



2004–05 Budget Analysis

Review of Economic and Revenue Forecasts

MARCH 2004

New York State
Office of the State Comptroller
Alan G. Hevesi

Deputy Comptroller Margaret M. Sherman
Office of Budget and Policy Analysis
Albany, New York 12236

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EXECUTIVE SUMMARY

This review of economic and revenue forecasts finds the outlook for New York State and the nation to be generally promising in 2004, but less certain in 2005. Employment levels pose the greatest risk to the outlook; job growth is weak at the national level and flat at the State level. Within this economic framework, however, the Executive and the legislative fiscal committees have produced State revenue projections that fall within a relatively close and reasonable range, and prospects are good for achieving timely consensus.

By comparing the Executive and legislative economic and revenue estimates, this report intends to provide the public with a context for decision-making on the State Budget for fiscal year 2004-2005. This report is the tenth annual review of economic and revenue projections for the State Budget issued by the Comptroller.

Most forecasters are projecting moderate economic growth in the near future with low inflation. However, New York continues to lag the nation in recovery, and its levels of employment are not expected to reach the previous high point, which was achieved in April 2001, for several years. This year's report provides an analysis of employment growth during the current economic expansion and the other risks associated with the economic recovery for New York State. As in prior years, the report also reviews the revenue forecasts published by the Executive and the Legislature.

The economic expansion that had been anticipated by economists as early as the spring of 2002 finally began to accelerate in 2003, when the nation started to emerge from the cumulative effect of recession, corporate scandals, the impact of September 11 and the war in Iraq. Economists now predict that the expansion will continue through 2004, but caution that a large number of looming risks may reduce economic growth in 2005.

As the national economy continues to expand, the Blue Chip consensus forecasts that real Gross Domestic Product (GDP) will grow 4.6 percent in the current year. Federal deficit spending and the short-term impact of tax cuts are expected to fuel the economy at least until mid-year, although economists voice lingering concerns relating to the increasing federal deficit and long-term economic conditions. Forecasters also caution that New York's economic recovery depends on an improved employment rate and point out that consumer confidence continues to be low, possibly due to the slow rate of job creation. Finally, repercussions of corporate scandals and the fear of future terrorism could cause prolonged investor concern.

Revenue Projections

The State's revenue forecasting law requires the Executive and the Legislature's Fiscal Committees to hold an economic and revenue conference, and then jointly release a consensus economic report prior to March 10 of each year.¹ This year the process was accelerated from past practice, and the conference was held in Albany on February 25.

The differences in economic and revenue projections among the five consensus participants are relatively minimal this year. General Fund tax revenue estimates for the combined two-year period of the 2003-04 and 2004-05 State fiscal years ranged from \$187 million below to \$661 million above Executive estimates. This is the second consecutive year that the range has been relatively narrow, reflecting an anticipation of modest growth in the State's economy for the coming year.

In addition to the release of revenue forecasts a week earlier than in 2003, both houses of the Legislature have expressed a resolve to pass the budget prior to the April 1 deadline. As to the future, all participants in the revenue forecasting process in New York agree that some fundamental reforms are needed. In this effort, both houses have passed budget reform packages addressing the need for change in the State's budget process and a conference committee has started work on resolving differences in each house's reform initiatives. A proposal included in one package specifies that in the event all parties do not agree to a revenue estimate before the statutory deadline, the Comptroller would provide the binding forecast.

¹ See section 23 (6)(b) of the State Finance Law.

ECONOMIC PROJECTIONS

National Economy

The Executive and legislative forecasts all predict continued growth in the U.S. economy in 2004. Although the economic slowdown that began in March 2001 officially ended in November 2001, the first six quarters of the subsequent expansion produced only sluggish growth. However, economic activity accelerated significantly in the third quarter of 2003, and the economy appears able to maintain moderate growth throughout the current year. Executive and legislative projections call for growth in the Gross Domestic Product (GDP) of between 4.6 and 4.8 percent in 2004, in line with the February Blue Chip Consensus GDP forecast of 4.6 percent. Other signs of economic strength include recent increases in productivity, the long duration of the current rally on Wall Street, rising levels of inventory replacement, and growth in computer equipment and software purchases by business.

Executive and Legislative Calendar Year 2004 National Economic Projections

	Lower Range	Upper Range
GDP	4.6%	4.8%
Personal Income	3.2%	4.6%
Wages	3.7%	5.1%
Corporate Profits (pre-tax)	13.0%	20.6%
Employment	1.0%	1.2%
Inflation	1.3%	1.7%

Growth is expected in all of the major economic indicators used by the Executive and Legislature to prepare their national forecasts. After an increase of more than 28 percent in 2003, the S&P 500 Index is projected to grow in 2004 at a rate between 15 and 24 percent. Personal income and wage growth are also expected to increase at a faster pace than in 2003, but at a slower rate than in the mid to late 1990s.

Estimates for the Consumer Price Index (CPI) for 2004 range between 1.3 and 1.7 percent, dropping below the 2.3 percent estimated for 2003. This appears to be consistent with the Blue Chip consensus forecast for inflation in 2004 of 1.6 percent; this may support economists who hold the opinion that the Federal Reserve will not raise interest rates dramatically in the current year.

