



\$2,446,450,000	
NEW YORK STATE THRUWAY AUTHORITY	
State Personal Income Tax Revenue Bonds	
\$1,664,265,000	\$782,185,000
State Personal Income Tax Revenue Bonds Series 2025A (Tax-Exempt)	State Personal Income Tax Revenue Green Bonds Series 2025B (Climate Bond Certified) (Tax-Exempt)
Dated: Date of Delivery	Due: As Shown on the Inside Cover Pages

The New York State Thruway Authority State Personal Income Tax Revenue Bonds, Series 2025A (Tax-Exempt) (the “Series 2025A Bonds”) and the New York State Thruway Authority State Personal Income Tax Revenue Green Bonds, Series 2025B (Climate Bond Certified) (the “Series 2025B Bonds” and, together with the Series 2025A Bonds, the “Series 2025 Bonds”), are special obligations of the New York State Thruway Authority (the “Authority”). The Series 2025 Bonds are secured by a pledge of certain financing agreement payments to be made to The Bank of New York Mellon, New York, New York, as trustee and paying agent (the “Trustee”) on behalf of the Authority by the State of New York (the “State”) under a financing agreement (the “Financing Agreement”) between the Authority and the State, acting by and through the Director of the Division of the Budget (the “Director of the Budget”). Financing agreement payments are payable from amounts legally required to be deposited into the Revenue Bond Tax Fund (as hereinafter defined) to provide for the payment of the Series 2025 Bonds and all other State Personal Income Tax Revenue Bonds (as hereinafter defined). The Revenue Bond Tax Fund receives a statutory allocation of 50 percent of State personal income tax receipts imposed by Article 22 of the New York State Tax Law, 50 percent of employer compensation expense program receipts imposed by Article 24 of the New York State Tax Law, and 50 percent of pass-through entity tax receipts imposed by Article 24-A of the New York State Tax Law (collectively the “Revenue Bond Tax Fund Receipts”). See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

The Authority is one of five Authorized Issuers (as hereinafter defined) that can issue State Personal Income Tax Revenue Bonds. All financing agreements entered into by the State to secure State Personal Income Tax Revenue Bonds shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the State Personal Income Tax.

The Series 2025 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2025 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds. The Authority has no taxing power.

The Series 2025 Bonds will be issued as fixed rate obligations, fully registered, in denominations of \$5,000 or any integral multiple thereof. The Series 2025 Bonds will bear interest at the rates and mature at the times and in the principal amounts shown on the inside cover pages hereof. Interest on the Series 2025 Bonds is payable on each March 15 and September 15, commencing March 15, 2026.

The Series 2025 Bonds will be initially issued under a book-entry only system and will be registered in the name of Cede & Co., as Bondholder and nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). See “PART 7—BOOK-ENTRY ONLY SYSTEM” herein. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2025 Bonds, payments of principal or redemption price of and interest on the Series 2025 Bonds will be made by the Trustee to Cede & Co.

The Series 2025 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Nixon Peabody LLP, Co-Bond Counsel to the Authority, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the Departments described herein, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Nixon Peabody LLP is also of the opinion that such interest on the Series 2025 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Nixon Peabody LLP and Bryant Rabbino LLP, Co-Bond Counsel to the Authority, are further of the opinion that, under existing law, interest on the Series 2025 Bonds is, by virtue of the Authority Act, exempt from personal income taxation imposed by the State of New York or any political subdivision thereof including The City of New York. See “PART 12—TAX MATTERS” herein regarding certain other tax considerations.

The Series 2025 Bonds are offered, when, as and if issued by the Authority and are subject to approval of legality by Nixon Peabody LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel to the Authority, and to certain other conditions. It is expected that the Series 2025 Bonds will be delivered in definitive form in New York, New York, on or about July 24, 2025.

**NEW YORK STATE THRUWAY AUTHORITY
STATE PERSONAL INCOME TAX REVENUE BONDS**

Maturities, Principal Amounts, Interest Rates, Prices or Yields and CUSIP Numbers

\$1,664,265,000

STATE PERSONAL INCOME TAX REVENUE BONDS, SERIES 2025A (TAX-EXEMPT)

Due March 15	Principal Amount	Interest Rate	Yield	CUSIP No. *
2027	\$ 30,550,000	5.00%	2.48%	650028ZX4
2028	32,080,000	5.00	2.55	650028ZY2
2029	33,685,000	5.00	2.58	650028C76
2030	35,370,000	5.00	2.67	650028C84
2031	37,135,000	5.00	2.84	650028C92
2032	38,995,000	5.00	3.00	650028D26
2033	40,945,000	5.00	3.15	650028D34
2034	42,990,000	5.00	3.30	650028D42
2035	45,140,000	5.00	3.50	650028D59
2036	47,395,000	5.00	3.69 [†]	650028D67
2037	49,765,000	5.00	3.84 [†]	650028D75
2038	52,255,000	5.00	4.00 [†]	650028D83
2039	54,865,000	5.00	4.20 [†]	650028ZZ9
2040	57,610,000	5.00	4.32 [†]	650028A29
2041	60,490,000	5.00	4.45 [†]	650028A37
2042	63,520,000	5.00	4.55 [†]	650028A45
2043	66,690,000	5.00	4.66 [†]	650028A52
2044	70,025,000	5.00	4.75 [†]	650028A60
2045	73,525,000	5.00	4.80 [†]	650028A78
2046	77,210,000	5.00	4.92 [†]	650028A86
2047	81,065,000	5.00	4.98 [†]	650028A94
2048	85,115,000	5.00	5.03	650028B28
2049	89,370,000	5.00	5.04	650028B36

\$192,375,000 5.00% Term Bond due March 15, 2051 Yield 5.060% CUSIP No.* 650028B51

\$206,100,000 5.00% Term Bond due March 15, 2053 Yield 5.080% CUSIP No.* 650028B77

* CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP numbers are assigned by, and managed on behalf of the ABA by, an organization not affiliated with the Authority. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2025A Bonds, and neither the Authority nor the Initial Purchasers of the Series 2025A Bonds make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for a specific maturity are subject to being changed after the issuance of the Series 2025A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025A Bonds.

[†] Priced at the stated yield to the September 15, 2035 optional redemption date at a redemption price of 100%.

\$782,185,000
STATE PERSONAL INCOME TAX REVENUE GREEN BONDS, SERIES 2025B
(CLIMATE BOND CERTIFIED) (TAX-EXEMPT)

Due March 15	Principal Amount	Interest Rate	Yield	CUSIP No. *
2056	\$125,755,000	5.000%	5.120%	650028C35
2057	132,045,000	5.125	5.100 [†]	650028C43

\$239,825,000 5.00% Term Bond due March 15, 2055 Yield 5.100% CUSIP No.* 650028C27

\$284,560,000 5.00% Term Bond due March 15, 2059 Yield 5.140% CUSIP No.* 650028C68

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[†] Priced at the stated yield to the September 15, 2035 optional redemption date at a redemption price of 100%.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for the person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority, the State and other sources which are believed to be reliable by the Authority and with respect to the information supplied or authorized by the State and information provided by such other sources, is not to be construed as a representation by the Authority. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the State. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS, THE INITIAL PURCHASERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE STATE'S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN FORWARD-LOOKING STATEMENTS.

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PART 1—SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Series 2025 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Summary Statement and not defined in this Summary Statement will have the meanings given to such terms elsewhere in this Official Statement.

<p>State Personal Income Tax Revenue Bond Financing Program</p>	<p>Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the “Enabling Act”), provides for the issuance of, and a source of payment for, State Personal Income Tax Revenue Bonds (the “State Personal Income Tax Revenue Bonds”) by establishing the Revenue Bond Tax Fund (the “Revenue Bond Tax Fund”) held separate and apart from all other moneys of the State in the joint custody of the State Commissioner of Taxation and Finance (the “Commissioner”) and the Comptroller of the State (the “State Comptroller”).</p> <p>The Enabling Act authorizes the New York State Thruway Authority (the “Authority”), the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, and the New York State Urban Development Corporation, doing business as Empire State Development (collectively, the “Authorized Issuers”) to issue State Personal Income Tax Revenue Bonds for certain Authorized Purposes (as hereinafter defined). All five Authorized Issuers have adopted one or more general resolutions and have executed financing agreements with the Director of the Division of the Budget (the “Director of the Budget”) pursuant to the Enabling Act. The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds issued by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including the Authority.</p> <p>State Personal Income Tax Revenue Bonds issued by an Authorized Issuer are secured solely by a pledge of (i) the payments made pursuant to a financing agreement entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under a general resolution and the investment earnings thereon; which together constitute the pledged property under the applicable general resolution.</p>
<p>Purposes of Issue</p>	<p>The Series 2025 Bonds are being issued for the purpose of financing Authorized Purposes, including (a) financing, refinancing or reimbursing all or a portion of the costs of certain programs and projects within the State as described herein and (b) paying certain costs relating to the issuance of the Series 2025 Bonds. For a more complete description of the expected application of proceeds of the Series 2025 Bonds, see “PART 6—APPLICATION OF PROCEEDS” herein.</p>

Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts

State Personal Income Tax Revenue Bonds are payable from financing agreement payments made by the State, subject to annual appropriation. The Revenue Bond Tax Fund receives a statutory allocation of (i) 50 percent of State personal income tax receipts imposed by Article 22 of the New York State Tax Law, excluding refunds owed to taxpayers (the “New York State Personal Income Tax Receipts”), (ii) 50 percent of employer compensation expense program receipts imposed by Article 24 of the New York State Tax Law, excluding refunds owed to employers (the “New York State ECEP Receipts”), and (iii) effective April 1, 2021 (as described below), 50 percent of pass-through entity tax receipts imposed by Article 24-A of the New York State Tax Law, excluding refunds owed to taxpayers (the “New York State PTET Receipts”). The New York State Personal Income Tax Receipts, the New York State ECEP Receipts, and the New York State PTET Receipts are sometimes collectively referred to herein as the “Revenue Bond Tax Fund Receipts.” See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS.”

Effective April 1, 2021, pursuant to legislative changes, the sources of payment of the State Personal Income Tax Revenue Bonds and the statutory allocation of tax revenues payable to the Revenue Bond Tax Fund were changed to add, as a new source of payment, 50 percent of the New York State PTET Receipts from the New York State Pass-Through Entity Tax Program (the “PTET”). These changes were made as part of the State’s continuing response to Federal tax law changes. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

The State Comptroller is required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts collected from payroll withholding taxes (the “Withholding Component”) until an amount equal to 50 percent of the estimated monthly New York State Personal Income Tax Receipts has been deposited into the Revenue Bond Tax Fund. The State Comptroller is also required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts from the ECEP until 50 percent of the estimated monthly New York State ECEP Receipts have been deposited into the Revenue Bond Tax Fund, and all of the receipts from the PTET until 50 percent of the estimated monthly New York State PTET Receipts have been deposited into the Revenue Bond Tax Fund.

New York State Personal Income Tax Receipts, New York State PTET Receipts, New York State ECEP Receipts, and the Revenue Bond Tax Fund Receipts for State Fiscal Years 2023-24 through 2025-26 are as follows (dollars in millions):

State Fiscal Year	New York State Personal Income Tax Receipts	New York State PTET Receipts	New York State ECEP Receipts	Revenue Bond Tax Fund Receipts
2023-24	\$53,840	\$13,955	\$13	\$33,904
2024-25	\$61,202	\$17,781	\$15	\$39,499
2025-26*	\$61,531	\$15,834	\$15	\$38,690

* As estimated in the FY 2026 Enacted Budget Financial Plan.

Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts *(continued)*

For information related to the State see “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK.”

The Series 2025 Bonds are special obligations of the Authority, being secured by a pledge of financing agreement payments to be made by the State Comptroller to the Trustee on behalf of the Authority and certain funds held by the Trustee under the Authority’s State Personal Income Tax Revenue Bonds General Bond Resolution adopted by the Authority on June 27, 2002, as amended and supplemented, including as amended on June 6, 2022 (the “General Resolution”).

The Series 2025 Bonds are issued on a parity with all other Bonds which have been or may be issued under the General Resolution. All State Personal Income Tax Revenue Bonds (of which \$38.6 billion were outstanding as of May 31, 2025) are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State.

Financing agreement payments are made from Revenue Bond Tax Fund Receipts (as described herein). The financing agreement payments are to be paid by the State Comptroller to the applicable trustees on behalf of the Authorized Issuers from amounts deposited to the Revenue Bond Tax Fund. Financing agreement payments are to equal amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. **All payments required by financing agreements entered into by the State are executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.**

The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the Revenue Bond Tax Fund Receipts. For additional information, see “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS” and “PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS.”

The Series 2025 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2025 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, the premium, if any, or interest on the Series 2025 Bonds. The Authority has no taxing power.

<p>Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts <i>(continued)</i></p>	<p>The Series 2025 Bonds are not secured by any mortgage on, any revenues from, or any other interest in, capital works or purposes authorized to be financed or refinanced with proceeds of the Series 2025 Bonds.</p>
<p>Set Aside for Purpose of Making Financing Agreement Payments</p>	<p>The Enabling Act, general resolutions and financing agreements provide procedures for setting aside Revenue Bond Tax Fund Receipts that are designed to ensure that sufficient amounts are available in the Revenue Bond Tax Fund to make financing agreement payments to the applicable trustees on behalf of all Authorized Issuers, subject to annual appropriation by the State Legislature.</p> <p>The Enabling Act requires the Director of the Budget to annually prepare a certificate (which may be amended as necessary or required) which estimates monthly Revenue Bond Tax Fund Receipts anticipated to be deposited to the Revenue Bond Tax Fund and the amount of all set-asides necessary to make all financing agreement payments of all the Authorized Issuers. The Director of the Budget has prepared such certificate for State Fiscal Year 2025-26.</p> <p>See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS.”</p>
<p>Availability of General Fund to Satisfy Set-Aside of Revenue Bond Tax Fund Receipts</p>	<p>If at any time the amount of Revenue Bond Tax Fund Receipts set aside, as certified by the Director of the Budget, is insufficient to make all certified financing agreement payments on all State Personal Income Tax Revenue Bonds, the State Comptroller is required by the Enabling Act, without appropriation, to immediately transfer amounts from the General Fund of the State (the “General Fund”) to the Revenue Bond Tax Fund sufficient to satisfy the cash requirements of the Authorized Issuers.</p>
<p>Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts</p>	<p>In the event that: (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on any State Personal Income Tax Revenue Bonds, the Enabling Act requires that all of the New York State Personal Income Tax Receipts from the Withholding Component, all of the New York State ECEP Receipts, and all of the New York State PTET Receipts shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts, New York State ECEP Receipts and New York State PTET Receipts or twelve billion dollars (\$12,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees, on behalf of each Authorized Issuer, including the Authority.</p>

<p>Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts <i>(continued)</i></p>	<p>After the required appropriations and financing agreement payments have been made, excess moneys in the Revenue Bond Tax Fund are to be paid over and distributed to the credit of the General Fund. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Moneys Held in the Revenue Bond Tax Fund.”</p>
<p>Additional Bonds and Debt Service Coverage</p>	<p>The Enabling Act and each of the general resolutions permit the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to (a) statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for particular Authorized Purposes and (b) the additional bonds test described below and included in each general resolution authorizing State Personal Income Tax Revenue Bonds.</p> <p>As provided in the General Resolution, and in each of the general resolutions of the other Authorized Issuers, additional State Personal Income Tax Revenue Bonds may be issued only if the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all outstanding State Personal Income Tax Revenue Bonds, the additional State Personal Income Tax Revenue Bonds proposed to be issued and any additional amounts payable with respect to parity reimbursement obligations.</p> <p>In accordance with the additional bonds debt service coverage test described above, Revenue Bond Tax Fund Receipts of approximately \$40.7 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 9.9 times the maximum annual Debt Service for all outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2025 Bonds.</p> <p>While additional State Personal Income Tax Revenue Bonds are expected to continue to be issued by Authorized Issuers for Authorized Purposes as noted herein, in no event may any additional State Personal Income Tax Revenue Bonds (other than certain refunding bonds) be issued unless the additional bonds test under the respective general resolution has been satisfied. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Additional Bonds” and “PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS— Projected Debt Service Coverage.”</p> <p>As of May 31, 2025, approximately \$38.6 billion of State Personal Income Tax Revenue Bonds were outstanding.</p>
<p>Appropriation by State Legislature</p>	<p>The State Legislature is expected to make appropriations annually from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay annual financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. Such an appropriation has been enacted for State Fiscal Year 2025-26.</p> <p>Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for State general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the General Fund, sums sufficient to pay debt service on such general obligation bonds. In the event that such revenues and other amounts</p>

<p>Appropriation by State Legislature <i>(continued)</i></p>	<p>in the General Fund are insufficient to pay State general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund as well as other funds to pay debt service on State general obligation bonds.</p> <p>The New York State Division of the Budget (the “Division of the Budget”) is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on State general obligation bonds in the future. The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets.</p>
<p>Continuing Disclosure</p>	<p>In order to assist the initial purchasers of the Series 2025 Bonds (the “Initial Purchasers”) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”), all Authorized Issuers, the State and each applicable trustee, including the Trustee, have entered into a Master Disclosure Agreement (as hereinafter defined). See “PART 18—CONTINUING DISCLOSURE” and “APPENDIX E—EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT.”</p>



OFFICIAL STATEMENT

Relating to

\$2,446,450,000

**NEW YORK STATE THRUWAY AUTHORITY
State Personal Income Tax Revenue Bonds**

\$1,664,265,000

**State Personal Income Tax Revenue Bonds
Series 2025A
(Tax-Exempt)**

\$782,185,000

**State Personal Income Tax Revenue
Green Bonds
Series 2025B
(Climate Bond Certified)
(Tax-Exempt)**

PART 2—INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover pages, the Summary Statement and appendices, is to set forth certain information concerning the State of New York (the “State”) and the New York State Thruway Authority (the “Authority”), a body corporate and politic constituting a public corporation of the State, in connection with the offering by the Authority of its \$1,664,265,000 State Personal Income Tax Revenue Bonds, Series 2025A (Tax-Exempt) (the “Series 2025A Bonds”) and \$782,185,000 State Personal Income Tax Revenue Green Bonds, Series 2025B (Climate Bond Certified) (Tax-Exempt) (the “Series 2025B Bonds” and, together with the Series 2025A Bonds, the “Series 2025 Bonds”). The interest rates, maturity dates, principal amounts, and prices or yields of the Series 2025 Bonds being offered hereby are set forth on the inside cover pages of this Official Statement.

This Official Statement also summarizes certain information concerning the provisions of the State Finance Law with respect to the issuance of State Personal Income Tax Revenue Bonds (the “State Personal Income Tax Revenue Bonds”), including the Series 2025 Bonds, and the statutory allocation of 50 percent of the receipts from the New York State Personal Income Tax (the “New York State Personal Income Tax Receipts”) imposed by Article 22 of the New York State Tax Law (“Tax Law”) which are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. Under current law, such New York State Personal Income Tax Receipts exclude refunds owed to taxpayers. In addition, 50 percent of the receipts from the New York State Employer Compensation Expense Program (the “New York State ECEP Receipts”) imposed by Article 24 of the Tax Law are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. New York State ECEP Receipts exclude refunds owed to employers. In addition, 50 percent of the receipts from the New York State Pass-through Entity Tax Program (the “New York State PTET Receipts”) imposed by Article 24-A of the Tax Law are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. New York State PTET Receipts exclude refunds owed to taxpayers. The New York State Personal Income Tax Receipts, the New York State ECEP Receipts and the New York State PTET Receipts deposited for the payment of

State Personal Income Tax Revenue Bonds are sometimes collectively referred to herein as the “Revenue Bond Tax Fund Receipts.” See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—The Revenue Bond Tax Fund” and “—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

The State expects that State Personal Income Tax Revenue Bonds together with the State Sales Tax Revenue Bonds will be the primary financing vehicles for financing State-supported programs over the current financial plan period. State Sales Tax Revenue Bonds are authorized to be issued for certain authorized purposes pursuant to Article 5-F and Article 6 (Section 92-h) of the State Finance Law by the Authority, the Dormitory Authority of the State of New York and the Urban Development Corporation, doing business as Empire State Development.

The Series 2025 Bonds are authorized to be issued pursuant to Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the “Enabling Act”) and the New York State Thruway Authority Act, as amended, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the State of New York (the “Authority Act”).

The Enabling Act authorizes the Authority, the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency and the New York State Urban Development Corporation, doing business as Empire State Development (collectively, the “Authorized Issuers”) to issue State Personal Income Tax Revenue Bonds for certain purposes for which State-supported Debt (as defined by Section 67-a of the State Finance Law and as limited by the Enabling Act) may be issued (“Authorized Purposes”). The Enabling Act, together with the Authority Act, constitutes the “Authorizing Legislation.”

The Series 2025 Bonds are additionally authorized under the Authority’s State Personal Income Tax Revenue Bonds General Bond Resolution, adopted by the Authority on June 27, 2002 and amended on June 6, 2022 (the “General Resolution”) as supplemented on June 3, 2025 by the Fifteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds (the “Supplemental Resolution”) (such General Resolution, as amended and supplemented, together with the Supplemental Resolution, being herein, except as the context otherwise indicates, collectively referred to as the “Resolution”). The Series 2025 Bonds and any other bonds issued under the General Resolution are sometimes referred to herein as the “Bonds.”

The Series 2025 Bonds, and any additional series of Bonds which have heretofore been issued or may hereafter be issued under the General Resolution, will be equally and ratably secured thereunder. The Series 2025 Bonds and all other State Personal Income Tax Revenue Bonds which have heretofore been issued or may be issued by an Authorized Issuer are secured by a pledge of (i) the payments made pursuant to one or more financing agreements entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under the applicable general resolution and the investment earnings thereon ((i) and (ii) being collectively referred to herein as the “Pledged Property” with respect to each such Authorized Issuer, including the Authority). The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds adopted by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. The financing agreement payments are required to be equal to the amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. The making of financing agreement payments to the Authorized Issuers is subject to annual appropriation by the State Legislature.

References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including the Authority. Descriptions of the

provisions of the Enabling Act contained in this Official Statement are of the Enabling Act as it exists on the date of this Official Statement.

All State Personal Income Tax Revenue Bonds are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State Legislature. As of May 31, 2025, approximately \$38.6 billion of State Personal Income Tax Revenue Bonds were outstanding. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Series 2025 Bonds” and “— Additional Bonds.”

The Series 2025 Bonds are being issued for the purpose of financing Authorized Purposes, including (a) financing, refinancing or reimbursing all or a portion of the costs of certain programs and projects within the State, including but not limited to (i) capital projects administered by the Department of Transportation, including the Dedicated Highway Bridge Trust Program, the Consolidated Local Street and Highway Improvement Program (CHIPS), and the NYWorks Transportation Program and (ii) transportation projects for the Metropolitan Transportation Authority (the “MTA”) (collectively, the “Projects”) and (b) paying certain costs relating to the issuance of the Series 2025 Bonds. For a more complete description of the expected application of proceeds of the Series 2025 Bonds, see “PART 6—APPLICATION OF PROCEEDS” herein. **The Series 2025 Bonds are not secured by any mortgage on, any revenues form, or any other interest in, capital works or purposes authorized to be financed or refinanced with the proceeds of the Series 2025 Bonds.**

Pursuant to the Authorizing Legislation, the Authority and the State entered into a financing agreement dated as of August 7, 2002 (the “Financing Agreement”). See “APPENDIX C—CONFORMED COPY OF FINANCING AGREEMENT.” **The Series 2025 Bonds are not secured by the Projects or any interest therein.**

The revenues, facilities, properties and any and all other assets of the Authority of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding or otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes. See “PART 10—THE AUTHORITY” for a further description of the Authority.

The Series 2025 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2025 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds. The Authority has no taxing power.

Capitalized terms used herein unless otherwise defined have the same meaning as ascribed to them in the General Resolution. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.”

PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS

The Revenue Bond Tax Fund

The Enabling Act provides a source of payment for State Personal Income Tax Revenue Bonds by establishing the Revenue Bond Tax Fund for the purpose of setting aside Revenue Bond Tax Fund Receipts sufficient to make financing agreement payments to Authorized Issuers. The Enabling Act establishes the Revenue Bond Tax Fund to be held in the joint custody of the State Comptroller and the Commissioner of Taxation and Finance (the “Commissioner”) and requires that all moneys on deposit in the Revenue Bond Tax Fund be held separate and apart from all other moneys in the joint custody of the State Comptroller and the Commissioner. The source of the financing agreement payments is a statutory allocation of 50 percent of the receipts from the New York State Personal Income Tax imposed by Article 22 of the Tax Law, which exclude refunds owed to taxpayers, 50 percent of the receipts from the ECEP imposed by Article 24 of the Tax Law, which exclude refunds owed to employers, and 50 percent of the receipts from the PTET imposed by Article 24-A of the Tax Law, which exclude refunds owed to taxpayers, the aggregate of which, pursuant to Section 171-a of the Tax Law, is deposited in the Revenue Bond Tax Fund. See “PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS— Revenue Bond Tax Fund Receipts.”

Financing agreement payments made from amounts set aside in the Revenue Bond Tax Fund are subject to annual appropriation for such purpose by the State Legislature. The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed by Articles 22, 24 and 24-A of the Tax Law.

Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (the “TCJA”) (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective in tax year 2018. The TCJA made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes. The State has since enacted legislation, described below, to mitigate the negative impact of the TCJA on State taxpayers, which has impacted the State Personal Income Tax Revenue Bond Financing Program.

To offset the potential reduction in New York State Personal Income Tax Receipts, the Fiscal Year (“FY”) 2019 Enacted Budget amended the State Finance Law and the Enabling Act so as to hold harmless the State Personal Income Tax Revenue Bond Financing Program. Accordingly, the enacted legislation provided for:

1. An increase from 25 percent to 50 percent in the statutory allocation of New York State Personal Income Tax Receipts imposed by Article 22 of the Tax Law, which exclude refunds owed to taxpayers, that is required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds.
2. An increase in the statutory maximum amount of the New York State Personal Income Tax Receipts and New York State ECEP Receipts required to be deposited to the Revenue Bond Tax Fund to be the greater of the aggregate of 40 percent of the annual New York State Personal Income Tax Receipts

and New York State ECEP Receipts or \$12 billion in the event that the State Legislature either fails to appropriate or, once appropriated, fails to pay, amounts sufficient to make financing agreement payments for outstanding New York State Personal Income Tax Revenue Bonds (the “Maximum Revenue Bond Tax Fund Deposit”). Prior to the State legislative changes, the amount required to be deposited was the greater of 25 percent of the annual New York State Personal Income Tax Receipts or \$6 billion.

Employer Compensation Expense Program (ECEP) / Charitable Gifts Trust Fund. State tax reforms enacted in 2018 to mitigate issues arising from the TCJA included the creation of an optional payroll tax program (the “ECEP”), and establishment of a new State Charitable Gifts Trust Fund (the “Charitable Gifts Trust Fund”). The ECEP and the Charitable Gifts Trust Fund were expected to reduce New York State Personal Income Tax Receipts, to the extent that employers elected to participate in the ECEP and taxpayers made donations to the Charitable Gifts Trust Fund.

The ECEP was created pursuant to Article 24 of the Tax Law, and a corresponding amendment to the Enabling Act provided that 50 percent of New York State ECEP Receipts, which exclude refunds owed to employers, be deposited into the Revenue Bond Tax Fund. The ECEP establishes an optional tax on payroll expenses that employers can elect to pay if they have employees that earn over \$40,000 annually in the State. Accompanying State legislation created a new personal income tax credit for employees whose wages are subject to the ECEP. The credit is calculated using a statutory formula that corresponds in value to the tax imposed by the ECEP. As a result, aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain substantially the same regardless of the amount of New York State ECEP Receipts. Therefore, from a Revenue Bond Tax Fund perspective, the ECEP was expected to be revenue neutral.

The Charitable Gifts Trust Fund was created to accept gifts for the purposes of improving health care and education in the State and allowing taxpayers who itemize deductions to claim a Personal Income Tax deduction. The State legislation also created a Personal Income Tax credit equal to 85 percent of the donation amount. However, subsequent IRS regulatory action effectively curtailed further donations to the Charitable Gifts Trust Fund beyond the \$93 million in donations the State received in 2018. As a result, the State does not expect that the Charitable Gifts Trust Fund will have a material impact on the Personal Income Tax Revenue Bond Program or on amounts deposited into the Revenue Bond Tax Fund unless the State were to prevail in a 2019 lawsuit filed by the State and joined by Connecticut and New Jersey seeking to restore the full federal income tax deduction for charitable contributions, regardless of the amount of any state tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund. Accordingly, projections of New York State Personal Income Tax Receipts do not include an estimate of charitable donations or the impact of such donations on Revenue Bond Tax Fund Receipts.

Pass-Through Entity Tax. In connection with the FY 2022 Enacted Budget, the State Legislature enacted legislation that provides for an optional pass-through entity tax (the “PTET”) on the State-sourced income of (i) partnerships and (ii) S corporations. Qualifying entities that elect to pay PTET pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

The New York State Division of the Budget (the “Division of the Budget”) expects that the PTET legislation will be revenue neutral for the State on a multi-year basis; however, because PTET payments will generally be received in the fiscal year prior to credit claiming, the PTET will not be revenue-neutral for the State within each fiscal year and redistribution of total revenue across fiscal years is expected to be significant. To hold harmless the Revenue Bond Tax Fund and to maintain a comparable level of deposits to the Revenue Bond Tax Fund for the Bondholders, the State Legislature also enacted legislation that causes 50 percent of receipts from the PTET to be deposited into the Revenue Bond Tax Fund. Accordingly, aggregate contributions to the Revenue Bond Tax Fund are expected to be unaffected because 50 percent

of both New York State Personal Income Tax Receipts and New York State PTET Receipts will be deposited into the Revenue Bond Tax Fund.

The Fiscal Year 2026 Enacted Budget Financial Plan includes estimates for PTET receipts and a corresponding decrease in personal income tax receipts. The overall impact on projected Revenue Bond Tax Fund Receipts is that PTET increased FY 2022 receipts, decreased FY 2023 receipts by a significant amount, decreased FY 2024 receipts, increased FY 2025 receipts, and is expected to decrease FY 2026 receipts. Public Law No. 119–21, signed into law on July 4, 2025 (enacted as “An Act to provide for reconciliation pursuant to title II of House Concurrent Resolution 14”) (the “Reconciliation Act of 2025”), includes measures to increase the SALT deduction cap to \$40,000 for individuals with incomes below \$500,000 and does not include any restrictions on states or individuals’ ability to utilize elective pass-through entity taxes. Accordingly, PTET utilization is not expected to change and aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain consistent with FY 2026 Enacted Budget financial plan projections. Projections are, however, based on limited experience to date, and there can be no assurance that such projections will be realized.

The U.S. Treasury Department and IRS have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the PTET, are allowable as a Federal deduction to taxable income, and in November 2020, the IRS released Notice 2020-75 which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass-through taxes.

Series 2025 Bonds

The Series 2025 Bonds are special obligations of the Authority, secured by and payable from financing agreement payments payable by the State Comptroller to The Bank of New York Mellon, New York, New York, as trustee and paying agent (the “Trustee” or “Paying Agent”) on behalf of the Authority in accordance with the terms and provisions of the Financing Agreement, subject to annual appropriation by the State Legislature, and the Funds and accounts established under the General Resolution (other than the Rebate Fund and other Funds as provided in the Resolution). A copy of the Financing Agreement relating to the Series 2025 Bonds is included as “APPENDIX C—CONFORMED COPY OF FINANCING AGREEMENT” hereto. The Series 2025 Bonds are entitled to a lien, created by a pledge under the General Resolution, on the Pledged Property. The Pledged Property with respect to the Series 2025 Bonds consists of (i) the payments made pursuant to the Financing Agreement and (ii) the Funds and accounts established under the General Resolution (other than the Rebate Fund and the Administrative Fund as provided in the Resolution) and the investment earnings thereon.

The Enabling Act and each of the general resolutions permit the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for Authorized Purposes and the additional bonds test described herein included in each of the general resolutions authorizing State Personal Income Tax Revenue Bonds. In accordance with the additional bonds test described herein, Revenue Bond Tax Fund Receipts of approximately \$40.7 billion are available to pay financing agreement payments on a pro-forma basis, which amount represents approximately 9.9 times the maximum annual Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2025 Bonds. See “—Additional Bonds” below and “PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS— Projected Debt Service Coverage.”

The revenues, facilities, properties and any and all other assets of the Authority of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding, otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the General Resolution, and under no circumstances shall these be available for such purposes. See “PART 10—THE AUTHORITY” for a further description of the Authority.

Certification of Payments to be Set Aside in Revenue Bond Tax Fund

The Enabling Act, the general resolutions and the financing agreements provide procedures for setting aside amounts from the Revenue Bond Tax Fund Receipts, which are deposited to the Revenue Bond Tax Fund to ensure that sufficient amounts will be available to make financing agreement payments, when due, to the applicable trustees on behalf of the Authority and the other Authorized Issuers.

The Enabling Act, as amended, provides that:

1. No later than October 1 of each year, each Authorized Issuer must submit its State Personal Income Tax Revenue Bond cash requirements (which shall include financing agreement payments) for the following State Fiscal Year and, as required by the financing agreements, each of the subsequent four State Fiscal Years to the Division of the Budget.
2. No later than thirty (30) days after the submission of the Executive Budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate which sets forth an estimate of:
 - (a) 50 percent of the amount of the estimated monthly New York State Personal Income Tax Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year;
 - (b) 50 percent of the amount of the estimated monthly New York State ECEP Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year;
 - (c) 50 percent of the amount of the estimated monthly New York State PTET Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year; and
 - (d) the monthly amounts necessary to be set aside in the Revenue Bond Tax Fund to make the financing agreement payments required to meet the cash requirements of the Authorized Issuers.
3. In the case of financing agreement payments due semi-annually, Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is equal to not less than the financing agreement payments for State Personal Income Tax Revenue Bonds of all Authorized Issuers in the following month as certified by the Director of the Budget.
4. In the case of financing agreement payments due on a more frequent basis, monthly Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is, in accordance with the certificate of the Director of the Budget, sufficient to pay the required payment on each issue on or before the date such payment is due.

In addition, the general resolutions and the financing agreements require the State Comptroller to set aside, monthly, in the Revenue Bond Tax Fund, amounts such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) amount of estimated monthly New York State Personal Income Tax Receipts (excluding refunds owed to taxpayers), estimated monthly New York State ECEP Receipts (excluding refunds owed to employers), and estimated monthly New York State PTET Receipts (excluding refunds owed to taxpayers), required to be deposited to the Revenue Bond Tax Fund as provided in 2(a), 2(b) and 2(c) above, are not less than 125 percent of the financing agreement

payments required to be paid by the State Comptroller to the trustees on behalf of the Authorized Issuers in the following month.

The Director of the Budget may amend such certification as shall be necessary, provided that the Director of the Budget shall amend such certification no later than thirty (30) days after the issuance of any State Personal Income Tax Revenue Bonds, including refunding bonds, or after the execution of any interest rate exchange (or “swap”) agreements or other financial arrangements which may affect the cash requirements of any Authorized Issuer.

The Enabling Act provides that on or before the twelfth day of each month, the Commissioner shall certify to the State Comptroller the actual Revenue Bond Tax Fund Receipts for the prior month and, in addition, no later than March 31 of each State Fiscal Year, the Commissioner shall certify such amounts relating to the last month of the State Fiscal Year. At such times, the Enabling Act provides that the State Comptroller shall adjust the amount of estimated New York State Personal Income Tax Receipts (from the Withholding Component), the amount of estimated New York State ECEP Receipts and the amount of estimated New York State PTET Receipts deposited to the Revenue Bond Tax Fund to the actual amount certified by the Commissioner.

Set Aside of Revenue Bond Tax Fund Receipts

As provided by the Enabling Act, the general resolutions, the financing agreements, and the certificate of the Director of the Budget, the State Comptroller is required to:

1. Beginning on the first day of each month, deposit all of the daily receipts from the Withholding Component, the daily New York State ECEP Receipts and the daily New York State PTET Receipts to the Revenue Bond Tax Fund until there is on deposit in the Revenue Bond Tax Fund an amount equal to 50 percent of estimated monthly New York State Personal Income Tax Receipts, 50 percent of estimated monthly New York State ECEP Receipts and 50 percent of estimated monthly New York State PTET Receipts.
2. Set aside, monthly, amounts on deposit in the Revenue Bond Tax Fund, such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund, and (ii) amount of estimated monthly Revenue Bond Tax Fund Receipts required to be deposited to the Revenue Bond Tax Fund in such month, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of all the Authorized Issuers in the following month.

The Enabling Act provides that Revenue Bond Tax Fund Receipts which have been set aside in sufficient amounts to pay, when due, the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments.

Subject to appropriation by the State Legislature, upon receipt of a request for payment from any Authorized Issuer pursuant to a financing agreement, the State Comptroller shall pay over to the trustee, on behalf of such Authorized Issuer, such amount. In the event that Revenue Bond Tax Fund Receipts are insufficient to meet financing agreement payments on all State Personal Income Tax Revenue Bonds of all the Authorized Issuers as set forth in the certificate of the Director of the Budget, the State Comptroller is required by the Enabling Act, without appropriation, to immediately transfer amounts from the General Fund to the Revenue Bond Tax Fund, in the amount of such deficiency. Amounts so transferred to the

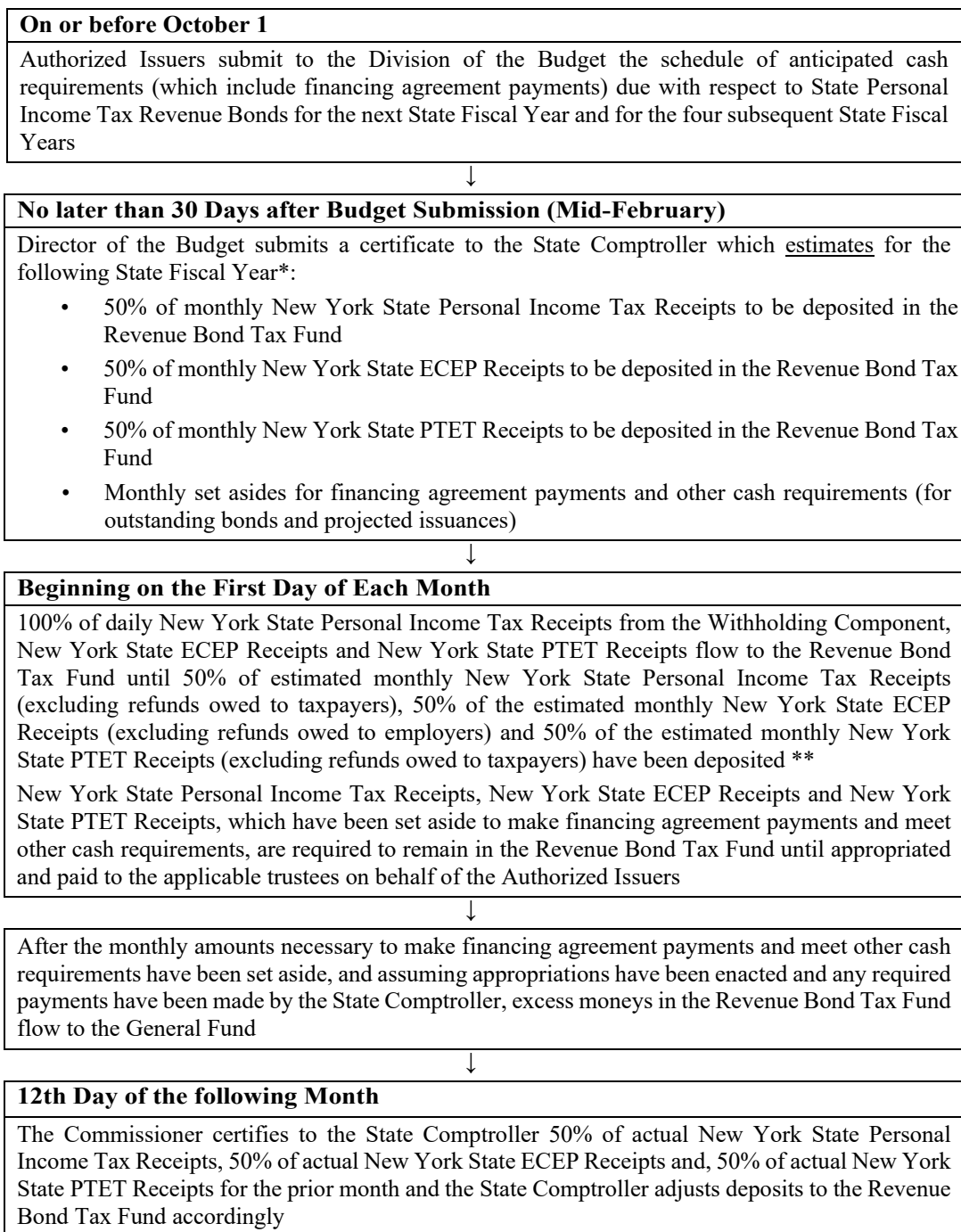
Revenue Bond Tax Fund can only be used to pay financing agreement payments (except, if necessary, for payments authorized to be made to the holders of State general obligation debt).

The State Comptroller shall from time to time, but in no event later than the fifteenth day of each month (other than the last month of the fiscal year) and no later than the thirty-first day of the last month of each fiscal year, pay over and distribute to the credit of the General Fund all moneys in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside for the payment of cash requirements as described above.

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Flow of Revenue Bond Tax Fund Receipts

The following chart summarizes the flow of Revenue Bond Tax Fund Receipts.



* The Director of the Budget can amend the certification at any time to more precisely account for a revised Revenue Bond Tax Fund Receipts estimate or actual debt service and other cash requirements, and to the extent necessary, shall do so not later than thirty days after the issuance of any State Personal Income Tax Revenue Bonds.

** The State can certify and set aside Revenue Bond Tax Fund Receipts in excess of the next month's financing agreement payment requirements to ensure amounts previously set aside and on deposit in the Revenue Bond Tax Fund together with 50 percent of estimated monthly New York State Personal Income Tax Receipts, 50 percent of estimated monthly New York State ECEP Receipts and 50 percent of estimated monthly New York State PTET Receipts to be deposited in such month are not less than 125 percent of all financing agreement payments due in the following month, as required by the financing agreements.

Moneys Held in the Revenue Bond Tax Fund

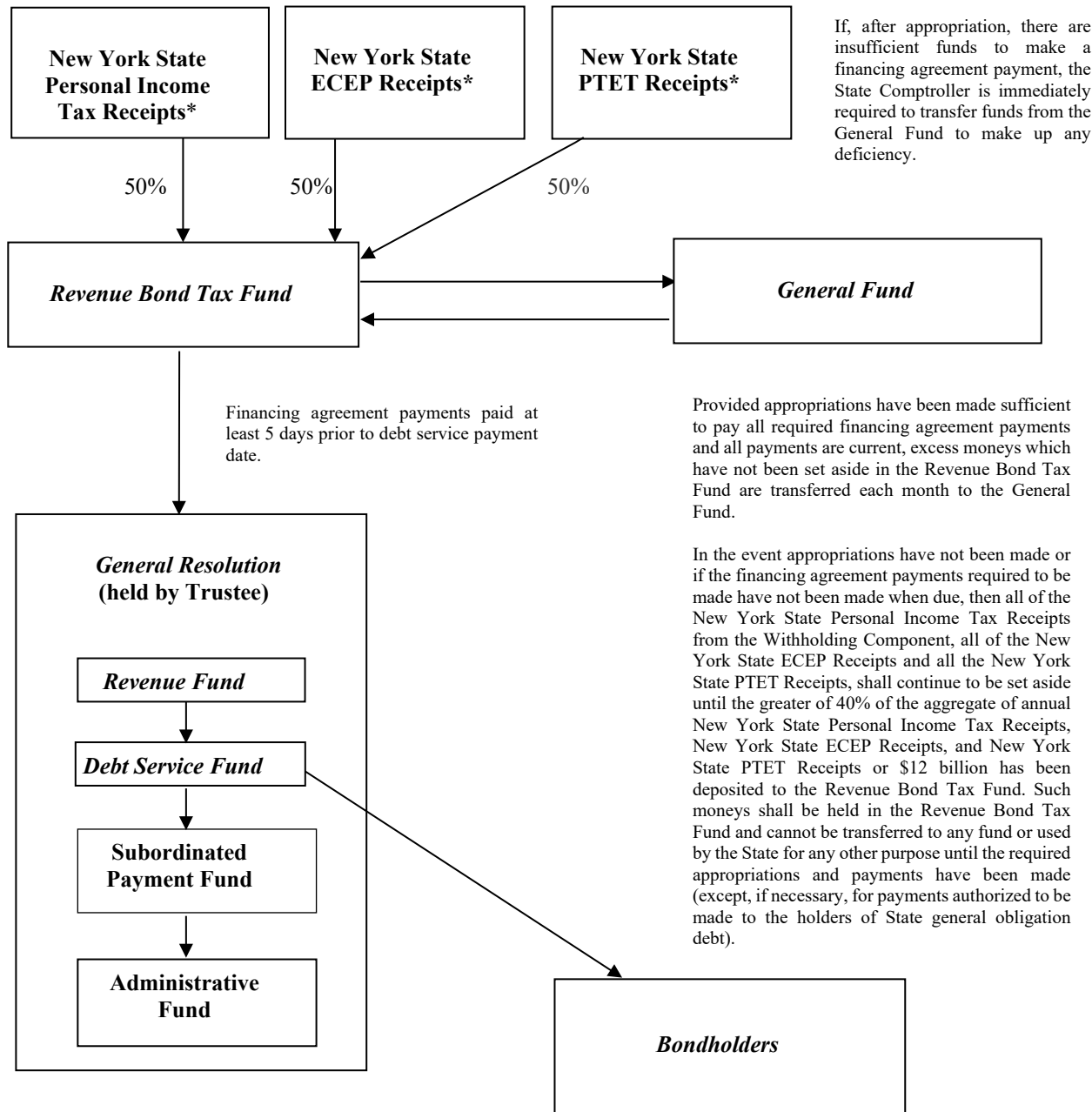
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to the Authority and other Authorized Issuers (which are paid to the applicable trustees on behalf of the Authority and the other Authorized Issuers), unless two requirements are met. First, all payments as certified by the Director of the Budget for a State Fiscal Year must have been appropriated to the Authority and other Authorized Issuers for the payment of financing agreement payments (including debt service) in the full amount specified in the certificate of the Director of the Budget. Second, each certified and appropriated payment for which moneys are required to be set aside as provided in the Enabling Act must have been made to the trustees on behalf of the Authority and other Authorized Issuers when due.

If such appropriations have been made to pay all annual amounts specified in the certificate of the Director of the Budget as being required by the Authority and all other Authorized Issuers for a State Fiscal Year and all such payments to the applicable trustees on behalf of the Authority and all other Authorized Issuers are current, then the State Comptroller is required by the Enabling Act to pay over and distribute to the credit of the General Fund, at least once a month, all amounts in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside. The Enabling Act also requires the State Comptroller to pay to the General Fund all sums remaining in the Revenue Bond Tax Fund on the last day of each State Fiscal Year, but only if the State has appropriated and paid to the applicable trustees on behalf of the Authority and all other Authorized Issuers the amounts necessary for the Authority and all other Authorized Issuers to meet their cash requirements for the current State Fiscal Year and, to the extent certified by the Director of the Budget, set aside any cash requirements required for the next State Fiscal Year.

In the event that (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, any financing agreement payments have not been made when due on State Personal Income Tax Revenue Bonds, the Enabling Act, as amended, requires that all of the New York State Personal Income Tax Receipts from the Withholding Component, all of the New York State ECEP Receipts, and all of the New York State PTET Receipts shall continue to be set aside in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts from the Withholding Component, New York State ECEP Receipts and New York State PTET Receipts or twelve billion dollars (\$12,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer, including the Authority.

The Enabling Act provides that no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on moneys on deposit in the Revenue Bond Tax Fund and that the State's agreement to make financing agreement payments shall be executory only to the extent such payments have been appropriated.

Flow of Revenues



* Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the Tax Law.

Appropriation by the State Legislature

The State may not expend money without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds (“State Funds”), including funds in the Revenue Bond Tax Fund, to be approved by the State Legislature at least every two years. In addition, the State Finance Law generally provides that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal Year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations shall lapse on the succeeding June 30th or September 15th depending on the nature of the appropriation. See “— Moneys Held in the Revenue Bond Tax Fund” in this section.

The Authority expects that the State Legislature will make an appropriation from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. In addition, in the event that the State Legislature fails to provide an appropriation, the Enabling Act requires that all of the New York State Personal Income Tax Receipts from the Withholding Component, all of the New York State ECEP Receipts and all of the New York State PTET Receipts shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts from the Withholding Component, New York State ECEP Receipts and New York State PTET Receipts or twelve billion dollars (\$12,000,000,000). The Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (other than to make financing agreement payments from appropriated amounts, and except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer. The State Legislature may not be bound in advance to make an appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the Tax Law.

All payments required by financing agreements entered into by the State shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.

State Personal Income Tax Revenue Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall State Personal Income Tax Revenue Bonds be payable out of any funds other than those pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on State Personal Income Tax Revenue Bonds.

Pursuant to the Enabling Act, Revenue Bond Tax Fund Receipts which have been set aside to pay when due the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund until they are appropriated and used to make financing agreement payments. However, the Enabling Act also provides that the use of such Revenue Bond Tax Fund Receipts by the State Comptroller is “subject to the rights of holders of debt of the state” (i.e., general obligation bondholders who benefit from the faith and credit pledge of the State). Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the

General Fund, sums sufficient to pay debt service on such general obligation debt. In the event that such revenues and other amounts in the General Fund are insufficient to so pay State general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund as well as other funds to pay debt service on State general obligation bonds.

The Division of the Budget is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on State general obligation bonds in the future. The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets.

Additional Bonds

As provided in each general resolution, except as provided in the next paragraph with respect to certain refunding bonds, additional State Personal Income Tax Revenue Bonds may be issued by the related Authorized Issuer, provided that the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all Outstanding State Personal Income Tax Revenue Bonds, the State Personal Income Tax Revenue Bonds proposed to be issued, and any additional amounts payable with respect to parity reimbursement obligations.

The General Resolution also provides that additional Bonds may be issued to refund Outstanding Bonds either by meeting the debt service coverage test described above, or, in the alternative, by demonstrating that maximum annual debt service on all Outstanding Bonds will not increase as a result of such refunding.

For additional information, see “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Summary of Certain Provisions of the State Personal Income Tax Revenue Bonds Standard Resolution Provisions—Special Provisions for Additional Bonds” and “—Refunding Bonds.”

Parity Reimbursement Obligations

An Authorized Issuer, including the Authority, may incur Parity Reimbursement Obligations (as defined in each respective general resolution, including the General Resolution) pursuant to the terms of its general resolution which, subject to certain exceptions, would be secured by a pledge of, and a lien on, the pledged property on a parity with the lien created by the related general resolution with respect to bonds issued thereunder. A Parity Reimbursement Obligation may be incurred in connection with obtaining a Credit Facility and represents the obligation to repay amounts advanced under the Credit Facility. It may include interest calculated at a rate higher than the interest rate on the related State Personal Income Tax Revenue Bonds and may be secured by a pledge of, and a lien on, pledged property on a parity with the lien created by the general resolution for the State Personal Income Tax Revenue Bonds only to the extent that principal amortization requirements of the Parity Reimbursement Obligation are equal to the amortization requirements for the related State Personal Income Tax Revenue Bonds, without acceleration. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.”

Certain Covenants of the State

Pursuant to the general resolutions, the State pledges and agrees with the holders of State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder that the State will not in any way impair the rights and remedies of holders of such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity

Reimbursement Obligations or other obligations until such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders are fully met and discharged.

Pursuant to the Enabling Act and the general resolutions, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24, and Article 24-A of the Tax Law. An Event of Default under the general resolutions would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter the statutes imposing or relating to such taxes. However, the Director of the Budget believes that any materially adverse amendment, modification or alteration of, or the repeal of, statutes imposing or related to the taxes imposed pursuant to Article 22, Article 24, and Article 24-A of the Tax Law could have a serious impact on the flow of Revenue Bond Tax Fund Receipts to the Revenue Bond Tax Fund, the ability of the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds and the marketability of outstanding State Personal Income Tax Revenue Bonds.

Reservation of State’s Right to Substitute Credit

Pursuant to the Enabling Act, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that may include the Revenues pledged under the general resolutions, (i) to assume, in whole or in part, State Personal Income Tax Revenue Bonds, (ii) to extinguish the existing lien on the pledged property created under the general resolutions, and (iii) to substitute security for State Personal Income Tax Revenue Bonds, in each case only so long as the assumption, extinguishment and substitution is accomplished in accordance with either of two provisions of the general resolutions. (For these purposes, any State Personal Income Tax Revenue Bonds paid or deemed to have been paid in accordance with the applicable general resolution on or before the date of any assumption, extinguishment and substitution are not to be taken into account in determining compliance with those provisions.) The first provision of the general resolutions is intended to permit an assumption, extinguishment and substitution, without any right of consent of Bondholders or other parties, if certain conditions are satisfied. The second provision of the general resolutions permitting such an assumption, extinguishment and substitution is intended to permit a broader range of changes with the consent of issuers of Credit Facilities and the consent of certain Bondholders. It provides that any such assumption, extinguishment and substitution may be effected if certain conditions are satisfied.

In the event a constitutional amendment becomes a part of the State Constitution, there can be no assurance that the State will exercise its rights of assumption, extinguishment, and substitution with respect to State Personal Income Tax Revenue Bonds. There can be no assurance that the Authority or any other Authorized Issuer would be the issuer of any such State Revenue Bonds upon any such assumption, extinguishment and substitution and, if not the Authority or any other Authorized Issuer, the issuer of such State Revenue Bonds could be the State or another public entity.

See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Summary of Certain Provisions of the State Personal Income Tax Revenue Bonds Standard Resolution Provisions – Reservation of State Rights of Assumption, Extinguishment and Substitution.”

PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS

General History of the State Personal Income Tax

In 1919, New York State became the seventh state to enact a personal income tax. The present system of conformity to federal tax law with respect to income and deductions was adopted in 1960. The personal income tax is New York’s largest source of tax revenue and consistently accounts for more than one-half of all State tax receipts.

The State’s personal income tax structure adheres closely to the definitions of adjusted gross income and itemized deductions used for federal personal income tax purposes, with certain modifications, such as: (1) the inclusion of investment income from debt instruments issued by other states and municipalities and the exclusion of income on certain federal obligations; and (2) the exclusion of pension income received by federal, New York State and local government employees, private pension and annuity income up to \$20,000 (\$40,000 for married couples filing jointly), and any Social Security income and refunds otherwise included in federal adjusted gross income.

Changes in federal tax law from time to time may positively or negatively affect the amount of personal income tax receipts collected by the State. State Tax Law changes may also impact personal income tax receipts by authorizing a wide variety of credits against the personal income tax liability of taxpayers. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

Major tax credits include: Empire State Child Credit; Earned Income Tax Credit; Child and Dependent Care Credit; Household Credit; College Tuition Credit; Long-term Care Insurance Credit; Investment Credits; Real Property Tax Circuit Breaker Credit; STAR credit for new homeowners; and the New York City STAR personal income tax credit.

Personal Income Tax Rates

Taxable income equals New York adjusted gross income (“AGI”) less deductions and exemptions. The tax provides separate rate schedules for married couples, single individuals and heads of households. For the 2009 through 2011 tax years, the State income tax was imposed at rates ranging from 4.0 percent to 8.97 percent on the taxable income of individuals, estates and trusts. For taxpayers with \$100,000 or more of AGI, the savings from graduated marginal tax rates is recaptured through a supplementary mechanism in effect since 1991. Between tax years 2012 and 2017, the tax tables were revised to include additional middle-income brackets with reduced tax rates and a new top bracket, which imposed a tax rate of 8.82 percent. The tax tables were also subject to annual inflation-based adjustment beginning tax year 2013 and ending tax year 2017. Tax rate reductions were applied to the aforementioned middle-income brackets in tax year 2018 as part of a scheduled eight-year phase-in of middle-income tax cuts. Beginning tax year 2021, the former 8.82 percent top rate increased to 9.65 percent and two new high-income brackets were added, including a new top rate of 10.9 percent. The phase-in of the middle-income tax cuts was accelerated by FY 2023 Enacted Budget legislation, rendering the cuts fully-effective beginning tax year 2023. FY 2026 Enacted Budget legislation further reduced the first five marginal tax rates by 20 basis points; the cuts will be phased-in over two years beginning tax year 2026.

The following tables set forth the current rate schedules for tax years 2025, 2026, 2027 through 2032 and for tax years 2033 and thereafter.

New York State Personal Income Tax Rates for Tax Year 2025

Married Filing Jointly

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$17,150	4.0% of taxable income
Over \$17,150 but not over \$23,600	\$686 plus 4.50% of excess over \$17,150
Over \$23,600 but not over \$27,900	\$976 plus 5.25% of excess over \$23,600
Over \$27,900 but not over \$161,550	\$1,202 plus 5.50% of excess over \$27,900
Over \$161,550 but not over \$323,200	\$8,553 plus 6.00% of excess over \$161,550
Over \$323,200 but not over \$2,155,350	\$18,252 plus 6.85% of excess over \$323,200
Over \$2,155,350 but not over \$5,000,000	\$143,754 plus 9.65% of excess over \$2,155,350
Over \$5,000,000 but not over \$25,000,000	\$418,263 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,478,263 plus 10.90% of excess over \$25,000,000

Single, Married Filing Separately, Estates and Trusts

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$8,500	4.0% of taxable income
Over \$8,500 but not over \$11,700	\$340 plus 4.50% of excess over \$8,500
Over \$11,700 but not over \$13,900	\$484 plus 5.25% of excess over \$11,700
Over \$13,900 but not over \$80,650	\$600 plus 5.50% of excess over \$13,900
Over \$80,650 but not over \$215,400	\$4,271 plus 6.00% of excess over \$80,650
Over \$215,400 but not over \$1,077,550	\$12,356 plus 6.85% of excess over \$215,400
Over \$1,077,550 but not over \$5,000,000	\$71,413 plus 9.65% of excess over \$1,077,550
Over \$5,000,000 but not over \$25,000,000	\$449,929 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,509,929 plus 10.90% of excess over \$25,000,000

Head of Household

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$12,800	4.0% of taxable income
Over \$12,800 but not over \$17,650	\$512 plus 4.50% of excess over \$12,800
Over \$17,650 but not over \$20,900	\$730 plus 5.25% of excess over \$17,650
Over \$20,900 but not over \$107,650	\$901 plus 5.50% of excess over \$20,900
Over \$107,650 but not over \$269,300	\$5,672 plus 6.00% of excess over \$107,650
Over \$269,300 but not over \$1,616,450	\$15,371 plus 6.85% of excess over \$269,300
Over \$1,616,450 but not over \$5,000,000	\$107,651 plus 9.65% of excess over \$1,616,450
Over \$5,000,000 but not over \$25,000,000	\$434,163 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,494,163 plus 10.90% of excess over \$25,000,000

* A supplemental income tax recaptures the savings due to graduated marginal tax rates such that, for example, when a taxpayer's AGI exceeds \$25,000,000 in tax years 2025 through 2032, all taxable income becomes effectively subject to a flat 10.9 percent tax rate.

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New York State Personal Income Tax Year 2026

Married Filing Jointly

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$17,150	3.90% of taxable income
Over \$17,150 but not over \$23,600	\$669 plus 4.40% of excess over \$17,150
Over \$23,600 but not over \$27,900	\$953 plus 5.15% of excess over \$23,600
Over \$27,900 but not over \$161,550	\$1,174 plus 5.40% of excess over \$27,900
Over \$161,550 but not over \$323,200	\$8,391 plus 5.90% of excess over \$161,550
Over \$323,200 but not over \$2,155,350	\$17,929 plus 6.85% of excess over \$323,200
Over \$2,155,350 but not over \$5,000,000	\$143,431 plus 9.65% of excess over \$2,155,350
Over \$5,000,000 but not over \$25,000,000	\$417,940 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,477,940 plus 10.90% of excess over \$25,000,000

Single, Married Filing Separately, Estates and Trusts

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$8,500	3.90% of taxable income
Over \$8,500 but not over \$11,700	\$332 plus 4.40% of excess over \$8,500
Over \$11,700 but not over \$13,900	\$472 plus 5.15% of excess over \$11,700
Over \$13,900 but not over \$80,650	\$586 plus 5.40% of excess over \$13,900
Over \$80,650 but not over \$215,400	\$4,190 plus 5.90% of excess over \$80,650
Over \$215,400 but not over \$1,077,550	\$12,140 plus 6.85% of excess of \$215,400
Over \$1,077,550 but not over \$5,000,000	\$71,198 plus 9.65% of excess over \$1,077,550
Over \$5,000,000 but not over \$25,000,000	\$449,714 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,509,714 plus 10.90% of excess over \$25,000,000

Head of Household

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$12,800	3.90% of taxable income
Over \$12,800 but not over \$17,650	\$499 plus 4.40% of excess over \$12,800
Over \$17,650 but not over \$20,900	\$713 plus 5.15% of excess over \$17,650
Over \$20,900 but not over \$107,650	\$880 plus 5.40% of excess over \$20,900
Over \$107,650 but not over \$269,300	\$5,564 plus 5.90% of excess over \$107,650
Over \$269,300 but not over \$1,616,450	\$15,102 plus 6.85% of excess over \$269,300
Over \$1,616,450 but not over \$5,000,000	\$107,382 plus 9.65% of excess over \$1,616,450
Over \$5,000,000 but not over \$25,000,000	\$433,894 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,493,894 plus 10.90% of excess over \$25,000,000

* A supplemental income tax recaptures the savings due to graduated marginal tax rates such that when a taxpayer's AGI exceeds \$25,000,000 in tax years 2025 through 2032, all taxable income becomes effectively subject to a flat 10.9 percent tax rate.

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New York State Personal Income Tax Years 2027 through 2032

Married Filing Jointly

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$17,150	3.80% of taxable income
Over \$17,150 but not over \$23,600	\$652 plus 4.30% of excess over \$17,150
Over \$23,600 but not over \$27,900	\$929 plus 5.05% of excess over \$23,600
Over \$27,900 but not over \$161,550	\$1,146 plus 5.30% of excess over \$27,900
Over \$161,550 but not over \$323,200	\$8,230 plus 5.80% of excess over \$161,550
Over \$323,200 but not over \$2,155,350	\$17,605 plus 6.85% of excess over \$323,200
Over \$2,155,350 but not over \$5,000,000	\$143,108 plus 9.65% of excess over \$2,155,350
Over \$5,000,000 but not over \$25,000,000	\$417,616 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,477,616 plus 10.90% of excess over \$25,000,000

Single, Married Filing Separately, Estates and Trusts

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$8,500	3.80% of taxable income
Over \$8,500 but not over \$11,700	\$323 plus 4.30% of excess over \$8,500
Over \$11,700 but not over \$13,900	\$461 plus 5.05% of excess over \$11,700
Over \$13,900 but not over \$80,650	\$572 plus 5.30% of excess over \$13,900
Over \$80,650 but not over \$215,400	\$4,109 plus 5.80% of excess over \$80,650
Over \$215,400 but not over \$1,077,550	\$11,925 plus 6.85% of excess of \$215,400
Over \$1,077,550 but not over \$5,000,000	\$70,982 plus 9.65% of excess over \$1,077,550
Over \$5,000,000 but not over \$25,000,000	\$449,449 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,509,499 plus 10.90% of excess over \$25,000,000

Head of Household

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$12,800	3.80% of taxable income
Over \$12,800 but not over \$17,650	\$486 plus 4.30% of excess over \$12,800
Over \$17,650 but not over \$20,900	\$695 plus 5.05% of excess over \$17,650
Over \$20,900 but not over \$107,650	\$859 plus 5.30% of excess over \$20,900
Over \$107,650 but not over \$269,300	\$5,457 plus 5.80% of excess over \$107,650
Over \$269,300 but not over \$1,616,450	\$14,833 plus 6.85% of excess over \$269,300
Over \$1,616,450 but not over \$5,000,000	\$107,112 plus 9.65% of excess over \$1,616,450
Over \$5,000,000 but not over \$25,000,000	\$433,625 plus 10.30% of excess over \$5,000,000
Over \$25,000,000	\$2,493,625 plus 10.90% of excess over \$25,000,000

* A supplemental income tax recaptures the savings due to graduated marginal tax rates such that when a taxpayer's AGI exceeds \$25,000,000 in tax years 2025 through 2032, all taxable income becomes effectively subject to a flat 10.9 percent tax rate.

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New York State Personal Income Tax Years 2033 and Thereafter

Married Filing Jointly

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$17,150	3.80% of taxable income
Over \$17,150 but not over \$23,600	\$652 plus 4.30% of excess over \$17,150
Over \$23,600 but not over \$27,900	\$929 plus 5.05% of excess over \$23,600
Over \$27,900 but not over \$161,550	\$1,146 plus 5.30% of excess over \$27,900
Over \$161,550 but not over \$323,200	\$8,230 plus 5.80% of excess over \$161,550
Over \$323,200 but not over \$2,155,350	\$17,605 plus 6.85% of excess over \$323,200
Over \$2,155,350	\$143,108 plus 8.82% of excess over \$2,155,350

Single, Married Filing Separately, Estates and Trusts

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$8,500	3.80% of taxable income
Over \$8,500 but not over \$11,700	\$323 plus 4.30% of excess over \$8,500
Over \$11,700 but not over \$13,900	\$461 plus 5.05% of excess over \$11,700
Over \$13,900 but not over \$80,650	\$572 plus 5.30% of excess over \$13,900
Over \$80,650 but not over \$215,400	\$4,109 plus 5.80% of excess over \$80,650
Over \$215,400 but not over \$1,077,550	\$11,925 plus 6.85% of excess of \$215,400
Over \$1,077,550	\$70,982 plus 8.82% of excess over \$1,077,550

Head of Household

<u>Taxable Income:</u>	<u>Tax*</u>
Not over \$12,800	3.80% of taxable income
Over \$12,800 but not over \$17,650	\$486 plus 4.30% of excess over \$12,800
Over \$17,650 but not over \$20,900	\$695 plus 5.05% of excess over \$17,650
Over \$20,900 but not over \$107,650	\$859 plus 5.30% of excess over \$20,900
Over \$107,650 but not over \$269,300	\$5,457 plus 5.80% of excess over \$107,650
Over \$269,300 but not over \$1,616,450	\$14,833 plus 6.85% of excess over \$269,300
Over \$1,616,450	\$107,112 plus 8.82% of excess over \$1,616,450

* A supplemental income tax recaptures the savings due to graduated marginal tax rates such that when a taxpayer's AGI exceeds \$2,205,350 for married filing jointly taxpayers for tax years after 2032, all taxable income becomes effectively subject to a flat 8.82 percent tax rate.

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Components of the Personal Income Tax

The components of personal income tax liability include withholding, estimated payments, final returns, delinquencies and refunds. Taxpayers prepay their tax liability through payroll withholding taxes imposed by Section 671 of Article 22 of the Tax Law (the “Withholding Component”) and estimated taxes imposed by Section 685 of Article 22 of the Tax Law. The New York State Department of Taxation and Finance collects the personal income tax from employers and individuals and reports the amount collected to the State Comptroller, who deposits collections net of overpayments and administrative costs.

Initiated in 1959, withholding tax is the largest component of income tax collections. New York requires employers to withhold and remit personal income taxes on wages, salaries, bonuses, commissions and similar income. The amount of withholding varies with the rates, deductions and exemptions. Under current law, employers must remit withholding liability within three business days after each payroll once the cumulative amount of liability reaches \$700. Certain small businesses and educational and health care organizations may make their withholding remittance within five business days, and employers with less than \$700 of withheld tax can remit it on a quarterly basis. Large employers (aggregate tax of more than \$100,000 per year) must make timely payment by electronic funds transfer or by certified check.

Employer Compensation Expense Program

The ECEP was enacted in 2018 in response to federal legislation which limited the personal income tax deduction for state and local taxes to \$10,000 per taxpayer annually. Businesses are provided the option to participate in the ECEP, and those that elect to participate remit a tax on annual wages paid to each employee in excess of \$40,000. The tax rate is 1.5 percent in 2019, 3 percent in 2020, and 5 percent in 2021 and thereafter. The ECEP tax must be paid electronically on the same dates that the electing employer’s withholding tax payments are required to be made. An employer that overpays the tax may apply for a refund.

Employers participating in the ECEP for a given tax year must make an election by December 1st of the preceding year. Remittance of taxes on payrolls begin in the January immediately following the election to participate. New York State ECEP receipts from participating employers are deposited into the Revenue Bond Tax Fund beginning January 1st immediately following the election to participate as well. For example, employers participating in the ECEP for tax year 2025 made elections by December 1, 2024, and receipts from these participants – including deposits into the Revenue Bond Tax Fund – began in January 2025.

New York State ECEP Receipts are dependent on wage growth and the extent to which employers elect to participate in the program. In State Fiscal Year 2024-25, the State received approximately \$15 million of New York State ECEP Receipts, based primarily on the 425 employers that elected to participate in tax year 2024. The participation data count decreased slightly to 413 for tax year 2025 and the State is projected to receive approximately \$15 million New York State ECEP receipts in FY 2025-26. However, substantial uncertainty exists with respect to the projected amount of New York State ECEP Receipts during State Fiscal Year 2025-26 and thereafter due to its limited and volatile history.

From a Revenue Bond Tax Fund perspective, the ECEP is expected to be revenue neutral. New York State ECEP Receipts collected from participating employers are expected to be offset by a comparable decrease in personal income tax receipts, because employees whose wages are subject to the ECEP may claim a personal income tax credit calculated using a statutory formula that corresponds in value to the tax imposed by the ECEP. As a result, aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain substantially the same regardless of the amount of New York State ECEP Receipts.

Pass-Through Entity Tax Program

As part of the FY 2022 Enacted Budget, the State Legislature enacted legislation that provides for an optional pass-through entity tax on the State-sourced income of (i) partnerships and (ii) S corporations. Qualifying entities that elect to pay into PTET will pay a graduated tax on their State-sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity.

For each taxable year beginning on or after January 1, 2021, the PTET schedule is as follows:

If pass-through entity taxable income is:

Not over \$2,000,000.....	6.85% of taxable income
Over \$2,000,000 but not over \$5,000,000.....	\$137,000 plus 9.65% of the excess over \$2,000,000
Over \$5,000,000 but not over \$25,000,000.....	\$426,500 plus 10.30% of excess over \$5,000,000
Over \$25,000,000.....	\$2,486,500 plus 10.90% of excess over \$25,000,000

The FY 2026 Enacted Budget Financial Plan includes estimates for PTET receipts and a corresponding decrease in personal income tax receipts. The overall effect on projected receipts to the Revenue Bond Tax Fund, to which 50 percent of both New York State Personal Income Tax Receipts and New York State PTET Receipts are deposited, is that PTET has significantly increased FY 2022 receipts, significantly decreased FY 2023 receipts, decreased FY 2024 receipts, significantly increased FY 2025 receipts, and is expected to decrease FY 2026 receipts. As noted previously, the Reconciliation Act of 2025 includes measures to increase the SALT deduction cap to \$40,000 for individuals with incomes below \$500,000 and does not include any restrictions on states or individuals' ability to utilize elective pass-through entity taxes. Accordingly, PTET utilization is not expected to change and aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain consistent with FY 2026 Enacted Budget financial plan projections. Projections are, however, based on limited experience to date, and there can be no assurance that such projections will be realized. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program."

Revenue Bond Tax Fund Receipts

The Enabling Act provides that 50 percent of the New York State Personal Income Tax Receipts shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to taxpayers.

The Enabling Act also provides that 50 percent of the New York State ECEP Receipts shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to employers.

Effective April 1, 2021, pursuant to legislative changes, 50 percent of the New York State PTET Receipts, shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to taxpayers. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program."

Beginning on the first day of each month, the Enabling Act requires the State Comptroller to deposit in the Revenue Bond Tax Fund all of the receipts from the Withholding Component, all of the New York State ECEP Receipts and all of the New York State PTET Receipts until 50 percent of estimated monthly New York State Personal Income Tax Receipts, 50 percent of estimated monthly New York State ECEP Receipts, and 50 percent of the estimated monthly New York State PTET Receipts respectively, have been deposited into the Revenue Bond Tax Fund.

The following table sets forth certain historical and projected information concerning New York State Personal Income Tax Receipts, the Withholding Component, New York State PTET Receipts, New York State ECEP Receipts and deposits to the Revenue Bond Tax Fund from State Fiscal Years 2015-16 through 2025-26. For additional information related to the State, see “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK—Financial Plan Overview—Executive Summary.”

**NYS Personal Income Tax Receipts and Withholding Component, NYS PTET Receipts
NYS ECEP Receipts, and Revenue Bond Tax Fund Receipts
State Fiscal Years 2015-16 through 2025-26*
(Dollars in Millions)**

State Fiscal Year	New York State Personal Income Tax Receipts	Withholding Component	Withholding as a % of State Personal Income Tax Receipts	New York State PTET Receipts	New York State ECEP Receipts	Revenue Bond Tax Fund Receipts
2015-16	\$47,055	\$36,549	77.7%	N/A	N/A	\$11,764
2016-17	47,566	37,524	78.9	N/A	N/A	11,891
2017-18	51,501	40,269	78.2	N/A	N/A	12,875
2018-19	48,087	41,084	85.4	N/A	\$ 0.1	24,044*
2019-20	53,659	43,118	80.4	N/A	2.0	26,831*
2020-21	54,967	44,218	80.4	N/A	3.2	27,485*
2021-22†	70,737	53,328	75.4	16,430	12.8	43,590*
2022-23†	58,776	52,477	89.3	14,944	6.7	36,863*
2023-24 †	53,840	54,700	101.6	13,955	13.0	33,904*
2024-25 †	61,202	59,827	98.0	17,781	15.0	39,499*
2025-26 (proj.)†	61,531	61,229	99.5	15,834	15.0	38,690*

* Reflects increased deposits to the Revenue Bond Tax Fund, resulting from FY 2019 Enacted Budget legislation.

† Includes New York State Personal Income Tax Receipts, New York State ECEP Receipts, and New York State PTET Receipts. Reflects the timing of New York State PTET Receipts that results in a decrease in New York State Personal Income Tax Receipts, which are estimated to be revenue-neutral to the State on a multi-year basis but are not estimated to be revenue-neutral to the State within each fiscal year.

For State Fiscal Year 2024-25, New York State Personal Income Tax Receipts totaled approximately \$61.2 billion and accounted for approximately 52.1 percent of State tax receipts in all State Funds. The FY 2026 Enacted Budget Financial Plan projects that total New York State Personal Income Tax Receipts (net of refunds to taxpayers but before deposits to the School Tax Relief (STAR) Fund) will increase by 0.5 percent to approximately \$61.5 billion in State Fiscal Year 2025-26. The slight increase in FY 2025-26 receipts are due to increases in all major gross receipts components partially offset by an increase in refunds primarily driven by one-time inflation refund checks effectuated by FY 2026 Enacted Budget legislation. New York State ECEP Receipts are estimated to total \$15 million in State Fiscal Year 2025-26, same as the total in State Fiscal Year 2024-25, driven by weakening wage growth and decreased participation in tax year 2025.

Total State personal income tax receipts estimates (as distinguished from New York State Personal Income Tax Receipts as defined herein and presented in the table above) are based on the State personal income tax liability estimated by the Division of the Budget for each of the relevant tax years and the patterns of receipts and refunds for each tax year. Such tax year liability estimates are, in turn, based largely on forecasts of State adjusted gross income, with adjustments made for legislative changes (see “—General History of the State Personal Income Tax” above) that will affect each year’s tax liability. The level of total State personal income tax receipts is necessarily dependent upon economic and demographic

conditions in the State, and therefore there can be no assurance that historical data with respect to total State personal income tax receipts will be indicative of future receipts. Since the institution of the modern income tax in New York in 1960, total personal income tax receipts have fallen nine times on a year-over-year basis, in State Fiscal Years 1964-65, 1971-72, 1977-78, 1990-91, 2002-03, 2009-10, 2018-19, 2022-23 and 2023-24. Total State personal income tax receipts are projected to increase in State Fiscal Year 2025-26, with total estimated payments outpacing withholding growth.

The following table shows the pattern of State adjusted gross income growth and personal income tax liability for tax years 2016 through 2025.

NYS Adjusted Gross Income (AGI) and Personal Income Tax Liability 2016 to 2025*

Tax Year	NYS AGI	Percent Change	Personal Income Tax Liability	Percent Change
<i>(\$ in millions)</i>				
2016.....	\$794,105	(1.7)%	\$41,736	(4.1)%
2017.....	874,568	10.1	48,000	15.0
2018.....	906,868	3.7	48,712	1.5
2019.....	930,755	2.6	49,567	1.8
2020.....	990,849	6.5	54,517	10.0
2021.....	1,148,443	15.9	71,406	31.0
2022.....	1,082,213	(5.8)	63,493	(11.1)
2023 (est.).....	1,119,901	3.5	63,286	(0.4)
2024 (est.).....	1,207,743	7.8	71,523	13.0
2025 (proj.).....	1,214,557	0.6	71,043	(0.7)

* NYS AGI and personal income tax liability reflect amounts reported on timely filed individual returns, and therefore do not include tax paid by fiduciaries or through audits. Reported personal income tax liability excludes the influence of PTET credits.

The table indicates that under the State’s progressive income tax structure with graduated tax rates, tax liability generally changes at a faster percentage rate than adjusted gross income, absent major law changes or economic events. Since tax year 2015, adjusted gross income has grown in all but two years, with the annual decline in tax year 2016 in large part due to strategic income shifting in response to or anticipated changes in the federal tax code. In tax year 2022, turmoil in the equities market brought about in part by the Federal Reserve’s actions to wring inflation out of the economy through higher interest rates and in part by concerns that a recession might occur led to declining adjusted gross income as net capital gains fell sharply. Tax year 2023 turned out to be another volatile year for equity prices as muted growth to start the year turned to a surge by July, only to see prices then decline through October before rebounding in the final months of the year. However, this contributed to continued weakness in adjusted gross income and a second consecutive year of decline in net capital gains. In contrast, equity prices had more sustained gains in tax year 2024 with the major stock indexes not only setting records but also then surpassing them several times during the year, leading net capital gains to return to positive growth once more. DOB projects that net capital gains and net partnership income both will decline in tax year 2025, leading to muted growth in AGI.

After personal income tax liability increased by an unprecedented 31.0 percent in tax year 2021, due in part to extraordinary support to personal incomes provided by the Federal government (due to the COVID-19 pandemic) and the robust recovery of equity markets, but also the effects of new, high-income tax brackets and rates that were effective with the 2021 tax year, personal income tax liability decreased 11.1 percent to \$63.5 billion in tax year 2022 for the reasons affecting adjusted gross income discussed in

the paragraph above. Liability for tax year 2023 is estimated to have decreased 0.4 percent to \$63.3 billion. With net capital gains recovering from their recent low in tax year 2023, liability for tax year 2024 is estimated to have increased 13.0 percent to \$71.5 billion. Personal income tax liability is projected to decline 0.7 percent in tax year 2025, to \$71.0 billion.

Debt Service Coverage

The following table sets forth (1) Revenue Bond Tax Fund Receipts for a twelve consecutive calendar month period ended not more than six months prior to the date of such calculation, (2) maximum Calculated Debt Service on the outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2025 Bonds, and (3) resulting debt service coverage. There can be no assurance that actual Revenue Bond Tax Fund Receipts will not be less than the amounts collected during the calculation period, as a result of numerous factors affecting Revenue Bond Tax Fund Receipts that cannot be predicted at this time.

Debt Service Coverage on State Personal Income Tax Revenue Bonds (Dollars in Thousands)

Revenue Bond Tax Fund Receipts.....	\$40,714,564
Maximum Calculated Debt Service.....	4,120,579
Debt Service Coverage	9.9x

Projected Debt Service Coverage

Based upon the assumptions used in preparing the following table including assumed State Personal Income Tax Revenue Bond issuances averaging approximately \$7.5 billion annually over the next four years, State Personal Income Tax Revenue Bond debt service coverage based only upon the Revenue Bond Tax Fund’s receipt of the New York State Personal Income Tax Receipts, New York State ECEP Receipts, and New York State PTET Receipts is expected to decline from 10.0 times in State Fiscal Year 2024-25 to 7.1 times in State Fiscal Year 2027-28.

Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds⁽¹⁾ State Fiscal Years 2025-26 through 2028-29 (Dollars in Millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>
Projected Revenue Bond Tax Fund Receipts [†]	\$38,465	\$39,340	\$40,880	\$43,048
Projected New State Personal Income Tax Revenue Bonds Issuances	6,546	7,825	7,937	7,780
Projected Total State Personal Income Tax Revenue Bonds Outstanding	44,456	51,540	58,202	64,291
Projected Maximum Annual Debt Service	4,400	4,960	5,528	6,086
Projected Debt Service Coverage	8.7x	7.9x	7.4x	7.1x

⁽¹⁾ As of the Fiscal Year 2026 Enacted Budget Financial Plan.

[†] Includes New York State Personal Income Tax Receipts, New York State ECEP Receipts, and New York State PTET Receipts. Reflects the timing of New York State PTET Receipts and subsequent decrease in New York State Personal Income Tax Receipts, which are estimated to be revenue-neutral to the State on a multi-year basis, but are not estimated to be revenue-neutral to the State within each fiscal year.

Additional State Personal Income Tax Revenue Bonds may be issued, subject to satisfaction of a 2.0 times debt service coverage test. All State Personal Income Tax Revenue Bonds issued by any Authorized Issuer will be on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State Legislature. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Additional Bonds.”

Impact of Charitable Gifts Trust Fund on State Personal Income Tax Revenue Bonds

As a result of the 2019 IRS regulatory action that effectively curtailed donations to the Charitable Gifts Trust Fund, the State does not expect that the Charitable Gifts Trust Fund will have any material impact on the Personal Income Tax Revenue Bond Program or on amounts deposited into the Revenue Bond Tax Fund.

PART 5—DESCRIPTION OF THE SERIES 2025 BONDS

General

The Series 2025 Bonds will bear interest, computed on the basis of a 360-day year and 30-day month, from their date of delivery, payable March 15, 2026 and on each September 15 and March 15 thereafter at the rates set forth on the inside cover pages of this Official Statement. The Series 2025 Bonds will be issued only as fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

The Record Date for the Series 2025 Bonds shall be the last day of the calendar month preceding such interest payment date. The Series 2025 Bonds will be issued under a book-entry only system, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), Brooklyn, New York, which will act as bond depository for the Series 2025 Bonds. Principal or redemption price of and interest on the Series 2025 Bonds are payable by The Bank of New York Mellon, New York, New York, as Trustee and Paying Agent, to Cede & Co., so long as Cede & Co. is the registered owner of the Series 2025 Bonds, as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. See “PART 7—BOOK-ENTRY ONLY SYSTEM” below.

Optional Redemption

Series 2025A Bonds

The Series 2025A Bonds are subject to optional redemption as described below and in “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS—Redemption at the Election of the Issuer; Redemption other than at Issuer’s Election; Selection of Bonds to be Redeemed.”

The Series 2025A Bonds maturing on and after March 15, 2036 are subject to optional redemption prior to maturity on and after September 15, 2035 in any order at the option of the Authority, as a whole or in part, at any time, at par, plus accrued interest to the redemption date.

The Series 2025A Bonds maturing on or before March 15, 2035 are subject to optional redemption prior to their stated maturity dates at the option of the Authority, in whole or in part on any date (the “Make-Whole Call Date”), at a make-whole price (the “Make-Whole Redemption Price”) equal to the greater of:

(1) one hundred percent (100%) of the Amortized Value (as defined below) of the Series 2025A Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025A Bonds to be redeemed from and including the Make-Whole Call Date to the maturity date of such Series 2025A Bonds, not including any portion of those payments of interest accrued and unpaid as of the Make-Whole Call Date, discounted to the Make-Whole Call Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the greater of (a) the Applicable Tax-Exempt Bond Rate (as defined below) minus 10 basis points; or (b) 0 basis points;

plus in each case, accrued interest on such Series 2025A Bonds to the Make-Whole Call Date.

“Amortized Value” means the product of the principal amount of the Series 2025A Bonds to be redeemed and the price of such Series 2025A Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the Make-Whole Call Date, a maturity date equal to the maturity date of such Series 2025A Bonds and a yield equal to the yield of such Series 2025A Bonds as shown on the inside cover page of this Official Statement.

“Applicable Tax-Exempt Bond Rate” means the “Interpolated AAA Yields” rate for the maturity date of the Series 2025A Bonds to be redeemed, as published by the Municipal Market Data (“MMD”) at least five calendar days, but not more than 60 calendar days, prior to the Make-Whole Call Date of the Series 2025A Bonds to be redeemed, or if no such rate is established for the applicable maturity date, the “Interpolated AAA Yields” rate for the published maturities closest to the applicable maturity date.

Should the MMD no longer publish the “Interpolated AAA Yields” rate, then the Applicable Tax-Exempt Bond Rate will equal the “BVAL Muni AAA Monthly Callable Yields” rate for the maturity date (made available by Bloomberg at the close of business each day). In the further event that Bloomberg no longer publishes the “BVAL Muni AAA Monthly Callable Yields” rate, the Applicable Tax-Exempt Bond Rate will be determined by a verification agent, investment banking firm or financial advisor appointed by the Authority for such purpose, based upon the rate per annum equal to the semi-annual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody’s Ratings and S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, with a maturity date equal to the maturity date of such Series 2025A Bonds having characteristics (other than the ratings) most comparable to those of such Series 2025A Bonds in the judgment of the verification agent, investment banking firm or financial advisor. The verification agent’s, investment banking firm’s or financial advisor’s determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by a verification agent, investment banking firm or financial advisor appointed by the Authority for such purpose. The Authority may conclusively rely on such verification agent’s, investment banking firm’s or financial advisor’s determination of such Make-Whole Redemption Price and will bear no liability for such reliance.

Series 2025B Bonds

The Series 2025B Bonds are subject to optional redemption as described below and in “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS—Redemption at the Election of the Issuer; Redemption other than at Issuer’s Election; Selection of Bonds to be Redeemed.”

The Series 2025B Bonds are subject to optional redemption prior to maturity on and after September 15, 2035 in any order at the option of the Authority, as a whole or in part, at any time, at par, plus accrued interest to the redemption date.

Mandatory Redemption

Series 2025A Bonds

The Series 2025A Bonds maturing on March 15, 2051 and March 15, 2053 are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Series 2025A Bonds specified for each of the dates shown in the following table:

Series 2025A Term Bond Maturing March 15, 2051

<u>March 15,</u>	<u>Sinking Fund Installment</u>
2050	\$93,840,000
2051 [†]	98,535,000

[†] Stated maturity.

Series 2025A Term Bond Maturing March 15, 2053

<u>March 15,</u>	<u>Sinking Fund Installment</u>
2052	\$103,460,000
2053 [†]	102,640,000

[†] Stated maturity.

Series 2025B Bonds

The Series 2025B Bonds maturing on March 15, 2055 and March 15, 2059 are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Series 2025B Bonds specified for each of the dates shown in the following table:

Series 2025B Term Bond Maturing March 15, 2055

<u>March 15,</u>	<u>Sinking Fund Installment</u>
2053	\$ 5,990,000
2054	114,065,000
2055 [†]	119,770,000

[†] Stated maturity.

**Series 2025B Term Bond
Maturing March 15, 2059**

<u>March 15,</u>	<u>Sinking Fund Installment</u>
2058	\$138,810,000
2059 [†]	145,750,000

[†] Stated maturity.

Selection of the Series 2025 Bonds to be Redeemed; Notice of Redemption

In the case of redemptions of the Series 2025 Bonds at the option of the Authority, the Authority will select the maturities (and interest rates, if applicable) of the Series 2025 Bonds to be redeemed.

If less than all of the Series 2025 Bonds of a maturity (and interest rates, if applicable) are to be redeemed, the Trustee shall assign to each Outstanding Series 2025 Bond of such maturity (and interest rates, if applicable) to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which such Series 2025 Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Series 2025 Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which such Series 2025 Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2025 Bonds to be redeemed.

For so long as DTC is the registered owner of the Series 2025 Bonds, procedures with respect to the transmission of notices and the selection of Series 2025 Bonds to be redeemed and the corresponding redemption of Principal, Sinking Fund Installments, if any or Redemption Price, if any, of and interest on the Series 2025 Bonds so held shall be in accordance with arrangements among the Trustee, the Authority and DTC.

Notice of Redemption

Any notice of optional redemption of the Series 2025 Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2025 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Under the Resolution, the Trustee is required to provide notice of any rescission or failure to meet any such condition or other such event to affected Bondholders as promptly as practicable after the failure of such condition or the occurrence of such other event.

When the Trustee shall have received notice from the Authority that Series 2025 Bonds are to be redeemed at the option of the Authority, and regardless of any such notice in the case of mandatory sinking fund redemption, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2025 Bonds, which notice shall specify the Series 2025 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, and, in the case of Series 2025 Bonds of a Series to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and, if less than all of the Series 2025 Bonds of a Series of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2025 Bonds to be redeemed, and if applicable, that such notice is conditional and the conditions that must be satisfied.

