



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIRMAN
Ways and Means Committee

COMMITTEES
Rules

Black, Puerto Rican, Hispanic and Asian
Legislative Caucus

HERMAN D. FARRELL, JR.
Assemblyman 71st District

Room 923
Legislative Office Building
Albany, New York 12248
(518) 455-5491
(518) 455-5776 FAX

February 25, 2014

Dear Colleagues:

Today we are providing you with the NYS Assembly Ways and Means Committee *Revenue and Fiscal Outlook* for State Fiscal Year (SFY) 2013-14 and 2014-15. As part of our commitment to presenting clear and accurate information to the public we have also prepared this graphic book for your use that presents the staff's forecast and Executive financial plan graphically.

The Committee staff economic and revenue projections are reviewed by an independent panel of professional economists drawn from major financial corporations, prestigious universities, and private forecasters from across the State. Assembly Speaker Sheldon Silver and I would like to express our appreciation to all of the members of our Board of Economic Advisors. Their dedication and expert judgment have been invaluable in helping the Ways and Means Committee staff refine and improve this forecast. They have served to make the work of the staff the best in the State. Of course, they are not responsible for either the numbers or any of the views expressed in this document.

I wish to acknowledge the fine work done by the talented Ways and Means Committee staff. Their forecasts are integral to the budget process. The Speaker and I look forward to working with each of you to achieve our goal of crafting a fair budget for all New York families during this challenging time.

Sincerely

Herman D. Farrell, Jr.
Chairman



NEW YORK STATE ASSEMBLY

SHELDON SILVER
Speaker
New York State Assembly

HERMAN D. FARRELL, JR.
Chairman
Assembly Ways and Means Committee

Matthew A. Howard
Secretary to the Committee

Steven A. Pleydle
Deputy Secretary to the Committee

Michael L. Johnson
Counsel to the Committee

Audra A. Nowosielski
Director of Economic Studies

Philip A. Fields
Deputy Director for Fiscal Studies

Anthony A. Rodolakis, Ph.D
Deputy Director for Fiscal Studies



Fiscal Outlook





Fiscal Outlook

On the strength of a 6.4 percent Personal Income Tax (PIT) growth, total tax collections are expected to increase by 4.6 percent in State Fiscal Year (SFY) 2013-14. Inclusive of Federal Funds and Miscellaneous Receipts, All Funds collections are projected to increase by 5.6 percent.

SFY 2013-14 All Funds Forecast Summary (\$ in Millions)					
	2012-13 Actual	2013-14 Estimate	Change	Percent Growth	Diff. Exec.
Personal Income Tax	\$40,227	\$42,790	\$2,563	6.4%	(\$56)
User Taxes	14,615	15,158	542	3.7%	50
Business Taxes	8,465	8,096	(369)	-4.4%	(90)
Other	2,995	3,303	308	10.3%	29
Total Tax Collections	\$66,302	\$69,347	\$3,045	4.6%	(66)
All Funds Misc Rpts	20,956	20,697	(259)	-1.2%	19
Lottery	3,074	3,138	64	2.1%	(34)
Total w/Misc Rpts & Lottery	\$90,332	\$93,182	\$2,850	3.2%	(\$82)
Federal Funds	42,843	47,506	4,663	10.9%	-
Total All Funds Receipts	\$133,175	\$140,688	\$7,513	5.6%	(\$82)



Fiscal Outlook

A combination of a return to normal PIT growth and the State rebating deferred business tax credits will lead to a slowdown in SFY 2014-15 total tax receipts to 2.6 percent. Inclusive of Federal Funds and Miscellaneous Receipts, All Funds collections are expected to increase just 1.2 percent as Federal payments for Superstorm Sandy reconstruction end.

SFY 2014-15 All Funds Forecast Summary (\$ in Millions)					
	2013-14 Estimate	2014-15 Forecast	Change	Percent Growth	Diff. Exec.
Personal Income Tax	\$42,790	44,328	\$1,538	3.6%	197
User Taxes	15,158	15,470	312	2.1%	(10)
Business Taxes	8,096	7,940	(156)	-1.9%	87
Other	3,303	3,444	141	4.3%	114
Total w/Payroll Tax	69,347	71,182	1,835	2.6%	388
All Funds Misc Rpts	20,697	22,175	1,479	7.1%	24
Lottery	3,138	3,161	24	0.8%	(3)
Total w/Misc Rpts & Lottery	\$93,182	96,519	3,337	3.6%	\$410
Federal Funds	47,506	45,792	(1,714)	-3.6%	-
Total All Funds Receipts	\$140,688	\$142,311	\$1,623	1.2%	\$410



Fiscal Outlook

Projected spending in All Funds in SFY 2014-15 is \$142.1 billion, \$1.3 billion or 0.9 percent over prior year.

Federal Funds are forecast to be less than the prior year related to Superstorm Sandy and higher Federal Affordable Care Act spending.

State Funds spending at \$98.9 billion increased 2.3 percent while State Operating spending increased 1.7 percent.

General Fund spending of \$63.6 billion, an increase of \$2.1 billion or 3.4 percent.

Size of Budget (\$ in Millions)				
	2013-14	2014-15	Difference	Percent
General Funds	\$61,460	\$63,563	\$2,103	3.4%
State Operating Funds	\$90,498	\$92,027	\$1,529	1.7%
State Funds	\$96,624	\$98,874	\$2,250	2.3%
All Funds	\$135,350	\$137,168	\$1,818	1.3%
All Funds Adjusted*	\$140,865	\$142,141	\$1,276	0.9%

Note: All Funds Adjusted includes extraordinary federal aid associated with Hurricane Sandy and the Affordable Care Act.

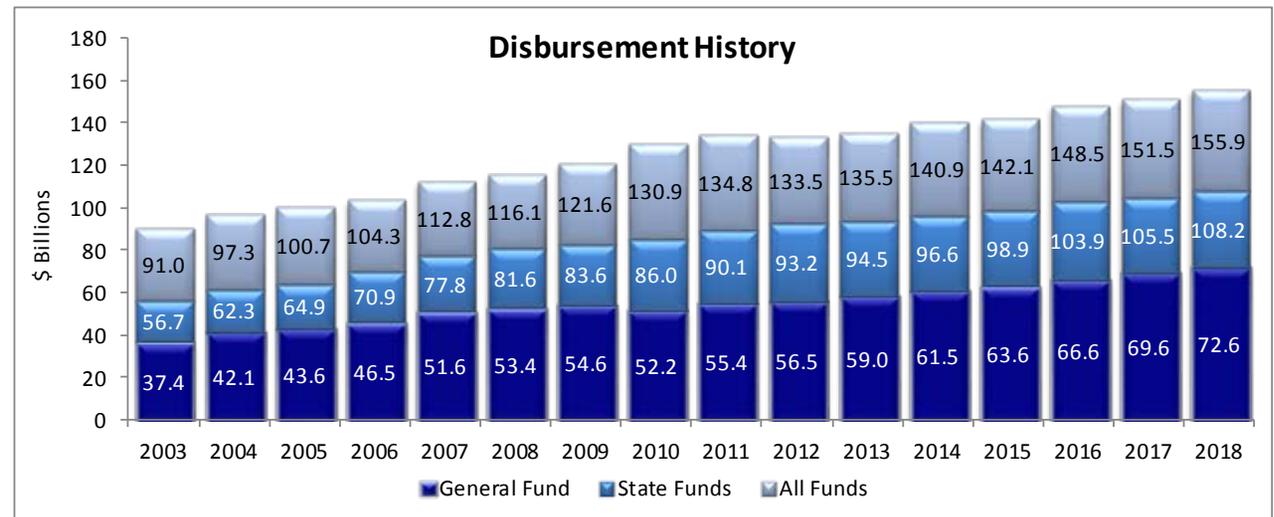


Fiscal Outlook

Historically, the All Funds budget from SFY 2002-03 to SFY 2014-15 increased an annual average of 4.7 percent.

For the past three years average growth in State Funds as been 2.4 percent. State Funds has historically increased 6.2 percent annually.

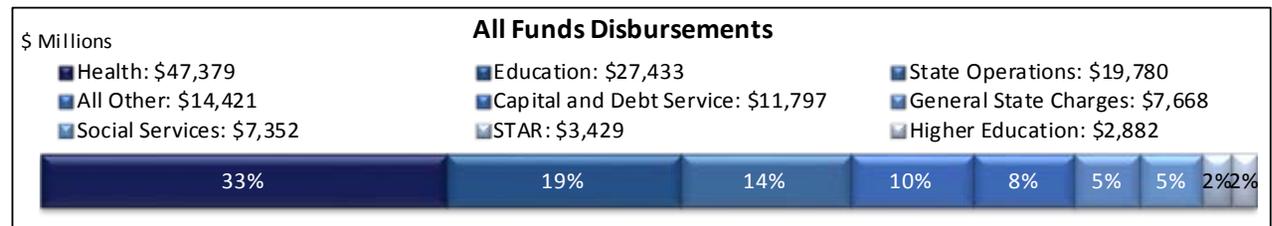
The General Fund has increased an average of 3.5 percent since SFY 2011-12. General Fund has had on average an annual increase of 5.8 percent.





Fiscal Outlook

All Funds spending of \$142 billion consist primarily of health, Medicaid is the largest share at \$47.4 billion or 33 percent, with education following at \$27.4 billion or 19 percent.





Fiscal Outlook

The proposed General Fund budget is balanced. Prior to the proposed budget, the General Fund gap was \$1.7 billion in SFY 2014-15. The Executive reduces all out-year General Fund spending to produce surpluses by reestimating spending and instituting a 2 percent reduction in State Operations in each of the out-years.

Out Year General Fund GAPS (\$ in Millions)		
	Before Action	Executive Proposal
2014-15	(1,742)	0
2015-16	(2,889)	155
2016-17	(2,948)	165
2017-18	(3,887)	173



Fiscal Outlook

The \$1.7 billion General Fund gap for SFY 2014-15 is closed by \$1.9 billion in spending reductions, \$286 million of available reserves consisting of \$310 million from prior year reserves, and proposes \$486 million tax actions such as the residential property tax freeze and tax credits.

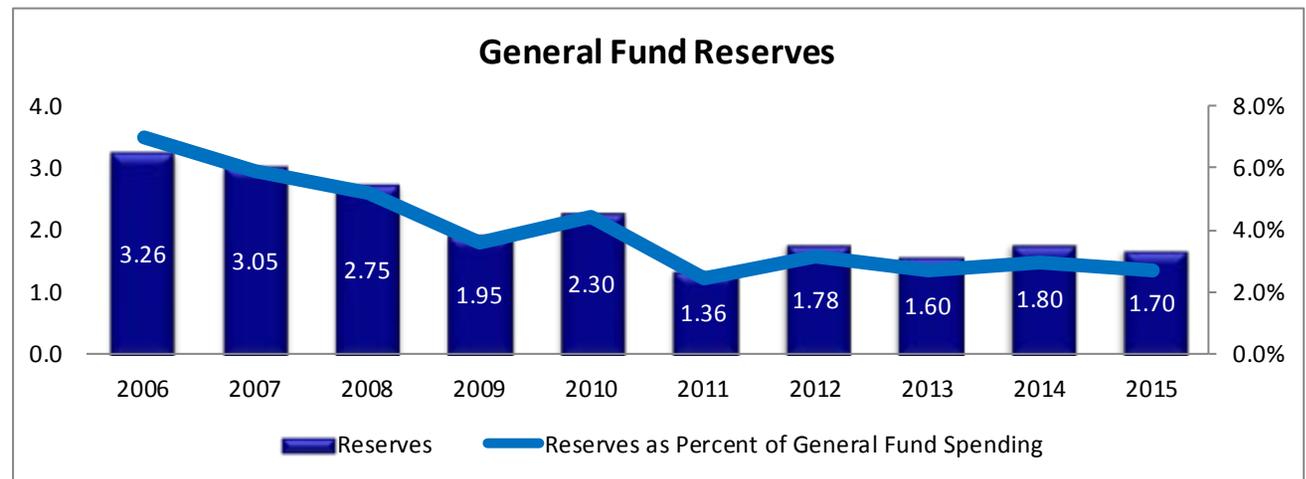
General Fund GAP-Closing Plan 2014-15 (\$ in Millions)

CURRENT SERVICES GAP ESTIMATES	(1,742)
Spending Controls	<u>1,942</u>
Agency Operation	358
Local Assistance	1,624
Debt Management	116
Initiatives	(156)
Resource Changes	<u>286</u>
Surplus/Gap Before Tax Actions	<u>486</u>
Tax Actions	(486)
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATES	0



Fiscal Outlook

The General Fund closing balance is estimated to be \$1.7 billion with \$1.1 billion in the Tax Stabilization Reserve Fund, \$21 million in the Contingency Reserve Fund and \$175 million in the Rainy Day Reserve. The closing balance is 2.7 percent of the General Fund.





Fiscal Outlook

The General Fund gap for SFY 2014-15 through SFY 2016-17 is balanced with surpluses before any tax actions or State Operating Funds spending reductions.

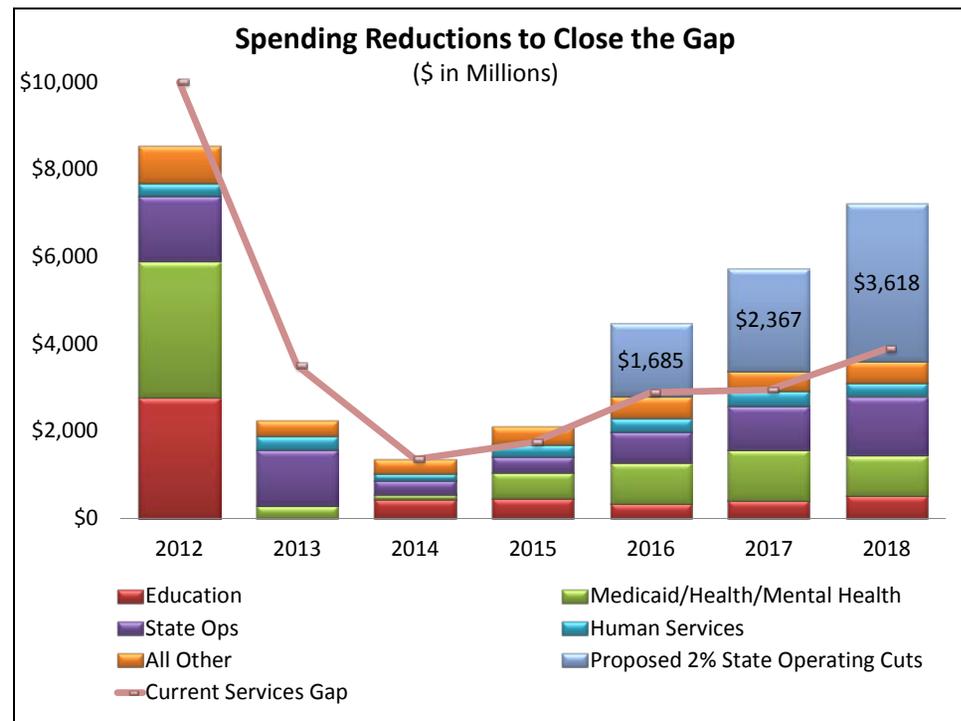
After taking into account tax actions and the two percent spending benchmarks in State Operations, out-year gaps remain balanced with small surpluses.

