
2001-02 Budget Analysis

Review of Economic and Revenue Forecasts

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State Comptroller



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EXECUTIVE SUMMARY

This is the seventh annual review of economic and revenue projections for the State budget issued by the Comptroller. As in past years, the review compares forecasts published by the Executive and Legislature focusing on whether economic and revenue forecasts are reasonable and consistent. This analysis is not based on an independent forecast of revenues or the economy.

Improving the Process

The revenue forecasting process in New York remains flawed despite a statutory requirement for a consensus economic and revenue report to be released by March 10, for the upcoming state fiscal year. As of the date of this report, no consensus has been reached and no report has been issued. Additionally, the State has entered a new fiscal year without a budget for the 17th consecutive year.

The law also requires a consensus forecasting conference to assist the Executive and Legislature in reaching a consensus revenue forecast. The conference met on March 5, 2001 and allowed experts in the field to offer guidance on the expected performance of the economy and its impact on state revenues.

The inability to reach consensus on the revenue forecast may be based, to a degree, on the track record of the past few years when both revenue and economic performance exceeded expectations. Actual receipts have exceeded proposed Executive Budget estimates by an average of over \$2.0 billion a year, for the past six years. While the Office of the State Comptroller supports prudent budgeting practices that incorporate appropriate caution in order to preserve surpluses, significant and consistent under-forecasting may undermine good faith negotiating efforts and contribute to late budgets.

Conversely, another concern is how to protect against potential over-forecasting which may result from an unexpected downturn in the economy. One way of providing a safeguard is to maintain an adequate level of reserves. Currently, the only clear reserve for economic hardship is the Tax Stabilization Reserve Fund which can only be tapped if the State encounters an unanticipated deficit. While the Executive has put forward a proposal to increase maximum allowable reserves in the fund to five percent of General Fund receipts, this amount would not be mandatory. Under current law maximum allowable reserves in the fund are two percent, while actual money on deposit in the fund is only about 1.5 percent of General Fund receipts. This is an inadequate level of true rainy day reserves. The Fiscal Responsibility Reserve, where most of the surplus funds are proposed to reside in 2001-02, is not a true rainy day reserve. These monies are not restricted by statute and could be used for any purpose. A larger amount of true reserves need to be clearly set-aside in statute to ensure that the State is prepared for an economic downturn.

The Economy

Forecasters generally agree that the economy is expected to slow further. Differences between the Executive and legislative forecasts for the national economy were relatively minor, other than in corporate profits. Unfortunately, no consensus was reached on economic indicators nor were disagreement ranges narrowed as in prior years.

For the state economy, employment, wages, and personal income are expected to slow as well. However, the differences in state economic projections were more significant and centered on wage and personal income growth. No consensus was reached on projections for the state economy.

Analysis of Revenue Forecasts

The differences in tax projections primarily stem from translating the economic forecasts into revenues. The Executive and Legislature tend to disagree on the responsiveness of receipts to economic growth, as evidenced by their lesser differences on national and state economic projections but greater variations on receipt estimates.

Combined revenue estimates for 2000-01 and 2001-02 were \$804 million to \$2.131 billion more than Executive estimates. This range included differences in projections made by the majority and minority fiscal committees of the Senate and Assembly. Considering the size of the State budget, the disagreement ranged from about two to five percent of total receipts.

For the 2000-01 state fiscal year, differences in revenue estimates ranged from \$308 million to \$763 million more than the Executive's estimate. All forecasters underestimated 2000-01 actual receipts, based on preliminary year-end figures. The Senate Finance minority was closest, varying by about \$106 million less than the actual year-end figure. Receipts estimates ranged from \$106 million to \$869 million below the 2000-01 year-end figure.

For 2001-02, the differences were more significant and ranged from \$496 million to \$1.538 billion more than the Executive estimates. The personal income tax accounted for the bulk of the difference. Like last year, the root of the disagreement on income tax revenues was likely related to the uncertainties of the financial markets as well as the difficulties in translating economic projections into state revenue estimates.

Risk

A cautious approach to forecasting continues to be important. New York State remains dependent on the financial services sector, particularly that portion located in New York City and dominated by activity on Wall Street. This in conjunction with challenges that face the upstate economy presents a risk to overly optimistic forecasts. Additionally, several forecasters have cautioned of the possibility of a recession or near recession in 2001, rebounding shortly thereafter.

REVENUE FORECASTING IN NEW YORK

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. No consensus has been reached for 2001 and no report issued to date.


In the last five years, only two consensus reports have been released. In 1997, the report was issued but 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.