Such notice shall further state that on the redemption date there shall become due and payable upon each Series 2025 Bond or portion thereof to be redeemed the Redemption Price thereof, together with

interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Series 2025 Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no more than forty-five (45) days and no less than thirty (30) days before the redemption date, to the Owners of any Series 2025 Bonds or portions of Series 2025 Bonds, which are to be redeemed, at their last address, if any, appearing upon the registry books.

For a more complete description of the redemption and other provisions relating to the Series 2025 Bonds, see “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.”

PART 6—APPLICATION OF PROCEEDS

The Series 2025A Bonds are being issued for the purpose of financing Authorized Purposes, including (a) financing, refinancing or reimbursing all or a portion of the costs of certain programs and projects within the State, including but not limited to capital projects administered by the Department of Transportation, including the Dedicated Highway Bridge Trust Program, the Consolidated Local Street and Highway Improvement Program (CHIPS), and the NYWorks Transportation Program and (b) paying certain costs relating to the issuance of the Series 2025A Bonds. The Series 2025B Bonds are being issued for the purpose of financing Authorized Purposes, including (a) financing, refinancing or reimbursing all or a portion of the costs of transportation projects for the Metropolitan Transportation Authority (the “MTA”) and (b) paying certain costs relating to the issuance of the Series 2025B Bonds.

The Series 2025 Bonds are not secured by any mortgage on, any revenues from, or any other interest in, capital works or purposes authorized to be financed by such application of the proceeds of Series 2025 Bonds.

Climate Bond Certified

The information set forth under this caption “Climate Bond Certified” concerning (1) the Climate Bonds Initiative (the “Climate Bonds Initiative”) and the process for obtaining Climate Bond Certification (the “Climate Bond Certification”), and (2) First Environment Inc. (“First Environment”) in its role as a verifier with respect to the Climate Bond Certification, all as more fully described below, has been extracted from materials provided by the Climate Bonds Initiative and First Environment, respectively, for such purposes, and none of such information is guaranteed as to accuracy or completeness or is to be construed as a representation by the State, the Authority, MTA or the Initial Purchasers. Additional information relating to the Climate Bonds Initiative, the Climate Bonds Standard (the “Climate Bonds Standard”), the Certification Process (as defined below) and the process for obtaining Climate Bond Certification can be found at www.climatebonds.net. This website is included for reference only and the information contained therein is not incorporated by reference in this official statement.

The terms “Climate Bond Certified” and “Green Bonds” are neither defined in, nor related to the General Resolution, and their use herein is for identification purposes only and is not intended to provide or imply that a holder of the Series 2025B Bonds is entitled to any additional security other than as provided in the General Resolution. The State, the Authority and MTA have no continuing legal obligation to maintain the Climate Bond Certification of the Series 2025B Bonds.

Introduction. In early 2016, the Climate Bonds Standard Board of the Climate Bond Initiative (“CBI”) approved the designation of MTA’s Transportation Revenue Bonds, Series 2016A Bonds as “Climate Bond Certified.” As part of the certification process, MTA had engaged Sustainalytics as an independent verifier to review MTA’s 2010-2014 Capital Program to identify projects with expenditures that met the Climate Bonds Standard using the Climate Bonds Low Carbon Transport criteria. Sustainalytics reviewed \$12.6 billion of spending and concluded that projects totalling \$11.3 billion, or 89.7%, qualified

under the Low Carbon Transport criteria. Subsequently, in 2021, MTA engaged First Environment, Inc. as an independent verifier to review MTA's 2015-2019 Capital Program seeking programmatic certification for future issuance of CBI-certified bonds pursuant to the Climate Bonds Standard 3.0 and the sector eligibility requirements of Land Transport Criteria Version 2 (the "Climate Criteria"). First Environment, Inc.'s review of MTA's 2015-2019 Capital Program concluded that 93.2% of the projects, totalling \$28.7 billion, qualify as eligible projects for CBI certification. In aggregate, CBI has agreed to certify up to \$40 billion of bonds issued by MTA, MTA Bridges and Tunnels, and the State of New York for transit and commuter projects contained in any approved MTA Capital Program. In accordance with that certain Application and Agreement for Climate Bonds Programmatic Certification dated October 21, 2019 among CBI, MTA, Triborough Bridge and Tunnel Authority and the State, a portion of the projects reviewed by First Environment and Sustainalytics will be funded by the State through bonds issued by the Authorized Issuers, including the Series 2025B Bonds.

In January 2017, the CBI implemented the Climate Bonds Standard 2.1, which created a programmatic certification approach allowing bond issuers to identify project as pool rather than as individual projects. Under this programmatic certification approach, it is possible that MTA CBI certified bonds may fund or refund transit and commuter projects not specifically verified by an independent verifier as meeting the Climate Criteria in reviewed capital programs, but all projects funded qualify as eligible for CBI certification. CBI and MTA have agreed that the inherent benefit of MTA's Transit and Commuter Systems and the ongoing support and maintenance of them are compatible with an emissions trajectory consistent with the principles underlying the Climate Criteria.

In light of various investor interest in "Green Bonds" and specifically what constitutes a "Green Bond" MTA asserts in its annual disclosure statement dated April 29, 2025, the following with regard to its issuances of CBI certified bonds:

- MTA follows a programmatic approach in connection with its MTA CBI certified bond issuances that complies with CBI standards and has been approved by CBI.
- Any certified CBI bond/bond issuance for the benefit of MTA is not tracked on a project specific basis nor is it tied to specific projects or to a specific capital program but rather to the CBI Programmatic Approach Certification.
- MTA has engaged an independent verifier to identify transit and commuter projects eligible for CBI certification under certain Capital Programs and to annually provide post-issuance reports and to verify that issuances conform to the CBI standards and the CBI Programmatic Approach Certification.
- The aggregate total par amount of bonds with the CBI certification is less than the amount of eligible projects verified.

Commencing in 2017 and consistent with the requirements of the Climate Bonds Standard and Certification Scheme (the "Certification Process"), MTA has undertaken as part of its continuing disclosure filing obligation with respect to Climate Bond Certified bonds to file with EMMA:

- annually, until the maturity or prior redemption of the Climate Bond Certified bonds issued by MTA or for its benefit, a post-issuance compliance certificate as required by the certification process;
- any event of material non-conformance with the certification process and the action MTA is taking or expecting to take to bring the projects and/or assets into conformance; and
- any revocation of the Climate Bond Certification by the Climate Bonds Standard Board.

The Climate Bonds Initiative and Climate Bond Certification. MTA has applied to the Climate Bonds Initiative under the Certification Process, for designation of the Series 2025B Bonds as “Climate Bond Certified.” The Certification Process is a voluntary verification initiative which allows MTA to demonstrate to the investor market, the users of MTA’s transit and commuter systems and other stakeholders that the Series 2025B Bonds meet international standards for climate integrity, management of proceeds and transparency. The Certification Process provides a scientific framework for determining which projects and assets are consistent with a low carbon and climate resilient economy and, therefore, eligible for inclusion in a certified Climate Bond. The requirements of the Certification Process relating to the Series 2025B Bonds are separated into pre-issuance and post-issuance requirements.

The pre-issuance requirements are designed to ensure that MTA has established appropriate internal processes and controls prior to issuance of the Series 2025B Bonds, and that these internal processes and controls are sufficient to enable conformance with the Climate Bonds Standard after the Series 2025B Bonds have been issued and bond proceeds are being expended.

The post-issuance requirements involve annual certification of compliance with the Climate Bonds Standard.

PART 7—BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC’s book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), Brooklyn, New York, will act as securities depository for the Series 2025 Bonds. References to the Series 2025 Bonds under this caption “Book-Entry Only System” shall mean all Series 2025 Bonds, the beneficial interests in which are owned in the United States. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate will be issued for the Series 2025 Bonds of each maturity of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the related Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds of like series and maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in the Series 2025 Bonds of such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2025 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2025 Bonds, giving any notice permitted or

required to be given to registered owners under the Resolutions, registering the transfer of the Series 2025 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2025 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2025 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to any series of the Series 2025 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for any series of the Series 2025 Bonds. In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2025 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2025 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2025 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2025 Bonds (other than under the caption "PART 12—TAX MATTERS" and "PART 18—CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2025 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2025 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY

DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2025 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE RESOLUTIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER; (5) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2025 BONDS; OR (6) ANY OTHER MATTER.

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PART 8—DEBT SERVICE REQUIREMENTS

The following schedule sets forth, for each 12-month period ending March 31 of the years shown, the amounts required for the payment of debt service on the Series 2025 Bonds, for the payment of debt service on other outstanding State Personal Income Tax Revenue Bonds and the aggregate total during each such period.

12-Month Period Ending March 31	Series 2025 Bonds			Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service ⁽¹⁾⁽²⁾⁽³⁾	Aggregate Debt Service ⁽¹⁾⁽³⁾
	Principal Payments	Interest Payments	Total Debt Service		
2026	\$	\$ 78,596,182	\$ 78,596,182	\$ 2,614,033,400	\$2,692,629,582
2027	30,550,000	122,487,556	153,037,556	2,137,814,276	2,290,851,833
2028	32,080,000	120,960,056	153,040,056	2,424,273,415	2,577,313,471
2029	33,685,000	119,356,056	153,041,056	2,579,623,268	2,732,664,324
2030	35,370,000	117,671,806	153,041,806	3,967,537,082	4,120,578,888
2031	37,135,000	115,903,306	153,038,306	3,790,566,551	3,943,604,857
2032	38,995,000	114,046,556	153,041,556	3,507,813,198	3,660,854,754
2033	40,945,000	112,096,806	153,041,806	3,061,541,259	3,214,583,065
2034	42,990,000	110,049,556	153,039,556	2,867,259,424	3,020,298,980
2035	45,140,000	107,900,056	153,040,056	2,755,428,145	2,908,468,201
2036	47,395,000	105,643,056	153,038,056	2,624,989,300	2,778,027,356
2037	49,765,000	103,273,306	153,038,306	2,518,362,737	2,671,401,043
2038	52,255,000	100,785,056	153,040,056	2,446,415,925	2,599,455,981
2039	54,865,000	98,172,306	153,037,306	2,351,995,034	2,505,032,340
2040	57,610,000	95,429,056	153,039,056	2,217,475,042	2,370,514,098
2041	60,490,000	92,548,556	153,038,556	2,119,089,891	2,272,128,447
2042	63,520,000	89,524,056	153,044,056	2,004,115,139	2,157,159,195
2043	66,690,000	86,348,056	153,038,056	1,897,173,704	2,050,211,760
2044	70,025,000	83,013,556	153,038,556	1,859,351,024	2,012,389,580
2045	73,525,000	79,512,306	153,037,306	1,775,084,534	1,928,121,840
2046	77,210,000	75,836,056	153,046,056	1,758,139,454	1,911,185,510
2047	81,065,000	71,975,556	153,040,556	1,708,538,642	1,861,579,198
2048	85,115,000	67,922,306	153,037,306	1,601,155,479	1,754,192,785
2049	89,370,000	63,666,556	153,036,556	1,459,466,767	1,612,503,323
2050	93,840,000	59,198,056	153,038,056	1,255,368,416	1,408,406,472
2051	98,535,000	54,506,056	153,041,056	798,102,964	951,144,020
2052	103,460,000	49,579,306	153,039,306	635,871,260	788,910,566
2053	108,630,000	44,406,306	153,036,306	518,972,760	672,009,066
2054	114,065,000	38,974,806	153,039,806	518,948,909	671,988,715
2055	119,770,000	33,271,556	153,041,556	424,865,876	577,907,432
2056	125,755,000	27,283,056	153,038,056	275,447,525	428,485,581
2057	132,045,000	20,995,306	153,040,306	275,453,906	428,494,212
2058	138,810,000	14,228,000	153,038,000	118,096,400	271,134,400
2059	145,750,000	7,287,500	153,037,500	118,098,650	271,136,150
2060	-	-	-	31,324,000	31,324,000
2061	-	-	-	31,325,500	31,325,500
2062	-	-	-	31,327,500	31,327,500
2063	-	-	-	31,326,750	31,326,750
Total⁽³⁾	\$2,446,450,000	\$2,682,447,676	\$5,128,897,676	\$63,111,773,105	\$68,240,670,781

(1) Interest on \$69,885,000 principal amount of outstanding State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on an assumed rate of 3.5 percent.

(2) The information set forth under the column captioned “Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service” reflects debt service on outstanding State Personal Income Tax Revenue Bonds and on State Personal Income Tax Revenue Bonds contractually obligated to be issued and delivered by Authorized Issuers as of the date of this Official Statement. The State expects that Authorized Issuers will be issuing State Personal Income Tax Revenue Bonds from time to time and to the extent that such other State Personal Income Tax Revenue Bonds are either issued or contractually obligated to be issued and delivered pursuant to one or more executed bond purchase agreements or bond awards after the date of this Official Statement, this Official Statement will not be supplemented to reflect such updated information.

(3) Totals may not add due to rounding.

PART 9—ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2025 Bonds:

Sources of Funds	<u>Series 2025A</u>	<u>Series 2025B</u>	<u>Total</u>
Principal Amount of Series 2025 Bonds	\$1,664,265,000.00	\$782,185,000.00	\$2,446,450,000.00
Net Original Issue Premium / Discount	<u>60,610,409.90</u>	<u>(12,108,410.05)</u>	<u>48,501,999.85</u>
Total Sources.....	<u>\$1,724,875,409.90</u>	<u>\$770,076,589.95</u>	<u>\$2,494,951,999.85</u>
Uses of Funds			
Deposit to Series 2025 Bond Proceeds Accounts	\$1,713,581,668.42	\$764,942,266.05	\$2,478,523,934.47
Costs of Issuance*	6,511,642.81	3,040,442.16	9,552,084.97
Initial Purchasers' Discount	<u>4,782,098.67</u>	<u>2,093,881.74</u>	<u>6,875,980.41</u>
Total Uses.....	<u>\$1,724,875,409.90</u>	<u>\$770,076,589.95</u>	<u>\$2,494,951,999.85</u>

* Includes New York State Bond Issuance Charge and additional proceeds.

PART 10—THE AUTHORITY

Introduction

The Authority, a body corporate and politic constituting a public corporation, created in 1950 by the Authority Act, is empowered to construct, operate and maintain as a toll facility, and to improve and reconstruct, the Governor Thomas E. Dewey Thruway. In addition, pursuant to Chapter 766 of the Laws of New York of 1992 and other authorizations, the Authority, among other things, (i) will finance and undertake specified economic development transportation projects in the State, and (ii) may undertake certain financings on behalf of the State for transportation purposes.

Members and Officers

The Authority Act provides that the Authority consists of a Board of seven members appointed by the Governor of the State, with the advice and consent of the State Senate (the "Authority Board"). Authority Board members serve for terms of nine years each. Vacancies on the Authority Board occurring other than by expiration of term are filled for the remainder of the unexpired term in the manner previously stated. Pursuant to the New York State Public Officers Law, members of the Authority Board whose terms have expired continue to serve until a successor is appointed and qualified. The members of the Authority Board receive no salary but are reimbursed for their necessary expenses incurred in connection with their duties. The Chair serves in that capacity for the full term of his/her appointment as a member of the Authority Board. The members of the Authority Board may appoint other officers. The present members of the Authority Board and the expiration dates of their terms of office are as follows:

<u>Name</u>	<u>Expiration of Term</u>
Robert L. Megna.....	June 10, 2034
Joanne M. Mahoney	January 1, 2020*
José Holguín-Veras	December 12, 2018*
Norman Jones.....	June 10, 2032
Heather C. Briccetti Mulligan	September 14, 2026
Joan McDonald.....	June 13, 2027
Paul Tokasz	June 13, 2027

* Holding over.

Robert L. Megna was confirmed as Chair of the Authority Board in June 2025. Mr. Megna previously served as Vice-Chair of the Authority Board since June 2016. Mr. Megna currently serves as the President of the Rockefeller Institute of Government. He previously served as Director of the Division of Budget through the 2023 legislative session, assisting with the search for a long-term Budget Director. Before that, Mr. Megna served as Senior Vice Chancellor and Chief Operating Officer for the State University of New York (SUNY) System Administration and as Senior Vice President for Finance and Administration at Stony Brook University. Prior to his time with SUNY, Mr. Megna served as Executive Director of the Authority from 2015 to 2016. Prior to joining the Authority, Mr. Megna served for six years as director at the New York State Division of the Budget and previously served as commissioner of the New York State Department of Taxation and Finance. Mr. Megna holds master’s degrees in public policy from Fordham University and economics from the London School of Economics.

Joanne M. (Joanie) Mahoney was confirmed as a member of the Authority Board on March 30, 2015. Ms. Mahoney serves a term that expired on January 1, 2020. Ms. Mahoney was named as President of SUNY College of Environmental Science and Forestry on November 4, 2020 after previously serving as its Chief Operating Officer. Previously, Ms. Mahoney served as the Onondaga County Executive, a position to which she was elected in November 2007, and is the first woman to serve in that role. She was re-elected in November 2011. In 2010, then Governor-elect Andrew Cuomo asked Ms. Mahoney to serve as co-chair of his transition team and in 2012, he appointed Ms. Mahoney to serve as a trustee for the New York Power Authority. A Syracuse native, Ms. Mahoney graduated from Corcoran High School, and then from Syracuse University’s School of Management and Syracuse University’s College of Law. After spending time in private practice, Ms. Mahoney worked for five years as a criminal prosecutor in the District Attorney’s office before being elected Councilor-at-Large in the City of Syracuse, where she served a four-year term.

José Holguín-Veras, Ph.D., P.E., was confirmed as a member of the Authority Board in May 2010. Mr. Holguín-Veras serves in a term that expired on December 12, 2018. Dr. Holguín-Veras is a Professor and Director of the Center for Infrastructure, Transportation, and the Environment at the Rensselaer Polytechnic Institute. Dr. Holguín-Veras received a Bachelor of Science degree in Civil Engineering from Universidad Autónoma de Santo Domingo; Master of Science degree in Transportation from Universidad Central de Venezuela; and a doctoral degree in transportation from the University of Texas at Austin.

Norman H. Jones, Sr. was confirmed as a member of the Authority Board in June 2023. Mr. Jones, Sr. retired in 2021 after more than three decades of distinguished service with the City of Rochester. During his career in public service, he served as the Commissioner of the Department of Environmental Services (2014 to 2021), Director of Operations (2012 – 2014), Manager of Building Services (1995 – 2012) and Recycling Coordinator (1988 – 1995). In his most recent position as Commissioner of the Department of Environmental Service, Mr. Jones completed or initiated some of Rochester’s most transformative physical changes, including nearly \$50 million in improvements to the Inner Loop East

and the Port of Rochester Marina. He is also credited with assisting with the design and implementation of the City of Rochester community recycling program. Mr. Jones currently serves on the Board of Directors of the County of Monroe Industrial Development Agency and continues to be active within his community serving on various volunteer boards including most recently as the Chair of the Rochester Schools Modernization Program which just completed the \$460 million phase for the Rochester City School District and exceeded all of the program’s goals. Mr. Jones attended the University at Buffalo.

Heather C. Briccetti Mulligan was confirmed as a member of the Authority Board in June 2019. Ms. Mulligan is the President and Chief Executive Officer of The Business Council of New York State, Inc. Ms. Mulligan joined The Business Council in 2007 and has also served as Vice President of Government Affairs. Ms. Mulligan’s career spans decades in the public and private sectors. Prior to The Business Council, Ms. Mulligan was a consultant and lobbyist for Powers and Company. She has also served as assistant counsel to the New York State Senate majority, as a legislative aide and counsel to the New York State Assembly majority committee on Racing and Wagering, and special counsel in the New York State Attorney General’s office. She also founded a private law practice, Sweeney & Wollowitz, and served as the chief public defender for Rensselaer County earlier in her career. In addition to serving on the Authority Board, Ms. Mulligan has also served on numerous boards and committees including the New York State Council for Women and Girls; Berkeley College Board of Trustees; Council of State Chambers (COSC) Board of Directors; New York State Wage Board; American Chamber of Commerce Executives (ACCE), among others. Ms. Mulligan received a bachelor’s degree in political science from the State University of New York at Binghamton and graduated from Albany Law.

Joan McDonald was confirmed as a member of the Authority Board in June 2024. Ms. McDonald currently serves as the Director of Operations for Westchester County and the Board Chair of the New York State Bridge Authority. She previously served as the Commissioner of the New York State Department of Transportation from 2011 through 2015. Ms. McDonald previously served on the Transportation Research Board and the Women’s Transportation Seminar. She currently is a member of the National Infrastructure Advisory Council. Ms. McDonald received her Master’s Degree in Public Administration from Harvard University and her Bachelor’s Degree from LeMoyne College.

Paul Tokasz was confirmed as a member of the Authority Board in June 2024. Mr. Tokasz served as an Assembly member representing the Western New York region from 1988 to 2006, and served as New York State Assembly Majority Leader from 2001 to 2006. Most recently, Mr. Tokasz served as Administrative Vice President/Manager of Government Relations at M&T Bank from 2016 – 2022. Mr. Tokasz was also an educator in Buffalo in the 1970s, before becoming Clerk of the Erie County Legislature, Deputy County Clerk of Erie County and First Deputy County Clerk in the 1980s. Mr. Tokasz received his Bachelor’s Degree from Hobart College and a Master’s Degree in Education from the Buffalo State College.

The present officers of the Authority are as follows:

<u>Name</u>	<u>Office</u>
Robert L. Megna	Chair
Vacant.....	Vice Chair
Frank G. Hoare	Executive Director
David Malone	Treasurer
Keith Fragomeni.....	Assistant Treasurer
Juliane Miskinis.....	Secretary
Christiano DeSorrento	Assistant Secretary
Michelle McHale.....	Assistant Secretary

Frank G. Hoare is the Executive Director of the Authority. David Malone serves as Chief Financial Officer of the Authority. The General Counsel of the Authority is Sandra D. Rivera, Esq.

Other Bond Programs

The Authority issues bonds and notes under its General Revenue Bond Resolution and its Junior Indebtedness Obligations General Resolution to finance capital projects for the Thruway System. The Authority's General Revenue Bonds are secured by toll and other revenues primarily generated by the operation of the Thruway System, while the Authority's Junior Indebtedness obligations are secured on a subordinate basis from such toll and other revenues generated by the operation of the Thruway System. The Authority's General Revenue Bonds and Junior Indebtedness Obligations have no lien on the payments due under the Financing Agreement that secure the Bonds, and the Bonds have no lien on the revenues or pledged property securing the Authority's General Revenue Bonds and Junior Indebtedness Obligations.

Pursuant to its statutory mandate, the Authority has also from time to time issued bonds to provide funds to finance primarily non-Authority transportation projects in the State. These bonds and the programs discussed below have no lien on the payments due under the General Resolution that secures the Bonds, and the Bonds have no lien on the revenues or pledged property securing such other bonds and programs. These bond programs include the Local Highway and Bridge Service Contract Bonds and Highway and Bridge Trust Fund Bonds, all issued in multiple Series for State and local highway purposes. These bond programs require varying debt service payments which are payable solely from payments received by the Authority under contractual agreements with the State. In each of these bond programs, the obligation of the State to make such payments is subject to, and dependent upon, annual State legislative appropriations. The State may from time to time authorize the Authority by statute to undertake additional financing activities.

Under the Authorizing Legislation, the Series 2025 Bonds are special limited obligations of the Authority secured by and payable solely from financing agreement payments and any other funds appropriated by the State Legislature to the Authority therefor without any recourse against any other assets, revenues or funds of or any other payments due to the Authority, or any subsidiary corporation thereof (a "Subsidiary"), including, without limitation, the revenues, facilities, properties and any and all other assets of the Authority, or of any Subsidiary, of any name and nature which are related to or a part of the Authority's or any Subsidiary's ownership and operation of the Thruway System, as defined in the Authority Act. The Thruway System shall not be used for, or as a result of any court proceeding otherwise applied to, the payment of principal of and interest on the Series 2025 Bonds, and under no circumstances shall the aforementioned assets, revenues or funds of or any other payments due to the Authority be available for such purpose.

Under the Authority Act, the Authority will remain in existence for at least as long as it has bonds, notes or other obligations outstanding.

PART 11—AGREEMENT OF THE STATE

The Authority Act provides that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to, among other things, fulfill the terms of any agreements made with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes and bonds until such notes and bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes and bonds are fully met and discharged. The General Resolution includes such pledge to the fullest extent enforceable under applicable federal and State law. Nevertheless, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or

relating to the New York State Personal Income Tax imposed pursuant to Article 22, Article 24 and Article 24-A of the Tax Law. An Event of Default under the General Resolution would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes and fees.

PART 12—TAX MATTERS

Series 2025 Bonds

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025 Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2025 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2025 Bonds. Pursuant to the Resolutions and a Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”), the Authority and certain departments, agencies and authorities of the State of New York (the “Departments”) have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2025 Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the Departments have made certain representations and certifications in the Resolutions, the financing agreements and the Tax Certificate. Nixon Peabody LLP will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Authority and the Departments described above, interest on the Series 2025 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Nixon Peabody LLP, co-bond counsel, is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Series 2025B Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

State Taxes

Nixon Peabody LLP and Bryant Rabbino LLP, Co-Bond Counsel, are of the opinion that, under existing law, interest on the Series 2025 Bonds is, by virtue of the Authority Act, exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Nixon Peabody LLP and Bryant Rabbino LLP, Co-Bond Counsel, express no opinion as to other State or local tax consequences arising with respect to the Series 2025 Bonds nor as to the taxability of the Series 2025 Bonds or the income therefrom under the laws of any state other than the State of New York.

Original Issue Discount

Nixon Peabody LLP is further of the opinion that the excess of the principal amount of a maturity of the Series 2025 Bonds over the issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2025 Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2025 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will

be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2025 Bonds sold at prices in excess of their principal amounts are “Premium Bonds.” An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2025 Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2025 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2025 Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2025 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2025 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2025 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Nixon Peabody LLP is not rendering any opinion as to any Federal tax matters other than those described in its opinion attached as part of APPENDIX D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2025 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2025 Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2025 Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the

exclusion of the interest on the Series 2025 Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2025 Bonds may occur. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the impact of any changes in law on the Series 2025 Bonds.

Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2025 Bonds may affect the tax status of interest on the Series 2025 Bonds. Co-Bond Counsel express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2025 Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Bonds or the proceeds thereof upon the advice or approval of other counsel.

PART 13—LITIGATION

To the knowledge of the Authority, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or federal) restraining or enjoining the issuance, sale or delivery of the Series 2025 Bonds, or in any way questioning or affecting (i) the proceedings under which the Series 2025 Bonds are to be issued, (ii) the pledge effected under the General Resolution, or (iii) the validity of any provision of the Authorizing Legislation, the Series 2025 Bonds, the General Resolution or the Financing Agreement. See “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK” under the heading “Litigation” for a description of certain litigation relating to the State generally.

PART 14—CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2025 Bonds are subject to the approval of Nixon Peabody LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel to the Authority, and to certain other conditions. The approving opinions of Co-Bond Counsel will be delivered with the Series 2025 Bonds. The proposed forms of such opinions are included in this Official Statement as “APPENDIX D—PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS.”

PART 15—SALE BY COMPETITIVE BIDDING

The Series 2025A Bonds were awarded pursuant to four separate competitive bids on July 17, 2025. The Series 2025A Group 1 Bonds, comprised of serial bonds maturing on March 15 in the years 2027 through 2038, inclusive, and the Series 2025A Group 2 Bonds, comprised of serial bonds maturing on March 15 in the years 2039 through 2045, inclusive, were each sold to J.P. Morgan Securities LLC. The Series 2025A Group 3 Bonds, comprised of serial bonds maturing on March 15 in the years 2046 through 2049, inclusive, were sold to BofA Securities, Inc. The Series 2025A Group 4 Bonds, comprised of a term bond maturing on March 15, 2051 and a term bond maturing on March 15, 2053, were sold to RBC Capital Markets, LLC. The Series 2025A Bonds will be purchased by the respective purchasers at an aggregate price of \$1,720,093,311.23, which reflects a net original issue premium of \$60,610,409.90 and an initial purchasers’ discount of \$4,782,098.67.

The Series 2025B Bonds were awarded pursuant to two separate competitive bids on July 17, 2025. The Series 2025B Group 1 Bonds, comprised of a term bond maturing on March 15, 2055 and a serial bond maturing on March 15, 2056, were sold to Morgan Stanley & Co., LLC. The Series 2025B Group 2 Bonds, comprised of a serial bond maturing on March 15, 2057 and a term bond maturing on March 15, 2059, were sold to Jefferies LLC. The Series 2025B Bonds will be purchased by the respective purchasers at an aggregate price of \$767,982,708.21, which reflects a net original issue discount of \$12,108,410.05 and an initial purchasers’ discount of \$2,093,881.74.

The respective purchasers have supplied the information as to the initial public offering prices of the Series 2025 Bonds as set forth on the inside cover of this Official Statement. The Series 2025 Bonds may be offered and sold to certain dealers at prices lower than the public offering prices set forth on the inside cover page, and such public offering prices may be changed from time to time by the respective purchasers.

PART 16—LEGALITY OF INVESTMENT

Under New York State law, the Series 2025 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities and public benefit corporations of the State may limit the investment of funds of such authorities and corporations in the Series 2025 Bonds.

PART 17—RATINGS

The Series 2025 Bonds are rated “Aa1” with a Stable outlook by Moody’s Ratings and “AAA” with a Stable outlook by Kroll Bond Rating Agency. Each rating reflects only the view of the rating agency issuing such rating and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such credit ratings will continue for any given period of time or that either or both will not be revised downward or withdrawn entirely by either or both of such rating agencies, if, in the judgment of either or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2025 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

PART 18—CONTINUING DISCLOSURE

In order to assist the Initial Purchasers of the Series 2025 Bonds to comply with Rule 15c2-12 (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, each of the Authorized Issuers, the State, and each of the trustees under the general resolutions have entered into a written agreement, dated as of May 1, 2002, and amended and restated as of July 1, 2009, as of December 1, 2010 and as of June 10, 2019 (the “Master Disclosure Agreement”) for the benefit of all holders of State Personal Income Tax Revenue Bonds, including the holders of the Series 2025 Bonds. The parties to the Master Disclosure Agreement have agreed to provide continuing disclosure of certain financial and operating data concerning the State and the sources of the Revenue Bond Tax Fund Receipts (collectively, the “Annual Information”) in accordance with the requirements of Rule 15c2-12 and as described in the Master Disclosure Agreement. The Division of the Budget will electronically file with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system on or before 120 days after the end of each State fiscal year, commencing, for the Series 2025 Bonds, with the fiscal year ending March 31, 2026. An executed copy of the Master Disclosure Agreement is attached hereto as “APPENDIX E—EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT.”

The State Comptroller is required by existing law to issue audited annual financial statements of the State, prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), within 120 days after the close of the State Fiscal Year, and the State will undertake to electronically file with the MSRB, the State’s annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits

contained in Government Auditing Standards issued by the Comptroller General of the United States, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be filed no later than 120 days after the end of the State's fiscal year and such audited statements shall be electronically filed with the MSRB, if and when such statements are available. In addition, the Authorized Issuers have agreed in the Master Disclosure Agreement to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the sixteen (16) events described in the Master Disclosure Agreement, notice of any such events.

If any party to the Master Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Master Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2025 Bonds, may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Master Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder. The parties to the Master Disclosure Agreement, however, are not obligated to enforce the obligations of the others. The sole and exclusive remedy for breach or default under the Master Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the obligations of the State and/or the applicable Authorized Issuer contained therein, and no person or other entity, including any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2025 Bonds, may recover monetary damages thereunder under any circumstances. Any holder or beneficial owner of State Personal Income Tax Revenue Bonds, including the holders of Series 2025 Bonds, may enforce the Master Disclosure Agreement to the equal and proportionate benefit of all holders and beneficial owners similarly situated to the extent provided in the Master Disclosure Agreement. A breach or default under the Master Disclosure Agreement shall not constitute an Event of Default under the general resolutions. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Master Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. The obligations of the State under the Master Disclosure Agreement may be terminated if the State ceases to be an obligated person as defined in Rule 15c2-12.

The State has not in the previous five years failed to comply, in any material respect, with the Master Disclosure Agreement or any other previous undertakings or agreements pursuant to Rule 15c2-12 in relation to State Personal Income Tax Revenue Bonds. Pursuant to the terms of the Master Disclosure Agreement, the Authority, as conduit issuer of State Personal Income Tax Revenue Bonds, has agreed in such agreement to provide notices of certain events as described in such agreement and has complied with such contractual undertaking in all material respects.

The Master Disclosure Agreement contains a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and if an undertaking calls for information that no longer can be generated because the operations to which it is related have been materially changed or discontinued, a statement to that effect will be provided. As a result, it is not anticipated that it often will be necessary to amend the information undertakings. The Master Disclosure Agreement, however, may be amended or modified without Bondholders' consent under certain circumstances set forth therein.

PART 19—MISCELLANEOUS

Certain information concerning the State (which is either included in or appended to this Official Statement) has been furnished or reviewed and authorized for use by the Authority by such sources as described in this Official Statement. While the Authority believes that these sources are reliable, the Authority has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources.

The State provided the information relating to the State in “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK.”

The Director of the Budget is to certify that the statements and information appearing (a) under the headings (i) “PART 1—SUMMARY STATEMENT” (except under the subcaption “Purposes of Issue” and except for the sixth, tenth (last sentence only) and eleventh paragraphs under the subcaption “Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts,” as to which no representation is made), (ii) “PART 2—INTRODUCTION” (the second, third, fourth, fifth, seventh, eighth, ninth, eleventh and thirteenth (other than the last sentence thereof) paragraphs only), (iii) “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS,” (iv) “PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS,” (v) “PART 8—DEBT SERVICE REQUIREMENTS” as to the column “Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service,” and (vi) “PART 18—CONTINUING DISCLOSURE” (the first sentence of the fourth paragraph only), and (b) in the “Annual Information Statement of the State of New York,” including any updates or supplements, included in “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK” to this Official Statement are true, correct and complete in all material respects, and that no facts have come to his attention that would lead him to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading, provided, however, that while the information and statements contained under such headings and in “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK” which were obtained from sources other than the State are not certified as to truth, correctness or completeness, such statements and information have been obtained from sources that he believes to be reliable and he has no reason to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading; provided, further, however, that with regard to the statements and information in “APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK” hereto under the caption “Litigation,” such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deemed appropriate at the offices of the Department of Law of the State, without any further independent investigation. The certification is to apply both as of the date of this Official Statement and as of the date of delivery of the Series 2025 Bonds.

Public Resources Advisory Group is acting as financial advisor to the Division of the Budget in connection with the sale and issuance of the Series 2025 Bonds.

The references herein to the Authority Act, the Enabling Act, other laws of the State, the General Resolution and the Financing Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreements of the Authority with the registered Owners of the Series 2025 Bonds are fully set forth in the General Resolution (including any supplemental resolutions thereto), and neither any advertisement of the Series 2025 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2025 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly stated, are intended merely as expressions of opinion, forecasts or estimates and not as representations of fact. Copies of the documents mentioned in this paragraph are available for review at the corporate headquarters of the Authority located at 200 Southern Boulevard, Albany, New York 12209. A copy of the Financing Agreement appears as Appendix C hereto.

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APPENDIX A

INFORMATION CONCERNING THE STATE OF NEW YORK

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APPENDIX A

INFORMATION CONCERNING THE STATE OF NEW YORK

The State Legislature is not legally obligated to appropriate amounts for the payment of principal of, sinking fund installments, if any, or interest on the obligations to which this Official Statement relates. For information about the sources of payment of such obligations, the foregoing Official Statement to which this Appendix A is attached should be read in its entirety. The continued willingness and ability of the State, however, to make the appropriations and otherwise provide for the payments contemplated in the foregoing Official Statement, and the market for and market prices of the obligations, may depend in part upon the financial condition of the State.

Appendix A contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State in the Official Statements of all issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations.

The AIS set forth in this Appendix A is dated June 12, 2025. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at <http://www.budget.ny.gov>.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2024 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 25, 2024 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of its public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

The Annual Information Statement of the State of New York (including any and all updates and supplements thereto) may not be included in an Official Statement or included by reference in an Official Statement without the express written authorization of the State of New York, Division of the Budget, State Capitol, Albany, NY 12224.

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ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK



June 12, 2025



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INTRODUCTION



This Annual Information Statement for FY 2026 (AIS) is dated June 12, 2025 (the same date as the release date of the FY 2026 Enacted Budget Financial Plan) and contains information only through that date, unless otherwise noted. This AIS constitutes the official disclosure regarding the financial condition of the State of New York (the "State") and related matters and replaces the AIS dated May 24, 2024 and all updates and supplements issued in connection therewith. By statute, the Division of the Budget (DOB) is responsible for preparing and updating the State's Financial Plan (which includes financial results as well as current and out-year projections). DOB then utilizes the Financial Plan results and projections to present the information that appears in this AIS on behalf of the State. In preparing this AIS, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC) and the State Office of the Attorney General. Historically, the AIS has been updated on a quarterly basis, and it may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's fiscal year 2026 (FY 2026)¹ Enacted Budget Financial Plan (the "Enacted Budget Financial Plan" or "Financial Plan") issued by DOB on June 12, 2025. The Financial Plan (which is available on the DOB website, www.budget.ny.gov) sets forth the State's official financial projections for FY 2026 through FY 2029 (the "Financial Plan period"). It includes, among other things, information on the major components of the FY 2026 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements for the State's operating funds, the impact on debt measures, and the anticipated debt issuances required to support planned capital spending. This AIS is dated the same date as the release date of the Financial Plan and contains information only through this date, except for certain explanatory information not contained in the Financial Plan which DOB has determined does not materially change the projections contained in the Financial Plan.

DOB expects to complete the first quarterly update to the FY 2026 Enacted Budget Financial Plan in July 2025. However, given (i) the relatively short period of time since the release date of the FY 2026 Enacted Budget Financial Plan, and (ii) DOB's current analysis of preliminary operating results for the first quarter of FY 2026, DOB does not anticipate that there will be material changes in the State's financial condition to mandate the release of a first quarterly update to the AIS. **Accordingly, DOB does not anticipate that it will be preparing and releasing a first quarterly update to this AIS and instead expects the next update of this AIS to be released following the mid-year update to the Enacted Budget Financial Plan.**

2. A discussion of issues and risks that may affect the State's financial projections during FY 2026 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".

¹ The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2026 ("FY 2026") is the fiscal year that began on April 1, 2025 and will end on March 31, 2026.

3. Information on other subjects relevant to the State's finances, including summaries of:
(a) the State's revised economic forecast and a profile of the State economy, (b) operating results for the three prior fiscal years (presented on a cash basis of accounting), (c) the State's debt and other financing activities, (d) activities of public authorities and localities, and (e) information regarding State government employment.
4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State's finances.
6. Financial Plan tables that summarize actual General Fund receipts and disbursements for FY 2025; and projected receipts and disbursements for FY 2026 through FY 2029 on a General Fund, State Operating Funds and All Governmental Funds basis.

The annual State budget process and financial reporting cycle begins with the start of a new State fiscal year on April 1 and the enactment of the State's annual budget (the "Enacted Budget"), which may occur after the start of the fiscal year. Following the Enacted Budget, DOB publishes the State's Enacted Budget Financial Plan and generally updates it quarterly to reflect results through June 30 (the "First Quarterly Update to the Financial Plan"), September 30 (the "Mid-Year Update to the Financial Plan"), and December 31 (the "Executive Budget Financial Plan"). In addition, the Governor's Executive Budget proposal (the "Executive Budget") is typically submitted to the Legislature in January and the Governor's amendments are due within thirty days following the submission of the Executive Budget, at which time the Executive Budget Financial Plan may be amended (the "Updated Executive Budget Financial Plan"). However, in State fiscal years when a gubernatorial election occurs, the Governor's Executive Budget proposal is due on or before the first day of February and amendments are due in early March.

In preparing this AIS, DOB has also relied on information drawn from other sources, including OSC and the State Office of the Attorney General. In particular, information contained in the section entitled "State Retirement System" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of this AIS.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections, or other information relating to the State's financial position or condition, including potential operating results for the current fiscal year and projected budget gaps for future fiscal years, that may vary materially from the information provided in this AIS. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for the most current official information regarding the financial position of the State.



Factors affecting the State's financial condition are numerous and complex. This AIS contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, forecasts, projections, and estimates should not be regarded as a representation that actual results will not vary. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates, calculations, and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete, imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "calculates," "assumes" and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; natural calamities; foreign hostilities or wars; domestic or foreign terrorism; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; epidemics or pandemics; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS.

Note that all FY 2025 financial results contained within this AIS are unaudited and preliminary. The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2025 is expected to be completed by July 28, 2025. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 28, 2025. These reports will contain the final FY 2025 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2024 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

In addition to regularly scheduled quarterly updates to this AIS, the State may issue AIS supplements or other disclosure notices related to this AIS as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS in official statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.



Usage Notice

This AIS has been prepared and made available by the State pursuant to its contractual undertakings under various continuing disclosure agreements (CDAs) entered into by the State in connection with financings of the State, as well as certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

This AIS is available in electronic form on the DOB website at www.budget.ny.gov. Such availability does not imply that there have been no changes in the financial position of the State subsequent to the posting of this information. Maintenance of this AIS on the DOB website, or on the EMMA website, is not intended as a republication of the information herein on any date subsequent to its release date. No incorporation by reference or republication of any information contained on any website is intended or shall be deemed to have occurred as a result of the inclusion of any website address in this AIS.

Neither this AIS nor any portion thereof may be: (i) included in a preliminary official statement, official statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224, or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the offered series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS or any portion thereof in a preliminary official statement, official statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS if so misused.

BUDGETARY AND ACCOUNTING PRACTICES



Significant Budgetary and Accounting Practices

Unless clearly noted otherwise, all financial information is presented on a cash basis of accounting.²

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables present State projections and actuals by fund and category.

Fund types of the State include³: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees, and other revenues used for specified purposes; Federal Special Revenue Funds, which receive certain Federal receipts; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

The State's **General Fund** receives most State tax collections, and all income not earmarked for a specified program or activity. Tax receipts and General Fund balance are affected by the Pass-Through Entity Tax (PTET); however, DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. In December 2021, electing entities began making estimated PTET payments that were classified as business taxes and set aside entirely in FY 2022 to offset the decrease in Personal Income Tax (PIT) receipts in FY 2023 and beyond. The reserve balance established at the inception of the program has and is expected to cover the difference between PTET collections and related PIT credits in each succeeding fiscal year. The discussion of tax receipts throughout the Financial Plan excludes the impact of PTET, unless otherwise noted.

State law requires the Governor to submit, and the Legislature to enact, a General Fund Budget that is balanced on a cash basis of accounting. The State Constitution and State Finance Law do not provide a precise definition of budget balance. In practice, the General Fund is considered balanced if sufficient resources are, or are expected to be, available during the fiscal year for the State to: (a) make all planned payments, including PIT refunds, without the issuance of deficit notes or bonds, or extraordinary cash management actions; (b) restore the balances in the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund (collectively, the "Rainy Day Reserves") to levels at or above those on deposit when the fiscal year began; and (c) maintain other reserves, as required by law. For purposes of calculating budget balance, the General Fund includes transfers to and from other funds.

The General Fund is the sole financing source for the School Tax Relief (STAR) fund and is typically the financing source of last resort for the State's other major funds, including the Health Care Reform Act (HCRA) Fund, the Dedicated Highway and Bridge Trust Fund (DHBTF), and the Lottery

² State Finance Law also requires the DOB to prepare a pro forma Financial Plan using GAAP to the extent practicable. The GAAP-basis Financial Plan is informational only. DOB does not use it as a benchmark for planning or managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by OSC in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP-basis Financial Plan conforms fully to GAAP.

³ The State's Fund Structure and listing of funds can be found at <https://www.budget.ny.gov/citizen/nyfund/index.html>.



Fund. Therefore, General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is required by law to be balanced, the focus of the State's budgetary and gap-closing discussion in the Financial Plan is generally weighted toward the General Fund.

At times, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., reserve for economic uncertainties; reserve for timing of payments; reserve for future operational needs). These amounts are typically, but not uniformly, identified with the phrase "reserved for." These unrestricted amounts are not held in distinct accounts within the General Fund and may be used for other purposes.

Projections for future years may show budget gaps or budget surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current service levels and specific commitments, and (b) the projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many assumptions and are developed by DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In general, the multi-year projections assume that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are reviewed annually in the context of the current and projected fiscal positions of the State.

State Operating Funds is a broader measure of spending on operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity in the General Fund, as well as State-funded Special Revenue Funds and Debt Service Funds (spending from Capital Projects Funds and Federal Funds is excluded). As significant financial activity occurs in funds outside the General Fund, the State Operating Funds perspective is, in DOB's view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure and the transfer of money between funds. For example, the State funds its share of the jointly financed (Federal, State, and Local) Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective.

The Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include, but are not limited to, payment of certain operating costs using available resources outside the State Operating Funds basis of reporting. If transactions are not executed or reported in a manner consistent with DOB's interpretation of the legislation and legislative intent, then annual spending growth in State Operating Funds would be higher than projections.



BUDGETARY AND ACCOUNTING PRACTICES

The State also reports disbursements and receipts activity for **All Governmental Funds** (All Funds), which includes spending from Capital Projects Funds and Federal Funds, in addition to State Operating Funds. The All Funds basis is the most comprehensive view of the cash-basis financial operations of the State.

The terms “actual”, or “actuals”, or “results” are used throughout the Financial Plan and this AIS to mean year-to-date unaudited data and (i) prior to the release of audited financial statements by OSC on or before July 29th of each year, year-end actual but unaudited data, or (ii) after the release of audited financial statements by OSC, year-end actual audited data.

Differences may occur from time to time between DOB and OSC financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net disbursement amount while OSC may report the gross disbursement amount. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Funds).

FINANCIAL PLAN OVERVIEW

Impact of Federal Legislation

The following update reflects the State's preliminary assessment of Federal legislation enacted July 4, 2025. The remainder of the AIS that follows is dated June 12, 2025, the same date as the release date of the State's FY 2026 Enacted Budget Financial Plan, and does not reflect the impact of this enacted Federal legislation.

On July 4, 2025, the President signed a bill that substantially alters Federal funding for health care and food security programs and services provided to New Yorkers and amends the Federal tax liability of New York's residents and businesses. The bill is expected to increase State and local government costs for health care and food security programs beginning January 1, 2026. The impact on the current fiscal year (FY 2026) is projected to be less than the State's transaction risk reserve, however initial cost estimates in future years are expected to be in the range of \$3 to \$5 billion for State and local governments. The State is analyzing the programmatic and fiscal implications of the bill and options to redress the fiscal impacts. DOB expects that the costs associated with the Federal bill will be addressed as part of the FY 2027 Budget process or sooner.

The summary below provides the State's initial estimates of the potential State and local government costs absent any programmatic, service, or funding modifications that may be necessary.

MAJOR FISCAL PROVISIONS OF FEDERAL LEGISLATION				
COSTS TO STATE AND LOCAL GOVERNMENTS¹				
(millions of dollars)				
	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
<u>TOTAL</u>	<u>(750)</u>	<u>(3,103)</u>	<u>(3,790)</u>	<u>(4,770)</u>
<u>MEDICAID/ESSENTIAL PLAN</u>	<u>(750)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,395)</u>
Disallowing Premium Tax Credit	(750)	(3,000)	(3,000)	(3,000)
Community Engagement Requirements	0	TBD	TBD	TBD
Provider Tax Limitation	0	0	TBD	(395)
<u>SNAP</u>	<u>0</u>	<u>(103)</u>	<u>(790)</u>	<u>(1,375)</u>
Increasing Administrative Cost Sharing	0	(103)	(205)	(205)
Requiring State/Local Share	0	0	(585)	(1,170)

¹ All estimates are preliminary and reflect the combined cost to State and local governments.

Medicaid. Certain Medicaid populations will be disqualified from obtaining premium tax credits based on immigration status, effective January 1, 2026, thereby eliminating the Federal funding received for this population in the Essential Plan (EP). If those individuals who currently qualify for EP are eligible to move to the Medicaid program, it could cost the State up to \$3 billion annually. The bill also includes changes to public insurance eligibility for certain non-citizen populations, which may impact the State-share cost of coverage for individuals that are currently eligible for public health care programs.

Effective January 1, 2027, states will also be required to establish Medicaid community engagement requirements for certain non-exempted populations that will be required to document 80 hours per month of work, education, and/or community service to be eligible for Medicaid benefits. Initial estimates forecast as many as 750,000 to 1.5 million enrollees may be impacted by this new requirement. These requirements could result in changes to the State's out-year Medicaid enrollment projections, as well as implementation costs for the Department of Health.

Beginning on October 1, 2027, the State's ability to utilize provider taxes[†] will be limited, over a multi-year period, by provisions that lower the "safe harbor threshold" for Affordable Care Act (ACA) Expansion States by 0.5 percent annually, phasing down from 6 percent to 3.5 percent. Currently, New York's provider tax rates are presently below 6 percent; therefore, the fiscal impact associated with this change is not anticipated until FY 2029.

The enacted bill removed a provision initially included in previous versions of the bill that would have penalized ACA Expansion States for covering certain immigrants in Medicaid and Child Health Plus (CHP) by reducing the enhanced Federal match received for newly eligible adults.

Supplemental Nutrition Assistance Program (SNAP). The administration of SNAP benefits and most associated costs are currently covered by local social service districts. The recent Federal law changes increase the state/local district administrative cost-sharing from 50 percent to 75 percent effective October 1, 2026. Based on existing law, the State estimates its share of the administrative costs would increase by \$18 million in FY 2027 and \$36 million in FY 2028 and each year thereafter. The balance of the increased costs would be borne by local governments, absent any law changes.

In addition, the law will introduce a new non-Federal share of benefits in the SNAP program, ranging from 0 percent to 15 percent of program costs effective October 1, 2027. The implementation of this new non-Federal share may be delayed by up to two years depending on the State's error rate in Federal Fiscal Years 2025 or 2026. Currently, Federal resources flow directly to the local service districts to fund the benefits of the SNAP program. The State does not currently make payments and does not have any existing appropriations to make payments for this purpose – all payments are the responsibility of local social service districts.

[†] Federal statute and regulations define a provider tax as a health care-related fee, assessment, or other mandatory payment for which at least 85 percent of the burden of the tax revenue falls on health care providers.



Federal Tax Law Changes. The bill permanently extends the current income tax rates originally enacted in 2017. The State and Local Tax (SALT) deduction cap is temporarily increased from \$10,000 to \$40,000 for filers with incomes below \$500,000, phasing out to \$10,000 for filers with higher incomes. The higher SALT deduction cap will go into effect for tax year 2025 and will be adjusted for inflation through tax year 2029. The cap reverts to \$10,000 in 2030.

Several other provisions will benefit filers in New York State including the deduction for seniors, the increase in the Child Tax Credit, and the deductibility of tip and overtime income. The Federal tax law changes are not expected to directly impact State revenues or the Financial Plan.



FINANCIAL PLAN OVERVIEW

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)		
	FY 2025 Actuals	FY 2026 Projected
State Operating Funds Disbursements¹		
Size of Budget	\$133,654	\$146,103
Annual Growth	4.0%	9.3%
Other Disbursement Measures		
General Fund (Including Transfers) ²	\$108,676	\$125,512
Annual Growth	8.5%	15.5%
Capital Budget (State and Federal)	\$16,975	\$19,359
Annual Growth	15.4%	14.0%
Federal Operating Aid	\$90,842	\$88,916
Annual Growth	-0.9%	-2.1%
All Funds	\$241,471	\$254,378
Annual Growth	2.8%	5.3%
Inflation (CPI)	2.8%	3.2%
All Funds Receipts³		
Taxes	\$113,431	\$120,224
Annual Growth	6.3%	6.0%
Miscellaneous Receipts	\$34,761	\$38,996
Annual Growth	3.0%	12.2%
Federal Receipts (Operating and Capital)	\$96,713	\$94,090
Annual Growth	2.6%	-2.7%
Total All Funds Receipts	\$244,905	\$253,310
Annual Growth	4.3%	3.4%
General Fund Cash Balance		
Principal Reserves	\$21,603	\$14,103
Timing of PTET/PIT Credits	\$18,218	\$16,170
Extraordinary Monetary Settlements	\$732	\$392
All Other	\$16,363	\$14,254
Debt		
Debt Service (excluding prepayments) as % All Funds Receipts	2.5%	2.7%
State-Related Debt Outstanding	\$55,881	\$63,980
Debt Outstanding as % Personal Income	3.3%	3.6%
<p>¹ FY 2026 spending growth includes \$1.2 billion in State share reimbursements related to the Managed Care Organization (MCO) assessment transaction that are entirely offset by an increase in receipts and therefore cost neutral.</p> <p>² Excluding planned transfers to the Federal Unemployment Account (\$7.2 billion), General Fund spending is projected to total \$118.3 billion, an increase of \$9.6 billion or 8.9 percent from FY 2025 results.</p> <p>³ The Financial Plan impact of the PTET program is expected to be revenue neutral for the State and is excluded from tax receipts herein, unless otherwise noted. In addition, All Funds tax receipts are adjusted to exclude the planned payment of \$2 billion inflation tax refunds to qualified New York tax filers.</p>		



Financial Plan Overview

The State ended FY 2025 with a \$3.9 billion General Fund surplus, \$400 million higher than estimated in the FY 2026 Executive Budget Financial Plan. The 2026 Enacted Budget Financial Plan uses this surplus to support, in part, the multi-year cost of enacted tax reforms and initiatives aimed at making New York more affordable for New Yorkers. Looking forward, the State's fiscal outlook remains positive in FY 2026. DOB expects that the General Fund will have sufficient liquidity in FY 2026 to make all planned payments as they become due and to support the continued prepayment of certain expenses. Rainy Day Reserves remain well above historical levels, even after a planned payoff of the Federal Unemployment Account loan. In FY 2025, the statutory Rainy Day Reserve was increased by \$2.5 billion, and additional planned deposits are expected to bring the balance to \$10 billion by FY 2028, as fiscal conditions permit. Debt levels are projected to remain nearly flat at less than 1 percent growth over the past decade; historic liquidity levels are projected to continue to deliver high investment returns; and recent deposits to the Retiree Health Benefit Trust Fund have increased the balance to \$1.9 billion. In addition to reserves available to manage risks, the Enacted Budget includes legislation that grants the Budget Director the authority to reduce appropriations and disbursements by any amount needed to restore budget balance if an imbalance of \$2 billion or more is expected.

Despite this positive outlook, the State is facing greater uncertainty due to factors including changing Federal policies and proposals, elevated inflation levels and slowing economic growth. Since the Executive Budget Financial Plan was released, changes in programmatic and policy priorities at the Federal level have introduced new uncertainties that could negatively impact the State, local governments, health care providers, and program beneficiaries. Proposed Federal spending reductions could reduce Federal funding to the State and to New Yorkers who benefit from such funding, and changes to tariff policies have prompted concerns about the potential for a trade war that could pose risks to the State's economic forecast.

Recession fears among economists and business leaders are currently elevated, resulting in revisions to the U.S. and New York State economic outlook since January 2025. The U.S. economy experienced its first contraction in three years in the first quarter of 2025, shrinking by 0.2 percent as measured by real Gross Domestic Product (GDP), and significantly lower growth rates and higher inflation estimates are raising concerns about "stagflation." Employment trends indicate labor markets are softening, and unemployment projections have risen slightly since January 2025. In addition, the expected volatility in economic conditions has softened the outlook for finance and insurance sector bonuses after historically high bonuses in the first quarter of 2025.

The State also faces a few headwinds that present the potential for future fiscal challenges, including the ongoing implications of climate change, and sustained trends of elevated enrollment and rising costs in public health insurance programs. Proposed Federal spending reductions could impact vital New York programs, including health care delivery and coverage, social services, public safety, and climate resiliency and clean energy programs, further exacerbating multi-year fiscal risks and uncertainty.



The magnitude and scale of the potential reductions in Federal assistance under consideration, particularly for Medicaid and SNAP, is likely to exceed the State's ability to support the cost shifts and could result in reduced services and eligibility for certain programs currently provided to New Yorkers.

Financial Plan Revisions

The Financial Plan reflects the FY 2026 Enacted Budget bills and accompanying legislation, as well as routine quarterly revisions to the projections of receipts and spending in all years based on prior year and current year results to date, updated forecasts, management of resources across fiscal years, and adjustments to programmatic assumptions.

In FY 2026, estimated tax receipts are increased by \$1.7 billion from the Executive Budget forecast, reflecting a positive variance in the April tax settlement for tax year 2024. All Funds tax receipts are projected to grow by 6 percent in FY 2026. Multi-year receipts projections are revised to reflect the updated economic forecast. Accordingly, the Financial Plan includes a roughly \$4 billion downward revision to tax receipts in each year beginning in FY 2027. Downward revisions to PIT receipts mainly reflect a forecasted slowdown in employment growth, driving lower withholding collections and finance and insurance bonuses. Annual sales tax and business tax receipts projections have also been lowered, reflecting projected slowdowns in consumer consumption and corporate profits.

Financial Plan spending forecasts have been revised downward in the aggregate across all years based on the FY 2025 results and experience of the final closeout of FY 2025, as well as updated information and data. However, higher inflation expectations are also increasing pressure on the Financial Plan, resulting in an upward adjustment to projected school Foundation Aid beginning in FY 2027.

Lastly, the Financial Plan has been revised to reflect affordability actions, investments and new funding included in the final FY 2026 budget agreement. DOB estimates that the budget enacted by the Legislature and approved by the Governor is balanced in FY 2026, as required by law. Compared to the FY 2026 Executive Budget projections, the cumulative gaps over the Financial Plan period (FY 2027 through FY 2029) are revised from \$27.3 billion to \$34.3 billion, due mainly to the downward revisions in projected tax receipts. The gaps in the outyears are now projected at \$7.5 billion in FY 2027, \$12.1 billion in FY 2028, and \$14.6 billion in FY 2029 and will be addressed in future years consistent with the requirement that adopted budgets be balanced in the General Fund.



FY 2026 Enacted Budget Agreement

The Governor submitted the FY 2026 Executive Budget to the Legislature on January 21, 2025, the day after the U.S. Presidential Inauguration, and the 30-Day amendments to the Executive Budget on February 20, 2025.

On March 27, 2025, the Legislature enacted the annual debt service appropriations, without amendment, in advance of the new fiscal year that began on April 1. On May 8, 2025, the Legislature completed final action on the budget bills and delivered the bills to the Governor. The Governor completed her review of the budget bills on May 20, 2025. The legislative session concluded on June 12, 2025 for the Senate and is expected to conclude on June 17, 2025 for the Assembly. DOB does not anticipate any legislation with significant fiscal impacts will be approved.

The final budget agreement continues support for investments and increases to nearly all program areas made over the past three years and includes key elements of the Governor's affordability proposals advanced in her Executive Budget. The Enacted Budget delivers \$2 billion back to New Yorkers through Inflation Refund payments to qualified tax filers from surplus resources available in FY 2025, lowers the rates for five of the nine income tax brackets to reduce the tax burden, and significantly enhances the child tax credit for children under 4 years old in FY 2027 and for children 4 through 16 in FY 2028 and FY 2029. The Budget also increases or extends several other tax credits. To support the long-term cost of these tax cuts, the Enacted Budget extends the top tax rates for tax filers with taxable incomes above \$2.1 million.

The Enacted Budget also includes increased funding to address public safety, mental health care, housing affordability and access, transportation, health care delivery, abortion access, and child care. In addition, it updates the Foundation Aid formula, increasing aid by 5.7 percent in School Year (SY) 2026. Additional spending is included to support a 2.6 percent targeted inflationary increase for certain eligible programs; free school meals for all students regardless of income; the remaining costs of tuition, fees, and books for community college students ages 25 to 55 pursuing select first-time associates degrees in high-demand occupations, including nursing, teaching in shortage areas, technology, and engineering; distressed hospital assistance; hunger prevention and nutrition assistance; operating aid for the State University of New York (SUNY) and City University of New York (CUNY) campuses and the SUNY Downstate Hospital; Medication-Assisted Treatment (MAT) for substance abuse disorders; mental health services for justice-involved individuals; law enforcement activities; City of New York (NYC) subway safety initiatives; and the authorized repayment of the outstanding Federal Unemployment Account loan that would otherwise be borne by businesses.

New capital funding commitments will support transportation, affordable and supportive housing, economic and community development, environmental and clean energy initiatives, increased access to care and housing opportunities for individuals facing mental health challenges, health care transformation, public safety, and investments in higher education. The new capital commitments enacted in the budget are funded not only with bonds but also with cash resources, to ensure the State's debt burden remains affordable.



In addition, the Enacted Budget includes a multi-year spending plan supported by the Federal government's approval of an assessment on managed care organizations (MCO) which took effect on January 1, 2025. The assessment is expected to provide up to \$3.7 billion of new resources over two years, which will be deposited to the Healthcare Stability Fund (HSF). The resources are expected to be used to offset existing Global Cap Medicaid spending and provide additional funding for the Healthcare Safety Net Transformation Program, as well as increased funding for hospitals, nursing homes, outpatient clinics, maternal health services, and other health care providers. These resources and investments are dependent on the successful execution of the assessment, for which the Federal government's current approval may be revisited or amended via regulation changes to prevent the State from receiving the planned two years of resources. Given the uncertainty of continued Federal approval, the Financial Plan does not include support for these investments in future years.

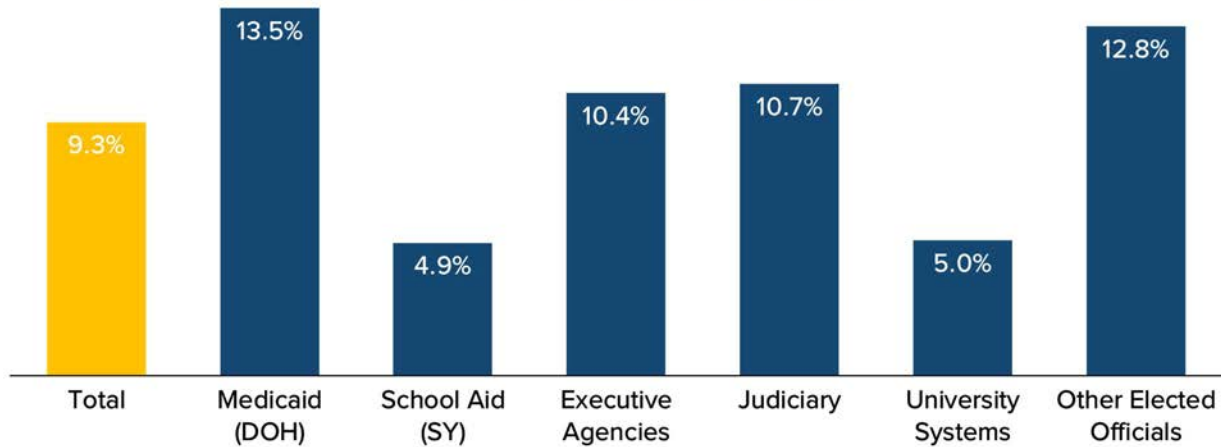
The Enacted Budget projects total spending in FY 2026 of \$254.4 billion in All Governmental Funds and \$146.1 billion in State Operating Funds. Compared to FY 2025 results, spending is projected to increase by \$12.9 billion or 5.3 percent for All Governmental Funds and \$12.4 billion or 9.3 percent for State Operating Funds. General Fund spending, which includes transfers to other funds, is projected to total \$125.5 billion in FY 2026 inclusive of an estimated \$7.2 billion transfer to the Unemployment Insurance Fund⁴ to support the planned payoff of a Federal Unemployment Account loan. Excluding this transfer, General Fund spending is projected to total \$118.3 billion, an increase of \$9.6 billion or 8.9 percent from FY 2025 results.

Roughly \$6 billion, or almost half, of the projected State Operating Funds spending increase in FY 2026 supports the State's two largest assistance and grants programs – Medicaid and School Aid. Another \$3 billion in spending growth in FY 2026 is attributable to projected operational costs, including fringe benefits, for all branches of State government.

⁴ The FY 2026 Enacted Budget authorizes the transfer of funds from the General Fund to the Unemployment Insurance Fund, which is classified as an Enterprise Fund. This transaction does not impact State Operating Funds and All Governmental Funds spending, as transfers are excluded from the calculation of spending outside of the General Fund.



FY 2026 STATE OPERATING FUNDS SPENDING GROWTH
 (EXCLUDES FEMA REIMBURSEMENTS)



The following table summarizes revisions to the Executive Budget Financial Plan due to negotiated changes included in the FY 2026 Enacted Budget and operating results. A more detailed table of the revisions appears in the section entitled, “General Fund Financial Plan.”

FY 2026 GENERAL FUND FINANCIAL PLAN REVISIONS TO EXECUTIVE BUDGET ESTIMATES: SAVINGS/(COSTS) (millions of dollars)				
	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	(6,479)	(9,775)	(11,026)
Negotiated Changes	(7,568)	(253)	(761)	(1,742)
Spending Adds/Restorations	(2,571)	(1,154)	(896)	(998)
Recurring	(989)	(991)	(741)	(804)
Restorations/Modifications	(92)	(144)	(155)	(194)
Non-Recurring	(1,490)	(19)	0	0
Reduction to Executive Proposals	310	95	107	106
Receipts Adds/Modifications	1,693	806	28	(850)
Unemployment Insurance Loan Repayment	(7,000)	0	0	0
Resource and Forecast Revisions	7,568	(751)	(1,609)	(1,869)
Tax Receipts, excluding PTET	1,704	(3,972)	(4,099)	(4,057)
All Other	5,864	3,221	2,490	2,188
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	(7,483)	(12,145)	(14,637)



Spending Adds/Restorations. The Enacted Budget includes a net \$2.6 billion of additional General Fund spending in FY 2026 compared to the Executive Budget proposal, inclusive of new costs related to staffing shortages at prisons throughout the State due to the correctional officer (CO) strike that began in mid-February and continued through March 10, 2025. Costs expected in FY 2026 include assignment of National Guard members to correctional facilities and the temporary enhanced overtime rate of 2.5 times from the standard 1.5 times.

Recurring spending increases and costs of restorations added an estimated average of \$1 billion in annual outyear costs. The largest recurring costs include: added School Aid funding, including increasing Special Services Aid and Boards of Cooperative Educational Services (BOCES) Aid by doubling the BOCES Aid salary cap from \$30,000 to \$60,000 over three years; debt service costs related to bond financing of new capital projects; costs related to enhanced pension benefits; the cost of the Metropolitan Commuter Transportation Mobility Tax (MCTMT) payroll tax increase for State and SUNY hospital employees working in the applicable zones; an increase in community college base aid; increased funding for housing access; and an additional 0.5 percent for the targeted inflationary increase for certain eligible programs from a proposed 2.1 percent to 2.6 percent.

In addition, the final budget agreement included the restoration (i.e., rejection) and modification of numerous Executive Budget proposals. Health savings proposals that were restored include reforms to the excess Medical Malpractice program and discontinuation of the practice that allows providers to make the final decision on prescription drugs. Other restorations included the perennial rejection of the Executive proposal to provide significant relief for local governments and State taxpayer-supported costs by lowering interest charged on judgments against the State and local governments from as high as 9 percent (currently authorized) to a fair market-based interest rate.

Additional one-time spending that was agreed to through negotiations with the Legislature are estimated at roughly \$1.5 billion in FY 2026. These include: \$500 million to assist distressed hospitals; \$400 million in child care subsidies; \$90 million for the Underserved Communities and Civic Engagement Program, which supports community-based programming, crisis intervention initiatives, housing assistance, economic development, workforce training, educational initiatives, and health care services in underserved communities; and roughly \$500 million for a variety of other program areas and organizations.

Reductions to Executive Budget Proposals. In recognition of changes in the economic outlook and Federal policy priorities since the introduction of the Executive Budget Financial Plan, certain proposals included in the Executive Budget have been reduced or eliminated, reducing spending by roughly \$400 million over two years and \$100 million annually in the later years of the Financial Plan.



Receipts Adds/Modifications. The cost of the additions is partly offset by modifications to the eligibility and amount for Inflation Refund payments to qualified tax filers which reduces State costs by just over \$1 billion in FY 2026, timing adjustments to the phase-in of the middle class tax cuts and the child tax credit that shift costs into later years of the Financial Plan, and the use of prior year fund balances. These revisions are partly offset by a downward revision to estimated investment income, consistent with the expected drop in balances due to the planned Federal Unemployment Account loan payoff.

Unemployment Insurance Loan Repayment. During the COVID pandemic, New York, like many other states, incurred a Federal Unemployment Account loan. As a result of the outstanding loan, New York businesses have faced escalating employer costs, and the maximum unemployment benefit for beneficiaries has remained frozen since the beginning of the pandemic. The Enacted Budget includes authorization to transfer funds from the General Fund to repay the loan in FY 2026 and restore the solvency of New York's unemployment program. The State will use an estimated \$7 billion from Principal Reserves for this one-time loan repayment.

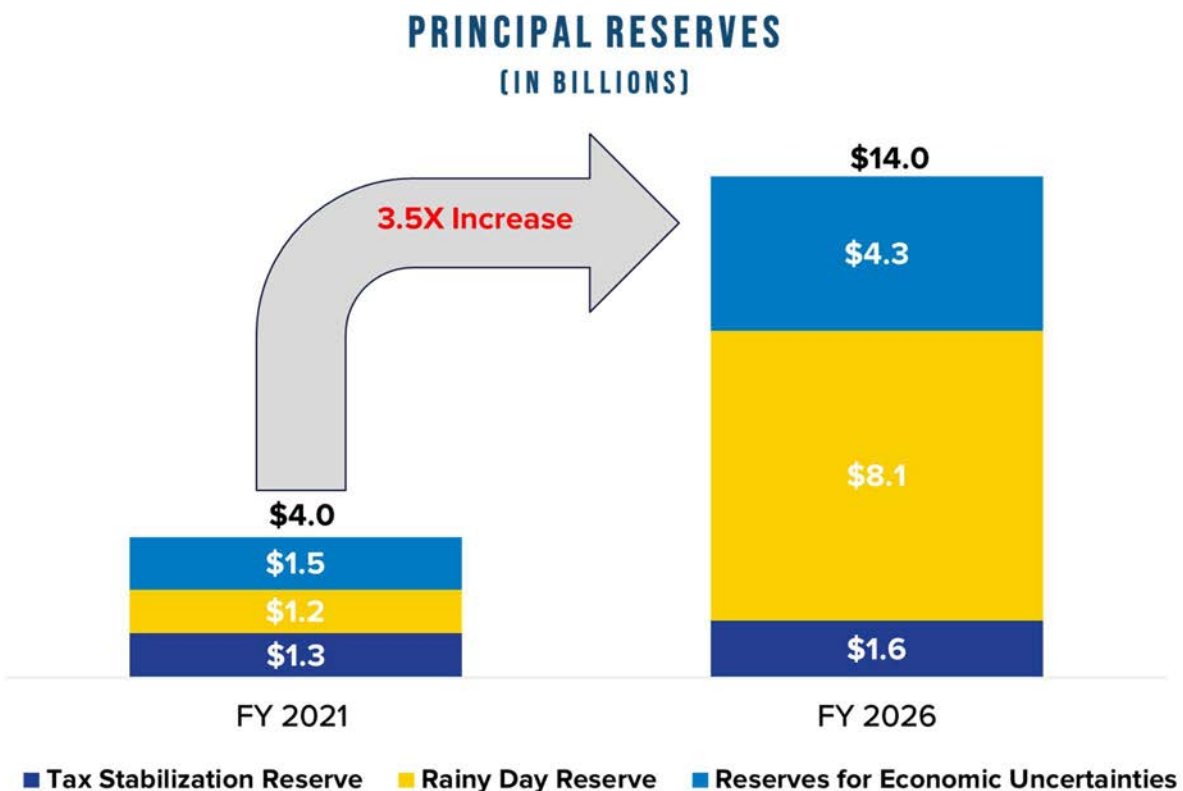
Resource and Forecast Revisions. In addition to the use of reserves for the one-time Unemployment Insurance loan repayment and revisions to the tax receipts forecast, other revisions and timing adjustments reflect the management of resources across multiple years, including prepayments and advances; adjustments to the use of unrestricted balances carried forward from prior years; and the use of the reserve for future operational needs to offset one-time costs related to the stabilization of the correctional system. The multi-year forecast for spending has also been reduced across various programs in light of continued underspending experienced in recent years, as well as updated data and programmatic assumptions, and revisions to resources that offset General Fund spending.

Reserves and Risks

Reserves. Over the past several years, the State has significantly increased reserves to ensure that it can honor its commitments through good and bad times. The State has defined Principal Reserves as the compilation of three reserves: the Tax Stabilization Reserve Fund, the Rainy Day Reserve Fund, and amounts informally reserved for economic uncertainties. The first two, which are known collectively as the “Rainy Day Reserves,” have specific statutory limits on how much can be deposited annually and specific conditions on when they can be used and how any use must be repaid. The reserve for economic uncertainties is an informal designation of General Fund resources that was initiated in FY 2020 and is not subject to any statutory limitation as to size or restriction as to use. Together, these funds provide a prudent buffer against financial risks.

In FY 2025, the State deposited \$1.5 billion to the statutory Rainy Day Reserve Fund and transferred another \$1 billion from the discretionary Reserve for Economic Uncertainties to the Rainy Day Reserve Fund - the first of four planned installments to achieve the goal of bringing the balance to \$10 billion by FY 2028, as fiscal conditions permit.

The Financial Plan includes the use of \$7 billion from Principal Reserves in FY 2026 for the one-time purpose of eliminating the UI Federal loan and restoring the solvency of New York's unemployment program. The remaining \$14 billion balance in Principal Reserves remains at historically high levels - more than 3.5 times the level held 5 years ago and nearly 8 times the level held a decade ago.





Risks. The Financial Plan faces ongoing economic risks, including: slowing economic growth; continued price inflation; geopolitical uncertainties; Federal immigration policy; climate change and natural disasters; programmatic cost pressures; uncertainty about the fiscal conditions of outside entities relying on State assistance; risks due to the State's dependence on Federal funding and approvals; and possible policy changes and reductions to Federal assistance for health and social welfare programs and coverage currently under consideration by the Federal government.

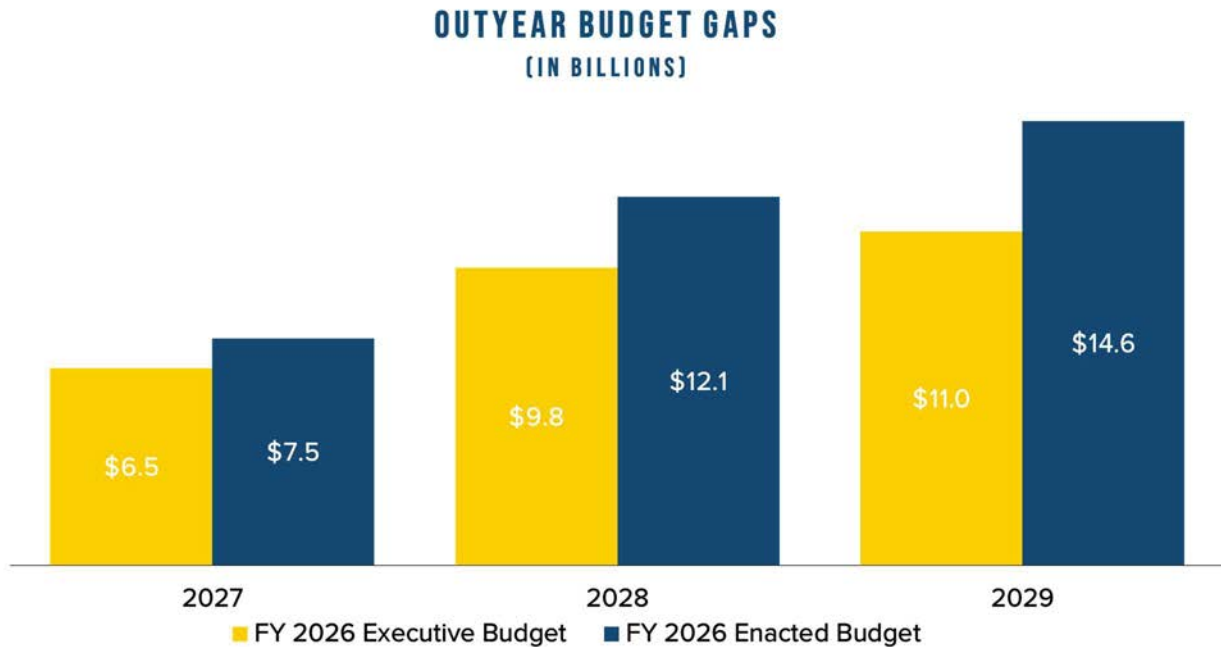
While the DOB forecast of receipts and spending is primarily based on current law and reasonable assumptions as of the time it was prepared, economic uncertainties and the dependence of the State's tax base on the financial sector are embedded risks.

Reserves are the most practical and effective defense against such unpredictable risks. Outside experts view robust reserves as an essential tool for mitigating service reductions and public employee layoffs during periods of slow or declining growth. A recession would pose significant downside risks to the DOB forecast. During a "typical" recession, declines in receipts could be significant.

The United States has experienced eight recessions since the late 1960s that resulted in declines in economic output and corporate profits, stock market losses, job losses, and business investment contraction. DOB has and continues to evaluate the impacts of these past downturns to predict potential impacts of a future recession. DOB currently estimates that tax receipts can be expected to fall between \$35 billion and \$50 billion cumulatively over a three-year period in a recession that resembles those experienced after 9/11 and during the Great Recession of 2008.

Outyear Budget Gaps

The outyear budget gaps have increased from the Executive Budget proposal in large part due to the updated economic outlook that drives lower tax receipts. If the FY 2027 Budget is balanced with recurring savings, the budget gaps for FY 2028 and FY 2029 would be reduced to roughly \$4.5 billion and \$7 billion, respectively.



The outyear budget gaps are the result of a structural imbalance between forecasted levels of spending growth and available resources. The projected gaps include a \$2 billion transaction risk reserve in each year, as well as the use of prior year surpluses carried forward into future years and cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs that may materialize within a fiscal year. The projected budget gaps do not reflect the use of any Principal Reserves to balance operations.

Tax receipts are projected to grow 2.6 percent on average through FY 2029, compared to the 4.4 percent growth experienced over the past two decades. Tax receipts support roughly 80 percent of State Operating Funds spending which is projected to increase by 5.6 percent on average through FY 2029. Roughly half of the State Operating Funds budget supports the State’s two largest program areas – health care and education – which have grown substantially over the past several years, reflecting historic, recurring funding increases for schools and the health care system.



Spending

FY 2026 ENACTED BUDGET SPENDING ESTIMATES (millions of dollars)				
	FY 2025 Actuals	FY 2026 Projected	\$ Change	% Change
State Operating Funds	133,654	146,103	12,449	9.3%
School Aid (School Year Basis)	35,827	37,574	1,747	4.9%
Medicaid	31,230	35,449	4,219	13.5%
All Other Assistance and Grants	28,802	34,422	5,620	19.5%
Agency Operations	34,019	37,120	3,101	9.1%
Debt Service	3,776	1,538	(2,238)	-59.3%
Federal Operating	90,842	88,916	(1,926)	-2.1%
Capital Projects	16,975	19,359	2,384	14.0%
All Funds	241,471	254,378	12,907	5.3%

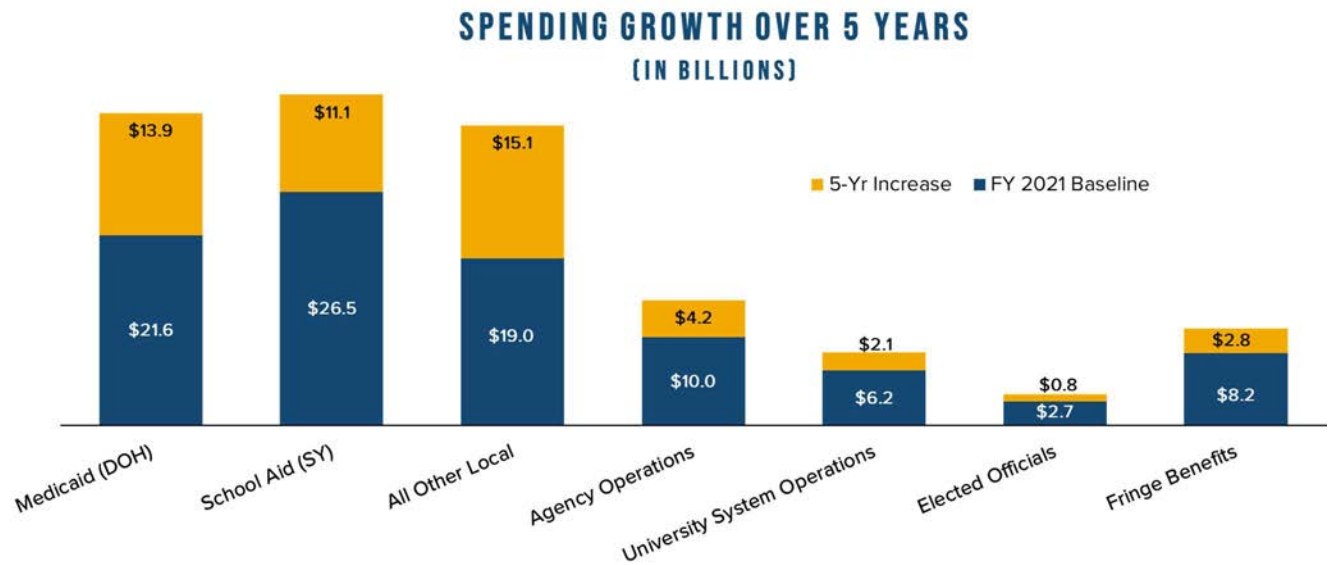
The State's two largest programs, School Aid and Medicaid, continue to drive a large share (nearly half) of the spending growth in FY 2026. Since fully funding school Foundation Aid in FY 2024 with average annual growth of 9.2 percent over the three-year phase in, School Aid spending continues to increase above the full Foundation Aid amount. Likewise, the continuation of significant growth in Medicaid spending is largely driven by sustained high levels of enrollment in the Medicaid program, as well as prior year expansion of benefits, increases in reimbursement rates, and expanded utilization of the State's Managed Long-Term Care (MLTC) program by the State's aging population. In addition, the MCO assessment transaction is expected to increase Medicaid spending by nearly \$1.2 billion in FY 2026 through State share assessment offsets.

The remaining assistance and grant spending growth includes projected increases totaling \$3.3 billion for all other areas including social services, mental hygiene, public safety, transportation, and higher education, as well as \$2.3 billion in Other State Agency (OSA) local Medicaid spending that is excluded from the Department of Health (DOH) Medicaid Global Cap. Beginning in FY 2026, these costs that were previously reported in the DOH budget will now be reported in the respective agencies to more appropriately align program activities and costs to agencies responsible for managing such spending.

Agency Operations spending growth in FY 2026 is projected across all branches of government, including SUNY, reflecting increases in workforce, salary and fringe benefits, and operational costs. The growth also includes costs associated with stabilizing the correctional system and the decline in Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts.

Debt service spending levels are impacted by prepayments. Excluding the impact of prepayments, debt service is projected to increase 8.2 percent in FY 2026. A detailed table of the net impact of prepayments on the multi-year estimates of debt service costs appears in the section entitled, “State Financial Plan Multi-Year Projections.”

All Funds spending also includes the projected phase-down of pandemic related Federal operating assistance and planned capital projects spending increases consistent with the Five-Year Capital Program and Financing Plan.



Over the past several years, the State has made historic investments in nearly all program areas, including: fully funding Foundation Aid to schools; supporting health care delivery improvements; expanding access to mental health services, child care, and housing; providing assistance to distressed hospitals, other health care providers and workers; increasing support for higher education and university operations; addressing gun crime and violence; expanding access to school meals; protecting the environment; and improving energy affordability.

The investments made in recent years have increased projected spending for assistance and grants by roughly \$40 billion or 60 percent from the \$67 billion recorded five years ago⁵ to over \$107 billion projected in FY 2026. Nearly two-thirds of this growth is concentrated in School Aid and Medicaid, reflecting historic, recurring funding increases for schools and the health care system. New York continues to spend significantly more on these two programs than any other state in the nation.

⁵ FY 2021 reported State Operating Funds assistance and grants totaled \$65 billion inclusive of a temporary Enhanced Federal Medical Assistance Percentage (eFMAP) that lowered State Medicaid spending and one-time payments delayed from FY 2020 due to the pandemic, excluding these temporary spending impacts, baseline spending is calculated at \$67 billion in FY 2021.



School Aid. The State provides a substantial amount of financial support for public schools through State formula aids and grants. Currently, approximately 2.5 million kindergarten through 12th grade students are enrolled in the State's public schools, including 186,000 students enrolled in charter schools. For more than a decade, New York has ranked first among the states for per pupil spending. In SY 2023, New York spent \$30,012 per pupil, almost double the national average of \$16,526 per pupil and approximately 14 percent higher than second ranked Vermont.⁶

New York's per-pupil spending has increased from roughly \$20,000 in SY 2013 to \$30,000 as of SY 2023. This increase was supported in large part by the three-year phase-in of full funding of the Foundation Aid formula completed in SY 2024, which aided in adding over \$6.6 billion (23 percent) to State-funded School Aid between SY 2022 and SY 2025. In addition to State aid, school districts have continued to raise revenue through local property tax increases, which when combined with State aid increases and Federal COVID-19 pandemic related assistance, have afforded many districts the ability to amass substantial reserves and surplus balances.

Adding to the historic increases in funding over the past several years, the Enacted Budget includes \$37.6 billion for School Aid in SY 2026, an increase of \$1.7 billion (4.9 percent), inclusive of a \$1.4 billion (5.7 percent) Foundation Aid increase. Since SY 2022, State-funded School Aid will have increased by roughly \$8.3 billion (28.4 percent), inclusive of the Enacted Budget's increase.

Medicaid. The New York State Medicaid Program provides health and long-term care coverage to lower-income children, pregnant women, adults, seniors, and people with disabilities. The Medicaid program also funds a portion of wages for home care workers and caregivers self-directed by consumers under the Consumer Directed Personal Assistance Program (CDPAP) and is a large contributor of funding to both public and private hospitals, as well as nursing homes, through various supplemental programs. Medicaid spending growth continues to escalate as utilization of the system, primarily MLTC, which includes the CDPAP, rises with an aging population.

Nearly 7 million individuals (36 percent of the State's population) are currently covered by Medicaid. When combined with other public insurance coverage, such as CHP and EP, New York has the highest percent of people covered by publicly funded medical insurance in the nation with a total of 9 million people enrolled. The State offers some of the most comprehensive and extensive Medicaid benefits in the nation, including optional services such as coverage for pharmacy and personal care services. As of 2023⁷, New York's \$4,724 per capita spending was more than 46 percent above the national average of \$2,554 per capita and over 19 percent higher than the next highest spending state - New Mexico - which spent \$3,824 per capita.

Medicaid costs are financed jointly by the Federal, State, and local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts' costs have been capped at calendar year 2015 levels, saving the City of New York and counties billions of dollars annually by shifting the costs to the State. In FY 2026, local governments will save an estimated \$8.3 billion bringing the cumulative total saved to nearly \$54 billion since 2015.

⁶ U.S. Census Bureau, 2023 Annual Survey of School System Finances.

⁷ Centers for Medicare & Medicaid Services (CMS) data (Federal Fiscal Year 2023).



In FY 2026, DOH Medicaid spending (excluding operational costs) is projected to total \$35.4 billion, an increase of \$4.2 billion (13.5 percent) from the revised FY 2025 levels -- triple the spending level from 15 years ago. The growth is due to medical cost increases, enrollment remaining at elevated levels, expansion of benefits, increases to reimbursement rates, and continued growth in aging and high utilization populations. Other factors that continue to place upward pressure on State-share Medicaid costs include, but are not limited to, provider reimbursements to cover home health wage increases, the phase-out of enhanced Federal funding, increased costs and enrollment growth in MLTC, and the needs of financially distressed hospitals.

To avoid adverse impacts on the health care industry, and to more accurately reflect DOH Medicaid spending, the Medicaid Global Cap calculation has been updated to exclude the local share of Medicaid spending associated with OSA, which had previously been included under the Cap. Beginning in FY 2026, costs that were previously reported in the DOH budget will now be reported in their respective agency budget. Because county contributions have been capped since 2015, the State is liable for all growth in non-Federal Medicaid expenses. An estimated \$2.3 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is cost neutral to the overall Financial Plan and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

The State continues to evaluate the health care delivery system and expects to develop future proposals to provide recurring savings in future budgets to ensure long-term Medicaid spending levels are sustainable.



Summary of Revisions Compared to Baselevel Projections

The following table summarizes the impact of the Enacted Budget’s investments and actions, and baseline forecast revisions, by financial plan category, starting with revised base estimates that reflect updated receipts and spending estimates as of the third quarterly Financial Plan update before Executive proposals.

