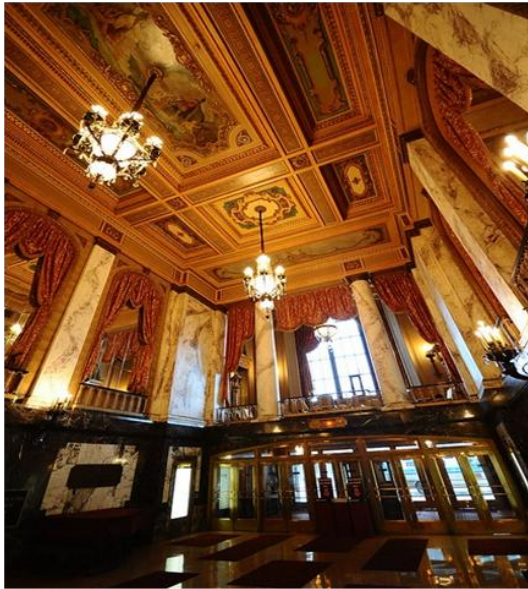


New York State Senate Democratic Conference Finance Committee

Economic and Revenue Forecast SFY 2015-16



Senator Andrea Stewart-Cousins
Senate Democratic Conference Leader

Senator Liz Krueger
Ranking Member, Senate Finance Committee

Louie J. Tobias
Finance Director, Senate Finance Committee

February 2015

Senate Finance Committee
Democratic Conference Members

Senator Liz Krueger, Ranking Member

Senator Neil D. Breslin

Senator Ruben Diaz

Senator Martin Malave Dilan

Senator Adriano Espaillat

Senator Ruth Hassell-Thompson

Senator Timothy Kennedy

Senator Velmanette Montgomery

Senator Kevin S. Parker

Senator Jose R. Peralta

Senator Bill Perkins

Senator Gustavo Rivera

Senator Daniel L. Squadron

Senator Toby Ann Stavisky

Economic and Revenue Forecast SFY 2015-16

**Senate Finance Committee
Democratic Conference**

**Senator Liz Krueger
Ranking Member**

**Louie J. Tobias
Secretary Director to the Finance Committee
Democratic Conference**

Prepared by Senate Finance Committee/Democratic Conference, Office of Fiscal Studies

Michael J. Laccetti, Director of Fiscal Studies

Felix Muniz, Director of Budget Studies

Paul A. Alexander, Principal Budget/Program Analyst

Celeste Knight, Confidential Executive Assistant
Emma Spalti Publications Editor

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
REVENUE TABLES	4
ECONOMIC OUTLOOK.....	8
BLUE CHIP ECONOMIC INDICATORS.....	9
US LABOR MARKET AND INCOME.....	16
FINANCIAL MARKETS	28
RISKS TO THE FORECAST.....	30
REVENUE OUTLOOK	31
PERSONAL INCOME TAX	32
USER TAXES AND FEES.....	40
BUSINESS TAXES	53
OTHER TAXES.....	69

EXECUTIVE SUMMARY

The Senate Democratic Conference Finance Committee pursuant to Chapter 309 of the Laws of 1996 (Section 23 of the State Finance Law), which mandates a revenue and economic consensus forecasting process, has produced this SFY 2015-16 Economic and Revenue Forecast.

This law stipulates that by the end of February in each year, the Chairperson and Ranking Minority Member of the Senate Finance Committee, the Chairperson and Ranking Minority Member of the Assembly Ways and Means Committee, and the Director of the Budget jointly convene a consensus economic and revenue forecasting conference in the form of a joint Legislative-Executive public hearing, for the purpose of assisting the Governor and the State Legislature in reaching the NYS State consensus revenue forecast.

The conveners of the conference also invite the NY State Comptroller and other participants to the conference who provide guidance on current US and NYS economic conditions as well as the effect of these conditions on State receipts.

In addition, on or before March 1st in each year, the Director of the Budget and the Secretary of the Senate Finance Committee and the Secretary of the Assembly Ways and Means Committee issue a joint report containing a consensus forecast of the economy and estimates of receipts for the current and the ensuing State Fiscal Year (SFY).

The Senate Finance Committee Democratic Conference has reviewed and analyzed the economic and revenue projections contained within the Executive Budget for SFY 2014-15 and SFY 2015-16. State personal income tax (PIT) collections are forecast to be slightly higher than those projected by Division of the Budget (DOB) in SFY 2014-15. The same is true of sales tax collections which are also projected to be slightly higher than those projected by the DOB for this year and next. Business taxes, generally, are projected to be slightly higher than DOB projections in SFY 2015-16.

New York State (NYS) has a variety of dedicated tax revenues that are deposited in the General Fund as well as in special revenue funds, capital projects funds, and debt service funds. These monies are to be utilized for specific spending purposes. Additionally, certain tax revenues (e.g. petroleum business taxes and real estate transfer taxes) are exclusively deposited in funds other than the General Fund.

State Revenue

The Senate Finance Committee Democratic Conference projects General Fund revenues (inclusive of miscellaneous receipts and transfers) to be only \$9 million more than the SFY 2015-16 Executive Budget forecast. This forecast for SFY 2014-15 is \$39 million above DOB projections. Therefore, our two year aggregate General Fund receipts forecast is \$48 million above the Executive's projections.

By aggregating all the revenues collected by the State and deposited in each fund, the Senate Finance Committee Democratic Conference projects SFY 2015-16 All Funds tax revenues to be \$69 million above the Executive projection. We project slightly higher SFY 2014-15 All Funds revenues also totaling \$39 million above DOB estimates. Therefore, the resultant two year aggregate All Funds tax revenue forecast is \$108 million above the Executive.

As outlined below in the tables on that follow, the Senate Finance Committee Democratic Conference projects total All Funds tax collections of \$70.55 billion in SFY 2014-15, \$39 million above the Executive Budget forecast. For SFY 2015-16, All Funds tax revenues to increase to \$74.52 billion, \$69 million above the Executive's estimates.

Our total SFY 2014-15 General Fund revenue projection (including transfers and miscellaneous receipts) is \$68.75 billion for SFY 2014-15, and \$66.10 billion for SFY 2015-16. This downward trend is directly linked to the dramatic decline in Bank Settlement proceeds deposited into the General Fund.

US and NYS Economies

The economy at the national level is measured by the Gross Domestic Product (GDP), which is essentially a representation of the combination of goods and services produced and consumed. Real US GDP increased by 2.4 % in 2014 and is estimated to grow at a 2015 rate of 3.1 %. US wages increased 4.3 % in 2014 and are expected to increase by 4.6% this year.

In 2014, the New York State economy recovered at a pace similar to the national economy. DOB's coincident economic index, which measures aggregate State economic activity, indicates that between January and November 2014, accelerated 2.0% above that same period in 2013, slightly above the 1.9% growth observed for all of 2013. However, based on the leading economic index, 2015 State economic activity is projected experience a 1.5% growth rate.

In 2013, NY personal income increased 1.1% and total wages increased 2.1%. In 2014, personal income increased by 4.3%, and total New York wages increased 5.7% in 2014 and according to DOB are projected to increase 4.7% in 2015. In NYS, the unemployment rate is expected to decrease from 6.4% to 6.0% by the end of Calendar Year (CY) 2015. Generally, the NY labor market appears to have experienced fairly strong job growth, registering an 1.7% increase in CY 2014.

REVENUE TABLES

SFY 2014-15 General Fund Tax Collections			
(Millions of Dollars)			
	Senate Finance	Executive Budget 30 Day	Variance
Personal Income Tax (Net)	29,515	29,486	29
Withholding	35,038	34,999	39
Estimated Payments	13,733	13,733	0
Final Returns	2,176	2,176	0
Other Payments	1,281	1,281	0
Gross Collections	52,228	52,189	39
Refunds/Offsets	(8,376)	(8,376)	0
STAR	(3,374)	(3,374)	0
Revenue Bond Tax Fund	(10,963)	(10,953)	(10)
User Taxes and Fees	6,709	6,700	9
Sales and Use	6,149	6,130	19
Cigarette/Tobacco	311	319	(8)
Alcoholic Beverage	249	251	(2)
Business Taxes	5,577	5,576	1
Corporate Franchise	2,418	2,428	(10)
Corporate Utilities	599	590	9
Insurance	1,372	1,370	2
Bank	1,188	1,188	0
Other Taxes	1,188	1,188	0
Estate and Gift	1,169	1,169	0
Pari-mutuel	18	18	0
Other	1	1	0
Total General Fund Taxes	42,989	42,950	39
Miscellaneous Receipts	8,874	8,874	0
Federal Grants	2	2	0
Transfers From Other Funds	16,889	16,889	0
Total General Fund Receipts	68,754	68,715	39

Senate Finance – Executive Budget = Variance

SFY 2014-15 All Funds Tax Collections			
(Millions of Dollars)			
	Senate Finance	Executive Budget 30 Day	Variance
Personal Income Tax (Net)	43,852	43,813	39
Withholding	35,038	34,999	39
Estimated Payments	13,733	13,733	0
Final Returns	2,176	2,176	0
Other Payments	1,281	1,281	0
Gross Collections	52,228	52,189	39
Refunds/Offsets	(8,376)	(8,376)	0
User Taxes and Fees	15,464	15,454	10
Sales and Use	13,119	13,094	25
Auto Rental	124	119	5
Cigarette/Tobacco	1,264	1,282	(18)
Motor Fuel	489	487	2
Alcoholic Beverage	247	251	(4)
Highway Use	136	136	0
MTA Taxicab Surcharge	85	85	0
Business Taxes	7,765	7,777	(12)
Corporate Franchise	2,952	2,967	(15)
Corporate Utilities	773	773	0
Insurance	1,527	1,524	3
Bank	1,373	1,373	0
Petroleum Business	1,140	1,140	0
Other Taxes	2,208	2,208	0
Estate and Gift	1,169	1,169	0
Real Estate Transfer	1,020	1,020	0
Pari-mutuel	18	18	0
Other	1	1	0
MTA Payroll Tax	1,262	1,260	2
Total All Funds Receipts	70,551	70,512	39

Senate Finance – Executive Budget = Variance

SFY 2015-16 General Fund Tax Collections				
(Millions of Dollars)				
		Senate Finance	Executive Budget 30 Day	Variance
Personal Income Tax (Net)		31,832	31,845	(13)
Withholding		37,323	37,290	33
Estimated Payments		14,956	14,996	(40)
Final Returns		2,368	2,378	(10)
Other Payments		1,340	1,340	0
Gross Collections		55,987	56,004	(17)
Refunds/Offset		(9,237)	(9,237)	0
STAR		(3,231)	(3,231)	0
Revenue Bond Tax Fund		(11,687)	(11,691)	4
User Taxes and Fees		7,013	7,008	5
Sales and Use		6,409	6,384	25
Cigarette/Tobacco		352	368	(16)
Alcoholic Beverage		252	256	(4)
Business Taxes		5,911	5,894	17
Corporate Franchise		3,875	3,880	(5)
Corporate Utilities		637	619	18
Insurance		1,437	1,433	4
Bank		(38)	(38)	0
Other Taxes		1,124	1,124	0
Estate and Gift		1,105	1,105	0
Pari-mutuel		18	18	0
Other		1	1	0
Total General Fund Taxes		45,880	45,871	9
Miscellaneous Receipts		2,925	2,925	0
Federal Grants		0	0	0
Transfers from Other Funds		17,293	17,293	0
Total General Fund Receipts		66,098	66,089	9

Senate Finance – Executive Budget = Variance

SFY 2015-16 All Funds Tax Collections

(Millions of Dollars)

	Senate Finance	Executive Budget 30 Day	Variance
Personal Income Tax (Net)	46,750	46,767	(17)
Withholding	37,323	37,290	33
Estimated Payments	14,956	14,996	(40)
Final Returns	2,368	2,378	(10)
Other Payments	1,340	1,340	0
Gross Collections	55,987	56,004	(17)
Refunds/Offsets	(9,237)	(9,237)	0
User Taxes and Fees	16,063	16,040	23
Sales and Use	13,701	13,663	38
Auto Rental	129	124	5
Cigarette/Tobacco	1,267	1,283	(16)
Motor Fuel	484	484	0
Highway Use	145	145	0
MTA Taxicab Surcharge	85	85	0
Alcoholic Beverage	252	256	(4)
Business Taxes	8,193	8,143	50
Corporate Franchise	4,669	4,649	20
Corporate Utilities	828	805	23
Insurance	1,611	1,604	7
Bank	(10)	(10)	0
Petroleum Business	1,095	1,095	0
Other Taxes	2,172	2,161	11
Estate and Gift	1,105	1,105	0
Real Estate Transfer	1,048	1,037	11
Pari-mutuel	18	18	0
Other	1	1	0
MTA Payroll Tax	1,339	1,337	2
Total All Funds Receipts	74,517	74,448	69

Senate Finance – Executive Budget = Variance

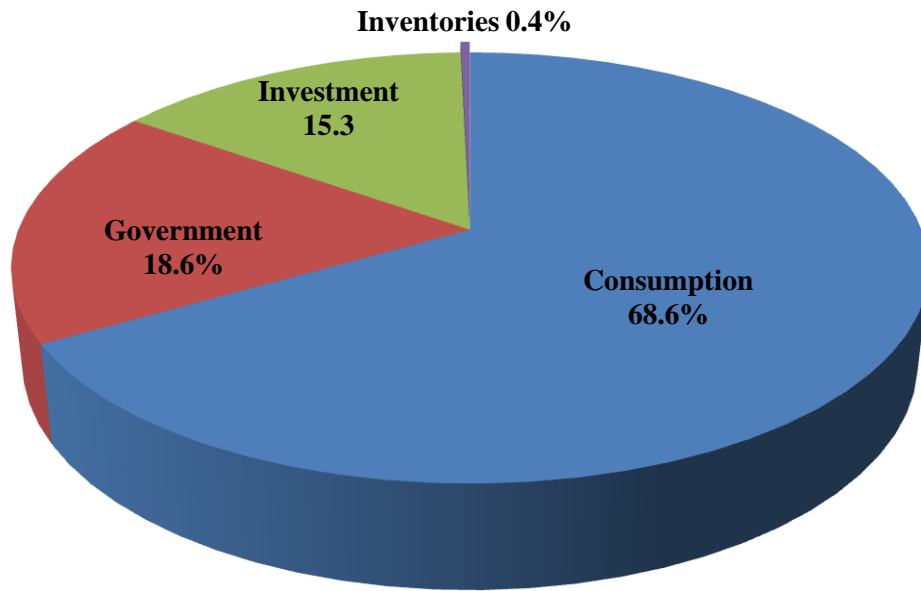
ECONOMIC OUTLOOK

GROSS DOMESTIC PRODUCT

The national economy is measured by the Gross Domestic Product (GDP); while Gross State Product (GSP) is the equivalent measurement on the New York State level. GDP and GSP are essentially a combination of all the goods and services produced and consumed by the three major sectors of the economy, the consumer, business, and government. How these sectors interact with each other and react to the ever changing inputs of the economy form the basis by which the economy either expands or contracts. For example, the amount of personal income affects how much the consumer will spend. Increases in consumer spending usually directly translate into increased corporate sales activity and potentially higher corporate profits. Commonly, corporations utilize these profits to make capital investments and hire new workers and/or increase wages for existing employees. Increases in both of these sectors result in increased tax revenues for the government sector, allowing for budgetary spending growth and/or tax relief.

As shown in the following figure, the consumer (consumption) is the major driving force for the US economy. Consumption accounts for approximately 69% of the US GDP. Due to the recession, business' share of GDP activity declined from 15% in 2007 to 10% in 2010. As a result of the US economic recovery, the proportion of corporate activity with respect to GDP is now closer to 15.7%. Although business accounts for a relatively small share of GDP, it is still an important contributor to the economy as it directly supports aggregate employment and wages which, engenders consumer spending. Governments, via various spending and monetary policies, also play a significant role in the US economy. While the contribution to GDP by business declined during the recession, government's share of GDP increased. This was primarily due to the Federal stimulus programs enacted to spur economic growth. The total government contribution from all levels is approximately 18.6% of US GDP for 2014.

Composition of US Gross Domestic Product



Negative net exports reduces total by approximately 3%
Source: World Bank/CIA World Fact Book/End Use Figures

NATIONAL ECONOMIC OVERVIEW AND OUTLOOK

BLUE CHIP ECONOMIC INDICATORS

Blue Chip Economic Indicators, February 10, 2015

Overview

Major developments for the US economy include:

- Total retail sales were weaker than expected in December
- Housing starts improved in 2014 but not as much as in the previous two years
- Total US industrial production dipped in December after a November surge
- The trade deficit widened much more than expected in December
- The Consumer Price Index (CPI) fell for a second straight month in December
- January US Nonfarm Payrolls Growth Exceeded Projections

The consensus outlook for US economic growth this year and next remains upbeat since the last Blue Chip survey in December despite a pull-back in US equity prices. The consensus forecast of year-over-year (y/y) inflation adjusted (real) GDP growth in 2015 went unchanged at 3.2% over the past month. That marks an 0.8% increase over the Bureau of Economic Analysis (BEA) initial estimate of 2.4% real GDP growth for 2014, and would represent the largest annual increase since 2005's growth rate of 3.3% .

There has been a sharp decline in the consensus forecast of inflation, primarily, but not exclusively, due to the sharp reduction in petroleum prices. According to Blue Chip, September 2014, the consensus predicted the GDP price index would register a y/y increase of 2.0% in 2015. However, in the past month the forecast fell 0.4% and since last September it has dropped 0.9% to 1.1%.

Unchanged this month were consensus forecasts that real GDP in 2016 would register y/y and fourth quarter to fourth quarter increases of 2.9% and 2.8%, respectively.

The Blue Chip consensus now predicts the Consumer Price Index (CPI) will register a y/y increase of just 0.4% in 2015. This amounts to 0.4% less than forecast on January 2015 and 1.7% lower than forecast in September 2014.