Recent Forecasting Record

The inability to reach consensus on a revenue forecast may be based, in part, on the track record of the past few years. Revenues and economic performance have exceeded expectations for the past six years.

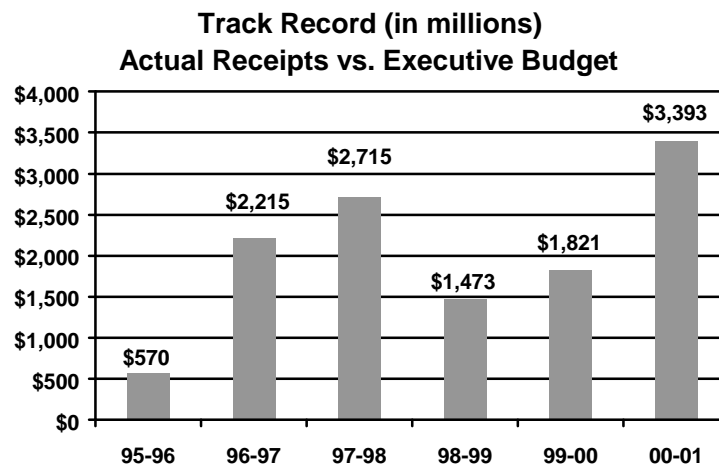
Track Record of Revenue Estimates (Millions)

Fiscal Year	Upper Range of Disagreement on Revenue Projections	Revision in Estimated Revenues Included in the Adopted Budget	Actual Receipts Compared to Executive Budget
1995-96	\$ 549	\$ 300	\$ 570
1996-97	\$ 218	\$ 615	\$ 2,215
1997-98	\$ 1,012	\$ 1,518	\$ 2,715
1998-99	\$ 819	\$ 592	\$ 1,473
1999-00	\$ 725	\$ 313	\$ 1,821
2000-01	\$ 897	\$ 277	\$ 3,393 ¹
Total	\$ 4,220	\$ 3,615	\$ 12,187

 In 1995-96, the highest revenue projection by the Legislature was \$549 million higher than what was proposed in the Executive Budget. The adopted budget revised the revenue estimates upwards by \$300 million. Fiscal year receipts were \$570 million above Executive Budget projections, or slightly ahead of the highest legislative forecast.

¹ Based on preliminary actual tax figures for 2000-01.

- ✍ In 1996-97, the highest revenue projection by the Legislature was \$218 million higher than the Executive March 15, 1996 estimate. The adopted budget revised the revenue estimates upwards by \$615 million. Fiscal year receipts were \$2.2 billion above Executive Budget projections, or \$2.0 billion above the highest legislative forecast.
- ✍ In 1997-98, the highest revenue projection by the Legislature was \$1.0 billion higher than what was proposed in the Executive Budget. The adopted budget revised the revenue estimates upwards by \$1.5 billion. Fiscal year receipts were \$2.7 billion above Executive Budget projections, or \$1.7 billion above the highest legislative forecast.
- ✍ In 1998-99, the highest revenue projection by the Legislature was \$819 million higher than what was proposed in the Executive Budget. The adopted budget revised the revenue estimates upwards by \$592 million. Fiscal year receipts were almost \$1.5 billion above Executive Budget projections, or almost \$700 million above the highest legislative forecast.
- ✍ In 1999-00, the highest revenue projection by the Legislature was \$725 million higher than what was proposed in the Executive Budget. The adopted budget revised the revenue estimates upwards by \$313 million. Fiscal year receipts were \$1.8 billion above Executive Budget projections, or almost \$1.1 billion above the highest legislative forecast.
- ✍ In 2000-01, the highest revenue projection by the Legislature was \$897 million higher than what was proposed in the Executive Budget. The adopted budget revised the revenue estimates upwards by \$277 million. Fiscal year receipts were almost \$3.4 billion above Executive Budget projections, or about \$2.5 billion above the highest legislative forecast.²



² Comparison includes the use of preliminary 2000-01 actual tax figures and an adjustment for the refund reserve transaction, used to move surplus funds from year to year.

In five of the six years shown above, the upper range of the revenue forecasts was attributable to the Assembly majority. In 1999-00, the Senate minority had the highest estimate. Each year these estimates were regarded as too optimistic. However, for the six years shown above, the estimates were a total of almost \$8.0 billion too low due to the unexpected strength of the economy. This does not, however, imply that an overly optimistic forecast is appropriate for 2001-02, as the economy has exhibited signs of a slow-down.

