Fiscal 2006 Preliminary Budget Response

Part II

City Council Tax Revenue Forecast

Fiscal 2005-2009

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OVERVIEW OF THE ECONOMY

The national economic expansion is broadening. Until recently, economic growth has been largely based on consumption spending. Business uncertainty has been sufficient to suppress both investment and new hiring. In 2004, however, investment became a source of growth. For the first time since 2000, non-residential fixed investment grew faster than the economy as a whole—in fact, in 2004 investment grew at twice the pace of Real Gross Domestic Project (GDP). Over the September-February period, the economy added on average 165,000 private sector jobs per month. While this pace of job growth is sufficient to reduce the unemployment rate, the economy is generating far fewer jobs than expected at this point of an economic expansion. Nonetheless, this pattern of strengthening investment and continuing moderate job growth appears to be continuing in 2005.

The City's expansion is also broadening. It is no longer simply based on increasing income; employment is growing too. And that employment growth is in a broad range of industries, from business services and information, to accommodations and health care. Job losses are, for the most part, limited to sectors in long-term decline, such as manufacturing. A good bonus season and higher securities industry revenues are adding income to the employment growth. Council Finance expects this growth in employment and income to continue in 2005 and through the forecast period, but at a slower rate in the outyears.

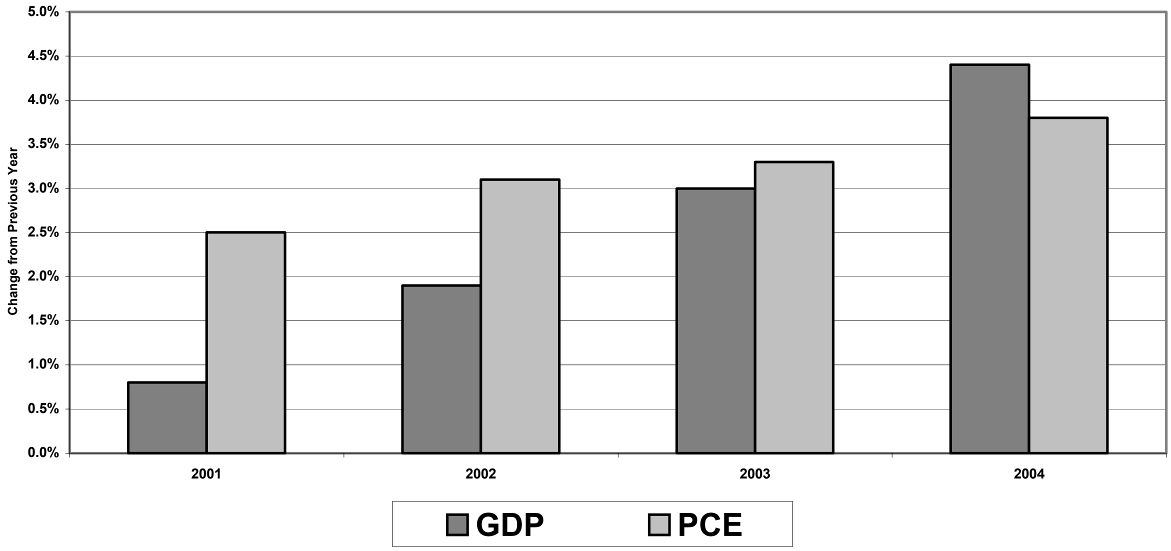
The strength of New York's economy is reflected in the strength of income sensitive taxes: business, personal income and sales taxes, as well as in the two property transfer taxes. As of February, tax collections are already more than $256 million over the January Financial Plan.

In Fiscal 2005, Council Finance projects that total tax revenue will be $354 million over the estimate of the Office of Management and Budget (OMB) found in the Fiscal 2006 Preliminary Budget. For Fiscal 2006, total tax revenue is anticipated to be $456 million over OMB. For the rest of the plan period, the Council forecast remains above OMB, with differences increasing to $606 million in Fiscal 2007, $923 million in Fiscal 2008 and $1,178 million in Fiscal 2009.

Investment is Back in Style: The National Economy

The nation's real output (GDP) increased at an annual rate of 3.8 percent in the fourth quarter of 2004, slightly slower than the 4.0 percent posted in the third quarter. The expansion in economic activity is broad-based, with personal consumption expenditures increasing at an annual rate of 4.2 percent and gross private domestic investment spending rising by 13.4 percent. Meanwhile, import growth continued to outpace export growth—the persistent trade imbalance subtracted about 1.4 percentage points from the growth rate in the fourth quarter. However, in spite of the drag on output growth imposed by the negative trade balance, the national economy grew at an annual pace of 4.4 percent in 2004 (Figure 1).

FIGURE 1: REAL GROSS DOMESTIC PRODUCT & PERSONAL CONSUMPTION EXPENDITURES



Source: Bureau of Economic Analysis

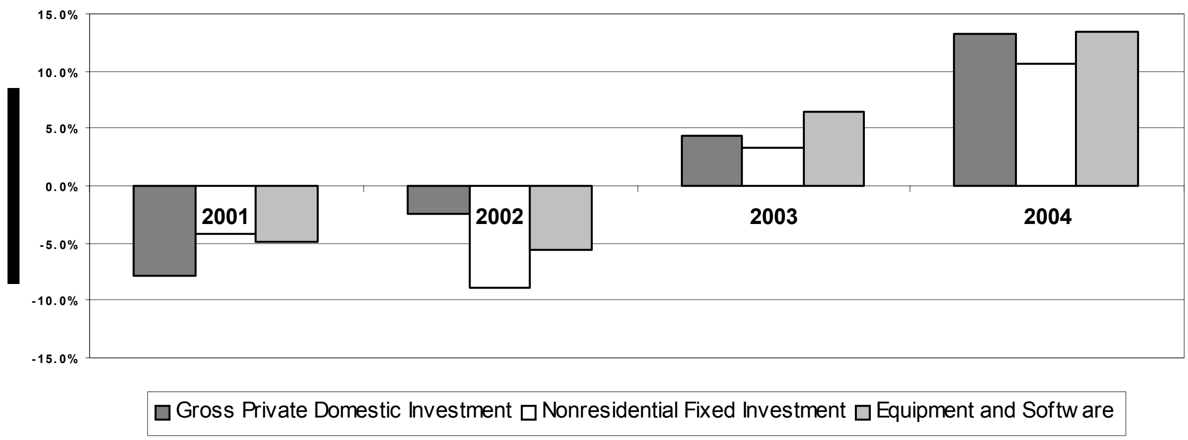
Personal consumption expenditures (PCE) have played an important role helping to support economic growth since 2001. Until recently, consumer spending had consistently grown faster than GDP as a whole. One factor that helped to expand personal consumption expenditures, especially for durable goods, has been low interest rates. This factor, in particular, has had a significant impact on the sales of new motor vehicles in 2004, averaging close to 17 million units.

Another factor propelling consumption growth has been higher household wealth, mainly a result of rising real estate values. The rise in home prices, coupled with continued low interest rates, has allowed homeowners to refinance their home mortgages and thus obtain relatively cheap sources of funds to finance their consumption spending.

Gross private domestic investment did not contribute to economic growth until 2003, when growth rates reached positive territory. Since then, investment has grown at a pace exceeding overall GDP growth (Figure 2). All major components of investment saw significant growth. Strong growth in sales has boosted profits and cash flow, making it easier for firms to replace or upgrade existing business equipment and software by financing their purchases internally. And those firms that have had to seek outside financing have found low interest rates and favorable terms and conditions. Another plausible explanation behind this increase in investment spending in 2004 was the partial-expensing tax incentives enacted in Federal tax law, which covered new equipment and software installed by the end of 2004. This has a downside, however, since incentives of this kind tend to change investment's timing rather than its overall amount. Nonetheless, orders and shipments of capital goods continued to trend upward in January and nonresidential fixed investment is likely to grow even faster in 2005 than it did in 2004.

Council Finance does a 'top down' forecast. We start with a national forecast from the econometrics firm Global Insight and use these national variables, and other information, to forecast the local economy and New York City tax revenues. Global Insight's January, February and March forecasts were used in preparing this document.

FIGURE 2: PRIVATE INVESTMENT SPENDING

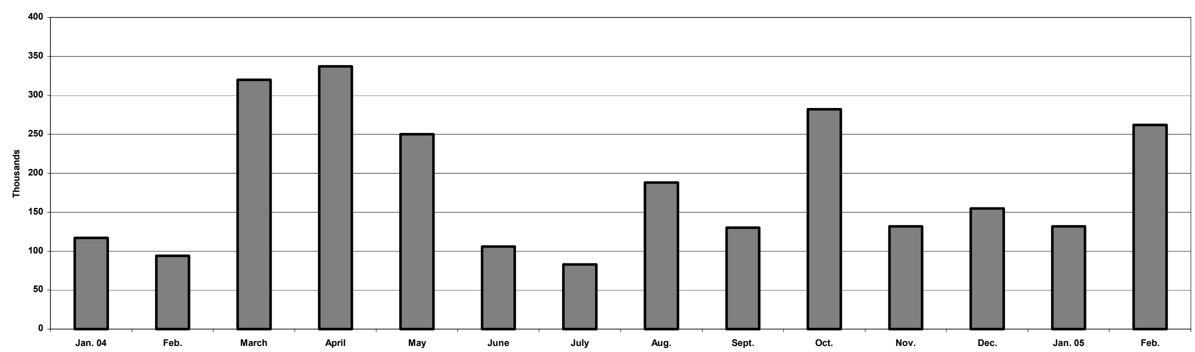


Source: Bureau of Economic Analysis

Now Hiring -- Employment

The rapid pace of GDP growth in 2004 has finally produced a significant improvement in the nation's labor market. Non-farm payrolls increased by a monthly average of 180,000 in 2004 (Figure 3). This level of job growth was more than sufficient to accommodate the approximately 150,000 new entrants into the nation's labor force each month. On the whole, the non-farm sector generated approximately 1.4 million jobs in 2004, most of which came in the first half of the year—in this period, the monthly job gains averaged slightly more than 200,000, a pace that has continued into 2005.