Executive and legislative forecasts vary in their outlook for corporate profits in 2004, ranging from increases of 13.0 to 20.6 percent. While this appears to be a significant difference, it is less than half the 16 percent variation in last year's forecasts. The February Blue Chip forecast for corporate profits in 2004 is 15.9 percent.

New York Economy

The Executive and legislative economic forecasts for New York State all project improved performance over 2003 levels, but at a slower pace than the national economy. National wages and personal income are expected to grow at rates between 3.7 and 5.1 percent, and 3.2 and 4.6 percent respectively. Employment is expected to increase at approximately 1.0 percent after declining in 2002 and 2003. In contrast, the table below illustrates that employment in New York State is forecast to grow between 0.7 and 1.0 percent, while personal income is estimated to grow from 4.3 to 5.2 percent, and wages are forecast to grow in the range of 4.0 to 4.9 percent. This difference between the projected growth rates at the State and national levels is consistent with economic downturns in the past where recovery in New York lagged the nation.

**Legislative and Executive
Calendar Year 2004 State Economic Projections**

	Lower Range	Upper Range
Personal Income	4.3%	5.2%
Wages	4.0%	4.9%
Employment	0.7%	1.0%

Risks to the Economic and Revenue Forecasts

The economists invited to speak at the 2004 New York State Economic and Revenue Consensus Forecasting Conference, hosted by the Division of the Budget and the Fiscal Committees of the Legislature, were consistent in their expectation that the New York State economy would continue to improve in the short term, but that recovery was unlikely to continue at its current rate into calendar year 2005. Furthermore, although economic and revenue forecasts appear to be precise, they rely on econometric models and tools that are subject to ongoing revision and development. Even though these models may use the best data available at the time of composition, no model can fully account for the complexities of the economy or unanticipated factors. As a result, these forecasts are subject to inherent risks.

Risks to the Forecast

- The benefit of last year's federal income tax cuts and the Federal Reserve's cut in interest rates are stimuli that cannot be easily repeated. Indeed, there is growing concern that the deficit resulting from tax cuts will soon become a drag on the national economy.
- Personal income and wages are increasing, but there has not been a corresponding decrease in unemployment. Commonly referred to as a "Jobless" (or "Job-Loss") Recovery, this condition may be leading to a drop in consumer confidence and a commensurate drop in consumer spending.
- Outsourcing of jobs to nations and to other states with lower wage levels—and the gap between the relatively high wages of jobs that have been eliminated and the lower wages of newly created jobs—will add to consumer uneasiness.
- Several of the defendants indicted in corporate accounting scandals will be coming to trial in 2004. Combined with the evolving accusations of malfeasance in the mutual fund market, there is a risk of further public loss of confidence in the financial services sector.
- The U.S. dollar has declined in value relative to other global currencies, yet the nation continues to run a huge imbalance in global trade. These conditions may make it difficult to sustain current rates of growth in the economy.
- The stock market appears to be overvalued by some traditional measures and may undergo price corrections. New York is especially vulnerable to the disruptions that such corrections would create. Wall Street bonuses have a significant impact on the State's personal income tax collections, and much of the fiscal crisis faced by the State in the past several years was due to the precipitous decline in such bonuses.
- Presidential elections have historically been followed by below average stock market returns.

- Housing prices have increased dramatically in recent years, especially in major suburban areas. If these increases were due to a market “bubble,” then a price correction would seriously harm the accumulated wealth of many middle-class New Yorkers.

- National and State officials continue to warn of the possibility of additional terrorist attacks. New York is especially vulnerable due to its high visibility symbolic targets, as well as its concentrations of wealth and population.

RECEIPTS PROJECTIONS

State law requires the Executive and Legislature to convene an economic and revenue consensus forecasting conference. Legislative leaders have indicated their strong desire to complete the budget process by the statutory deadline of April 1. As a result, this year's forecasting conference was held earlier than usual, on February 25. The conference allowed experts from a number of research and financial organizations to offer guidance on the expected performance of the economy and its impact on State revenues.

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 by March 10 of every year.² Since this law was enacted in 1996, only three 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, while from 2000 to 2002 budget actions were taken without any agreement on revenue projections. In 2003, a consensus on available revenues was reached among the Executive, Senate and Assembly on March 10. The agreement acknowledged that minor differences existed among the three parties, but for the purposes of budget deliberations, the Executive Budget revenue estimates were used. This year's early meeting gives some encouragement to the hope that the Executive and Legislature will reach a consensus for the 2004-05 State fiscal year.

In an effort to inform the public and help facilitate a consensus, this review compares revenue projections produced by the Executive³ and by the Majority and Minority of the Senate Finance and Assembly Ways and Means Committees. Generally, the Assembly Majority presents the most optimistic estimates, while the Assembly Minority offers the most pessimistic projections. The Senate Majority and Minority estimates occupy a middle range. The tables below give summary General Fund and All Funds data, while those tables appearing in the Appendix provide detailed General Fund revenue estimate comparisons on a tax-by-tax basis.

² See section 23 (6)(b) of the State Finance Law.

³ The Executive estimates reflect 30-day budget amendments.

General Fund tax revenue estimates for the two-year period of 2003-04 through 2004-05 range between \$85 million below and \$506 million above Executive estimates.