General Fund GAP-Closing Plan (\$ in Millions)				
	FY 2015	FY 2016	FY 2017	FY 2018
CURRENT SERVICES GAP ESTIMATES	(1,742)	(2,889)	(2,948)	(3,887)
Spending Changes	2,098	2,794	3,375	3,604
Agency Operation	358	708	990	1,342
Local Assistance	1,624	1,976	2,267	2,104
Capital Projects/Debt Management	116	110	118	158
Resource Changes	286	441	(153)	(539)
Resource Changes	(24)	31	(153)	(129)
Surplus Available from FY 2014	310	0	0	0
Tax Credit Timing	0	410	0	(410)
SURPLUS/GAP ESTIMATE BEFORE BUDGET ACTIONS	642	346	274	(822)
Tax Actions	(486)	(1,644)	(2,082)	(2,124)
Initiatives	(156)	(232)	(394)	(499)
Total New Budget Actions	(642)	(1,876)	(2,476)	(2,623)
SURPLUS/GAP SUBTOTAL AFTER BUDGET ACTIONS	0	(1,530)	(2,202)	(3,445)
Adherence to 2% State Operating Funds Spending Benchmark	0	1,685	2,367	3,618
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	155	165	173



Fiscal Outlook

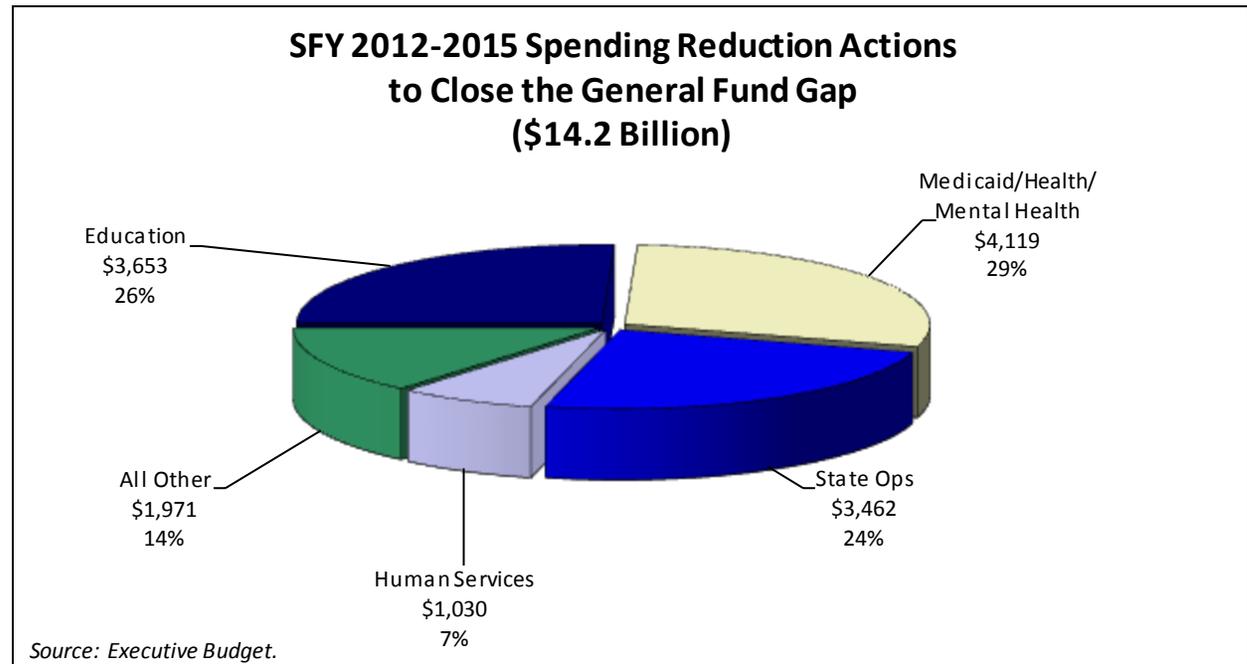
Prior SFY 2014-15, the General Fund current services gap has been closed primarily by spending reductions. In the Executive Proposal, proposed spending reductions would exceed the amount necessary to close the current services gap by \$1.6 million in SFY 2015-16, \$2.8 billion in SFY 2016-17 and \$3.3 billion in SFY 2017-18.





Fiscal Outlook

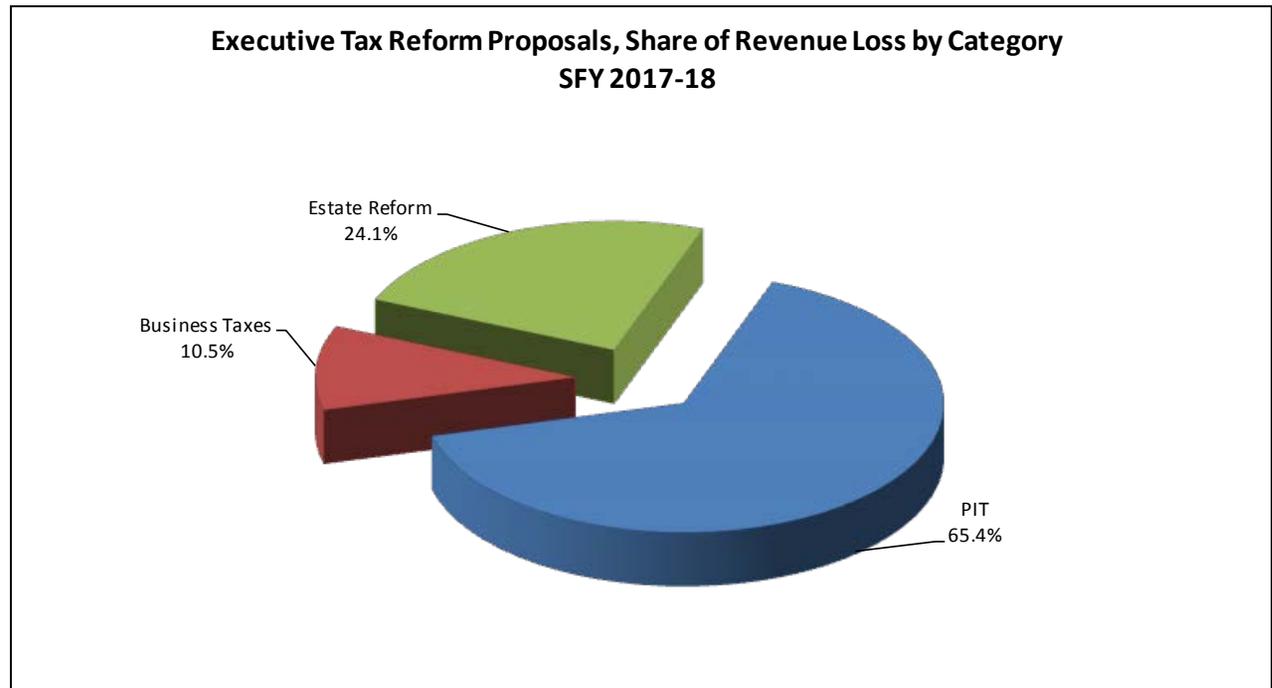
Spending reductions to close the gap during the last 3-years have been comprised of: 29 percent in Medicaid/health; 26 percent in education; and 24 percent in State Operations and other actions.





Fiscal Outlook

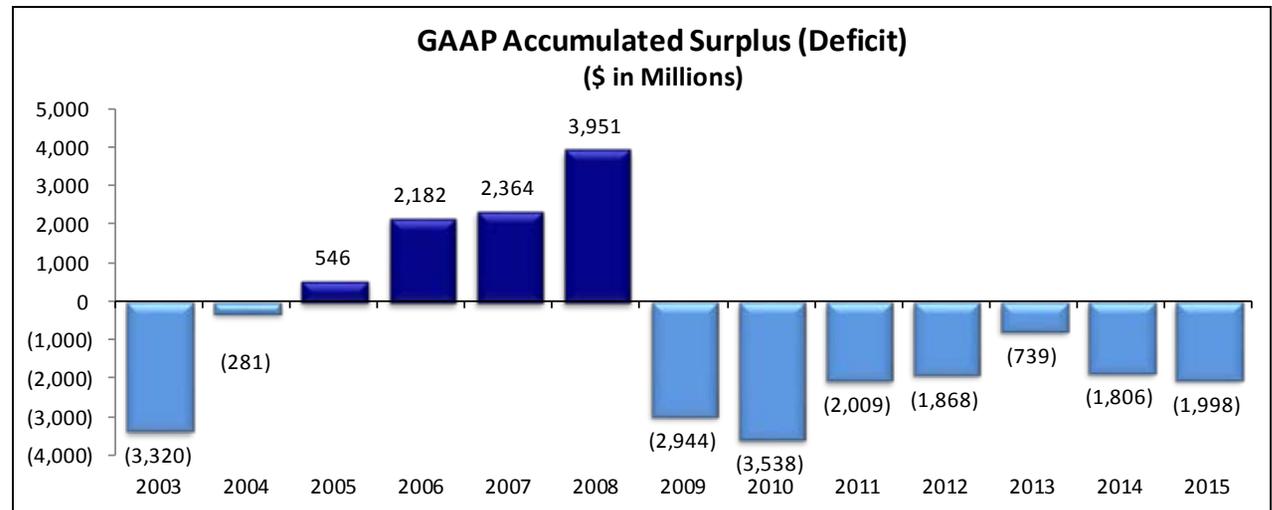
The Executive's tax cuts are projected to total \$2.5 billion in SFY 2017-18, of which 65.4 percent is due to PIT tax cuts and 24.1 percent due to estate tax reform.





Fiscal Outlook

The Executive is required to present a financial plan that is based on Generally Accepted Accounting Principles (GAAP) with the budget for the Legislature's review. Accounting on an accrual basis produces a \$2 billion GAAP accumulated deficit.





Economic Outlook





Economic Outlook

The U.S. economy continues to strengthen supported by consumer spending and business investment spending. However, government spending is anticipated to temper overall economic growth.

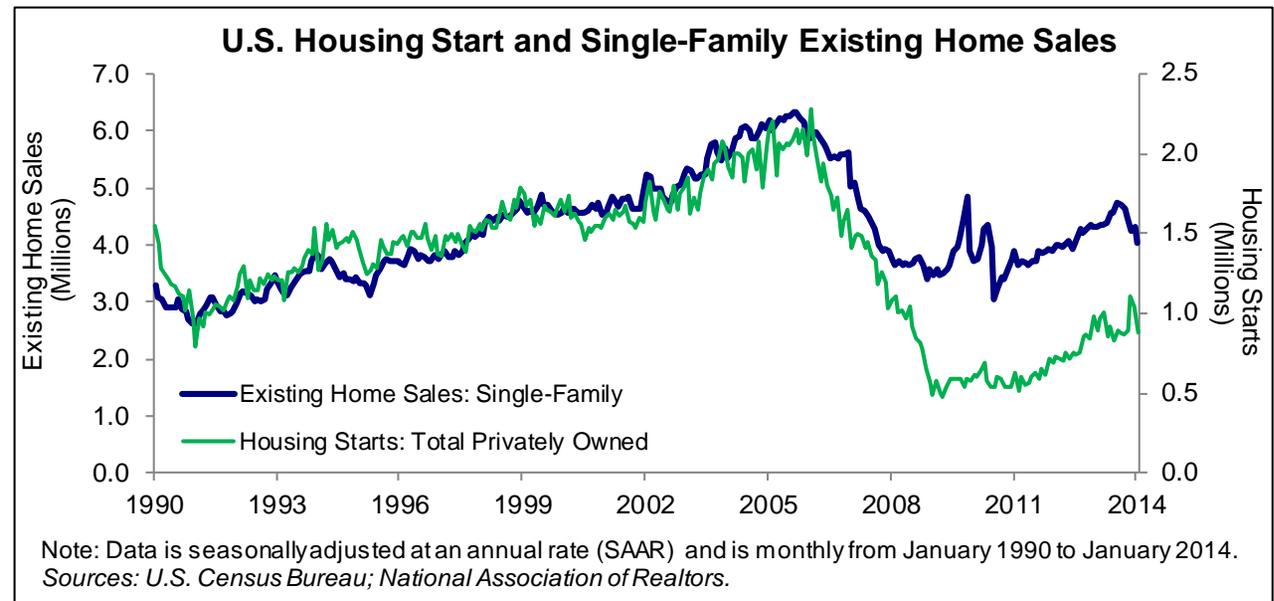
U.S. Economic Outlook					
(Percent Change)					
	Actual	Actual	Estimate	Forecast	Forecast
	2011	2012	2013	2014	2015
Real GDP	1.8	2.8	1.9	2.7	3.1
Consumption	2.5	2.2	2.0	2.7	3.0
Investment	4.9	9.5	5.2	5.6	7.6
Exports	7.1	3.5	2.8	5.2	5.1
Imports	4.9	2.2	1.4	3.8	5.7
Government	(3.2)	(1.0)	(2.2)	(1.0)	(0.1)
<i>Federal</i>	(2.6)	(1.4)	(5.1)	(3.1)	(1.5)
<i>State and Local</i>	(3.6)	(0.7)	(0.2)	0.4	0.8
Personal Income	6.1	4.2	2.8	4.3	4.9
Wages & Salaries	4.1	4.3	3.0	4.0	4.9
Corporate Profits	7.9	7.0	4.3	5.9	5.6
Productivity	0.5	1.5	0.6	2.0	2.1
Employment	1.2	1.7	1.7	1.7	1.9
Unemployment Rate*	9.0	8.1	7.4	6.4	5.9
CPI-Urban	3.1	2.1	1.5	1.6	1.9
S&P 500 Stock Price	11.4	8.7	19.1	12.1	3.6
Treasury Bill Rate (3-month)*	0.1	0.1	0.1	0.1	0.3
Treasury Note Rate (10-year)*	2.8	1.8	2.4	3.0	3.4
* Annual average rate.					
Note: Personal income and corporate profits growth rates are based on nominal values.					
Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve; Standard & Poor's; NYS Assembly Ways and Means Committee staff.					