According to Blue Chip, total US sales of cars and light trucks are expected to reach 16.9 million units in 2015, 500,000 more than 2014. For 2016, sales of cars and light trucks are expected to total 17.1 million units, slightly better than estimated last month. Housing starts are expected to total 1.16 million units in 2015, slightly less than projected in January 2015, but 14.9% more than in 2014. Housing starts are projected at 1.30 million in 2016.

The US unemployment rate is predicted to average 5.4% this year, 0.1% less than forecast last month. The unemployment rate is forecast to average 5.0% in 2016, down one-tenth of a point from a month ago. This would mark the lowest annual national average since 2007.

Blue Chip reports that the real net export deficit is expected to narrow in the current quarter, but the overall trade sector is forecast to be a net negative on Real GDP for the year as the trade deficit widened to -\$475.5 billion from -\$452.6 billion in 2014.

Regarding the international economy, the Blue Chip consensus continues to predict that real GDP in the Eurozone will grow 1.2% y/y in 2015, but the forecast for 2016 edged up to 1.6%. Growth in the UK is forecast to grow 2.6% y/y in 2015, the same as last year. In 2016, an increase of 2.5% is forecast. Russia's economy is now expected to contract 3.4% y/y in 2015 and increase only 0.3% in 2016. Chinese real GDP is forecast to increase 6.9% y/y in 2015, but the forecast for 2016 has slipped to 6.7%.

NEW YORK AND USA ECONOMIC TRENDS

US FEDERAL RESERVE BEIGE BOOK

Summary of Commentary on Current Economic Conditions by Federal Reserve Districts

2014 NEW YORK TRENDS

Commonly known as the Beige Book, this report is published eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its Districts through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. An overall summary of the twelve district reports is prepared by a designated Federal Reserve Bank on a rotating basis.

Overview

According to the Federal Reserve's Beige Book published in January 2015, growth in the Second District, the New York region economy has continued at a moderate pace since the last report. Overall, businesses report that conditions have improved slightly since the last report. Furthermore, labor market conditions appear to have strengthened further in the final weeks of 2014. Retailers report that holiday season sales were slightly disappointing and little changed

from 2013 levels, though sales increased toward the latter part of December. According to the Report, auto dealers characterize sales as sluggish in November, though both increased, to varying degrees, in December. Tourism remained fairly robust in late 2014, and consumer confidence climbed to a multi-year high. Housing markets were mixed but, on balance, slightly stronger in the final weeks of 2014; multi-family construction continues at a steady pace. Office markets have been generally steady, while the market for industrial space has strengthened. Finally banks report increased loan demand, particularly from the commercial sector, as well as narrowing loan spreads; delinquency rates continued to decline for commercial loans and mortgages, but increased for residential mortgages.

General merchandise retailers indicate that sale were largely slowed and below plan for the holiday season. Generally, retail prices were described as little changed from a year earlier; some contacts report heavier discounting this past holiday season than in 2013, while others characterize it as about the same. According to the Beige Book, post-holiday inventories are generally said to be in fairly good condition.

Auto sales were described as being sluggish in November but increased slightly in December. According to the Report, Rochester-area dealers noted that new vehicle sales weakened substantially in November but rebounded in early December, while used car sales improved. Buffalo-area dealers sales varied. Their new auto sales have not rebounded substantially from November's weather-depressed levels, though sales of used vehicles have increased slightly.

The Beige Book reports that consumer confidence in the region climbed in December, based on the Conference Board's survey of residents in the region. Confidence rose to a 10-month high in New York State and to a more than one-year high in the broader Middle Atlantic region (NY, NJ, PA). As has been widely reported, tourism continued to be strong in late 2014. Broadway theaters report that attendance and revenues accelerated in December, and were up more than 10% from comparable 2013 levels. Manhattan hotels also report that business continued to steadily improve near the end of the year.

The New York area housing markets have shown signs of improvement in the closing weeks of 2014. Real estate contacts in Western New York State indicate that the housing market has

gained momentum in the final months of 2014, particularly for trade-ups to mid-priced homes. New York City's co-op and condo market continued to show strong growth.. Apartment sales volume was down from last year's exceptionally high volume, while selling prices increased moderately according to the Federal Reserve.

Finally, the Beige Book reports that the rental market has been varied. For example, rents in Manhattan and Brooklyn have increased slightly and are up roughly 5% from a year ago, while Queens rents have been fairly steady. Residential rents elsewhere around the New York City metropolitan area are reported to be up 4-6% from a year ago, while rents across upstate New York are up about 2%. Rental vacancy rates have risen slightly across the District, though they remain fairly low, especially in New York City. Multi-family construction remained fairly robust throughout most of the District in the fourth quarter.

2014 NATIONAL TRENDS

The Beige Book reports that national economic activity continued to expand during the reporting period of mid-November through late December, with most Districts reporting a "modest" or "moderate" pace of growth. In contrast, the Kansas City District reported only slight growth in December. However, most of their contacts, along with those of several other Districts, expect slightly faster growth over the coming months.

Consumer spending increased in most Districts, with generally modest y/y gains in retail sales. Auto sales showed moderate to strong growth. Travel and tourism increased during the reporting period. The pace of growth of demand for nonfinancial services varied widely across Districts and across sectors, but appeared to be moderate on balance. Manufacturing activity expanded in most Districts. Single-family residential real estate sales and construction were largely flat across the Districts, while commercial real estate activity expanded. Demand for business and consumer credit grew. Credit quality improved slightly further overall. Agricultural conditions were mixed. Overall demand for energy-related products and services weakened slightly, while the output of energy-related products increased.

Reports to the Federal Reserve indicated that consumer spending increased in most Districts, with generally modest y/y gains in retail sales. Contacts reported slight to modest gains in the Boston, Dallas, Philadelphia, and Cleveland Districts. Sales were solid in Atlanta. Moderate holiday sales growth exceeded expectations in Chicago and met expectations in San Francisco. General merchandise retailers in the New York District indicated that sales were largely sluggish and below plan for the holiday season. The Kansas City District reported that retail sales were lower than a year earlier, with a few retailer contacts noting a drop in sales of high-end products. In contrast, Philadelphia and San Francisco reported that high-end merchandise continued to sell well.

The Beige Book indicates that auto sales showed moderate to strong growth on a y/y basis, with Philadelphia, Cleveland, and Dallas at the lower end of this range, and Atlanta and Chicago at the higher end. Atlanta auto dealers noted that lower gas prices quickly boosted purchases of larger vehicles.

Travel and tourism activity increased during the reporting period. The Boston, New York, Atlanta, and San Francisco Districts reported to the Federal Reserve that strong travel and tourism activity.

Finally, according to the Beige Book Report, manufacturing activity expanded in most Districts. Philadelphia reported that manufacturing activity grew at a modest pace during the current reporting period, with a slight slowdown relative to the previous period. Reports regarding new orders and shipments in the Philadelphia District suggested some further slowing moving forward. Manufacturing shipments and new orders grew modestly in the Richmond District. Contacts at factories in the Cleveland District reported that demand increased slightly on balance, while manufacturing activity grew at a moderate pace in Boston, New York, Chicago, and San Francisco.

ECONOMIC INDICATORS FORECAST

U.S. and New York Economies CALENDAR YEAR (CY)			
	2013 (Actual)	2014 (Estimate)	2015 (Forecast)
U.S. Economy			
Real GDP	2.2%	2.4%	3.1%
Personal Income	2.0%	3.9%	4.5%
Nonagricultural Employment Growth	1.7%	1.8%	2.1%
Consumer Price Index (CPI)	1.5%	1.6%	1.0%
Wages	2.8%	4.3%	4.6%
Unemployment Rate	7.4%	6.2%	5.5%
10 Year Treasury Yield	2.4%	3.3%	2.7%
Corporate Profits	4.2%	0.5%	8.4%
Government Spending	(2.0%)	(0.1%)	0.8%
New York State Economy:			
Non-Farm Employment (Total)	1.5%	1.7%	1.4%
Wages (Total)	2.1%	5.7%	4.7%
Personal Income	1.1%	4.3%	4.5%
Unemployment Rate	7.7%	6.4%	6.0%
Composite CPI	1.6%	1.5%	1.1%

Source: Blue Chip Economic Indicators; DOB

Compared with the NYS economy, the US economy slightly outperformed the NYS economy regarding personal income and wages in CY 2013. However, the State economy is expected to generally outperform the nation economy for wages and personal income. Non-farm employment growth rates are almost equal in CY 2014. Also, the unemployment rate was lower in the US (6.2%) than in NY (6.4%) at the end of the year. In contrast, for 2015, wages and personal income are expected to grow at greater rates in NYS when compared with the US economy.

Finally, the NYS unemployment rate is expected to decrease by 0.4% in CY 2015 but by 0.7% in the USA in CY 2015. Non-farm employment is also expected to increase at a higher rate for the US in CY 2015 when compared with NYS estimates.

US LABOR MARKET AND INCOME

US Employment

According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate was 5.7% January 2015, showing no net change since October 2014. The number of unemployed persons changed little in January 2015, remaining at 9.0 million. The number of long-term unemployed nationwide was 2.8 million in January 2014, largely unchanged from last year. Long-term unemployed are defined as those jobless for 27 weeks or more and accounted for 31.5% of the unemployed.

In January 2015, the unemployment rates nationwide for adult men (5.3%), adult women (5.1%), whites (4.9%), blacks (10.3%), Asians (4.0%), and Hispanics (6.7%) showed little or no change. The unemployment rate for teenagers (18.8%) showed some increase, according to the BLS.



Federal Reserve Bank of St. Louis – FRED

The civilian labor force increased by 703,000 in January 2015. Total employment rose by 435,000 in January 2015. The employment-population ratio was little changed at 59.3%. The labor force participation rate increased by 0.2% to 62.9%, after a decrease of equal magnitude in the December 2014, according to the BLS.

The number of persons employed part time for economic reasons (involuntary part-time workers) was largely unchanged in January 2015 at 6.8 million. These types of part-time workers were working part time because their hours had been reduced or because they were not able to locate a full-time job. In addition, 2.2 million persons were marginally attached to the labor force in January 2015, down by 358,000 from January 2014. This category includes those who were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior year. These individuals were not included as jobless since they had not looked for work in the 4 weeks prior to the survey, according to the BLS.

In January 2015, there were 682,000 marginally attached, discouraged workers, a decrease of 155,000 from January 2014. Discouraged workers are individuals not currently seeking work since they think no jobs are available to them. The remaining 1.6 million persons marginally attached to the labor force in January had not looked for work for reasons including school attendance or family responsibilities, according to the BLS.

U.S. AND NEW YORK STATE LABOR STATISTICS

November 2014 - December 2014

New York State Department of Labor, Bureau of Labor Statistics

The table below compares the over-the-month change in total nonfarm and private sector jobs in the United States and New York State between November and December 2013.

Change in Total Nonfarm and Private Sector Jobs, November 2013 - December 2013				
	Change in: Total Nonfarm Jobs (private sector + government)		Change in Private Sector Jobs	
	Net	Percent	Net	Percent
United States	+252,000	+0.2%	+240,000	+0.2%
New York State	+30,400	+0.3%	+30,100	+0.4%

Source: NYS and US Departments of Labor

Unemployment rates

The state's unemployment rate is calculated by the U.S. Bureau of Labor Statistics, using a statistical regression model that primarily uses the results of a telephone survey of 3,100 households in New York State. The statewide rate fell from 5.9% in November 2014 to 5.8% in December 2014, reaching its lowest level since January 2009.

The number of unemployed persons in New York also decreased over the month, from 559,600 in November 2014 to 552,100 in December 2014, its lowest level since December 2008, according to BLS.

Unemployment Rates (%)*			
	December 2014*	November 2014	December 2013
United States	5.6	5.8	6.7
New York State	5.8	5.9	7.0
New York City	6.3	6.3	8.0
NYS, outside NYC	5.4	5.6	6.2

*Data are preliminary and subject to change, based on standard procedures outlined by the U.S. Bureau of Labor Statistics.

Source: NYS and US Departments of Labor

U.S., New York State, Major Regions, and Metro Areas

December 2013 - December 2014

The table that follows compares the over-the-year change in total nonfarm and private sector jobs that occurred in the United States, New York State, the Upstate and Downstate regions, and metro areas in the state between December 2013 and December 2014.

Change in Total Nonfarm and Private Sector Jobs, December 2013 - December 2014				
	Change in Total Nonfarm Jobs (private sector + government)		Change in Private Sector Jobs	
	Net	Percent	Net	Percent
United States	+2,987,000	+2.2%	+2,890,000	+2.5%
New York State	+105,200	+1.2%	+114,200	+1.5%
Downstate NY (10-county area)	+109,500	+1.9%	+113,700	+2.2%

Change in Total Nonfarm and Private Sector Jobs, December 2013 - December 2014

	Change in Total Nonfarm Jobs (private sector + government)		Change in Private Sector Jobs	
	Net	Percent	Net	Percent
New York City	+94,600	+234%	+95,900	+2.7%
Suburban Counties	+14,900	+0.8%	+17,800	+1.1%
Nassau-Suffolk	+13,700	+1.1%	+14,900	+1.4%
Putnam-Rockland-Westchester	+1,200	+0.2%	+2,900	+0.6%
Upstate NY (52-county area)				
Upstate NY (52-county area)	+15,700	+0.5%	+21,000	+0.8%
Metro Areas	+16,000	+0.6%	+20,000	+1.0%
Albany-Schenectady-Troy	+6,600	+1.5%	+7,400	+2.1%
Binghamton	+500	0.5%	+600	0.7%
Buffalo-Niagara Falls	+4,500	+0.8%	+5,600	+1.2%
Elmira	-100	-0.3%	0	0.0%
Glens Falls	+200	+0.4%	+400	+1.0%
Ithaca	1,200	1.7%	1,100	+1.8%
Kingston	+800	+1.3%	+1,000	+2.2%
Poughkeepsie-Newburgh-Middletown	1,000	0.4%	-1,900	0.9%
Rochester	+3,300	+0.6%	+3,600	+0.8%
Syracuse	-1,800	-0.6%	-1,700	-0.7%

Change in Total Nonfarm and Private Sector Jobs, December 2013 - December 2014

	Change in Total Nonfarm Jobs (private sector + government)		Change in Private Sector Jobs	
	Net	Percent	Net	Percent
Utica-Rome	-200	-0.2%	+100	+0.1%
Non-metro Counties	-300	-0.1%	+1,000	+0.2%

Source: NYS and US Departments of Labor

NYS Job statistical highlights since December 2013

According to the NYS Department of Labor:

- In the 10-County Downstate region, private sector jobs grew by 2.2% over the past year..
- Downstate's private sector job growth was most rapid in New York City (+2.7%) and Nassau-Suffolk (+1.4%).
- In the 52-county Upstate region, the private sector job count grew by 0.8% over the past year. The Upstate region's private sector job growth occurred in both the region's metro areas (+1.0%) and in counties outside of metro areas (0.2%)
- Over the past year, private sector jobs grew most rapidly in the following metro areas:
 - New York City (+2.7%)
 - Kingston (+2.2%)
 - Albany-Schenectady-Troy (+2.1%)
 - Ithaca (+1.8%)
 - Nassau-Suffolk (+1.4%)
- Syracuse (-0.5%) was the only metro area in the State to lose private sector jobs between December 2013 and December 2014.

NYS Jobs Data

Change in jobs by major industry sector, December 2013 - December 2014

The table below provided by the NYS Department of Labor compares the over-the-year change in jobs by major industry sector in New York State occurring between December 2013 and December 2014.

Change in Jobs by Major Industry Sector, December 2013 - December 2014	
Sectors With Job Gains	
Professional and Business Services	+42,400
Educational and Health Services	+38,400
Leisure & Hospitality	+25,100
Construction	+8,900
Trade, Transportation, and Utilities	+7,400
Other Services	+5,100
Natural Resources & Mining	+100
Sectors With Job Losses	
Government*	-9,000
Manufacturing	-8,400
Information	-5,400
*Educational and health services is in the private sector. Government includes public education and public health services.	

SOURCE: NYS DOL

According to the NYS Department of Labor, statistical highlights among NYS sectors with job gains since December 2013 include:

Professional and business services added the most jobs (+42,400) of any major industry sector over the past year. Over the past year, sector job gains were mostly in administrative and support services (+20,700), and professional, scientific, and technical services (+19,200).

Private educational and health services had the second largest increase in jobs (+38,400), between December 2013 and December 2014. Sector employment gains were centered in health care and social assistance (+37,400), especially ambulatory health care services (+24,000).

The third largest employment increase over the past year was registered in leisure and hospitality (+25,100), with sector gains focused in accommodation and food services (+22,800).

Highlights among NYS sectors with job losses since December 2012:

Government lost more jobs (-9,000) than any other sector in the State. Government employment losses were largest at the local level (-8,800), especially local elementary and secondary schools (-3,100).

Manufacturing sector job losses (-8,400) were greatest in durable goods (-4,300), and non-durable goods (-4,100).