FIGURE 3: MONTHLY EMPLOYMENT CHANGES IN THE NON-FARM BUSINESS SECTOR



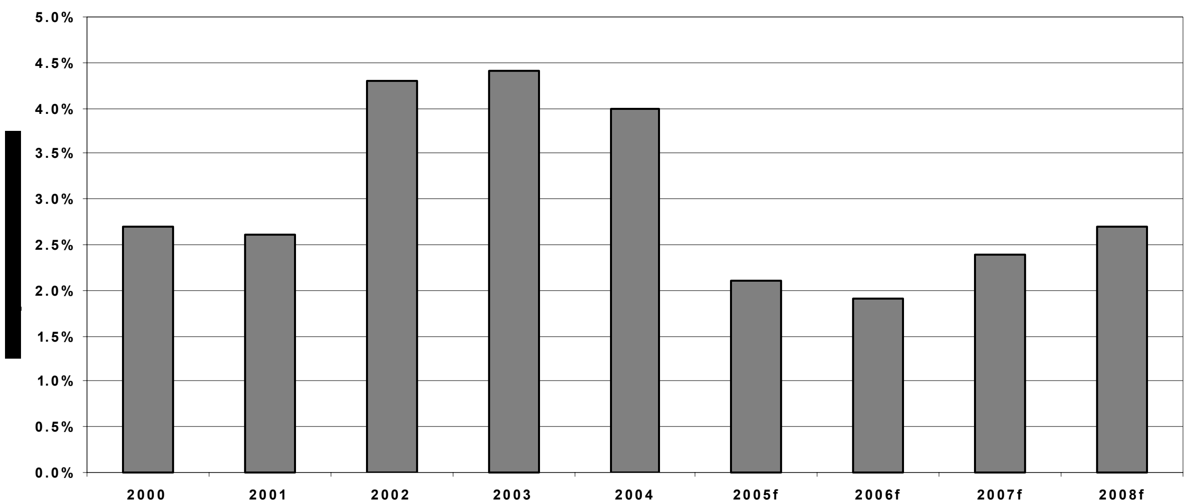
Source: Bureau of Labor Statistics

The rise in non-farm payroll employment in 2004 coincided with a slowdown of productivity growth in the non-farm business sector (Figure 4). There is a complicated relationship between productivity and employment growth. But in an expansion, a slowdown in productivity growth can have a favorable impact on job creation, since lower productivity induces companies that wish to expand their level of output to hire additional workers. The recent slowdown is likely to persist and, therefore, future growth in GDP is likely to translate into growth in employment. The downside of this is that rapid productivity growth has played a significant role in reducing inflationary pressure. Thus, with slower productivity growth, cost increases are perhaps more likely to translate into an acceleration in price inflation. Should inflation be ignited, the Federal Reserve may act to raise interest rates to dampen economic growth.

Payroll employment should increase at a faster rate in 2005 than it did in 2004, adding about 2.2 million jobs. Calendar year 2006 job growth will not be quite so strong as 2005, but job growth should be sufficient to bring unemployment into the 5.1 to 5.2 percent range.

The Finance Division does not expect inflation to be a problem within the forecast period. Other factors that could contribute to upward pressure on prices—oil prices and the exchange rate—are expected to stabilize over the forecast period.

FIGURE 4: PRODUCTIVITY IN THE PRIVATE NON-FARM BUSINESS SECTOR

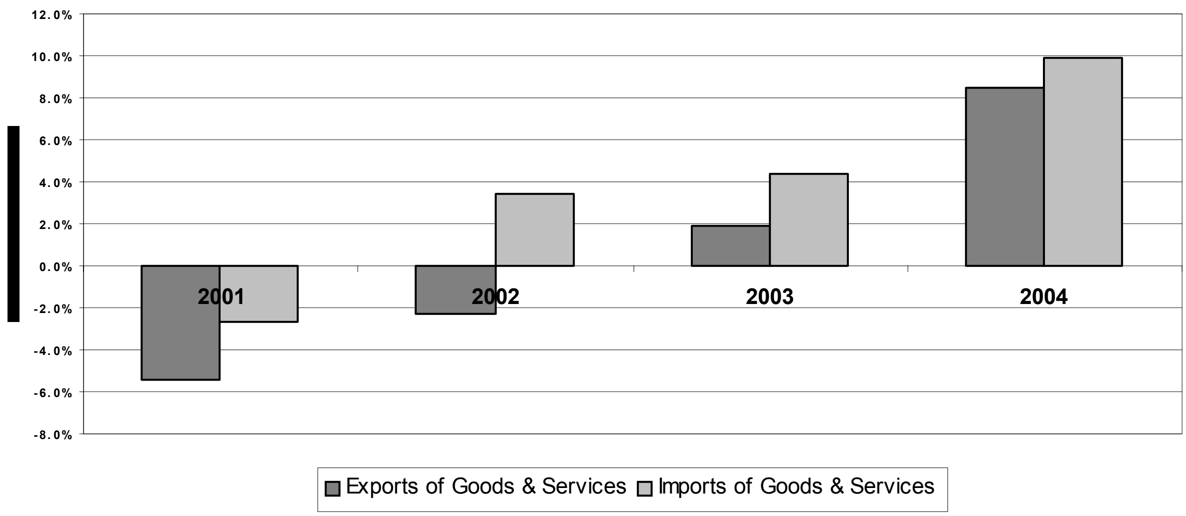


Source: Bureau of Economic Analysis

Foreign Trade, the Dollar and Interest Rates

The recent decline in the value of the dollar has had positive effects on export growth, while the recent surge in GDP growth has contributed to an acceleration of the growth of demand for imports (Figure 5). During the first half of 2004, U.S. exports responded to the fall in the dollar's value in 2003, as well as to a pickup in foreign economic activity. In particular, the world economy enjoyed its strongest rate of economic growth (4.1 percent) since 1988. However, during the second half of 2004, U.S. exports and foreign GDP growth slowed, due in part to the rise in the price of oil.

FIGURE 5: EXPORTS AND IMPORTS OF GOODS AND SERVICES

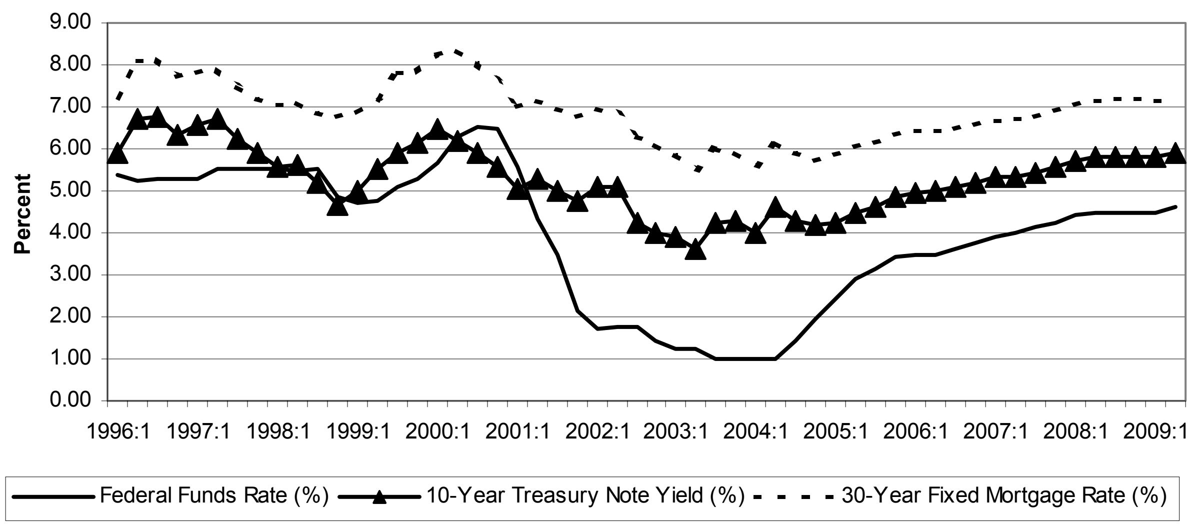


Source: Bureau of Economic Analysis

Solid GDP growth in the U.S. stimulated growth of real imports of almost 10 percent in 2004. So while exports continued to rise, imports continued to rise faster. This has added to the pressure on the dollar, which lost over 20 percent of its value in 2003-2004. The dollar is projected fall at an average rate of around 5 percent a year through 2007. At the national level, this should help boost U.S exports.

