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Slow Growth in a Resilient Economy:

Finance Division Economic and Tax Revenue Forecast

May 22, 2023

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Introduction

The economy has proven more resilient than was expected in March, the last time the Council's Finance Division released its forecast. Instead of real GDP declining in the first quarter of 2023, the national economy has continued to grow, albeit at a relatively sedate 1.1 percent rate. This resiliency has also shown up in the City's economy with the number of jobs continuing to grow though March. Fueled by this stronger economy, City tax collections also have come in at a higher pace than originally expected. As a result, the Finance Division has upwardly revised its economic and tax revenue forecast,[1] which now sees about $1.8 billion more in tax revenues than OMB over Fiscals 2023 and 2024 combined.

Despite this brightening outlook, the Council's Finance Division still expects the City to be entering a period of slower revenue growth. Underlying the Finance Division's tax revenue forecast is an expectation of slow economic growth in both the national and City economies, which will include a brief period of decreasing Gross Domestic Product (GDP) and Gross City Product (GCP), job loss, and rising unemployment.

Fiscal 2023 tax revenues will total $72.01 billion, and remain nearly unchanged in Fiscal 2024, totaling $72.05 billion. This estimate exceeds OMB's Executive Plan forecast by $926 million in Fiscal 2023 and $909 million in Fiscal 2024, for the above-mentioned total of $1.8 billion of additional revenue available to finance urgent needs and/or to bolster reserves.

The Council's stronger revenue projection continues in the outyears, exceeding OMB's projections by $942 million in Fiscal 2025, $1.34 billion in Fiscal 2026, and $2.55 billion in Fiscal 2027. The additional revenue from the Council forecast, coupled with the budgeted in-year reserves[2] which are typically not used, would provide the City with healthy surpluses in Fiscal 2023 and 2024 and much more manageable gaps in the outyears of the plan period.

Tax revenue are now forecast to grow 2.7 percent over the entire forecast period, compared to an average annual rate of 5.2 percent over the prior decade. While this is an improvement over the 2.2 percent growth the Finance Division predicted in March, it still represents the worst performance of City taxes since the Great Recession from Fiscal 2008 to Fiscal 2010.

Fact Sheets

Three Fiscal 2024 Executive Plan Fact Sheets accompany this report. They provide a graphic summary of the Finance Division forecast and additional information on current economic conditions. The Fact Sheets and this report may be found on the Council website. https://council.nyc.gov/budget/fy2024/

1. National and City Economy Forecast Update
2. Finance Division Tax Forecast
3. How are the People of New York City Doing?

[1] The Council Finance Division's tax forecast now expects $619 million more in revenues in Fiscal 2023, and a slightly smaller increase in Fiscal 2024 of $337 million as compared to its March forecast.

[2] The Fiscal 2024 Executive Financial includes $1.2 billion in the General Reserve and $250 million in the Capital Stabilization Reserve in each of Fiscals 2024 through 2027

The Heart of the Matter: Slow Growth in a Resilient Economy

The National and City economies have shown remarkable resilience. They have been hit by a series of economic shocks: COVID, supply chain problems, war and inflation. Yet the economies have recovered, kept growing, and have produced levels of employment high enough that we are currently experiencing labor shortages. By some estimates the labor shortages are a sign that the economy is producing above its long run potential. Production at this level holds a risk of generating accelerating inflation.[3] As a part of its efforts to reduce inflation the Federal Reserve has been raising interest rates since March of 2022.[4] The effective federal funds rate has gone from around 0.08 percent in February 2022 to 4.8 percent in April 2023.[5] Other interest rates have also risen, with the goal of slowing the growth of demand in order to give supply a chance to catch up.

Accordingly, most forecasters expect the economy to eventually slow down,[6] though there is debate about the degree and timing of the slowdown. In its March forecast, the Finance Division expected that slowdown to begin in a serious way in the first quarter of 2023.[7] However, the economy was more resilient than expected, with real GDP growing by 1.1 percent and employment continuing to expand.[8] The Finance Division's May forecast still expects a slowdown, however it starts later: in the second quarter of 2023. This will be a single quarter of falling real GDP by -0.1 percent (annual rate), after which in the third quarter the economy will start expanding again. Payroll employment will start to fall in the fourth quarter of 2023, with the number of jobs falling from 156.0 million to 155.3 million by the second quarter of 2025. Unemployment will rise from the 3.4 percent rate as of April 2023 to around 4.8 percent in 2025. Is this a recession? Probably, but it is a very mild one. Council Finance assumes that the labor markets will remain strong, though the labor shortages that are currently experienced will ease. Inflation will moderate, averaging 4.2 percent in 2023, 2.5 percent in 2024 and 2.2 percent in 2025. As inflation falls, interest rates will begin to decline, starting in 2024. The S&P 500 will remain effectively flat, subject to its usual short-term ups and downs, during the forecast period.[9]

Economic growth will remain slow through the forecast period. With a slow growing labor force, due to an ageing population and limited immigration and slow growth of productivity, there is little room for rapid growth in real GDP or employment. In this forecast real GDP growth never gets above 2 percent a year.

