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Personal Income Tax Revenue Exceeds Projections in Mid-Year Financial Plan

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PIT receipts continue to bring in significant revenue & effectively support state spending

NEW YORK, NY | November 15, 2022 — In its Mid-Year Financial Plan Update[a], the New York State Division of the Budget (DOB) reported that tax revenues continue to exceed previous projections. Personal Income Tax (PIT) receipts continue to outperform expectations — bringing in $48.95 billion[b] — nearly $2 billion more than projected in the enacted budget financial plan and $500 million more than projected in the first quarterly update to the financial plan. Through the first half of the fiscal year, PIT receipts exceeded enacted and first quarter projections by 17 percent and 8 percent, respectively.

Based on these increased revenues, DOB projects a balanced budget for Fiscal Year 2023, and a nearly balanced budget for Fiscal Year 2024. Higher than expected PIT receipts, which would give the state a budget surplus for Fiscal Year 2023, are carried forward to Fiscal Year 2024 to offset an anticipated revenue downturn. The report illustrates the state's solid fiscal and economic footing through the first half of fiscal year 2023.

- **Increased Revenue:** Despite warnings of a coming economic downturn, PIT receipts continue to support current spending. The mid-year financial plan also projects that corporate tax revenues will be $150 million higher for the next four fiscal years.
- **Higher Reserves:** The mid-year update transfers a $2.1 billion revenue surplus into reserves[c], raising already historically high reserve fund levels.
- **Smaller Outyear Gaps:** Higher revenues narrowed the first quarter's projected outyear budget gaps[d] by an average $179 million for Fiscal Years 2024 through 2027.
- **Spending Implications:** DOB's projection of a nearly balanced budget for FY 2024 indicates that there is no need to plan for spending cuts.
- **Tax Policy Implications:** At a minimum, the state should not allow the current PIT rates on high earners to expire, as they are currently set to, in 2027.

Links

a https://r20.rs6.net/tn.jsp?f=0016lUfZepeIY-4XKXAZ1c8u6rWMf45w0EvR4xrXBnFSqz-SSsVEqX9k0jv3uULg41hlVyjFNoyi2egQCjkBXH961jy8PuLWbPKFrqwnR6faTnCx-N2lXUSm6izKtWSPDtkQ0f-X0-o6u11m9qrK5dAYliVZf17rn-ymOSqb7vYluLvKbA5Us06r7pI642taScn3QivckoLwR-bGDzFJgxA1Q==&c=BubZ_E4XRxM-s2_sSGM-GXG3qMRaN-CB-Na11RTqaIA79R-mkhY3NQ==&ch=2W_F2L7b2WuW-ceTvsHaeheAYUV0ZBlQW9fHU_7l7bltBloXlZhSbg==
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