At the City level, the falling value of the dollar has already been helpful to the travel and tourism industry, which has seen the return of high-spending foreign visitors. But it does tend to reduce the return on dollar-denominated assets to foreign investors and may pose a problem for the financial sector.

FIGURE 6: INTEREST RATES



Source: Council Finance and Global Insight

In the face of 9/11 and the recession, the Federal Reserve aggressively lowered interest rates on Federal Funds to a level not seen in generations. Other interest rates that have a more direct effect on the economy, such as the rates on 10-year Treasury Bonds and on 30-year Fixed Mortgages, have also fallen but not to the same extent as the Federal Funds Rate (see Figure 6). With a recovering economy, the Fed has been gradually increasing the Federal Funds Rate, with the most recent increase of 25 basis points to 2.75 percent occurring on March 22nd. Resources, especially in the labor market, remain slack and inflation remains modest.

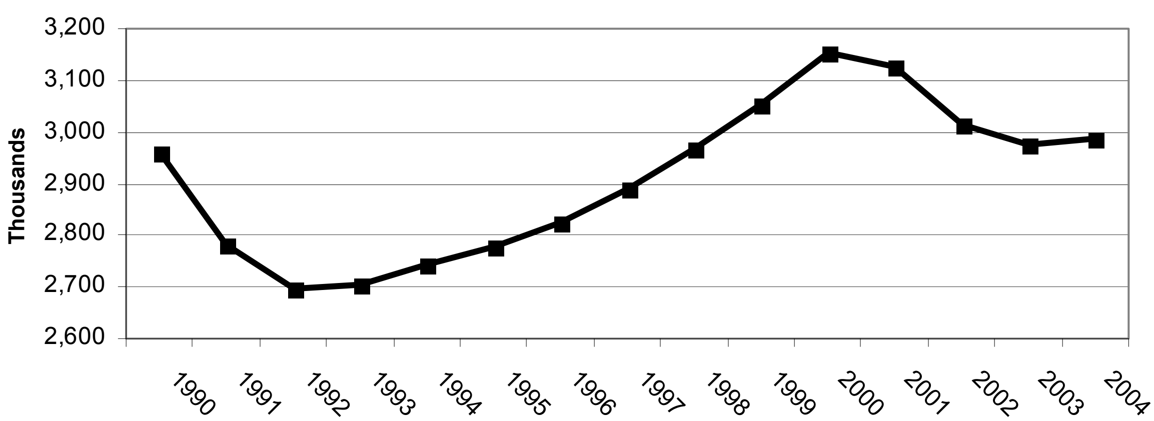
In this atmosphere, the Federal Funds Rate is expected to rise gradually during the forecast period. Other interest rates will follow, though they will not increase to the same extent. These higher rates should slow the economy, especially from 2006 onward. Mortgages have been at a historically low level—this will not continue. But their moderate increase—back to pre-recession levels—should not cause a meltdown in the housing market. However, the spectacular growth in housing prices is unlikely to continue.

As higher interest rates start to take hold, the national economy should slow down a bit in 2005, with GDP growing at 3.7 percent. In the outyears growth should average 3.2 percent annually, roughly equaling the long-term trend of the economy.

Yes, There is More to New York Than Wall Street: The City Economy

The long hemorrhage of jobs that started in the spring of 2001 finally ended in 2004, with the City gaining 13,000 private sector jobs. The gain is modest and still leaves us 166,000 jobs below the 2000 peak. Even so, employment exceeded the level of 1997 and, in terms of the level of employment, 2004 was one of the half a dozen best years the City has seen in the last three decades.

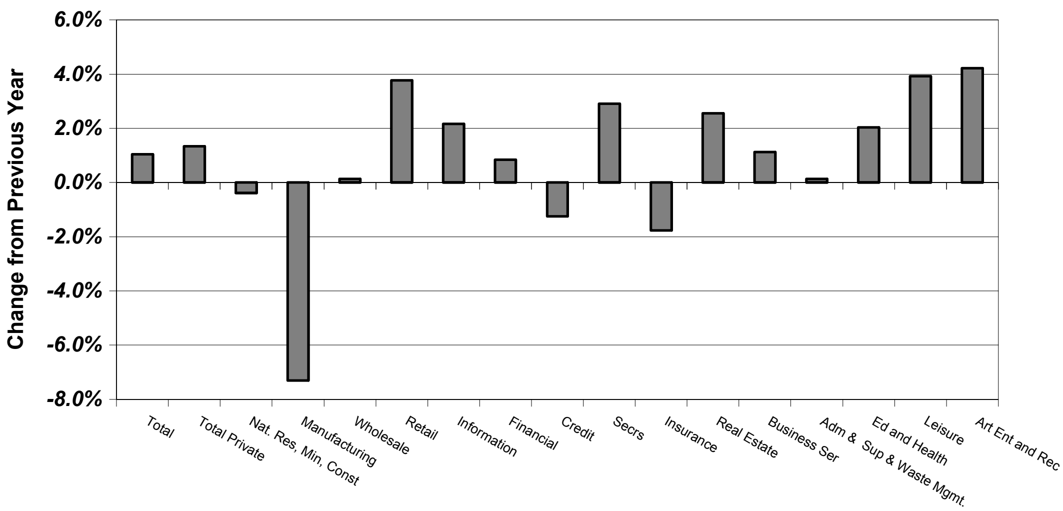
FIGURE 7: PRIVATE SECTOR EMPLOYMENT IN NEW YORK CITY 1990-2004



Source: New York State Department of Labor

For New York City's economy, the expansion is also broadening. By January 2004, most of the relatively high income "office" sectors of the economy saw positive growth, including financial services as a whole, securities, real estate, information, business services, professional services and advertising. The blue-collar administrative services[1] sector also expanded. Consumer- and tourism-related sectors showed particular strength, including retailing, the leisure and hospitality super sector and accommodations. And of course, the old stalwarts—education and health care—continued to expand. The City has a number of industries where employment has been falling for a long period of time, including credit and banking, insurance and manufacturing, and it is in these sectors where job losses continue.

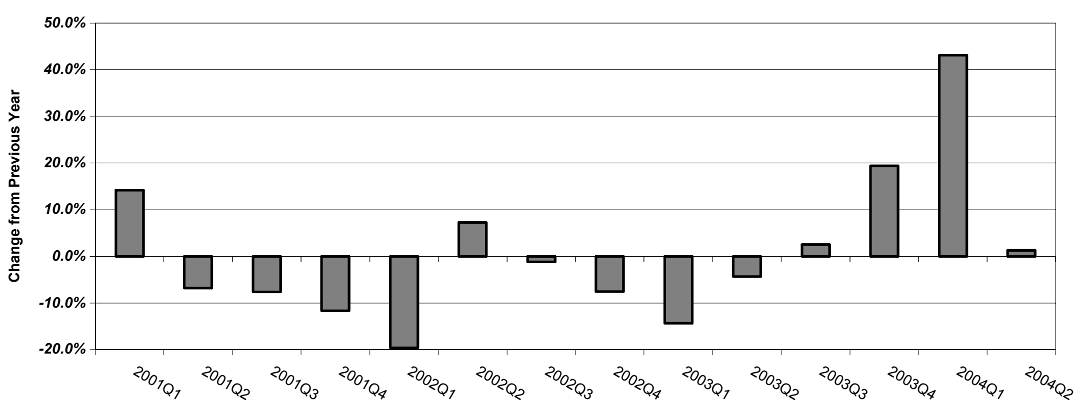
FIGURE 8: EMPLOYMENT IN NEW YORK CITY JANUARY 2005



Source: New York State Department of Labor

So this City's expansion is not dependent on any single industry, even the important securities industry. Nonetheless, the securities industry has accounted for more than its share of the City's total income. The industry posted a remarkable first quarter of 2004, with total wages paid by the industry in the City up 43 percent from the previous year.

FIGURE 9: SECURITIES INDUSTRY WAGES IN NEW YORK CITY



Source: Bureau of Labor Statistics

[1] *The sector's full name is administrative, support and waste management.*

There is evidence that growth in securities industry incomes will continue at a strong pace. The four major investment banks—Goldman Sachs, Lehman Brothers, Morgan Stanley and Bear Stearns—all report strong and, in some cases, record, first quarter 2005 earnings. This should boost business taxes in the second half of Fiscal 2005, and it should boost wages and personal income taxes in Fiscal 2006.