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[3] S & P Global Market Intelligence. "US Economic Outlook, Executive Summary" April 2023, p. 8

[4] Federal Reserve Bank of New York, "Effective Federal Funds Rate" https://www.newyorkfed.org/markets/reference-rates/effr
Consulted May 2, 2023.

[5] Federal Reserve Bank of St Louis, "FRED: series Effective Federal Funds Rate" https://fred.stlouisfed.org/series/FEDFUNDS Consulted May 2, 2023.

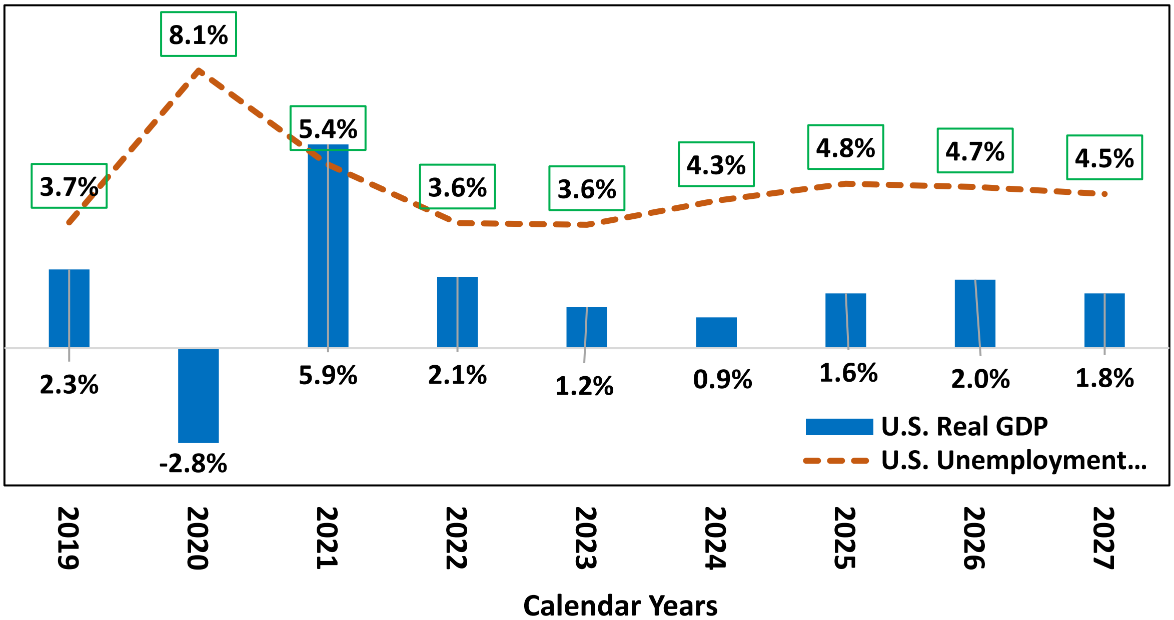
[6] Federal Reserve Bank of Philadelphia, "Survey of Professional Forecasters" Q1 2023, https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q1-2023 Consulted May 2 2023

[7] New York City Council Finance Division, "Looking to Fiscal 2024 and Beyond, The Finance Division Economic and Tax Revenue Forecast", March 6, 2023. https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/FY24-Preliminary-Plan-Council-Tax-Revenue-Forecast-1.pdf

[8] Bureau of Economic Analysis, "Gross Domestic Product, First Quarter (Advanced Estimate)" April 27, 2023. https://www.bea.gov/sites/default/files/2023-04/gdp1q23_adv.pdf

[9] S&P Global, May 2023

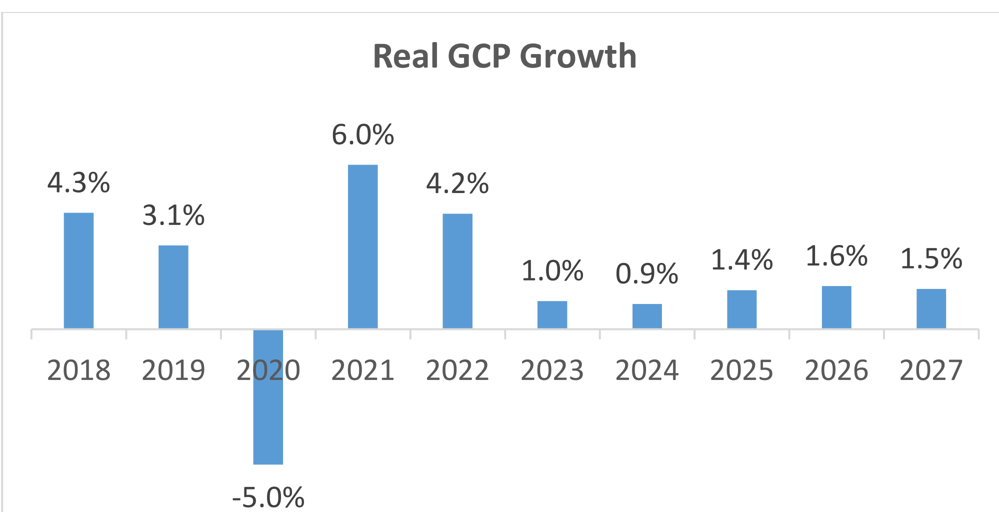
U.S. Real GDP Change vs U.S. Unemployment Rate