The Majority and Minority of both the Senate Finance Committee and the Assembly Ways and Means Committee concur that General Fund tax receipts will exceed the Executive projections for 2004-05.

Differences from Executive General Fund Revenue Estimates

(in millions)

Fiscal Year	Senate Majority	Assembly Majority	Senate Minority	Assembly Minority
2003-04				
Tax Revenue	(\$41)	\$18	(\$10)	(\$175)
Total Revenue	\$35	(\$3)	(\$2)	(\$255.5)
2004-05				
Tax Revenue	\$101	\$488	\$343	\$90
Total Revenue	\$239	\$664	\$343	\$68
Two-Year Total Tax Revenue	\$60	\$506	\$333	(\$85)
Two-Year Total Revenue	\$204	\$661	\$341	(\$187)

All Funds tax revenue estimates for the two-year period of 2003-04 through 2004-05 ranged between \$178 million below and \$633 million above Executive estimates. All Funds tax forecasts include General Fund and revenue funds dedicated to debt service and other purposes, as well as Special Revenue Fund receipts. These dedicated revenues include income tax receipts that are used to back revenue bonds, sales tax receipts used to back Local Government Assistance Corporation bonds, and real estate transfer taxes that support the Environmental Protection Fund and back environmental bonds. Again, over the two-year period, the Assembly Majority represents the most optimistic revenue forecast, while the Assembly Minority presents the most pessimistic forecast.

Differences from Executive All Fund Tax Revenue Estimates

(in millions)

Fiscal Year	Senate Majority	Assembly Majority	Senate Minority	Assembly Minority
2003-04 Tax Revenue	(\$68)	\$1	\$5	(\$237)
2004-05 Tax Revenue	\$143	\$632	\$453	\$59
Two-Year Total Tax Revenue	\$75	\$633	\$458	(\$178)

2003-04 Estimates

General Fund revenue estimates for 2003-04 range from \$2 million to \$255 million below Executive estimates. The Senate Minority is the most optimistic about collections for the current fiscal year, and the Assembly Minority is the most pessimistic.

The largest differences in projections are in State personal income tax collections, where the Assembly Minority projects that receipts will be \$214 million less than the Executive, while the Senate Majority estimates that personal income taxes will come in \$154 million less than the Executive.

2003-04 General Fund Revenue Estimates Differences (in millions)

Category	Committee	Difference
Personal Income Tax	Ways and Means Minority	(\$214)
User Taxes and Fees	Ways and Means Majority	\$22
Business Taxes	Senate Finance Majority	\$82
Other Taxes	Senate Finance Majority	\$33
Miscellaneous Receipts	Senate Finance Majority	\$24
Lottery	Senate Finance Minority	\$6

2004-05 Forecast

General Fund revenue forecasts for 2004-05 range from \$90 to \$488 million above Executive estimates. The Assembly Majority is the most optimistic about collections for the coming fiscal year, and the Assembly Minority is the most pessimistic. However, all legislative participants project revenues for 2004-05 to exceed the forecast of the Executive.

The largest differences in projections are in the personal income tax where the Assembly Majority projects receipts will be \$296 million more than the Executive. The next largest variance is in the business tax where the Senate Majority estimates that business taxes will come in \$127 million below the Executive estimate.

2004-05 General Fund Revenue
Major Differences from Executive Estimates
(in millions)

Category	Committee	Difference
Personal Income Tax	Ways and Means Majority	\$296
User Taxes and Fees	Ways and Means Majority	\$65
Business Taxes	Senate Finance Majority	(\$127)
Other Taxes	Senate Finance Majority	\$94
Miscellaneous Receipts	Ways and Means Majority	\$23
Lottery	Senate Finance Majority	\$34

Other Revenue Concerns

There are two conditions unique to New York State that may have an impact on revenue generation in future years. First, there is a growing reliance on gambling to raise revenues. This year's Executive Budget proposes increasing the number of Video Lottery Terminals (VLTs) to be placed around the State. The Executive Budget projects \$240 million in revenues from currently authorized VLT facilities in the coming fiscal year, but also projects revenues of up to \$2 billion annually from an expansion in the number of authorized sites over the next five years.

While these projections may prove accurate over time, VLT facilities that were previously authorized have been significantly delayed in opening, and there has been opposition, voiced by the Comptroller and others, to the idea of relying on gaming opportunities to comply with the court decision in the Campaign for Fiscal Equity case.

Although some parties in the revenue forecasting conference project additional gambling revenues in the current fiscal year, not all parties have included estimates. A thorough analysis of gambling revenues by all parties is necessary to produce sustainable projections if these revenues are to be tied to future education needs.

Additionally, delays in reaching agreements with Native Americans who have filed lawsuits against the State is another area of concern. The resolution of historical land claims, taxation of cigarettes and gasoline sold to non-Indians, and the potential expansion of gaming on Indian lands are all issues that could have a significant impact on State revenues and expenditures.

Recommendations

The differences in revenue projections this year are 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.

Although it is encouraging that the leaders are striving for an on-time revenue consensus and budget in New York State, improvements to the process are welcomed. The Division of the Budget recently released a report on its revenue estimation process, including a description of its economic models. This has been a useful addition to the discussion. The Legislature should also publish its economic and revenue methodologies so that differences in estimates can be examined and critiqued. This effort would be another step toward opening up New York's complex budget process to the public.

