



Economic Outlook for NY Tax Revenues

Kajal Lahiri, Distinguished Professor of Economics

Work done in conjunction with Cheng Yang, PhD (SUNY Albany)

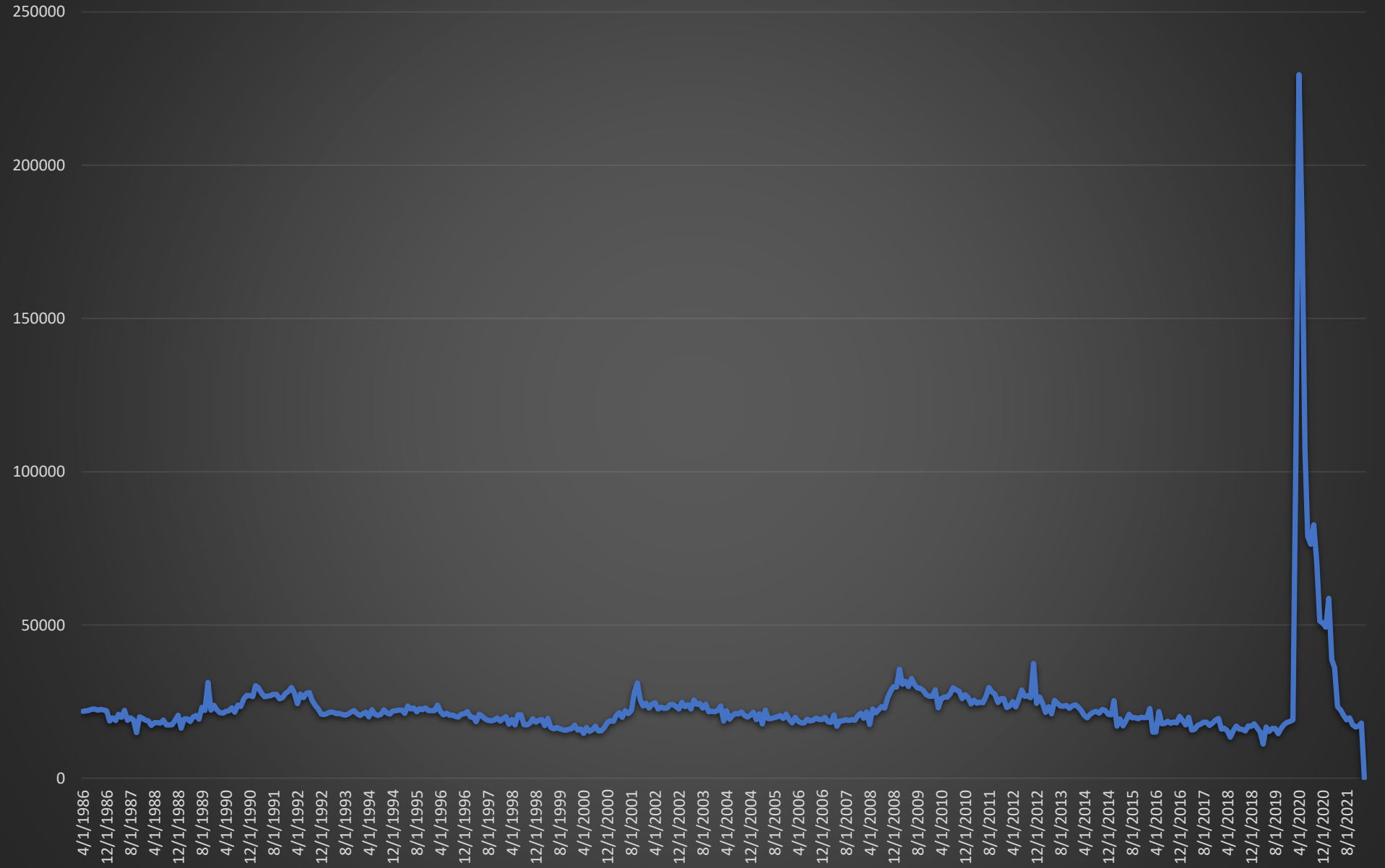
NYS 2022 Economic and Revenue Consensus Forecasting Conference

