**NEW ISSUE – BOOK-ENTRY ONLY**

**$732,305,000**
**NEW YORK STATE THRUWAY AUTHORITY**
**State Personal Income Tax Revenue Green Bonds**
**Series 2022C**
**(Climate Bond Certified) (Tax-Exempt)**

**Dated: Date of Delivery** **Due: As Shown on the Inside Cover Page**

The New York State Thruway Authority State Personal Income Tax Revenue Green Bonds, Series 2022C (Climate Bond Certified) (Tax-Exempt) (the "Series 2022C Bonds") are special obligations of the New York State Thruway Authority (the "Authority"). The Series 2022C 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 2022C 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" included by specific reference herein.

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 2022C Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2022C 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 2022C Bonds. The Authority has no taxing power.**

The Series 2022C Bonds will be issued as fixed rate obligations, fully registered, in denominations of $5,000 or any integral multiple thereof. The Series 2022C Bonds will bear interest at the rates and mature at the times and in the principal amounts shown on the inside cover page hereof. Interest on the Series 2022C Bonds is payable on each March 15 and September 15, commencing September 15, 2022.

The Series 2022C 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, New York, New York ("DTC"). See "PART 8 – BOOK-ENTRY ONLY SYSTEM" included by specific reference herein. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2022C Bonds, payments of principal or redemption price of and interest on the Series 2022C Bonds will be made by The Bank of New York Mellon, New York, New York, as Trustee and Paying Agent, to Cede & Co.

The Series 2022C Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, co-bond counsel to the Authority (collectively, "Co-Bond Counsel"), 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 2022C 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"). Co-Bond Counsel are also of the opinion that such interest on the Series 2022C Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Co-Bond Counsel is further of the opinion that, under existing law, interest on the Series 2022C 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 7 – TAX MATTERS" herein regarding certain other tax considerations.

The Series 2022C 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 D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel to the Authority, and to certain other conditions. It is expected that the Series 2022C Bonds will be available for delivery to DTC on or about July 28, 2022.

Dated: July 21, 2022

**$732,305,000**
**NEW YORK STATE THRUWAY AUTHORITY**
**STATE PERSONAL INCOME TAX REVENUE GREEN BONDS**
**SERIES 2022C (Climate Bond Certified) (Tax-Exempt)**

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

| Due March 15 | Principal Amount | Interest Rate | Yield | CUSIP No.† |
|---|---|---|---|---|
| 2054 | $ 131,645,000 | 5.000% | 3.940%* | 650028ZP1 |
| 2055 | 138,225,000 | 5.000 | 3.960* | 650028ZQ9 |
| 2056 | 145,135,000 | 4.125 | 4.370 | 650028ZR7 |
| 2057 | 151,125,000 | 4.125 | 4.380 | 650028ZS5 |

$166,175,000 5.000% Term Bond due March 15, 2053, Yield: 3.93%* CUSIP No. 650028ZN6†

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* Priced to the first optional call date of September 15, 2032.

† 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 2022C Bonds, and neither the Authority nor the Initial Purchaser of the Series 2022C 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 2022C 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 2022C Bonds.

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 2022C 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 2022C BONDS, THE INITIAL PURCHASER 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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**OFFICIAL STATEMENT**

**Relating to**

**$732,305,000**
**NEW YORK STATE THRUWAY AUTHORITY**
**STATE PERSONAL INCOME TAX REVENUE GREEN BONDS**
**SERIES 2022C (Climate Bond Certified) (Tax-Exempt)**

## PART 1—INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, the information referred to in "PART 2 – INCLUSION BY SPECIFIC REFERENCE," 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 $732,305,000 State Personal Income Tax Revenue Green Bonds, Series 2022C (Climate Bond Certified) (Tax-Exempt) (the "Series 2022C Bonds"). The interest rates, maturity dates, principal amounts, and prices or yields of the Series 2022C Bonds being offered hereby are set forth on the inside cover page 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 2022C 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. 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" included by specific reference herein.

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 2022C 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"), 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 (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, constitute the "Authorizing Legislation."

The Series 2022C 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 6, 2022 by the Fourteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds (the "Supplemental Resolution") (the General Resolution, as amended and supplemented, including as amended and supplemented by the Supplemental Resolution, is hereinafter referred to as the "State Revenue Bond Resolution"). The Series 2022C Bonds and any other bonds issued under the General Resolution are sometimes referred to herein as the "Bonds."

The Series 2022C 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 2022C 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, 2022, approximately $46.7 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 2022 Bonds" and "— Additional Bonds" included by specific reference herein.

The Series 2022C Bonds are being issued for the purpose of financing Authorized Purposes, including to (i) finance, refinance or reimburse all or a portion of the costs of transportation projects for the Metropolitan Transportation Authority (the "MTA") and (ii) pay certain costs relating to the issuance of the Series 2022C Bonds. For a more complete description of the expected application of proceeds of the Series 2022C Bonds, see "PART 4—APPLICATION OF PROCEEDS" herein. **The Series 2022C 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 the proceeds of the Series 2022C 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" included by specific reference herein. **The Series 2022C 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 11—THE AUTHORITY" included by specific reference herein for a further description of the Authority.

**The Series 2022C Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2022C 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 2022C 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 RESOLUTION" included by specific reference herein.

## PART 2 – INCLUSION BY SPECIFIC REFERENCE

On or about July 28, 2022, the Authority expects to deliver $2,028,105,000 aggregate principal amount of its State Personal Income Tax Revenue Bonds, Series 2022A (Tax-Exempt) (the "Series 2022A Bonds") and $141,800,000 aggregate principal amount of its State Personal Income Tax Revenue Bonds, Series 2022B (Federally Taxable) (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Series 2022 A&B Bonds"). Such Series 2022 A&B Bonds will be offered by separate Official Statement, dated July 13, 2022 (the "Series 2022 A&B Official Statement") attached hereto as APPENDIX B. Portions of the Series 2022 A&B Official Statement delivered herewith and relating to the Series 2022 A&B Bonds, subject to the information contained elsewhere in this Official Statement, are herein included by specific reference, namely the information under the captions:

PART 1 - SUMMARY STATEMENT (excluding the information in the section "Purposes of Issue")
PART 3 - SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS.
PART 4 - SOURCES OF REVENUE BOND TAX FUND RECEIPTS
PART 8 - BOOK-ENTRY ONLY SYSTEM
PART 11 - THE AUTHORITY
PART 12 - AGREEMENT OF THE STATE
PART 14 - LITIGATION
PART 17 - LEGALITY OF INVESTMENT
PART 20 - CONTINUING DISCLOSURE
APPENDIX A - INFORMATION CONCERNING THE STATE OF NEW YORK
APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

APPENDIX C – CONFORMED COPY OF FINANCING AGREEMENT
APPENDIX E – EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT

References to the "Series 2022 A&B Bonds" in the information incorporated herein by specific reference shall be read as a reference to the Series 2022C Bonds unless the context thereof clearly indicates that such information is only applicable to the Series 2022A Bonds and the Series 2022B Bonds.

**The Series 2022 A&B Bonds described in the Series 2022 A&B Official Statement are not offered by this Official Statement.**

## PART 3—DESCRIPTION OF THE SERIES 2022C BONDS

### General

The Series 2022C Bonds will bear interest, computed on the basis of a 360-day year and 30-day month, from their date of delivery, payable September 15, 2022 and on each March 15 and September 15 thereafter at the rates set forth on the inside cover page of this Official Statement. The Series 2022C 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 2022C Bonds shall be the last day of the calendar month preceding such interest payment date. The Series 2022C 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"), New York, New York, which will act as bond depository for the Series 2022C Bonds. Principal or redemption price of and interest on the Series 2022C 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 2022C 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 8—BOOK-ENTRY ONLY SYSTEM" included by specific reference herein.

### Optional Redemption

The Series 2022C Bonds are subject to optional redemption as described below and in "APPENDIX B-II—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" included by specific reference herein.

The Series 2022C Bonds are subject to optional redemption prior to maturity on and after September 15, 2032 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

The Series 2022C Bonds maturing on 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 2022C Bonds specified for each of the dates shown in the following table:

**Series 2022C Term Bond**
**Maturing March 15, 2053**

| March 15, | Sinking Fund Installment |
|---|---|
| 2052 | $ 40,795,000 |
| 2053† | 125,380,000 |

† Stated maturity.

**Selection of Bonds to be Redeemed; Notice of Redemption**

In the case of redemptions of the Series 2022C Bonds at the option of the Authority, the Authority will select the maturities (and interest rates, if applicable) of the Series 2022C Bonds to be redeemed.

If less than all of the Series 2022C Bonds of a maturity (and interest rates, if applicable) are to be redeemed, the Trustee shall assign to each Outstanding Series 2022C 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 2022C 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 2022C Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which such Series 2022C Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2022C Bonds to be redeemed.

For so long as DTC is the registered owner of the Series 2022C Bonds, procedures with respect to the transmission of notices and the selection of Series 2022C 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 2022C 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 2022C Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2022C 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 Resolutions, the Trustee is required to provide notice of any rescission or failure to meet any such condition or other such event 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 2022C 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 2022C Bonds, which notice shall specify the Series 2022C 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 2022C Bonds 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 2022C Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2022C 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 2022C 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 2022C 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 2022C Bonds or portions of Series 2022C 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 2022C Bonds, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" included by specific reference herein.

## PART 4—APPLICATION OF PROCEEDS

The Series 2022C Bonds are being issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2022C Bonds are expected to be used to (a) finance, refinance or reimburse all or a portion of the costs of transportation projects for the MTA and (b) pay certain costs relating to the issuance of the Series 2022C Bonds.

The Series 2022C 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 2022C 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 Purchaser. Additional information relating to the Climate Bonds Initiative, the Climate Bonds Standard, the Certification Process 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 State Revenue Bond Resolution, and their use herein is for identification purposes only and is not intended to provide or imply that a holder of the Series 2022C Bonds is entitled to any additional security other than as provided in the State Revenue Bond Resolution. The State, the Authority and MTA have no continuing legal obligation to maintain the Climate Bond Certification of the Series 2022C Bonds.*

***Introduction.*** MTA engaged First Environment, Inc. as an independent verifier to review MTA's 2015-2019 Capital Program seeking programmatic certification for future issuance of Climate Bond Initiative ("CBI") certified bonds pursuant to the Climate Bonds Standard 3.0 and the sector eligibility requirements of Land Transport Criteria Version 2.0. 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 accordance with an agreement among CBI, MTA, Triborough Bridge and Tunnel Authority and the State, a portion of the projects reviewed by First Environment for the MTA's 2015-19 Capital Program will be funded by the State through bonds issued by the Authorized Issuers, including the Series 2022C Bonds.

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, 2022, as supplemented June 22, 2022 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 but rather to the CBI Programmatic Approach Certification.
- MTA has engaged an independent verifier to identify and to annually re-verify the total amount of Climate Criteria eligible transit and commuter projects under its Capital Programs.
- The aggregate a 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 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;

***The Climate Bonds Initiative and Climate Bond Certification.*** MTA has applied to the Climate Bonds Initiative under the Climate Bonds Standard & Certification Scheme (the Certification Process), for designation of the Series 2022C 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 2022C 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 2022C 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 2022C Bonds, and that these internal processes and controls are sufficient to enable conformance with the Certification Process after the Series 2022C Bonds have been issued and bond proceeds are being expended.

The post-issuance requirements require annual certification of compliance.

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## PART 5—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 2022C Bonds, for the payment of debt service on other outstanding State Personal Income Tax Revenue Bonds and the aggregate total during each such period.

| | Series 2022C Bonds | | | | |
|---|---|---|---|---|---|
| **12-Month Period Ending March 31** | **Principal Payments** | **Interest Payments** | **Total Debt Service** | **Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service[(1)(2)]** | **Aggregate Debt Service[(1)(2)]** |
| 2023 | | $ 21,453,376 | $ 21,453,376 | $ 3,938,804,079 | $ 3,960,257,455 |
| 2024 | | 34,022,975 | 34,022,975 | 3,935,423,915 | 3,969,446,890 |
| 2025 | | 34,022,975 | 34,022,975 | 4,032,990,252 | 4,067,013,227 |
| 2026 | | 34,022,975 | 34,022,975 | 4,661,068,429 | 4,695,091,404 |
| 2027 | | 34,022,975 | 34,022,975 | 4,439,766,545 | 4,473,789,520 |
| 2028 | | 34,022,975 | 34,022,975 | 4,402,994,484 | 4,437,017,459 |
| 2029 | | 34,022,975 | 34,022,975 | 3,956,564,761 | 3,990,587,736 |
| 2030 | | 34,022,975 | 34,022,975 | 3,665,013,141 | 3,699,036,116 |
| 2031 | | 34,022,975 | 34,022,975 | 3,537,903,878 | 3,571,926,853 |
| 2032 | | 34,022,975 | 34,022,975 | 3,354,788,162 | 3,388,811,137 |
| 2033 | | 34,022,975 | 34,022,975 | 3,087,412,832 | 3,121,435,807 |
| 2034 | | 34,022,975 | 34,022,975 | 2,860,249,801 | 2,894,272,776 |
| 2035 | | 34,022,975 | 34,022,975 | 2,604,172,753 | 2,638,195,728 |
| 2036 | | 34,022,975 | 34,022,975 | 2,449,165,591 | 2,483,188,566 |
| 2037 | | 34,022,975 | 34,022,975 | 2,340,567,343 | 2,374,590,318 |
| 2038 | | 34,022,975 | 34,022,975 | 2,216,413,048 | 2,250,436,023 |
| 2039 | | 34,022,975 | 34,022,975 | 2,120,498,819 | 2,154,521,794 |
| 2040 | | 34,022,975 | 34,022,975 | 1,976,507,130 | 2,010,530,105 |
| 2041 | | 34,022,975 | 34,022,975 | 1,872,910,344 | 1,906,933,319 |
| 2042 | | 34,022,975 | 34,022,975 | 1,783,361,646 | 1,817,384,621 |
| 2043 | | 34,022,975 | 34,022,975 | 1,677,659,700 | 1,711,682,675 |
| 2044 | | 34,022,975 | 34,022,975 | 1,525,794,344 | 1,559,817,319 |
| 2045 | | 34,022,975 | 34,022,975 | 1,461,429,294 | 1,495,452,269 |
| 2046 | | 34,022,975 | 34,022,975 | 1,391,804,944 | 1,425,827,919 |
| 2047 | | 34,022,975 | 34,022,975 | 1,341,678,094 | 1,375,701,069 |
| 2048 | | 34,022,975 | 34,022,975 | 1,233,957,294 | 1,267,980,269 |
| 2049 | | 34,022,975 | 34,022,975 | 1,092,615,744 | 1,126,638,719 |
| 2050 | | 34,022,975 | 34,022,975 | 888,153,544 | 922,176,519 |
| 2051 | | 34,022,975 | 34,022,975 | 430,879,244 | 464,902,219 |
| 2052 | $ 40,795,000 | 34,022,975 | 74,817,975 | 286,247,594 | 361,065,569 |
| 2053 | 125,380,000 | 31,983,225 | 157,363,225 | 86,772,200 | 244,135,425 |
| 2054 | 131,645,000 | 25,714,225 | 157,359,225 | 86,769,600 | 244,128,825 |
| 2055 | 138,225,000 | 19,131,975 | 157,356,975 | 86,771,600 | 244,128,575 |
| 2056 | 145,135,000 | 12,220,725 | 157,355,725 | 86,768,800 | 244,124,525 |
| 2057 | 151,125,000 | 6,233,906 | 157,358,906 | 86,772,000 | 244,130,906 |
| 2058 | | | | 86,771,400 | 86,771,400 |
| 2059 | | | | 86,772,400 | 86,772,400 |
| **Total[(3)]** | **$732,305,000** | **$1,103,403,707** | **$1,835,708,707** | $75,174,194,744 | **$** $77,009,903,451 |

______________

(1) Interest on $74,615,000 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, including the Series 2022 A&B Bonds. 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 6—ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2022C Bonds:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Series 2022C Bonds | $732,305,000.00 |
| Net Original Issue Premium | 25,099,254.95 |
| Total Sources | $757,404,254.95 |
| **Uses of Funds** | |
| Deposit to Series 2022C Bond Proceeds Accounts | $750,000,000.00 |
| Costs of Issuance* | 6,360,191.07 |
| Initial Purchaser's Discount | 1,044,063.88 |
| Total Uses | $757,404,254.95 |

* Includes New York State Bond Issuance Charge.

