City Budget Overview

New York City Independent Budget Office

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FY 2027
Analysis of the 2027 Executive Budget and 2026-2030 Financial Plan

June 1, 2026

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Introduction

In accordance with the New York City Charter, Chapter 10 sec. 237, the Independent Budget Office (IBO) publishes this report on the Mayor's Fiscal Year 2027 Executive Budget and 2026-2030 Financial Plan. This report focuses on major changes since the Preliminary Budget published in February 2026.

New York City's Budget Significantly Impacted by the State Budget As It Details How Much State Revenue Will Flow to the City

Mayor Zohran Kwame Mamdani's Fiscal Year 2027 Executive Budget was published on May 12, 2026. While the 2027 State Budget was due April 1st, it was not voted on until May 29th. As a result, the Mamdani administration made a number of assumptions in order to balance the City's budget for fiscal years 2026 and 2027. As of May 29th, the State Budget has largely matched those assumptions.

Because the State Budget is now complete, this report reflects IBO's estimates of City tax revenues and City-funded expenses since the release of IBO's March 2026 report on the Fiscal Year 2027 Preliminary Budget, as well as IBO's initial evaluation of State Budget impacts for New York City. IBO's analysis assumes that Governor Kathy Hochul will sign all of the budget bills, including those as yet not signed as of the preparation of this report.

Several other unusual circumstances surround this year's Executive Budget:

- Global unrest, especially the ongoing military actions in Iran, impacting trade and national alliances.
- Continued changes to federal domestic funding and policies, including: immigration actions; the implementation of additional work requirements for cash and food assistance; and restrictions on Medicaid.
- Uncertainty around the future of Wall Street gains and the impact of artificial intelligence on the workforce and society.
- Slowing job growth and household pocketbook pressures of rising costs.

Context: Executive Budget Balanced in Different Ways Than Preliminary Budget

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Preliminary Budget Proposals to Reduce the City's Budget Gap Now Dropped

The Executive Budget dropped several controversial proposals that were included in the Preliminary Budget, most notably a 9.5% increase in the property tax rate and a plan to tap into the City's reserve accounts. It also lowered several highly optimistic City tax revenue forecasts, bringing them more into line with an economic outlook for slowing, measured growth.

Executive Budget Includes New Gap-Reducing Proposals

- **Imposed a Pied-à-terre tax** on high-value non-primary residences, a new State-authorized revenue source for the City.
- **Extended the City's schedule** for fully funding the City's pension systems, to generate near-term savings.
- **Delayed the 100% compliance schedule for lowering class size**, reducing costs for hiring additional teachers in 2027.
- **Added cost containment strategies** for areas where expenditures are growing significantly, such as rental housing vouchers and due process cases for services to students with special education needs.

Executive Budget Includes New Costs: Rising Fuel Expense

- Just as consumers are bearing the rising costs for fuel caused primarily by the conflict in Iran, so too, the City must now pay more for needed fuel. The Executive Budget reflects substantially increased funding for City agency costs associated with heat, light, and power for 2027 by $376 million, rising to $477 million by 2030.
- This amounts to the largest such adjustment since 2023—bringing the total citywide budget for building energy costs up to $1.3 billion.

Analysis: Key Findings

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Most of the State funding assumptions included in the Mamdani administration's Executive Budget have now been approved by the legislature. This State aid enables the City to close its 2027 budget gap.

IBO's budget gap estimates throughout the financial plan period are similar to the Administration's projections. IBO estimates budget gaps rising from $7.6 billion in fiscal year 2028 up to $9.6 billion in 2030.

The Mamdani administration maintains the commitment it made in the Preliminary Budget to more accurately reflect anticipated expenses. The Executive Budget continues to accurately budget programs chronically underbudgeted under the Adams administration, while introducing cost containment strategies in several areas.

Analysis: Revenue, Expense, and Budget Gap Estimates

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Dollars in Millions	Fiscal Year									
	2026		2027		2028		2029		2030	
	OMB	IBO	OMB	IBO	OMB	IBO	OMB	IBO	OMB	IBO
Revenues	$124,394	$124,495	$124,700	$123,790	$126,322	$126,195	$127,480	$128,455	$130,170	$131,420
Expenditures	$124,394	$124,019	$124,700	$125,415	$133,395	$133,769	$136,557	$137,800	$139,922	$141,028
Budget Gaps	**$0**	**$476**	**$0**	**($1,625)**	**($7,073)**	**($7,575)**	**($9,077)**	**($9,345)**	**($9,752)**	**($9,608)**

SOURCES: IBO and OMB Executive Budget Forecasts
NOTES: Revenue and expenditure estimates do not include intra-city transfers.