Source: *U.S. Dept. of Commerce (GDP), U.S. Dept. of Labor (unemployment), forecast by S&P Global, May 2023*

The New York City economy is also showing resilience. The economy added an average of 293,000 payroll jobs in 2022 compared to 2021 and continued to add jobs through March 2023. Employment is fully recovered from COVID with March 2023 employment exceeding that of March 2019.[10] Real Gross City Product (GCP) grew about 4.2 percent in 2022. [11]

Growth of the City's economy will also slow down, following the national economy's lead. In the Finance Division's forecast real GCP growth has already slowed down with the weakest quarters occurring in the second half of 2023. Growth will slow to 0.6 percent in the first quarter of 2024, though never turns negative. Economic growth will remain sluggish through the forecast period.

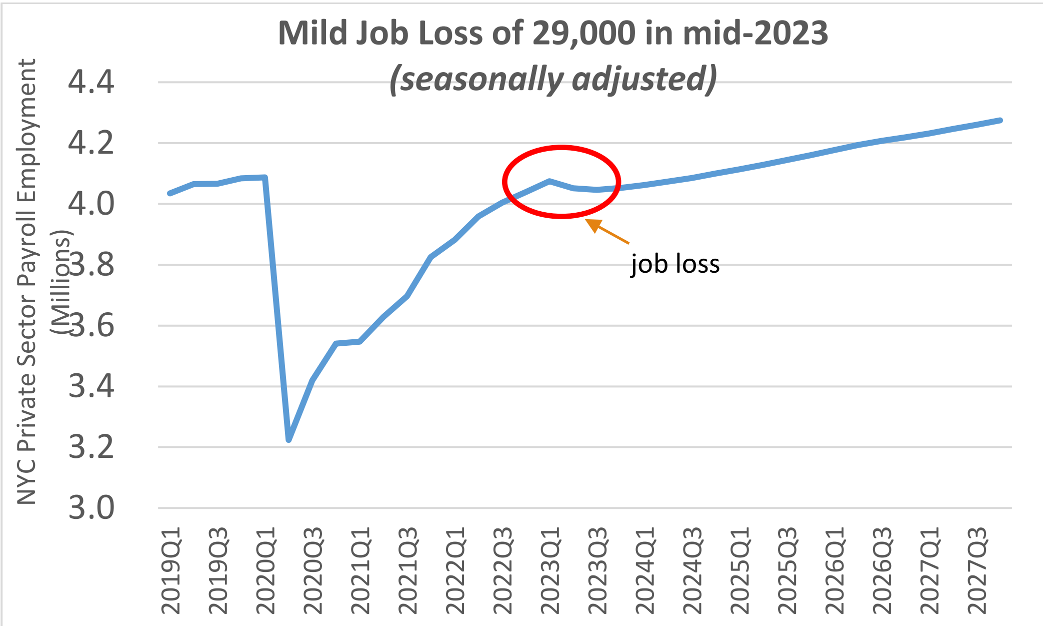


Source: *S&P Global, May 2023*

[10] New York State Department of Labor, Current Employment Statistics (CES)

[11] S&P Global Connect, "U.S. Regional 5-Year Metro Forecast" Accessed May 10, 2023.

Private employment will fall by around 29,000 in the middle of 2023, a decline of less than 1 percent, and the lost jobs will be recovered before the end of 2024. This is extremely mild job loss by historic standards, compared to the 131,000 private sector positions lost in the 2008-9 Great Recession and the 233,000 jobs lost in the 2001-3 downturn. Overall, this is a later and milder slowdown than the Finance Division was forecasting in March.[12]



Source*: New York State Department of Labor, March 2023, forecast by NYCC Finance Division*

While the City's economy is expected to largely mirror the national economy, one key difference is in the City's commercial office market. Office vacancies rates, currently around 22 percent, are relatively high. [13] High vacancy rates in the central business district negatively affect the many Downtown and Midtown service businesses, such as restaurants and retail establishments that depend on the economic activity created by employees at these businesses. [14] Empty space will also impact the value of commercial property, which creates a drag on the City's property tax forecast. These vacancies are likely to reduce office construction and may compromise the finances of firms that own the buildings.