EMPLOYMENT IN NEW YORK STATE'S RECOVERY

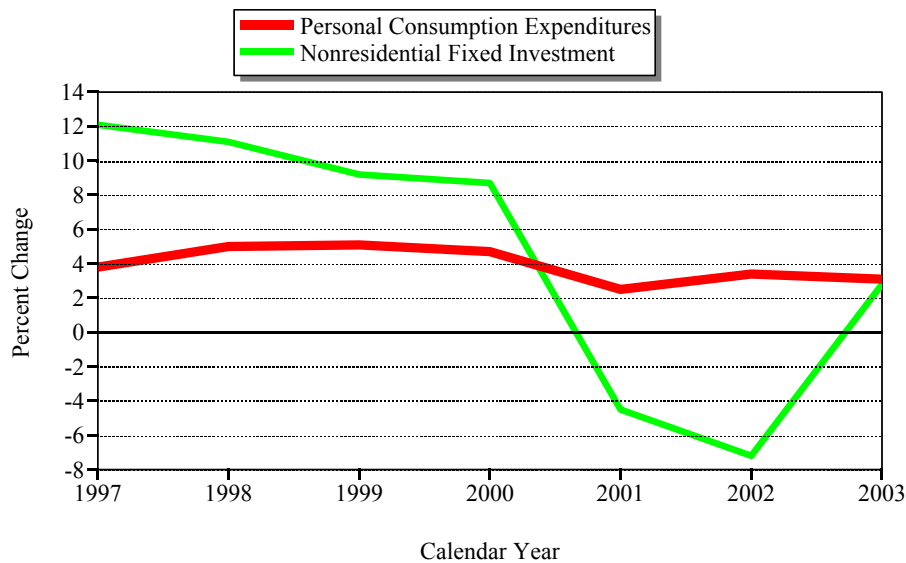
The recession of 2001 was one of the shortest on record—starting in March 2001 and ending in November 2001 when the GDP started growing again. However, while the economy began growing, it was a relatively slow growth through the second quarter of 2003 because of the external shocks to the economy, including the terrorist attacks, the corporate scandals and the war with Iraq.

To limit the severity of the economic slowdown, the Federal Reserve began reducing the federal funds rate, which lowered interest rates for consumers and businesses. In fact, the Federal Reserve reduced the federal funds rate 13 times between January 2001 and June 2003 to the lowest rate in decades—one percent. The low rates of interest for mortgages and consumer loans encouraged people to increase spending during the recession and through 2003. Business spending, however, declined sharply in 2001 and 2002 as firms reduced expenses by laying-off workers, while increasing productivity.

The federal government also returned money to consumers through the tax cuts enacted in 2001 and again in 2003. Chart I compares the change in consumer spending and business spending between 1997 and 2003. As the economy moved into recession in early 2001 there was a sharp decline in business spending on new business investment. However, consumers continued to increase spending throughout the period, as Chart I clearly shows.

Chart I

Change in Consumer and Business Spending



Data Sources: US Commerce Department.

Continued favorable economic news in the second half of 2003 has increased the prospects for continued growth in 2004. Real GDP grew at a rate of 8.2 percent in the third quarter as business spending increased sharply after a prolonged business slump, and the recently released data from the fourth quarter shows that real GDP grew by 4.1 percent, for an annual increase of 3.1 percent. In fact, the forecasts for 2004 by the Blue Chip Economic Indicators, the State fiscal committees and the Division of the Budget all expect real GDP to grow at a rate of 4.6 percent or better.

Reasons the 2004 Economy Should Continue to Grow

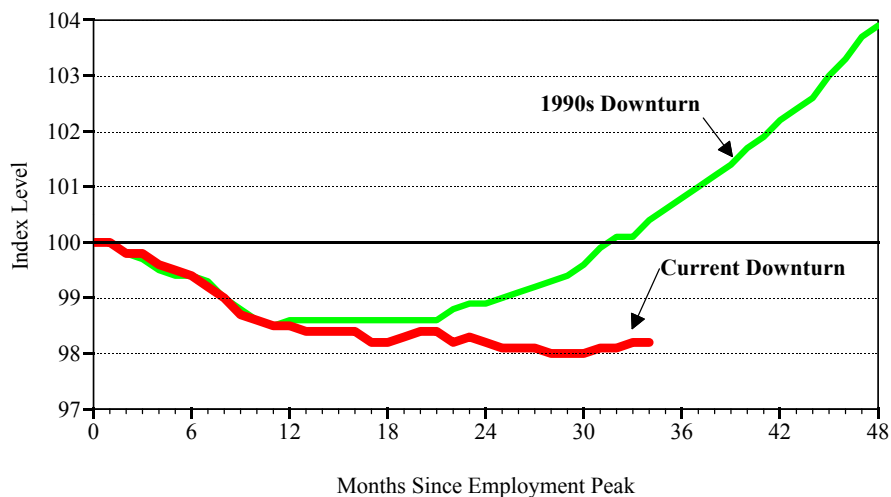
- The stock market is currently at a two and one-half year high, and it is expected to continue increasing this year. Studies have shown that during presidential election years the average gain has been 6.8 percent. However, the average gain in the years following elections has only been 1.6 percent.⁴
- The lack of inflationary pressure should allow the Federal Reserve to keep interest rates low through the first half of the year, and with the Presidential election in November, rates may not rise until the end of 2004.