FY 2026 ENACTED BUDGET FINANCIAL PLAN -- GENERAL FUND REVISIONS AND PROPOSALS				
SAVINGS/(COSTS)				
(millions of dollars)				
	FY 2026	FY 2027	FY 2028	FY 2029
	Projected	Projected	Projected	Projected
BASE SURPLUS/(GAP) ESTIMATE	1,839	(3,993)	(7,378)	(11,821)
Receipts	741	(4,674)	(4,862)	(2,427)
<u>Tax Receipts (excluding PTET)</u>	<u>(481)</u>	<u>(5,120)</u>	<u>(5,152)</u>	<u>(2,601)</u>
Inflation Tax Refund	(2,035)	0	0	0
Middle Class Tax Rate Cut	(103)	(542)	(968)	(1,054)
Enhanced Empire State Child Tax Credit	0	(471)	(825)	(825)
High-Income PIT Rate Extension	0	0	989	3,614
Film Tax Credit	0	0	(111)	(111)
All Other	(47)	(135)	(138)	(168)
Tax Reestimates	<u>1,704</u>	<u>(3,972)</u>	<u>(4,099)</u>	<u>(4,057)</u>
PIT	1,934	(3,296)	(3,424)	(3,326)
Use	(210)	(210)	(211)	(212)
Business	(20)	(466)	(464)	(519)
<u>Non Tax Receipts</u>	<u>1,222</u>	<u>446</u>	<u>290</u>	<u>174</u>
Debt Service	763	93	19	(72)
Other Receipts/Transfers	459	353	271	246
Disbursements	(10,892)	(1,222)	(1,060)	(1,266)
<u>Assistance and Grants</u>	<u>(1,964)</u>	<u>(186)</u>	<u>(320)</u>	<u>(338)</u>
School Aid	(216)	(345)	(729)	(971)
Medicaid	(371)	390	667	913
MCO Assessment	500	500	0	0
Mental Hygiene	(243)	(250)	(315)	(275)
Public Health/Aging	(157)	(5)	(5)	(5)
Social Services/Housing	(234)	(196)	(143)	(190)
Higher Education	(167)	(83)	(39)	(54)
Public Safety	(251)	(130)	(38)	(38)
Education/Arts	(230)	(157)	(172)	(177)
All Other	(595)	90	454	459
<u>Agency Operations, including GSCs</u>	<u>(1,172)</u>	<u>(772)</u>	<u>(632)</u>	<u>(818)</u>
Executive Operations	(761)	(386)	(432)	(434)
Legislature/Judiciary (incl. fringe benefits)	(312)	(312)	(312)	(312)
Other Elected Officials	(27)	(27)	(27)	(27)
Fringe Benefits/Fixed Costs	(72)	(47)	139	(45)
<u>Transfers to Other Funds</u>	<u>(7,756)</u>	<u>(264)</u>	<u>(108)</u>	<u>(110)</u>
Capital Projects	(341)	(159)	(37)	(39)
SUNY Operating	(114)	(55)	(22)	(22)
All Other	(7,301)	(50)	(49)	(49)
Use of/(Deposit to) Reserves	8,312	2,406	1,155	877
Extraordinary Monetary Settlements	63	0	(21)	0
Economic Uncertainties	7,000	0	0	0
Future Operational Needs	600	0	0	0
Timing of Resource Management	649	2,406	1,176	877
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	(7,483)	(12,145)	(14,637)



The discussion that follows provides a summary of the changes, with an emphasis on the projected fiscal impact for FY 2026.

Receipts

Tax Receipts. In addition to revisions to the tax receipts forecast based on FY 2025 results and the updated economic forecast, the Enacted Budget includes the following tax law changes:

- **Inflation Tax Refund.** Funding is included for direct payments to approximately 8.2 million New York taxpayers statewide. Married joint filers with incomes up to \$150,000 will receive \$400 and filers with incomes between \$150,000 and \$300,000 will receive \$300. Single filers who are not claimed as dependents of another filer with income up to \$75,000 will receive \$200 and filers with incomes between \$75,000 and \$150,000 will receive \$150. These payments reduce tax receipts and are not counted as spending.
- **Middle Class Tax Cut.** PIT rates for the State's first five tax brackets will each be reduced by 20 basis points, phased-in over two years beginning tax year 2026. Once fully phased-in, the tax cut is estimated to provide roughly \$1 billion in annual relief to 8.3 million filers (77 percent of all filers). For example, joint tax filers with income below \$323,200 will experience up to a 5 percent reduction in tax rates.
- **Enhanced Empire State Child Credit.** The Empire State child tax credit is enhanced, temporarily increasing the maximum credit for qualifying children for three years and permanently eliminating the restrictive earned income requirement. The maximum credit increases from \$330 to \$1,000 for children under age 4 in tax years 2025 through 2027 and to \$500 for children ages 4 through 16 in tax years 2026 and 2027.
- **High-Income PIT Rate Extension.** The tax rates for high-income tax filers, such as joint filers making over \$2,155,350 annually, that currently expire at the end of tax year 2027 are extended for five years through tax year 2032.
- **Film Tax Credit.** The film tax credit program is extended an additional two years through 2036 and amended to remove the tiered payout structure for new applicants, provide a \$100 million incentive for independent studio productions, and establish a "production plus program" to provide an enhanced benefit to eligible filers with two or more initial applications.
- **Other Tax Actions.** Other actions include increases to the Article 9A estimated payment threshold from \$1,000 to \$5,000, and extensions of various tax credits, including credits for alternate fuels and electric vehicle recharging property, clean heating fuel, musical and theatrical production, low-income housing, farm workforce retention, and hiring veterans and workers with disabilities.



In addition, the Governor signed legislation to impose sales tax on short-term rentals statewide, requiring all short-term rental market place providers to collect and remit sales taxes on all rentals facilitated by their platforms, and to expand the tax definition of crops, livestock, and livestock products to include cannabis.

Non-Tax Receipts. Receipts available in the General Fund are increased due to changes in debt service costs inclusive of the FY 2025 prepayment of debt service costs that were due in FY 2026, refundings, ongoing debt management, and lower bonded capital spending estimates. These revisions are offset in the later years by the costs of bond financing for new capital commitments added in the Enacted Budget.

Other non-tax receipts and transfers from other funds reflect available resources in other funds, including patient income and unprogrammed fund balances, to support spending in the General Fund, which are partly offset by lower investment income projections due to the planned reduction in fund balances.

Disbursements

Assistance and Grants. General Fund spending for assistance and grants is projected to total \$84.0 billion in FY 2026, an increase of \$9.2 billion (12.3 percent). This spending is impacted by the level of resources available outside of the General Fund to support spending, particularly in education and health programs. Compared to the last baseline estimate, assistance and grants spending is increased in the aggregate over the multi-year Financial Plan mainly due to continued new investments, initiatives, and increased funding, which is partly offset by lower estimates of spending across nearly all functional areas based on programmatic experience.

- **School Aid.** Financial Plan projections for SY 2026 and beyond have been updated to reflect updated data, as well as estimated growth in Foundation Aid and expense-based aids based on DOB's revised inflation forecast that result in higher projected outyear spending. Higher spending also reflects costs associated with changes to the Foundation Aid formula beginning in SY 2026, enhancements to Special Services Aid and BOCES Aid, additional aid to school districts with large portions of their enrollment attending charter schools, and the creation of a new College in High School Opportunity Fund. These increases are partly offset by upward revisions to estimated resources available to finance School Aid spending in the State's Lottery, Mobile Sports Wagering and Commercial Gaming Funds which lower the need for General Fund spending for School Aid.

- **Medicaid.** In FY 2026, General Fund Medicaid spending is increased to reflect an additional \$500 million in funding to distressed hospitals and restorations of certain proposed savings actions, which are partly offset by timing and revisions of Federal credits and offsets through the Mental Hygiene Stabilization Fund. Most of these increases are funded outside of the Medicaid Global Cap through the HSF. In FY 2027 and beyond, spending is lowered in the General Fund due to increased HCRA receipts and savings actions, which include adjustments to the Indigent Care Pools for public general hospitals in the City of New York, funding shifts for quality pool payments, and reforms to the administration of the Nursing Home Transition Diversion (NHTD) waiver and Applied Behavioral Analysis.
- **MCO Assessment Offset.** A portion of the resources generated from the assessment on MCOs is expected to offset costs in both FY 2026 and FY 2027.
- **Mental Hygiene.** A 2.6 percent targeted inflationary increase to Office for People With Developmental Disabilities (OPWDD), Office of Mental Health (OMH), and Office of Addiction Services and Supports (OASAS) voluntary operated providers increases spending by \$241 million annually. Other investments include: funding to assist counties with oversight and placement of high-risk individuals; the expansion and establishment of new OMH clubhouses to promote recovery and community reintegration; resources for vocational services and job placement; and various other nonrecurring grants.
- **Public Health/Aging.** Additional funding is provided for abortion medication services; programs for the aging population; hunger prevention and nutrition; Nourish NY; maternal health; a swimming lessons voucher program; and one-time adds for various programs and services.
- **Social Services/Housing.** Additional one-time funding is included for child care subsidies, ensuring stable housing for vulnerable populations, launching Get Offline Get Outside 2.0, providing additional support to families when babies are born, digitizing youth working papers, expanding worker protection resources, and supporting investigations to combat discrimination. Funding is also included for a four-year pilot program for State-funded vouchers for homeless families or families at imminent risk of losing their housing, eviction legal counseling, and one-time adds for various programs and services. These increases are partly offset using available Mortgage Insurance Fund resources to fund housing and homelessness programs in FY 2026 and the use of available Temporary Assistance for Needy Families (TANF) funding to support increasing child care costs to maintain continuity in the level and eligibility of child care subsidies in FY 2027.
- **Higher Education.** Increased funding will support free community college for high-demand fields, artificial intelligence investments, student support programs, expanded eligibility for the part-time Tuition Assistance Program (TAP) and the expansion of Veteran's Tuition Awards (VTA) program to include non-combat veterans. In addition, a one-time increase is provided for CUNY operating assistance.

- **Public Safety.** In FY 2026, increased funding will support increased police presence in the subway in the City of New York, rape crisis and intimate partner violence programs and various other programs. Increased funding is also provided for discovery and pre-trial services.
- **Education/Arts.** Increased spending will support the cost of providing free breakfast and lunch meals to all students regardless of family income, as all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program will be required to provide free meals. Additional funding is also included for competitive grants to support the arts in FY 2026; the implementation of distraction free schools; the reimbursement of nonpublic schools for State-mandated activities and the salaries of eligible teachers providing instruction in science, technology, engineering, and math (STEM) subjects; and various other nonrecurring grants.
- **All Other Assistance and Grants.** Additional spending is mainly due to delays in local government claims for asylum seeker assistance that did not occur in FY 2025, as well as funding to support the Judiciary's Civil Legal Services and Attorney for Child programs; agricultural programs including local food supply, fiber production, and dairy and maple industries; Office for New Americans and Liberty Defense programs; upstate transit; and the Underserved Communities and Civic Engagement Program, which supports community-based programming, crisis intervention initiatives, housing assistance, economic development, workforce training, educational initiatives, and health care services in underserved communities. These increases are partly offset by multi-year downward revisions to spending based on the FY 2025 results, as well as updated information and data.

Agency Operations. Spending for operations, including wages and fringe benefits, is increased over the multi-year plan to accommodate growth in the State workforce, general salary increases included in the final year of current labor settlements, and expansion of services and new initiatives.

- **Executive Operations.** Spending is increased significantly in FY 2026 due to the response to the CO strike, including the deployment of the National Guard to staff correctional facilities, enhanced overtime rates, and expanded recruitment efforts. Other spending increases reflect added costs across several agencies to support staffing increases; investments in cybersecurity and information technology; and expanded access to inpatient psychiatric and mental health services. In addition, funding is included to strengthen enforcement against criminal activity at the northern border; enhance security measures in correctional facilities; support the MAT Program, which provides treatment for incarcerated individuals in state prisons with substance use disorders; and increase the number of National Guard members assigned to the Joint Task Force Empire Shield Mission, which provides support to deter and prevent terrorist activity in the City of New York area, including transit and commuter hubs.



- **Legislature/Judiciary.** The Legislature and Judiciary independently submit appropriation bills that are not subject to modification. The Financial Plan includes spending estimates equal to the appropriations of each branch.

Judiciary operating spending, including fringe benefits, is increased by \$302 million to support general salary increases and other non-judicial staffing initiatives, including new court clerks and attorneys, costs associated with four court officer academy classes, increased staffing levels to address case backlogs and provide operational support to various courts, and new judgeships -- ten for the City of New York Civil Court Judges; five for the Court of Claims; and ten for the City of New York Family Court Support Magistrates. Other increases support non-judicial staff to assist the new judges; civil legal services increases; various technology initiatives; a cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and health insurance and pension cost increases.

Operating spending for the Legislature is increased by nearly \$10 million annually to fund general salary increases for legislative staff and operational costs.

- **Other Elected Officials.** Attorney General (AG) operational spending is increased by nearly \$17 million annually to support new general salary increases for operational/legal staff and inflationary growth in operational expenses.

OSC spending is increased by approximately \$10 million annually to fund new operational staff, general salary increases and maintenance and repair costs at the Albany office location.

- **Fringe Benefit/Fixed Costs.** State Pension costs are increased to support pension enhancements for certain uniformed groups; these include an improved retirement plan for members of the Police Benevolent Association of New York State (PBANYS) and a twenty-five-year half pay retirement plan for the Division of Military and Naval Affairs (DMNA) firefighters. Other increases reflect the higher rates approved for the MCTMT for State employees working within the Metropolitan Commuter Transportation District and other revisions to fringe benefit forecasts.



Transfers to Other Funds. General Fund transfers to other funds support capital projects, debt service costs, SUNY, and a variety of other programs.

- **Capital Projects.** General Fund support for capital projects is increased to fund new capital initiatives including: the safety net transformation program, technology infrastructure, Hudson Valley rail improvement, highway redesign studies, and replacement of vehicles utilized to provide transportation services to individuals receiving OPWDD services.
- **SUNY Operating Assistance.** Increased General Fund transfers support additional one-time funding in Academic Year (AY) 2026, as well as recurring funding for artificial intelligence investments and other programs.
- **All Other Transfers to Other Funds.** Other transfers are increased consistent with the authorization to transfer up to \$7.2 billion to the Unemployment Insurance Enterprise Fund to repay the outstanding Federal Unemployment Account loan and restore the solvency of New York's unemployment program, provide one-time operating assistance for SUNY Downstate Hospital, and make other revisions to various transfers based on updated projections.

Use of/(Deposit to) Reserves. Changes to reserves include planned uses to support one-time costs related to the CO strike and staffing shortage, repayment of Federal unemployment insurance loan, PTET/PIT credits, and the use of prior year fund balances carried forward to offset delayed payments, operational costs, and capital projects spending.

General Fund Financial Plan Overview

The State's General Fund receives most State taxes and other income not earmarked for a specified program or activity and is required by law to be balanced.

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. Three significant factors affect reported General Fund tax receipts, as described below.

- Changes in debt service on State-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated Debt Service Funds (outside the General Fund) and used to make debt service payments. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund.
- The STAR program is funded from PIT receipts, with changes in the State-supported cost of the program affecting reported PIT receipts.
- The PTET program affects reported tax collections within each fiscal year, but does not impact General Fund balance or operations, because it is expected to be Financial Plan neutral over multiple years. The discussion and tables summarizing annual changes below generally exclude the impact of the PTET or show it distinctly. The operation of the PTET program is described in more detail under the heading "PTET Financial Plan Impact" at the end of this section.

General Fund disbursements represent more than two-thirds of total State Operating Funds spending and are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change annually. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds. Projected spending also reflects DOB's cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs.

For a more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, disbursements, and transfers, presented on a State Operating Funds and/or All Funds basis, see "State Financial Plan Multi-Year Projections" section herein.



FY 2026 Enacted Budget General Fund Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2025 results to FY 2026 projected.

GENERAL FUND FINANCIAL PLAN (millions of dollars)				
	FY 2025 Actuals	Change	FY 2026 Projected	Annual Growth
Opening Fund Balance	46,331	10,585	56,916	22.8%
Total Receipts	119,261	(5,746)	113,515	-4.8%
Receipts, excluding PTET	115,180	383	115,563	0.3%
Taxes	102,089	7,012	109,101	6.9%
Miscellaneous Receipts	5,168	(1,157)	4,011	-22.4%
Federal Receipts	3,650	(3,650)	0	-100.0%
Non-Tax Transfers from Other Funds	4,273	(1,822)	2,451	-42.6%
PTET Receipts (Financial Plan Neutral)	4,081	(6,129)	(2,048)	-150.2%
PIT Credits	(13,700)	(3,732)	(17,432)	-27.2%
Business Taxes	17,781	(2,397)	15,384	-13.5%
Total Disbursements	108,676	16,836	125,512	15.5%
Assistance and Grants	74,833	9,178	84,011	12.3%
State Operations	23,013	2,603	25,616	11.3%
Transfers to Other Funds	10,830	5,055	15,885	46.7%
Net Change in Operations	10,585	(22,582)	(11,997)	-213.3%
Closing Fund Balance	56,916	(11,997)	44,919	-21.1%
Statutory Reserves:				
Community Projects	25	0	25	
Contingency	21	0	21	
Rainy Day Funds	8,756	1,000	9,756	
Fund Balance Reserved for:				
Debt Management	1,860	(860)	1,000	
Economic Uncertainties	12,847	(8,500)	4,347	
Extraordinary Monetary Settlements	732	(340)	392	
Future Operational Needs	3,099	(600)	2,499	
Timing of PTET/PIT Credits	18,218	(2,048)	16,170	
Timing of Resource Management	11,358	(649)	10,709	



Receipts

Excluding the impact of debt prepayments and PTET, total General Fund tax receipts, including transfers after the payment of debt service, are estimated to total \$103.9 billion in FY 2026, an increase of \$4.3 billion (4.3 percent) from FY 2025. The following discussion of annual changes in tax receipts exclude the impact of PTET and debt prepayments.

PIT receipts are estimated to total \$72.6 billion in FY 2026, an increase of \$3.7 billion from the prior year. The increase reflects expected growth in all gross receipt components partially offset by an increase in total refunds.

Consumption/use tax receipts are estimated to total \$18.7 billion in FY 2026, an increase of \$389 million (2.1 percent) from FY 2025. This increase reflects the estimated growth of taxable consumption in the sales tax base.

Business tax receipts are estimated to remain virtually unchanged, primarily reflecting a projected increase in Corporate Franchise Tax (CFT) refunds and a projected decrease in bank audits, offset by increases in CFT gross receipts, audits, and gross insurance receipts.

Other tax receipts are estimated to total \$2.5 billion in FY 2026, an increase of \$163 million from FY 2025. This is primarily due to estimated increases in both estate tax and real estate transfer tax receipts. These increases reflect an expected decrease in estate tax refunds, as well as estimated growth in household net worth, housing starts, and the average housing price, partially offset by estimated declines in the S&P 500 and finance and insurance sector bonuses.

The reduction in non-tax receipts reflects the final planned use of State and Local Fiscal Recovery Fund (SLFRF) resources in FY 2025 consistent with Federal treasury rules and the continued practice of budgeting for a \$2 billion transaction risk reserve that partially offsets total projected transfers from other funds and provides a hedge against risks to receipts that may materialize later in the fiscal year. Other year-to-year reductions include lower FY 2026 estimates for abandoned property receipts and investment income commensurate with projected fund balance declines. These decreases are partly offset by available resources in other funds, including interest earned on monies awarded under the SLFRF program which will be transferred to the General Fund over several years.



Disbursements

General Fund disbursements, including transfers to other funds, are expected to grow by \$16.8 billion (15.5 percent), totaling \$125.5 billion in FY 2026, mostly driven by increased funding for Foundation Aid, Medicaid and extraordinary transfers to the Federal Unemployment Account; excluding these transfers, General Fund spending grows by 8.9 percent.

Assistance and grants spending supported by the General Fund is estimated to total \$84 billion in FY 2026, an increase of \$9.2 billion (12.3 percent) from FY 2025. General Fund spending for education, health care, and continued time-limited support to the City of New York for asylum seeker assistance represents nearly all the assistance and grants spending growth. General Fund support for these programs is also affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds.

General Fund support for School Aid is estimated to increase by \$1.4 billion (4.8 percent) on a State fiscal year basis. This growth reflects enacted reforms to the Foundation Aid formula, including updates to the formula's two measures of the percentage of low-income-students in a district, an increase in aid for English Language Learners, additional aid to low-wealth school districts, modifications to the Regional Cost index and a minimum 2 percent annual increase in aid to districts. In addition, the annual increase in School Aid spending reflects enhancements to Special Services Aid and BOCES Aid and provides additional aid to school districts with large portions of their enrollment attending charter schools.

Medicaid spending is projected to grow by \$1.5 billion, primarily due to the additional Global Cap spending allowance that supports enrollment and escalating MLTC growth offset by \$500 million in expected MCO assessment resources to support existing Global cap investments. Beginning in FY 2026, costs reported under the DOH Medicaid budget exclude OSA local Medicaid expenses which were included under the Global Cap. These costs, previously reported in the DOH budget, will now be reported in the respective agencies, including OPWDD and OMH.

Other assistance and grants growth is primarily the result of continued State support of an expanded level and eligibility of child care subsidies, hunger prevention and nutrition assistance, programs for older adults, City of New York subway safety initiatives, funding to offset county costs related to the assigned counsel rate for attorneys providing services to low-income individuals, CUNY operational support, asylum seeker assistance, and new initiatives to provide universal free school meals and free community college for high-demand fields.

Agency operations and fringe benefits growth is impacted by the Federal Emergency Management Agency (FEMA) reimbursements for prior year COVID-19 pandemic related eligible spending. Excluding these reimbursements, the largest drivers of growth include rising health insurance costs for State employees, Judicial staffing and operational increases, general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and information technology, and continued staffing increases across various agencies. In addition, spending has been increased for the MAT Program which provides treatment for incarcerated individuals in State correctional facilities with substance use disorder, enhanced security measures for correctional facilities, and an increase in the National Guard members assigned to the Joint



Task Force Empire Shield Mission, which provides support to deter and prevent terrorist activity in the City of New York area, including transit and commuter hubs. In response to the CO strike, spending has been increased to support the deployment of the National Guard members to staff prisons, enhanced overtime rates, and expanded recruitment efforts.

The Judiciary spending plan includes a substantial increase in FY 2026 to support general salary increases and other non-judicial staffing initiatives, including new court clerks and attorneys, costs associated with four court officer academy classes, and increased staffing levels to address case backlogs. The Judiciary's budget also includes funding for: ten City of New York Family Court Support Magistrates, ten City of New York Civil Court judges, and five Court of Claims judges; increases for various technology initiatives; cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and providing for health insurance and pension cost increases.

The increase in General Fund transfers is attributable to \$7.2 billion of extraordinary one-time transfers to the Federal Unemployment Account planned in FY 2026, which is partly offset by a decline in transfers to support capital projects due to the timing of bond proceed reimbursements and one-time funding for HSF in FY 2025. Other transfer changes include additional State general operating aid for SUNY four-year campuses and Downstate Hospital, funding to support targeted engineering pay increases and revised projections across various programs and funds.

General Fund Closing Balance

The General Fund closing balance is comprised of Principal Reserves to protect essential services in the event of a significant economic downturn and other reserves that are programmed for the timing of payments and to reduce outyear gaps, manage risks, and support future costs that include tax refunds and liabilities, capital projects, and operational needs.

DOB expects the General Fund to end FY 2026 with a balance of \$44.9 billion, nearly \$12 billion below the FY 2025 closing balance. The decrease is comprised of the expected use of resources to support extraordinary transfers to the Federal Unemployment Account, one-time costs related to the CO strike and staffing shortage, PTET related credits and offsets, debt management, existing capital commitments and projects, and the timing of payments delayed from prior years.



Negotiated Changes to the Executive Budget

The following table summarizes the negotiated additions, restorations, modifications, and revisions to the FY 2026 Executive Budget General Fund proposal.

CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN				
GENERAL FUND				
(millions of dollars)				
	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	(6,479)	(9,775)	(11,026)
NEGOTIATED RESTORATIONS/ADDS	(7,568)	(253)	(761)	(1,742)
Spending Restorations/Adds	(2,571)	(1,154)	(896)	(998)
<u>New Spending Adds:</u>	<u>(2,479)</u>	<u>(1,010)</u>	<u>(741)</u>	<u>(804)</u>
Distressed Hospital Assistance	(500)	0	0	0
Correctional Officer Shortage	(675)	(196)	(196)	(196)
Child Care Subsidies	(400)	0	0	0
School Aid	(259)	(231)	(261)	(279)
Community Engagement and Capacity Building Program	(90)	0	0	0
SUNY Hospital Debt Service Forgiveness	(56)	0	0	0
Human Services Targeted Inflationary Increase +0.5% (2.6% Total)	(50)	(50)	(50)	(50)
Park Police Retirement Enhancement	(40)	(1)	(1)	(1)
CUNY Operating Aid	(26)	(9)	0	0
Additional Competitive Arts Grants	(20)	0	0	0
Office of New Americans and Immigration Legal Services	(20)	0	0	0
Legal services for Eviction Aid	(20)	0	0	0
Debt Service on Capital Adds	(2)	(37)	(91)	(138)
All Other, incl. timing adjustments	37	(476)	(142)	(140)
Legislative Table Adds	(358)	(10)	0	0
<u>Restorations/Modifications:</u>	<u>(92)</u>	<u>(144)</u>	<u>(155)</u>	<u>(194)</u>
Medicaid	(70)	(92)	(102)	(102)
Committee on Special Education	0	(29)	(29)	(29)
All Other	(22)	(23)	(24)	(63)
Reduction to Executive Proposals	310	95	107	106
Receipts Modifications/Adds	1,693	806	28	(850)
Inflation Rebate Check Modification	1,045	0	0	0
Middle Class Tax Cut Effective January 2026	355	573	56	0
Supplemental Empire State Child Credit Timing	471	354	0	(825)
Farm Workforce Retention Credit	0	0	(25)	(25)
Film Tax Credit	0	111	4	4
Interest Earnings	(191)	(227)	0	0
All Other	13	(5)	(7)	(4)
Federal Unemployment Insurance Loan Repayment	(7,000)	0	0	0
RESOURCE AND FORECAST REVISIONS	(7,568)	(751)	(1,609)	(1,869)
Tax Receipts, excluding PTET	1,704	(3,972)	(4,099)	(4,057)
FY 2025 Debt Prepayments	780	0	0	0
Forecast Revisions/Timing	938	1,586	1,791	2,024
School Aid CPI Update	0	(166)	(477)	(713)
Future Operational Needs	600	0	0	0
Timing of Resource Management	(3,454)	1,801	1,176	877
Use of General Fund Resources	7,000	0	0	0
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	(7,483)	(12,145)	(14,637)



Cash Flow

DOB expects that the General Fund will maintain sufficient liquidity in FY 2026 to make all planned payments as they become due. The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax Revenue bonds, continues to be set aside as required by law and bond covenants.

FY 2026 PROJECTED MONTH-END CASH BALANCES APRIL (ACTUALS)/MAY THROUGH MARCH (PROJECTED) (millions of dollars)			
	General Fund	Other Funds	All Funds
April 2025	61,092	20,553	81,645
May 2025	54,974	19,876	74,850
June 2025	50,868	20,827	71,695
July 2025	50,591	20,420	71,011
August 2025	49,402	19,866	69,268
September 2025	53,529	17,201	70,730
October 2025	45,194	18,156	63,350
November 2025	42,267	17,291	59,558
December 2025	46,732	16,789	63,521
January 2026	47,007	17,699	64,706
February 2026	44,840	17,535	62,375
March 2026	44,919	16,585	61,504

The Enacted Budget continues to authorize short-term financing for liquidity purposes during the fiscal year, and, in doing so, retains a cashflow management tool to manage unanticipated financial disruptions. Specifically, the authorization allows for the issuance of up to \$3 billion of PIT revenue anticipation notes which mature no later than March 31, 2026. Borrowed amounts cannot be extended or refinanced beyond the initial maturity. The Financial Plan does not assume the use of short-term financing for liquidity purposes. DOB evaluates operating results and liquidity levels regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.



PTET Financial Plan Impact

The U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the PTET, are allowable as a Federal deduction to taxable income. As part of the State’s response to Federal tax law changes, legislation was enacted in FY 2022 to allow an optional PTET on the New York-sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders receive a refundable PIT credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented similar taxes, which currently include Connecticut and New Jersey.

The Financial Plan includes an estimate for PTET within business taxes and the corresponding decrease in PIT receipts and is expected to be cost neutral to the State on a multi-year basis. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year. At the onset of the PTET program, the State expected the utilization would cease after tax year 2025, consistent with the expected expiration of other Federal tax law changes, including the SALT deduction cap. DOB now assumes the PTET program will continue to be utilized, consistent with current State law. However, PTET utilization assumptions may be reevaluated pending the outcome of the extension and/or modification to the SALT deduction cap and potential PTET-related changes currently being negotiated in the U.S. Congress. DOB is closely monitoring the evolving Federal law and regulation changes under consideration.

The table below displays the General Fund impact of the PTET program. The discussion of tax receipts throughout the Financial Plan excludes the impact of PTET, unless otherwise noted.

FY 2026 ENACTED BUDGET					
GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX					
SAVINGS/(COSTS)					
(millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
General Fund Impact	0	0	0	0	0
Tax Receipts ¹	4,081	(2,048)	(726)	(84)	506
PIT Credits	(13,700)	(17,432)	(15,256)	(14,672)	(14,654)
PTET Collections (Business Taxes)	17,781	15,384	14,530	14,588	15,160
Use of/(Deposit to) Reserve for PTET Refunds	(4,081)	2,048	726	84	(506)

¹ The impact of the PTET on Revenue Bond Tax Fund (RBTF) receipts is 50 percent of the impact on Tax Receipts.

The reserve balance established at the inception of the program has and is expected to continue to cover the difference between PTET collections and related PIT credits in each succeeding fiscal year.



State Operating Funds Spending Summary

The following table summarizes the projected annual change in State Operating Funds spending from FY 2025 to FY 2026 projected levels, followed by a summary of the changes.

STATE OPERATING FUNDS DISBURSEMENTS				
FY 2025 TO FY 2026				
(millions of dollars)				
	FY 2025 Actuals	FY 2026 Projected	Annual Change	
			\$	%
ASSISTANCE AND GRANTS	95,859	107,445	11,586	12.1%
School Aid (School Year Basis)	35,827	37,574	1,747	4.9%
DOH Medicaid	31,230	35,449	4,219	13.5%
Mental Hygiene, excl. MHSF/Reclassification	5,832	6,743	911	15.6%
Mental Hygiene Medicaid Reclassification	0	2,315	2,315	0.0%
Social Services	5,274	6,466	1,192	22.6%
Transportation	5,120	5,352	232	4.5%
Higher Education	3,280	3,613	333	10.2%
Other Education	2,876	3,069	193	6.7%
All Other	6,420	6,864	444	6.9%
STATE OPERATIONS/GENERAL STATE CHARGES	34,019	37,120	3,101	9.1%
State Operations	23,576	26,061	2,485	10.5%
Executive Agencies	12,939	14,282	1,343	10.4%
FEMA Reimbursements	(401)	0	401	100.0%
State University System	7,941	8,335	394	5.0%
Judiciary	2,388	2,644	256	10.7%
Other Elected Officials	709	800	91	12.8%
General State Charges	10,443	11,059	616	5.9%
Pension Contribution	2,585	2,882	297	11.5%
Health Insurance	5,814	5,922	108	1.9%
Other Fringe Benefits/Fixed Costs	2,044	2,255	211	10.3%
DEBT SERVICE	3,776	1,538	(2,238)	-59.3%
TOTAL STATE OPERATING FUNDS	133,654	146,103	12,449	9.3%
Capital Projects (State and Federal Funds)	16,975	19,359	2,384	14.0%
Federal Operating Aid	90,842	88,916	(1,926)	-2.1%
TOTAL ALL GOVERNMENTAL FUNDS	241,471	254,378	12,907	5.3%

State Operating Funds encompass the General Fund, and a wide range of State activities funded from dedicated revenue sources that are received outside the General Fund, including tax revenues, tuition, income, fees, and assessments. Many programs, services and activities funded with these dedicated revenue sources often have no direct bearing on the State's ability to maintain a balanced budget in the General Fund but are captured in State Operating Funds. However, certain dedicated revenue sources support spending that impacts General Fund spending as revenues fluctuate. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds.

Assistance and Grants

Most State spending is for assistance and grants that include payments to school districts, health care providers, MCOs, local governments, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations. School Aid and Medicaid account for nearly 70 percent of assistance and grants spending and roughly half of total State Operating Funds spending.

Over the past three years, assistance and grants funding has increased substantially with increased funding for education, health care, and nearly all other major program areas.

The Enacted Budget provides \$37.6 billion in total School Aid for SY 2026, representing an annual increase of \$1.7 billion (4.9 percent). This includes a \$1.4 billion (5.7 percent) increase in Foundation Aid. The FY 2026 Enacted Budget reforms the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, increasing aid for English language learners, providing additional aid to low-wealth school districts, modifying the Regional Cost Index, and ensuring that each district receives at least a 2 percent annual increase in aid. The Enacted Budget also provides enhancements to Special Services Aid and BOCES Aid to better support career and technical education. The Budget further provides additional aid to school districts with large portions of their enrollment attending charter schools.

DOH Medicaid assistance and grants spending is estimated at \$35.4 billion in FY 2026, an annual increase of \$4.2 billion (13.5 percent). The growth is due to medical cost increases; enrollment remaining at elevated levels; expansion of benefits; increases to reimbursement rates; and continued growth in aging and high utilization populations. Other factors that continue to place upward pressure on State-share Medicaid costs include, but are not limited to, provider reimbursements to cover home health wage increases; the phase-out of enhanced Federal funding; increased costs and enrollment growth in MLTC; and the needs of financially distressed hospitals.



The HSF will receive and distribute the new MCO assessment and is estimated to provide resources totaling \$3.7 billion over two years. The FY 2026 Enacted Budget reflects the use of the funds over three years to support \$1 billion in existing Global Cap commitments and the remaining \$2.7 billion for new health care delivery investments. These investments and funding are dependent on successful execution of the assessment, which is subject to continued Federal support. Absent assurance of continued Federal approval, the Financial Plan does not include any funding for these investments in the later years.

Higher spending is attributable to increased MLTC enrollment and price growth as well as increased home and personal care utilization and costs, expanded access to health coverage, and higher provider reimbursements. The remaining growth is attributable to other costs reported outside of the Global Cap to support home care and minimum wage for health care providers (\$4.2 billion) and financial relief to counties and the City of New York associated with the State's full coverage of the local share of spending growth (\$2.2 billion).

Mental Hygiene spending growth supports targeted investments in services to ensure individuals with developmental disabilities, mental illness, substance use disorders, and problem gambling have appropriate access to care. FY 2026 spending levels include the continued commitment to expand mental health access and care, a 2.6 percent targeted inflationary increase for eligible programs, and expanding access to opioid treatment medications in underserved areas.

Social Services spending increases reflect continued investments and expansion of child care, inclusive of reduced amounts of Federal pandemic aid to support costs and child care subsidies, additional resources for the Empire State Supportive Housing Initiative (ESSHI) and Safety Net Assistance program, in addition to new investments in youth programs, a 2.6 percent targeted inflationary increase for eligible programs and continued funding for services and assistance to the City of New York for asylum seekers.

Transportation growth is commensurate with increases in dedicated transit revenue available to fund mass transit.

Higher education spending is projected to grow due primarily to increases in operating aid for CUNY senior colleges and Enacted Budget legislation which provides for the remaining cost of tuition, fees, and books for students aged 25 to 55 who pursue studies in high-demand career fields at SUNY and CUNY community colleges. In addition, higher spending reflects the expansion of tuition assistance to non-combat veterans and the expansion of part-time TAP eligibility to students taking a minimum of three credits.

Increased spending for All Other Education Programs in FY 2026 is largely driven by the adoption of universal free school meals, under which the State will pay the student's share of costs for all meals served to students not already receiving free meals; increased funding for nonpublic schools; and increased reimbursement to school districts related to charter schools.

All other assistance and grants spending includes a reconciliation between school year and State fiscal year spending for School Aid; reconciliation for the net impact of the Mental Hygiene Stabilization Fund related to the Medicaid Global Cap; and various other programs and functions including additional funding for abortion medication services, programs for the aging, the expansion of the Women, Infants, and Children program, additional funding to support increases to Civil Legal Services and Attorney for Child programs; investment in targeted training pathways and apprenticeships for high-demand fields; funding for the Underserved Communities and Civic Engagement Program, support for a four-year pilot program for state-funded vouchers for homeless families or families at imminent risk of losing their housing, and an offset to county costs paid to lawyers assigned to represent low-income individuals.

State Operations/General State Charges (GSCs)

Operating costs for State agencies include salaries, wages, fringe benefits, and Non-Personal Service (NPS) costs (e.g., supplies, utilities) and comprise about a quarter of State Operating Funds spending.

Growth in operational spending for executive agencies is driven primarily by costs associated with stabilizing the correctional system, as well as general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and Information Technology (IT), and staffing increases across various agencies. In addition, Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts is projected to decline year over year.

SUNY operational spending growth reflects expenses for SUNY State-operated campuses and hospitals, inclusive of additional State operating aid for those four-year campuses and for SUNY Downstate Hospital. SUNY operating costs are funded by a combination of tuition and fee revenue and General Fund transfers provided annually for direct State operating support and student financial aid support (\$2.1 billion in FY 2026). In addition, the State pays the fringe benefit costs of employees at SUNY State-operated campuses, projected to be roughly \$2.0 billion in FY 2026, which is excluded from operational spending growth. The State also continues to pay a share of the debt service costs on bond-financed capital projects at SUNY, totaling approximately \$636 million in FY 2026.

The Judiciary increases in FY 2026 include funding to support non-judicial staffing initiatives including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs and provide operational support to various courts. The FY 2026 Enacted Budget also includes funding to support new judgeships, including: ten additional City of New York Civil Court Judges and five additional Court of Claims judges; ten additional City of New York Family Court Support Magistrates, including non-judicial staff supporting these new judges; civil legal services increases; additional funding for various technology initiatives; and expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration.



The operating costs for the offices of independently elected officials (Attorney General, Comptroller, and Legislature) are projected to grow by 12.8 percent. This growth is driven by payments for salary increases pursuant to existing contracts, increased staffing, and general salary increases for legislative staff.

The increase in GSCs is primarily a result of an increase in pension obligations as prior year market losses and benefit improvements continue to increase employer contribution rates. The FY 2026 Enacted Budget includes improvements in the retirement benefits for Division of Military and Naval Affairs (DMNA) airport firefighter titles and members of the PBANYS. Health insurance cost increases can be attributed to medical inflation which include the rising costs of prescription drugs. Increases in other fringe benefits and fixed costs can be attributed to higher employer payroll taxes due to the continued growth in the State workforce and current spending trends.

Debt Service

The State pays annual debt service on all outstanding State-supported debt issuances, which is affected by the prepayment of future debt service costs in prior fiscal years. Adjusting for prepayments, State-related debt service is projected at \$6.7 billion in FY 2026, an increase of 8.2 percent from FY 2025.

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This section is intended to provide readers with additional information on current issues or pressures that may have financial plan implications and may not otherwise be described in detail elsewhere. The emphasis of this section is on risks to financial projections and management, but it also includes information that provides context for the State's financial operations more broadly. This section includes information on the following topics:

- Federal Government Funding Risks
- Financial Plan Projections
- State Labor Costs
- State Debt
- Localities and Authorities
- Other Risks and Ongoing Concerns

Federal Government Funding Risks

The amount and composition of Federal funding received by the State fluctuates over time, as legislative and regulatory actions at the Federal level often change. Specific Federal government authority and rules that pose an ongoing risk to the Financial Plan include audits, disallowances, changes to Federal participation rates or other Medicaid rules, discretionary spending reductions, and the expected need for Congress to increase or suspend the debt limit to avoid delaying payments and/or defaulting on debt obligations.

Debt Limit. Absent an increase or suspension of the debt limit, a Federal government delay or default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Financial Plan resulting from a potential Federal government delay in payments or default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if a Federal delay in payments or default triggered an economic downturn.

Federal Aid Reductions. The Federal government participates in funding a significant portion of programs that provide health care and human services to New Yorkers. Any significant reduction in Federal aid or participation levels could have a materially adverse impact on the Financial Plan.

Health Care. Changes in Federal funding levels or eligibility criteria for public health care programs, including Medicaid, EP, and CHP, could result in a reduction in public health coverage and could negatively impact the Financial Plan. A majority of the State's Medicaid program is operated under a Federal demonstration waiver, which is subject to review by CMS every five years and is currently extended through March 31, 2027. This authorization includes funding for Medicaid Managed Care Programs, Managed Long Term Care programs, and Children's Home and Community-Based Services (HCBS).

Federal Medicaid funding also supports a variety of services, including CDPAP, that permit enrollees to manage and self-direct providers of personal care services. In addition, the State operates the EP under a Federal waiver, which receives Federal subsidies authorized through the ACA. EP enrollment currently provides coverage for lawfully present immigrants not eligible for



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Federal financial participation in Medicaid due to their immigration status. Congress is currently considering legislation that would disqualify this population from receiving Federal EP benefits. Those individuals who may qualify to move to the Medicaid program could cost the State approximately \$3 billion annually. Similarly, Congress is considering legislation that would penalize states that elect to provide State-funded health care coverage to non-citizens enrolled in the Medicaid, EP and CHP programs through reduced Federal participation for certain Medicaid populations. This penalty, if enacted, could cost the State up to \$1 billion annually in the later years of the Financial Plan.

The State is also utilizing a CMS approved three-year, \$5.8 billion demonstration waiver through March 31, 2027, to respond to the State's request to address health disparities exacerbated by the COVID-19 pandemic. This funding helps support social, physical, and behavioral health care services throughout the State and requires a total of \$1.7 billion in additional State resources, which have been assumed in the Financial Plan over the same period. Given the time limit on the Federal funding, these services are expected to be discontinued at the end of the term absent an extension by the Federal government. Accordingly, there is no State or Federal funding included in the Financial Plan projections beyond the term period.

Human Services. Federal funding supports human services programs that serve the most vulnerable populations, including through SNAP and the Home Energy Assistance Program (HEAP). Congress is currently considering legislation that would shift SNAP program costs to the states effective October 1, 2027. The Federal legislation under consideration would shift an amount in the range of 5 percent to 25 percent of program and administrative expenses to the State. This shift could result in an annual cost of up to \$2.1 billion shifted to the State and local districts to maintain these services. In addition, Federal funding through the Office of Refugee Resettlement contributes to the State's response to the migrant crisis, and reductions would threaten the health, well-being, and stability of refugees. The Commission for the Blind uses Federal funds to support mobility training, academic instruction, case management, and vocational training, and a reduction in Federal funds would result in a reduction or elimination of services. The Financial Plan does not include State funding to backfill any Federal reduction to these programs.

Likewise, a reduction in Federal funding from the Child Care Development Funds (CCDF) would reduce the size of the State's annual child care block grant allocations to local districts and result in waitlists for services. The Federal government has approved a State waiver to effect a delay of certain provisions of new CCDF rules for two years through August 1, 2026. However, the waiver could be revoked at the discretion of the Federal government.

Reductions in Federal funding through Title IV-E and IV-B would threaten foster care placements, adoption subsidies, and kinship caregiver supports. Changes to Title XX funding would impact child welfare and domestic violence services. The Office of Children and Family Services (OCFS) receives a variety of Federal grants for child preventive services programs, domestic violence services, adoption incentive programs, and the Chafee Independent Living program. Any reduction in funds would likely result in the reduction or elimination of these programs.



Financial Plan Projections

The Financial Plan projections and its assumptions are made at a particular point in time and subject to a myriad of risks, including, but not limited to, economic, social, financial, political, public health, and environmental risks and uncertainties. The projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions and data at the time they were prepared. DOB is unable to provide any assurance that actual results will not differ materially and adversely from these projections.

Receipts. State tax collections are economically sensitive and are affected by the condition of the State and national economies, as well as State and Federal tax law changes, and related taxpayer behavior and migration. Uncertainties and risks that may affect the economic and receipts forecasts include, but are not limited to: national and international events; inflation; consumer confidence; commodity prices; supply chain disruptions; major terrorist events; hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; Federal laws and regulations; financial sector compensation; capital gains; and monetary policy affecting interest rates and the financial markets.

The largest component of State tax revenue comes from PIT. Beginning in tax year 2021, the State created three new top PIT rates for taxpayers earning over \$2.1 million annually creating a more progressive state income tax system. The top PIT rate is currently 10.9 percent and includes less than 0.1 percent of taxpayers. These rates were previously scheduled to expire at the end of tax year 2027, reverting to a single bracket with a rate of 8.82 percent. The FY 2026 Enacted Budget includes a five-year extension of these three PIT rates through tax year 2032.

Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA made extensive changes to the Federal individual income tax, corporate income taxes, and estate taxes, most of which were effective in tax year 2018. Many provisions of the TCJA are scheduled to expire at the end of 2025, including the \$10,000 limit on the deductibility of SALT payments. Congress is currently considering legislation to extend and modify many provisions of the TCJA. It should be noted that PTET and the Employer Compensation Expense Program (ECEP) are independent of the TCJA, not scheduled to sunset, and taxpayer utilization of these programs may continue regardless of changes in Federal policies. However, the Federal government could elect to bar or curtail utilization of these programs in the future, which could impact taxpayer migration and future State tax receipts. The multi-year tax revenue projections assume that eligible taxpayers will continue to utilize the PTET and participate in the ECEP beyond tax year 2025.

The projection of non-tax receipts and other available resources assumes various transactions and outcomes will occur as planned, including, but not limited to: receipt of Federal aid; certain payments from public authorities; revenue sharing payments under the Tribal-State Compacts; and the collection of fines, fees, and other receipts at levels to support operations, offset General Fund costs and enable transfers of available fund balances to the General Fund. It should be noted that General Fund Medicaid and School Aid spending remains sensitive to the performance of dedicated revenue collections, such as HCRA and gaming receipts, used to finance a portion of these program costs.



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Disbursements. Projections and timing of disbursements are subject to many of the same risks listed above for receipts, as well as variations from assumptions, policy changes, and future labor agreements which may increase spending, including, but not limited to: the level of wage and benefit increases for State employees; changes in the size of the State's workforce; factors affecting the State's required pension fund contributions; the receipt of Federal approvals necessary to implement the Medicaid savings actions; continued Federal participation in cost sharing for health care and human services programs; unanticipated growth in public assistance programs, including the assumed level of utilization of newly expanded benefits; State payments and assistance to health care facilities and providers beyond the typical rate reimbursement system; enrollment, utilization and availability of funding for certain public health programs; adherence to statutorily limited growth caps; and the ability of the State and its public authorities to issue securities successfully in public credit markets.

Escalating health care costs and industry pressures present fiscal challenges for the State that will need to be addressed to ensure long-term fiscal sustainability of these programs. A summary of these programs and pertinent issues are described in more detail below.

- **Public Health Insurance Programs.** Recent Medicaid spending growth is largely driven by the expanded utilization of the State's MLTC program and other programs serving seniors and individuals enrolled in both Medicaid and Medicare. These programs currently comprise roughly 60 percent of total Medicaid spending, which is expected to rise to nearly 70 percent by 2028 as the baby boomer population ages. By 2030, 23 percent of the State's population is expected to be over age 65, up from 9 percent in 2000. This is expected to place a substantial amount of pressure on health care funding needs, and as such there can be no assurance that costs will not exceed projections in the later years of the Financial Plan absent savings actions and/or rate reductions.

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Most recently, the COVID-19 pandemic caused significant jumps in enrollment and participation in public health insurance programs such as Medicaid, EP, and CHP. Despite recent eligibility redeterminations performed in 2024, the State continues to retain a greater proportion of COVID-19 era enrollees with approximately 9 million public health insurance enrollees driving higher Medicaid costs over the multi-year Financial Plan relative to pre-pandemic levels of enrollment.

- **CHP.** The State's CHP program is a jointly funded public health program that provides health insurance for children under the age of 19 in families with incomes too high to qualify for Medicaid. Since its inception in 1990, CHP has provided free or subsidized health insurance coverage to thousands of children in New York State, including undocumented children at a 100 percent State cost. Since March 2023, CHP has experienced substantial program growth due to the unwind of individuals from the Medicaid programs. CHP currently covers over 583,000 enrollees, an increase of over 212,000 from two years prior. Similarly, an unanticipated surge in the undocumented population continues to put pressures on the program. Prior to July 2021, growth in the undocumented population was stable and consistent, however, it escalated by 2,000 to 3,000 monthly enrollees between September 2023 and November 2024 before plateauing through the end of FY 2025,



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resulting in greater State-share impacts. Currently, the State is covering over 140,000 undocumented children, an increase of roughly 75,000 enrollees from January 2020, representing 25 percent of total CHP enrollees. Undocumented children account for 50 percent of unfunded non-Federal program costs and have consistently accounted for more spending than the remaining CHP population, which is eligible to receive a 65 percent Federal match. Further growth in this population will increase State costs above current projections.

- **Hospital Assistance.** The State provides a substantial amount of supplemental funding to private and not-for-profit hospitals beyond traditional Medicaid reimbursement rates, which include payments through various programs and grants, including the Vital Access Provider Assurance Program (VAPAP), Vital Access Provider (VAP) Program, Graduate Medical Education Incentive Program, and various other programs. Currently, 75 of 261 New York hospitals (29 percent) are deemed financially distressed – a 200 percent increase from FY 2017 through FY 2025 that has driven a concomitant 504 percent increase in Federal/State fiscal assistance to these entities. Many hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured individuals and government payor mix, were further stressed financially due to the pandemic. Despite hospitals in the State receiving roughly \$11 billion in COVID-19 pandemic related assistance from the Federal government, many continue to rely on and expect ongoing supplemental State assistance.

Extraordinary Federal pandemic assistance was provided directly to hospitals and expired in 2022. Since then, the State has provided substantial targeted funding to certain facilities above the longstanding baseline annual hospital assistance of \$984 million provided in aggregate to all hospitals statewide. Since FY 2023, the State has provided \$1.8 billion in supplemental State support to hospitals: \$800 million in FY 2023, of which \$100 million was added to the recurring base support; and \$500 million in both FY 2024 and FY 2025. The FY 2026 Enacted Budget provides another \$500 million in new support and over \$800 million in additional funding through FY 2028 in State support associated with the Safety Net Transformation program to fund projects and partnerships to promote financial sustainability of provider systems, subject to approval.

The importance of the hospital industry to local communities for purposes of accessing critical health care services, as well as other social and economic benefits, including employment opportunities and sustainability, creates the potential for increased cost pressure within the Financial Plan should the State continue to provide supplemental payments to hospitals. There can be no assurance that the State will not continue to commit to additional funding, as many facilities, including those which are not currently fiscally distressed, continue to seek State financial support.

- **CDPAP.** New York's CDPAP allows Medicaid enrollees that are determined eligible for personal care services to select their own caregiver, which can include friends or family members. Utilization of CDPAP grew by 1,200 percent since 2016, and State costs were expected to continue to escalate at unsustainable levels. In response to this expansion, hundreds of for-profit private businesses, known as Fiscal Intermediaries (FIs), have emerged that provide payroll functions and administrative support for an administrative fee



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that is paid by the Medicaid program. Nearly all other States with CDPAP programs utilize one or only a few FIs to limit administrative costs and prudently use taxpayer funds. The State is in the process of finalizing its transition to a single FI administrator, consolidating the administrative and payroll functions from hundreds of existing FIs to administer the program in a more cost-effective manner. There is no change to care or services authorized and available through the CDPAP or any disruption to care expected.

- Statutory Growth Caps for School Aid and Medicaid. Beginning in FY 2012, the State enacted spending growth caps intended to limit the year-to-year growth in the State's two largest assistance and grants programs, School Aid and Medicaid. Both caps, as well as the scope of the cap for Medicaid, have been modified since initial implementation and have been impacted by administrative and other actions over the past several years.

The **School Aid** growth cap limits growth to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). The statutory PIGI for School Aid is based on the average annual income growth over a ten-year period. However, the authorized School Aid increases have exceeded the indexed levels in most years since its inception. Recent School Aid increases in SY 2022 through SY 2024 substantially exceeded the PIGI, due to the State's commitment to phase in full funding of the Foundation Aid formula. The final year of this phase-in was completed in SY 2024, driving an annual increase of \$3.1 billion (9.7 percent) compared to the indexed PIGI rate of 4.2 percent. The increase in State funded School Aid for SY 2025 of \$1.4 billion (4.1 percent) was slightly above the indexed PIGI rate of 3.7 percent. The Enacted Budget includes a School Aid increase for SY 2026 of \$1.7 billion (4.9 percent), driven largely by a \$1.4 billion (5.7 percent) increase in Foundation Aid. This increase is above the indexed PIGI rate of 4.5 percent.

The Financial Plan projections for SY 2027 and beyond assume that School Aid growth will be based on estimated growth in Foundation Aid and expense-based aids and that growth will be below the PIGI rate.

- Nearly three-quarters of **DOH State Funds Medicaid** spending growth is subject to the Global Cap that is intended to establish a limit for Medicaid growth. The amount of State-share Medicaid spending excluded from the Global Cap continues to increase and includes supplemental hospital payments, costs for the takeover of Medicaid growth from local governments, reimbursement to providers for increased minimum wage costs, and investments made from HSF. Prior to FY 2023, the Global Cap was calculated using the ten-year rolling average of the medical component of CPI for all urban consumers and thus allowed for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in utilization, beginning in FY 2023 the Global Cap was amended to be calculated using the five-year rolling average of health care spending, using projections from the CMS Actuary. The CMS Actuary updates the projections annually and DOB incorporates the revisions into the multi-year forecast with the Enacted Budget, as applicable. The new Global Cap index added a substantial amount of allowable Medicaid growth – over \$23 billion covering the six-year period from FY 2023 through FY 2029.

The statutory provisions of the Global Cap grant the Commissioner of Health (the Commissioner) certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap for the then-current fiscal year through actions that may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation.

Since the enactment of the Global Cap, the portion of actual State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, in certain fiscal years, the General Fund has provided relief to the Global Cap and DOH has taken management actions, including adjustments to the timing of Medicaid payments consistent with contractual terms, to ensure compliance with the Global Cap. Similarly, in response to initial delays in the Federal approval of planned FY 2022 through FY 2024 Managed Care Directed Payment Template (DPT), the State advanced payments of over \$2.2 billion in State-only payments to certain providers to help them cover their immediate cash flow needs. These advanced payments are expected to be remitted to the State by the providers upon their receipt of federally approved DPT funds. While all prior year Federal approvals have been granted with respect to these DPT funds, approximately \$1.3 billion in provider reimbursements to the State are in various phases of the administrative remittance process. Pursuant to the existing reimbursement structure, DOH assumed full remittance of the advances in FY 2025; however, due to an inability by certain hospitals to repay advances resulting from a continuing erosion of their financial solvency, the General Fund provided relief to the Global Cap at the end of FY 2025 through the Mental Hygiene Stabilization Fund and spread repayments over several years.

- Medical Indemnity Fund (MIF). The MIF was created in 2011 and is administered by DOH to provide for the future health care costs of individuals who suffered birth-related neurological injuries because of medical malpractice during delivery. The purpose of the MIF is to ensure qualified plaintiffs have their health care needs met throughout their lifetime and to protect hospitals by limiting their liabilities for medical malpractice expenses. The costs are supported partially through an assessment on hospitals with the balance funded by the State. To date, the State has provided \$717 million in funding for the MIF and another \$211 million planned in FY 2026. In 2017, rates were increased, and eligibility expanded to births occurring at non-hospital facilities. Services covered by the MIF are expansive and can include medical, dental, surgical, hospital, nursing, custodial, and rehabilitative care.

Pursuant to law, if the MIF's total estimated liabilities reach or surpass 80 percent of its total assets, then the MIF will be closed to new enrollment to maintain solvency. The FY 2026 Enacted Budget includes provisions to maintain MIF solvency and allow the program to remain open to new enrollees through FY 2026. However, due to increased enrollment, escalating average medical costs per enrollee, and legislatively mandated average commercial reimbursement requirements, which are in place until December 31, 2025, the MIF is expected to reach the threshold for closure to new enrollees sometime in FY 2027. Absent policy changes to require hospitals and providers to provide additional funding to



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the MIF and/or program reforms, additional State funding would be needed to prevent the potential closure of the MIF to new enrollees. If closed to new enrollees, those who would have been considered qualified plaintiffs and automatically enrolled in the MIF will instead be able to seek legal recourse against hospitals and physicians.

- Litigation Risk. The Financial Plan forecast is subject to litigation risk. Litigation against the State may challenge the constitutionality of various actions with fiscal implications. In the aggregate, these litigation matters could negatively affect the forecasts and projections contained in the Financial Plan.
- Financial Plan Risk Management. In developing the Financial Plan, DOB attempts to mitigate financial risks, with an emphasis on the General Fund. It does this by, among other things, exercising caution when calculating total General Fund disbursements and managing the accumulation of financial resources. Such resources include but are not limited to: fund balances that are not needed each year; management of the timing of reimbursement for capital advances; and prepayment of expenses, subject to available resources, to maintain budget flexibility. DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended to improve the State's cash flow, manage resources within and across State fiscal years, adhere to spending targets, and better position the State to address unanticipated costs, including economic downturns, revenue deterioration, and unplanned expenses. There is no guarantee that such financial resources or cash management actions will be sufficient to address risks that may materialize in a given fiscal year.

In addition, there can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State may be required to take gap-closing actions to preserve General Fund balance. Such actions may include but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; and use of non-recurring resources.

In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the Governor. The FY 2026 Enacted Budget includes provisions designed to maintain a balanced budget that authorize the Budget Director to reduce payments subject to a plan submitted to the Legislature for review, in the event of a General Fund imbalance exceeding \$2 billion.



State Labor Costs

All State labor unions are now covered by a ratified contract through the end of FY 2026.

STATE UNION LABOR CONTRACTS						
	<u>Contract Period</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
CSEA	FY 2022 - FY 2026	2%	2%	3%	3%	3%
PEF	FY 2024 - FY 2026	2%	2%	3%	3%	3%
NYSCOPBA	FY 2024 - FY 2026	2%	2%	3%	3%	3%
PBANYS	FY 2024 - FY 2026	2%	2%	3%	3%	3%
UUP (SUNY)	AY 2023 - AY 2026	2%	2%	3%	3%	3%
DC-37	FY 2024 - FY 2026	2%	2%	3%	3%	3%
Council 82	FY 2024 - FY 2026	2%	2%	3%	3%	3%
NYSTPBA	FY 2024 - FY 2026	2%	2%	3%	3%	3%
NYSPIA	FY 2024 - FY 2026	2%	2%	3%	3%	3%
GSEU	AY 2024 - AY 2026	2%	2%	3%	3%	3%

The State expects to continue to engage with unions to discuss future agreements for FY 2027 and beyond; however, there can be no assurance that amounts informally reserved in the Financial Plan for future operational needs will be available or sufficient to fund the cost of future labor contracts.

Employee Pension Benefits.⁸ The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS). This section discusses contributions to the NYSLRS, which account for most of the State's pension costs.⁹ All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could have a materially adverse effect on these projections.

New York State Retirement and Social Security Law (RSSL) Section 11 directs NYSLRS to provide regular reports on the System's experience and to propose assumptions and methods for the actuarial valuations. Employer contribution rates for NYSLRS are determined based on investment performance in the Common Retirement Fund (CRF) and actuarial assumptions recommended by the Retirement System's Actuary and approved by the State Comptroller. Pension estimates are based on the actuarial report issued in September 2024.

⁸ The information contained under this heading was prepared solely by DOB and reflects the budgetary aspects of pension amortization. The information that appears later in this AIS under the section entitled "State Retirement System" was furnished solely by OSC.

⁹ The State's aggregate pension costs also include State employees in the Teachers' Retirement System (TRS) for both the SUNY and State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

On September 3, 2024, NYSLRS announced an increase in employer contribution rates for both ERS and PFRS which will impact expenses in FY 2026. The average employer contribution rate for ERS increased from 15.2 percent to 16.5 percent of payroll, which is the highest level since FY 2016. The average employer contribution rate for PFRS increased from 31.2 percent to 33.7 percent of payroll, which is the highest level since FY 1980. The increase is driven by recent enhancements to the retirement benefits for Tier 6 members, as well as prior year market losses in the CRF and a higher-than-expected number of service retirements. Since FY 2022, NYSLRS has utilized an 8-year smoothing methodology to reduce volatility in the employer contribution rates. Since then, market losses in FY 2023 have negated the gains in FY 2022 and FY 2024, resulting in a net increase in contribution rates. The table below shows the CRF investment experience and the smoothing period for each year's returns.

COMMON RETIREMENT FUND INVESTMENT RETURNS EFFECT ON RATES					
	<u>CRF Return</u>	<u>Annual Change in Rate</u>		<u>Smoothing Period</u>	
		<u>ERS</u>	<u>PFRS</u>	<u>Start Date</u>	<u>End Date</u>
FY 2022	9.5%	-0.3%	-0.3%	FY 2024	FY 2031
FY 2023	-4.4%	1.1%	1.2%	FY 2025	FY 2032
FY 2024	11.6%	-0.5%	-0.6%	FY 2026	FY 2033

As a result of the increases in the employer contribution rates, participants in the Contribution Stabilization Program will have the option to amortize a portion of their FY 2026 ERS and PFRS liability over a period of ten years. The amounts eligible for amortization are to be determined by the System's Actuary and will be reflected in the employer's estimated bill. The Financial Plan does not currently assume the State will amortize its pension liability.

In FY 2024 and FY 2025, the State prepaid pension obligations which were due the following fiscal year to generate interest savings. The State expects to continue to prepay this expense as fiscal conditions permit.

The Comptroller does not forecast pension liability estimates on a multi-year basis, requiring DOB to forecast cost for the three outyears. DOB's multi-year pension forecast assumes growth in the salary base consistent with collective bargaining agreements and a lower rate of return compared to the current rate of return assumed by NYSLRS.

The FY 2026 Enacted Budget includes legislation that enhances retirement benefits for certain groups of first responders and officers. Firefighters employed by DMNA will be eligible for a retirement benefit equal to 50 percent of Final Average Salary (FAS) after twenty-five years of service. A new 20-year and 25-year retirement plan is established for members of PBANYS which includes State Park Police, Department of Environmental Conservation (DEC) Police, DEC Forest Rangers, and SUNY Police. The costs of these retirement enhancements are reflected in the Financial Plan and are estimated to be \$42 million in FY 2026 (inclusive of a past service cost of nearly \$41 million) and over \$1 million each year thereafter.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

Pension Contribution Stabilization Program. Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs that exceed a fixed increase. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year but results in higher costs overall when repaid with interest. The full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. The State and local governments are required to begin repayment on new amortizations in the fiscal year immediately following the year in which the amortization was initiated. The State currently has no outstanding pension amortization liability. The FY 2024 Enacted Budget included legislation to allow public employers the option to terminate participation in the program provided they have paid in full all prior year amortizations. The State currently has no plans to withdraw from the program.

The following table reflects projected pension contributions exclusively for the Executive branch and Judiciary employers participating in ERS and PFRS.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM PENSION CONTRIBUTIONS							
(millions of dollars)							
Fiscal Year	Statewide Pension Payments ¹			Rates for Determining Amortization Amount / Excess Contributions			
	Normal Costs	(Amortization Amount) / Excess Contributions	Total Statewide Pension Payments	System Average Normal Rate ²		System Average Graded Rate	
				ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2026	2,588.4	0.0	2,588.4	16.5	33.7	15.1	29.4
<i>DOB Projections³</i>							
2027	2,998.1	0.0	2,998.1	18.0	35.0	16.1	30.4
2028	3,478.1	0.0	3,478.1	19.5	37.0	17.1	31.4
2029	3,928.1	0.0	3,928.1	21.0	39.7	18.1	32.4

¹ Pension Contribution values in this table do not include costs related to the ORP, VDC, and TRS for SUNY and SED, which are included in pension costs in other Financial Plan tables. State payments are recorded on a cash basis based on the fiscal year in which the payment was made. Beginning FY 2024, the State began to prepay the subsequent year ERS/PFRS pension liability due on March 1.

² The System average rate represents the average normal contribution rate over all retirement plans in each system for a given fiscal year. It is calculated by dividing the total normal contributions by the total billable salary from all participating employers in a system for the fiscal year.

³ Outyear projections are prepared by DOB. The retirement system does not prepare, or make available, outyear projections of pension costs.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

The “Normal Costs” column reflects the State’s underlying pension cost in each fiscal year before the effects of the Contribution Stabilization Program. The “(Amortization Amount)/Excess Contributions” column shows amounts amortized or the excess contributions paid into the pension reserve account. The “Total Statewide Pension Payments” column is the State’s actual or planned pension contribution, including amortization and excess contributions.

Other Post-Employment Benefits (OPEB). State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either the New York State Health Insurance Program (NYSHIP) or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State is not required to provide funding above the Pay-As-You-Go (PAYGO) amount necessary to provide current benefits to retirees. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The State has deposited over \$1.7 billion to the Retiree Health Benefit Trust Fund (RHBTf) which was created in FY 2018 as a qualified trust under Governmental Accounting Standards Board Statements (GASBS) No. 74 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. The RHBTf is a Fiduciary Fund and is excluded from All Governmental Funds. Under current law, the State may deposit into the RHBTf, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability (\$56.7 billion on March 31, 2024). The Financial Plan includes a continued \$250 million annual deposit to the RHBTf that will be dependent on fiscal conditions.



State Debt

Bond Market and Credit Ratings. Successful execution of the Financial Plan is dependent on the State's ability to market bonds. The State pays for much of its capital spending, in the first instance, from the General Fund or STIP, and then reimburses itself with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State's financial position and the implementation of its Capital Plan. The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. Future developments in the financial markets, including possible changes to the Internal Revenue Code relating to the taxation of interest on municipal bonds, may affect the market for outstanding State-supported and State-related debt.

The major rating agencies – Fitch, KBRA, Moody's, and S&P – have assigned the State general credit ratings of AA+, AA+, Aa1, and AA+, respectively. The State's rating has a stable outlook from all four rating agencies. These ratings reflect the State's economic recovery from the COVID-19 pandemic and commitment to strong reserve levels.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

Debt Reform Act Limit. The Debt Reform Act of 2000 (“Debt Reform Act”) restricts the issuance of State-supported debt funding to capital purposes only and, with certain limited exceptions for long-lived Metropolitan Transportation Authority (MTA) projects, generally limits the maximum term of bonds to 30 years. The Debt Reform Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State complied with the statutory caps in the most recent calculation period (FY 2024).

The State enacted legislation that suspended certain provisions of the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State’s response to the COVID-19 pandemic. Accordingly, a total of \$13 billion of State-supported debt issued in FY 2021 and FY 2022 and outstanding as of March 31, 2025, is not counted towards the statutory caps on debt outstanding and debt service.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to decline from \$26.2 billion in FY 2025 to a low point of \$503 million in FY 2030. This calculation includes the estimated impact of funding capital commitments with State bonds. The debt service on State-supported debt subject to the statutory cap is projected at \$3.1 billion in FY 2026 inclusive of prior year prepayments, or roughly \$9.3 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap \$	Debt Outstanding Included in Cap ¹	\$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2025	\$1,703,276	4.00%	68,131	41,964	26,167	2.46%	1.54%	13,903	55,867
FY 2026	\$1,778,144	4.00%	71,126	50,169	20,957	2.82%	1.18%	13,624	63,793
FY 2027	\$1,835,579	4.00%	73,423	59,732	13,691	3.25%	0.75%	13,609	73,341
FY 2028	\$1,905,350	4.00%	76,214	68,570	7,644	3.60%	0.40%	13,774	82,344
FY 2029	\$1,981,319	4.00%	79,253	76,798	2,455	3.88%	0.12%	13,771	90,569
FY 2030	\$2,059,883	4.00%	82,395	81,892	503	3.98%	0.02%	13,188	95,080

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap \$	Debt Service Included in Cap ¹	\$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap	Total State-Supported Debt Service ²
FY 2025	\$248,986	5.00%	12,449	2,487	9,962	1.00%	4.00%	3,704	6,191
FY 2026	\$249,225	5.00%	12,461	3,121	9,340	1.25%	3.75%	3,577	6,698
FY 2027	\$252,456	5.00%	12,623	3,838	8,785	1.52%	3.48%	3,750	7,588
FY 2028	\$249,811	5.00%	12,491	5,166	7,325	2.07%	2.93%	2,847	8,013
FY 2029	\$256,393	5.00%	12,820	7,467	5,353	2.91%	2.09%	1,141	8,608
FY 2030	\$262,108	5.00%	13,105	7,762	5,343	2.96%	2.04%	857	8,619

¹ Does not include debt issued prior to April 1, 2000. Does not include debt issued in FY 2021 and FY 2022 because the debt caps were temporarily suspended in response to the COVID-19 pandemic, pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

² Total State-supported debt service is adjusted for prepayments.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

The State uses personal income estimates published by the Federal government, specifically the Bureau of Economic Analysis (BEA), to calculate the cap on debt outstanding, as required by statute. The BEA revises these estimates on a quarterly basis and such revisions can be significant. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the “residency adjustment”). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by non-residents regularly exceeds income earned in other states by New York residents. The State taxes all personal income earned in New York, regardless of place of residency.

In the FY 2026 Enacted Budget, the State included new bond-financed capital commitments that add \$2.4 billion in new debt over the five-year Capital Plan period. The capital spending increases are offset by greater underspending on capital projects than previously assumed, as well as changes in the size and timing of future bond issuances and bond sale results to date. The FY 2026 Enacted Budget personal income forecast provides a short term benefit to debt capacity but reduces capacity by \$551 million by FY 2030. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP ¹						
REMAINING CAPACITY SUMMARY						
(millions of dollars)						
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Actuals	Projected	Projected	Projected	Projected	Projected
Executive Budget	25,105	19,335	12,279	7,069	2,860	441
Personal Income Forecast Update	340	441	(134)	(355)	(447)	(551)
Capital Adds	0	(122)	(775)	(1,544)	(2,049)	(2,410)
Bond Sales & Other Adjustments	722	753	632	504	372	810
Capital Re-estimates	0	550	1,689	1,970	1,719	2,213
Enacted Budget	26,167	20,957	13,691	7,644	2,455	503

¹ Does not include debt issued in FY 2021 and FY 2022 because the debt cap was temporarily suspended in response to the COVID-19 pandemic, pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.



Localities and Authorities

The State's localities and certain public authorities rely in part on State financial assistance to meet their commitments and expenses. Unanticipated financial needs among localities and the MTA can create pressure for the State to assist and may adversely affect Financial Plan projections.

Financial Condition of New York State Localities. The largest driver of costs for most counties is Medicaid; however, the State has taken over all the growth in the program since FY 2007 and funds the entire cost of minimum wage and homecare wage increases. In addition, certain localities outside the City of New York, including cities and counties, have experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. The Financial Restructuring Board for Local Governments (the "Restructuring Board") aids distressed local governments by performing comprehensive reviews and providing grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit frb.ny.gov.

MTA. The MTA operates public transportation in the City of New York metropolitan area, including subways, buses, commuter rail, and tolled vehicle crossings. The services provided by the MTA and its operating agencies are integral to the economy of the City of New York and the surrounding metropolitan region, as well as to the economy of the State. MTA operations are funded mainly from fare and toll revenue, dedicated taxes, and subsidies from the State and the City of New York. MTA Capital Plans also rely on significant direct contributions from the State and the City of New York.

MTA Capital Plans. The FY 2026 Enacted Budget provides funding for the MTA's 2025-2029 Capital Plan. The Budget includes \$4.2 billion in direct State contributions, of which \$3 billion is from a new appropriation and \$1.2 billion is from repurposing an existing Penn Station appropriation. Additionally, the Budget includes adjustments to the MCTMT that are anticipated to generate an estimated \$31.5 billion for the 2025-2029 Capital Plan.

The State is also directly contributing \$9.1 billion to the MTA's 2015-2019 Capital Plan and \$3.1 billion to the MTA's 2020-2024 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: \$770 million; 2005-2009: \$1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated \$25 billion in financing for the MTA's 2020-2024 Capital Plan, including \$15 billion from congestion pricing revenues.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

New York's Central Business District Tolling Program (CBDTP) was implemented in Manhattan on January 5, 2025, following the entry of an agreement, dated November 21, 2024, by and among the Federal Highway Administration (FHWA), NYS Department of Transportation, NYC Department of Transportation, and the Triborough Bridge and Tunnel Authority (TBTA), approving CBDTP under the Federal Value Pricing Pilot Program (the VPPP Agreement). On February 19, 2025, the U.S. Department of Transportation (US DOT) delivered a letter to Governor Kathy Hochul asserting its intent to terminate the VPPP Agreement and rescind FHWA's approval of the CBDTP. In response, the TBTA and MTA filed a complaint in the U.S. District Court for the Southern District of New York seeking, among other legal remedies, an order vacating US Department of Transportation (DOT's) purported termination which was undertaken in violation of the terms of that agreement, and in excess of the Department's authority. The TBTA and MTA have stated they will continue operation of the CBDTP absent a valid court order.

Other State Actions. The COVID-19 pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. In the FY 2024 Enacted Budget, the State took substantial action to provide the MTA with additional operating revenues dedicated to help solve the MTA's fiscal crisis. This included an increase in the MCTMT in the City of New York, a one-time State subsidy of \$300 million, an increase in the City of New York's contribution to the MTA for the costs of paratransit services and directing a portion of future casino revenues, the timing of which is uncertain, to the MTA.

Risks to the MTA include, but are not limited to, the level and pace at which ridership will return, the economic conditions of the MTA region, the ability to implement cost controls and savings actions, and the ability to implement biennial fare and toll increases. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the Financial Plan.



Other Risks and Ongoing Concerns

Climate Change. Climate change poses significant threats to physical, biological, and economic systems in New York and around the world. The immediate and long-term effects of climate change could adversely impact the Financial Plan in the current year or in future years. Climate change risks also increasingly fall within the maximum maturity term of current outstanding bonds of the State, which may generally be issued with a term of up to 30 years under State statute, as well as bonds issued by public authorities and municipalities. Hazards and risks related to climate change for the State include, among other things, rising sea levels, increased coastal flooding and related erosion hazards, intensifying storms, wildfires, and more extreme heat.

Powerful storms affecting the State, including Hurricane Ida (September 2021), Superstorm Sandy (October 2012), Tropical Storm Lee (September 2011), and Hurricane Irene (August 2011), and more recently flooding in 2024 due to the remnants of Hurricane Beryl and Tropical Storm Debby have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather-driven events, including coastal flooding caused by storm surges and flash floods from rainfall.

To mitigate and manage the impacts of climate change, all levels of government, including municipalities and public utilities, continue to undertake a variety of actions to reduce greenhouse gas emissions and adapt existing infrastructure to the changing environment. However, given the size and scope of potential disruptions, there can be no assurance that such efforts will be adequate or timely enough to mitigate the most damaging effects of climate change.

In 2019, New York enacted the Climate Leadership and Community Protection Act (CLCPA). The CLCPA set the State on a path toward reducing statewide greenhouse gas emissions by 85 percent below the 1990 level by 2050; and a plan to fully transition its electricity sector to zero emissions by 2040. Several factors may impact the ability to achieve these goals and directives, and, therefore, no assurances can be made that such objectives will be met.

The CLCPA created the Climate Action Council (CAC), which was tasked with developing a Scoping Plan with recommendations to reduce greenhouse gas emissions, increase renewable energy usage, and promote climate justice. The CAC approved and adopted the final Scoping Plan in December 2022. In response, New York is working to develop an affordable and effective cap-and-invest program that will drive emissions reductions across all regions of the State, while maintaining the competitiveness of New York businesses and industries. Pursuant to the CLCPA, DEC is required to promulgate rules and regulations to ensure the State meets the CLCPA's statewide greenhouse gas emission limits. DEC has already adopted a variety of regulations to help meet this objective, which will play a key role in New York's overall policies aimed at reducing greenhouse gas emissions across the State.

New York's electricity system is already part of a regional cap-and-invest program: the Regional Greenhouse Gas Initiative (RGGI). Since RGGI began operation in 2008, the program has helped reduce greenhouse gases from power plants by more than half and raised over \$2.7 billion to support cleaner energy solutions in New York and over \$9.0 billion collectively amongst participating states.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

Concurrently, the State has been taking regulatory and legislative actions that are intended to limit greenhouse gas emissions, electrify transportation, and generate more electricity from renewable sources. Realization of these actions and their intended outcomes is contingent upon successful implementation, and, therefore, no assurances can be made that such actions will be realized as planned. Major actions include:

- Making a \$1 billion capital investment in the FY 2026 Enacted Budget to lower building emissions, advance clean transportation and build renewable energy projects.
- Authorizing the New York Power Authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generating projects.
- Prohibiting building systems and/or equipment that burn fossil fuels in new construction starting December 31, 2025, for any new building seven stories or lower, except large commercial and industrial buildings, and December 31, 2028 for other new buildings.
- Requiring new off-road vehicles and equipment sold in New York to be zero-emissions by 2035 and new medium-duty and heavy-duty vehicles to be zero-emissions by 2045.
- Providing direct financial investment to school districts and private transportation contractors for the purchase or lease of zero-emission school buses – to facilitate compliance with the State’s 2027 deadline, with full fleet conversion and operation of zero-emission school buses required by July 1, 2035.
- Signing the Climate Change Superfund Act in December 2024, which will require companies that have contributed significantly to the buildup of climate-warming greenhouse gases in the atmosphere to pay for critical infrastructure investments to adapt to climate change.

During the November 2022 general election, New York State voters approved the Clean Water, Clean Air, and Green Jobs Bond Act. The \$4.2 billion bond act is actively being implemented and is supporting substantial capital improvements and enhancements in the following areas: flood risk reduction/restorations; open space, working lands conservation, and recreation; climate change mitigation; and water quality improvement and resilient infrastructure.

Cybersecurity. The New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its authorities, agencies, and public benefit corporations, as well as its political subdivisions (including counties, cities, towns, villages, and school districts) face multiple cyber threats involving, but not limited to, hacking, viruses, ransomware, malware and other attacks on computers and other networks and systems. Entities or individuals may attempt to gain unauthorized access to the State’s technology environment for the purposes of misappropriating assets or information or causing operational disruption and damage. In addition, the tactics used in malicious attacks to obtain unauthorized access to networks and systems change frequently and are often not recognized until launched against a target. Accordingly, the State may be unable to fully anticipate these techniques or implement adequate preventative measures.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains policies, standards, programs, and services relating to the security of State government networks. The CISO is responsible for annually assessing the effectiveness of certain State agencies' cybersecurity defenses through the Nationwide Cybersecurity Review. In addition, the CISO maintains the New York State Cyber Command Center team, which possesses digital forensics capabilities, and manages cyber incident reporting and response. The CISO also distributes real-time advisories and alerts, provides managed security services, and implements Statewide information security awareness training.

The State has also developed partnerships with local governments to better address cybersecurity threats. In February 2022, the Governor announced the creation of an information-sharing partnership, the Joint Security Operations Center (JSOC). The JSOC is a partnership between the State and the cities of Albany, Buffalo, the City of New York, Rochester, Syracuse, and Yonkers. The JSOC combines local, State, and Federal cyber threat information in order to increase collaboration on threat intelligence, reduce response times, and yield faster and more effective remediation in the event of a major cyber incident. The FY 2026 Enacted Budget continues to invest in New York's Shared Services Program, which helps county and local governments and other regional partners acquire and deploy high quality cybersecurity services to bolster their cyber defenses.

Occasionally, intrusions into State digital systems have been detected, but they have generally been contained. While cybersecurity procedures and controls are routinely reviewed and tested, there can be no assurance that such security and operational control measures will be successful at preventing future cyber threats and attacks. Successful attacks could adversely impact the State, including disrupting business operations, harming State networks and systems, and damaging State and local infrastructure; and the costs of remediation and recovery could be substantial.

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by the Department of Financial Services (DFS) are, unless eligible for limited exemptions, required to: (a) maintain a cybersecurity program, (b) create written cybersecurity policies and perform risk assessments, (c) designate someone with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any substantial part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

ECONOMICS AND DEMOGRAPHICS



The demographic and statistical data in this section, which have been obtained from the sources indicated, do not represent all factors that may have a bearing on the State's fiscal and economic affairs. Further, such information requires economic and demographic analysis to assess its significance and may be interpreted differently by individual experts. Note that the economic and demographic analyses in this section form the basis of the overall economic forecast and receipts projections incorporated into this AIS and are updated as of the time those projections were prepared.

Economic Outlook

As the State entered the new fiscal year, the U.S. economy appeared to be heading into stagflation conditions – a period during which inflation remains elevated while economic growth slows to a pace below its long-run trend. This represents a shift from recent U.S. economic performance. After robust growth during the second half of 2024, U.S. real GDP contracted by 0.2 percent in the first quarter of 2025. This contraction was driven by a surge of imports in response to anticipated tariff hikes which, without a corresponding increase in exports, increases the trade deficit. It is not indicative of an imminent decline in economic activity. Healthy growth in domestic final sales, which is the sum of personal consumption expenditures and gross private fixed investment, suggests economic output remained resilient. National employment growth remained strong, and the unemployment rate was relatively low at 4.2 percent in May 2025. Price inflation continued moderating towards the Federal Reserve's 2.0 percent target with a slight uptick in May 2025.

Looking ahead, concerns about Federal economic policy related to tariffs and Federal spending have led to downgraded economic scenarios for 2025 and 2026. Forward-looking indicators related to consumer and business sentiments suggest a growing pessimism about the economy, alongside rising inflation expectations. Economic data published by Federal statistical agencies on output, employment, income, and prices are lagged in providing insights into the economic situation in the current quarter. As of May 2025, Federal economic data have yet to show significant deterioration in the economy.

Once domestic final sales pay back earlier gains made in the first quarter due to purchases prompted by the coming tariffs, economic growth is poised to slow in the remainder of 2025. Meanwhile, trade policy is still evolving, so the size and timing of the policy changes and their ultimate economic implications remain unknown. DOB's baseline economic outlook expects tariff hikes and corresponding retaliation by trading partners will push up the prices of goods and weigh on consumer spending, business investment, imports, and exports; however, the U.S. economy is not expected to fall into a recession. The baseline forecast also assumes an extension of the 2017 TCJA beyond 2025 and a more restrictive immigration policy that will reduce national labor supply growth. Meanwhile, business investment, particularly productivity-enhancing tech investment, may be buoyed under the corporate tax cuts that were already a part of the TCJA, partially offsetting the negative impact from tariffs on investment.



On balance, U.S. real GDP growth is forecast to slow from an average pace of 2.8 percent in 2024 to 1.2 percent in 2025 and 1.3 percent in 2026, below its long-term potential growth.¹⁰ Meanwhile, price inflation will rise and remain above the Federal Reserve's target inflation rate following the expected tariff hikes and tax cuts. The Federal Reserve is expected to resume its rate cuts in the second half of 2025 to support potential weakening in consumer spending, residential and business investment, as well as employment and income gains.

In line with broader national trends of slowing economic momentum, a cooling labor market, and heightened uncertainty due to Federal tariffs and immigration policies, New York State's employment growth is expected to decelerate to 0.6 percent in 2025 from a robust 1.6 percent rate in 2024. Job growth is projected to slow down further to just 0.3 percent in 2026 due to the softening national economy and ongoing labor shortages. This suggests employment growth will be at its weakest pace since 2011, excluding the pandemic-led decline in 2020.

The slowdown in job growth is expected to suppress personal income growth. State personal income is forecast to grow by 3.5 percent in FY 2026, down from an estimated 5.4 percent in FY 2025. This deceleration is attributed to the slower wage growth during the economic slowdown. As bonus growth declines and the labor market weakens, State wage growth is projected to slow to 2.4 percent in FY 2026. Looking ahead, a modest recovery in the national economy is anticipated to provide tailwinds to New York State's personal income outlook after FY 2026. In FY 2027, State personal income and wage growth rates are expected to return to average rates seen before the pandemic recession and grow by 3.7 percent and 3.6 percent, respectively, supported by improved financial conditions and a stabilized growth rate of bonus payouts despite relatively low employment growth.

¹⁰ DOB's U.S. economic forecast incorporates the first estimate of 2025 first-quarter GDP, the personal income and outlays estimates for April 2025, the CPI report for April 2025, and the initial estimate of employment for April 2025. DOB's New York State forecast incorporates the last quarter of 2024 personal income by state data and Quarterly Census of Employment and Wages (QCEW) data.



ECONOMICS AND DEMOGRAPHICS

ECONOMIC INDICATORS FOR THE UNITED STATES (Calendar Year)						
	2020	2021	2022	2023	2024	2025 ¹
Gross Domestic Product						
Nominal (\$ billions)	\$21,354.1	\$23,681.2	\$26,006.9	\$27,720.7	\$29,184.9	\$30,413.8
Percent Change	(0.9)	10.9	9.8	6.6	5.3	4.2
Real (billions of 2017\$)						
	\$20,267.6	\$21,494.8	\$22,034.8	\$22,671.1	\$23,305.0	\$23,592.3
Percent Change	(2.2)	6.1	2.5	2.9	2.8	1.2
Personal Income (\$ billions)						
	\$19,620.1	\$21,419.5	\$22,088.9	\$23,402.5	\$24,658.3	\$25,763.4
Percent Change	6.8	9.2	3.1	5.9	5.4	4.5
Nonfarm Employment (millions)						
	142.2	146.3	152.5	155.9	158.0	159.6
Percent Change	(5.8)	2.9	4.3	2.2	1.3	1.0
Unemployment Rate (%)						
	8.1	5.4	3.6	3.6	4.0	4.4
Consumer Price Index (1982-84=100)						
	258.9	271.0	292.6	304.7	313.7	323.3
Percent Change	1.3	4.7	8.0	4.1	3.0	3.1

Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics. Table reflects revisions by source agencies to figures for prior years.

¹As projected by DOB, based on National Income and Product Account, employment and CPI data released through April 2025.

ECONOMIC INDICATORS FOR NEW YORK STATE (State Fiscal Year)					
	2021	2022	2023	2024	2025 ¹
Personal Income (\$ billions)					
	\$1,466.4	\$1,491.9	\$1,544.0	\$1,636.7	\$1,723.4
Percent Change	8.5	1.7	3.5	6.0	5.3
Nonfarm Employment (thousands)					
	8,329.5	8,920.6	9,308.3	9,474.9	9,621.6
Percent Change	(12.6)	7.1	4.3	1.8	1.5
Wages (\$ billions)					
	\$711.6	\$800.1	\$841.0	\$877.1	\$932.9
Percent Change	(2.0)	12.4	5.1	4.2	6.4
Unemployment Rate (NSA, %)					
	10.9	6.2	4.1	4.1	4.2

Sources: Personal income data are based on U.S. Bureau of Economic Analysis; employment and wage data come from NYS Department of Labor; unemployment rate data come from U.S. Bureau of Labor Statistics. Table reflects revisions by source agencies to data for prior years.

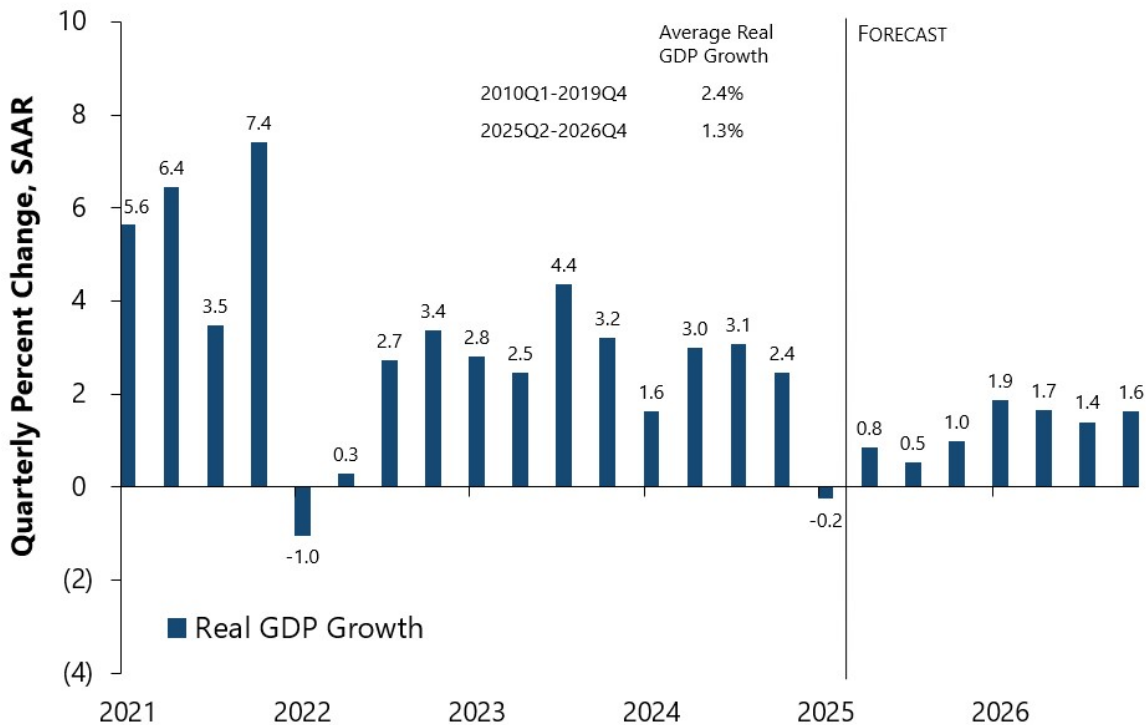
¹As projected by DOB, based on National Income and Product Account and employment data released through April 2025.