- IBO's revenue and expense estimates adjust the Mamdani administration's Executive Budget assumptions on State aid based on the State Budget and assume the Mamdani administration's assumptions for City-funded expense savings.
- IBO estimates that total revenues will grow by an annual average of 2.2% from 2025 through 2030, but expenditures will increase at an annual average of 3.9%.
- Assuming the $476 million surplus in 2026 is used to prepay 2027 expenses, IBO projects a gap of $1.1 billion for 2027—which represents 1.3% of City tax levy. It is reasonable to assume that this gap can be closed prior to the budget adoption. At this time last year, for example, a gap of $1.6 billion (after prepayment) represented 2% of City tax levy for FY2026 and was closed by budget adoption.
- IBO will continue to monitor and report on newly authorized City tax revenues and planned City savings initiatives which are, as of yet unproven. IBO looks forward to more details from the Mamdani administration on its strategies, including the work of agency Chief Savings Officers, procedures to review and approve agency hirings and promotions, and fraud detection and prevention efforts (including such efforts around the pied-à-terre surcharge and due process cases), as well as the work of the recently announced Charter Revision Commission.

Analysis: State Budget Impacts

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Education Aid

State Foundation Aid is the single largest State revenue stream for school districts. The Foundation Aid formula is complex, but at the highest level is a per pupil dollar amount multiplied by a pupil count.

- The Executive Budget assumes an additional $150 million in Foundation Aid revenue for 2027—bringing the total up to almost $11 billion—and a delay in implementation of the class size law. (See page 14).
- The State Budget adjusted two weights in the Foundation Aid formula, resulting in increased funding to the City for: students experiencing homelessness or in foster care and for English language learners.
- IBO finds that the Mamdani administration's estimate of these new funding levels is accurate.

Childcare Vouchers

Childcare vouchers for lower-income working parents, administered by the Administration for Children's Services, are essential for affordable childcare. As of April 2026, over 100,000 childcare vouchers support children ages 6 weeks through 13 years. These vouchers are separate from initiatives to expand universal free childcare for two-year-olds, termed 2-K, through the Department of Education.

- The Executive Budget includes an additional $15 million in City funding in 2026 and $33 million in 2027 to access matching State funds, but a structural shortfall remains. Total funding drops from $1.8 billion in 2026 to $849 million in 2027 and $818 million annually starting in 2028, likely resulting in the City's inability to maximize available State funding.
- The State Budget continues Governor Hochul's expansion of childcare access, providing $2.2 billion statewide for childcare assistance in the City for the 2027 State fiscal year.
- IBO projects the $1.8 billion 2026 funding level will be needed annually throughout the financial plan period.
  - IBO expects more than three-quarters is expected to be covered by the State using almost $1.4 billion in federal childcare block grant and matching State funds through 2027.
  - IBO estimates the City will still need an additional $78 million in 2027, rising to almost $1 billion annually beginning in 2028 to address the structural shortfall described above.

Analysis: State Budget Impacts (continued)

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State Housing Vouchers

The State's Housing Access Voucher Program (HAVP) provides rental housing assistance to households identified as unhoused or at risk of homelessness. HAVP is separate from NYC's housing voucher program City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).

- The Executive Budget does not include State funds for HAVP. The State Budget included $50 million for housing vouchers statewide. The City expects about $33 million in new HAVP funding will flow to the City's Department of Housing Preservation and Development, supporting 900 to 1,100 vouchers.
- IBO does not expect the Mamdani administration to reduce CityFHEPS funding as a result of the new State funding (see page 12).

Tier 6 Pension Enhancements

Pension Tier 6 applies to new State and local employees hired after April 2012. It requires higher employee contributions and sets later retirement ages than previous pension tiers. These changes were made in 2012, to achieve statewide cost savings.

- The Executive Budget added $110 million annually beginning in 2027 for unspecified Tier 6 changes.
- The State Budget:
  - Allowed only Tier 6 pension members of the Teachers Retirement System to retire at age 58 with at 30 years of service or at age 55 with a reduced pension.
  - Reduced basic Tier 6 member contribution rates for most members of the NYC Board of Education Retirement System and the New York City Employees' Retirement System. (The rate stayed the same for employees earning $45,000 or less.)
  - Raised the overtime earnings cap used in Tier 6 pension calculations.
- The City's Chief Actuary, the designated fiscal advisor for all City pension funds, estimates these changes will increase NYC's pension costs by $151 million in 2027, rising to $179 million by 2030. Based on these estimates, IBO projects the City will need additional funding beyond the budgeted $110 million annually, $41 million in 2027 growing to $69 million in 2030.

