

Subject: RE: We are in the same ballpark for a 1 bp increase in large-employer PMT + self-employment increase
From: "Willens, Kevin" <kevin.willens@mtahq.org>
To: Don Boyd <donboyd5@gmail.com>
Date Sent: Friday, December 13, 2024 3:34:30 PM GMT-05:00
Date Received: Friday, December 13, 2024 3:34:36 PM GMT-05:00

Thanks Don

From: Don Boyd <donboyd5@gmail.com>
Sent: Friday, December 13, 2024 1:01 PM
To: Willens, Kevin <kevin.willens@mtahq.org>
Subject: Re: We are in the same ballpark for a 1 bp increase in large-employer PMT + self-employment increase

Hi Again,

I forgot to send the spreadsheet. Here it is, along with the forecast comments I sent to David in November.

Don

On Fri, Dec 13, 2024 at 12:55 PM Don Boyd <donboyd5@gmail.com> wrote:

I'd put a 1 bp large-employer increase, with self-employment tax complement, at \$45m NYC, \$57m entire MTA, vs. your \$46m NYC, \$54m entire MTA estimate. In other words, about the same.

I estimate a slightly smaller 26 bp increase than you which drives the NYC number down a bit, and a slightly smaller NYC share, which drives the total MTA number up a bit.

Some details below. I attach a rough spreadsheet also but it may not be easy to follow.

I'd like to go beyond Monday for doing it with a full database. I don't think the results would be materially different, and I want to make sure I do a really good job on the data because we'll use it time and again if more PMT issues come up. If that's not ok, please let me know.

Don

Here's my summary table:

add 1bp to large-employer wage tax, plus comparable increase in self-employment tax				
	Kevin		Boyd	
Quick & dirty approach	assume	\$ millions	assume	\$ millions
"current" value of July 2023 NYC large-firm 26 bp increase (including self-employment increase)	not sure			
+ growth	what year	1,050.0	2024	1,141.0
2025 value of the July 2023 tax increase (estimate)		1,200.0		1,175.3
NYC impact, per bp	26	46.2	26	45.2
MTA total, given assumption of NYC as % of MTA	85.0%	54.3	80.0%	56.5
Suburban (MTA total - NYC)		8.1		11.3

See my spreadsheet and my November forecast table within it (from my November memo to David Keller) for how I estimate \$1,175 million for the 2023 tax increase at 2025 levels.

As for why I use 80% for the NYC share of MTA large employer wages, see the tables below I produced from the Census Bureau's Statistics of U.S. Businesses (SUSB) database.

Quarterly payroll by employer size:

Compare this to the \$437,500 large-employer quarterly payroll threshold. This suggests we probably want to count all firms with 20+ employees and maybe even some with < 20 employees. (Of course, some firms with 20+ employees will have payroll below \$437,500 even though the average is \$527k - \$717k).

Average MTA **quarterly** firm payroll by firm size in 2021, **dollars**

source=Statistics of U.S. Businesses (SUSB)

firmsize	nyc	suburban
1: Total	459,496	204,513
2: <20 employees	51,421	44,757
3: 20-99 employees	716,980	527,096
4: 100-499 employees	3,298,982	2,061,157
5: 500+ employees	14,599,612	3,364,628

Total wages and NYC wage share by firm employment size

Total MTA payroll by firm size in 2021, \$ billions, and NYC share of MTA

source=Statistics of U.S. Businesses (SUSB)

firmsize	nyc	suburban	total	nycpct
1: Total	386.60	118.53	505.13	76.5%
2: <20 employees	38.86	23.18	62.04	62.6%
3: 20-99 employees	36.73	18.57	55.30	66.4%
4: 100-499 employees	55.57	19.60	75.17	73.9%
5: 500+ employees	255.43	57.19	312.62	81.7%

Reverse cumulative wages and NYC share by cumulative employee-size group

This suggests that if we treat all firms with 20+ employees as if they have \$437.5k+ quarterly wages, NYC would have about 78.5% of MTA wages of these firms. I rounded this to 80%.

