

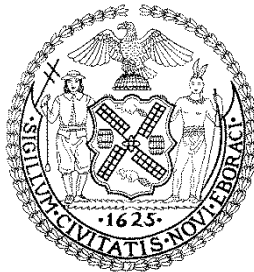
April Surprise: The New York City Experience

Joshua Goldstein

Scott Domansky

Fiona Peach

New York City Office of Management and Budget



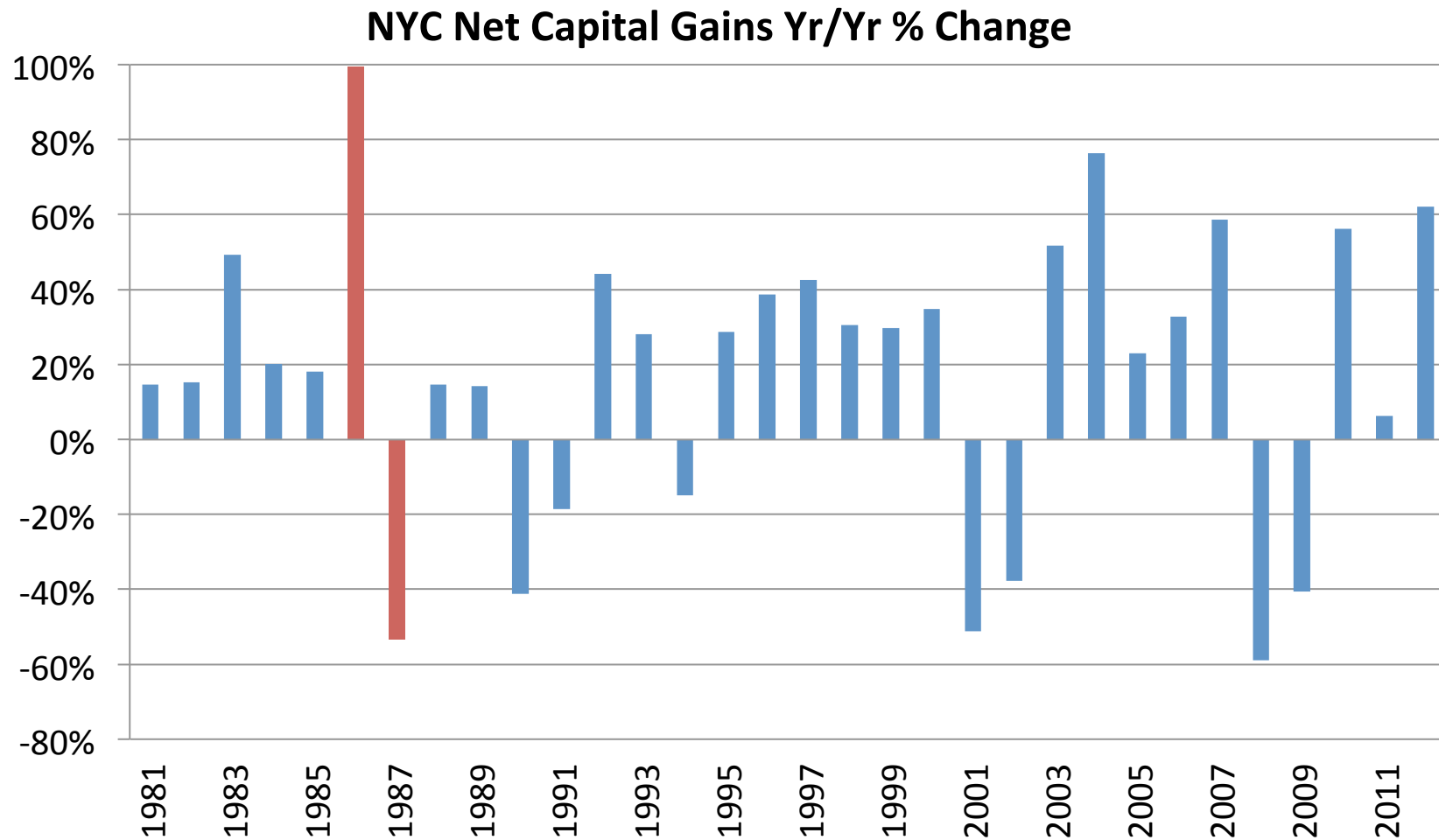


In April 2014, NYC experienced a **36%** drop in extension payments. This was \$360M above our forecast.