## PART 7—TAX MATTERS

### *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 2022C 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 2022C Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2022C Bonds. Pursuant to the Resolution 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 2022C 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 Resolution, the financing agreements and the Tax Certificate. Nixon Peabody LLP and D. Seaton and Associates, Co-Bond Counsel ("Co-Bond Counsel"), will not independently verify the accuracy of those representations and certifications.

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Authority and the Departments described above, interest on the Series 2022C Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. 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.

The Authority sold its Series 2022A Bonds at substantially the same time as the Series 2022C Bonds. Because that the Series 2022C Bonds were sold at substantially the same time as the Series 2022A Bonds, the two series of bonds will be treated as a single issue of bonds for federal income tax purposes. In this instance, failure by the Authority or the Departments to comply with the requirements of the Code with respect to the Series 2022A Bonds, may cause interest on the Series 2022C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue of the Series 2022C Bonds. Because the Series 2022C Bonds were sold at substantially the same time as the Series 2022A

Bonds, the Authority and the Departments have made certain representations and covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2022A Bonds from gross income for Federal income tax purposes.

***State Taxes***

Co-Bond Counsel is also of the opinion that, under existing law, interest on the Series 2022C 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). Co-Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2022C Bonds nor as to the taxability of the Series 2022C Bonds or the income therefrom under the laws of any state other than the State of New York.

***Original Issue Discount***

Co-Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2022C Bonds over the issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2022C 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 2022C 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 2022C 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 2022C 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 2022C 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 2022C 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 2022C Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2022C 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 2022C 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.

Co-Bond Counsel are not rendering any opinion as to any Federal tax matters other than those described in its opinion attached as part of APPENDIX A – INFORMATION CONCERNING THE STATE OF NEW YORK included by specific reference herein. 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 2022C 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 2022C Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2022C 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 2022C 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 2022C Bonds may occur. Prospective purchasers of the Series 2022C Bonds should consult their own tax advisors regarding the impact of any changes in law on the Series 2022C 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 2022C Bonds may affect the tax status of interest on the Series 2022C Bonds. Co-Bond Counsel express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2022C Bonds, or the interest thereon, if any action is taken with respect to the Series 2022C Bonds or the proceeds thereof upon the advice or approval of other counsel.

## PART 8—CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2022C Bonds are subject to the approval of Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., 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 2022C Bonds. The proposed form of such opinion is included in this Official Statement as "APPENDIX A—PROPOSED FORM OF CO-BOND COUNSEL OPINIONS."

## PART 9— SALE BY COMPETITIVE BIDDING

The Series 2022C Bonds were awarded pursuant to two separate electronic competitive bidding processes on July 21, 2022. The Series 2022C Bonds Bidding Group 1, comprised of Series 2022C Bonds maturing on March 15 in the years 2053 through 2055, inclusive, and the Series 2022C Bonds Bidding Group 2, comprised of Series 2022C Bonds maturing on March 15 in the years 2056 and 2057, were each sold to J.P. Morgan Securities, LLC (the "Initial Purchaser"). The Series 2022C Bonds will be purchased by the Initial Purchaser at an aggregate price of $756,360,191.07, which reflects an aggregate net original issue premium of $25,099,254.95 and an Initial Purchaser's discount of $1,044,063.88. The Initial Purchaser has supplied the information as to the initial public offering prices of the Series 2022C Bonds as set forth on the inside cover of this Official Statement.

The Series 2022C 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 Initial Purchaser.

## PART 10—RATINGS

The Series 2022C Bonds are rated "AA+" with a stable outlook by S&P Global Ratings and "AA+" with a stable outlook by Fitch Ratings. 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 2022C 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 11—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 and COVID-19, in "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK" included by specific reference herein.

The Director of the Budget is to certify that the statements and information appearing (a) under the headings (i) "PART 1—SUMMARY STATEMENT" included by specific reference herein (except under the subcaption "Purposes of Issue" and except for the seventh, eleventh (last sentence only) and twelfth 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 1—INTRODUCTION" herein (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" included by specific reference herein, (iv) "PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS" included by specific reference herein, (v) "PART 5—DEBT SERVICE REQUIREMENTS" herein as to the column "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service," and (vi) "PART 20—CONTINUING DISCLOSURE" included by specific reference herein (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" included by specific reference herein 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" included by specific reference herein 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" included by specific reference herein 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 2022C Bonds.

Public Resources Advisory Group has acted as financial advisor to the Division of the Budget in connection with the sale and issuance of the Series 2022C 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 2022C Bonds are fully set forth in the General Resolution (including any supplemental resolutions thereto), and neither any advertisement of the Series 2022C Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2022C 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 – CONFORMED COPY OF FINANCING AGREEMENT included by specific reference herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by the Authority.

**NEW YORK STATE THRUWAY AUTHORITY**

By: /s/ Matthew A. Howard
Authorized Officer

# APPENDIX A

## PROPOSED FORM OF CO-BOND COUNSEL OPINION

*Upon the delivery of the Series 2022C Bonds, Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to the Authority, each propose 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

Re: New York State Thruway Authority
State Personal Income Tax Revenue Green Bonds
Series 2022C (Climate Bond Certified) (Tax-Exempt)

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 $732,305,000 aggregate principal amount of State Personal Income Tax Revenue Green Bonds, Series 2022C (Climate Bond Certified) (Tax-Exempt) (the "Series 2022C Bonds").

The Series 2022C 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 and supplemented on June 6, 2022 (the "General Resolution"), as supplemented and amended by the Fourteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds, adopted by the Authority on June 6, 2022 (the "Series 2022 Supplemental Resolution"), and the Certificate of Determination relating to the Series 2022C Bonds (the "Certificate of Determination" and, together with the Series 2022 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 2022C 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 2022C 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 2022C 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 2022C Bonds.

The Series 2022C 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, New York, New York, which will act as securities depository for the Series 2022C Bonds. The Series 2022C Bonds shall be lettered and numbered as provided in the Resolutions.

The Series 2022C Bonds are dated their date of delivery and bear interest payable on March 15 and September 15 in each year until maturity, commencing September 15, 2022. The Series 2022C 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.

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 2022C 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 2022C Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2022C Bonds. Pursuant to the Resolution 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 2022C 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.

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 2022C Bonds, including the Revenues and any other amounts (including proceeds of the sale of the Series 2022C 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 2022C 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 2022C 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, assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2022C Bonds 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.

7. Under existing law, interest on the Series 2022C 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 2022C 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 2022C Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2022C Bonds, or the interest thereon, if any action is taken with respect to the Series 2022C Bonds or the proceeds thereof upon the advice or approval of any other counsel.

We have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2022C Bonds may affect the tax status of interest on the Series 2022C Bonds. Further, although interest on the Series 2022C Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2022C Bond depending upon the tax status of such holder and such holder's other items of income and deduction.

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 2022C 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 2022C 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 2022C Bond and, in our opinion, the forms of said Series 2022C Bonds and their execution are regular and proper.

Very truly yours,

# APPENDIX B

## SERIES 2022 A&B OFFICIAL STATEMENT

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**NEW ISSUE – BOOK-ENTRY ONLY**

NEW YORK STATE OF OPPORTUNITY. Thruway Authority

**$2,169,905,000**
**NEW YORK STATE THRUWAY AUTHORITY**
**State Personal Income Tax Revenue Bonds**

| **$2,028,105,000** | **$141,800,000** |
|---|---|
| **Series 2022A** | **Series 2022B** |
| **(Tax-Exempt)** | **(Federally Taxable)** |

**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 2022A (Tax-Exempt) (the "Series 2022A Bonds") and the New York State Thruway Authority State Personal Income Tax Revenue Bonds, Series 2022B (Federally Taxable) (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Series 2022 Bonds"), are special obligations of the New York State Thruway Authority (the "Authority"). The Series 2022 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 2022 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 2022 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2022 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 2022 Bonds. The Authority has no taxing power.**

The Series 2022 Bonds will be issued as fixed rate obligations, fully registered, in denominations of $5,000 or any integral multiple thereof. The Series 2022 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 2022 Bonds is payable on each March 15 and September 15, commencing September 15, 2022.

The Series 2022 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, New York, New York ("DTC"). See "PART 8 – BOOK-ENTRY ONLY SYSTEM" herein. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2022 Bonds, payments of principal or redemption price of and interest on the Series 2022 Bonds will be made by The Bank of New York Mellon, New York, New York, as Trustee and Paying Agent, to Cede & Co.

The Series 2022 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, co-bond counsel to the Authority (collectively, "Co-Bond Counsel"), 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 2022A 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"). Co-Bond Counsel are also of the opinion that such interest on the Series 2022A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Co-Bond Counsel is further of the opinion that, under existing law, interest on the Series 2022 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 13 – TAX MATTERS" herein regarding certain other tax considerations.

The Series 2022 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 D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel to the Authority, and to certain other conditions. It is expected that the Series 2022 Bonds will be available for delivery to DTC on or about July 28, 2022.

Dated: July 13, 2022

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

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

**$2,028,105,000**
**SERIES 2022A (TAX-EXEMPT)**

| Due March 15 | Principal Amount | Interest Rate | Yield | CUSIP No.† |
|---|---|---|---|---|
| 2023 | $ 24,405,000 | 5.000% | 1.320% | 650028XZ1 |
| 2024 | 18,295,000 | 5.000 | 1.680 | 650028YA5 |
| 2025 | 19,210,000 | 5.000 | 1.860 | 650028YB3 |
| 2026 | 20,175,000 | 5.000 | 2.020 | 650028YC1 |
| 2027 | 21,180,000 | 5.000 | 2.100 | 650028YD9 |
| 2028 | 50,245,000 | 5.000 | 2.300 | 650028YE7 |
| 2029 | 71,565,000 | 5.000 | 2.450 | 650028YF4 |
| 2030 | 75,145,000 | 5.000 | 2.540 | 650028YG2 |
| 2031 | 78,890,000 | 5.000 | 2.650 | 650028YH0 |
| 2032 | 82,845,000 | 5.000 | 2.730 | 650028YJ6 |
| 2033 | 49,270,000 | 5.000 | 2.910* | 650028YK3 |
| 2034 | 51,730,000 | 5.000 | 3.030* | 650028YL1 |
| 2035 | 54,320,000 | 5.000 | 3.130* | 650028YM9 |
| 2036 | 57,035,000 | 5.000 | 3.200* | 650028YN7 |
| 2037 | 59,885,000 | 5.000 | 3.240* | 650028YP2 |
| 2038 | 62,880,000 | 5.000 | 3.280* | 650028YQ0 |
| 2039 | 66,025,000 | 5.000 | 3.330* | 650028YR8 |
| 2040 | 69,325,000 | 5.000 | 3.520* | 650028YS6 |
| 2041 | 72,795,000 | 5.000 | 3.570* | 650028YT4 |
| 2042 | 76,430,000 | 5.000 | 3.590* | 650028YU1 |
| 2043 | 80,250,000 | 4.000 | 4.060 | 650028YV9 |
| 2044 | 83,465,000 | 4.000 | 4.080 | 650028YW7 |
| 2045 | 86,800,000 | 5.000 | 3.680* | 650028YX5 |
| 2046 | 91,140,000 | 5.000 | 3.720* | 650028YY3 |
| 2049 | 105,505,000 | 4.000 | 4.270 | 650028ZB2 |
| 2050 | 109,725,000 | 4.000 | 4.280 | 650028ZC0 |
| 2051 | 114,115,000 | 4.000 | 4.290 | 650028ZD8 |
| 2052 | 79,275,000 | 4.125 | 4.300 | 650028ZE6 |

$196,180,000 5.000% Term Bond due March 15, 2048, Yield: 3.81%* CUSIP No. 650028ZA4

* Priced to the first optional call date of September 15, 2032.

† 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 2022A Bonds, and neither the Authority nor the Initial Purchasers of the Series 2022A 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 2022A 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 2022A Bonds.