Forecasting Risks

Although economic and revenue forecasts use econometric tools that may appear to be precise, they are subject to inherent risks and unanticipated factors such as:

- ~~///~~ Turning points in historical trends caused by economic slowdown or changes in taxpayer behavior.
- ~~///~~ Changing composition and characteristics of the personal income tax and its impact on historical relationships³. The personal income tax comprises over half of all tax receipts.
- ~~///~~ Reliance on income from the volatile financial markets including financial sector bonuses, exercised stock options, and capital gains.
- ~~///~~ Use of econometric techniques that produce a single number, with its implied 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.
- ~~///~~ Variations due to economic inputs. Even minor differences in economic forecasts can result in significant revenue estimating errors.
- ~~///~~ Changes in taxpayer behavior due to changes in the tax law, economic circumstances, and perceptions about future changes.

³ For more information see 2000-01 Budget Analysis: Review of Economic and Revenue Forecasts, March 2000, pp. 12-19, and 1998-99 Budget Analysis: Review of Economic and Revenue Forecasts, March 1998, pp. 15-26, both by the Office of the State Comptroller.

ECONOMIC PROJECTIONS

National Economy

The Executive and legislative forecasts generally call for slower growth in the U.S. economy in 2001, from the 5.0 percent gross domestic product (GDP) growth recorded in 2000. The forecasts call for growth of between 2.0 and 2.8 percent in 2001, which is more optimistic than the most recent (March 10, 2001) Blue Chip consensus forecast of 1.9 percent.

Calendar Year 2001 National Economic Projections

	Lower Range	Upper Range
GDP	2.0%	2.8%
Personal Income	4.5%	5.2%
Wages	5.0%	5.7%
Corporate Profits	-4.0%	4.0%
Employment	0.7%	1.3%
Inflation	2.4%	2.8%

The expected lower growth is evident across most of the major economic indicators addressed by the Executive and legislative forecasts. Personal income and wage growth are expected to decline in 2001 from last year's pace. Employment growth is also expected to slow to a range of 0.7 to 1.3 percent in 2001.

Inflation, however, is expected to diminish to within the range of 2.4 and 2.8 percent. The Blue Chip consensus forecast for inflation in 2001 is 2.8 percent, consistent with the higher end of the forecast range. This is a reduction from the 2000 inflation rate of 3.4 percent.

The Executive and legislative forecasts again varied significantly in their outlook for corporate profits in 2001, ranging from a decline of -0.4 percent to an increase of 4.0 percent. The most recent Blue Chip consensus forecast projects no growth (0.0 percent) in corporate profits for 2001.

New York Economy

The forecasts for the State economy foresee slowed growth in 2001 for each of the economic indicators examined. Employment growth is projected in the range of 0.9 to 1.5 percent. Personal income is anticipated to grow in the range of 4.5 to 5.7 percent. Wage growth is expected in the range of 4.9 to 5.9 percent.

Calendar Year 2001 State Economic Projections

	Lower Range	Upper Range
Personal Income	4.5%	5.7%
Wages	4.9%	5.9%
Employment	0.9%	1.5%

Risks to the Economic Forecasts

New York State remains dependent on the financial services sector, particularly that portion located in New York City and dominated by activity on Wall Street. This in conjunction with the challenges that face the upstate economy present a risk to the forecast.⁴ Additionally, several forecasters have cautioned of the possibility of a recession or near recession in 2001, rebounding shortly thereafter.

⁴ For more information see Recent Trends in the New York City Economy, April 2001, by the Office of the State Deputy Comptroller.

RECEIPTS PROJECTIONS

This review compares revenue projections produced by the Executive, Senate Finance majority and minority, and Assembly Ways and Means majority and minority committees. The analysis focuses on major areas of disagreement. Tables in the Appendix provide revenue estimate comparisons on a tax-by-tax basis.

Revenue estimates for 2000-01 and 2001-02 ranged between \$804 million and \$2.131 billion above Executive estimates. The Senate minority represented the upper-end and the Assembly minority represented the lower-end of the estimates difference.

Differences from Executive Revenue Estimates (Millions)

Fiscal Year	Senate Majority	Assembly Majority	Senate Minority	Assembly Minority
2000-01	\$ 741	\$ 593	\$ 763	\$ 308
2001-02	\$ 510	\$ 1,538	\$ 1,252	\$ 496
Two-Year Total	\$ 1,251	\$ 2,131	\$ 2,015	\$ 804

Disagreement on projected revenues for 2000-01 ranged from \$308 million to \$763 million more than the Executive estimates. All forecasters under-estimated 2000-01 actual receipts, based on preliminary year-end actual figures. The Senate Finance minority was closest, varying by about \$106 million less than the actual year-end figure. Receipts estimates ranged from \$106 million to \$869 million below the 2000-01 year-end figure. Differences in expected revenues for 2001-02 were more significant and ranged from \$496 million to over \$1.5 billion more than Executive estimates.