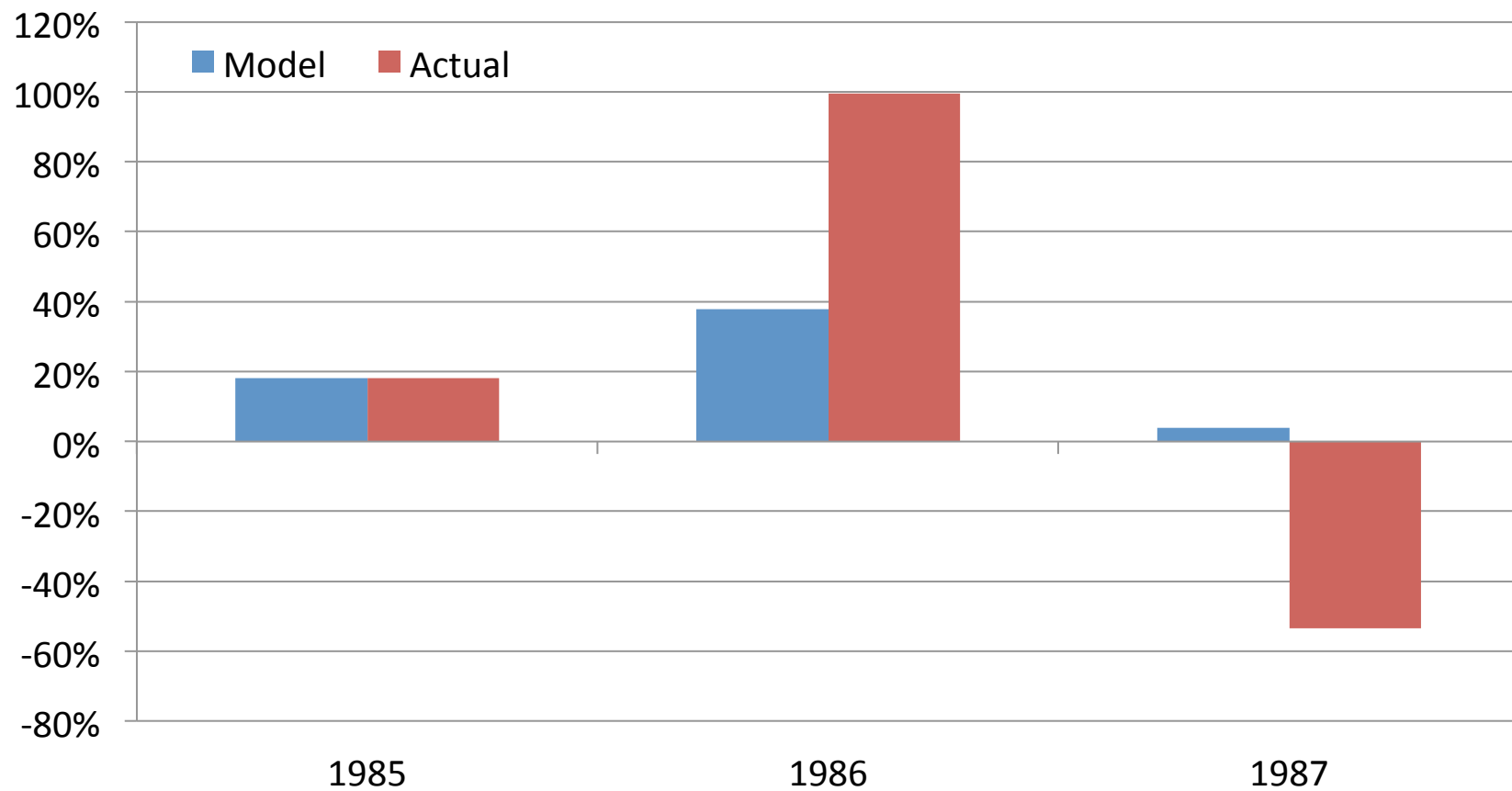
How did we get there?

We begin in 1986...