**$141,800,000**
**SERIES 2022B (FEDERALLY TAXABLE)**

| Due March 15 | Principal Amount | Interest Rate | Price or Yield | CUSIP No.[†] |
|---|---|---|---|---|
| 2024 | $33,810,000 | 3.375% | 100% | 650028ZK2 |
| 2025 | 16,295,000 | 3.450 | 100 | 650028ZL0 |
| 2026 | 36,150,000 | 3.550 | 100 | 650028ZF3 |
| 2027 | 37,435,000 | 3.650 | 100 | 650028ZG1 |
| 2028 | 18,110,000 | 3.850 | 100 | 650028ZH9 |

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 2022 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 2022 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 2022 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.*

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| **State Personal Income Tax Revenue Bond Financing Program** | 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").<br><br>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.<br><br>Section 1 of Chapter 174 of the Laws of 1968, constituting the New York State Urban Development Corporation Act, was amended by Section 59 of Part FFF of Chapter 56 of the Laws of 2022 to authorize certain Authorized Issuers, including the Authority, to issue State Personal Income Tax Revenue Bonds for the purpose of repaying certain obligations relating to an energy efficiency program of the Power Authority of the State of New York (the "PASNY") that funded projects at State agencies including, but not limited to, the State University of New York, the City University of New York, the New York State Office of Mental Health, the New York State Education Department, and the New York State Department of Agriculture and Markets.<br><br>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. |
| **Purposes of Issue** | The Series 2022A Bonds are being issued for the purpose of financing Authorized Purposes, including (i) financing, refinancing or reimbursing all or a portion of the costs of certain programs and projects within the State, (ii) refinancing certain |

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| | State-supported debt previously issued by the Authority, (iii) repaying certain obligations relating to the PASNY's energy efficiency program, and (iv) paying certain costs relating to the issuance of the Series 2022A Bonds. The Series 2022B Bonds are being issued for the purpose of financing Authorized Purposes, including (i) repaying certain obligations relating to the PASNY's energy efficiency program, and (ii) paying certain costs relating to the issuance of the Series 2022B Bonds. For a more complete description of the expected application of proceeds of the Series 2022 Bonds, see "PART 6—APPLICATION OF PROCEEDS" herein and "PART 7—THE REFUNDING PLAN" herein. See also "APPENDIX F—REFUNDED BONDS" for a complete list of bonds to be refunded. |
| **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 aggregate of such tax revenues deposited to the Revenue Bond Tax Fund are 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."<br><br>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.<br><br>The PTET establishes an optional tax on the State-sourced income of (i) partnerships and (ii) S corporations. Qualifying entities that elect to pay pass-through entity tax 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. Additionally, the PTET legislation 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 over a multi-year basis, although New York State Personal Income Tax Receipts are expected to decrease to the extent that qualifying entities elect to pay pass-through entity tax. Aggregate contributions to the Revenue Bond Tax Fund are expected to be unaffected because 50 percent of net revenues from both New York State Personal Income Tax Receipts and New York State PTET Receipts are deposited into the Revenue Bond Tax Fund. 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." |

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| | 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.<br><br>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 2020-21 through 2022-23 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 |
|---|---|---|---|---|
| 2020-21 | $54,967 | N/A | $3 | $27,485 |
| 2021-22 | $70,737 | $16,430 | $13 | $43,590 |
| 2022-23* | $46,972 | $14,997 | $13 | $30,991 |

* As estimated in the FY 2023 Enacted Budget Financial Plan.

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

The Series 2022 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 and supplemented on June 6, 2022 (the "General Resolution").

The Series 2022 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 $46.7 billion were outstanding as of May 31, 2022) 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**

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| | **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.**<br><br>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."<br><br>**The Series 2022 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2022 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 2022 Bonds. The Authority has no taxing power.**<br><br>**The Series 2022 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 2022 Bonds.** |
| **Set Aside for Purpose of Making Financing Agreement Payments** | 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.<br><br>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 2022-23.<br><br>See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS." |
| **Availability of General Fund to Satisfy Set-Aside of Revenue Bond Tax Fund Receipts** | 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. |

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| **Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts** | 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.<br><br>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." |
| **Additional Bonds and Debt Service Coverage** | 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.<br><br>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.<br><br>In accordance with the additional bonds debt service coverage test described above, Revenue Bond Tax Fund Receipts of approximately $47.8 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 10.3* times the maximum annual Debt Service for all outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2022 Bonds. As soon as the week of July 18, 2022, the Authority may sell $750† million of its State Personal Income Tax Revenue Green Bonds, Series 2022C |

* The initial collection of PTET receipts in December 2021 results in an unusually high amount of Revenue Bond Tax Fund Receipts in the consecutive 12-month period used to calculate coverage for the additional bonds test. On an annual basis coverage is projected to be 6.3x in FY 2022-23.
† Preliminary, subject to change.

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| | (Climate Bond Certified) (Tax-Exempt) (the "Series 2022C Bonds"), which will be offered pursuant to a separate Official Statement. The Series 2022C Bonds are expected to mature from 2052* to 2057* and the projected debt service on the Series 2022C Bonds is not expected to materially impact the additional bonds debt service coverage calculation.<br><br>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."<br><br>As of May 31, 2022, approximately $46.7 billion of State Personal Income Tax Revenue Bonds were outstanding. |
| **Appropriation by State Legislature** | 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 2022-23.<br><br>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 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.<br><br>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. |
| **Continuing Disclosure** | In order to assist the Initial Purchasers of the Series 2022 Bonds 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 20—CONTINUING DISCLOSURE" and "APPENDIX E—EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT." |

* Preliminary, subject to change.

**OFFICIAL STATEMENT**

**Relating to**

**$2,169,905,000**
**NEW YORK STATE THRUWAY AUTHORITY**
**STATE PERSONAL INCOME TAX REVENUE BONDS**

| | |
|---|---|
| **$2,028,105,000**<br>**Series 2022A**<br>**(Tax-Exempt)** | **$141,800,000**<br>**Series 2022B**<br>**(Federally Taxable)** |

## 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 $2,028,105,000 State Personal Income Tax Revenue Bonds, Series 2022A (Tax-Exempt) (the "Series 2022A Bonds") and $141,800,000 State Personal Income Tax Revenue Bonds, Series 2022B (Federally Taxable) (the "Series 2022B Bonds" and, collectively with the Series 2022A Bonds, the "Series 2022 Bonds"). The interest rates, maturity dates, principal amounts, and prices or yields of the Series 2022 Bonds being offered hereby are set forth on the inside cover pages of this Official Statement.

As soon as the week of July 18, 2022, the Authority may sell $750* million of its State Personal Income Tax Revenue Green Bonds, Series 2022C (Climate Bond Certified) (Tax-Exempt) (the "Series 2022C Bonds"), which will be offered pursuant to a separate 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 2022 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. 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

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* Preliminary, subject to change.

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 2022 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"), 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"), and Section 59 of Part FFF of Chapter 56 of the Laws of 2022 (the "2022 Act"). The 2022 Act amended Section 1 of Chapter 174 of the Laws of 1968 constituting the New York State Urban Development Corporation Act to authorize certain of the Authorized Issuers referred to below, including the Authority, to issue State Personal Income Tax Revenue Bonds for the purpose of repaying certain obligations relating to an energy efficiency program of the Power Authority of the State of New York (the "PASNY") that funded energy efficiency projects at State agencies including, but not limited to, the State University of New York, the City University of New York, the New York State Office of Mental Health, the New York State Education Department, and the New York State Department of Agriculture and Markets.

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 (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 and the 2022 Act, constitute the "Authorizing Legislation."

The Series 2022 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 6, 2022 by the Fourteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds (the "Supplemental Resolution") (the General Resolution, as amended and supplemented, including as amended and supplemented by the Supplemental Resolution, is hereinafter referred to as the "State Revenue Bond Resolution"). The Series 2022 Bonds and any other bonds issued under the General Resolution are sometimes referred to herein as the "Bonds."

The Series 2022 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 2022 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, 2022, approximately $46.7 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 2022 Bonds" and "— Additional Bonds."

The Series 2022 Bonds are being issued for the purpose of financing Authorized Purposes, including (i) financing, refinancing or reimbursing all or a portion of the costs of certain programs and projects within the State, (ii) refinancing certain State-supported debt previously issued by the Authority, (iii) repaying certain obligations relating to the PASNY's energy efficiency program, and (iv) paying certain costs relating to the issuance of the Series 2022 Bonds. For a more complete description of the expected application of proceeds of the Series 2022 Bonds, see "PART 6—APPLICATION OF PROCEEDS" herein and "PART 7—THE REFUNDING PLAN" herein. See also "APPENDIX F—REFUNDED BONDS" for a complete list of bonds to be refunded. **The Series 2022 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 the proceeds of the Series 2022 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 2022 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 11—THE AUTHORITY" for a further description of the Authority.

**The Series 2022 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2022 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 2022 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 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 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 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 to mitigate the negative impact of the TCJA on State taxpayers, which has impacted the State Personal Income Tax Revenue Bond Financing Program as described below.

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 / 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 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. Taxpayers who itemize deductions may claim charitable gifts as a personal income tax deduction, pursuant to statute existing prior to 2018. The State legislation also created a new personal income tax credit equal to 85 percent of the donation amount. Credits based on contributions to the Charitable Gifts Trust Fund are claimed for the tax year following the year in which the donation is made.

***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 2023 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 and is expected to decrease FY 2023 receipts by a significant amount. 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.

***Litigation Challenging Certain TCJA Provisions.*** As described above, the ECEP and Charitable Gifts Trust Fund were developed based on a review of then-existing laws, regulations, and precedents. However, subsequent to the enactment of legislation effectuating the ECEP and Charitable Gifts Trust Fund, on June 13, 2019, the IRS adopted final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund beyond the $93 million in donations the State received in 2018, when the U.S. Treasury and the IRS first published proposed regulatory changes. Virtually no additional donations to the Charitable Gifts Trust Fund have been received by the State after the 2018 tax year.

On July 17, 2019, the State, joined by Connecticut and New Jersey, filed a federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks 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, in accordance with the precedent since 1917. The federal defendants moved to dismiss the complaint or, in the alternative for summary judgment, on December 23, 2019, and the states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020. The district court denied the states' request for oral argument, but a decision on the outstanding motions to dismiss and cross-motions for summary judgment remain pending.

If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018. In such event, the donations to the Charitable Gifts Trust Fund would likely pose a risk to the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund in future years. To address this risk, the FY 2019 Enacted Budget legislative changes (i) increased the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund from 25 percent to 50 percent (excluding refunds owed to taxpayers), (ii) added, as a new revenue source, the 50 percent statutory allocation of New York State ECEP Receipts (excluding refunds owed to employers), and (iii) increased the Maximum Revenue Bond Tax Fund Deposit.

In addition, the FY 2019 Enacted Budget legislative changes allow taxpayers to claim reimbursement from the State for interest on underpayments of federal tax liability for the 2019, 2020 and 2021 tax years if the underpayments arise from reliance on amendments to State tax law enacted in 2018. To receive reimbursement, taxpayers are required to submit their reimbursement claims to the Department of Taxation and Finance within 60 days of making an interest payment to the IRS. To date, the State has not received any claims for reimbursement of interest on underpayments of Federal tax liability. The FY 2023 Enacted Budget Financial Plan does not include any estimate of the possible reimbursement of interest expense by the State.

**Series 2022 Bonds**

The Series 2022 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 2022 Bonds is included as "APPENDIX C—CONFORMED COPY OF FINANCING AGREEMENT" hereto. The Series 2022 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 2022 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 $47.8 billion are available to pay financing agreement payments on a pro-forma basis, which amount represents approximately 10.3‡ times the maximum annual Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2022 Bonds. As soon as the week of July 18, 2022, the Authority may sell $750* million of its Series 2022C which will be offered pursuant to a separate Official Statement. The Series 2022C Bonds are expected to mature from 2052* to 2057* and the projected debt service on the Series 2022C Bonds is not expected to materially impact the additional bonds debt service coverage calculation. It should be noted, however, that if New York State taxpayer donations to the Charitable Gifts Trust Fund approach maximum levels of participation, the aggregate amount of New York State Personal Income Tax Receipts would be materially and adversely affected which, in turn, could result in a material reduction in the debt service coverage on State Personal Income Tax Revenue Bonds. As noted above, however, additional bonds may not be issued unless the additional bonds test under the respective general resolution has been satisfied. 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 11—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.

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* Preliminary, subject to change.

‡ The initial collection of PTET receipts in December 2021 results in an unusually high amount of Revenue Bond Tax Fund Receipts in the consecutive 12-month period used to calculate coverage for the additional bonds test. On an annual basis coverage is projected to be 6.3x in FY 2022-23.

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.

**On or before October 1**

Authorized Issuers submit to the Division of the Budget the schedule of anticipated cash requirements (which include financing agreement payments) due with respect to State Personal Income Tax Revenue Bonds for the next State Fiscal Year and for the four subsequent State Fiscal Years

**No later than 30 Days after Budget Submission (Mid February)**

Director of the Budget submits a certificate to the State Comptroller which estimates for the following State Fiscal Year*:

- 50% of monthly New York State Personal Income Tax Receipts to be deposited in the Revenue Bond Tax Fund
- 50% of monthly New York State ECEP Receipts to be deposited in the Revenue Bond Tax Fund
- 50% of monthly New York State PTET Receipts to be deposited in the Revenue Bond Tax Fund
- Monthly set asides for financing agreement payments and other cash requirements (for outstanding bonds and projected issuances)

**Beginning on the First Day of Each Month**

100% of daily New York State Personal Income Tax Receipts from the Withholding Component, New York State ECEP Receipts and New York State PTET Receipts flow to the Revenue Bond Tax Fund until 50% of estimated monthly New York State Personal Income Tax Receipts (excluding refunds owed to taxpayers), 50% of the estimated monthly New York State ECEP Receipts (excluding refunds owed to employers) and 50% of the estimated monthly New York State PTET Receipts (excluding refunds owed to taxpayers) have been deposited **

New York State Personal Income Tax Receipts, New York State ECEP Receipts and New York State PTET Receipts, which have been set aside to make financing agreement payments and meet other cash requirements, are required to remain in the Revenue Bond Tax Fund until appropriated and paid to the applicable trustees on behalf of the Authorized Issuers

After the monthly amounts necessary to make financing agreement payments and meet other cash requirements have been set aside, and assuming appropriations have been enacted and any required payments have been made by the State Comptroller, excess moneys in the Revenue Bond Tax Fund flow to the General Fund

**12th Day of the following Month**

The Commissioner of Taxation and Finance certifies to the State Comptroller 50% of actual New York State Personal Income Tax Receipts, 50% of actual New York State ECEP Receipts and, 50% of actual New York State PTET Receipts for the prior month and the State Comptroller adjusts deposits to the Revenue Bond Tax Fund accordingly

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* 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**

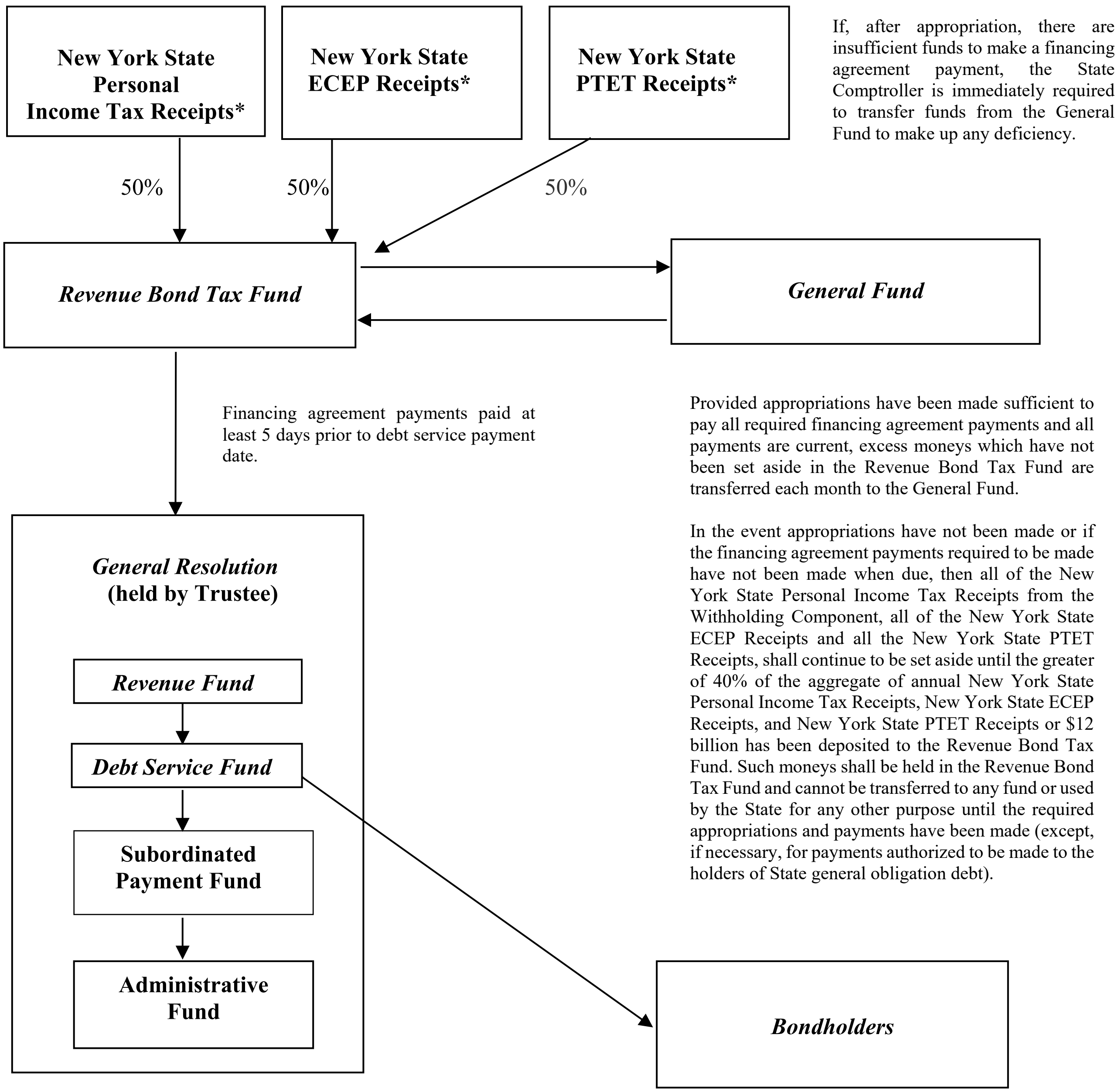
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to the Authority and other Authorized Issuers (which 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, 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, 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, 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 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."