Reverse cumulative MTA payroll by firm size in 2021, \$ billions, and NYC share of MTA

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firmsize	nyc	suburban	total	nycpct
2: <20 employees	386.60	118.53	505.13	76.5%
3: 20-99 employees	347.74	95.35	443.09	78.5%
4: 100-499 employees	311.00	76.78	387.79	80.2%
5: 500+ employees	255.43	57.19	312.62	81.7%

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Subject: Re: We are in the same ballpark for a 1 bp increase in large-employer PMT + self-employment increase
From: Don Boyd <donboyd5@gmail.com>
To: "Willens, Kevin" <kevin.willens@mtahq.org>
Date Sent: Friday, December 13, 2024 1:01:07 PM GMT-05:00
Date Received: Friday, December 13, 2024 1:01:07 PM GMT-05:00
Attachments: Boyd notes 1bp pmt increase_2024-12-13.xlsx,boyd Analysis MTA PMT for November 2024 FinPlan_2024-10-17.pdf

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add 1bp to large-employer wage tax, plus comparable increase in self-employment tax

Quick & dirty approach	Kevin		Bc
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MTA total, given assumption of NYC as % of MTA	85.0%	54.3	80.0%
Suburban (MTA total - NYC)		8.1	

New tax:

CY 2022 receipts

CY 2024 receipts (est)

change

Wage growth, 2022 to 2024

2023 (actual)

2024 (est)

2024 receipts without tax increase

portion of actual change from 2022 to 2024 due to tax increase

projected wage growth 2025

projected nyc impact of the 26bp tax increase, 2025 level

1 bp

26

Reverse cumulative MTA payroll by firm size in 2021, \$ billions, and

source=Statistics of U.S. Businesses (SUSB)

firmsize	nyc	suburban
2: <20 employees	386.60	118.53
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Boyd
\$ millions

1,141.0
1,175.3
45.2
56.5
11.3

Boyd -- see my forecast table below from Nov 2024 memo

1,796.9
3,056.0
1,259.1

mta	nyc	suburban
3.9%	4.7%	1.4%
2.6%	3%	1.4%
1,915.0		
1,141.0		
3.0%		
1,175.3		

NYC share of MTA

total	nycpct
505.13	76.5%
443.09	78.5%
387.79	80.2%

2024-forecast

	Tax D
date	Wage tax
2022-Jan	189,30
2022-Feb	176,79
2022-Mar	168,11
2022-Apr	130,76
2022-May	131,94
2022-Jun	120,85
2022-Jul	114,99
2022-Aug	141,51
2022-Sep	102,73
2022-Oct	120,51
2022-Nov	138,10
2022-Dec	127,49
2023-Jan	178,27
2023-Feb	181,30
2023-Mar	177,65
2023-Apr	133,87
2023-May	155,84
2023-Jun	133,33

312.62	81.7%
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JYC share of MTA

total	nycpct
505.13	76.5%
62.04	62.6%
55.30	66.4%
75.17	73.9%
312.62	81.7%

2021, dollars

suburban
204,513
44,757
527,096
2,061,157
3,364,628

2023-Jun	120,95
2023-Jul	154,28
2023-Aug	184,54
2023-Sep	147,43
2023-Oct	227,55
2023-Nov	244,51
2023-Dec	228,17
2024-Jan	328,21
2024-Feb	316,54
2024-Mar	238,99
2024-Apr	259,08
2024-May	258,93
2024-Jun	181,27
2024-Jul	231,92
2024-Aug	227,27
2024-Sep	182,19
2024-Oct	239,16
2024-Nov	256,98
2024-Dec	239,81
2025-Jan	344,29

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ast·table

Department Collections				Distributions to MTA				
\$ thousands				\$ thousands				
	Self-employment tax	PMT	Notes		PMT total	Distribution minus prior-month collections	Notes	Calendar distribution
01	27,061	216,362	actuals↓		41,672		actuals↓	
05	3,540	180,335			216,372	10		
13	773	168,886			180,351	16		
30	40,682	171,442			168,914	28		
46	1,872	133,818			171,486	44		
57	13,398	134,255			133,894	76		
05	2,570	117,565			134,354	99		
18	3,819	145,337			117,680	115		
33	11,591	114,324			145,524	187		
13	30,363	150,876			114,522	198		
02	(9,444)	128,658			151,103	227		
07	(2,722)	124,775			221,011	92,353	2022	1
72	9,327	187,599			32,732	(92,043)		
04	(4,340)	176,964			188,259	660		
52	3,288	180,940			177,563	599		
75	23,575	157,450			181,623	683		
46	3,508	159,354			158,020	570		