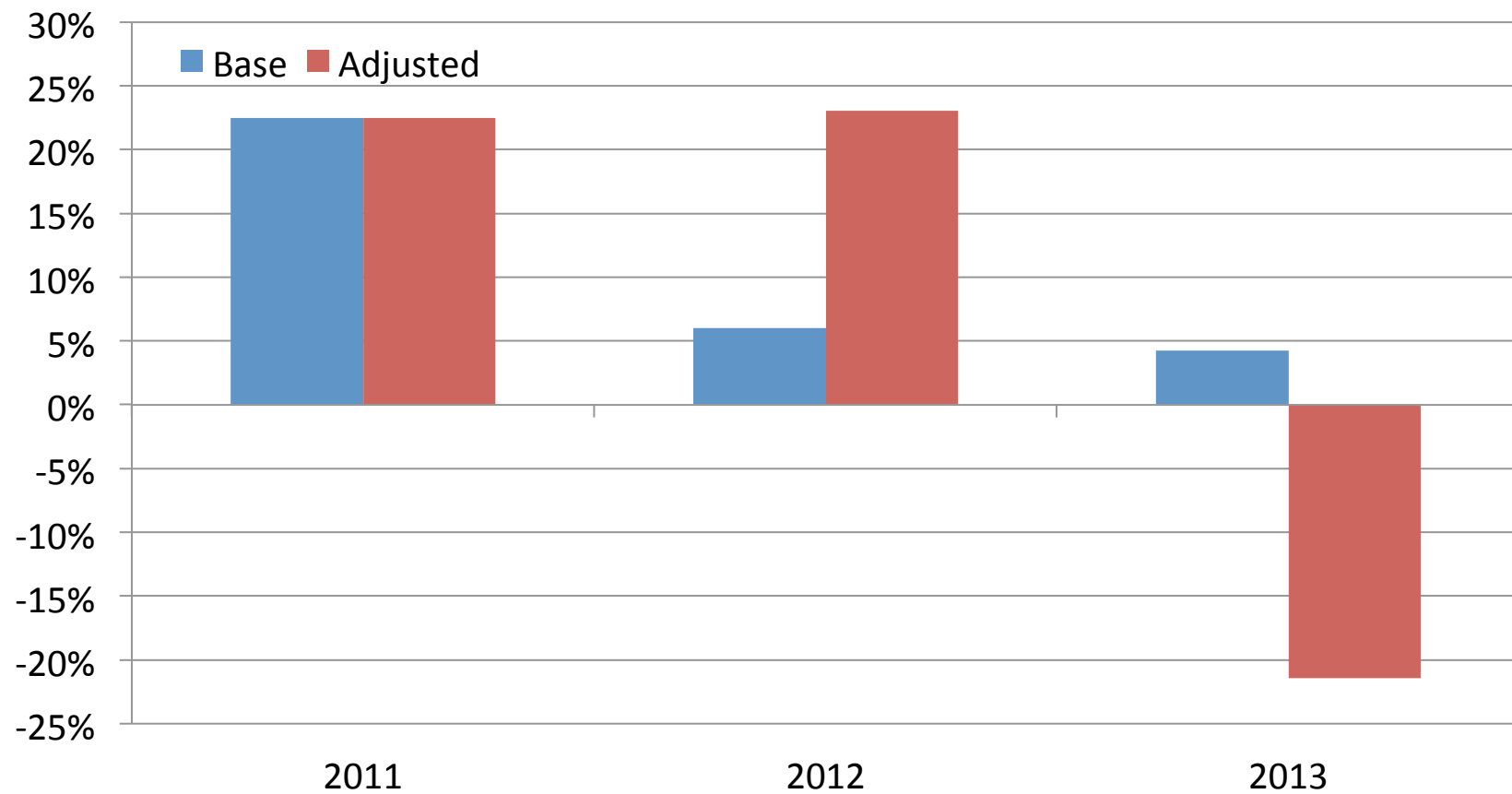
Capital Gains are Volatile, and Respond to Tax law Changes