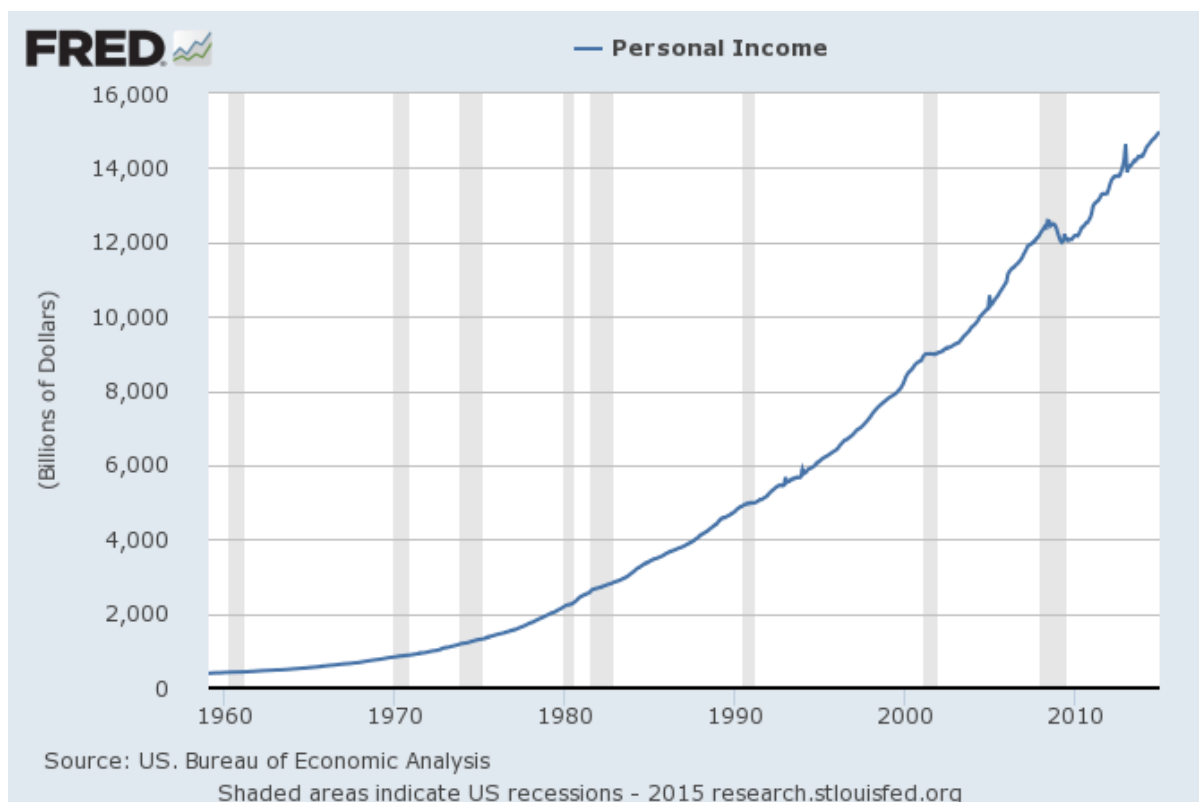
PERSONAL INCOME

According to the Bureau of Economic Analysis (BEA), personal income increased \$41.3 billion, or 0.3%, and disposable personal income (DPI) increased \$35.8 billion, or 0.3%, in December 2014. Personal consumption expenditures (PCE) decreased \$40.0 billion, or 0.3%. Personal income increased \$47.2 billion, or 0.3%, DPI increased \$34.2 billion, or 0.3%, and PCE increased \$58.8 billion, or 0.5%, based on revised estimates in November 2014, according to the BEA.

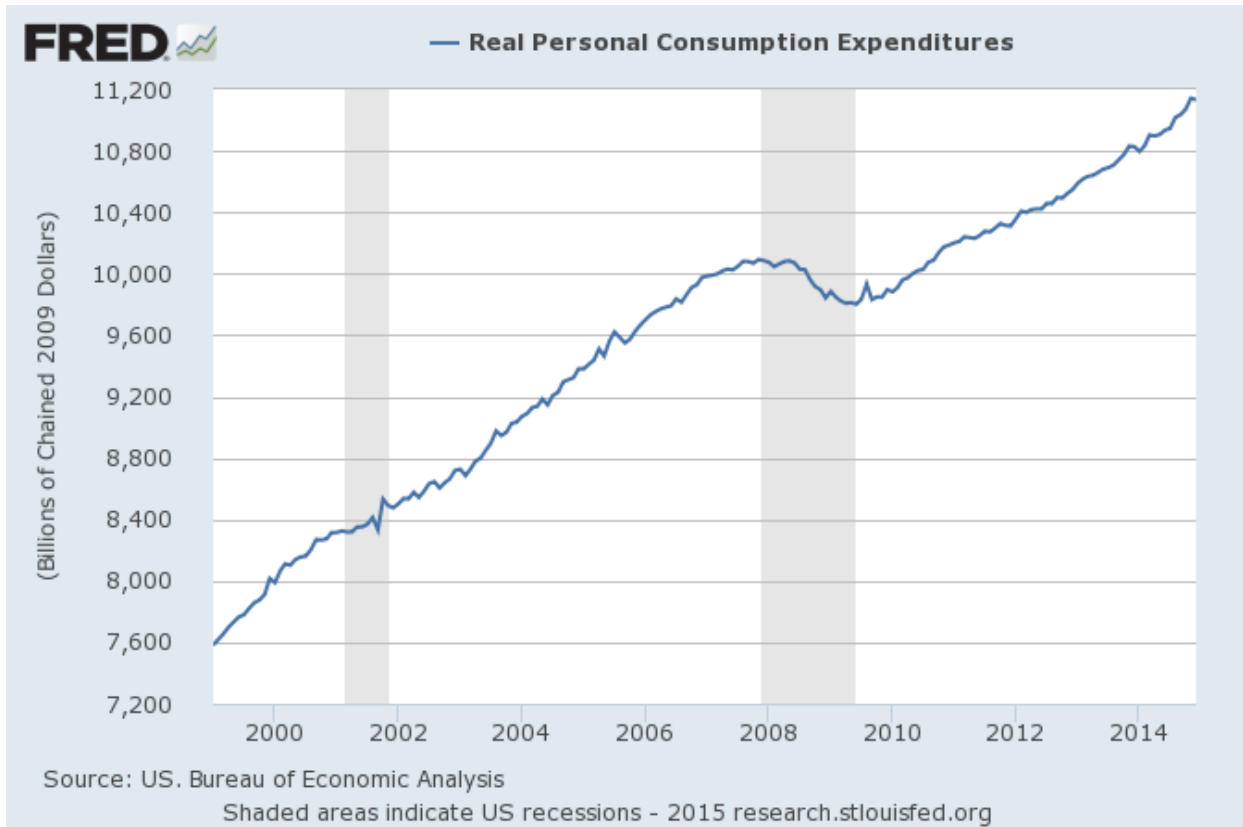
Real PCE declined 0.1% in December 2014, in contrast to an increase of 0.7% in November 2014, according to the BEA. Real DPI increased 0.5% in December 2014, compared with an increase of 0.4% in November 2014. The price index for PCE decreased 0.2% in December 2014, the same decrease as in November 2014, according to BEA.

Total wages and salaries increased \$6.9 billion in December 2014, compared with an increase of \$42.2 billion in November 2014. Private wages and salaries increased \$4.9 billion in December 2014, compared with an increase of \$40.6 billion in November 2014. Government wages and salaries increased \$1.9 billion in December 2014, compared with an increase of \$1.7 billion in November 2014, according to the BEA.

Disposable personal income (DPI) increased \$35.8 billion, or 0.3%, in December 2014, compared with an increase of \$34.2 billion, or 0.3%, in November 2014, according to the BEA. Disposable personal income (DPI) is defined as personal income less personal current taxes.



Federal Reserve Bank of St. Louis – FRED

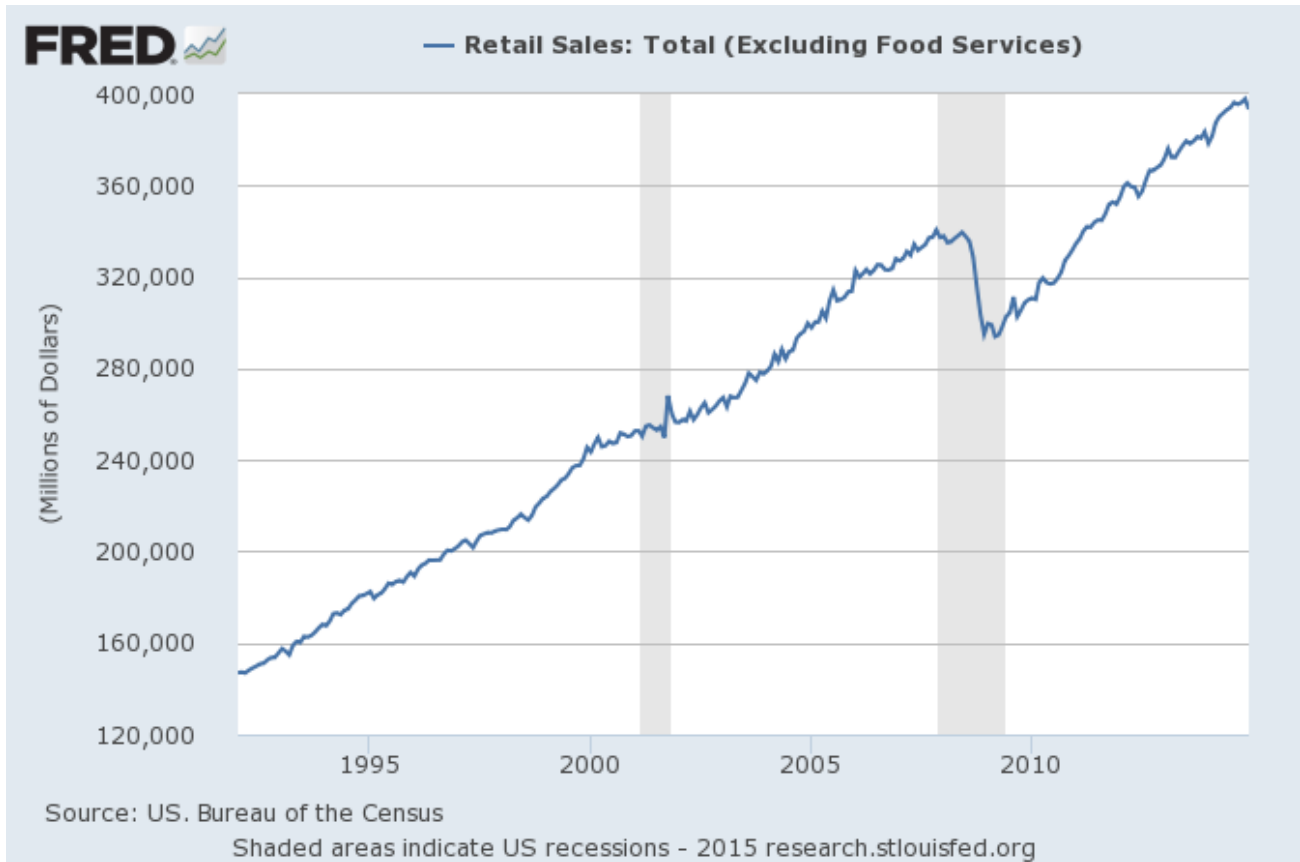


Federal Reserve Bank of St. Louis – FRED

Personal outlays declined \$39.2 billion in December 2014, in contrast to an increase of \$59.7 billion in November 2014, according to the BEA. Personal Consumption Expenditures (PCE) decreased \$40.0 billion, in contrast to an increase of \$58.8 billion, according to the BEA. Personal outlays include PCE, personal interest payments, and personal current transfer payments.

RETAIL SALES

According to the U.S. Census Bureau the advance estimates of U.S. retail and food services sales for January 2015, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$439.8 billion, a decline of 0.8% from December 2014, but up 3.3% above January 2014.



Federal Reserve Bank of St. Louis – FRED

Total sales for the November 2014 through January 2015 period were up 3.8% from the same period a year ago. The November 2014 to December 2014 percent change was unrevised from 0.9%. January 2015 retail trade sales decreased by 1.0% from December 2014 and up 2.4% above last year. Food services and drinking establishments were up 11.3% from January 2014 and auto and other motor vehicle dealers were up 10.7% from last year. Gasoline stations decreased 23.5% from the previous year, according to the U.S. Census Bureau.

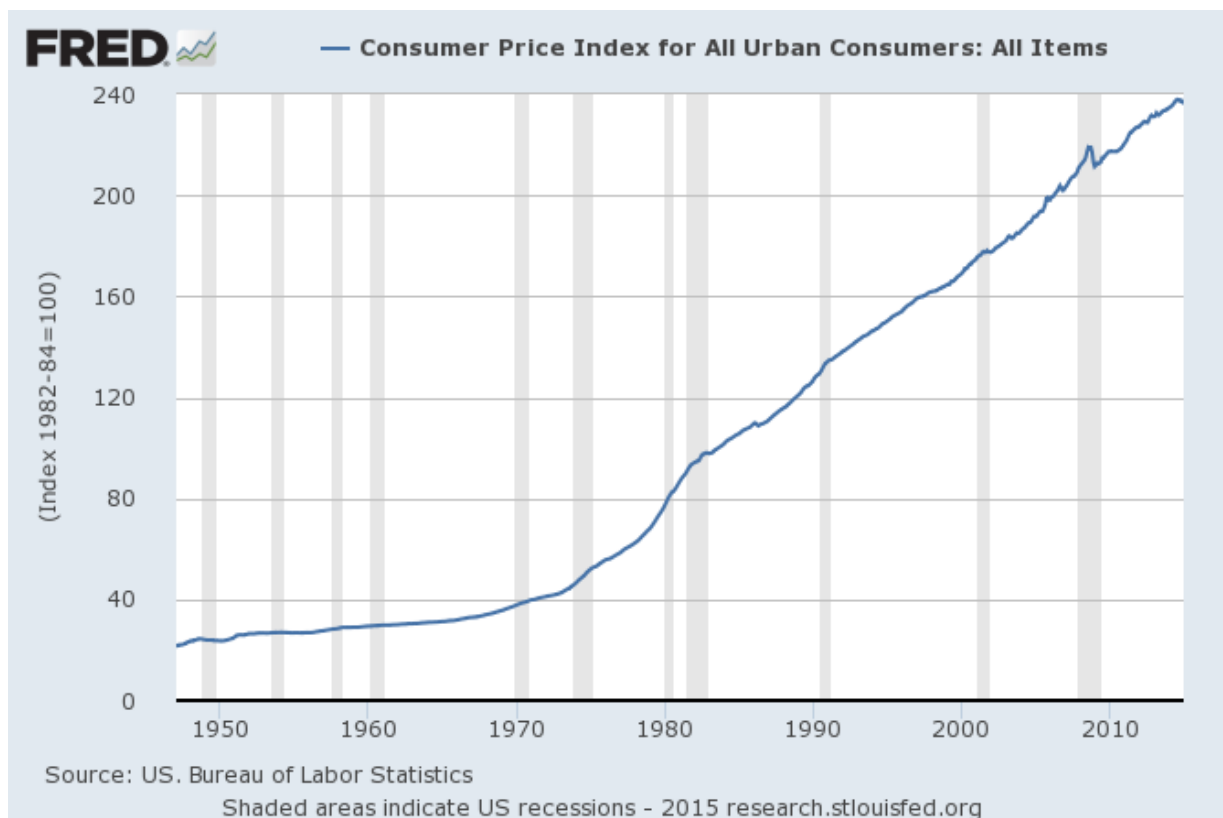
CONSUMER PRICE INDEX (CPI)

According to the U.S. Bureau of Labor Statistics (BLS), the Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.4% in December 2014 on a seasonally adjusted basis. The all items index increased 0.8% before seasonal adjustment over the last 12 months.

The gasoline index decreased 9.4% and leading to the decrease in the seasonally adjusted all items index in December 2014 from January 2014. The energy index posted its largest one-

month decline since December 2008. The indexes for natural gas and electricity both increased. The food index increased 0.3% its largest increase since September 2014. The index for all items less food and energy was unchanged in December 2014, following a 0.2% increase in October and a 0.1% rise in November 2014, according to the BLS.

The shelter index increased and the index for medical care posted its largest increase since August 2013. These increases were offset by declines in a broad array of indexes including apparel, airline fares, used cars and trucks, household furnishings and operations, and new vehicles. The all items index increased 0.8% over the last 12 months. The 3.4% increase in the food index is its largest 12 month increase since February 2012. According to the BLS the index for all items less food and energy has increased 1.6% over the last 12 months.



Federal Reserve Bank of St. Louis – FRED

FINANCIAL MARKETS

The Standard & Poor's 500 (S&P 500), finished a third straight year of double-digit increases. The Dow Jones Industrial Average (DJIA) increased 7.5%. This is its sixth straight annual gain. The NASDAQ increased 13.4% in 2014, according to Reuters. The S&P Energy index was the worst performing sector in 2014 with a decrease of 10%.



Federal Reserve Bank of St. Louis – FRED

US CORPORATE PROFITS (THIRD QUARTER RESULTS)

According to the Bureau of Economic Analysis (BEA), profits from current production (corporate profits with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj)) rose \$64.5 billion in the third quarter of 2014, compared to an increase of \$164.1 billion in the second quarter of 2014.

Profits of domestic financial corporations increased \$16.1 billion in the third quarter of 2014, compared to an increase of \$33.3 billion in the second quarter of 2014. Profits of domestic nonfinancial corporations increased \$32.0 billion in the third quarter of 2014, compared to an increase of \$134.3 billion in the second quarter of 2014, according to the BEA.

According to the BEA taxes on corporate income declined by \$5.5 billion in the third quarter of 2014 in comparison to an increase of \$45.7 billion in the second quarter of 2014. Profits after tax with IVA and CCAdj increased \$70.1 billion in the third quarter of 2014, compared to an increase of \$118.4 billion in the second quarter of 2014. Dividends decreased \$3.9 billion in the third quarter of 2014, compared to a decrease of \$0.5 billion in the second quarter of 2014. Undistributed profits increased \$73.9 billion in the third quarter of 2014, compared to an increase of \$118.8 billion in the second quarter of 2014. Net cash flow with IVA increased \$46.9 billion in the third quarter of 2014, compared to an increase of \$133.4 billion in the second quarter of 2014. Net cash flow with IVA is defined as the internal funds available to corporations for investment.