Analysis: State Budget Impacts (continued)

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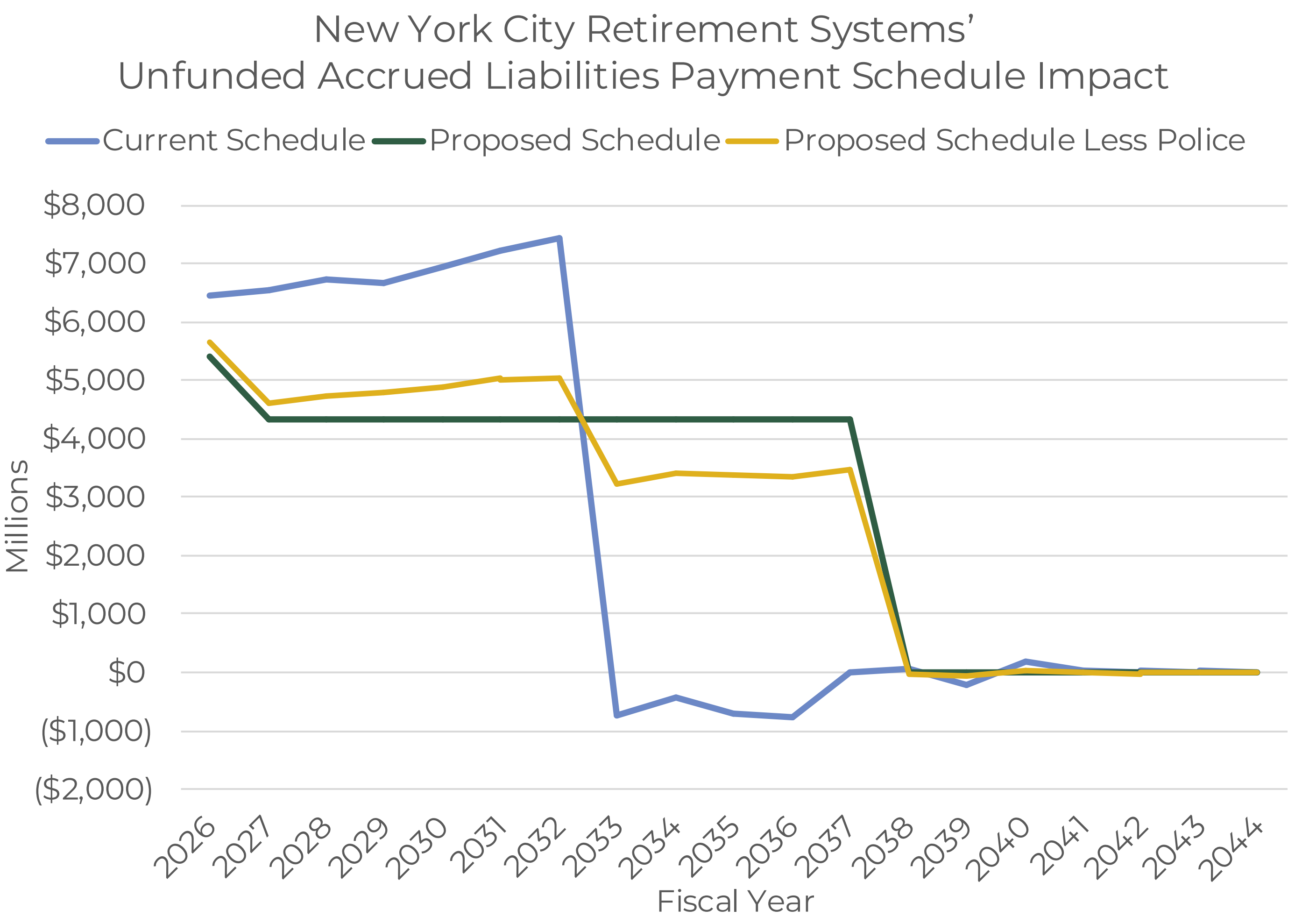
Extension of Pension Liability Payment

- The State Budget authorizes a five-year extension of the City's unfunded accrued liabilities (UAL) pension payment schedule, subject to approval by the five City pension boards. The extension would reduce the City's required annual contributions to fund future pension liabilities in the near term.
- The City's Chief Actuary has not yet commented on this specific change but previously determined that a similar proposal would not adversely impact the City's ability to meet its pension obligations.
- The City's Executive Budget assumes approval by four of the five City pension boards, although no board has formally approved the change. (The Police Pension Fund union leadership has stated opposition and was not included in the Executive Budget).
- For additional background, see IBO's May 2025 report.



Extending the time for the City to make these payments into the systems does not affect pension benefits or eligibility. The City's five pension systems are currently 86% funded, above the national average of 82%.

Concern: Pied-à-terre Surcharge

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The Executive Budget assumes $500 million annually in new revenue starting in FY2027 from a surcharge on "non-primary residence" properties in New York City, referred to as the pied-à-terre tax. This surcharge will apply to high-value one- to three-unit houses as well as cooperative and condominium apartments and is separate from the City's Real Property Tax.

The State budget authorized the pied-à-terre tax. State legislation imposes a transitional period from fiscal years 2027 through 2028, with the surcharge to be fully phased in by the start of fiscal year 2029 and expiring at the end of fiscal year 2031.