Model vs Actual 1986/87 Capital Gains Growth

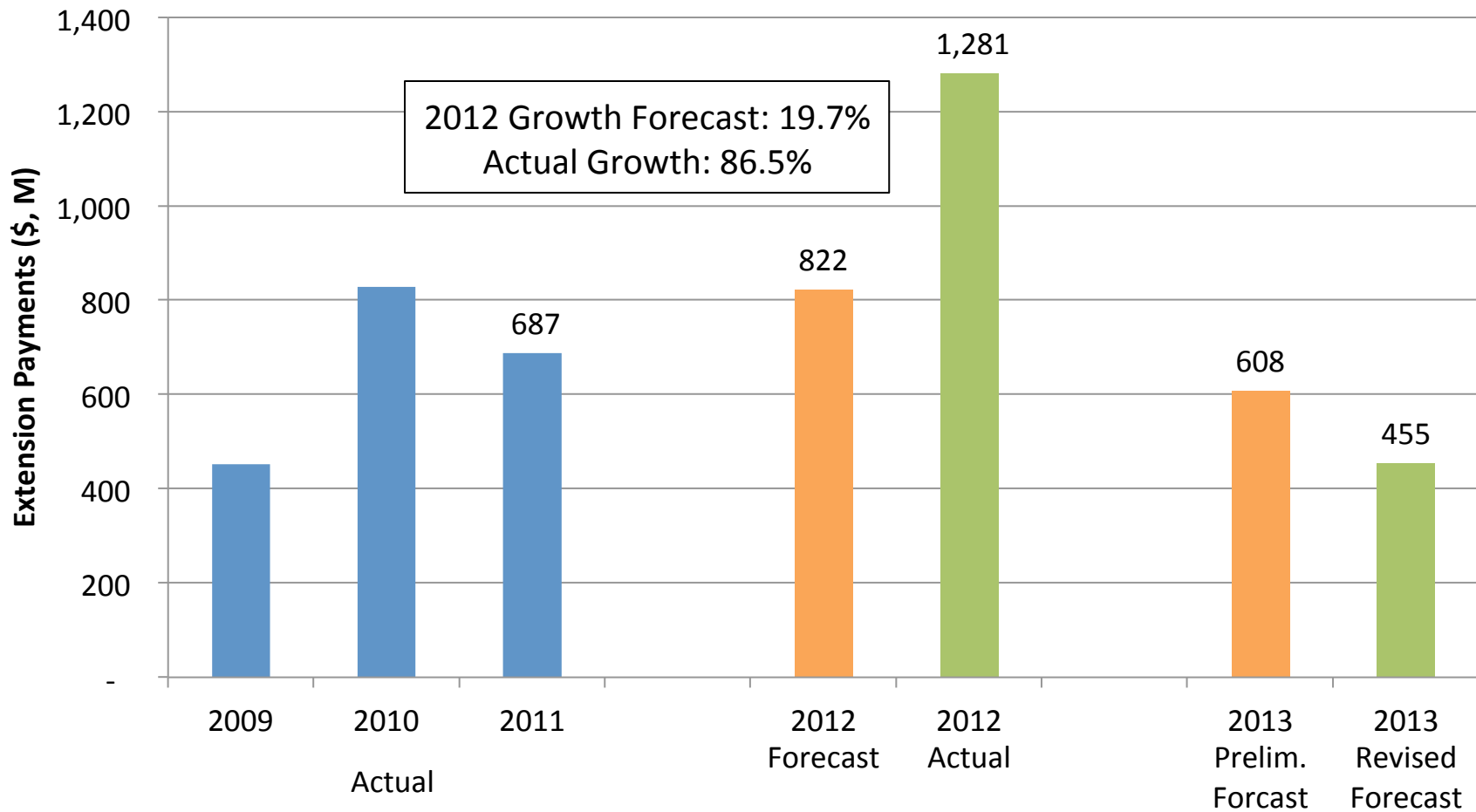


Base vs Adjusted 2012/13 Capital Gains Forecast Growth