As with any forecast, there are a number of key assumptions that form the forecast's basis. Our forecast expects that credit conditions will ease somewhat and the problems in the banking system will be contained. It is assumed that consumers will slow their spending somewhat as employment weakens but that they will not panic. It is assumed that oil prices will soften as the global economy slows down. Finally, it is assumed that fiscal policy will remain stable and will avoid shutdowns and

[12] New York City Council Finance Division, "Looking to Fiscal 2024 and Beyond, The Finance Division Economic and Tax Revenue Forecast", March 6, 2023. https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/FY24-Preliminary-Plan-Council-Tax-Revenue-Forecast-1.pdf

[13]Cushman and Wakefield."Q1 2023 Manhattan Office Report" https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/new-york-city-area-marketbeats Downloaded May 18, 2023.

[14] T. Hadden Loh, E. Terplan and D.W. Rowland, "Myths about Converting Offices into Housing – and What can Really Revitalize Downtowns", Brookings Institution, April 27, 2023. https://www.brookings.edu/research/myths-about-converting-offices-into-housing-and-what-can-really-revitalize-downtowns/?utm_campaign=Brookings%20Brief&utm_medium=email&utm_content=256432026&utm_source=hs_email

defaults. Higher oil prices, perhaps worsening from the Ukraine- Russia war, and deeper banking problems, perhaps related to the commercial real estate market, are the largest risks to the forecast.

City Tax Revenue Forecast:

The Finance Division's May tax revenue forecast has been updated from its March forecast to reflect a more resilient economy and more recent tax collections. These updates result in modest upward revisions to the forecast: Fiscal 2023's forecast is now $619 million above what the Council had projected in March, while Fiscal 2024 is about $337 million greater. The increase in Fiscal 2023 primarily reflects stronger than expected Personal Income Tax and Business Tax collections, while the increase in Fiscal 2024 reflects a stronger Sales Tax forecast and the decision by Hudson Yards Infrastructure Corporation to provide the City with $231 million in additional payment in lieu of tax (PILOT) revenues. A description of each tax forecast is below.

New York City Council Finance Division - Tax Revenue Levels
Dollars in Millions

	FY22*	FY23	FY24	FY25	FY26	FY27
Real Property	$29,436	$31,570	$32,447	$32,733	$33,482	$35,028
Personal Income and PTET	16,698	16,265	15,446	16,141	16,486	17,701
Business Corporate	5,682	5,530	5,263	5,302	5,397	5,564
Unincorporated	2,547	2,521	2,575	2,565	2,566	2,612
Sales	8,544	9,610	10,080	10,473	10,966	11,278
Commercial Rent	876	914	931	957	982	1,009
Real Property Transfer	1,903	1,274	1,272	1,381	1,499	1,628
Mortgage Recording	1,336	883	874	982	1,105	1,243
Utility	396	444	454	462	484	513
Hotels	345	638	692	737	766	788
All Others	986	1,080	1,213	1,243	1,276	1,307
Audits	849	1,284	800	800	800	800
Total Taxes	**$69,597**	**$72,013**	**$72,048**	**$73,776**	**$75,810**	**$79,472**

**Actuals*
Source: *New York City Council Finance Division, Fiscal 2024 Executive Plan*

Economically Driven Taxes

Personal Income Tax

Collections from the Personal Income Tax (PIT), including the new Pass-Through Entity Tax (PTET), have consistently outperformed expectations this fiscal year. As of April, year-to-date PIT and PTET revenues were 2.3 percent above the same period last year and approximately $636 million above the Administration's projections for that period in the Executive Plan. Collections were especially stronger than anticipated in April as estimated payments, offsets and final returns for that month massively outperformed OMB's projections. Given the unexpected boost in recent collections, the Finance Division is raising its PIT forecast for the current fiscal year by $338 million compared to its March forecast. Despite the upward revision, the Finance Division still expects combined PIT and PTET collections to experience a 2.6 percent decline in Fiscal 2023, as estimated payments retreat further and refunds surge in the remaining months of the fiscal year.

While they have outperformed expectations, year-to-date estimated payments as of April remain significantly weaker than the record high collections we saw last year. Besides taxpayers reducing their payments, as they receive their PTET credit, estimated payments have suffered the decline in equity market performance caused by the Fed's interest rate hikes in response to the persistent inflationary pressures. In the last two months of the fiscal year, the Finance Division expects estimated payments to continue to weaken resulting in a seven percent year-over-year drop by the end Fiscal 2023.

Refunds are also expected to grow in Fiscal 2023, driven by the expanded City Earned Income Tax Credit. As of April, total refunds were 46.2 percent higher than the same period last year. The Finance Division expects refunds for the rest of the fiscal year to continue to outpace last year and end Fiscal 2023 with 67 percent growth compared to the prior fiscal year.