Economic Outlook

The U.S. housing market showed signs of improvement in 2012 and has since grown steadily despite mortgage rates edging higher.

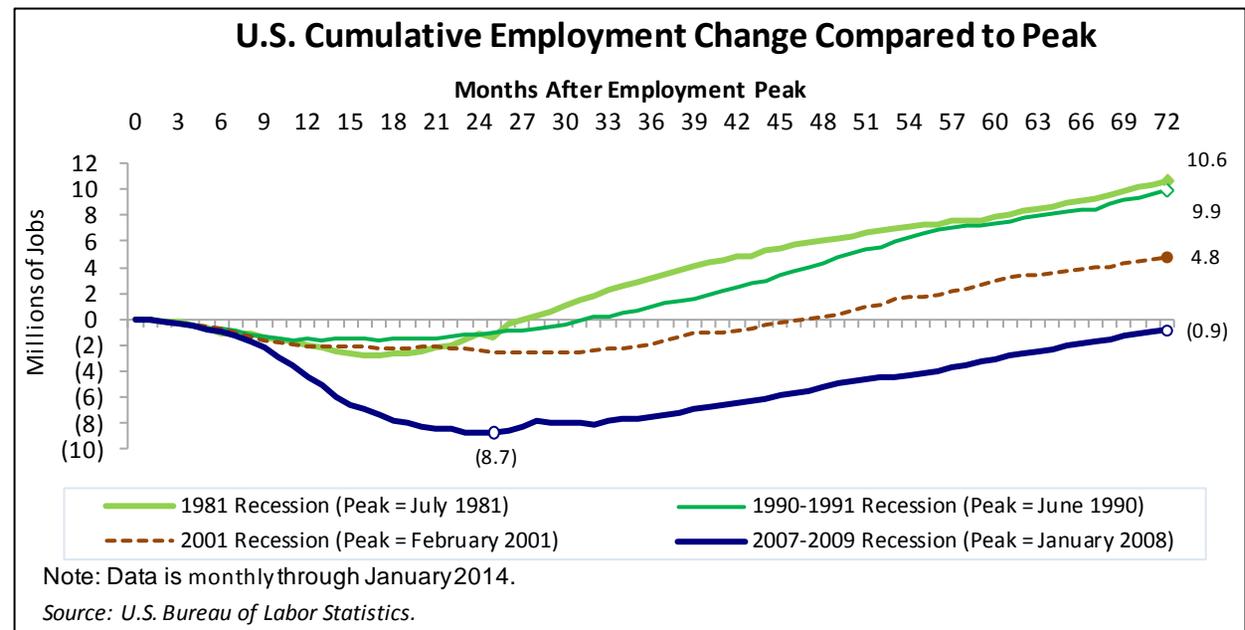
Housing starts continued to improve in 2013, although they have softened in recent months due in part to inclement weather.





Economic Outlook

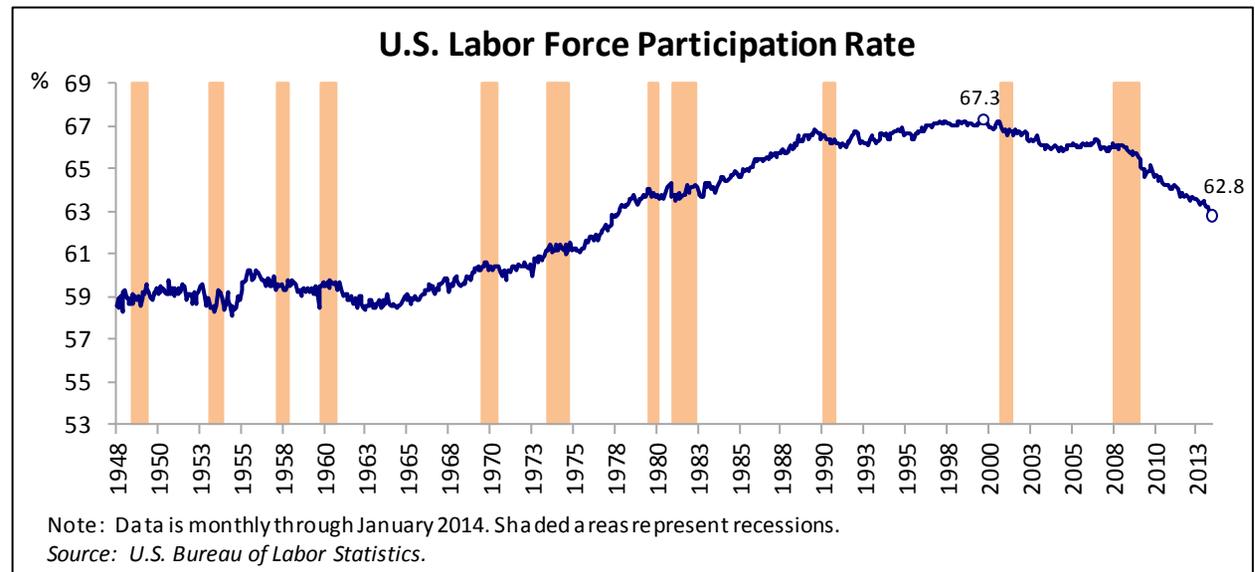
Total U.S. nonfarm employment remains 866,000 jobs below its pre-recession peak as of January 2014 mainly due to the continued falloff in government employment.





Economic Outlook

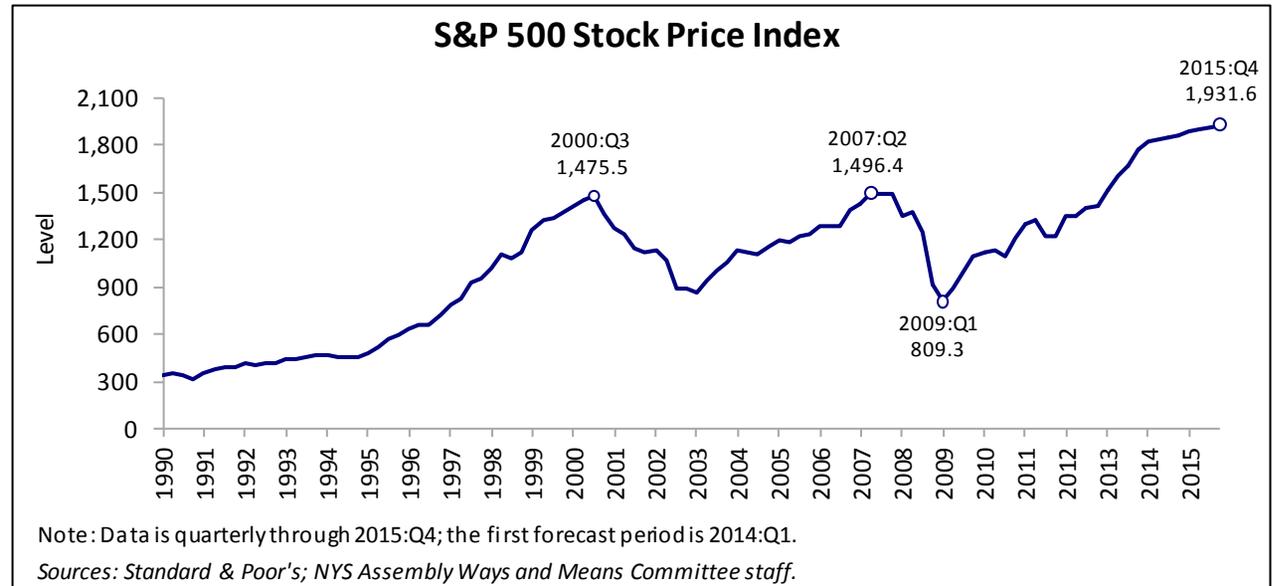
While the unemployment rate has fallen from a high of 10.0 percent in October 2009 to 6.6 percent in January 2014, the labor force participation rate has continued to decline. The labor force participation rate was at 62.8 percent in December 2013. This is the lowest level since 1978.





Economic Outlook

The stock market has rebounded strongly since the last recession, and is expected to continue to improve.

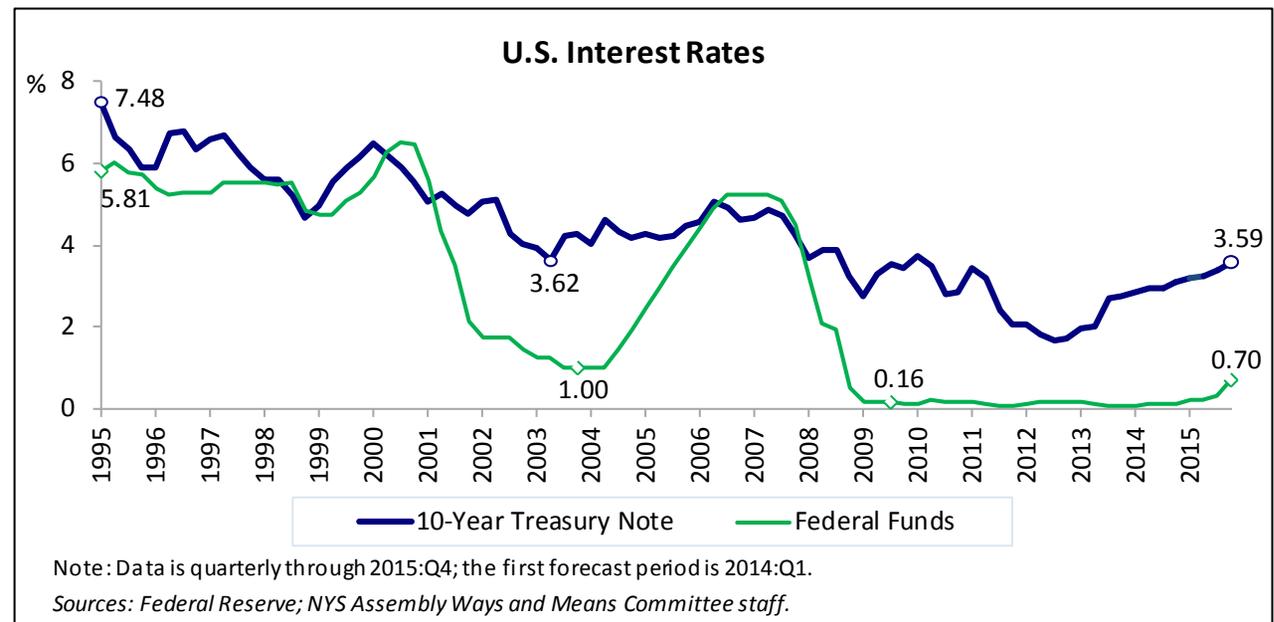




Economic Outlook

The Federal Reserve has held the federal funds target rate at 0.0 to 0.25 percent since December 16, 2008, the lowest level on record. The Federal fund rate has averaged 0.1 percent the past three years.

As the unemployment rate remains elevated and current and longer-term inflation expectations remain stable, the current forecast assumes that the Federal Reserve will maintain the rate within the current target range through mid-2015.





Economic Outlook

The NYS Assembly Ways and Means Committee staff's forecast for overall national economic growth in 2014 is 2.7 percent. The staff's forecast is equal to the Division of the Budget and Global Insight. The staff's forecast is 0.2 percentage point below the Blue Chip Consensus and Macroeconomic Advisers, and 0.4 percentage point below Moody's Economy.com.

The Assembly Ways and Means Committee staff's forecast for overall national economic growth in 2015 is 3.1 percent. The staff's forecast is 0.2 percentage point above the Division of the Budget.

U.S. Real GDP Forecast Comparison				
(Percent Change)				
	Actual	Forecast	Forecast	Forecast
	2012	2013	2014	2015
Ways and Means	2.8	1.9	2.7	3.1
Division of the Budget	2.8	1.9	2.7	2.9
Blue Chip Consensus	2.8	1.9	2.9	3.0
Moody's Economy.com	2.8	1.9	3.1	4.1
Macroeconomic Advisers	2.8	1.9	2.9	3.1
IHS Global Insight	2.8	1.9	2.7	3.3

Sources: NYS Assembly Ways and Means Committee staff; NYS Division of Budget, FY 2014-15 Executive Budget, January 2014; Blue Chip Economic Indicators, February 2014; Moody's Economy.com, February 2014; Macroeconomic Advisers LLC, February 2014; IHS Global Insight, February 2014.



Economic Outlook

New York State's economy continues a slow but steady recovery from the most recent recession. Employment is above pre-recession levels; wage growth has rebounded from its trough; and personal income is expected to grow at a rate close to those of other recoveries.

New York State Economic Outlook					
(Percent Change)					
	Actual	Actual	Estimate	Forecast	Forecast
	2011	2012	2013	2014	2015
Employment	1.2	1.3	1.1	1.2	1.3
Personal Income	5.3	3.1	1.8	5.0	5.1
Total Wages [calendar year basis]	3.7	3.0	1.6	4.6	4.7
Base Wages	4.4	3.2	3.2	4.1	4.3
Variable Compensation	(0.9)	0.8	(11.3)	9.3	7.8
Total Wages [fiscal year basis]	1.9	3.0	2.6	4.6	4.8
Base Wages	4.6	2.9	3.5	4.0	4.4
Variable Compensation	(16.1)	3.5	(5.0)	9.4	8.0
New York Area CPI	2.8	2.0	1.7	1.8	2.0

Note: Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and sum to total wages. New York area CPI is based on the New York-Northern NJ-Long Island, NY-NJ-CT-PA CPI-U series from the U.S. Bureau of Labor Statistics. For fiscal year variables, 2011 represents SFY 2011-12, etc.