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## 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.

The following tables set forth the current rate schedules for tax year 2022, for tax years after 2022 and before 2028 and for tax years after 2027.

## New York State Personal Income Tax Rates for Tax Year 2022

| **Married Filing Jointly and Qualified Widow(er)** Taxable Income: | **Tax**± |
|---|---|
| Not over $17,150 | 4% 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 5.85% of excess over $27,900 |
| Over $161,550 but not over $323,200 | $9,021 plus 6.25% of excess over $161,550 |
| Over $323,200 but not over $2,155,350 | $19,124 plus 6.85% of excess over $323,200 |
| Over $2,155,350 but not over $5,000,000 | $144,626 plus 9.65% of excess over $2,155,350 |
| Over $5,000,000 but not over $25,000,000 | $419,135 plus 10.3% of excess over $5,000,000 |
| Over $25,000,000 | $2,479,135 plus 10.9% of excess over $25,000,000 |
| **Single, Married Filing Separately, Estates and Trusts** Taxable Income: | |
| Not over $8,500 | 4% 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 5.85% of excess over $13,900 |
| Over $80,650 but not over $215,400 | $4,504 plus 6.25% of excess over $80,650 |
| Over $215,400 but not over $1,077,550 | $12,926 plus 6.85% of excess over $215,400 |
| Over $1,077,550 but not over $5,000,000 | $71,984 plus 9.65% of excess over $1,077,550 |
| Over $5,000,000 but not over $25,000,000 | $450,500 plus 10.3% of excess over $5,000,000 |
| Over $25,000,000 | $2,510,500 plus 10.9% of excess over $25,000,000 |
| **Head of Household** Taxable Income: | |
| Not over $12,800 | 4% 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 5.85% of excess over $20,900 |
| Over $107,650 but not over $269,300 | $5,976 plus 6.25% of excess over $107,650 |
| Over $269,300 but not over $1,616,450 | $16,079 plus 6.85% of excess over $269,300 |
| Over $1,616,450 but not over $5,000,000 | $108,359 plus 9.65% of excess over $1,616,450 |
| Over $5,000,000 but not over $25,000,000 | $434,871 plus 10.3% of excess over $5,000,000 |
| Over $25,000,000 | $2,494,871 plus 10.9% 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 $25,050,000 in tax year 2022, all taxable income becomes effectively subject to a flat 10.9 percent tax rate.

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## New York State Personal Income Tax Rates for Tax Years After 2022 and Before 2028

| **Married Filing Jointly** | **Tax**± |
|---|---|
| Taxable Income: | |
| Not over $17,150 | 4% 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 10.3% of excess over $5,000,000 |
| Over $25,000,000 | $2,478,263 plus 10.9% of excess over $25,000,000 |

| **Single, Married Filing Separately, Estates and Trusts** | |
|---|---|
| Taxable Income: | |
| Not over $8,500 | 4% 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 10.3% of excess over $5,000,000 |
| Over $25,000,000 | $2,509,929 plus 10.9% of excess over $25,000,000 |

| **Head of Household** | |
|---|---|
| Taxable Income: | |
| Not over $12,800 | 4% 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 10.3% of excess over $5,000,000 |
| Over $25,000,000 | $2,494,163 plus 10.9% 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 $25,050,000 in tax years 2023 through 2027, all taxable income becomes effectively subject to a flat 10.9 percent tax rate.

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## New York State Personal Income Tax Rates for Tax Years After 2027

| **Married Filing Jointly** | **Tax**[±] |
|---|---|
| Taxable Income: | |
| Not over $17,150 | 4% 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 | $143,754 plus 8.82% of excess over $2,155,350 |
| **Single, Married Filing Separately, Estates and Trusts** | |
| Taxable Income: | |
| Not over $8,500 | 4% 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 | $71,413 plus 8.82% of excess over $1,077,550 |
| **Head of Household** | |
| Taxable Income: | |
| Not over $12,800 | 4% 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 | $107,651 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 2027, 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 in 2019 were required to make an election by December 1, 2018, and participating employers began remittance of taxes on payrolls in January 2019. Likewise, New York State ECEP Receipts to the Revenue Bond Tax Fund also began in January 2019. Employers participating in the ECEP for the 2020 tax year were required to make an election by December 1, 2019, and employers participating in the ECEP for the 2021 tax year were required to make an election by December 1, 2020.

New York State ECEP Receipts are dependent on the extent to which employers elect to participate in the program. In State Fiscal Year 2019-20, the State received $2.0 million of New York State ECEP Receipts, based on the 262 employers that elected to participate in tax year 2019. New York State ECEP Receipts increased to $3.2 million in State Fiscal Year 2020-21, based on 299 participating employers in tax year 2020, and increased again to $13 million in State Fiscal Year 2021-22, based on 328 participating employers in tax year 2021. The participation count for tax year 2022 has declined to 286, but substantial uncertainty exists with respect to New York State ECEP Receipts after State Fiscal Year 2021-22 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 first, two thousand twenty-one, 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 2023 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 and is expected to significantly decrease FY 2023 receipts. 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 2013-14 through 2022-23. 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 2013-14 through 2022-23* (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 |
|---|---|---|---|---|---|---|
| 2013-14 | $42,961 | $33,368 | 77.7% | N/A | N/A | $10,740 |
| 2014-15 | 43,710 | 34,907 | 79.9 | N/A | N/A | 10,927 |
| 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 | 13.0 | 43,590* |
| 2022-23 (proj.)† | 46,975 | 51,638 | 109.9 | 14,997 | 13.0 | 30,991* |

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

† Reflects the timing of PTET receipts that results in a decrease in 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 2021-22, New York State Personal Income Tax Receipts totaled approximately $70.7 billion and accounted for approximately 58.4 percent of State tax receipts in all State Funds. The FY 2023 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 decrease by 33.6 percent to approximately $47.0 billion in State Fiscal Year 2022-23. The decrease in FY 2022-23 receipts and the resulting increased share of total receipts represented by the withholding component are due to the influence of PTET. The FY 2023 Enacted Budget assumes that revenue loss from tax year 2021 PTET credits will be realized entirely through personal income tax settlement payments, beginning April 2022. Furthermore, there is also the assumption that that revenue loss from tax year 2022 PTET credits will be realized primarily through reduced personal income tax quarterly estimated payments, also beginning April 2022. Therefore, FY 2022-23 personal income tax receipts are negatively affected by nearly two full tax years' worth of PTET credits. New York State ECEP Receipts are estimated to total $13 million in State Fiscal Year 2022-23, reflecting the second complete fiscal year of collection based on fully phased-in ECEP tax rate (5 percent).

Total State personal income tax receipts (as distinguished from New York State Personal Income Tax Receipts as defined herein and presented in the table above) estimates 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 seven times on a year-over-year basis, in State Fiscal Years 1964-65, 1971-72, 1977-78, 1990-91, 2002-03, 2009-10 and 2018-19. Total State personal income tax receipts are projected to decline again in State Fiscal Year 2022-23 due to the payment of tax year 2021 PTET credits – following the completion of tax year 2021 personal income tax final returns – and a reduction of tax year 2022 personal income tax estimated payments in anticipation of tax year 2022 PTET credits.

For a more detailed discussion of the general economic and financial condition of the State, including the economic impact of the COVID-19 pandemic on the State, and its projection of personal income tax receipts, see "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK."

The following table shows the pattern of State adjusted gross income growth and personal income tax liability for tax years 2013 through 2022.

**NYS Adjusted Gross Income (AGI) and Personal Income Tax Liability 2013 to 2022***

| Tax Year | NYS AGI | Percent Change | Personal Income Tax Liability | Percent Change |
|---|---|---|---|---|
| | | *($ in millions)* | | |
| 2013 | $ 714,046 | (0.1)% | $37,331 | (1.8)% |
| 2014 | 776,477 | 8.7 | 41,910 | 12.3 |
| 2015 | 807,775 | 4.0 | 43,503 | 3.8 |
| 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 (est.) | 951,092 | 2.2 | 53,043 | 7.0 |
| 2021 (est.) | 1,084,952 | 14.1 | 67,118 | 26.5 |
| 2022 (proj.) | 1,100,826 | 1.5 | 67,934 | 1.2 |

* 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.

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 2013, adjusted gross income has grown in all but two years, with the two annual declines in large part due to strategic income shifting in response to changes, or anticipated changes, to the federal tax code. Consequently, tax liability declined in both of these years, while also growing minimally in tax year 2018 due to the aforementioned strategic income shifting.

The FY 2023 Enacted Budget Financial Plan estimates that tax year 2020 personal income tax liability totaled $53.0 billion, increasing 7.0 percent from the prior year. Reflecting not only the economic impact of the COVID-19 pandemic, including the extraordinary support to personal incomes provided by the Federal government and the robust recovery of equity markets, but also the effects of new, high-income tax brackets and rates that are effective with the 2021 tax year, personal income tax liability is projected to increase by 26.5 percent to $67.1 billion in tax year 2021 and then projected to increase 1.2 percent to $67.9 billion in tax year 2022.

**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 2022 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......................... | $47,778,900 |
| Maximum Calculated Debt Service....................... | 4,661,068 |
| Debt Service Coverage .......................................... | 10.3x[§] |

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[§] The initial collection of PTET receipts in December 2021 results in an unusually high amount of Revenue Bond Tax Fund Receipts in the consecutive 12-month period used to calculate coverage for the additional bonds test. On an annual basis coverage is projected to be 6.3x in FY 2022-23.

**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 $6.1 billion annually over the next five 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 be a minimum of 6.3x in State Fiscal Year 2023 and a maximum of 7.2x in State Fiscal Year 2024.

The following table entitled, "Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds" does not reflect any estimate of charitable donations or the impact of such charitable donations on the amount of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund. As a result, the coverage ratios shown in the table may be materially and adversely affected by such donations.

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**Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds*<br>State Fiscal Years 2022-23 through 2026-27<br>(Dollars in Millions)**

| | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 |
|---|---|---|---|---|---|
| Projected Revenue Bond Tax Fund Receipts† | $30,991 | $38,963 | $40,899 | $41,359 | $42,561 |
| Projected New State Personal Income Tax Revenue Bonds Issuances | 5,817 | 6,398 | 5,366 | 6,264 | 6,435 |
| Projected Total State Personal Income Tax Revenue Bonds Outstanding | 50,652 | 54,972 | 57,894 | 60,852 | 63,823 |
| Projected Maximum Annual Debt Service± | 4,947 | 5,396 | 5,750 | 6,262 | 6,199 |
| Projected Debt Service Coverage | 6.3x | 7.2x | 7.1x | 6.6x | 6.9x |

* As of the 2023 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 PTET receipts and subsequent decrease in 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.

± The projections of future Revenue Bond Tax Fund Receipts are based on a number of factors and considerations. With respect to donations to the Charitable Gifts Trust Fund, meaningful historical baseline data are not available for incorporation into revenue projections. Accordingly, the information in this table may be subject to greater variability than other projections contained in this Official Statement.

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**

The amount of donations made by New York State taxpayers to the Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund. Donations to the Charitable Gifts Trust Fund could reduce State personal income tax receipts by nearly one dollar for every dollar donated because donors can claim a personal income tax deduction and a tax credit equal to 85 percent of the donation amount for the tax year following the year in which the donation is made.

Prior to the June 13, 2019 release of Treasury Decision 9864 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 Division of the Budget and the Department of Taxation and Finance have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for tax years 2022 through 2025§ to be, on average, in the range of $23 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's State and local tax payments ("SALT"), less the value of the $10,000 Federal SALT deduction limit, up to the value of the

§ The Federal SALT deduction limit is currently scheduled to expire on December 31, 2025. Upon such expiration, the Charitable Gifts Trust Fund would not provide any federal tax advantages to participating State residents.

taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It also relies on the Division of the Budget's projections of the level of PTET liability and the associated PTET credits, which serve to reduce personal income tax liability. The calculation assumes that all PTET credits are claimed by taxpayers negatively affected by the $10,000 Federal SALT deduction limit, thereby reducing the maximum amount of charitable donations to the Charitable Gifts Trust Fund on a dollar-for-dollar basis. The calculation also assumes that (a) no further changes in tax law occur and (b) Division of the Budget's projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate. The calculation is only intended to serve as a stress test on State personal income tax receipts that may flow to the Revenue Bond Tax Fund under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; and advice or guidance of tax advisors or other professionals.

The following table summarizes the calculation of the potential impact of charitable donations on Revenue Bond Tax Fund Receipts under different scenarios of possible taxpayer participation.