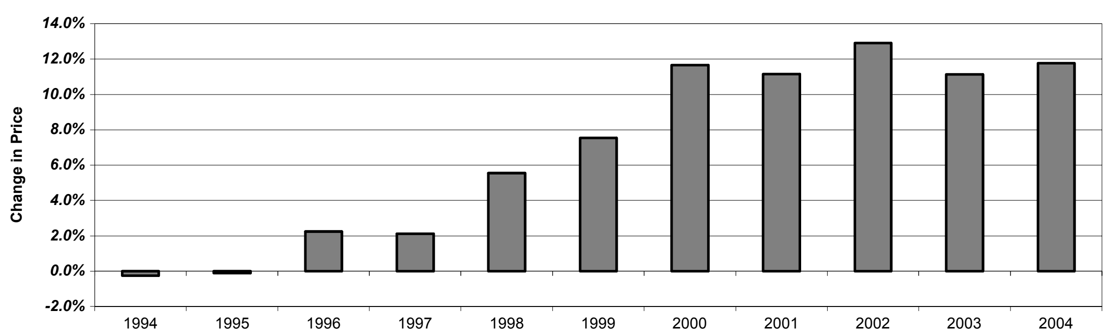
Total wages paid in the City have been rising since the middle of 2003. In the first quarter of 2004, Manhattan had the highest annual gain in average weekly wages in the nation, with an increase of 13.6 percent, compared to a U.S. average of 3.8 percent over the same period. In absolute terms, Manhattan's average weekly wage of $1,913 was more than twice the national average of $758. In the first half of 2004 (most recent data available), total wages for the City as a whole were 9.5 percent above the same time in the previous year. Data from withholding of income tax, which depends upon wages paid to City residents, suggest that this pattern continued in the second-half of the year; revenues, corrected for changes in tax policy, were 8 percent higher than last year.

With improvements in office employment have come improvements in the commercial real estate market. As of January, the "office" sectors of the economy have added around 15,000 jobs. Since each new office job requires 175 to 225 square feet of space, this increase should absorb around 3 million square feet of space. This is not much relative to the size of New York's real-estate market; an office building like One Bryant Park has over 2 million square feet. But combined with the expectation of future employment growth, it has led to improvements in the City's commercial real estate market. According to data from Cushman & Wakefield, the overall vacancy rate has fallen in the three major segments of the New York City market, Midtown, Midtown South and Downtown—with Midtown South showing particular strength. In both parts of Midtown asking rents have increased. Downtown, while improving, is still an object of concern, and completions of Seven World Trade Center will soon add 1.7 million square feet of office space.

Real Estate – A Soft Landing

The housing market remains buoyant. The prices of single-family homes continued their remarkable rise, increasing by nearly 12 percent in 2004.

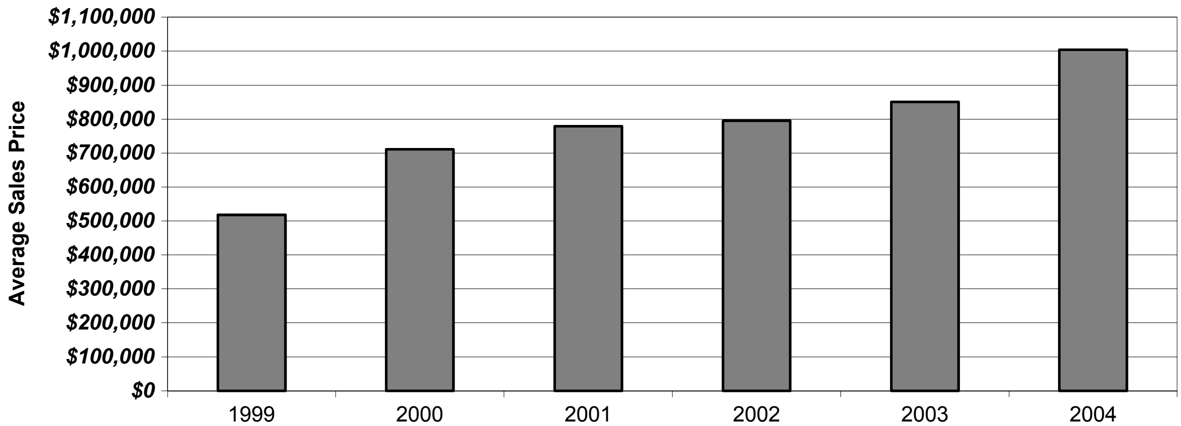
FIGURE 10: SINGLE FAMILY HOME PRICES, NEW YORK CITY MSA



Source: Federal Office of Housing Enterprise Oversight.

Even more remarkable, coop and condominium sales in Manhattan totaled close to $8.7 billion in 2004, with the average sale price of over $1 million according to data from Miller Samuel, Inc.

FIGURE 11: AVERAGE SALES PRICE OF MANHATTAN COOPS AND CONDOS



Source: Miller Samuel, Inc.

There is some evidence of housing prices slowing a bit in the fourth quarter. However, mortgage rates have risen much slower than anyone anticipated. When higher rates finally reach the housing market in the second and third quarter of 2005, price growth should slow dramatically. Council Finance is anticipating a soft landing for the housing market. On the supply side, housing construction has been strong in the City but the amount being added is small relative to the market, as are the amounts currently under construction. With improving employment, relocation is unlikely to be a large source of housing for sale. On the demand side, rising income and employment will cushion some of the effect of rising interest rates. This combination should make it possible to avoid the kind of dramatic fall in prices that occurred in the late 1980s.

The short run outlook for the City's economy remains favorable. Withholdings for the personal income tax were strong in the bonus months of December, January and February. Spending from this income should provide a boost similar to last year's bonuses. Businesses remain optimistic about both sales and employment with half of the respondents to the National Association of Purchasing Managers' March survey anticipating increases in hiring.

TABLE 1: NYC BUSINESS CONDITIONS INDEX- OUTLOOK, SEPT. – FEB. 2005

	September	October	November	December	January	February
NYC- BCI Outlook	60.0	50.0	64.3	37.5	60.0	80.0

Note: An index of over 50 means expectations of growth in the near future.
Source: National Association of Purchasing Managers – New York Chapter.

The Economic Forecast

In 2004 GDP grew at the robust annual rate of 4.4 percent. The Council Finance Division expects the nation's GDP will slow somewhat in 2005 to the above average 3.7 percent. In 2005, job creation should stay at pretty much the same pace as it was in January and February, adding around 183,000 a month. This should be sufficient to improve the unemployment rate slightly, from the February 2005 rate of 5.4 percent to 5.2 percent for the year. Unemployment should stay around this level through the forecast period. Despite pressure from oil prices and the declining value of the dollar, inflation will remain close to 2 percent throughout the period.

New York City will continue to grow in 2005. Council Finance forecasts the City's economy will generate around 45,000 jobs and an average wage growth of 5.6 percent throughout the current year. Employment growth remains at roughly this level, slowing slightly in the outyears. New York will not regain the jobs lost in the last recession until 2009.

The average wage in New York City varies considerably with the strength of securities industry bonuses. It is here that the Finance Division's economic forecast differs the most from OMB. After losses in 2002 and a weak 2003, the City's average wage has more or less returned to its 2001 peak. The improvements in the securities industry and the economy overall have been the source of this strength. Council Finance expects wages to increase at a rate close to its long-term trend in 2006, before slowing somewhat as the growth of securities industry revenues also slows down.

TABLE 2: CITY COUNCIL FINANCE DIVISION ECONOMIC FORECAST

CALENDAR YEAR

NATIONAL ECONOMY	2005	2006	2007	2008	2009
Real Gross Domestic Product	3.7%	3.1%	3.1%	3.0%	3.2%
Consumer Price Index	2.2%	1.7%	1.9%	2.1%	2.3%
Unemployment Rate	5.2%	5.1%	5.2%	5.2%	5.2%
LOCAL ECONOMY					
Private Sector Employment Change from prior year (000s)	44.7	44.9	41.9	37.3	38.4
Consumer Price Index	2.5%	1.8%	2.1%	2.2%	2.5%
Average Wage	5.6%	5.2%	4.8%	4.9%	4.9%
Securities Industry Association – Total Revenue	20.5%	11.0%	8.3%	10.7%	12.0%

As with any forecast, there are risks. At the national level, the principal risk is that some combination of higher oil prices and the falling value of the dollar will trigger an inflationary process. This could lead to a more rapid increase in interest rates by the Federal Reserve, a movement of foreign investors away from American assets and a slowdown in the economy. The econometrics firm, Global Insight, places the likelihood of such a scenario at 20 percent.

At the City level, the principal risk lies with the financial markets. The Finance Division forecast is based on very modest growth in equities markets and rising interest rates. Flat stock prices and declining bond prices may make certain lines of business, such as stock and bond underwriting, less profitable for the City's financial sector. The City's financial sector has been remarkably innovative and has prospered in a variety of environments—and it may continue to do so. However, while there is more to the City than finance, if this sector falters it will hurt the City's economy.

TAX FORECASTS

February Tax Collections

February tax collections are running well ahead of plan. Correcting for certain timing issues, primarily in the property tax, February collections are $99 million over plan for the month and $247 million over plan for the year to date.

The income sensitive taxes—personal income, sales, and the business taxes—are over plan year-to-date. For the personal income, sales and unincorporated business taxes this is significant and indicates an economy that is doing somewhat better than anticipated in the plan. Though it should be noted that the general corporation tax and the banking corporation tax are, for the most part, paid quarterly and receive little revenue in January and February, we can conclude little on the basis of their results.

The mortgage recording tax is also over plan indicating the slower-than-expected response of mortgage rates and the property market to changes in the Federal Funds Rate. However, recent data from the Mortgage Bankers Association show rising rates for fixed interest mortgages and a slowdown of mortgage originations.