The law requires a consensus forecasting conference to assist the Executive and Legislature in reaching a consensus revenue forecast. The conference met on March 5, 2001 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 to issue a joint report containing a consensus forecast of the economy and receipts for the current and upcoming state fiscal years. As of the date of this report, no consensus has been reached and no report has been issued. In the last five years, since this requirement was enacted into law 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.

Despite the hope that the consensus revenue forecasting process would be a positive milestone on the way toward achieving on-time budgets, this process has not accomplished the desired results in the past five years. Additionally, the State has entered the 2001-02 fiscal year without a budget in place. The Executive and Legislature are urged to make a commitment to the success of consensus forecasting and other reforms to improve the budget process⁵.

2000-01 Forecast

For 2000-01, the Senate Finance minority committee represented the highest difference from the Executive of \$763 million and the closest to the preliminary year-end actual figure for 2000-01, varying by \$106 million below. The personal income tax accounts for the bulk of this difference.

2000-01 Revenue Estimates (Million)

Category	Executive	Senate Minority	Difference
Personal Income Tax	\$ 23,851	\$ 24,467	\$ 616
Refund Reserve Account	\$ 1,661	\$ 1,661	\$ 0
User Taxes and Fees	\$ 7,404	\$ 7,419	\$ 15
Business Taxes	\$ 4,403	\$ 4,536	\$ 133
Other Taxes	\$ 782	\$ 781	\$ -1
Miscellaneous Receipts	\$ 1,525	\$ 1,525	\$ 0
Lottery	\$ 1,393	\$ 1,393	\$ 0
Total Receipts	\$ 39,358	\$ 40,121	\$ 763

Receipts estimates ranged from \$106 to \$869 million below the 2000-01 year-end figure. The Senate Finance majority committee was the next closest to the actual, varying by \$128 million below, followed by Assembly Ways and Means majority and minority, varying by \$289 and \$556 million below, respectively.

Of particular note, are the timing differences in receipt estimates among the fiscal committees. Senate Finance majority projected that most of the higher receipts would occur in 2000-01, while the Assembly Ways and Means majority estimated that most of the increase would materialize in 2001-02. Senate minority estimates were generally high in both years, while Assembly minority estimates were generally low in both years.

⁵ For more information see Budget Reform: Review of Issues and Proposals, March 1996, by the Office of the State Comptroller.

2001-02 Forecast

For 2001-02, the Assembly majority represents the highest difference from the Executive of \$1.538 billion. The personal income tax again accounts the bulk of this difference.

2001-02 Revenue Estimates

(Million)

Category	Executive	Assembly Majority	Difference
Personal Income Tax	\$ 26,736	\$ 28,134	\$ 1,398
Refund Reserve Account	\$ 1,701	\$ 1,701	\$ 0
User Taxes and Fees	\$ 7,423	\$ 7,460	\$ 37
Business Taxes	\$ 4,142	\$ 4,185	\$ 43
Other Taxes	\$ 771	\$ 783	\$ 12
Miscellaneous Receipts	\$ 1,429	\$ 1,452	\$ 23
Lottery	\$ 1,525	\$ 1,550	\$ 25
Total Receipts	\$ 42,026	\$ 43,564	\$ 1,538

Personal Income Tax

The Assembly majority projects personal income tax receipts will be \$1.398 billion higher than forecast by the Executive. The majority of personal income tax collections in 2001-02 represent tax payments on income received during that year. The remaining portion is related to the settlement of liability, through final payments or refunds, associated with calendar year 2000. An examination of components of personal income tax may shed some light on the basis for the current disagreement.

In addition, the personal income tax is important to understand since it accounts for more than half the tax base and has accounted for the bulk of the underestimation of revenues in recent years. Over the past four years, the personal income tax has accounted for almost two-thirds of the year-end revenue-related surplus. The income tax is considered progressive, that is, as income increases it is taxed at progressively higher rates.

Withholding

Withholding is the automatic deduction of personal income taxes from wages. Withholding tax tables instruct employers on the appropriate deductions and exemptions from wages, and at what rate to withhold taxes from the remaining wages. Regular wage payments, lump-sum bonus payments subject to mandatory withholding at the top

statutory rate, and gains from stock options exercised in non-qualified employee stock option plans are subject to the tax.