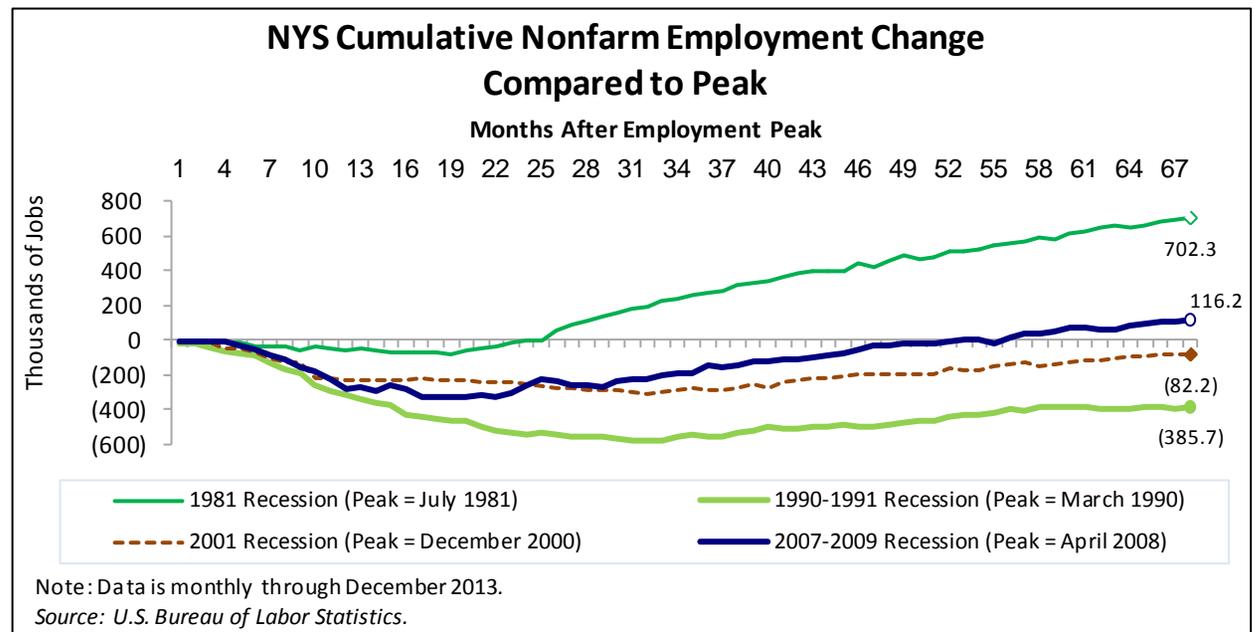
Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.



Economic Outlook

In New York State the last recession was milder than the two previous recessions in terms of employment loss. Although nonfarm employment loss was higher during the most recent recession than the 2001 recession, the employment recovery was much faster after the last recession.

Gains in employment were driven mainly by the service-providing sector.





Economic Outlook

The two sectors in New York that have grown robustly coming out of the most recent recession are the leisure and hospitality sector and the professional services sector. The leisure and hospitality sector benefited from the weak dollar; while the professional services sector rebounded as accounting and consulting firms began hiring in anticipation of regulatory changes and the global recovery.

New York State Nonfarm Employment by Sector (Percent Change)

	Actual 2011	Actual 2012	Estimated 2013	Forecast 2014	Forecast 2015
Total	1.2	1.3	1.1	1.2	1.3
Construction	0.4	1.9	3.7	3.9	3.5
Leisure & Hospitality	4.3	4.7	3.2	3.3	3.2
Management of Companies	0.9	1.0	2.5	1.9	2.0
Other Services ¹	2.9	2.3	2.4	2.1	2.0
Professional Services	3.7	4.1	2.2	2.7	2.7
Real Estate, Rental, & Leasing	0.3	1.0	1.5	1.3	1.4
Education & Health Care ²	1.5	1.5	1.4	1.5	1.6
Retail Trade	1.9	2.2	1.2	1.2	1.3
Wholesale Trade	1.7	1.1	0.1	0.5	0.6
Transp. & Utilities ³	0.9	0.3	(0.0)	0.5	0.6
Information	1.3	1.5	(0.1)	(0.3)	(0.1)
Government	(2.8)	(1.5)	(0.9)	(0.5)	(0.1)
Manufacturing ⁴	0.2	0.0	(0.9)	(0.6)	(0.6)
Finance & Insurance	2.1	(0.3)	(1.1)	(0.5)	0.0

Note: Industries are ranked by 2013 employment growth; rankings are based on two decimal places.

¹ Including administrative, support, and waste management services.

² Includes only private employment. Public education and health care employment is included in the government sector.

³ Transportation, warehousing, and utilities.

⁴ Including mining.

Sources: NYS Department of Labor; NYS Assembly Ways and Means Committee staff.



Economic Outlook

During the most recent recession, downstate and upstate employment in New York were both hit hard. Downstate employment had a large decline in sectors such as construction, manufacturing, and finance and insurance. Upstate experienced large employment losses in the construction, manufacturing, and the other services. The employment recovery in upstate has lagged that of downstate due to slower recovery in many large sectors.

New York State Employment Change During Recession and Recovery (Percent Change)						
	Recession 2008:Q2-2009:Q2			Recovery 2009:Q2-2013:Q2		
	New York State	Downstate	Upstate	New York State	Downstate	Upstate
Total Nonfarm	(3.2)	(3.3)	(3.0)	3.9	5.5	0.0
Leisure & Hospitality	(1.6)	(1.7)	(1.2)	17.5	21.7	9.6
Other Services ¹	(5.8)	(5.5)	(6.6)	9.4	11.0	4.1
Professional Services	(4.4)	(5.2)	(2.3)	8.4	10.0	2.8
Retail Trade	(4.2)	(4.6)	(3.6)	7.2	10.8	1.1
Education & Health Care ²	1.7	1.8	1.4	7.2	8.6	3.6
Management of Companies	(0.4)	(1.7)	1.8	4.9	4.5	3.8
Information	(3.7)	(4.7)	(4.1)	2.4	4.4	(11.0)
Wholesale Trade	(6.6)	(7.1)	(5.1)	1.5	1.6	(0.5)
Real Estate, Rental, & Leasing	(4.1)	(3.7)	(5.6)	1.2	2.1	(1.3)
Construction	(10.0)	(10.8)	(7.6)	(0.3)	(1.3)	(0.1)
Transportation & Utilities ³	(4.8)	(4.3)	(6.4)	(0.6)	(0.4)	(1.6)
Finance & Insurance	(7.3)	(8.2)	(3.6)	(1.6)	(1.3)	(2.0)
Manufacturing ⁴	(11.2)	(11.0)	(11.4)	(4.6)	(6.0)	(3.5)
Government	0.2	0.1	0.3	(5.6)	(5.1)	(6.6)

Note: New York State total includes unclassified data.

¹ Includes administrative, support, and waste management services.

² Includes only private employment. Public education and health care employment is included in the government sector.

³ Transportation, warehousing, and utilities.

⁴ Including mining.

Source: NYS Department of Labor.



Economic Outlook

Average wages vary greatly across industries. Certain sectors have disproportionately higher shares of aggregate wages paid in New York State compared to their shares of employment. Such is the case of the finance and insurance sector which accounts for the highest share of wages, 18.6 percent, with 5.8 percent of the State's total nonfarm employment.

New York State Industry Share of Employment and Wages and Average Wage 2012			
Industry	Share of Total Nonfarm Employment (%)	Share of Total Wages (%)	Average Wage (\$)
Total Nonfarm	100.0	100.0	62,712
Total Private	84.2	85.7	63,947
Finance and Insurance	5.8	18.6	200,579
Management of Companies	1.6	3.6	144,483
Information	3.0	4.8	100,393
Professional Services	7.0	10.7	96,191
Wholesale Trade	3.9	4.8	77,820
Construction	3.7	3.6	62,396
Manufacturing ¹	5.4	5.3	61,038
Real Estate, Rental, & Leasing	2.1	2.0	59,519
Government	16.1	14.4	56,246
Transportation and Utilities ²	3.0	2.6	54,325
Education and Health Care ³	19.1	14.2	46,893
Other Services ⁴	9.0	5.7	39,895
Retail Trade	10.7	5.2	30,726
Leisure and hospitality	9.4	4.1	27,704

Note: New York State total includes unclassified data.

¹ Includes mining.

² Transportation, warehousing, and utilities.

³ Includes only private employment and wages. Public education and health care data is included in the government sector.

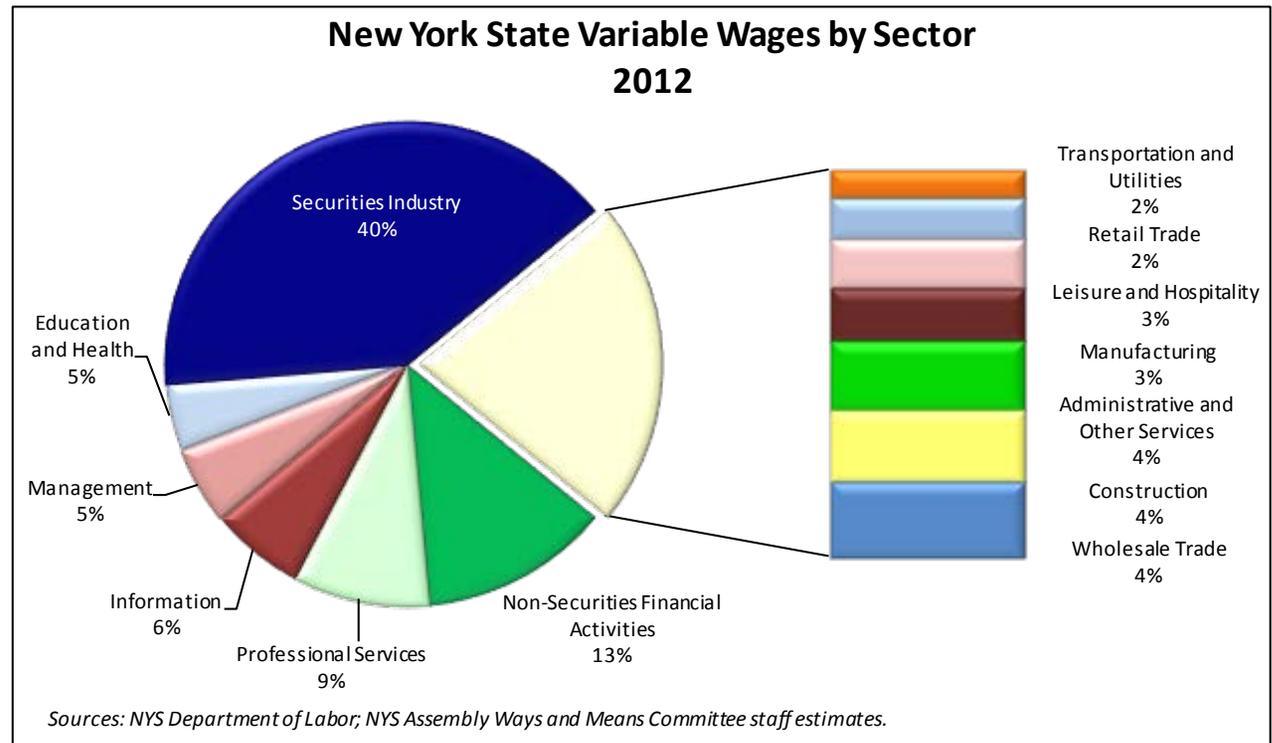
⁴ Includes administrative, support, and waste services.

Source: New York State Department of Labor.



Economic Outlook

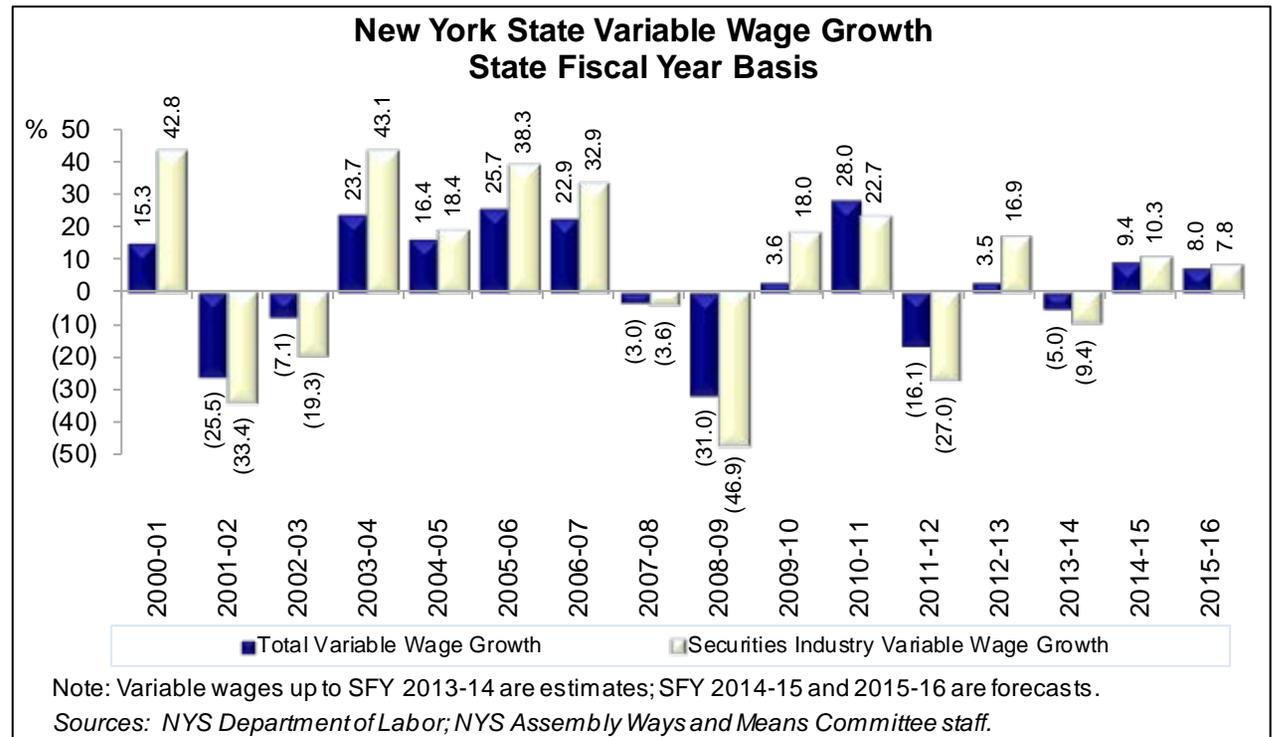
New York State variable compensation is concentrated in the financial sector; particularly the securities industry which accounted for 40 percent of total variable wages paid in the State in 2012. Before the most recent recession, the percentage of total State variable compensation paid in the securities industry was over 50 percent.