Phase One (Transitional) Period: Fiscal Years 2027-2028

- Tax rates are graduated based on property values as determined by the Department of Finance (DOF). Under current State law, DOF values one- to three-unit houses based on comparable sales while it values condominium and cooperative apartments as if they were income-producing rental apartments.
- Sales-based assessments are notably higher than income-based valuation. Because of this difference, the pied-à-terre tax sets separate schedules of property values and rates for houses compared with apartments.
- The State legislation sets the tax to apply to income-based apartment valuations starting at $1 million and sales-based house valuations starting at $5 million. The higher tax rates for the income-based valuation properties yields the same range of annual tax liability as seen in sales-based valuations.

One- to Three-Unit Houses

Sales-Based Valuation in Millions	Tax Rate	Tax Range
$5 to <$15	0.80%	$40,000 to $120,000
$15 to <$25	1.05%	$157,500 to $262,500
$25 or more	1.30%	$325,000 +

Condominium and Cooperative Apartments

Income-Based Valuation in Millions	Tax Rate	Tax Range
$1 to <$3	4.00%	$40,000 to $120,000
$3 to <$5	5.25%	$157,500 to $262,500
$5 or more	6.50%	$325,000 +

SOURCE: 2027 State Budget

Phase Two Period: Beginning in Fiscal Year 2029

- All properties will be taxed based on a comparable sales-based valuation with sales-based rates from the transitional period applied to all properties.

The amount of revenue generated will depend on how properties values are calculated and the City's ability to administer and enforce collections. It will also depend on shifts in owner behavior in relation to the surcharge.

Concern: Food Support and Health Insurance

Federal Cutbacks Are Only Partially Addressed by State Actions

Food Support

- In the State Budget, $128 million was included for two food programs: the Hunger Prevention and Nutrition Assistance Program and Nourish New York, which support food banks and pantries. This funding was an increase of $15 million from last year's total of $112.8 million.
- In the Mamdani administration's Preliminary Budget, the City added $54 million to the Community Food Connection program for 2027 and annually thereafter.
- These relatively modest increases are unlikely to be sufficient to address the needs of the estimated 43,500 New Yorkers losing Supplemental Nutrition Assistance Program benefits.

Health Insurance

- An estimated 150,000 to 450,000 individuals statewide will become uninsured because of federal changes undercutting New York State's Essential Plan, according to State Department of Health estimates. Nearly half of this impacted population lives in New York City. The State Budget did not address this.
- However, the State Budget increases certain funding sources for healthcare providers:
  - Raised state reimbursement for NYC public health services to 36%, up from 20%.
  - Across the board 1% increase to all qualifying fee-for-service Medicaid rates for clinical, hospital, nursing home, and assisted living services.

The City's efforts to mitigate the impacts of federal cuts puts additional fiscal pressure on the City budget. IBO discussed these issues in its *Federal Changes, Local Impacts* report series.