The Assembly majority projects withholding collections for 2001-02 of \$21.98 billion, \$894 million higher than the Executive. Some of this disagreement is attributable to stronger wage growth projected by the Assembly. The Senate majority projects even higher wage growth than the Assembly majority, yet their difference from the Executive is only \$416 million.

There is a direct connection between wages and withholding. Due to the progressive nature of the income tax withholding tax tables, a simple one percent increase in wages usually results in a greater percentage increase in withholding. This occurs because the withholding tax rate increases as income increases; the economic term used to describe such a relationship is elasticity. Withholding elasticity refers to the percent change in withholding tax collections for each one percent change in wages.

The following table illustrates the differing elasticities of the various forecasts. It should be noted that due to limited information, this is an inexact estimate of elasticity because it mixes fiscal year data with calendar year data.

Summary of Forecasted Growth Rates and Estimated Elasticity

	Calendar Year 2001 Wage Growth	Fiscal Year 2001-02 Withholding Growth	Implied Elasticity
Executive	4.5%	4.7%	1.04%
Assembly Majority	5.3%	6.6%	1.25%
Senate Majority	5.7%	3.0%	.53%

Overall estimated elasticities (adjusting for tax cuts) declined from a high of 1.6 percent in 1996, to 1.4 percent in 1999. Preliminary actual data, for state fiscal year 2000-01 withholding, indicates an estimated elasticity of between 1.7 percent and 2.6 percent. Since this was a strong year for withholding (growth was 13.5 percent), an elasticity of greater than one is quite reasonable. The Senate majority elasticity of 0.53 percent appears low. In addition, the Executive has indicated that despite actual 2000-01 withholding collections that were \$818 million below their estimate, they consider these revenues one-time and would not adjust their 2001-02 forecast. Maintaining their 30-day estimate would imply an elasticity of 0.13 percent. Although the economy is expected to slow and Wall Street bonuses weaken, this elasticity appears unreasonably low.

Another factor affecting elasticity is the distribution of wage growth among taxpayers. If most wage growth occurs in the upper incomes, the growth rate of withholding will be higher than if the wage growth is evenly distributed or accrues mostly at the bottom of the income bracket.

Recently, much of the growth in income has been concentrated toward the upper end of the income distribution. This is due to the increases in bonus payments, exercised stock options, and capital gains. When income gains occur for these taxpayers, state tax revenues tend to increase by a higher percentage. This has been the driving force behind much of the unanticipated strength of tax collections in the fairly recent past. However, the factors contributing to growth in income are closely related to the financial markets, which are one of the more volatile elements of the State's economic structure. Therefore, any assumption for strong or even modest growth over last year's high revenue base poses an added element of uncertainty.

Estimated Tax Payments

Estimated payments are income tax payments made by individuals with large amounts of non-wage income. The primary components of non-wage income include capital gains, interest and dividend income. Capital gains has grown dramatically in the past few years due to a robust stock market that contributed to larger gains and a federal income tax cut that encouraged many to realize capital gains.

The Assembly majority forecast for 2001-02 was \$392 million higher than the Executive. These differences are mainly attributable to varying levels and growth of capital gains.

Capital gains has been the fastest growing share of total income in recent years and is one of the most volatile components. It is difficult to forecast with precision since it is a function of the stock market and taxpayer behavior.

Realized capital gains is a tax concept, and is not included in traditional economic series. The level of realized taxable capital gains, which is typically found in the upper income classes, is related to the financial markets as well as tax law changes. The growing popularity of mutual funds also makes estimating difficult since taxpayers do not have to take any action to receive capital gains distributions. Because capital gains growth has varied so much in recent years, it is more difficult to predict and often has been an area where forecasters have had significantly different growth projections. A 10 percent difference in the projected growth rate can mean a revenue forecast difference of up to \$340 million.

