>N/A</i>
Lottery	<i>N/A</i>	(5)	(0)	<i>N/A</i>
Total	<i>N/A</i>	146	(79)	<i>N/A</i>

**2003-04 Revenue Estimates - General Fund
Annual Growth from DOB Estimate**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	-10.6%	-13.4%	-10.1%	-10.9%	-12.8%
Withholding	5.3%	2.9%	4.8%	5.0%	3.2%
Estimated Payments	-7.6%	0.1%	-4.2%	-7.5%	-6.9%
Final Returns	-14.6%	-8.8%	-12.9%	-14.2%	-17.2%
Other Payments	-11.7%	-13.0%	-17.9%	-11.7%	-14.5%
Refunds	1.3%	11.2%	-0.5%	1.6%	3.0%
Refund Reserves	-103.3%	-103.3%	-103.3%	-103.3%	-103.3%
STAR Deposit	1.5%	1.5%	1.5%	1.5%	1.5%
STAR Reserve Deposit	0.0%	0.0%	0.0%	0.0%	0.0%
DRRF Deposit	19.4%	19.4%	20.1%	19.1%	16.5%
User Taxes and Fees	6.5%	6.4%	6.3%	6.5%	6.1%
Sales	7.3%	7.5%	7.1%	7.3%	6.9%
Cigarette	-1.2%	-3.0%	-1.2%	-1.2%	-1.9%
Motor Fuel	0.0%	0.0%	0.0%	0.0%	0.0%
Motor Vehicle	-1.7%	-6.6%	-5.3%	-1.3%	-2.6%
Alcoholic Beverage	-1.0%	22.2%	0.2%	22.2%	-0.9%
ABC License Fees	5.7%	-100.0%	7.5%	-100.0%	7.5%
Business Taxes	6.0%	9.9%	8.2%	6.0%	6.3%
Corporate Franchise	7.1%	7.7%	7.8%	7.1%	2.2%
Utilities	-7.3%	2.8%	1.4%	-7.3%	-4.1%
Insurance	22.1%	26.3%	24.0%	22.1%	27.3%
Bank	4.2%	6.5%	-1.3%	4.2%	8.9%
Petroleum	0.0%	0.0%	0.0%	0.0%	0.0%
Other Taxes	1.4%	-1.0%	1.3%	1.5%	4.5%
Estate and Gift	1.4%	-0.8%	0.7%	1.4%	4.6%
Real Property Gains	-44.7%	-47.4%	-47.4%	-47.4%	-47.4%
Pari-Mutual	7.1%	-2.0%	21.6%	8.1%	8.1%
Other	16.7%	66.7%	66.7%	66.7%	66.7%
Total Taxes	-4.0%	-5.3%	-3.5%	-4.2%	-5.3%
Miscellaneous Receipts	-12.4%	<i>N/A</i>	-12.4%	-13.4%	<i>N/A</i>
Lottery	0.3%	<i>N/A</i>	0.1%	0.3%	<i>N/A</i>
Total	-4.8%	<i>N/A</i>	-4.4%	-5.0%	<i>N/A</i>

2002-03 Revenue Estimates Summary - All Funds

(Millions)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	24,005	24,042	23,834	N/A	23,878
User Taxes and Fees	10,787	10,809	10,813	N/A	10,845
Business Taxes	5,036	4,896	4,990	N/A	5,049
Other Taxes	1,210	1,208	1,212	N/A	1,237
Total Taxes	41,038	40,955	40,849	-	41,009

2003-04 Revenue Estimates Summary - All Funds

(Millions)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	23,059	22,596	23,179	N/A	22,557
User Taxes and Fees	11,462	11,420	11,450	N/A	11,426
Business Taxes	5,236	5,463	5,365	N/A	5,251
Other Taxes	1,176	1,243	1,191	N/A	1,220
Total Taxes	40,933	40,722	41,185	-	40,454

2002-03 Revenue Estimates Summary - All Funds - Difference from Executive

(Millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	37	(171)	N/A	(127)
User Taxes and Fees	22	26	N/A	58
Business Taxes	(140)	(46)	N/A	13
Other Taxes	(2)	2	N/A	27
Total Taxes	(83)	(189)	-	(29)

2003-04 Revenue Estimates Summary - All Funds - Difference from Executive

(Millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	(463)	120	N/A	(502)
User Taxes and Fees	(42)	(12)	N/A	(36)
Business Taxes	227	129	N/A	15
Other Taxes	67	15	N/A	44
Total Taxes	(211)	252	-	(479)

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