50	9,118	130,068		159,939	585		
38	7,418	161,706		130,586	518		
45	6,463	191,008		162,174	468		
30	16,092	163,522		191,645	637		
56	58,905	286,461		164,134	612		
17	(5,745)	238,772		287,182	721		
74	(1,649)	226,525		399,092	160,320	2023	2
14	10,682	338,896		67,981	(158,544)		
48	(809)	315,739		339,734	838		
31	2,155	241,146		317,128	1,389		
36	31,890	290,976		242,332	1,186		
33	4,003	262,936		291,947	971		
73	11,404	192,677		264,099	1,163		
24	6,172	238,096		193,493	816		
78	4,282	231,560		238,844	748		
38	18,759	200,957	actuals↑	232,569	1,009	actuals↑	
31	16,670	255,831	forecast↓	200,957	-	estimated	
37	(6,044)	250,944		255,831	-	forecast↓	
11	(1,735)	238,076		410,944	160,000	2024	3
36	11,237	355,534	forecast↑	78,076	(160,000)	forecast↑	

ndar-year
ibutions
1,796,884

2,232,950
3,055,858

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To: David Keller
From: Don Boyd
Date: October 17, 2024
Re: Summary of PMT analysis in anticipation of November Financial Plan

Conclusions

- It's clear the PMT is doing better than anticipated in the February & July plan 2024 forecast of \$3,020 million. Tax Department collections for January-September are \$18 million ahead of my cash flow estimate for my June forecast of \$3,034 million.
- September tax collections (reflected in MTA October distributions) were strong. (Tax Department details were released yesterday.) Payroll tax collections were up 23.6% from a year ago, and self-employment tax collections were up 16.6%. September collections were \$17 million ahead of my June estimate. September must have reflected lagged effects of the tax increase phase-in, not just the economy. I had assumed the increase would be fully phased into collections by September.
- My methodology yields a conservative estimate for 2024 distributions of \$3,056 million. Key assumptions: (1) monthly collections for October through January 2025 grow approximately 5% vs. year ago, consistent with the IHS forecast, and (2) the "extra" distribution to MTA in December will be the same as last year's \$160 million.
- This is conservative because: (1) tax collections and recent economic data suggest the economy may be doing better than the IHS forecast, and (2) Wall Street bonuses could drive December collections growth above the 5% assumed here, potentially making the "extra" distribution in December considerably larger than \$160 million. The [state comptroller's most recent analysis](#) concludes that 2024 industry profits and likely bonuses will be strong, although he does not give a specific forecast.
- Your preliminary 2024 distributions forecast of \$3,061 million is just 0.2% ahead of my conservative \$3,056 million forecast. I think your forecast is reasonable, and conservative.
- Your outyear forecasts appear reasonable vs. the IHS economic forecast. If bonus-driven December wage-tax collections are strong, January and February likely will be strong too, with possible upside in 2025. There is, of course, downside risk to the IHS forecast as well as upside.

I attach my xlsx file with my forecast for 2024, and have copied some graphs and tables below. I do not include the economy because I do not have the quarterly components of the new IHS forecast. I'm happy to discuss any of this if you would like.