Withholdings collections, on the other hand, have remained strong throughout the current fiscal year. Going forward, withholdings will maintain the healthy pace of collections we have seen so far and end Fiscal 2023 with a 4.2 percent growth. The projected year-over-year increase in withholdings can be attributed to an expected increase in total wages in the City, partially offset by a huge decline in Wall Street bonuses.

Total PIT collections will drop another five percent in Fiscal 2024 led by steep declines in estimated payments, offsets and final returns. Interest rates will remain elevated throughout the next fiscal year, which will continue to weaken capital gain realizations and result in a further six percent drop in estimated payments for that year.

On the bright side, withholdings collections will accelerate in Fiscal 2024, with revenues growing by 4.8 percent. The projected increase in withholdings can be attributed to an expected increase in total wages, even as the City sheds jobs in the middle of calendar year 2023.

Business Taxes

Collections from the City's two business taxes – Business Corporation and Unincorporated Business – will decline by 2.2 percent in the current fiscal year. The projected decline reflects the impact of high interest rates on business earnings with collections from the finance sector taking a massive hit. However, similar to the PIT, this forecast is an upward revision from the Finance Division's forecast in March as recent monthly business tax collections have outperformed expectations.

Business Corporation Tax (BCT) revenues have been vibrant so far this year, with year-to-date collections outperforming expectations. As a result, the Finance Division is upwardly adjusting its forecast and now expects collections to decline by only 2.7 percent rather than the 8.4 percent decline it forecasted in March. Even though year-to-date BCT revenue is currently higher than the same period last year, collections for the rest of the fiscal year are expected to weaken significantly, driven by high interest rates and continued weakness in Wall Street profits.

The Finance Division is also raising its forecast of revenues from the Unincorporated Business Tax (UBT) for Fiscal 2023 to account for stronger than expected collections so far this year. UBT collections will fall by only one percent by the end of the current fiscal year rather than the 5.8 percent decline the Finance Division projected in March. The projected decline reflects overall weakness in the economy and business earnings caused by high interest rates.

Total business taxes will drop by 2.7 percent in Fiscal 2024 with BCT and UBT collections moving in opposite directions. BCT will decline by a further 4.8 percent in Fiscal 2024 as collections continue to experience the lingering effects of elevated interest rates on corporate earnings. UBT revenues, on the other hand, will rebound with a 2.1 percent growth in Fiscal 2024 as inflationary pressure continue to ease.

Taxes Recovering from COVID

Sales Tax

Strong consumer spending, in addition to high inflation levels and the rapid recovery of tourism, are the main reasons sales tax revenue is estimated to increase 12.5 percent in Fiscal 2023.[1] As of April 2023, year-to-date Sales Tax collections were 14.6 percent higher than the same period the year before. The Finance Division estimates that persistent inflation, high interest rates, high credit card debt, and concerns about the economic conditions will cause consumer spending to slow down for the remainder of the fiscal year. In Fiscal 2024, the Finance Division projects that the soaring rebound in collections will decelerate to a still healthy 4.9 percent growth rate. For Fiscal 2025 through 2027, collections will increase at an average annual rate of 3.8 percent.

Hotel Room Occupancy Tax (Hotel Tax)

The hotel industry seems to be recovering faster than initially anticipated. The Finance Division forecasts a full recovery to pre-pandemic levels in collections by the end of Fiscal 2023. Hotel Tax collection for Fiscal 2023 is estimated to increase 85 percent compared to the previous fiscal year. Year to-date Hotel Tax collections through March have increased by 135.86 percent compared to the previous year, indicating a strong rebound in tourism. The Finance Division projects that collections for Fiscal 2024 will increase by 8.5 percent compared to the year before. For Fiscal 2025 through 2027, collections will increase at an average annual rate of 4.4 percent

Property Related Taxes

Real Property Tax (RPT)

The Finance Division's forecast projects weak growth for the RPT across the Financial Plan period. Beyond the welcome 7.3 percent revenue growth projected for Fiscal 2023, the Finance Division expects RPT revenue to grow at an average pace of 2.6 percent from Fiscal 2024-2027, a bleak outlook for a tax that grew at an average pace of 6.4 percent in the 20-year period between Fiscal 2002-2022.

This slow forecast driven by two factors. First is the on-going impact of the large declines in the market values of Class 2 (Large Residential Properties) & Class 4 (Commercial) properties that occured in Fiscal 2022. Assessment rules governing these two classes (which collectively represent 80 percent of the City's property tax), require that market value shifts be phased in over a five-year period. As a result, assessments for these properties will be weighed down through Fiscal 2026.