Profits of domestic financial corporations increased \$16.2 billion in the third quarter of 2014, compared to an increase of \$33.7 billion in the second quarter of 2014. Profits of domestic nonfinancial corporations increased \$31.1 billion in the third quarter of 2014, compared to an increase of \$134.7 billion in the second quarter of 2014. The increase in profits of financial corporations is primarily due to an increase in "other" financial industries. The increase in profits of nonfinancial corporations is primarily due to increases in manufacturing, in wholesale trade, and in "other" nonfinancial industries. These increases were partly offset by a decrease in the information sector.

RISKS TO THE FORECAST

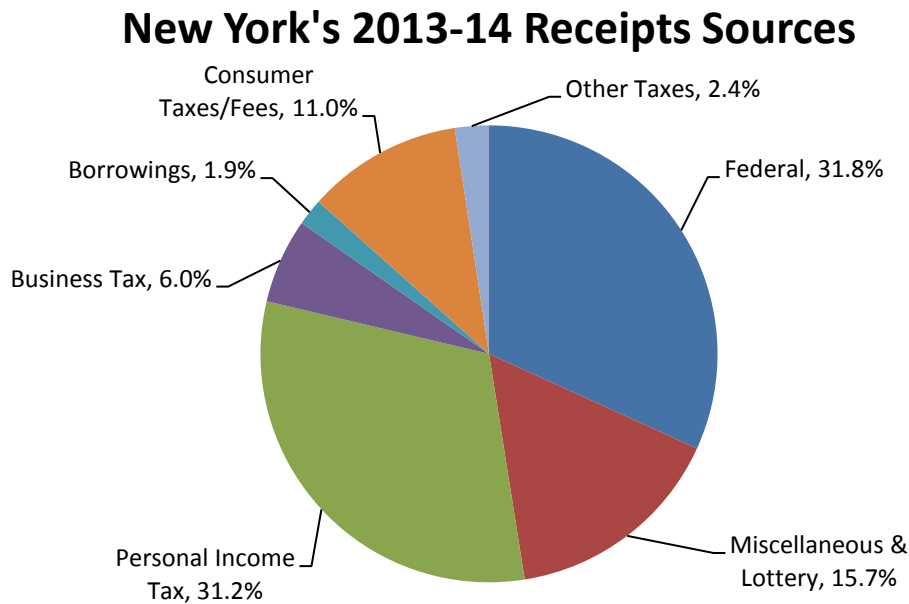
As with any forecast, there are unforeseen risks associated with forecasting the economy. Any sharp variation in expected performance to the various sectors of the economy, whether positive or negative, can have a significant impact on the shape and pace of the economic recovery. For example, some nations in the Euro-zone continue to experience increasing unemployment. Any possible negative fallout from the Euro Zones economic situation can potentially undermine the world's financial markets and international trade.

Also, the Federal Reserve has begun its long-awaited process of reversing previous formal stated programs and policies in relation to its massive participation in US financial markets and banking system. How this process develops remains to be seen. Another concern is the prospect of a political impasse over the national budget. US debt and budget policies and security have a profound impact on the national and world economies.

Finally, the impact US fiscal policy has on the national and state economies is always a tangible risk. Although less than originally planned, Federal budget cuts in 2014 and beyond will reduce state spending, which leads to less disposable personal income and consumption.

REVENUE OUTLOOK

Revenues are largely affected by economic changes and changes in Federal and State tax policies. The tax base is a measure of the State's ability to generate revenue. As seen in years of a fiscal downturn, for example, a decreasing tax base may force State's spending reductions and/or increased taxes in order to maintain Financial Plan balance.

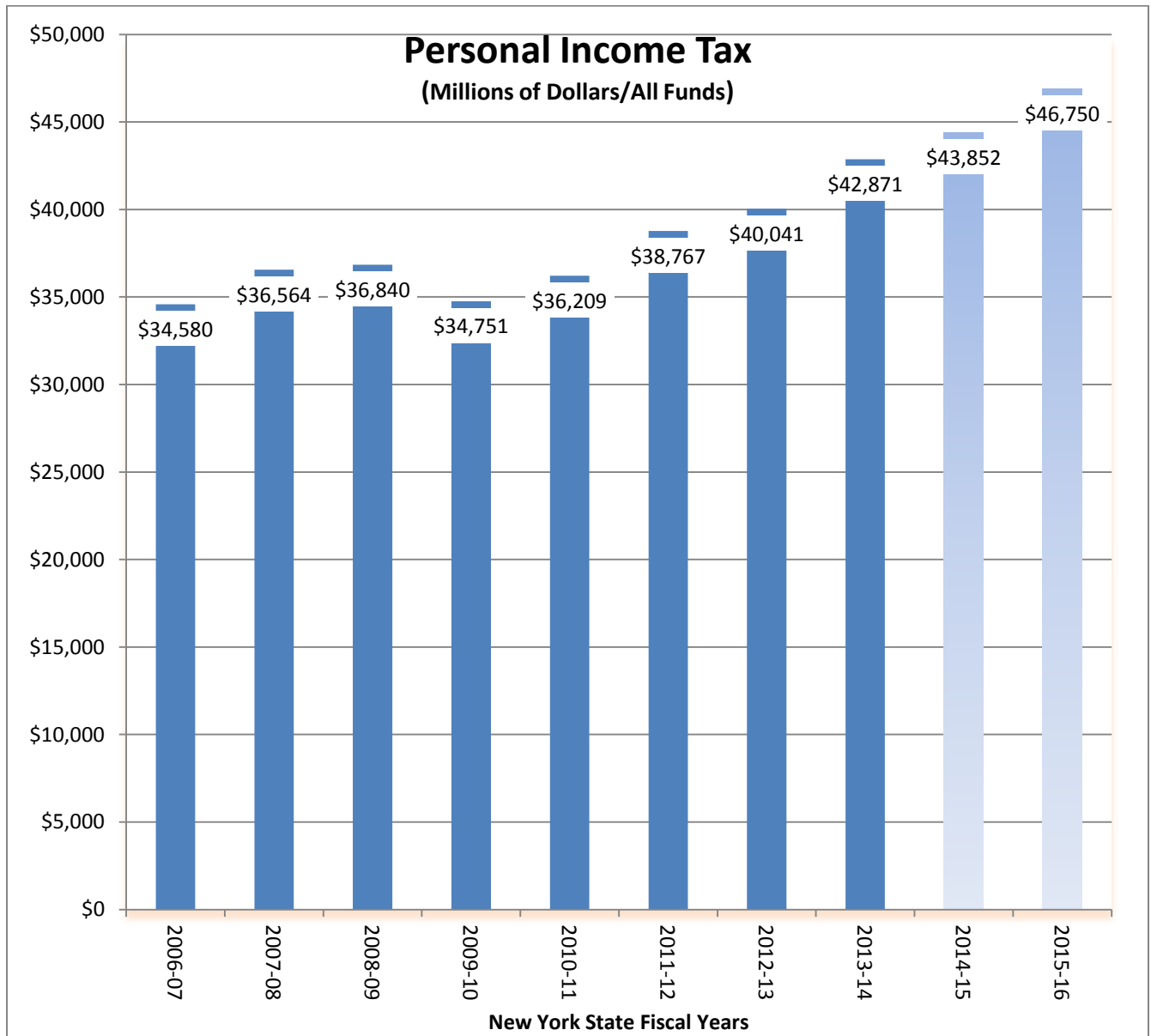


Office of New York State Comptroller

The Senate Finance Committee Democratic Conference estimates total General Fund Receipts in SFY 2014-15 to increase by 11.3% to \$68.75 billion (including transfers and miscellaneous receipts). On an All Funds basis, total All Fund Receipts (not including miscellaneous receipts) are estimated to increase by 1.7% to \$70.55 billion in SFY 2014-15.

In SFY 2015-16, the Senate Finance Committee Democratic Conference projects that Total General Fund Receipts will decrease by 4.1% to \$66.10 billion. Total All Funds Receipts will increase by 5.1% to \$74.52 million

PERSONAL INCOME TAX



*2014-15 is estimated

*2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

New York State imposes a tax on income earned within the State by individuals, estates, and trusts. PIT receipts constitute over one-half of all tax collections deposited into the General Fund. New York's definition of income closely follows federal rules, which include wages, salaries, capital gains, unemployment compensation, and interest and dividend income. Those components sum to federal adjusted gross income (FAGI). New York State adjusted gross

income (NYSAGI) is calculated starting with this base, from which certain income items are then added or subtracted. The New York standard deduction or itemized deductions are subtracted from NYSAGI to arrive at New York State taxable income. Certain credits are then subtracted from the calculated tax to determine total personal income tax liability.

The personal income tax, which accounts for more than 60% of New York State tax revenue, is paid in a variety of ways: the withholding of wages and other income payments, the payment of estimated taxes, the payment of unpaid taxes through final returns, and the payment of overdue taxes known as delinquencies through assessments. Any overpayment of the personal income tax is refunded to the taxpayer. The manner of payment determines the income year to which the tax applies. For example, withholding is paid when the income is earned. Therefore, 2013 wages would be reflected in 2013 withholding. However, personal income tax payments made with final returns are associated with the preceding year's income. As a result, final payments made in 2013 are a reflection of income earned in 2012. The same pattern holds true for refunds.

All Funds net personal income tax receipts for SFY 2014-15 are estimated at \$43.852 billion, an increase of \$892 million, or 3.0%, from SFY 2013-14. Gross receipts are estimated to increase by \$653 million, or 1.3% from SFY 2013-14.

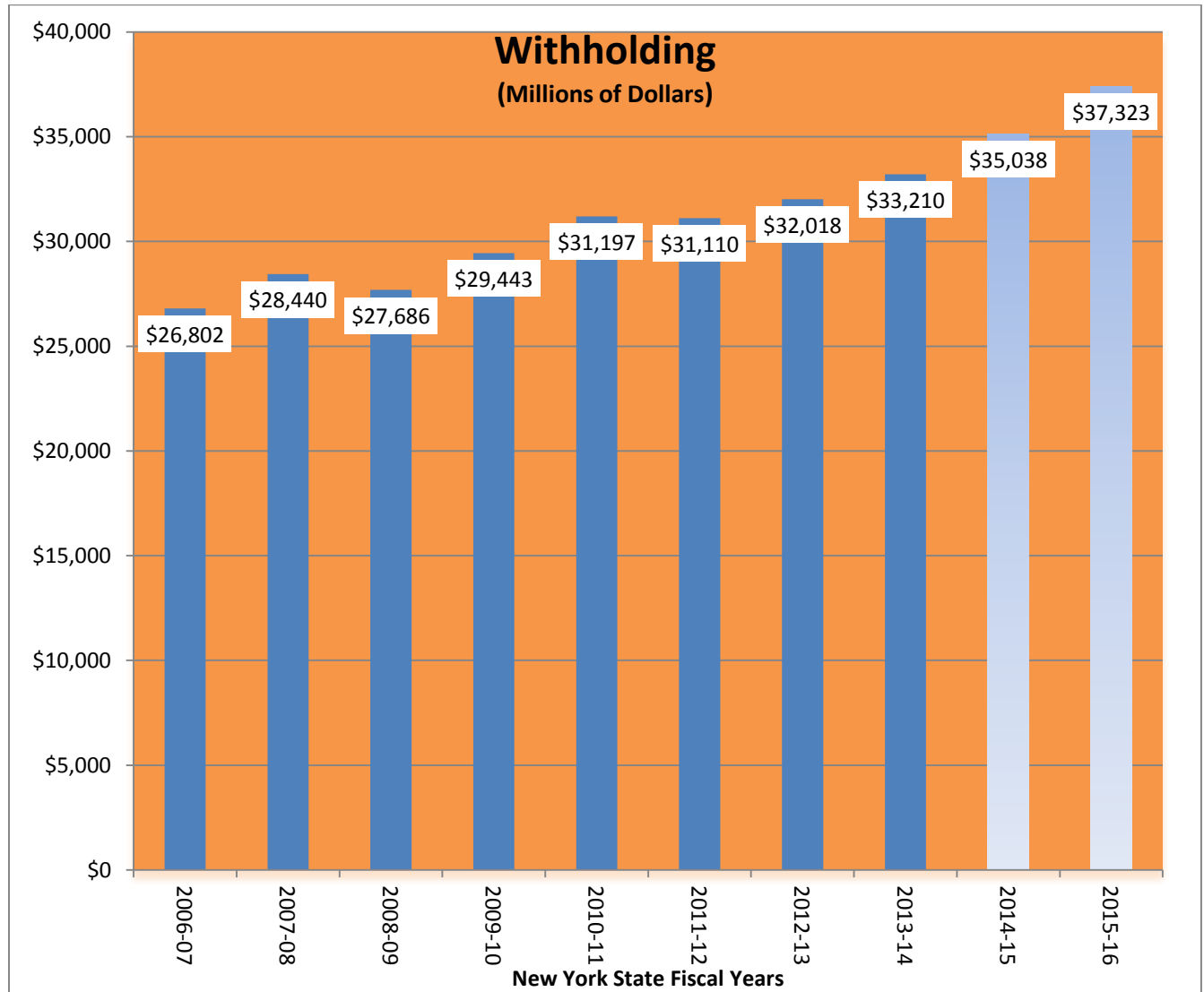
All Funds net PIT receipts for SFY 2015-16 are projected to increase by \$2.90 billion, or 6.3%, to \$46.75 billion. Gross collections are projected to increase by \$3.80 billion, or 7.5%, reflecting an increase in wage growth as well as the continued impact of the PIT rate change enacted in April 2013.

General Fund receipts for SFY 2014-15 are estimated to be \$29.51 billion, nearly \$700 million higher than SFY 2013-14. General Fund receipts for SFY 2015-16 are projected at \$31.83 billion, an increase of \$2.30 billion from SFY 2014-15. This increase is a result of an increase in withholding taxes and estimated payments as a result of better economic conditions and the PIT surcharge.

For tax years 2012 to 2014, four new tax brackets and rates replaced the former brackets and rates applicable to married taxpayers filing joint returns with taxable income above \$40,000 (with lower levels for other filing categories). The tax rate for these taxpayers with taxable income in the \$40,000 to \$150,000 and \$150,000 to \$300,000 brackets has been lowered to 6.45% and 6.65% respectively, while the rates on the \$300,000 to \$2 million tax bracket remained unchanged from 2008 law at 6.85%. The top rate for those married and filing jointly returns earning \$2 million and above has been increased to 8.82%. The tax brackets and standard deduction amounts were also indexed to the consumer price index (CPI) starting in tax year 2013. Enacted in December 2011, the estimated net tax increase from this measure is projected to be \$1.93 billion in SFY 2012-13 and \$2.03 billion in SFY 2013-14. Renewed in April 2013, additional revenue from the surcharge is expected to be \$1.99 billion in SFY 2015-16

The above mentioned PIT surcharge extension enacted in April 2013 affects various PIT components including both the liability, and cash estimates and projections for the five fiscal years starting in SFY 2014-15.

Withholding



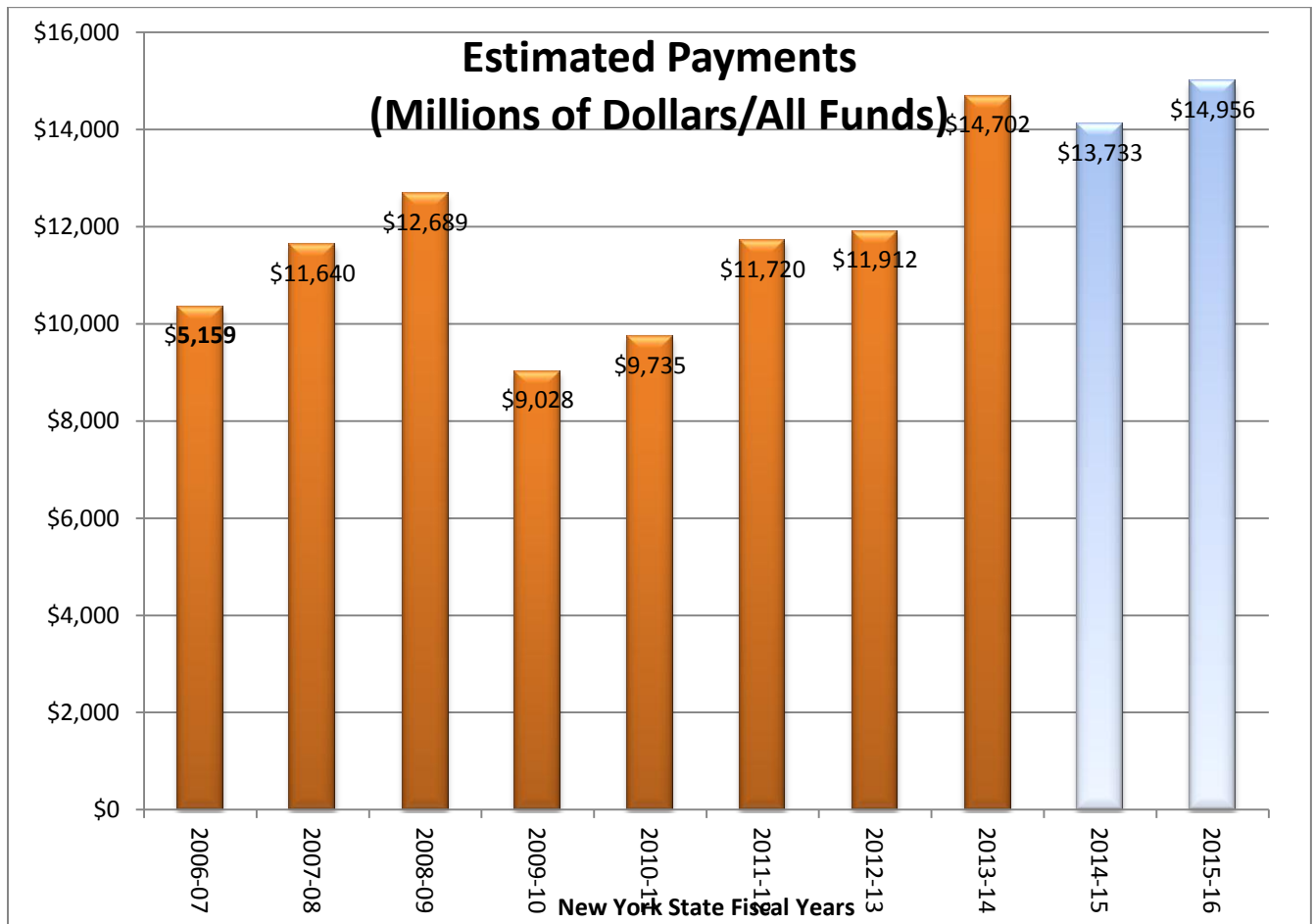
*2014-15 is estimated

*2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

Employers are required to withhold an amount from their employees' paychecks, which is used as an offset at the end of the year toward the taxpayer's total liability. Withholding has a slight lag from the period in which it is withheld to the time the State receives the payment from the employer. However, withholding is closely correlated to the wages and salaries received during any given quarter of the year. For SFY 2014-15, withholding taxes are estimated to be \$35.03 billion, an increase of \$1.71 billion from SFY 2013-14. For SFY 2015-16, withholding is projected at \$37.32 billion, an increase of \$2.30 billion.