2024 forecast table

Tax Department Collections					Distributions to MTA			
\$ thousands					\$ thousands			
date	Wage tax	Self-employment tax	PMT	Notes	PMT total	Distribution minus prior-month collections	Notes	Calendar-year distributions
2022-Jan	189,301	27,061	216,362	actuals↓	41,672		actuals↓	
2022-Feb	176,795	3,540	180,335		216,372	10		
2022-Mar	168,113	773	168,886		180,351	16		
2022-Apr	130,760	40,682	171,442		168,914	28		
2022-May	131,946	1,872	133,818		171,486	44		
2022-Jun	120,857	13,398	134,255		133,894	76		
2022-Jul	114,995	2,570	117,565		134,354	99		
2022-Aug	141,518	3,819	145,337		117,680	115		
2022-Sep	102,733	11,591	114,324		145,524	187		
2022-Oct	120,513	30,363	150,876		114,522	198		
2022-Nov	138,102	(9,444)	128,658		151,103	227		
2022-Dec	127,497	(2,722)	124,775		221,011	92,353	2022	1,796,884
2023-Jan	178,272	9,327	187,599		32,732	(92,043)		
2023-Feb	181,304	(4,340)	176,964		188,259	660		
2023-Mar	177,652	3,288	180,940		177,563	599		
2023-Apr	133,875	23,575	157,450		181,623	683		
2023-May	155,846	3,508	159,354		158,020	570		
2023-Jun	120,950	9,118	130,068		159,939	585		
2023-Jul	154,288	7,418	161,706		130,586	518		
2023-Aug	184,545	6,463	191,008		162,174	468		
2023-Sep	147,430	16,092	163,522		191,645	637		
2023-Oct	227,556	58,905	286,461		164,134	612		
2023-Nov	244,517	(5,745)	238,772		287,182	721		
2023-Dec	228,174	(1,649)	226,525		399,092	160,320	2023	2,232,950
2024-Jan	328,214	10,682	338,896		67,981	(158,544)		
2024-Feb	316,548	(809)	315,739		339,734	838		
2024-Mar	238,991	2,155	241,146		317,128	1,389		
2024-Apr	259,086	31,890	290,976		242,332	1,186		
2024-May	258,933	4,003	262,936		291,947	971		
2024-Jun	181,273	11,404	192,677		264,099	1,163		
2024-Jul	231,924	6,172	238,096		193,493	816		
2024-Aug	227,278	4,282	231,560		238,844	748		
2024-Sep	182,198	18,759	200,957	actuals↑	232,569	1,009	actuals↑	
2024-Oct	239,161	16,670	255,831	forecast↓	200,957	-	estimated	
2024-Nov	256,987	(6,044)	250,944		255,831	-	forecast↓	
2024-Dec	239,811	(1,735)	238,076		410,944	160,000	2024	3,055,858
2025-Jan	344,296	11,237	355,534	forecast↑	78,076	(160,000)	forecast↑	

