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November Cash Basis Report shows higher than expected Personal Income Tax receipts

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NY Personal Income Tax has raised $37.8 billion year to date — 37.5% more than state projections

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NEW YORK, NY | December 19, 2022 — The New York State Comptroller this week released its November 2022 cash basis report[a], which documents recent trends in state spending and revenue.

Key Points:

- In Fiscal Year 2023, New York's personal income tax (PIT) has raised $37.8 billion year to date — 37.5 percent more than state projections.
- Since COVID, the last three financial plans have all dramatically underestimated revenue from PIT — underestimating by about 20 percent on average.
- If current PIT revenue trends continue for the remainder of the fiscal year, the end of year surplus will likely exceed state projections.

In fiscal year 2023 to date, New York's personal income tax (PIT) has raised $37.8 billion — $10.3 billion, or 37.5 percent, more than the level projected in the enacted financial plan. The mid-year financial plan update[b], released last month, raised PIT revenue projections for the current fiscal year by nearly $2 billion, or 4.2 percent, to a total of $48.95 billion[c]. Actual November PIT receipts exceed these updated projections by $7.0 billion, or 22.7 percent.

A temporary surcharge on high-income earners enacted in fiscal year 2022 was expected to raise $3.3 billion in gross revenue in fiscal year 2023.* This year's PIT overperformance suggests that this surcharge is likely raising more revenue than initially projected. Business tax receipts were in line with updated financial plan projections.

Financial plan revenue estimates have consistently underestimated the strength of New York's recovery from the Covid recession. Prior to the pandemic, enacted financial plan revenue projections were generally more accurate: in fiscal years 2019 and 2020, the difference between

actual revenue and enacted plan projections never exceeded 8 percent. In the two most recent financial plans, however, projections have dramatically underestimated revenue. By the end of fiscal year 2022, actual PIT receipts exceeded state projections by 16 percent—similar to PIT's over performance of estimates this year. PIT revenues have consistently been buoyed by strong wage growth and better-than-expected employment growth. Despite concerns of an impending recession, PIT's performance indicates that economic activity remains above expectations and that New York remains on solid fiscal footing heading into fiscal year 2024.

Fig. 1. Over or under performance of actual annual PIT revenue as a percent of enacted financial plan projection