Economic Outlook

The Assembly Ways and Means Committee staff estimates that State total variable compensation, which was \$58.0 billion or 10.8 percent of total State wages in State Fiscal Year (SFY) 2012-13, will decrease by 5.0 percent to \$55.1 billion in SFY 2013-14. The overall level of variable compensation has yet to recover to the 2006 or 2007 level. However, those levels were likely inflated as bonuses in the financial industry reached record levels. Variable wages during the forecast period will grow 9.4 percent in SFY 2014-15.

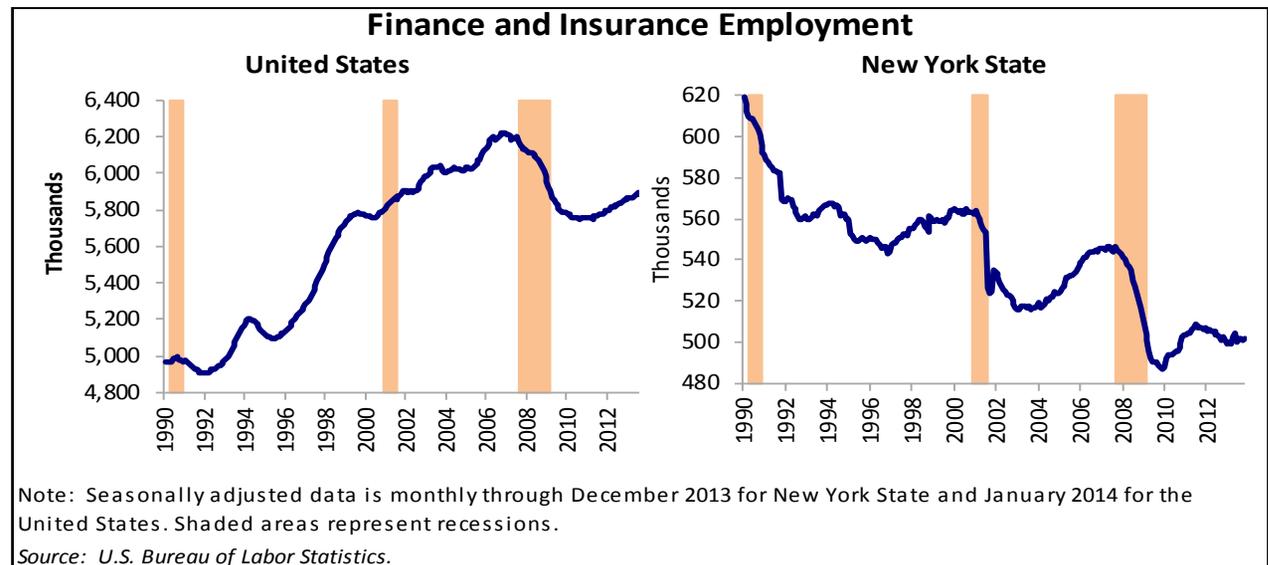




Economic Outlook

The finance and insurance sector continues to show evidence of the struggles faced during the most recent recession, especially in New York State. After falling, total U.S. employment in the finance and insurance sector started to increase during 2011 and has recovered about a third of the jobs lost during the recession.

In contrast, the sector's employment in New York State has been on a long downward trend, and while the finance and insurance sector recovered somewhat after the most recent recession, it is not expected to regain all the employment lost.





Economic Outlook

The NYS Assembly Ways and Means Committee staff's forecast for total nonfarm payroll employment growth in 2014 is 1.2 percent which is equal to the Division of Budget forecast. The staff's forecast for wage growth in 2014 is 4.6 percent; 0.8 percentage point below the Division of Budget forecast.

The NYS Assembly Ways and Means Committee staff's forecast for total nonfarm payroll employment growth in 2015 is 1.3 percent and is 4.7 percent for wages. The staff's forecasts for total nonfarm employment growth and wage growth forecast are 0.1 percentage point above the Division of the Budget's forecasts.

New York State Forecast Comparison (Percent Change)			
	Estimate 2013	Forecast 2014	Forecast 2015
Employment			
Ways and Means	1.1	1.2	1.3
Division of the Budget	1.2	1.2	1.2
Wages			
Ways and Means	1.6	4.6	4.7
Division of the Budget	1.6	5.4	4.6

Sources: NYS Assembly Ways and Means Committee staff; NYS Division of Budget, FY 2014-15 Executive Budget, January 2014.



Revenues





Revenues

As taxpayers realized additional compensation in 2012 in anticipation of higher Federal income tax rates in 2013, total settlements for 2013-14 are expected to have increased by 20.1 percent for net PIT growth of 6.4 percent.

Sales tax receipts are expected to register a 5.2 percent increase, on the strength of strong tourism performance and motor vehicle sales.

Bank tax receipts are projected to be down 42.8 percent due to settlements with large taxpayers.

Real estate transfer tax receipts are projected to be up 15.7 percent on the strength of a solid housing market in the NYC metro area.

All Funds Collections SFY 2013-14 (\$ in Millions)					
	2012-13 Actual	2013-14 Estimate	Change	Percent Growth	Diff. Exec.
Personal Income Tax	\$40,227	\$42,790	\$2,563	6.4%	(\$56)
Gross Receipts	47,443	51,357	3,914	8.3%	(125)
Withholding	31,958	33,128	1,170	3.7%	(32)
Estimated Payments	12,193	14,650	2,457	20.1%	(77)
Vouchers	9,001	9,464	463	5.1%	(84)
IT 370s	3,192	5,186	1,994	62.5%	7
Final Payments	2,148	2,369	221	10.3%	(9)
Delinquencies	1,144	1,210	66	5.8%	(7)
Total Refunds	7,216	8,567	1,351	18.7%	(69)
Collections	40,227	42,790	2,563	6.4%	(56)
User Taxes and Fees	14,615	15,158	542	3.7%	50
Sales and Use Tax	11,989	12,613	624	5.2%	18
Motor Fuel Tax	492	477	(15)	-3.1%	(23)
Cigarette Tax	1,551	1,462	(89)	-5.7%	41
Highway Use	145	141	(4)	-2.8%	1
Alcoholic Beverage Tax	246	257	11	4.3%	6
Auto Rental Tax	109	115	6	5.5%	1
Taxi Surcharge	83	93	10	12.0%	7
Business Taxes	8,465	8,096	(369)	-4.4%	(90)
Corporate Franchise	3,009	3,593	584	19.4%	32
Utility Tax	895	797	(98)	-10.9%	3
Insurance Tax	1,509	1,441	(68)	-4.5%	(16)
Bank Tax	1,912	1,094	(818)	-42.8%	(95)
Petroleum Business Tax	1,140	1,171	31	2.7%	(14)
Other	2,995	3,303	308	10.3%	29
Estate and Gift	1,014	1,184	170	16.8%	(36)
Real Estate Transfer	756	875	119	15.7%	60
Pari Mutuel	18	17	(1)	-5.6%	-
Payroll Tax	1,205	1,226	21	1.8%	4
Total Taxes	66,302	69,347	3,045	4.6%	(66)
All Fund Misc Receipts	20,956	20,697	(259)	-1.2%	19
Lottery	3,074	3,138	64	2.1%	(34)
Total Taxes with Lottery & Misc. Receipts	90,332	93,182	2,850	3.2%	(82)
Federal Funds	42,843	47,506	4,663	10.9%	-
Total All Funds Receipts	\$133,175	\$140,688	\$7,513	5.6%	(82)



Revenues

The projected 2.3 percent decline in SFY 2014-15 estimated payments is attributed to the unprecedented increase in the prior year's payments. Withholding growth is forecast at 6.1 percent on the continuing strength of NYS wage growth.

Corporate tax receipts are forecast to decline by 18.7 percent as the State accepts previously deferred tax credits to businesses.

Overall, All Funds tax receipts growth is forecast to slow to 2.6 percent at \$71.182 billion.

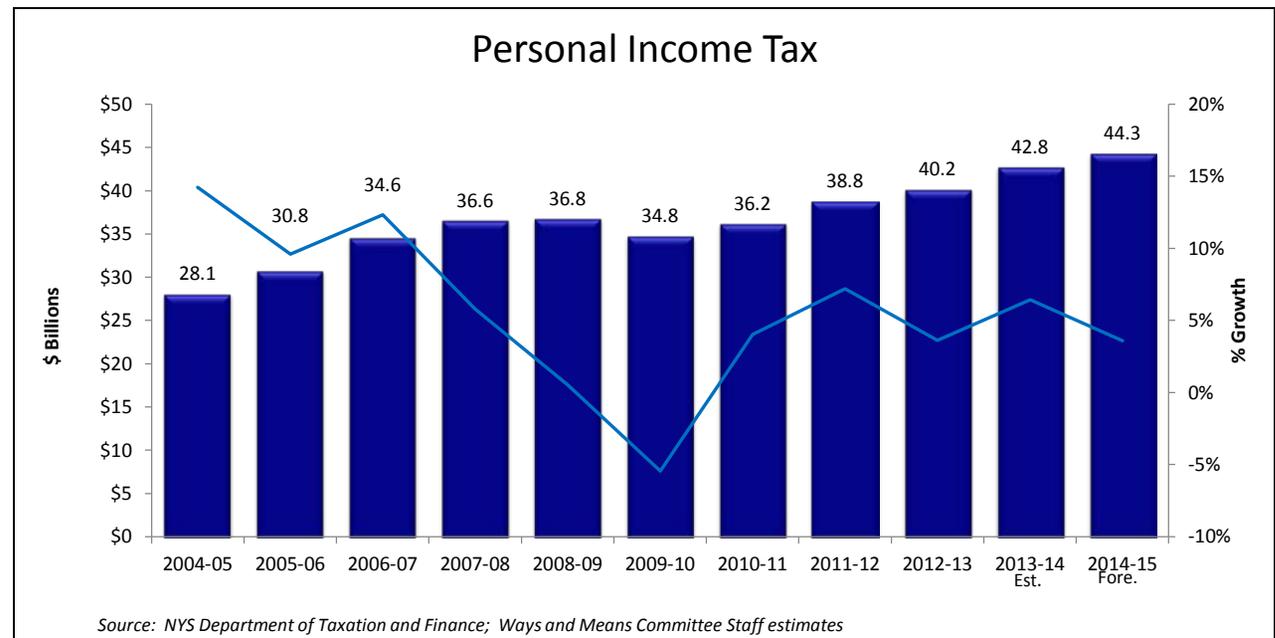
All Funds Collections SFY 2014-15 (\$ in Millions)					
	2013-14 Estimate	2014-15 Forecast	Change	Percent Growth	Diff. Exec.
Personal Income Tax	\$42,790	\$44,328	\$1,538	3.6%	\$197
Gross Receipts	51,357	53,059	1,702	3.3%	159
Withholding	33,128	35,150	2,022	6.1%	101
Estimated Payments	14,650	14,319	(331)	-2.3%	45
Vouchers	9,464	10,174	710	7.5%	59
IT 370s	5,186	4,145	(1,041)	-20.1%	(14)
Final Payments	2,369	2,325	(44)	-1.9%	9
Delinquencies	1,210	1,265	55	4.5%	4
Total Refunds	8,567	8,731	164	1.9%	(38)
Collections	42,790	44,328	1,538	3.6%	197
User Taxes and Fees	15,158	15,470	312	2.1%	(10)
Sales and Use Tax	12,613	12,977	364	2.9%	(11)
Motor Fuel Tax	477	489	12	2.4%	(13)
Cigarette Tax	1,462	1,381	(81)	-5.5%	7
Highway Use	141	142	1	0.7%	1
Alcoholic Beverage Tax	257	265	9	3.4%	9
Auto Rental Tax	115	116	1	0.9%	(3)
Taxi Surcharge	93	100	7	7.5%	-
Business Taxes	8,096	7,940	(156)	-1.9%	87
Corporate Franchise	3,593	2,922	(671)	-18.7%	11
Utility Tax	797	820	23	2.8%	6
Insurance Tax	1,441	1,551	110	7.6%	10
Bank Tax	1,094	1,485	391	35.8%	67
Petroleum Business Tax	1,171	1,162	(9)	-0.8%	(7)
Other	3,303	3,444	141	4.3%	114
Estate and Gift	1,184	1,228	44	3.7%	53
Real Estate Transfer	875	899	24	2.7%	44
Pari Mutuel	17	17	0	0.0%	-
Payroll Tax	1,226	1,300	74	6.0%	17
Total All Funds Taxes	69,347	71,182	1,835	2.6%	388
All Funds Misc Receipts	20,697	22,175	1,479	7.1%	24
Lottery	3,138	3,161	24	0.8%	(3)
Total Taxes with Lottery & Misc. Receipts	93,182	96,519	3,337	3.6%	410
Federal Funds	47,506	45,792	(1,714)	-3.6%	-
Total All Funds Receipts	\$140,688	\$142,311	\$1,623	1.2%	410



Revenues

SFY 2014-15 PIT receipts are forecast to reach \$44.3 billion, or growth of 3.6 percent, as settlements growth returns to normal levels.