Estimated Payments



*2014-15 is estimated

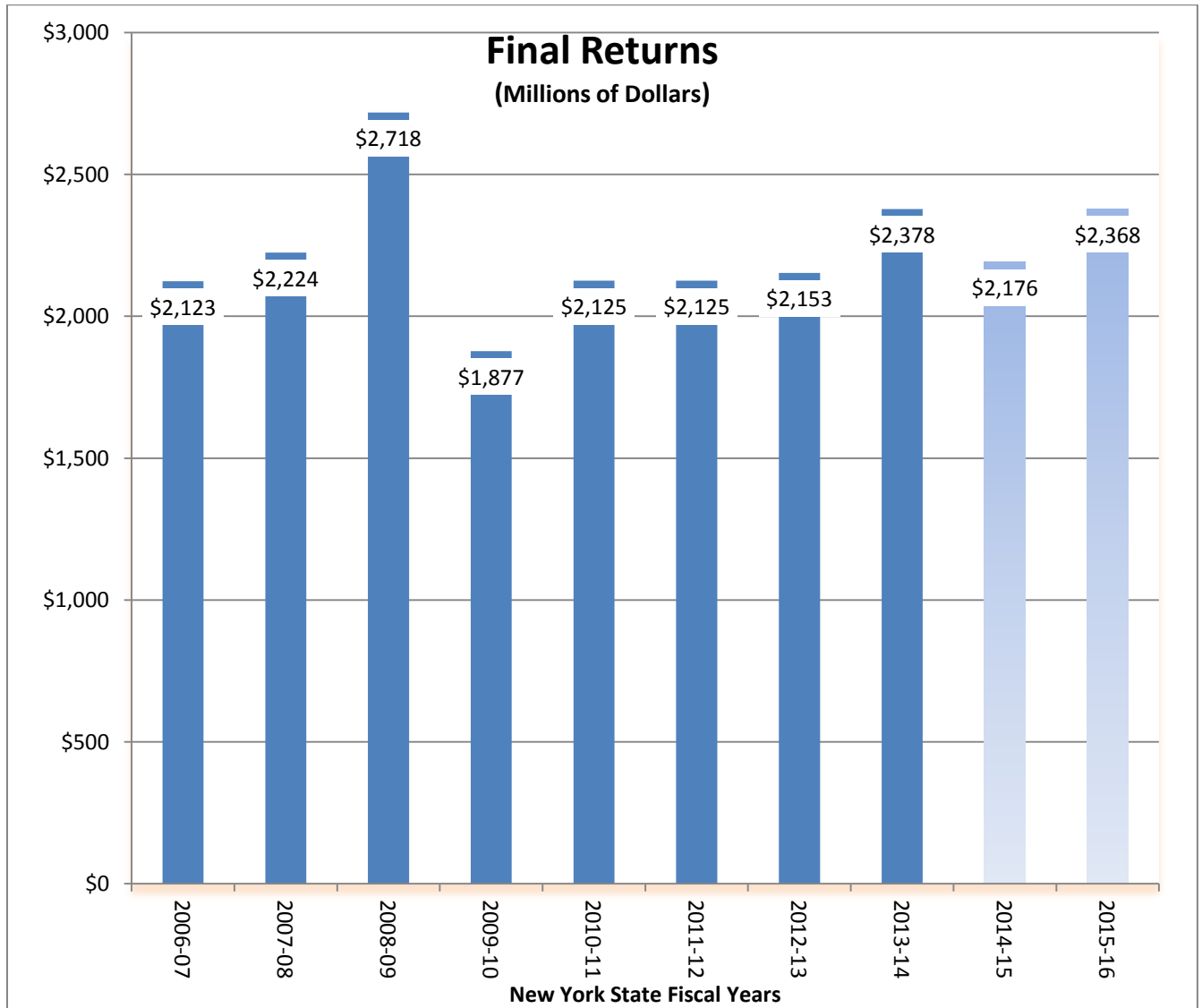
*2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

Individuals make estimated payments if the tax they will owe for the year is significantly more than the amount of tax being withheld from their wages. Individuals who have large amounts of non-wage income (self-employment income, interest, dividends, or capital gains) generally make these quarterly payments. Estimated tax payments are due on the 15th of April, June, September, and January. Estimated payments are also made when a taxpayer requests an extension to file his annual return. When a taxpayer files for an extension, he is required to estimate his tax liability and, if payment is due, submit it with the extension.

Estimated payments for SFY 2014-15 are projected to be \$13.73 billion, a decrease of \$604 million from SFY 2013-14. For SFY 2015-16, estimated payments are projected at \$14.96 billion which is a 6.9% increase.

Final Returns



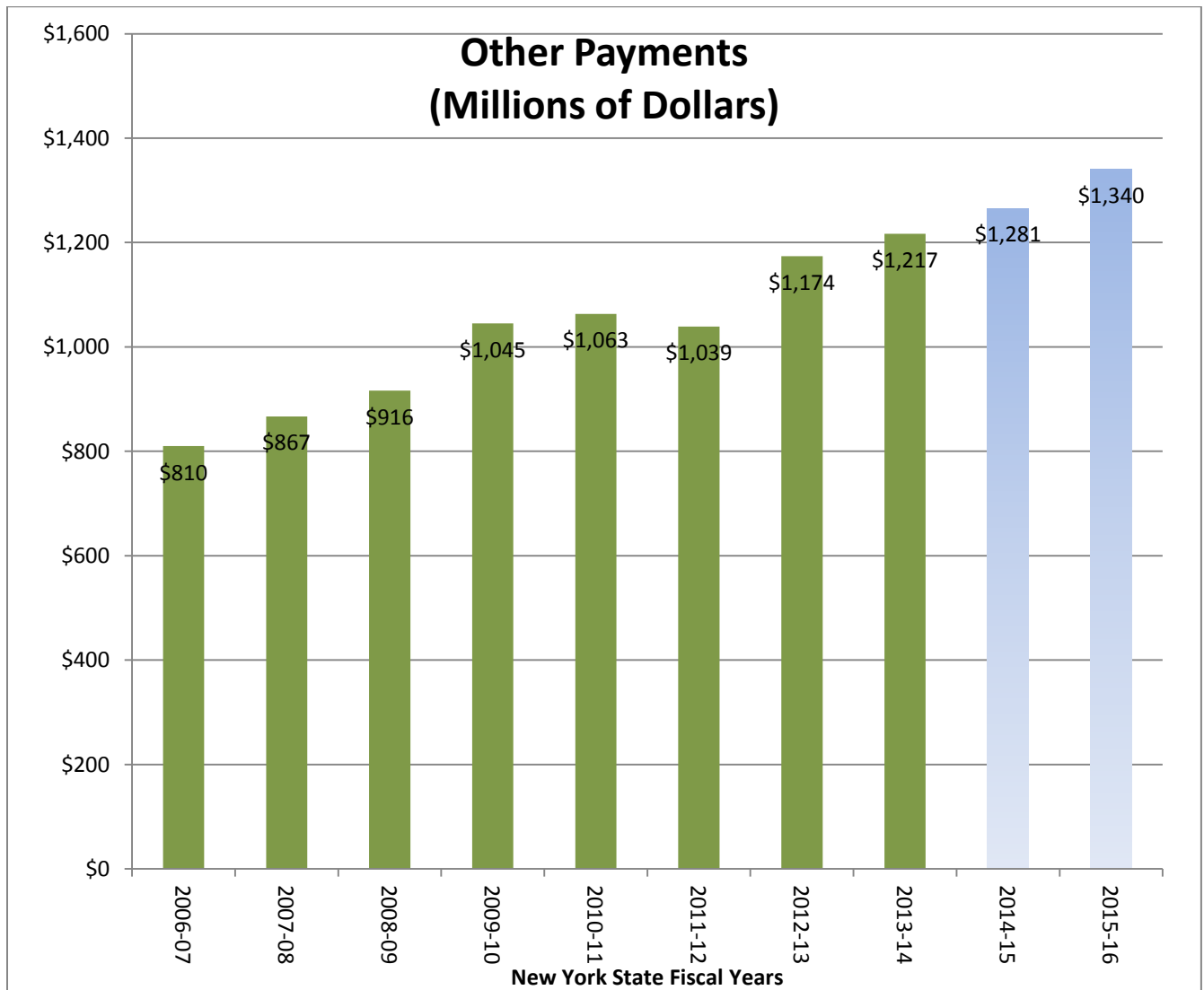
*2014-15 is estimated

*2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

Final returns are due by April 15th of every year. The final return is essentially a reconciliation between a taxpayer’s withholding and/or estimated payments and tax liability calculated on the total personal income received throughout the tax year. A payment is due when the combination of withholding and estimated payments results in an underpayment of the total tax liability. For SFY 2014-15, personal income tax collections from final returns are estimated at \$2.176 billion, \$214 million lower (8.5%) than collections in SFY 2013-14. For SFY 2015-16, collections from final returns are projected to be \$2.368 billion, an increase of \$187 million from SFY 2014-15.

Other Payments



*2014-15 is estimated

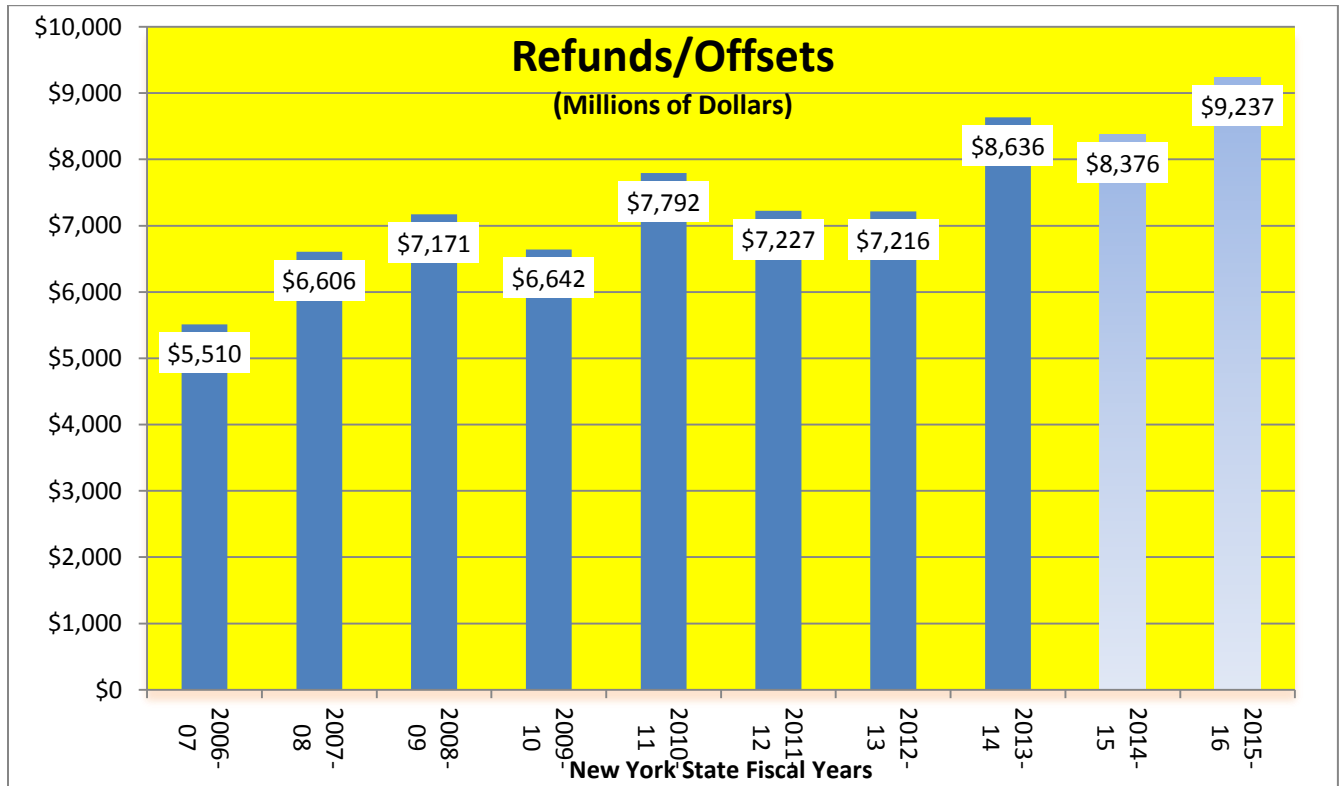
*2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

These collections are comprised of assessment and filing fees required to be paid by the State's limited liability companies (LLC's) and limited liability partnerships (LLP's). Assessments are any penalties and interest imposed on past due liabilities. These remittances are essentially collections received from State Tax Department audits.

For SFY 2014-15, other payments are estimated at \$1.28 billion, an increase of \$91 million from SFY 2013-14. For SFY 2015-16, collections from other payments are projected at \$1.34 billion, an increase of \$75 million, or 5.9 %, over collections from SFY 2014-15.

Refunds/Offsets



*2014-15 is estimated

*2015-16 is projected

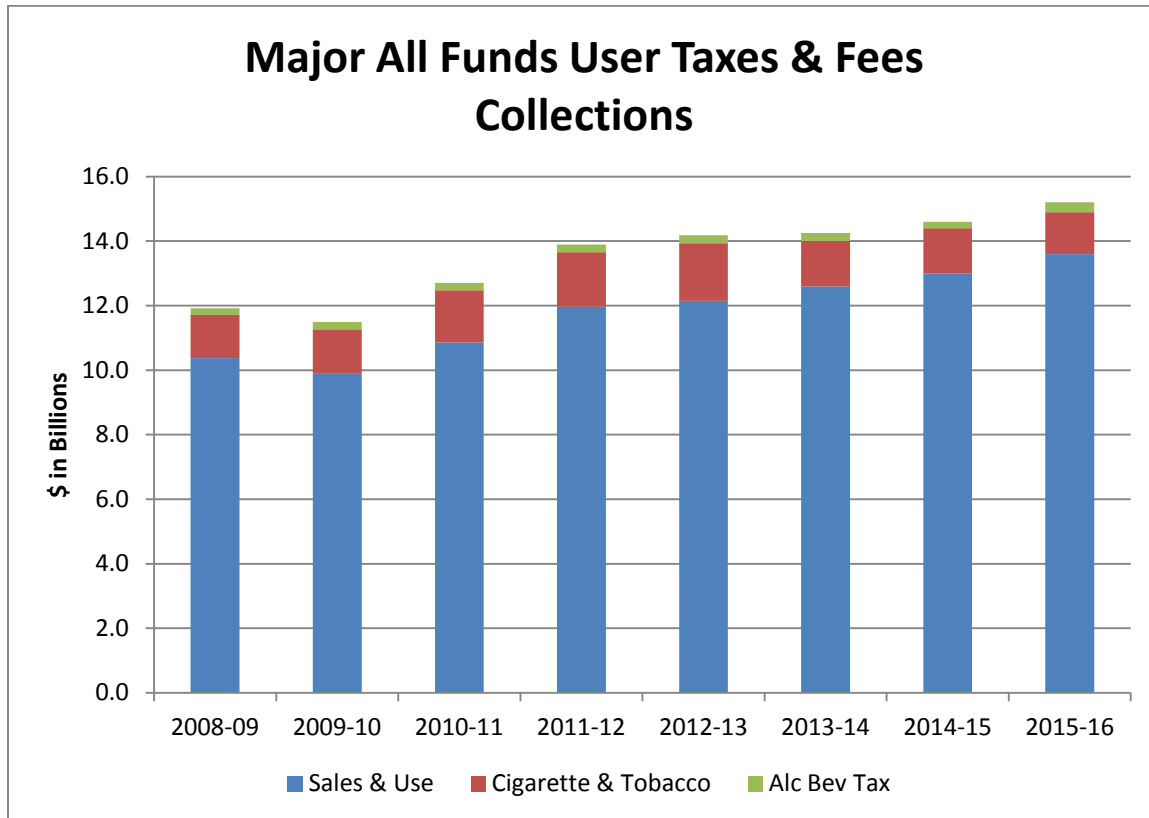
Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

A refund occurs when a taxpayer overpays his personal income tax, either through over-withholding or remitting excess estimated payments. Similar to payments made with final returns, refunds are made as a result of filing an annual return.

For SFY 2014-15, refunds/offsets are estimated at \$8.376 billion, a decrease of \$238 million from SFY 2013-14. This decrease is primarily due to an increase in prior year refunds claimed related to Tax Year 2013.

For SFY 2015-16, refunds/offsets are projected to be \$9.237 billion, an increase of \$861 million (10.2%) from SFY 2014-15. This reflects \$716 million in prior year refunds related to tax year 2014, \$171 million in advanced credit payments related to tax year 2015, and \$24 million in previous years’ refunds for tax years before 2014, partially offset by a \$50 million decline in state-city offsets.