Real Output Growth

The first-quarter contraction in real GDP is not expected to be the start of a sustained downturn, but the result of a sudden change in trade policy that boosted imports. As retailers filled their shelves and firms stockpiled industrial supplies (i.e., intermediate inputs) ahead of tariff hikes, real net exports subtracted 4.9 percentage points from the first quarter GDP growth. Such a large drag on real output from net exports is not expected to recur after tariffs increase. However, the front-run purchases and built-up inventories could weigh down consumer spending and business investment in the coming quarters. Meanwhile, Federal spending cuts and layoffs are expected to shrink government spending. Therefore, real GDP growth is expected to be muted, albeit still positive, over the remainder of the year.

DOB forecasts real GDP growth to decelerate to 1.2 percent in 2025 and 1.3 percent in 2026. To consider these economic growth projections in perspective, note that the Congressional Budget Office (CBO) estimates the long-run potential real GDP growth rate of the U.S. economy to be 2.3 percent over the next two years. Thus, DOB’s forecast implies that the U.S. economy will slow below its long-run potential growth in 2025 and 2026. DOB’s forecast reflects some of the policy changes proposed by the new U.S. administration and assumes these changes will not immediately derail the economic expansion. However, uncertainties about these policy changes make the long-run forecasts highly variable.

The Economy Will Slow below Its Long-Run Potential Growth



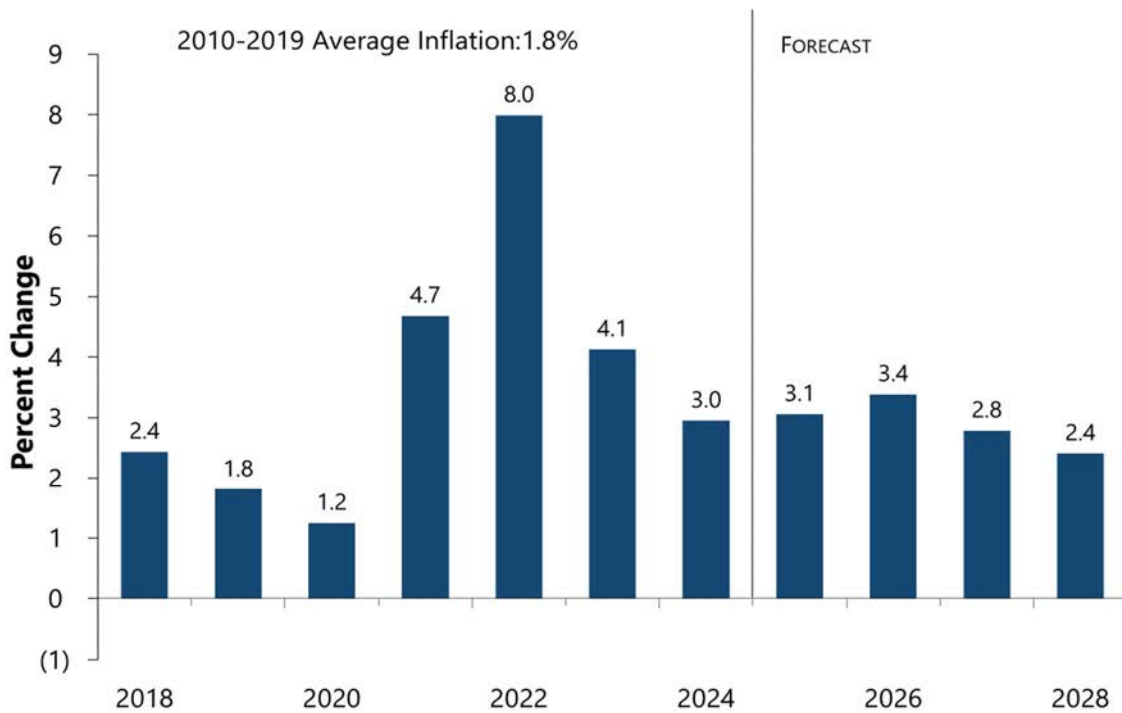
Source: Haver Analytics/BEA; DOB staff estimates.

Inflation Pressures

The disinflation trend resumed in 2025 after stalling in the second half of 2024. The year-over-year growth of the Consumer Price Index (CPI) fell from 3.0 percent in January 2025 to 2.3 percent in April 2025, the lowest reading since February 2021. The progress on easing inflation towards the Federal Reserve’s 2.0 percent inflation target is expected to be interrupted by anticipated tariff hikes and potential supply chain disruptions in the coming months.

DOB projects CPI inflation to rise to 3.1 percent in 2025 and further to 3.4 percent in 2026. The tariff impact on prices is expected to be longer-lasting rather than a one-off response, because it takes time for firms to exhaust their stockpiling inventories, adjust supply chains and production, or pass along price increases to consumers. In addition, since tariff policies are still evolving, firms are likely to delay major decisions until policy uncertainties are settled. After 2026, DOB expects consumer price inflation to gradually moderate towards the Federal Reserve’s 2.0 percent target if long-term inflation expectations remain anchored.

Consumer Price Inflation Will Rise under Tariff Hikes



Source: Haver Analytics/BLS; DOB staff estimates.

National Employment

The U.S. labor market continued to cool but maintained growth through May 2025. Monthly nonfarm payrolls registered 139 thousand job gains in May, slightly below the average growth of 144 thousand jobs over the past twelve months. The unemployment rate was 4.2 percent in May, higher than the 4.0 percent rate in January. The ratio of vacancies to unemployed, an indicator of tightness in the labor market, was at 1.0 in April 2025, down from the peak of 2.0 in 2022. This measure appears to be consistent with a labor market that is currently in balance and not a source of inflationary pressure.

The labor market is anticipated to cool further as tariff increases start to weigh on economic activity. Despite firms' desire to retain workers, mounting input costs and softening demand might force firms to consider layoffs. In addition, the major impact of the Federal workforce reduction is likely still ahead of us. Many Federal employees who accepted buyouts or were put on administrative leave will remain on government payrolls until later this year. Federal funding freezes and grant reductions are underway, leading to a rise in layoffs among employers that are dependent on Federal contracts and grants.

DOB expects payroll gains to slow to 20 thousand per month on average in the second half of 2025. Total nonfarm employment is projected to grow by 1.0 percent in 2025 and slow further to a 0.4 percent growth rate in 2026. The unemployment rate is projected to drift up to 4.4 percent on average in 2025 and rise further to 4.7 percent in 2026.

New York State Labor Market

Consistent with the broader trend of a cooling national labor market, New York State's labor market has continued to lose momentum. The State added an average of just 6,900 jobs per month in the first four months of 2025, less than half the monthly average of 14,400 job gains for the same period in 2024.¹¹ The State's labor market growth might be further constrained by subdued growth in the working age population driven by tightening immigration restrictions and the State's aging population. New York's foreign-born population (23.1 percent of the State population) is substantially larger than the Nation's (14.3 percent of the total population). As a result, New York's labor force could be more susceptible to changes in Federal immigration policy.¹² Furthermore, the State's population is older, with 18.6 percent of the State population at or over 65 years old compared to 17.7 percent of the nation.

¹¹ Source: Bureau of Labor Statistics Current Employment Statistics (CES).

¹² The labor force is the sum of employed and unemployed people in an economy. The two groups together represent the supply of labor.



Growing uncertainties stemming from international trade policy are likely to contribute to a slowdown in hiring. While New York State is less reliant on exports compared to the rest of the nation, it might still be negatively impacted. On average, the City of New York's labor force grew by approximately 6,500 individuals per month in 2024 but lost a total of 1,200 people over the first four months of 2025. New York's total employment is projected to grow by 0.6 percent in 2025, followed by even weaker growth of 0.3 percent in 2026 due to weak economic growth and constraints in the labor force.

New York's unemployment rate is projected to be 4.4 percent in 2025, aligning with the national rate. The State's unemployment rate was stable in 2024, hovering around 4.3 percent. The gap between the State rate and the national rate has been steadily narrowing since the State's rate peaked at 16.7 percent during the pandemic. In March and April 2025, the State's unemployment rate has matched the national rate after years of remaining above the national rate. The parity between these rates has been largely driven by a steadily declining unemployment rate in the City of New York (from 5.6 percent in December 2024 to 5.0 percent in April 2025). In 2025, employers in the City of New York continued adding jobs while the labor force contracted. The City's labor force is expected to continue its contraction due to the expected slowdown in immigrant inflow and challenges of attracting and retaining workers due to high living costs. While the State's unemployment rate is projected to rise to 4.6 percent in 2026, the unemployment rate will remain 0.1 percentage point below the national rate as State employment growth as well as labor shortages continue.

New York State Economic Composition

The State's economy is diverse, with a large share of the nation's financial activities, information, education, and health services employment, and a small share of the nation's farming and mining activity. The State's location, air transport facilities, and natural harbors have made it an important hub for international commerce. Travel and tourism constitute an important part of the economy. Like the rest of the nation, New York has a declining proportion of its workforce engaged in manufacturing and an increasing proportion engaged in service industries.

Manufacturing: Manufacturing employment continues to stagnate as a share of total State nonfarm employment, as in most other states. As a result, New York's economy is less reliant on this sector than in the past. However, it remains an important sector of the State economy, particularly for the upstate region, which hosts higher concentrations of manufacturers.

Trade, Transportation, and Utilities: As defined under the North American Industry Classification System (NAICS), the trade, transportation, and utilities supersector accounts for the second largest component of State nonfarm employment but only the fifth largest when measured by wage share. This sector accounts for a smaller share of employment and wages for the State than for the nation.

Financial Activities: The City of New York is the nation's leading center for banking and finance. For this reason, this sector is far more important for the State than for the nation. Although this sector accounts for less than one-tenth of all nonfarm jobs in the State, it accounts for one-fifth of total wages.



Service Sectors: The remaining service-producing sectors include information, professional and business services, private education and health care, leisure and hospitality services, and other services. When combined, these industries account for over half of all nonfarm jobs in New York. Information, education and health, and other services account for a higher percentage of total State employment than for the nation.

Agriculture: Farming is an important part of the State’s rural economy, although it constitutes only 0.2 percent of the total State GDP. According to the New York State Department of Agriculture and Markets, New York is the fifth largest dairy producer in the nation.

Government: Federal, State, and local governments comprise the third largest sector in terms of nonfarm jobs. Public education is the source of over 40 percent of total State and local government employment.

THE COMPOSITION OF NONFARM EMPLOYMENT AND WAGES (2024)				
(Percent)				
	Employment		Wages	
	New York	U.S.	New York	U.S.
Natural Resources and Mining	0.1	0.4	0.1	0.8
Construction	4.0	5.2	3.7	5.5
Manufacturing	4.2	8.1	3.7	9.0
Trade, Transportation, and Utilities	15.1	18.3	10.7	15.1
Information	2.9	1.9	5.6	4.0
Financial Activities	7.6	5.8	20.1	9.4
Professional and Business Services	14.2	14.3	18.7	19.1
Educational and Health Services	23.6	16.8	15.7	13.8
Leisure and Hospitality	9.4	10.6	5.1	5.3
Other Services	3.9	3.8	2.8	3.1
Government	15.1	14.8	13.8	14.8

Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis.

The importance of the various sectors of the State’s economy relative to the national economy is shown in the table above, which compares nonfarm employment and wages by sector for the State and the nation. Construction accounts for a smaller share of employment for the State than for the nation, while the combined service industries account for a larger share. The share of total wages originating in the financial activities sector is particularly large for the State relative to the nation. Thus, the State is likely to be less affected than the nation during an economic recession concentrated in manufacturing and construction, but more affected by one concentrated in the services sector.

U.S. and New York State Personal Income Growth

U.S. personal income rose by an annualized rate of 6.5 percent in the first quarter of 2025, up from 4.6 percent in the fourth quarter of 2024. This reflects the continuing momentum of economic growth from 2024. Income growth was supported by steady gains in wages and strength in transfer income in the first quarter. With job gains and hourly earnings growth expected to continue cooling, U.S. wage growth is projected to significantly weaken from annual growth of 5.7 percent in Calendar Year (CY) 2024 to 3.9 percent in 2025 and 3.2 percent in 2026. Meanwhile, growth in the non-wage components of U.S. personal income is also estimated to moderate in the coming quarters; in particular, the growth in interest income and dividend income will be dragged down by anticipated financial market turbulence and weakening corporate profits. As a result, DOB expects U.S. personal income growth to moderate to 4.5 percent in 2025, followed by 3.4 percent growth in 2026.

Although income growth continued to outpace inflation, the personal savings rate has trended lower, and household debt balances have climbed. Looking ahead, DOB expects the deteriorating personal income and household wealth conditions to weigh on the resilience of consumer spending in 2025 and 2026.

New York State is projected to experience slightly slower personal income growth in CY 2025 than the nation, increasing by 4.4 percent, just below the national growth rate of 4.5 percent. Despite significantly weaker employment growth, total wages in the State are expected to grow by 4.0 percent in 2025, roughly in line with the national rate of 3.9 percent, supported by the estimated strong growth of finance and insurance sector bonuses paid in the first quarter of 2025.

Total wages in the State are estimated to grow at a rate of 6.4 percent in FY 2025 before falling to 2.4 percent in FY 2026 as broader economic conditions soften and finance and insurance sector bonus growth reverses direction.

Looking ahead to FY 2027, New York's wages are expected to grow by 3.6 percent, slightly outpacing the national rate of 3.2 percent as the economy and financial markets improve. State personal income is forecast to grow by 3.7 percent, 0.3 percentage point higher than the national forecast of 3.4 percent, supported by the expected recovery of the national economy and reflecting a stronger stock market and the rebound of finance and insurance sector activities.

Interest Rates, Stock Prices, and Financial Sector Bonuses

The Federal Reserve has left the Federal Funds rate unchanged in the range of 4.25 to 4.50 percent since the end of 2024. Increased uncertainty in 2025 regarding the impact of trade policy changes raised the risks of higher unemployment and higher inflation. These factors make it more challenging for the Federal Reserve to attain its dual mandate of maximum employment and stable prices. DOB currently anticipates the Federal Open Market Committee (FOMC) to resume rate cuts in September 2025 and cut by 25 basis points at a pace of every other meeting until September 2026, bringing the target rate down to 3.00 – 3.25 percent.



While short-term interest rates are expected to follow the Federal Funds rate cuts and fall in 2025 and 2026, long-term interest rates including Treasury bond yields, mortgage rates, and corporate bond yields are expected to remain elevated, mainly due to an uptick in inflation expectations and prospects for bigger budget deficits. Higher long-term rates are expected to become a significant drag on durable goods consumption, as well as residential and business investment in 2025 and 2026.

Elevated economic uncertainty since the beginning of 2025 has resulted in greater market volatility in recent months. DOB expects earnings expectations and stock valuations to drop again once economic data reflect negative impacts of new policies. The S&P 500 index is expected to end 2025 with a 13.6 percent decline on a fourth quarter over fourth-quarter basis, providing less support for household spending through the wealth effect.

Bonuses in New York's finance and insurance sector remain a key driver of State income volatility. In FY 2025, this sector's bonuses were up 18.3 percent. The higher-than-average growth was driven by solid national economic growth, a booming equity market, and the easing of the Federal Reserve's monetary policy in 2024. In FY 2026, finance and insurance bonuses are projected to decline 6.2 percent from an elevated prior-year base. Increased equity market volatility and the weak outlook of overall economic growth will put downward pressure on bonuses. In FY 2027, the finance and insurance sector bonus growth is expected to return to a rate of 6.1 percent, more in line with historical trends, supported by more favorable economic conditions, and expected higher finance and insurance sector revenues as deal activities in IPO, debt underwriting, and merger and acquisitions resurge after two years of subdued growth.

Risks to the Economic Outlook

Although economic data have not yet shown severe deterioration of economic fundamentals, global economic uncertainty – largely driven by U.S. trade policy – has escalated, implying risks to the U.S. economic outlook are mounting. The forecast for New York State's economy shares many of the same risks as the national outlook, but also faces additional challenges and opportunities due to the State's unique economic structure, demographic trends, and State policies.

Recession Probability and Potential Severe Impact

DOB's baseline forecast does not expect a recession in the forecast horizon. However, the probability of a recession is elevated. According to the May 2025 *Blue Chip Economic Indicators*[®] survey, the probability of a U.S. recession in the next 12 months rose to 47 percent from a 26 percent chance at the beginning of the year.

Widespread concerns among investors, traders, and financial analysts about potential adverse developments impacting financial markets and the economy have eased since early May. This follows the announcement of a 90-day pause on most reciprocal tariffs, including a temporary roll-back of the 145 percent tariffs on China down to 30 percent. However, higher tariffs and the uncertainty surrounding shifting trade policy remain, and the upcoming data releases over the next few quarters will indicate how tariffs have weighed on economic activity. In response to the shifting trade policy, DOB's baseline forecast incorporated a rise in inflation, a disruption of supply chains, a slowdown in hirings, a weakening of consumer demand and business investment, and a decline



in corporate earnings and stock valuation. However, the magnitude of these negative impacts could be larger than expected or even lead to a recession.

To better understand the potential impacts of a recession, DOB is reviewing the impacts of past downturns. The United States has experienced eight recessions since the late 1960s. Excluding the most acute COVID-19 recession, the past seven national recessions averaged 12 months of contraction with losses of 2.0 percent of economic output (i.e. real GDP) and 2.9 million jobs. Business investment contracted by 10 percent and corporate profits fell by 18 percent on average. The S&P 500 stock price index dropped by approximately 30 percent from peak to trough. Consequently, a new U.S. recession would pose significant downside risks to the DOB forecast.

Fiscal Policy Risks

Congress is currently debating the future of fiscal policy and Federal budget deficits. The version of the “One Big Beautiful Bill” Act approved by the House includes the permanent extension of the TCJA, expanded SALT deductions, and new spending on defense and border security. Estimates of the fiscal impact of this Act vary depending on the size of spending adjustments. CBO projects this Act would add approximately \$2.4 trillion to the Federal debt over the next decade.¹³ CBO warns that growing debt could crowd out private investment, raise borrowing costs, and increase the risk of a sudden fiscal shock. In an economy operating near full employment and with elevated inflation, deficit-financed tax cuts also risk fueling inflationary pressures. Moreover, fiscal policy that lacks long-term sustainability could also limit the government’s ability to moderate future recessions. DOB’s baseline forecast anticipated the extension of TCJA, but larger Federal budget deficits could pose greater downside risks than anticipated.

Additional Risks

The U.S economic outlook remains highly sensitive to a broad set of domestic and global risks, with a mix of downside vulnerabilities and upside opportunities shaping the forecast horizon. The downside risks are more immediate and pronounced. In addition to tariff-induced recession risk and fiscal sustainability concerns, global geopolitical tensions, volatile energy markets, and climate-related disasters add layers of uncertainty to the economy.

On the upside, deregulation efforts could spur business investment, expand hiring, and drive short-term growth, though these gains must be weighed against potential risks to financial stability. If tariff policies are selectively applied or scaled back, trade-related inflation and supply chain disruptions could be limited, allowing exporters and importers to adapt without severe economic implications. Additionally, less restrictive immigration policy may help stabilize the labor force in key sectors, supporting output and easing wage pressures. Advancements in climate resilience investments could also improve productivity and mitigate climate change risks.

¹³ “Estimated Budgetary Effects of H.R. 1, the One Big Beautiful Bill Act,” The Congressional Budget Office (CBO) report, June 4, 2025. Available at <https://www.cbo.gov/publication/61461>. Last accessed: June 4, 2025.

New York State Economic Outlook Faces Unique Risks

As the financial capital of the world, New York is particularly sensitive to changes in monetary policy and fluctuations in financial markets. Unexpected economic uncertainties and market volatilities can disproportionately affect the State's economic conditions, leading to weaker economic performance and fiscal situations. Past experiences suggest that recessions in New York often lasted longer and had a more severe impact on the State economy compared to the rest of the nation. This trend has become increasingly pronounced over the past 30 years. A significant economic downturn could pose a greater risk to the State's economic resilience and financial stability.

The City of New York metro area's high cost of living has contributed to a population decline in the region as more businesses and residents move to lower-cost states. Strict immigration policies could further exacerbate the State's population loss and labor shortages. A long-term decline in population remains a significant downside risk to both employment and wage growth in the State. However, if the City of New York's population loss is less than anticipated and immigration policy is not as restrictive as expected, the City and State economy might benefit from improved labor force supply and consumer demand.

In 2024, New York State ranked as the third largest exporter of goods among all states, with exports valued at \$91.2 billion - accounting for 4.2 percent of New York GDP. Compared to the rest of the country, the State is less reliant on exports of goods (which account for 7.1 percent of U.S. GDP), but New York's exports still supported 263,000 jobs in 2022, according to data from the Office of the United States Trade Representative. Elevated tariffs may negatively impact the size of international trade and result in job losses in export-dependent industries, including manufacturing and agriculture, especially in upstate regions. Furthermore, potential retaliation from other countries may impact exports of services and hurt the State's economy disproportionately compared to the rest of the nation. New York exports \$119 billion in services, heavily concentrated in the financial services sector in the City of New York. With the European Union, the United Kingdom, and Canada as top recipients of these services, further tariff escalation with these countries may have a sizeable impact on employment and wages. International tourism and higher education sectors may also be impacted by retaliatory actions as well as by the hesitancy of foreign visitors to come to the United States due to continued uncertainty.

Several upside risks could, at least partially, offset the potential negative risks in the outlook. If global and national economic growth exceeds the current forecast, New York's economy could have better than anticipated economic performance, particularly in the leisure, hospitality, and tourism-related industries. Despite significant downside risks, stronger than expected economic growth and State initiatives could help to mitigate some of the downside risks, but the outcomes and their timing remain highly unpredictable.

Economic and Demographic Trends

For most of the past 35 years, the State’s rate of economic, employment, and population growth has trailed the nation. During the most recent recession triggered by the COVID-19 pandemic, New York was hit especially hard economically, with its unemployment rate soaring well above the nation’s rate throughout the pandemic. Correspondingly, New York had a more severe employment decline than the nation in 2020, and its job recovery has lagged the nation. New York recovered its pandemic-related job losses as of March 2024. However, New York’s labor market recovery has been uneven, with notable disparities between the City of New York and the rest of the State. While the City of New York regained all of its lost jobs by December 2023, the rest of the State did not reach full recovery until April 2025.

New York is the fourth most populous state in the nation, after California, Texas, and Florida, and has a relatively high level of personal wealth. The following table compares population changes in the State and the United States since 1980. Between April 2020 and July 2024, the nation’s total population continued to increase by 2.6 percent, whereas the population of the State decreased by 1.7 percent.

COMPARATIVE POPULATION FIGURES					
	New York			U.S.	
	Total Population (000s)	% Change from Preceding Period	Percentage of U.S. Population	Total Population (000s)	% Change from Preceding Period
1980	17,558	(3.7)	7.8	226,546	11.5
1990	17,990	2.5	7.2	248,710	9.8
2000	18,976	5.5	6.7	281,422	13.2
2010	19,378	2.1	6.3	308,746	9.7
2020	20,201	4.2	6.1	331,449	7.4
2024	19,867	(1.7)	5.8	340,111	2.6

Note: All population numbers are based on the Decennial Census, except for 2024.
Source: U.S. Census Bureau.

Total State nonfarm employment has declined as a share of national nonfarm employment compared with the 1980s and 1990s. The share dropped since 2020 and remained unchanged at 6.2 percent until 2024. The following historical table compares these levels and the rate of unemployment for the State and the nation.



NONFARM EMPLOYMENT AND UNEMPLOYMENT RATE FOR NEW YORK AND THE UNITED STATES					
	Employment (NSA, 000s)		New York as Percent of U.S. Employment	Unemployment Rate (NSA, %)	
	New York	U.S.		New York	U.S.
1980	7,207	90,533	8.0	7.4	7.1
1990	8,204	109,527	7.5	5.3	5.6
2000	8,619	132,011	6.5	4.5	4.0
2010	8,545	130,345	6.6	8.7	9.6
2020	8,815	142,186	6.2	9.9	8.1
2024	9,864	157,959	6.2	4.3	4.0

Note: Nonfarm employment and unemployment rates are generated from separate surveys.
Source: U.S. Bureau of Labor Statistics.

State per capita personal income has historically been significantly higher than the national average. Because the City of New York is an employment center for a multi-state region, State personal income measured on a residence basis understates the relative importance of the State to the national economy and the size of the base to which State taxation applies. The following table compares per capita personal income for the State and the nation.

PER CAPITA PERSONAL INCOME (Income in Dollars)			
	New York	U.S.	Ratio New York/U.S.
1980	\$11,006	\$10,184	1.08
1990	\$23,992	\$19,619	1.22
2000	\$35,955	\$30,551	1.18
2010	\$48,579	\$40,557	1.20
2020	\$70,395	\$59,114	1.19
2024	\$85,733	\$72,425	1.18

Source: U.S. Bureau of Economic Analysis.

STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS



Introduction

This section presents Financial Plan multi-year projections for receipts and disbursements, with an emphasis on FY 2026 projections.

The State budgets on a cash basis, using a complex fund structure that earmarks certain tax receipts for specific purposes, which often complicates the reporting and discussion of the State's receipts and disbursements projections. To reduce potential distortions caused by these factors and to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing projections:

Receipts. To facilitate the receipts discussion, State and All Funds receipts reflect estimated tax receipts before distribution to various funds and accounts, including tax receipts dedicated to Capital Projects Funds (which fall outside the General Fund and State Operating Funds accounting perspectives) to provide a clearer picture of projected receipts, trends, and forecast assumptions, and avoid the distortions created by earmarking tax receipts for specific purposes.

Disbursements. To provide a clear representation of spending commitments, the multi-year spending projections, growth rates, and summary of annual changes are presented on a State Operating Funds basis to account for spending that is accounted for in dedicated Special Revenue Funds, primarily for School Aid, health, higher education, and transportation. Roughly a quarter of projected State-financed spending for operating purposes (excluding transfers) is reported outside the General Fund.

The budget development process includes a comprehensive evaluation of the State's multi-year operating forecast; however, estimates and projections in the later years of the Financial Plan are typically subject to more substantial revision than those in the current year and first "outyear." Accordingly, in terms of outyear projections, the first "outyear," FY 2027, is the most relevant from a planning perspective.

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as a reconciliation between State Operating Funds projections and General Fund budget gaps.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
RECEIPTS					
Taxes (After Debt Service)	106,170	107,053	106,279	108,345	113,023
Miscellaneous Receipts	5,168	4,011	2,892	2,283	2,164
Federal Receipts	3,650	0	0	0	0
Other Transfers	4,273	2,451	2,274	1,899	2,039
Total Receipts	119,261	113,515	111,445	112,527	117,226
DISBURSEMENTS					
Assistance and Grants	74,833	84,011	87,585	92,187	97,370
School Aid (SFY)	30,225	31,672	33,362	34,766	36,083
Medicaid	24,461	26,000	28,875	31,324	34,571
All Other	20,147	26,339	25,348	26,097	26,716
State Operations	13,716	15,837	16,596	17,089	16,541
Personal Service	10,784	12,087	12,854	13,255	12,795
Non-Personal Service	2,932	3,750	3,742	3,834	3,746
General State Charges	9,297	9,779	10,805	11,829	13,010
Transfers to Other Funds	10,830	15,885	7,437	7,889	8,389
Debt Service	274	290	322	328	564
Capital Projects	6,925	4,607	3,379	4,072	4,297
SUNY Operations	1,660	1,870	1,810	1,777	1,777
All Other	1,971	9,118	1,926	1,712	1,751
Total Disbursements	108,676	125,512	122,423	128,994	135,310
Use (Reservation) of Fund Balance:	(10,585)	11,997	3,495	4,322	3,447
Debt Management	576	860	0	0	0
Economic Uncertainties	965	8,500	1,000	862	0
Extraordinary Monetary Settlements	378	340	367	25	0
Future Operational Needs	(1,334)	600	0	0	0
Rainy Day Reserve	(2,500)	(1,000)	(1,000)	(862)	0
Timing of PTET/PIT Credits	(4,081)	2,048	726	84	(506)
Timing of Resource Management	(4,589)	649	2,402	4,213	3,953
BUDGET SURPLUS/(GAP) PROJECTIONS	0	0	(7,483)	(12,145)	(14,637)



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

State Operating Funds Projections

STATE OPERATING FUNDS PROJECTIONS					
(millions of dollars)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actuals	Projected	Projected	Projected	Projected
RECEIPTS					
Taxes	116,026	114,676	116,888	119,837	124,860
Miscellaneous Receipts/Federal Receipts	32,278	27,974	26,400	23,858	24,408
Total Receipts	148,304	142,650	143,288	143,695	149,268
DISBURSEMENTS					
Assistance and Grants	95,859	107,445	110,334	113,443	118,047
School Aid (School Year Basis)	35,827	37,574	38,869	40,297	41,607
DOH Medicaid	31,230	35,449	38,106	39,237	41,846
Mental Hygiene, excl. MHSF/Reclassification	5,832	6,743	7,185	7,426	7,751
Social Services	5,274	6,466	5,411	5,301	5,440
Transportation	5,120	5,352	5,312	5,314	5,316
Higher Education	3,280	3,613	3,539	3,536	3,572
STAR	1,448	1,397	1,320	1,247	1,180
All Other	7,848	10,851	10,592	11,085	11,335
State Operations	23,576	26,061	27,126	28,054	27,960
Personal Service	16,915	18,420	19,380	20,031	19,828
Non-Personal Service	6,661	7,641	7,746	8,023	8,132
General State Charges	10,443	11,059	12,109	13,157	14,360
Pension Contribution	2,585	2,882	3,302	3,791	4,248
Health Insurance	5,814	5,922	6,448	6,913	7,571
All Other	2,044	2,255	2,359	2,453	2,541
Debt Service	3,776	1,538	4,528	5,513	6,108
Total Disbursements	133,654	146,103	154,097	160,167	166,475
Net Other Financing Sources/(Uses)	(3,406)	(8,776)	(485)	(1,247)	(1,320)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(11,244)	12,229	3,811	5,574	3,890
General Fund	(10,585)	11,997	3,495	4,322	3,447
Special Revenue Funds	(647)	235	336	1,274	465
Debt Service Funds	(12)	(3)	(20)	(22)	(22)
GENERAL FUND BUDGET SURPLUS/(GAP)	0	0	(7,483)	(12,145)	(14,637)



Receipts

Financial Plan receipts include a variety of taxes, fees and assessments, charges for State-provided services, Federal receipts, and other miscellaneous receipts. Multi-year receipts estimates are prepared by DOB with the assistance of the Department of Taxation and Finance (DTF) and other agencies which collect State receipts and are premised on economic analysis and forecasts.

Overall base growth (i.e., growth not due to law changes) in tax receipts is dependent on many factors. In general, base tax receipts growth rates are determined by economic changes including, but not limited to, changes in interest rates, prices, wages, employment, nonwage income, capital gains realizations, taxable consumption, corporate profits, household net worth, real estate prices and gasoline prices. Federal law changes can influence taxpayer behavior, which often alters base tax receipts. State taxes account for approximately half of total All Funds receipts.

Projections of Federal receipts generally correspond to the anticipated spending levels of a variety of programs supported by Federal aid including Medicaid, public assistance, mental hygiene, education, public health, and other activities.

General Fund tax receipts are affected by the deposit of dedicated taxes in other funds for debt service and the STAR program. Changes in debt service on State-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated Debt Service Funds (outside the General Fund) and used to make debt service payments. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund. Accordingly, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds).



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Overview of the Receipts Forecast

All Funds receipts are projected to total \$253.3 billion in FY 2026, a 3.4 percent (\$8.4 billion) increase from FY 2025 results. FY 2026 State tax receipts, excluding one-time tax refund payments, are projected to increase \$6.8 billion (6.0 percent) from FY 2025 results. FY 2027 State tax receipts are projected to total \$119.1 billion, a 1.0 percent decline from FY 2026. A summary of the annual changes of each tax category is provided below with the narrative that follows focused on State/All Funds receipts.

ALL FUNDS RECEIPTS (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
Personal Income Tax	53,839	61,201	13.7%	61,531	0.5%	64,133	4.2%	67,153	4.7%	70,916	5.6%
Consumption/Use Taxes	21,865	22,352	2.2%	22,953	2.7%	23,618	2.9%	24,264	2.7%	24,838	2.4%
Business Taxes	27,695	31,373	13.3%	28,911	-7.8%	27,661	-4.3%	26,751	-3.3%	27,291	2.0%
Other Taxes	3,048	2,586	-15.2%	2,746	6.2%	2,916	6.2%	3,106	6.5%	3,248	4.6%
Total State Taxes	106,447	117,512	10.4%	116,141	-1.2%	118,328	1.9%	121,274	2.5%	126,293	4.1%
Net PTET/PIT Receipts ¹	221	(4,081)	-1946.6%	2,048	150.2%	726	-64.6%	84	-88.4%	(506)	-702.4%
Inflation Refund Payment ²				2,035							
Total State Taxes (Adjusted)	106,668	113,431	6.3%	120,224	6.0%	119,054	-1.0%	121,358	1.9%	125,787	3.6%
Miscellaneous Receipts	33,755	34,761	3.0%	38,996	12.2%	39,793	2.0%	36,959	-7.1%	36,784	-0.5%
Federal Receipts	94,276	96,713	2.6%	94,090	-2.7%	94,336	0.3%	91,580	-2.9%	93,317	1.9%
Total All Funds Receipts	234,478	248,986	6.2%	249,227	0.1%	252,457	1.3%	249,813	-1.0%	256,394	2.6%
Total All Funds Receipts (Adjusted)^{1,2}	234,699	244,905	4.3%	253,310	3.4%	253,183	-0.1%	249,897	-1.3%	255,888	2.4%

¹ Net PTET/PIT Receipts is the difference between the estimated realization of PTET credits by PIT filers and the PTET receipts from entities, and is excluded from adjusted totals.

² In addition, All Funds tax receipts are adjusted to exclude the enacted payment of \$2 billion to New Yorkers through inflation tax refund payments to qualified tax filers, and is excluded from adjusted totals.



Personal Income Tax

FY 2026 PIT receipts are estimated to increase slightly from FY 2025, reflecting increases in all major gross receipts components, partially offset by an increase in total refunds. PIT receipts are expected to be heavily influenced by PTET¹⁴, an elective tax paid by NYS partnerships and S-corporations for which a corresponding PIT credit may be received. Despite being revenue neutral to the overall Financial Plan across all tax years, it is expected that the PTET will have a significant negative impact on PIT collections for as long as the program continues to be utilized. Net PIT collections have been and will continue to be suppressed by reduced estimated payments and elevated refunds, with cumulative impacts equal to total PTET liability.

PERSONAL INCOME TAX (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS (Excl. PTET) ¹	68,015	74,901	10.1%	78,963	5.4%	79,389	0.5%	81,825	3.1%	85,570	4.6%
PTET/PIT Credits	14,176	13,700	-3.4%	17,432	27.2%	15,256	-12.5%	14,672	-3.8%	14,654	-0.1%
STATE/ALL FUNDS	53,839	61,201	13.7%	61,531	0.5%	64,133	4.2%	67,153	4.7%	70,916	5.6%
Gross Collections	70,999	77,736	9.5%	81,232	4.5%	83,265	2.5%	87,187	4.7%	91,407	4.8%
Refunds (Incl. State/City Offset)	(17,160)	(16,535)	3.6%	(19,701)	-19.1%	(19,132)	2.9%	(20,034)	-4.7%	(20,491)	-2.3%
GENERAL FUND²	25,312	29,152	15.2%	29,370	0.7%	30,747	4.7%	32,330	5.1%	34,278	6.0%
Gross Collections	70,999	77,736	9.5%	81,232	4.5%	83,265	2.5%	87,187	4.7%	91,407	4.8%
Refunds (Incl. State/City Offset)	(17,160)	(16,535)	3.6%	(19,701)	-19.1%	(19,132)	2.9%	(20,034)	-4.7%	(20,491)	-2.3%
STAR	(1,608)	(1,448)	10.0%	(1,397)	3.5%	(1,320)	5.5%	(1,247)	5.5%	(1,180)	5.4%
RBTF	(26,919)	(30,601)	-13.7%	(30,764)	-0.5%	(32,066)	-4.2%	(33,576)	-4.7%	(35,458)	-5.6%

¹State/All Funds (Excl. PTET) reflects PIT receipts increased by the estimated cost of PTET credit realization. State/All Funds represents actual (unadjusted) PIT receipts.
²Excludes Transfers.

¹⁴ Beginning in FY 2022, the PTET program began affecting reported tax collections. The operation of the PTET program is described under the heading “PTET Financial Plan Impact” in the Financial Plan Overview section herein.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

The following table summarizes, by component, actual PIT receipts for FY 2024 and FY 2025 and forecast amounts through FY 2029.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS						
(millions of dollars)						
	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Receipts						
Withholding	54,699	59,827	61,229	63,632	66,624	69,439
Estimated Payments	10,779	12,299	13,513	13,084	13,703	14,812
Current Year	6,331	7,444	7,631	8,193	8,325	8,927
Prior Year ¹	4,448	4,855	5,882	4,891	5,378	5,885
Final Returns	3,650	3,661	4,451	4,457	4,682	4,922
Current Year	405	492	509	529	549	554
Prior Year ¹	3,245	3,169	3,942	3,928	4,133	4,368
Delinquent	1,871	1,949	2,039	2,092	2,178	2,234
Gross Receipts	70,999	77,736	81,232	83,265	87,187	91,407
Refunds						
Prior Year ¹	10,011	9,705	10,358	11,470	12,151	12,336
Previous Year	1,879	1,263	1,315	1,350	1,385	1,435
Current Year ¹	3,196	3,394	3,500	3,500	3,500	3,500
Advanced Credit Payment	821	803	2,977	1,073	1,187	1,359
State/City Offset ^{1,2}	1,253	1,370	1,551	1,739	1,811	1,861
Total Refunds	17,160	16,535	19,701	19,132	20,034	20,491
Net Receipts³	53,839	61,201	61,531	64,133	67,153	70,916
PTET/PIT Credits	14,176	13,700	17,432	15,256	14,672	14,654
Net Receipts, Excluding PTET⁴	68,015	74,901	78,963	79,389	81,825	85,570
¹ These components, collectively, are known as the "settlement" on the prior year's tax liability.						
² The State/city offset corrects the distribution of tax payments between the State, City of New York, Yonkers, and the Metropolitan Commuter Transportation Mobility Tax.						
³ Net Receipts represents actual (unadjusted) PIT receipts.						
⁴ Net Receipts, Excluding PTET, represents PIT receipts increased by the estimated cost of PTET credit realization.						



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

FY 2026 withholding is estimated to increase compared to the prior year, despite weaker bonus wage growth and the cost of the Middle-Class Tax Cut beginning in tax year 2026. Current estimated payments for tax year 2025 and extension payments (i.e., prior year estimated) for tax year 2024 are both expected to increase. The projected growth in current estimated payments — despite an estimated decrease in tax year 2025 non-wage income — reflects the elevated economic uncertainty facing taxpayers who may be uncertain about the remainder of the tax year and are seeking to avoid potential underpayment and associated penalties and interest charges (i.e. “safe harbor rules”). Delinquent collections and final return payments are projected to increase as well.

Total refunds in FY 2026 are projected to increase significantly, driven primarily by Inflation Refund checks, an advanced credit payment effectuated by FY 2026 Enacted Budget legislation. The increase in prior year refunds for tax year 2024 is partially driven by more PTET-related refunds compared to tax year 2023. State/City offsets and refunds for tax years previous to 2024 are also expected to increase.

FY 2027 PIT receipts are expected to increase from FY 2026, due to growth in withholding and delinquencies coupled with a decrease in total refunds. Total estimated payments are expected to decrease, driven by a sharp decline in extension payments for tax year 2025. This is attributed to a decrease in non-wage income, largely driven by capital gains income growth. Final returns remain relatively flat from FY 2026. The decrease in refunds is driven by a sharp decline in advanced credit payments after the one-time Inflation Refund payments in the prior fiscal year. Despite a decrease in PTET-related refunds compared to tax year 2024, prior refunds for tax year 2025 are expected to increase, influenced by the first year of the temporarily enhanced Empire State Child Credit effectuated by FY 2026 Enacted Budget legislation.

FY 2028 PIT receipts are projected to increase from FY 2027, due to growth in all gross receipts components partially offset by increases in total refunds. The increase in refunds is driven by increases in advanced credit payments, state/city offsets, prior refunds for tax year 2026, and refunds for years previous to tax year 2026. Receipts also include revenue from the extension of the current top PIT rates through tax year 2032 and elevated refunds from the expansion of the enhanced Empire State Child Credit to children over three years old.

FY 2029 PIT receipts are projected to increase due to increases in withholding, estimated tax payments, final returns and delinquencies partially offset by an increase in total refunds. Refunds for tax year 2027 are projected to increase despite less PTET-related refunds compared to tax year 2026.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS	21,865	22,352	2.2%	22,953	2.7%	23,618	2.9%	24,264	2.7%	24,838	2.4%
Sales Tax	19,903	20,350	2.2%	20,922	2.8%	21,534	2.9%	22,151	2.9%	22,744	2.7%
Cigarette and Tobacco Taxes	842	798	-5.2%	754	-5.5%	716	-5.0%	679	-5.2%	644	-5.2%
Vapor Excise Tax	24	21	-12.5%	21	0.0%	21	0.0%	21	0.0%	21	0.0%
Motor Fuel Tax	487	487	0.0%	488	0.2%	484	-0.8%	480	-0.8%	475	-1.0%
Highway Use Tax	139	138	-0.7%	138	0.0%	139	0.7%	141	1.4%	141	0.0%
Alcoholic Beverage Taxes	275	269	-2.2%	268	-0.4%	267	-0.4%	267	0.0%	266	-0.4%
Opioid Excise Tax	22	21	-4.5%	20	-4.8%	20	0.0%	20	0.0%	20	0.0%
Medical Cannabis Excise Tax	9	4	-55.6%	3	-25.0%	3	0.0%	3	0.0%	1	-66.7%
Adult Use Cannabis Tax	33	125	278.8%	194	55.2%	284	46.4%	349	22.9%	368	5.4%
Auto Rental Tax ¹	131	137	4.6%	143	4.4%	148	3.5%	151	2.0%	156	3.3%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND²	9,872	10,057	1.9%	10,316	2.6%	10,593	2.7%	10,874	2.7%	11,142	2.5%
Sales Tax	9,315	9,520	2.2%	9,791	2.8%	10,078	2.9%	10,368	2.9%	10,646	2.7%
Cigarette and Tobacco Taxes	260	245	-5.8%	235	-4.1%	226	-3.8%	217	-4.0%	208	-4.1%
Alcoholic Beverage Taxes	275	269	-2.2%	268	-0.4%	267	-0.4%	267	0.0%	266	-0.4%
Opioid Excise Tax	22	21	-4.5%	20	-4.8%	20	0.0%	20	0.0%	20	0.0%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%

¹No longer includes receipts remitted directly to the MTA without an appropriation as of FY 2020.

²Excludes Transfers.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

All Funds consumption/use tax receipts for FY 2026 are estimated to increase from FY 2025 results. Sales tax receipts are estimated to increase due to moderate growth in taxable consumption. Cigarette and tobacco tax receipts are estimated to decrease, reflecting a continuing trend of declining taxable consumption. Opioid and medical cannabis excise tax receipts are both expected to marginally decline; the estimated decline in opioids receipts reflects the continued long-term trend of declining opioid consumption, while the medical cannabis receipts decline reflects the first full year impact of the reduced excise tax rate (from 7 percent to 3.15 percent), which went into effect June 1, 2024. Adult-use cannabis taxes are projected to significantly increase as the State's cannabis market expands during the third full year of receipts. Auto rental tax receipts are estimated to increase, reflecting a long-term growth trend increase. Motor fuel tax is estimated to moderately increase.

General Fund consumption/use tax receipts for FY 2026 are projected to increase largely due to the previously noted All Funds sales tax receipts trend.

FY 2027 consumption/use tax receipts are projected to increase, largely driven by a projected increase in sales tax receipts. Several consumption/use taxes are projected to experience nearly flat or flat year-over-year growth, including opioid excise tax, medical cannabis excise tax, peer-to-peer car sharing tax and the vapor excise tax; or marginal growth, as is the case with auto rental and highway use tax receipts. Motor fuel tax receipts are projected to moderately decline, reflecting a projected decline in overall fuel consumption. Adult-use cannabis taxes are projected to significantly increase as the cannabis market continues to mature. However, the increases above are partially offset by a continued decline in taxable cigarette consumption.

Consumption/use tax receipts for FY 2028 and FY 2029 are projected to increase, largely reflecting a projected increase in sales tax receipts and the continued maturation of the adult-use cannabis market, partially offset by a continued decline in taxable cigarette consumption.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Business Taxes

BUSINESS TAXES (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS (Excl. PTET)¹	13,739	13,592	-1.1%	13,527	-0.5%	13,131	-2.9%	12,163	-7.4%	12,131	-0.3%
Pass-Through-Entity Tax	(13,955)	(17,781)	-27.4%	(15,384)	13.5%	(14,530)	5.6%	(14,588)	-0.4%	(15,160)	-3.9%
STATE/ALL FUNDS	27,694	31,373	13.3%	28,911	-7.8%	27,661	-4.3%	26,751	-3.3%	27,291	2.0%
Corporate Franchise Tax	9,262	8,676	-6.3%	8,787	1.3%	8,411	-4.3%	7,319	-13.0%	7,156	-2.2%
Corporation and Utilities Tax	554	516	-6.9%	544	5.4%	534	-1.8%	535	0.2%	539	0.7%
Insurance Tax	2,813	3,006	6.9%	3,074	2.3%	3,216	4.6%	3,346	4.0%	3,482	4.1%
Bank Tax	1	333	33200.0%	106	-68.2%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	13,955	17,781	27.4%	15,384	-13.5%	14,530	-5.6%	14,588	0.4%	15,160	3.9%
Petroleum Business Tax	1,109	1,061	-4.3%	1,016	-4.2%	970	-4.5%	963	-0.7%	954	-0.9%
GENERAL FUND²	17,425	19,059	9.4%	17,848	-6.4%	17,061	-4.4%	16,231	-4.9%	16,472	1.5%
Corporate Franchise Tax	7,525	6,788	-9.8%	6,878	1.3%	6,491	-5.6%	5,515	-15.0%	5,348	-3.0%
Corporation and Utilities Tax	401	406	1.2%	432	6.4%	421	-2.5%	423	0.5%	425	0.5%
Insurance Tax	2,521	2,697	7.0%	2,756	2.2%	2,884	4.6%	2,999	4.0%	3,119	4.0%
Bank Tax	0	277	0.0%	90	-67.5%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	6,978	8,891	27.4%	7,692	-13.5%	7,265	-5.6%	7,294	0.4%	7,580	3.9%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

¹State/All Funds (Excl. PTET) reflects Business Taxes receipts without the impact of PTET.
²Excludes Transfers.

CFT receipts are estimated to increase modestly in FY 2026, reflecting increases in both gross receipts and audits. This estimated increase is partially offset by a projected increase in refunds.

Corporation and Utilities Tax (CUT) receipts for FY 2026 are estimated to increase due to a combination of increased audits and gross receipts from utilities. Additionally, refunds are estimated to increase over the prior year, slightly offsetting the year over year increase in net receipts. This increase is also offset by a projected decline in gross receipts from the telecommunications sector.

Insurance tax receipts for FY 2026 are estimated to increase due to projected increases in insurance tax premiums driving gross receipts upward, following three years of significant growth. Audits and refunds are both expected to increase as compared to FY 2025.

PTET collections for FY 2026 are estimated to decrease due to lower tax year 2025 estimated payments and extensions coupled with a projected increase in refunds. As noted, DOB expects PTET will be revenue-neutral for the State; however, PTET will not be revenue-neutral within each fiscal year as PTET payments are generally received in the fiscal year prior to PIT credit claims.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2026 are estimated to decrease significantly due to an expectation of lower audit receipts. Petroleum Business Tax (PBT) receipts are estimated to decrease from FY 2025 results, primarily due to two successive rate index declines, as the net impact of a 5 percent decline in the PBT rate index effective January 1, 2025 is coupled with an estimated 5 percent decline effective January 1, 2026.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Business tax receipts for FY 2027 are projected to decrease primarily due to lower PTET and CFT receipts. The decrease in PTET receipts is primarily the result of the projected decline in Tax Year 2026 estimated payments. PBT and CUT receipts are also projected to decrease, with an increase in insurance tax receipts partially offsetting the overall business tax receipts decrease. The increase in insurance receipts is driven by an increase in gross receipts. Bank tax receipts are projected to fall to zero in FY 2027.

Business tax receipts for FY 2028 are projected to increase in CUT, insurance tax, and PTET, while PBT and CFT are projected to decline. Insurance taxes are projected to show the largest increase, driven by increased gross receipts from FY 2027. The decrease in CFT receipts is driven by the expiration of the temporary tax rates after tax year 2026.

Business tax receipts for FY 2029 are projected to increase in the PTET, CUT, and insurance tax, while CFT and PBT are projected to decline.



Other Taxes

OTHER TAXES (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS	3,048	2,586	-15.2%	2,746	6.2%	2,916	6.2%	3,106	6.5%	3,248	4.6%
Estate Tax	1,856	1,301	-29.9%	1,439	10.6%	1,503	4.4%	1,569	4.4%	1,635	4.2%
Real Estate Transfer Tax	1,165	1,257	7.9%	1,278	1.7%	1,383	8.2%	1,505	8.8%	1,580	5.0%
Employer Compensation Expense Program	14	15	7.1%	15	0.0%	17	13.3%	19	11.8%	20	5.3%
Pari-Mutuel Taxes	12	11	-8.3%	13	18.2%	12	-7.7%	12	0.0%	12	0.0%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%	1	0.0%
GENERAL FUND¹	1,876	1,322	-29.5%	1,460	10.4%	1,524	4.4%	1,591	4.4%	1,658	4.2%
Estate Tax	1,856	1,301	-29.9%	1,439	10.6%	1,503	4.4%	1,569	4.4%	1,635	4.2%
Employer Compensation Expense Program	7	8	14.3%	7	-12.5%	8	14.3%	9	12.5%	10	11.1%
Pari-Mutuel Taxes	12	11	-8.3%	13	18.2%	12	-7.7%	12	0.0%	12	0.0%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%	1	0.0%

¹Excludes Transfers.

FY 2026 other tax receipts are estimated to increase from FY 2025 results, primarily due to increases in both estate tax and real estate transfer tax receipts. Estimated estate tax receipts reflect estimated growth in household net worth, as well as an expected decrease in refunds. Estimated real estate transfer tax receipts largely reflect estimated growth in housing starts and the average housing price, partially offset by estimated declines in bonuses and the S&P 500.

Other tax receipts in FY 2027 and the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected annual growth in household net worth, housing starts, the average housing price, the S&P 500, and bonuses.

Miscellaneous Receipts

MISCELLANEOUS RECEIPTS (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
ALL FUNDS	33,755	34,761	3.0%	38,996	12.2%	39,793	2.0%	36,959	-7.1%	36,784	-0.5%
General Fund	4,878	5,168	5.9%	4,011	-22.4%	2,892	-27.9%	2,283	-21.1%	2,164	-5.2%
Special Revenue Funds	23,430	23,804	1.6%	24,108	1.3%	23,637	-2.0%	21,694	-8.2%	22,371	3.1%
Capital Projects Funds	4,941	5,283	6.9%	10,460	98.0%	12,827	22.6%	12,529	-2.3%	11,797	-5.8%
Debt Service Funds	506	506	0.0%	417	-17.6%	437	4.8%	453	3.7%	452	-0.2%

All Funds miscellaneous receipts in FY 2026 are projected to increase from FY 2025 estimates, driven by projected growth of bond proceeds receipts, primarily due to the increase in bond-eligible capital spending in FY 2026, partly offset by a projected decline in investment-income and abandoned property receipts.

In the later years of the Financial Plan, All Funds miscellaneous receipts reflect the timing of capital reimbursements and bond issuances and a continued decline in investment income attributable to lower forecasted interest rates and available balances.



Federal Receipts

FEDERAL RECEIPTS (millions of dollars)											
	FY 2024 Actuals	FY 2025 Actuals	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
ALL FUNDS	94,276	96,713	2.6%	94,090	-2.7%	94,336	0.3%	91,580	-2.9%	93,317	1.9%
General Fund	2,250	3,650	62.2%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	89,222	90,233	1.1%	90,834	0.7%	90,755	-0.1%	87,980	-3.1%	89,690	1.9%
Capital Projects Funds	2,744	2,785	1.5%	3,198	14.8%	3,528	10.3%	3,555	0.8%	3,590	1.0%
Debt Service Funds	60	45	-25.0%	58	28.9%	53	-8.6%	45	-15.1%	37	-17.8%

Aid from the Federal government helps to pay for a variety of programs including Medicaid, public assistance, mental hygiene, School Aid, public health, transportation, and other activities. Annual changes to Federal receipts generally correspond to changes in federally reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal receipts, actual results often differ from projections.

The changes in Federal receipts projections correspond with expected changes in Federal spending across the Financial Plan period, which include increases to Medicaid, Public Health, and Transportation, partially offset by the wind-down of pandemic assistance to aid states in their response to and recovery from COVID-19. In addition, Federal receipts in the General Fund reflect the final use of Federal American Rescue Plan (ARP) funds in FY 2025, consistent with Federal treasury rules.

Many of the policies that drive Federal aid may be subject to change. If Federal funding to the State were reduced, this could have a materially adverse impact on the Financial Plan.



Disbursements

The multi-year disbursements projections consider various factors, including statutorily indexed rates intended to limit spending in certain programs, agency staffing levels, program caseloads, inflation, and funding formulas contained in State and Federal law. Factors that affect spending estimates vary by program. For example, public assistance spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends and projected economic conditions. Projections also account for the timing of payments, since not all the amounts appropriated are disbursed in the same fiscal year. Consistent with past practice, the aggregate receipts and spending projections (i.e., the sum of all projected receipts and spending by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate spending trends and patterns observed between estimated and actual results over time.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Assistance and Grants

Assistance and grants spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations who provide services to individuals. School Aid and health care spending account for most of the State Operating Funds assistance and grants spending, which represents approximately two-thirds of total State Operating Funds spending.

Certain factors that are considered when preparing spending projections for the State's major assistance and grants programs and activities are summarized below.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES					
(millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
HEALTH CARE					
Medicaid - Individuals Covered	6,932,080	7,043,533	7,076,070	7,091,527	7,098,834
Essential Plan - Individuals Covered	1,733,429	1,791,481	1,846,750	1,894,618	1,942,487
Child Health Plus - Individuals Covered	583,207	600,792	612,807	626,063	637,563
State Takeover of County/NYC Costs ¹	\$7,400	\$8,322	\$9,167	\$9,962	\$11,178
CY 2005 Local Medicaid Cap	\$5,386	\$6,126	\$6,789	\$7,401	\$8,435
FY 2013 Local Takeover Costs	\$2,014	\$2,196	\$2,378	\$2,561	\$2,743
EDUCATION					
School Aid (School Year-Basis Funding)	\$35,827	\$37,574	\$38,869	\$40,297	\$41,607
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	479,524	479,524	TBD	TBD	TBD
Tuition Assistance Program (FTEs)	245,000	245,000	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	202,592	205,120	204,330	203,804	203,266
Safety Net Program (Families)	141,181	142,791	142,471	142,366	142,247
Safety Net Program (Singles)	319,688	340,242	349,947	360,185	370,693
MENTAL HYGIENE					
OMH Community Beds	50,653	51,564	53,041	53,929	57,093
OPWDD Community Beds ²	43,809	44,250	44,766	45,366	46,057
OASAS Community Beds	13,206	13,295	13,388	13,480	13,505
Total	107,668	109,109	111,195	112,775	116,655
<p>¹ Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources.</p> <p>² OPWDD Community Beds actuals and estimates include Self-Directed Rental Subsidies (SDRS).</p>					



Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the State's 673 major school districts. State aid is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses, such as prekindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally defined needs, such as the construction of school facilities and the education of students with disabilities.

School Year (July 1 — June 30)

The Enacted Budget provides \$37.6 billion in total School Aid for SY 2026, representing an annual increase of \$1.7 billion (4.9 percent). This includes a \$1.4 billion (5.7 percent) increase in Foundation Aid. The FY 2026 Enacted Budget reforms the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, increasing aid for English language learners, providing additional aid to low-wealth school districts, modifying the Regional Cost Index, and ensuring that each district receives at least a 2 percent annual increase in aid. The Enacted Budget also provides enhancements to Special Services Aid and BOCES Aid to better support career and technical education. The Enacted Budget further provides additional aid to school districts with large portions of their enrollment attending charter schools.

In SY 2027 and beyond, growth in School Aid reflects estimated growth in Foundation Aid and expense-based aids, reflecting DOB's inflation forecast and recent annual expense-based aid growth, respectively.

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30)									
(millions of dollars)									
	SY 2025	SY 2026	Change	SY 2027	Change	SY 2028	Change	SY 2029	Change
Total	35,827	37,574	1,747 4.9%	38,869	1,295 3.4%	40,297	1,428 3.7%	41,607	1,310 3.3%

State Fiscal Year School Aid

The State finances School Aid from the General Fund, commercial gaming receipts, cannabis sales, mobile sports wagering receipts, and lottery receipts, including revenues from Video Lottery Terminals (VLTs). Commercial gaming, lottery, and mobile sports wagering receipts are accounted for and disbursed from dedicated accounts. Revenue from the fantasy sports education and the cannabis education accounts are transferred to the Lottery Fund for disbursement. The amount of School Aid spending financed by mobile sports wagering receipts is expected to increase in FY 2026 due to an increase in anticipated revenue collections. Additionally, the amount of School Aid spending financed by lottery receipts is expected to decrease in FY 2026 due to higher than anticipated revenue collections in FY 2024 that were subsequently used to support disbursements in FY 2025.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Because the State fiscal year begins annually on April 1 and the school year begins annually on July 1, the State typically pays approximately 70 percent of the annual school year commitment during the initial State fiscal year and the remaining 30 percent in the first quarter of the following State fiscal year. The table below summarizes the projected sources of School Aid spending on a State fiscal year basis.

SCHOOL AID - STATE FISCAL YEAR BASIS									
(millions of dollars)									
	FY 2025	FY 2026		FY 2027		FY 2028		FY 2029	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	35,290	36,986	4.8%	38,386	3.8%	39,758	3.6%	41,108	3.4%
General Fund Assistance and Grants	30,088	31,532	4.8%	33,222	5.4%	34,626	4.2%	35,943	3.8%
Medicaid	137	140	2.2%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid ¹	2,807	2,591	-7.7%	2,558	-1.3%	2,500	-2.3%	2,495	-0.2%
VLT Lottery Aid	1,096	1,131	3.2%	1,092	-3.4%	1,094	0.2%	1,094	0.0%
Commercial Gaming	122	135	10.7%	138	2.2%	134	-2.9%	134	0.0%
Mobile Sports Wagering	1,040	1,457	40.1%	1,236	-15.2%	1,264	2.3%	1,302	3.0%

¹ Lottery Aid funds include transfers made from the fantasy sports education account and the cannabis education account.

Spending on School Aid from dedicated revenue sources is capped by appropriation authority as determined at the Enacted Budget. Therefore, spending shown in the table above does not necessarily equate to annual revenue collections and projections.



Other Education Funding

The State provides funding and support for various other education-related programs. These include special education services; programs administered by the Office of Prekindergarten through Grade 12 Education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	2,876	3,069	6.7%	3,181	3.6%	3,342	5.1%	3,493	4.5%
Special Education	1,609	1,600	-0.6%	1,696	6.0%	1,796	5.9%	1,898	5.7%
All Other Education	1,267	1,469	15.9%	1,485	1.1%	1,546	4.1%	1,595	3.2%

The State helps fund special education services for approximately 500,000 students with disabilities, from ages 3 to 21. Major programs under the Office of Prekindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including assisted meal programs, after-school programs, and other educational grant programs. Cultural education includes aid for operating expenses of the major cultural institutions, State Archives, State Library, and State Museum, as well as support for the Office of Educational Television and Public Broadcasting. Higher and professional education programs monitor the quality and availability of post-secondary education programs, and license and regulate over 50 professions. Adult career and continuing education services focus on the education and employment needs of the State’s adult citizens, ensuring that such individuals have access to a one-stop source for all their employment needs, and are made aware of the full range of services available in other agencies.

Special Education costs in FY 2026 are projected to decline slightly from the prior fiscal year, due to increased claims in FY 2025 as a result of recent reforms that have accelerated the issuance of tuition rates with the cost of living adjustment growth and reduced overpayment recoveries, as well as increased enrollment. These costs are paid in the first instance by school districts and counties and partially reimbursed by the State starting in the following year. Outyear spending increases are attributable to projected enrollment and cost growth.

Spending for All Other Education Programs in FY 2026 is projected to increase by 15.9 percent. This increase is driven largely by adoption of a universal free school meals program under which all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program will be required to provide free meals to all students regardless of their families’ income, with the State paying the student’s share of costs for all meals served to students not already receiving free meals. The projected increase in spending is also partly attributable to reimbursement to nonpublic schools for State-mandated activities; reimbursement to nonpublic schools for STEM instruction; reimbursement of school districts' supplemental charter school tuition payments; and payments to the City of New York for charter school facilities aid. Outyear spending growth is largely attributable to increased reimbursement for school meals, nonpublic schools, and charter schools.



School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first \$30,000 of every eligible homeowner’s property value from the local school tax levy. Senior citizens with incomes below \$107,300 will receive an \$86,100 exemption in FY 2026.

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioning from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit instead of a property tax exemption. This transition did not change the value of the STAR benefit received by homeowners.

The STAR program also includes a credit for income-eligible taxpayers who are residents of the City of New York. The City of New York PIT rate reduction was converted into a State PIT tax credit starting with tax year 2017 and, as of FY 2019, is no longer a component of State Operating Funds spending. This change has no impact on the value of the STAR benefit received by taxpayers.

SCHOOL TAX RELIEF (STAR)									
(millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STAR PROGRAM	1,448	1,397	-3.5%	1,320	-5.5%	1,247	-5.5%	1,180	-5.4%
Gross Program Costs	2,980	3,070	3.0%	3,116	1.5%	3,180	2.1%	3,272	2.9%
Personal Income Tax Credit	(1,532)	(1,673)	-9.2%	(1,796)	-7.4%	(1,933)	-7.6%	(2,092)	-8.2%
Basic Exemption	654	605	-7.5%	533	-11.9%	464	-12.9%	401	-13.6%
Gross Program Costs	1,245	1,293	3.9%	1,309	1.2%	1,325	1.2%	1,361	2.7%
Personal Income Tax Credit	(591)	(688)	-16.4%	(776)	-12.8%	(861)	-11.0%	(960)	-11.5%
Enhanced (Senior) Exemption	794	792	-0.3%	787	-0.6%	783	-0.5%	779	-0.5%
Gross Program Costs	1,001	1,029	2.8%	1,047	1.7%	1,072	2.4%	1,108	3.4%
Personal Income Tax Credit	(207)	(237)	-14.5%	(260)	-9.7%	(289)	-11.2%	(329)	-13.8%
City of New York PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	734	748	1.9%	760	1.6%	783	3.0%	803	2.6%
Personal Income Tax Credit	(734)	(748)	-1.9%	(760)	-1.6%	(783)	-3.0%	(803)	-2.6%



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

All homeowners with incomes above \$250,000 were transitioned from the basic exemption benefit program to the advance credit program in FY 2020. Additionally, a zero percent growth cap on the STAR exemption benefit remains in effect. The decline in reported disbursements on STAR exemptions in FY 2026 through FY 2029 can be attributed to these actions. By moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

The Enacted Budget includes legislation that will simplify the STAR income and age eligibility rules to make it easier for taxpayers to qualify for and receive benefits. Notably, the age eligibility is updated so that: only one resident owner needs to be 65 or older to qualify for the Enhanced STAR benefit (instead of the current requirement that all owners be 65 or older unless the owners are married or are siblings); only the income of primary owners will be used to determine eligibility; and taxpayers who do not file annual tax returns can retain eligibility using prior returns.



Higher Education

Assistance and grants spending for higher education includes funding for CUNY, SUNY, and the Higher Education Services Corporation (HESC).

HIGHER EDUCATION (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	3,280	3,613	10.2%	3,539	-2.0%	3,536	-0.1%	3,572	1.0%
City University	2,116	2,307	9.0%	2,240	-2.9%	2,226	-0.6%	2,250	1.1%
Senior Colleges	1,873	2,041	9.0%	1,970	-3.5%	1,956	-0.7%	1,980	1.2%
Community College	243	266	9.5%	270	1.5%	270	0.0%	270	0.0%
Higher Education Services	612	686	12.1%	704	2.6%	720	2.3%	732	1.7%
Tuition Assistance Program	553	604	9.2%	617	2.2%	634	2.8%	651	2.7%
Scholarships/Awards	56	81	44.6%	87	7.4%	86	-1.1%	81	-5.8%
Aid for Part-Time Study	3	1	-66.7%	0	-100.0%	0	0.0%	0	0.0%
State University	552	620	12.3%	595	-4.0%	590	-0.8%	590	0.0%
Community College	461	492	6.7%	489	-0.6%	488	-0.2%	488	0.0%
Other/Cornell	91	128	40.7%	106	-17.2%	102	-3.8%	102	0.0%

As of Fall 2024 enrollment data, SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of roughly 372,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 242,000 students.

State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides nearly \$2.0 billion in annual support for the fringe benefit costs of all employees at SUNY State-operated campuses, approximately \$1.5 billion for SUNY four-year campus operations via an annual General Fund transfer, and an estimated \$954 million for debt service payments on bond-financed capital projects at SUNY and CUNY in FY 2026. Additionally, an estimated \$330 million in student financial aid support will continue to be transferred from HESC to SUNY in FY 2026. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments made from HESC to SUNY as transfers instead of disbursements.

HESC is New York State’s student financial aid agency. HESC oversees State-funded financial aid programs, including the Excelsior Scholarship, TAP, and various other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 300,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Higher education assistance and grants spending is projected to increase by \$333 million, or 10.2 percent, from FY 2025 to FY 2026. This spending includes an increase in General Fund operating assistance to CUNY senior colleges for campus operating support, increased fringe benefits, investments in artificial intelligence, and programs to support academic and career advisement, tuition grants, textbooks, and transportation costs. In addition, increased spending at SUNY and CUNY community colleges is driven by additional operating aid and the Enacted Budget legislation to provide for the remaining cost of tuition, fees, books, and supplies for students aged 25 to 55 who enter associate's degree programs in high-demand fields. Student financial aid spending is expected to increase due to the expansion of VTA to include non-combat veterans.



Health Care

DOH works with local health departments and social services departments, including the City of New York, to coordinate and administer statewide health insurance programs and activities, including operating the Medicaid program. The combined benefit of the State's health insurance programs is to provide health care coverage to approximately 9 million low-income individuals and long-term care services for the elderly and disabled. Most government-financed health care programs are included under DOH; however, several programs are also supported through multi-agency efforts. In addition to Medicaid and statewide public health programs, assistance and grants spending for health care includes a variety of mental hygiene programs.

DOH also engages in federally supported initiatives, including Medicaid redesign and public health response efforts. For more information on the Medicaid Waivers and Federal COVID-19 response efforts please see "Other Matters Affecting the Financial Plan" and "Federal Aid" herein.

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through monthly premium payments to managed care plans that enroll Medicaid eligible individuals and direct payments to health care providers for services rendered to Medicaid enrollees. According to the most recent CMS Data, New York is the second largest program in terms of spending, behind California, which spends roughly 24 percent more in gross expenditures and covers more than 13 million people. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, and services provided in a variety of community-based settings (including personal care, mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services).

The Medicaid program is financed by the Federal government, the State, and counties, including the City of New York. DOB estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total nearly \$126 billion in FY 2026. The following table shows the estimated disbursements and share of costs by level of government.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

MEDICAID SPENDING (millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Federal	65,835	72,290	73,652	71,136	72,810
	58.3%	57.5%	56.7%	55.2%	54.5%
State (DOH)	31,626	35,848	38,463	39,606	42,198
	28.0%	28.5%	29.6%	30.7%	31.6%
State (Other Agencies)	6,811	8,851	8,968	9,387	9,728
	6.0%	7.0%	6.9%	7.2%	7.3%
Local	8,638	8,838	8,838	8,838	8,838
	7.7%	7.0%	6.8%	6.9%	6.6%
Total	112,910	125,827	129,921	128,967	133,574

The DOH Medicaid State-share of spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. In any year, Medicaid costs financed by the General Fund may be affected by several factors, including the statutory Medicaid Global Cap that limits annual growth for a subset of State-share Medicaid spending, financial resources available in HCRA and, to a lesser extent, other State Special Revenue Funds, and temporary changes to the Federal share of Medicaid (e.g., eFMAP). The following tables summarize the expected financing shares for DOH Medicaid over the multi-year plan.

STATE-SHARE MEDICAID FINANCING SOURCES (millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
General Fund	24,857	26,399	29,232	31,693	34,923
	78.6%	73.6%	76.0%	80.0%	82.8%
HCRA	5,553	5,642	5,763	6,005	6,194
	17.7%	15.8%	15.0%	15.2%	14.6%
All Other	1,216	3,807	3,468	1,908	1,081
	3.7%	10.6%	9.0%	4.8%	2.6%
Total	31,626	35,848	38,463	39,606	42,198



Enrollment and Cost Drivers

Medicaid eligibility and enrollment fluctuate with economic cycles and unemployment levels. Most recently the COVID-19 pandemic caused significant jumps in enrollment and participation in public health insurance programs such as Medicaid, EP, and CHP. Despite recent eligibility redeterminations performed in 2024, the State continues to retain a greater proportion of COVID-19 era enrollees with approximately 9 million public health insurance enrollees driving higher Medicaid costs over the multi-year Financial Plan relative to pre-pandemic levels of enrollment.

Total Medicaid costs are expected to grow annually, due in large part to an increase in high utilization and aging populations, a recent expansion of benefits, and increases to reimbursement rates. Other factors that continue to place upward pressure on State-share Medicaid costs include but are not limited to: provider reimbursements to cover minimum wage increases; the phase-out of enhanced Federal funding; increased costs and enrollment growth in MLTC services for seniors and dual eligibles; and payments to financially distressed hospitals.

The following table summarizes State-share Medicaid spending by agency and the interplay of the Mental Hygiene Stabilization Fund (MHSF)/Local Share Adjustment (LSA) accounting mechanism between DOH and OPWDD.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS					
(millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Department of Health Medicaid	31,626	35,848	38,463	39,606	42,198
Assistance and Grants	31,266	35,449	38,106	39,237	41,846
State Operations	396	399	357	369	352
eFMAP ¹	(36)	0	0	0	0
Other State Agency Medicaid Spending	6,811	8,851	8,968	9,387	9,728
Mental Hygiene ²	6,290	9,311	9,759	9,968	10,285
MHSF/LSA	298	(723)	(1,056)	(847)	(825)
Foster Care	73	118	120	121	123
Education	137	140	140	140	140
Corrections	13	5	5	5	5
Total State-Share Medicaid (All Agencies)	38,437	44,699	47,431	48,993	51,926
Annual \$ Change	2,577	6,262	2,732	1,562	2,933
Annual % Change	7.2%	16.3%	6.1%	3.3%	6.0%

¹ Includes a portion of the benefit of enhanced Federal share (eFMAP), which expired in December 2023. Final reconciliations concluded with an additional \$36 million in Federal resources received in FY 2025.

² Excludes a portion of spending reported under the DOH Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.



Factors Affecting Medicaid Funding

Global Cap

The Medicaid Global Cap is a statutory spending limit that applies to a subset of State-share funded Medicaid spending. Since the implementation of the Medicaid Global Cap through FY 2022, the subset of Medicaid spending to which it applied was limited to no greater than the ten-year rolling average of medical price inflation. The FY 2023 Enacted Budget implemented a new Global Cap index based on the five-year rolling average of CMS annual projections of health care spending to better account for enrollment changes, including specific populations, such as the aging and disabled populations, which are significant drivers of costs.

The FY 2026 Enacted Budget adjusted costs reported under the Medicaid Global Cap to exclude OSA local Medicaid expenses. Beginning in FY 2026, these costs that were previously reported in the DOH budget are now reported in the respective agencies. As county contributions have been capped since 2015, the State continues to pick up each additional dollar every year in Medicaid expenses that would otherwise be paid for by localities (\$8.3 billion in FY 2026). This effectively made the State liable for all growth in non-Federal Medicaid expenses as the local contribution is fixed. An estimated \$2 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is Financial Plan cost neutral and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

MEDICAID GLOBAL CAP INDEX (millions of dollars)						
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	Five-Year Total
Prior CPI Index (May 2022)	22,333	22,957	23,612	24,226	24,559	117,687
Annual \$ Change	584	624	655	614	333	2,810
Annual % Change	2.7%	2.8%	2.9%	2.6%	1.4%	
Increased Spending Under the New Cap¹	2,597	3,502	4,249	4,952	5,881	21,181
New CMS Index	24,930	26,459	27,861	29,178	30,440	138,868
FY 2026 Enacted Budget	24,930	26,459	28,833	30,902	33,668	144,792
Enacted Budget Over/(Under) Allowance²	0	0	972	1,724	3,228	5,924

¹ Effective FY 2023, growth is indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services (CMS).

² Medicaid spending is projected to stay within the allowable Global Cap through FY 2026. Gap-closing savings will be necessary in FY 2027 through FY 2029 to ensure Medicaid spending in future years adheres to the Global Cap allowance.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Medicaid spending not subject to the Global Cap includes certain Medicaid spending in other agencies, administrative costs, such as the takeover of local administrative responsibilities, costs related to a portion of the takeover of local government expenses, health care investments made from the HSF, and costs related to State-mandated increases in the minimum wage and other wage enhancements.

TOTAL DOH MEDICAID SPENDING					
(millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Medicaid Global Cap¹	24,930	26,459	27,861	29,179	30,440
Annual \$ Change	1,665	1,529	1,402	1,318	1,261
Annual % Change	7.2%	6.1%	5.3%	4.7%	4.3%
Spending Above Cap Allowance²	0	0	972	1,724	3,228
Other Medicaid Not Subject to Global Cap	6,696	6,661	7,242	7,875	8,530
Minimum Wage	2,430	2,441	2,451	2,462	2,471
Home Care Wages	1,480	1,795	2,165	2,590	3,037
Local Takeover Cost ³	2,014	2,196	2,378	2,561	2,743
MSA Local Growth Offset	(97)	(298)	(281)	(265)	(250)
All Other	719	527	529	527	529
Healthcare Stability Fund ³	150	0	0	0	0
Total Spending³	31,626	33,120	36,075	38,778	42,198
Annual \$ Change	3,438	1,494	2,955	2,703	3,420
Annual % Change	12.2%	4.7%	8.9%	7.5%	8.8%
Healthcare Stability Fund⁴	0	2,728	2,388	828	0
Total with HSF⁴	31,626	35,848	38,463	39,606	42,198
Annual \$ Change	3,438	4,222	2,615	1,143	2,592
Annual % Change	12.2%	13.3%	7.3%	3.0%	6.5%

¹ Annual growth is indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by CMS.

² Medicaid spending is projected to stay within the allowable Global Cap in FY 2026. Gap-closing savings will be necessary in FY 2027 through FY 2029 to ensure Medicaid spending in future years adheres to the Global Cap allowance.

³ Medicaid State Operating Funds spending, exclusive of Other State Agencies (OSA) costs and expenditures from the MCO Healthcare Stability Fund.

⁴ Revenues to the Healthcare Stability Fund (HSF) will be reinvested into the healthcare delivery system as well as provide Global Cap relief. Beginning in FY 2026, expenditures from the HSF are excluded from the Medicaid Global Cap allowance.



Minimum Wage and Home Care Wages

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap.

The minimum wage increases in the health care sector are projected to cost the State \$2.4 billion in FY 2026. Home health care workers in the City of New York and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education, and fringe benefits. The required supplemental benefits typically can be satisfied by increasing the base cash wage for home health care workers by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by \$2.54 for the City of New York and \$1.67 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

The State authorized wage increases for home health and personal care workers of \$1.55 for downstate and \$1.35 for rest of state, effective January 1, 2024, with additional Statewide wage increases of \$0.55 effective January 1, 2025, and an additional \$0.55 to come January 1, 2026. Costs for these increases are projected to be over \$1.3 billion in FY 2026. These increases were partially funded by HCBS eFMAP in FY 2025 but have reverted to nearly all General Fund support beginning in FY 2026.

The State also automatically increased the State's minimum wage to keep pace with inflation going forward. After reaching \$15 per hour, each region's minimum wage will increase consistent with the year-over-year CPI for Urban Wage Earners and Clerical Workers (CPI-W) for the Northeast Region. The State cost is \$512 million in FY 2026 and is projected to grow to over \$1.5 billion in FY 2029.



Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the City of New York budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures and indexed to a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out all growth in the local share of Medicaid costs over a three-year period.

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is projected to save local districts a total of \$8.3 billion in FY 2026 -- roughly \$3.7 billion for counties outside the City of New York and \$4.6 billion for the City of New York. The following table provides the multi-year savings to local districts.

LOCAL GOVERNMENT SAVINGS STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER) FY 2025 to FY 2029					
Region	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rest of State	3,361,031	3,705,333	4,021,266	4,318,164	4,772,414
City of New York	4,038,984	4,616,246	5,145,942	5,643,726	6,405,329
Statewide	7,400,015	8,321,579	9,167,208	9,961,890	11,177,743

Master Settlement Agreement (MSA)

DOB expects to receive a perpetual payment from tobacco manufacturers under the Master Settlement Agreement (MSA) consistent with consumption and inflation adjustments authorized in the agreement. New York State law directs these payments be used to help defray the costs of the State's takeover of Medicaid expenses for counties and the City of New York. The MSA payments are deposited directly to the Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Healthcare Stability Fund (HSF)

Health care costs in New York rose sharply in the aftermath of the COVID-19 pandemic and continue to increase at unsustainable rates, creating pressure on the government funded Medicaid program and safety-net providers. In an effort to expand resources to fund these growing costs, the State pursued Federal approval of an assessment on MCO similar to those imposed by many other states including New Jersey, Louisiana, Michigan, Illinois, and California. Effective January 1, 2025, CMS granted approval for a Per Member Per Month (PMPM) assessment on Medicaid and Non-Medicaid insurers based on the number of member months the plan carries. The assessment includes a component for the EP's 1.7 million enrollees, contributing to increased cost on the Federal fund.

Pursuant to the FY 2025 Enacted Budget, the HSF will receive and distribute the new MCO resources, estimated to total \$3.7 billion over two years. The FY 2026 Enacted Budget assumes the use of the funds over three years to fund \$1 billion in existing commitments supported by the Global Cap and the remaining \$2.7 billion will support new health care delivery investments, which are exempt from the Medicaid Global Cap. These investments and funding are dependent on successful execution of the assessment, which is subject to continued Federal support. Absent assurance of continued Federal approval to continue, the Financial Plan does not include any funding for these investments in the later years.

HEALTHCARE STABILITY FUND					
(millions of dollars)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actuals	Projected	Projected	Projected	Projected
Opening Balance	0	201	593	829	0
Receipts	351	3,278	2,625	0	0
Managed Care Assessments	0	3,278	2,625	0	0
General Fund Transfer	350	0	0	0	0
STIP Interest	1	0	0	0	0
Disbursements	150	2,886	2,389	829	0
Global Cap Offset	0	500	500	0	0
Hospitals	0	346	305	305	0
Nursing Homes	142	223	193	193	0
Safety Net Transformation	0	300	300	213	0
Quality Pools	0	50	50	50	0
Physician Fee Schedule	0	50	50	50	0
Clinics	0	20	10	10	0
VBP Incentive Payments	0	15	0	0	0
Assisted Living Programs	8	8	8	8	0
Transfer to HCRA (MIF)	0	159	0	0	0
State Share Assessment Offsets	0	1,215	973	0	0
Closing Balance	201	593	829	0	0



Health Care Transformation Fund (HCTF)

The HCTF was created in 2018 to account for receipts associated with health care asset sales and conversions. Resources in the HCTF are transferred to any other fund of the State, as directed by the Director of the Budget, to support health care delivery, including for capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers. The HCTF may be used as a repository for future proceeds related to asset sales and conversions, subject to regulatory approvals.

The table below summarizes the actual and projected receipts from several health care provider conversions and acquisitions and the support for health care transformation activities, including subsidies for housing rental assistance, State-only health care payments, capital projects spending to enhance health care IT, and support for home care delivery.

HEALTH CARE TRANSFORMATION FUND (millions of dollars)					
	<u>FY 2025</u> <u>Actuals</u>	<u>FY 2026</u> <u>Projected</u>	<u>FY 2027</u> <u>Projected</u>	<u>FY 2028</u> <u>Projected</u>	<u>FY 2029</u> <u>Projected</u>
Opening Balance	375	270	145	0	0
Receipts	145	140	140	0	0
General Fund Transfer	125	125	125	0	0
STIP Interest	20	15	15	0	0
Planned Uses	250	265	285	0	0
Home Care Wages	250	250	250	0	0
Housing Rental Subsidies	0	15	35	0	0
Closing Balance	270	145	0	0	0



Public Health/Aging Programs

The State administers more than 150 separate programs to promote public health and wellbeing and provide access to quality health services for New Yorkers. CHP, the single largest program in this category, provides health insurance coverage for children of low-income families up to the age of 19. The General Public Health Work (GPHW) program reimburses local health departments for the cost of providing certain public health services. The Elderly Pharmaceutical Insurance Coverage (EPIC) program provides prescription drug insurance to seniors. The Early Intervention (EI) program pays for services provided to infants and toddlers with disabilities or developmental delays who are under the age of three. Many public health programs, such as the EI and GPHW programs, are run by county health departments that are reimbursed by the State for a share of the program costs. State spending projections do not include the county share of these programs. In addition, a significant portion of HCRA spending is included under the Public Health budget.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services (including in-home services and nutrition assistance) provided through a network of county Area Agencies on Aging and local providers.

PUBLIC HEALTH AND AGING (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	2,931	3,092	5.5%	2,798	-9.5%	2,854	2.0%	2,906	1.8%
Public Health	2,742	2,859	4.3%	2,604	-8.9%	2,649	1.7%	2,695	1.7%
Child Health Plus	1,555	1,354	-12.9%	1,399	3.3%	1,444	3.2%	1,490	3.2%
General Public Health Work	199	186	-6.5%	186	0.0%	186	0.0%	186	0.0%
EPIC	43	63	46.5%	63	0.0%	63	0.0%	63	0.0%
<u>Early Intervention</u>	<u>130</u>	<u>75</u>	<u>-42.3%</u>	<u>71</u>	<u>-5.3%</u>	<u>71</u>	<u>0.0%</u>	<u>71</u>	<u>0.0%</u>
Unadjusted	227	172	-24.2%	168	-2.3%	168	0.0%	168	0.0%
Health Services Initiatives Offset	(97)	(97)	0.0%	(97)	0.0%	(97)	0.0%	(97)	0.0%
<u>Workforce Initiatives¹</u>	<u>24</u>	<u>94</u>	<u>291.7%</u>	<u>94</u>	<u>0.0%</u>	<u>94</u>	<u>0.0%</u>	<u>94</u>	<u>0.0%</u>
General Fund Assistance and Grants	6	76	1166.7%	76	0.0%	76	0.0%	76	0.0%
HCRA Program	18	18	0.0%	18	0.0%	18	0.0%	18	0.0%
HCRA Program	332	491	47.9%	318	-35.2%	318	0.0%	318	0.0%
Nourish NY	50	55	10.0%	50	-9.1%	50	0.0%	50	0.0%
All Other	409	541	32.3%	423	-21.8%	423	0.0%	423	0.0%
Aging	189	233	23.3%	194	-16.7%	205	5.7%	211	2.9%

¹ This item represents the local portion workforce Initiatives supported by the General Fund and HCRA Program; an additional \$10 million is supported under HCRA State Operations.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Public Health spending is projected to increase by 4.3 percent in FY 2026 and grow by less than 2 percent annually over the remaining years of the Financial Plan period. This reduction in growth in FY 2026 reflects slightly lower projected spending on the CHP undocumented population. The overall decrease is partially offset by increased spending on reproductive health and abortion access, and reimbursement rates under the EI program.

Over the multi-year period, the Financial Plan maintains funding to address the needs of individuals living in underserved communities by ensuring surplus agricultural products are rerouted through the State's network of food banks; monitoring and providing support for unforeseen public health emergencies; reducing infant, child, and maternal mortality; improving maternal mental health; and maintaining on-going workforce investments to safeguard access and delivery to health care.

The Financial Plan maintains support for SOFA to address locally identified capacity needs, including: retention of the elderly in their communities; support for family and friends in their caregiving roles; establishment of quality reporting and accreditation for assisted living residences; and implementation of quality improvement initiatives in nursing homes to promote transparency.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2026. HCRA resources include surcharges and assessments on hospital revenues, a “covered lives” assessment paid by insurance carriers, and a portion of cigarette tax revenues. These resources are used to fund roughly 15 percent of State-share Medicaid costs, and other programs and health care industry investments, including: CHP; EPIC; Physician Excess Medical Malpractice Insurance; Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance; Worker Recruitment and Retention; Doctors Across New York (DANY); Nurses Across New York (NANY); and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Database (APCD).

HCRA FINANCIAL PLAN									
(millions of dollars)									
	FY 2025	FY 2026		FY 2027		FY 2028		FY 2029	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
OPENING BALANCE	55	14		0		0		0	
TOTAL RECEIPTS	7,652	7,778	1.6%	7,784	0.1%	8,076	3.8%	8,316	3.0%
Surcharges	5,061	5,305	4.8%	5,337	0.6%	5,585	4.6%	5,841	4.6%
Covered Lives Assessment	1,156	1,150	-0.5%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	553	519	-6.1%	490	-5.6%	462	-5.7%	436	-5.6%
Hospital Assessments	619	557	-10.0%	560	0.5%	612	9.3%	622	1.6%
Excise Tax on Vapor Products	21	21	0.0%	21	0.0%	21	0.0%	21	0.0%
NYC Cigarette Tax Transfer	11	13	18.2%	13	0.0%	13	0.0%	13	0.0%
EPIC Receipts/ICR Audit Fees/Interest	81	63	-22.2%	63	0.0%	83	31.7%	83	0.0%
Distressed Provider Assistance ¹	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	7,693	7,792	1.3%	7,784	-0.1%	8,076	3.8%	8,316	3.0%
<u>Medicaid Assistance Account</u>	<u>4,891</u>	<u>5,011</u>	<u>2.5%</u>	<u>5,132</u>	<u>2.4%</u>	<u>5,374</u>	<u>4.7%</u>	<u>5,563</u>	<u>3.5%</u>
Medicaid Costs	4,566	4,686	2.6%	4,807	2.6%	5,049	5.0%	5,238	3.7%
Distressed Provider Assistance ¹	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	662	631	-4.7%	631	0.0%	631	0.0%	631	0.0%
HCRA Program Account	358	529	47.8%	356	-32.7%	354	-0.6%	354	0.0%
Child Health Plus	1,573	1,378	-12.4%	1,424	3.3%	1,473	3.4%	1,521	3.3%
Elderly Pharmaceutical Insurance Coverage	56	74	32.1%	74	0.0%	74	0.0%	74	0.0%
Qualified Health Plan Administration	29	33	13.8%	32	-3.0%	33	3.1%	34	3.0%
Roswell Park Cancer Institute	55	51	-7.3%	51	0.0%	51	0.0%	51	0.0%
SHIN-NY/APCD/Modernization	45	45	0.0%	40	-11.1%	40	0.0%	40	0.0%
All Other	24	40	66.7%	44	10.0%	46	4.5%	48	4.3%
ANNUAL OPERATING SURPLUS/(DEFICIT)	(41)	(14)		0		0		0	
CLOSING BALANCE	14	0		0		0		0	

¹ HCRA Financial Plan includes resources from local county contributions in support of State funded payments to distressed health care providers through the Medicaid program.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Total HCRA receipts are anticipated to grow at a steady rate over the course of the multi-year plan while cigarette tax revenues will moderately decline, concurrent with the anticipated decline in taxable cigarette consumption. These declines are offset by \$150 million in annual revenues set aside to support distressed providers through Medicaid program payments.

HCRA spending over the same plan period reflects over \$6 billion in continued support for Medicaid spending, including the \$150 million set aside for distressed providers and approximately \$1.45 billion for the CHP program. Estimated growth in CHP spending reflects consistent growth in enrollment, utilization, and reimbursements rates. Additionally, to support new enrollment associated with MIF, the Financial Plan includes \$159 million in non-recurring funding; these FY 2026 resources will support new enrollment through March 31, 2026, and are in addition to the \$52 million in ongoing base support.

HCRA is expected to remain in balance over the Financial Plan period. Under the current HCRA appropriation structure, spending reductions will occur if resources are insufficient to maintain a balanced fund. Any such spending reductions could affect General Fund Medicaid funding or HCRA programs. Conversely, any unanticipated balances or excess resources in HCRA are expected to fund Medicaid costs that would have otherwise been paid from the General Fund.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Mental Hygiene

The Mental Hygiene agencies consist of OPWDD, OMH, OASAS, the Council on Developmental Disabilities (CDD), and the Justice Center for the Protection of People with Special Needs (Justice Center). OPWDD, OMH, and OASAS provide services directly to their clients through State-operated facilities and indirectly through community-based providers. Services are provided for adults with mental illness, children with emotional disturbance, individuals with intellectual and developmental disabilities and their families, people with substance use disorder, and individuals with problem gambling. The service costs are reimbursed by Medicaid, Medicare, third-party insurance, and State funding.