Extension Forecast Revisions

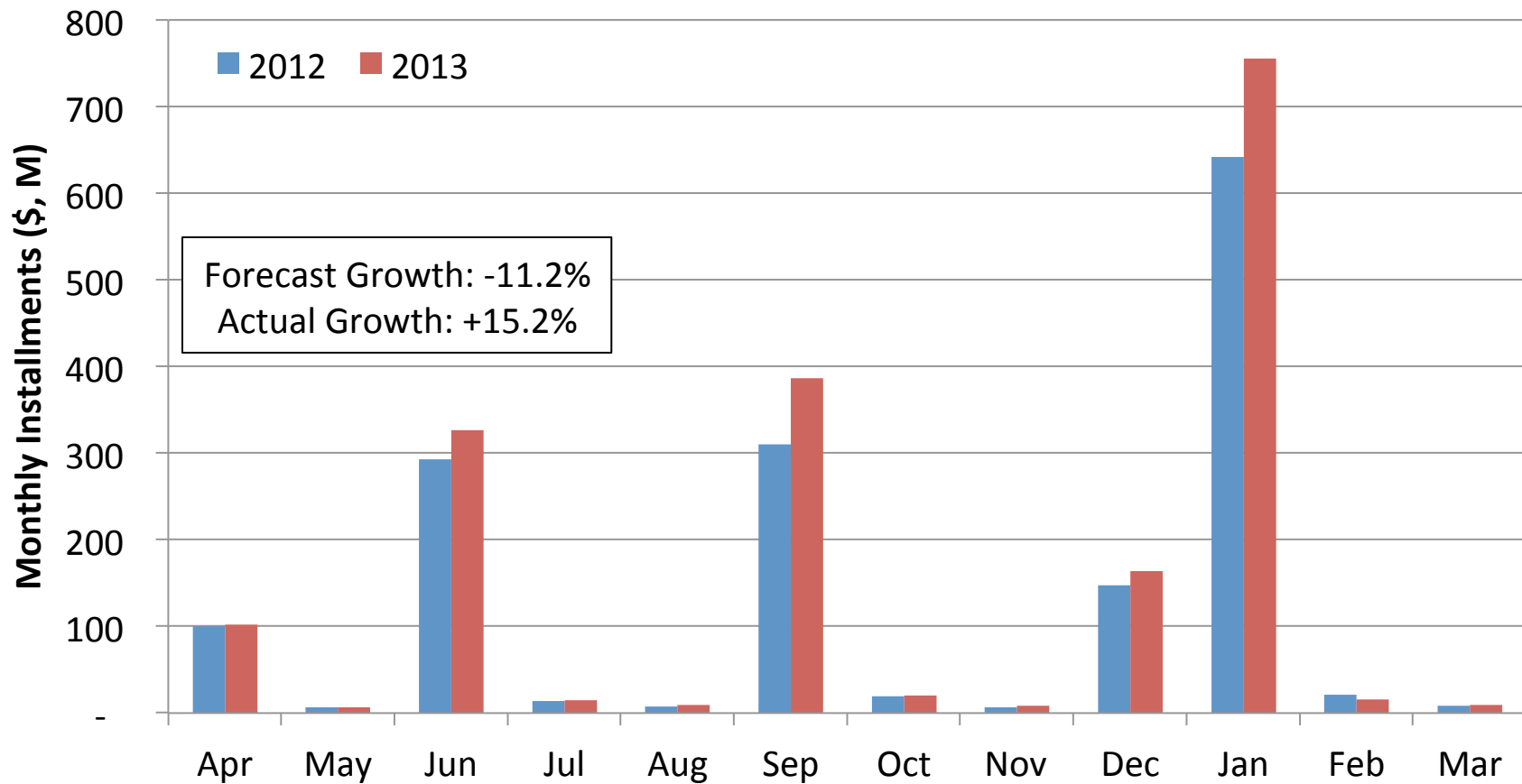
April 2013



Tax Year 2013



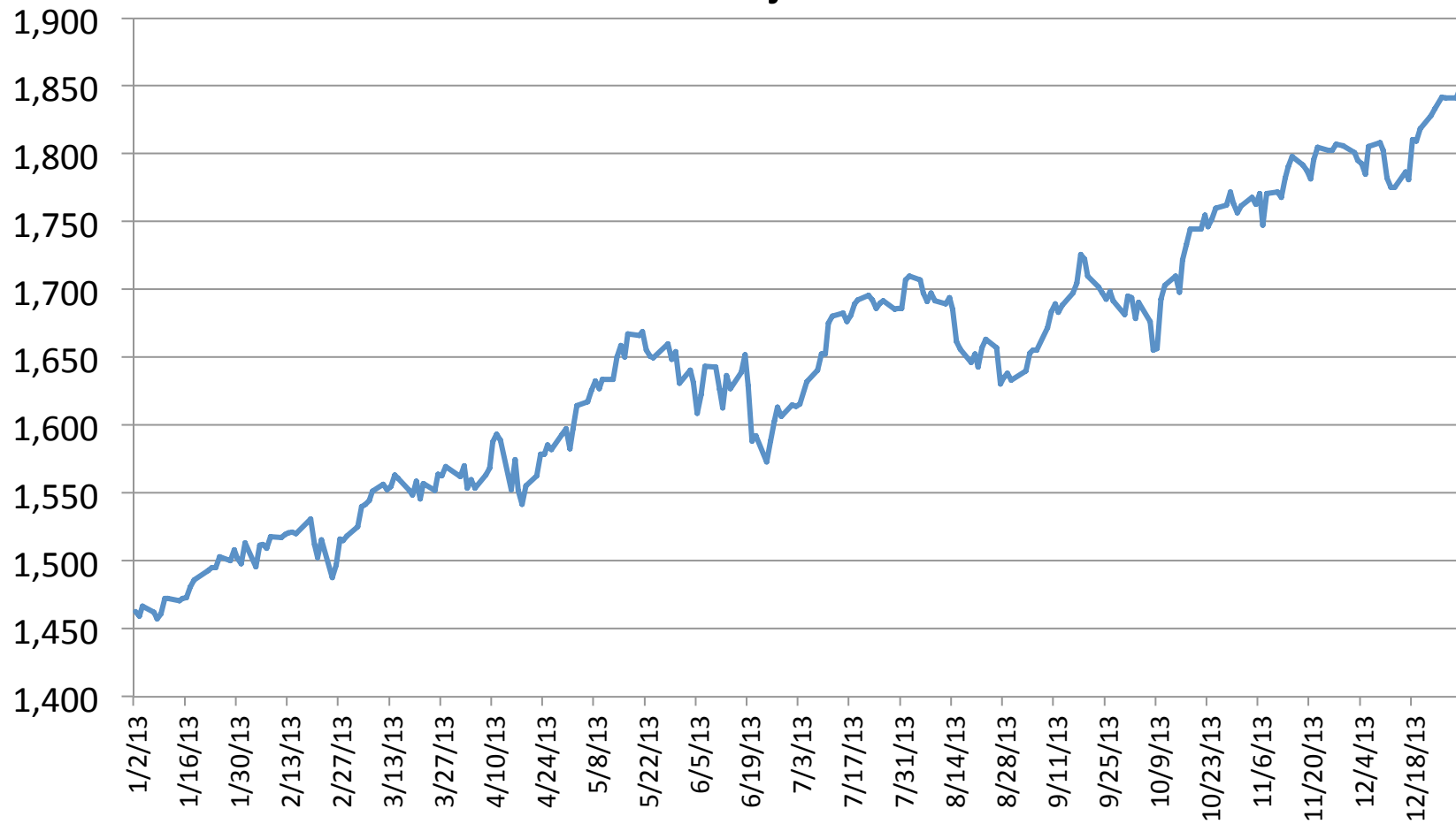