**Potential Effect of Contributions to the Charitable Gifts Trust Fund on Revenue Bond Tax Fund Receipts State Fiscal Years 2023 Through 2026 (billions of dollars)**

| | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|
| Revenue Bond Tax Fund Receipts, Prior Law | $16.0 | $19.5 | $20.6 | $20.3 |
| Revenue Bond Tax Fund Receipts, Current Law | 32.1 | 39.0 | 41.1 | 40.7 |
| Revenue Bond Tax Fund Receipts After Charitable Gifts | | | | |
| 100% Participation | 28.9 | 28.8 | 30.5 | 30.1 |
| 75% Participation | 29.7 | 31.4 | 33.2 | 32.7 |
| 50% Participation | 30.5 | 33.9 | 35.8 | 35.4 |
| 25% Participation | 31.3 | 36.5 | 38.5 | 38.0 |
| 10% Participation | 31.7 | 38.0 | 40.1 | 39.6 |

*NOTE:* *The calculation of the maximum amount of donations is intended as a stress test on New York State Personal Income Tax Receipts that may flow to the Revenue Bond Tax Fund under certain conditions. It should not under any circumstances be viewed as the likely or projected amount of Charitable Gifts Trust Fund donations in any given year.*

*ASSUMPTIONS:*

1. *Tax Rates, Deductions, and Credits.* Revenue Bond Tax Fund Receipts After Charitable Gifts reflects a State income tax deduction for the tax year that the charitable donation is made, and an 85% State tax credit in the following tax year.
2. *State cap on itemized deductions.* The values within this table are determined without respect to New York State's limitations on itemized deductions and, as a result, likely overestimate the negative effect on Revenue Bond Tax Fund Receipts.
3. *Timing.* The values in this table likely overstate the negative effect of future gifts to the Charitable Gifts Trust Fund on the Revenue Bond Tax Fund by assuming that taxpayers immediately reduce withholding and quarterly estimated tax payments, rather than reconciling through tax returns following the conclusion of the tax year.

In general, assumptions made regarding taxpayer behavior were intended to maximize the calculated impact of charitable giving on personal income tax receipts in each year. After these adjustments and with the inclusion of New York State ECEP and PTET Receipts, Revenue Bond Tax Fund Receipts are projected to remain above the level of receipts that would have been expected under statutes effective prior to April 2018, even assuming a maximum taxpayer participation scenario.

The calculation of the projected maximum amount of donations is necessarily based on many assumptions that may change materially over time. While the Division of the Budget believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual donations to the Charitable Gifts Trust Fund will not reduce the level of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund below the levels calculated. Accordingly, although the calculation of a maximum amount reflects the Division of the Budget's and Department of Taxation and Finance's current best judgment and estimates, such amount may be higher.

As of the FY 2023 Enacted Budget Financial Plan Updated for Governor's Amendments and Forecast Revisions, the State has received $93 million in charitable gifts that have been deposited to the Charitable Gifts Trust Fund. Donations to the Charitable Gifts Trust Fund will likely reduce New York State Personal Income Tax Receipts by nearly one dollar for every dollar donated. There can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is the Division of the Budget's expectation that changes to the Tax Law would be recommended to further increase the percentage of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund.

## PART 5—DESCRIPTION OF THE SERIES 2022 BONDS

### General

The Series 2022 Bonds will bear interest, computed on the basis of a 360-day year and 30-day month, from their date of delivery, payable September 15, 2022 and on each March 15 and September 15 thereafter at the rates set forth on the inside cover pages of this Official Statement. The Series 2022 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 2022 Bonds shall be the last day of the calendar month preceding such interest payment date. The Series 2022 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"), New York, New York, which will act as bond depository for the Series 2022 Bonds. Principal or redemption price of and interest on the Series 2022 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 2022 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 8—BOOK-ENTRY ONLY SYSTEM" below.

### Optional Redemption

#### *Series 2022A Bonds*

The Series 2022A Bonds are subject to optional redemption as described below and in "APPENDIX B-II—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 2022A Bonds maturing on or before March 15, 2032 are not subject to optional redemption prior to maturity. The Series 2022 Bonds maturing on and after March 15, 2033 are subject to optional redemption prior to maturity on and after September 15, 2032 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.

***Series 2022B Bonds***

**The Series 2022B Bonds are subject to optional redemption prior to maturity as a whole or in part, at the option of the Authority, on any Business Day, at the Make-Whole Redemption Price.**

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2022B Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2022B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2022B Bonds are to be redeemed, discounted to the date on which the Series 2022B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate (as defined below) plus 15 basis points, plus accrued and unpaid interest on the Series 2022B Bonds to be redeemed on the redemption date.

The "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 60 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2022B Bonds to be redeemed; (taking into account any sinking fund installments for such bonds) provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

**Mandatory Redemption**

The Series 2022A Bonds maturing on March 15, 2048 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 2022A Bonds specified for each of the dates shown in the following table:

**Series 2022A Term Bond**
**Maturing March 15, 2048**

| March 15, | Sinking Fund Installment |
|---|---|
| 2047 | $ 95,695,000 |
| 2048† | 100,485,000 |

† Stated maturity.

**Selection of Bonds to be Redeemed; Notice of Redemption**

In the case of redemptions of the Series 2022A Bonds or Series 2022B Bonds at the option of the Authority, the Authority will select the maturities (and interest rates, if applicable) of the Series 2022A Bonds or Series 2022B Bonds to be redeemed.

Series 2022A Bonds

If less than all of the Series 2022A Bonds of a maturity (and interest rates, if applicable) are to be redeemed, the Trustee shall assign to each Outstanding Series 2022A 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 2022A 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 2022A Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which such Series 2022A Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2022A Bonds to be redeemed.

For so long as DTC is the registered owner of the Series 2022A Bonds, procedures with respect to the transmission of notices and the selection of Series 2022A 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 2022A Bonds so held shall be in accordance with arrangements among the Trustee, the Authority and DTC.

Series 2022B Bonds

While the Series 2022B Bonds are held in DTC book-entry only form, in the case of optional redemption of the Series 2022B Bonds, if less than all of the Series 2022B Bonds are to be redeemed, the particular Series 2022B Bonds or portions thereof to be redeemed are to be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC operational procedures then in effect. Such procedures currently provide for adjustment of the principal by a factor provided by the Trustee. If the Trustee does not provide the necessary information or does not identify the redemption as on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2022B Bonds will be selected for redemption in accordance with DTC procedures by lot. The Authority intends that redemption allocations to be made by DTC, the DTC Participants or such other intermediaries that may exist between the Authority and the owners of the Series 2022B Bonds would be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Authority cannot provide any assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among the owners on such basis. If operational procedures of DTC (or of any successor depository) do not allow for the redemption of the Series 2022B Bonds on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2022B Bonds will be selected for redemption by lot.

If the Series 2022B Bonds are not registered in book-entry form and if fewer than all of a maturity of the Series 2022B Bonds are to be redeemed, the particular Series 2022B Bonds to be redeemed will be selected on a pro rata basis; provided, however, that any such redemption must be performed in a manner that results in all of the remaining outstanding Series 2022B Bonds being in authorized denominations.

***Notice of Redemption***

Any notice of optional redemption of the Series 2022 Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2022 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 Resolutions, the Trustee is required to provide (i) notice of any rescission or failure to meet any such condition or other such event as promptly as practicable after the failure of such condition or the occurrence of such other event, and (ii) with respect to the Series 2022B Bonds, notice of the Make-Whole Redemption Price as promptly as practicable after its determination.

When the Trustee shall have received notice from the Authority that Series 2022 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 2022 Bonds, which notice shall specify the Series 2022 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 2022 Bonds 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 2022 Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2022 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 2022 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 2022 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 2022 Bonds or portions of Series 2022 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 2022A Bonds, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

## PART 6—APPLICATION OF PROCEEDS

The Series 2022A Bonds are being issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2022A Bonds are expected to be used to (a) finance, refinance or reimburse 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 (collectively, the "Projects"), (b) refinance certain State-supported debt previously issued by the Authority, (c) repay certain obligations relating to the PASNY's energy efficiency program that funded energy efficiency projects at State agencies including, but not limited to, the State University of New York, the City University of New York, the New York State Office of Mental Health, the New York State Education Department, and the New York State Department of Agriculture and Markets and (d) pay certain costs relating to the issuance of the Series 2022A Bonds. The Series 2022B Bonds are being issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2022B Bonds are expected to be used to (a) repay certain obligations relating to the PASNY's energy efficiency program that funded energy efficiency projects at State agencies including, but not limited to, the State University of New York, the City University of New York, the New York State Office of Mental Health, the New York State Education Department, and the New York State Department of Agriculture and Markets and (b) pay certain costs relating to the issuance of the Series 2022B Bonds. See "PART 7—THE REFUNDING PLAN" and "APPENDIX F—REFUNDED BONDS" herein.

The Series 2022 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 2022 Bonds.

## PART 7 — THE REFUNDING PLAN

A portion of the proceeds of the Series 2022A Bonds, together with other available funds, are expected to be used to refund certain State-supported debt previously issued by the Authority, as more particularly described in "APPENDIX F—REFUNDED BONDS" hereto (collectively, the "Refunded Bonds").

Simultaneously with the issuance and delivery of the Series 2022A Bonds, such portion of the proceeds of the Series 2022A Bonds will be deposited into an escrow with the trustee for the Refunded Bonds, and, together with other available funds, if any, will be sufficient to acquire direct non-callable obligations of the United States of America (the "Defeasance Securities"), the maturing principal of and interest on which will be sufficient, together with any uninvested cash, to pay the principal or redemption price of and interest due on the Refunded Bonds on the date fixed for their redemption (the "Redemption Date"). See "PART 18 —VERIFICATION OF MATHEMATICAL COMPUTATIONS." At or prior to the time of such deposit, the Authority will provide the trustee for the Refunded Bonds irrevocable instructions to (i) give notices of the defeasance and redemption of the Refunded Bonds, as applicable, and (ii) apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash held in escrow, to the payment of the principal or redemption price of and interest coming due on the Refunded Bonds on the Redemption Date.

## PART 8—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"), New York, New York, will act as securities depository for the Series 2022 Bonds. References to the Series 2022 Bonds under this caption "Book-Entry Only System" shall mean all Series 2022 Bonds, the beneficial interests in which are owned in the United States. The Series 2022 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 2022 Bond certificate will be issued for the Series 2022 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 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the related Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 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 2022 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 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 2022 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 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2022 Bonds, giving any notice permitted or required to be given to registered owners under the Resolutions, registering the transfer of the Series 2022 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 2022 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 2022 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 2022 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 2022 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 2022 Bonds. In that event, Series 2022 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 2022 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 2022 BONDS.

So long as Cede & Co. is the registered owner of the Series 2022 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2022 Bonds (other than under the caption "PART 13 – TAX MATTERS" and "PART 20 – CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2022 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 2022 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 2022 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 2022 BONDS; OR (6) ANY OTHER MATTER.

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## PART 9—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 2022 Bonds, for the payment of debt service on other outstanding State Personal Income Tax Revenue Bonds and the aggregate total during each such period.

| | Series 2022 Bonds | | | | |
|---|---|---|---|---|---|
| **12-Month Period Ending March 31** | **Principal Payments** | **Interest Payments** | **Total Debt Service** | **Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service(1)(2)** | **Aggregate Debt Service(1)(2)** |
| 2023 | $ 24,405,000 | $ 63,579,671 | $ 87,984,671 | $ 3,850,819,408 | $ 3,938,804,079 |
| 2024 | 52,105,000 | 99,610,946 | 151,715,946 | 3,783,707,969 | 3,935,423,915 |
| 2025 | 35,505,000 | 97,555,109 | 133,060,109 | 3,899,930,143 | 4,032,990,252 |
| 2026 | 56,325,000 | 96,032,431 | 152,357,431 | 4,508,710,998 | 4,661,068,429 |
| 2027 | 58,615,000 | 93,740,356 | 152,355,356 | 4,287,411,189 | 4,439,766,545 |
| 2028 | 68,355,000 | 91,314,979 | 159,669,979 | 4,243,324,505 | 4,402,994,484 |
| 2029 | 71,565,000 | 88,105,494 | 159,670,494 | 3,796,894,267 | 3,956,564,761 |
| 2030 | 75,145,000 | 84,527,244 | 159,672,244 | 3,505,340,897 | 3,665,013,141 |
| 2031 | 78,890,000 | 80,769,994 | 159,659,994 | 3,378,243,884 | 3,537,903,878 |
| 2032 | 82,845,000 | 76,825,494 | 159,670,494 | 3,195,117,668 | 3,354,788,162 |
| 2033 | 49,270,000 | 72,683,244 | 121,953,244 | 2,965,459,588 | 3,087,412,832 |
| 2034 | 51,730,000 | 70,219,744 | 121,949,744 | 2,738,300,057 | 2,860,249,801 |
| 2035 | 54,320,000 | 67,633,244 | 121,953,244 | 2,482,219,509 | 2,604,172,753 |
| 2036 | 57,035,000 | 64,917,244 | 121,952,244 | 2,327,213,347 | 2,449,165,591 |
| 2037 | 59,885,000 | 62,065,494 | 121,950,494 | 2,218,616,849 | 2,340,567,343 |
| 2038 | 62,880,000 | 59,071,244 | 121,951,244 | 2,094,461,804 | 2,216,413,048 |
| 2039 | 66,025,000 | 55,927,244 | 121,952,244 | 1,998,546,575 | 2,120,498,819 |
| 2040 | 69,325,000 | 52,625,994 | 121,950,994 | 1,854,556,136 | 1,976,507,130 |
| 2041 | 72,795,000 | 49,159,744 | 121,954,744 | 1,750,955,600 | 1,872,910,344 |
| 2042 | 76,430,000 | 45,519,994 | 121,949,994 | 1,661,411,652 | 1,783,361,646 |
| 2043 | 80,250,000 | 41,698,494 | 121,948,494 | 1,555,711,206 | 1,677,659,700 |
| 2044 | 83,465,000 | 38,488,494 | 121,953,494 | 1,403,840,850 | 1,525,794,344 |
| 2045 | 86,800,000 | 35,149,894 | 121,949,894 | 1,339,479,400 | 1,461,429,294 |
| 2046 | 91,140,000 | 30,809,894 | 121,949,894 | 1,269,855,050 | 1,391,804,944 |
| 2047 | 95,695,000 | 26,252,894 | 121,947,894 | 1,219,730,200 | 1,341,678,094 |
| 2048 | 100,485,000 | 21,468,144 | 121,953,144 | 1,112,004,150 | 1,233,957,294 |
| 2049 | 105,505,000 | 16,443,894 | 121,948,894 | 970,666,850 | 1,092,615,744 |
| 2050 | 109,725,000 | 12,223,694 | 121,948,694 | 766,204,850 | 888,153,544 |
| 2051 | 114,115,000 | 7,834,694 | 121,949,694 | 308,929,550 | 430,879,244 |
| 2052 | 79,275,000 | 3,270,094 | 82,545,094 | 203,702,500 | 286,247,594 |
| 2053 | | | | 86,772,200 | 86,772,200 |
| 2054 | | | | 86,769,600 | 86,769,600 |
| 2055 | | | | 86,771,600 | 86,771,600 |
| 2056 | | | | 86,768,800 | 86,768,800 |
| 2057 | | | | 86,772,000 | 86,772,000 |
| 2058 | | | | 86,771,400 | 86,771,400 |
| 2059 | | | | 86,772,400 | 86,772,400 |
| **Total(3)** | $2,169,905,000 | $1,705,525,093 | $3,875,430,093 | $71,298,764,651 | $ $75,174,194,744 |

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(1) Interest on $74,615,000 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 10—ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2022 Bonds:

| Sources of Funds | Series 2022A | Series 2022B | Total |
|---|---|---|---|
| Principal Amount of Series 2022 Bonds | $2,028,105,000.00 | $141,800,000.00 | $2,169,905,000.00 |
| Net Original Issue Premium | 178,512,583.05 | | 178,512,583.05 |
| Other Available Funds | 26,767,771.33 | | 26,767,771.33 |
| Total Sources | $2,233,385,354.38 | $141,800,000.00 | $2,375,185,354.38 |
| **Uses of Funds** | | | |
| Deposit to Series 2022 Bond Proceeds Accounts | $1,882,909,956.87 | $140,327,771.80 | $2,023,237,728.67 |
| Deposit to Refunding Escrow | 325,296,580.31 | | 325,296,580.31 |
| Costs of Issuance* | 17,821,310.30 | 1,242,663.36 | 19,063,973.66 |
| Initial Purchaser's Discount | 7,357,506.90 | 229,564.84 | 7,587,071.74 |
| Total Uses | $2,233,385,354.38 | $141,800,000.00 | $2,375,185,354.38 |

* Includes New York State Bond Issuance Charge.