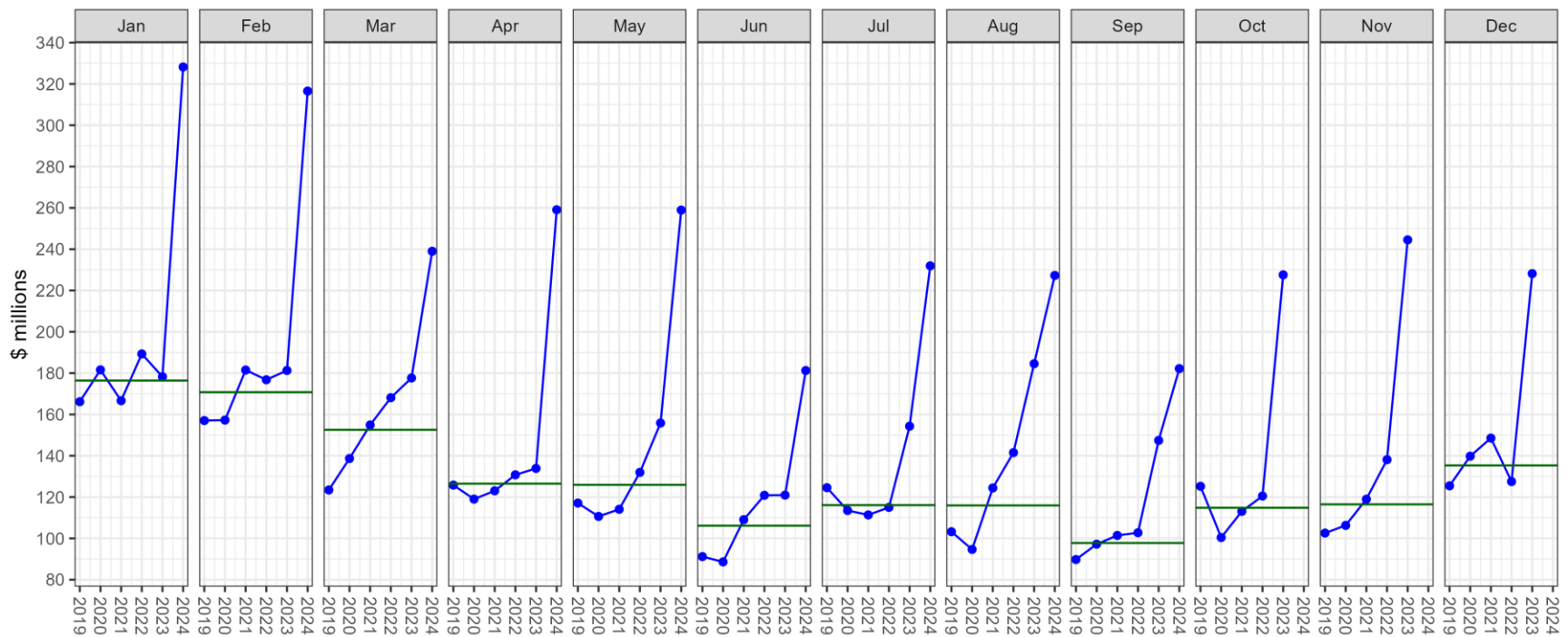
Tax receipts graphs

PMT Wage tax monthlies – dollar amounts

This graph shows actual PMT wage tax collections through September 2024 by month and year. September 2024 was up considerably over 2023, even though 2023 was boosted by the tax increase. This