TY 2013 Installment Growth



S&P500 in 2013: 30% Growth



S&P500 Adj Close





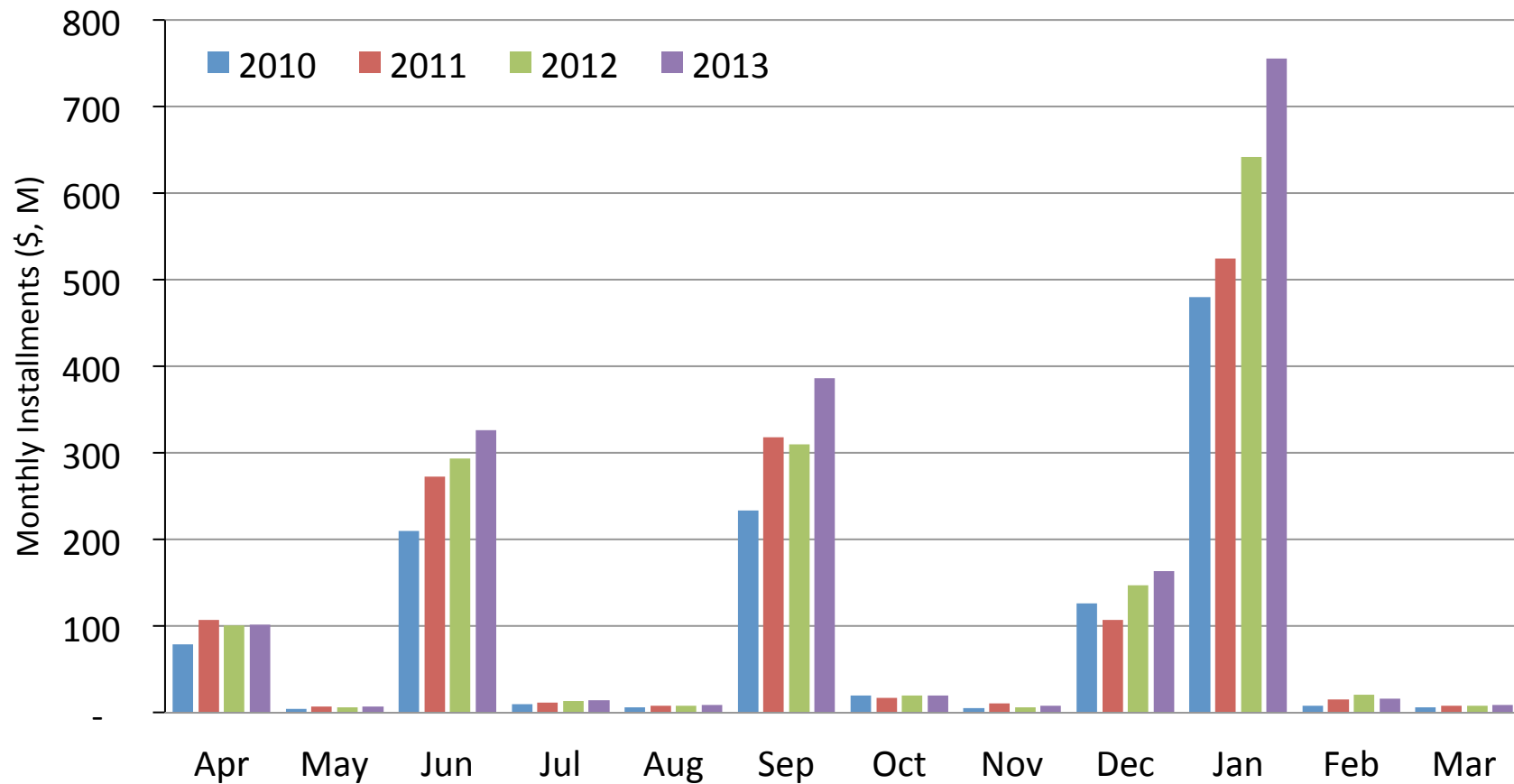
But...