MENTAL HYGIENE (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	6,130	8,335	36.0%	8,546	2.5%	9,086	6.3%	9,516	4.7%
People with Developmental Disabilities	3,164	5,606	77.2%	5,866	4.6%	6,143	4.7%	6,418	4.5%
Residential Services	1,618	1,762	8.9%	1,845	4.7%	1,943	5.3%	2,042	5.1%
Day Programs	818	891	8.9%	933	4.7%	982	5.3%	1,032	5.1%
Clinic	21	23	9.5%	24	4.3%	25	4.2%	26	4.0%
DOH Medicaid Reclassification to Mental Hygiene ⁴	0	2,176	0.0%	2,271	4.4%	2,356	3.7%	2,435	3.4%
All Other Services (Net of Offsets)	707	754	6.6%	793	5.2%	837	5.5%	883	5.5%
Mental Health	2,189	2,722	24.3%	3,049	12.0%	3,105	1.8%	3,236	4.2%
Adult Local Services	1,934	2,272	17.5%	2,583	13.7%	2,643	2.3%	2,757	4.3%
Children Local Services	220	272	23.6%	305	12.1%	311	2.0%	324	4.2%
MLR/BHET Reinvestment ¹	35	39	11.4%	15	-61.5%	0	-100.0%	0	0.0%
DOH Medicaid Reclassification to Mental Hygiene ⁴	0	139	0.0%	146	5.0%	151	3.4%	155	2.6%
Addiction Services and Supports	478	729	52.5%	686	-5.9%	684	-0.3%	686	0.3%
Residential	107	147	37.4%	160	8.8%	165	3.1%	175	6.1%
Other Treatment	193	263	36.3%	294	11.8%	304	3.4%	319	4.9%
Prevention	50	68	36.0%	75	10.3%	79	5.3%	82	3.8%
Recovery	42	56	33.3%	62	10.7%	65	4.8%	68	4.6%
Opioid Settlement Fund ²	71	82	15.5%	53	-35.4%	48	-9.4%	38	-20.8%
Opioid Stewardship Fund ³	11	89	709.1%	38	-57.3%	19	-50.0%	0	-100.0%
MLR/BHET Reinvestment ¹	4	24	500.0%	4	-83.3%	4	0.0%	4	0.0%
Justice Center	1	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Total DOH Medicaid Global Cap Adjustments	298	(723)	-342.6%	(1,056)	-46.1%	(847)	19.8%	(825)	2.6%
OPWDD Local Share	424	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
OPWDD Mental Hygiene Stabilization Fund	(126)	(723)	-473.8%	(1,056)	-46.1%	(847)	19.8%	(825)	2.6%
DOH Medicaid Reclassification to Mental Hygiene⁴	0	(2,315)	0.0%	(2,417)	0.0%	(2,507)	0.0%	(2,590)	0.0%
TOTAL MENTAL HYGIENE SPENDING	5,832	6,743	15.6%	7,185	6.6%	7,426	3.4%	7,751	4.4%

¹ The Financial Plan reinvests recoveries from Managed Care companies attributable to their underspending against Medical Loss Ratio (MLR) by Health and Recovery Plans and Behavioral Health Expenditure Targets (BHET) by Mainstream MCOs. Predetermined thresholds attribute a percentage of premium spending that must be spent on care for enrollees with any underspending being recovered from insurers.

² Pursuant to Section 99-nn of the State Finance Law, the Opioid Settlement Fund consists of funds received by the State as the result of a settlement or judgment against opioid manufacturers, distributors, dispensers, consultants or resellers and will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs consistent with statewide opioid settlement agreements.

³ The Opioid Stewardship Fund consists of funds received by the State through collection of Opioid Stewardship taxes and will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs.

⁴ Beginning in FY 2026, the Medicaid Global Cap has been revised to exclude other state agency (OSA) local Medicaid expenses. These costs, previously reported in the DOH budget, will now be reported in the respective agencies. The reclassification of this spending is cost neutral and more appropriately aligns program activities and costs to agencies responsible for managing such spending.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

The Financial Plan includes continued support for individuals with developmental disabilities to ensure appropriate access to care, including funding to expand independent living opportunities, provide choice in service options, and support increased utilization levels.

Funding continues to be included to support OMH community services and the transition of individuals from inpatient to community settings. The Financial Plan includes funding to enhance county-level implementation of Assisted Outpatient Treatment (AOT). Additional investments support the launch of an Aging in Place pilot program to enhance residential services for people with mental illness who need additional assistance to continue living independently as they age, the creation of new Intensive and Sustained Engagement Teams (INSET) and Hospital-Based Peer Bridger services and expanding the teen Mental Health First Aid (tMHFA) program.

Funding for OASAS programs will continue support to not-for-profit providers for addiction prevention, treatment, harm reduction, and recovery programs. Additional investments include expanding access to opioid treatment medications in underserved areas. Similarly, the multi-year Financial Plan includes approximately \$400 million in resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors that will be targeted at the overdose epidemic through investments in substance use disorder programs.

The Financial Plan also continues funding for provider reimbursements associated with inflationary increases to the minimum wage index; establish and operate 3,500 new residential units for New Yorkers with mental illness; significantly expand outpatient mental health services; enhance mental health services in schools; and increase funding for Safe Options Support (SOS) teams and specialized programs for children. The FY 2026 Enacted Budget also supports a 2.6 percent targeted inflationary increase for eligible programs run by voluntary operated providers.

Beginning in FY 2026, costs reported under the DOH Medicaid budget exclude OSA local Medicaid expenses which were included under the Global Cap. These costs, previously reported in the DOH budget, will now be reported in the respective agencies, including OPWDD and OMH. The reclassification of this spending is cost neutral to the overall Financial Plan and more appropriately aligns program activities and costs to agencies responsible for managing such services. The level of Mental Hygiene spending reported under the DOH Medicaid Global Cap and/or the OPWDD related local share expenses funded with additional financial plan resources have no impact on mental hygiene service delivery or operations and may fluctuate depending on the availability of resources and other cost pressures within the Medicaid program.



Social Services

OTDA

OTDA assistance and grants programs provide cash benefits and supportive services to low-income families. The State’s three main programs are Family Assistance, Safety Net Assistance, and Supplemental Security Income (SSI). The Family Assistance program, financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance to single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI supplementation program provides a supplement to the Federal SSI benefit for the elderly, the visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	2,532	3,326	31.4%	2,121	-36.2%	2,062	-2.8%	2,159	4.7%
SSI	532	540	1.5%	540	0.0%	540	0.0%	540	0.0%
Public Assistance Benefits	726	796	9.6%	814	2.3%	831	2.1%	850	2.3%
Public Assistance Initiatives	15	72	380.0%	10	-86.1%	10	0.0%	10	0.0%
Homeless Housing and Services	280	344	22.9%	465	35.2%	544	17.0%	622	14.3%
Rental Assistance	203	216	6.4%	125	-42.1%	125	0.0%	125	0.0%
Asylum Seeker Assistance	763	1,343	76.0%	156	-88.4%	0	-100.0%	0	0.0%
All Other	13	15	15.4%	11	-26.7%	12	9.1%	12	0.0%

DOB’s caseload models project a total of 688,153 public assistance recipients in FY 2026. Approximately 205,120 families are expected to receive benefits through the Family Assistance program and 142,791 through the Safety Net Assistance program in FY 2026, an increase in both programs from FY 2025. The caseload for single adults and childless couples supported through the Safety Net Assistance program is projected to be 340,242 in FY 2026, an increase of 6.4 percent from FY 2025.

OTDA Rental Assistance spending increases in FY 2026 reflect additional resources for legal services for eviction preventions as well as updated disbursement timing for the pandemic-related Emergency Rental Assistance program. Increases for Homeless Housing and Services reflect the continued transition from State settlement funds to the General Fund for ESSHI, which funds supportive housing constructed for vulnerable homeless populations under the Governor’s Affordable Housing and Homelessness Plan. This reflects the full estimated costs for ESSHI that are shared by multiple agencies.

FY 2026 growth in Public Assistance Initiatives is attributed to expanding Welcome Centers in the City of New York to combat homelessness, and one-time rental arrears payments. Growth in Public Assistance Benefits is attributable to increases in Safety Net Assistance spending driven by an increase in caseload, particularly in the City of New York, as well as the implementation of the Birth Allowance for Beginning Year (BABY) program, which will provide an enhanced benefit to eligible families after the birth of a child. Asylum seeker assistance spending increases year-over-year are due to the estimated timing of claiming and disbursements for one-time funding provided to the City of New York.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

OCFS

OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. It oversees the State’s system of family support and child welfare services administered by local social services districts and community-based organizations. Specifically, child welfare services, financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services for reducing out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State, and local sources, supports child care subsidies for public assistance and low and middle-income families.

CHILDREN AND FAMILY SERVICES									
(millions of dollars)									
	FY 2025	FY 2026		FY 2027		FY 2028		FY 2029	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	2,742	3,140	14.5%	3,290	4.8%	3,239	-1.6%	3,281	1.3%
Child Welfare Service	807	806	-0.1%	806	0.0%	806	0.0%	806	0.0%
Foster Care Block Grant	404	410	1.5%	421	2.7%	425	1.0%	434	2.1%
Child Care	887	1,105	24.6%	1,275	15.4%	1,204	-5.6%	1,229	2.1%
Adoption	172	165	-4.1%	169	2.4%	171	1.2%	177	3.5%
Youth Programs	159	195	22.6%	205	5.1%	205	0.0%	205	0.0%
Medicaid	73	118	61.6%	120	1.7%	121	0.8%	123	1.7%
Adult Protective/Domestic Violence	54	54	0.0%	54	0.0%	54	0.0%	54	0.0%
Committees on Special Education	0	0	0.0%	29	100.0%	29	0.0%	29	0.0%
All Other	186	287	54.3%	211	-26.5%	224	6.2%	224	0.0%

The Financial Plan continues State support for child care subsidies for eligible families up to 85 percent of the State income threshold. In addition, spending growth reflects the State’s investment in youth programs through Get Offline Get Outside 2.0, additional funding for homeless youth, and a 2.6 percent targeted inflationary increase for eligible programs. OCFS’s Medicaid budget increase reflects shifting program funding from DOH to OCFS. Lastly, the Enacted Budget projects that funding for residential school placements of children with special needs will resume beginning in FY 2027.



Transportation

The Department of Transportation (DOT) maintains approximately 44,475 State highway lane miles and 7,700 state highway bridges. DOT also partially funds regional and local transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and port programs.

In FY 2026, the State plans to provide \$9.0 billion in operating aid to mass transit systems. The MTA, the nation’s largest transit and commuter rail system, is scheduled to receive \$8 billion (approximately 90 percent) of the State’s mass transit aid, including \$3.8 billion from the direct remittance of various dedicated taxes and fees that do not flow through the State’s Financial Plan and are thus excluded from the table below.

TRANSPORTATION (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE OPERATING FUNDS SUPPORT	5,120	5,352	4.5%	5,312	-0.7%	5,314	0.0%	5,316	0.0%
Mass Transit Operating Aid:	3,870	4,098	5.9%	2,885	-29.6%	2,853	-1.1%	2,822	-1.1%
Metro Mass Transit Aid	3,710	3,935	6.1%	2,720	-30.9%	2,688	-1.2%	2,657	-1.2%
Public Transit Aid	116	119	2.6%	121	1.7%	121	0.0%	121	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	244	244	0.0%	244	0.0%	244	0.0%	244	0.0%
NY Central Business District Trust	156	158	1.3%	159	0.6%	161	1.3%	162	0.6%
Dedicated Mass Transit	646	632	-2.2%	1,818	187.7%	1,850	1.8%	1,882	1.7%
AMTAP	181	198	9.4%	197	-0.5%	197	0.0%	197	0.0%
Innovative Mobility	0	8	100.0%	0	-100.0%	0	0.0%	0	0.0%
All Other	23	14	-39.1%	9	-35.7%	9	0.0%	9	0.0%

Increased spending includes an additional \$138 million to the MTA, \$37 million for other downstate transit systems, \$16 million for upstate systems, and funding for an Orange County Transit Study. These increases are partially offset by lower operating support, commensurate with need, to the Gateway Development Commission and the Ogdensburg Bridge and Port Authority.



Extraordinary State Funding for Asylum Seeker Assistance

The FY 2026 Enacted Budget does not include any new funding for asylum seeker assistance but maintains the extraordinary funding and support approved in prior years to assist the City of New York with the humanitarian crisis that has brought thousands of asylum seekers to the City of New York. To date, New York State has received little to no Federal funding assistance to manage thousands of asylum seekers despite repeated requests.

State management and coordination of the funding and assistance spans multiple agencies. Reimbursement for short term shelter services for migrant individuals and families and Safety Net Assistance for asylum seekers who are eligible is administered by the Office of Temporary and Disability Assistance (OTDA). Infectious disease testing and vaccination activities, and the provision of coverage to eligible individuals through the State’s public health insurance programs is supported by the DOH. Other agencies of the State, including the Division of Homeland Security and Emergency Services (DHSES), the Department of State (DOS) and the Office of General Services (OGS) are assisting nonprofit organizations, providing reimbursement for shelter sites, and supporting case management and legal services.

The State is covering the cost of the Humanitarian Emergency Response and Relief Center (HERRC) at three sites, has made multiple State-owned sites available for use as shelters and has committed a total of \$4.3 billion in extraordinary State Funding for asylum seeker assistance. The table below summarizes the extraordinary State Funding for asylum seeker assistance spent through FY 2025 and planned over the multi-year Financial Plan period.

ASYLUM SEEKER ASSISTANCE STATE OPERATING FUNDS (in millions)						
	Actuals			Projected		TOTAL
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
Total State Funding	27	895	1,179	1,602	620	4,323
Original NYC Support	0	500	500	0	0	1,000
Additional NYC Support	0	0	250	750	156	1,156
Island, Creedmoor, and Floyd Bennett	0	19	22	581	0	622
National Guard Deployment	27	163	153	0	0	343
Medicaid/Vaccines/Disease Testing ¹	0	137	137	34	0	308
Safety Net Assistance ¹	0	26	67	67	67	227
Asylum Seeker Resettlement	0	8	16	34	5	63
Case Management/Legal Services/All Other	0	42	34	136	392	604

¹ Due to system limitations, actual incremental costs for Medicaid and Safety Net Assistance cannot be separately identified. As such, estimated costs are shown in the actuals column and are not continued in FY 2026 in Medicaid.



Agency Operations

Agency operations spending consists of Personal Service (PS) and NPS. Fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees, as well as certain fixed costs such as litigation expenses and taxes on public lands, are also part of operating costs and are described separately under GSCs. PS includes salaries of State employees of the Executive, Legislative, and Judicial branches consistent with current negotiated collective bargaining agreements, as well as temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, IT, and professional business services), supplies and materials, equipment, and telephone service. Certain agency operating costs of DOT and the Department of Motor Vehicles (DMV) are included in Capital Projects Funds and are not reflected in State Operating Funds.

Over 90 percent of the State workforce is unionized. The largest unions include Public Employees Federation (PEF), which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers), Civil Service Employees Association (CSEA), which represents office support staff, administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; United University Professionals (UUP), which represents faculty and nonteaching professional staff within the SUNY system; and New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correctional, safety and security officers).

The following table presents certain factors used in preparing the spending projections for agency operations.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS					
	<u>FY 2025</u> <u>Actuals</u>	<u>FY 2026</u> <u>Projected</u>	<u>FY 2027</u> <u>Projected</u>	<u>FY 2028</u> <u>Projected</u>	<u>FY 2029</u> <u>Projected</u>
State Workforce ¹	112,952	124,632	TBD	TBD	TBD
ERS Contribution Rate ²	15.9%	17.0%	18.4%	19.9%	21.4%
PFRS Contribution Rate ²	31.9%	34.5%	35.8%	37.8%	40.5%
Employee/Retiree Health Insurance Growth Rates ³	9.1%	2.1%	8.0%	8.0%	8.0%

¹ Reflects workforce that is subject to direct Executive control.

² ERS / PFRS contribution rate reflects the State's normal and administrative costs, contributions to the Group Life Insurance Plan (GLIP), Chapter 41 of 2016 veteran's pension credit legislation (if applicable) and any graded payments required under the Contribution Stabilization Program.

³ Reflects normal costs, excluding deposits to the Retiree Health Benefit Trust Fund and the impact of Health Insurance prepayments.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Agency operations spending levels are mainly impacted by workforce levels, employee compensation, and fluctuations in energy and commodity prices.

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS (millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	12,538	14,282	14,942	15,438	14,897
Corrections and Community Supervision	2,956	3,145	3,068	3,123	3,123
Office of Mental Health	1,986	2,174	2,343	2,304	2,333
Office for People with Developmental Disabilities	1,709	1,843	1,907	1,875	1,896
Department of Health	834	837	893	904	891
State Police	889	941	950	968	967
Information Technology Services	741	788	803	805	806
Transportation	401	374	385	396	407
Tax and Finance	336	355	353	353	353
Children and Family Services	237	269	272	285	285
Environmental Conservation	294	297	297	300	304
Office of Parks, Recreation and Historic Preservation	254	260	269	269	270
Department of Financial Services	246	218	224	224	224
Education	183	208	208	211	211
Office of Temporary and Disability Assistance	152	152	151	151	151
Labor	60	74	81	76	76
All Other	1,260	2,347	2,738	3,194	2,600
UNIVERSITY SYSTEMS	7,941	8,335	8,734	9,156	9,603
State University	7,941	8,335	8,734	9,156	9,603
INDEPENDENT AGENCIES	444	497	503	513	513
Law	251	290	292	298	298
Audit & Control (OSC)	193	207	211	215	215
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	20,923	23,114	24,179	25,107	25,013
Judiciary	2,388	2,644	2,644	2,644	2,644
Legislature	265	303	303	303	303
Statewide Total	23,576	26,061	27,126	28,054	27,960
Personal Service	16,915	18,420	19,380	20,031	19,828
Non-Personal Service	6,661	7,641	7,746	8,023	8,132



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Operational spending for executive agencies is affected by the timing of Federal reimbursement of State incurred COVID-19 pandemic response and recovery efforts, contractual general salary increases, inflation and new investments. Excluding general salary increases and inflation, agency spending changes include:

- **Department of Corrections and Community Supervision (DOCCS).** The FY 2026 Enacted Budget reflects additional funding to stabilize the correctional system as a result of the illegal strike, and significant investments to ensure the safety and security of correctional staff and incarcerated individuals, expansion of the body worn camera program, acceleration and continued installation of fixed cameras in all facilities, and expansion and restructure of the Office of Special Investigations.
- **OMH.** Funding has increased to provide agency operational support to expand various mental health programs, including the expansion of Assisted Outpatient Treatment (AOT), enhancing SOS teams to provide psychiatric and medical care to individuals experiencing street homelessness and those in temporary shelter settings; the teen Mental Health First Aid (tMHFA) program for high school students; and enhanced staffing at forensic psychiatric centers to improve patient outcomes.
- **OPWDD.** Increased funding over the multi-year plan reflects the alignment of PS funding to support the Full-Time Equivalent (FTE) forecast as well as increases to expand Intensive Treatment Opportunity (ITO) capacity to develop inpatient treatment settings for individuals that require intensive behavior supports in the Finger Lakes region.
- **DOH.** Additional funding supports both staffing and contractual services requirements for programs created and strengthened by legislative bills. This includes the opioid antagonist distribution program which will begin providing fentanyl test strips and informational packets to individuals receiving opioid antagonists. Funding has also been provided for conducting a study of the delivery of services to individuals with Traumatic Brain Injuries (TBIs). These and other investments will ensure that the programs are well-equipped to achieve their objectives to improve public health across the State.
- **State Police.** Funding is increased to support the deployment of additional State Police and counterterrorism investigators to strengthen criminal border enforcement efforts.
- **ITS.** Spending growth reflects continued investments in resources dedicated to cybersecurity and the IT workforce as well as system modernization and demographic data collection efforts.
- **OCFS.** Spending in FY 2026 and beyond reflects Statewide costs associated with implementing and supporting Raise the Age reforms, such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system. Costs will be shifted to other agencies where costs are incurred in a later Financial Plan update.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

- **All Other Executive Agencies.** Other spending changes include increased deployment of National Guard members assigned to correctional facilities to supplement existing staffing levels and the Joint Task Force Empire Shield Mission, additional funding for public service announcements, and public service recruitment efforts. In addition, FY 2025 spending reflects the impact of Federal reimbursement of previously incurred State costs related to COVID-19 pandemic response and recovery expenses.
- **State University.** Spending growth reflects additional operating aid support at four-year campuses and for the SUNY Downstate Hospital.
- **Judiciary.** Increases in FY 2026 include funding to support non-judicial staffing initiatives including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs and provide operational support to various courts. The FY 2026 Enacted Budget also includes funding to support new judgeships, including: ten additional City of New York Civil Court Judges and five additional Court of Claims judges; ten additional City of New York Family Court Support Magistrates, including non-judicial staff supporting these new judges; civil legal services increases; additional funding for various technology initiatives; and expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Workforce

In FY 2026, over \$18 billion of the State Operating Funds budget is dedicated to supporting FTE employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS		
FY 2026 FTEs ¹ AND PERSONAL SERVICE SPENDING BY AGENCY		
(millions of dollars)		
	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	10,422	101,511
Corrections and Community Supervision	2,581	23,600
Office for People with Developmental Disabilities	1,579	18,730
Office of Mental Health	1,590	15,124
State Police	835	6,436
Department of Health	377	4,502
Information Technology Services	398	4,108
Tax and Finance	276	3,832
Transportation	190	2,590
Environmental Conservation	251	2,488
Children and Family Services	176	2,328
Office of Parks, Recreation and Historic Preservation	210	1,878
Education	121	1,483
Department of Financial Services	163	1,441
Office of Temporary and Disability Assistance	81	1,133
Workers' Compensation Board	96	1,112
All Other	1,498	10,726
UNIVERSITY SYSTEMS	5,216	49,376
State University	5,216	49,376
INDEPENDENT AGENCIES	2,782	20,412
Law	213	1,949
Audit & Control (OSC)	167	1,659
Judiciary	2,170	16,801
Legislature ²	232	3
Statewide Total	18,420	171,299

¹ FTEs represent the number of annual-salaried full-time filled positions (e.g., one FTE may represent a single employee serving at 100 percent full-time, or a combination of employees serving at less than full-time that, when combined, equal a full-time position). The reported FTEs do not include nonannual salaried positions, such as those filled on an hourly, per-diem or seasonal basis.

² Legislative employees who are nonannual salaried are excluded from this table.



General State Charges

GSC spending includes employee-related expenses for fringe benefits the State provides to current and former employees, as well as certain statewide fixed costs. Fringe benefits include health insurance, pensions, workers' compensation coverage, unemployment insurance, survivors' benefits, and dental and vision benefits (some of which are provided through union-specific Employee Benefit Funds). The GSC budget also pays the Social Security payroll tax, taxes on State-owned lands, Payments in Lieu of Taxes (PILOT), and judgments awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements. Employee fringe benefits are paid centrally through the General Fund. Some agencies with dedicated revenue sources outside of the General Fund partially reimburse the General Fund via the agency fringe benefit assessments process.

GSC spending over the Financial Plan period is primarily driven by the increased costs of health care services, with NYSHIP projections correlating with the growth rates in the hospital, medical and pharmaceutical industries. Pension growth in the outyears reflects projected costs associated with conservative pension fund investment returns resulting in higher employer contribution rates.

Programmatically, the State has and continues to fund employee and retiree health care expenses as they become due, on a PAYGO basis. To help limit the State's liability exposure to post-employment health benefits of retired employees and their dependents, the State has made aggregate deposits to the RHBTF totaling \$1.74 billion through FY 2025. The Financial Plan assumes \$250 million in annual deposits will continue if fiscal conditions permit. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability.

Litigation costs reflect several one-time large court case settlements paid in FY 2025. The estimate for Social Security reflects general salary increases pursuant to collective bargaining agreements, as well as the continued growth in the State workforce. Growth for workers' compensation, other fringe benefits and fixed costs reflect wage and property tax increases, as well as the forecasted spending trends.

GENERAL STATE CHARGES (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	10,443	11,059	5.9%	12,109	9.5%	13,157	8.7%	14,360	9.1%
Fringe Benefits	9,912	10,564	6.6%	11,603	9.8%	12,641	8.9%	13,844	9.5%
Health Insurance	5,564	5,672	1.9%	6,198	9.3%	6,663	7.5%	7,321	9.9%
Retiree Health Benefit Trust Fund	250	250	0.0%	250	0.0%	250	0.0%	250	0.0%
Pensions	2,585	2,882	11.5%	3,302	14.6%	3,791	14.8%	4,248	12.1%
Social Security	1,267	1,323	4.4%	1,364	3.1%	1,407	3.2%	1,451	3.1%
Workers' Compensation	552	617	11.8%	657	6.5%	697	6.1%	739	6.0%
Employee Benefits	104	111	6.7%	112	0.9%	114	1.8%	117	2.6%
Dental Insurance	68	68	0.0%	70	2.9%	72	2.9%	74	2.8%
Unemployment Insurance	15	13	-13.3%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(493)	(372)	24.5%	(363)	2.4%	(366)	-0.8%	(369)	-0.8%
Fixed Costs	531	495	-6.8%	506	2.2%	516	2.0%	516	0.0%
Public Land Taxes/PILOTS	321	326	1.6%	334	2.5%	344	3.0%	344	0.0%
Litigation	210	169	-19.5%	172	1.8%	172	0.0%	172	0.0%



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Transfers to Other Funds (General Fund Basis)

General Fund resources are transferred to other funds to finance a range of other activities, including debt service for bonds that do not have dedicated revenues, SUNY operating costs, and certain capital projects.

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)					
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
TOTAL TRANSFERS TO OTHER FUNDS	10,830	15,885	7,437	7,889	8,389
Debt Service	274	290	322	328	564
SUNY University Operations	1,660	1,870	1,810	1,777	1,777
Capital Projects	6,925	4,607	3,379	4,072	4,297
Extraordinary Monetary Settlements:	378	340	270	22	0
Dedicated Infrastructure Investment Fund	366	215	220	20	0
Clean Water Grants	0	120	46	0	0
Mass Transit Capital	0	4	0	0	0
Healthcare	12	1	4	2	0
Dedicated Highway and Bridge Trust Fund	71	137	379	576	817
Environmental Protection Fund	118	124	98	98	98
Other DIIF	295	123	0	0	0
All Other Capital	6,063	3,883	2,632	3,376	3,382
ALL OTHER TRANSFERS	1,971	9,118	1,926	1,712	1,751
Mobility Tax Trust Account	244	244	244	244	244
State University Hospital IFR Operations Account	594	605	505	505	505
NY Central Business District Trust	156	158	159	161	162
Court Facility Income Account	126	132	132	132	132
Dedicated Mass Transportation Trust Fund	66	65	83	83	83
Health Care Transformation	125	125	125	0	0
Healthcare Stability Fund	350	0	0	0	0
Unemployment Insurance Benefit Account	0	7,000	0	0	0
Unemployment Insurance Interest Assessment	0	165	0	0	0
All Other	310	624	678	587	625

General Fund Transfers to Other Funds are projected to total \$15.9 billion in FY 2026, representing a net increase of approximately \$5 billion from FY 2025, mainly due to the transfer of \$7.2 billion to the Unemployment Insurance Benefit and Interest accounts to support the repayment of the Federal Unemployment Account loan that would otherwise be borne by businesses, and provide the solvency necessary to increase the maximum UI benefit rate.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Transfers to capital projects funds are impacted by the timing of bond proceed reimbursements to the capital projects fund and increased PAYGO capital spending across the Financial Plan period. PAYGO capital spending has increased to avoid issuing debt for higher cost taxable bonds and bonds for capital expenditures with short economic useful lives; remain within the statutory debt cap; and allow for a larger DOT capital plan.

The DHBTF receives motor vehicle fees, PBT, the motor fuel tax, Highway Use Tax (HUT), the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. These resources are used to pay debt service on transportation bonds, finance capital projects, and pay for certain operating expenses of the DOT and DMV. The General Fund, as needed, subsidizes DHBTF expenses that are not covered by revenue and bond proceeds. The prepayment of DHBTF Bonds results in an increase to debt service transfers from and a corresponding decrease in capital projects transfers to the DHBTF. There is no resulting Financial Plan impact.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation Bonds for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as Empire State Development (ESD), Dormitory Authority of the State of New York (DASNY), and New York State Thruway Authority (NYSTA), for which debt service is subject to annual appropriation by the State Legislature. Depending on the credit structure, debt service is financed by transfers from the General Fund and dedicated taxes and fees.

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
General Fund	274	290	5.8%	322	11.0%	328	1.9%	564	72.0%
Other State Support	3,502	1,248	-64.4%	4,206	237.0%	5,185	23.3%	5,544	6.9%
Total State Operating Funds	3,776	1,538	-59.3%	4,528	194.4%	5,513	21.8%	6,108	10.8%

State Operating Funds debt service is projected to be \$1.5 billion in FY 2026, of which \$290 million is paid from the General Fund and \$1.2 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation Bonds and service contract bonds, including expected service contract payments to the Gateway Development Commission (GDC) relating to the Hudson Tunnel Project. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds.

Debt service spending levels are impacted by prepayments. The Financial Plan reflects prepayments that totaled \$2.8 billion in FY 2025. As shown in the table below, the net impact of these prepayments and prior year prepayments will decrease debt service costs in FY 2026 through FY 2029.

STATE DEBT SERVICE (millions of dollars)						
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Base Debt Service	6,190	6,698	7,587	8,013	8,608	8,619
Total Prepayment Adjustment	(2,415)	(5,160)	(3,060)	(2,500)	(2,500)	0
Prior Prepayments	(3,695)	(2,380)	(2,860)	(2,000)	0	0
FY 2024 Prepayment	(1,500)	(500)	(200)	(500)	(2,000)	0
FY 2025 Prepayment	2,780	(2,280)	0	0	(500)	0
Enacted Budget Debt Service	3,775	1,538	4,527	5,513	6,108	8,619



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

The FY 2026 Enacted Budget authorizes liquidity financing in the form of up to \$3 billion of PIT notes as a tool to manage unanticipated financial disruptions. The Financial Plan does not assume any PIT note issuances. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

The Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of \$13.6 billion of PAYGO capital resources that were added since FY 2023.

FEDERAL AID



The Federal government influences the economy and budget of New York State through various policies, mainly Federal tax policy, cost sharing for many State run programs, and various grants, as well as direct spending on its own programs such as Medicare and Social Security. The State's income tax system interacts closely with the Federal system and changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly on State tax receipts. Federal resources support vital services such as health care, education, and transportation, as well as severe weather and emergency response and recovery, and climate resiliency and clean energy programs. Federal policymakers may place conditions on grants, mandate certain state actions, preempt state laws, alter taxpayer behavior through tax policies, such as placing limits on State and Local Tax deductions, and influence industries through regulatory action. Any changes to Federal policy or funding levels could have a materially adverse impact on the Financial Plan.

Routine Federal aid supports programs for vulnerable populations, including disabled individuals and those living at or near the poverty level. Such programs include Medicaid, SNAP, TANF, Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public safety.

Over the past few years, Federal Funds spending has included COVID-19 pandemic response and recovery assistance provided to state and local governments, schools, hospitals, transit systems, businesses, families and individuals. The State also received additional Federal aid in the form of enhanced unemployment insurance funding to support the increase in unemployment claims driven by the pandemic, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. More recently, the Federal government has also passed significant legislation dealing with transportation infrastructure, climate and energy policy, and advanced manufacturing. The State continues to monitor these Federal investments for opportunities to meet its policy goals in light of often changing Federal government priorities.

FEDERAL FUNDS DISBURSEMENTS					
(millions of dollars)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actuals	Projected	Projected	Projected	Projected
DISBURSEMENTS					
Medicaid / Essential Plan	65,051	72,290	73,652	71,135	72,810
Health	4,044	3,046	3,128	3,206	3,264
Social Welfare	5,595	5,291	5,400	5,148	5,148
Education	5,000	4,387	4,387	4,387	4,387
Public Protection	1,450	1,337	1,303	1,301	1,302
Transportation	2,118	2,229	2,912	2,924	2,961
All Other ¹	1,686	1,673	1,692	1,746	1,725
Pandemic Assistance ²	8,511	1,797	93	24	24
Child Care Funds	262	0	0	0	0
Education ARP Funds	3,851	340	0	0	0
ARP HCBS eFMAP	783	0	0	0	0
Education Supplemental Appropriations Act	91	0	0	0	0
FEMA Reimbursement of Eligible Pandemic Expenses	401	0	0	0	0
FEMA Local Pass-Through Funding	2,970	1,100	0	0	0
Home Energy Assistance Program (HEAP)	4	0	0	0	0
Coronavirus Capital Projects Fund	69	69	69	0	0
State Small Business Credit Initiative	40	98	24	24	24
FHWA Surface Transportation Block Grant	40	190	0	0	0
Total Disbursements	93,455	92,050	92,567	89,871	91,621

¹ All Other includes housing and homeless services, economic development, mental hygiene, parks, environment, higher education, and general government areas.

² Pandemic Assistance excludes \$12.8 billion in State aid provided through the American Rescue Plan Act, as this funding is reflected as a receipt to Federal Funds and transfer to the General Fund.

- Medicaid/Health.** Funding shared by the Federal government helps support health care costs for nine million New Yorkers, including more than two and a half million children. Medicaid is the single largest category of Federal funding. The Federal government also provides support for several health programs administered by DOH, including the EP (discussed below).
- Social Welfare.** Federal funding helps with several programs managed by OTDA, including TANF-funded public assistance benefits and the Flexible Fund for Family Services, HEAP, SNAP, and Child Support. Funding from the Federal government also supports programs managed by OCFS, including Child Care, Child Welfare Services, Adult Protective & Domestic Violence Services, Foster Care, and Adoption Subsidies.
- Education.** Federal funding supports K-12 education, special education, and Higher Education. Like Medicaid and the social services programs, significant portions of Federal education funding are directed toward vulnerable New Yorkers, such as students in schools with high poverty levels, students with disabilities, and higher education students who qualify for programs such as Pell grants and Work-Study.
- Public Protection.** Federal funding supports various programs and operations of the State Police, DOCCS, the Office of Victim Services, DHSES, and DMNA. Federal funds are also distributed by the State to municipalities to support a variety of public safety programs.

- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans. The Infrastructure Investment and Jobs Act increased the amount of Federal resources available to the State to fund capital costs associated with transportation projects.
- **All Other.** Other programs supported by Federal resources include housing, economic development, mental hygiene, parks and environmental conservation, and general government uses.

Pandemic Assistance

The Federal government enacted six major laws between March 2020 and March 2021 in response to the COVID-19 pandemic and issued major disaster declarations for all states. These one-time funds to aid states in their response to and recovery from COVID-19 continue to wind down.

New York State was awarded \$12.75 billion under the SLFRF program included in the ARP, of which the State utilized the remaining \$3.65 billion program balance in FY 2025. A small number of programs are expected to continue into the current State Fiscal Year, specifically:

- **Education ARP Funds.** The ARP granted additional education funding for Elementary and Secondary School Emergency Relief Fund and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts. The State expects to expend nearly \$340 million in FY 2026.
- **FEMA Local Pass-through Funding.** Funding from this program is assumed to flow through the Financial Plan to reimburse local entities for their Federal share of COVID-19 claims submitted to FEMA.
- **Coronavirus Capital Projects Fund.** The ARP created the Coronavirus Capital Projects Fund to provide funding to carry out critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the COVID-19 PHE. The State has been allocated \$345 million for the program.
- **State Small Business Credit Initiative.** This program provides funding to empower small businesses to access capital needed to invest in job creating opportunities.
- **Federal Highway Administration Surface Transportation Block Grant.** This emergency funding was provided under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act to address COVID-19 impacts related to Highway Infrastructure Programs and is expected to continue to disburse through FY 2026.

Essential Plan

The State participates in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for New York State residents who are lawfully present in the United States, including lawfully present immigrants not eligible for Medicaid, CHP, or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. Over 1.7 million New Yorkers are currently enrolled in the EP, however Congress is considering proposed changes to disqualify lawfully present immigrants from receiving premium tax credits used to calculate the amount of Federal dollars used for EP benefits. Enrollment is expected to increase over the multi-year Financial Plan due to expanded eligibility under a Federal Section 1332 State Innovation Waiver (the “Waiver”) which increased income eligibility from 200 percent of the Federal Poverty Level (FPL) to 250 percent of the FPL.

ESSENTIAL PLAN ¹ (millions of dollars)									
	FY 2025 Actuals	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
Disbursements	12,859	13,660	6.2%	14,367	5.2%	14,919	3.8%	15,385	3.1%
Assistance and Grants	12,349	13,097	6.1%	13,796	5.3%	14,331	3.9%	14,788	3.2%
State Operations	510	563	10.4%	571	1.4%	588	3.0%	597	1.5%

¹ Effective April 1, 2024, New York's fully federally funded Section 1332 Waiver mirrors the EP initial 1331 Waiver with expanded eligibility to certain residents with household incomes up to 250% of the Federal Poverty Level (FPL).

Federal EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in the outyears primarily reflects costs associated with increased enrollment and expanded eligibility to individuals with incomes between 200 and 250 percent of the Federal poverty level. This growth is also in part caused by the unwinding of the PHE as a portion of individuals disenrolled from Medicaid moved on to the EP. Due to the current Federal reimbursement methodology for the EP, assistance and grants spending for the EP is not anticipated to exceed available Federal resources and drive a commensurate increase in State support.

Pursuant to the Waiver approved by the U.S. Department of Treasury and the U.S. DOH and Human Services in March 2024, New York State extended coverage to more low- and moderate-income individuals through the expanded EP. Prior to the Waiver, both the State and Federal governments shared in the costs of the EP, under Section 1331 of the ACA. To the extent that Federal funds are sufficient to support operational costs of the program, the Waiver is expected to be fully federally funded through December 31, 2029.



Under the original EP, Federal funding was received in advance pursuant to a formula that calculated what EP enrollees would have received had they enrolled in a qualified health plan and deposited 95 percent of that value into the EP Trust Fund. These funds were earmarked exclusively for eligible expenses under the Section 1331 Waiver, which was limited to reducing premiums and cost sharing, as well as providing additional benefits for eligible EP enrollees. Due to restrictions on eligible expenses, advances have exceeded disbursements, resulting in a fund balance of \$8.8 billion as of March 31, 2025. With approval of the Waiver, effective April 1, 2024, this accumulated balance is suspended for the life of the Waiver and will not be available to support EP costs. This balance will continue to earn interest that is payable to the Federal government annually. The balance of the advances will be maintained until the Federal government authorizes additional expenditures. Pursuant to the Waiver, Federal funding is based on the amount of Premium Tax Credits that would have been provided to individuals in the State under the ACA absent the waiver. Federal payments will be made as costs are incurred, and all Federal funds must be used for the purpose of implementing the Waiver.

Potential Federal Impact of House Reconciliation Proposal

On May 22, 2025, the House of Representatives passed House Resolution 1 of the 119th Congress that would significantly alter Federal assistance for critical supports programs that provide services to New York families and individuals.

This Federal bill is subject to approval of the Senate and the President. If the bill is approved as currently drafted, the largest reductions of Federal funding would impact the services provided through Medicaid and SNAP. The summary below provides the State's initial estimates of the potential State and local government costs currently under consideration absent any programmatic, service, or funding modifications that may be necessary.

MAJOR PROVISIONS OF HOUSE RECONCILIATION PROPOSAL POTENTIAL COSTS TO STATE AND LOCAL GOVERNMENTS (millions of dollars)				
	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
<u>TOTAL</u>	<u>(853)</u>	<u>(3,755)</u>	<u>(5,205)</u>	<u>(6,655)</u>
<u>MEDICAID</u>	<u>(750)</u>	<u>(3,550)</u>	<u>(4,050)</u>	<u>(4,550)</u>
Disallowing Premium Tax Credit	(750)	(3,000)	(3,000)	(3,000)
Community Engagement Requirements	0	(550)	(550)	(550)
Reducing FMAP Related to Expansion Population	0	0	(500)	(1,000)
<u>SNAP</u>	<u>(103)</u>	<u>(205)</u>	<u>(1,155)</u>	<u>(2,105)</u>
Increasing Administrative Cost Sharing	(103)	(205)	(205)	(205)
Requiring State/Local Share	0	0	(950)	(1,900)



Medicaid

Pending legislation would disqualify certain Medicaid populations due to immigration status from obtaining premium tax credits, effective January 1, 2026, which would eliminate the Federal funding received for this population in the EP. If those individuals who currently qualify for EP must be moved to the Medicaid program, it could cost the State in the range of \$3 billion annually.

States would also be required to establish Medicaid community engagement requirements for certain individuals effective January 1, 2027. This would establish an 80 hour per month work, education, and/or community service requirement for non-exempted populations to receive Medicaid. Initial estimates forecast as many as 750,000 to 1.5 million enrollees may be impacted.

Lastly, the eFMAP for states providing payments for health care furnished to certain individuals would be reduced by up to 10 percent effective October 1, 2027. This would reduce the 90 percent ACA expansion population FMAP to 80 percent for states that cover certain non-citizens in state-only Medicaid and CHP programs.

SNAP

The administration of SNAP benefits and most of the associated costs are covered by local districts. Congress is currently considering increasing the state/local district administrative cost-sharing from 50 percent to 75 percent effective upon enactment. In addition, the pending legislation would implement a new non-Federal share of the benefits in the SNAP program, ranging from 5 percent to 25 percent of program costs effective October 1, 2027.

PRIOR FISCAL YEARS



The State reports its financial results on the cash basis of accounting, showing receipts and disbursements; and the GAAP basis (including modified accrual and full accrual), as prescribed by GAAP, showing revenues and expenditures. With the exception of FY 2025 financial results, the State's GAAP-basis financial results set forth in this section have been audited. Note that the FY 2025 financial results included in this AIS are preliminary and unaudited.

Cash-Basis Results for Prior Fiscal Years

General Fund FY 2023 Through FY 2025

The General Fund is the principal operating fund of the State and is used to account for all financial transactions, except those required by law to be accounted for in another fund. It is the State's largest single fund and receives most State taxes and other resources not dedicated to particular purposes. Transfers from the General Fund to other funds primarily support capital projects, university operations, and certain State share Medicaid expenses, paid from other fund types. In some cases, the fiscal year results provided below may exclude certain timing-related transactions which have no net impact on operations.

In the cash basis of accounting, the State defines a balanced budget in the General Fund in any given fiscal year as (a) the ability to make all planned payments anticipated in the Financial Plan, including tax refunds, without the issuance of deficit bonds or notes or extraordinary cash management actions, (b) the restoration of the balances in the Rainy Day Reserves to a level equal to or greater than the level at the start of the fiscal year, and (c) maintenance of other designated balances, as required by law.

The General Fund balance has increased by \$13.5 billion from FY 2023 to FY 2025, driven by extraordinary tax collections that allowed significant increases in reserves, as well as the establishment of a reserve for payment of PTET/PIT tax credits¹⁵ in FY 2022 which totaled \$18.2 billion at the end of FY 2025. In addition, over \$17 billion has been added to principal reserve balances since FY 2021, which is complemented by additional reserves for future operating costs and timing of resource management.

The following table summarizes General Fund results for the prior three fiscal years.

¹⁵ As part of the State's continuing response to Federal tax law changes, legislation was enacted in FY 2022 to allow an optional Pass Through Entity Tax (PTET) on New York-sourced income of partnerships and S corporations. The State collects PTET and pays PIT credits in connection with the PTET program. DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State with the reserve covering the difference between the PTET collections and related PIT credits.



GENERAL FUND RECEIPTS AND DISBURSEMENTS FY 2023 THROUGH FY 2025 (millions of dollars)			
	FY 2023	FY 2024	FY 2025
OPENING FUND BALANCE	<u>33,053</u>	<u>43,451</u>	<u>46,331</u>
<i>Personal Income Tax</i> ⁽¹⁾	27,607	25,312	29,152
Consumption/User Taxes:			
Sales and Use Tax ⁽²⁾	6,665	9,315	9,520
Cigarette and Tobacco Tax	265	260	245
Alcoholic Beverage Taxes	282	275	269
Other Taxes	27	22	23
Subtotal	<u>7,239</u>	<u>9,872</u>	<u>10,057</u>
Business Taxes:			
Corporation Franchise Tax	7,291	7,525	6,788
Corporation and Utilities Taxes	408	401	406
Insurance Taxes	2,381	2,521	2,697
Bank Tax	304	0	277
Pass-Through Entity Tax ⁽¹⁾	7,472	6,978	8,891
Subtotal	<u>17,856</u>	<u>17,425</u>	<u>19,059</u>
Other Taxes:			
Estate and Gift Taxes	2,185	1,856	1,301
Pari-Mutuel Tax	13	12	11
Other Taxes ⁽¹⁾	6	8	10
Subtotal	<u>2,204</u>	<u>1,876</u>	<u>1,322</u>
Miscellaneous Receipts & Federal Grants	5,960	7,128	8,818
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	20,899	21,748	28,078
PTET in Excess of Revenue Bond Debt Service	7,472	6,978	8,890
ECEP in Excess of Revenue Bond Debt Service	0	0	7
Sales Tax in Excess of Revenue Bond Debt Service	7,291	7,839	8,636
Sales Tax in Excess of LGAC Debt Service	2,198	0	0
Real Estate Taxes in Excess of CW/CA Debt Service	1,180	877	969
All Other Transfers	3,291	3,942	4,273
Subtotal	<u>42,331</u>	<u>41,384</u>	<u>50,853</u>
TOTAL RECEIPTS	<u>103,197</u>	<u>102,997</u>	<u>119,261</u>
Grants to Local Governments:			
School Aid	25,645	28,844	30,225
Medicaid - DOH	19,380	20,598	24,461
All Other Local Aid	17,827	19,677	20,147
State Operations:			
Personal Service	9,464	9,997	10,784
Non-Personal Service	3,043	2,303	2,932
General State Charges	9,115	9,651	9,297
Transfers to Other Funds:			
In Support of Debt Service	298	239	274
In Support of Capital Projects	4,649	5,798	6,925
SUNY Operations	1,491	1,535	1,660
All Other Transfers	1,887	1,475	1,971
Subtotal	<u>8,325</u>	<u>9,047</u>	<u>10,830</u>
TOTAL DISBURSEMENTS	<u>92,799</u>	<u>100,117</u>	<u>108,676</u>
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	<u>10,398</u>	<u>2,880</u>	<u>10,585</u>
CLOSING FUND BALANCE	<u>43,451</u>	<u>46,331</u>	<u>56,916</u>

Sources: NYS Office of the State Comptroller. Financial Plan categorical detail by NYS Division of the Budget.

(1) Excludes tax receipts that flow into the Revenue Bond Tax Fund (RBTF) in the first instance and are then transferred to the General Fund after debt service obligation is satisfied.

(2) Excludes sales tax in excess of LGAC Debt Service and Sales Tax Revenue Bond Fund.



FY 2025

The State ended FY 2025 in balance on a cash basis in the General Fund, based on preliminary unaudited results. General fund receipts, including transfers from other funds, totaled \$119.3 billion. General Fund disbursements, including transfers from other funds, totaled \$108.7 billion. The State ended FY 2025 with a General Fund balance of \$56.9 billion, an increase of \$10.6 billion from FY 2024 results. The higher balance reflects a deposit to the Rainy Day Fund; an increase in the reserves for future operations and PTET/PIT credits; and additional resources available at year-end that are carried forward to offset delayed payments, operational costs, and capital projects spending, as well as to reduce the budget gaps in subsequent years.

FY 2024

The State ended FY 2024 in balance on a cash basis in the General Fund. General fund receipts, including transfers from other funds, totaled \$103.0 billion. General Fund disbursements, including transfers from other funds, totaled \$100.1 billion. The State ended FY 2024 with a General Fund balance of \$46.3 billion, an increase of \$2.9 billion from FY 2023 results. The higher balance reflects a set aside for asylum seeker assistance, an increase for the reserves for labor settlements/agency operations, and additional net resources available at year-end that were carried forward to reduce the budget gaps in subsequent years.

FY 2023

The State ended FY 2023 in balance on a cash basis in the General Fund. General fund receipts, including transfers from other funds, totaled \$103.2 billion. General Fund disbursements, including transfers from other funds, totaled \$92.8 billion. The State ended FY 2023 with a General Fund balance of \$43.5 billion, an increase of \$10.4 billion from FY 2022 results. The higher balance reflects the deposit of \$10.6 billion to the State's principal reserves, partially offset by use of prior year resources as planned to fund certain commitments and operations in FY 2023.



All Funds FY 2023 Through FY 2025

The All Funds Financial Plan records the operations of the four governmental fund types: the General Fund, special revenue funds, capital projects funds, and debt service funds. It is the broadest measure of State governmental activity and includes spending from Federal funds and capital projects funds.

ALL GOVERNMENTAL FUNDS RECEIPTS AND DISBURSEMENTS			
FY 2023 THROUGH FY 2025			
(millions of dollars)			
	FY 2023	FY 2024	FY 2025
OPENING BALANCE	53,549	65,956	65,913
ALL FUNDS RECEIPTS:	233,060	234,478	248,986
Total Taxes	111,656	106,447	117,512
Personal Income Tax	58,776	53,840	61,202
Pass Through Entity Tax	14,944	13,955	17,781
All Other Taxes	37,936	38,652	38,529
Miscellaneous Receipts	31,841	33,755	34,761
Federal Receipts	89,563	94,276	96,713
Bond & Note Proceeds	0	0	0
ALL FUNDS DISBURSEMENTS:	220,460	234,869	241,471
STATE OPERATING FUNDS	123,750	128,474	133,654
Assistance and Grants	81,877	89,202	95,859
School Aid	30,290	33,383	35,290
DOH Medicaid (incl. admin and EP)	25,467	27,804	31,229
All Other	26,120	28,015	29,340
State Operations	31,392	32,274	34,019
Agency Operations	21,189	21,578	23,576
Executive Agencies	11,547	11,347	12,537
University Systems	6,926	7,402	7,941
Elected Officials	2,716	2,829	3,098
Fringe Benefits/Fixed Costs	10,203	10,696	10,443
Pension Contribution	2,045	3,734	2,586
Health Insurance	6,003	5,106	5,814
Other Fringe Benefits/Fixed Costs	2,155	1,856	2,043
Debt Service	10,481	6,997	3,776
CAPITAL PROJECTS (State and Federal Funds)	14,024	14,708	16,975
FEDERAL OPERATING AID	82,687	91,686	90,842
NET OTHER FINANCING SOURCES	(192)	345	268
CHANGE IN OPERATIONS	12,407	(44)	7,783
CLOSING BALANCE	65,956	65,912	73,696



FY 2025

The FY 2025 All Funds closing balance totaled \$73.7 billion, \$7.8 billion above FY 2024. The increase reflected higher receipts (\$14.5 billion), which more than offset growth in disbursements (\$6.6 billion) compared to the prior year.

Tax collections grew by \$11.1 billion inclusive of anticipated growth in PIT receipts, coupled with a decline in current and prior year refunds and advanced credit payments; PTET participation and extensions; modest growth in sales tax collections and significant growth in adult-use cannabis receipts resulting from the continued maturation of the market; CFT gross receipts; and the resolution of two significant bank audit cases. The growth was partly offset by increased CFT refunds and a decrease in super large estate tax collections. Miscellaneous receipts increased due primarily to collections from the Mental Hygiene Services Debt Service fund, HCRA, the DFS, and Licenses & Fees.

Higher spending was mainly due to assistance and grants spending reflecting planned increases for School Aid, inclusive of increased Excess Cost Aid and BOCES Aid spending, and Medicaid. Substantial growth in Medicaid is largely attributable to the expiration of the COVID eFMAP benefit in FY 2024, higher FFS claims, and increased Managed Long Term Care claims due to enrollment growth. Other spending increases include enrollment growth and the inclusion of undocumented pregnant individuals under CHP, retroactive to April 2022, as well as spending on Day Care and Child Welfare services.

Executive agency operations spending increased from the prior year due largely to FEMA reimbursements received in FY 2024 for State costs incurred for COVID pandemic response and recovery efforts, as well as general salary increases pursuant to existing labor contracts, workforce growth, and inflationary increases for energy, medical expenses, and other commodities.

University systems' agency operations spending increased from the prior year largely due to salary increases pursuant to existing labor contracts and increased funding for campus and hospital operations. Spending growth for Elected Officials was due primarily to higher Judiciary spending.

Lower annual spending for pensions and debt service is the result of prepaying expenses prior to the fiscal year in which they come due. Excluding these prepayments, debt service would have increased by \$188 million (3.1 percent) and pensions would have increased by \$448 million (21 percent). Other fringe benefit spending increases are associated with rising health benefits and Social Security costs.

Federal operating spending decreased in FY 2025 in large part due to COVID related spending impacts, including: the discontinuation of the Medicaid enhanced Federal match; FEMA reimbursements for State costs incurred for COVID-19 pandemic response and recovery efforts and reimbursements of costs that were passed through to local entities; decreased spending for the Emergency Rental Assistance Program and Public Assistance benefit payments; and a decrease in COVID-19-related School Aid grants and U.S. Department of Agriculture School Lunch Act spending. These declines are partially offset by higher spending for the EP due to expansion of program eligibility associated with the 1332 waiver and increased hospital investments (\$3.1 billion higher); timing of Federal CHP and Health and Human Services payments; Elementary



and Secondary Education Title Act grants; Child Care subsidies, the Summer Electronic Benefits Transfer program, and the Flexible Fund for Family Services.

FY 2024

The FY 2024 All Funds closing balance totaled \$65.9 billion, \$44 million below FY 2023. This stable closing balance was due to a higher opening fund balance (\$12.4 billion) and net growth in receipts (\$1.4 billion), which supported higher disbursements (\$14.4 billion). More than half of the increase in disbursements compared to FY 2023 was attributable to Federal operating aid (\$9 billion).

Total tax collections in FY 2024 were \$5.2 billion or 4.7 percent lower than FY 2023, mostly driven by a decrease in PIT receipts (\$4.9 billion). FY 2024 PIT collections reflected lower estimated payments and final return payments, coupled with increased current and prior year refunds. Declines in PIT payments were partly offset by increased withholding and decreases in advanced credit payments attributable to the expiration of the Homeowner Tax Rebate Credit and the State/City offset. PTET collections also decreased (\$989 million), due to lower estimated payments and higher refunds.

All other tax receipts increased by \$716 million in FY 2024, primarily due to growth in consumption/use taxes (\$1.3 billion). The growth reflected higher sales tax receipts and increased motor fuel tax receipts related to the expiration of the temporary fuel tax holiday in December 2022.

The decline in total FY 2024 tax collections was offset by increases in Federal operating aid and miscellaneous receipts. Federal receipts increased by \$4.7 billion, reflecting the timing of spending and reimbursements from Federal aid. Miscellaneous receipts were also \$1.9 billion higher than in FY 2023, primarily due to higher investment income (\$2.4 billion).

The increase in disbursements in FY 2024 primarily reflects increased spending on assistance and grants (\$7.3 billion) from State Operating Funds, as well as higher Federal operating spending (\$9.0 billion) compared to FY 2023. Within the State Operating Funds category, the higher spending on assistance and grants was partially offset by a decrease in debt service payments (\$3.5 billion) due to the timing of prepayments.

State Operating Funds spending totaled \$128.5 billion in FY 2024, an increase of \$4.7 billion (3.8 percent) compared to FY 2023. Within this category, assistance and grants spending was \$7.3 billion higher than in the prior year. The largest changes within assistance and grants were as follows:

- School Aid (\$3.1 billion higher) due primarily to the final year of the three-year phase-in of Foundation Aid.
- Medicaid (\$2.3 billion higher) attributable primarily to continued claims growth (\$3.4 billion), offset partially by increases in the Local Cap Contribution (\$663 million) and increased pharmacy rebate offsets (\$621 million).

- Mental Hygiene (\$2 billion higher) due to a \$1.9 billion increase in mental hygiene spending moved out of the Global Cap through the Local Share Adjustment and Mental Hygiene Stabilization Fund.
- Children and Family Services (\$841 million lower) due primarily to non-recurring spending for Child Welfare Services (\$1.2 billion) for settled and advanced claims.

In addition, spending on State operations from State Operating Funds increased by \$882 million in FY 2024, reflecting underlying growth in salary costs. Within the executive agency operations category, pandemic-related FEMA reimbursements received in FY 2024 (roughly \$960 million) more than offset cost growth. For fringe benefits, increased spending (\$493 million) reflected the prepayment of future pension obligations in FY 2024 (\$1.6 billion), partially offset by a smaller deposit to the Retiree Health Benefit Trust Fund compared to FY 2023.

Debt Service spending from State Operating Funds was \$3.5 billion lower due to the net impact of debt service prepayments executed in FY 2024 and prior years (\$3.9 billion).

Federal operating spending increased by \$9 billion over the prior year due primarily to the following:

- EP (\$3.5 billion higher) attributable to increased rates and higher program participation due to an expansion of program eligibility.
- Medicaid (\$3.3 billion higher) primarily attributable to growth in claims.
- Children and Family Services (\$1.2 billion higher) driven by increased spending on Child Care (\$749 million) and Child Welfare Services (\$399 million).
- Temporary & Disability Assistance (\$1.1 billion lower) driven primarily by decreased spending on the Emergency Rental Assistance Program (\$449 million), the Home Energy Assistance Program (\$208 million), Child Care (\$187 million), and Pandemic Emergency Assistance (\$124 million).
- All Other Federal spending (\$1.5 billion higher) increased due to Federal reimbursements of pandemic-related costs passed through to local entities (\$1.2 billion).

FY 2023

The FY 2023 All Funds closing balance totaled \$66.0 billion, \$12.4 billion above FY 2022. The growth was attributable to a larger opening balance (\$34.8 billion), offset by lower receipts (\$11.3 billion) and higher disbursements (\$11.1 billion) compared to the prior year.

The decline in receipts primarily reflects lower tax collections (\$9.5 billion). PIT receipts decreased by \$12 billion in FY 2023, largely due to the PTET program and the timing of PTET credit realization during FY 2022 and FY 2023. In FY 2022, taxpayers were statutorily prohibited from adjusting tax year 2021 current estimated PIT payments based on anticipated PTET credits. This restriction did

not apply for tax year 2022, and FY 2023 PIT collections reflect the realization of a high concentration of PTET credits from both tax years 2021 and 2022. PTET collections also decreased by \$1.5 billion in FY 2023, primarily because five quarters of PTET collections were reflected in FY 2022 and FY 2023 was the first year in which PTET refunds were issued.

The decline in PIT and PTET receipts in FY 2023 was offset by growth in other tax categories compared to FY 2022. Higher business tax collections (\$2.4 billion) were driven by increased Corporate Franchise Tax receipts, insurance gross receipts, and audits. Consumption/use tax collections grew by \$964 million mostly due to stronger-than-expected sales tax collections, partially offset by the temporary suspension of the sales and motor fuel excise taxes (on gasoline and diesel motor fuel) from June 2022 through December 2022.

Non-tax miscellaneous receipts increased by \$3.9 billion in FY 2023, primarily due to the timing of reimbursements for various capital programs (\$1.4 billion) and higher investment income (\$1.1 billion). Federal grants decreased by \$5.7 billion, largely due to the receipt of \$12.75 billion in ARP aid in FY 2022.

The increase in disbursements in FY 2023 primarily reflects increased spending on assistance and grants (\$6.9 billion) from State Operating Funds, as well as higher spending from Federal grants (\$5.5 billion) compared to FY 2022.

State Operating Funds spending totaled \$123.8 billion in FY 2023, an increase of \$6.3 billion (5.4 percent) compared to FY 2022. Within this category, assistance and grants spending through March was \$6.9 billion higher than in the prior year. The largest spending changes within assistance and grants were as follows:

- Medicaid (\$3.5 billion higher) primarily attributable to enrollment growth in Managed Care associated with the Public Health Emergency and Federal requirement prohibiting the disenrollment of recipients (\$1.8 billion); increased Fee for Service Spending related to higher utilization and prices (\$689 million); and increased spending in the Vital Access Provider Assurance Program related to advancement of the Federal share of directed payment template payments for distressed hospitals (\$2 billion). The higher spending is partially offset by increased COVID eFMAP collections in FY 2023 (\$812 million) and Federal Family Planning credits (\$108 million) that were not claimed in FY 2022.
- School Aid (\$2 billion higher) due to planned General Aid payment increases (\$675 million) related to the second year of the three-year phase-in of full funding of Foundation Aid, education payments supported by higher Mobile Sports Wagering receipts (\$517 million), increased disbursements supported by Lottery and VLT receipts (\$630 million), and higher Teacher Retirement System payments (\$141 million).
- Office of Children and Family Services (\$1.1 billion higher) primarily attributable to higher spending for Child Welfare Services (\$1.2 billion) and Day Care (\$49 million), partially offset by reduced spending on Foster Care Block Grant payments (\$55 million) and Adult Protective Services (\$52 million).



Executive agency operations spending from State Operating Funds increased by \$1.4 billion in FY 2023, largely because eligible State costs were offset by the Federal Coronavirus Relief Fund in FY 2022. Debt Service decreased by \$2.1 billion in FY 2023, due to prior prepayments of FY 2023 debt service.

Federal operating aid increased by \$5.5 billion over the prior year due predominantly to the following:

- Medicaid (\$5.1 billion higher) primarily attributable to significantly higher claims-based spending (\$3.4 billion) caused by Federal Maintenance of Effort (MOE) restrictions on disenrollment during the Public Health Emergency and increased rates (\$1.3 billion), higher Fee-for-Service expenditures resulting from increased utilization and price increases (\$1.2 billion) and increased Managed Long-Term Care spending (\$879 million). Additional increased year-to-year spending is attributable to higher COVID eFMAP collections (\$860 million), the claiming of Federal Community First Choice Option credits (\$761 million), and Family Planning credits (\$108 million) that were not claimed by the State in FY 2022.
- School Aid (\$2.3 billion higher) primarily due to increased spending from COVID-19 related grants (\$2.1 billion).

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State expects to issue the Basic Financial Statements for FY 2025 on July 24, 2025. The Comptroller also prepares and issues an Annual Comprehensive Financial Report, which, in addition to the components referred to above, also includes an introductory section and a statistical section. The Annual Comprehensive Financial Report for the fiscal year ended March 31, 2025 is expected to be issued later in the current calendar year.

The following tables summarize recent governmental funds results on a GAAP basis.

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS SURPLUS/(DEFICIT) (in millions of dollars)						
Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/Deficit
March 31, 2024	7,434	1,216	(1,238)	1,926	9,338	50,346
March 31, 2023	15,447	819	(1,334)	(416)	14,516	42,912
March 31, 2022	11,339	1,792	4,352	1,173	18,656	27,465

SUMMARY OF NET POSITION (millions of dollars)			
Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2024	58,062	(12,779)	45,283
March 31, 2023	46,453	(15,565)	30,888
March 31, 2022	21,168	(18,866)	2,302*

* The restatement in net position is due to a reclassification of certain financial instruments under GASB Statement No. 84, Fiduciary Activities. These instruments no longer meet the criteria for State assets and were removed.

The most recent Annual Comprehensive Financial Report and those related to prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system website at www.emma.msrb.org.

CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW



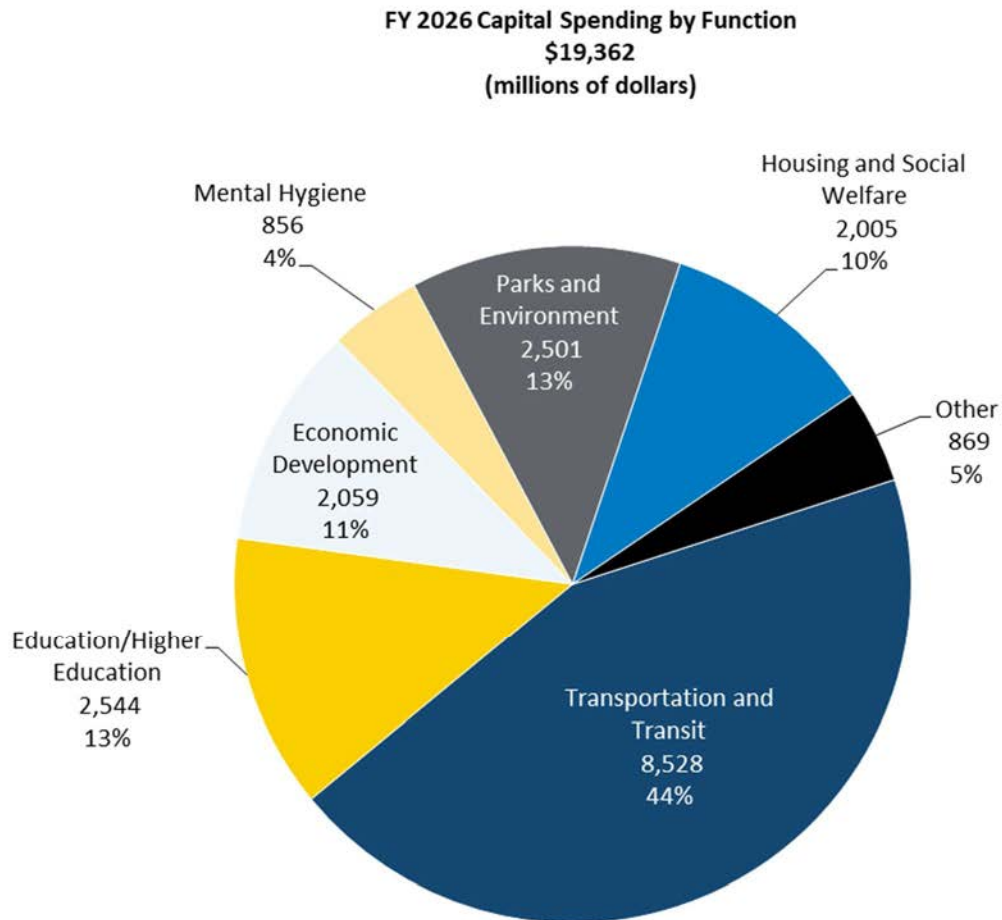
A copy of the Capital Plan can be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 474-8282, and it is also posted at www.budget.ny.gov.

Capital Plan

The total commitment and disbursement levels in the Capital Plan reflect, among other things, projected capacity under the State's statutory debt limit, anticipated levels of Federal aid, and the timing of capital activity based on known needs and historical patterns. The following capital projects information relates to FY 2026.

FY 2026 Capital Projects Spending

Spending on capital projects is projected to total \$19.4 billion in FY 2026. Overall, capital spending in FY 2026 is projected to increase by \$2.4 billion or 14 percent from FY 2025.





CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

In FY 2026, transportation and transit spending is projected to total \$8.5 billion, which represents 44 percent of total capital spending. Education and higher education spending accounts for 13 percent, spending related to parks, environment, and clean energy represents 13 percent, and economic development spending accounts for 11 percent. The remaining 19 percent comprises spending for health care, mental hygiene, social welfare, public protection, general government, and all other (discussed later).

Transportation and transit spending is projected to increase by \$1.2 billion (17 percent) from FY 2025 to FY 2026. The growth is attributable to projected increases in spending by DOT for the State road and bridge projects and local transportation programs. State spending on the MTA is expected to total \$1.3 billion in FY 2026, an increase of \$610 million, which is attributable to the continued State support for the MTA's 2020-2024 Capital Plan and initial funding for the 2025-2029 Capital Plan.

Parks and environment spending is estimated to increase by \$671 million (37 percent) in FY 2026, primarily reflecting spending from the clean water drinking grants program, which the FY 2026 Enacted Budget increased by \$500 million to \$6 billion; increased capital support for State parks, including NY SWIMS; and spending from the \$4.2 billion Clean Water, Clean Air, and Green Jobs Bond Act. Additionally, the Plan reflects spending in FY 2026 from new initiatives, including: the Sustainable Future Program, NY PLAYS, and NY BRICKS.

Economic development spending is projected to increase by \$404 million (24 percent) in FY 2026. The increase is primarily attributable to regional economic development programs administered by ESD, including the DRI and NY Forward, RESTORE, and REDC's. FY 2026 spending also includes continued investment in offshore wind port infrastructure and supply chains, ConnectALL broadband expansion, and upgrades at Olympic Regional Development Authority facilities.

Spending for health care is projected to increase by \$351 million (77 percent) in FY 2026. The increase is due to spending from Health Care Restructuring Program grant awards and spending related to five rounds of the Health Care Facility Transformation Program.

Spending for social welfare is projected to increase by \$303 million (18 percent) in FY 2026, primarily reflecting ongoing spending from the prior housing plan and the phase-in of funding from the \$25 billion housing plan, of which the State is providing \$5.7 billion in direct capital assistance.

Education spending is projected to increase by \$273 million (128 percent) in FY 2026. The increase is largely due to the implementation of additional programs included in the FY 2025 and FY 2026 Enacted Budgets, and continued spending from prior year initiatives.

Higher education spending is projected to increase by \$452 million (28 percent) in FY 2026, which is primarily related to maintaining SUNY and CUNY campus facilities in a state of good repair and making strategic investments in new facilities.



CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

Spending for public protection is projected to increase by \$11 million (1 percent) in FY 2026. Public protection capital funding supports maintaining DOCCS, DHSES, DMNA, and DSP infrastructure. In addition, FY 2026 projections assume continued spending for capital investments in communities with high gun violence and another round of the Securing Communities Against Hate Crimes grant program.

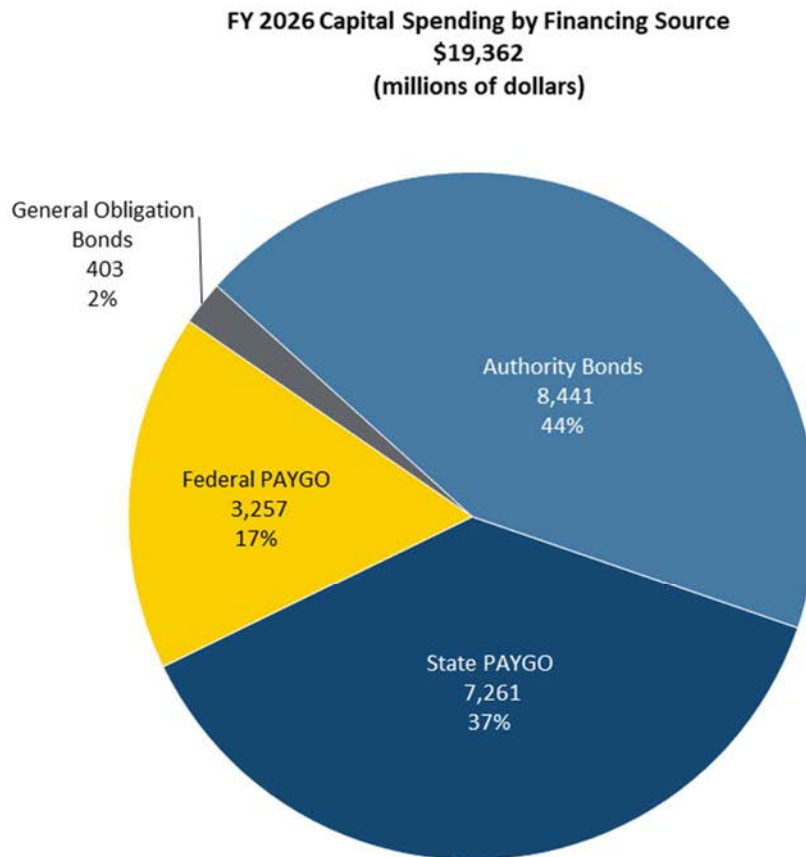
Mental hygiene capital spending is anticipated to increase by \$250 million (41 percent) in FY 2026, reflecting continued investment in both inpatient and outpatient facilities.

General governmental capital spending is projected to increase by \$342 million (81 percent) in FY 2026, which includes the maintenance of State facilities and State information technology projects.

Spending in the “all other” category is projected to increase by \$85 million (20 percent). Total planned capital disbursements are reduced by \$2 billion, or approximately 10 percent, in each year of the Capital Plan, consistent with spending trends for the past ten years.



Financing FY 2026 Capital Projects Spending



In FY 2026, the State plans to finance 46 percent of capital projects spending with long-term bonds and 54 percent with cash and Federal grants. Most of the long-term bonds (95 percent) will be issued on behalf of the State through public authorities. All authority debt issued on behalf of the State is approved by the State legislature, acting on behalf of the people, and the issuing authority's board of directors, and in most instances, is subject to approval by the Public Authorities Control Board (PACB). Authority Bonds, as defined in the Capital Plan, do not include debt issued by authorities that are backed by non-State resources. State cash resources will finance 37 percent of capital spending. Federal aid is expected to fund 17 percent of the State's FY 2026 capital spending, primarily for transportation. Year-to-year, total PAYGO support is projected to increase from FY 2025 to FY 2026 by \$1.3 billion, with State PAYGO increasing by \$741 million and Federal PAYGO support increasing by \$558 million. Bond-financed spending is projected to increase by \$1.1 billion, with Authority Bond spending increasing by \$842 million and General Obligation Bond spending increasing by \$246 million.



Financing Plan

New York State, including its public authorities, is one of the largest issuers of municipal debt in the United States, ranking second among the states, behind California, in the aggregate amount of debt outstanding. As of March 31, 2025, State-related debt outstanding totaled \$55.9 billion excluding installation and mortgage loan commitments, equal to approximately 3.3 percent of New York personal income. The State's debt levels are typically measured by DOB using two categories: *State-supported debt* and *State-related debt*.

State-supported debt represents obligations of the State that are paid from traditional State resources (i.e., tax revenue) and have a budgetary impact. It includes General Obligation debt, to which the full faith and credit of the State has been pledged, and lease purchase and contractual obligations of public authorities and municipalities, where the State's legal obligation to make payments to those public authorities and municipalities is subject to and paid from annual appropriations made by the Legislature. These include the State PIT Revenue Bond program and the State Sales Tax Revenue Bond program. The State's debt reform caps on debt outstanding and debt service apply to State-supported debt.

State-related debt is a broader measure of State debt which includes all debt that is reported in the State's GAAP-basis financial statements, except for unamortized premiums and accumulated accretion on capital appreciation bonds. These financial statements are audited by external independent auditors and published by OSC on an annual basis. The debt reported in the GAAP-basis financial statements includes General Obligation debt, other State-supported debt as defined in the State Finance Law, and installation commitments and mortgage loan commitments. This category also includes inter-governmental loans, where no bonds are issued but the State has agreed to pay annual loan payments to another governmental entity. Inter-governmental loans include annual payments to the Gateway Development Commission (GDC) to fund the State's commitment for the Gateway Hudson Tunnel Project. In addition, State-related debt reported by DOB includes State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available to make payments if necessary. These financings are not reported as debt in the State's GAAP-basis financial statements.

The State's debt does not include debt that is issued by, or on behalf of, local governments and secured (in whole or in part) by State local assistance aid payments. For example, certain State aid to public schools paid to school districts or New York City has been pledged by those local entities to help finance debt service for locally-sponsored and locally-determined financings. Additionally, certain of the State's public authorities issue debt supported by non-State resources (e.g., NYSTA revenue bonds, Triborough Bridge and Tunnel Authority (TBTA) revenue bonds, MTA revenue bonds and DASNY dormitory facilities revenue bonds) or issue debt on behalf of private clients (e.g., DASNY's bonds issued for not-for-profit colleges, universities, and hospitals). This debt, however, is not treated by DOB as either State-supported debt or State-related debt because it (i) is not issued by the State (nor on behalf of the State), and (ii) does not result in a State obligation to pay debt service. Instead, this debt is accounted for in the respective financial statements of the local governments or other entity responsible for the issuance of such debt and is similarly treated.



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The issuance of General Obligation debt is undertaken by OSC. All other State-supported and State-related debt is issued by the State’s financing authorities (known as “Authorized Issuers” in connection with the issuance of PIT and Sales Tax Revenue Bonds) acting under the direction of DOB, which coordinates the structuring of bonds, the timing of bond sales, and decides which programs are to be funded in each transaction. The Authorized Issuers for PIT Revenue Bonds are DASNY, ESD, NYSTA, the Environmental Facilities Corporation (EFC), and the New York State Housing Finance Agency (HFA) and the Authorized Issuers for Sales Tax Revenue Bonds are DASNY, ESD, and NYSTA. Prior to any issuance of new State-supported debt and State-related debt, approval is required by the State Legislature, DOB, the issuer’s board, and in certain instances, PACB and the State Comptroller.

The State uses three primary bond programs, Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and to a lesser extent General Obligation Bonds to finance capital spending. These bonding programs, as well as older programs that are no longer being issued under but continue to have debt outstanding are described in more detail below.

OUTSTANDING STATE-SUPPORTED AND STATE-RELATED DEBT ^{1,2} (millions of dollars)			
	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
State-Supported Debt	55,911	54,319	55,867
Personal Income Tax Revenue Bonds	43,635	40,179	38,781
Sales Tax Revenue Bonds	10,101	11,483	14,510
General Obligation	1,836	2,128	2,269
Service Contract & Lease Purchase	48	258	242
Other Revenue Bonds	291	271	65
Other State Financings	237	202	228
Installation Commitments	178	145	146
Mortgage Loan Commitments	59	57	68
Gateway Development Commission	N/A	N/A	14
TOTAL STATE-RELATED DEBT ³	56,148	54,521	56,095

1 Source: NYS DOB, except Mortgage Loan Commitments which are taken from the ACFR for FY 2023 and FY 2024. Mortgage Loan Commitments and Installation Commitments are estimated by DOB for FY 2025.

2 Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

3 Installation commitments and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.



State-Supported Debt Outstanding

State-supported debt includes General Obligation Bonds, State PIT Revenue Bonds, Sales Tax Revenue Bonds, and lease purchase and service contract obligations of public authorities and municipalities. Payment of all obligations, except for General Obligation Bonds, cannot be made without annual appropriation by the State Legislature, but the State's credits have different security features, as described in this section. The Debt Reform Act of 2000 limits the amount of new State-supported debt issued since April 1, 2000. Legislation included in the FY 2021 and FY 2022 Enacted Budgets authorized the exclusion of all State-supported debt issued in FY 2021 and FY 2022 from the calculation of the debt caps. See "Financial Plan Overview — Other Matters Affecting the Financial Plan — Debt Reform Act Limit" herein for more information.

Legislation included in the FY 2026 Enacted Budget authorizes short-term financing for liquidity purposes during FY 2026. In doing so, it maintained a tool to help the State manage cashflow if unanticipated financial disruptions arise. Specifically, the authorization allows for the issuance of up to \$3 billion of PIT revenue anticipation notes that mature no later than March 31, 2026. Borrowed amounts cannot be extended or refinanced beyond the initial maturity. The Financial Plan does not currently assume the use of short-term financing for liquidity purposes. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation originally required 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the RBTF for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. Over time, additional State revenue sources have been dedicated to the RBTF in order to address the anticipated impact that certain legislative changes could have on the level of State PIT receipts, namely, the enactment of (i) the ECEP and the Charitable Gifts Trust Fund in 2018, and (ii) the PTET in 2021. The legislative changes were implemented to mitigate the effect of the TCJA that, among other things, limited the SALT deduction. In order to preserve coverage in the PIT Revenue Bond program, State legislation was enacted that dedicated 50 percent of ECEP receipts and 50 percent of PTET receipts for deposit to the RBTF for the payment of PIT bonds. In addition, in 2018 legislation was enacted that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent. As a result, 50 percent of PIT receipts, 50 percent of ECEP receipts and 50 percent of PTET receipts (collectively, the "RBTF Receipts") now secure the timely payment of debt service on all PIT bonds.

Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill. In the event that (a) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on the State PIT Revenue Bonds, the legislation requires that RBTF Receipts continue to be deposited to the RBTF until amounts on



CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

deposit in the RBTF equal the greater of 40 percent of the aggregate of annual State PIT receipts, ECEP receipts, and PTET receipts or \$12 billion.

DOB expects that the ECEP and PTET will be revenue neutral on a multi-year basis for PIT bondholders, although PIT receipts would decrease and ECEP and PTET receipts would increase to the extent that employers elect to participate in the ECEP and qualifying entities elect to pay PTET. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year.

The Charitable Gifts Trust Fund, when created in 2018, had the potential to materially impact the PIT Revenue Bond Program, as deposits to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. In 2019, the IRS issued final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the Charitable Gifts Trust Fund and the impact on New York State PIT receipts is expected to remain negligible.

As of March 31, 2025, approximately \$38.8 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts and include projected debt issuances. PIT Revenue Bonds are expected to comprise 75 percent of bond issuances annually, excluding GO Bonds, but can be used interchangeably with the Sales Tax Revenue Bond Program as needed.

While DOB routinely monitors the State’s debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS ¹						
(millions of dollars)						
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Projected RBTF Receipts	39,499	38,465	39,340	40,880	43,048	44,665
Projected New PIT Bonds Issuances	2,271	6,546	7,825	7,937	7,780	6,572
Projected Total PIT Bonds Outstanding	38,781	44,456	51,540	58,202	64,291	67,525
Projected Maximum Annual Debt Service	3,968	4,400	4,960	5,528	6,086	6,381
Projected PIT Coverage Ratio	10.0	8.7	7.9	7.4	7.1	7.0

¹ Reflects the timing of PTET receipts and subsequent decrease in PIT receipts, which are estimated to be revenue-neutral on a multi-year basis, but are not estimated to be revenue-neutral within each fiscal year.



Sales Tax Revenue Bond Program

Legislation enacted in 2013 created the Sales Tax Revenue Bond program. This bonding program replicates certain credit features of PIT Revenue Bonds and is expected to continue to provide the State with increased efficiencies and a lower cost of borrowing.

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured by dedicated revenues consisting of two cents of the State's four cent sales and use tax. Such sales tax receipts in excess of debt service requirements are transferred to the State's General Fund.

The Sales Tax Revenue Bond Fund has appropriation-incentive and General Fund "reach back" features comparable to PIT bonds. A "lock box" feature restricts transfers back to the General Fund in the event of non-appropriation or non-payment. In addition, in the event that sales tax revenues are insufficient to pay debt service, a "reach back" mechanism requires the State Comptroller to transfer moneys from the General Fund to meet debt service requirements.

The legislation also authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance any capital purpose, including projects that were previously financed through the State's Mental Health Facilities Improvement Revenue Bond program and the DHBTf program. This allowed the State to transition to the use of three primary credits – PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation Bonds to finance the State's capital needs. Sales Tax Revenue Bonds are used interchangeably with PIT Revenue Bonds to finance State capital needs. As of March 31, 2025, \$14.5 billion of Sales Tax Revenue Bonds were outstanding.

Debt service coverage for the Sales Tax Revenue Bond program reflects estimates of sales and use tax receipts and includes projected debt issuances. Sales Tax Revenue Bonds are expected to comprise 25 percent of bond issuances annually, excluding GO Bonds, but can be used interchangeably with the PIT Revenue Bond Program as needed. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS						
(millions of dollars)						
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Projected Sales Tax Receipts	9,515	9,791	10,078	10,368	10,646	10,928
Projected New Sales Tax Bonds Issuances	2,656	2,182	2,608	2,646	2,593	2,191
Projected Total Sales Tax Bonds Outstanding	14,510	16,603	18,996	21,242	23,391	24,566
Projected Maximum Annual Debt Service	1,344	1,489	1,675	1,865	2,050	2,146
Projected Sales Tax Coverage Ratio	7.1	6.6	6.0	5.6	5.2	5.1



General Obligation Financings

With limited exceptions for emergencies, the State Constitution prohibits the State from undertaking a long-term General Obligation borrowing (i.e., borrowing for more than one year) unless it is authorized in a specific amount for a single work or purpose by the Legislature and approved by voter referendum. There is no constitutional limitation on the amount of long-term General Obligation debt that may be so authorized and subsequently incurred by the State. The State Constitution provides that General Obligation Bonds, which can be paid without an appropriation, must be paid in equal annual principal installments or installments that result in substantially level or declining debt service payments, mature within 40 years after issuance, and begin to amortize not more than one year after the issuance of such bonds. However, general obligation housing bonds must mature within 50 years after issuance, with principal amortization commencing no more than three years after issuance.

General Obligation debt is currently authorized for transportation, environment, housing and education purposes. Transportation-related bonds are issued for State and local highway and bridge improvements, mass transportation, rail, aviation, canal, port and waterway programs and projects. Environmental bonds are issued to fund environmentally sensitive land acquisitions, air and water quality improvements, municipal non-hazardous waste landfill closures and hazardous waste site cleanup projects. Education-related bonds are issued to fund enhanced education technology in schools, with eligible projects including infrastructure improvements to bring high-speed broadband to schools and communities in their school districts and the purchase of classroom technology for use by students. Additionally, these bonds will enable long-term investments in full-day pre-kindergarten through the construction of new pre-kindergarten classroom space.

General Obligation Bonds must be approved directly by the voters at a general election. Only one General Obligation offering, limited to a single work or purpose, may be voted on in a general election. General Obligation bond-financed spending accounts for approximately 2 percent of total spending over the Capital Plan. The Capital Plan assumes the continued implementation of ten previously authorized bond acts (five for transportation, four for environmental and recreational programs, and one for education), as well as spending for the \$4.2 billion Clean Water, Clean Air, and Green Jobs Bond Act that was approved by voters in November 2022.

As of March 31, 2025, approximately \$2.3 billion of General Obligation Bonds were outstanding. See “Exhibit B — State-Related Bond Authorizations” for information regarding the levels of authorized, authorized but unissued, and outstanding General Obligation debt by bond act.



The State Constitution permits the State to undertake short-term General Obligation borrowings without voter approval in anticipation of the receipt of (i) taxes and revenues, by issuing general obligation tax and revenue anticipation notes (TRANS), and (ii) proceeds from the sale of duly authorized but unissued General Obligation Bonds, by issuing bond anticipation notes (BANs). General Obligation TRANS must mature within one year from their date of issuance and cannot be refunded or refinanced beyond such period. However, since 1990, the State's ability to issue general obligation TRANS that mature in the same State fiscal year in which they were issued has been limited due to the enactment of fiscal reforms.

General Obligation BANs may only be issued for the purposes and within the amounts for which bonds may be issued pursuant to General Obligation authorizations, and must be paid from the proceeds of the sale of bonds in anticipation of which they were issued or from other sources within two years of the date of issuance or, in the case of BANs for housing purposes, within five years of the date of issuance. In order to provide flexibility within these maximum term limits, the State has previously used the BANs authorization to conduct a commercial paper program to fund disbursements eligible for General Obligation bond financing.

State-Supported Lease-Purchase and Other Contractual-Obligation Financings

Prior to the 2002 commencement of the State's PIT Revenue Bond program, public authorities or municipalities issued other lease purchase and contractual-obligation debt. These types of debt, where debt service is payable from moneys received from the State and is subject to annual State appropriation, are not general obligations of the State.

Debt service payable to certain public authorities from State appropriations for such lease-purchase and contractual obligation financings are paid from general resources of the State. Although these financing arrangements involve a contractual agreement by the State to make payments to a public authority, municipality or other entity, the State's obligation to make such payments is expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments. As of March 31, 2025, approximately \$242 million of State-supported lease-purchase and other contractual obligation financings were outstanding.

Legislation first enacted in FY 2011, and extended through June 30, 2026, authorizes the State to set aside moneys in reserve for debt service on general obligation, lease-purchase, and service contract bonds. Pursuant to a certificate filed by the Director of the Budget with the State Comptroller, the Comptroller is required to transfer from the General Fund such reserved amounts on a quarterly basis in advance of required debt service payment dates. The State currently has no plans to issue additional lease-purchase or other contractual-obligation financings.



Dedicated Highway and Bridge Trust Fund Bonds

DHBTF bonds were issued for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation-related taxes and fees, subject to appropriation. As of March 31, 2025, approximately \$34 million of DHBTF bonds were outstanding which were fully retired on April 1, 2025. The State currently has no plans to issue additional DHBTF bonds but could in the future if market conditions warrant.

State-Related Obligations Outstanding

State-related debt is a broader measure of debt that includes State-supported debt, as discussed above, and contingent-contractual obligations, moral obligations, State-guaranteed debt, intergovernmental loans, and other debt.

Contingent-Contractual Obligation Financing

Contingent-contractual debt, included in State-related debt, is debt where the State enters into a statutorily authorized contingent-contractual obligation via a service contract to pay debt service in the event there are shortfalls in revenues from other non-State resources pledged or otherwise available to pay the debt service. As with State-supported debt, except for General Obligation Bonds, all payments are subject to annual appropriation. There is no State contingent-contractual debt outstanding.

State-Guaranteed Financings

Pursuant to specific constitutional authorization, the State may also directly guarantee certain public authority obligations. Payments of debt service on State guaranteed bonds and notes are legally enforceable obligations of the State. The only current authorization provides for the State guarantee of the repayment of certain borrowings for designated projects of the New York State Job Development Authority (JDA). However, all JDA bonds guaranteed by the State have been paid off, and the State does not anticipate any future JDA indebtedness to be guaranteed by the State. The State has never been called upon to make any direct payments pursuant to any such guarantees.

Other State Financings

Other State financings relate to the issuance of debt by a public authority, including capital leases and mortgage loan commitments.