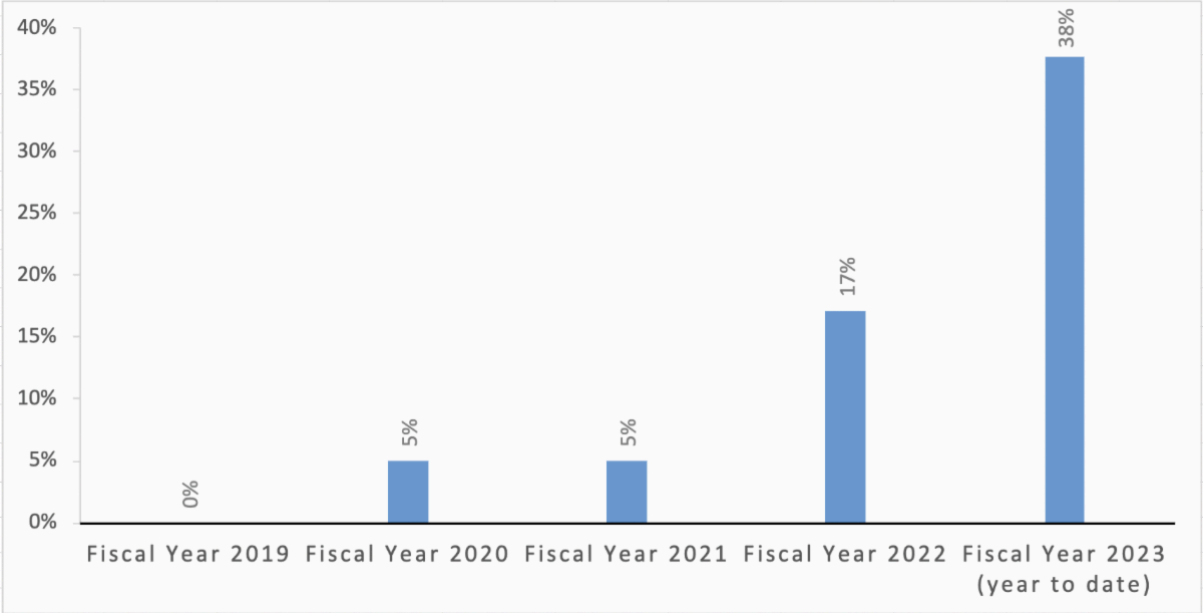
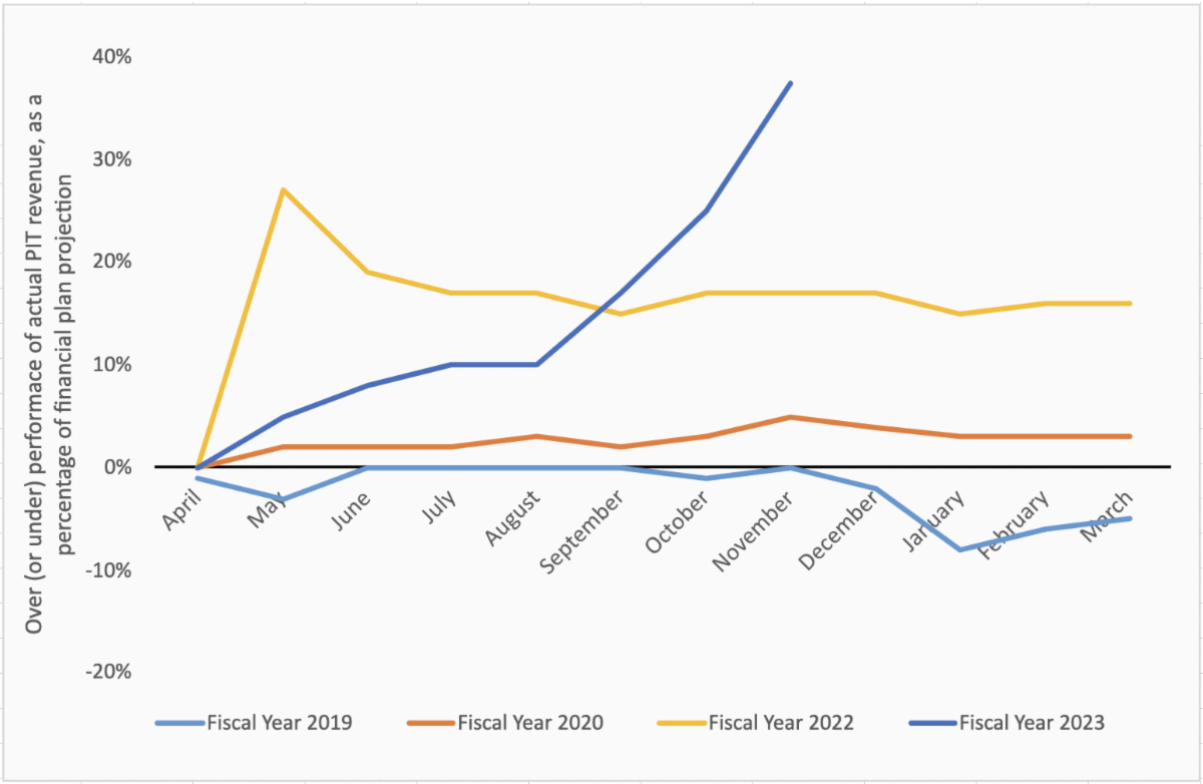


Fig. 2. Monthly actual PIT revenue relative to enacted financial plan projections



Links

a https://r20.rs6.net/tn.jsp?f=0018uzWOu_KZFDlrJ3BzpwDqFxSyBraFk2RAwtXzDgOk-otN-sO0UFIMD8XwyjHsyGvGmzqbsS6cxPteROEbX9HPMjrYUEs6x1lrDF7eGFVtvSmjtHH06KbT1CWYl4QeM7yUhlOggEIp491lGgl5kZkPaazTSoylGu-J45b64_jU9-oMK2-90fZWZ4uXM_TMJeV2BSGC7o1y8nlT7yJuXzbe7mtyvQ-tG_ljrRQlpv_f2W4vtUUvkDhGg==&c=13RWfNtJPxzNm_zMy3y4nChwQGfVHG4pmiyWqbVl2nCxjaSEA3VZVg==&ch=2VZ31sBN1FYoWT_2cMr8XiVSUplD4hpk5gjKsW2E8BPOpUjX3L-L4g==

b https://r20.rs6.net/tn.jsp?f=0018uzWOu_KZFDlrJ3BzpwDqFxSyBraFk2RAwtXzDgOk-otN-sO0UFIMAqKpz4VfTciejLgi1j2rgs28vrfMpt-A2DV0CJSgZ7JDNGcv_1iZJFr9QX5Hm_h0zv3lAG_EVIZ2Bb5_VfiYE8dnoj3Zjfcanxt8ggoKPg8dC3JSBJqjMg6Z28S6Wltx1FCom-dkDUB4hu4o3Qd1vmFYWzLDCgg2A==&c=13RWfNtJPxzNm_zMy3y4nChwQGfVHG4pmiyWqbVl2nCxjaSEA3VZVg==&ch=2VZ31sBN1FYoWT_2cMr8XiVSUplD4hpk5gjKsW2E8BPOpUjX3L-L4g==

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