USER TAXES AND FEES



*2014-15 is estimated

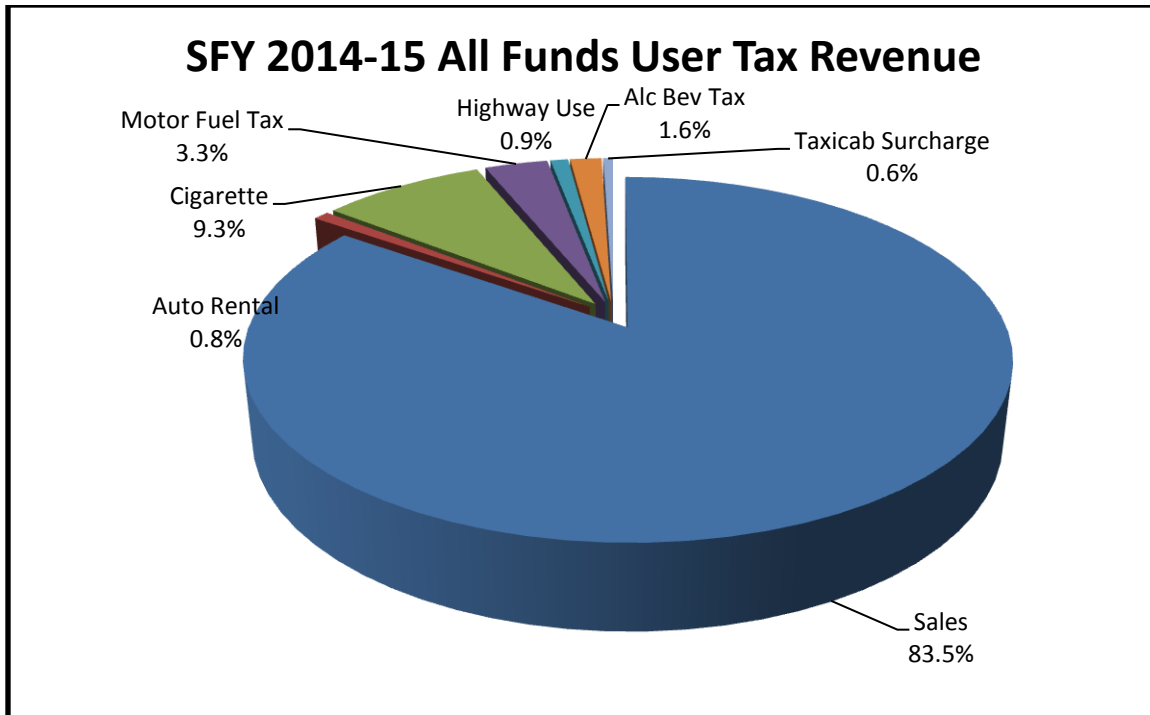
*2015-16 is projected

NYS Senate Finance Committee – Democratic Conference

Collections of user taxes and fees follows a quarterly pattern, with larger collections realized in months at the conclusion of calendar quarters, this pattern of collections reflects the impact of quarterly taxpayers, especially in relation to the sales tax.

The following All Funds taxes and fees comprise this category:

- Sales & Use Tax
- Cigarette & Tobacco Tax
- Motor Fuel Tax
- Motor Vehicle Fees,
- Alcoholic Beverage Tax
- Alcoholic Beverage Control License Fees
- Highway Use Tax
- Auto Rental Tax.

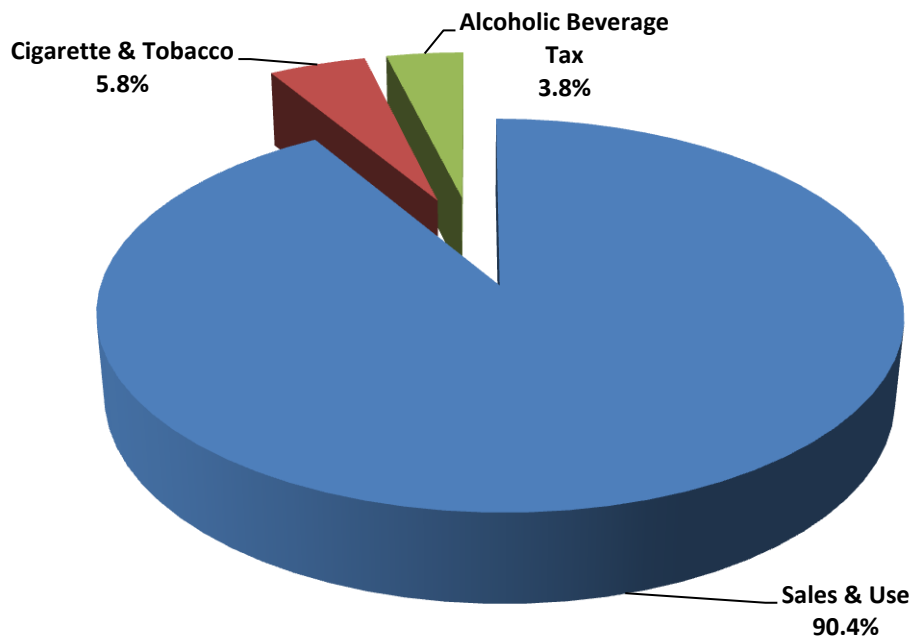


Source: NYS Senate Finance Committee – Democratic Conference

As shown in figure above, the Sales and Use Tax dominates user tax collections with contributing 83.5% of total user tax collections of New York State. All Funds user tax revenue shares are expected to remain largely the same in the next fiscal year, the only exception being a small increase in the share of Cigarette & Tobacco Tax, due to a recent increase in the tax rate.

On the other hand, General Fund revenue from user taxes and fees are comprised of four (Sales and Use, Alcohol Beverage, Cigarette and Tobacco) above mentioned taxes. Similar to All Funds, the Sales and Use Tax is the primary source of collections in this category with a share of approximately 90.4%.

SFY 2014-15 General Fund User Tax Revenue



Source: NYS Senate Finance Committee – Democratic Conference

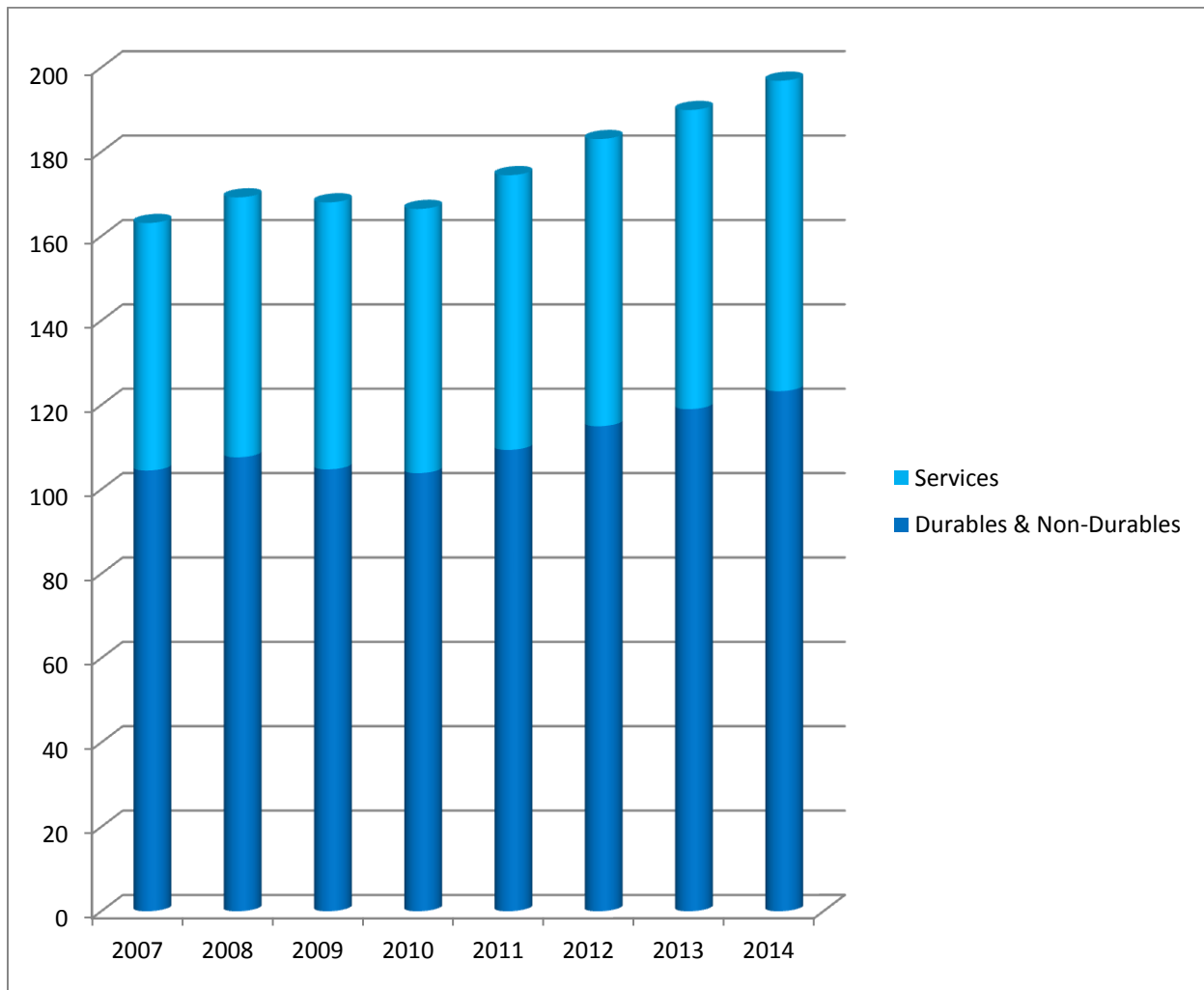
Sales Tax

Retail sales and tangible personal property are taxed under Article 28 of the Tax Law unless statutorily exempt. The sales tax is imposed upon receipts from the sales of tangible personal property, statutorily specified services, specified electricity, gas, refrigeration and steam services, telephone service, food and beverages sold by restaurants and caterers, hotel occupancy and certain admission charges.

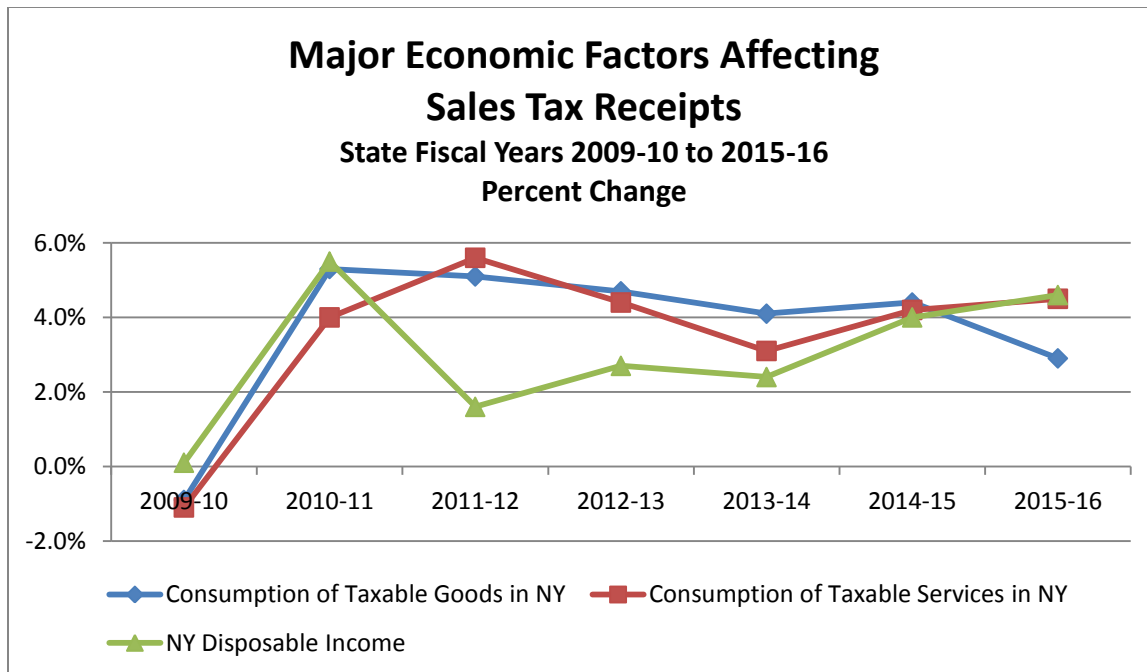
In New York State, the sales and compensating use tax was enacted in 1965 at the rate of 2%. The tax rate was subsequently increased to 3% in 1969, 4% in 1971, and to 4.25% in 2003. The last increase in the tax rate was a temporary increase of one quarter of 1% in order to address state budget deficits resulting from the economic recession in 2001. The sales tax rate reverted back to 4% in June 2005. The \$110 clothing and footwear exemption was repealed until March 31, 2012; a temporary \$55 exemption was implemented for the period from April 1, 2011, to March 31, 2012.

Sales tax collections are primarily impacted by any kind of change in the Tax Law, especially tax rate changes, and changes in economic activity such as income level, employment and stock prices. Consumer spending on durable goods holds the major share of New York State’s overall consumer spending. Consumption of New York taxable goods are expected to increase by 4.4% in SFY 2014-15 and 2.9% in SFY 2015-16. Consumption of taxable services are expected to increase 4.2% in SFY 2014-15 and 4.1% in SFY 2015-16.

New York State Taxable Consumer Spending (billions of dollars)



Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference



*2014-15 is estimated

*2015-16 is projected

NYS Senate Finance Committee – Democratic Conference

The Sales and Use tax is the second largest revenue source for the State, accounting for 18.1% of State receipt. In the long-run, Sales tax receipts are a function of changes in the tax rate and economic activity, measured by such factors as disposable income and employment. Short-run fluctuations in receipts can result from rapid changes in consumer prices, auto sales, and home sales. During the depth of the recession, consumption of taxable goods and consumption of taxable services declined. The Sales Tax base, leaving aside law changes decreased dramatically during those years also.

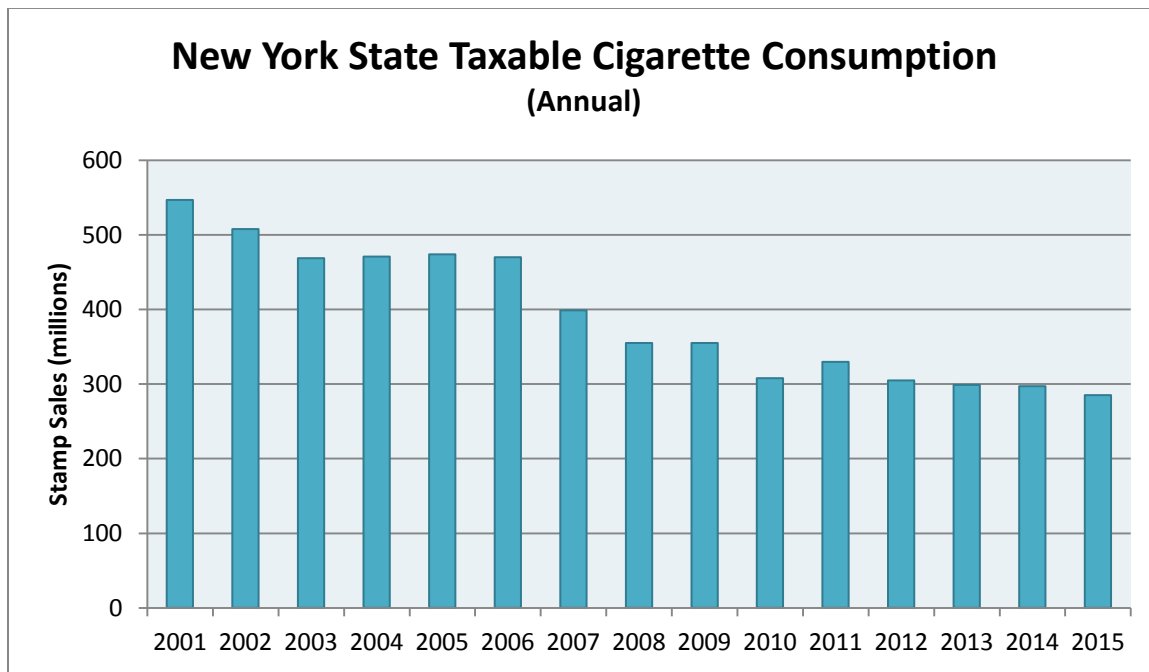
State Sales Tax

On an All Funds basis, in SFY 2014-15 Sales and Use Tax collections are estimated to be \$13.12 billion, a 3.9% increase from SFY 2013-14. General Fund collections are estimated to increase by 4.6% from \$5.88 billion to \$6.15 billion in SFY 2014-15.

For SFY 2015-16, All Funds Sales Tax collections are projected to be \$13.70 billion, an increase of 4.4%. On a General Fund basis, sales and use tax collections are projected to be \$6.41 billion, a 4.2% increase from SFY 2014-15.

Cigarette & Tobacco Taxes

New York State imposes an excise tax on the sale or use of cigarettes within the State. Effective March 1, 2000, New York raised its tax by \$.55 to \$1.11 per pack and effective April 3, 2002, by \$.39 to \$1.50 per pack. On June 3, 2008, the State's tax was increased by \$1.25 to \$2.75 per pack. New York City levies a separate cigarette excise tax of \$1.50 per pack. The State also imposes an excise tax on other tobacco products, such as chewing tobacco, snuff, cigars, pipe tobacco and roll-your-own cigarette tobacco. These products were taxed at a rate of 37% of their wholesale price except for snuff products, which were taxed at a rate of \$.96 cents per ounce. The tax rate was increased from 37% to 46%.