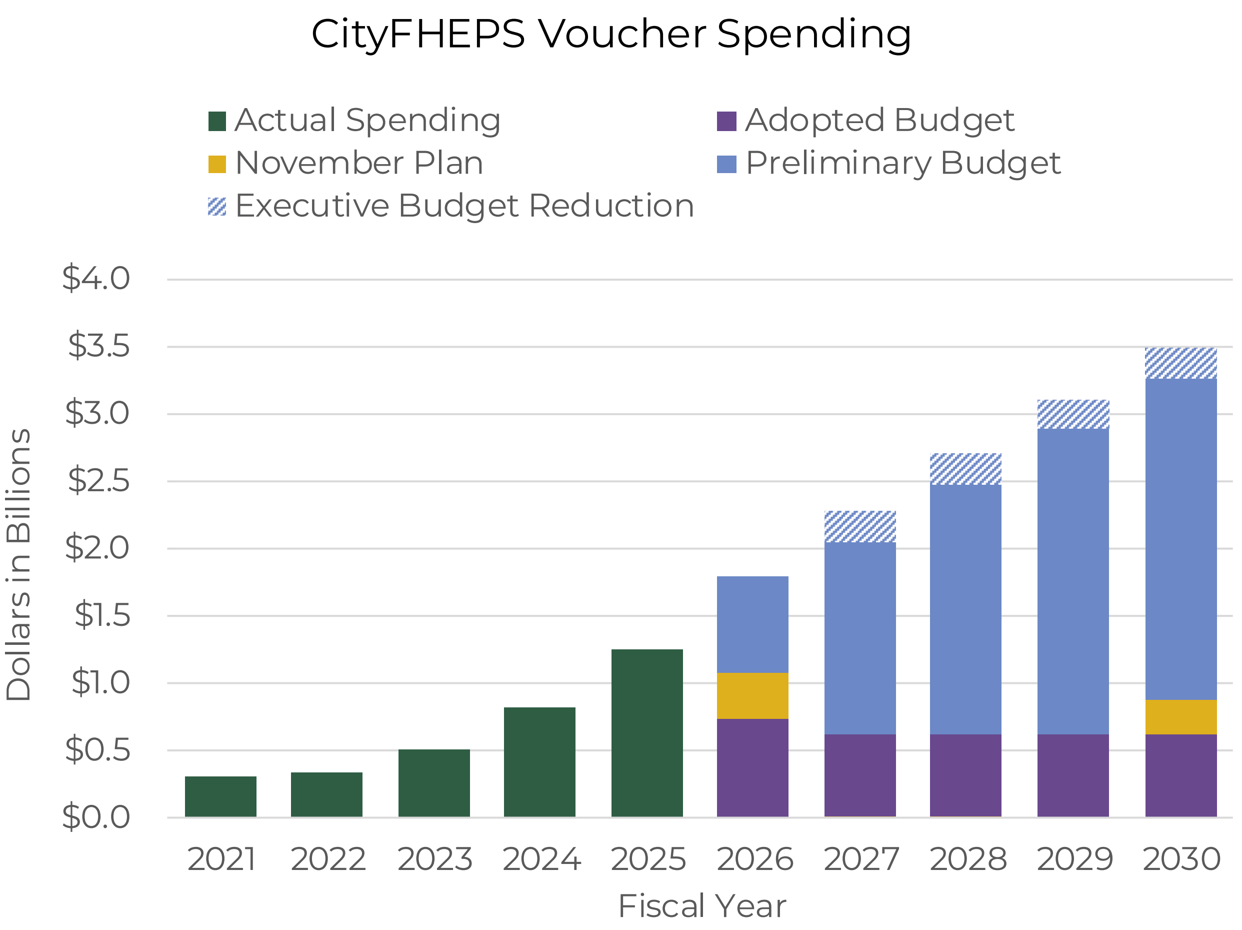
Concern: Planned Savings for CityFHEPS

- CityFHEPS assists eligible New Yorkers to find and keep housing by paying part of monthly rent anywhere in NY State for up to five years. It is the second largest rental assistance program in the U.S. (after the federal Section 8 program).

- The Executive Budget projects $235 million in annual CityFHEPS savings starting in 2027, to be achieved by unspecified administrative streamlining.

- These savings would partially offset program cost increases included in the Mamdani administration's Preliminary Budget: $710 million for 2026 and $1.7 billion annually beginning in 2027. CityFHEPS spending has grown from $300 million in fiscal year 2021 to $1.2 billion through fiscal year 2025 as the program expanded.

- Future growth in CityFHEPS may also be limited by housing market availability. Tenants can only use CityFHEPS vouchers if eligible apartments are available to them.



SOURCE: Mayor's Office of Management and Budget
NOTE: Funding from 2021 through 2025 reflects actual spending while 2026 through 2030 reflects budgeted spending.

Concern: Planned Savings for Due Process Cases

Due process cases are filed by public and nonpublic students seeking special education services outside of the public school system. Payments can include any combination of: tuition, educational services, transportation, and legal services.

The Executive Budget projects somewhat lower funding increases than were shown in the Preliminary Budget, reducing anticipated annual costs by $149 million, for a total budget of $1.4 billion.

Due Process Cases Funding Changes

Dollars in Millions	Fiscal Year			
	2027	2028	2029	2030
Preliminary Budget Change	$550	$600	$600	$600
Executive Budget Change	(149)	(149)	(149)	(149)
Net Change	**$401**	**$451**	**$451**	**$451**

SOURCE: Mayor's Office of Management and Budget

The Administration intends to accomplish these savings by boosting funding for special education services elsewhere in the Department of Education budget.

- The Executive Budget extends funding added in the Preliminary Budget for 2026 to all years of the Financial Plan—$86 million for 388 new City staff to provide special education services to students attending nonpublic schools.
- Including the funds added in the Preliminary Budget, a total of $137 million in State and City funds was added to special education in Pre-K for 839 staff in 2027, growing to $152 million added for 898 staff by 2028.

Special Education Pre-K Changes

Dollars in Millions	Fiscal Year				Change in Planned Headcount
	2027	2028	2029	2030	
Preliminary Budget Change	$70	$70	$70	$70	463 in 2027
Executive Budget Change	$67	$77	$79	$82	376 in 2027, 435 starting in 2028
Net Change	**$137**	**$147**	**$149**	**$152**	**839 in 2027, 898 starting in 2028**

SOURCE: Mayor's Office of Management and Budget
NOTE: Preliminary Budget changes reflect State and other funding sources while Executive Budget changes reflect City funds.