Tax Revenues

In Fiscal 2005, Council Finance projects that total tax revenue will be $354 million more than the estimate from the Office of Management and Budget found in the Fiscal 2006 Preliminary Budget. This is a conservative estimate.

For Fiscal 2006, total tax revenue is anticipated to grow by 0.6 percent ending the year $456 million over OMB. This slowdown in growth is partially due to the slowdown in the housing and mortgage markets, which returns the two transfer taxes to a more normal level. Even so, based on the strength of the economy one would expect a somewhat higher growth rate for total tax revenue, around 2.4 percent. This low growth rate is also due to changes in tax policy. Under current law, three major tax provision sunset between June 1, 2005 and January 1, 2006. On June 1, 2005, New York City's sales tax will decrease by one-eighth of one percent and the sales tax will be removed on clothing and shoes under $110. On January 1, 2006, the top two tax brackets of the New York City personal income tax will sunset, lowering taxes for households with taxable income over $100,000.

For the rest of the plan period, the Finance Division forecast remains above OMB, with differences increasing to $606 million in Fiscal 2007, $923 million in Fiscal 2008 and $1,178 million in Fiscal 2009. These differences from OMB reflect our stronger wage forecast and a less severe view of the slowdown in the housing market.

TABLE 3: COUNCIL FINANCE TAX REVENUE FORECAST
(IN MILLIONS)

	2005	2006	2007	2008	2009
Real Property	$11,536	$12,301	$13,114	$14,162	$15,083
Personal Income	5,914	5,956	5,980	6,343	6,694
General Corporation	1,795	1,918	2,022	2,137	2,257
Banking Corporation	489	469	433	464	527
Unincorporated Business	1,009	1,068	1,142	1,205	1,271
Sales	4,255	4,083	4,281	4,512	4,731
Commercial Rent	441	451	468	483	501
Real Property Transfer	874	590	601	645	634
Mortgage Recording	904	595	537	599	585
Utility	303	310	317	324	332
Hotel	247	261	275	290	304
All Other	1,363	1,311	1,301	1,311	1,304
Audits	525	512	509	509	509
Total Taxes	**$29,655**	**$29,825**	**$30,979**	**$32,985**	**$34,733**

TABLE 4: COUNCIL FINANCE TAX REVENUE FORECAST COMPARED TO OMB
[$ IN MILLIONS, ABOVE/(BELOW) FISCAL 2006 PRELIMINARY BUDGET]

	2005	2006	2007	2008	2009
Real Property	$0	$(44)	$47	$156	$412
Personal Income	104	156	244	284	255
General Corporation	41	101	106	114	121
Banking Corporation	48	31	0	32	87
Unincorporated Business	50	72	102	116	132
Sales	50	37	70	128	140
Commercial Rent	(4)	(6)	(1)	1	6
Real Property Transfer	(11)	35	30	44	11
Mortgage Recording	86	78	4	33	(8)
Utility	(6)	(1)	7	15	23
Hotel	(4)	(3)	(2)	(1)	(2)
Total Taxes	**$354**	**$456**	**$606**	**$923**	**$1,178**

TABLE 5: COUNCIL FINANCE TAX REVENUE FORECAST GROWTH RATES (YEAR-OVER-YEAR)

	2005	2006	2007	2008	2009
Real Property	0.8%	6.6%	6.6%	8.0%	6.5%
Personal Income	6.5%	0.7%	0.4%	6.1%	5.5%
General Corporation	16.6%	6.9%	5.4%	5.7%	5.6%
Banking Corporation	17.8%	-4.1%	-7.6%	7.1%	13.5%
Unincorporated Business	11.1%	5.8%	7.0%	5.5%	5.5%
Sales	5.9%	-4.0%	4.8%	5.4%	4.9%
Commercial Rent	3.6%	2.3%	3.6%	3.4%	3.8%
Real Property Transfer	14.0%	-32.5%	1.8%	7.4%	-1.7%
Mortgage Recording	10.6%	-34.2%	-9.7%	11.6%	-2.4%
Utility	4.1%	2.2%	2.3%	2.4%	2.4%
Hotel	14.1%	5.7%	5.3%	5.4%	4.9%
All Other	6.8%	-3.8%	-0.7%	0.7%	-0.5%
Audits	6.9%	-2.6%	-0.6%	0.0%	0.0%
Total Taxes	**5.3%**	**0.6%**	**3.9%**	**6.5%**	**5.3%**

Personal Income Tax

Council Finance's forecast of the personal income tax (PIT) for the current fiscal year is based on collections data through February and historical seasonal patterns in monthly collections. On this basis, the Council's forecast is higher than OMB's, in Fiscal 2005, by $104 million. The forecast for the remainder of the plan period (Fiscal 2006 through 2009) incorporates projections of the local economy that are slightly more optimistic than OMB, resulting in higher estimates of $156 million in 2006 and $244 million in Fiscal 2007, $284 million in Fiscal 2008 and $255 in Fiscal 2009.

Personal income tax collections can be viewed as having two related components: a) income derived from the high wage financial sector (including bonus payments paid out in December and January), and b) income derived from the rest of the economy. The sources of divergence between Council Finance and OMB's forecasts are differing assumptions concerning growth in the financial sector and timing of changes in the local economy. Council Finance anticipates a stronger rise in overall incomes in the local economy than OMB over the forecast period.

Different perspectives on Wall Street income and the local economy are reflected in Council Finance and OMB's forecasts of the various components of the PIT. Council Finance's forecast of withholding is based on its forecast of wage income and collections data through early March. Withholding, on a common rate and base, has increased about nine percent so far this fiscal year—boosted by an estimated 11 percent growth in the securities industry average wage.

Total withholding collections (including the tax increase) are expected to end Fiscal 2005 with a seven percent increase over Fiscal 2004. Growth decelerates to about two percent in Fiscal 2006—the deceleration reflecting the phasing out of the tax increase combined with solid real wage growth of over four percent. Wage growth continues at this pace through the plan period with collections growth slowing to 2.7 percent in 2007 as the temporary rate increase phases out. Modest wage growth in the out-years is reflected in 4.5 percent average withholding growth in Fiscal 2008 and Fiscal 2009. OMB's expectation of wage growth is only slightly less optimistic, which produces Council's expected surplus in withholding of about $60 million per year.

The estimated payments forecast is based on Council Finance's forecast of realized capital gains as well as New York City personal income. Large installments reflecting capital gains realizations should produce installments that are 25 percent higher than last year. Both the Council and OMB expect similar increases in estimated payments, though recent collections suggest a surplus of at least $40 million in the current year. For 2006, growth should slow substantially to single digit increases. The Council foresees a modest increase in capital gains as estimated capital gains and liabilities begin to coincide following the turbulent capital gains of the last few years. The variance for 2005 and 2006 carries over to the outyears of the plan period while growth rates converge.

Council Finance's forecasts of withholding and estimated payments are used to forecast other components of the PIT—final year returns and refunds. In Fiscal 2005, OMB anticipates a sharp decline in finals of 13 percent while the Council anticipates only a modest decline—following the 50 percent increase in Fiscal 2004. For Fiscal 2006, Council Finance expects a slight decline in finals while the Administration is predicting no change. The result is a positive variance of about $50 million combined for Fiscal 2005 and 2006. Over the forecast period, the Council is projecting $165 million more in final returns collections than those projected by the Administration.

Income tax refunds are expected to be slightly higher in the current fiscal year, primarily due to greater than expected collections but then should stabilize as estimated payments and withholding better reflect taxpayers' previous years' liabilities. Total settlement payments—estimated payments plus finals plus assessments, less refunds—are pushing into negative territory, partially due to the effects of the newly enacted earned income tax credit. Differences with OMB are not large.

The net PIT forecast also includes two other settlement components: 1) assessment payments from tax audits, and 2) State/City offsets or reconciliation of distributions between the State and the City.

Business Taxes

For Fiscal 2005, based on collections information through February and business activity in the first quarter of the calendar year, Council Finance projects that business tax collections, in total, will be higher than the January Plan targets by $139 million. Given current collections information, this target should not be difficult to reach. This year will mark the second straight year of strong growth in the business taxes following the recession. As it stands, at Council's current projected targets, total business tax collections this Fiscal year will be about $388 million above the targets at the time of budget adoption last June.

The estimates for the remainder of the current fiscal year are based primarily on taxes already collected as well as on known information on securities industry incomes—the prime predictor of business tax collections. Should the industry add an additional billion dollars or so in profits, the City could see an additional $160 million in business tax collections, according to Council estimates.

For the year-to-date, it is estimated that collections are already more than $92 million above plan and more than 30 percent higher than the same period in Fiscal 2004. Council Finance's forecast assumes that the City will realize an additional $47 million in the March-June period and end the year roughly 16 percent higher than last year. Note, this projection assumes very modest growth for the rest of the fiscal year. For example, the GCT is growing 32 percent year to date and is predicted by the Council to end the year only 16 percent higher than last year, which implies a growth rate for the rest of the year of less than six percent.

The banking corporation tax (BCT) has rebounded sharply over the past two fiscal years. From historic lows experienced in Fiscal 2003, when it fell to $212 million, it has more than doubled to the projected $489 million in the current fiscal year. The BCT is 70 percent higher than last year.