## PART 11—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. Board members serve for terms of nine years each. Vacancies in the Authority 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 whose terms have expired continue to serve until a successor is appointed and qualified. The members of the Authority 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. The members of the Authority may appoint other officers. The present members of the Board and the expiration dates of their terms of office are as follows:

| Name | Expiration of Term |
|---|---|
| Joanne M. Mahoney .................................................... | January 1, 2020* |
| José Holguín-Veras ..................................................... | December 12, 2018* |
| Robert L. Megna.......................................................... | January 1, 2017* |
| J. Donald Rice, Jr. ....................................................... | June 13, 2018* |
| Stephen M. Saland ...................................................... | January 1, 2023 |
| Heather C. Briccetti Mulligan .................................... | September 14, 2026 |
| [Vacant]........................................................................ | [June 23, 2026] |

* Holding over.

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 Councillor-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.

Robert L. Megna was confirmed as a member of the Authority Board in June 2016. Mr. Megna currently serves as the President of the Rockefeller Institute of Government. Previously, he 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.

J. Donald Rice, Jr., was confirmed as a member of the Authority Board in May 2010. Mr. Rice serves in a term that expired on June 13, 2018. Mr. Rice is founder and Chief Executive Officer of Rice Financial Products Company, a New York City-based full service municipal investment banking firm. Mr. Rice received a M.B.A. with distinction from Harvard Business School and a bachelor's degree in engineering with honors from Kettering University.

Stephen M. Saland was confirmed as a member of the Authority board in June 2016. Mr. Saland represented the 99th District in the New York State Assembly between 1980 until 1990, and served as New York State Senator for the 41st District from 1990 to 2012. He is also a past-President of the

National Conference of State Legislatures. Mr. Saland holds a Bachelor of Arts degree from the University of Buffalo and a Juris Doctor from Rutgers Law School.

Heather C. Briccetti Mulligan was nominated by the Governor and confirmed by the New York State Senate 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. Ms. Mulligan received a bachelor's degree in political science from the State University of New York at Binghamton and graduated from Albany Law.

The present officers of the Authority are as follows:

| Name | Office |
|---|---|
| Joanne M. Mahoney ........................................................ | Chair |
| Robert L. Megna ............................................................. | Vice Chair |
| Matthew J. Driscoll ......................................................... | Executive Director |
| Matthew A. Howard ......................................................... | Treasurer |
| William F. McDonough .................................................. | Assistant Treasurer |
| Tanya M. Morris............................................................... | Secretary |
| Keith Fragomeni.............................................................. | Assistant Secretary |
| Jerry B. Yomoah ............................................................. | Assistant Secretary |

Matthew J. Driscoll is the Executive Director of the Authority. Matthew A. Howard serves as Chief Financial Officer of the Authority. The General Counsel of the Authority is Francis G. Hoare, 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 which 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 State Revenue Bond Resolution which 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 2022 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 2022 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 12—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 taxes 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 13—TAX MATTERS

### Series 2022A 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 2022A 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 2022A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2022A Bonds. Pursuant to the Resolution 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 2022A 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 Resolution, the financing agreements and the Tax Certificate. Nixon Peabody LLP and D. Seaton and Associates, Co-Bond Counsel ("Co-Bond Counsel"), will not independently verify the accuracy of those representations and certifications.

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the

Authority and the Departments described above, interest on the Series 2022A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. 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.

The Authority may sell its Series 2022C Bonds at substantially the same time as the Series 2022A Bonds. To the extent that the Series 2022A Bonds are sold at substantially the same time as the Series 2022C Bonds, the two series of bonds will be treated as a single issue of bonds for federal income tax purposes. In this instance, failure by the Authority or the Departments to comply with the requirements of the Code with respect to the Series 2022C Bonds, may cause interest on the Series 2022A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue of the Series 2022A Bonds. To the extent the Series 2022A Bonds are sold at substantially the same time as the Series 2022C Bonds, the Authority and the Departments will make certain representations and will covenant to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2022C Bonds from gross income for Federal income tax purposes.

***State Taxes***

Co-Bond Counsel is also of the opinion that, under existing law, interest on the Series 2022 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). Co-Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2022 Bonds nor as to the taxability of the Series 2022 Bonds or the income therefrom under the laws of any state other than the State of New York.

***Original Issue Discount***

Co-Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2022A Bonds over the issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2022A 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 2022A 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.

Co-Bond Counsel are not rendering any opinion as to any Federal tax matters other than those described in its opinion attached as part of APPENDIX E. 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 2022A 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 2022A Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2022A 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 2022A 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 2022A Bonds may occur. Prospective purchasers of the Series 2022A Bonds should consult their own tax advisors regarding the impact of any changes in law on the Series 2022A 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 2022A Bonds may affect the tax status of interest on the Series 2022A Bonds. Co-Bond Counsel express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2022A Bonds, or the interest thereon, if any action is taken with respect to the Series 2022A Bonds or the proceeds thereof upon the advice or approval of other counsel.

**Series 2022B Bonds**

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2022B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2022B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2022B Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2022B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2022B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2022B Bonds.

The Authority has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

***U.S. Holders***

As used herein, the term "**U.S. Holder**" means a beneficial owner of Series 2022B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons, also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2022B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2022B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2022B Bonds.

***Taxation of Interest Generally***

Interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2022B Bonds. In general, interest paid on the Series 2022B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Series 2022B Bonds and capital gain to the extent of any excess received over such basis.

***Recognition of Income Generally***

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Series 2022B Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Series 2022B Bonds under the Code.

***Original Issue Discount***

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2022B Bonds issued with original issue discount ("Discount Bonds"). A Series 2022B Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2022B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2022B Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2022B Bond's "stated redemption price at maturity" is the total of all payments provided by the Series 2022B Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Bond for each day during the taxable year in which such holder held such Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2022B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

***Market Discount***

A holder who purchases a Series 2022B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2022B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

A holder of a Series 2022B Bond who acquires such Series 2022B Bond at a market discount also may be required to defer, until the maturity date of such Series 2022B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2022B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Series 2022B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2022B Bond for the days during the taxable year on which the holder held the Series 2022B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2022B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

***Bond Premium***

A holder of a Series 2022B Bond who purchases such Series 2022B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2022B Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2022B Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Series 2022B Bonds who acquire such Series 2022B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2022B Bonds.

***Surtax on Unearned Income***

Section 1411 of the Code generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

### *Sale or Redemption of Bonds*

A bondholder's adjusted tax basis for a Series 2022B Bond is the price such holder pays for the Series 2022B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2022B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2022B Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2022B Bond is held as a capital asset (except in the case of Series 2022B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2022B Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued," or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Series 2022B Bond under the defeasance provisions of the Resolution could result in a deemed sale or exchange of such Series 2022B Bond.

EACH POTENTIAL HOLDER OF SERIES 2022B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SERIES 2022B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2022B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

### *Non-U.S. Holders*

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2022B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the Authority or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Authority, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Authority (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Authority, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Series 2022B Bonds must certify to the Authority or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Authority or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2022B Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2022B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2022B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2022B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Series 2022B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Series 2022B Bonds shall have no recourse against the Authority, nor will the Authority be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2022B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of "withholdable payment" for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2022B Bonds.

***Information Reporting and Backup Withholding***

For each calendar year in which the Series 2022B Bonds are outstanding, the Authority, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit-sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Authority, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Series 2022B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Authority, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the Authority nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Series 2022B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2022B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2022B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

***State Taxes***

Co-Bond Counsel is also of the opinion that, under existing law, interest on the Series 2022B 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). Co-Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2022B Bonds nor as to the taxability of the Series 2022B Bonds or the income therefrom under the laws of any state other than the State of New York.

***Changes in Law and Post Issuance Events***

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2022B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2022B 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), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2022B Bonds. Prospective purchasers of the Series 2022B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2022B Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2022B BONDS.

**ERISA Considerations**

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental Plans and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Series 2022 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2022 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Authority or the Departments were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the Authority or the Departments would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code only if the Benefit Plan acquires an "equity interest" in the Authority or the Departments and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Series 2022 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2022 Bonds, including the reasonable expectation of purchasers of Series 2022 Bonds that the Series 2022 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2022 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2022 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Authority, the Departments, the Underwriters or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2022 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2022 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2022 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2022 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2022 Bond (or interest therein) with the assets of a Benefit Plan, Governmental Plan or Church Plan; or (ii) the acquisition and holding of the Series 2022 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Series 2022 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Authority, the Departments, the Underwriters, Trustee or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2022 Bonds, the purchase of the Series 2022 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2022 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Authority, the Departments, the Underwriters, the Trustee or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2022 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

## PART 14—LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of the Authority, threatened in any court, agency or other administrative body (either State or federal) restraining or enjoining the issuance, sale or delivery of the Series 2022 Bonds, or in any way questioning or affecting (i) the proceedings under which the Series 2022 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 2022 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 15—CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2022 Bonds are subject to the approval of Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., 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 2022 Bonds. The proposed form of such opinion is included in this Official Statement as "APPENDIX D—PROPOSED FORM OF CO-BOND COUNSEL OPINIONS."

## PART 16— SALE BY COMPETITIVE BIDDING

The Series 2022A Bonds were awarded pursuant to five separate competitive bidding processes on July 13, 2022. The Series 2022A Bonds Bidding Group 1, comprised of Series 2022A Bonds maturing on March 15 in the years 2023 through 2032, inclusive, were sold to J.P. Morgan Securities, LLC. The Series 2022A Bonds Bidding Group 2, comprised of Series 2022A Bonds maturing on March 15 in the years 2033 through 2039, inclusive, were sold to Wells Fargo Bank, National Association. The Series 2022A Bonds Bidding Group 3, comprised of Series 2022A Bonds maturing on March 15 in the years 2040 through 2044, inclusive, and the Series 2022A Bonds Bidding Group 5, comprised of Series 2022A Bonds maturing on March 15 in the years 2049 through 2052, inclusive, were sold to BofA Securities, Inc. The Series 2022A Bonds Bidding Group 4, comprised of Series 2022A Bonds maturing on March 15 in the years 2045 through 2048, inclusive, were sold to Morgan Stanley & Co., LLC. The Series 2022A Bonds will be purchased by the respective initial purchasers (collectively, the "Series 2022A Initial Purchasers") at an aggregate price of $2,199,260,076.15, which reflects an aggregate net original issue premium of $178,512,583.05 and an aggregate Series 2022A Initial Purchasers' discount of $7,357,506.90.

The Series 2022B Bonds were awarded pursuant to single competitive bidding process on July 13, 2022. The Series 2022B Bonds, comprised of Series 2022B Bonds maturing on March 15 in the years 2024 through 2028, inclusive, was sold to BofA Securities, Inc. (the "Series 2022B Initial Purchaser"). The Series 2022B Bonds will be purchased by the Series 2022B Initial Purchaser at a price of $141,570,435.16, which reflects a Series 2022B Initial Purchaser's discount of $229,564.84.

The respective Series 2022A Initial Purchasers have supplied the information as to the initial public offering prices of the Series 2022A Bonds as set forth on the inside cover of this Official Statement and the Series 2022B Initial Purchaser has supplied the information as to the initial public offering prices of the Series 2022B Bonds as set forth on the inside cover of this Official Statement. The Series 2022 Bonds may be offered and sold to certain dealers at prices lower than the public offering prices set forth on the inside cover pages, and such public offering prices may be changed from time to time by the respective Series 2022A Initial Purchasers and by the Series 2022B Initial Purchaser.

## PART 17—LEGALITY OF INVESTMENT

Under New York State law, the Series 2022 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 2022 Bonds.

## PART 18—VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants (the "Verification Agent"), upon the issuance of the Series 2022 Bonds, shall issue a report indicating that the Verification Agent has verified the arithmetic accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal amounts of, and the interest on, the Defeasance Securities to pay the principal or redemption price of, and the interest on, the Refunded Bonds on the Redemption Date, and (b) certain calculations relating to the Refunded Bonds and the Series 2022 Bonds. See "PART 7—THE REFUNDING PLAN."

## PART 19—RATINGS

The Series 2022 Bonds are rated "AA+" with a stable outlook by S&P Global Ratings and "AA+" with a stable outlook by Fitch Ratings. 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 2022 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 20—CONTINUING DISCLOSURE

In order to assist the Initial Purchasers of the Series 2022 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 2022 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 2022 Bonds, with the fiscal year ending March 31, 2023. 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 2022 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 2022 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 2022 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 21—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 and COVID-19, 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 seventh, eleventh (last sentence only) and twelfth 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 third, fourth, fifth, sixth, eighth, ninth, tenth, twelfth and fourteenth (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 9—DEBT SERVICE REQUIREMENTS" as to the column "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service," and (vi) "PART 20—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 2022 Bonds.

Public Resources Advisory Group has acted as financial advisor to the Division of the Budget in connection with the sale and issuance of the Series 2022 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 2022 Bonds are fully set forth in the General Resolution (including any supplemental resolutions thereto), and neither any advertisement of the Series 2022 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2022 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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The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by the Authority.