February 28, 2022

UNLEASH
GREATNESS

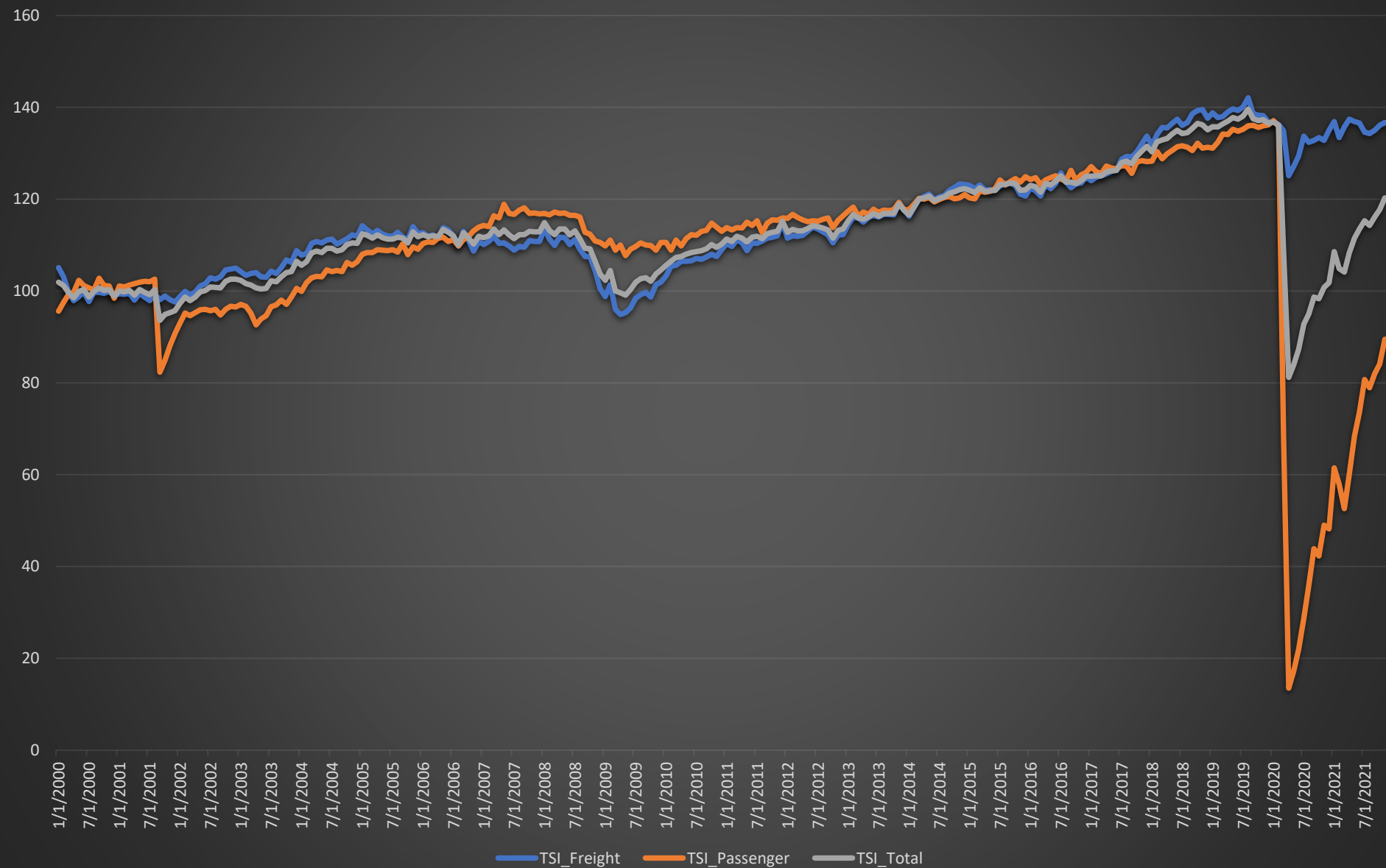


Initial Claims: New York



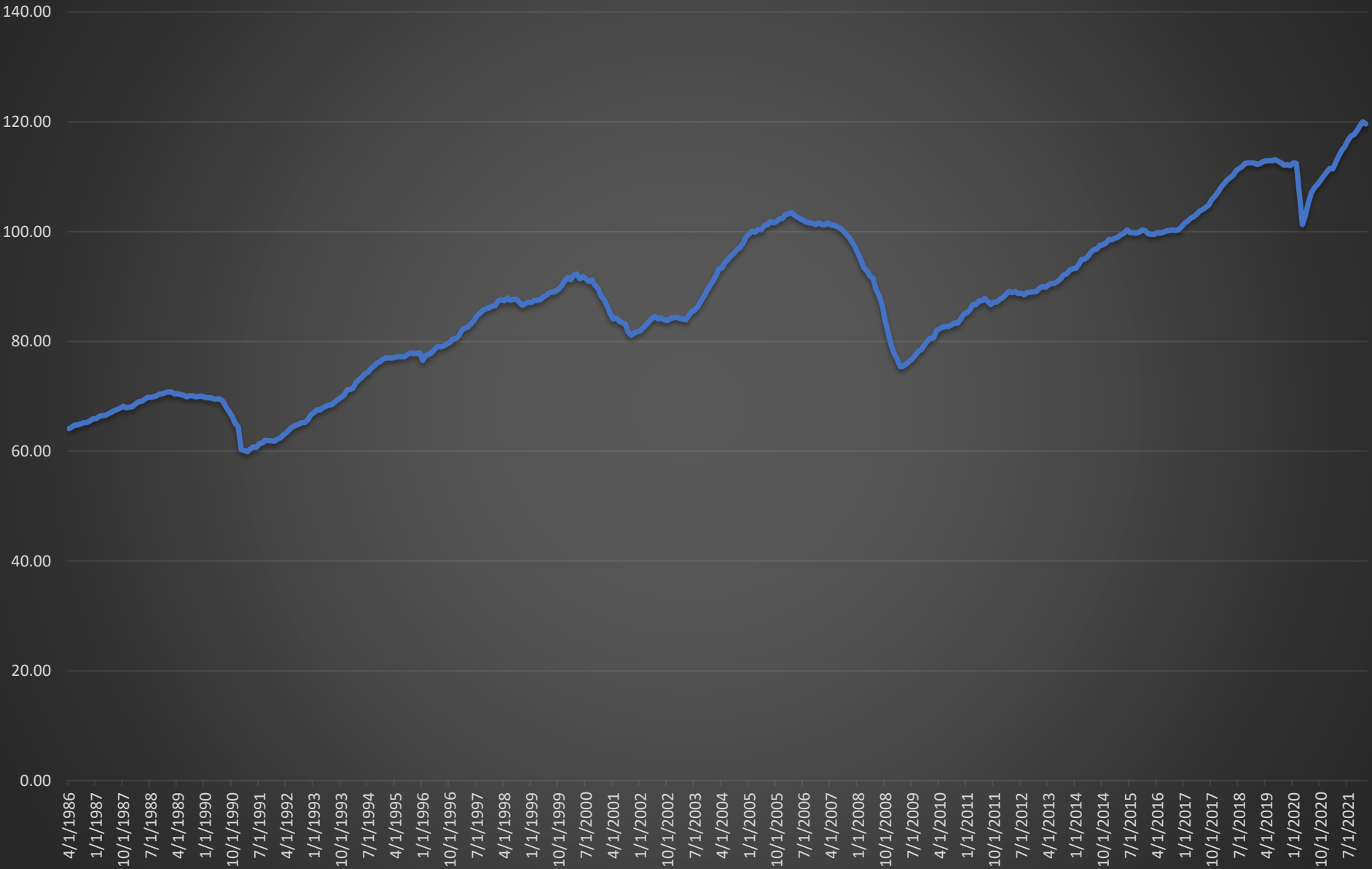


Transportation Service Index



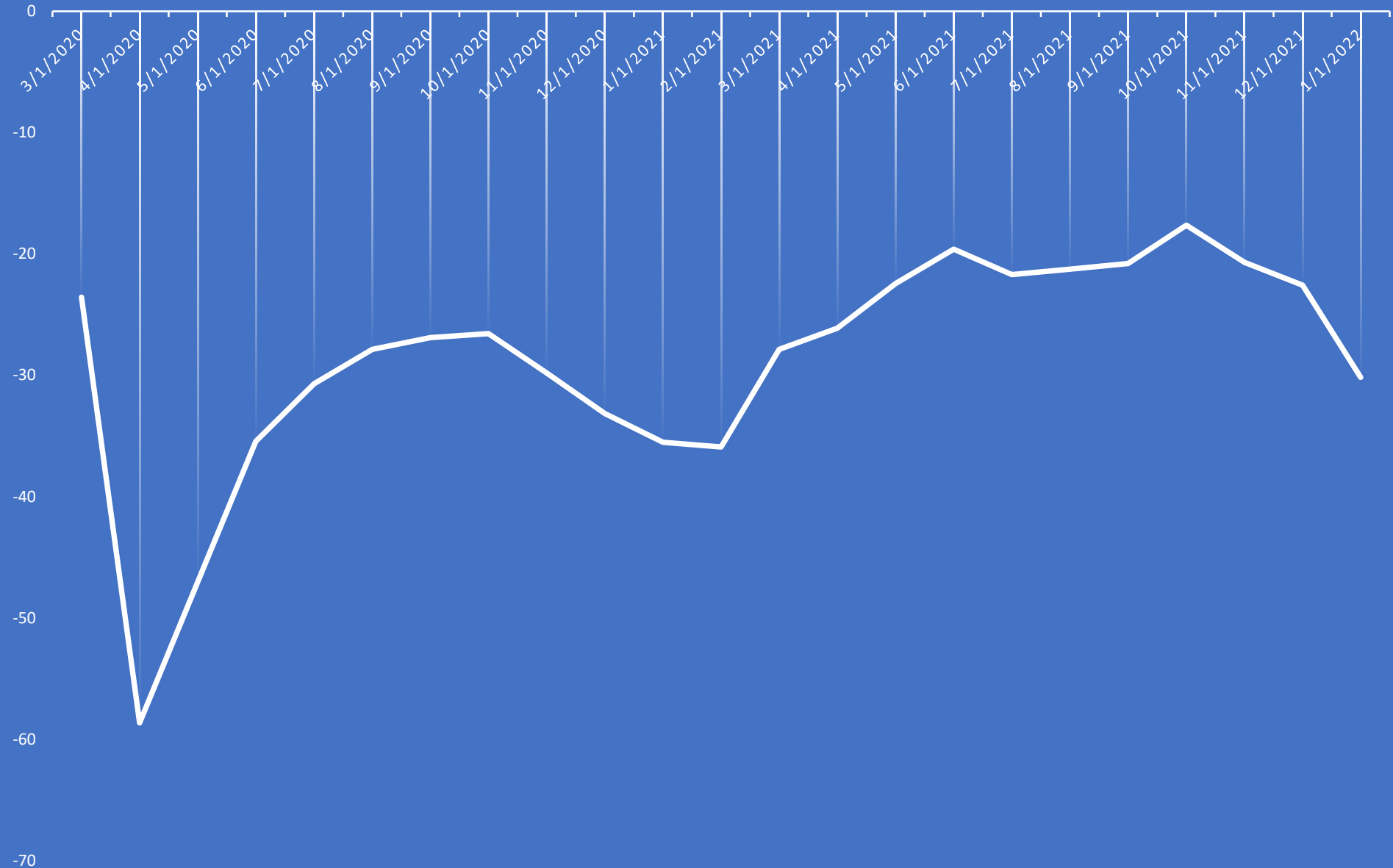


Leading Economic Index



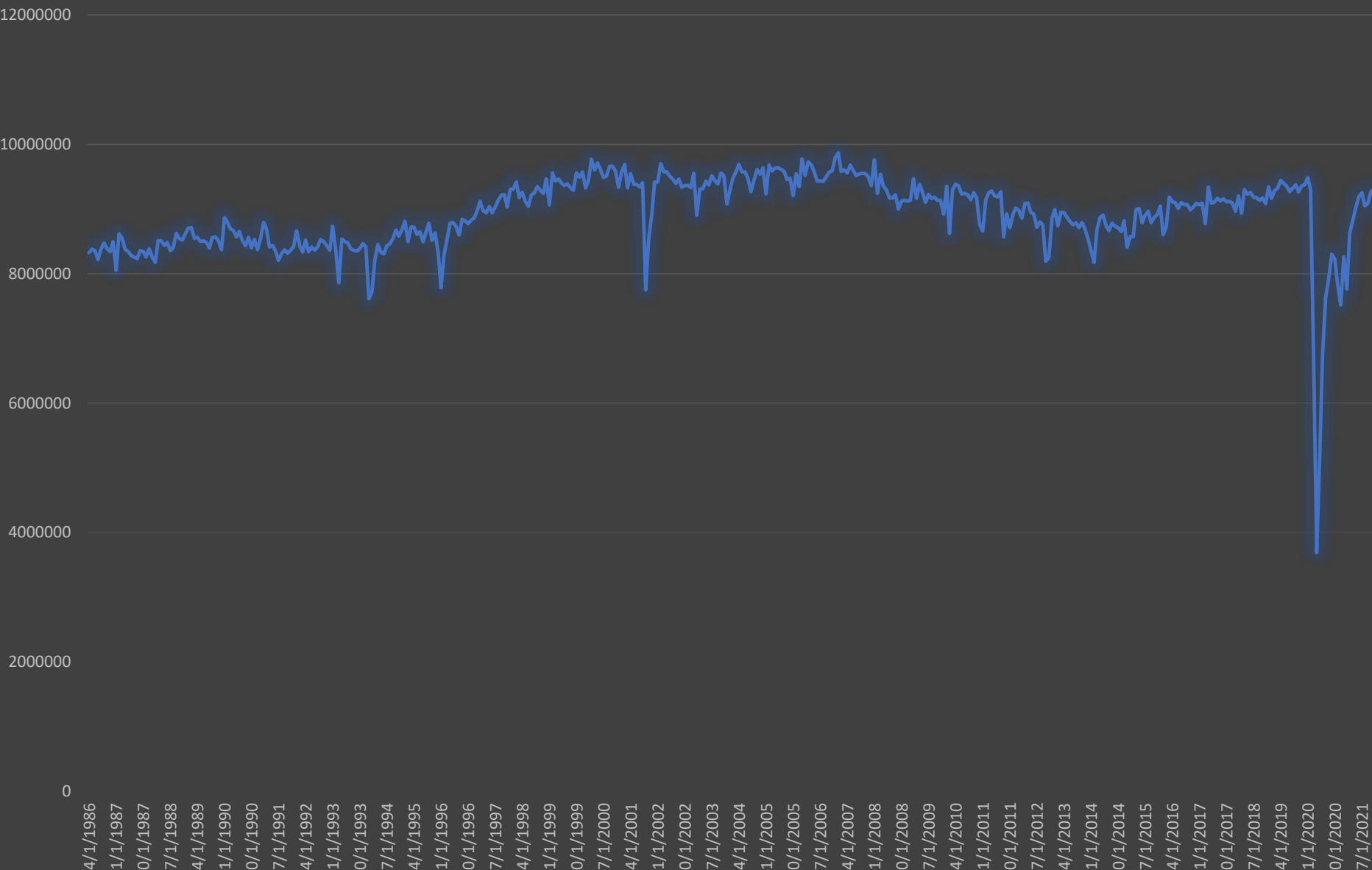


GOOGLE MOBILITY: AVERAGE OF RETAIL/RECREATION AND WORKPLACE



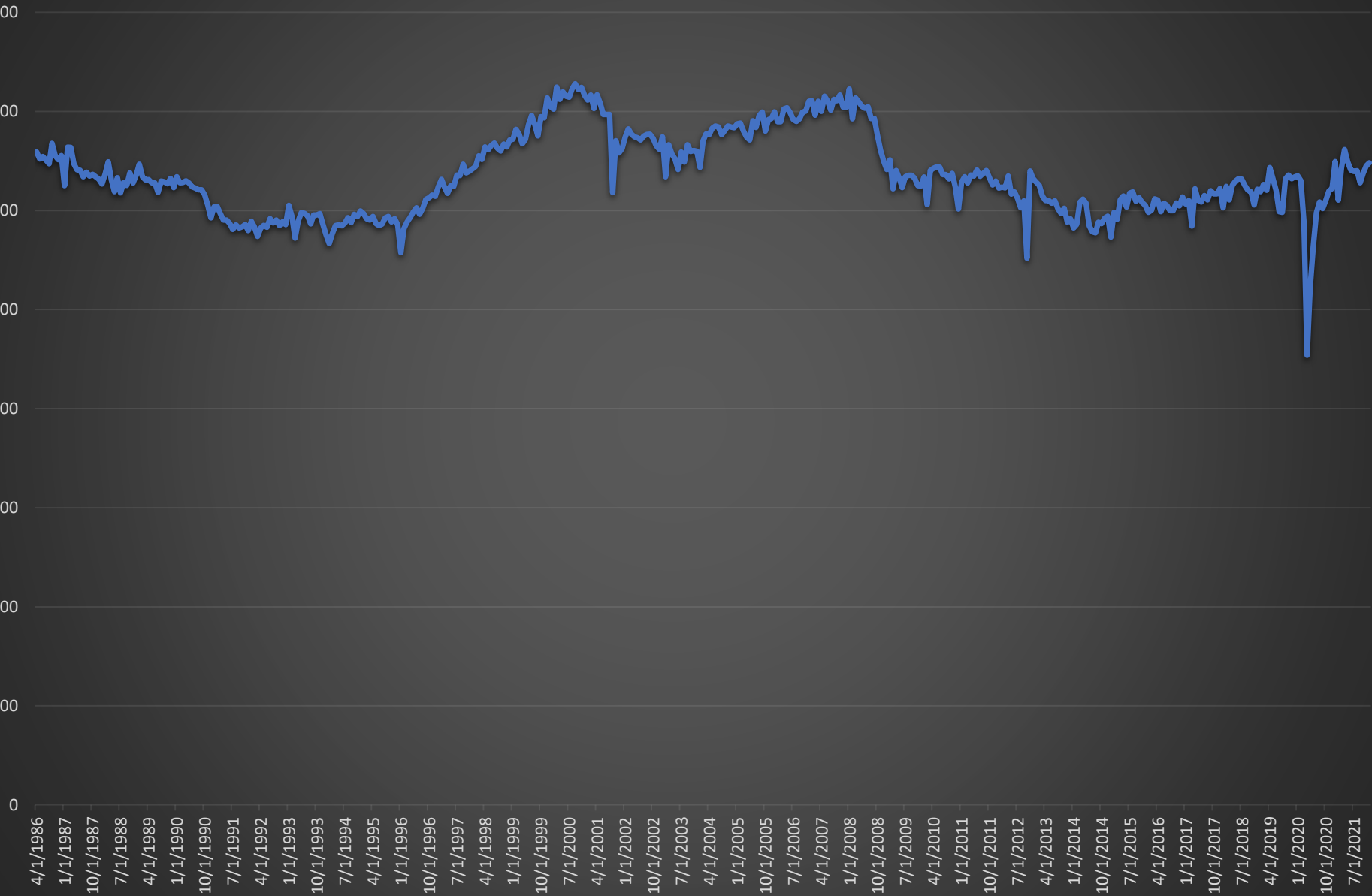


AUTO TRAFFIC, SIX PANYNJ CROSSINGS



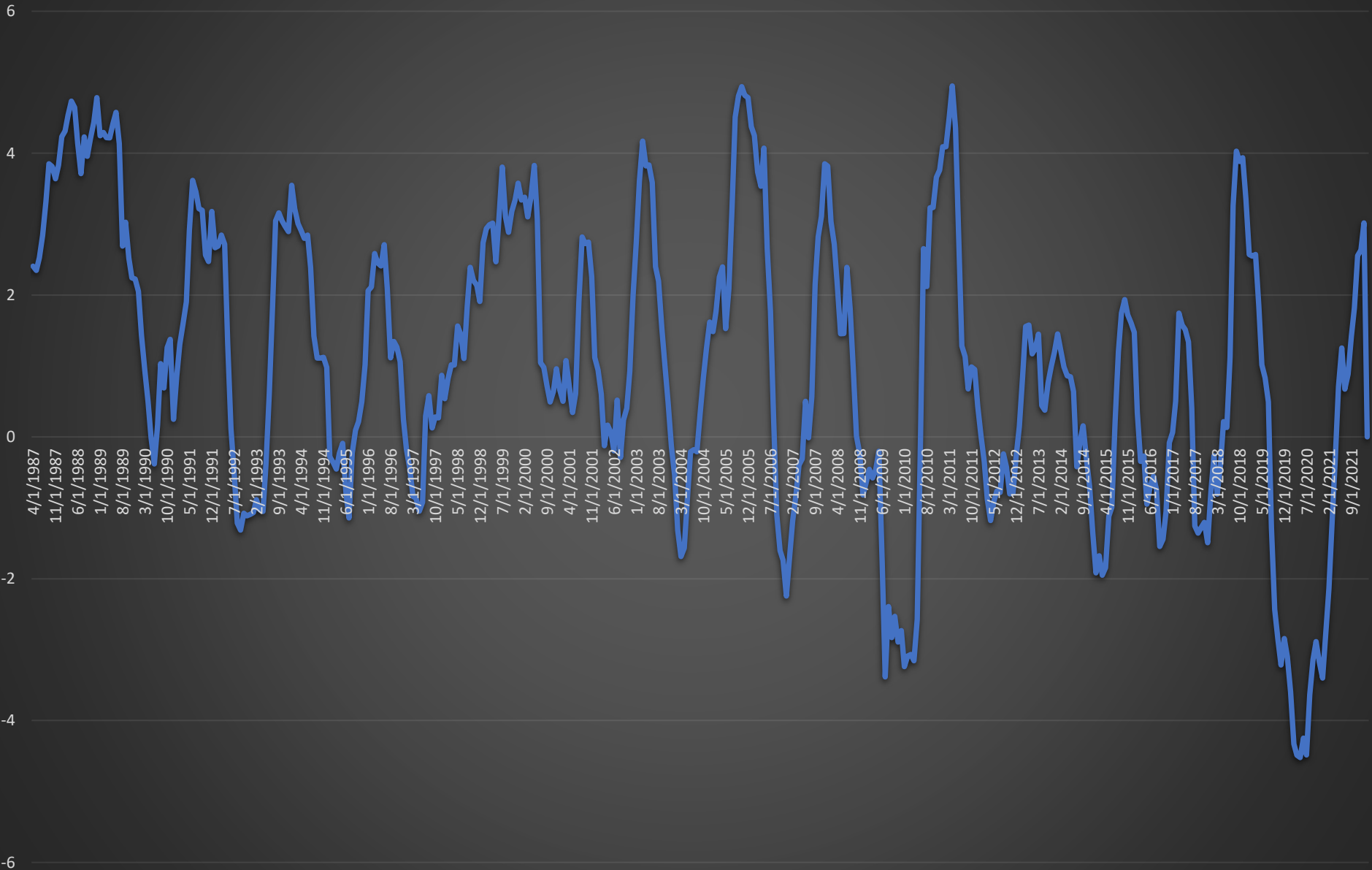


Truck Traffic, Six PANYNJ Crossings



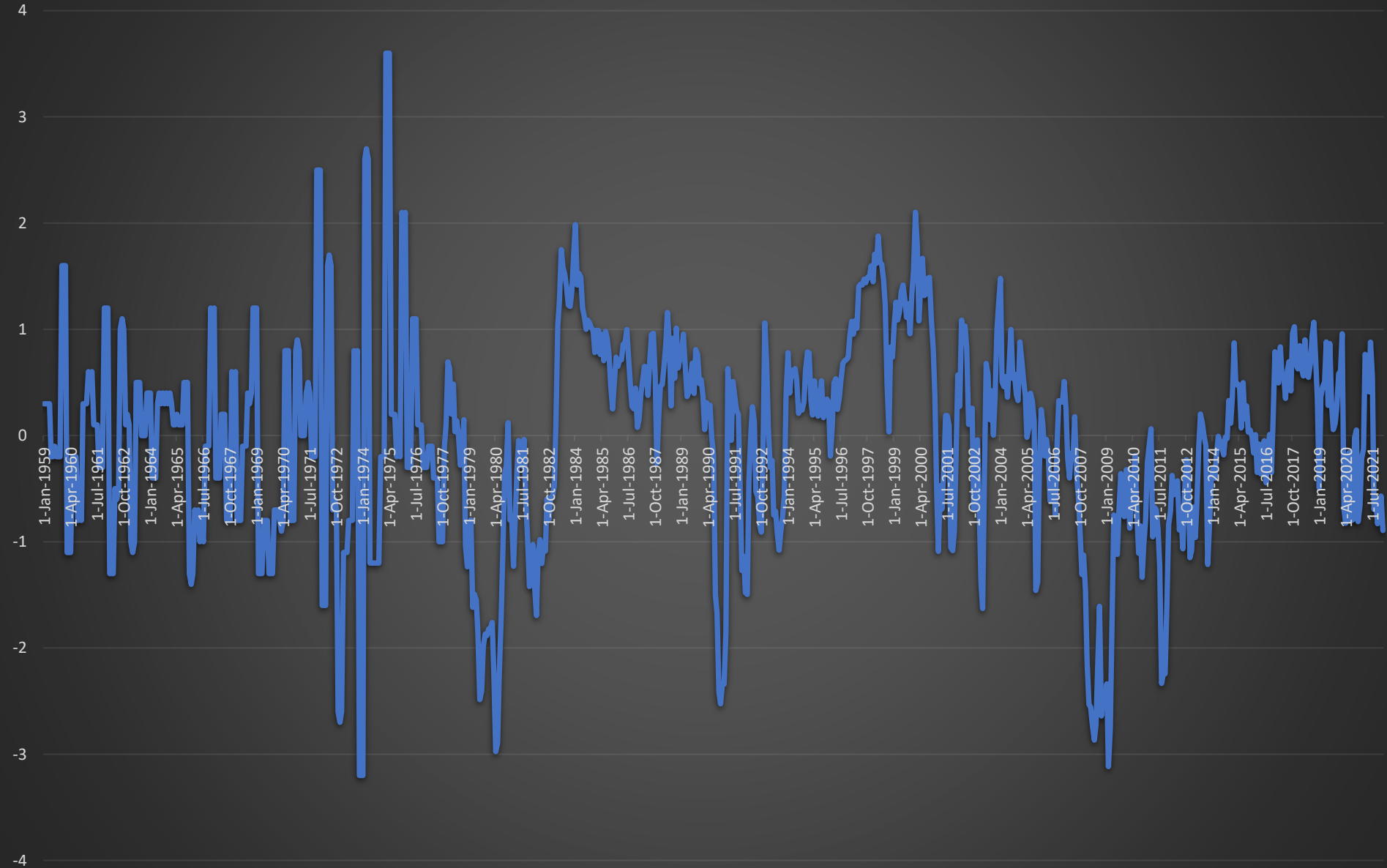


New York Electricity Generation: percentage change from year ago



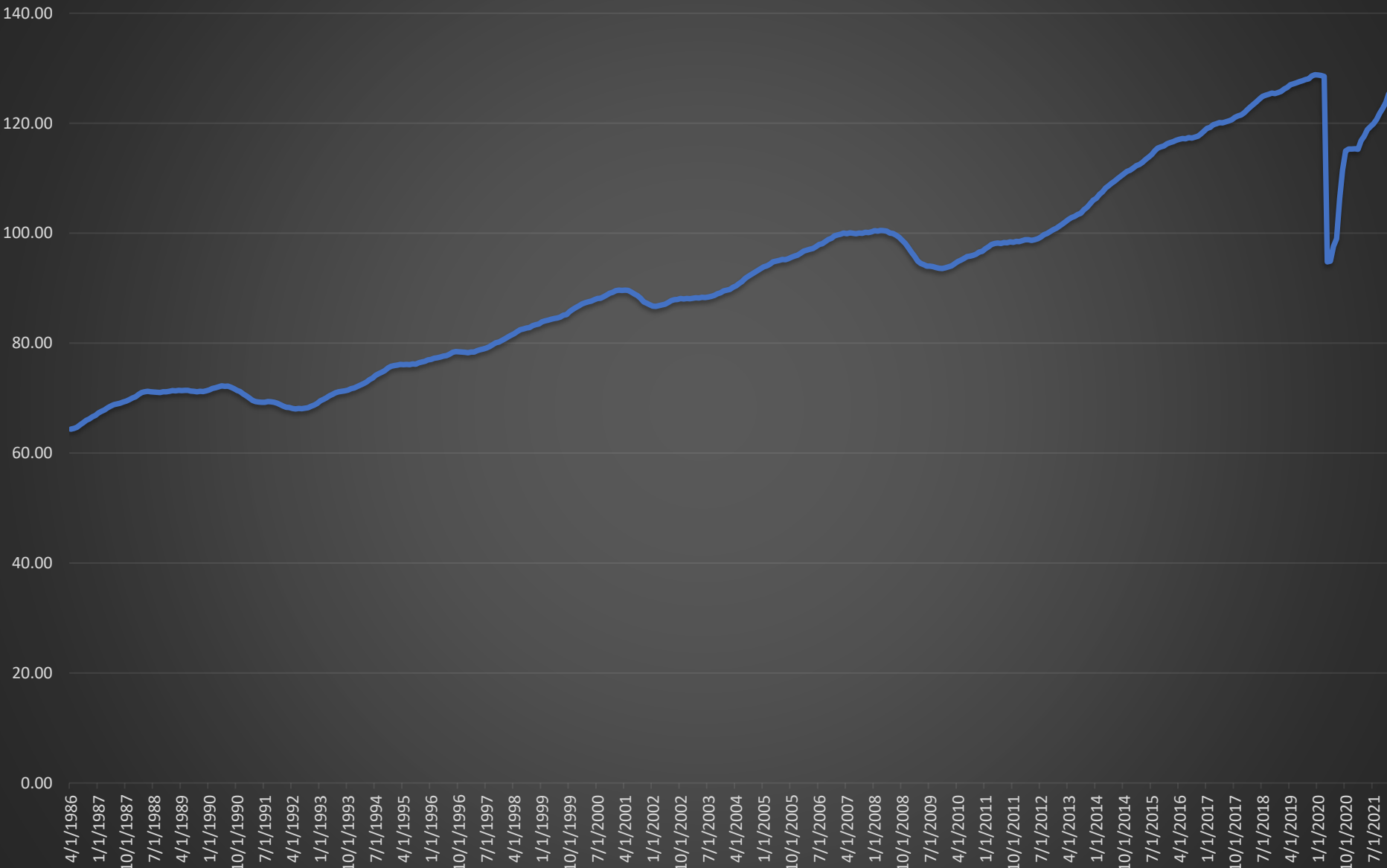