Although Class 4 market values grew roughly 7.4 percent on the Department of Finance's (DOF) Fiscal 2024 Tentative Assessment Roll (Tentative Roll), the Finance Division projects subdued market value growth for both Class 2 and 4 going forward, with Class 2 growing only 3 percent on average, and Class 4 an even more modest 2.5 percent between Fiscal 2024-2027. These slow market value growth rates, coupled with the weight from the Fiscal 2022 declines result in a historically weak assessment growth forecast of much of the City's property tax base.

The Finance Division's Executive RPT forecast includes only minor adjustments reflecting marginal changes in assumptions for the reserve for uncollectable tax payments based on the accumulation of these balances throughout the current fiscal year.

Transaction Taxes

In its Preliminary Forecast, the Finance Division predicted a slowdown in Transaction Tax collections in Fiscal 2023 corresponding to cooling real estate demand after the 2022 surge in real estate activity.

The Finance Division again brought down the level of the transaction taxes for Fiscal 2023 in its current forecast based on the current level of property and mortgage transactions and corresponding tax collections through the third quarter of the current fiscal year. The Finance Division expects downward pressure on the number of real estate purchases, mortgage, and mortgage refinancing activities in both residential and commercial real estate markets to extend through Fiscal 2024, then to reverse course beginning in Fiscal 2025 alongside easing interest rates.

The Finance Division projects Real Property Transaction Tax (RPTT) revenue to total $1.3 billion in Fiscal 2023, a 33 percent year-over-year decrease, bringing collections down off of the Fiscal 2022 peak. RPTT revenue then remains flat in Fiscal 2024 at $1.3 billion before averaging 8.6 percent growth from Fiscal 2025-2027.

In line with its projections for RPTT revenue, the Finance Division expects Mortgage Recording Tax (MRT) revenue to total $883 million in Fiscal 2023, a 33.9 percent decline from the Fiscal 2022 peak. The forecast then anticipates a 1.1 percent decline in MRT revenue in Fiscal 2024, before growing at 12.5 percent on average from Fiscal 2025-2027.

Difference from OMB's Executive Plan Forecast

This updated Council forecast has modest differences with OMB's most recent forecast, representing approximately 1.3 percent of tax revenue in Fiscal 2023 and Fiscal 2024. Most of the additional revenues are the result of forecasted higher projections for collections in the Real Property Tax, Personal Income Tax and Sales Tax.

New York City Council Finance Division - Tax Revenue Difference From OMB
Dollars in Millions

	FY23	FY24	FY25	FY26	FY27
Real Property	$138	$178	$501	$981	$1,920
Personal Income and PTET	324	203	16	(236)	(55)
Business Corporate	179	74	170	374	536
Unincorporated	32	44	(48)	(137)	(186)
Sales	148	308	153	61	(74)
Commercial Rent	38	41	45	52	64
Real Property Transfer	4	(71)	(51)	(4)	21
Mortgage Recording	(27)	21	39	112	183
Utility	4	5	10	23	36
Hotels	1	26	28	32	26
All Others	-	-	-	-	-
Audits	84	79	79	79	79
Total Taxes	**$926**	**$909**	**$942**	**$1,338**	**$2,551**

Source: *New York City Council Finance Division, NYC Office of Management and Budget, Fiscal 2024 Executive Financial Plan*

For the Property Tax, OMB assumes a very conservative estimate of reserves for uncollectable taxes, which includes delinquencies, refunds, cancellations, and tax abatements. OMB's forecast assumes that 7.2 percent of collections need to be set aside in Fiscal 2023 and 7.6 percent in 2024. The Finance Division assumes a reserve rate of 6.7 percent in 2023 and 6.5 percent in 2024, which are more in line with historical patterns, with 6.5 percent being the average over the past five years. The Finance Division also sees slightly faster growth in assessments in the outyears.

Personal Income Tax collections in April, included in the Finance Division's forecast were $679 million stronger than anticipated in the Executive Plan. The Finance Division expects stronger wage growth than OMB, supporting its more robust withholdings assumptions. OMB forecasts a 1.6 percent drop in average wages in calendar 2023 due to reduced Wall Street bonuses following the stock market decline in 2022. While the Finance Division's forecast also incorporates reduced bonuses, it does not see as great an impact on the total average wage.

The Finance Division does not adopt OMB's view of a steep deceleration in Sales Tax revenues in Fiscal 2023. Year-to-date growth in collections is only gradually softening, and as of April is still 14.6 percent above the same period last year. Tourism is still benefiting from pent-up demand since the pandemic and will likely offset much of any flagging spending among New Yorkers.