suggests the tax increase was not fully phased into collections in September 2023. Presumably it was fully in effect by October and tax collections growth will now reflect just economic growth.

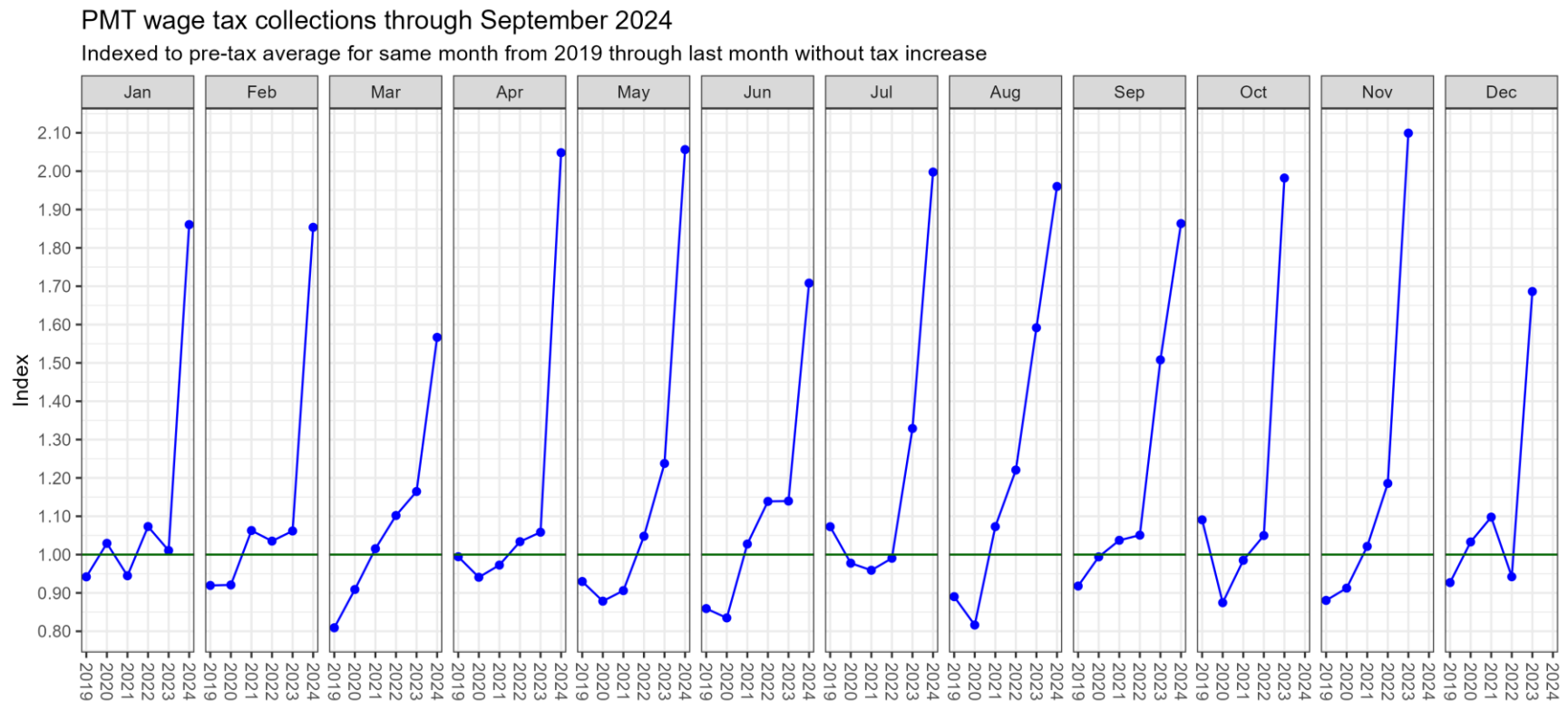
PMT wage tax collections through September 2024 (estimated)