Concern: Class Size Law - Savings and Investments

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Executive Budget Assumes Delay of the State's Unfunded Mandate for Class Size Reductions

Two-Year Extension in the City's Timeframe to Implement the Class Size Reduction Law Is Being Negotiated in Albany

The expectation is that clarity will be forthcoming before the end of the State's legislative session, currently scheduled for June 4th. The State's delay in resolving this issue puts the City in a difficult position.

- New York City has asked state lawmakers for a delay in the current timeline, which requires 100% compliance by September 2027. If the City fails to meet this deadline, it risks loss of a portion of year-over-year increases in State aid.
- The Executive Budget assumes such a delay, projecting savings of $508 million in 2027, $733 million in 2028, $383 million in 2029, and $208 million in 2030.
- Together with the additional funds included in the Preliminary Budget, these savings still net to an overall funding increase in this area. The Mamdani administration estimates that the City will have $122 million available to support the hiring of 1,000 new teachers in 2027.
- Mayor Mamdani also announced an additional $1.5 billion to the School Construction Authority capital plan for new capacity projects to support class size compliance. The total budget for new capacity projects is now $7.6 billion.

Class Size Funding Changes

	Fiscal Year			
Dollars in Millions	2027	2028	2029	2030
Preliminary Budget Change	$600	$1,000	$1,000	$1,000
Executive Budget Change	($508)	($733)	($383)	($208)
Net Change	**$92**	**$267**	**$617**	**$792**

SOURCE: Mayor's Office of Management and Budget

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IBO Identifies Minimal Savings in 2026 and Increasing Headcount in 2027

IBO projects relatively minimal personnel savings of $278 million in 2026. A combination of agency personnel savings initiatives, and higher-than-expected costs related to snow removal this year have narrowed IBO's estimate since the Preliminary Budget.

The Executive Budget redistributed vacancies across agencies, with substantial additional positions only partially offset by vacancy reductions in certain agencies.

- In 2027, the Administration eliminated over 1,200 positions, but added over 2,100, for a net increase of nearly 900—the number of positions added to the Department of Education. In combination with the removal of 2-for-1 hiring restrictions, the City is unlikely to see major personnel savings in 2027.
- The City has not yet updated headcount within the Department of Education to reflect the new funds added to hire teachers for class size in the Preliminary Budget, nor the Executive Budget savings.
- Even where additional headcount is projected, it is not clear that agencies will be able to hire at the pace they need.

Labor Negotiations

- While it is not unusual to use lower projections for the cost of City wage increases when labor negotiations have not been completed, the Executive Budget includes about half the amount typically needed for new labor contracts. Additional funds will likely be needed.

Mamdani Administration is Testing New Strategies to Address Large Budget Gaps Emerging in 2028

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To Balance the Budget, The City Must Close Gaps Ranging From $7.6 billion in 2028 to $9.3 billion in 2030

The Mayor announced the creation of the Commission on Government Efficiency (COGE), a Charter Revision Commission tasked with modernizing government operations. One goal of the commission is "modernizing government to improve efficiency and saving."

Because the City cannot cut its pension or debt service obligations (which together comprise 15% of all planned spending in 2028), closing future budget gaps will require the administration to identify some combination of new revenues, less program delivery or efficiencies that increase service delivery, and lower spending.

IBO has published estimates for ways that the City could find savings, efficiencies, and new revenue. Some include:

- Reduce City subsidies for the NYC Ferry service.
- Review financial relationship between the Economic Development Corporation and the City.
- Legalize all cannabis stores and collect cannabis tax revenue on sales.
- Centralize housing, fire, building, and environmental building-level inspections.
- Reacquire Battery Park City and return it to City property tax rolls.
- Negotiate payments in lieu of taxes agreements with tax-exempt higher education and medical institutions.
- Repeal the full property tax exemption for Madison Square Garden arena.

NOTE: IBO Advisory Committee members Henry Garrido and Kathryn Wylde are members of the COGE Charter Revision Commission.

Conclusion

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City Council and the Mayor Must Now Finalize the City’s Budget on a Tight Timeline

Given the extreme lateness of the State budget, the work of the City Council and the Mayor to finalize the City’s budget by June 30th, as legally required, is now compressed.

The Mamdani administration has continued its commitment to budget accuracy, and the Executive Budget makes assumptions that have largely proved accurate for State aid included in the State Budget.

Some of the Mamdani administration’s strategies to close the 2027 gap remain uncertain:

- Combined savings for CityFHEPS and due process cases account for $384 million in the Administration’s effort to close the 2027 budget gap, however few details on how these savings will be achieved have been provided.
- Class size mandate savings alone account for $508 million, although the enactment of such delays is in process.
- The eventual amount of pied-à-terre tax revenue hinges on the Department of Finance changing how it values condominium and cooperative apartments starting in fiscal year 2029, a change that will likely have other consequences for the City’s property tax structure. The City will also face administrative challenges in identifying secondary or vacant properties.