⁴ The 2004 Stock Trader's Almanac lists changes in share prices in every election cycle since 1833 (43 elections), as cited by Dr. Marvin Appel, New York State Senate and Assembly Forecasting Conference 2004. The average annual price gains for all years (1833-2003) has been 5.7 percent in the Dow Jones Industrial Average. The average gain during election years was 6.8 percent, while the average gains following elections have been only 1.6 percent, and the majority of such years have been losses.

- The job market may have stabilized, with modest job gains reported in the last few months of 2003.
- While the current Executive and legislative forecasts for 2005 and after are for real GDP to continue growing, although at the lower 3.5 percent range, there are a number of risks that could derail the economy. The most significant risk to the economy is the lack of employment growth. While employment growth generally does not begin until after other sectors of the economy have started growing, in this economic cycle, employment growth has yet to follow past recoveries.

Chart II looks at employment changes from the peak month just before the start of the recession through the business cycle. As this chart demonstrates, job growth in the current economic downturn and recovery after 34 months is still below the peak, while after the same number of months, in the 1990s downturn, employment was above the prior peak.

Chart II
US Employment Changes in Current and Prior Downturns



Seasonally adjusted data is indexed to employment peaks in each cycle:
June 1990 for prior and February 2001 for current.
Data Source: US Bureau of Labor Statistics.

If employment growth remains weak, the economy could slip into recession as consumers lose confidence and cut back on spending. In the 2001 recession, the Federal Reserve lowered interest rates and the federal government cut taxes and increased spending to get the economy moving. If the economy moves into another recession within the next two to three years, those tools will not be available because interest rates are at historic lows and the federal deficit is at a historic high.

While employment in the United States has begun to grow in the last few months, this has not happened in New York. Chart III looks at employment growth by sector in New York for the peak years of 1998-2000 and the annual rates of change for 2001-2003.

CHART III
New York State Non-Agricultural Employment
(Average Annual Change)

	Annual Average 1998-2000	Annual 2001	Annual 2002	Annual 2003	4th Qtr 2003*
Private	2.6	-0.6	-2.4	-0.4	-0.1
Construction & Mining	7.2	0.9	-3.1	2.0	3.0
Manufacturing	-2.6	-5.7	-7.9	-5.1	-4.6
Trade, Transportation & Utilities	2.4	-1.8	-2.4	0.0	-0.3
Information	5.2	1.8	-8.6	-5.7	-4.4
Financial Activities	1.0	-2.0	-3.6	-0.8	0.4
Business & Professional Services	5.4	-1.8	-4.4	-1.2	-1.0
Education & Health Services	2.1	3.6	2.2	1.5	1.3
Leisure & Hospitality	3.1	-0.1	0.3	1.2	2.0
Other Services	4.6	1.6	0.5	0.6	0.8
Government	1.5	0.0	1.4	-0.8	-0.4

*Change in the fourth quarter is from the same period one year earlier.

Source: New York State Department of Labor; Office of the State Comptroller Analysis

After growing rapidly in the 1998-2000 period, private employment in New York has not started growing, although the rate of decline has slowed throughout 2003. What is especially noteworthy is that the sectors with the largest declines in employment are the highest paid—manufacturing, information, financial activities, and business and professional services.

According to the U.S. Bureau of Labor Statistics, between January 2001 and November 2003 New York State lost 115, 300 manufacturing jobs. Corporations, such as General Electric in Schenectady, Kodak in Rochester and Carrier Corporation in Syracuse, have recently announced significant lay-offs. New York was hit harder than the rest of the nation in the last recession because of the terrorist attack and the corporate scandals that affected Wall Street. If the nation moves into a recession before job growth recovers in New York, the fiscal implications could be severe.

The increasing federal deficit is also a major challenge to continued growth as higher long-term interest rates could divert resources necessary for investment and

economic growth. Higher interest rates could also slow consumer spending and further reduce consumer confidence, moving the economy into a recession. New York would be hit hard because higher interest rates could hurt the profitability of Wall Street, a major factor in the State's fiscal and economic health.

Another risk to the recovery, especially in New York, is the continuing publicity concerning corporate scandals. While public disclosure of the corporate malfeasance occurred in 2002, many of the executives implicated in the scandals are now coming to trial. Over the coming months as these trials continue to move forward, new scandals could become public, and the public could once again lose confidence in the market. A loss in confidence could once again have a large negative impact on the stock market.