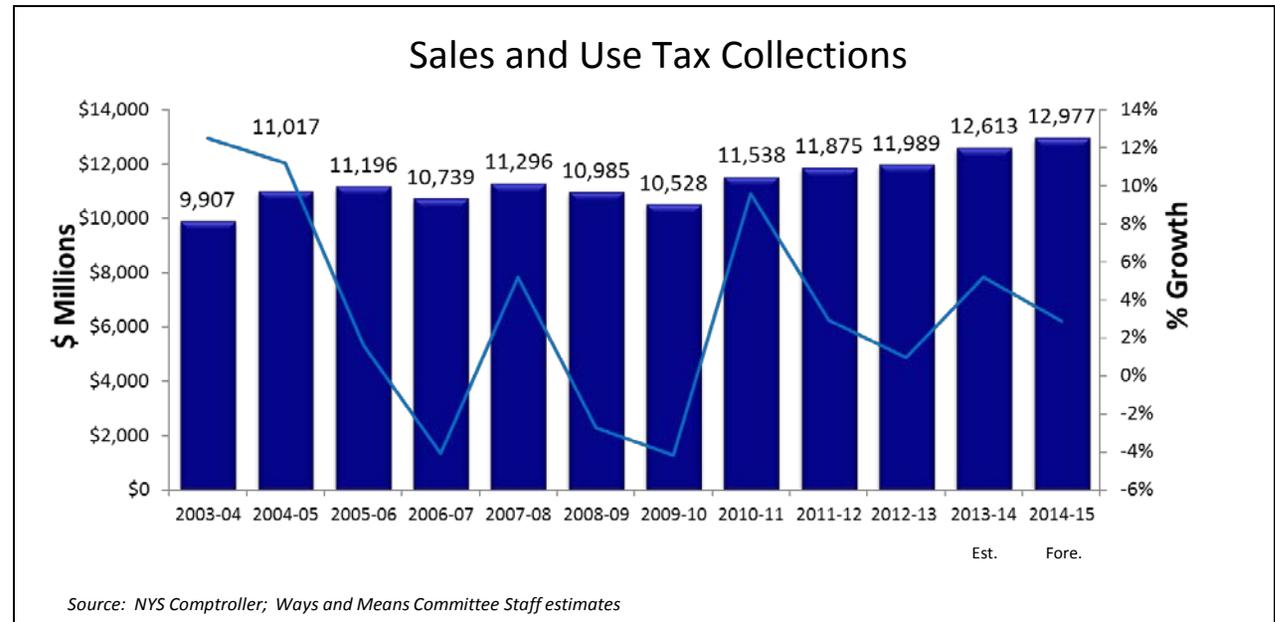
The State is expected to pay an additional \$810 million in refunds in SFY 2014-15 due to the first payment of the Family Relief Credit and the assumed enactment of the two-year property tax freeze. Under these assumptions, refunds are expected to total \$8.7 billion for growth of 1.9 percent.





Revenues

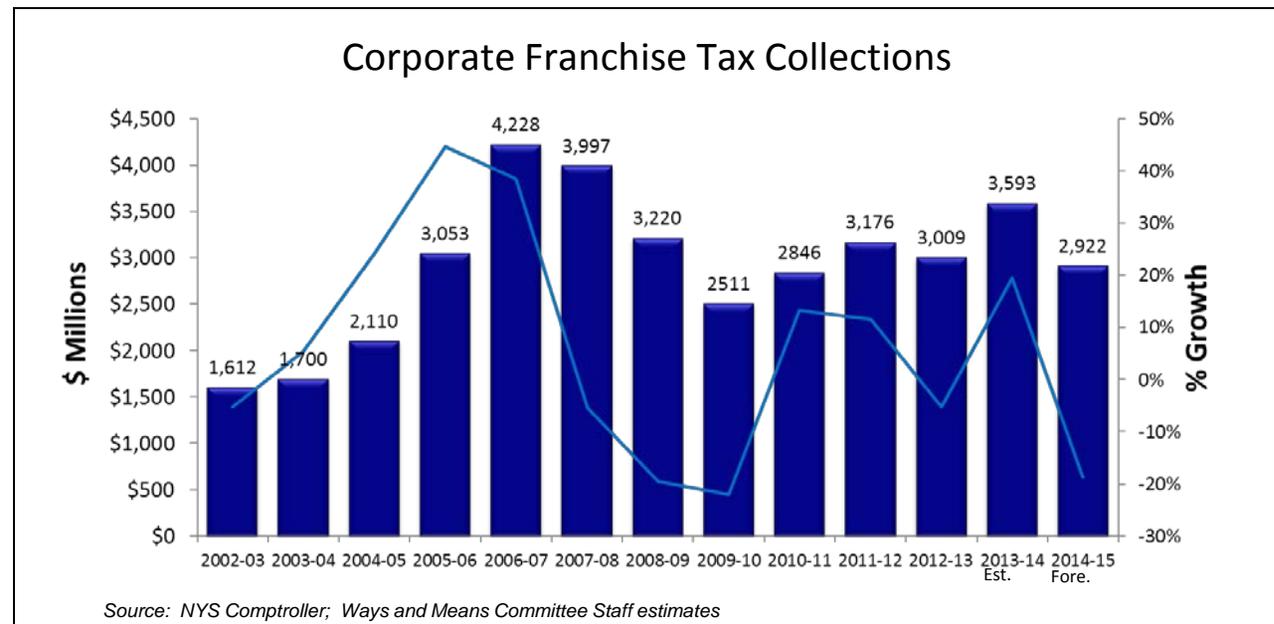
Sales tax collections are forecast to reach \$12.977 billion in SFY 2014-15 as growth slightly tapers following robust gains in SFY 2013-14.





Revenues

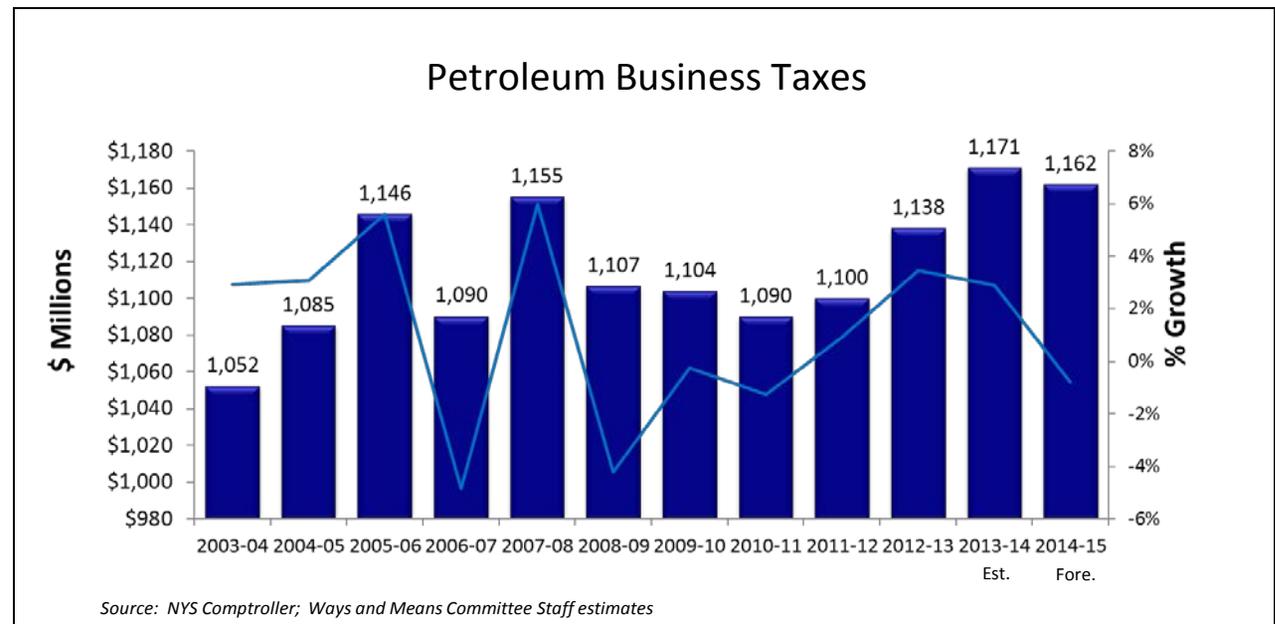
On the strength of increased audit activity, SFY 2013-14 corporate tax receipts are expected to total \$3.593 billion, for growth of 19.4 percent. As the State begins the payment of deferred tax credits, receipts are forecast to decline by 18.7 percent.





Revenues

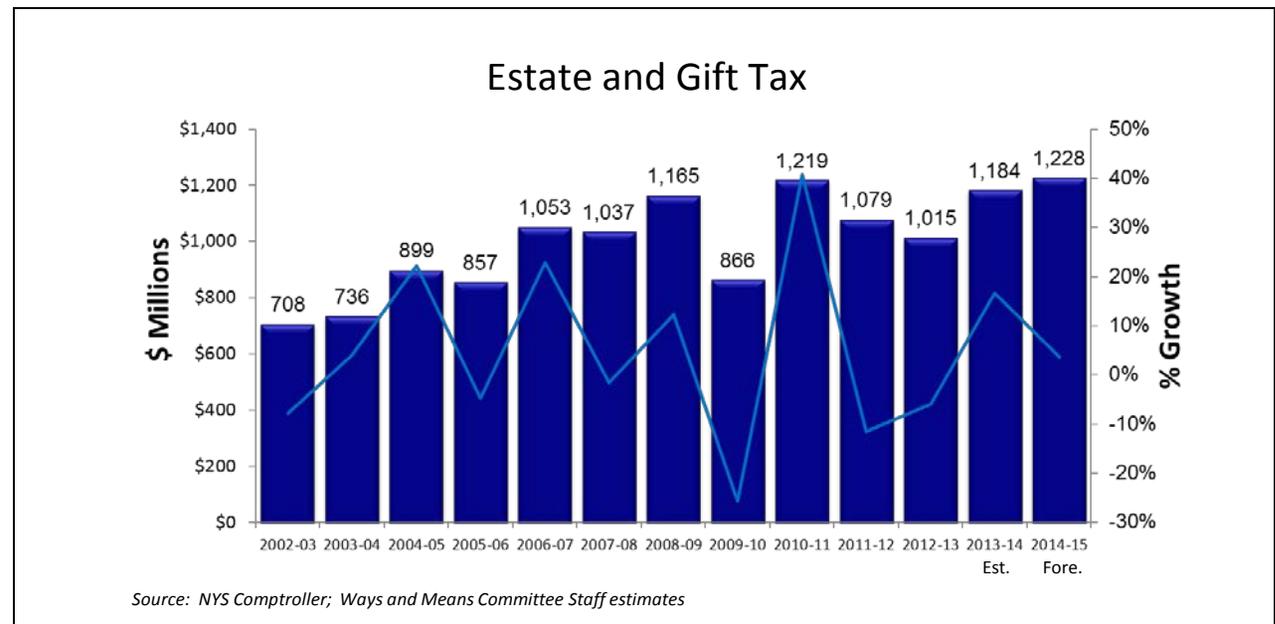
Petroleum Business Tax (PBT) receipts follow a steady historical pattern and are forecast to reach \$1.171 billion in SFY 2013-14, followed by a total of \$1.162 billion in SFY 2014-15 primarily due to a decrease in the PBT price index.





Revenues

On the strength of strong equity market gains, SFY 2013-14 estate tax receipts are expected to increase by 16.8 percent, followed by growth of 3.7 percent in SFY 2014-15 as the stock market's growth pace slows.

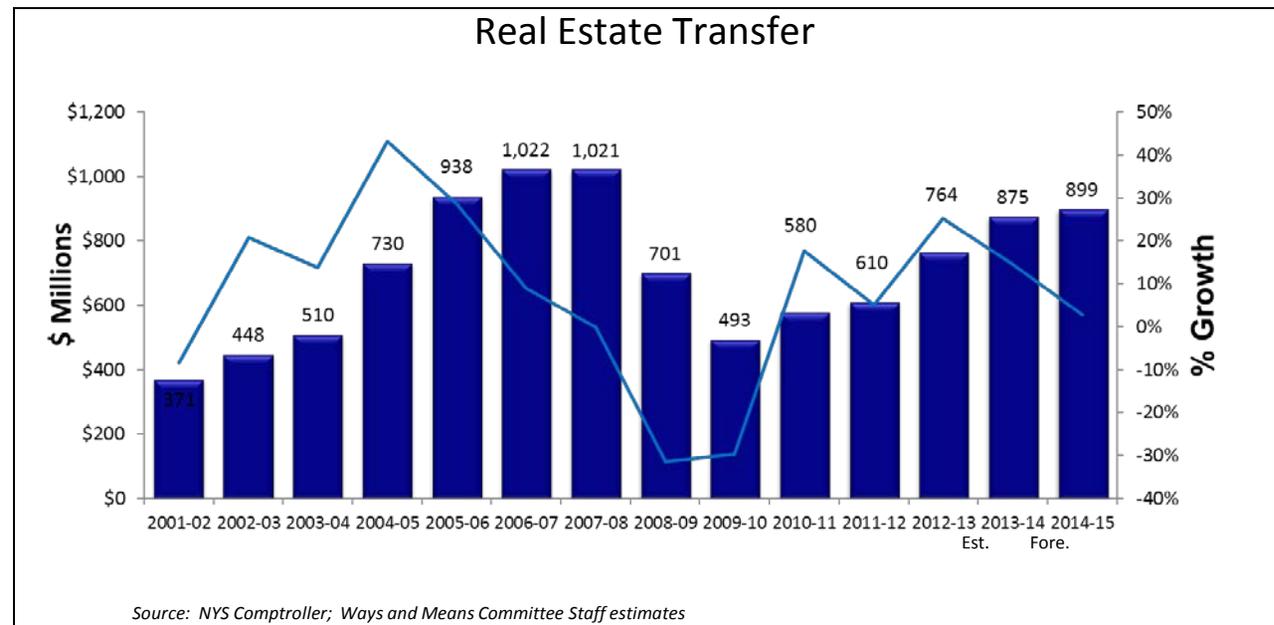




Revenues

Real estate transfer tax (RETT) receipts are estimated to increase by 15.7 percent in SFY 2013-14 on robust residential market gains in the New York City metro area.