Looking ahead to the Adopted Budget, the Administration and City Council will need to monitor federal actions with cascading reactions affecting New York State and New York City, including the impacts from global unrest and rising costs affecting household—and City—finances.

City Budget Overview

New York City Independent Budget Office

Supplemental Tables

IBO Total Revenue and Expenditure Projections

New York City Independent Budget Office

Dollars in Millions	Prior Year Actuals	Financial Plan Projections					Annual Average Change
	2025	2026	2027	2028	2029	2030	2025-2030
Total Revenue, Less Intra-City	**$117,984**	**$124,495**	**$123,790**	**$126,195**	**$128,455**	**$131,420**	**2.2%**
Taxes	80,208	84,515	87,360	89,903	92,521	95,395	3.5%
Other City & Interfund Revenues (Less Intra-City)	7,874	8,180	7,433	7,374	7,422	7,449	(1.1%)
State, Federal, and Other Categorical Grants	29,901	31,800	28,997	28,918	28,512	28,576	(0.9%)
Total Expenditures, Less Intra-City	**$116,207**	**$124,019**	**$125,415**	**$133,769**	**$137,800**	**$141,028**	**3.9%**
IBO Operating Surplus / (Deficit)		**$476**	**($1,625)**	**($7,575)**	**($9,345)**	**($9,608)**	
IBO Prepayment Adjustment 2026/2027		($476)	$476	-	-	-	
IBO Total Surplus / (Deficit)		**$0**	**($1,149)**	**($7,575)**	**($9,345)**	**($9,608)**	
Adjustments for Prepayments and Non-Recurring Expenses							
Net Prepayments	$610	2,724	1,063	0	0	0	
General Fund Reserves		0	(100)	(1,450)	(1,450)	(1,450)	
Rainy Day Fund		0	0	0	0	0	
Retiree Health Benefits Trust		0	0	0	0	0	
Other Adjustments		(1,709)	(400)	113	262	414	
Total Expenditures Incurred in Fiscal Year	**$116,817**	**$128,452**	**$126,778**	**$132,206**	**$136,088**	**$139,164**	**3.6%**
City-Funded Expenditures Incurred in Fiscal Year	**$90,176**	**$95,252**	**$96,937**	**$100,167**	**$102,971**	**$106,020**	**3.3%**

SOURCES: IBO; OMB

NOTES: Figures may not add due to rounding. Net prepayments include payments of debt service. Total Expenditures Incurred in Fiscal Year is the sum of Total Expenditures and Net Prepayments, less General Fund Reserves and Other Adjustments.; it represents the total expenditures incurred in a given fiscal year, rather than the cash paid for expenditures.

Economic Forecasts: IBO Compared with OMB

New York City Independent Budget Office

National Economy		Calendar Year				
		2026	2027	2028	2029	2030
Real GDP Growth						
	IBO	2.2	1.7	2.1	2.6	2.8
	OMB	2.1	2.0	2.1	2.0	1.9
Inflation Rate						
	IBO	3.2	2.9	2.2	1.7	1.7
	OMB	3.4	2.4	2.1	2.3	2.4
Personal Income Growth						
	IBO	4.5	5.1	4.9	5.0	5.0
	OMB	4.7	5.9	5.4	5.0	4.7
Unemployment Rate						
	IBO	4.4	4.6	4.5	4.5	4.5
	OMB	4.6	4.8	4.6	4.4	4.3
10-Year Treasury Bond Rate						
	IBO	4.3	4.3	4.3	4.3	4.3
	OMB	4.1	3.9	3.9	3.9	3.9
Federal Funds Rate						
	IBO	3.6	3.2	3.1	3.1	3.0
	OMB	3.6	3.4	3.1	3.1	3.1

New York City Economy		Calendar Year				
		2026	2027	2028	2029	2030
Nonfarm New Jobs Q4-Q4 (In Thousands)						
	IBO	56.4	45.3	41.4	43.1	37.5
	OMB	50.1	66.1	79.7	72.7	66.6
Nonfarm Employment Growth Q4-Q4						
	IBO	1.2	0.9	0.8	0.9	0.8
	OMB	1.0	1.4	1.6	1.4	1.3
Inflation Rate (CPI-U-NY)						
	IBO	3.7	3.1	2.5	2.1	2.1
	OMB	3.6	2.4	2.1	2.1	2.2
Personal Income (Dollars in Billions)						
	IBO	875.1	913.0	951.1	990.6	1030.0
	OMB	856.0	905.0	954.0	1001.0	1050.0
Personal Income Growth						
	IBO	4.5	4.3	4.2	4.2	4.0
	OMB	4.4	5.8	5.4	5.0	4.8

SOURCES: IBO; OMB

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, and Federal Funds Rate. The local price index for urban consumers (CPI-U-NY) covers the New York/Northern New Jersey region. Personal income is nominal. IBO and OMB measure New York City personal income differently, making data and forecasts not directly comparable. In March, rating agencies shifted NYC's outlook to "Negative." Nevertheless, recent bond sales have proven strong.