Average Consumer Expectations for Business Conditions



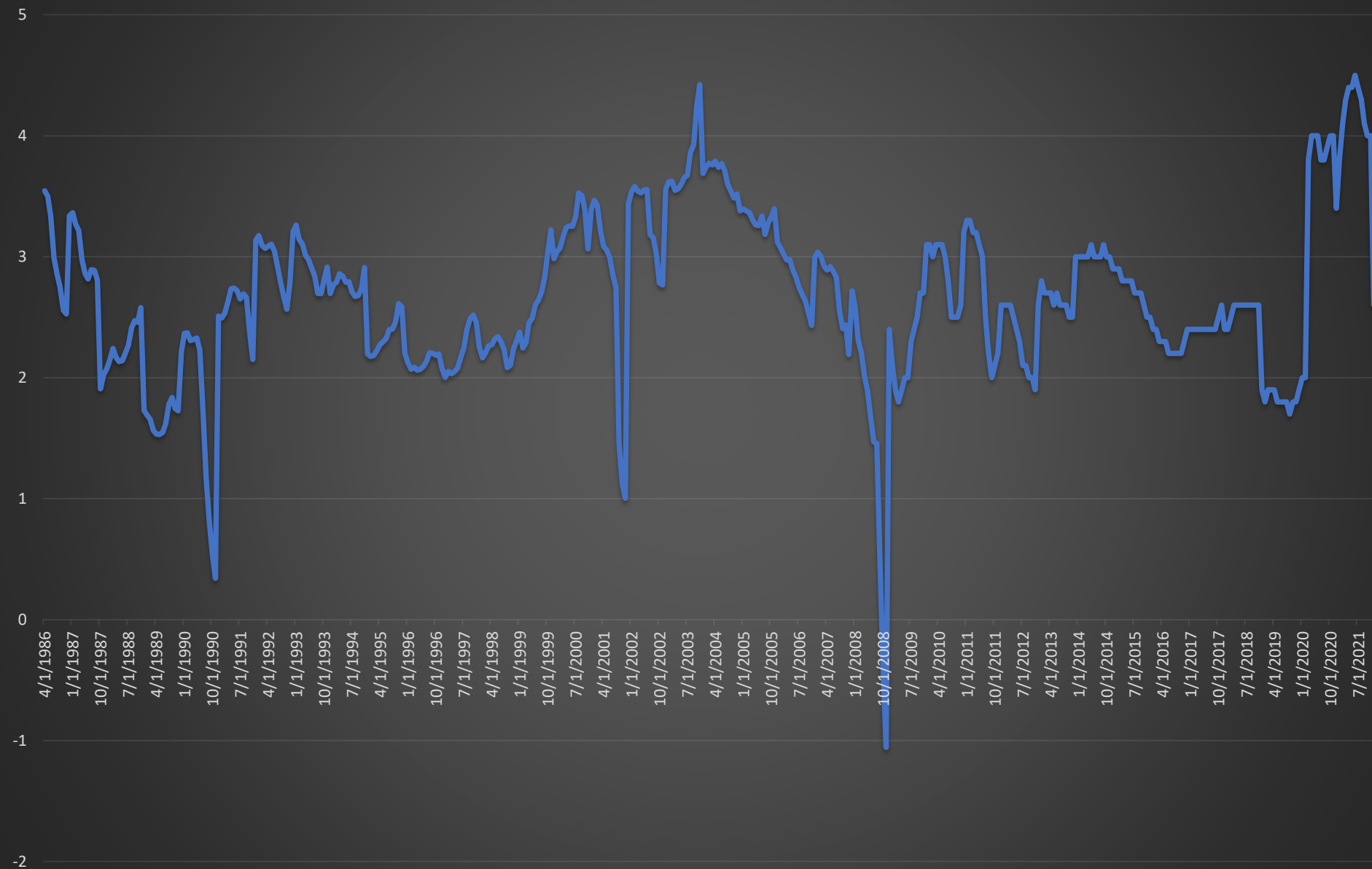


State Coincident Index



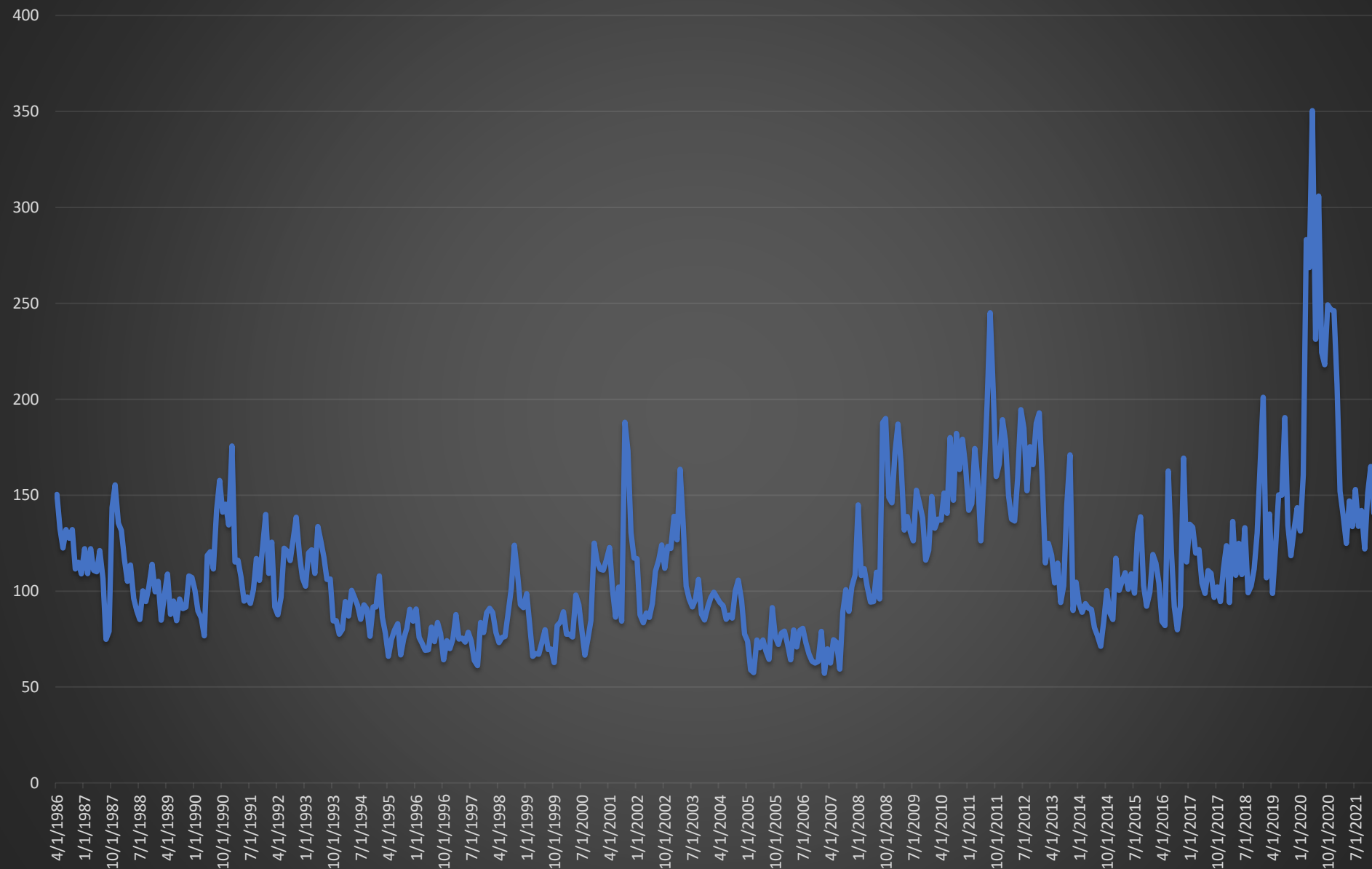


Blue Chip Average Forecast: Next-Year Real GDP





Economic Policy Uncertainty: Three Component Index





Monthly Taxes

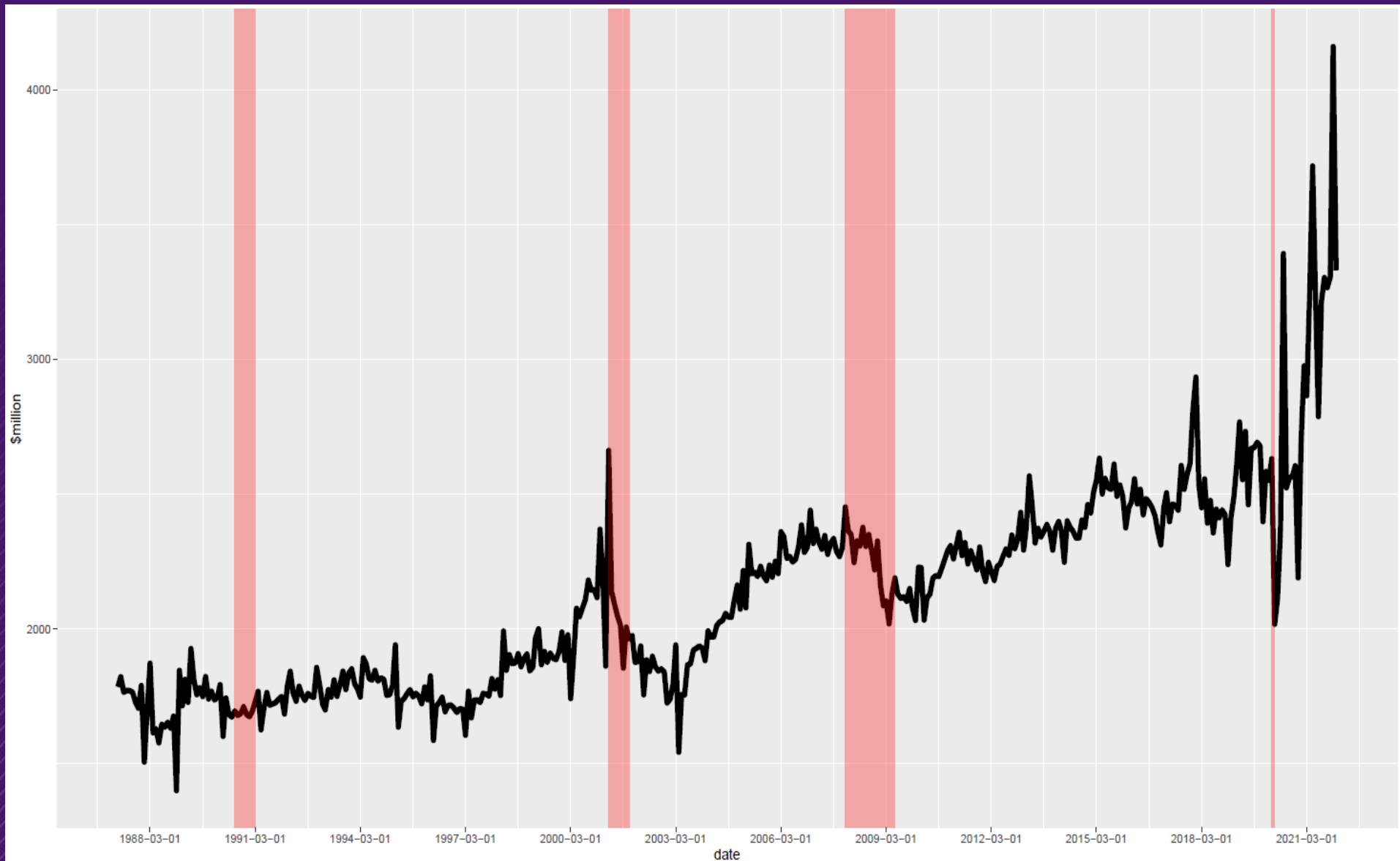




Table 1: Variable List: U.S.

| Variable | Explanation | Frequency | Source |
|--------------------|---|---------------|--|
| TCU | Capacity Utilization: Total Industry | Monthly | Federal Reserve Board of Governors |
| PersConsExpen_real | Personal Consumption Expenditures (real) | Monthly | US. Bureau of Economic Analysis |