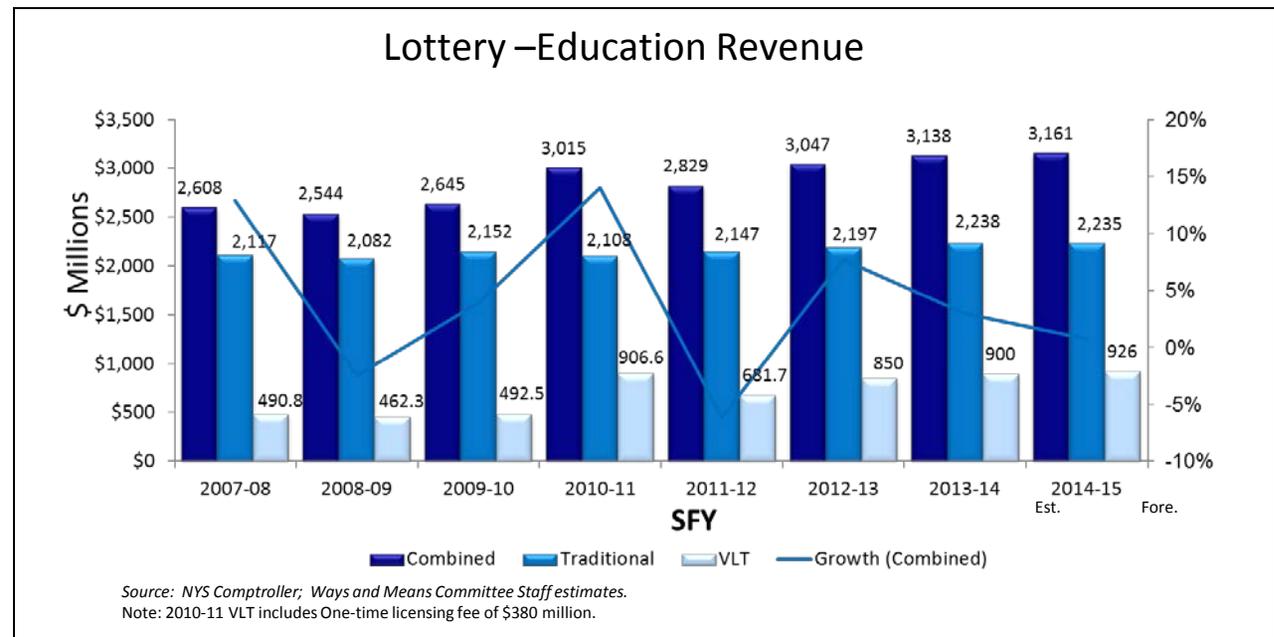
SFY 2014-15 receipts growth is forecast at 2.7 percent as the housing market's gains return to more trend levels.





Revenues

While the traditional Lottery component is expected to remain at \$2.2 billion in collections for both SFY 2013-14 and 2014-15, Video Lottery Terminals (VLTs) are expected to continue making substantial gains reaching \$926 million in SFY 2014-15.

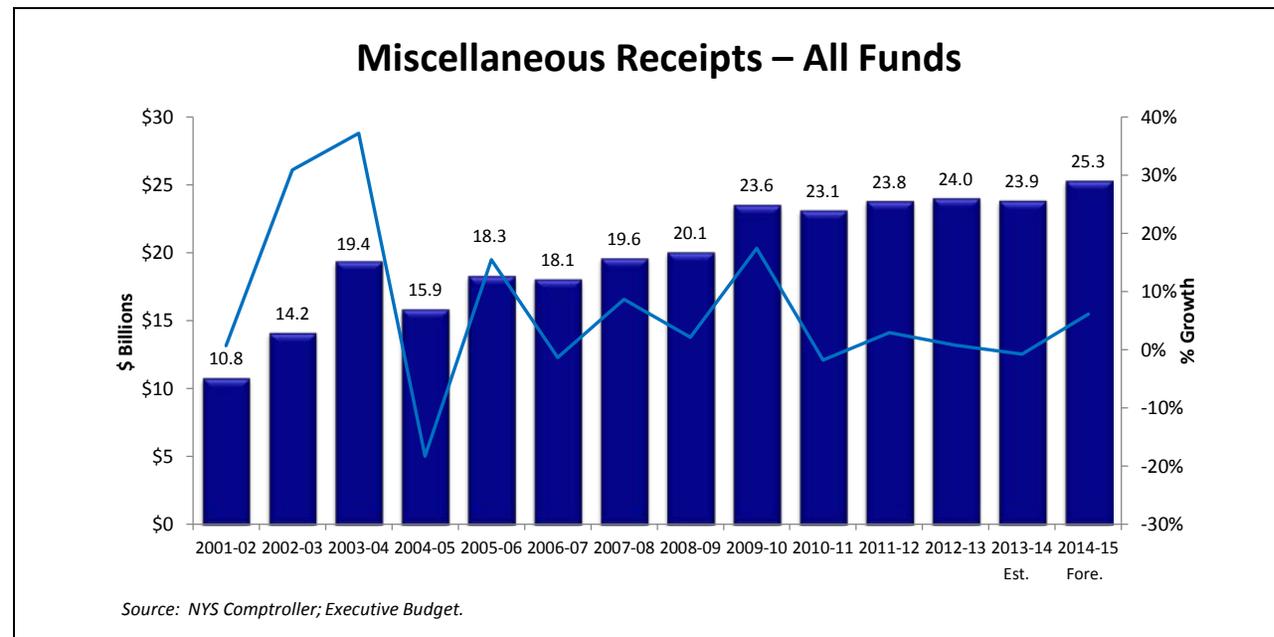




Revenues

Miscellaneous receipts total over \$25 billion, an increase of \$1.5 billion or 6.9 percent over SFY 2013-14.

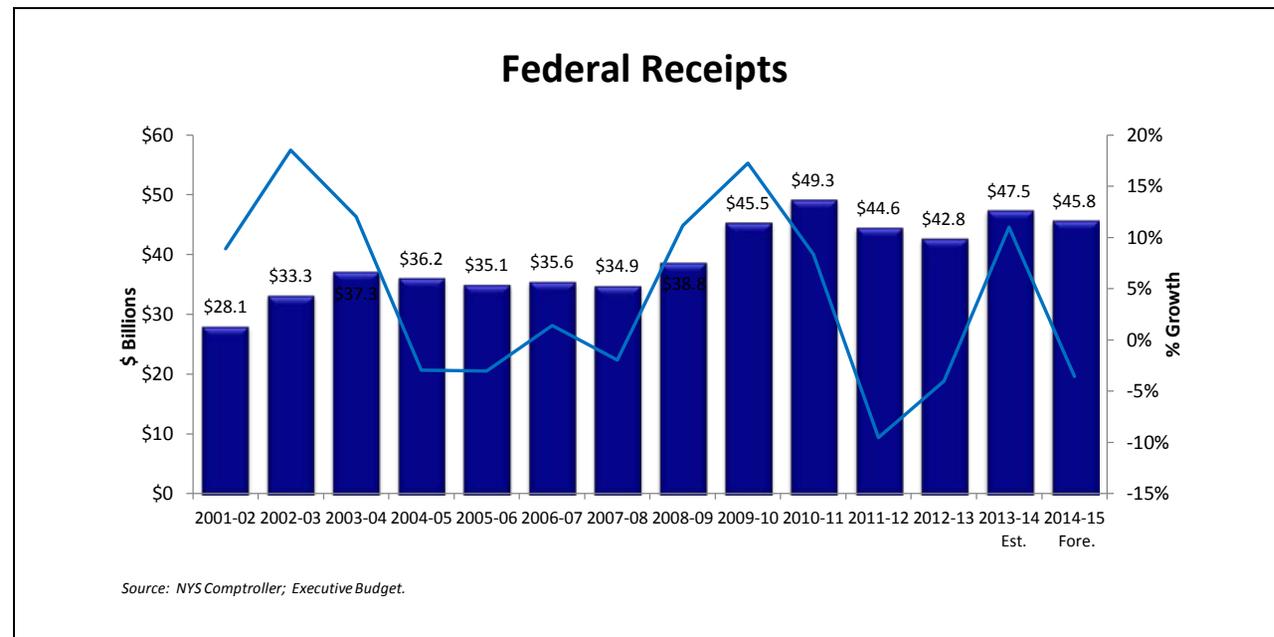
Miscellaneous receipts consists of money's received from HCRA, SUNY tuition and patient income, Lottery receipts for education, license fees, abandoned property and other transactions.





Revenues

Federal Receipts are projected to be \$45.8 billion in SFY 2014-15, a decrease of \$1.7 billion from SFY 2013-14. The decrease is primarily due to the amount of extraordinary Federal aid related to Superstorm Sandy.





Financial Plan Highlights

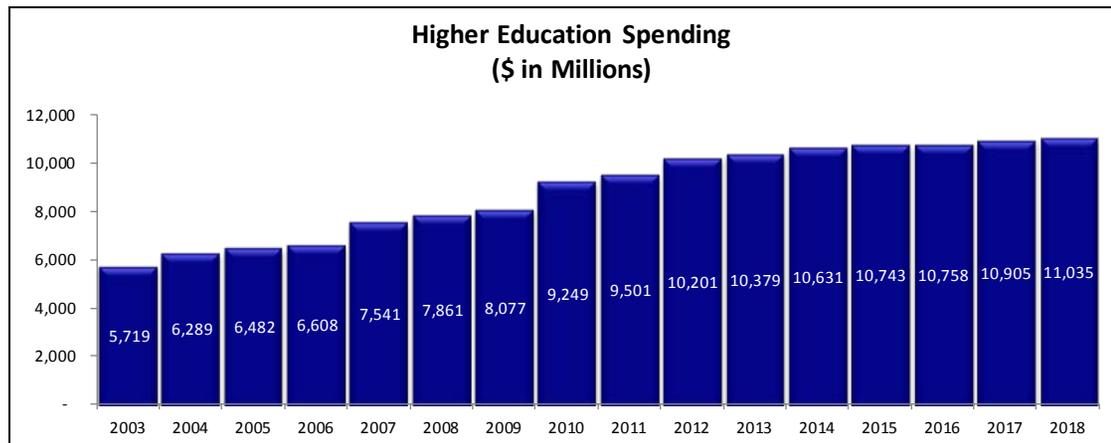
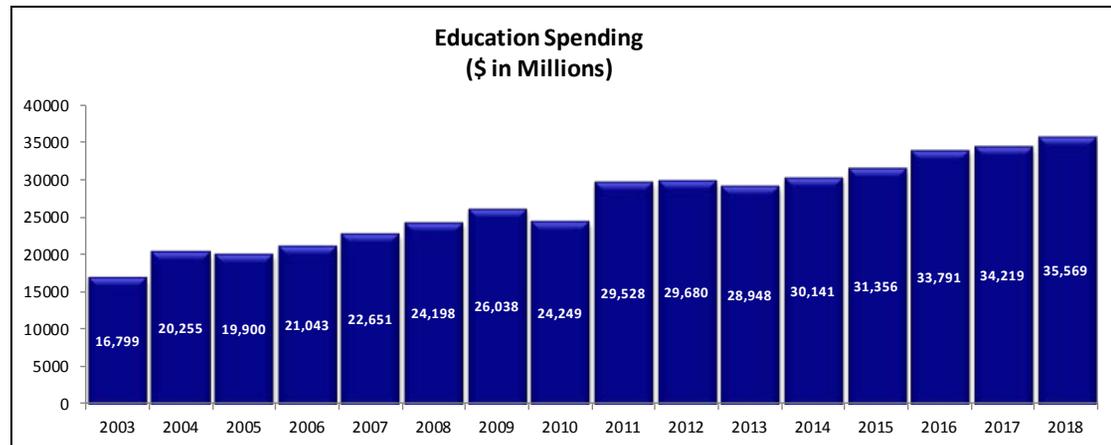




Financial Plan Highlights

On a fiscal year basis, SFY 2014-15 education spending is \$31.4 billion for School Aid including Foundation Aid, special education, STAR, other grants and Federal programs. Education spending is projected to grow at an average of 4.3 percent from SFY 2014-15 through SFY 2017-18.

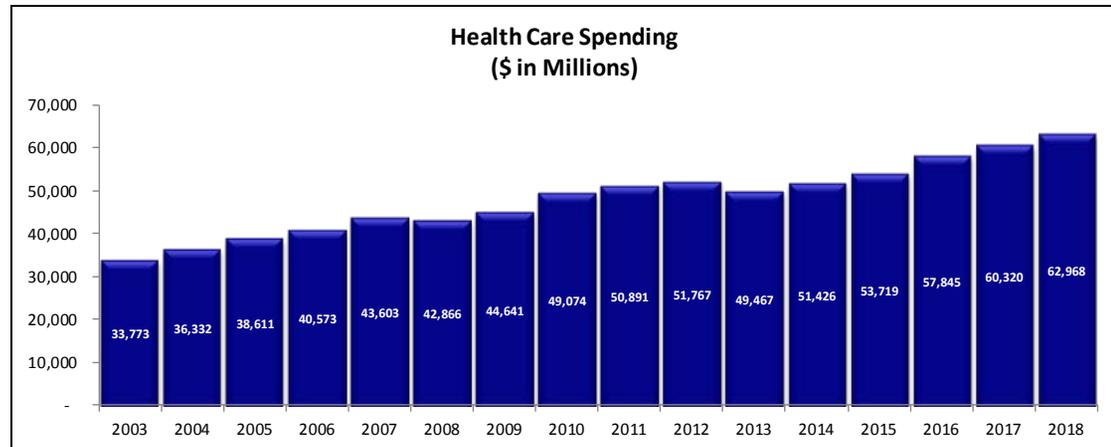
Higher education spending for SFY 2014-15 is \$10.7 billion to support primarily SUNY, CUNY, HESC, and community colleges. Out year spending is projected to remain flat at an average of 0.9 percent through SFY 2017-18.



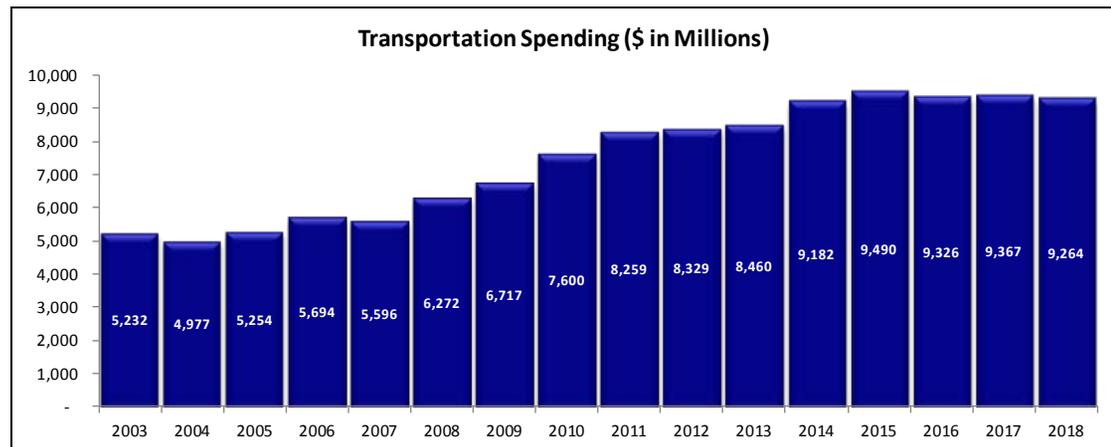


Financial Plan Highlights

Health care spending in SFY 2014-15 is estimated to be \$53.7 billion for Medicaid at DOH, OPWDD, OMH, OASAS, OCFS, DOCCS and general public health. Health care spending is projected to grow at an average rate of 5.2 percent through SFY 2017-18.