City Tax Revenue Projections: IBO Compared with OMB

New York City Independent Budget Office

Dollars in Millions

		Forecast By Fiscal Year				
		2026	2027	2028	2029	2030
Property	IBO	$35,493	$36,911	$38,201	$39,658	$41,184
	OMB	35,536	37,200	37,882	39,057	40,440
Personal Income	IBO	20,350	20,698	21,090	21,368	21,827
	OMB	20,433	20,744	21,227	21,375	21,844
General Sales	IBO	10,896	11,449	12,003	12,599	13,115
	OMB	10,868	11,358	11,894	12,499	12,911
Corporate	IBO	6,808	6,894	7,082	7,263	7,369
	OMB	6,449	7,286	7,097	6,513	6,584
Unincorporated Business	IBO	3,541	3,668	3,764	3,877	4,024
	OMB	3,714	3,855	3,942	4,061	4,192
Real Property Transfer	IBO	1,491	1,469	1,454	1,467	1,494
	OMB	1,448	1,514	1,583	1,640	1,686
Mortgage Recording	IBO	992	968	958	953	958
	OMB	962	1,061	1,104	1,136	1,162

		Forecast By Fiscal Year				
		2026	2027	2028	2029	2030
Commercial Rent	IBO	$976	$1,002	$1,023	$1,045	$1,066
	OMB	950	974	989	1,000	1,015
Utility	IBO	517	562	580	599	618
	OMB	517	562	580	599	618
Hotel Occupancy	IBO	825	864	904	945	983
	OMB	813	843	879	906	932
Cannabis	IBO	25	32	36	41	45
	OMB	25	32	39	41	43
Other Taxes and Audit	IBO	2,454	2,188	2,196	2,212	2,220
	OMB	2,454	2,188	2,150	2,166	2,174
New State Tax Actions	IBO	147	654	611	493	492
	OMB	147	654	611	493	492
Total Tax Revenue	**IBO**	**$84,515**	**$87,360**	**$89,903**	**$92,521**	**$95,395**
Total Tax Revenue	**OMB**	**$84,316**	**$88,271**	**$89,977**	**$91,486**	**$94,093**

SOURCES: IBO; OMB

NOTES: Figures may not add due to rounding. Taxes exclude NYS School Tax Relief (STAR) reimbursement. Corporate taxes comprise three separate taxes: the Business Corporation Tax for C Corporations, the General Corporation Tax, and the Banking Corporation Tax for S Corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax. Other Taxes includes small tax revenue sources including cigarette, liquor, off-track betting, taxi medallion, and motor vehicle taxes, as well as payments made in lieu of taxes. IBO does not individually forecast these revenue items or the Utility Tax and uses OMB's estimates in IBO's total tax revenue projections. New State Tax Actions includes the surcharge on non-primary residences, Personal Income Tax exclusions on tipped income, and a Personal Income Tax reduction of an Unincorporated Business Tax credit.

Differences in Expense Estimates: IBO Compared with OMB

New York City Independent Budget Office

Dollars in Millions	Fiscal Year				
	2026	2027	2028	2029	2030
Expenditures – City Funded					
Fringe Benefits	$31	$ -	$ -	$ -	$ -
Debt Service	-	42	-	-	-
Pension Contributions	164	215	219	233	305
Citywide Personal Services	83	-	-	-	-
Citywide Other Than Personal Services	(212)	-	-	-	-
Asylum Seekers	(24)	109	-	-	-
Youth and Aging	43	-	-	-	-
General Government	16	(263)	(271)	(347)	(314)
Public Safety and Judicial	(32)	(227)	(46)	(46)	(48)
Education	-	-	-	-	-
City University	-	-	-	-	-
Social Services, Homeless Services	170	(401)	(146)	(959)	(908)
Environmental Protection and Sanitation	(15)	(169)	(145)	(136)	(134)
Transportation Services	1	(15)	(27)	(39)	(51)
Parks, Recreation, and Cultural Activities	12	8	7	7	7
Housing and Buildings	-	(11)	(16)	(17)	(17)
Libraries	-	-	-	-	-
Health	38	-	-	-	-
Total Expenditures – City	**$277**	**($714)**	**($426)**	**($1,303)**	**($1,159)**

IBO estimates agency expenditures based on a variety of factors including historical spending trends and projections of population changes.

Negative pricing differences (in parentheses) widen the budget gap, while positive pricing differences narrow the gap.

SOURCES: IBO; OMB

NOTES: The categorization of City agencies in IBO's chart generally mirrors the presentation of agencies in the Comptroller's Annual Comprehensive Financial Report. Figures may not add due to rounding.

Please direct any inquiries on this report to press@ibo.nyc.gov

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