The Finance Division Forecast and the Challenge of Fiscal 2024

The City's budget faces two economic challenges: inflation and slow economic growth. With recent high levels of inflation, the purchasing power of the City's tax and other revenues is falling. While the Finance Division forecasts that taxes will be roughly the same in Fiscal 2023 and Fiscal 2024 we assume that prices will rise around 2.5 percent, making the purchasing power of the Fiscal 2024 collection less than that of the preceding year. However, the inflation challenge is increasingly being incorporated into the budget and is less of on-going concern. The incorporation of the total costs of raises for all unions based on upon the patterns set in recent labor settlements with two of the City's largest unions means the City's PS budget largely incorporates much of the inflationary pressure. Capital and OTPS costs have similarly begun to adjust.

Increasingly salient now is the budget's ability to pivot to a slowing economic growth environment which will limit the expansion of tax revenues. During the last economic expansion period,[15] the City's tax revenues grew at an average annual rate of 5.6 percent. Even during the worst of the COVID years (Fiscal 2020 through 2022), the City's revenues ended up growing at an average annual rate of 4.2 percent (though budgets were often adopted during this period with weaker estimates that thankfully improved).

By comparison, the Council sees much weaker growth going forward: just 3.5 percent growth in Fiscal 2023, followed by growth averaging just 2.5 percent from Fiscal 2024 through Fiscal 2027. This slow growth runs the risk of making outyear budgeting more difficult.

Despite Slow Growth, Outyears Gaps Appear Manageable with Council Revenue Forecast
($ in Millions)

	FY23	FY24	FY25	FY26	FY27
Gap in Prelim Plan	**$-**	**$-**	**($4,196)**	**($5,952)**	**($6,977)**
Council Tax Forecast	926	909	942	1,338	2,551
In-Year Reserves	50	1,450	1,450	1,450	1,450
New Surplus/(Gap)	$976	$2,359	($1,804)	($3,164)	($2,976)

It is important not to overestimate this problem. Adding the Council forecast and assuming that the in- year reserves are not used, the financial plan would have robust surpluses in Fiscal 2023 and Fiscal 2024, with manageable gaps in the outyears. However, this presumes that OMB's financial plan adequately reflects outyear costs.

The Fiscal 2023 and Fiscal 2024 surpluses could be used for some combination of meeting urgent needs or deposited into the City's Rainy Day Fund to help address future needs. If they were used

[15] Fiscal 2010 through the end Fiscal 2019

for budget balancing, the budget could easily be balanced through Fiscal 2025 with some amount of funds left over for other needs.

Appendix

New York City Council Finance Division - Tax Revenue Growth Rates						
	FY22	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Real Property	(6.0%)	7.3%	2.8%	0.9%	2.3%	4.6%
Personal Income and PTET	10.6%	(2.6%)	(5.0%)	4.5%	2.1%	7.4%
Business Corporate	13.2%	(2.7%)	(4.8%)	0.7%	1.8%	3.1%
Unincorporated	22.6%	(1.0%)	2.1%	(0.4%)	0.1%	1.8%
Sales	30.4%	12.5%	4.9%	3.9%	4.7%	2.8%
Commercial Rent	0.8%	4.3%	1.9%	2.8%	2.6%	2.7%
Real Property Transfer	82.1%	(33.0%)	(0.2%)	8.6%	8.5%	8.6%
Mortgage Recording	49.1%	(33.9%)	(1.0%)	12.4%	12.5%	12.5%
Utility	11.1%	12.1%	2.3%	1.8%	4.8%	6.0%
Hotels	307.3%	85.0%	8.5%	6.5%	3.9%	2.9%
All Others	(8.9%)	9.5%	12.4%	2.5%	2.7%	2.4%
Audits	(25.5%)	51.3%	(37.7%)	0.0%	0.0%	0.0%
Total Taxes	**6.2%**	**3.5%**	**0.0%**	**2.4%**	**2.8%**	**4.8%**

Source: *New York City Council Finance Division, Fiscal 2024 Executive Financial Plan*

Fiscal 2024 Executive Financial Plan - OMB Revenue Plan						
Dollars in Millions	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Real Property	$29,436	$31,432	$32,269	$32,232	$32,501	$33,108
Sales	8,544	9,462	9,772	10,320	10,905	11,352
Mortgage Recording	1,336	910	853	943	993	1,060
Personal Income	16,698	15,941	15,243	16,125	16,722	17,756
General Corporation	5,681	5,351	5,189	5,132	5,023	5,028
Banking Corporation	1	0	-	-	-	-
Unincorporated Business	2,547	2,489	2,531	2,613	2,703	2,798
Utility	396	440	449	452	461	477
Hotel	345	637	666	709	734	762
Commercial Rent	876	876	890	912	930	945
Real Property Transfer	1,903	1,270	1,343	1,432	1,503	1,607
Cigarette	20	18	17	16	16	16
Cannabis	0	0	12	20	30	38
All Other	809	924	1,048	1,073	1,098	1,123
Audit	849	1,200	721	721	721	721
Tax Program	0	0	-	-	0	-
STAR	146	138	136	134	132	130
Total Taxes	**$69,586**	**$71,088**	**$71,139**	**$72,834**	**$74,472**	**$76,921**
Federal Categorical Grants	**$15,047**	**$11,721**	**$10,411**	**$8,060**	**$7,052**	**$7,026**
State Categorical Grants	**$15,847**	**$18,113**	**$17,555**	**$17,540**	**$17,304**	**$17,367**
Non-Governmental Grants (Other Cat.)	**$1,392**	**$1,815**	**$1,802**	**$1,800**	**$1,802**	**$1,802**
Unrest. / Anticipated State & Federal Aid	**$498**	**$297**	**$0**	**$0**	**$0**	**$0**
Miscellaneous Revenue						
Charges for Services	$850	$878	$1,021	$1,025	$1,028	$1,029
Water and Sewer Charges	1,575	1,826	1,842	1,815	1,813	1,806
Licenses, Permits, Franchises	651	753	694	705	712	693
Rental Income	249	255	257	260	258	258
Fines and Forfeitures	1,230	1,428	1,178	1,174	1,182	1,182
Other Miscellaneous	418	365	369	340	343	339
Interest Income	16	385	436	318	237	225
Intra City	2,220	2,361	1,996	1,987	1,989	1,986

