

THOMAS P. DiNAPOLI
STATE COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 5, 2019

Robert F. Mujica, Jr.
Director, Division of the Budget

Todd Scheuermann
Secretary, Senate Finance Committee

Blake G. Washington
Secretary, Assembly Ways and Means Committee

Dear Sirs:

In accordance with Section 23 of the State Finance Law, if the Director of the Budget, the Secretary of the Senate Finance Committee and the Secretary of the Assembly Ways and Means Committee fail to issue a joint report containing a consensus forecast by March 1, the State Comptroller is required to provide, by March 5, estimates of receipts for the current and ensuing fiscal years. These estimates are required to include, but are not limited to, expected tax receipts on an All Funds basis, projected lottery receipts, and miscellaneous receipts to be received in the General Fund.

As with any revenue projection, this estimate is subject to risks and uncertainties related to changing economic conditions and other factors, and actual receipts could differ. Comparatively small variances in estimates of various economic indicators, including wages, corporate profits and consumption of goods and services, may result in noticeable differences in projected revenues. For example, a change of a fraction of a percentage point in wages could drive a difference of tens of millions of dollars in withholding tax receipts. As Comptroller DiNapoli has repeatedly cautioned, close monitoring of revenue and economic conditions will be necessary throughout the coming fiscal year.

The Office of the State Comptroller's analysis has been informed by the economic and revenue forecasts of the Division of the Budget, and those of the Majority and Minority conferences of the Senate and the Assembly, as well as the presentations by outside economists at the Consensus Economic and Revenue Forecasting Conference, among other sources. We have given due consideration to the inherent risks in economic and revenue forecasting and the interest of the State to maintain budget balance throughout the fiscal year. The Office of the State Comptroller estimates a two-year revenue total that is \$190 million above the Executive Budget

estimates for All Funds tax receipts, lottery and certain gaming revenues, and miscellaneous receipts in the General Fund. For purposes of comparability, this figure assumes enactment of Executive Budget revenue proposals related to such receipts.

To help guard against the inevitable risks and uncertainties, the Comptroller has urged the Governor and the Legislature to further strengthen the State's statutory rainy day reserves. While the Governor's plan to deposit an additional \$488 million into the Rainy Day Reserve Fund is a good step in this direction, more should be done to enhance the State's ability to respond to economic downturns or catastrophic events.

The challenge of projecting revenues is especially difficult this year due to factors including taxpayer behavior driven by federal tax changes. As provided by the relevant sections of State Finance Law, the estimate above is intended to advance the process and facilitate the Governor's and the Legislature's work to finalize a balanced, timely budget that meets the needs of all New Yorkers.

Sincerely,



Robert B. Ward
Deputy Comptroller

Copy to:

Honorable Andrew M. Cuomo
Honorable Andrea Stewart-Cousins
Honorable Carl E. Heastie
Honorable John J. Flanagan
Honorable Brian M. Kolb
Honorable Liz Krueger
Honorable Helene E. Weinstein