| PersInc_real | Personal Income (real) | Monthly | US. Bureau of Economic Analysis |
| PersSaveR | Personal Saving Rate | Monthly | US. Bureau of Economic Analysis |
| LeadCompIndic | Leading Economic Index | Monthly | Conference Board |
| TSLT | Transportation Service Index_total | Monthly | Bureau of Transportation Statistics |
| BlueC | Blue Chip Real GDP Forecast: Current Year | Monthly | Blue Chip Economic Indicators |
| BlueN | Blue Chip Real GDP Forecast: Next Year | Monthly | Blue Chip Economic Indicators |
| RECESS2 | Probability of Decline in Real GNP/GDP in next quarter | Quarterly | Federal Reserve Bank of Philadelphia |
| SEN | Confidence Index: U.S. | Monthly | Organisation for Economic Co-operation and Development |
| EPU_3C | Overall Economic Policy Uncertainty Index | Monthly | Economic Policy Uncertainty |
| EMP_WRO | Total Employees: Whole Sales Trade, Retail Trade and Other Services | Monthly | Bureau of Labor Statistics |
| AAADGS10 | Moody's Seasoned Baa Corporate Bond Minus 10-Year Treasury Constant Maturity Rate | Monthly | Moody's; Board of Governors of the Federal Reserve System (US) |
| TVT | Travel in Millions of Vehicle Miles | Monthly | U.S. Department of Transportation |
| ISM_MEI | ISM Manufacturing Employment Index | Monthly | Institute for Supply Management |
| ISM_MII | ISM Manufacturing Inventory Index | Monthly | Institute for Supply Management |
| ISM_MPI | ISM Manufacturing Prices Index | Monthly | Institute for Supply Management |
| ISM_MNEOI | ISM Manufacturing New Export Orders Index | Monthly | Institute for Supply Management |
| ISM_MNIOI | ISM Manufacturing Imports Index | Monthly | Institute for Supply Management |
| ISM_NMNOI | ISM Non-Manufacturing New Orders Index | Monthly | Institute for Supply Management |
| ISM_NMEI | ISM Non-Manufacturing Employment Index | Monthly | Institute for Supply Management |
| FedTxWithold | Withheld Income and Employment Federal Taxes | Monthly/Daily | U.S. Treasury |
| CCLAIM | Continued Claims | Monthly | U.S. Employment and Training Administration |