Intergovernmental Loans

Intergovernmental loans represent loans where no bonds are issued but the State has agreed to pay annual loan payments, subject to appropriation, to another governmental entity. Accordingly, intergovernmental loans are classified as State-related debt and are not subject to the State's debt cap.

Legislation authorizes the Budget Director to enter into a financing agreement with GDC to make payments to GDC in an amount sufficient to allow GDC to make payments on a New York Railroad Rehabilitation and Improvement Financing (RRIF) loan, subject to annual appropriation by the State Legislature, to support the State's capital commitment to the Gateway Hudson Tunnel Project. Pursuant to the legislative authorization, the State Budget Director entered into a contractual obligation with GDC that obligates the State to seek appropriations annually in future budgets and, if appropriated, to provide to GDC an amount each year sufficient to make all payments on the RRIF loan. Such payments are expected to be funded from the State's General Fund. The legislation also includes the authorization to set aside funds quarterly in advance of payments due to GDC for the Hudson Tunnel Project.

The State's share of the Gateway Hudson Tunnel Project is currently estimated at \$1.3 billion, inclusive of financing costs, based on the July 2024 financial plan for the project. As of March 31, 2025 there was \$14 million outstanding under the RRIF loan.



CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM						
(millions of dollars)						
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Personal Income Tax Revenue Bonds	2,271	6,546	7,825	7,937	7,780	6,572
Sales Tax Revenue Bonds	2,656	2,182	2,608	2,646	2,593	2,191
General Obligation Bonds	345	403	287	307	430	308
Service Contract Bonds	0	0	0	0	0	0
Total Issuances	5,272	9,131	10,720	10,890	10,803	9,071

Debt issuances totaling \$9.1 billion are planned to finance capital project spending in FY 2026, an increase of \$3.9 billion (73 percent) from FY 2025. The year over year growth is largely attributable to the increase in capital spending projected in FY 2026. Bond issuances in FY 2026 will finance capital commitments for economic development and housing (\$1.7 billion), education (\$1.4 billion), the environment (\$993 million), health and mental hygiene (\$871 million), State facilities and equipment (\$881 million), and transportation (\$3.3 billion).

Over the five-year Capital Plan, new debt issuances are projected to total \$50.6 billion. This reflects the application of \$13.6 billion of PAYGO to supplant bond issuances. New issuances are expected for economic development and housing (\$9.3 billion), education facilities (\$7.7 billion), the environment (\$5.5 billion), mental hygiene and health care facilities (\$4.8 billion), State facilities and equipment (\$4.9 billion), and transportation infrastructure (\$18.4 billion).

PROJECTED DEBT OUTSTANDING BY CREDIT						
(millions of dollars)						
	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Personal Income Tax Revenue Bonds	38,781	44,456	51,540	58,202	64,291	67,525
Sales Tax Revenue Bonds	14,510	16,603	18,996	21,242	23,391	24,566
General Obligation Bonds	2,269	2,478	2,551	2,647	2,878	2,981
Other Revenue Bonds	65	14	12	11	9	8
Service Contract	242	242	242	242	0	0
Gateway Development Commission	14	187	360	508	611	715
TOTAL STATE-RELATED	55,881	63,980	73,701	82,852	91,180	95,795



State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at \$1.5 billion in FY 2026, a decrease of \$2.2 billion (59 percent) from FY 2025, which is affected by the prepayment of \$2.8 billion in FY 2025 of future debt service costs and additional prepayments in previous fiscal years. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE ¹							
(millions of dollars)							
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
	Actuals	Projected	Projected	Projected	Projected	Projected	
Personal Income Tax Revenue Bonds	2,549	1,082	3,134	3,823	4,179	6,150	20,917
Sales Tax Revenue Bonds	879	145	1,059	1,353	1,359	2,132	6,927
General Obligation Bonds	263	290	322	325	322	337	1,859
Other State-Supported Bonds ²	84	21	12	12	248	0	377
Gateway Development Commission	0	0	0	0	0	0	0
Total Debt Service	3,775	1,538	4,527	5,513	6,108	8,619	30,080

¹ Reflects existing debt service on debt issued and projected debt service on assumed new debt issuances. Debt service requirements for variable rate bonds are calculated at an assumed rate of 1.76%. Debt service is not adjusted for prepayments.

² Excludes mortgage loan commitments and installation commitments.

Adjusting for prepayments, State-related debt service is projected at \$6.7 billion in FY 2026, an increase 8.2 percent from FY 2025. Over the five-year Capital Plan, adjusted debt service costs are expected to grow to \$8.6 billion in FY 2030, an average annual increase of 6.8 percent from FY 2025.

AUTHORITIES AND LOCALITIES

Public Authorities

For the purposes of this section, “authorities” refer to public benefit corporations or public authorities, created pursuant to State law, which are reported in the State’s Annual Comprehensive Financial Report. Authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and they may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. Certain of these authorities issue bonds under two of the three primary State credits – PIT Revenue Bonds and Sales Tax Revenue Bonds. The State’s access to the public credit markets through bond issuances constituting State-supported or State-related debt issuances by certain of its authorities could be impaired and the market price of the outstanding debt issued on its behalf may be materially and adversely affected if any of these authorities were to default on their respective State-supported or State-related debt issuances.

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. These entities generally pay their own operating expenses and debt service costs on their notes, bonds or other legislatively authorized financing structures from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels; charges for public power, electric and gas utility services; tuition and fees; rentals charged for housing units; and charges for occupancy at medical care facilities. Since the State has no actual or contingent liability for the payment of this type of public authority indebtedness, it is not classified as either State-supported debt or State-related debt. Some public authorities, however, receive monies from State appropriations to pay for the operating costs of certain programs.

There are statutory arrangements that, under certain circumstances, authorize State local assistance payments that have been appropriated in a given year and are otherwise payable to localities to be made instead to the issuing public authorities in order to secure the payment of debt service on their revenue bonds and notes. However, in honoring such statutory arrangements for the redirection of local assistance payments, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefor in any given year.

As of December 31, 2024 (with respect to the Job Development Authority (JDA) as of March 31, 2024), each of the 15 authorities listed in the following table had outstanding debt of \$100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately \$219 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 15 authorities as of the date of this AIS.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES⁽¹⁾
AS OF DECEMBER 31, 2024⁽²⁾
(millions of dollars)

<u>Authority</u>	<u>State-Related Debt</u>	<u>Authority and Conduit</u>	<u>Total</u>
Dormitory Authority	32,201	26,250	58,451
Port Authority of NY & NJ	0	27,451	27,451
Metropolitan Transportation Authority	0	23,208	23,208
Triborough Bridge and Tunnel Authority	0	22,553	22,553
Job Development Authority ⁽²⁾	0	18,496	18,496
Housing Finance Agency	384	17,785	18,169
UDC/ESD	14,986	923	15,909
Thruway Authority	4,562	5,950	10,512
Long Island Power Authority ⁽³⁾	0	9,035	9,035
Environmental Facilities Corporation	0	5,613	5,613
Power Authority	0	3,449	3,449
State of New York Mortgage Agency	0	3,208	3,208
Energy Research and Development Authority	0	1,332	1,332
Battery Park City Authority	0	1,042	1,042
Bridge Authority	0	110	110
TOTAL OUTSTANDING	52,133	166,405	218,538

Source: Compiled by the Office of the State Comptroller from data submitted by the Public Authorities.
Debt classifications by DOB.

⁽¹⁾ Includes only authorities with \$100 million or more in outstanding debt which are reported as component units or joint ventures of the State in the Annual Comprehensive Financial Report (ACFR). Includes short-term and long-term debt. Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

⁽²⁾ All Job Development Authority (JDA) debt outstanding reported as of March 31, 2024. This includes \$18.5 billion in conduit debt issued by JDA's blended component units consisting of \$6.1 billion issued by New York Liberty Development Corporation (\$1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), \$496 million issued by the Brooklyn Arena Local Development Corporation, and \$11.9 billion issued by the New York Transportation Development Corporation.

⁽³⁾ Includes \$3.45 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013, as amended, authorized UDSA to restructure certain outstanding indebtedness of the Long Island Power Authority (LIPA) and UDSA, as well as to finance system resiliency costs. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.



Localities

There have been severe financial and other adverse impacts on localities throughout the State, but particularly on New York City and the surrounding counties as the initial epicenter of the COVID-19 pandemic. No attempt is made in this AIS to assess, at this time, the financial and healthcare impacts on the State's localities.

While the fiscal condition of New York City and other local governments in the State is reliant, in part, on State aid to balance their annual budgets and meet their cash requirements, the State is not legally responsible for their financial condition and viability. Indeed, the provision of State aid to localities, while one of the largest disbursement categories in the State budget, is not constitutionally obligated to be maintained at current levels or to be continued in future fiscal years and the State Legislature may amend or repeal statutes relating to the formulas for and the apportionment of State aid to localities.

The City of New York

The fiscal demands on the State may be affected by the fiscal condition of New York City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of New York City, and its related issuers, to market securities successfully in the public credit markets. The official financial disclosure of the City of New York and its related issuers is available by contacting Investor Relations, (212) 788-5864, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The official financial disclosures of the City of New York and its related issuers can also be accessed through the EMMA system website at www.emma.msrb.org. The State assumes no liability or responsibility for any financial information reported by the City of New York. The following table summarizes the debt of New York City and its related issuers.

DEBT OF NEW YORK CITY AND RELATED ENTITIES ⁽¹⁾							
AS OF JUNE 30 OF EACH YEAR							
(millions of dollars)							
Year	General Obligation Bonds	Obligations of TFA ⁽¹⁾	Obligations of STARC Corp. ⁽²⁾	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations ⁽³⁾	Total
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025
2021	38,574	49,957	0	993	2,677	1,983	94,184
2022	38,845	51,820	0	966	2,557	15,043	109,231
2023	40,093	53,506	0	938	2,519	13,902	110,958
2024	41,701	57,618	0	909	2,552	13,592	116,372

Source: Office of the State Comptroller; The City of New York Annual Comprehensive Financial Report.

⁽¹⁾ Includes amounts for Building Aid Revenue Bonds (BARBs), the debt service on which will be funded solely from future State Building Aid payments that are subject to appropriation by the State and have been assigned by the City of New York to the Transitional Finance Authority (TFA).

⁽²⁾ A portion of the proceeds of the Sales Tax Asset Receivable Corporation (STARC) bonds were used to retire outstanding Municipal Assistance Corporation bonds. The debt service on STARC bonds was funded from annual revenues provided by the State, subject to annual appropriation. These revenues were assigned to the STARC by the Mayor of the City of New York.

⁽³⁾ Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the New York City Educational Construction Fund, the Industrial Development Agency and, beginning in 2010, the New York City Tax Lien Collateralized Bonds. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service. Starting in 2022, the City has implemented GASB Statement No. 87 with respect to general lease obligations, and found restatement of prior periods not practical.



AUTHORITIES AND LOCALITIES

The staffs of the Financial Control Board for the City of New York (FCB), the Office of the State Deputy Comptroller (OSDC), the City Comptroller and the Independent Budget Office issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 80 Maiden Lane, Suite 402, New York, NY 10038, Attention: Executive Director, <http://fcb.ny.gov/>; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller, <http://www.osc.state.ny.us/osdc/>; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget, <https://comptroller.nyc.gov/>; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director, <http://www.ibo.nyc.ny.us/>.

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted from 2004 to date includes 32 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

In addition to deficit financing authorizations, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within particular localities. The City of Buffalo and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The Cities of Dunkirk and Newburgh operate under special State legislation that provides for fiscal oversight by the State Comptroller and the City of Yonkers must adhere to a Special Local Finance and Budget Act. The impact on the State of any possible requests in the future for additional oversight or financial assistance cannot be determined at this time and therefore is not included in the Financial Plan projections.

Legislation enacted in 2013 created the Financial Restructuring Board for Local Governments (the "Restructuring Board"). The Restructuring Board consists of ten members, including the State Director of the Budget, who is the Chair, the Attorney General, the State Comptroller, the Secretary of State and six members appointed by the Governor. The Restructuring Board, upon the request of a "fiscally eligible municipality", is authorized to perform a number of functions including reviewing the municipality's operations and finances, making recommendations on reforming and restructuring the municipality's operations, proposing that the municipality agree to fiscal accountability measures, and making available certain grants and loans. To date, the Restructuring Board is currently reviewing or has completed reviews for twenty-six municipalities. The Restructuring Board is also authorized, upon the joint request of a fiscally eligible municipality and a public employee organization, to resolve labor impasses between municipal employers and employee organizations for police, fire and certain other employees in lieu of binding arbitration before a public arbitration panel.

OSC implemented its Fiscal Stress Monitoring System (the "Monitoring System") in 2013. The Monitoring System utilizes a number of fiscal and environmental indicators with the goal of providing an early warning to local communities about stress conditions in New York's local governments and school districts. Fiscal indicators consider measures of budgetary solvency while environmental indicators consider measures such as population, poverty, and tax base trends. Individual entities are then scored according to their performance on these indicators. An entity's score on the fiscal components will determine whether or not it is classified in one of three levels of stress: significant, moderate or susceptible. Entities that do not meet established scoring thresholds are classified as "No Designation".



Based on financial data filed with OSC for the local fiscal years ending in 2024, a total of 9 non-calendar fiscal year end local governments (all villages) and 22 school districts have been placed in a stress category by OSC. Additionally, of the local governments with a December 31, 2023 fiscal year end, 8 — including 3 cities and 5 towns — were placed in a fiscal stress category by OSC. The vast majority of local governments (98.7 percent) and school districts (96.7 percent) are not classified in a fiscal stress category.

The Monitoring System relies on data submitted to OSC by local governments in their Annual Financial Report (“AFR”). The AFR captures a local government’s annual revenue, expenditures, cash reserves, fund balance and outstanding debt for the period. From 2018 to 2023, the number of municipalities that failed to file their AFRs increased from 10 to 18 percent. Additional information on local governments that have failed to file an AFR is available on the OSC website at the following address: <https://web.osc.state.ny.us/localgov/afr-non-filers/>.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control, but which can adversely affect their financial condition. For example, the State or Federal government may reduce (or, in some cases, eliminate) funding of local programs, thus requiring local governments to pay these expenditures using their own resources. Similarly, past cash flow problems for the State have resulted in delays in State aid payments to localities. In some cases, these delays have necessitated short-term borrowing at the local level.

Other factors that have had, or could have, an impact on the fiscal condition of local governments and school districts include: the end of temporary Federal stimulus funding; the pause or termination of Federal assistance programs; recent State aid trends; constitutional and statutory limitations on the imposition by local governments and school districts of property, sales and other taxes; the economic ramifications of a pandemic; and for some communities, the significant upfront costs for rebuilding and clean-up in the wake of a natural disaster. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, or the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

Ultimately, localities as well as local public authorities may suffer serious financial difficulties that could jeopardize local access to public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State.



AUTHORITIES AND LOCALITIES

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2024.

DEBT OF NEW YORK LOCALITIES ⁽¹⁾						
(millions of dollars)						
Locality Fiscal Year Ending	Combined		Other Localities Debt ⁽³⁾		Total Locality Debt ⁽³⁾	
	New York City Debt ⁽²⁾					
	Bonds	Notes	Bonds ⁽⁴⁾	Notes ⁽⁴⁾	Bonds ⁽³⁾⁽⁴⁾	Notes ⁽⁴⁾
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2020	95,025	0	36,375	8,741	131,400	8,741
2021	94,184	0	36,881	8,157	131,065	8,157
2022	109,231	0	38,263	7,351	147,494	7,351
2023	110,958	0	37,478	7,442	148,436	7,442
2024	116,372	0	31,608	7,718	147,980	7,718

Source: Office of the State Comptroller; The City of New York Annual Comprehensive Financial Report.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending 1990 may include debt that has been defeased through the issuance of refunding bonds.

⁽¹⁾ Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements.

⁽²⁾ Includes bonds issued by New York City and its related issuers, the Transitional Finance Authority, STAR Corporation, TSASC, Inc., the Hudson Yards Infrastructure Corporation, and Treasury obligations (as shown in the table "Debt of New York City and Related Entities" in the section of this document entitled "Authorities and Localities - The City of New York"). Also included are the bonds of the Fiscal Year 2005 Securitization Corporation, the Industrial Development Agency, the Municipal Assistance Corporation, the Samurai Funding Corporation, the New York City Educational Construction Fund, and the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues which would otherwise be available to the City if not needed for debt service and, beginning in 2010, the New York City Tax Lien Collateralized Bonds.

⁽³⁾ Includes bonds issued by localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes installment purchase contracts.

⁽⁴⁾ Amounts reflect those set forth on Annual Update Documents provided to OSC by New York State Localities. Does not include indebtedness of certain localities that did not file Annual Update Documents (financial reports) with the State Comptroller.

STATE GOVERNMENT EMPLOYMENT



STATE GOVERNMENT EMPLOYMENT

As of March 31, 2025, the State had approximately 180,603 annual salaried FTE employees within agencies subject to direct Executive control (112,952 FTEs), the University Systems (62,947 FTEs) and the Independently Elected Agencies (4,704 FTEs). These figures do not include non-annual salaried employees or employees of the Legislature and Judiciary. The State workforce is projected to total 192,868 FTEs at the end of FY 2026, following investments included in the FY 2026 Enacted Budget.

HISTORICAL SUMMARY OF EXECUTIVE BRANCH WORKFORCE ANNUAL SALARIED FTEs ALL FUNDS		
<u>Date</u>	<u>Subject to Direct Executive Control</u>	<u>Grand Total</u>
3/31/2015	117,807	179,620
3/31/2016	117,862	180,220
3/31/2017	117,907	181,436
3/31/2018	117,397	181,599
3/31/2019	117,967	182,799
3/31/2020	118,193	183,715
3/31/2021	111,230	175,559
3/31/2022	106,690	169,340
3/31/2023	108,080	171,422
3/31/2024	111,267	176,585
3/31/2025	112,952	180,603



STATE GOVERNMENT EMPLOYMENT

WORKFORCE SUMMARY			
ALL FUNDS			
FY 2024 THROUGH FY 2026			
	FY 2024	FY 2025	FY 2026
	Actuals	Actuals	Estimate
	(03/31/24)	(03/31/25)	(03/31/26)
Major Agencies			
Children and Family Services, Office of	2,833	3,076	2,983
Corrections and Community Supervision, Department of	22,544	19,197	25,545
Education Department, State	2,552	2,756	2,916
Environmental Conservation, Department of	3,075	3,302	3,371
Financial Services, Department of	1,290	1,379	1,441
General Services, Office of	1,706	1,800	1,994
Health, Department of	4,927	5,405	6,209
Information Technology Services, Office of	3,570	3,851	4,158
Labor, Department of	2,740	3,042	2,942
Mental Health, Office of	14,127	14,458	15,872
Motor Vehicles, Department of	3,070	3,122	3,228
Parks, Recreation and Historic Preservation, Office of	2,324	2,473	2,469
People with Developmental Disabilities, Office for	17,870	18,793	19,115
State Police, Division of	5,767	5,912	6,521
Taxation and Finance, Department of	3,469	3,685	3,832
Temporary and Disability Assistance, Office of	1,861	1,931	2,053
Transportation, Department of	8,293	8,570	8,495
Workers' Compensation Board	946	1,023	1,112
Subtotal - Major Agencies	102,964	103,775	114,256
Minor Agencies	8,303	9,177	10,376
Subtotal - Subject to Direct Executive Control	111,267	112,952	124,632
University Systems			
City University of New York	13,358	13,434	13,511
State University Construction Fund	130	137	145
State University of New York	47,531	49,376	49,376
Subtotal - University Systems	61,019	62,947	63,032
Independently Elected Agencies			
Audit and Control, Department of	2,446	2,688	2,927
Law, Department of	1,853	2,016	2,277
Subtotal - Independently Elected Agencies	4,299	4,704	5,204
Grand Total	176,585	180,603	192,868
Source: NYS DOB, as provided with the FY 2026 Enacted Budget Report published in June 2025.			

STATE RETIREMENT SYSTEM



THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN PREPARED SOLELY BY THE OFFICE OF THE STATE COMPTROLLER, AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

General

This section summarizes key information regarding the New York State and Local Retirement System (“NYSLRS” or the “System”) and the Common Retirement Fund (“CRF”). The System was established as a means to pay benefits to the System’s participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System’s assets. Greater detail, including the independent auditor’s report for the fiscal year ending March 31, 2024, is included in NYSLRS’ Annual Comprehensive Financial Report (“NYSLRS’ Financial Report”) for the fiscal year ended March 31, 2024 and is available on the OSC website at the following address: <https://www.osc.ny.gov/files/retirement/resources/pdf/annual-comprehensive-financial-report-2024.pdf>.

Additionally, available at the OSC website is the System’s asset listing for the fiscal year ended March 31, 2024. The audited financial statements with the independent auditor’s report for the fiscal year ended March 31, 2024 is available on the OSC website at the following address: <https://www.osc.ny.gov/files/retirement/resources/pdf/asset-listing-2024.pdf>.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System’s Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2024 are available at the OSC website at: <https://www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information>.

Benefit plan booklets describing how each of the System’s tiers works can be accessed at <https://www.osc.ny.gov/retire/publications/>.

The State Comptroller is the administrative head of NYSLRS, which has the powers and privileges of a corporation and comprises the New York State and Local Employees’ Retirement System (“ERS”) and the New York State and Local Police and Fire Retirement System (“PFRS”). The State Comptroller promulgates rules and regulations for the administration and transaction of the business of the System. Pursuant to the State’s Retirement and Social Security Law and Insurance Law, NYSLRS is subject to the supervision of the Superintendent of DFS.



The State Comptroller is also the trustee and custodian of the CRF, a trust created pursuant to the Retirement and Social Security Law to hold the System's assets, and, as such, is responsible for investing the assets of the System. Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management of the Office of the State Comptroller ("Division"). Division employees, outside advisors, consultants and legal counsel provide the State Comptroller with advice and oversight of investment decisions. Outside advisors and internal investment staff are part of the chain of approval that must recommend all investment decisions before final action by the State Comptroller. The Investment Advisory Committee and the Real Estate Advisory Committee, both made up of outside advisors, assist the State Comptroller in his investment duties. The Investment Advisory Committee advises the State Comptroller on investment policies relating to the CRF, reviews the portfolio of the CRF and makes such recommendations as the Committee deems necessary. The Real Estate Advisory Committee reviews and must approve mortgage and real estate investments for consideration by the State Comptroller.

The System engages an independent auditor to conduct an audit of the System's annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by DFS; an examination is currently underway. The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller's Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System's audited financial statements and the NYSLRS' Financial Report, and to discuss a variety of financial and investment-related activities. Pursuant to DFS regulations, a fiduciary review of the System for the three-year period ended March 31, 2021 was issued on February 7, 2022.

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 31 percent of the System's membership as of March 31, 2024. There were 2,988 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2024, 713,802 persons were members of the System, and 522,255 retirees and beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2024, approximately 33 percent of ERS members were in Tiers 3 and 4 and approximately 39 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012. Approximately 63 percent of ERS members and 56 percent of PFRS members are in Tier 6.

Benefits paid to members vary depending on tier. Tiers vary with respect to employee contributions, retirement age, reductions for early retirement, and calculation and limitation of "final average salary" – generally the average of an employee's three consecutive highest years' salary. Legislation enacted on April 9, 2022 means all retirement system members become vested after five years of service credit; prior to this legislation, Tier 5 and 6 members needed ten years of service to be vested. ERS members in Tiers 3, 4 and 5 can begin receiving full retirement benefits at age 62; Tier 3 and 4 members and certain Tier 5 members can retire as early as age 55 with full benefits if they have at least 30 years of service; the full retirement age for Tier 6 is 63 years. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. Legislation enacted on April 20, 2024 changed the calculation and limitation of "final average salary" for Tier 6 members from the average of an employee's five consecutive highest years' salary to the average of an employee's three consecutive highest years' salary. The majority of PFRS members are in special plans that permit them to retire after 20 or 25 years of service regardless of age. Charts comparing the key benefits provided to members of ERS and PFRS in most of the tiers of the System can be accessed at:

ERS Chart: http://www.osc.ny.gov/retire/employers/tier-6/ers_comparison.php

PFRS Chart: http://www.osc.ny.gov/retire/employers/tier-6/pfrs_comparison.php

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 79 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.¹⁶ Members in Tier 6 of both ERS and PFRS earning \$45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between \$45,001 and \$55,000 are required to contribute 3.5 percent; members earning between \$55,001 and \$75,000 are required to contribute 4.5 percent; members earning between \$75,001 and \$100,000 are required to contribute 5.75 percent; and, those earning in excess of \$100,000 are required to contribute 6 percent of their gross annual salary. Legislation enacted in April 2022 temporarily removed overtime earned from April 1, 2020 through March 31, 2022 from the calculation of contribution rates that Tier 6 members pay during FY 2022-23 and FY 2023-24. Legislation enacted in April 2024 temporarily removed overtime earned from April 1, 2022 through March 31, 2024 from the calculation of contribution rates that Tier 6 members pay during FY 2024-25 and FY 2025-26.

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 5.9 percent.¹⁷

The current actuarial smoothing method recognizes unexpected annual gains and losses (returns above or below the assumed investment rate of return) over an 8-year period.

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2026 were released on September 3, 2024. The average ERS rate will increase by 1.3 percent from 15.2 percent of salary in FY 2025 to 16.5 percent of salary in FY 2026, while the average PFRS rate will increase by 2.5 percent from 31.2 percent of salary in FY 2025 to 33.7 percent of salary in FY 2026. Information regarding average rates for FY 2026 may be found in the 2024 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

<https://www.osc.ny.gov/files/retirement/resources/pdf/actuarial-assumptions-2024.pdf>.

¹⁶ Less than 0.5 percent of the 20,265 PFRS Tier 6 members are non-contributory.

¹⁷ The assumed investment rate of return is an influential factor in calculating employer contribution rates. In August 2021, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 6.8 percent to 5.9 percent. The 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023, FY 2024, FY 2025, and FY 2026.



STATE RETIREMENT SYSTEM

Legislation adopted with the FY 2011 Enacted Budget (Chapter 57, Laws of 2010) authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions.

The following represents the amortized receivable balance from local participating employers as of March 31, 2024, including the statutory amortization threshold and interest rate, for each respective fiscal year:

CHAPTER 57, LAWS OF 2010				
Year	% of Payroll		Interest %	Local
	ERS	PFRS		
				(dollars in millions)
2011	9.5	17.5	5.00	\$ —
2012	10.5	18.5	3.75	—
2013	11.5	19.5	3.00	—
2014	12.5	2.5	3.67	—
2015	13.5	21.5	3.15	2.0
2016	14.5	22.5	3.21	2.0
2017	15.1	23.5	2.33	0.3
2018	14.9	24.3	2.84	0.2
2019	14.4	23.5	3.64	—
2020	14.2	23.5	2.55	—
2021	14.1	24.4	1.33	—
2022	15.1	25.4	1.76	0.8
2023	14.1	26.4	3.61	—
2024	13.1	27.4	4.85	—
				<u>\$ 5.3</u>



Legislation adopted with the FY 2014 Enacted Budget (Chapter 57, Laws of 2013) included an alternate contribution program (the “Alternate Contribution Stabilization Program”) that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program.

The following represents the amortized receivable balance from local participating employers as of March 31, 2024, including the statutory amortization threshold and interest rate, for each respective fiscal year:

CHAPTER 57, LAWS OF 2013				
Year	% of Payroll		Interest %	Local (dollars in millions)
	ERS	PFRS		
2014	12.0	20.0	3.76	\$ 4.9
2015	12.0	20.0	3.50	6.2
2016	12.5	20.5	3.31	9.8
2017	13.0	21.0	2.63	9.0
2018	13.5	21.5	3.31	9.8
2019	14.0	22.0	3.99	6.2
2020	14.2	22.5	2.87	5.0
2021	14.1	23.0	1.60	6.0
2022	14.6	23.5	2.24	16.8
2023	14.1	24.0	3.70	11.9
2024	13.6	24.5	5.10	3.8
				<u>\$ 89.4</u>

Chapter 55 of the Laws of 2023 amended the Contribution Stabilization Programs (the 2010 Program and the 2013 Alternate Contribution Stabilization Program, together the “Programs”) to provide employers more flexible use of reserve funds while preserving the intent of the Programs to smooth out pension contributions when rates increase. The Programs also limit the size of the reserve fund assets that employers are required to maintain and allow NYSLRS participating employers to withdraw from the Programs, subject to approval by the Comptroller, provided all prior year amortizations are paid in full, including interest. The total State payment (including Judiciary) due to NYSLRS for FY 2024 was approximately \$1.926 billion. The State opted not to amortize under the Contribution Stabilization Program (eligible to amortize in PFRS only) and paid the March 1, 2024 invoice in full.



The total State payment (including Judiciary) due to NYSLRS for FY 2025 was approximately \$2.285 billion. The State opted not to amortize under the Contribution Stabilization Program (eligible to amortize in PFRS only) and paid the March 1, 2025 invoice in full.

The estimated total State payment (including Judiciary but excluding costs attributable to enacted legislation) for FY 2026 is approximately \$2.629 billion. Several prepayments (including interest credit) have fulfilled this estimated obligation, and costs attributable to enacted legislation will be finalized after December 31, 2025.

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF.

The System reports that the net position restricted for pension benefits as of March 31, 2024 was \$267.4 billion (including \$2.0 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of \$17.9 billion or 7.2 percent from the FY 2023 level of \$249.5 billion. The increase in net position restricted for pension benefits from FY 2023 to FY 2024 is primarily the result of the net appreciation of the fair value of the investment portfolio.¹⁸ The System's audited Financial Statement reports a time-weighted investment rate of return of positive 11.6 percent (gross rate of return before the deduction of certain fees) for FY 2024.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2020, an asset liability analysis was completed, and a long-term policy allocation was adopted as of April 1, 2021. The current long-term policy allocation seeks a mix that includes 47 percent public equities (32 percent domestic and 15 percent international); 24 percent fixed income and cash; and 29 percent alternative investments (10 percent private equity, 9 percent real estate, 4 percent credit, 3 percent opportunistic/absolute return or hedge funds, and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process.¹⁹

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to \$345.9 billion (including \$179.9 billion for retirees and beneficiaries) as of April 1, 2024, up from \$333.1 billion as of April 1, 2023. The funding method used by the

¹⁸ On June 6, 2025, the State Comptroller announced that the Fund's investment return was 5.84% for the State fiscal year that ended March 31, 2025. The Fund closed the year with an estimated value of \$272.8 billion. The value of the invested assets fluctuates throughout the year based on market conditions and is reported on annually in the Annual Comprehensive Financial Report.

¹⁹ More detail on the CRF's asset allocation as of March 31, 2024 and long-term policy allocation can be found on page 110 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2024.



System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2024. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2024 in that the determination of actuarial assets utilized a smoothing method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected gain for FY 2024, 25 percent of the unexpected loss for FY 2023 and 37.5 percent of the unexpected gain for FY 2022. Actuarial assets increased from \$269.6 billion on April 1, 2023 to \$272.4 billion on April 1, 2024.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2024, calculated by the System's Actuary, was 93.88 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2024, calculated by the System's Actuary, was 89.72 percent.

Detailed "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" can be found on the OSC website at the following link:
<https://www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information>.

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years through March 31, 2024. See also "State Retirement System — Contributions and Funding" above.



STATE RETIREMENT SYSTEM

CONTRIBUTIONS AND BENEFITS NEW YORK STATE AND LOCAL RETIREMENT SYSTEM ⁽¹⁾ (millions of dollars)					
Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid ⁽³⁾
	All Participating Employers ^{(1) (2)}	Local Employers ^{(1) (2)}	State ^{(1) (2)}	Employees	
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834
2020	4,783	3,023	1,760	454	13,311
2021	5,030	3,160	1,870	492	14,122
2022	5,628	3,578	2,050	578	14,905
2023	4,404	2,847	1,557	657	15,596
2024	5,055	3,242	1,813	789	16,200

Sources: State and Local Retirement System.

(1) Contributions recorded include the full amount of unpaid amortized contributions.
(2) The actuarially determined contribution (ADC) includes the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts.
(3) Includes payments from the Group Life Insurance Plan, which funds the first \$50,000 of any death benefit paid.

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE NEW YORK STATE AND LOCAL RETIREMENT SYSTEM ⁽¹⁾ (millions of dollars)		
Fiscal Year Ended March 31	Net Assets	Percent Increase / (Decrease) From Prior Year
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%
2021	260,081	31.3%
2022	273,719	5.2%
2023	249,508	-8.8%
2024	267,368	7.2%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under the Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2024 includes approximately \$2 billion of receivables.

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2024 NYSLRS' Financial Report is available on the OSC website at the following web address:

<https://www.osc.ny.gov/files/retirement/resources/pdf/annual-comprehensive-financial-report-2024.pdf>.

- 1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2014 can be found on page 32 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.
- 2) A combined basic statement of changes in fiduciary net position can be found on pages 48-49 of the NYSLRS' Financial Report at the link noted above.
- 3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 78-81 at the link noted above.
- 4) Information on contributions can be found on pages 163-171 of the NYSLRS' Financial Report at the link noted above.
- 5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2014 can be found on page 172 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 205-209 of the NYSLRS' Financial Report at the link noted above.

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of \$300 million or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 2026 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS.

For the purpose of the Litigation section of this AIS, the State defines "material and adverse developments" as rulings or decisions on or directly affecting the merits of a proceeding that have a significant adverse impact upon the State's ultimate legal position, and reversals of rulings or decisions on or directly affecting the merits of a proceeding in a significant manner, whether in favor of or adverse to the State's ultimate legal position. The State intends to discontinue disclosure with respect to any individual case after a final determination on the merits or upon a determination by the State that the case does not meet the materiality threshold described above.

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case-by-case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2026 or thereafter. The Basic Financial Statements for FY 2024, which OSC issued on July 26, 2024, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced Financial Plan during FY 2026. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2026. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN FURNISHED BY THE STATE OFFICE OF THE ATTORNEY GENERAL AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

Real Property Claims

Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al., 82 CV 783 (NDNY) (consolidated with 82 CV 1114, and 89 CV 829), is a consolidated action first instituted in 1982 under the federal Non-Intercourse Act. The tribe plaintiffs seek ejectment and monetary damages for their claim that approximately 2,000 acres over the area known as the Hogansburg Triangle in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The United States is an intervenor plaintiff due to the underlying claim that New York violated the Non-Intercourse Act when acquiring Mohawk lands. In March 2022, the Court concluded that plaintiffs had established a *prima facie* case under the Non-Intercourse Act. The parties are negotiating potential settlement, putting a final decision on the merits by the Court on hold. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

School Aid

In *Maisto v. State of New York* (formerly identified as *Hussein v. State of New York*), 8997-08 (Sup. Ct. Albany Cty.), plaintiffs seek a judgment declaring that the State's system of financing public education violates section 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education. In 2021, after trial and appeals, the Appellate Division, Third Department, held that plaintiffs demonstrated a violation of Article 11, § 1 in each of the subject school districts with respect to the at-risk student population. The Appellate Division remitted the matter to the Supreme Court for the State to determine the appropriate remedy. The Supreme Court subsequently determined that the State's remedy was reasonable and terminated the case. Plaintiffs appealed and the matter awaits briefing and argument. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

Compensation of Assigned Counsel

New York County Lawyers Ass'n, et al. v. State of New York, et al., 156916/2021 (Sup. Ct. N.Y. Cty.), is a plenary action in which plaintiffs challenge the compensation rates paid pursuant to County Law Article 18-B, Section 245 of the Family Court Act, and Section 35 of the Judiciary Law for private counsel assigned to represent children and indigent adults. Plaintiffs asserted that the low rates prevent children and indigent adults from receiving their constitutional right to effective and meaningful legal representation and they sought declaratory and injunctive relief preventing the continued violation and setting new rates. In July 2022, the Court granted the plaintiffs' requested preliminary injunction and ordered payment of an increased rate by the State and the City of New York of \$158 per hour, retroactive to February 2, 2022. The preliminary injunction was silent on the funding structure for payment of the increased rates. Accordingly, the structure remained as established by statute, with the State responsible for increased costs to the Judiciary as applicable to the representation of children pursuant to Judiciary Law Section 35, while the City will be responsible for the increased costs to represent indigent adults in Family Court, Criminal Court, and other court proceedings in New York City as required by County Law Article 18-B. In May 2023, Governor Hochul signed a new budget bill that increased the hourly rate of compensation paid to all assigned counsel statewide to \$158 per hour, with a cap of \$10,000 per case, with changes retroactive to April 1, 2023. See Part GG of Chapter 56 of the Laws of 2023, FY 2024 Budget, Article VII, Education, Labor and Family Assistance. While plaintiffs received much of the relief requested, the matter remains open and plaintiffs have advised that they may seek further intervention. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

New York State Bar Association v. State of New York, 16091/2022 (Sup. Ct. N.Y. Cty.), is a plenary action against the State as sole defendant, seeking the same relief as in the New York County Lawyers Association (NYCLA) litigation, but applicable to all 57 non-New York City counties. In January 2023, Plaintiffs moved for a preliminary injunction seeking a rate increase to \$164 per hour, consistent with the current federal rate. In May 2023, Governor Hochul signed a new budget bill that increased the hourly rate of compensation paid to all assigned counsel statewide to \$158 per hour, with a cap of \$10,000 per case, with changes retroactive to April 1, 2023. See Part GG of Chapter 56 of the Laws of 2023, FY 2024 Budget, Article VII, Education, Labor and Family Assistance. Plaintiffs subsequently withdrew the preliminary injunction motion without prejudice. While plaintiffs received much of the relief requested, the matter remains open and plaintiffs have advised that they may seek further intervention. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

Adult Survivors Act Claims

Under New York's Adult Survivors Act (ASA), survivors of sexual assault that occurred when they were 18 or older were given one year to sue their abusers, regardless of when the abuse occurred. The one-year "lookback" window ran from November 24, 2022, through November 23, 2023. While the window was open, more than 1600 claims were filed against the State. Allegations include abuse from at least as early as the 1980's and seek damages, in some cases, of up to \$25 million. The State is evaluating the individual claims and anticipates beginning to settle ASA claims in 2025. Discovery is ongoing. At this time, it is unknown what future financial impact the remaining claims may have on the State's Financial Plan.

Medicaid Services to Minors

In *C.K., et al. v. McDonald, et al.*, 22 CV 1791 (EDNY), plaintiffs are four Medicaid-eligible children who suffer from various mental health issues and who claim that they are not provided legally required services. Plaintiffs assert violations of (1) the Medicaid Act’s “Reasonable Promptness” and “Early Periodic Screening, Diagnostic and Treatment” provisions; (2) the Americans with Disabilities Act’s integration mandate and prohibition on discrimination based on disability; and (3) the Rehabilitation Act’s similar requirements. After filing the complaint in 2022, plaintiffs filed a motion seeking class certification of two statewide classes. The Court certified the classes in February 2024. The Court has stayed litigation deadlines while the parties negotiate potential settlement. At this time, it is unknown what future financial impact this claim may have on the State’s Financial Plan.

FINANCIAL PLAN TABLES



Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2025 and projected receipts and disbursements for fiscal years 2026 through 2029 on a General Fund, State Operating Funds and All Governmental Funds basis.²⁰

General Fund - Total Budget

Financial Plan, Annual Change from FY 2025 to FY 2026
Financial Plan Projections FY 2026 through FY 2029

State Operating Funds Budget

FY 2026
FY 2027
FY 2028
FY 2029

All Governmental Funds – Receipts Detail

Financial Plan Projections FY 2026 – FY 2029

All Governmental Funds - Total Budget

FY 2026
FY 2027
FY 2028
FY 2029

Cashflow - FY 2026 Monthly Projections

General Fund

²⁰ Differences may occur from time to time between the State’s Financial Plan and OSC’s financial reports in the presentation and reporting of receipts and disbursements. For example, the Financial Plan may reflect a net expenditure amount while OSC may report the gross amount of the expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds, All Governmental funds).



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)				
	FY 2025 Actuals	FY 2026 Projected	Annual \$ Change	Annual % Change
Opening Fund Balance	46,331	56,916	10,585	22.8%
Receipts:				
Taxes:				
Personal Income Tax	29,152	29,370	218	0.7%
Consumption/Use Taxes	10,057	10,316	259	2.6%
Business Taxes	19,059	17,848	(1,211)	-6.4%
Other Taxes	1,322	1,460	138	10.4%
Miscellaneous Receipts	5,168	4,011	(1,157)	-22.4%
Federal Receipts	3,650	0	(3,650)	-100.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	28,078	29,723	1,645	5.9%
PTET in Excess of Revenue Bond Debt Service	8,890	7,692	(1,198)	-13.5%
ECEP in Excess of Revenue Bond Debt Service	7	8	1	12.5%
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0.0%
Sales Tax in Excess of Revenue Bond Debt Service	8,636	9,646	1,010	11.7%
Real Estate Taxes in Excess of CW/CA Debt Service	969	990	21	2.2%
All Other	4,273	2,451	(1,822)	-42.6%
Total Receipts	119,261	113,515	(5,746)	-4.8%
Disbursements:				
Assistance and Grants	74,833	84,011	9,178	12.3%
State Operations:				
Personal Service	10,784	12,087	1,303	12.1%
Non-Personal Service	2,932	3,750	818	27.9%
General State Charges	9,297	9,779	482	5.2%
Transfers to Other Funds:				
Debt Service	274	290	16	5.8%
Capital Projects	6,925	4,607	(2,318)	-33.5%
SUNY Operations	1,660	1,870	210	12.7%
Other Purposes	1,971	9,118	7,147	362.6%
Total Disbursements	108,676	125,512	16,836	15.5%
Excess (Deficiency) of Receipts Over Disbursements	10,585	(11,997)	(22,582)	-213.3%
Closing Fund Balance	56,916	44,919	(11,997)	-21.1%
Statutory Reserves				
Community Projects	25	25	0	
Contingency Reserve	21	21	0	
Rainy Day Reserve	7,138	8,138	1,000	
Tax Stabilization Reserve	1,618	1,618	0	
Reserved For				
Debt Management	1,860	1,000	(860)	
Economic Uncertainties	12,847	4,347	(8,500)	
Extraordinary Monetary Settlements	732	392	(340)	
Future Operational Needs	3,099	2,499	(600)	
Timing of PTET/PIT Credits	18,218	16,170	(2,048)	
Timing of Resource Management	11,358	10,709	(649)	

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)				
	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Receipts:				
Taxes:				
Personal Income Tax	29,370	30,747	32,330	34,278
Consumption/Use Taxes	10,316	10,593	10,874	11,142
Business Taxes	17,848	17,061	16,231	16,472
Other Taxes	1,460	1,524	1,591	1,658
Miscellaneous Receipts	4,011	2,892	2,283	2,164
Federal Receipts	0	0	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	29,723	28,968	29,781	31,300
PTET in Excess of Revenue Bond Debt Service	7,692	7,265	7,294	7,580
ECEP in Excess of Revenue Bond Debt Service	8	8	10	10
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	9,646	9,019	9,015	9,287
Real Estate Taxes in Excess of CW/CA Debt Service	990	1,094	1,219	1,296
All Other	2,451	2,274	1,899	2,039
Total Receipts	113,515	111,445	112,527	117,226
Disbursements:				
Assistance and Grants	84,011	87,585	92,187	97,370
State Operations:				
Personal Service	12,087	12,854	13,255	12,795
Non-Personal Service	3,750	3,742	3,834	3,746
General State Charges	9,779	10,805	11,829	13,010
Transfers to Other Funds:				
Debt Service	290	322	328	564
Capital Projects	4,607	3,379	4,072	4,297
SUNY Operations	1,870	1,810	1,777	1,777
Other Purposes	9,118	1,926	1,712	1,751
Total Disbursements	125,512	122,423	128,994	135,310
Use (Reservation) of Fund Balance:				
Debt Management	860	0	0	0
Economic Uncertainties	8,500	1,000	862	0
Extraordinary Monetary Settlements	340	367	25	0
Future Operational Needs	600	0	0	0
Rainy Day Reserve	(1,000)	(1,000)	(862)	0
Timing of PTET/PIT Credits	2,048	726	84	(506)
Timing of Resource Management	649	2,402	4,213	3,953
Total Use (Reservation) of Fund Balance	11,997	3,495	4,322	3,447
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	0	(7,483)	(12,145)	(14,637)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2026 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	56,916	10,289	117	67,322
Receipts:				
Taxes	58,994	6,406	49,276	114,676
Miscellaneous Receipts	4,011	23,498	417	27,926
Federal Receipts	0	(10)	58	48
Total Receipts	63,005	29,894	49,751	142,650
Disbursements:				
Assistance and Grants	84,011	23,434	0	107,445
State Operations:				
Personal Service	12,087	6,333	0	18,420
Non-Personal Service	3,750	3,850	41	7,641
General State Charges	9,779	1,280	0	11,059
Debt Service	0	0	1,538	1,538
Capital Projects	0	0	0	0
Total Disbursements	109,627	34,897	1,579	146,103
Other Financing Sources (Uses):				
Transfers from Other Funds	50,510	3,781	2,002	56,293
Transfers to Other Funds	(15,885)	987	(50,171)	(65,069)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	34,625	4,768	(48,169)	(8,776)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(11,997)	(235)	3	(12,229)
Closing Fund Balance	44,919	10,054	120	55,093

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2027 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	59,925	6,419	50,544	116,888
Miscellaneous Receipts	2,892	23,027	437	26,356
Federal Receipts	0	(9)	53	44
Total Receipts	62,817	29,437	51,034	143,288
Disbursements:				
Assistance and Grants	87,585	22,749	0	110,334
State Operations:				
Personal Service	12,854	6,526	0	19,380
Non-Personal Service	3,742	3,965	39	7,746
General State Charges	10,805	1,304	0	12,109
Debt Service	0	0	4,528	4,528
Capital Projects	0	0	0	0
Total Disbursements	114,986	34,544	4,567	154,097
Other Financing Sources (Uses):				
Transfers from Other Funds	48,628	3,712	1,934	54,274
Transfers to Other Funds	(7,437)	1,059	(48,381)	(54,759)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	41,191	4,771	(46,447)	(485)
Use (Reservation) of Fund Balance:				
Economic Uncertainties	1,000	0	0	1,000
Extraordinary Monetary Settlements	367	0	0	367
Rainy Day Reserve	(1,000)	0	0	(1,000)
Timing of PTET/PIT Credits	726	0	0	726
Timing of Resource Management	2,402	0	0	2,402
Total Use (Reservation) of Fund Balance	3,495	0	0	3,495
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(7,483)	(336)	20	(7,799)

Source: NYS DOB.



CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2028 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	61,026	6,315	52,496	119,837
Miscellaneous Receipts	2,283	21,085	453	23,821
Federal Receipts	0	(8)	45	37
Total Receipts	63,309	27,392	52,994	143,695
Disbursements:				
Assistance and Grants	92,187	21,256	0	113,443
State Operations:				
Personal Service	13,255	6,776	0	20,031
Non-Personal Service	3,834	4,150	39	8,023
General State Charges	11,829	1,328	0	13,157
Debt Service	0	0	5,513	5,513
Capital Projects	0	0	0	0
Total Disbursements	121,105	33,510	5,552	160,167
Other Financing Sources (Uses):				
Transfers from Other Funds	49,218	3,480	1,902	54,600
Transfers to Other Funds	(7,889)	1,364	(49,322)	(55,847)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	41,329	4,844	(47,420)	(1,247)
Use (Reservation) of Fund Balance:				
Economic Uncertainties	862	0	0	862
Extraordinary Monetary Settlements	25	0	0	25
Rainy Day Reserve	(862)	0	0	(862)
Timing of PTET/PIT Credits	84	0	0	84
Timing of Resource Management	4,213	0	0	4,213
Total Use (Reservation) of Fund Balance	4,322	0	0	4,322
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(12,145)	(1,274)	22	(13,397)

Source: NYS DOB.



CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2029 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	63,550	6,293	55,017	124,860
Miscellaneous Receipts	2,164	21,762	452	24,378
Federal Receipts	0	(7)	37	30
Total Receipts	65,714	28,048	55,506	149,268
Disbursements:				
Assistance and Grants	97,370	20,677	0	118,047
State Operations:				
Personal Service	12,795	7,033	0	19,828
Non-Personal Service	3,746	4,347	39	8,132
General State Charges	13,010	1,350	0	14,360
Debt Service	0	0	6,108	6,108
Capital Projects	0	0	0	0
Total Disbursements	126,921	33,407	6,147	166,475
Other Financing Sources (Uses):				
Transfers from Other Funds	51,512	3,519	2,131	57,162
Transfers to Other Funds	(8,389)	1,375	(51,468)	(58,482)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	43,123	4,894	(49,337)	(1,320)
Use (Reservation) of Fund Balance:				
Timing of PTET/PIT Credits	(506)	0	0	(506)
Timing of Resource Management	3,953	0	0	3,953
Total Use (Reservation) of Fund Balance	3,447	0	0	3,447
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(14,637)	(465)	22	(15,080)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH RECEIPTS				
ALL GOVERNMENTAL FUNDS				
FY 2026 THROUGH FY 2029				
(millions of dollars)				
	FY 2026	FY 2027	FY 2028	FY 2029
Taxes:				
Withholdings	61,229	63,632	66,624	69,439
Estimated Payments	13,513	13,084	13,703	14,812
Final Payments	4,451	4,457	4,682	4,922
Other Payments	2,039	2,092	2,178	2,234
Gross Collections	81,232	83,265	87,187	91,407
State/City Offset	(1,551)	(1,739)	(1,811)	(1,861)
Refunds	(18,150)	(17,393)	(18,223)	(18,630)
Reported Tax Collections	61,531	64,133	67,153	70,916
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	61,531	64,133	67,153	70,916
Sales and Use Tax	20,922	21,534	22,151	22,744
Cigarette and Tobacco Taxes	754	716	679	644
Vapor Excise Tax	21	21	21	21
Motor Fuel Tax	488	484	480	475
Alcoholic Beverage Taxes	268	267	267	266
Opioid Excise Tax	20	20	20	20
Medical Cannabis Excise Tax	3	3	3	1
Adult Use Cannabis Tax	194	284	349	368
Highway Use Tax	138	139	141	141
Auto Rental Tax	143	148	151	156
Peer to Peer Car Sharing Tax	2	2	2	2
Gross Consumption/Use Taxes	22,953	23,618	24,264	24,838
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	22,953	23,618	24,264	24,838
Corporation Franchise Tax	8,787	8,411	7,319	7,156
Corporation and Utilities Tax	544	534	535	539
Insurance Taxes	3,074	3,216	3,346	3,482
Bank Tax	106	0	0	0
Pass Through Entity Tax	15,384	14,530	14,588	15,160
Petroleum Business Tax	1,016	970	963	954
Gross Business Taxes	28,911	27,661	26,751	27,291
RBTF (Dedicated Transfers)	0	0	0	0
Business Taxes	28,911	27,661	26,751	27,291
Estate Tax	1,439	1,503	1,569	1,635
Real Estate Transfer Tax	1,278	1,383	1,505	1,580
Employer Compensation Expense Program	15	17	19	20
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	13	12	12	12
Other Taxes	1	1	1	1
Gross Other Taxes	2,746	2,916	3,106	3,248
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	2,746	2,916	3,106	3,248
Payroll Tax	0	0	0	0
Total Taxes	116,141	118,328	121,274	126,293
Licenses, Fees, Etc.	781	779	779	779
Abandoned Property	500	500	500	500
Motor Vehicle Fees	1,274	1,268	1,282	1,263
ABC License Fee	60	60	60	60
Reimbursements	216	216	216	216
Investment Income	1,909	823	200	100
Extraordinary Settlements	0	0	0	0
Other Transactions	34,256	36,147	33,922	33,866
Miscellaneous Receipts	38,996	39,793	36,959	36,784
Federal Receipts	94,090	94,336	91,580	93,317
Total	249,227	252,457	249,813	256,394

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN					
ALL GOVERNMENTAL FUNDS					
FY 2026					
(millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	56,916	18,118	(1,455)	117	73,696
Receipts:					
Taxes	58,994	6,406	1,465	49,276	116,141
Miscellaneous Receipts	4,011	24,108	10,460	417	38,996
Federal Receipts	0	90,834	3,198	58	94,090
Total Receipts	63,005	121,348	15,123	49,751	249,227
Disbursements:					
Assistance and Grants	84,011	108,946	7,733	0	200,690
State Operations:					
Personal Service	12,087	7,064	0	0	19,151
Non-Personal Service	3,750	6,127	0	41	9,918
General State Charges	9,779	1,676	0	0	11,455
Debt Service	0	0	0	1,538	1,538
Capital Projects	0	0	11,626	0	11,626
Total Disbursements	109,627	123,813	19,359	1,579	254,378
Other Financing Sources (Uses):					
Transfers from Other Funds	50,510	3,781	5,076	2,002	61,369
Transfers to Other Funds	(15,885)	(1,923)	(798)	(50,171)	(68,777)
Bond and Note Proceeds	0	0	367	0	367
Net Other Financing Sources (Uses)	34,625	1,858	4,645	(48,169)	(7,041)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(11,997)	(607)	409	3	(12,192)
Closing Fund Balance	44,919	17,511	(1,046)	120	61,504

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2027 (millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	59,925	6,419	1,440	50,544	118,328
Miscellaneous Receipts	2,892	23,637	12,827	437	39,793
Federal Receipts	0	90,755	3,528	53	94,336
Total Receipts	62,817	120,811	17,795	51,034	252,457
Disbursements:					
Assistance and Grants	87,585	108,230	8,829	0	204,644
State Operations:					
Personal Service	12,854	7,259	0	0	20,113
Non-Personal Service	3,742	6,288	0	39	10,069
General State Charges	10,805	1,701	0	0	12,506
Debt Service	0	0	0	4,528	4,528
Capital Projects	0	0	12,034	0	12,034
Total Disbursements	114,986	123,478	20,863	4,567	263,894
Other Financing Sources (Uses):					
Transfers from Other Funds	48,628	3,712	3,822	1,934	58,096
Transfers to Other Funds	(7,437)	(1,675)	(844)	(48,381)	(58,337)
Bond and Note Proceeds	0	0	252	0	252
Net Other Financing Sources (Uses)	41,191	2,037	3,230	(46,447)	11
Use (Reservation) of Fund Balance:					
Economic Uncertainties	1,000	0	0	0	1,000
Extraordinary Monetary Settlements	367	0	0	0	367
Rainy Day Reserve	(1,000)	0	0	0	(1,000)
Timing of PTET/PIT Credits	726	0	0	0	726
Timing of Resource Management	2,402	0	0	0	2,402
Total Use (Reservation) of Fund Balance	3,495	0	0	0	3,495
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(7,483)	(630)	162	20	(7,931)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2028 (millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	61,026	6,315	1,437	52,496	121,274
Miscellaneous Receipts	2,283	21,694	12,529	453	36,959
Federal Receipts	0	87,980	3,555	45	91,580
Total Receipts	63,309	115,989	17,521	52,994	249,813
Disbursements:					
Assistance and Grants	92,187	104,016	7,633	0	203,836
State Operations:					
Personal Service	13,255	7,512	0	0	20,767
Non-Personal Service	3,834	6,467	0	39	10,340
General State Charges	11,829	1,727	0	0	13,556
Debt Service	0	0	0	5,513	5,513
Capital Projects	0	0	13,568	0	13,568
Total Disbursements	121,105	119,722	21,201	5,552	267,580
Other Financing Sources (Uses):					
Transfers from Other Funds	49,218	3,480	4,518	1,902	59,118
Transfers to Other Funds	(7,889)	(1,066)	(1,081)	(49,322)	(59,358)
Bond and Note Proceeds	0	0	260	0	260
Net Other Financing Sources (Uses)	41,329	2,414	3,697	(47,420)	20
Use (Reservation) of Fund Balance:					
Economic Uncertainties	862	0	0	0	862
Extraordinary Monetary Settlements	25	0	0	0	25
Rainy Day Reserve	(862)	0	0	0	(862)
Timing of PTET/PIT Credits	84	0	0	0	84
Timing of Resource Management	4,213	0	0	0	4,213
Total Use (Reservation) of Fund Balance	4,322	0	0	0	4,322
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(12,145)	(1,319)	17	22	(13,425)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2029 (millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	63,550	6,293	1,433	55,017	126,293
Miscellaneous Receipts	2,164	22,371	11,797	452	36,784
Federal Receipts	0	89,690	3,590	37	93,317
Total Receipts	65,714	118,354	16,820	55,506	256,394
Disbursements:					
Assistance and Grants	97,370	105,165	7,014	0	209,549
State Operations:					
Personal Service	12,795	7,770	0	0	20,565
Non-Personal Service	3,746	6,650	0	39	10,435
General State Charges	13,010	1,749	0	0	14,759
Debt Service	0	0	0	6,108	6,108
Capital Projects	0	0	13,492	0	13,492
Total Disbursements	126,921	121,334	20,506	6,147	274,908
Other Financing Sources (Uses):					
Transfers from Other Funds	51,512	3,519	4,733	2,131	61,895
Transfers to Other Funds	(8,389)	(998)	(1,279)	(51,468)	(62,134)
Bond and Note Proceeds	0	0	339	0	339
Net Other Financing Sources (Uses)	43,123	2,521	3,793	(49,337)	100
Use (Reservation) of Fund Balance:					
Timing of PTET/PIT Credits	(506)	0	0	0	(506)
Timing of Resource Management	3,953	0	0	0	3,953
Total Use (Reservation) of Fund Balance	3,447	0	0	0	3,447
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(14,637)	(459)	107	22	(14,967)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASHFLOW GENERAL FUND FY 2026 (millions of dollars)													
	2025		2026										
	April Actuals	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	January Projected	February Projected	March Projected	Total
OPENING BALANCE	56,916	61,092	54,974	50,868	50,591	49,402	53,529	45,194	42,267	46,732	47,007	44,840	56,916
RECEIPTS:													
Personal Income Tax	4,847	1,919	2,806	2,197	1,955	2,655	71	1,695	3,130	2,646	3,009	2,440	29,370
Consumption/Use Taxes	790	797	986	825	816	980	815	827	989	898	735	858	10,316
Business Taxes	994	143	3,336	188	178	3,562	(360)	70	4,184	457	(123)	5,219	17,848
Other Taxes	169	160	112	113	114	113	112	113	117	112	112	113	1,460
Total Taxes	6,800	3,019	7,240	3,323	3,063	7,310	638	2,705	8,420	4,113	3,733	8,630	58,994
Abandoned Property	1	0	0	0	10	100	30	130	0	0	10	189	500
ABC License Fee	5	3	5	5	5	5	5	5	5	5	5	7	60
Investment Income	222	217	147	147	147	147	147	147	147	147	147	147	1,909
Licenses, Fees, etc.	112	40	60	80	45	165	55	35	40	45	55	49	781
Motor Vehicle Fees	24	37	47	37	27	19	20	14	24	18	16	34	317
Reimbursements	(16)	117	10	10	9	10	9	10	9	10	9	29	216
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	7	9	12	9	7	68	8	7	29	8	8	56	228
Total Miscellaneous Receipts	355	423	281	288	250	514	274	348	254	263	250	511	4,011
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	4,876	1,910	2,806	2,097	1,705	2,655	71	1,687	3,132	3,845	2,401	2,538	29,723
PIET in Excess of Revenue Bond Debt Service	40	88	1,443	40	59	1,605	(509)	19	2,278	204	27	2,428	7,692
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	661	742	930	754	759	928	759	787	946	844	708	828	9,646
Real Estate Taxes in Excess of CW/CA Debt Service	90	112	83	94	91	88	88	70	73	74	75	57	990
All Other	293	162	155	195	165	305	167	241	223	208	167	170	2,451
Total Transfers from Other Funds	5,960	3,014	5,417	3,150	2,779	5,581	571	2,804	6,657	5,176	3,378	6,023	50,510
TOTAL RECEIPTS	13,115	6,456	12,938	6,761	6,092	13,405	1,483	5,857	15,331	9,532	7,361	15,164	113,515
DISBURSEMENTS:													
School Aid	2,357	5,064	1,979	332	808	1,936	986	2,134	2,776	1,421	1,126	10,754	31,673
Higher Education	60	39	914	177	40	182	542	27	86	130	579	837	3,613
All Other Education	45	263	772	143	39	176	689	83	239	59	100	448	3,056
Medicaid - DOH	3,130	3,696	1,577	2,601	2,654	1,619	2,835	2,656	1,897	2,359	1,428	(452)	26,000
Public Health	43	48	89	105	58	84	77	59	84	(25)	84	193	899
Mental Hygiene	162	122	1,317	150	65	1,411	170	172	1,584	166	852	1,973	8,144
Children and Families	72	89	323	207	462	241	259	250	230	124	296	583	3,136
Temporary & Disability Assistance	118	202	180	472	148	148	484	135	135	543	207	554	3,326
Transportation	0	51	19	8	62	1	1	59	38	1	38	6	264
Unrestricted Aid	0	13	392	2	53	137	9	2	189	2	2	65	866
All Other	98	101	(21)	123	(163)	(163)	150	112	130	331	329	1,721	3,034
Total Assistance and Grants	6,085	9,688	7,541	4,320	4,512	5,772	6,202	5,689	7,368	5,111	5,041	16,682	84,011
Personal Service	1,017	1,134	888	1,186	901	898	1,102	900	1,128	936	931	1,066	12,087
Non-Personal Service	172	255	315	290	303	303	310	310	310	351	406	461	3,750
Total State Operations	1,189	1,389	1,203	1,476	1,202	1,201	1,404	1,184	1,438	1,287	1,337	1,527	15,837
General State Charges	896	632	593	627	515	560	715	533	676	589	2,227	1,216	9,779
Debt Service	7	0	0	43	(1)	(2)	26	0	0	244	(13)	(14)	290
Capital Projects	416	440	1,057	230	882	1,210	1,385	991	1,277	1,020	915	(5,216)	4,607
SUNY Operations	246	337	378	324	68	16	19	302	8	7	3	162	1,870
Other Purposes	100	88	6,272	18	103	521	67	85	99	1,019	18	728	9,118
Total Transfers to Other Funds	769	865	7,707	615	1,052	1,745	1,497	1,378	1,384	2,290	923	(4,340)	15,885
TOTAL DISBURSEMENTS	8,939	12,574	17,044	7,038	7,281	9,278	9,818	8,784	10,866	9,277	9,528	15,085	125,512
Excess/(Deficiency) of Receipts over Disbursements	4,176	(6,118)	(4,106)	(777)	(1,189)	4,127	(8,335)	(2,927)	4,465	275	(2,167)	79	(11,997)
CLOSING BALANCE	61,092	54,974	50,868	50,591	49,402	53,529	45,194	42,267	46,732	47,007	44,840	44,919	44,919

Source: NYS DOB.

**EXHIBIT A TO AIS –
SELECTED STATE
GOVERNMENT
SUMMARY**



State Government Organization

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2026.

<u>Name</u>	<u>Office</u>	<u>Party Affiliation</u>	<u>First Elected</u>
Kathy Hochul	Governor	Democrat	2022
Antonio Delgado	Lieutenant Governor	Democrat	2022
Thomas P. DiNapoli	Comptroller	Democrat	2007
Letitia James	Attorney General	Democrat	2018

The Governor and Lieutenant Governor are elected jointly. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget. DOB is responsible for preparing the Governor’s Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State’s fiscal projections quarterly. DOB is also responsible for coordinating the State’s capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State’s General Obligation debt and most of its investments (see “Appropriations and Fiscal Controls” and “Investment of State Moneys” below). The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State General Obligation Bonds and notes.

The State Legislature is presently composed of a 63-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2026. The Legislature meets annually, generally for about six months, and remains formally in session the entire year.



Appropriations and Fiscal Controls

The State Constitution requires the Comptroller to audit the accrual and collection of State revenues and receipts and to audit vouchers before payment as well as all official accounts. Generally, no State payment may be made unless the Comptroller has audited it. Additionally, the State Constitution requires the Comptroller to prescribe such methods of accounting as are necessary for the performance of the foregoing duties.

Disbursements from State and Federal funds are limited to the level of authorized appropriations. In most cases, State agency contracts depend upon the existence of an appropriation and the availability of that appropriation as certified by the Director of the Budget. Generally, most State contracts for disbursements in excess of \$50,000 require prior approval by the Comptroller. The threshold is higher for certain contracts, including SUNY and CUNY (\$75,000), State University Healthcare Facilities (\$150,000), OGS and customer agencies serviced by the OGS Business Services Center (\$85,000), OGS centralized contracts (\$125,000) and purchases from an OGS centralized contract (\$200,000). In addition, the Comptroller has the discretion to identify and review certain public authority contracts valued at \$1.0 million or greater that are either awarded without competition or which are paid using State-appropriated funds.

The Governor has traditionally exercised substantial authority in administering the State Financial Plan by limiting certain disbursements after the Legislature has enacted appropriation bills and revenue measures. The Governor may, primarily through DOB, limit certain spending by State departments, and delay construction projects to control disbursements through (i) reserves on the level of appropriation segregation and (ii) quarterly spending controls, both of which are established within the Statewide Financial System. The State Court of Appeals has held that, even in an effort to maintain a balanced Financial Plan, neither the Governor nor the Director of the Budget has the authority to refuse to make a local assistance disbursement mandated by law.



Investment of State Moneys

The Comptroller is responsible for the investment of substantially all State moneys. By law, such moneys may be invested only in obligations issued or guaranteed by the Federal government or the State, obligations of certain Federal agencies that are not guaranteed by the Federal government, certain general obligations of other states, direct obligations of the State's municipalities and obligations of certain public authorities, certain short-term corporate obligations, certain bankers' acceptances, and certificates of deposit secured by legally qualified governmental securities. All securities in which the State invests moneys held by funds administered within the State Treasury must mature within twelve years of the date they are purchased.

The Comptroller invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through STIP, which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund.

The Comptroller is authorized to make temporary loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Executive Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements). The General Fund is authorized to receive temporary loans from STIP for a period not to exceed four months or the end of the fiscal year, whichever is shorter.

The State Comptroller repays loans from the first cash receipts into the borrowing fund or account. The total outstanding balance of loans from STIP at March 31, 2025 was \$5.939 billion, a decrease of \$275 million from the outstanding loan balance of \$5.664 billion at March 31, 2024.



Accounting Practices, Financial Reporting and Budgeting

Historically, the State has accounted for, reported and budgeted its operations on a cash basis. Under this form of accounting, receipts are recorded at the time money or checks are deposited in the State Treasury, and disbursements are recorded at the time a check or electronic payment is released. As a result, actions and circumstances, including discretionary decisions by certain governmental officials, can affect the timing of payments and deposits and therefore can significantly affect the cash amounts reported in a fiscal year.

The State also has an accounting and financial reporting system based on GAAP and currently formulates a GAAP financial plan. GAAP for governmental entities requires use of the accrual basis of accounting for the government-wide financial statements which includes governmental and business-type activities and component units. Revenues are recorded when they are estimated to have been earned and expenses are recorded when a liability is estimated to have been incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under modified accrual procedures, revenues are recorded when they become both measurable and available within 12 months of the end of the current fiscal period to finance expenditures; expenditures are recorded in the accounting period for which the liability is incurred to the extent it is expected to be paid within the next 12 months with the exception of expenditures such as debt service, compensated absences, and claims and judgments. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Non-exchange grants and subsidies such as local assistance grants and public benefit corporation subsidies are recognized as expenditures when all requirements of the grant and or subsidy have been satisfied.

**EXHIBIT B TO AIS –
STATE-RELATED
BOND
AUTHORIZATIONS**



EXHIBIT B – STATE-RELATED BOND AUTHORIZATIONS

Bond authorizations reflected in the following tables represent authorizations where there are remaining amounts authorized, but unissued, or where there is debt outstanding.

STATE-RELATED DEBT FY 2026 BOND CAPS AND DEBT OUTSTANDING (millions of dollars) ⁽¹⁾				
Type of Cap <u>(Gross or Net)</u> ⁽²⁾	Program	FY 2026 Bond Caps	Authorized But Unissued ⁽³⁾	Debt Outstanding ⁽⁴⁾ As of 3/31/25
Education:				
Net	SUNY Educational Facilities ⁽⁵⁾	20,948	5,553	8,360
Net	SUNY Upstate Community Colleges ⁽⁶⁾	1,496	388	687
Net	CUNY Educational Facilities	12,300	3,452	4,324
Net	School District Capital Outlay Grants	140	40	0
Net	Transportation Transition Grants	80	12	0
Net	Higher Education Capital Matching Grants	425	192	76
Net	EXCEL	2,600	15	663
Net	Library Facilities	455	207	71
Net	Cultural Education Storage Facilities	79	69	0
Net	State Longitudinal Data System	20	10	0
Net	SUNY 2020 Challenge Grants	660	446	123
Net	Private Special Education	440	392	40
Environment:				
Net	Environmental Infrastructure Projects ⁽⁷⁾	14,481	9,869	2,991
Net	Hazardous Waste Remediation	3,450	1,926	677
Net	Riverbank State Park	78	18	0
Net	Water Pollution Control (SRF)	1,404	517	0
State Facilities:				
Net	Empire State Plaza	133	13	0
Net	Division of State Police Facilities	550	349	118
Net	Division of Military & Naval Affairs	397	246	123
Net	State Office Buildings and Other Facilities	2,168	1,175	656
Net	Judiciary Improvements	38	1	1
Net	OSC State Buildings	52	0	9
Net	OGS State Buildings and Other Facilities ⁽⁸⁾	165	51	5
Net	Equipment Acquisition (COPs) ⁽⁹⁾	784	106	0
Net	Food Laboratory	41	1	14
Net	OFT Facilities	21	18	0
Net	Courthouse Improvements	76	0	18
Net	Prison Facilities	11,117	2,377	3,404
Net	Homeland Security	551	258	109
Net	Youth Facilities	1,218	652	176
Net	Storm Recovery Capital ⁽¹⁰⁾	0	0	0
Net	Information Technology	1,873	1,156	263
Net	Nonprofit Infrastructure Capital Investment Program	170	73	63
Net	Statewide Equipment	693	662	14
Health/Mental Hygiene:				
Net	Department of Health Facilities (inc. Axelrod)	495	3	31
Net	Mental Health Facilities	13,640	4,614	2,873
Net	HEAL NY Capital Program	750	95	62
Net	Capital Restructuring Program	6,168	4,242	1,601
Transportation:				
Net	Consolidated Highway Improvement Program (CHIPS)	15,822	4,500	3,387
Net	Dedicated Highway & Bridge Trust	22,309	5,606	3,118
Net	High Speed Rail	22	14	3
Net	Transportation Initiatives	17,030	10,673	5,084
Net	MTA Transportation Facilities	15,516	7,629	6,510
N/A	MTA Service Contract	2,005	0	344
Net	Transportation (TIFIA)	750	750	0



EXHIBIT B – STATE-RELATED BOND AUTHORIZATIONS

STATE-RELATED DEBT				
FY 2026 BOND CAPS AND DEBT OUTSTANDING				
(millions of dollars) ⁽¹⁾				
Type of Cap	Program	FY 2026	Authorized But	Debt Outstanding ⁽⁴⁾
(Gross or Net) ⁽²⁾		Bond Caps	Unissued ⁽³⁾	As of 3/31/25
Economic Development:				
Net	Housing Capital Programs	16,778	11,442	1,831
Net	Community Enhancement Facilities (CEFAP)	424	36	7
Net	University Technology Centers (incl. HEAT) ⁽¹¹⁾	248	13	0
Net	Bio-Tech Facilities	10	10	0
Net	Strategic Investment Program	216	11	5
Net	Regional Economic Development (Fund 002) ⁽¹²⁾	1,190	32	22
Net	NYS Economic Development (2004) ⁽¹³⁾	346	0	0
Net	Regional Economic Development (2004) ⁽¹⁴⁾	243	191	10
Net	High Technology and Development	249	42	21
Net	Regional Economic Development/SPUR	90	11	5
Net	Buffalo Inner Harbor	50	0	2
Net	Economic Development 2006 (Various) ⁽¹⁵⁾	2,310	244	499
Net	Javits Convention Center	1,350	350	787
Net	Bronx Stadium (Yankees)	75	0	0
Net	NYS Ec Dev Stadium Parking ('06)	75	69	1
Net	State Modernization Projects (RIOC Tram, etc.)	50	15	0
Net	2008 and 2009 Economic Development Initiatives	1,269	51	136
Net	H.H. Richardson Complex/Darwin Martin House	84	0	16
Net	Economic Development Initiatives	23,705	17,498	2,805
Net	State and Municipal Facilities	3,184	1,786	848
Net	Empire Station Complex	1,300	1,300	0
GO:				
Gross	General Obligation	23,635	5,590	2,269
Other State-Supported:				
N/A	STARC ⁽¹⁶⁾	N/A	N/A	572
N/A	NYPA ⁽¹⁷⁾	N/A	N/A	31
Total State-Supported Debt		250,492	107,064	55,866
Other State Financings:				
	Installation Commitments and Mortgage Loan Commitments ⁽¹⁸⁾			214
	Gateway Development Commission			14
Total State-Related Debt ⁽¹⁹⁾				56,094

Totals may not add due to rounding.
Source: NYS DOB

⁽¹⁾ Includes only authorized programs that are active or have outstanding program balances for the fiscal year ending March 31, 2025. Excludes programs that have repaid all outstanding debt and have program balances of \$2 million or less, and SUNY Dormitory Facilities that are no longer financed with State-supported bonds.

⁽²⁾ Gross caps include cost of issuance fees. Net caps do not. Legislation included as part of the FY 2026 Enacted Budget converted all Gross bond caps (GO exclude d) to Net caps for new issuances beginning April 1, 2025.

⁽³⁾ Amounts issued may exceed the stated amount authorized by premiums, by providing for the cost of issuance, reserve fund requirements and, in certain circumstances, refunding bonds. In some cases, Authorized but Unissued bond cap amounts have been reduced by the higher of (i) net bond proceeds available to fund program, or (ii) par amount of bonds issued.

⁽⁴⁾ Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

⁽⁵⁾ Authorization also includes any amount necessary to refund outstanding Housing Finance Agency State University Construction Bonds, all of which have been refunded.

⁽⁶⁾ Authorization applies to bonds issued after March 31, 2002, prior to that date there was no limit.

⁽⁷⁾ Includes bonds issued for West Valley, DEC Environmental Infrastructure Projects, Environmental Protection Fund, Onondaga Lake, and the Office of Parks and Recreation and Historic Preservation.

⁽⁸⁾ Includes debt outstanding for DGS Buildings: 44 Holland Ave., 50 Wolf Rd., 625 Broadway Ave., Hampton Plaza, and DOT Region 1.

⁽⁹⁾ Authorized amounts includes Certificates of Participation, which have been issued as bonds after March 31, 2003.

⁽¹⁰⁾ Repealed by Section 56 of Part MM of Chapter 56 of the laws of 2025.

⁽¹¹⁾ Includes authorizations for Science and Technology Center (Syracuse), Super Computer Center (Cornell), Center for Telecommunications (Columbia), HEAT, Center for Industrial Innovation (City of Troy), Center for Advanced materials (Clarkson), Center for Electro-Optic (Rochester), Center for Neural Sciences (NYU) and Center for Incubator Facilities.

⁽¹²⁾ Includes bonds issued for Community Capital Assistance Program (CCAP), Rebuilding the Empire State Through Opportunities in Regional Economies Program (RESTORE), Empire Opportunity Fund (EOF), Generating Employment Through New York Science Program (Gen*NY*sis), Multi-Modal Transportation Program, and Center of Excellence Program (Laws of 2002).

⁽¹³⁾ Includes bonds to be issued for economic development projects outside cities of 1 million or more in population.

⁽¹⁴⁾ Includes bonds issued for the EOF, RESTORE and CCAP.

⁽¹⁵⁾ Includes bonds to be issued for economic development and environmental projects.

⁽¹⁶⁾ Legislation included as part of the FY 2022 Enacted Budget authorized the refunding of all outstanding NYC STARC debt in FY 2022.

⁽¹⁷⁾ Legislation included as part of the FY 2023 Enacted Budget and amended in the FY 2024 Enacted Budget authorized \$475 million of debt to be issued for the refunding of NYPA capital leases with State agencies.

⁽¹⁸⁾ Estimated.

⁽¹⁹⁾ Installation commitments and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.



EXHIBIT B – STATE-RELATED BOND AUTHORIZATIONS

STATE GENERAL OBLIGATION DEBT ¹ as of March 31, 2025 (In Millions)			
Purpose / Year Authorized	Total Authorized	Authorized but Unissued ²	Total Debt Outstanding ³
Transportation Bonds:			
Rebuild and Renew New York Transportation Bonds (2005)			
Highway Facilities/Other Transportation (Excluding MTA)			
Highway Facilities	Note 4	Note 4	\$ 350
Mass Transit - DOT	Note 4	Note 4	7
Rail & Port	Note 4	Note 4	66
Canals & Waterways	Note 4	Note 4	2
Aviation	Note 4	Note 4	34
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	\$ 1,450	\$ 41	459
Mass Transit - Metropolitan Transportation Authority	1,450	114	823
Accelerated Capacity and Transportation Improvements of the Nineties (1988)			
	3,000	20	4
Rebuild New York Through Transportation Infrastructure Renewal (1983)			
Highway Related Projects ⁵	1,064	21	-
Ports, Canals, and Waterways ⁵	49	-	-
Rapid Transit, Rail and Aviation Projects ⁵	137	-	Note 6
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	-	-
Rapid Transit and Rail Freight	400	-	Note 7
Transportation Capital Facilities (1967)			
Highways	1,250	-	-
Mass Transportation	1,000	-	-
Aviation	250	-	Note 8
Total Transportation Bonds	10,150	196	1,286
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	27	1
Safe Drinking Water	355	-	-
Clean Water	790	43	192
Solid Waste	175	-	5
Environmental Restoration	200	20	24
Clean Water, Clean Air and Green Jobs Environmental Bonds (2022)			
Flood Restoration and Risk Reduction	Note 9	Note 9	-
Open Space Land Conservation and Recreation	Note 9	Note 9	4
Climate Change Mitigation	Note 9	Note 9	Note 10
Water Quality Improvement and Resilient Infrastructure	Note 9	Note 9	Note 11
NY Natural Resources	Note 9	Note 9	-
Subtotal Clean Water, Clean Air and Green Jobs Environmental Bonds	4,200	4,195	4
Environmental Quality (1986)			
Land and Forests	250	1	1
Solid Waste Management	1,200	26	33
Environmental Quality (1972)			
Air	150	12	1
Land and Wetlands	350	3	1
Water	650	1	4
Outdoor Recreation Development (1966)	200	Note 12	-
Pure Waters (1965)	1,000	15	14
Park and Recreation Land Acquisition (1960 and 1962)	100	1	-
Total Environmental Bonds	9,850	4,344	280
Education Bonds:			
Smart Schools (2014)	2,000	1,009	703
Total Education	2,000	1,009	703
Housing Bonds:			
Low-Income Housing (through 1958)	960	8	-
Middle-Income Housing (through 1958)	150	1	-
Urban Renewal (1958)	25	1	-
Total Housing Bonds	1,135	10	-
TOTAL GENERAL OBLIGATION DEBT	\$ 23,135	\$ 5,559	\$ 2,269

Source: Office of the State Comptroller

(1) This table reflects General Obligation (GO) Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.

(2) With the issuance of the Series 2023ABCD bonds, certain eligible GO capital expenditures were reimbursed with approximately \$226 million in pay-as-you-go (PAYGO) funds, in lieu of the issuance of taxable GO bonds. This includes \$7.4 million of Rebuild and Renew New York Transportation Bonds (2005) - Highway Facilities/Other Transportation (Excluding MTA) purposes, \$213.6 million of Smart Schools (2014) purposes, \$4.6 million of Clean Water/Clean Air (1996) - Clean Water purposes and \$400 thousand of Clean Water/Clean Air (1996) - Solid Waste purposes.

(3) Reflects unaudited amounts.

(4) The Legislature did not provide any limitation on bonds to be issued for specific project categories or programs authorized within the Highway Facilities/Other Transportation (excluding MTA) Purpose.

(5) Authorizations have been adjusted to reflect reallocations made by Chapter 54 of the Laws of 1990.

(6) This amount rounds to zero, but there was a debt outstanding balance of \$255,371 at March 31, 2025.

(7) This amount rounds to zero, but there was a debt outstanding balance of \$271,856 at March 31, 2025.

(8) This amount rounds to zero, but there was a debt outstanding balance of \$35,271 at March 31, 2025.

(9) The Legislature provided the following limitations on bonds to be issued for specific project categories or programs authorized within the Clean Water, Clean Air and Green Jobs Environmental Bond Act: Flood Restoration and Risk Reduction (not less than \$1.1 billion), Open Space Land Conservation and Recreation Projects (Up to \$650 million), Climate Change Mitigation (Up to \$1.5 billion), and Water Quality Improvement and Resilient Infrastructure (Not less than \$650 million).

(10) This amount rounds to zero, but there was a debt outstanding balance of \$352,645 at March 31, 2025.

(11) This amount rounds to zero, but there was a debt outstanding balance of \$394,808 at March 31, 2025.

(12) This amount rounds to zero, but there was an authorized but unissued balance of \$230,000 at March 31, 2025.

**EXHIBIT C TO AIS –
PRINCIPAL STATE
TAXES AND FEES**



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

Personal income taxes are imposed on the New York source income of individuals, estates and trusts. Personal income taxes accounted for nearly 52 percent of All Government Funds tax receipts during FY 2025. The State tax adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications. Receipts from this tax are sensitive to changes in economic conditions in the State and to taxpayers' responses to Federal and State law changes. New York allows a standard deduction of \$16,050 for married couples filing jointly, with lower deductions for the other types of filers. New York also allows a \$1,000 exemption for dependents. The current top three brackets, which apply marginal tax rates between 9.65 percent and 10.9 percent, are scheduled to expire after the 2032 tax year. Beginning in tax year 2033, these brackets are replaced by a single bracket with an 8.82 percent marginal tax rate.

Taxpayers with incomes above \$1 million are limited to deducting 50 percent of their Federal charitable contributions as their only New York itemized deduction. For tax years 2010 through 2029, taxpayers with incomes above \$10 million may deduct only 25 percent of their Federal charitable contributions deductions as their only itemized deduction.

New York also allows several credits against the tax. Significant credits include the: Empire State Child Credit, household credit, credit for taxes paid to other states, investment tax credit, child and dependent care credit, real property tax circuit breaker credit, earned income tax credit, long-term care insurance credit, college tuition credit, STAR credit for new homeowners, New York City STAR PIT credit, and the pass-through entity tax credit.

Legislation enacted in 2023 expanded the Empire State Child Credit to include children under four years of age as eligible children and modified the investment tax credit to make it refundable for eligible farmers for five years.

Legislation enacted in 2024 established one-time supplemental Empire State Child Credit payments and extended the itemized deduction limitation on taxpayers with incomes above \$10 million for an additional five years.

Legislation enacted in 2025 established a one-time Inflation Refund Credit; enhanced the Empire State Child Credit for three years; reduced lower- and middle-income tax rates; extended the top three tax rates for five years; established a tax credit for organ donation; modified the reporting of federal partnership adjustments; eliminated NYC personal income tax for certain filers; extended the clean heating fuel credit for three years; extended the alternative fuels and electric vehicle recharging property credit for three years; extended the farm workforce retention credit for three years; modified the farm employer overtime credit; simplified the real property tax credit; and enhanced the geothermal energy credit.

User taxes and fees consist of several taxes on consumption, the largest of which is the State sales and compensating use tax. The discussion below describes each tax and summarizes recent significant enacted legislation.

The *sales and use tax* is imposed, in general, on the receipts from the sale of all tangible personal property unless specifically exempted, and all services are exempt unless specifically enumerated. The current State sales tax rate is 4 percent. Pursuant to statute, 25 percent of State sales tax receipts were deposited into the Local Government Assistance Tax Fund until the termination of



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

the Fund on October 1, 2022. In FY 2022, the portion deposited into the Sales Tax Revenue Bond Fund was increased to 50 percent (previously 25 percent). Additionally, the portion deposited to the General Fund was temporarily reduced from 50 to 25 percent through October 1, 2022 (i.e., through the first half of FY 2023). These funds are intended to support debt service payments on bonds issued under the State's sales tax revenue bond programs. Excess receipts above the debt service requirements are subsequently transferred to the General Fund.

Although there are numerous exemptions, the most significant are: food; clothing and footwear items costing less than \$110; drugs; medicine and medical supplies; residential energy; capital improvements and installation charges; machinery and equipment used in manufacturing; trade in allowances; and goods sold to Federal, State or local governments.

Legislation enacted in 2023 extended the existing sales tax exemption for certain vending machine purchases for an additional year; and extended the existing sales and use tax exemption for businesses to locate or relocate in the Murray Street area and lower Manhattan for an additional four years.

Legislation enacted in 2024 extended the existing sales tax exemption for certain vending machine purchases for an additional year; extended certain sales tax exemptions related to the Dodd-Frank Protection Act for one year; extended the authorization to manage delinquent sales tax vendors to improve compliance for five years; provided for the filing of amended sales tax returns; created a sales tax exemption for residential energy storage systems; imposed sales tax on short-term rentals statewide; and expanded the existing sales exemption for farmers to include cannabis in the tax definition of crops, livestock, and livestock products.

Legislation enacted in 2025 extended the existing sales tax exemption for certain vending machine purchases for an additional year; closed the sales tax liability relief loophole for limited partners and minority members of limited liability companies; makes a technical correction to the provisions that previously clarified that amended sales tax returns are subject to similar limitations as other tax filings; and, effective April 1, 2026, redirects a considerable portion (85 percent) of the annual Metropolitan Commuter Transportation District (MCTD) sales tax revenues currently deposited into the Metropolitan Mass Transportation Operating Assistance account (MMTOA) into the Dedicated Mass Transportation Trust Fund (DMTTF) accounts on behalf of the MTA.

The State imposes a *tax on cigarettes* at the rate of \$5.35 per package of 20 cigarettes and imposes a *tax on other tobacco products* equal to 75 percent of the wholesale price, except for snuff which is taxed at \$2 per ounce if the container has at least one ounce, and little cigars which are taxed at \$0.2675 per cigar. The tax on cigarettes was raised from \$4.35 to \$5.35 per pack effective September 1, 2023. The revenue derived from the tax is split, with 24 percent of receipts deposited in the General Fund and the balance deposited in the Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000.

Legislation enacted in 2023 increased the cigarette tax rate to \$5.35 per pack and provided penalties for retail dealers who refused inspections by the State.

Legislation enacted in 2024 codified existing practice for little cigars to be taxed at a prorated amount.



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

The State imposes a *vapor products excise tax* at a rate of 20 percent of the retail price. All vapor products excise tax receipts are deposited in the Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000.

Legislation enacted in 2020 prohibited the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor and raised the legal purchasing age to 21 years of age.

The State imposes *motor fuel* and *diesel motor fuel taxes* at 8 cents per gallon upon the sale, generally for highway use, of gasoline and diesel fuel. All motor fuel taxes have been deposited in the dedicated transportation funds since April 1, 2001. Legislation enacted in 2022 suspended the motor fuel excise tax on gasoline and diesel fuel from June 1, 2022 through December 31, 2022. Legislation enacted in 2023 required distributors of motor fuel and diesel motor fuel to collect, report, and remit taxes on every gallon of fuel sold, including the additional gallons realized from temperature fluctuations.

The State imposes *alcoholic beverage excise taxes* at various rates on liquor, beer, wine and cider. The tax rate on beer is 14 cents per gallon and the tax rate on wine is 30 cents per gallon. The tax rate on cider is \$0.0379 per gallon. The tax rate on liquor above 24 percent alcohol content is \$1.70 per liter, and the tax rate on liquor more than 2 but no more than 24 percent alcohol content is 67 cents per liter. Legislation enacted in 2012 removed an unconstitutional exemption provided to certain small beer brewers and replaced the benefit with personal and business tax credits that yield similar tax relief to small brewers that produce in New York State.

Legislation enacted in 2023 increased the production credit for wine and both liquor types to equal the tax rate per volume.

The State imposes the *highway use tax* (HUT) which consists of three revenue sources: the truck mileage tax, related highway use permit fees and the fuel use tax. The truck mileage tax is levied on commercial vehicles, at rates graduated by vehicle weight, based on miles traveled on State highways. Prior to April 13, 2016, highway use registration certificates (original or renewed) were \$15 and decals were \$4. Legislation enacted in 2016 reduced the registration and decal fees from \$19 to \$1.50 per vehicle and directed the revenue from these fees to a newly created HUT Administration Account. The fuel use tax is an equitable complement to the State's motor fuel tax and sales tax paid by those who purchase fuel outside of the State but consume it in New York. It is levied on commercial vehicles having three or more axles or a gross vehicle weight of more than 26,000 pounds. Currently, all collections from the highway use tax, aside from HUT registration fees, are deposited in the DHBTF.

The State imposes an *auto rental tax* on charges for the rental or use in this State of a passenger car with a gross vehicle weight of 9,000 pounds or less. Receipts are deposited in the DHBTF. Legislation enacted in 2009 increased this tax rate from 5 percent to 6 percent and also imposed a supplemental tax of 5 percent in the MCTD. Monies from this supplemental tax are deposited in the MTA Aid Trust Account of the MTA Financial Assistance Fund. Legislation enacted in 2019 increased the supplemental tax rate within the MCTD to 6 percent and changed the process for remitting MCTD tax revenue to the MTA; receipts are directly remitted to the MTA without appropriation. Additionally, legislation enacted in 2019 raised new revenues for the upstate transit systems by expanding the supplemental tax to counties outside of the MCTD.