Horizontal line is average for same month from 2019 through last month without tax increase



PMT Wage tax monthlies – indexed

This graph shows the same data as above, indexed to the pre-tax-increase average for each month.

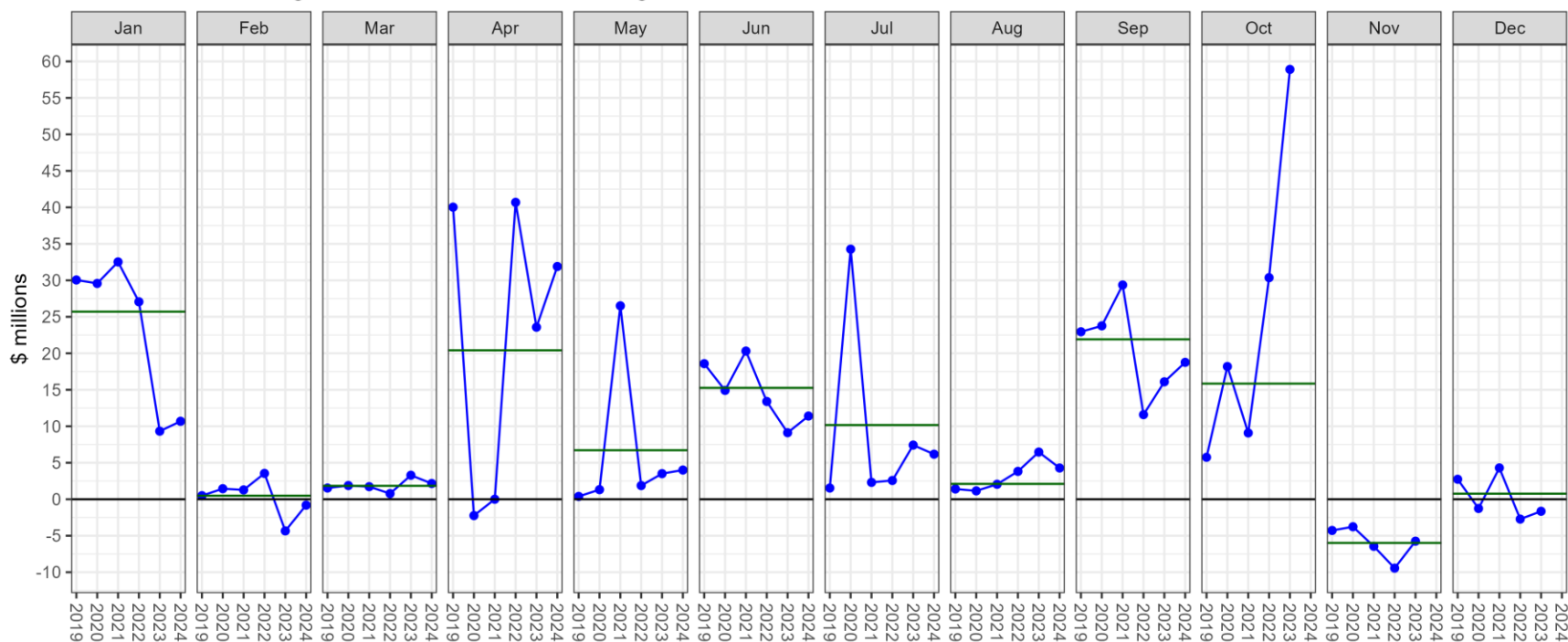


PMT Net earnings from self-employment tax monthlies

Monthly revenue from the self-employment tax. I don't show an indexed graph because this tax is too volatile for such a graph to be useful. October last year had a large amount of catch-up revenue and will be lower this year than last October.

PMT self-employment tax collections through September 2024

Horizontal line is average for same month from 2019 through last month without tax increase



PMT components – data for recent months

Monthly PMT revenue collections by NYS						
\$ millions						
date	Revenue amount			% change vs. year ago		
	Wage tax	Self-employment tax	PMT total	Wage tax	Self-employment tax	PMT total
2022-Jan	189.301	27.061	216.362	13.6%	-16.8%	8.6%
2022-Feb	176.795	3.540	180.335	-2.6%	177.0%	-1.3%
2022-Mar	168.113	0.773	168.886	8.5%	-55.2%	7.8%
2022-Apr	130.760	40.682	171.442	6.3%	Inf%	39.3%
2022-May	131.946	1.872	133.818	15.6%	-92.9%	-4.8%
2022-Jun	120.857	13.398	134.255	10.8%	-34.0%	3.8%
2022-Jul	114.995	2.570	117.565	3.3%	11.1%	3.4%
2022-Aug	141.518	3.819	145.337	13.8%	86.3%	14.9%
2022-Sep	102.733	11.591	114.324	1.3%	-60.5%	-12.6%
2022-Oct	120.513	30.363	150.876	6.6%	234.2%	23.5%
2022-Nov	138.102	-9.444	128.658	16.1%	46.4%	14.3%
2022-Dec	127.497	-2.722	124.775	-14.2%	-163.4%	-18.4%
2023-Jan	178.272	9.327	187.599	-5.8%	-65.5%	-13.3%
2023-Feb	181.304	-4.340	176.964	2.6%	-222.6%	-1.9%
2023-Mar	177.652	3.288	180.940	5.7%	325.4%	7.1%
2023-Apr	133.875	23.575	157.450	2.4%	-42.1%	-8.2%
2023-May	155.846	3.508	159.354	18.1%	87.4%	19.1%
2023-Jun	120.950	9.118	130.068	0.1%	-31.9%	-3.1%
2023-Jul	154.288	7.418	161.706	34.2%	188.6%	37.5%
2023-Aug	184.545	6.463	191.008	30.4%	69.2%	31.4%
2023-Sep	147.430	16.092	163.522	43.5%	38.8%	43.0%
2023-Oct	227.556	58.905	286.461	88.8%	94.0%	89.9%
2023-Nov	244.517	-5.745	238.772	77.1%	-39.2%	85.6%
2023-Dec	228.174	-1.649	226.525	79.0%	-39.4%	81.5%
2024-Jan	328.214	10.682	338.896	84.1%	14.5%	80.6%
2024-Feb	316.548	-0.809	315.739	74.6%	-81.4%	78.4%
2024-Mar	238.991	2.155	241.146	34.5%	-34.5%	33.3%
2024-Apr	259.086	31.890	290.976	93.5%	35.3%	84.8%
2024-May	258.933	4.003	262.936	66.1%	14.1%	65.0%
2024-Jun	181.273	11.404	192.677	49.9%	25.1%	48.1%
2024-Jul	231.924	6.172	238.096	50.3%	-16.8%	47.2%
2024-Aug	227.278	4.282	231.560	23.2%	-33.7%	21.2%
2024-Sep	182.198	18.759	200.957	23.6%	16.6%	22.9%