**NEW YORK STATE THRUWAY AUTHORITY**

By: /s/ Matthew A. Howard
Authorized Officer

# 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 29, 2022. 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, 2021 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 29, 2021 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.**

# NEW YORK STATE
# ANNUAL INFORMATION STATEMENT

June 29, 2022

WE ARE NY

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# INTRODUCTION

This Annual Information Statement (AIS) is dated June 29, 2022, and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and replaces the AIS dated June 8, 2021 and all updates and supplements issued in connection therewith. This AIS is scheduled to be updated on a quarterly basis and 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 2023 (FY 2023)[1] Enacted Budget Financial Plan (the "Financial Plan") issued by the Division of the Budget (DOB) in May 2022. The Financial Plan sets forth the State's official financial projections for FY 2023 through FY 2027 ("the Financial Plan period"). It includes, among other things, information on the major components of the FY 2023 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements in the State's operating funds, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. While the disclosure contained in this AIS is derived from the Financial Plan, this AIS contains certain updates to information set forth in the Financial Plan which are not deemed by DOB to materially change the projections contained in the Financial Plan. DOB next expects to update the State's multi-year financial projections in July 2022 with the first quarterly update to the Financial Plan.

2. A discussion of issues and risks that may affect the State's financial projections during FY 2023 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".

3. Information on other subjects relevant to the State's finances, including summaries of: (a) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State's revised economic forecast and a profile of the State economy, (c) the State's debt and other financing activities, (d) the organization of State government, and (e) activities of public authorities and localities.

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.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2023 ("FY 2023") is the fiscal year that began on April 1, 2022 and will end on March 31, 2023.

DOB is responsible for preparing the State's Financial Plan and presenting 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). 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, the 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, or 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 2022 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, 2022 is expected to be completed by July 29, 2022. 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 29, 2022. These reports will contain the final FY 2022 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 2021 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.

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# 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 include: 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 grants; 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 taxes and all income not earmarked for a specified program or activity. 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 Personal Income Tax (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) funds, the Dedicated Highway and Bridge Trust Fund (DHBTF), and the Lottery 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.

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[2] State Finance Law also requires DOB to prepare a pro forma Financial Plan using, to the extent practicable, Generally Accepted Accounting Principles (GAAP). 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 financial plan conforms to all GAAP principles.

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). 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 more 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 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: (a) payment of certain operating costs using available resources outside the State Operating Funds basis of reporting; and (b) reclassification as Enterprise Funds of certain activities in which goods or services are provided to the public for a fee. If these or other transactions are not executed or reported in a manner consistent with DOB's interpretation of the legislation and legislative intent, annual spending growth in State Operating Funds would be higher than projections.

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.

Differences may occur from time to time between DOB's and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure amount while OSC may report the gross expenditure. 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

The following table provides certain Financial Plan information for FY 2022 and FY 2023.

| FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars) | FY 2022 Actuals | FY 2023 Projected |
|---|---|---|
| **State Operating Funds Disbursements** | | |
| Size of Budget | $117,404 | $122,741 |
| Annual Growth | 12.7% | 4.5% |
| **Other Disbursement Measures** | | |
| General Fund (Including Transfers)[1] | $88,918 | $96,103 |
| Annual Growth | 20.0% | 8.1% |
| Capital Budget (Federal and State) | $14,704 | $17,360 |
| Annual Growth | 19.2% | 18.1% |
| Federal Operating Aid | $77,231 | $82,088 |
| Annual Growth | 10.3% | 6.3% |
| All Funds | $209,339 | $222,189 |
| Annual Growth | 12.2% | 6.1% |
| **Inflation (CPI)** | 6.2% | 6.1% |
| **All Funds Receipts** | | |
| Taxes[2] | $104,706 | $107,456 |
| Annual Growth | 27.1% | 2.6% |
| Miscellaneous Receipts | $27,932 | $27,107 |
| Annual Growth | -9.2% | -3.0% |
| Federal Receipts (Operating and Capital) | $95,307 | $87,786 |
| Annual Growth | 22.0% | -7.9% |
| Total All Funds Receipts[2] | $227,945 | $222,349 |
| Annual Growth | 19.2% | -2.5% |
| **General Fund Cash Balance** | $33,053 | $25,256 |
| Rainy Day Reserves | $3,319 | $6,468 |
| Economic Uncertainties | $5,665 | $7,570 |
| Extraordinary Monetary Settlements | $1,837 | $1,544 |
| Timing of PTET/PIT Credits | $16,430 | $6,342 |
| Reserve for Pandemic Assistance | $2,000 | $0 |
| All Other | $3,802 | $3,332 |
| **Debt** | | |
| Debt Service as % All Funds Receipts[2] | 5.2% | 3.6% |
| State-Related Debt Outstanding | $61,966 | $67,628 |
| Debt Outstanding as % Personal Income | 4.1% | 4.5% |

1 Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes.

2 Excludes the impact of the Pass Through Entity Tax program, which is expected to have no net Financial Plan impact across fiscal years.

# Overview

## The FY 2023 Budget Process

The Governor submitted the FY 2023 Executive Budget, with amendments, to the Legislature on February 17, 2022. The Executive Budget Financial Plan provided for balanced General Fund operations in each year of the Financial Plan. Spending growth in State Operating Funds was estimated at 3.2 percent. The FY 2023 Executive Budget proposed initiatives intended to advance the State's recovery from the COVID-19 pandemic, including tax relief for individuals and small businesses; investments to improve health care access, quality, and affordability; wage increases for workers in the health, mental health, and social services sectors; rate increases for service providers; and funding increases for a range of other essential services. In addition, the Financial Plan included a $2 billion reserve funded from FY 2022 operations that was intended to finance additional pandemic relief initiatives in FY 2023 (the "pandemic reserve"). It was expected that the uses of the pandemic reserve would be negotiated with the Legislature as part of the budget process.

On March 1, 2022, the Director of the Budget and the secretaries of the Senate Finance Committee and Assembly Ways and Means Committee issued a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and ensuing fiscal years. In the report, the parties agreed that total receipts would exceed the Executive Budget forecast in the range of $800 million to $1.2 billion over a two-year period (FYs 2022 and 2023).

On March 29, 2022, the Legislature enacted the annual debt service appropriations, without amendment, in advance of the new fiscal year that began on April 1. In the following days, the Governor and Legislative leaders reached agreement on the outlines of the budget for FY 2023, with the Legislature completing final action on the budget bills on April 9, 2022. The Governor completed her review of the budget bills on April 21, 2022.

Since enactment of the FY 2023 Budget, the Legislature has passed several bills that, if approved by the Governor, could result in significant new costs to the General Fund in FY 2023 and future years. The bills are expected to be sent to the Governor for her consideration in the coming months. DOB will reflect the fiscal impact of bills that are approved by the Governor in future updates to the Financial Plan.

The State also recently reached an agreement with the Civil Service Employees Association (CSEA) for a five-year term covering FY 2022 - FY 2026, which is subject to ratification by the membership. The agreement provides annual 2 percent salary increases in FY 2022 and FY 2023, and annual 3 percent salary increases in FY 2024 through FY 2026, as well as other compensation and is partly offset by health insurance benefit design changes. The State expects to allocate the reserve for labor settlements and agency operations previously set aside for this purpose following ratification. There can be no assurance that amounts informally reserved in the Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts with other bargaining units.

## Summary of Revisions to the Executive Budget Proposal

DOB estimates that the budget enacted by the Legislature and approved by the Governor is balanced in FY 2023, as required by law. In addition, the multi-year Financial Plan shows no budget gaps through FY 2027, with available resources generated from operations in FY 2022, and, to a lesser extent, expected to be generated in FY 2023, allocated over multiple years to eliminate the budget gaps that would otherwise have occurred in FYs 2024 through 2027. Without the application of FY 2022 and FY 2023 resources, the Financial Plan would show budget gaps starting in FY 2024. The following table summarizes revisions to the multi-year projections that were contained in the Executive Budget Financial Plan. A more detailed table of the revisions appears in the section entitled, "FY 2023 General Fund Financial Plan."

FY 2023 GENERAL FUND FINANCIAL PLAN
REVISIONS TO EXECUTIVE BUDGET ESTIMATES: SAVINGS/(COSTS)
(millions of dollars)

| | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **0** | **0** | **0** | **0** |
| **Negotiated Changes** | **(91)** | **(972)** | **(2,056)** | **(2,140)** | **(2,251)** |
| Adds: | (4,761) | (2,258) | (2,355) | (2,582) | (2,693) |
| Spending | (3,627) | (2,178) | (2,185) | (2,426) | (2,519) |
| Recurring | (953) | (2,003) | (2,123) | (2,363) | (2,456) |
| Non-Recurring | (2,222) | (25) | 0 | 0 | 0 |
| Table Adds | (311) | (31) | (27) | (28) | (28) |
| Restorations | (141) | (119) | (35) | (35) | (35) |
| Revenue | (1,134) | (80) | (170) | (156) | (174) |
| Available Resources/Offsets | 4,670 | 1,286 | 299 | 442 | 442 |
| **Other Revisions** | **91** | **972** | **2,056** | **2,140** | **2,251** |
| Revenue/Expenditure Forecast | 882 | (338) | (154) | (145) | (193) |
| Debt Service Prepayments | (2,000) | 1,130 | 1,880 | 1,880 | 1,860 |
| Advances/Reimbursable Expenses | 1,209 | 180 | 330 | 405 | 584 |
| **ENACTED SURPLUS/(GAP) ESTIMATE** | **0** | **0** | **0** | **0** | **0** |

### Negotiated Changes

The budget agreement authorized an estimated $4.76 billion in additions to the General Fund compared to the FY 2023 Executive Budget Financial Plan, consisting of $3.6 billion in new spending and $1.1 billion in tax relief. The new costs are funded by the pandemic assistance reserve funded from FY 2022 operations ($2 billion), the higher tax receipts attributable to the consensus revenue agreement ($1.2 billion), health care savings from FY 2022 ($800 million) and Federal aid available for eligible health care and childcare investments ($650 million).

The additions to the General Fund consist of recurring and non-recurring costs. Recurring additions carry an estimated cost of $1.1 billion in FY 2023, annualizing to $2.8 billion in the out-years of the plan. Initiatives that drive recurring costs include a $3 increase in the minimum wage for home health care workers, additional funding for full-day prekindergarten, and expanded eligibility for childcare services. In addition, the final budget agreement included the restoration (i.e., rejection) of several Executive Budget savings proposals in the areas of health care and education.

Non-recurring additions are estimated at $3.6 billion in FY 2023. The largest additions include emergency rental assistance (State-share: $800 million); aid to hospitals in financial distress ($800 million); a temporary suspension of certain fuel taxes and an accompanying “hold harmless” provision for dedicated transportation funds ($609 million); aid to address utility arrears ($250 million); a one-time increase in the Earned Income Tax Credit (EITC) and Empire State Child Credit (ESCC) ($475 million); and emergency aid to homeowners and landlords ($125 million).[3] In addition, nearly all the discretionary additions for individual program areas (“table adds”) are not continued after FY 2023.

## Other Revisions

Outside of the negotiated changes outlined above, DOB has made other revisions to the Executive Budget Financial Plan based on FY 2022 results, tax collections through April 2022, and updated economic data.

Revisions to the revenue and expense forecast result in savings in FY 2023 and modest cost increases in the outyears of the plan. Tax receipts have increased in comparison to the Executive Budget forecast, based mainly on the strength of business tax collections through April 2022. While the PIT performed better than expected through April, DOB is making no changes to any of the components at this time (except for the timing of PIT refunds originally expected to be made in March 2022 and now expected in FY 2023). It has determined that instability in the financial markets and the growing risk of an economic downturn call for a wait-and-see approach. Disbursements have been lowered in FY 2023, due mainly to the extension of enhanced FMAP through September 2022 (reduced by the costs of compliance with Federal rules for receiving the enhanced rate).

Lastly, revisions have been made to reflect the management of surplus resources generated in FY 2022 and used to help maintain balanced operations through FY 2027. DOB estimates that, absent the execution of prepayments and management of reimbursements and advances, the General Fund would have ended FY 2022 with a cash balance that was $10.5 billion higher than the Executive Budget estimate. This reflected both stronger receipts ($5.8 billion) and lower disbursements ($4.7 billion). Actions were taken at the close of FY 2022 to allocate $7.5 billion of the unplanned cash resources to help ensure the General Fund would remain in balance through FY 2027. The actions consisted of the prepayment of debt service due in future years and the management of advances and reimbursements. The remaining balance of $3 billion accrued to the General Fund closing balance, and has been programmed for use in FY 2023 and later.

[3] Please see “General Fund – Changes to the Executive Budget” for an itemized summary of changes.

## Reserves

The Financial Plan maintains all of the planned deposits and set asides to principal reserves that were proposed in the FY 2023 Executive Budget.[4] No funds were diverted to fund any negotiated changes. Planned deposits of $15.4 billion through FY 2025 will bring the balance in principal reserves to just under $19.5 billion. The annual deposits total $5 billion in FY 2022 (completed), $5 billion in FY 2023, $2.4 billion in FY 2024, and $2.9 billion in FY 2025. The following table shows the completed and planned deposits to principal reserves. The allocation of principal reserves has been adjusted to reflect the new allowable balance and deposit authorization for the Rainy Day Reserve, as discussed below. The total has not changed.

| FY 2023 ENACTED BUDGET "PRINCIPAL" RESERVES (millions of dollars) | | | | |
|---|---|---|---|---|
| | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| **Planned Deposits (Uses)** | **5,018** | **5,054** | **2,448** | **2,925** |
| Rainy Day Reserves | 843 | 3,149 | 3,308 | 3,494 |
| Economic Uncertainties | 4,175 | 1,905 | (860) | (569) |
| **Balance At Year-End** | **8,984** | **14,038** | **16,486** | **19,411** |
| Rainy Day Reserves | 3,319 | 6,468 | 9,776 | 13,270 |
| Economic Uncertainties | 5,665 | 7,570 | 6,710 | 6,141 |
| **Estimated SOF Spending** | **117,404** | **122,741** | **123,686** | **129,078** |
| *Principal Reserves % SOF* | *7.7%* | *11.4%* | *13.3%* | *15.0%* |

The Legislature also approved two changes that will allow the State to set aside additional resources in statutory reserves. The maximum allowable balance for the Rainy Day Reserve was raised from 5 percent to 15 percent, and the maximum annual deposit from 0.75 percent to 3 percent of General Fund spending. In addition, the maximum annual deposit to the Retiree Health Benefits Trust was raised from 0.5 percent to 1.5 percent of the actuarial accrued liability ($75.8 billion at last valuation).

The FY 2023 Enacted Budget Financial Plan also maintains $6 billion for Pay-As-You-Go (PAYGO) capital funding, as proposed in the Executive Budget. Most of the PAYGO funding is expected to be used to avoid taxable bond issuances, which typically have higher interest expense and amortize over a shorter period than the State's tax-exempt bonds.

[4] DOB defines principal reserves as the two "rainy day" reserves (consisting of the Tax Stabilization Reserve and the Rainy Day Reserve) and the portion of the General Fund balance informally designated for economic uncertainties.