For Fiscal 2006, Council Finance's projected windfall of $204 million is due to higher levels projected in Fiscal 2005 but also due to higher expected growth rates in Fiscal 2006. The projections for Fiscal 2006 reach levels that surpass the previous peaks. The higher growth rates, in turn, reflect Council Finance's expectation of higher securities industry revenues. OMB is forecasting very modest growth in securities industry profits—an expected $12.8 billion in calendar 2004 and slight advances in the ensuing years.

The Council is expecting business incomes to grow at rates near their historical trend growth rates in the out-years of the forecast. The GCT is projected to grow at around six percent per year, while the relatively smoothly growing UBT rises seven percent in Fiscal 2007 and an average of 5.5 percent in Fiscal 2008-2009. After declining seven percent in Fiscal 2007, the bank tax grows at 10 percent per year in Fiscal 2008-2009.

Sales Tax

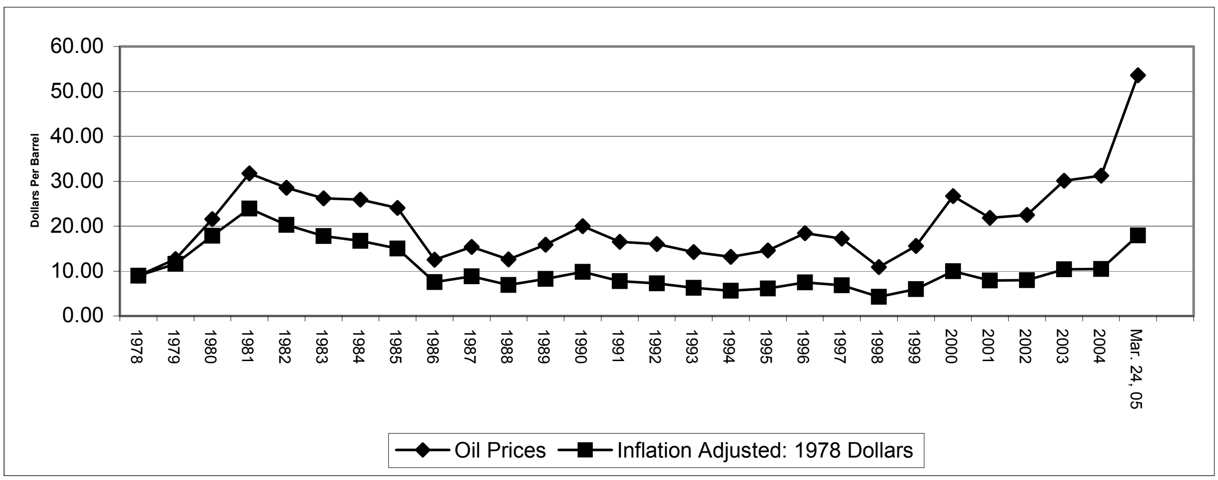
In Fiscal 2005, Council Finance is forecasting 5.9 percent growth and $50 million more in sales tax revenue than OMB's Preliminary Budget forecast. Collections have exhibited strong growth of 8.4 percent through the first eight months of the current fiscal year. Advance monthly sales for retail trade and food services in February were up 0.5 percent over the previous month but 7.7 percent from February 2004. In addition, the Federal Reserve Beige Book March issue reports a boost in apparel sales and a strong pickup in sales to tourists. Council Finance's optimistic Fiscal 2005 forecast is largely due to a strengthening economy giving rise to vigorous employment and wage growth, and a recovering hotel and tourism industry.

The growth of the sales tax is affected in Fiscal 2006 by certain changes in the tax laws. The end of a temporary sales tax surcharge, and the return of the sales tax exemption on clothing and footwear under $110 reduce the growth of the tax in Fiscal 2006. A one-eight percent increase in the sales tax rate, from 4 to 4.125 percent, was imposed by Albany towards the end of Fiscal 2003, effective June 4, 2003 through May 31, 2005. This was in addition to Albany's repeal of the sales tax exemption on clothing and footwear under $110, initially effective June 1, 2003 to

May 31, 2004 but subsequently extended to May 31, 2005. Without these changes we would expect growth in sales tax collections to be positive in 2006 rather than decline as they do in the current forecast.

Despite this optimistic outlook, one caveat must be borne in mind going forward. Real income gains in 2004 and into 2005 were held down, as higher oil prices siphoned off household purchasing power. While overall consumer spending grew in 2004, some consumers responded to the high cost of gasoline and heating fuel by cutting back on real spending on some durables, such as computing equipment. As a result, with the growth of real consumption spending outpacing that of real personal income through most of last year, the personal saving rate fell, from 1.5 percent, on average, in 2003, to only 0.5 percent by the third quarter of 2004. Meanwhile, household debt is estimated to have increased about 9.75 percent in 2004, albeit lower than 2003. Add in increasingly higher interest rates, the Federal Funds rate has been raised seven times since June, most recently on March 22nd, and it would seem the consumer may come under increasing pressure to retrench spending.

FIGURE 12: AVERAGE ANNUAL OIL PRICES



Source: Energy Information Administration

This bleak picture is somewhat offset by higher household wealth. According to the Federal Reserve's flow of funds accounts, the ratio of household net worth to disposable income rose sharply in 2003, as corporate equity values rebounded and home prices continued to rise. Further, although equity values were flat, on net, through most of 2004 before rising in the fourth quarter, home prices rose throughout the year, and the wealth-to-income ratio rose further. By the third quarter, the ratio had reversed nearly half its decline since the stock market peak in 2000. As wealth feeds through into household spending over several quarters, the wealth increases in 2004 and into 2005 are important in supporting consumer spending.

This trend of increasing household wealth is also evident in the City. The Department of Finance's tentative property assessment roll for Fiscal 2006, (issued January 14) shows an overall market value increase of 14 percent that reflects the City's strong economic recovery across every borough and every type of property since 9/11. And with mortgage rates at a forty-year low through mid-March, mortgage debt continued to pace the advance in household debt. In addition, even though refinancing has fallen off sharply since last year, as the pool of outstanding mortgages with interest rates above current market rates shrank considerably, refinancing still provides many households with readily available and relatively low cost funds for financing consumption. While this situation persists, it is expected the consumer will weather any further increases in oil prices.

Council Finance estimates revenue in excess of $37 million over OMB's forecast for Fiscal 2006. Although employment and wage growth remain vigorous, growth falls by 4 percent. This fall in growth reflects the re-instatement of the clothing and footwear sales tax exemption and the expiration of the 1/8 percent rate increase on May 31, 2005.

In the out years, as the national and local economies continue to grow, Council Finance expects growth to return to trend, averaging 5 percent, and cumulative collections to exceed OMB by $338 million.

Utility Tax

Utility tax collections of $303 million are forecast for Fiscal 2005, $6 million less than OMB's Preliminary Budget forecast. This tax is significantly influenced by the vagaries of the oil and gas industries. The price of crude oil rose to $57.60 a barrel on March 16 while natural gas closed at $7.24 per million British thermal units ($/MMBtu) on the New York Mercantile Exchange. These prices reflect increased demand for energy as an extra long cold season forced utilities to draw more heating fuel from storage than usual. In addition, increased local and international demand coupled with stagnant local refining capacity have combined to drive oil to near record price levels. The upward pressure on prices due to increased demand is further exacerbated by a relatively weak dollar and geopolitical uncertainty in the Middle East, where the majority of the OPEC cartel's 11 member states are located. At their March 16 meeting in Isfahan, Iran, OPEC decided to increase its production ceiling by a half-million barrels daily. But this is merely symbolic and is not expected to have any immediate effect on stabilizing prices. In fact, prices spiked in New York following the announcement. As a result, growth is expected to reach 4.1 percent in Fiscal 2005.

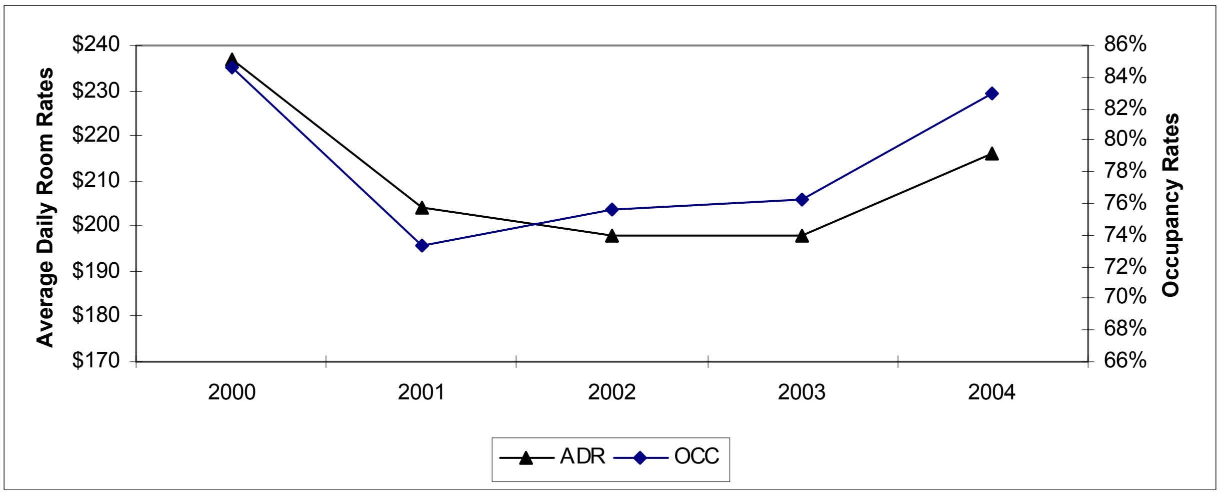
Revenue in Fiscal 2006 is estimated at $310 million, growing 2.2 percent from Fiscal 2005, greater than OMB's 0.6 percent growth rate but $1 million lower than OMB's estimate for the year. Growing demand is expected to keep prices high. The world is consuming oil at a record pace, straining the ability of producers and refiners to deliver gasoline. This year, global oil demand is expected to grow 2.2 percent following last year's growth of 3.4 percent. In recent years, average growth was 1 percent. This trend is expected to continue in the out years. Growth will average 2.4 percent with cumulative collections $45 million greater than OMB's estimates.