Subject: We are in the same ballpark for a 1 bp increase in large-employer PMT + self-employment increase
From: Don Boyd <donboyd5@gmail.com>
To: "Willens, Kevin" <kevin.willens@mtahq.org>
Date Sent: Friday, December 13, 2024 12:55:45 PM GMT-05:00
Date Received: Friday, December 13, 2024 12:55:45 PM GMT-05:00

I'd put a 1 bp large-employer increase, with self-employment tax complement, at \$45m NYC, \$57m entire MTA, vs. your \$46m NYC, \$54m entire MTA estimate. In other words, about the same.

I estimate a slightly smaller 26 bp increase than you which drives the NYC number down a bit, and a slightly smaller NYC share, which drives the total MTA number up a bit.

Some details below. I attach a rough spreadsheet also but it may not be easy to follow.

I'd like to go beyond Monday for doing it with a full database. I don't think the results would be materially different, and I want to make sure I do a really good job on the data because we'll use it time and again if more PMT issues come up. If that's not ok, please let me know.

Don

Here's my summary table:

add 1bp to large-employer wage tax, plus comparable increase in self-employment tax				
Quick & dirty approach	Kevin		Boyd	
	assume	\$ millions	assume	\$ millions
"current" value of July 2023 NYC large-firm 26 bp increase (including self-employment increase)	not sure what year	1,050.0	2024	1,141.0
+ growth				
2025 value of the July 2023 tax increase (estimate)		1,200.0		1,175.3
NYC impact, per bp	26	46.2	26	45.2
MTA total, given assumption of NYC as % of MTA	85.0%	54.3	80.0%	56.5
Suburban (MTA total - NYC)		8.1		11.3

See my spreadsheet and my November forecast table within it (from my November memo to David Keller) for how I estimate \$1,175 million for the 2023 tax increase at 2025 levels.

As for why I use 80% for the NYC share of MTA large employer wages, see the tables below I produced from the Census Bureau's Statistics of U.S. Businesses (SUSB) database.

Quarterly payroll by employer size:

Compare this to the \$437,500 large-employer quarterly payroll threshold. This suggests we probably want to count all firms with 20+ employees and maybe even some with < 20 employees. (Of course, some firms with 20+ employees will have payroll below \$437,500 even though the average is \$527k - \$717k).

Average MTA **quarterly** firm payroll by firm size in 2021, **dollars**

source=Statistics of U.S. Businesses (SUSB)

firmsize	nyc	suburban
1: Total	459,496	204,513
2: <20 employees	51,421	44,757
3: 20-99 employees	716,980	527,096
4: 100-499 employees	3,298,982	2,061,157
5: 500+ employees	14,599,612	3,364,628

Total wages and NYC wage share by firm employment size

Total MTA payroll by firm size in 2021, \$ billions, and NYC share of MTA

source=Statistics of U.S. Businesses (SUSB)

firmsize	nyc	suburban	total	nycpct
1: Total	386.60	118.53	505.13	76.5%
2: <20 employees	38.86	23.18	62.04	62.6%
3: 20-99 employees	36.73	18.57	55.30	66.4%
4: 100-499 employees	55.57	19.60	75.17	73.9%
5: 500+ employees	255.43	57.19	312.62	81.7%

Reverse cumulative wages and NYC share by cumulative employee-size group

This suggests that if we treat all firms with 20+ employees as if they have \$437.5k+ quarterly wages, NYC would have about 78.5% of MTA wages of these firms. I rounded this to 80%.

Reverse cumulative MTA payroll by firm size in 2021, \$ billions, and NYC share of MTA

source=Statistics of U.S. Businesses (SUSB)

firmsize	nyc	suburban	total	nycpct
2: <20 employees	386.60	118.53	505.13	76.5%
3: 20-99 employees	347.74	95.35	443.09	78.5%
4: 100-499 employees	311.00	76.78	387.79	80.2%
5: 500+ employees	255.43	57.19	312.62	81.7%