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

The State imposes an excise tax for the use of a shared vehicle under the peer-to-peer car sharing program. A three percent tax is imposed on all peer-to-peer car sharing trips within the State, with receipts to be deposited in the General Fund. An additional three percent tax is imposed on peer-to-peer car sharing trips within the MCTD, with receipts to be deposited in the MTA's Special Assistance Fund – Corporate Account. Lastly, an additional three percent tax is imposed on peer-to-peer car sharing trips outside the MCTD, with receipts to be deposited in the Public Transportation Systems Operating Assistance Fund. This tax is to be administered and collected jointly with the State sales tax.

The State imposes a 4 percent assessment on transportation network companies (TNCs) that operate outside of New York City. Municipalities have the option to license TNCs. All revenues are deposited in the General Fund. This tax became effective in June 2017.

The State imposes an *opioid excise tax* on the first sale of opioids within the State by registered organizations that dispense opioids. The excise tax varies based on the per unit wholesale cost of an opioid; a quarter of a cent per morphine milligram equivalent if the wholesale cost is less than fifty cents and one and one-half cents per morphine milligram equivalent if the wholesale cost is fifty cents or more. This tax became effective in July 2019.

The State imposes a *medical cannabis tax* on registered organizations that dispense medical cannabis. Legislation enacted in 2024 reduced the excise tax from 7 percent to 3.15 percent, where the tax receipts will now be evenly split between manufacturing counties and distributing counties.

The State imposes both a *wholesale excise tax* and a *retail excise tax* on adult-use cannabis. The wholesale excise tax is paid on the sale of a product from a distributor to a retailer at a rate of 9 percent. The retail excise tax is imposed at a rate of 9 percent of the retail price charged to the consumer. All adult-use cannabis revenues are to be deposited in the New York State Cannabis Revenue Fund. After covering reasonable costs to administer the program and implement the law, the remaining fund balance is then distributed in the following manner: 40 percent to the State Lottery Fund for education, 40 percent to the Community Grants Reinvestment Fund, and 20 percent to the Drug Treatment and Public Education Fund. Legislation enacted in 2024 repealed the THC potency excise tax that was previously levied on the type of product sold from a distributor to a retailer, which was in effect until June 1, 2024; and expanded the tax definition of crops, livestock, and livestock products to include cannabis.

Business taxes include a general business corporation franchise tax as well as specialized franchise taxes on insurance companies, certain transportation and transmission companies, a recently enacted pass-through entity tax that applies to partnerships and S corporations, and a cents per gallon based levy on businesses engaged in the sale or importation for sale of various petroleum products. The discussion below describes each tax and summarizes recent significant enacted legislation.

The *corporation franchise tax* is the largest of the business taxes, and the State's third largest source of revenue. It is imposed on all domestic general business corporations and foreign general business corporations which do business or conduct certain other activities in the State. The tax is imposed, generally, at a rate of 6.5 percent of taxable income allocated to New York. Taxable income is defined as Federal taxable income with certain modifications. The tax includes two other



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

bases: the capital and fixed dollar minimum. The taxpayer must pay under the base which produces the highest tax.

Legislation enacted in 2023 included the extension of the following tax credits: commercial production tax credit, credit for the rehabilitation of historic properties, the NYC musical and theatrical production credit, and the grade no. 6 heating oil conversion credit. The Empire State film production and post-production tax credits were extended and enhanced in several ways, the most significant being an increase in the annual cap from \$420 million to \$700 million. A tax credit for the creation and expansion of childcare was included and the temporary tax rates originally enacted in 2022 were extended an additional three years through 2026.

Legislation enacted in 2024 included the establishment of two new tax credits: the newspaper and broadcast media jobs program, which includes two tax credit components to incentivize the hiring and retaining of jobs in these media sectors, and the commercial security tax credit to support business owners in addressing retail theft by offsetting some of the costs of retail theft prevention measures.

Legislation enacted in 2025 included the extension of the workers with disabilities credit, the Hire a Vet credit, the upstate musical and theatrical production credit, and certain Brownfield program credits. Several other programs were extended and enhanced, including the doubling of low-income housing credits, the NYC musical and theatrical production credit, the credit for employment of persons with disabilities, the Excelsior Jobs Program, and the Empire State film production credit, which removed the tiered payout structure for new applicants, provided a \$100 million incentive for independent studio productions, and created an enhanced benefit for recipients with previous applications. Other changes include amendments to the State historic properties credit and digital gaming media production credit program, restrictions on institutional real estate investors, and an increase in the Article 9-A estimated payment threshold from \$1,000 to \$5,000.

Receipts from the *corporation and utilities taxes* are primarily attributable to taxes imposed on transportation and transmission companies, utility services and telecommunication services. Legislation enacted in 2021 created a new credit to provide debt relief for utilities in arrears as a result of the COVID-19 pandemic.

Insurance taxes are imposed on insurance corporations, insurance brokers and certain insurers that operate in New York State. Non-life insurers are subject to a premiums tax. Accident and health premiums are taxed at the rate of 1.75 percent and all other premiums are taxed at the rate of 2 percent. The insurance tax on life insurers ranges from 1.5 percent to 2 percent of premiums after taking into account the tax on income allocated to New York State. Other taxes are imposed on certain brokers and independently procured insurance.

The State imposed a *franchise tax on banking corporations* at a basic tax rate of 7.1 percent of entire net income with certain exclusions, and subject to special rates for institutions with three other tax bases similar to the *corporate franchise tax* until December 31, 2014. Beginning with tax years on and after January 1, 2015, all former bank taxpayers are now subject to tax under the corporate franchise tax.



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

As part of the State's continuing response to Federal tax law changes, in 2021 the State enacted an optional *pass-through-entity tax (PTET)* on the New York sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members, and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently includes Connecticut and New Jersey.

The State imposes a *petroleum business tax* on the privilege of operating a petroleum business in the State. This tax is measured by the quantity of various petroleum products imported into the State for sale or use. The tax is imposed at various cents per gallon rates depending on the type of petroleum product. The cents per gallon tax rates are indexed to reflect petroleum price changes but are limited to changes of no more than 5 percent of the tax rate in any one year. Legislation enacted in 2023 required distributors of motor fuel and diesel motor fuel to collect, report, and remit taxes on *every* gallon of fuel sold, including the additional gallons realized from temperature fluctuations.

Other tax revenues include taxes on pari-mutuel wagering, the estate tax, taxes on real estate transfers, certain other minor taxes, and residual receipts following the repeal of the real property gains tax and the gift tax.

The State imposes an *estate tax* on the estates of deceased New York residents, and on that part of a nonresident's net estate made up of real and tangible personal property located within New York State. Legislation enacted in 2014 comprehensively reformed the estate tax to decouple from Federal law. The unified threshold of \$1 million (associated with the State's prior "pick-up tax" methodology) was replaced with an applicable credit equal to the tax on a basic threshold amount. The basic threshold amount equals the Federal basic threshold amount pursuant to Federal law as it existed on December 1, 2017, with annual inflation indexing for those dying on or after January 1, 2019. The credit, similar to the pick-up tax, phases out from the threshold amount to 5 percent above that threshold amount. If a taxable estate is more than 105 percent of the threshold, then the entire taxable estate is taxed, not just the portion of the estate above the threshold. Gifts taxable under Section 2053 of the Internal Revenue Code that were not otherwise included in Federal Gross Estate and that were made during the three years ending on the date of death must be added to the New York Gross Estate. However, gifts made while the decedent was a nonresident of New York State and gifts made prior to April 1, 2014, or after January 1, 2019, are not included. Legislation enacted in 2019 extended this three-year gift addback rule effective January 16, 2019, until January 1, 2026, as well as required a binding New York State QTIP election be made on State estate tax returns. Legislation enacted in 2025 extended this three-year gift addback rule until January 1, 2032. Reflecting the composition of many decedents' estates in New York, collections of this tax are influenced at least in part by fluctuations in the equity markets.

The *real estate transfer tax* applies to each real property conveyance, subject to certain exceptions, at a rate of \$2 for each \$500 of consideration or fraction thereof. There is an additional real estate transfer tax of 1 percent of the sales price applicable to residences where consideration is \$1 million or more. Legislation enacted in 2010 reduced the statutorily fixed deposit to the EPF from \$199.3 million to \$119.1 million. Legislation enacted in 2022 increased the statutorily fixed deposit



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

to the EPF from \$119.1 million to \$257.35 million. The remaining receipts are deposited in the Clean Water/Clean Air (CW/CA) Debt Service Fund.

Legislation enacted in 2019 imposed an additional real estate transfer tax in New York City on each commercial real property conveyance of at least \$2 million and each residential real property conveyance of at least \$3 million at a rate of \$1.25 for each \$500 of consideration or fraction thereof. It also imposed an additional progressive real estate transfer tax in New York City on each residential real property conveyance of at least \$2 million using a graduated tax rate schedule starting at 0.25 percent for residential property conveyances of at least \$2 million but less than \$3 million and topping out at 2.9 percent on residential property conveyances \$25 million and above. All revenues from these taxes are directed to the MTA's capital lockbox.

The State levies *pari-mutuel taxes* on pari-mutuel wagering activity conducted at New York State horse racetracks, Off-Track Betting (OTB) facilities or through a racetrack or OTB facility's app or online platform at varying rates. Effective September 1, 2025, a flat rate of 0.7 percent of handle is imposed on thoroughbred racetracks, harness racetracks, and OTBs. Additionally, a market origin fee equal to 5.45 percent of handle is imposed on wagers made by a New York State resident using an Out-of-State (OOS) Advanced Deposit Wagering (ADW) platform. 12.8 percent of the market origin fee is designated as pari-mutuel tax collections for the State (0.7 percent of OOS ADW handle). Legislation originally enacted in the 1990s, and continually extended on an annual basis as of 2025, provides for certain simulcasting provisions.

Legislation enacted in 2023 authorized a capital appropriation by the State to loan NYRA monies to make racetrack improvements and demolish and rebuild the grandstand at Belmont Racetrack. NYRA capital monies will be intercepted for 20 years in order to pay for the full amount of the loan, including interest. Horse racing at Aqueduct Racetrack will move to Belmont Racetrack following completion of the renovations.

Legislation enacted in both 2023 and 2024 extended Pari-Mutuel Tax (PMT) rates and simulcast provisions for an additional year, respectively.

Legislation enacted in 2025 simplified the existing PMT rate structure and equalized the PMT rate imposed between In-State and OOS horseracing entities accepting wagers at 0.7 percent of handle. This included raising the market origin fee from 5 percent to 5.45 percent, with the percentage designated as pari-mutuel tax collections for the State increased from 5 percent to 12.8 percent. Additionally, it eliminated breakage (rounding of bettors' payouts from winning wagers) for pari-mutuel wagers placed on NYS races, except for providing NYS racetracks the option to round in-person (placed at a racetrack) wagers on NYS races to the nearest nickel, however, the breakage generated is directed to the respective thoroughbred and harness racehorse aftercare funds.

Other taxes include a 3 percent tax on both gross receipts and broadcasting rights from boxing and wrestling exhibitions, limited to \$50,000 in tax due for both pieces per event. For all other authorized combative sports, taxes of 3 percent of the admissions charge and 3 percent on broadcasting rights and digital streaming are imposed, with the broadcasting and streaming portion limited to \$50,000 in tax due per event.



EXHIBIT C – PRINCIPAL STATE TAXES AND FEES

Legislation enacted in 2024 reduced the gross receipts tax rate for all other authorized combative sports admissions charges from 8.5 percent to 3 percent.

Miscellaneous receipts and other revenues include various fees, fines, tuition, license revenues, lottery revenues, investment income, assessments on various businesses (including healthcare providers), and abandoned property. Miscellaneous receipts also include minor amounts received from the Federal government and deposited directly in the General Fund.

Gaming miscellaneous receipts includes traditional lottery, Video Lottery Terminal (VLT) games, commercial gaming, interactive fantasy sports, mobile sports wagering, Tribal State Compact, and the additional OOS ADW 1 percent fee.

Legislation enacted in 2023 changed the revenue distribution for the three additional commercial gaming facility licenses depending on where they are awarded, and if they are awarded to specific current VLT facilities.

Legislation enacted in 2025 increased the statutorily fixed mobile sports wagering contribution for problem gambling purposes from \$6 million to \$12 million, beginning with FY 2027; extended the lowered tax rate on slot machine gross gaming revenues for each commercial casino from March 31, 2026, through June 30, 2031, provided certain conditions are met; authorized an increased vendor fee for Batavia Downs for five years, with limited permitted uses of funds; and authorized the imposition of an additional 1 percent fee on handle from simulcast wagers made by a New York State resident using an OOS ADW platform.

Alcohol license fees are imposed on those who sell alcoholic beverages in New York. The fees vary depending on the type and location of the establishment or premises operated by the licensee, as well as the class of beverage for which the license is issued.

Motor vehicle fees are derived from a variety of sources, including motor vehicle registration fees and driver licensing fees, which together account for most motor vehicle fee revenue. Legislation enacted in 2019 expanded access to standard (not for federal purposes), non-commercial driver licenses or learner permits for all undocumented immigrants, age 16 or older, who reside in New York State.

The Public Safety Communications Surcharge is collected by wireless communications service suppliers from their customers. The surcharge is \$1.20 per month per device used to access this service. Legislation enacted in 2017 expanded the surcharge to prepaid purchases of mobile communication services, with purchases subject to a 90-cent surcharge. Local governments, including those that do not currently impose the surcharge on mobile plan contracts, can also opt in for a 30-cent surcharge on prepaid purchases. This surcharge supports the State's public safety activities and funds the Statewide Interoperable Communications Grant program.

**EXHIBIT D TO AIS –
GLOSSARY OF
FINANCIAL TERMS**



EXHIBIT D – GLOSSARY OF FINANCIAL TERMS

The following glossary, which is an integral part of this AIS, includes certain terms that are used herein.

Appropriation: An appropriation is a statutory authorization against which liabilities may be incurred during a specific year, and from which disbursements may be made, up to a stated amount, for the purposes designated. Appropriations generally are authorizations, rather than mandates, to spend, and disbursements from an appropriation need not, and generally do not, equal the amount of the appropriation. An appropriation represents maximum spending authority. Appropriations may be adopted at any time during the fiscal year.

Bond Anticipation Note or BANs: A bond anticipation note is a short-term obligation, the principal of which is paid from the proceeds of the bonds in anticipation of which such note is issued.

Business-type Activities: As defined under GAAP, “business-type activities” describe those operations that are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds and include the Lottery, Unemployment Insurance Benefit, SUNY, and CUNY senior colleges.

Capital Projects Funds: Capital Projects Funds, one of the four GAAP-defined governmental fund types, account for financial resources of the State to be used for the acquisition or construction of major capital facilities (other than those financed by Special Revenue Funds (SRFs), Proprietary Funds and Fiduciary Funds).

Cash Basis Accounting: Accounting, budgeting and reporting of financial activity on a cash basis results in the recording of receipts at the time money or checks are deposited in the State Treasury and the recording of disbursements at the time a check is drawn, regardless of the fiscal period to which the receipts or disbursements relate.

Community Projects Fund: The State created this fund within the General Fund in 1996 to finance certain community projects for the Legislature and the Governor. The State transfers moneys from other General Fund accounts into the Community Projects Fund, as provided by law. Spending out of the Community Projects Fund is governed by specific appropriations for each account in the Fund but cannot exceed the cash balance for that account.

Contingency Reserve Fund: This fund was established in 1993 to assist the State in financing the costs of any extraordinary known or anticipated litigation. Deposits to this fund are made from the General Fund.

Contractual-Obligation Financing: Contractual-obligation financing is an arrangement pursuant to which the State makes periodic payments to a public benefit corporation under a contract having a term not less than the amortization period of debt obligations issued by the public benefit corporation in connection with such contract. Payments made by the State are used to pay debt service on such obligations and are subject to annual appropriation by the Legislature and the availability of moneys to the State for the purposes of making contractual payments.

Debt Reduction Reserve Fund or DRRF: The State created the DRRF in 1998 to accumulate surplus revenues to pay debt service costs on State-supported bonds, retire or defease such bonds, and to finance capital projects. Use of DRRF funds requires an appropriation.



EXHIBIT D – GLOSSARY OF FINANCIAL TERMS

Debt Service: Debt service refers to the payment of principal and interest on bonds, notes, or other evidences of indebtedness, including interest on BANs and TRANs, in accordance with the respective terms thereof.

Debt Service Funds: DSFs, one of the four GAAP-defined governmental fund types, account for the accumulation of resources (including receipts from certain taxes, transfers from other funds and miscellaneous revenues, such as dormitory room rental fees, which are dedicated by statute for payment of lease-purchase rentals) for the payment of general long-term debt service and related costs and payments under lease-purchase and contractual-obligation financing arrangements.

Disbursement: A disbursement is a cash outlay and in the General Fund includes transfers to other funds.

Executive Budget: The Executive Budget is the Governor's constitutionally mandated annual submission to the Legislature which contains a recommended program for the forthcoming fiscal year. The Executive Budget is an overall plan of recommended appropriations. It projects disbursements and expenditures needed to carry out the Governor's recommended program and receipts and revenues expected to be available for such purpose. The recommendations contained in the Executive Budget serve as the basis for the State Financial Plan (defined below) which is adjusted after the Legislature acts on the Governor's submission. Under the State Constitution, the Governor is required each year to propose an Executive Budget that is balanced on a cash basis.

Expenditure: An expenditure, in GAAP terminology, is a decrease in net financial resources as measured under the modified accrual basis of accounting. In contexts other than GAAP, the State uses the term expenditure to refer to a cash outlay or disbursement.

Expenses: Expenses, in GAAP terminology, are a decrease in net financial resources as measured in the government-wide financial statements under the accrual basis of accounting.

Fiduciary Funds: Fiduciary Funds refers to a GAAP-defined fund type which accounts for assets held by the State in a trustee capacity or as agent for individuals, private organizations and other governmental units and/or other funds. These funds are custodial in nature and do not involve the measurement of operations. Although the Executive Budget for a fiscal year generally contains operating plans for Fiduciary Funds, and their results are included in the Comptroller's GAAP-based financial statements. They are not included in the State Financial Plan.

Financial Plan: See State Financial Plan.

Fiscal Year: The State's fiscal year commences on April 1 and ends on March 31. The term fiscal year refers to the fiscal year of the State unless the context clearly indicates otherwise.

Fund Accounting: The system of accounting used to track the amount of money allocated to various operations on the basis of GAAP funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted



EXHIBIT D – GLOSSARY OF FINANCIAL TERMS

for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GAAP: GAAP refers to generally accepted accounting principles for state and local governments, which are the uniform minimum standards of and guidelines for financial accounting and reporting prescribed by GASB. GAAP requires that the government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise funds, component units and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance expenditures. Expenditures and related liabilities are recognized in the accounting period they are incurred to the extent they are expected to be paid within the next 12 months, under the modified accrual basis of accounting.

General Fund: The General Fund, one of the four GAAP-defined governmental fund types, is the major operating fund of the State and receives all receipts that are not required by law to be deposited in another fund, including most State tax receipts and certain fees, transfers from other funds and miscellaneous receipts from other sources.

General Obligation Bonds: Long-term obligations of the State, used to finance capital projects. These obligations must be authorized by the voters in a general election, are issued by the Comptroller, and are backed by the full faith and credit of the State. Under current provisions of the Constitution, only one bond issue may be put before the voters at each general election, and it must be for a single work or purpose. Debt service must be paid from the first available taxes whether or not the Legislature has enacted the required appropriations for such payments.

General State Charges: Costs mandated by statute or court decree or by agreements negotiated with employee unions for which the State is liable, including: pensions; health, dental and optical benefits; payments on behalf of State employees for Social Security; unemployment insurance benefits; employee benefit programs; court judgments and settlements; assessments for local improvements; and taxes on public lands.

Governmental Activities: Governmental activities, defined under GAAP, describes those operations that are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues and are reported in the governmental funds.

Governmental Funds: Governmental funds refers to a category of GAAP-defined funds which account for most governmental functions and which, for the State, include: the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The State's projections of receipts and disbursements in Governmental Funds comprise the State Financial Plan.

Interfund Transfers: Under GAAP fund accounting principles, each fund is treated as a separate fiscal and accounting unit with limitations on the kinds of disbursements to be made. Movement of monies between funds are accounted for as "interfund transfers".



EXHIBIT D – GLOSSARY OF FINANCIAL TERMS

Lease-Purchase Financing: Lease-purchase financing is an arrangement pursuant to which the State leases facilities from a public benefit corporation or municipality for a term not less than the amortization period of the debt obligations issued by the public benefit corporation or municipality to finance acquisition and construction, and pays rent which is used to pay debt service on the obligations. At the expiration of the lease, title to the facility vests in the State in most cases. Generally, the State's rental payments are expressly subject to annual appropriation by the Legislature and availability of moneys to the State for the purposes thereof.

Local Assistance/Assistance and Grants: Disbursements of State grants to counties, cities, towns, villages, school districts and other local entities, certain contractual payments to localities, and financial assistance to, or on behalf of, individuals and not-for-profit organizations.

Moral obligation debt: Long-term bonds issued by certain State public benefit corporations which are essentially supported by their own revenues. Moral obligation debt is not incurred pursuant to a referendum, is not State-supported debt, and is not backed by the full faith and credit of the State. However, the authorities selling such obligations have been allowed to establish procedures where, under certain conditions, the State may be requested to meet deficiencies in debt service reserve funds supporting such bonds. An appropriation must be enacted by the Legislature to meet any such request.

Official Statement: A disclosure document prepared to accompany an issuance of bonds, notes and certificates of participation offered for sale by the State or its public authorities. Its primary purpose is to provide prospective bond or note purchasers sufficient information to make informed investment decisions. It describes, among other things, the issuer, the project or program being financed and the security behind the bond issue.

PAYGO financing: The use of current State resources (as opposed to bonds or other borrowing) to finance capital projects. Also referred to as "hard dollar" financing.

Rainy Day Reserve Fund: This fund was created in 2007 pursuant to law to account for funds set aside for use during economic downturns or in response to a catastrophic event, as defined in the law. The economic downturn clause is triggered after five consecutive months of decline in the State's composite index of business cycle indicators. The reserve may have a maximum balance equal to 25 percent of projected General Fund spending during the then-current fiscal year.

Receipts: Receipts consist of cash actually received during the fiscal year and in the General Fund include transfers from other funds.

Revenue Accumulation Fund: This fund holds certain tax receipts temporarily before their deposit into other funds.

Revenues: Revenues, in GAAP terminology, are an increase in net financial resources, as measured for the government-wide financial statements under the accrual basis of accounting and for the governmental funds under the modified accrual basis of accounting. In contexts other than GAAP, the State uses the term revenues to refer to income or receipts.

Short-Term Investment Pool or STIP: The combination of available cash balances in funds within the State's General Checking Account for investment purposes.



EXHIBIT D – GLOSSARY OF FINANCIAL TERMS

Special Revenue Funds: SRFs, one of the four GAAP-defined governmental fund types, account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects), such as Federal grants, that are legally restricted to specified purposes.

State Financial Plan: The State Financial Plan sets forth projections of State receipts and disbursements in the governmental fund types for each fiscal year and is prepared by the Division of the Budget, based initially upon the recommendations contained in the Executive Budget. After the budget is enacted, the State Financial Plan is adjusted to reflect revenue measures, appropriation bills and certain related bills enacted by the Legislature. It serves as the basis for the administration of the State's finances by the Director of the Budget and is updated quarterly during the fiscal year.

State Funds: "State funds" refer to a category of funds which includes the General Fund and all other State-controlled moneys, excluding Federal grants. This category captures all governmental disbursements except spending financed with Federal grants.

State-guaranteed debt: Debt authorized by the voters to be sold by three public authorities: the Job Development Authority, the New York State Thruway Authority, and the Port Authority of New York and New Jersey. State-guaranteed bonds issued for the Thruway Authority and the Port Authority were fully retired on July 1, 1995 and December 31, 1996, respectively. Such debt is backed by the full faith and credit of the State.

State Operations: Operating costs of State departments and agencies, the Legislature and the Judiciary, including salaries and other compensation for most State employees.

State-related debt: In this broad category, DOB combines all forms of debt for which the State is liable, either directly or on a contingent basis, including all State-supported debt and State-guaranteed and moral obligation debt.

State-supported debt: This category includes all obligations for which the State appropriates money that is used to pay debt service, including General Obligation debt, lease-purchase and contractual-obligation debt, including PIT Revenue Bonds and Sales Tax Revenue Bonds.

Tax and Revenue Anticipation Notes or TRANS: Notes issued in anticipation of the receipt of taxes and revenues, direct or indirect, for the purposes and within the amounts of appropriations theretofore made.

Refund Reserve Account: The refund reserve account is used to account for General Fund resources set aside at fiscal year-end to guard against economic downturns and revenue shortfalls and pay for tax refunds. There is no requirement that moneys withdrawn from this account be replaced.



EXHIBIT D – GLOSSARY OF FINANCIAL TERMS

Tax Stabilization Reserve Fund: Created to provide a reserve to finance a cash-basis operating deficit in the General Fund at the end of the fiscal year, and to make temporary loans to the General Fund during the year. Annual deposits may not exceed 0.2 percent of General Fund spending, and the balance may not exceed 2 percent of General Fund spending. These amounts may be borrowed by the General Fund temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year end, but these loans must be repaid within six years in no fewer than three annual installments.

EXHIBIT E TO AIS – GLOSSARY OF ACRONYMS



EXHIBIT E – GLOSSARY OF ACRONYMS

ACA	Affordable Care Act
AG	Attorney General
AI	Artificial Intelligence
AMTAP	Additional Mass Transportation Assistance Program
APCD	All-Payer Claims Database
AOT	Assisted Outpatient Treatment
ARP	American Rescue Plan Act of 2021
ATB	Across-the-Board
AY	Academic Year (July 1 through June 30) – SUNY/CUNY
BABY	Birth Allowance for Beginning Year
BANs	Bond Anticipation Notes
BEA	Bureau of Economic Analysis
BIL	Bipartisan Infrastructure Law
BLS	Bureau of Labor Statistics
BOCES	Boards of Cooperative Educational Services
C82 SSPU	Council 82 Security Supervisors Unit
CAC	Climate Action Council
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBO	Congressional Budget Office
CBDTF	Central Business District Tolling Program
CCDF	Child Care Development Funds
CDD	Council on Developmental Disabilities
CDPAP	Consumer Directed Personal Assistance Program
CEP	Community Eligibility Provision
CES	Current Employment Statistics
CFT	Corporate Franchise Tax
CHP	Child Health Plus
CISO	Chief Information Security Office
CLCPA	Climate Leadership and Community Protection Act of 2019
CMS	Centers for Medicare & Medicaid Services
CO	Correctional Officer
COLA	Cost-of-Living Adjustment
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPI-W	CPI for Urban Wage Earners and Clerical Workers
CRF	Common Retirement Fund
CRFB	Committee for a Responsible Federal Budget
CRRSA	Coronavirus Response and Relief Supplemental Appropriations Act
CSE	Committees on Special Education
CSEA	Civil Service Employees Association
CTI	Critical Time Intervention
CUNY	City University of New York
CUT	Corporation and Utilities Tax
CW/CA	Clean Water/Clean Air
CY	Calendar Year
DANY	New York County District Attorney
DASNY	Dormitory Authority of the State of New York
DCJS	Division of Criminal Justice Services
DEC	Department of Environmental Conservation
DFS	Department of Financial Services
DHBTFF	Dedicated Highway and Bridge Trust Fund
DHCR	Division of Housing and Community Renewal
DHSES	Division of Homeland Security & Emergency Services
DIIF	Dedicated Infrastructure Investment Fund
DMNA	Division of Military and Naval Affairs



EXHIBIT E – GLOSSARY OF ACRONYMS

DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
DPT	Directed Payment Template
DRI	Downtown Revitalization Initiative
DS	Debt Service
DTF	Department of Taxation and Finance
EANS	Emergency Assistance for Nonpublic Schools
ECEP	Employer Compensation Expense Program
eFMAP	Enhanced Federal Medical Assistance Percentage
EI	Early Intervention
EMS	Emergency Medical Services
EP	Essential Plan
EPF	Environmental Protection Fund
EPIC	Elderly Pharmaceutical Insurance Coverage
ERAP	Emergency Rental Assistance Program
ERS	Employees' Retirement System
ESEA	Elementary and Secondary Education Act
ESD	Empire State Development
ESSHI	Empire State Supportive Housing Initiative
FACT	Forensic Assertive Community Treatment
FAS	Final Average Salary
FEMA	Federal Emergency Management Agency
FFCRA	Families First Coronavirus Response Act
FFFS	Flexible Fund for Family Services
FFS	Fee-for-Services
FFY	Federal Fiscal Year (October 1 Through September 30)
FHWA	Federal Highway Administration
FI	Fiscal Intermediary
FMAP	Federal Medical Assistance Percentage
FOMC	Federal Open Market Committee
FPL	Federal Poverty Level
FRB	Financial Restructuring Board
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GCI	Global Cap Index
GDC	Gateway Development Commission
GDP	Gross Domestic Product
GLIP	Group Life Insurance Plan
GPHW	General Public Health Work
GSCs	General State Charges
GSEU	Graduate Student Employees Union
GSI	General Salary Increases
HCBS	Home and Community-Based Services
HCRA	Health Care Reform Act
HCTF	Health Care Transformation Fund
HEAP	Home Energy Assistance Program
HERRC	Humanitarian Emergency Response and Relief Center
HESC	Higher Education Services Corporation
HRSN	Health Related Social Needs
HSF	Healthcare Stability Fund
HUT	Highway Use Tax



EXHIBIT E – GLOSSARY OF ACRONYMS

ICR	Institutional Cost Reports
IDEA	Individuals with Disabilities Education Act
IJA	Infrastructure Investment and Jobs Act
ILS	Indigent Legal Services
INSET	Intensive and Sustained Engagement Teams
IRMAA	Income-Related Monthly Adjustment Amount
IRS	Internal Revenue Service
IT	Information Technology
ITO	Intensive Treatment Opportunity
ITS	Information Technology Services
JSOC	Joint Security Operations Center
LEAPS	Learning and Enrichment After-School Program
LFY	Local Fiscal Year
LGAC	Local Government Assistance Corporation
LRAP	Landlord Rental Assistance Program
LSA	Local Share Adjustment
MAT	Medication-Assisted Treatment
M/C	Management Confidential
MCO	Managed Care Organization
MCTD	Metropolitan Commuter Transportation District
MCTMT	Metropolitan Commuter Transportation Mobility Tax
MHSF	Mental Hygiene Stabilization Fund
MIF	Medical Indemnity Fund
MLTC	Managed Long-Term Care
MMC	Medicaid Managed Care
MOE	Maintenance of Effort
MRT II	Medicaid Redesign Team II
MSA	Master Settlement Agreement
MTA	Metropolitan Transportation Authority
NANY	Nurses Across New York
NHTD	Nursing Home Transition & Diversion
NIPAs	National Income and Product Accounts
NPS	Non-Personal Service
NYC	City of New York
NYPA	New York Power Authority
NYS	New York State
NYSCOPBA	New York State Correctional Officers and Police Benevolent Association
NYSE	New York Stock Exchange
NYSHIP	New York State Health Insurance Program
NYSLRS	New York State and Local Retirement System
NYSOH	New York State of Health
NYSPIA	New York State Police Investigators Association
NYSTA	New York State Thruway Authority
NYSTPBA	Police Benevolent Association of the New York State Troopers
OASAS	Office of Addiction Services and Supports
OCFS	Office of Children and Family Services
OGS	Office of General Services
OMH	Office of Mental Health
OMIG	Office of the Medicaid Inspector General
OPEB	Other Post-Employment Benefits
OPWDD	Office for People with Developmental Disabilities
ORP	Optional Retirement Program
OSA	Other State Agency
OSC	Office of the State Comptroller
OTDA	Office of Temporary and Disability Assistance
OVS	Office of Victim Services
PAYGO	Pay-As-You-Go
PBANYS	Police Benevolent Association of New York State



EXHIBIT E – GLOSSARY OF ACRONYMS

PBT	Petroleum Business Tax
PCE	Personal Consumption Expenditures
PEF	Public Employees Federation
PFRS	Police and Fire Retirement System
PHE	Public Health Emergency
PIGI	Personal Income Growth Index
PIIE	Peterson Institute for International Economics
PILOT	Payments in Lieu of Taxes
PIT	Personal Income Tax
PMPM	Per Member Per Month
PMT	Pari-Mutuel Tax
PPE	Personal Protective Equipment
PRUCOL	Permanently Residing Under Color of Law
PS	Personal Service
PTET	Pass-Through Entity Tax
QCEW	Quarterly Census of Employment and Wages
RBTF	Revenue Bond Tax Fund
REDC	Regional Economic Development Councils
RGGI	Regional Greenhouse Gas Initiative
RHBTF	Retiree Health Benefit Trust Fund
RRIF	Railroad Rehabilitation and Improvement Financing
RSSL	Retirement and Social Security Law
SALT	State and Local Tax
SCNs	Social Care Networks
SED	State Education Department
SFY	State Fiscal Year (April 1 Through March 31)
SHIN-NY	Statewide Health Information Network for New York
SLFRF	State and Local Fiscal Recovery Fund
SNAP	Supplemental Nutrition Assistance Program
SOFA	State Office for the Aging
SOS	Safe Options Support
SSI	Supplemental Security Income
STAR	School Tax Relief
STEM	Science, Technology, Engineering, and Math
STIP	Short-Term Investment Pool
SUFPA	Statewide Universal Full-Day Prekindergarten
SUNY	State University of New York
SY	School Year (July 1 through June 30)
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program
TBI	Traumatic Brain Injuries
TBTA	Triborough Bridge and Tunnel Authority
TCJA	Tax Cuts and Jobs Act of 2017
THU	Transition to Home Units
tMHFA	Teen Mental Health First Aid Program
TRS	Teachers' Retirement System
TY	Tax Year (January 1 Through December 31)
UI	Unemployment Insurance
U.S.	United States
UUP	United University Professions
VAP	Vital Access Provider
VAPAP	Vital Access Provider Assurance Program
VDC	Voluntary Defined Contribution
VLТ	Video Lottery Terminal
VPPP	Value Pricing Pilot Program
VTA	Veteran's Tuition Awards

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION

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APPENDIX B-I

SUMMARY OF CERTAIN PROVISIONS OF THE NEW YORK STATE THRUWAY AUTHORITY STATE PERSONAL INCOME TAX REVENUE BONDS GENERAL BOND RESOLUTION

The following sections contain definitions of certain terms used in this general summary (“Summary”) of certain provisions of the New York State Thruway Authority State Personal Income Tax Revenue Bonds General Bond Resolution (the “Resolution”). The definitions and Summary are not to be considered a full statement of all terms used in the Resolution and, accordingly, are qualified by reference to and are subject to the full text of the Resolution. A copy of the resolution may be obtained upon request from the New York State Thruway Authority.

Definitions

Acts shall mean the Issuer Act and the Enabling Act.

Administrative Fund shall mean the Fund designated as the Administrative Fund established in the Resolution.

Authorized Officer shall mean (i) in the case of the Issuer, the Chairman, the Vice Chairman, the Treasurer, the Secretary, any Assistant Treasurer and or Assistant Secretary, and when used with reference to any act or document, any other person authorized by resolution of the Issuer to perform such act or sign such document, (ii) in the case of the State, the Director of the Budget and when used with reference to any act or document, any other person authorized by law or by the Director of the Budget to perform such act or sign such document, (iii) in the case of the Trustee, the President, any Vice President, any Assistant Vice President, any Senior Trust Officer, any Trust Officer or any Assistant Trust Officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer’s knowledge and familiarity with the particular subject matter, and (iv) any other officer or employee so designated on its behalf by resolution of the Issuer or the Trustee, respectively.

Bond Proceeds Fund shall mean the Fund designated as the Bond Proceeds Fund established in the Resolution.

Cost of Issuance Account shall mean the account within the Bond Proceeds Fund so designated, created and established pursuant to the Resolution.

Debt Service Fund shall mean the Fund designated as the Debt Service Fund established in the Resolution.

Financing Agreement shall mean the Transportation Revenue Bonds Financing Agreement between the Issuer and the State, acting through the Director of the Budget.

Issuer shall mean the New York State Thruway Authority, a body corporate and politic constituting a public benefit corporation of the State created by the Issuer Act, and its successors and permitted assigns.

Issuer Act shall mean the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended

from time to time, together with any other provision of State law relating to the authorization or financing of Costs of a Project.

Rebate Fund shall mean the Fund designated as the Rebate Fund established in the Resolution.

Resolution shall mean the New York State Thruway Authority State Personal Income Tax Revenue Bonds General Bond Resolution (including the Standard Resolution Provisions set forth in Annex A) as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution.

Revenue Fund shall mean the Fund designated as the Revenue Fund established in the Resolution.

Subordinated Payment Fund shall mean the Fund designated as the Subordinated Payment Fund established in the Resolution.

(Section 101)

Standard Resolution Provisions

Except as otherwise specifically provided in the Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

(Section 102)

Authority for the Resolution

The Resolution is adopted pursuant to the provisions of the Acts.

(Section 103)

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds, over any other thereof except as expressly provided in or permitted by the Resolution.

(Section 104)

Authorization of Bonds

The Resolution creates an issue of Bonds of the Issuer for an Authorized Purpose pursuant to the Acts and to be designated as “State Personal Income Tax Revenue Bonds” and creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, all the Bonds. The Bonds shall be special obligations of the Issuer secured by the pledge effected pursuant to the Resolution and are payable solely out of the Pledged Property, which is derived principally from amounts appropriated by the State Legislature as authorized pursuant to Section 92-z without recourse against any other assets, revenues or funds of or other payments due to the Issuer and by all Funds and accounts (other than the Rebate Fund) established by

the Resolution, all in the manner more particularly provided in the Resolution. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as limited by law.

The Bonds shall not be debt of the State, and the State shall not be liable thereon, nor shall they be payable out of any funds other than those pledged therefor pursuant to the Resolution.

The Bonds may, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "State Personal Income Tax Revenue Bonds," shall include such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series, as the Issuer may determine; provided that with respect to any Bond denominated as a note, capital lease or other form of obligation, the Issuer may denominate such obligation as other than a "Bond." Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Resolution of any Bonds of any two or more separate Series authorized pursuant thereto and to any such Supplemental Resolution to be issued pursuant to any of the provisions of the Resolution into a single Series of Bonds for purposes of sale and issuance; provided, however, that each of the tests, conditions and other requirements contained in the Resolution as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in the Resolution or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes of the Resolution.

(Section 201)

Redemption at Demand of the State

The State may, upon furnishing sufficient funds, require the Issuer to redeem, prior to maturity, as a whole, any Series of Bonds on any interest payment date not less than fifteen (15) years after the initial date of the Bonds of such Series at one hundred four per centum (104%) of their face value (or in the case of Capital Appreciation Bonds, the Appreciated Value) and interest accrued and unpaid to the redemption date or at such lower Redemption Price as may be provided by the Issuer in the Supplemental Resolution in the case of the redemption thereof as a whole on the redemption date and the Issuer shall deposit such amounts received from the State and redeem such Series pursuant to the Resolution.

(Section 401)

The Pledge Effected by the Resolution

The Bonds are special obligations of the Issuer payable solely from the sources set forth in the Resolution.

(Section 501)

Establishment of Funds

The Resolution establishes the following Funds, which shall be held and administered by the Trustee, except for the Bond Proceeds Fund which at the discretion of the Issuer may be held and administered by the Issuer. Each of such Funds and accounts shall have as a prefix "New York State Thruway Authority State Personal Income Tax Revenue Bonds":

1. Revenue Fund,

2. Debt Service Fund,
3. Rebate Fund,
4. Bond Proceeds Fund,
5. Administrative Fund,
6. Subordinated Payment Fund.

Additional Funds, or accounts and subaccounts within each of the foregoing Funds may from time to time be established in accordance with a Supplemental Resolution, Certificate of Determination or upon the direction of the Issuer evidenced by a certificate of an Authorized Officer of the Issuer. All moneys at any time deposited in any Fund and account created by the Resolution (other than the Rebate Fund), including in any fund or account established to effect an economic defeasance of any Bonds under the Resolution, shall be held in trust separate and apart from all other funds by the Issuer or Trustee, as appropriate, for the benefit of the Holders of each Series of Bonds.

(Section 502)

Revenue Fund

There shall be deposited promptly upon receipt by the Trustee to the credit of the Revenue Fund all Revenues.

Financing Agreement Payments together with any other Pledged Property deposited in the Revenue Fund, shall be applied to the Funds and accounts established under the Resolution consistent with the requirements set forth in the Financing Agreement; provided, however, that if the amount of any such payment, together with other Pledged Property deposited in the Revenue Fund, is less than the amount certified, the payment shall be applied in the amounts certified, first, to the Debt Service Fund, second, to the Rebate Fund, third, to the Subordinated Payment Fund and, fourth, to the Administrative Fund; provided, however, that so long as the total amount held in the Debt Service Fund shall be sufficient to fully pay all Outstanding Bonds and Parity Reimbursement Obligations (including Principal or applicable Redemption Price of and interest on such Bonds) in accordance with their terms, no deposits shall be required to be made into the Debt Service Fund.

(Section 503)

Debt Service Fund

In addition to the moneys allocated from the Revenue Fund pursuant to the Resolution, the Trustee shall deposit into the Debt Service Fund such portion of the proceeds of the sale of Bonds of any Series, if any, as shall be prescribed in the Supplemental Resolution or related Certificate of Determination.

The Trustee shall on or before each Interest Payment Date, Redemption Date or other payment date, as the case may be, withdraw and pay from the Debt Service Fund:

- i) The interest due on all Outstanding Bonds on such Interest Payment Date;
- ii) The Principal Installments due on all Outstanding Bonds on such Interest Payment Date;
- iii) The Sinking Fund Installments, if any, due on all Outstanding Bonds on such Interest Payment Date;

- iv) The Redemption Price due on all Outstanding Bonds on any Redemption Date in accordance with the Resolution; and
- v) Amounts due with respect to Parity Reimbursement Obligations.

The amounts paid to any Paying Agent pursuant to the Resolution remain irrevocably pledged until, and shall be, applied to such payments.

In the event of the refunding of any Bonds, the Trustee shall, upon the direction of the Issuer, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee or any other fiduciary selected by the Issuer to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (i) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution, and (ii) the amount remaining in the Debt Service Fund shall be not less than the amount needed to pay the Debt Service on all Outstanding Bonds accrued through such date.

Investment income on amounts in the Debt Service Fund shall be retained in such Fund or, upon direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund or, with the concurrence of the Director of the Budget, to the Bond Proceeds Fund.

(Section 504)

Rebate Fund

The Trustee shall deposit to the Rebate Fund any moneys delivered to it by the State for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Rebate Fund in accordance with the directions of an Authorized Officer of the Issuer, moneys on deposit in any other Funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions. Moneys on deposit in the Rebate Fund shall be applied by the Issuer to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Issuer shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate, if any, delivered in connection with each Series of Bonds. Moneys which the Issuer determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund.

If and to the extent required by the Code or an Arbitrage and Use of Proceeds Certificate, the Issuer shall periodically, at such times as may be required to comply with the Code, determine the Rebate Amount with respect to each Series of Bonds and direct the transfer from any other Fund or account held under the Resolution and deposit to the Rebate Fund all or a portion of the Rebate Amount with respect to such Series of Bonds and pay out of the Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 505)

Bond Proceeds Fund

The Issuer or the Trustee at the direction of the Issuer shall deposit or cause to be deposited into the Bond Proceeds Fund the proceeds of sale of each Series of Bonds, unless otherwise required to be deposited into and held in the Debt Service Fund, to enable the Issuer to comply with the conditions precedent to the issuance of any Bonds.

Except as may be otherwise determined by the purposes for which a Series is issued as set forth in the Supplemental Resolution or related Certificate of Determination, amounts in the Bond Proceeds Fund shall be applied by the Issuer from time to time for any of the purposes set forth in paragraphs (a) and (b) of subdivision one of Section 68-b through the payment of Costs of a Project consistent with terms of any Requisition.

Whenever the Issuer shall determine and the Director of the Budget shall agree that the amount on deposit to the credit of the Bond Proceeds Fund is in excess of its requirements for the purposes for which amounts in such Fund may be used as permitted by law, such excess amount shall be withdrawn therefrom and deposited into the Revenue Fund. Notwithstanding the foregoing, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the applicable Series of Bonds and of Parity Reimbursement Obligations when due, and to the extent that other moneys are not available therefor, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the Bonds and of Parity Reimbursement Obligations when due.

Investment income on amounts in the Bond Proceeds Fund from proceeds of a Series of Bonds shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Bond Proceeds Fund or transferred to the Debt Service Fund.

(Section 506)

Application of Moneys in the Debt Service Fund for Redemption of Bonds and Satisfaction of Sinking Fund Installments

Moneys delivered to the Trustee, which by the provisions of the Resolution are to be applied for redemption of Bonds, shall upon receipt by the Trustee be deposited to the credit of the Debt Service Fund for such purpose to the extent not otherwise provided pursuant to a Supplemental Resolution.

Moneys in the Debt Service Fund to be used for redemption of Bonds of a Series may be applied by the Issuer to the purchase of Outstanding Bonds of such Series at purchase prices not exceeding the Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Issuer shall direct.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Bonds acquired by purchase or redemption, except Bonds acquired by purchase or redemption pursuant to the provisions of the Resolution, of the maturity and interest rate entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Bonds. Concurrently with such delivery of such Bonds the Issuer shall deliver to the Trustee a certificate of an Authorized Officer of the Issuer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered, (iii) the aggregate principal amount of the Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Bonds.

The Trustee shall, in the manner provided in the Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Notwithstanding the provisions of the Resolution, if the amount in the Debt Service Fund at any time (other than moneys required to pay the Redemption Price of any Outstanding Bonds of a Series theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the Redemption Date or purchase date) is sufficient to make provision pursuant to the Standard Resolution Provisions for the payment of such Outstanding Bonds at the maturity or Redemption Date thereof, the Issuer may request the Trustee to take such action consistent with the Standard Resolution Provisions as is required thereby to deem such Bonds to have been paid within the meaning of the Standard Resolution Provisions. The Trustee, upon receipt of such request and irrevocable instructions of the Issuer to purchase Government Obligations sufficient to make any deposit required thereby, shall comply with such request.

(Section 507)

Administrative Fund

Amounts in the Administrative Fund shall be paid out from time to time by the Trustee at the request of the Issuer for reasonable and necessary Issuer Expenses, free and clear of the lien and pledge created by the Resolution.

Amounts in the Administrative Fund accumulated as a reserve for Issuer Expenses the payment of which is not immediately required may in the discretion of the Issuer be invested in Investment Obligations. The Issuer may by written instruction to the Trustee sell any such investments at any time and the proceeds of such sale and of all payments at maturity or upon redemption of such investments shall be held in the Administrative Fund. Whenever the Administrative Fund exceeds the amount reasonable and necessary for Issuer Expenses including reserves and working capital, the Issuer shall direct the Trustee to apply the excess to the purposes and in the Funds established under the Resolution in the same manner as payments from the Revenue Fund.

Investment income on amounts in the Administrative Fund shall be deposited into the Revenue Fund.

(Section 508)

Subordinated Payment Fund

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer to the Subordinated Payment Fund pursuant to the Resolution; *provided, however, that* (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Bonds and Parity Reimbursement Obligations and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness as it deems appropriate; *provided, however, that* the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness shall not permit the holders of such Subordinated Indebtedness to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable any time that any Bonds and Parity Reimbursement Obligations remain Outstanding.

Subject to the other provisions of the Resolution, the Trustee shall deposit into the Subordinated Payment Fund all moneys paid to the Issuer under the Acts or otherwise for (i) payments on any Subordinated Indebtedness, or (ii) Qualified Swap Payments or payments on other financial instruments entered into by the Issuer.

The Trustee shall pay out of the Subordinated Payment Fund all amounts required for the payments described in the Resolution pursuant to any resolution adopted by, or otherwise at the written direction of, the Issuer.

Except as otherwise provided in the Resolution or a Supplemental Resolution, investment income on amounts in the Subordinated Payment Fund shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Subordinated Payment Fund or transferred to the Debt Service Fund.

(Section 509)

Transfer of Investments

Whenever moneys in any Fund or account established under the Resolution or under any Supplemental Resolution are to be paid in accordance with the Resolution to another such Fund or account, such payment may be made, in whole or in part, by transferring to such other Fund or account investments held as part of the Fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made, provided that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such Fund or account.

(Section 510)

Power to Issue Bonds and Effect Pledge

The Issuer is duly authorized under all applicable laws to create and issue the Bonds, adopt the Resolution and pledge the Pledged Property in the manner and to the extent provided in the Resolution. The Pledged Property is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the legally valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all the rights of the Holders of Bonds and other obligations under the Resolution against all claims and demands of all Persons whomsoever.

(Section 601)

APPENDIX B-II

SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS GENERAL BOND RESOLUTION STANDARD RESOLUTION PROVISIONS

The following sections contain definitions of certain terms used in this general summary (“Summary”) of certain provisions of the Standard Resolution Provisions. The definitions and Summary are not to be considered a full statement of all terms used in the Standard Resolution Provisions or the Resolution to which the Standard Resolution Provisions is appended and, accordingly, are qualified by reference to and are subject to the full text of the Standard Resolution Provisions and the Resolution. Copies of the Standard Resolution Provisions and the Resolution may be obtained upon request from the New York State Thruway Authority.

Definitions

Capitalized terms used but not otherwise defined in this Summary shall have the meanings set forth in the Resolution to which the Standard Resolution Provisions are appended. The following terms shall, for all purposes therein and (except as the context may otherwise require) in the Resolution to which these Standard Resolution Provisions are appended, have the following meanings:

Accreted Value shall mean, with respect to any Capital Appreciation Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Additional Bonds shall mean Bonds authenticated and delivered on original issuance pursuant to the Standard Resolution Provisions.

Amortized Value when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean the value of such Investment Obligations computed by using an industry standard constant yield method selected by an Authorized Officer of the Issuer.

Appreciated Value shall mean with respect to any Deferred Income Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Bonds, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date

to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Arbitrage and Use of Proceeds Certificate shall mean, with respect to any Series of Bonds, the interest on which is intended by the Issuer to be excluded from gross income for federal income tax purposes, a certificate or certificates executed by an Authorized Officer of the Issuer in connection with the initial issuance and delivery of the Bonds of such Series and containing representations, warranties and covenants of the Issuer relating to the federal tax status of such Series of Bonds, as such certificate or certificates may be amended and supplemented from time to time.

Authorized Issuer shall mean any public authority or public benefit corporation enumerated by subdivision 1 of Section 68-a.

Authorized Newspaper shall mean The Bond Buyer or any other newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, designated by the Issuer.

Authorized Purpose shall mean a purpose as provided by the Enabling Act for the Issuer.

Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Bond or **Bonds** shall mean any of the bonds or notes of the Issuer authorized and issued pursuant to the Resolution and to a Supplemental Resolution; provided, however, that such terms shall not include any Bond Anticipation Notes, or bonds, notes or other obligations, including Qualified Swaps, payable from the Subordinated Payment Fund.

Bond Anticipation Notes shall mean notes issued pursuant to the Standard Resolution Provisions.

Bond Counsel shall mean an attorney or law firm, appointed by the Issuer, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bondholder, Holder or **Holder of Bonds**, or any similar term, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds.

Business Day shall mean a day of the year which is not a Saturday, Sunday, or a day on which the Trustee or banking institutions chartered by the State or the United States of America are required or authorized by law to close in The City of New York, or any day on which the New York Stock Exchange is closed.

Calculated Debt Service shall mean for any period, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligations, the sum of Debt Service for such period determined by the Issuer based on the following adjustments:

Interest on Variable Interest Rate Bonds shall be based on the Estimated Average Interest Rate applicable thereto.

With respect to Put Bonds and any Bonds of a Series the interest on which is payable periodically and at least twenty-five per centum (25%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Estimated Average Interest Rate, as applicable.

If the Issuer has irrevocably deposited Investment Obligations or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Investment Obligations and money shall be deducted from Debt Service.

If the Issuer has, at any time, irrevocably called for redemption of one or more Series of Bonds, including pursuant to a covenant to apply any portion of the Pledged Property to redeem Bonds or Parity Reimbursement Obligations (which particular Bonds or Parity Reimbursement Obligations need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

With respect to Parity Reimbursement Obligations, an interest rate calculated at a higher interest rate on the related Bonds shall only be taken into account if, at the time of calculation, such higher rates are then payable thereon.

Capital Appreciation Bonds shall mean Bonds of a Series denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Bonds. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Certificate of Determination shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Bonds, Parity Reimbursement Obligations, Credit Facilities, Subordinated Indebtedness, or other matters in accordance with the delegation of power to do so under the Resolution or a Supplemental Resolution.

Code shall mean the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the Regulations, including temporary and proposed Regulations, relating to such section which are applicable to the Resolution, including the Bonds or the use of Bond proceeds.

Comptroller shall mean the Comptroller of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any other official of the State authorized to act on behalf of the Comptroller in connection therewith.

Cost or Costs of a Project shall mean costs and expenses or the refinancing of costs and expenses incurred or to be incurred in connection with a Project, including, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses for labor and materials and payments to consultants, contractors, builders and materialmen, for the acquisition, design, construction, reconstruction, rehabilitation, preservation, development, improvement or modernization of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may

be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising the construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs necessarily and appropriately incurred in connection with the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the State or the Issuer for advances made by either party for any of the above items or for other costs incurred and for work done by the State or Issuer in connection with the Project, and (viii) grants or loans by or on behalf of the State for any of the foregoing.

Cost or Costs of Issuance shall mean the items of expense incurred in connection with the authorization, sale and issuance of a Series of Bonds or Bond Anticipation Notes, which items of expense shall include Issuer Expenses, State bond issuance charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Securities Depository, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for Credit Facilities, Qualified Swaps and other similar financial arrangements, costs and expenses of refunding of Bonds or Prior Obligations and other costs, charges and fees, including those of the Issuer, in connection with the foregoing.

Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the practice of law relating to municipal, state and public agency financing selected by the Issuer.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Bonds or Parity Reimbursement Obligations.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation Outstanding, the sum of: (i) interest on the Bonds of such Series and the interest components of Parity Reimbursement Obligation accruing during such period and (ii) that portion of each Principal Installment for such Bonds and Parity Reimbursement Obligation that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Bonds and Parity Reimbursement Obligation; *provided, however, that*, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until *the later* of one year prior to such Principal Installment's due date and the date of issuance or incurrence of the related Bond or Parity Reimbursement Obligation.

Defeased Municipal Obligations shall mean pre-refunded municipal obligations rated in the highest Rating Category by each Rating Agency and meeting the following requirements:

The municipal obligations (i) are not subject to redemption prior to maturity or (ii) the trustee or the paying agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and

The municipal obligations are fully secured by cash or Government Obligations which may be applied only to payment of the principal of and interest and premium, if any, on such municipal obligations.

Deferred Income Bond shall mean any Bond (1) as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is (i) compounded on each Valuation Date for such Deferred Income Bond and (ii) payable only at the maturity or prior redemption of such Bonds and (2) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

Director of the Budget shall mean the Director of the Division of the Budget of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any official of the State authorized to act on behalf of the Director of the Budget in connection therewith.

Enabling Act shall mean Article 5-C of the State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as may be hereafter amended from time to time.

Estimated Average Interest Rate shall mean, as to any Variable Interest Rate Bonds or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Bonds or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer of the Issuer in consultation with the Director of the Budget.

Event of Default shall mean any Event of Default set forth in the Standard Resolution Provisions.

Fiduciary shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

Fiduciary Capital Funds when used with respect to any Fiduciary shall mean the total of (i) paid in capital, (ii) surplus, (iii) undivided profits and (iv) the par value of outstanding capital notes issued and subordinated to the claims of creditors of such Fiduciary other than the holders of such capital notes.

Financing Agreement shall mean the applicable financing agreement authorized by subdivision 1 of Section 68-c, as amended and supplemented in accordance with the terms thereof and the Standard Resolution Provisions and referred to in the Standard Resolution Provisions.

Financing Agreement Payment shall refer to any payment obligation of the State incurred pursuant to a Financing Agreement and denominated therein as a "Financing Agreement Payment," to pay to the Issuer or the Trustee from amounts available therefor in the Revenue Bond Tax Fund.

Fund shall mean any one of the funds created and established pursuant to the Resolution.

Government Obligations shall mean (a) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and entitled to the full faith and credit thereof; (b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock, surplus and undivided profits of at least \$50,000,000 or the custodian is

appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom; (c) an obligation of any federal agency approved by the Issuer; (d) a share or interest in a mutual fund, partnership or other fund wholly comprised of obligations described in clauses (a), (b) and (c) above; (e) Defeased Municipal Obligations; or (f) any other Investment Obligation designated in a Supplemental Resolution as a Government Obligation for purposes of defeasing Bonds, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Bond, the date determined by Supplemental Resolution after which interest accruing on such Bond shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

Interest Payment Date shall mean, with respect to a Series of Bonds, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Bonds.

Investment Obligations shall mean any of the following that are lawful investments at the time of the investment:

- (a) Government Obligations,
- (b) certificates of deposit issued by, and time deposits in, and bankers' acceptances of, any bank (including any Paying Agent or Trustee), any branch of any bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions, whose long-term unsecured indebtedness is rated less than "A" by each Rating Agency, such certificates of deposit or time deposits or bankers' acceptances are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits,
- (c) evidences of ownership of a proportionate interest in specified direct obligations of the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, or when "stripped" by the United States Treasury, then by the custodian designated by the United States Treasury,
- (d) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by each Rating Agency,
- (e) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by each Rating Agency,
- (f) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a), (d), or (e) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least \$100,000,000 and is rated in the highest Rating Category by each Rating Agency,

(g) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian,

(h) any repurchase agreement for Government Obligations by the Issuer or any Trustee that is with a bank, trust company (including any Trustee) or securities dealer which is a member of the Securities Investors Protection Corporation, each of which is a primary reporting dealer in government securities as determined by the Federal Reserve Bank, or if “primary reporting dealers” cease to be determined by the Federal Reserve Bank, such other comparable standard as the Issuer shall implement pursuant to a Supplemental Resolution; provided, however, that the Government Obligations must be transferred to the Issuer or any Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer or registrar of such obligations or clearing agent or depository, and the collateral security must continually have a market value at least equal to the amount so invested and the collateral must be free of third party claims. Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Government Obligations,

(i) commercial paper rated in the highest Rating Category by each Rating Agency,

(j) investment agreements, secured or unsecured, with any institutions whose debt securities are rated in one of the two highest Rating Categories (or rated in the highest Rating Category for short-term obligations if the investment is for a period not exceeding one year) by each Rating Agency,

(k) forward purchase agreements effecting the periodic delivery of securities listed in (a), (c), (d), (e), (g) and (i) above, and

(l) any other obligations from time to time permitted pursuant to the Issuer Act or other applicable law; provided, however, that if the funds invested in any such obligation are pledged for the payment of Bonds under the Resolution and the Bonds are then rated by a Rating Agency, such obligation shall be rated in one of the two highest Rating Categories of each such Rating Agency.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized Securities Depository.

Issuer Board shall mean the board or members of the Issuer duly appointed and acting pursuant to the Issuer Act, or their designees duly appointed and acting.

Issuer Expenses shall mean all proper items of cost or expenditure incurred or anticipated to be incurred by the Issuer in connection with the financing of any Project pursuant to the Standard Resolution Provisions, or direct and indirect administrative costs, fees and expenses and allocable portions of direct and indirect costs of the Issuer incurred in connection with financing such Project, including Costs of Issuance, initial fees and periodic fees to be paid in connection with Credit Facilities, legal fees, fees and expenses of trustees, remarketing agents, market agents, tender agents, auction agents, Depositories and Paying Agents, and financing charges and fees and expenses of financial advisors and consultants, costs of audits, and such other expenses not specified in the Standard Resolution Provisions as may be necessary or incident to the financing of such Project, including through the issuance of Bonds or Bond Anticipation Notes and all other expenses of the Issuer relating to the financing of Projects set forth in the Enabling Act; provided, however, that Issuer Expenses shall not include any termination or other

payments to be made in connection with Qualified Swaps or other similar arrangements or, except to the extent expressly provided above, Credit Facilities.

Outstanding, when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated or otherwise validly executed and delivered under the Resolution except:

1. Any Bond canceled or delivered for cancellation at or prior to such date;
2. Any Bond (or portion of a Bond) deemed to have been paid in accordance with the Standard Resolution Provisions unless a Supplemental Resolution provides that Bonds of a Series having the benefit of a Credit Facility shall not thereby be deemed paid if payment is provided by the Credit Facility;
3. Any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Standard Resolution Provisions; and
4. Put Bonds tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Bonds thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

The principal component of any Parity Reimbursement Obligation shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Issuer thereunder in lieu of the related Bond, regardless of the authorized amount of the principal component of such Parity Reimbursement Obligation or the related Bond and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Reimbursement Obligation shall not by itself increase the Outstanding principal amount of Bonds.

Parity Reimbursement Obligation has the meaning provided in the Standard Resolution Provisions.

Paying Agent or **Paying Agents** shall mean any paying agent for the Bonds of any Series appointed pursuant to the Standard Resolution Provisions, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution, and in the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee, if a different entity, or the Issuer shall act as such Paying Agent.

Person shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

Pledged Property shall mean all of the Issuer's right, title and interest in and to (i) the Financing Agreements (other than (A) the Issuer's right to receive the payment of Issuer Expenses, (B) the right of the Issuer to enforce the obligation of the State to make Financing Agreement Payments, (C) the right of the Issuer to agree to the amendment of a Financing Agreement in accordance with the Standard Resolution Provisions, and (D) the right of the Issuer to enforce the provisions of any Financing Agreement independently of the Trustee, without limiting the right of the Trustee to enforce the payment of amounts (other than Financing Agreement Payments) under the Financing Agreements for the benefit of Bondholders or Fiduciaries), and (ii) the Revenues and Funds (other than the Rebate Fund and other

Funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness; *provided, however, that* such Funds, accounts and subaccounts are specifically excepted from Pledged Property by the Supplemental Resolution authorizing such Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness), including Investment Obligations held in such Funds under the Resolution, together with all proceeds and revenues of the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and the Standard Resolution Provisions; provided, however, that in no event shall any Project or any interest therein be deemed to be “Pledged Property.”

Principal Installment shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation, as applicable, (a) the principal amount of Outstanding Bonds of such Series, due on the dates and in the amounts specified by Supplemental Resolution, reduced by the principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance of any Sinking Fund Installments due on any certain future date for Bonds of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Reimbursement Obligation, the amount due thereunder on the dates and in the amounts established in accordance with the Standard Resolution Provisions as a principal component of such Parity Reimbursement Obligation payable on a parity with the Bonds.

Prior Obligations shall mean bonds, notes or other obligations previously issued or incurred by an Authorized Issuer not under the Standard Resolution Provisions to finance Costs of a Project.

Project shall mean the land, buildings, improvements, betterments, equipment, furnishings, and other property, real or personal, and all appurtenances thereto and interests therein, comprising each of the projects to be acquired, constructed, reconstructed, renovated, or developed to effectuate an Authorized Purpose.

Put Bonds shall mean Bonds which by their terms may be tendered at the option of the Holder thereof, or are subject to a mandatory tender other than at the election of the Issuer for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Bonds or variable interest rate Bonds on a synthetic basis or otherwise, or other similar financial transaction, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Issuer as a Qualified Swap with respect to such Bonds.

Qualified Swap Payment shall mean any payment required to be made by the Issuer under a Qualified Swap, such payment to be made only from the Subordinated Indebtedness Fund.

Qualified Swap Provider shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity

whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency shall mean each nationally recognized statistical rating organization then maintaining a rating on the Bonds at the request of the Issuer.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken under the Resolution; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Bonds.

Rebate Amount shall mean, with respect to each Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

Record Date shall mean with respect to any Interest Payment Date, unless the applicable Supplemental Resolution authorizing a particular Series of Bonds provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date.

Redemption Date shall mean the date upon which Bonds are to be called for redemption pursuant to the Standard Resolution Provisions.

Redemption Price shall mean, with respect to any Bonds, the Principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered pursuant to the Standard Resolution Provisions, on original issuance pursuant to the Standard Resolution Provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Standard Resolution Provisions.

Regulations shall mean the Income Tax Regulations promulgated by the Department of the Treasury from time to time.

Reimbursement Obligation has the meaning provided in the Standard Resolution Provisions.

Requisition shall mean any instructions as deemed necessary and delivered by the Director of the Budget to the Issuer, providing for the payment of Bond proceeds to the State or any other entity.

Revenues shall mean (i) all amounts appropriated and paid to the Issuer or the Trustee from the Revenue Bond Tax Fund pursuant to Section 92-z and the Financing Agreement, constituting Financing Agreement Payments, (ii) any other amounts appropriated and paid by the State to the Issuer or received from any other source by the Issuer and pledged by the Issuer as security for the payment of Bonds, and (iii) interest received or to be received on any moneys or securities held pursuant to the Resolution.

Revenue Bond Tax Fund shall mean the fund established by section 92-z of the State Finance Law.

Section 92-z shall mean section 92-z of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-a shall mean section 68-a of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-b shall mean section 68-b of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-c shall mean section 68-c of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Securities Depository shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Bonds (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Series shall mean all of the Bonds authenticated and delivered on original issuance and denominated as part of the same series, and thereafter delivered in lieu of or in substitution of such Bonds pursuant to the Standard Resolution Provisions regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Sinking Fund Installment shall mean, with respect to any Series of Bonds, as of any date of calculation and with respect to any Bonds of such Series, the amount of money required by the applicable Supplemental Resolution pursuant to which such Bonds were issued, to be paid in all events by the Issuer on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Issuer by reason only of the maturity of such Bond.

Standard Resolution Provisions shall mean the provisions contained in Annex A to the Resolution.

State shall mean the State of New York.

State Fiscal Year shall mean the fiscal year of the State as set forth in the State Finance Law.

State Legislature shall mean the Legislature of the State of New York.

State Revenue Bonds shall mean any notes, bonds or other obligations to be issued or incurred by the State or by a public corporation of the State on behalf of the State in accordance with a hereinafter enacted amendment to the State Constitution, payments with respect to which (i) are payable from specified, dedicated revenues and (ii) do not require an appropriation by the State Legislature in order to be made.

Subordinated Indebtedness shall mean any bond, note or other indebtedness authorized by Supplemental Resolution or other resolution of the Issuer and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer of the Issuer delivered to the Trustee, which shall be payable and secured in a manner permitted by the Standard Resolution Provisions, and any lien on and pledge of any portion of the Pledged Property securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Pledged Property created in the Resolution for the payment of the Bonds and Parity Reimbursement Obligations.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Issuer in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

Tax Law shall mean the tax law constituting Chapter 60 of the consolidated laws of the State.

Taxable Bonds shall mean any Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean any Bonds the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Bonds in the Supplemental Resolution authorizing such obligations.

Trustee shall mean a trustee appointed by the Issuer or as otherwise provided in the Standard Resolution Provisions, its successor and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Standard Resolution Provisions.

Valuation Date shall mean (i) with respect to any Capital Appreciation Bonds, the date or dates set forth in the Supplemental Resolution authorizing such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bonds, and (ii) with respect to any Deferred Income Bonds, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Bonds on which specific Appreciated Values are assigned to the Deferred Income Bonds.

Variable Interest Rate Bonds shall mean Bonds which bear a variable interest rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Bonds.

(Section A-101)

The Standard Resolution Provisions to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds and Parity Reimbursement Obligations authorized to be issued or incurred under the Standard Resolution Provisions by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and Parity Reimbursement Obligations; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and Parity Reimbursement Obligations, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or Parity Reimbursement Obligations over any other thereof except as expressly provided in or permitted by the Resolution.

(Section A-104)

General Provisions for Issuance of Bonds

The issuance of Bonds of a Series or subseries shall be authorized by the Resolution and a Supplemental Resolution or Resolutions adopted at the time of or subsequent to the adoption of the Resolution and which shall be subject to the express limitations of the Resolution. The Bonds of a Series or subseries authorized to be issued shall be executed in accordance with the Standard Resolution Provisions and delivered to the Trustee. Such Series of Bonds or subseries shall be authenticated or otherwise delivered by the Trustee from time to time in such amounts as directed by the Issuer and by it delivered to or upon the order of the Issuer upon receipt of the consideration therefor and upon delivery to the Trustee of:

(A) a copy of the Resolution and the Supplemental Resolution authorizing such Series which, among other things, shall specify the following items (or the manner of determining such items prior to the delivery of the Bonds):

1. The authorized principal amount, designation and Series of such Bonds;
2. The purposes for which such Series of Bonds are being issued, which shall be one or more of the following (a) one or more of the Authorized Purposes permitted by the Enabling Act, or (b) the refunding of Bonds as provided in the Standard Resolution Provisions;
3. The date or dates, and the maturity date or dates and principal amounts of each maturity of the Bonds of such Series;
4. The amount, or the method for determining such amount, and due date of each Sinking Fund Installment, if any, for Bonds of such Series;
5. The Record Date or Record Dates of Bonds of such Series for which the Record Date or Record Dates is other than the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date for such Bonds;
6. If the Bonds of such Series are interest bearing Bonds, the interest rates of the Bonds of such Series and the Interest Payment Dates therefor;
7. If Bonds of such Series are Capital Appreciation Bonds, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;
8. If Bonds of such Series are Deferred Income Bonds, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Bonds and the Appreciated Value on each such Valuation Date;
9. If Bonds of such Series are Capital Appreciation Bonds or Deferred Income Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Bonds;
10. If Bonds of such Series are Variable Interest Rate Bonds, the maximum interest rate, if any, or the method of calculating such maximum rate for such Bonds, and the provisions, if any, as to the calculation or change of variable interest rates;
11. If Bonds of such Series are Put Bonds, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;
12. The denomination or denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series;
13. The Paying Agent or Paying Agents, if any, and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if any, of and interest on the Bonds of such Series;
14. The redemption provisions, if any, applicable to the Bonds of such Series;
15. Provisions for time, place and manner of sale or exchange of the Bonds of such Series;
16. Any material change to the form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon from the forms set forth in Exhibit One to the Resolution. Except as otherwise provided pursuant to a Supplemental Resolution, all of the Bonds of each Series shall be in fully registered form without coupons;
17. Directions for the application of the proceeds of the Bonds of such Series;

18. To the extent applicable, direction to deliver such Series of Bonds in book-entry form to the extent materially different from the provisions of the Standard Resolution Provisions;
19. To the extent applicable, the provisions relating to (a) any Credit Facility, Qualified Swap or other similar financial arrangement entered into in connection with the issuance of the Bonds of such Series and (b) the obligations payable thereunder; and
20. Any other provision deemed advisable by an Authorized Officer of the Issuer, not in conflict with the provisions of the Standard Resolution Provisions or of the applicable Supplemental Resolution.

An Authorized Officer of the Issuer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to such delegation, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution;

(B) A Counsel's Opinion in customary form to the effect that (i) the Issuer has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Resolution is required, (ii) the Resolution creates the valid pledge to the payment of the Bonds of the Pledged Property which it purports to create pursuant to the Resolution, subject to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution, and (iii) upon the execution and delivery thereof and upon authentication by the Trustee, the Bonds of such Series will be valid and binding, special obligations of the Issuer payable as provided in, and enforceable in accordance with their terms and the terms of, the Resolution and entitled to the benefits of the Acts and the Resolution, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Acts, as amended to the date of such Counsel's Opinion, and in accordance with the Resolution;

(C) A certificate of an Authorized Officer of the Issuer stating that upon the delivery of the Bonds of such Series, the Issuer will not be in default in the performance of any of the terms, provisions or covenants of the Resolution or of any of the Bonds; provided, however, that solely with respect to Refunding Bonds being delivered on original issuance pursuant to the Standard Resolution Provisions, such certificate shall not be a condition to the authentication and delivery of such Refunding Bonds if and to the extent that a certificate of an Authorized Officer of the Issuer is delivered stating that upon the delivery of such Refunding Bonds the Issuer will no longer be in default in the performance of the terms, provisions or covenants of the Resolution or of any of the Bonds as specified in such certificate;

(D) A certificate of an Authorized Officer of the State stating that (i) to the best of such Authorized Officer's knowledge, no event of default under any Financing Agreements has occurred and is continuing nor will an event of default under any Financing Agreements occur as a result of the issuance of such Bonds, and (ii) the approval of the Director of the Budget for such financing;

(E) A copy of the Certificate of Determination, if any, executed in connection with such Series of Bonds;

(F) To the extent authorized by the Issuer pursuant to a Supplemental Resolution, one or more Credit Facilities with respect to any Series of Bonds and any agreements deemed necessary in connection therewith;

(G) A written order of an Authorized Officer of the Issuer as to the delivery of such Series of Bonds, describing such Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(H) A certificate of an Authorized Officer of the Issuer setting forth the amount of money, if any, to be deposited into the Debt Service Fund, equal to (a) the amount of capitalized interest funded with the proceeds of the Bonds of such Series, if any, and (b) the sum of the interest on the Bonds of such Series from the date of the Bonds of such Series to the date of delivery thereof;

(I) Any amounts (in the form of cash or Investment Obligations) required to be deposited with the Trustee at the time of issuance and delivery of the Bonds of such Series;

(J) Copies of the Financing Agreement applicable to such Series of Bonds; and

(K) Such further documents and moneys as are required by the provisions of the Standard Resolution Provisions or any Supplemental Resolution adopted pursuant to the Standard Resolution Provisions.

The Issuer may authorize by Supplemental Resolution the issuance of Capital Appreciation Bonds, Deferred Income Bonds, Variable Interest Rate Bonds, Put Bonds or any other form of Bond not in conflict with the provisions of the Resolution or of the applicable Supplemental Resolution.

The Issuer may authorize by Supplemental Resolution such other provisions relating to a Series of Bonds as are permitted by the Resolution.

The Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall they be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

(Section A-201)

Special Provisions for Additional Bonds

After the issuance of the initial Series of Bonds, one or more Series of Additional Bonds may be authorized and delivered upon original issuance for any Authorized Purpose, including payment of Project Costs and the refunding of Prior Obligations or Bonds or Parity Reimbursement Obligations or other indebtedness, upon receipt by the Trustee, in addition to any applicable requirements of the Standard Resolution Provisions, of the following:

A certificate by the Director of the Budget setting forth the most recent collections for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate, of the taxes, fees, fines, penalties, or other monies which, as of the date of issuance of any such Series of Bonds, are levied, collected or imposed by or on behalf of the State and are required to be deposited into the Revenue Bond Tax Fund; provided, however, that if any taxes, fees, fines, penalties or other monies that are required to be deposited into such account were not so required to be deposited for all of such 12 calendar months, such certificate may nevertheless include the full amount of all such taxes, fees, fines, penalties, or other monies actually collected for such 12 calendar months;

A certificate by an Authorized Officer of the Issuer setting forth the Calculated Debt Service on all Outstanding Bonds, including such Series of Additional Bonds to be issued and any additional amounts payable with respect to Parity Reimbursement Obligations for each State Fiscal Year for which such Bonds or Parity Reimbursement Obligations are Outstanding and (II) a certificate of the Director of the Budget, including the amount of Calculated Debt Service set forth in the certificate previously described (based upon information furnished by each applicable Authorized Issuer pursuant to the related financing agreement), setting forth the calculated debt service (calculated in the same manner as

Calculated Debt Service for Bonds and Parity Reimbursement Obligations) shall be made with respect to all Authorized Issuers that have issued bonds or parity reimbursement obligations pursuant to the Enabling Act, which bonds or parity reimbursement obligations are secured by payments to be made from the Revenue Bond Tax Fund for each State Fiscal Year for which such bonds or parity reimbursement obligations are outstanding; and

A certificate by the Director of the Budget stating that the amounts set forth pursuant to the first paragraph above will be at least 2.0 times the maximum calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement Obligations) for all Authorized Issuers set forth in subsection (II) of the second paragraph above for any State Fiscal Year set forth pursuant to above.

(Section A-202)

Refunding Bonds

One or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds or Parity Reimbursement Obligations or any portion of a Series of Outstanding Bonds or Parity Reimbursement Obligations, or any outstanding Prior Obligations, in each case including all or any portion of a maturity. The Issuer may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) and to make such deposits required by the provisions of the Standard Resolution Provisions and of the Supplemental Resolution authorizing such Series of Refunding Bonds.

(A) In addition to the applicable requirements set forth under the caption, "General Provisions for Issuance of Bonds," Refunding Bonds of any Series issued to refund Outstanding Bonds or Parity Reimbursement Obligations shall be authenticated by the Trustee or otherwise delivered by the Trustee upon the receipt by the Trustee of:

(1) If the Bonds to be refunded are to be redeemed, irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a Redemption Date specified in such instructions;

(2) If Bonds to be refunded are to be deemed paid, evidence of due publication of the notice provided for in the Standard Resolution Provisions to the Holders of the Bonds being refunded;

(3) If Bonds to be refunded are to be deemed paid, either or both of

- (i) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor (or on exchange or tender) or the Redemption Price on the applicable Redemption Date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, and
- (ii) Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Standard Resolution Provisions, which Government Obligations and moneys shall be held in trust and used only as provided in the Standard Resolution Provisions; and

(4) Either (i) a certificate of an Authorized Officer of the Issuer (a) setting forth (A) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement

Obligations for any future State Fiscal Year during the term of the Bonds (including the Refunding Bonds then proposed to be issued but excluding the Bonds or Parity Reimbursement Obligations to be refunded or purchased) and (B) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds as calculated immediately prior to the issuance of the Refunding Bonds (including the Bonds or Parity Reimbursement Obligations to be refunded or purchased but excluding the Refunding Bonds) and (b) stating that the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (A) above is not greater than the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (B) above; or (ii) the certificates required by the Standard Resolution Provisions with respect to such Series of Refunding Bonds, considering for all purposes of such certificate that the Refunding Obligations then proposed to be issued will be Outstanding but the Bonds or Parity Reimbursement Obligations to be refunded will no longer be Outstanding.

(B) In addition to the applicable requirements set forth under the caption, “General Provisions for Issuance of Bonds,” Refunding Bonds of any Series issued to refund in whole or in part any Prior Obligations shall be authenticated or otherwise delivered by the Trustee upon the receipt by the Trustee of the certificates required to be delivered in connection with the issuance of Additional Bonds set forth under the caption, “Refunding Bonds,” and shall otherwise comply with any applicable requirements in connection with a refunding set forth in the resolutions which authorized the issuance of such Prior Obligations.

(C) The proceeds, including accrued interest, of such Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Supplemental Resolution authorizing such Refunding Bonds or the related Certificate of Determination.

(Section A-203)

Credit Facilities; Qualified Swaps and other similar arrangements; Parity Reimbursement Obligations

The Issuer may include such provisions in a Supplemental Resolution or related Certificate of Determination authorizing the issuance of a Series of Bonds secured by a Credit Facility as the Issuer deems appropriate, including:

So long as the Credit Facility is in full force and effect, and payment on the Credit Facility is not in default and the provider of the Credit Facility is qualified to do business in the State, and (a) no proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the provider of the Credit Facility in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property or for the winding up or liquidation of the affairs of the provider of the Credit Facility and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) days or such court shall enter a decree or order granting the relief sought in such proceeding, or (b) the provider of the Credit Facility shall not have commenced a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall not have consented to the entry of an order for relief in an involuntary case under any such law, or shall not have consented to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property, or shall not have made a general assignment for the benefit of creditors, or shall not have failed generally to pay its debts as they become due, or shall not have taken

any corporate action with respect to any of the foregoing, then, in all such events, the provider of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Bonds is required or may be exercised under the Resolution, including, without limitation, under the captions “Supplemental Resolutions” and “Amendments,” and following a default under the caption “Defaults and Remedies; Defeasance,” except where the Credit Facilities provide only liquidity support and not credit support.

In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Bonds Outstanding, or the purchase price of puts in connection with such Bonds, shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Bonds shall continue to exist and such provider of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

In addition, such Supplemental Resolution or related Certificate of Determination may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the provider of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the provider of a Credit Facility.

In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such provider for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Resolution. The Issuer may also in an agreement with the provider of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the “Reimbursement Obligation”) solely from Pledged Property; provided, however, that no Reimbursement Obligation shall be created, for purposes of the Standard Resolution Provisions, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Bond, may be secured by a pledge of, and a lien on, Pledged Property on a parity with the lien created by the Standard Resolution Provisions, but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Any Reimbursement Obligation conforming with the provisions of the previous sentence shall be deemed a “Parity Reimbursement Obligation.” Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Parity Reimbursement Obligations may be evidenced by Bonds designated as “Bank Bonds.” Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Resolution.

In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Issuer also may enter into Qualified Swaps or, to the extent from time

to time permitted pursuant to law, other similar arrangements if the Issuer determines that such Qualified Swaps or other similar arrangements will assist the Issuer in more effectively managing its interest costs. To the extent provided in a Supplemental Resolution or related Certificate of Determination, the Issuer's obligation to pay Qualified Swap Payments under any Qualified Swap may be secured by a pledge of, and a lien on, the Subordinated Payment Fund. Qualified Swap Payments may include any payments of any termination or other fees, expenses, indemnification or other obligations to a Qualified Swap Provider, or any payments that represent payment of interest thereunder in advance of the payment of interest on the Bonds to which such Qualified Swap relates.

Parity Reimbursement Obligations shall not be a debt of the State and the State shall not be liable thereon, nor shall Parity Reimbursement Obligations be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

(Section A-204)

Bond Anticipation Notes

Whenever the Issuer shall have, by Supplemental Resolution, authorized the issuance of a Series of Bonds, the Issuer, subject to certain provisions for additional bonds under the Standard Resolution Provisions, may by adoption of a Supplemental Resolution authorize the issuance of Bond Anticipation Notes in anticipation of the issuance of such authorized Series of Bonds, in a principal amount not exceeding the principal amount of the Bonds of such Series so authorized. The principal of and premium, if any, and interest on such Bond Anticipation Notes and any renewals of such Bond Anticipation Notes shall be payable only from (i) the proceeds of any renewals of such Bond Anticipation Notes issued to repay such Bond Anticipation Notes, (ii) the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued, (iii) any amounts provided by the State and/or the federal government expressly for payment of such Bond Anticipation Notes, or (iv) the proceeds of such Bond Anticipation Notes deposited in any Fund or account under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Resolution. In any case, such Bond Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Bonds in anticipation of which they are issued. The proceeds of the sale of Bond Anticipation Notes, other than renewals thereof, shall be applied to the purposes for which the Bonds in anticipation of which such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or account established by the Resolution for such purposes and, if so provided in the resolution authorizing renewals of Bond Anticipation Notes issued to pay outstanding Bond Anticipation Notes, applied directly to such payment. Interest earned on any amounts on deposit in any Fund or account under the Resolution representing the proceeds of any Bond Anticipation Notes shall be applied in the manner set forth in the Supplemental Resolution authorizing such Bond Anticipation Notes or the related Certificate of Determination.

(Section A-205)

Additional Obligations

The Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien on the Pledged Property created by the Resolution, or prior or equal to the rights of the Issuer and Holders of Bonds.

(Section A-206)

Redemption at the Election of the Issuer; Redemption other than at Issuer's Election; Selection of Bonds to be Redeemed

In the case of any redemption of Bonds of a Series at the election of the Issuer, such Bonds may be redeemed at the option of the Issuer as provided in the Supplemental Resolution authorizing such Bonds. In exercising such option, the Issuer shall give written notice to the Trustee and any Paying Agent of its election to redeem, including the Series designation, the principal amounts and the maturities of such Bonds so elected. The Series designation, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in the Resolution. Such notice shall be given to the Trustee at least forty-five (45) days prior to the date on which the Bonds of such Series are to be redeemed, or such fewer number of days as shall be acceptable to the Trustee.

Whenever by the terms of the Resolution, Bonds are required to be redeemed otherwise than at the election of the Issuer, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of the Standard Resolution Provisions. The Trustee shall have no liability in making such selection.

In the event of redemption of less than all of the Outstanding Bonds of a Series and maturity, the Trustee shall assign to each such Outstanding Bond of such Series and maturity or portion of a maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in the Standard Resolution Provisions) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds of such Series drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of such Bonds and select part of any such Bonds for redemption. In lieu of selecting Bonds to be redeemed in partial redemption by lot, the particular Bonds of a Series to be redeemed may be selected by the Trustee as directed by the Issuer on a pro rata or other basis specified in the Certificate of Determination, or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair.

(Section A-402, A-303 and A-404)

The Pledge Effected by the Resolution

The Bonds are special obligations of the Issuer payable solely from the sources set forth in subsection 1 of Section A-501 of the Standard Resolution Provisions. There is thereby pledged for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and of Parity Reimbursement Obligations, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof (and to the provisions authorizing Subordinated Indebtedness in the Resolution) for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Pledged Property. Such pledge is for the equal and proportionate benefit and security of all and singular the present and future Holders of Bonds and obligees of Parity Reimbursement Obligations issued and to be issued under the Resolution, without preference, priority or distinction, except as otherwise provided in

the Standard Resolution Provisions, of any one Bond or Parity Reimbursement Obligation over any other Bond or Parity Reimbursement Obligation, by reason of priority in the issue, sale or negotiation thereof or otherwise. The pledge and lien created by the Resolution for the Bonds and Parity Reimbursement Obligation shall be superior in all respects to any pledge or lien now or hereafter created for indebtedness or other obligation secured by the Subordinated Payment Fund.

The Issuer represents and warrants that under the Enabling Act (i) the pledge set forth in subsection 1 of Section A-501 of the Standard Resolution Provisions is and shall be valid and binding from and after the date of issuance and delivery of the first Series of Bonds, and the items set forth in such pledge are and shall be immediately subject to the lien of such pledge without any physical delivery thereof or further act and the lien of such pledge is and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof; and (ii) neither the Resolution nor any other instrument need be recorded or filed to protect the pledge set forth in the aforementioned section.

The revenues, facilities, properties and any and all other assets of the Issuer, or of any subsidiary thereof, other than the Pledged Property, shall not be used for, or as a result of any court proceeding or otherwise, applied to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price, of and interest on the Bonds, and under no circumstances shall the aforementioned be available for such purpose, nor shall there be any recourse against any other assets, revenues or funds of or other payments due to the Issuer, other than the Pledged Property.

The State has no obligation to continue the imposition of the taxes or the sources of any other funds deposited in the Revenue Bond Tax Fund pursuant to Section 92-z, nor to maintain such taxes or the sources of any other funds at any minimum level, and moneys in the Revenue Bond Tax Fund are not pledged to the payment of the Bonds or Parity Reimbursement Obligations prior to appropriation and transfer to the Issuer or the Trustee.

The obligation of the Comptroller under Section 92-z with respect to moneys on deposit in the Revenue Bond Tax Fund are subject to the rights of holders of debt of the State.

Nothing contained in the aforementioned section shall be deemed a limitation upon the authority of the Issuer to issue bonds, notes or other obligations under the Issuer Act secured by other income and funds other than the Pledged Property.

(Section A-501)

Establishment of Funds

Funds and accounts shall be established as authorized by the Resolution.

(Section A-502)

Payment of Bonds

The Issuer shall duly and punctually pay or cause to be paid the principal, Sinking Fund Installments, if any, Redemption Price of, and interest on every Bond, at the dates and places and in the manner set forth in the Bonds according to the true intent and meaning thereof.

(Section A-601)

Extension of Payment of Bonds

The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of any assets of the Issuer or the Funds and accounts (except Funds and accounts held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Trustee, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such claims for interest. Nothing in the Resolution shall be deemed to limit the right of the Issuer to issue Refunding Bonds as permitted by the Resolution and by the Issuer Act and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds refunded.

(Section A-602)

Offices for Servicing Bonds

The Issuer shall at all times maintain an office or agency in the State, where Bonds may be presented for payment, registration, transfer or exchange and where notices, presentations and demands upon the Issuer in respect of the Bonds or of the Resolution may be served. The Issuer appoints the Trustee as its agent to maintain such office or agency in the State for the registration, transfer or exchange of Bonds, for the authentication of Bonds, and for the payment of Bonds.

(Section A-603)

Further Assurance

At any time and all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the Pledged Property pledged or assigned by the Resolution, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign. The Issuer further covenants that it shall use its best efforts, to the extent authorized by law, to cause the Director of the Budget to make and deliver the certificates referred to in the Standard Resolution Provisions at the times required therein and shall cause the amounts so received to be deposited in the appropriate Funds.

(Section A-604)

Power to Issue Bonds and Pledge Revenues and Other Funds

The Issuer is duly authorized under the Acts, and all applicable laws to create and issue the Bonds, to adopt the Resolution and to pledge the Pledged Property purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Standard Resolution Provisions, the Pledged Property is and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable special obligations of the Issuer in accordance with their terms and the terms of the Resolution. The Issuer further covenants that it shall at all times, to the extent permitted by law,

defend, preserve and protect the pledge of the Pledged Property and all of the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

(Section A-605)

Creation of Liens

Except in accordance with the provisions of the Standard Resolution Provisions, the Issuer shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds, Parity Reimbursement Obligations and Bond Anticipation Notes, secured by an equal or prior pledge of all or any part of the Pledged Property, and shall not create or cause to be created any equal or prior lien or charge on the Pledged Property except as provided in the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Issuer from issuing (i) evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in the Standard Resolution Provisions or (ii) evidences of indebtedness secured by the Subordinated Payment Fund.