APPENDIX

2003-04 Revenue Estimates Summary – General Fund

(in millions of dollars)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	15,750.1	15,596.0	15,722.0	15,725.0	15,536.5
Withholding	22,010.0	21,701.0	21,981.0	21,975.0	21,708.5
Estimated Payments	5,150.0	5,147.0	5,139.0	5,142.0	5,159.1
Final Returns	1,275.0	1,308.0	1,270.0	1,275.0	1,286.8
Other Payments	595.0	600.0	597.0	595.0	586.7
Refunds	(4,425.0)	(4,357.0)	(4,420.0)	(4,407.0)	(4,421.4)
Refund Reserves	(577.0)	(577.0)	(577.0)	(577.0)	(577.0)
STAR Deposit	(2,835.0)	(2,835.0)	(2,835.0)	(2,835.0)	(2,835.0)
DRRF/RBTF	(5,442.9)	(5,391.0)	(5,433.0)	(5,443.0)	(5,371.2)
User Taxes and Fees	7,938.5	7,937.0	7,960.0	7,958.8	7,935.0
Sales	7,219.8	7,227.0	7,246.0	7,237.8	7,218.8
Cigarette	419.5	415.0	423.0	421.5	417.0
Motor Vehicle	67.5	59.0	57.0	67.5	66.1
Alcoholic Beverage	231.7	236.0	234.0	232.0	233.1
Business Taxes	3,364.9	3,447.0	3,368.0	3,362.0	3,399.1
Corporate Franchise	1,382.0	1,421.0	1,376.0	1,379.0	1,394.7
Utilities	755.0	754.0	737.0	755.0	768.5
Insurance	872.3	936.0	907.0	872.0	876.9
Bank	355.6	336.0	348.0	356.0	359.0
Other Taxes	784.0	817.0	806.0	782.0	791.8
Estate and Gift	751.9	785.0	773.0	752.0	759.5
Real Property Gains	4.2	4.0	4.0	4.0	4.1
Pari-Mutuel	27.4	27.0	28.0	25.0	27.7
Other	0.5	1.0	1.0	1.0	0.5
Total Taxes	27,837.5	27,797.0	27,856.0	27,827.8	27,662.4
Miscellaneous Receipts	6,614.8	6,639.0	6,615.0	6,620.0	6,614.8
Lottery	1,835.0	1,835.0	1,835.0	1,841.0	1,835.0
Transfers from Other Funds	7,817.5	7,799.0	7,796.0	7,814.5	7,737.1
Total Revenues	44,104.8	44,070.0	44,102.0	44,103.3	43,849.3

2003-04 Revenue Estimates – General Fund
Difference from 2003-04 Division of the Budget Estimates
(in millions of dollars)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	(154.1)	(28.1)	(25.1)	(213.6)
Withholding	(309.0)	(29.0)	(35.0)	(301.5)
Estimated Payments	(3.0)	(11.0)	(8.0)	9.1
Final Returns	33.0	(5.0)	0.0	11.8
Other Payments	5.0	2.0	0.0	(8.3)
Refunds	68.0	5.0	18.0	3.6
Refund Reserves	0.0	0.0	0.0	0.0
STAR Deposit	0.0	0.0	0.0	0.0
DRRF/RBTF	51.9	9.9	(0.1)	71.7
User Taxes and Fees	(1.5)	21.5	20.3	(3.5)
Sales	7.2	26.2	18.0	(1.0)
Cigarette	(4.5)	3.5	2.0	(2.5)
Motor Vehicle	(8.5)	(10.5)	0.0	(1.4)
Alcoholic Beverage	4.3	2.3	0.3	1.4
Business Taxes	82.1	3.1	(2.9)	34.2
Corporate Franchise	39.0	(6.0)	(3.0)	12.7
Utilities	(1.0)	(18.0)	0.0	13.5
Insurance	63.7	34.7	(0.3)	4.6
Bank	(19.6)	(7.6)	0.4	3.4
Other Taxes	33.0	22.0	(2.0)	7.8
Estate and Gift	33.1	21.1	0.1	7.6
Real Property Gains	(0.2)	(0.2)	(0.2)	(0.1)
Pari-Mutuel	(0.4)	0.6	(2.4)	0.3
Other	0.5	0.5	0.5	0.0
Total Taxes	(40.5)	18.5	(9.7)	(175.1)
Miscellaneous Receipts	24.2	0.2	5.2	0.0
Lottery	0.0	0.0	6.0	0.0
Transfers from Other Funds	(18.5)	(21.5)	(3.0)	(80.4)
Total Revenues	(34.8)	(2.8)	(1.5)	(255.5)

**2003-04 Revenue Estimates – General Fund
Percent Difference from Actual 2002-03 Revenues**

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	-6.2%	-7.1%	-6.4%	-6.3%	-7.5%
Withholding	10.3%	8.7%	10.1%	10.1%	8.8%
Estimated Payments	6.1%	6.0%	5.9%	5.9%	6.3%
Final Returns	-4.4%	-1.9%	-4.8%	-4.4%	-3.5%
Other Payments	-25.3%	-24.7%	-25.1%	-25.3%	-26.4%
Refunds	3.0%	1.4%	2.9%	2.6%	2.9%
Refund Reserves	-155.0%	-155.0%	-155.0%	-155.0%	-155.0%
STAR Deposit	-206.4%	-206.4%	-206.4%	-206.4%	-206.4%
DRRF/RBTF	28.3%	27.0%	28.0%	28.3%	26.6%
User Taxes and Fees	12.4%	12.4%	12.7%	12.7%	12.4%
Sales	14.1%	14.2%	14.5%	14.4%	14.1%
Cigarette	-6.0%	-7.1%	-5.3%	-5.6%	-6.6%
Motor Vehicle	1.2%	-11.5%	-14.5%	1.2%	-0.9%
Alcoholic Beverage	28.9%	31.3%	30.1%	29.0%	29.6%
Business Taxes	-0.5%	2.0%	-0.4%	-0.5%	0.6%
Corporate Franchise	-1.8%	1.0%	-2.2%	-2.0%	-0.9%
Utilities	-12.2%	-12.3%	-14.3%	-12.2%	-10.6%
Insurance	23.9%	33.0%	28.8%	23.9%	24.6%
Bank	-13.1%	-17.8%	-14.9%	-13.0%	-12.2%
Other Taxes	5.5%	10.0%	8.5%	5.3%	6.6%
Estate and Gift	6.2%	10.9%	9.2%	6.2%	7.3%
Real Property Gains	-12.5%	-16.7%	-16.7%	-16.7%	-14.6%
Pari-Mutuel	-7.1%	-8.5%	-5.1%	-15.3%	-6.1%
Other	-16.7%	66.7%	66.7%	66.7%	-16.7%
Total Taxes	-0.5%	-0.6%	-0.4%	-0.5%	-1.1%
Miscellaneous Receipts	216.3%	217.4%	216.3%	216.5%	216.3%
Lottery	0.5%	0.5%	0.5%	0.8%	0.5%
Transfers from Other Funds	6.7%	6.4%	6.4%	6.6%	5.6%
Total Revenues	12.4%	12.4%	12.4%	12.4%	11.8%