“...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.”

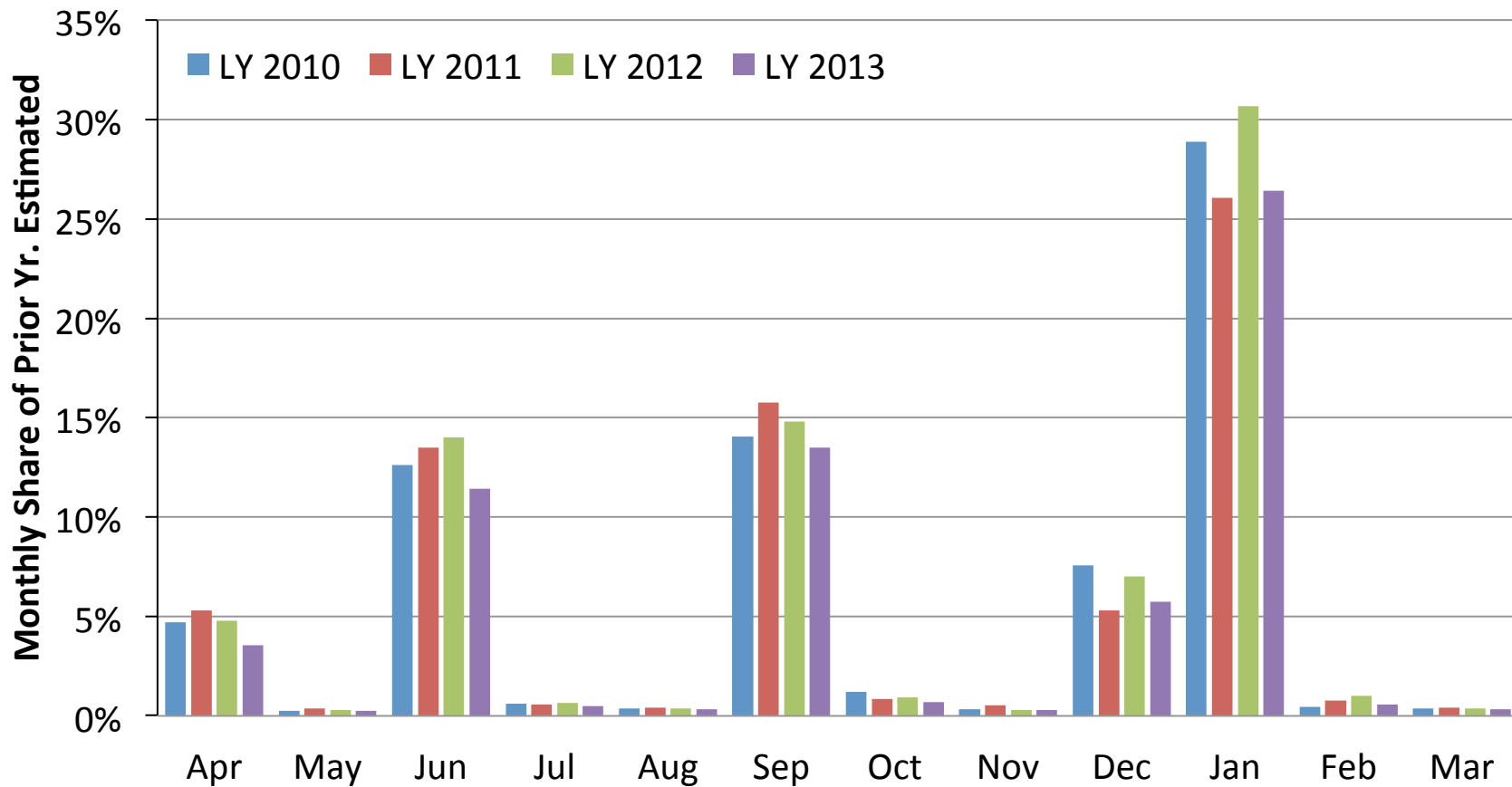
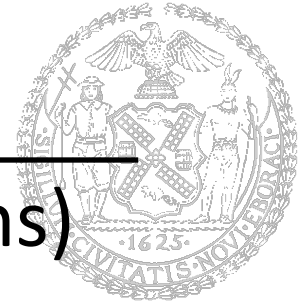
- Red Jahncke, Wall St. Journal, 2/3/14



