April Surprise:
The New York City Experience

Joshua Goldstein
Scott Domansky
Fiona Peach
New York City Office of Management and Budget
In April 2014, NYC experienced a 36% drop in extension payments. This was $360M above our forecast.

How did we get there?

We begin in 1986...
Capital Gains are Volatile, and Respond to Tax law Changes

NYC Net Capital Gains Yr/Yr % Change

Model vs Actual 1986/87 Capital Gains Growth

-80% -60% -40% -20% 0% 20% 40% 60% 80% 100% 120%

1985 1986 1987

Model  Actual
Base vs Adjusted 2012/13 Capital Gains Forecast Growth
Extension Forecast Revisions
April 2013

2012 Growth Forecast: 19.7%
Actual Growth: 86.5%

Extension Payments ($, M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Forecast</th>
<th>Actual</th>
<th>Prelim. Forecast</th>
<th>Revised Forecast</th>
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</thead>
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<td>2009</td>
<td>400</td>
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<tr>
<td>2010</td>
<td>687</td>
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<tr>
<td>2011</td>
<td>822</td>
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<td></td>
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<td>2012</td>
<td>1,281</td>
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2013 Prelim. Forecast
2013 Revised Forecast

6
Tax Year 2013
TY 2013 Installment Growth

Forecast Growth: -11.2%
Actual Growth: +15.2%
S&P500 in 2013: 30% Growth

S&P500 Adj Close
“...as the market surged, investors' new gains were held mostly in short-term positions, which they were loath to sell given that short-term gains are taxed at ordinary income-tax rates (39.6% for high earners). With this inhibition there was less sales pressure last year, and for that reason the market may have risen more than it would have otherwise.”

- Red Jahncke, Wall St. Journal, 2/3/14
Historical Monthly Installment Levels

![Bar chart showing monthly installment levels for 2010, 2011, 2012, and 2013. The x-axis represents months from April to March, and the y-axis represents monthly installments in million ($M). The chart highlights the variation in installment levels across different months and years.]
Current Monthly Installments
(Prior Yr. Total Installments & Extensions)
Extension Forecast Revisions
April 2014

Forecast: -64.5%
Actual: -36.1%
Tax Year 2013 Growth Rates

- Installments: 15.3%
- Extensions: -36.2%
- Combined Installments + Extensions: -7.8%
- Finals (Jan-Aug): -6.8%
Contact

wsdoma@gmail.com

goldsteinj@omb.nyc.gov

peachf@omb.nyc.gov