2004-05 Revenue Estimates Summary – General Fund
(in millions of dollars)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	18,501.0	18,605.0	18,797.0	18,712.0	18,449.0
Withholding	23,059.0	22,692.0	23,228.0	23,200.0	22,883.7
Estimated Payments	5,805.0	6,034.0	5,966.0	5,870.0	5,784.6
Final Returns	1,645.0	1,704.0	1,781.0	1,650.0	1,674.3
Other Payments	660.0	747.0	665.0	660.0	653.0
Refunds	(4,425.0)	(4,297.0)	(4,504.0)	(4,425.0)	(4,322.9)
Refund Reserves	693.0	693.0	693.0	693.0	693.0
STAR	(2,998.0)	(2,998.0)	(2,998.0)	(2,998.0)	(2,998.0)
RBTF/DRRF	(5,938.0)	(5,970.0)	(6,035.0)	(5,938.0)	(5,918.7)
User Taxes and Fees	8,381.5	8,411.0	8,446.0	8,436.6	8,440.4
Sales	7,707.2	7,735.0	7,768.0	7,745.2	7,761.5
Cigarette	423.8	406.0	427.0	431.8	429.1
Motor Vehicle	25.6	24.0	26.0	34.6	24.6
Alcoholic Beverage	224.9	246.0	225.0	225.0	225.2
Business Taxes	3,708.5	3,582.0	3,805.0	3,783.0	3,783.1
Corporate Franchise	1,746.0	1,660.0	1,682.0	1,825.0	1,780.5
Utilities	657.0	629.0	656.0	638.0	687.7
Insurance	912.0	913.0	997.0	920.0	903.0
Bank	393.5	380.0	470.0	400.0	411.9
Other Taxes	762.4	856.0	794.0	764.8	770.7
Estate and Gift	730.8	824.0	760.0	730.8	738.7
Real Property Gains	3.0	3.0	2.0	4.0	3.2
Pari-Mutuel	28.0	28.0	31.0	29.0	28.2
Other	0.6	1.0	1.0	1.0	0.6
Tax Subtotal	31,353.4	31,454.0	31,841.0	31,696.4	31,443.2
Miscellaneous Receipts	2,087.2	2,095.0	2,110.0	2,087.0	2,087.2
Lottery	2,185.5	2,219.0	2,211.0	2,185.5	2,185.5
Transfers from Other Funds	8,404.9	8,502.0	8,532.0	8,405.0	8,383.2
Total Revenues	44,031.0	44,270.0	44,695.0	44,373.9	44,099.1

2004-05 Revenue Estimates – General Fund
Difference from Division of the Budget Estimates
(in millions of dollars)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	104.0	296.0	211.0	(52.0)
Withholding	(367.0)	169.0	141.0	(175.3)
Estimated Payments	229.0	161.0	65.0	(20.4)
Final Returns	59.0	136.0	5.0	29.3
Other Payments	87.0	5.0	0.0	(7.0)
Refunds	128.0	(79.0)	0.0	102.1
Refund Reserves	0.0	0.0	0.0	0.0
STAR	0.0	0.0	0.0	0.0
DRRF/RBTF	(32.0)	(97.0)	0.0	19.3
User Taxes and Fees	29.5	64.5	55.1	58.9
Sales	27.8	60.8	38.0	54.3
Cigarette	(17.8)	3.2	8.0	5.3
Motor Vehicle	(1.6)	0.4	9.0	(1.0)
Alcoholic Beverage	21.1	0.1	0.1	0.3
Business Taxes	(126.5)	96.5	74.5	74.6
Corporate Franchise	(86.0)	(64.0)	79.0	34.5
Utilities	(28.0)	(1.0)	(19.0)	30.7
Insurance	1.0	85.0	8.0	(9.0)
Bank	(13.5)	76.5	6.5	18.4
Other Taxes	93.6	31.6	2.4	8.3
Estate and Gift	93.2	29.2	0.0	7.9
Real Property Gains	0.0	(1.0)	1.0	0.2
Pari-Mutuel	0.0	3.0	1.0	0.2
Other	0.4	0.4	0.4	0.0
Total Taxes	100.6	487.6	343.0	89.8
Miscellaneous Receipts	7.8	22.8	(0.2)	0.0
Lottery	33.5	25.5	0.0	0.0
Transfers from Other Funds	97.1	127.1	0.1	(21.7)
Total Revenues	239.0	664.0	342.9	68.1