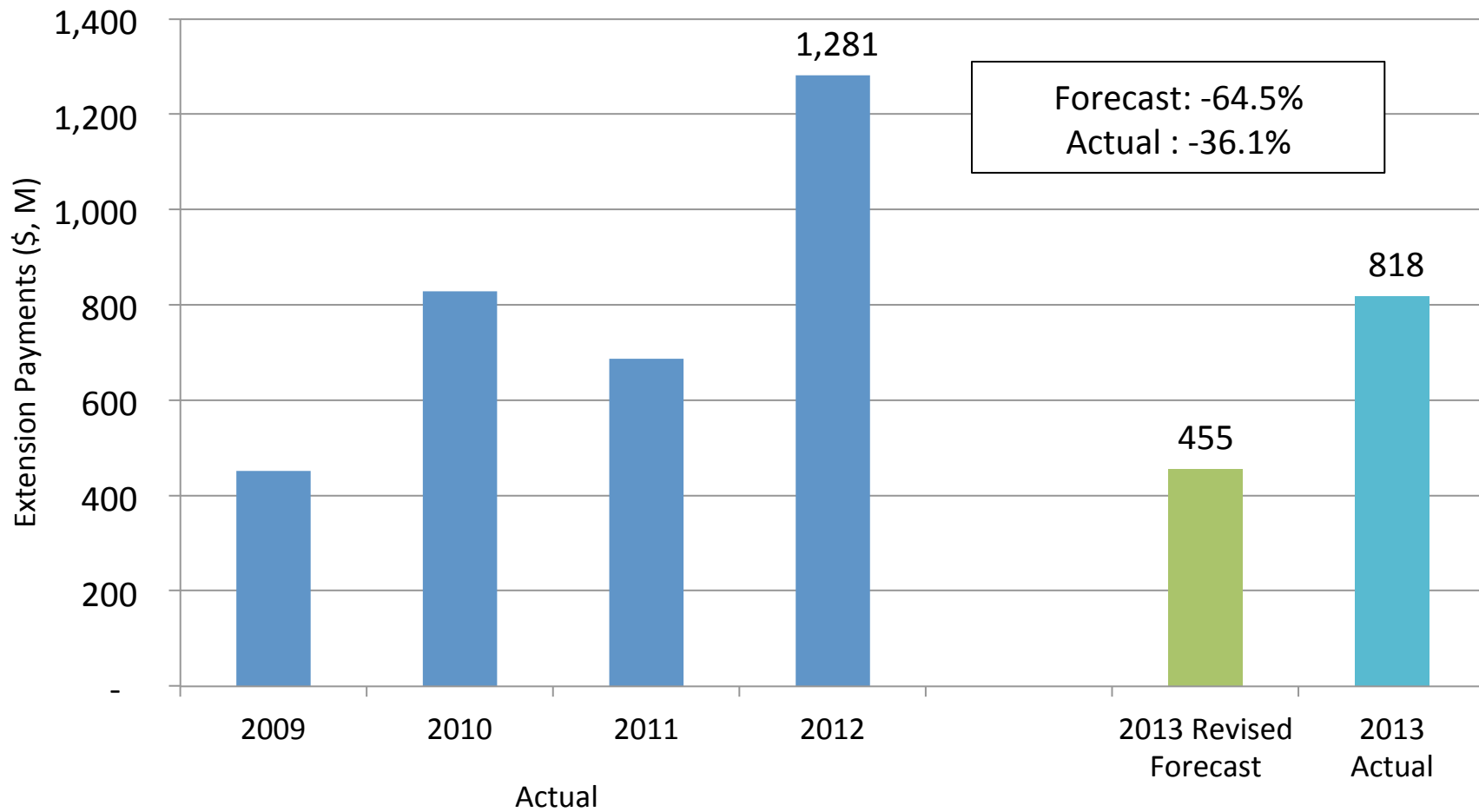
Historical Monthly Installment Levels



Current Monthly Installments (Prior Yr. Total Installments & Extensions)



Extension Forecast Revisions April 2014



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