**2000-2001 Revenue Estimates
Summary
(Millions)**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	\$23,851	\$24,590	\$24,346	\$24,467	\$24,110
Withholding	\$20,137	\$20,878	\$20,624	\$20,800	\$20,318
Estimated Payments	\$6,850	\$6,862	\$6,858	\$6,817	\$6,863
Final Returns	\$1,671	\$1,706	\$1,687	\$1,695	\$1,706
Other Payments	\$535	\$570	\$551	\$535	\$537
Refunds	(\$3,681)	(\$3,765)	(\$3,713)	(\$3,719)	(\$3,653)
Refunds Reserves	\$1,666	\$1,666	\$1,666	\$1,666	\$1,666
STAR Deposit	(\$1,877)	(\$1,877)	(\$1,877)	(\$1,877)	(\$1,877)
STAR Reserve Deposit	(\$1,200)	(\$1,200)	(\$1,200)	(\$1,200)	(\$1,200)
DRRF Deposit	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)
User Taxes and Fees	\$7,404	\$7,433	\$7,435	\$7,419	\$7,409
Sales	\$6,277	\$6,281	\$6,295	\$6,292	\$6,279
Cigarette	\$522	\$538	\$530	\$522	\$520
Motor Fuel	\$19	\$19	\$19	\$19	\$19
Motor Vehicle	\$338	\$347	\$341	\$338	\$341
Alcoholic Beverage	\$211	\$209	\$211	\$211	\$211
Auto Rental	\$37	\$39	\$39	\$37	\$39
Business Taxes	\$4,403	\$4,377	\$4,453	\$4,536	\$4,431
Corporate Franchise	\$2,382	\$2,349	\$2,414	\$2,524	\$2,386
Utilities	\$845	\$855	\$855	\$836	\$862
Insurance	\$567	\$565	\$561	\$567	\$568
Bank	\$521	\$522	\$535	\$521	\$527
Petroleum	\$88	\$86	\$88	\$88	\$88
Other Taxes	\$782	\$781	\$786	\$781	\$803
Estate and Gift	\$745	\$747	\$748	\$744	\$767
Real Property Gains	\$4	\$4	\$6	\$4	\$4
Pari-mutuel	\$32	\$29	\$31	\$32	\$31
Other	\$1	\$1	\$1	\$1	\$1
Total Taxes	\$36,440	\$37,181	\$37,020	\$37,203	\$36,753
Miscellaneous Receipts	\$1,525	\$1,525	\$1,538	\$1,525	\$1,525
Lottery	\$1,393	\$1,393	\$1,393	\$1,393	\$1,388
Total	\$39,358	\$40,099	\$39,951	\$40,121	\$39,666

2000-2001 Revenue Estimates
Difference from Division of the Budget
(Millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	\$739	\$495	\$616	\$259
Withholding	\$741	\$487	\$663	\$181
Estimated Payments	\$12	\$8	(\$33)	\$13
Final Returns	\$35	\$16	\$24	\$35
Other Payments	\$35	\$16	\$0	\$2
Refunds	(\$84)	(\$32)	(\$38)	\$28
Refunds Reserves	\$0	\$0	\$0	\$0
STAR Deposit	\$0	\$0	\$0	\$0
STAR Reserve Deposit	\$0	\$0	\$0	\$0
DRRF Deposit	\$0	\$0	\$0	\$0
User Taxes and Fees	\$29	\$31	\$15	\$5
Sales	\$4	\$18	\$15	\$2
Cigarette	\$16	\$8	\$0	(\$2)
Motor Fuel	\$0	\$0	\$0	\$0
Motor Vehicle	\$9	\$3	\$0	\$3
Alcoholic Beverage	(\$2)	\$0	\$0	\$0
Auto Rental	\$2	\$2	\$0	\$2
Business Taxes	(\$26)	\$50	\$133	\$28
Corporate Franchise	(\$33)	\$32	\$142	\$4
Utilities	\$10	\$10	(\$9)	\$17
Insurance	(\$2)	(\$6)	\$0	\$1
Bank	\$1	\$14	\$0	\$6
Petroleum	(\$2)	\$0	\$0	\$0
Other Taxes	(\$1)	\$4	(\$1)	\$21
Estate and Gift	\$2	\$3	(\$1)	\$22
Real Property Gains	\$0	\$2	\$0	\$0
Pari-mutuel	(\$3)	(\$1)	\$0	(\$1)
Other	\$0	\$0	\$0	\$0
Total Taxes	\$741	\$580	\$763	\$313
Miscellaneous Receipts	\$0	\$13	\$0	\$0
Lottery	\$0	\$0	\$0	(\$5)
Total	\$741	\$593	\$763	\$308