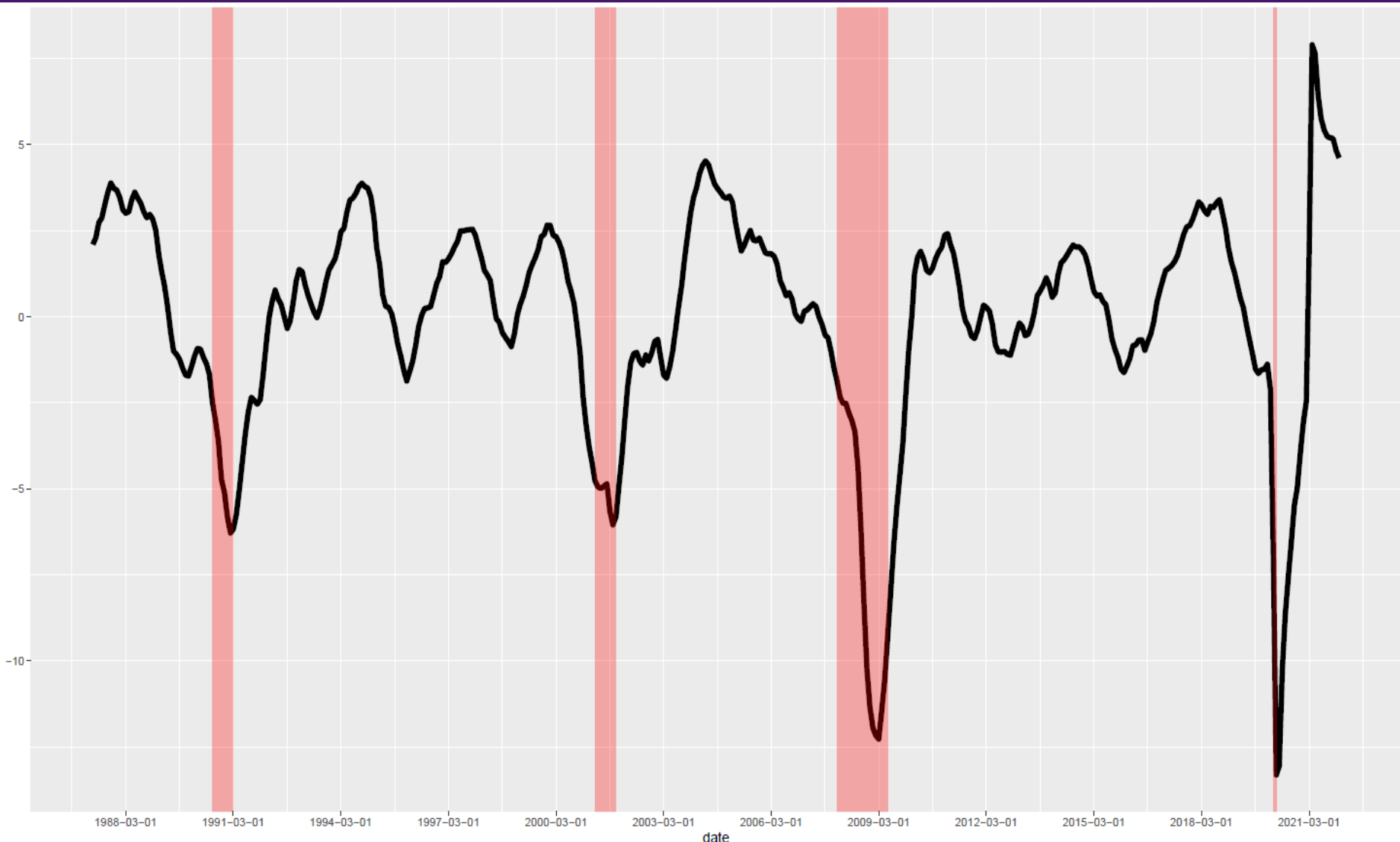


Table 2: Variable List: New York

| Variable | Explanation | Frequency | Source |
|-------------------|--|---------------|---|
| HX1M.CNER | Existing Home Sales: Single-Family Northeast Census Region | Monthly | National Association of Realtors |
| HX1MEDM.CNER_real | Median Sales Price Single Family Homes: Northeast Census Region (real) | Monthly | National Association of Realtors |
| HOFHOPIQ.NY | FHFA House Price Index, Existing Single-Family Homes: New York | Quarterly | U.S. Federal Housing Finance Agency |
| ELEC.NY | New York State Total Electric Generation | Monthly | New York Independent System Operator |
| NYOTOT_PC1_real | Personal Income (real): New York | Quarterly | U.S. Bureau of Economic Analysis |
| autotraf | Truck Traffic, Six PANYNJ Crossings | Monthly | New York State Port Authority |
| trucktraf | Auto Traffic, Six PANYNJ Crossings | Monthly | New York State Port Authority |
| SCLNY | State coincident Index: New York | Monthly | Federal Reserve Bank of Philadelphia |
| RHPNRM.NY | Total Housing Permits: New York | Monthly | U.S. Census Bureau |
| NYICLAIMS | Initial Claims in New York | Monthly | U.S. Employment and Training Administration |
| BAFDINA | Business Leaders Survey: Future Business Activity | Monthly | Federal Reserve Bank of New York |
| NY_Bench | Early Benchmarked Employment: New York State | Monthly | Federal Reserve Bank of New York |
| ret_rec_work_NY | Community Mobility: Average of Retail/Recreation and Workplace-New York | Monthly/Daily | Google |

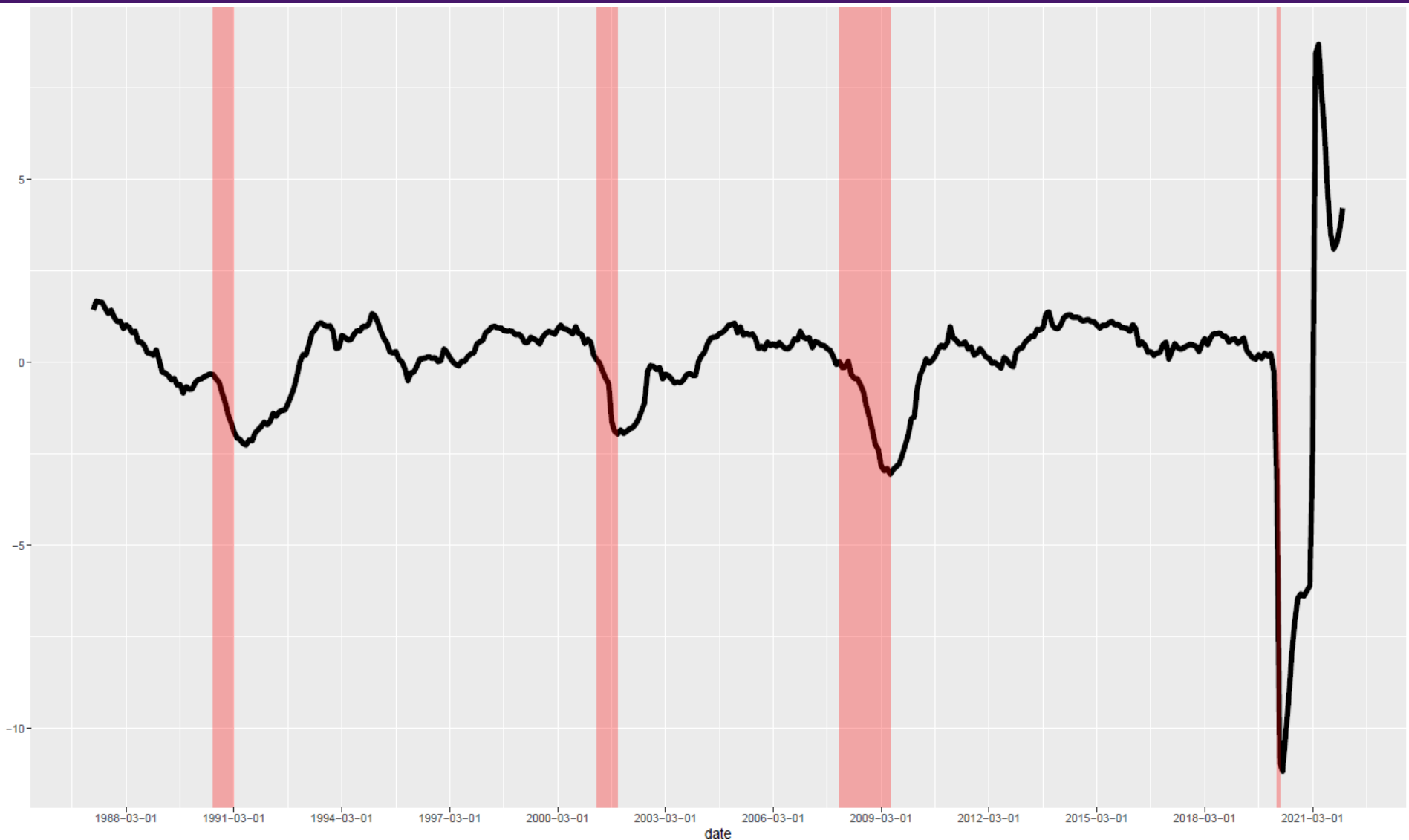


US Factor





New York Factor





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Boosting tax revenues with mixed-frequency data in the aftermath of COVID-19: The case of New York

Kajal Lahiri^a, Cheng Yang^{b,*}

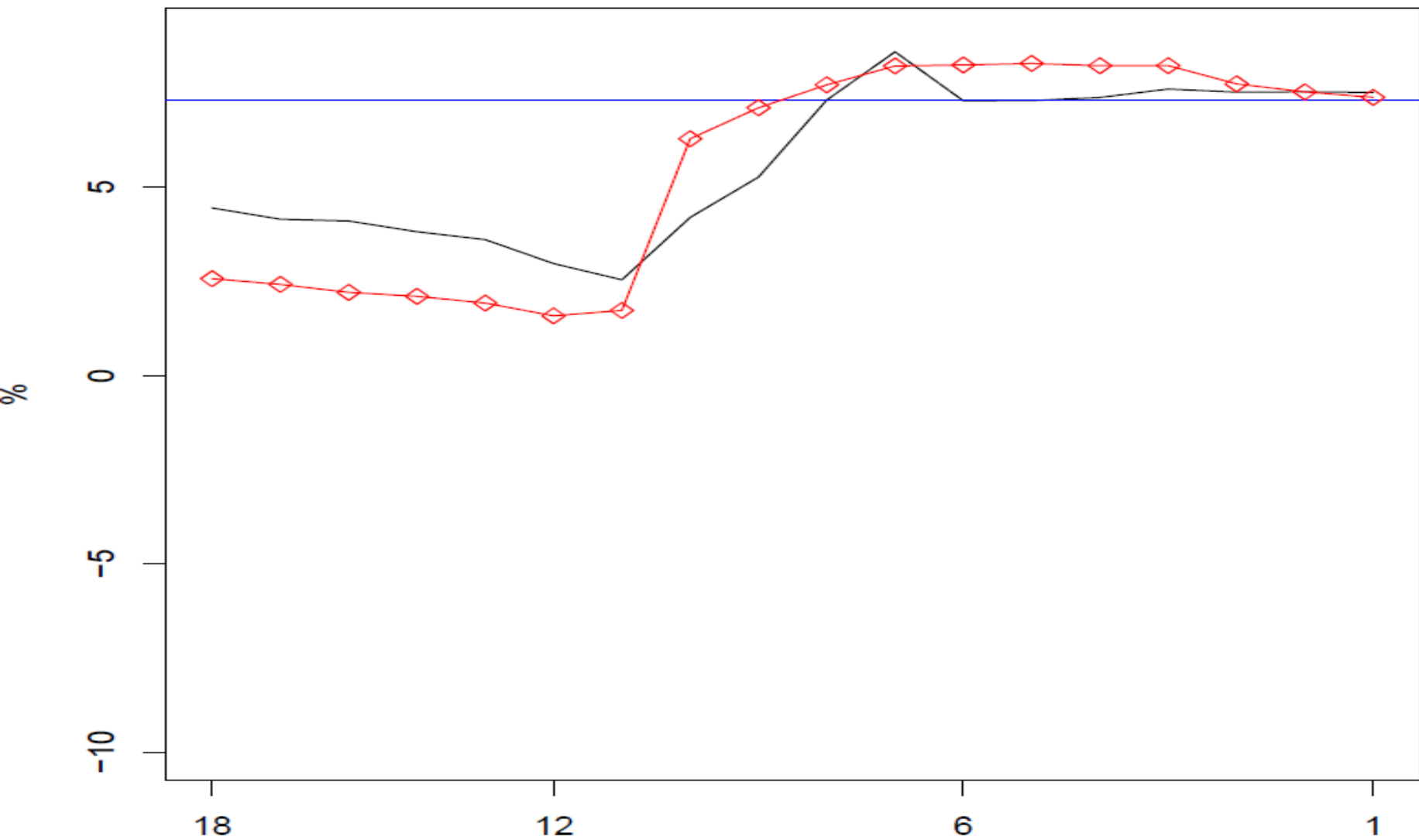
^a University at Albany: SUNY, Department of Economics, NY, 12222, USA