(Section A-606)

Certificate of the Director of the Budget

In order to assure the maintenance of the Funds and accounts held under the Resolution, not later than thirty days after the submission of the executive budget for the ensuing State Fiscal Year in accordance with the State Constitution, the Issuer shall to the extent authorized by law use its best efforts to enforce the obligation set forth in the Financing Agreement of the Director of the Budget to certify to the Comptroller in accordance with subdivision 5(b) of Section 92-z and the Standard Resolution Provisions a schedule setting forth the following:

(a) The amount of receipts certified and estimated to be deposited on a monthly basis to the Revenue Bond Tax Fund; and

(b) The amount of monthly cash requirements so certified by the Director of the Budget for such State Fiscal Year which shall be at least equal to:

1. all payments of principal, Sinking Fund Installments, if any, and Redemption Price, of Outstanding Bonds due in such State Fiscal Year;
2. the amounts required to pay all interest on Outstanding Bonds (including interest at the Estimated Average Interest Rate for Variable Interest Rate Bonds or under the related Reimbursement Obligation) and any additional amounts due with respect to related Parity Reimbursement Obligations due in such State Fiscal Year;
3. all Issuer Expenses for such State Fiscal Year;
4. all principal of and interest or other amounts payable from the Subordinated Payment Fund and due in such State Fiscal Year;
5. any amounts required to rebate to the Department of the Treasury of the United States of America and not otherwise held in the Funds and accounts under the Resolution;
6. all other payment requirements referred to in the Enabling Act for such State Fiscal Year.

The schedule accompanying the certificate of the Director of the Budget shall also provide for payments as the Director of the Budget deems appropriate to ensure that sufficient funds will be available from the sources, including without limitation revenues derived from the taxes and fees deposited in the Revenue Bond Tax Fund in accordance with Section 92-z, to enable the Issuer to meet its obligations under the Resolution as they become due; provided, however, that such schedule shall require the Comptroller to set aside, on a monthly basis, amounts in the Revenue Bond Tax Fund such that the combined total of (i) the amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) the monthly amounts, as provided for in paragraph (a) above, required to be deposited to the Revenue Bond Tax Fund in such month is not less than one hundred twenty-five percent (125%) of the monthly cash requirements, as provided for in paragraph (b) above, to be paid by the Comptroller to the Trustee, on behalf of the Issuer, in the following month. Financing Agreement Payments shall be paid to the Trustee on or before the fifth Business Day preceding the date on which such payment is due; and provided, further, that to ensure sufficient funds will be available from the sources just described to meet the Issuer's obligations when due, such schedule shall require the Comptroller to pay (x) all moneys set aside pursuant to subdivision 5 of Section 92-z less (y) the Issuer's estimate of investment earnings available therefor on Funds and accounts established under the Resolution and other amounts available under the Resolution, which such estimate shall be made at least once each calendar month prior to the making of any transfer pursuant to subdivision 5 of Section 92-z.

The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the schedule required to accompany such certification, from time to time, to assure that such certification, together with the accompanying schedule, accurately sets forth any and all amounts required or projected by the Issuer for the purposes and at the times prescribed by subdivision 5 of Section 92-z. The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the accompanying schedule if additional amounts are required to make any payment of principal, Sinking Fund Installments, if any, and Redemption Price of or interest on Bonds or with respect to Parity Reimbursement Obligations.

In any event, whether or not there has been any intervening requirement to revise such certificate under the Standard Resolution Provisions, promptly but in no event later than 30 days after the date of the issuance of any Series of Bonds under the Resolution or the issuance of any Parity Reimbursement Obligation, or other evidence of indebtedness payable from the Subordinated Payment Fund or otherwise, the Director of the Budget shall submit a revised certification, together with the accompanying schedule, which accurately sets forth any and all amounts required or projected to be required by the Issuer as of such date for the purposes and at the times prescribed by the terms of the Standard Resolution Provisions.

The agreement of the State under Section 68-c shall be deemed executory only to the extent of appropriations available for payments under Section 68-c and no liability on account of any such payment shall be incurred by the State beyond such appropriations.

(Section A-607)

Agreement With the Director of the Budget

The Issuer shall only issue or incur Bonds (including Refunding Bonds), Parity Reimbursement Obligations or other obligations under the Resolution (including Credit Facilities, Qualified Swaps, other similar arrangements, and Parity Reimbursement Obligations) with the written approval of the Director of the Budget. The Issuer shall enter into one or more Financing Agreements with the State, acting through the Director of the Budget, as provided in subdivision 1 of Section 68-c providing for the specific manner, timing and amount of payments to be made under Section 68-c and the Resolution. The Issuer shall approve the form and substance of such Financing Agreement with respect to any Series of Bonds prior to or concurrently with the adoption of the applicable Supplemental Resolution and shall use its best efforts, to the extent permitted by law, to take all steps necessary or appropriate to enforce such

Financing Agreement and to assure compliance by the State therewith. The Issuer shall not enter into any such Financing Agreement that is not in conformity with the Acts and the Resolution.

(Section A-608)

Agreement With the State

In accordance with the provisions of the Enabling Act and to the extent applicable, the Issuer Act, the Issuer includes in the Resolution, to the fullest extent enforceable under applicable federal and State law, the pledge to and agreement with the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred under the Resolution made by the State and set forth in the Acts that the State will not in any way impair the rights and remedies of such Holders until such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued or incurred under the Resolution, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of such Holders, are fully met and discharged.

Notwithstanding any other provision of the Resolution, nothing contained in the Acts or the Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to taxes imposed pursuant to Article 22 of the Tax Law. The Issuer and the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued under the Resolution expressly agree that it shall be an integral part of the contract arising under the Resolution that no default thereunder occur as a result of the State exercising its right to amend, repeal, modify or otherwise alter any such tax.

(Section A-609)

Amendment of Financing Agreements

The Issuer shall not amend, change, modify, alter or terminate any Financing Agreement so as to materially adversely affect the right, security and interest of the Holders of the Outstanding Bonds without the prior written consent of the provider of a Credit Facility, if any, affected thereby, or, in the event that there is no Credit Facility in place with respect to the Series of Bonds affected thereby, without the prior written consent of at least a majority in aggregate principal amount of the Holders of the Bonds then Outstanding and affected thereby; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the providers of the Credit Facility, if any, or the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Standard Resolution Provisions. Any Financing Agreement may be amended, supplemented, changed, modified or altered without the consent of the provider of the Credit Facility, if any, or the Holders of Outstanding Bonds to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, or the providing, furnishing and equipping of a Project or which may be added to such Project, or to provide for additional Financing Agreement Payments; and any Financing Agreement may be amended, supplemented, changed, modified or altered without such consent to cure any ambiguity, or to correct or supplement any provisions contained in any Financing Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in such Financing Agreement and which the Issuer determines will not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be. In no event shall changes relating solely to Projects, including schedules related thereto, be deemed to materially adversely affect such Holders or providers of Credit Facilities. Upon execution by the Issuer of any amendment, a copy thereof certified by the Issuer shall be filed with the Trustee and each provider of the Credit Facility affected thereby.

For the purposes of the Standard Resolution Provisions, Bonds shall be deemed to be materially adversely affected by an amendment, change, modification or alteration of any Financing Agreement if the same materially adversely affects or diminishes the rights, security and interest of the Holders of the Bonds or the provider of a Credit Facility, as the case may be. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds or the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be, would be materially adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the provider of a Credit Facility, the Trustee and all Holders of Bonds; and, provided further, however, any such amendments deemed necessary by the Issuer to effect any assumption, extinguishment and substitution authorized by the Standard Resolution Provisions shall not be deemed to materially adversely affect the Bonds.

For all purposes of the Standard Resolution Provisions, the Issuer shall be entitled to rely upon a Counsel's Opinion (a copy of which shall be provided by the Issuer to any provider of a Credit Facility thereby affected), with respect to whether any amendment, change, modification or alteration materially adversely affects the right, security and interest of any Holders of Bonds and any provider of a Credit Facility of a Series then Outstanding.

(Section A-610)

Enforcement of Duties and Obligations of the State

The Issuer shall use its best efforts, to the extent permitted by law, to cause the State to perform fully all duties and acts and comply fully with the covenants of the State required by any Financing Agreement in the manner and at the times provided in such Financing Agreement provided, however, that the Issuer may delay, defer or waive enforcement of one or more provisions of said Financing Agreement (other than provisions requiring the payment of moneys to any Fund or account established under the Resolution), if the Issuer determines such delay, deferment or waiver will not materially adversely affect the right, security and interest of the Holders of the Bonds of the applicable Series or the issuer of any Credit Facility.

(Section A-611)

Reservation of State Rights of Assumption, Extinguishment and Substitution

It is expressly understood and agreed by the Issuer and the Holders or other obligees of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution to be an integral part of the contract arising under the Resolution that, in accordance with subdivision 6 of Section 68-c, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that include the Revenues pledged under the Resolution, (i) to assume, in whole or in part, the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations of the Issuer issued or incurred under the Resolution, (ii) to extinguish the existing lien on Pledged Property created under the Resolution, and (iii) to substitute security or source of payment for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution, in each case only so long as such assumption, extinguishment and substitution is accomplished in accordance with the Standard Resolution Provisions. (Any Bonds paid or deemed to have been paid in accordance with the Standard Resolution Provisions on or before the date of any assumption, extinguishment and substitution shall not be taken into account in determining compliance with the provisions of the Standard Resolution Provisions.)

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and
2. any State Revenue Bonds resulting from such assumption, extinguishment and substitution shall be secured by revenues that may include all the Revenues securing the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as of the day immediately preceding such assumption, extinguishment and substitution, and the provisions of the Enabling Act relating to security for or payment of the Bonds and Parity Reimbursement Obligations shall remain in full force and effect in substantially the form they existed immediately prior to such assumption, extinguishment and substitution and shall not have been amended in connection therewith except to the extent necessary or convenient to permit the Revenues and the Revenue Bond Tax Fund to be sources of payment or security for the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution; provided, however, that in connection with any such assumption, extinguishment and substitution, it is expressly understood and agreed by all Bondholders and all providers of Credit Facilities that the Enabling Act may be amended to delete the transfer from the general fund as set forth in paragraph (b) of subdivision 5 of Section 92-z and paragraph (a) of subdivision 5 of Section 92-z may be amended to delete the requirement that Financing Agreement Payments be appropriated before any moneys held pursuant to such Section 92-z are transferred to the general fund; and
3. any resolution or trust agreement securing the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution shall contain limitations on amendment powers no less restrictive than those set forth in the Standard Resolution Provisions, and shall include events of default to the effect of those contained in Section A-1101(e), (f), and (g) of the Standard Resolution Provisions and shall grant the remedies contained under Section A-1102(1) and (2) of the Standard Resolution Provisions, provided that the Comptroller or the Attorney General of the State may serve in the capacity of the Trustee for such purposes and the State or other issuer of State Revenue Bonds may be substituted for the Issuer in Section A-1101(1) of the Standard Resolution Provisions, and shall include defeasance provisions no less restrictive than those set forth in the Standard Resolution Provisions; and
4. the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution shall have the same or superior priority of claim on the revenues securing such obligations as that provided by the Resolution; and
5. any resolution or trust agreement securing the State Revenue Bonds resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations secured under the Resolution shall

contain a covenant of the State substantially to the effect of the covenant contained in the Standard Resolution Provisions; and

6. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution (A) complies with the provisions of the Standard Resolution Provisions and the Enabling Act and (B) will have no adverse effect on the federal or State tax status of interest on the Bonds.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to the Standard Resolution Provisions (or brief summary thereof or reference thereto) shall be mailed by the Issuer to such Bondholders and providers of Credit Facilities to the extent affected thereby (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when effected as provided in the Standard Resolution Provisions).

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and
2. with respect to all Bonds Outstanding, written consent to such assumption, extinguishment and substitution shall be given as provided in the Resolution by the Holders of at least a majority in principal amount of such Bonds Outstanding at the time such consent is given; and
3. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution complies with the provisions of the Standard Resolution Provisions and the Enabling Act.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to the Standard Resolution Provisions (or brief summary thereof or reference thereto) together with a request to the Bondholders indicated above for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when consented to as provided in the Standard Resolution Provisions). No such assumption, extinguishment and substitution pursuant to this subdivision shall be effective unless and until there shall have been filed with the Issuer (i) the written consents of Holders of the percentages of Outstanding Bonds specified in this subdivision, and (ii) the aforementioned Counsel's Opinion. Each such consent of a Bondholder shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that such Authorized Officer has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer. Any such consent

given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer in the Standard Resolution Provisions provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that such assumption, extinguishment and substitution have been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Standard Resolution Provisions, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such assumption, extinguishment and substitution from becoming effective and binding as in the Standard Resolution Provisions provided) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents and the written statement of the Issuer above provided for is filed (but failure to publish such notice shall not prevent such assumption, extinguishment and substitution from becoming binding as in the Standard Resolution Provisions provided). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by the Standard Resolution Provisions to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such assumption, extinguishment and substitution shall be deemed conclusively binding upon the State, the Issuer, the Trustee, and the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such assumption, extinguishment and substitution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such assumption, extinguishment and substitution as it may deem expedient.

Upon the effective date of any such assumption, extinguishment and substitution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and any Paying Agents shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption.

(Section A-612)

Accounts and Reports

The Issuer shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all its transactions relating to all Funds and accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Holders of an

aggregate of not less than twenty-five per cent (25%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Issuer may authorize or permit the Trustee or its duly authorized agents to keep any or all of such books on behalf of the Issuer.

(Section A-613)

Tax Covenants

The Issuer shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds issued as Tax-Exempt Bonds shall be not included in the gross income of the owners thereof for purposes of federal income taxation.

Notwithstanding the foregoing, the Issuer reserves the right, in a Supplemental Resolution authorizing the issuance of obligations, to elect to issue Taxable Bonds.

(Section A-614)

General

The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Acts and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State, including the Acts and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State.

(Section A-615)

Notice as to Event of Default

The Issuer shall notify the Director of the Budget, the Comptroller, each issuer of a Credit Facility and the Trustee in writing that an "Event of Default," as such term is defined in the Standard Resolution Provisions, has occurred and is continuing, which notice shall be given within thirty (30) days after the Issuer has obtained actual knowledge thereof; provided, however, that the Issuer shall provide each of the foregoing with immediate notice of any payment default after the Issuer has obtained actual knowledge thereof.

(Section A-616)

Other Bonds Authorized by the Enabling Act

The Bonds authorized by the Resolution are authorized by the Enabling Act. All bonds issued pursuant to the Enabling Act, whenever issued and by whichever Authorized Issuer, have equal claim to all moneys available subject to appropriation from the Revenue Bond Tax Fund pursuant to the Enabling Act, and further subject to provisions in the Resolution or other such resolutions authorizing such bonds relating to subordination.

(Section A-617)

Investment of Funds

Amounts in the Funds and accounts established by Section 502 of the Resolution may be invested only in Investment Obligations. The Trustee shall make such investments in any Funds or accounts held by the Trustee in accordance with any instructions received from an Authorized Officer of the Issuer. Except as otherwise provided in the resolution authorizing any series of Bond Anticipation Notes, interest earned by the investment of moneys in each Fund or account under the Resolution shall be held, deposited or transferred in accordance with the Resolution. The Trustee shall have no obligation to invest or reinvest amounts as contemplated by the Resolution except upon the direction of an Authorized Officer of the Issuer as to specific investments. Any such direction, if not in writing, shall be promptly confirmed in writing.

Investment Obligations on deposit in the Funds and accounts held under the Resolution shall have maturity dates, or shall be subject to redemption or tender at the option of the Issuer or the Trustee on the respective dates specified by an Authorized Officer of the Issuer, as appropriate, which dates shall be on or prior to the respective dates on which the moneys invested therein are expected to be paid for the purposes of such Funds and accounts. The Issuer, or the Trustee, upon the instructions of an Authorized Officer of the Issuer, shall sell any Investment Obligations held in any Fund or account to the extent required for payments from such Fund or account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or account to the extent required to meet the requirements of such Fund or account. Losses, if any, realized on Investment Obligations held in any Fund or account shall be debited to such Fund or account. In computing the amount of such Funds and accounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value, plus accrued interest. Accrued interest received upon the sale of any Investment Obligation to the extent such amount exceeds any accrued interest paid on the purchase of such Investment Obligation shall be treated as interest earned on such Investment Obligation for purposes of the Standard Resolution Provisions.

Nothing in the Resolution shall prevent any Investment Obligations acquired as investments of or security for any Fund, account or subaccount held under the Resolution from being held in book-entry form.

(Section A-701)

Trustee; Appointment and Acceptance of Duties

The Trustee shall be appointed in the Supplemental Resolution authorizing the issuance of the first Series of Bonds under the Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by written instrument of acceptance delivered to the Issuer.

(Section A-801)

Paying Agents; Appointment and Acceptance of Duties

The Issuer may, in its discretion, appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Resolution authorizing such Bonds at least one of which shall have an office for the transaction of business in the State, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in the Standard Resolution Provisions for the appointment of a successor Paying Agent.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof.

The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds.

(Section A-802)

Responsibilities of Fiduciaries

The recitals of fact in the Standard Resolution Provisions and in the Bonds shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent the proceeds are received by it in its capacity as Fiduciary, or (iii) the application of any moneys paid to the Issuer or others in accordance with the Resolution except as to the application of any moneys paid to it in its capacity as Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution except for its own negligence or willful misconduct. Subject to the foregoing, the Issuer may designate any Fiduciary to undertake any duty in the Resolution of the Issuer with respect to collection, accounting, review of and notice for any consents required thereunder.

(Section A-803)

Evidence on Which Fiduciaries May Act

Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

(Section A-804)

Compensation

The Issuer shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the

performance of their powers and duties under the Resolution. The Issuer further agrees to the extent permitted by law to indemnify and save each such Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Resolution, and which are not due to its negligence or willful misconduct. The Issuer's obligation to make any payment pursuant to the Standard Resolution Provisions shall be limited to payment from amounts made available therefor pursuant to the Financing Agreements.

(Section A-805)

Certain Permitted Acts

Any Fiduciary may become the owner of or deal in any Bonds as fully with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as Securities Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding in respect of which any such action is taken.

(Section A-806)

Resignation of Trustee

The Trustee may at any time resign and be discharged of its duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Issuer, specifying the date when such resignation shall take effect, and mailing notice thereof, to the Holders of all Bonds then Outstanding, and such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as provided in the Resolution, in which event such resignation shall take effect immediately upon the appointment of such successor; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee.

(Section A-807)

Removal of Trustee

The Issuer may at any time remove the Trustee initially appointed or any successor thereto by written notice of such removal mailed by first class mail to the Trustee except that the Trustee may not be removed by the Issuer during the pendency of an Event of Default; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee. Notice of the removal of the Trustee shall be mailed by first class mail to the registered Holders of all Bonds then Outstanding at least 30 days prior to such removal.

(Section A-808)

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee. The Issuer shall cause notice of any such appointment to be mailed to all Holders of Bonds then Outstanding.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of the Standard Resolution Provisions within 30 days after the Trustee shall have given to the Issuer written notice as provided in the Standard Resolution Provisions or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee appointed under the provisions of the Standard Resolution Provisions in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York or a national banking association and having Fiduciary Capital Funds of at least \$100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-809)

Transfer of Rights and Property to Successor Trustee

Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Resolution. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers, and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any such successor Trustee shall promptly notify the Paying Agents, if any, of its appointment as Trustee.

(Section A-810)

Merger or Consolidation

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which such Fiduciary may sell or transfer all or substantially all of its business, or all of its non-private trust administration business, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act; provided such company shall be a bank having trust powers or a trust company organized under the laws of the State or a national banking association and shall, if it previously had not had such an office, have an office for the transaction of its business in the State, and shall be authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-811)

Resignation or Removal of Paying Agent and Appointment of Successor

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) days' written notice to the Issuer and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Issuer. Any successor Paying Agent may be appointed by the Issuer and (subject to the requirements of the Standard Resolution Provisions) shall be a bank having trust powers or trust company in good standing organized under the laws of any state of the United States of America or a national banking association, duly authorized to exercise trust powers and subject to examination by federal or state Corporation, having Fiduciary Capital Funds of at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or if there shall be no successor, to the Issuer. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Issuer shall act as such Paying Agent.

(Section A-812)

Adoption and Filing

The Issuer may adopt at any time or from time to time a Supplemental Resolution to authorize the issue of the initial Series of Bonds and of additional Series of Bonds and the incurrence of Parity Reimbursement Obligation as provided in the Standard Resolution Provisions and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued and Parity Reimbursement Obligation may be incurred.

(Section A-901)

Supplemental Resolutions Effective Upon Adoption

Notwithstanding any other provisions of the Standard Resolution Provisions, the Issuer may adopt, for any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution which, upon adoption thereof and filing with the Trustee shall be fully effective in accordance with its terms:

To close the Resolution against, or provide limitations and restrictions contained in the Resolution on, the authentication or execution and delivery on original issuance of Bonds or the issuance of other evidences of indebtedness;

To add to the covenants and agreements of the Issuer contained in the Resolution other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

To add to the limitations or restrictions in the Resolution other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;

To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by, the Resolution, or any Supplemental Resolution of the Pledged Property, including the Revenues or the Funds, and other moneys and securities;

To modify any of the provisions of the Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered on original issuance after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Bonds then Outstanding or to be issued or the exemption of interest received on any Bonds from State income taxation;

To modify, amend or supplement the Resolution in any manner in order to provide for a Credit Facility, Qualified Swap or other similar arrangement with respect to any Series of Bonds, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect;

To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the Standard Resolution Provisions and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

To authorize Subordinated Indebtedness and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer of the Issuer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Standard Resolution Provisions as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness in the Subordinated Payment Fund and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness;

To provide, with prior written notice to each Rating Agency, for additional Investment Obligations that may be designated as Government Obligations consistent with clause (f) of the definition of Government Obligations;

Notwithstanding the Standard Resolution Provisions, to the extent authorized by law and to the extent the Issuer shall have received a Counsel's Opinion that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Tax-Exempt Bonds, to provide for the delivery of Bonds that are not in registered form;

To modify the pledge effected by Section 501 of the Resolution and such other provisions of the Standard Resolution Provisions solely to give effect to an assumption, extinguishment and substitution consistent with the Standard Resolution Provisions;

Notwithstanding the terms and provisions of the Standard Resolution Provisions, to the extent authorized by law and to the extent that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Bonds issued on a tax-exempt basis, to provide for the delivery of a Series of Bonds or a portion of a Series of Bonds incorporating detachable call options;

To modify, with prior written notice to each Rating Agency, the definition of Qualified Swap Provider; or

To make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Holders of Outstanding Bonds or Parity Reimbursement Obligations.

In making any determination under the preceding paragraph, the Issuer may consult with and rely upon an Opinion of Counsel or opinions of other experts or professionals.

(Section A-902)

Supplemental Resolutions Effective with Consent of Trustee

Notwithstanding any other provision of the Standard Resolution Provisions, the Issuer may adopt a Supplemental Resolution amending any provision of the Standard Resolution Provisions, effective upon filing with the Issuer of a written determination of the Trustee and a Counsel's Opinion that such amendment will not materially adversely affect the rights of any Holder of Bonds.

(Section A-903)

Supplemental Resolutions Effective with Consent of Bondholders

Except as permitted in the Standard Resolution Provisions, at any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders, and in accordance with the provisions of the Standard Resolution Provisions, which Supplemental Resolution, upon adoption and upon compliance with the Standard Resolution Provisions shall become fully effective in accordance with its terms as provided in the Standard Resolution Provisions.

(Section A-904)

General Provisions

Nothing contained in the Standard Resolution Provisions shall affect or limit the right or obligation of the Issuer to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of the Standard Resolution Provisions or the right or obligation of the Issuer to execute and deliver to the Trustee any instrument which elsewhere in the Resolution it is provided shall be so delivered.

Any Supplemental Resolution referred to and permitted or authorized by the Standard Resolution Provisions may be adopted by the Issuer without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Standard Resolution Provisions. Every Supplemental Resolution adopted by the Issuer shall be (i) subject to the written approval of the Director of Budget, and (ii) the subject of a Counsel's Opinion stating that such

Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. The Trustee shall be entitled to rely upon such opinion, which shall be conclusive evidence that such Supplemental Resolution is authorized or permitted by the Standard Resolution Provisions.

The Trustee is authorized by the Resolution to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the Standard Resolution Provisions and to make all further agreements and stipulations which may be contained in the Resolution, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the Standard Resolution Provisions.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or Paying Agent affected thereby.

(Section A-905)

Mailing and Publication

Any provision in the Standard Resolution Provisions relating to the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid to each Bondholder of any affected Bonds then Outstanding at such Bondholder's address, if any, appearing upon the registry books of the Issuer and to the Trustee; or, in each case, to such parties by facsimile or other means to the extent permitted by applicable law and arrangements.

Any provision in the Standard Resolution Provisions for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

(Section A-1001)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Standard Resolution Provisions, (a) by the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (b) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, by the Holders of at least a majority in principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Standard Resolution Provisions. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holders of such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of the Standard Resolution Provisions, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same materially adversely affects or diminishes the right, security and interest of the Holders of Bonds of such Series. The Issuer may in its discretion determine whether or not in accordance with the foregoing, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such

determination shall be binding and conclusive on all Holders of Bonds. The Issuer shall, prior to making any such determination, receive a Counsel's Opinion as conclusive evidence as to whether the Bonds of a Series or maturity would be so affected by any such modification or amendment thereof.

Notwithstanding anything in the Resolution to the contrary, the consent of Holders of any Series of Additional Bonds to be issued under the Resolution shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Bonds is offered and sold.

(Section A-1002)

Consent of Bondholders

The Issuer may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Standard Resolution Provisions, to take effect when and as provided in the Standard Resolution Provisions. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as provided in the Standard Resolution Provisions). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Issuer (i) the written consent of Holders of the percentages of Outstanding Bonds specified in the Standard Resolution Provisions, and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that he or she has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer of the Issuer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer in the Standard Resolution Provisions provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Issuer) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Standard Resolution Provisions, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as is provided in the Standard Resolution Provisions) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents to the

Supplemental Resolution and the written statement of the Issuer provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming binding as is provided in the Standard Resolution Provisions). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by the Standard Resolution Provisions to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee, or the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

For the purpose of the Standard Resolution Provisions, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Standard Resolution Provisions in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus,

offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Issuer or with the remarketing of the Bonds.

(Section A-1003)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Issuer of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Standard Resolution Provisions except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the filing with the Issuer of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

(Section A-1004)

Exclusion of Bonds

Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Standard Resolution Provisions, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Resolution. At the time of any consent or other action taken under the Standard Resolution Provisions, the Issuer shall file with its records relating to the Bonds a certificate of an Authorized Officer of the Issuer describing all Bonds so to be excluded.

(Section A-1005)

Notation on Bonds

Bonds delivered after the effective date of any action taken as provided in the Standard Resolution Provisions may, and, if the Issuer so determines, shall, bear a notation by endorsement or otherwise in form approved by the Issuer and Trustee as to such action, and in that event upon demand of the Holder of any Bond Outstanding at such effective date and presentation to the Issuer of his or her Bond for such purpose, suitable notation shall be made on such Bond by the Issuer as to any such action. If the Issuer and Trustee shall so determine, new Bonds so modified as, in the opinion of the Issuer and Trustee conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

(Section A-1006)

Events of Default

The occurrence of one or more of the following events shall constitute an “Event of Default”:

(a) payment of principal, Sinking Fund Installments, interest or premium on any Bond shall not be made when the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of ten (10) Business Days; or

(b) in connection with financings for any Authorized Purpose authorized by Section 68-b, the Director of the Budget shall fail or refuse to comply with the provisions of subdivision 5(b) of Section 92-z and such failure or refusal shall continue for a period of thirty (30) days; or

(c) the Comptroller shall fail to pay to any Authorized Issuer from an appropriation, as and when provided by subdivision 3 of Section 68-c in accordance with a Financing Agreement, any amount as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, which default shall continue for a period of ten (10) Business Days; or

(d) the Governor shall fail or refuse to include in the appropriation bills required to be submitted by the Governor pursuant to Section 24 of the State Finance Law appropriations sufficient to pay any and all amounts as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, in connection with financings for any Authorized Purpose authorized by Section 68-b, and such failure or refusal shall continue for thirty (30) days from and after the date on which such bills are required to be submitted; or

(e) the State shall have enacted a moratorium or other similar law affecting payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(f) the State or any officer of the State shall fail or refuse to comply with any of the provisions of Section 68-c or Section 92-z, either case relating to security for or payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(g) failure by the Issuer to observe any of the covenants, agreements or conditions on its part contained in the Resolution or in the Bonds, and failure to remedy the same for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Issuer by the Trustee or to the Issuer and the

Trustee by the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30)-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and is diligently pursued until the default is corrected.

Except as provided above or, to the extent permitted by the Standard Resolution Provisions, in a Supplemental Resolution, no default under the Acts or any resolution, agreement, or other instrument shall constitute or give rise to an Event of Default under the Resolution.

It is expressly understood that nothing in the Standard Resolution Provisions or elsewhere in the Resolution may be construed to restrict the right of the State under subdivision 5 of Section 68-c to amend, repeal, modify or otherwise alter statutes imposing or relating to any taxes or the sources of any other funds, including the taxes or the sources of any other funds to be deposited into the Revenue Bond Tax Fund without giving rise to an Event of Default under the Resolution.

(Section A-1101)

Remedies

Upon the occurrence and continuance of any Event of Default specified in the Standard Resolution Provisions, the Trustee shall, and upon the occurrence and continuance of any other Event of Default specified in the Standard Resolution Provisions, the Trustee may, and upon written request of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, shall:

- (a) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of Bonds under the Resolution;
- (b) bring suit upon such Bonds;
- (c) by action or suit in equity, require the Issuer to account as if it were the trustee of an express trust for the Holders of such Bonds; or
- (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds.

The Trustee shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the Holders of the Bonds in the enforcement and protection of their rights.

The Supreme Court of the State shall have jurisdiction of any suit, action or proceeding by the Trustee on behalf of the Holders of Bonds, and venue of any such suit, action or proceeding shall be laid in the County of Albany.

No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Holders of the Bonds is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Standard Resolution Provisions, except that the rights of Bondholders pursuant to subdivision 2(g) of Section 68-b as in effect on the date of adoption of the Standard Resolution Provisions are abrogated. It is further expressly understood that the Resolution does not permit the Trustee or the Holders of the Bonds to declare the Bonds to be immediately due and payable.

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Resolution, or any other remedy under the Resolution or under the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Resolution and unless also the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers therein above granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Resolution, or to enforce any right under the Resolution or under the Bonds, except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of Outstanding Bonds, subject, however, to the Standard Resolution Provisions. Nothing in the Resolution or in the Bonds contained shall affect or impair the right of action, which is also absolute and unconditional, of any Holder of any Bond to enforce payment of the principal of and premium, if any, and interest on such Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed.

All rights of action under the Resolution or under any of the Bonds which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Resolution.

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by the Standard Resolution Provisions to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time as often as may be deemed expedient.

(Section A-1102)

Priority of Payments After Default

In the event that the funds held by the Issuer, the Trustee or by the Paying Agents shall be insufficient for the payment of principal, Sinking Fund Installments, if any, or Redemption Price of and interest then due on the Bonds and for payments then due with respect to Parity Reimbursement Obligations, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any Fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Bond Anticipation Notes) and any other moneys received or collected by the Trustee or any Paying Agents, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the Revenues, or otherwise protect the interests of the Holders of the Bonds, and after making provision for the payment of the reasonable charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their duties under the Resolution, shall be applied as follows:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Bonds or Parity Reimbursement Obligations in the order of the maturity of the

installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Bonds and Parity Reimbursement Obligations; and

SECOND: To the payment to the Persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds or Parity Reimbursement Obligations which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and when all overdue installments of interest on all Bonds and Parity Reimbursement Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds and Parity Reimbursement Obligations which shall then be payable, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds or Parity Reimbursement Obligations shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all such Pledged Property then remaining unexpended in the hands of the Trustee (except Pledged Property deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights. No such payment to the Issuer by the Trustee or resumption of the application of Pledged Property as provided in Article V of the Resolution shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

(Section A-1103)

Defeasance

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds then Outstanding, the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee and any Paying Agents, if any, shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption or required for payments to Fiduciaries pursuant to the Standard Resolution Provisions.

Bonds, or portions of Bonds, for the payment or redemption of which moneys shall have been set aside and shall be held by the Trustee (through deposit by the Issuer of funds for such payment or otherwise) at the maturity date or Redemption Date of such Bonds shall be deemed to have been paid within the meaning of the Resolution. Any Bonds, or portions of Bonds, of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Standard Resolution Provisions if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide to Holders in accordance with the Standard Resolution Provisions notice of redemption on said date or dates of such Bonds, (b) there shall have been irrevocably deposited by the Issuer with the Trustee either moneys in an amount which shall be sufficient, or Government

Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited by the Issuer with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall (i) publish, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds, and (ii) mail by registered or certified mail, postage prepaid, a notice to the Holders of such Bonds, in each case that the deposit required by (c) above has been made and that said Bonds are deemed to have been paid in accordance with the Standard Resolution Provisions and stating such maturity date or Redemption Date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, on said Bonds. The Trustee shall, at the discretion of the Issuer, select the Bonds of a Series and the maturity or portion of a maturity thereof shall be paid in accordance with the Standard Resolution Provisions in the manner further provided in the Standard Resolution Provisions thereof. Neither Government Obligations or moneys deposited pursuant to the Standard Resolution Provisions nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on said Bonds; provided that any moneys received from such principal or interest payments on such Government Obligations so deposited, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date, payment date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited shall, to the extent in excess of the amounts required in the Resolution to pay principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be applied as follows: first to the Rebate Fund, the amount, if any, required to be deposited therein; and, then the balance thereof to the Issuer, and any such moneys so paid shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution. Prior to applying any such excess amounts pursuant to this paragraph or the following paragraph, the Issuer shall obtain written confirmation from an independent certified public accountant that the amounts remaining on deposit and held in trust are sufficient to pay the obligations set forth above.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Government Obligations and moneys, if any, in accordance with the second sentence of the preceding paragraph, the interest to come due on such Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys, Government Obligations on deposit with the Trustee for the payment of interest on such Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Bonds in order to satisfy the second sentence of the preceding paragraph, the Trustee shall, if requested, by the Issuer, pay the amount of such excess to the Issuer free and clear of any trust, pledge, lien, encumbrance or security interest securing the Bonds or otherwise existing under the Resolution.

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable either at their stated maturity dates or earlier Redemption Dates or for two (2) years after the date of deposit of such moneys if deposited with the Trustee, after the said date when such Bonds became due and payable, shall, at the written request of the Issuer, be repaid by the Trustee to the Issuer, as its absolute property and free from trust, and the Trustee

shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds. Before being required to make any such payment to the Issuer, the Trustee shall, at the expense of the Issuer, (i) cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, and (ii) cause to be mailed postage prepaid to each registered owner of Bonds then Outstanding at his or her address, if any, appearing upon the registry books of the Issuer, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication or mailing of such notice, the balance of such moneys then unclaimed will be returned to the Issuer.

(Section A-1104)

Certain Provisions Relating to Economic Defeasance

Any Bonds of any Series for which prior to the maturity or Redemption Date thereof, the Issuer shall have given to the Trustee or other fiduciary selected by the Issuer in form satisfactory to it irrevocable instructions to maintain on deposit in a Fund or account held by the Trustee or other fiduciary selected by the Issuer established for such purpose for the benefit of the Holders of such Bonds, Investment Obligations, other than Government Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or other fiduciary selected by the Issuer at the same time, as verified in the report of a firm of certified public accountants, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, shall not be counted as Outstanding under the Standard Resolution Provisions solely for the purpose of the calculation of Calculated Debt Service required under the Standard Resolution Provisions.

(Section A-1105)

Evidence of Signatures of Bondholders and Ownership of Bonds

Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Issuer, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Issuer or any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request or consent by the owner of any Bond shall

bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer, the Trustee or any Paying Agent in accordance therewith except as otherwise provided in the Standard Resolution Provisions.

(Section A-1201)

Moneys Held for Particular Bonds

The amounts held by the Trustee or any Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto and for the purposes thereof such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, consistent with the provisions of the Standard Resolution Provisions, shall no longer be deemed to be Outstanding.

(Section A-1301)

General Regulations as to Moneys and Funds

Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Bonds, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(Section A-1302)

Preservation and Inspection of Documents

All documents received by the Trustee or any Paying Agent under the provisions of the Resolution or any Supplemental Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Trustee or any other Paying Agent, as applicable, and any Bondholder and their agents and their representatives; provided, however, that with respect to inspection by a Holder of a Bond of any Series a written request of such Bondholder must have been made and received by the Trustee at least five (5) Business Days prior to the date of inspection. The Issuer or its representatives may make copies of any such documents.

(Section A-1303)

Parties of Interest

Nothing in the Resolution or in any Supplemental Resolution, expressed or implied, is intended or shall be construed to confer upon, or give to, any person or party, other than the Issuer, the Trustee, any Paying Agent, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities any right, remedy or claim under or by reason of the Resolution or any Supplemental Resolution or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in the Resolution or any Supplemental Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Paying Agents, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities.

(Section A-1304)

No Recourse Under Resolution or on the Bonds

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, officer or employee of the Issuer in his or her individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price or interest on the Bonds or for any claim based thereon or on the Resolution against any member, officer or employee of the Issuer or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of a Bond by the acceptance of such Bonds.

(Section A-1305)

Publication of Notices

Any publication to be made under the provisions of the Resolution in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in different Authorized Newspapers.

(Section A-1306)

Successors and Assigns

Whenever in the Resolution the Issuer is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Issuer shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

(Section A-1307)

Severability of Invalid Provisions

If any one or more of the covenants, stipulations, promises, agreements or obligations provided in the Resolution on the part of the Issuer, the Trustee or any Paying Agent to be performed should be determined by a court of final jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, agreement or agreements or obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations contained in the Resolution and shall in no way affect the validity of the other provisions of the Resolution.

(Section A-1308)

Other Resolutions

The Issuer expressly reserves the right to adopt one or more other bond resolutions and to issue bonds, bond anticipation notes, notes and other obligations thereunder without compliance with and not subject to the Standard Resolution Provisions.

(Section A-1309)

Survival of Particular Covenants

Notwithstanding that Bonds may no longer be Outstanding, the obligations of the Issuer (i) to pay amounts to any Fiduciary pursuant to the Standard Resolution Provisions shall remain in full force and effect until all such amounts are paid and (ii) to comply with the provisions of Section 505 of the Resolution in connection with any Tax-Exempt Bonds, with respect to the rebate to the Department of the Treasury of the United States of America of any Rebate Amount relating to the Bonds of a Series shall remain in full force and effect so long as the Issuer shall be required by the Code to rebate any such Rebate Amount.

(Section A-1310)

Actions by the Issuer

Any time the Issuer is permitted or directed to act pursuant to the Resolution or a Supplemental Resolution, such action may be taken by an Authorized Officer of the Issuer except that the following actions may only be taken by resolution of the members of the Issuer: authorization and issuance of Bonds; adoption of resolutions; and modifications and amendments pursuant to the Standard Resolution Provisions. Any certificates of the Issuer to be delivered under the Resolution shall be executed by an Authorized Officer of the Issuer.

(Section A-1311)

Governing Laws

The Resolution, including the Standard Resolution Provisions, shall be governed by and interpreted in accordance with internal laws of the State, without regard to conflict of law principles thereof.

(Section A-1312)

Payments due on Other Than a Business Day

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be on a day that is not a Business Day, then payment of interest or

principal and premium, if any, need not be made on such date but may be made (unless otherwise provided in a Supplemental Resolution without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, as the case may be.

(Section A-1313)

Effective Date

The Resolution shall take effect immediately.

(Section A-1314)

APPENDIX C

CONFORMED COPY OF STATE PERSONAL INCOME TAX REVENUE BONDS FINANCING AGREEMENT

STATE PERSONAL INCOME TAX REVENUE BONDS FINANCING AGREEMENT (the “Financing Agreement”), dated as of August 7, 2002, by and between the New York State Thruway Authority, a body corporate and politic constituting a public benefit corporation agency of the State of New York, (the “Issuer”), and the State of New York (the “State”), acting by and through the Director of the Budget of the State (the “Director of the Budget”).

WHEREAS, the Issuer has, pursuant to the New York State Thruway Authority Act, (being Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended) (the “Issuer Act”) and Article 5-C of the State Finance Law, as may be hereafter amended from time to time (the “Enabling Act,” which together with the Issuer Act is referred to herein as the “Acts”), adopted its State Personal Income Tax Revenue Bonds General Bond Resolution on June 27, 2002 (including Annex A thereto, as amended and supplemented), and various Supplemental Resolutions (collectively, the “Resolution”) for the purpose of issuing from time to time one or more series of bonds (the “Bonds”), notes or other obligations to be secured by this Financing Agreement, as may be amended or supplemented from time to time, with the State; and

WHEREAS, in order to assist the Issuer in the financing of one or more authorized purposes as provided in the Enabling Act (“Authorized Purposes”) pursuant to applicable law and in consideration of the benefits to be derived therefrom by the people of the State, the Director of the Budget, acting on behalf of the State, is authorized to enter into one or more Financing Agreements with the Issuer whereunder the State agrees, subject to the making of annual appropriations therefor by the State Legislature, to make annual payments to the Issuer, and authorize the Issuer to pledge and assign the State payments to be made as security for Bonds or other obligations which the Issuer may issue or incur in order to finance Authorized Purposes; and

WHEREAS, the State and the Issuer agree that their mutual public purposes and their best interests will be promoted by the execution of this Financing Agreement, as the same may be modified, supplemented or amended from time to time; and

WHEREAS, the Issuer Board authorized its Authorized Officer to enter into, execute and amend this Financing Agreement;

NOW, THEREFORE, the parties mutually agree as follows:

I. ISSUANCE OF BONDS BY THE ISSUER

1.1 The State agrees that the Issuer may, subject to the provisions of this Financing Agreement and the Acts, issue one or more Series of its State Personal Income Tax Revenue Bonds, secured by this Financing Agreement and the payments to be made by the State as herein provided. The Bonds shall be issued in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to fund Authorized Purposes having a cost not in excess of the amount specified by applicable law. The State recognizes that in order to realize net proceeds in the aforesaid amounts from the sale of Bonds, the Issuer may also issue Bonds in amounts sufficient to pay Costs of Issuance, and the amount of capitalized interest, if any, included in the issuance and sale of the Bonds.

1.2 The Bonds issued by the Issuer pursuant to the provisions of Section 1.1 hereof shall be subject to the following conditions and limitations:

(a) The Resolution shall have been approved by the Issuer Board in accordance with the Acts.

(b) Unless the Issuer and the State shall otherwise agree (and any such agreement may include, among other things, the agreement of the State to pay or to reimburse the Issuer in the manner set forth in the Resolution for any additional fees, costs and expenses incurred in connection with the issuance and administration of Variable Interest Rate Bonds or costs and expenses relating to a Qualified Swap, including without limitation, the fees, costs and expenses of any provider of a Credit Facility, except to the extent any such fees, costs or expenses are deemed costs and expenses incurred in connection with the issuance and sale of such Variable Interest Rate Bonds for purposes of Section 1.1 of this Financing Agreement and are paid from Bond proceeds), each Bond shall bear a fixed rate of interest determined at the time of its issuance, which rate of interest shall not be subject to change or adjustment prior to the scheduled maturity of such Bond.

(c) Unless the Issuer and the State shall otherwise agree, the aggregate amount of principal, principal installments and interest payable in each State Fiscal Year during which principal payments or installments are made or provided for shall, with respect to each Series of Bonds (other than Variable Interest Rate Bonds), or the aggregate of all Bonds (not including Variable Interest Rate Bonds), as the Issuer shall elect, be as nearly equal as practicable.

1.3 The Issuer agrees that prior to its issuance of any Bonds it will inform the Director of the Budget of the approximate date on which it anticipates entering into a bond purchase agreement or other binding commitment with the prospective underwriters or purchasers of such Bonds and of the estimated interest rate or rates thereof. If the Director of the Budget shall request the Issuer to postpone the sale of such Bonds, or if the Issuer shall for any reason determine to defer the issuance and sale of any Bonds, the Issuer may, in accordance with the provisions of the Resolution, issue and sell State Personal Income Tax Revenue (Transportation) Bond Anticipation Notes (“BANs”) in such principal amount so that the Issuer may realize from the sale thereof an amount not exceeding the aggregate of (i) an amount equal to the net proceeds available for Costs of a Project which the Issuer would have realized from the sale of the Bonds in anticipation of which the BANs are issued (or, in the case of renewal BANs, an amount necessary to pay the outstanding BANs in full), (ii) an amount sufficient to pay interest on the BANs until their scheduled maturity and (iii) an amount equal to Issuer Expenses incurred and to be incurred in connection with the issuance and sale of the BANs. Unless the State shall pay to the Issuer an amount sufficient to pay the BANs at their maturity or upon an earlier redemption date in accordance with their terms, the State shall, in accordance with Section 5.1 hereof, timely furnish such information to the Issuer as shall be deemed necessary by the Issuer in order to enable it to disseminate an official statement and issue the Bonds in anticipation of which the BANs had been issued on or prior to the scheduled maturity or redemption date of the BANs. Notwithstanding the provisions of Section 1.1 hereof, in the event the Issuer shall issue BANs as herein provided, the Issuer (i) may issue Bonds in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to pay or redeem such BANs in accordance with their terms, and (ii) may use and pledge the proceeds from the sale of the Bonds in anticipation of which the BANs had been issued for and to the payment of such BANs and related Issuer Expenses in accordance with the Resolution.

1.4 The Issuer and the State agree that this Financing Agreement is executed in part in order to induce persons to purchase the Bonds to be issued to finance Authorized Purposes and for the purposes of securing such Bonds and, accordingly, all of the covenants and agreements on the part of the Issuer

and the State set forth in this Financing Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds. Accordingly:

(a) The Issuer may pledge, assign, or transfer the right to receive and collect Financing Agreement Payments from moneys on deposit and paid from the Revenue Bond Tax Fund and other sources authorized under Section 68-b, together with the Issuer's rights to enforce this Financing Agreement, and from and after such pledge, assignment, or transfer, such assignee shall have the Issuer's rights and privileges hereunder to the extent, and as conferred, in such pledge, assignment, and transfer and as further provided in the Resolution.

(b) In connection with the State's exercise of its right under Section 68-c and under the Resolution, upon the amendment of the State Constitution allowing the issuance or assumption of bonds, notes or other obligations secured by revenues, which may include the Revenues securing the Bonds, (i) to assume, in whole or part, the Bonds, (ii) to extinguish the existing lien of such Resolution, and (iii) to substitute security for the Bonds, in each case only so long as such assumption, extinguishment or substitution is completed in accordance with such Resolution, the Issuer may make such pledge, assignment and transfer set forth in paragraph (a) above to such successor entity, as provided by law. Upon completion of such assumption, extinguishment or substitution, the Issuer shall no longer be obligated under this Financing Agreement or under the Resolution.

1.5 Each Series of Bonds or other obligations issued pursuant to the Acts and the Resolution shall be enumerated in a schedule appended to this Agreement. It shall be sufficient, with the approval of the parties hereto, in connection with the issuance by the Issuer of Bonds or other obligations to cause a supplemental schedule to be certified by the Director of the Budget with the same force and effect as if incorporated herein. The foregoing provisions shall be applicable, subject to the Resolution, to the issuance of Subordinated Indebtedness or other obligations under the Resolution and the Acts.

II. DUTIES OF AND PAYMENTS BY THE STATE

2.1 No later than thirty (30) days after the submission of the executive budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate setting forth the amount of monthly receipts anticipated to be deposited in the Revenue Bond Tax Fund during the fiscal year beginning April first of that year together with the monthly amounts necessary to be set aside from the receipts of such Fund, as shall be sufficient to meet the total cash requirements of the Issuer during such fiscal year, based on information that shall be provided by the Issuer and in the manner required by Section A-607 of the Resolution.

The Director of the Budget may revise such certification at such times as necessary, provided, however, that the Director of the Budget shall (i) promptly revise such certification if additional amounts are necessary to meet the cash requirements of the Issuer and (ii) as necessary, revise such certification not later than thirty (30) days after the issuance of any Bonds, including Refunding Bonds, and after the adoption of any Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap, Subordinated Indebtedness or other financial arrangement affecting the cash requirements of the Issuer and as authorized by the Resolution.

2.2 (a) Subject to the provisions of Section 2.7 hereof, the State agrees to pay to the Trustee, on behalf of the Issuer, no later than five Business Days prior to the time payment is required to be made to Holders of the Bonds or holders of Parity Reimbursement Obligations or other obligations in any year for which the Issuer shall have Bonds Outstanding or Parity Reimbursement Obligations or

other obligations outstanding, a sum of money constituting Financing Agreement Payments equal to the amount necessary to provide for the payment of the principal of (including Mandatory Sinking Fund payments) and interest on the Bonds or amounts due on any Parity Reimbursement Obligations or other obligations coming due on the next succeeding Bond payment date, as certified in writing by an Authorized Officer of the Issuer to the Director of the Budget. Such Financing Agreement Payments shall include Issuer Expenses, as certified by such Authorized Officer, with the concurrence of the Director of the Budget, and amounts due on any Subordinated Indebtedness or other obligations incurred under the Resolution, to the Director of the Budget.

(b) In the event any Bonds, Parity Reimbursement Obligations or other obligations shall bear interest at other than a fixed interest rate, the State shall pay interest as follows: (i) the amount accrued at the actual rate or rates borne, to the extent such rate or rates are known in advance of the Bond payment date, plus; (ii) if necessary, an amount accrued at the Estimated Average Interest Rate through the next scheduled Bond payment date, less; (iii) any amount paid pursuant to (ii) relating to the preceding Bond payment date in excess of the amount paid to Bondholders and holders of Parity Reimbursement Obligations or other obligations through such preceding Bond payment date.

2.3 (a) The State may, at any time in its sole discretion, choose to prepay all or any part of the payments payable under Section 2.2 hereof. Any amounts so prepaid shall be credited to the payments to be made by the State under Section 2.2 hereof.

(b) The State may, at any time in its sole discretion, make payments to the Issuer for the purpose of (i) directly funding Authorized Purposes which will not be funded with the proceeds of Bonds; (ii) paying BANs at their maturity or earlier redemption date, as provided in Section 1.3 hereof; (iii) redeeming Bonds pursuant to the exercise by the Issuer of any option it may have under the Resolution; and (iv) defeasing Bonds or BANs prior to their maturity or redemption date as permitted by and in accordance with the procedures for defeasance set forth in the Resolution or otherwise. Any payments made by the State to the Issuer for the purposes set forth in this subsection shall, subject to the provisions of the Resolution, be applied by the Issuer to such purpose, and, if so directed herein or in the Resolution, shall be deposited in a Fund or account established under the Resolution or set aside with the Trustee, if any, or the Paying Agent as provided herein or in the Resolution.

2.4 The State further agrees upon request of the Issuer to pay all amounts constituting Financing Agreement Payments (i) which may become due to any provider of a Credit Facility in connection with a Credit Facility which may have been obtained if and to the extent such obligation arises as a result of the State's failure to make any payment pursuant to Section 2.1 hereof and (ii) which may become due pursuant to any agreement relating to a Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap or the issuance of Variable Interest Rate Bonds as contemplated by Section 1.2(b) of this Financing Agreement.

2.5 In order to maintain the exclusion from gross income of interest on Bonds issued as Tax-exempt Bonds under the Code, if the Issuer shall be required to pay over or rebate to the United States any investment earnings, the State agrees to pay to the Issuer, such amount as is necessary in time and in amounts necessary to maintain such exclusion.

2.6 The State agrees that, subject to the provisions of Section 2.7 hereof, its obligation to make the payments provided for in this Financing Agreement shall be absolute and unconditional, without any rights of set-off, recoupment or counterclaim the State may have against the Issuer or any other person or entity having an interest in this Financing Agreement or the payments made hereunder.

2.7 Notwithstanding anything in this Financing Agreement to the contrary (i) the obligation of the State acting by and through the Director of the Budget to make any Financing Agreement Payments required to be paid under this Financing Agreement is subject to annual appropriation by the State Legislature; and (ii) the obligation of the State acting by and through the Director of the Budget to pay any Financing Agreement Payments hereunder shall not constitute a debt of the State within the meaning of any constitutional or statutory provisions and shall be deemed executory only to the extent of monies available and no liability shall be incurred by the State beyond the moneys available for that purpose. Furthermore, this Financing Agreement does not constitute a debt of the State or a contractual obligation in excess of the amounts appropriated therefore and the State has no continuing legal or moral obligation to appropriate moneys for any Financing Agreement Payment due hereunder.

2.8 The term of this Financing Agreement shall continue until all Bonds or other obligations incurred under the Resolution, have been paid at maturity or the debt service on such Bonds or other obligations has been provided for and the Bonds are no longer Outstanding under the Resolution and the State has fulfilled all its obligations under this Agreement.

III. DUTIES OF THE ISSUER

3.1 The Issuer agrees to issue the Bonds for the purpose of carrying out the provisions of the Resolution and the Acts.

3.2 The Issuer agrees to apply the proceeds derived from the sale of the Bonds and from Financing Agreement Payments in accordance with the applicable provisions of the Resolution and the Acts.

3.3 Upon the issuance of the Bonds, the provisions of the Resolution relating to all Funds and accounts and the application and investment thereof shall apply.

3.4 No later than ten (10) Business Days after the issuance of Bonds or any other obligation under the Resolution, the Issuer shall furnish to the Director of the Budget a schedule of the Financing Agreement Payments, including debt service to be made on each date with respect to such Bonds or other obligations and related Issuer Expenses. Interest on Bonds or other obligations bearing interest at other than a fixed rate shall be calculated using the Estimated Average Interest Rate.

3.5 Upon payment to the Issuer of the amount required therefore and the State's direction to the Issuer to do so, the Issuer shall exercise any option it may have under the Resolution to redeem all or any portion of the Bonds, and the Issuer shall deposit into the Debt Service Fund all payments received from the State and designated for such purpose.

3.6 In addition to the duties of the Issuer with respect to the statutory audit powers granted the State, the Issuer agrees to keep or cause to be kept accounts and records which clearly identify the purposes for which moneys received by the Issuer (including Bond proceeds) pursuant to this Financing Agreement have been expended. The Issuer agrees to submit annual financial reports to the State within ninety (90) days after the end of each Issuer fiscal year during which this Financing Agreement is in force. The Issuer agrees to make available for inspection by the State its accounts and records as may be determined necessary or desirable by the State.

3.7 During each year the Issuer shall have Outstanding Bonds or other obligations outstanding under the Resolution, the Issuer shall, no later than October first, certify in writing to the Director of the Budget the schedule of anticipated cash requirements due from the State pursuant to Sections 2.1, 2.2, 2.4 and 2.5 of this Financing Agreement for the next State Fiscal Year, and for the four

State Fiscal Years following such Fiscal Year, in such detail as the Director of the Budget may require. Any such schedule of anticipated cash requirements shall set forth any amounts held in Funds or accounts under the Resolution and available for a credit against such Financing Agreement Payment requirements as provided in this Financing Agreement.

3.8 Any moneys received by the Issuer from a Qualified Swap Provider shall be deposited in the Debt Service Fund.

3.9 In order to allow the Director of the Budget to comply with his or her obligations under the Enabling Act or the Resolution, the Issuer, upon the request of the Director of the Budget, shall provide to the Director current cash requirements relating to Finance Agreement Payments due to the Issuer.

3.10 The Issuer agrees, upon request of the State, to use its best efforts to issue Bonds to refund or otherwise repay, in accordance with the terms of the Resolution, all or any portion of Outstanding Bonds or Prior Obligations. Such Refunding Bonds shall be deemed Bonds for all purposes of this Financing Agreement, except that, notwithstanding the provisions of Section 3.1 hereof, the net proceeds derived from the sale of such Refunding Bonds shall be used by the Issuer to pay or provide for the payment of the Bonds or Prior Obligations to be refunded or repaid and Issuer Expenses.

3.11 When all Bonds issued under the Resolution and all other obligations incurred under the Resolution have been paid or deemed paid within the meaning of the Resolution, the Issuer shall promptly remit or cause to be remitted to the State any moneys remaining in any of the Funds and accounts not required for the payment or redemption of Bonds or other obligations not theretofore surrendered for such payment or redemption (all after transfer of any necessary moneys to the Rebate Fund). Any moneys or investments paid by the State to the Issuer or the Trustee or other fiduciary for the purposes of economically defeasing Bonds, shall be held for such purpose for the benefit of the Holders of such Bonds in accordance with the instructions of the Director of the Budget, consistent with the terms of the Resolution.

IV. PLEDGE AND ASSIGNMENT

4.1 The State hereby consents to the pledge and assignment by the Issuer to the Holders of any of its Bonds, or to any trustee acting on their behalf, of all or any part of the benefits or rights of the Issuer herein, and to the holders or trustees of other obligations issued under the Resolution, of the payments by the State as provided herein and of the Funds and accounts established under the Resolution (except for the Rebate Fund and other Funds as provided in the Resolution).

V. SPECIAL COVENANTS

5.1 The State agrees that whenever requested by the Issuer, with reasonable advance notification, it shall provide and certify information concerning the State and various other related entities (i) for publication in an official statement, placement memorandum or other similar disclosure document relating to the sale or issuance of the Bonds or other obligations under the Resolution, and (ii) necessary to allow the Issuer to make undertakings or contractual commitments which would permit underwriters or dealers to comply with federal securities law including, without limitation, the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. Such information shall be in the standard format utilized for State issuances. The State also agrees to make available any information necessary to enable the Issuer to make any reports required by law or government regulations in connection with the Bonds or other obligations under the Resolution.

5.2 Neither the Issuer nor the State will terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, an Event of Default by either party, any acts or circumstances which may constitute failure of consideration or frustration of purpose or the failure of either party to perform and observe any duty, liability or obligation arising out of or connected with this Financing Agreement.

5.3 Subject to the limitations contained in the Resolution, the State and the Issuer reserve the right to amend, modify or rescind this Financing Agreement or any Supplemental Agreement in any manner; provided that no such amendment, modification or rescission shall materially adversely affect the interest of the Holders of Bonds or holders of Parity Reimbursement Obligations or other obligations. Specifically, and without limiting the generality of the foregoing, this Financing Agreement may be amended or modified (i) to provide for additional payments to the Issuer, (ii) to provide for modified payment provisions, including timing thereof, consistent with the provisions of the Resolution in connection with the issuance of Bonds, Parity Reimbursement Obligations or other obligations (iii) to cure any ambiguity or (iv) to correct or supplement any provisions contained in this Financing Agreement which may be defective or inconsistent with any other provisions contained herein. For the purposes of this Section, Bonds, Parity Reimbursement Obligations or other obligations shall be deemed to be materially adversely affected by an amendment, modification or rescission of this Financing Agreement, if the same materially adversely affects or diminishes the rights of the Holders of the Bonds, holders of Parity Reimbursement Obligations or other obligations or any provider of a Credit Facility. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provision, Bonds, Parity Reimbursement Obligations or other obligations would be materially adversely affected by any amendment, modification or rescission, and such determination shall be binding and conclusive on the State, Bondholders, holders of Parity Reimbursement Obligations or other obligations, the Trustee and the provider of a Credit Facility.

5.4 The State acknowledges and agrees that, in the event of any conflict between any of the provisions of this Financing Agreement and any of the provisions of the Resolution, the provisions of the Resolution shall be controlling; provided, however, that neither the Resolution nor any supplement or amendment thereto shall purport to limit or supersede the provisions set forth in Section 2.7 hereof.

5.5 The State, acknowledges and agrees that moneys in the Funds and accounts established under the Resolution may be invested in Investment Obligations authorized by the Resolution and that the Issuer may restrict such investments, or the yield to be realized therefrom, as it may deem necessary or appropriate in order to maintain the exclusion from gross income of interest on the Bonds issued as Tax-Exempt Bonds under the Code. Investment earnings shall be applied as permitted by the Resolution.

5.6 The State, to the extent authorized by law, shall indemnify and save harmless the Issuer from and against any and all liability, loss, damage, interest, judgments and liens growing out of, and any and all costs and expenses (including, but not limited to, counsel fees and disbursements) arising out of or incurred in connection with any and all claims, demands, suits, actions or proceedings which may be made or brought against the Issuer arising out of any determinations made or actions taken or omitted to be taken or compliance with any obligations under or pursuant to the Enabling Act, including the issuance, incurrence and delivery of Bonds, BANs, Parity Reimbursement Obligations, Subordinated Indebtedness or other obligations under the Resolution.

5.7 The State agrees to request appropriations during the term of this Financing Agreement in an amount at least equal to the amounts certified to by the Issuer pursuant to Section 3.7 of this Financing Agreement. The State also agrees to request appropriations during the term of all financing agreements entered into with all Authorized Issuers pursuant to the Enabling Act in amounts at least

equal to the amounts certified by each Authorized Issuer pursuant to such financing agreements and to meet its other obligations under such financing agreements.

VI. EVENTS OF DEFAULT BY THE STATE AND REMEDIES

6.1 If for any reason, other than a failure by the State Legislature to appropriate moneys for such purpose, the State shall fail to pay when due any Financing Agreement Payments, or shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed, the Issuer shall, if such default has not been cured, have the right to institute any action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to collect the payments then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the State hereunder.

6.2 The remedies conferred upon or reserved to the Issuer under Section 6.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of this Financing Agreement, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

6.3 The State shall promptly notify the Issuer in writing that an Event of Default has occurred under the Resolution, including any events of default under resolutions or financing agreements of any Authorized Issuer related to obligations authorized by the Enabling Act. The State also agrees that upon the occurrence of an Event of Default, or event of default described in the preceding sentence, funds available through appropriation from the Revenue Bond Tax Fund will be available on an equitable basis among Authorized Issuers under the Enabling Act.

VII. EVENTS OF DEFAULT BY THE ISSUER AND REMEDIES

7.1 If the Issuer shall fail to observe or perform any covenant, condition or agreement contained in this Financing Agreement or the Resolution on its part to be observed or performed and such failure to observe or perform shall have continued for sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the State, the State shall, if the default has not been cured, have the right to institute an action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Issuer hereunder.

7.2 The remedies conferred upon or reserved to the State under Section 7.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of the Financing Agreement or of the obligations of the State to make the payments provided for in Article II hereof, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

VIII. MISCELLANEOUS

8.1 The revenues, facilities, properties and any and all other assets of the Issuer of any name and nature, other than the Pledged Property, may not be used for, or as a result of any court proceedings or otherwise applied to, the payment of Bonds, any redemption premium therefore or the interest thereon

or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes.

8.2 The waiver by either party of a breach by the other shall not be deemed to waive any other breach hereunder nor shall any delay or omission to exercise any right or power upon any default impair any such right or power or be construed as a waiver thereof.

8.3 In the event any provision of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8.4 All notices provided for in this Financing Agreement shall be in writing and shall be delivered personally to or sent by certified or registered mail to the respective offices of the State and the Issuer as follows:

If to the State: Director of the Budget
State of New York
Executive Department
Division of the Budget
State Capitol, Room 113
Albany, New York 12224

If to the Issuer: New York State Thruway Authority
200 Southern Boulevard
Albany, New York 12209
Attention: Treasurer

The Issuer or the State may from time to time designate in writing other representatives with respect to receipt of notices.

8.5 This Financing Agreement, including any schedules referred to in Section 1.5, represents the entire agreement between the parties. It may not be amended or modified otherwise than by a written instrument executed by both parties. Such amendments shall not be contrary to the provisions of Section 5.2 or 5.3 hereof.

8.6 Nothing in this Financing Agreement shall be construed to confer upon or to give to any person or corporation other than the State, the Issuer, a Holder of any Bonds, a holder of other obligations under the Resolution, or any trustee acting under the Resolution, any right, remedy or claim under or by reason of this Financing Agreement or any provision thereof.

8.7 This Financing Agreement shall be construed and interpreted in accordance with the laws of the State of New York and any suits or actions arising out of this Financing Agreement shall be instituted in a court of competent jurisdiction in the State.

8.8 This Financing Agreement may be executed in several counterparts, each of which shall be deemed to be an original but such counterparts together shall constitute one and the same instrument.

8.9 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Resolution.

IN WITNESS WHEREOF, the State has caused this Financing Agreement to be executed in its name by the Director of the Budget and the Issuer has caused this instrument to be signed by its Authorized Officer all as of the date and year first above written.

Approval as to form:
Attorney General

State of New York

By: /s/ Peter Favretto

/s/ Louis A. Raffaele

for the Director of the Budget

Date: 8/5/02

Approved:

New York State Thruway Authority

/s/ Ruth Walters
for the State Comptroller

/s/ Lawrence C. DeCosmo

Treasurer

Date: 8/6/02

APPENDIX D

PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS

FORM OF APPROVING OPINION OF NIXON PEABODY LLP, CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2025 BONDS

Upon the delivery of the Series 2025 Bonds, Nixon Peabody LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

[Date of Closing]

New York State Thruway Authority
200 Southern Boulevard
Albany, New York 12209

Ladies and Gentlemen:

We, as Co-Bond Counsel to the New York State Thruway Authority (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the New York State Thruway Authority Act, being Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (herein called the “Authority Act”), have examined a record of proceedings relating to the issuance of the Authority’s \$1,664,265,000 aggregate principal amount of State Personal Income Tax Revenue Bonds, Series 2025A (Tax-Exempt) (the “Series 2025A Bonds”) and \$782,185,000 aggregate principal amount of State Personal Income Tax Revenue Green Bonds, Series 2025B (Climate Bond Certified) (Tax-Exempt) (the “Series 2025B Bonds” and together with the Series 2025A Bonds, the “Series 2025 Bonds”).

The Series 2025 Bonds are authorized to be issued pursuant to the Authority Act, Part I of Chapter 383 of the Laws of New York of 2001, as amended (the “Enabling Act”), and the State Personal Income Tax Revenue Bonds General Bond Resolution adopted by the Authority on June 27, 2002, as amended and supplemented including as amended on June 6, 2022 (the “General Resolution”), as supplemented by the Fifteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds, adopted by the Authority on June 3, 2025 (the “2025 Supplemental Resolution”), and the Certificate of Determination relating to the Series 2025 Bonds (the “Certificate of Determination” and, together with the 2025 Supplemental Resolution, the “Supplemental Resolution”). The General Resolution and the Supplemental Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has heretofore issued Bonds and has reserved the right hereafter to issue additional Bonds pursuant to the General Resolution, in addition to the Series 2025 Bonds, upon the terms and conditions and for the purposes set forth in the General Resolution. Under and subject to the terms of the General Resolution, the Series 2025 Bonds, when issued, and all Bonds heretofore and hereafter issued under the General Resolution, shall be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution. In addition, all State Personal Income Tax Revenue Bonds issued pursuant to the Enabling Act by Authorized Issuers are on a parity with each other as to payments from the Revenue Bond Tax Fund established by Section 92-z of the New York State Finance Law (the “Revenue Bond Tax Fund”), subject to annual appropriation by the State Legislature. However, pursuant to the Enabling Act, neither the Authority nor the owners of the Series 2025 Bonds have or will have a lien on the monies on deposit in the Revenue Bond Tax Fund. In addition, pursuant to the Enabling Act, nothing contained therein shall be deemed to restrict the right of the State of New York to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the New York Tax Law.

The Authority and the State, acting by and through the Director of the Budget, have entered into a Financing Agreement, dated as of August 7, 2002, as supplemented (the “Financing Agreement”), which provides for the payment, subject to annual appropriation by the State Legislature, of Financing Agreement Payments by the State Comptroller to The Bank of New York Mellon, as trustee (the “Trustee”) on behalf of the Authority in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2025 Bonds.

The Series 2025 Bonds are issuable in the form of fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, Brooklyn, New York, which will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds shall be lettered and numbered as provided in the Resolutions.

The Series 2025 Bonds are dated their date of delivery and bear interest payable on March 15 and September 15 in each year until maturity, commencing March 15, 2026. The Series 2025 Bonds will mature on the dates and in the principal amounts, will bear interest at the respective rates per annum, and will be subject to redemption prior to maturity, all as set forth in the Resolutions.

Based upon and subject to the foregoing, and in reliance thereon, and subject to the limitations set forth below, we are of the opinion that:

1. The Authority has been duly created and is validly existing under the Authority Act and has the right, power and authority under the Authority Act and the Enabling Act to adopt the Resolutions.
2. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and constitute valid and binding obligations of the Authority enforceable in accordance with their terms. The Resolutions create the valid pledge of the Pledged Property which they purport to create, to secure the payment of the principal of and interest on the Series 2025 Bonds, including the Revenues and any other amounts (including proceeds of the sale of the Series 2025 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Administrative Fund and the Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.
3. The Series 2025 Bonds have been duly and validly authorized and issued by the Authority in accordance with applicable law, and constitute valid and binding special limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolutions, payable solely from the sources provided therefor in the Resolutions.
4. The Financing Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due and valid authorization, execution and delivery thereof by the Director of the Budget of the State, constitutes a legal, valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.
5. Neither the Authority nor the owners of the Series 2025 Bonds have or will have a pledge of or lien on the Revenue Bond Tax Fund, or of the moneys deposited therein.
6. The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025 Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2025 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2025 Bonds. Pursuant to the Resolutions and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”), the Authority and certain departments, agencies and authorities of the State of New York (the “Departments”) have covenanted to comply with the applicable requirements of the Code in order to maintain

the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the Departments have made certain representations and certifications in the Resolutions and the Tax Certificate. We will not independently verify the accuracy of those representations and certifications.

Under existing law, assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2025 Bonds (including any original issue discount properly allocable thereto) is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Series 2025 Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

7. Under existing law, interest on the Series 2025 Bonds is, by virtue of the Authority Act, exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

The opinions contained in paragraphs 2, 3 and 4 above are qualified only to the extent that the enforceability of the Resolutions, the Financing Agreement and the Series 2025 Bonds may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors’ rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2025 Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Bonds or the proceeds thereof upon the advice or approval of any other counsel.

In rendering the foregoing opinions, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2025 Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Authority or the State other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2025 Bonds.

This opinion is rendered solely with regard to the matters expressly opined on above and no other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

We have examined an executed Series 2025A Bond and an executed Series 2025B Bond and, in our opinion, the forms of said Series 2025 Bonds and their execution are regular and proper.

Very truly yours,

FORM OF APPROVING OPINION OF BRYANT RABBINO LLP,
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2025 BONDS

Upon the delivery of the Series 2025 Bonds, Bryant Rabbino LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

[Date of Closing]

New York State Thruway Authority
200 Southern Boulevard
Albany, New York 12209

Ladies and Gentlemen:

We, as Co-Bond Counsel to the New York State Thruway Authority (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the New York State Thruway Authority Act, being Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (herein called the “Authority Act”), have examined a record of proceedings relating to the issuance of the Authority’s \$1,664,265,000 aggregate principal amount of State Personal Income Tax Revenue Bonds, Series 2025A (Tax-Exempt) (the “Series 2025A Bonds”) and \$782,185,000 aggregate principal amount of State Personal Income Tax Revenue Bonds, Series 2025B (Climate Bond Certified) (Tax-Exempt) (the “Series 2025B Bonds” and together with the Series 2025A Bonds, the “Series 2025 Bonds”).

The Series 2025 Bonds are authorized to be issued pursuant to the Authority Act, Part I of Chapter 383 of the Laws of New York of 2001, as amended (the “Enabling Act”), and the State Personal Income Tax Revenue Bonds General Bond Resolution adopted by the Authority on June 27, 2002, as amended and supplemented including as amended on June 6, 2022 (the “General Resolution”), as supplemented by the Fifteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds, adopted by the Authority on June 3, 2025 (the “2025 Supplemental Resolution”), and the Certificate of Determination relating to the Series 2025 Bonds (the “Certificate of Determination” and, together with the 2025 Supplemental Resolution, the “Supplemental Resolution”). The General Resolution and the Supplemental Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has heretofore issued Bonds and has reserved the right hereafter to issue additional Bonds pursuant to the General Resolution, in addition to the Series 2025 Bonds, upon the terms and conditions and for the purposes set forth in the General Resolution. Under and subject to the terms of the General Resolution, the Series 2025 Bonds, when issued, and all Bonds heretofore and hereafter issued under the General Resolution, shall be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution. In addition, all State Personal Income Tax Revenue Bonds issued pursuant to the Enabling Act by Authorized Issuers are on a parity with each other as to payments from the Revenue Bond Tax Fund established by Section 92-z of the New York State Finance Law (the “Revenue Bond Tax Fund”), subject to annual appropriation by the State Legislature. However, pursuant to the Enabling Act, neither the Authority nor the owners of the Series 2025 Bonds have or will have a lien on the monies on deposit in the Revenue Bond Tax Fund. In addition, pursuant to the Enabling Act, nothing contained therein shall be deemed to restrict the right of the State of New York to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the New York Tax Law.

The Authority and the State, acting by and through the Director of the Budget, have entered into a Financing Agreement, dated as of August 7, 2002, as supplemented (the “Financing Agreement”), which provides for the payment, subject to annual appropriation by the State Legislature, of Financing Agreement

Payments by the State Comptroller to The Bank of New York Mellon, as trustee (the “Trustee”) on behalf of the Authority in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2025 Bonds.

The Series 2025 Bonds are issuable in the form of fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, Brooklyn, New York, which will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds shall be lettered and numbered as provided in the Resolutions.

The Series 2025 Bonds are dated their date of delivery and bear interest payable on March 15 and September 15 in each year until maturity, commencing March 15, 2026. The Series 2025 Bonds will mature on the dates and in the principal amounts, will bear interest at the respective rates per annum, and will be subject to redemption prior to maturity, all as set forth in the Resolutions.

Based upon and subject to the foregoing, and in reliance thereon, and subject to the limitations set forth below, we are of the opinion that:

1. The Authority has been duly created and is validly existing under the Authority Act and has the right, power and authority under the Authority Act and the Enabling Act to adopt the Resolutions.

2. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and constitute valid and binding obligations of the Authority enforceable in accordance with their terms. The Resolutions create the valid pledge of the Pledged Property which they purport to create, to secure the payment of the principal of and interest on the Series 2025 Bonds, including the Revenues and any other amounts (including proceeds of the sale of the Series 2025 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Administrative Fund and the Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2025 Bonds have been duly and validly authorized and issued by the Authority in accordance with applicable law, and constitute valid and binding special limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolutions, payable solely from the sources provided therefor in the Resolutions.

4. The Financing Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due and valid authorization, execution and delivery thereof by the Director of the Budget of the State, constitutes a legal, valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.

5. Neither the Authority nor the owners of the Series 2025 Bonds have or will have a pledge of or lien on the Revenue Bond Tax Fund, or of the moneys deposited therein.

6. Under existing law, interest on the Series 2025 Bonds is, by virtue of the Authority Act, exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

The opinions contained in paragraphs 2, 3 and 4 above are qualified only to the extent that the enforceability of the Resolutions, the Financing Agreement and the Series 2025 Bonds may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors’ rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Except as stated in paragraph 6 above, we express no opinion as to federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025 Bonds.

In rendering the foregoing opinions, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2025 Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Authority or the State other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2025 Bonds.

This opinion is rendered solely with regard to the matters expressly opined on above and no other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

We have examined an executed Series 2025A Bond and an executed Series 2025B Bond and, in our opinion, the forms of said Series 2025 Bonds and their execution are regular and proper.

Very truly yours,

APPENDIX E

EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT

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NEW YORK STATE PERSONAL INCOME TAX REVENUE BONDS

MASTER CONTINUING DISCLOSURE AGREEMENT

THIS MASTER CONTINUING DISCLOSURE AGREEMENT dated as of May 1, 2002, as amended and restated as of July 1, 2009, as of December 1, 2010, and as of June 10, 2019 (as so amended and restated, the “Agreement”), is made by and among each Authorized Issuer, the State, and the respective Trustees, each as defined below in Section 1.

In order to permit the Underwriters of each series of Bonds issued from and after the date hereof to comply with the provisions of Rule 15c2-12, each of the parties hereto (as applicable), in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree, for the sole and exclusive benefit of the Holders and, for the purposes of Section 5, the beneficial owners of Bonds, as follows:

SECTION 1. Definitions; Rules of Construction. (i) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Authorizing Document. “*Annual Information*” shall mean the information specified in Section 3.

“*Authorized Issuer*” shall mean, individually, the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, the New York State Thruway Authority, and the New York State Urban Development Corporation, each a public corporation or a public benefit corporation of the State of New York that is designated as an Authorized Issuer under the Enabling Act, and any successors thereto or any other public benefit corporation of the State of New York which may be authorized from time to time by the Enabling Act to issue Bonds.

“*Authorizing Document*” shall mean the applicable Authorized Issuer’s State Personal Income Tax Revenue Bond General Resolution, including Annex A thereto, as supplemented and amended from time to time.

“*Bonds*” shall mean all of the State Personal Income Tax Revenue Bonds issued from time to time by Authorized Issuers and outstanding pursuant to the applicable Authorizing Document.

“*Comptroller*” shall mean the Comptroller of the State of New York.

“*Director*” shall mean the Director of the Budget of the State of New York.

“*DOB*” shall mean the Division of the Budget of the State of New York.

“*EMMA*” shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

“*Enabling Act*” shall mean Article 5-C of the New York State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as supplemented and amended from time to time.

“*GAAP*” shall mean generally accepted accounting principles as prescribed from time to time for governmental units in the United States by the Governmental Accounting Standards Board.

“*GAAS*” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“*Holder*” or “*Bondholder*” shall mean a registered owner of any Bond or Bonds.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“*Rule 15c2-12*” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the effective date of this Agreement.

“*State*” shall mean the State of New York, acting by and through the Director or the Comptroller.

“*Trustee*” shall mean the applicable trustee appointed by the applicable Authorized Issuer pursuant to an Authorizing Document, and their respective successors and assigns.

“*Underwriters*” shall mean the underwriter or underwriters that have contracted to purchase one or more series of Bonds from an Authorized Issuer at initial issuance.

(ii) Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Any reference herein to a particular Section or subsection without further reference to a particular document or provision of law or regulation is a reference to a Section or subsection of this Agreement.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

SECTION 2. Obligations to Provide Continuing Disclosure.

(i) Obligations of the State and the Trustees.

(a) The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later

than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2002, the Annual Information relating to such fiscal year.

(b) The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2002, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

(c) The Director and each Trustee shall notify the applicable Authorized Issuer upon the occurrence of any of the events listed in Section 2(ii)(a) promptly upon becoming aware of the occurrence of any such event. With respect to the foregoing, no Trustee shall be deemed to have become aware of the occurrence of any such event unless an officer in its corporate trust department becomes aware of the occurrence of any such event.

(ii) Obligations of each Authorized Issuer. Each Authorized Issuer hereby undertakes, for the benefit of Holders of the Bonds issued by it, to provide the following:

(a) to the MSRB in a timely manner not in excess of ten business days after the occurrence of any of the events listed below, notice of any of such events with respect to the Bonds issued by it:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the securities, if material
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation or acquisition involving an obligated person, or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation¹ of the obligated person, any of which reflect financial difficulties.

(b) to the MSRB, in a timely manner, notice of a failure by the State to comply with Section 2(i)(a) or (b).

(iii) (a) Termination or Modification of Disclosure Obligation. The obligations of the State hereunder may be terminated if the State is no longer an “obligated person” as defined in Rule 15c2-12; provided, however, that if the State has hereby obligated itself to provide information relating to any entity that thereafter continues to constitute such an “obligated person”, obligations of the State to provide such information shall not be so terminated. Upon any such termination, the State shall so advise each Authorized Issuer and each such Authorized Issuer shall electronically file notice thereof with the MSRB.

(b) Other Information. Nothing herein shall be deemed to prevent the Authorized Issuers or the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Authorized Issuers or the State should disseminate any such additional information,

¹ In accordance with Rule 15c2-12, for purposes of the events identified in clauses (15) and (16) above, the term “financial obligation” means (i) debt obligation; (ii) derivative instrument entered into by the obligated person in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

neither the Authorized Issuers nor the State shall have any obligation hereunder to update such information or to include it in any future materials disseminated hereunder.

(c) Credit Enhancement. Each agreement governing the provision of a Credit Facility, if any, shall require the provider thereof to provide the applicable Authorized Issuer with prompt written notice of any change in the name, address, and telephone number of a place where then current information regarding such provider may be obtained. In addition, such agreement shall require each provider of a Credit Facility promptly to notify the applicable Authorized Issuer of a change in any rating relating to such provider that would affect the rating of the Bonds by any rating agency then rating the Bonds. The applicable Authorized Issuer shall promptly provide the Comptroller, the Director and the applicable Trustee with copies of all notices received by it under this Section 2(c). The provisions of this Section 2(c) shall also apply to each provider of a substitute Credit Facility.

(d) Disclaimer. Each of the Director, the Comptroller, the Authorized Issuers and the Trustees shall be obligated to perform only those duties expressly provided for such entity in this Agreement, and none of the foregoing shall be under any obligation to the Holders or other parties hereto to perform, or monitor the performance of, any duties of such other parties. Without limiting the general application of the foregoing, the Authorized Issuers shall be under no obligation to the Holders or any other party hereto to review or otherwise pass upon the Annual Information or the financial statements provided pursuant to Section 2(i), and its obligations hereunder shall be limited solely to the undertaking set forth in Section 2(ii) and to the requirements of Section 2(iii)(c) and Section 8.

(iv) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

SECTION 3. Annual Information.

(i) Specified Information. The Annual Information shall consist of the following:

(a) *financial information and operating data of the type included in the Official Statement for each series of Bonds, under the headings "PART 3 – "SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS", and "PART 4 – SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND" which shall include information relating to the following:*

(1) a description of the personal income tax imposed by Article 22 of the New York State Tax Law, which shall include a description of the tax rates, the tax base and the components of the State personal income tax (unless the personal income tax has been materially changed or modified, in which case similar information about the changed or modified tax will be provided);

(2) a historical summary of the New York State Personal Income Tax Receipts, the Withholding Component, and deposits to the Revenue Bond Tax Fund for a period of at least the five most recent completed State fiscal years then available, together with an explanation of the factors affecting collection levels; and

(b) *financial information and operating data of the type included in the Annual Information Statement of the State set forth as an Appendix to, or incorporated by cross reference in, the Official Statement for the Bonds, under the headings or sub-headings "Prior Fiscal Years", "Debt and Other Financing Activities", "State Government Employment", "State Retirement Systems", and "Authorities and Localities", including, more specifically, information consisting of:*

(1) *for prior fiscal years*, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is then-currently available;

(2) *for debt and other financing activities*, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt;

(3) *for authorities and localities*, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and

(4) material information regarding State government employment and retirement systems; together with

(c) *such narrative explanation* as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data and in judging the financial condition of the State.

(ii) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which have been electronically filed with the MSRB or filed with the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been electronically filed with the MSRB and need not have been filed elsewhere. The audited or unaudited financial statements of the State may be provided in the same manner.

(iii) Informational Categories. The requirements contained in this Agreement under Section 3(i) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(i) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(iv) Providers of Credit Support. If known to the applicable Authorized Issuer, such Authorized Issuer shall inform the State, and the required Annual Information shall include the name, address and telephone number of a place where current information regarding each issuer of a Credit Facility may be obtained.

(v) Omnibus Annual Information Undertaking. The parties to this Agreement recognize, understand and agree that the information described in this Section 3 shall be set forth in the same manner in the respective Official Statements of each of the Authorized Issuers. Accordingly, a single electronic filing of the Annual Information with EMMA, shall be deemed to satisfy the Annual Information filing obligation created by this Agreement.

SECTION 4. Financial Statements.

The State's annual financial statements for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

SECTION 5. Remedies.

If any party hereto should fail to comply with any provision of this Agreement, then each of the other parties and, as a direct or third-party beneficiary, as the case may be, any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, however, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of such party hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder are conditioned upon the provisions of the Authorizing Document with respect to the enforcement of remedies of Holders upon the occurrence of an Event of Default described in Section A-1001(g) of the Authorizing Document as though such provisions applied hereunder. Each of the Director, the Comptroller, the applicable Authorized Issuer and the applicable Trustee reserves the right, but shall not be obligated, to enforce the obligations of the others. Failure by any party to perform its obligations hereunder shall not constitute an Event of Default under the Authorizing Document or any other agreement executed and delivered in connection with the issuance of the Bonds. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to Section 6, beneficial owners shall be deemed to be Holders of Bonds for purposes of this Section 5.

SECTION 6. Parties in Interest.

This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds and, for the purposes of Section 5, beneficial owners of Bonds. For the purposes of such Section 5, beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. No person other than those described in Section 5 shall have any right to enforce the provisions hereof or any other rights hereunder.

SECTION 7. Amendments.

(i) Without the consent of any Holders (except to the extent required under clause (c)(II) of this sentence) or provider of any Credit Facility, the Authorized Issuers, the State, and the Trustees at any time and from time to time may enter into amendments or changes to this Agreement for any purpose, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of one or more of the Authorized Issuers or the State or any type of business or affairs conducted by either; (b) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and (c) either (I) the amendment does not materially impair the interests of the Holders, as determined either by each of the Trustees or by a nationally recognized bond counsel approved by the State or (II) the Holders consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Authorizing Document with the consent of Holders pursuant to Section A-1003 of the Authorizing Documents. In determining whether there is such a material impairment, the Trustees may rely upon an opinion of a nationally recognized bond counsel approved by the State. The interests of Holders shall be deemed not to have been materially impaired by an amendment (1) to add a dissemination agent for the information to be provided hereunder and to make any necessary or desirable provisions with respect thereto, (2) to evidence the succession of another entity to the State, an Authorized Issuer or a Trustee and the assumption by any such successor to the obligations of such party hereunder, or (3) to add to the obligations of the State or any Authorized Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the State or any Authorized Issuer.

(ii) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

SECTION 8. Termination.

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on all Bonds (in each case in this Section 8, "Bonds" shall refer to each series of Bonds, respectively) shall have been paid in full or all Bonds shall have otherwise been paid or defeased in accordance with the applicable Authorizing Documents (a "Legal Defeasance"); provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently

required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance of a series of Bonds, the applicable Authorized Issuer shall electronically file with the MSRB notice of such defeasance, and such notice shall state whether the applicable series of Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 8, the applicable Authorized Issuer shall electronically file with the MSRB notice of such termination.

SECTION 9. The Trustees.

(i) Except as specifically provided herein, this Agreement shall not create any obligation or duty on the part of any Trustee and no Trustee shall be subject to any liability hereunder for acting or failing to act as the case may be.

(ii) Each Trustee shall be indemnified and held harmless in connection with this Agreement, to the same extent provided in the applicable Authorizing Document for matters arising thereunder.

SECTION 10. Governing Law.

This Agreement shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

SECTION 11. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all shall together constitute one and the same instrument.

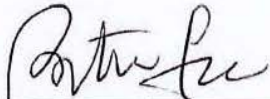
SECTION 12. Effective Date.

This Agreement, as amended and restated as of June 10, 2019 (primarily to incorporate the listed events described in clauses (15) and (16) of Section 2(ii)(a)), shall become effective with respect to the State, an Authorized Issuer and a trustee under an Authorizing Document, only as of the amended effective date of such party's execution of this Agreement by its duly authorized officer, as set forth on the following signature pages.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this amended and restated Master Continuing Disclosure Agreement as of the respective dates set forth below.

AUTHORIZED ISSUERS:

**DORMITORY AUTHORITY OF
THE STATE OF NEW YORK**

By: 
Name: Porsha Lee
Title: Managing Director

Amended Effective Date: June 10, 2019

**NEW YORK STATE THRUWAY
AUTHORITY**

By: 
Name: Matthew Howard
Title: Chief Financial Officer

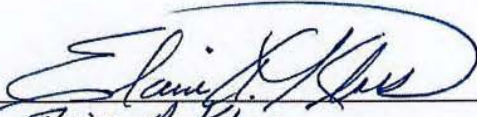
Amended Effective Date: July 12, 2021

**NEW YORK STATE ENVIRONMENTAL
FACILITIES CORPORATION**

By: _____
Name: _____
Title: _____


Amended Effective Date: _____

**NEW YORK STATE URBAN DEVELOPMENT
CORPORATION**
d/b/a Empire State Development

By: 
Name: Elaine A. Kloss
Title: Chief Financial Officer

Amended Effective Date: June 10, 2019

**NEW YORK STATE HOUSING
FINANCE AGENCY**

By: 
Name: Mark Price
Title: Director of Capital Markets and
Vice President - Debt Issuance

Amended Effective Date: September 27, 2024

[Signature Page of Authorized Issuers of New York Personal Income Tax Revenue Bonds
Master Continuing Disclosure Agreement]

THE STATE OF NEW YORK
Obligated Person

By: Thomas P. DiNapoli, Comptroller

By: Robert B. Ward
Name: Robert B. Ward
Title: Deputy Comptroller

Amended Effective Date: June 10, 2019

By: Robert F. Mujica, Jr., Director of the Budget

By: Robert F. Mujica, Jr.
Name: Robert F. Mujica, Jr.
Title: Director of the Budget

Amended Effective Date: June 10, 2019