**2000-2001 Revenue Estimates
Annual Growth**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	17.3%	20.9%	19.7%	20.3%	18.5%
Withholding	9.1%	13.1%	11.7%	12.7%	10.1%
Estimated Payments	17.4%	17.6%	17.5%	16.8%	17.6%
Final Returns	16.9%	19.4%	18.1%	18.6%	19.4%
Other Payments	4.5%	11.3%	7.6%	4.5%	4.9%
Refunds	21.0%	23.8%	22.1%	22.3%	20.1%
Refunds Reserves	-200.3%	-200.3%	-200.3%	-200.3%	-200.3%
STAR Deposit	57.1%	57.1%	57.1%	57.1%	57.1%
STAR Reserve Deposit	N/A	N/A	N/A	N/A	N/A
DRRF Deposit	N/A	N/A	N/A	N/A	N/A
User Taxes and Fees	-2.6%	-2.2%	-2.2%	-2.4%	-2.6%
Sales	2.2%	2.3%	2.5%	2.5%	2.2%
Cigarette	-18.8%	-16.3%	-17.6%	-18.8%	-19.1%
Motor Fuel	190.0%	-89.4%	-89.4%	-89.4%	-89.4%
Motor Vehicle	-15.7%	-13.5%	-15.0%	-15.7%	-15.0%
Alcoholic Beverage	5.5%	4.5%	5.5%	5.5%	5.5%
Auto Rental	-5.1%	0.0%	0.0%	-5.1%	0.0%
Business Taxes	-3.5%	-4.0%	-2.4%	-0.5%	-2.9%
Corporate Franchise	68.0%	21.1%	24.5%	30.2%	23.1%
Utilities	43.5%	-39.7%	-39.7%	-41.0%	-39.2%
Insurance	7.8%	-4.1%	-4.8%	-3.7%	-3.6%
Bank	-1.0%	-0.8%	1.7%	-1.0%	0.2%
Petroleum	-1.1%	-3.4%	-1.1%	-1.1%	-1.1%
Other Taxes	-29.4%	-29.4%	-29.0%	-29.4%	-27.5%
Estate and Gift	-29.4%	-29.2%	-29.1%	-29.5%	-27.3%
Real Property Gains	-71.4%	-71.4%	-57.1%	-71.4%	-71.4%
Pari-mutuel	-11.1%	-19.4%	-13.9%	-11.1%	-13.9%
Other	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%
Total Taxes	8.4%	10.6%	10.1%	10.7%	9.3%
Miscellaneous Receipts	-7.4%	-7.4%	-6.6%	-7.4%	-7.4%
Lottery	3.6%	3.6%	3.6%	3.6%	3.2%
Total	7.5%	9.5%	9.1%	9.6%	8.4%

**2001-2002 Revenue Estimates
Summary
(Millions)**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	\$26,736	\$27,206	\$28,134	\$27,740	\$27,123
Withholding	\$21,091	\$21,507	\$21,985	\$21,985	\$21,474
Estimated Payments	\$6,730	\$6,696	\$7,122	\$6,820	\$6,676
Final Returns	\$1,730	\$1,769	\$1,776	\$1,785	\$1,720
Other Payments	\$540	\$547	\$549	\$540	\$543
Refunds	(\$3,435)	(\$3,393)	(\$3,378)	(\$3,470)	(\$3,370)
Refunds Reserves	\$1,701	\$1,701	\$1,701	\$1,701	\$1,701
STAR Deposit	(\$2,571)	(\$2,571)	(\$2,571)	(\$2,571)	(\$2,571)
STAR Reserve Deposit	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
DRRF Deposit	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)
User Taxes and Fees	\$7,423	\$7,433	\$7,460	\$7,499	\$7,447
Sales	\$6,518	\$6,476	\$6,548	\$6,594	\$6,530
Cigarette	\$463	\$515	\$463	\$463	\$471
Motor Fuel	\$0	\$0	\$0	\$0	\$0
Motor Vehicle	\$195	\$193	\$198	\$195	\$196
Alcoholic Beverage	\$209	\$209	\$210	\$209	\$209
Auto Rental	\$38	\$40	\$41	\$38	\$41
Business Taxes	\$4,142	\$4,116	\$4,185	\$4,314	\$4,229
Corporate Franchise	\$2,222	\$2,255	\$2,247	\$2,384	\$2,263
Utilities	\$875	\$821	\$887	\$885	\$910
Insurance	\$540	\$550	\$537	\$540	\$545
Bank	\$505	\$490	\$514	\$505	\$511
Petroleum	\$0	\$0	\$0	\$0	\$0
Other Taxes	\$771	\$771	\$783	\$771	\$774
Estate and Gift	\$736	\$738	\$748	\$736	\$741
Real Property Gains	\$3	\$3	\$3	\$3	\$3
Pari-mutuel	\$31	\$29	\$31	\$31	\$29
Other	\$1	\$1	\$1	\$1	\$1
Total Taxes	\$39,072	\$39,526	\$40,562	\$40,324	\$39,573
Miscellaneous Receipts	\$1,429	\$1,444	\$1,452	\$1,429	\$1,429
Lottery	\$1,525	\$1,566	\$1,550	\$1,525	\$1,520
Total	\$42,026	\$42,536	\$43,564	\$43,278	\$42,522