Transportation spending in SFY 2014-15 is \$9.5 billion to the Department of Transportation for roads and bridges, MTA for transit assistance, Department of Motor Vehicles and Thruway Authority. Transportation spending is projected to remain flat through SFY 2015-18.





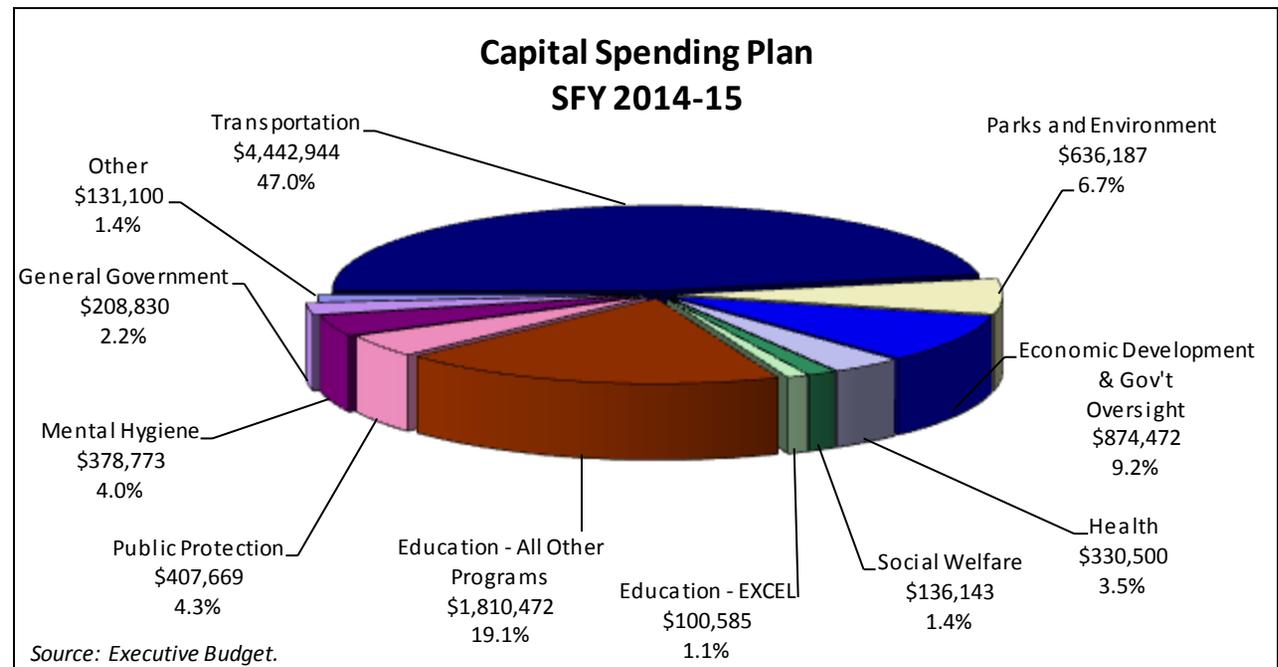
Capital and Debt





Capital and Debt

The State anticipates spending \$9.5 billion in capital for SFY 2014-15. This includes \$4.4 billion or 47 percent in transportation, \$1.8 billion or 19.1 percent in education, and \$3.2 billion or 33.8 percent in all other programs.





Capital and Debt

The proposed budget contains new capital initiatives including \$5.4 billion in infrastructure projects for education (smart school), health care, economic development, SUNY/CUNY campus improvements and other projects to finance critical needs of the State.

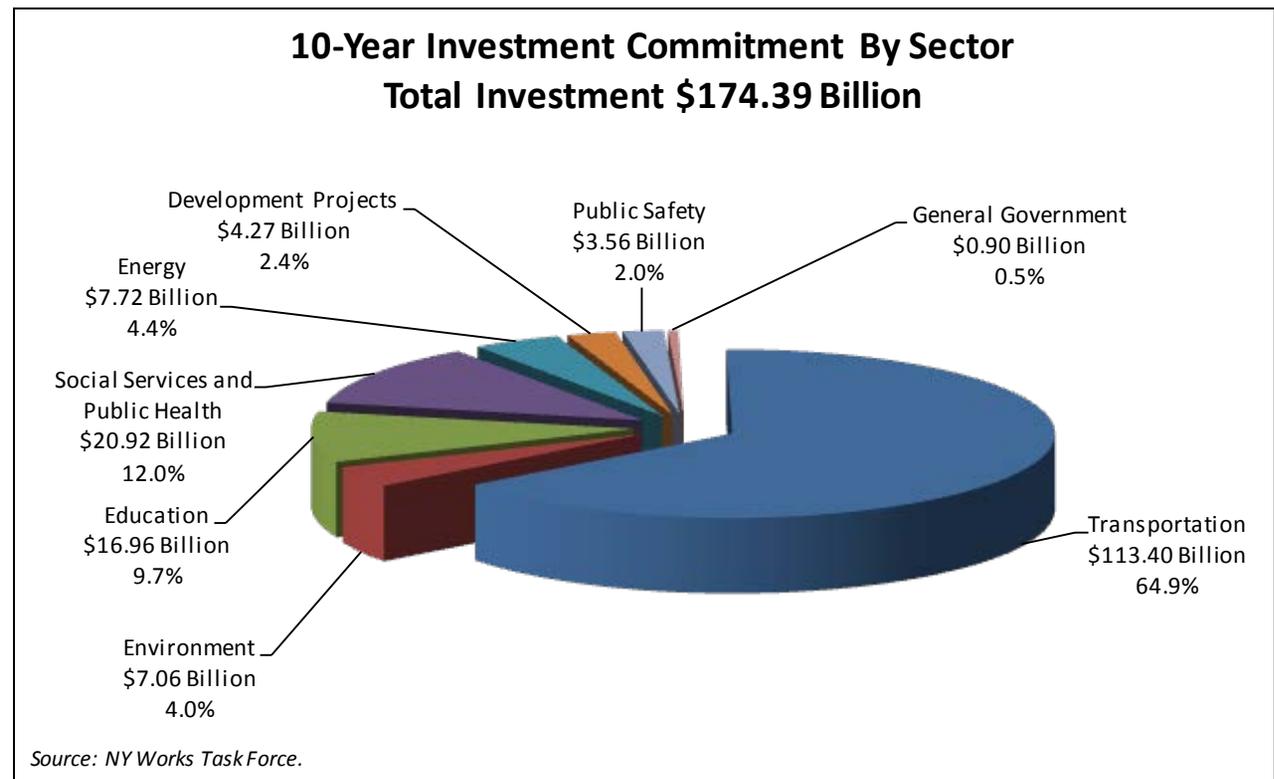
New Capital Obligations New Bonded Capital Initiatives SFY 2014-15 (\$ in Millions)						
	SFY 2015 Appropriations	Capital Spend Out				
		SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019
Smart Schools Bond Referendum	\$2,000,000	\$0	\$1,000,000	\$350,000	\$350,000	\$300,000
Health Care Restructuring	\$1,200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Economic Development	\$1,041,650	\$200,775	\$261,000	\$161,000	\$163,875	\$175,000
Buffalo Regional Innovation Cluster	\$680,000	\$125,000	\$175,000	\$125,000	\$100,000	\$155,000
Nano Utica	\$180,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
NY Genome Center	\$55,750	\$27,875	\$0	\$0	\$27,875	\$0
Onondaga Revitalization	\$30,000	\$0	\$10,000	\$10,000	\$10,000	\$0
Economic Transformation Program	\$24,000	\$6,000	\$6,000	\$6,000	\$6,000	\$0
All Other Economic Development	\$71,900	\$21,900	\$50,000	\$0	\$0	\$0
Higher Education Infrastructure	\$773,628	\$8,350	\$72,278	\$190,000	\$137,158	\$365,842
SUNY/CUNY Systemwide Infrastructure	\$763,628	\$3,350	\$67,278	\$190,000	\$137,158	\$365,842
Binghamton School of Pharmacy	\$10,000	\$5,000	\$5,000	\$0	\$0	\$0
Hazardous Waste Remediation (Superfund)	\$100,000	\$0	\$0	\$0	\$50,865	\$49,135
All Other	\$247,700	\$108,700	\$120,000	\$19,000	\$0	\$0
Homeland Security	\$122,000	\$59,000	\$60,000	\$3,000	\$0	\$0
Information Technology	\$85,700	\$49,700	\$36,000	\$0	\$0	\$0
Housing	\$40,000	\$0	\$24,000	\$16,000		
Total	\$5,362,978	\$517,825	\$1,653,278	\$920,000	\$901,898	\$1,089,977

(1) Reflects an acceleration of capital authorization from previous plan.



Capital and Debt

The New York Works Task Force in May 2013 estimated \$174 billion of prioritized statewide capital investments over the next ten years in various sectors. The largest capital investment is in transportation of 64.9 percent by various public authorities.





Capital and Debt

The growth in State debt outstanding subject to Debt Reform Act of 2000 will have the lowest estimated remaining capacity in SFY 2016-17 of \$106 million. In SFY 2015 through 2017, if the forecast for personal income declines the State would exhaust any available debt outstanding capacity and cease from issuing new debt.

Debt Outstanding Subject to Cap (\$ in Millions)							
Year	Personal Income	Cap %	Cap \$	Debt Outstanding Since April 1, 2000	\$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity
SFY 2014	\$1,067,485	4.00	\$42,699	\$39,521	\$3,178	3.70	0.30
SFY 2015	\$1,120,927	4.00	\$44,837	\$42,971	\$1,866	3.83	0.17
SFY 2016	\$1,175,162	4.00	\$47,006	\$46,850	\$156	3.99	0.01
SFY 2017	\$1,233,566	4.00	\$49,343	\$49,237	\$106	3.99	0.01
SFY 2018	\$1,296,153	4.00	\$51,846	\$50,821	\$1,025	3.92	0.08
SFY 2019	\$1,362,589	4.00	\$54,504	\$52,912	\$1,592	3.88	0.12



Capital and Debt

The State has maintained a favorable credit rating for all its bonds. A favorable credit rating lowers the State borrowing costs and allows for easier access to financial markets. One reason for maintaining favorable credit rating on State bonds is the high projected coverage ratio of the various State receipts and debt service, and the financing of various capital spending.

Current Credit Ratings on New York State Debt			
	Standard &		
	Poor's	Fitch	Moody's ¹
Personal Income Tax Bonds (PIT)	AAA	AA	NR
Sales Tax Bonds	AAA	AA	NR
General Obligation	AA	AA	Aa2
Local Government Assistance Corporation (LGAC)	AAA	AA	Aa2
Dedicated Highway & Bridge Trust Fund	AA	AA	NR
Mental Health Services Facilities Improvement Revenue	AA-	AA-	NR
Department of Health	AA-	AA-	NR
State University of New York Dormitory Revenue	AA-	AA-	Aa2
Tobacco Bonds	AA-	AA-	NR
Municipal Bond Bank Agency (MBBA) Special Schools Revenue	A+	AA-	NR
Service Contract/Appropriation Credits ²	AA-	AA-	NR

^{1.} Moody's rating not applied for except on GO, LGAC and SUNY Dormitory Bond debt. "NR" - not rated

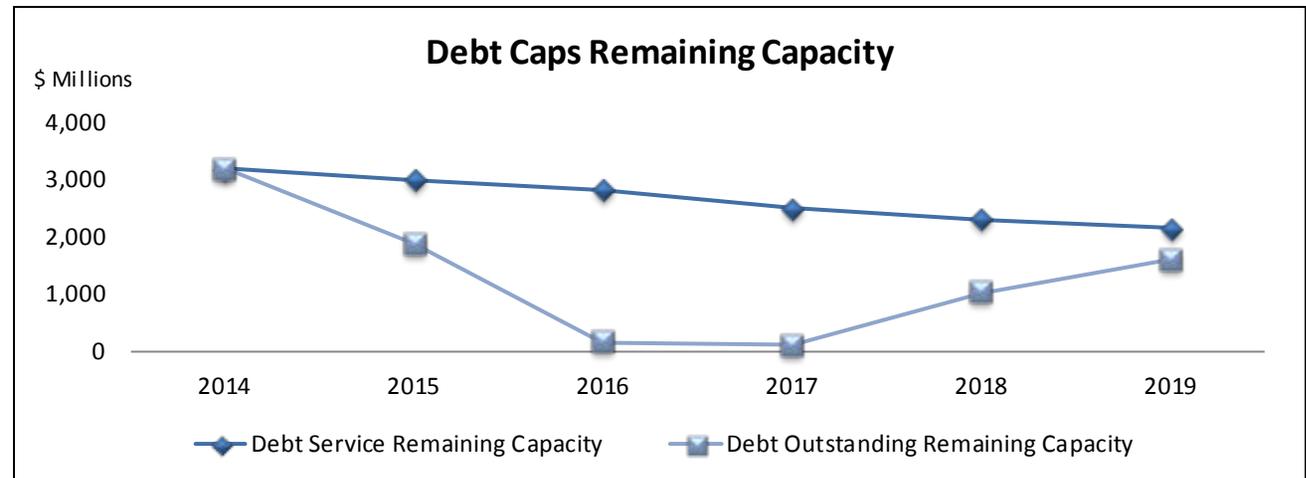
^{2.} Includes programs that have been separately bond-financed-for in the past (i.e. CHIPs, SUNY Academic Facilities, etc.) and are now replaced by PIT financing



Capital and Debt

Debt outstanding is capped at 4 percent of personal income. Available debt outstanding capacity will decline from \$3.2 billion in SFY 2013-14 to \$156 million in SFY 2015-16 and to \$106 million in SFY 2016-17.

Debt service remaining capacity is \$3 billion in SFY 2014-15 and declining to \$2.2 billion in SFY 2018-19 the debt service is capped at 5 percent of All Funds receipts.





Capital and Debt

State-related debt outstanding as a percent of New York personal income has declined from 6.3 percent in SFY 2004-05 to an estimated 4.4 percent in SFY 2018-19.