Hotel Tax

Council Finance predicts $247 million in hotel tax collections in Fiscal 2005, representing an increase of 14.1 percent from the previous year. This is $4 million lower than OMB's estimate. The hotel industry is in the midst of an impressive recovery from the devastation of 9/11 and the recent recession. For 2004, Manhattan hotel occupancy reached near-record levels set in 2000 and average daily rates (ADR) experienced double-digit growth, according to PriceWaterhouseCoopers. Occupancy for 2004 was 83.2 percent, 7.3 occupancy points above

2003 and ADR was $201.76, an 11.3 percent increase from 2003. Revenue per available room experienced the largest single year increase since 1994, up 22 percent from 2003, finishing the year at $167.78. For the City, occupancy reached 84.6 percent in December while ADR was $273, up from $253 in November. As business and tourist travel are correlated with income, the robust 4.4 percent growth of national GDP in 2004 is boosting domestic travel to the City. Last year, forty million visitors are forecast to have enjoyed its cultural and aesthetic delights. In addition, a relatively weak dollar vis-s-vis the euro has increased the volume of European visitors who come not only for vacation but also to shop. However, the volume of foreign visitors has not yet reached pre-9/11 levels.

FIGURE 13: HOTEL ROOM AND OCCUPANCY RATES: 2000-2004



Source: NYC & Company

In Fiscal 2006, revenue is estimated at $261 million, growing 5.7 percent from Fiscal 2005, higher than OMB's 5.2 percent but $3 million lower than OMB's estimate for the year. The more robust growth relative to OMB reflects continued strong tourist activity, particularly foreign tourists, who usually outspend domestic visitors. In the out years, with the national and local economies continuing to grow, growth at an average annual rate of 5.2 percent is expected, absent any unforeseen adverse geopolitical activity.

Real Estate Tax Levy

Like any other tax, the size of the real estate tax levy depends upon the rate charged and the tax base. Council Finance has based its forecasts on the assumption that the current average tax rate for the property tax will remain unchanged for the plan period.[2] Any changes in the levy will be the result of changes in the tax base. For the real property tax levy, the base is the billable assessed value (BAV) of all taxable real property in the City. In Fiscal 2005, levy growth slipped to 3.8 percent over Fiscal 2004 because of a significant downward revision to the BAV between the tentative and final roll due to Department of Finance (DOF) changes in valuation for property tax classes two and four.

[2] *The current average tax rate is $12.283 per $100 Billable Assessed Value.*

In Fiscal 2006, both Council Finance and OMB anticipate that levy growth will return to trend as a result of continuing health of the City's economy and considerable build up of BAV in the "pipeline" from several years of strong market value growth. While Council Finance anticipates that the levy will grow at 6.2 percent in Fiscal 2006, slightly less than OMB's growth rate of 6.5 percent, Council Finance forecasts a more robust growth in the levy averaging 6.3 percent a year from Fiscal 2007 through 2009, compared to OMB's average growth rate of 5.2 percent for the same period.

The size and growth of the BAV is conditioned both by the amount of and changes in the market value of taxable real property in the City. The changes in the market value of real estate have been remarkable in recent years, growing at an average annual rate of 10.6 percent for the past five years (Fiscal 2001 through 2005). However, market value increased at the highest rates since 1993 in Fiscal 2005 and 2006, by 15.8 percent and 14 percent, respectively. Some of the increase in growth over the last two years is attributable to changes in DOF's assumptions and techniques used in the assessment computer models.[3]

The BAV reflects economic conditions with a considerable lag. Assessed value is calculated using information on comparable sales (Class 1) or property income and expenses (Classes 2 and 4) that is one to three years old. Because of the caps on assessment increases for Class 1 properties, much of the recent growth in that class's market value (averaging nearly 15 percent a year from Fiscal 2001 to 2005) will not be captured on the assessment rolls.[4] The market value of Class 1 properties has shown the strongest growth of the four property tax classes over the past several years, increasing by 14.7 percent on the Fiscal 2006 Tentative Assessment Roll released on January 14, 2005.

For the first time in several years, DOF lowered the target assessment ratio for Class 1 from 8 percent to 6 percent of full value. Because of the unprecedented growth in class one market value, the average assessment ratio is closer to four percent on the tentative roll. Those owners who will benefit from the reduction either bought recently constructed homes where the assessed value would have entered the rolls at the 8 percent target ratio, or live in neighborhoods where the growth in full value has not kept pace with the rest of the class. DOF estimates that taxpayers may save as much as $20 million in taxes due to a nearly $160 million drop in assessed value as a result of this action.[5] The decline in BAV has already been accounted for in the forecast.

For properties in Classes 2 and 4, changes in assessed value are phased in over five years. From Fiscal 2001 through 2005, market value growth has averaged 10 percent a year for Class 2 properties and 5.2 percent for Class 4. Therefore, the growth of recent years has left a considerable pipeline of increases that will have an impact during our forecast period and offset somewhat any slowdown in market value growth. On the tentative roll, market values for Class

[3] *New York City Department of Finance & Department of Investigation Joint Task Force Charged with Eliminating Corruption in the Department of Finance's Real Property Assessment Unit, Final Report, January 2004. In this report, DOF outlined changes in the assessment process already in place as well as recommendations for future improvements in the assessment process and suggested legislative changes in the real property tax law. Also, see "Testimony of Commissioner Martha E. Stark, New York City Department of Finance, Before the City Council Committee on Finance," Hearing on the FY2006 Preliminary Budget, March 3, 2005.*

[4] *Class 1 assessment increases are subject to a six percent annual cap and may not exceed 20 percent over five years. Increases in assessments of Class 2 small properties with less than 11 units are capped at eight percent a year and 30 percent over five years.*

[5] *"Testimony of Commissioner Stark before the City Council Committee on Finance," March 3, 2005, p. 10.*

2 properties shot up by 14.2 percent in Fiscal 2006, following a historically high rise of almost 19 percent in Fiscal 2005. Market values of Class 4 commercial and hotel properties have rebounded since the attack on the World Trade Center in 2001. In Fiscal 2006 the market value for Class 4 real estate grew at the unprecedented rate of 13.5 percent. One warning, however: Last year market values for Class 4 dropped by more than $1.8 billion between the tentative and final Fiscal 2005 assessment rolls partly due to an administrative change in the capitalization rates, resulting in a drop in the growth rate from the prior year to 3 percent, instead of 7.3 percent. We have no evidence as yet that a change in the final roll of this magnitude will occur this year, unless Tax Commission protests result in larger than anticipated reductions in value.

The BAV on the tentative assessment roll for Fiscal 2006 was $111.274 billion.[6] Actions by the Tax Commission and the Department of Finance generally produce a final BAV lower than the tentative one. In the Preliminary Budget, OMB estimates that the BAV on the final roll will be nearly $1.2 billion lower than the tentative roll for a total of $110.107 billion and a growth of 6.5 percent from Fiscal 2005. Based on their estimate of the final BAV for Fiscal 2006, OMB projects a real property tax levy of $13.543 billion. Council Finance estimates a final BAV of $109.766 billion, yielding a levy of $13.499 billion that is $44 million less than OMB's projection.

Council Finance estimates that the growth in the BAV will pick up slightly in Fiscal 2007, to 6.7 percent. The mild improvement in the City's economy and pick-up in private sector employment will continue to keep growth in the BAV fairly solid for the plan period, bolstered by the pipeline effect discussed above. Because of the slightly higher rate of growth in the BAV in Fiscal 2007, Council Finance's projection of the levy is higher than OMB's by $47 million. However, OMB anticipates a much sharper decline in growth in Fiscal 2008 and 2009 than Council Finance, averaging 4.9 percent a year compared with Council Finance's average of 6.1 percent. Council Finance's forecast of the levy is $155 million above OMB's forecast in Fiscal 2008 and $412 million higher in Fiscal 2009.