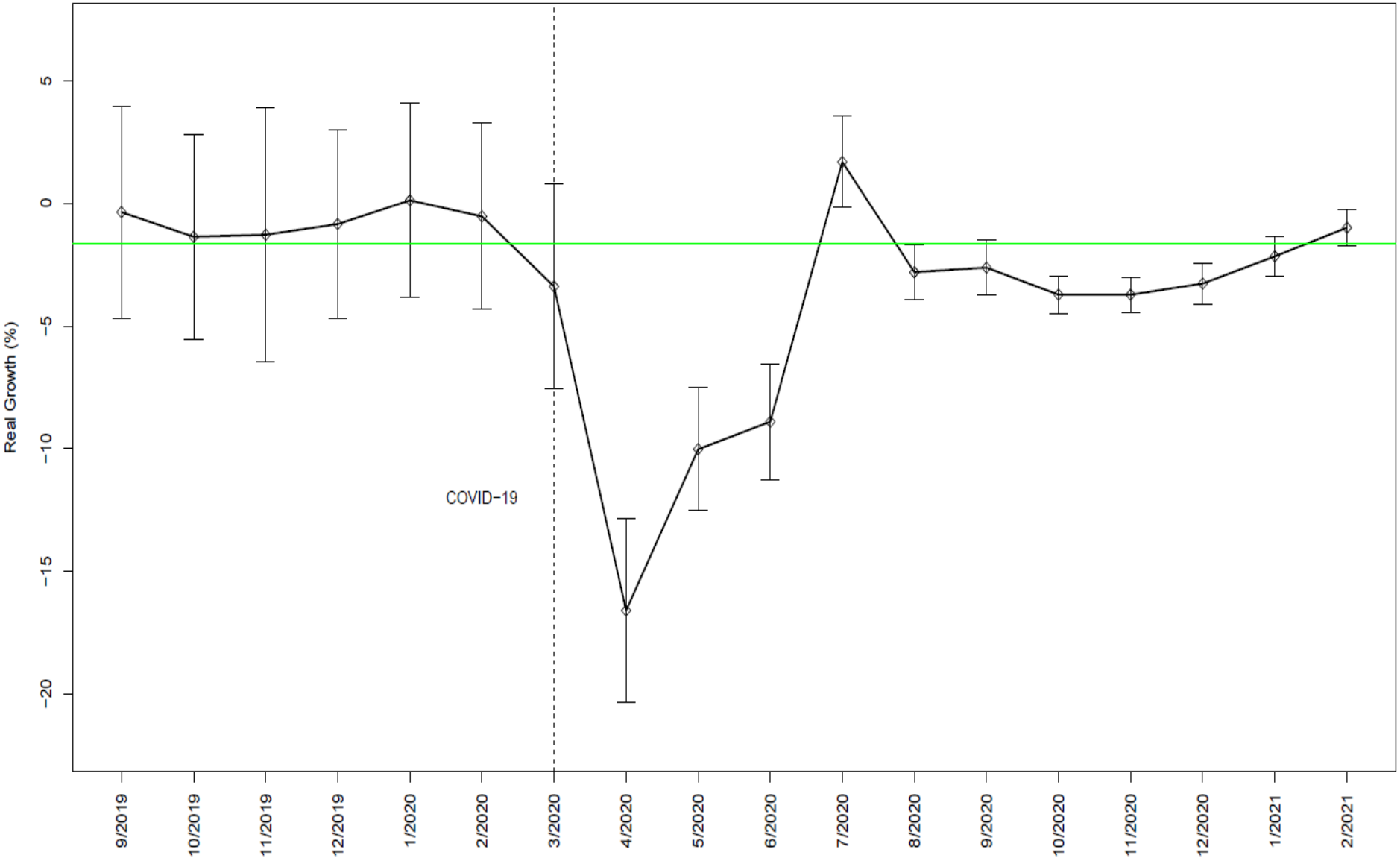
^b Li Anmin Advanced Institute of Finance and Economics, Liaoning University, China





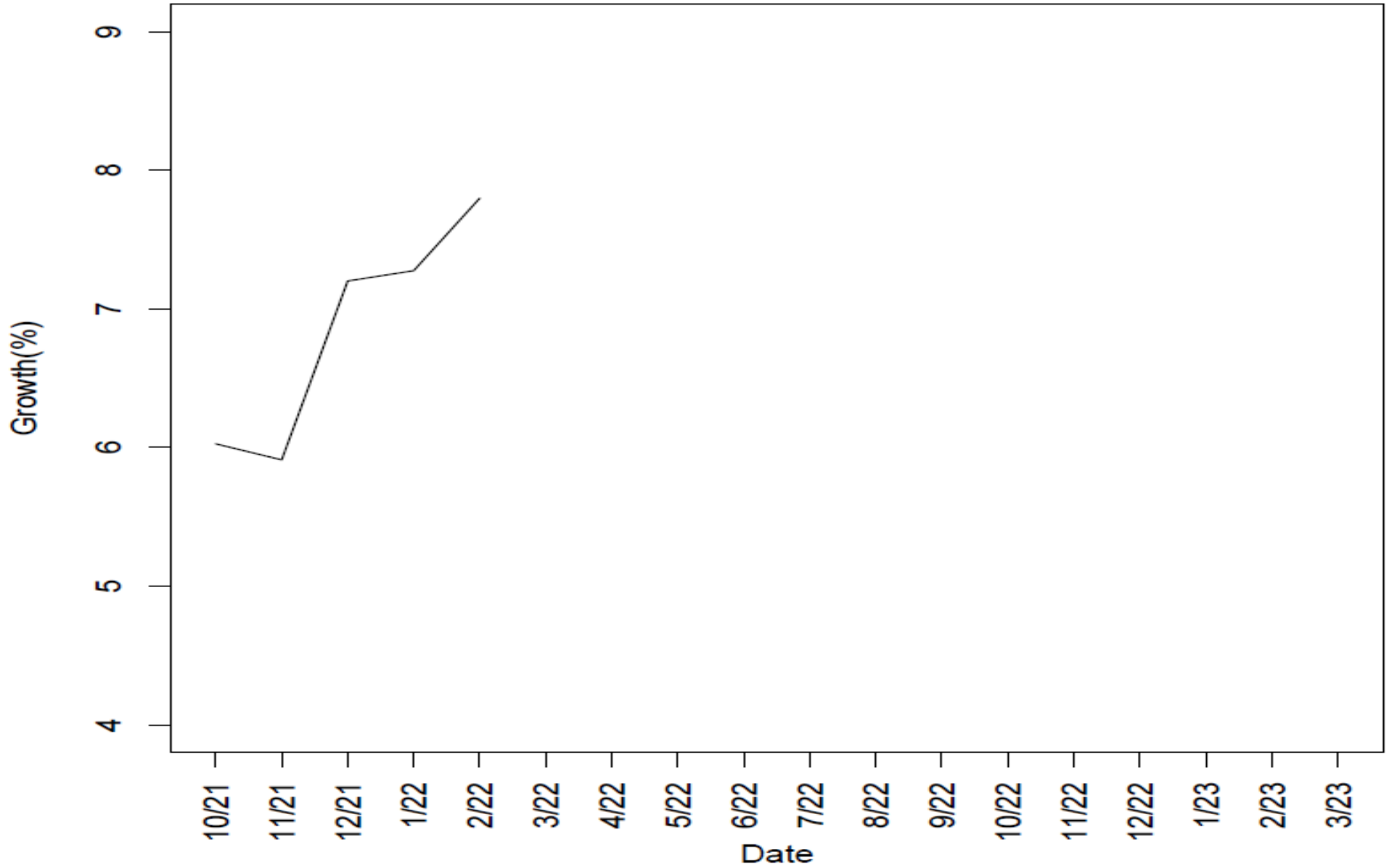
FY2020







FY2023 Forecasts (Nominal)





- 14-month-ahead forecast for FY 2023 is 7.80% (nominal growth), or \$116.1 billion based on the \$107.7 billion nowcast for FY 2022



In conclusion:

- Currently the prospects are looking good, except for the evolving financial implications of the Russian invasion that may affect the New York financial sector adversely.