2004-05 Revenue Estimates – General Fund
Percent Difference from 2003-04 Division of the Budget Estimates

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	17.5%	18.1%	19.3%	18.8%	17.1%
Withholding	4.8%	3.1%	5.5%	5.4%	4.0%
Estimated Payments	12.7%	17.2%	15.8%	14.0%	12.3%
Final Returns	29.0%	33.6%	39.7%	29.4%	31.3%
Other Payments	10.9%	25.5%	11.8%	10.9%	9.7%
Refunds	0.0%	-2.9%	1.8%	0.0%	-2.3%
Refund Reserves	-220.1%	-220.1%	-220.1%	-220.1%	-220.1%
STAR Deposit	5.7%	5.7%	5.7%	5.7%	5.7%
DRRF/RBTF	9.1%	9.7%	10.9%	9.1%	8.7%
User Taxes and Fees	5.6%	6.0%	6.4%	6.3%	6.3%
Sales	6.8%	7.1%	7.6%	7.3%	7.5%
Cigarette	1.0%	-3.2%	1.8%	2.9%	2.3%
Motor Vehicle	-62.1%	-64.4%	-61.5%	-48.7%	-63.6%
Alcoholic Beverage	-2.9%	6.2%	-2.9%	-2.9%	-2.8%
Business Taxes	10.2%	6.5%	13.1%	12.4%	12.4%
Corporate Franchise	26.3%	20.1%	21.7%	32.1%	28.8%
Utilities	-13.0%	-16.7%	-13.1%	-15.5%	-8.9%
Insurance	4.6%	4.7%	14.3%	5.5%	3.5%
Bank	10.7%	6.9%	32.2%	12.5%	15.8%
Other Taxes	-2.8%	9.2%	1.3%	-2.4%	-1.7%
Estate and Gift	-2.8%	9.6%	1.1%	-2.8%	-1.8%
Real Property Gains	-28.6%	-28.6%	-52.4%	-4.8%	-23.8%
Pari-Mutuel	2.2%	2.2%	13.1%	5.8%	2.9%
Other	20.0%	100.0%	100.0%	100.0%	20.0%
Total Taxes	12.6%	13.0%	14.4%	13.9%	13.0%
Miscellaneous Receipts	-68.4%	-68.3%	-68.1%	-68.4%	-68.4%
Lottery	19.1%	20.9%	20.5%	19.1%	19.1%
Transfers from Other Funds	7.5%	8.8%	9.1%	7.5%	7.2%
Total Revenues	-0.2%	0.4%	1.3%	0.6%	0.0%

2003-04 Revenue Estimates Summary – All Funds

(in millions)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	24,028.0	23,822.0	23,990.0	24,003.0	23,743.0
User Taxes and Fees	11,871.0	11,898.0	11,905.0	11,908.0	11,874.0
Business Taxes	4,953.0	5,025.0	4,939.0	4,948.0	4,997.0
Other Taxes	1,275.0	1,314.0	1,294.0	1,273.0	1,276.0
Total Taxes	42,127.0	42,059.0	42,128.0	42,132.0	41,890.0

2004-05 Revenue Estimates Summary - All Funds

(in millions)

	DOB	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	27,437.0	27,573.0	27,829.0	27,648.0	27,366.0
User Taxes and Fees	12,538.0	12,549.0	12,620.0	12,620.0	12,588.0
Business Taxes	5,409.0	5,257.0	5,516.0	5,517.0	5,480.0
Other Taxes	1,223.0	1,371.0	1,274.0	1,275.0	1,232.0
Total Taxes	46,607.0	46,750.0	47,239.0	47,060.0	46,666.0

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

(in millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	(206.0)	(38.0)	(25.0)	(285.0)
User Taxes and Fees	27.0	34.0	37.0	3.0
Business Taxes	72.0	(14.0)	(5.0)	44.0
Other Taxes	39.0	19.0	(2.0)	1.0
Total Taxes	(68.0)	1.0	5.0	(237.0)

2004-05 Revenue Estimates Summary - All Funds - Difference from Executive

(in millions)

	SFC MAJ	WAM MAJ	SFC MIN	WAM MIN
Personal Income Tax	136.0	392.0	211.0	(71.0)
User Taxes and Fees	11.0	82.0	82.0	50.0
Business Taxes	(152.0)	107.0	108.0	71.0
Other Taxes	148.0	51.0	52.0	9.0
Total Taxes	143.0	632.0	453.0	59.0

Major contributors to this report included:

Margaret Sherman	Deputy Comptroller
Christine Rutigliano	Assistant Comptroller
Tom Marks	Chief Economist
Steven Elliott	Assistant Director
Thomas Milner	Policy Research Analyst
Steven Jongeling	Policy Research Analyst
Edye Benson	Policy Research Analyst
Jody Dixon	Policy Research Analyst
Kathleen Kerwin	Research Assistant