Mortgage Recording Tax

The mortgage recording tax (MRT) is imposed on the recording of real estate mortgages in New York City. The combined State and City rate ranges from 2.0 percent for mortgages under $500,000 to 2.75 percent for commercial mortgages of $500,000 or more.[7]

The MRT has had remarkable collections in recent years, growing by an annual average of 16.5 percent for the last five years from Fiscal 2000 to 2004 due to a robust real estate market. Growth in revenue reached its peak of 75.9 percent in Fiscal 1999. In Fiscal 2004 collections increased by 55.3 percent, the second highest rate of growth on record, to the highest historical level of $817 million, primarily as a result of strength in the housing market and residential refinancing. To give some idea of how revenue from this tax has increased over the past several years, collections only reached the level of $232 million in Fiscal 1998, before jumping up to

[6] *The School Tax Relief or STAR exempt BAV has been added back to both the tentative and final rolls throughout this discussion, while the BAV does not include the veteran's taxable BAV.*

[7] *The tax is not imposed on mortgages for cooperative units because buyers purchase shares in a cooperative housing corporation, and. according to current law, secure these shares with financial statements, not mortgages.*

$408 million in Fiscal 1999 where levels remained in the $400 million range until Fiscal 2003, when collections reached $526 million.

Strength in the residential market and refinancing has continued beyond what both OMB and Council Finance forecast in October, resulting in substantial upward revisions in both forecasts for Fiscal 2005. In the Preliminary Budget, OMB increased its forecast of revenue from the MRT by $70 million to $818 million, slightly above the amount raised in 2004. Since the budget was adopted in June, OMB has raised its forecast for the tax by $304 million. These large revisions in the forecast during the plan period follow a familiar pattern of the past several years, as OMB has had to delay its forecast of a sharp fall in the residential market to the outyears of the plan. Even so, year-to-date collections through February are already $53 million over plan. Council Finance forecasts that revenue will total $904 million in Fiscal 2005,or $86 million above OMB**.** Recent statistics show that housing prices remain strong and mortgage rates continue at historic lows. The average rate on a 30-year, fixed-rate mortgage was 5.63 in February, down from 5.71 percent in January, according to Freddie Mac. There is no reason to expect that mortgage activity will experience the sharp drop off for the remainder of Fiscal 2005, as anticipated by OMB.

In Fiscal 2006, both OMB and Council Finance forecast a sharp decrease in revenue. Some of the factors that will be dampening growth in collections include increases in interest rates that may occur by the end of calendar year 2005 slowing down refinancing, and the continuing high purchase prices of homes making them less affordable for many New York City residents. Council Finance forecasts that revenue will fall by 34.2 percent in Fiscal 2006 compared with OMB's projected decrease of 36.8 percent.

In Fiscal 2007, Council Finance anticipates that revenue will decline by 9.7 percent, while OMB forecasts a slight rebound in growth of 3.1 percent. However OMB's forecast results in a total of $533 million, which is $4 million lower than Council Finance's forecast level. In Fiscal 2008 through 2009 both Council Finance and OMB anticipate that the MRT will experience stronger growth: Council Finance projects that revenue will increase at an average annual rate of 4.6 percent compared with OMB's forecast of 5.5 percent.

Real Property Transfer Tax

The real property transfer tax (RPTT) is imposed on each deed at the time of the transfer from the seller to the buyer. The tax is normally imposed on the seller. The combined State and City rate ranges from 1.4 percent on residential sales of $500,000 or less to 3.025 percent on commercial sales over $500,000.[8]

Like the MRT, revenue from the RPTT also saw remarkable growth, expanding at an historical high rate of 49.4 percent last year. For the past five years, growth averaged 14.4 percent a year. Unlike the MRT, strength in commercial real estate transactions has been driving growth in the RPTT. In Fiscal 2004, RPTT revenue reached a historically high level of $767 million, following the second highest level of $513 million reached in Fiscal 2003. The strength in the residential and commercial markets has been much more robust than either Council Finance or

[8] *Transfers of cooperative property are subject to the tax.*

OMB have anticipated, resulting in both to forecast that revenue in Fiscal 2005 will exceed the historically high level of Fiscal 2004. OMB increased its forecast by $287 million from October and $409 million from the Adopted Budget to a total of $885 million. Based on projections from year-to-date collections through February, which are running $6.8 million below plan, Council Finance forecasts that revenue will reach $874 million in Fiscal 2005, for $11 million less than OMB. Some of the strength in collections can be explained by processing bottlenecks in the City's trust and agency accounts for real estate transaction taxes, requiring large accrual adjustments at the fiscal year close. According to OMB, the bottlenecks have been cleared up, and beginning in November, collections represent current activity.

With the decline in large commercial transactions and the slowdown in transactions in the commercial real estate market, both Council Finance and OMB forecast a large drop off in collections in Fiscal 2006, of 32.5 percent and 37.3 percent, respectively. The Council forecasts revenue from the RPTT will total $590 million, $35 million more than OMB. Both OMB and Council Finance forecast a return to growth in Fiscal 2007, but the Council expects that the increase in the tax revenue will be somewhat lower. From Fiscal 2007 through 2009, growth in the RPTT will average 2.5 percent compared with OMB's forecast of 3.9 percent.

Commercial Rent Tax

In Fiscal 2005, Council Finance projects that revenue from the commercial rent tax (CRT) will total $441 million, below OMB's Preliminary Budget estimate by $4 million, for a growth of 3.6 percent from Fiscal 2004. As of February, year-to-date CRT collections are $4.2 million under OMB's plan. Growth in revenue will abate somewhat in Fiscal 2006, increasing by 2.3 percent compared with OMB's growth of 2.7 percent.

Council Finance forecasts an average annual growth in the CRT of 3.6 percent from Fiscal 2007 through 2009 that is above OMB's forecast of 2.7 percent. As the City's economy recovers and employment in the financial sector increases, growth in collections will return to the historical trend.

Forecasting the CRT is difficult because so much of the tax base has been reduced by legislative actions. The current effective tax rate is 3.9 percent, down from 6.0 percent. A substantial number of businesses are exempt from paying the tax. As of Fiscal 2002, only tenants with base rents over $250,000 located in Manhattan south of 96th Street pay the CRT. In addition, businesses with rents between $250,000 and $300,000 pay a reduced tax on a sliding scale. The Commercial Revitalization Program for Lower Manhattan also includes a CRT reduction for eligible tenants.

TABLE 6: FISCAL YEAR 2006 PRELIMINARY BUDGET ECONOMIC FORECAST

(CALENDAR YEAR)

NATIONAL ECONOMY	2005	2006	2007	2008	2009
Real Gross Domestic Product	3.5%	3.2%	3.2%	3.1%	3.2%
Consumer Price Index	2.2%	1.7%	2.0%	2.2%	2.3%
Unemployment Rate	5.4%	5.5%	5.6%	5.6%	5.6%
LOCAL ECONOMY					
Non-agricultural Employment Change from prior year (000s)	43.9	37.4	34.3	35.8	40.7
Consumer Price Index	2.7%	2.2%	2.3%	2.4%	2.4%
Average Wage	4.4%	3.6%	3.8%	3.9%	4.2%
Personal Income	4.9%	5.2%	4.7%	5.3%	5.8%

Source: Office of Management and Budget

TABLE 7: FISCAL 2006 PRELIMINARY REVENUE BUDGET
(PLAN AMOUNT & CHANGE FROM THE FISCAL 2005 ADOPTED BUDGET)

(+Better/-Worse)	2005	2006	2007	2008	2009
Tax Revenue					
Real Property	$11,536	$12,345	$13,066	$14,006	$14,671
(Change)	(14)	332	509	632	NA
Personal Income	5,285	4,844	4,760	5,076	5,451
(Change)	349	307	218	160	NA
General Corporation	1,754	1,817	1,916	2,023	2,136
(Change)	81	57	65	72	NA
Banking Corporation	441	438	433	432	440
(Change)	143	90	55	30	NA
Unincorporated Business	959	996	1,040	1,089	1,139
(Change)	25	11	9	20	NA
Sales	4,205	4,046	4,211	4,384	4,591
(Change)	221	17	34	31	NA
Commercial Rent	445	457	469	482	495
(Change)	6	6	4	4	NA
Real Property Transfer	885	555	571	601	623
(Change)	409	67	60	66	NA
Mortgage Recording	818	517	533	566	593
(Change)	304	36	17	24	NA
Utility	309	311	310	309	309
(Change)	26	33	26	25	NA
All Other	830	841	815	828	814
(Change)	72	74	64	67	NA
Taxes Excluding Audits	**$27,467**	**$27,167**	**$28,124**	**$29,796**	**$31,262**
(Change)	**1,622**	**1,029**	**1,061**	**1,131**	**NA**
Tax Audits	525	512	509	509	509
(Change)	17	4	0	0	NA
Tax Revenue PEGS	0	0	0	0	0
(Change)	0	0	0	0	NA
Tax Program / Other Initiatives	0	0	0	0	0
(Change)	0	0	0	0	0
StaR Aid	784	734	763	774	795
(Change)	75	19	0	(25)	NA
Total Taxes	**$28,776**	**$28,413**	**$29,396**	**$31,079**	**$32,566**
(Change)	**1,715**	**1,052**	**1,061**	**1,106**	**NA**