2001-2002 Revenue Estimates
Difference from Division of the Budget
(Millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	\$470	\$1,398	\$1,004	\$387
Withholding	\$416	\$894	\$894	\$383
Estimated Payments	(\$34)	\$392	\$90	(\$54)
Final Returns	\$39	\$46	\$55	(\$10)
Other Payments	\$7	\$9	\$0	\$3
Refunds	\$42	\$57	(\$35)	\$65
Refunds Reserves	\$0	\$0	\$0	\$0
STAR Deposit	\$0	\$0	\$0	\$0
STAR Reserve Deposit	\$0	\$0	\$0	\$0
DRRF Deposit	\$0	\$0	\$0	\$0
User Taxes and Fees	\$10	\$37	\$76	\$24
Sales	(\$42)	\$30	\$76	\$12
Cigarette	\$52	\$0	\$0	\$8
Motor Fuel	\$0	\$0	\$0	\$0
Motor Vehicle	(\$2)	\$3	\$0	\$1
Alcoholic Beverage	\$0	\$1	\$0	\$0
Auto Rental	\$2	\$3	\$0	\$3
Business Taxes	(\$26)	\$43	\$172	\$87
Corporate Franchise	\$33	\$25	\$162	\$41
Utilities	(\$54)	\$12	\$10	\$35
Insurance	\$10	(\$3)	\$0	\$5
Bank	(\$15)	\$9	\$0	\$6
Petroleum	\$0	\$0	\$0	\$0
Other Taxes	\$0	\$12	\$0	\$3
Estate and Gift	\$2	\$12	\$0	\$5
Real Property Gains	\$0	\$0	\$0	\$0
Pari-mutuel	(\$2)	\$0	\$0	(\$2)
Other	\$0	\$0	\$0	\$0
Total Taxes	\$454	\$1,490	\$1,252	\$501
Miscellaneous Receipts	\$15	\$23	\$0	\$0
Lottery	\$41	\$25	\$0	(\$5)
Total	\$510	\$1,538	\$1,252	\$496

**2001-2002 Revenue Estimates
Annual Growth**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	12.1%	10.6%	15.6%	13.4%	12.5%
Withholding	4.7%	3.0%	6.6%	5.7%	5.7%
Estimated Payments	-1.8%	-2.4%	3.8%	0.0%	-2.7%
Final Returns	3.5%	3.7%	5.3%	5.3%	0.8%
Other Payments	0.9%	-4.0%	-0.4%	0.9%	1.1%
Refunds	-6.7%	-9.9%	-9.0%	-6.7%	-7.7%
Refunds Reserves	2.1%	2.1%	2.1%	2.1%	2.1%
STAR Deposit	37.0%	37.0%	37.0%	37.0%	37.0%
STAR Reserve Deposit	200.0%	200.0%	200.0%	200.0%	200.0%
DRRF Deposit	0.0%	0.0%	0.0%	0.0%	0.0%
User Taxes and Fees	0.3%	0.0%	0.3%	1.1%	0.5%
Sales	3.8%	3.1%	4.0%	4.8%	4.0%
Cigarette	-11.3%	-4.3%	-12.6%	-11.3%	-9.4%
Motor Fuel	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Motor Vehicle	-42.3%	-44.4%	-41.9%	-42.3%	-42.5%
Alcoholic Beverage	-0.9%	0.0%	-0.5%	-0.9%	-0.9%
Auto Rental	2.7%	2.6%	5.1%	2.7%	5.1%
Business Taxes	-5.9%	-6.0%	-6.0%	-4.9%	-4.6%
Corporate Franchise	-6.7%	-4.0%	-6.9%	-5.5%	-5.2%
Utilities	3.6%	-4.0%	3.7%	5.9%	5.6%
Insurance	-4.8%	-2.7%	-4.3%	-4.8%	-4.0%
Bank	-3.1%	-6.1%	-3.9%	-3.1%	-3.0%
Petroleum	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Other Taxes	-1.4%	-1.3%	-0.4%	-1.3%	-3.6%
Estate and Gift	-1.2%	-1.2%	0.0%	-1.1%	-3.4%
Real Property Gains	-25.0%	-25.0%	-50.0%	-25.0%	-25.0%
Pari-mutuel	-3.1%	0.0%	0.0%	-3.1%	-6.5%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Total Taxes	7.2%	6.3%	9.6%	8.4%	7.7%
Miscellaneous Receipts	-6.3%	-5.3%	-5.6%	-6.3%	-6.3%
Lottery	9.5%	12.4%	11.3%	9.5%	9.5%
Total	6.8%	6.1%	9.0%	7.9%	7.2%