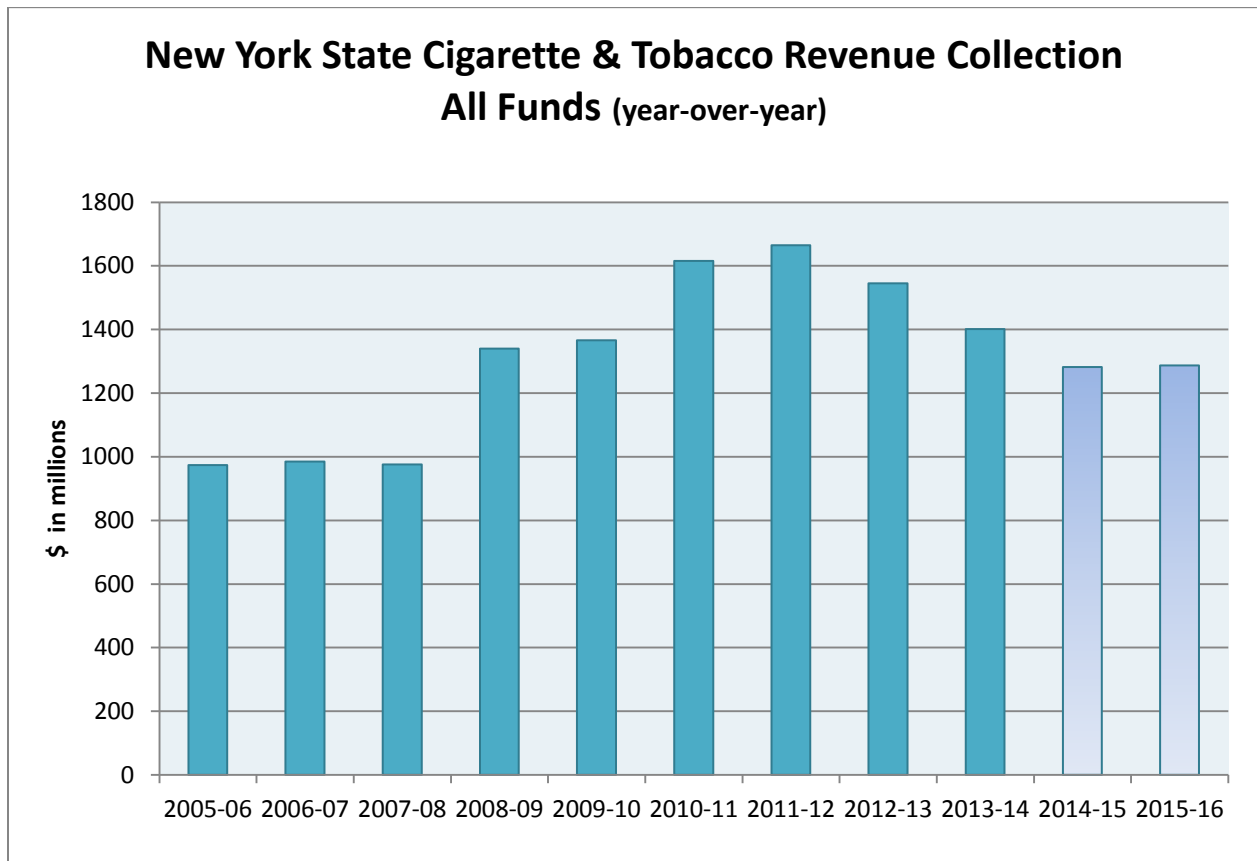
*2014 is estimated

*2015 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

In 2010, the cigarette excise tax was increased from \$2.75 per pack to \$4.35 per pack. The tobacco products tax has also increased to 75% of the wholesale price from 46%; the tax on snuff increased to \$2.00 per ounce from \$0.96 per ounce; and legislation has created a new category under the tobacco products tax imposing a tax on "little cigars" at a rate equivalent to the cigarette tax rate. Also in 2010, NY legislation was enacted providing for a prior approval system that allows for the sale of untaxed, stamped cigarettes to be sold to reservation retailers in an amount that will provide an adequate supply of untaxed cigarettes for consumption by the

nation or tribe. The Indian nation or tribe can opt to use the coupon system in place of the prior approval system. The prior approval/coupon system was implemented in 2011 after a Federal Court injunction was lifted. To date, no tribes have participated in the coupon system and there has only been limited transactions using the prior approval system. Also, in 2010, the Federal Government prohibited the shipment of cigarettes through the US Postal Service.



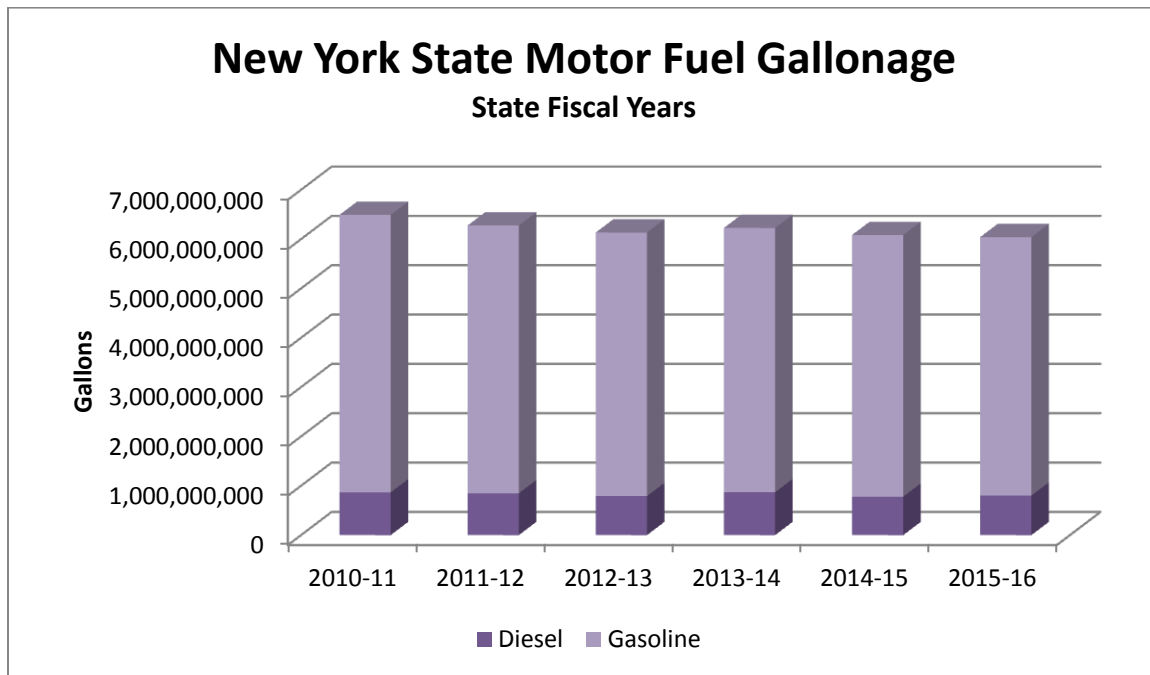
*2014-15 is estimated

*2015-16 is projected

NYS Senate Finance Committee – Democratic Conference

For SFY 2014-15, All Funds collections from cigarette and tobacco taxes are estimated to decrease from \$1.45 billion to \$1.26 billion, a decrease of 13.0%. On a General Fund basis, collections from these taxes are estimated to decrease from \$426.2 million in SFY 2013-14 to \$311 million in SFY 2014-15, or 27%. In SFY 2015-16, All Funds cigarette and tobacco tax collections are projected to remain essentially the same at \$1.26 billion. General Fund collections are projected to increase to \$352 million, an increase of 13.2%.

Taxable cigarette consumption is a function of retail cigarette prices and exhibit a long-term downward trend in consumption. As shown in the previous figure, although tax collections from cigarettes have been increasing, consumption has been declining. The increase in collections is primarily a result of the amount of the tax. The decline in consumption reflects the impact of increased public awareness of the adverse health effects of smoking, smoking restrictions imposed by governments, anti-smoking education programs, rising costs and changes in consumer preferences toward other types of tobacco. Declines in taxable consumption have also been exacerbated by evasion.



*2014-15 is estimated
 *2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

Motor Fuel Tax

Motor fuel and diesel motor fuel taxes are imposed by Article 12-A of the Tax Law upon the sale, (generally for highway use,) of motor fuel and diesel motor fuel. The motor fuel tax is levied primarily on fuel used in motor vehicles operating on the public highways of the State or on fuel used in recreational motorboats operating on the State's waterways.

A motor fuel tax of two cents per gallon was imposed on gasoline motor fuel in 1929. The tax on gasoline was increased to three cents in 1932, to four cents in 1937, to six cents in 1956, to seven cents in 1959 and to eight cents in 1972.

A motor fuel tax of two cents was imposed on diesel motor fuel in 1936. The tax on diesel fuel was increased to four cents in 1947, to six cents in 1956, to nine cents in 1959 and to ten cents in 1972. The tax on diesel fuel was reduced to eight cents in 1996.

Motor fuel tax collections are a function of the number of gallons of fuel imported into the State by distributors and any change in the relevant tax law. Gallonage is determined in large part by fuel prices, the amount of fuel held in inventories, the fuel efficiency of motor vehicles and overall state economic performance. Hence, fuel tax collections are an indirect function of fuel prices. The collections from the motor fuel tax do not fluctuate significantly from year to year since the number of gallons of fuel imported into the State does not fluctuate significantly, as shown in the above figure.

For SFY 2014-15, All Funds collections from the motor fuel tax are estimated to be \$489 million, a 2.7% increase from SFY 2013-14 collections. For SFY 2015-16, collections are projected to decline to \$484 million. Currently, all motor fuel receipts are deposited into the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund. There are no General Fund deposits for this tax.

Alcoholic Beverage Tax

New York State imposes excise taxes at various rates on liquor, beer, wine and specialty beverages. Overall, per capita consumption of taxed beverages and receipts has remained fairly constant in recent years with declines in one beverage class being offset with increases in others, due to shifts in consumer preferences. Currently, all receipts from the alcoholic beverage tax are deposited in the General Fund.

For SFY 2014-15, alcoholic beverage tax collections are estimated to be \$251 million, which represents \$0.7 million increase from collections in SFY 2013-14. For SFY 2015-16, collections are projected to be \$256 million.

Alcoholic beverage tax revenue is a function of any type of tax law change, the general trend of beverage sales, and the consumer price index of alcoholic beverages. In SFY 2009-10, the tax rate on beer increased from 11 cents to 14 cents per gallon and the rate on wine increased from 19 cents to 30 cents per gallon. Refunds are usually minimal for this tax.

Auto Rental Tax

The Auto Rental Tax is imposed on vehicles rented by a resident or a nonresident, regardless of where the vehicle is registered. The tax does not apply to a car lease covering a period of one year or more. Receipts from the auto rental tax are influenced by the overall health of the economy, particularly the general trend of consumer and business spending on travel.

Since June 1, 1990, the State has imposed a 5% tax on charges for the rental or use of a passenger car with a gross vehicle weight of 9,000 pounds or less. In June 2009, the rate was increased to 6% and a 5% tax was imposed on the rental of vehicles within the Metropolitan Commuter Transportation District.

Auto Rental Tax collections are estimated to increase from \$114 million in SFY 2013-14 to \$124 million in SFY 2014-15, or 8.8%. Collections are projected to increase to \$129 million in SFY 2015-16, or 3.9% over SFY 2014-15 collections. Generally, this increase reflects the continuing growth in New York tourism.

Highway Use Tax:

Articles 21 and 21-A of the Tax Law imposes a highway use tax on commercial vehicles using the public highways of the State. Highway use tax revenues are derived from the following three sources:

- The Truck Mileage Tax
- The Fuel Use Tax
- Registration fees

Currently, all highway use tax receipts are deposited to the Dedicated Highway and Bridge Trust Fund.

The Truck Mileage Tax (TMT) is levied on commercial vehicles having a loaded gross weight of more than 18,000 pounds, or an unloaded weight in excess of 8,000 pounds for trucks and 4,000 pounds for tractors. The tax is imposed at rates graduated according to the gross vehicle weight. In addition, a supplemental tax equal to the base truck mileage tax was imposed in 1990. Effective January 1, 1999, the supplemental tax was reduced by 50%, and effective April 1, 2001, the supplemental tax was reduced by an additional 20% of the remaining tax.

For SFY 2014-15, All Funds collections from the highway use tax are estimated to be \$136 million, virtually no change from SFY 2013-14. In SFY 2015-16, highway use tax collections are projected to total \$145 million, an increase of 6.6%). Highway use registration fees are expected to increase by \$7 million since this is a triennial renewal year. Also, current year projections assume that with increased enforcement and improved economic conditions, truck mileage tax receipts will increase significantly. No Highway Use Tax receipts are deposited into the General Fund.

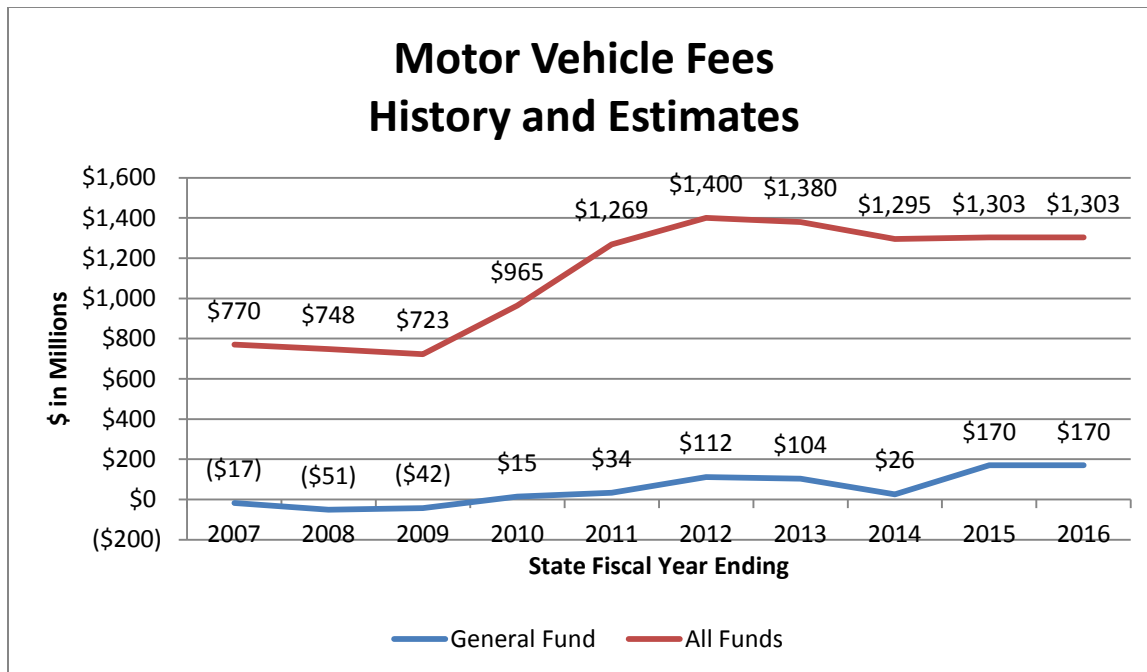
Motor Vehicle Fees (General Fund and All Funds Miscellaneous Receipts)

Motor vehicle fees are imposed under the Vehicle and Traffic Law. These fees include registrations for motor vehicles operated in the State, fees for drivers' licenses, and other fees such as fees for inspection and emission stickers, repair shop certificates, and insurance civil penalties. Certain vehicles registered in New York are exempt from registration fees. The

exemptions include, vehicles owned by the State or municipalities; passenger vehicles owned by consular offices, provided reciprocity is granted; and vehicles owned and used for the transportation of animals by societies for the prevention of cruelty to animals.

Most vehicle registration fees in New York are based on weight except for buses, which are charged according to seating capacity, and semi-trailers, which are charged a flat fee. Vehicle registration and driver licensing fees are a function of fee schedules, the number of licensed drivers and registered vehicles, and the number of years between license and vehicle registration renewals. Historically, the collections from motor vehicle fees are not significantly impacted by economic conditions. Collections from these fees are impacted more by changes in the fee or renewal schedules. Proceeds from these fees are deposited into the General Fund and various special revenue funds.

From September 2009, most registration fees have increased by 25%, license fees and the photo fee have also increased by 25%. Legislation has imposed a supplemental fee of \$25 on registrations and \$1 per six months on licenses in the Metropolitan Commuter Transportation District (MCTD). In April, 2010, legislation increased the fee for license plate issuance from \$15 to \$25. In the SFY 2013-14 Enacted Budget, significant steps were made to reduce the cash flow irregularities to the Dedicated Funds. The General Fund transfer of \$169.4 million was eliminated and all the revenues from the Driver Responsibility Act are now directed to the Dedicated Highway and Bridge Trust Fund as originally intended. Motor vehicles fees are largely used to support the State transportation system.



*2014-15 is estimated

*2015-16 is current law

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

Before SFY 2012-13, assessments and fines were not included in the motor vehicle fee total.