Dollars in Millions	FY22	FY23	FY24	FY25	FY26	FY27
Total Miscellaneous	**$7,209**	**$8,251**	**$7,793**	**$7,624**	**$7,562**	**$7,518**
Net Disallowances & Transfers	**($2,255)**	**($2,376)**	**($2,011)**	**($2,002)**	**($2,004)**	**($2,001)**
Total Revenue	**$107,326**	**$108,909**	**$106,689**	**$105,856**	**$106,188**	**$108,633**
City Funds (without unrestricted aid)	**$74,541**	**$76,963**	**$76,921**	**$78,456**	**$80,030**	**$82,438**
Federal & State Revenue	**$31,393**	**$30,131**	**$27,966**	**$25,600**	**$24,356**	**$24,393**
Federal & State as a Percent of Total Revenue	**29.30%**	**27.70%**	**26.20%**	**24.20%**	**22.90%**	**22.50%**
City Funds as a Percent of Total Revenue	**69.50%**	**70.70%**	**72.10%**	**74.10%**	**75.40%**	**75.90%**

Source: *OMB Fiscal 2024 Executive Financial Plan*

Fiscal 2024 Executive Financial Plan - Changes from the Preliminary Plan
Dollars in Millions

	FY23	FY24	FY25	FY26	FY27
Taxes					
Real Property	$155	$398	$226	$483	$1,090
Sales	331	506	452	356	417
Mortgage Recording	(17)	0	34	24	41
Personal Income	657	399	663	853	1,487
General Corporation	181	400	230	72	46
Banking Corporation	-	-	-	-	-
Unincorporated Business	169	166	183	180	178
Utility	61	54	49	43	59
Hotel	48	22	14	$21	$24
Commercial Rent	14	27	46	$62	$77
Real Property Transfer	14	49	56	$41	$67
Cigarette	0	0	0	$0	$0
Cannabis	0	12	20	$30	$38
All Other	0	224	249	$275	$300
Audit	479	0	0	$0	$0
Tax Program	-	-	-	$0	-
STAR	(6)	(6)	(6)	(6)	(8)
Total Taxes	**$2,086**	**$2,251**	**$2,216**	**$2,434**	**$3,816**
Federal Categorical Grants	**($703)**	**$926**	**($91)**	**$35**	**$27**
State Categorical Grants	**$1,056**	**$630**	**$377**	**$87**	**$86**
Non-Governmental Grants (Other Cat.)	**($83)**	**$44**	**$44**	**$48**	**$49**
Unrest. / Anticipated State & Federal Aid	**$45**	**$0**	**$0**	**$0**	**$0**
Miscellaneous Revenue					
Charges for Services	($126)	($3)	($1)	$2	$3
Water and Sewer Charges	9	74	60	64	57
Licenses, Permits, Franchises	2	(2)	11	13	14
Rental Income	0	3	6	4	4
Fines and Forfeitures	155	57	59	60	60
Other Miscellaneous	20	20	1	5	1
Interest Income	60	34	20	9	0
Intra City	148	94	87	93	90
Total Miscellaneous	**$268**	**$277**	**$243**	**$250**	**$229**
Net Disallowances & Transfers	**($148)**	**($94)**	**($87)**	**($93)**	**($90)**
Total Revenue	**$2,521**	**$4,034**	**$2,702**	**$2,761**	**$4,117**
City Funds (without unrestricted aid)	**$2,206**	**$2,434**	**$2,372**	**$2,591**	**$3,955**
Federal & State Revenue	**$398**	**$1,556**	**$286**	**$122**	**$113**

Source: *OMB Fiscal 2024 Executive Financial Plan and Fiscal 2024 Preliminary Financial Plan*