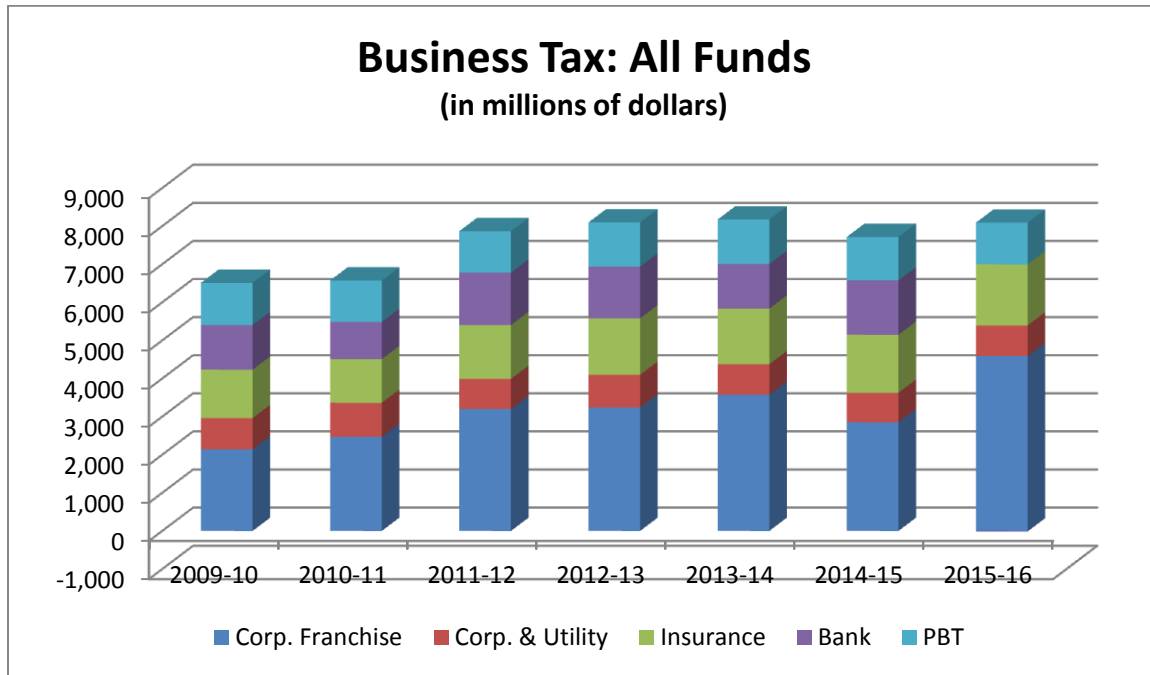
In SFY 2014-15, All Funds collections from motor vehicle fees are estimated to be \$1.30 billion, a 2.5% increase in collections from SFY 2013-14. General Fund collections are projected at \$170.0 million.

For SFY 2015-16, All Funds collections from motor vehicle fees are projected to total \$1.30 billion, no change from the current SFY. General Fund collections for SFY 2015-16 are also projected at \$170 million.

Alcoholic Beverage License Fees (General Fund Miscellaneous Receipts)

New York State distillers, brewers, wholesalers, retailers, and others who sell alcoholic beverages are required by law to be licensed by the State Liquor Authority. On a General Fund basis, alcoholic beverage license fee collections are estimated to be \$56 million in SFY 2014-15, a 13% decrease from SFY 2013-14. For SFY 2015-16, General Fund collections are projected to increase to \$65 million, a 13% rise from SFY 2014-15.

BUSINESS TAXES



*2014-15 is estimated

*2015-16 is projected

Source: NYS Department of Taxation and Finance, NYS Senate Finance Committee – Democratic Conference

Business taxes in New York are imposed on various aspects of a business’ income. The Corporate Franchise Tax and the Bank Tax are imposed on a business’ entire net income; the Corporate Utility Tax is imposed on the gross receipts of the business; and the Insurance Tax is imposed on premiums. The Petroleum Business Tax is imposed on the gross receipts from the sale of various petroleum products by the business. Tax rates are indexed with annual adjustments made in January of each year to the base and supplemental tax rates to reflect the percentage change in the Producer Price Index (PPI) for refined petroleum products for the 12 months ending August 31 of the preceding year.

In addition, all businesses which are located within the Metropolitan Commuter Transportation District, except for those subject to the petroleum business tax, are subject to the Metropolitan Transportation Authority (MTA) surcharge. This surcharge is imposed at a rate of 17% of the filer’s tax liability and is used to support mass transit systems in the New York City metropolitan area.

In March, calendar year filers are required to make a first installment payment based on the taxpayer's prior year liability. Filers then make estimated payments in June, September, and December based on projected liability for the current tax year. A final settlement is made in March, along with the next mandatory prepayment. As of January 1, 2010, the mandatory March prepayment was increased from 30% to 40% of the taxpayer's prior year liability. Fluctuations in the estimated payments and final settlement account for most of the variation in tax collections from year to year. These payments are affected by changes in taxpayers' liability, which are driven by economic performance.

All Funds aggregate State business tax receipts are estimated to total \$7.76 billion for SFY 2014-15. This represents a 6.3% decrease over the \$8.25 billion collected in SFY 2013-14. General Fund collections are expected to total to \$5.57 billion for the current fiscal year, a decrease of 9.0% from SFY 2013-14.

For SFY 2015-16, aggregate All Funds business tax receipts are projected to increase by 5.5%, totaling \$8.19 billion. General Fund receipts are projected to increase to \$5.91 billion, an increase of 6.1%.

Corporate Franchise Tax

Levied by Articles 9-A and 13 of the New York Tax Law, the Corporate Franchise Tax collects receipts from domestic and foreign corporations for the privilege of exercising their corporate franchise or doing business, employing capital, owning or leasing property, or maintaining an office in New York. Article 13 imposes a 9% tax on unrelated business income from not-for-profit organizations. The Corporation Franchise Tax accounts for the most revenue of all business taxes, approximately 40% of business tax receipts.

Article 9-A consists of business entities that are classified as either C Corporations or S Corporations. According to the New York State Corporate Tax Statistical Report, C Corporations made up only 41% of the total number of Article 9-A filers, yet accounted for 96% of the tax liability. For C Corporations, the Tax Law mandates that the tax liability be calculated by using four different bases, entire net income (ENI), alternative minimum, allocated business

and investment capital, and the fixed dollar minimum. Taxes are collected on the base which yields the highest liability.

Unlike C Corporations, which have their tax liability determined at an entity level, S corporations have their tax liability determined at a member level. That is, the income of the S corporation is distributed to the members of the corporation who then pay the tax on such income under the personal income tax. However, S Corporations are subject to the fixed dollar minimum tax under Article 9-A at rates stipulated in the Tax Law. These rates are based on the amount of the taxpayer's payroll which includes the salaries of the general executive officers.

For SFY 2014-15, All Funds receipts are estimated to total \$2.95 billion, a decrease of 23.7% from SFY 2013-14. This decrease is mainly attributable to manufacturing tax reductions enacted in 2013 and 2014, lower audit receipts, and higher refunds due to the first year of the payback of tax credit claims deferred in Tax Years 2010-2012. General Fund receipts are estimated to total \$2.42 billion, a decrease of 35% over SFY 2013-14 resulting from the factors cited above.

For SFY 2015-16, All Funds receipts are projected to increase to \$4.67 billion which represents a 58% increase over the current year. The large increase in Corporate Franchise Tax receipts and the commensurate massive decline in Bank tax receipts beginning in SFY 2015-16 are the result of the repeal of the Bank Tax and resultant imposition of the Corporate Franchise Tax on former bank taxpayers effective for State Tax Year 2015.

For SFY 2015-16, on a General Fund basis, receipts are projected to increase to \$3.87 billion, a 60% increase over the current SFY.

Corporation and Utilities Tax

Specialized industries including public utilities, newly organized or reorganized corporations, out-of-State corporations doing business in New York State, transportation and transmission companies, and agricultural cooperatives are required to pay taxes and fees under Article 9 of the Tax Law. Historically, a majority of Article 9 revenues have been derived from public utilities as well as the transportation and telecommunications industries. However, due to regulatory and

statutory changes over the last six years, the telecommunications industry has become the primary source of corporation and utilities tax revenues.

For SFY 2014-15, All Funds collections are estimated to total \$773 million, an decrease of 3.5% from SFY 2013-14. General Fund receipts are estimated to total \$599 million, a 4.1% decrease from the prior fiscal year.

All Funds receipts are projected to increase to \$828 million in SFY 2015-16, an increase of 7.1%. Next year, General Fund receipts are projected to increase 4.9% to \$637 million from \$599 million. This increase is primarily attributable to expected modest growth in 2015 liability payments over the prior year.

Insurance Tax

Article 33 of the State Tax Law imposes taxes on insurance companies, insurance brokers, and certain insurers for the privilege of conducting business in the State. A premiums-based tax is levied on non-life insurers and independently procured insurance. Accident and health premiums received by non-life insurers are taxed at the rate of 1.75% and all other premiums received by non-life insurers are taxed at the rate of 2%. A \$250 minimum tax applies to all non-life insurers.

The insurance tax on life insurance companies is imposed on two components. The first component is the highest of four alternative bases, similar to the corporate franchise tax. An additional eight-tenths of a cent rate applies to each dollar of subsidiary capital allocated to New York. The second component is an additional franchise tax on gross premiums, less returned premiums. The tax rate on premiums is 0.7% and applies to premiums written on risks located or resident in New York.

All Funds Insurance Tax receipts are estimated to total \$1.52 billion in SFY 2014-15, an increase of 5.7% over SFY 2013-14 receipts. The State transitioned the medical portion of the Empire Plan to self-insurance, effective January 1, 2013. This resulted in lower State Tax Year 2013 liability as the State no longer remits the insurance tax as a part of a premium payment. General

Fund receipts for SFY 2014-15 are estimated at \$1.372 billion, an increase of 5.7 % over the prior year. Strong premiums growth accounts for the majority of this increase. SFY 2014-15 remaining General Fund collections are estimated to be \$30 million higher than the same period in SFY 2013-14.

All Funds collections are projected to total \$1.61 billion in SFY 2015-16, an increase of 17.4% from SFY 2014-15 collections. General Fund receipts are forecast to increase to \$1.43 billion, a 4.7% growth from the current year. Receipts in SFY 2015-16 reflect underlying growth in premiums.

Bank Tax

Bank Tax revenues are collected under Article 32 of the State Tax Law. The tax is imposed on banking corporations conducting business in New York State, broken down into three groups: clearinghouse, savings institutions, and other commercial banks. Similar to Article 9-A requirements, Bank Tax liability is computed under four alternative bases, alternative minimum, entire net income (ENI), asset base, and a fixed dollar minimum. Liability is collected on the highest of these bases.

Banks conducting business in the Metropolitan Commuter Transportation District (MCTD) are also subject to a 17% surcharge on the portion of the total tax liability allocated to the MCTD. The collections from the surcharge are deposited into the Mass Transportation Operating Assistance Fund (MTOAF).

In the SFY 2014-15 State Enacted Budget, the State's Bank Tax (Article 32) was eliminated and merged with the Corporation Franchise Tax (Article 9-A). SFY 2015-16 Executive Budget Bank Tax revenue projections reflect this merger.

For SFY 2014-15, All Funds receipts are estimated to total \$1.37 billion, an increase of 32% over SFY 2013-14. General Fund receipts are estimated to amount to \$1.19 billion, an increase of 33.7%. The y/y increase is largely driven by higher audits.

In SFY 2015-16, All Funds and General Fund receipts are projected to decrease to (\$38 million) and (\$10 million), respectively. The State is still responsible for sending out Bank Tax refunds from previous years' activities.

Petroleum Business Tax

Petroleum Business Taxes (PBT) are levied under Article 13-A of the State Tax Law on petroleum related businesses based upon the quantity of various petroleum products imported for sale or use in the State. PBT rates are annually indexed on January 1st of each year to reflect the twelve month change in the Petroleum Producers Price Index ending the previous August 13th. Rates are limited to a maximum 5% increase or decrease per year.

Base PBT collections are deposited into both the Mass Transportation Operating Assistance Fund and the Dedicated Transportation Funds Pool. All receipts collected from the supplemental tax and carrier tax are also deposited into the Dedicated Funds Pool, whose collections are then divided between the Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund. No deposits are made into the General Fund.

Petroleum Business Tax All Funds receipts are estimated to total \$1.14 billion in SFY 2014-15, \$14.5 million, or 1.2% less than SFY 2013-14. This decrease is primarily due to the 0.8% decrease in the PBT rate index on January 1, 2014. Also, gasoline receipts are expected to decrease by \$16 million; diesel receipts are estimated to increase by \$2.1 million. PBT tax rates were set in January 2014.

All Funds receipts are projected to total \$1.09 billion in SFY 2015-16, a 3.9% decrease from SFY 2014-15. This decrease is primarily due to the 3.2% and estimated 5.0% decreases in the PBT index effective on January 1, 2015 and January 1, 2016, respectively.

OTHER TAXES

Estate Tax

New York imposes a tax on the estates of deceased State residents and on the part of a nonresident estate made up of real and tangible personal property located within New York State. The New York Estate Tax is based on the estate tax provisions of the Federal Internal Revenue Code, with New York modifications.

New York's estate taxes are not required to be remitted until nine months following a person's death. As a result, the amount of estate taxes paid in any particular month is not a reflection of the current economy, but the economy at the time of death. The estate tax revenue is a function of household's real net worth, related indirectly to the stock index and any kind of tax law change, specifically related to credit exemption on the value of inherited estates. These collections are also a function of the size of the estates on which the taxes are paid.

The SFY 2014-15 Enacted State Budget included Estate Tax reform. This measure replaced the unified threshold of \$1 million with an applicable credit equal to the tax on a basic threshold amount equal to \$2,062,500 for those dying in SFY 2014-15; \$3,125,000 in SFY 2015-16; \$4,187,500 in SFY 2016-17; and, \$5,250,000 from April 1 2017 to December 31, 2018. The basic threshold will equal the Federal basic threshold amount with annual indexing for those dying on or after January 1, 2019.

Estate taxes are estimated to decrease in SFY 2014-15 to \$1.169 billion from the SFY 2013-14 level of \$1.283 billion. This represents a decrease of 9.7%.

Tax collections are projected to decrease by \$44 million (3.8%) to \$1.10 billion in SFY 2015-16. The lack of extra/super large estate tax payments and raising the Estate Tax threshold account for the decreases.

Real Estate Transfer Tax

The New York State Real Estate Transfer Tax (RETT) is imposed by Article 31 of the Tax Law on each conveyance of real property or interest therein, when the consideration exceeds \$500, at a rate of \$4 per \$1,000 of consideration (price). The tax became effective August 1, 1968. Prior to May 1983, the rate was \$1.10 per \$1,000 of consideration. Effective July 1, 1989, an additional 1% tax was imposed on residential conveyances for which the consideration is \$1 million or more.

Real Estate Transfer Tax receipts are a function of the number and type of conveyance and the consideration per conveyance. Conveyances and prices are largely determined by mortgage rates, vacancy rates and inflation. The Manhattan commercial real estate market, which has historically been subject to large swings in demand and capacity, can have a significant impact on receipts. No revenue from this tax is deposited into the General Fund.

Real Estate Transfer Tax collections for SFY 2014-15 are estimated to be \$1.02 billion which is \$78.6 million, or 9.6%, more than SFY 2013-14. This year, commercial transactions and Real Estate Investment Trusts (REITs) are experiencing growth following a perceived rise in investor confidence. Refund activity is expected to be minimal this year.

Real Estate Transfer Tax collections for SFY 2015-16 are projected to be \$1.05 billion, which represents a 2.9% increase of from the current year. Residential sales and Mansion Tax receipts are projected to represent the majority of the \$47 increase in SFY 2015-16, while commercial and REIT transactions are projected to level off. Both the average existing home price and housing starts are expected to continue to slowly rise.

Metropolitan Commuter Transportation Mobility Tax (MTA Payroll Tax)

Established in 2009, the MTA payroll tax, provides additional revenue to the Metropolitan Transportation Authority. Originally, the tax imposed a rate of 0.34% on the payrolls of certain employers and self-employed individuals doing business within the Metropolitan Commuter Transportation District. In December 2011, the Mobility Tax was modified.

Chapter 56 of the Laws of 2011 amended sections 800 and 801 of Article 23 of the Tax Law relating to the Metropolitan Commuter Transportation Mobility Tax (MCTMT). Section 801(a) of the Tax Law that imposes the MCTMT on self-employed individuals has been amended. For tax years beginning on or after January 1, 2012, an individual will be subject to the MCTMT only if his or her net earnings from self-employment attributable to the MCTD exceed \$50,000 for the tax year. Prior to the amendment, an individual was subject to the MCTMT only if his or her net earnings from self-employment attributable to the MCTD exceeded \$10,000 for the tax year. The rate of the MCTMT for self-employed individuals (0.34%) has not changed.

Section 800(b) of the Tax Law that defines employer for purposes of the MCTMT has been amended. Effective for the calendar quarter beginning on April 1, 2012, the quarterly payroll expense threshold that an employer must exceed to make the employer liable for the MCTMT increased from \$2,500 in any calendar quarter to \$312,500 in any calendar quarter. In addition, employers that meet the definition of eligible educational institutions are no longer subject to the MCTMT.

An eligible educational institution means any public school district, a board of cooperative education services, a public elementary or secondary school, a school approved pursuant to Article 850-89 of the Education Law to serve students with disabilities, or a non-public elementary or secondary school that provides instruction in grade one or above. No receipts from this tax are deposited into the General Fund.

All Funds receipts for SFY 2014-15 are estimated to total \$1.26 billion, an increase of \$57.8 million or 1.4%. The Mobility Tax receipts estimate largely consist of gross taxes on certain

employers (\$1.18 billion) and self employed individuals (\$123 million) less refunds and other offsets.

In SFY 2015-16, receipts are projected to increase by a net 6.1%, or \$79 million from the current SFY, totaling \$1.33 billion. This revenue stream to the MTA generally reflects higher gross receipts and self-employment remittances throughout the MCTD.

Miscellaneous Receipts – Lottery

All Funds SFY 2014-15 receipts are estimated to be \$3,092 million, a decrease of \$85.7 million (3.3 percent) from SFY 2013-14. Unspent administrative allowances and miscellaneous income account for \$394 million of receipts.

All Funds SFY 2015-16 receipts are projected to be \$3,171 million, an increase of \$79 million, or 2.5 percent, from SFY 2014-15. Unspent administrative allowances and miscellaneous income account for \$400 million of receipts. All games will benefit from an extra week of sales deposits in FY 2016. This total does not include revenue from casino gaming.