## Federal Recovery Aid

The $12.75 billion in recovery aid from the American Rescue Plan (ARP) is expected to be used over four years (FY 2022-FY 2025). No changes have been made to the allocation outlined in prior Financial Plans. In FY 2022, $4.5 billion was used to fund eligible expenses, as defined in the US Treasury regulations. The remaining amounts will be used as follows: $2.3 billion in FY 2023, $2.4 billion in FY 2024, and $3.6 billion in FY 2025, with all amounts expected to be expended by December 2024. The allocation and use of recovery aid may be adjusted by DOB, depending on future needs and developments.

## Cash Position

DOB expects that the General Fund will have sufficient liquidity in FY 2023 to make all planned payments as they become due. DOB continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

## Impact of Budget Agreement on State Spending

State Operating Funds spending is estimated at $122.7 billion in FY 2023, an increase of 4.5 percent over FY 2022 results of $117.4 billion[5]. Spending is $3.8 billion higher than the $118.9 billion estimated in the FY 2023 Executive Budget. The increase includes the allocation of the one-time pandemic recovery reserve and other negotiated spending additions, as well as the planned $2 billion payment in future debt service costs.

[5] State Operating Funds results for FY 2022 were $2.2 billion higher than the Executive Budget forecast and reflect the prepayment of expenses due in future years.

## FY 2023 Enacted Budget Financial Plan Summary of Actions and Revisions Compared to Baselevel Projections

The following table summarizes the impact of the FY 2023 Enacted Budget actions on General Fund operations, starting with the baselevel projections.[6] It is followed by a summary of the significant actions with an emphasis on the projected fiscal impact for FY 2023.

[6] The baselevel projections, which were done in January 2022, represent the projected surpluses and gaps before any changes proposed by the Governor or enacted by the Legislature.

| FY 2023 GENERAL FUND FINANCIAL PLAN<br>SAVINGS/(COSTS)<br>(millions of dollars) | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **"BASE" BUDGET SURPLUS/(GAP) ESTIMATE** | **6,514** | **5,363** | **5,534** | **2,966** | **4,070** |
| **Receipts** | **(5,931)** | **165** | **1,440** | **2,442** | **2,295** |
| Tax Receipts[1] | (3,574) | (1,044) | (481) | (129) | (543) |
| Homeowner Tax Rebate Credit | (2,200) | 0 | 0 | 0 | 0 |
| Middle Class Tax Cut Acceleration | (162) | (615) | (360) | (44) | 0 |
| Small Business Tax Relief Credit | (100) | (100) | (100) | (100) | (100) |
| Small Business Tax Relief Credit for COVID-19 | 0 | (250) | 0 | 0 | 0 |
| NYC Musical & Theatrical Credit Extension | 0 | (100) | 0 | 0 | 0 |
| Fuel Taxes Suspension | (297) | 0 | 0 | 0 | 0 |
| EITC/Empire State Child Credits Advance | (475) | 0 | 0 | 0 | 0 |
| Forecast Revisions/Other | (340) | 21 | (21) | 15 | (443) |
| Payment of Future Debt Service | (2,000) | 1,130 | 1,880 | 2,380 | 2,860 |
| Other Receipts/Transfers | (357) | 79 | 41 | 191 | (22) |
| **Disbursements** | **(5,469)** | **(7,039)** | **(7,925)** | **(6,066)** | **(6,367)** |
| Local Assistance | (4,200) | (3,122) | (4,793) | (5,629) | (6,169) |
| Education | (444) | (724) | (865) | (889) | (912) |
| Medicaid[2] | (1,408) | 387 | (76) | (893) | (1,700) |
| eFMAP Extension through September 30, 2022 | 1,870 | 0 | 0 | 0 | 0 |
| Healthcare/Direct Care Worker Bonus | (1,140) | 0 | 0 | 0 | 0 |
| Home Care Wages | (363) | (965) | (1,233) | (1,315) | (1,402) |
| Home Care Wages HCBS Waiver | 363 | 702 | 0 | 0 | 0 |
| Public Health/Aging[2] | (327) | (262) | (248) | (248) | (247) |
| Human Services/Mental Hygiene COLA | (256) | (256) | (256) | (256) | (256) |
| Mental Hygiene [2] | 6 | (1,079) | (374) | (364) | (354) |
| Social Welfare[2] | (1,415) | (250) | (1,002) | (1,003) | (1,003) |
| Economic Development | (382) | (141) | (84) | (79) | (79) |
| Higher Education | (300) | (316) | (268) | (262) | (262) |
| Public Safety | (168) | (131) | (131) | (131) | (131) |
| All Other | (236) | (87) | (256) | (189) | 177 |
| Agency Operations, including GSCs | (42) | (752) | (755) | (552) | (571) |
| Healthcare/Direct Care Worker Bonus | (121) | 0 | 0 | 0 | 0 |
| Executive Agencies | (91) | (725) | (725) | (516) | (533) |
| Non-Executive Agencies | (118) | (123) | (128) | (133) | (139) |
| Fringe Benefits/Fixed Costs | 288 | 96 | 98 | 97 | 101 |
| Transfers to Other Funds | (1,227) | (3,165) | (2,377) | 115 | 373 |
| Capital Projects/PAYGO Capital | (533) | (2,672) | (2,425) | 160 | 321 |
| SUNY Operating | (152) | (119) | (86) | (86) | (86) |
| Fuel Taxes Suspension | (312) | 0 | 0 | 0 | 0 |
| All Other | (230) | (374) | 134 | 41 | 138 |
| **Use of/(Deposit to) Reserves[1]** | **4,886** | **1,511** | **951** | **658** | **2** |
| Pandemic Assistance | 2,000 | 0 | 0 | 0 | 0 |
| Prior Year Resources | 1,920 | 543 | 375 | 0 | 0 |
| Debt Management | 1,000 | 1,000 | 1,000 | 860 | 0 |
| Other Reserves | (34) | (32) | (424) | (202) | 2 |
| **ENACTED BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **0** | **0** | **0** | **0** |

[1] Excludes revisions to taxes and reserves related to the Pass Through Entity Tax Program that total $1 billion in FY 2023, $115 million in FY 2024, $399 million in FY 2025, $1.4 billion in FY 2026, and $410 million in FY 2027. These revisions have no net impact on operations.

[2] Excludes Healthcare/Direct Care Worker Bonus Pay and Human Services COLA which are shown separately.

## Receipts

**Tax Receipts.** The FY 2023 Enacted Budget Financial Plan reflects the following tax actions and revisions:

- **Homeowner Tax Rebate Credit.** This one-time rebate program will provide low- and middle-income homeowners, as well as senior homeowners, with a rebate in the fall of 2022 to offset property taxes, at a cost of $2.2 billion.

- **Middle-Class Tax Credit Acceleration.** The middle-class tax cut, which began in 2018 and was scheduled to be fully phased in by 2025, will now be fully phased in by 2023.

- **Small Business Tax Relief Credit.** The FY 2023 Enacted Budget provides recurring tax relief to businesses through a revision to the income exclusion and expands the benefit to include pass-through entities with less than $1.5 million in New York-source gross income.

- **Small Business Tax Relief Credit for COVID-19 Expenses.** A new, one-time, capped refundable program will provide relief to businesses for eligible capital expenses.

- **NYC Musical and Theatrical Tax Credit Extension**. The initial application deadline is extended to June 30, 2023 and the cap is doubled from $100 million to $200 million to provide one-time aid to eligible productions.

- **Fuel Taxes Suspension**. The FY 2023 Enacted Budget suspends the motor fuel tax ($0.08/gallon), the State sales tax ($0.08/gallon), and the Metropolitan Commuter Transportation District (MCTD) sales tax ($0.0075/gallon) imposed on the sale and use of gasoline and highway diesel from June through December 2022. In addition to the $297 million forgone State tax collections, the State will replace all revenue that otherwise would have been expected to be deposited in dedicated transportation funds. The replacement revenue, which is calculated at $312 million, will be transferred from the General Fund to the dedicated transportation funds monthly.

- **Tax Credit Advances**. EITC recipients will receive a one-time supplemental payment equal to 25 percent of the EITC or Noncustodial Parent EITC claimed for tax year 2021, provided the benefit is at least $25. ESCC recipients will receive a one-time supplemental payment of between 25 and 100 percent of the ESCC claimed for tax year 2021, provided the benefit is at least $25.

- **Forecast Revisions**. Based on results through April 2022 and the updated economic forecast, DOB has increased the FY 2023 tax receipts forecast by $428 million mainly attributable to increased business and other tax collections. In addition, tax year 2021 refund payments released in March 2022 fell short of the $3 billion refund cap by approximately $620 million due to a lack of refund inventory. These refunds, which had been planned to be paid in FY 2022, are expected to be paid in FY 2023.

- **Other.** The FY 2023 Enacted Budget also increases and extends existing tax credits, including credits for low-income housing, clean energy, and the employment of youth, veterans, and restaurant staff. It also includes new tax credits to farmers to support and sustain food production.

**Debt Service.** Payment of future debt service costs executed in FY 2022 and planned in FY 2023 will reduce costs in later years of the Financial Plan period.

**Other Receipts/Transfers.** Debt service costs are revised to reflect the cost of funding capital adds and initiatives, partially offset by savings expected from paying cash for capital projects that would otherwise have been funded with taxable debt. In addition, the State expects to receive $100 million in penalties over three years (FY 2022 through 2024) from Mashreqbank, PSC ("Mashreqbank") pursuant to a Consent Order with the New York State Department of Financial Services (DFS). The FY 2023 Enacted Budget adds these funds to the Reserve for Economic Uncertainties, consistent with prior large settlements. The FY 2023 Enacted Budget also includes reductions to certain planned transfers due to the availability of revenues in other funds that have been earmarked to support new investments.

## Disbursements

### Local Assistance

**Education.** The FY 2023 Enacted Budget includes $31.4 billion in State aid to school districts for School Year (SY) 2023, an increase of $2.1 billion (7.2 percent). Including Federal prekindergarten expansion grants, districts will receive $31.5 billion. This growth primarily reflects a $1.5 billion (7.7 percent) Foundation Aid increase as part of the second year of the three-year phase-in of full funding of the current Foundation Aid formula, including a 3 percent minimum annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. The FY 2023 Enacted Budget also increases the State's annual support for three- and four-year-old prekindergarten to $975 million in SY 2023 from $842 million in SY 2022, including a new $125 million investment in programming for four-year-olds.

The Financial Plan assumes an 11 percent cost-of-living adjustment (COLA) for SY 2023 provider tuition rates paid to special education providers that will be partially reimbursed by the State. The FY 2023 Enacted Budget also increases funding for public broadcasting, independent living centers, public libraries, and opportunity programs.

**Medicaid.** The FY 2023 Enacted Budget implements a new Global Cap index that is based on the five-year rolling average of the Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The new index would account for enrollment and changes in specific populations, which are significant drivers of costs. The index increases allowable Medicaid spending growth by $366 million in FY 2023, growing to $3.1 billion in FY 2027. The total Global Cap spending growth in FY 2023 is estimated at $966 million using the new index ($366 million above the existing cap).

The FY 2023 Enacted Budget includes a restoration of the 1.5 percent across-the-board (ATB) reduction to fee-for-service providers implemented in the FY 2021 Enacted Budget, as well as an increase of 1 percent to all provider reimbursement rates. The increased rates recognize growth in service costs. Increased funding is also included for hospitals, nursing homes and other organizations. The FY 2023 Enacted Budget also includes $800 million for several groups of hospitals to support operating needs in the aftermath of the pandemic.

**eFMAP Extension.** On April 16, 2022, the Federal government extended the public health emergency (PHE) through July 15, 2022, which will authorize the eFMAP provisions through September 2022, the end of the quarter in which the emergency period is set to expire. The extension is expected to provide an additional $1.9 billion in resources, increasing the total projected benefit in FY 2023 to nearly $2.1 billion. The extension of the PHE (and eFMAP) is accompanied by cost increases for enrollees whose coverage has been extended due to Maintenance of Effort (MOE) provisions in the Families First Coronavirus Response Act (FFCRA) as well as the State's 12-month continuous coverage mandate. These costs are estimated to total $935 million over two years (FY 2023 and FY 2024).

**Bonus for Healthcare and Direct Care Workers.** Healthcare and direct workers earning less than $125,000 will receive a State-funded bonus payment of up to $3,000 in FY 2023. The amount of the bonus will be based on hours worked and length of time in service. State employees in comparable titles will receive bonuses, as well. The total State cost is estimated at $1.3 billion ($1.1 billion for non-State employees; $121 million for State employees).

**Home Care Wage Increase.** The minimum wage for home health workers and personal care aides will be increased by $3 over two years, with a $2.00 increase on October 1, 2022 and a $1.00 increase on October 1, 2023. Federal aid available through the Home Care and Community Based Waiver program is expected to offset the State cost of the increase in full in FY 2023 and in part in FY 2024.

**Public Health/Aging.** The FY 2023 Enacted Budget adds funding for public health programs including various health workforce initiatives; Nourish New York; investment in local health departments through enhanced reimbursement via the General Public Health Work (GPHW) program for all counties including New York City; emergency management services; and opioid overdose and harm reduction programs.

**Human Services/Mental Hygiene Cost-of-Living Increase.** Funding is included to support a 5.4 percent cost-of-living increase for human services workers.

**Mental Hygiene.** Funding is included for Office of Mental Health (OMH) residential programs and establishment of Critical Time Intervention (CTI) teams of mental health professionals to direct homeless individuals to services and housing. The budget also provides funding to implement a 988 crisis hotline, enhance crisis response services for children and families, and reinvest recoupments from managed care organizations for behavioral health services. In addition, prevention, treatment, and recovery efforts to reduce the opioid epidemic's toll are being funded outside of the General Fund. Moneys to support increased housing costs and develop new housing opportunities for people with developmental disabilities are also included.

**Social Welfare.** Funding is provided to increase child care subsidies to provide access to 80 percent of providers at the local market rate, expand eligibility for child care subsidies to more families, and increase wages for child care workers. The FY 2023 Enacted Budget also includes time-limited funding to provide relief through the Emergency Rental Assistance Program (ERAP) and Utility Arrears Relief Program to low and moderate-income households at risk of experiencing homelessness or housing instability, and aid for landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

**Economic Development.** New or increased investments include one-time grants from Economic Development funds for workforce development, job creation and retention; matching funding for local school districts to create two-year residency programs for graduate-level teacher candidates; expanding alternative teacher certification programs to make it easier and more appealing for professionals in other careers to become teachers; funding for the World University Games, and standardizing and centralizing venture competitions designed to connect startups with investors and help new innovation-sector businesses access funding. In addition, the FY 2023 Enacted Budget authorizes investment in seed funding for new small businesses formed just prior to or during the COVID-19 pandemic to support early stage, micro and small businesses in a recovering New York economy.

**Higher Education.** The FY 2023 Enacted Budget expands the Tuition Assistance Program (TAP) for part-time students in degree programs and community college students enrolled part-time in high-demand workforce credential programs; grants incarcerated individuals access to TAP; accelerates the FY 2022 Enacted Budget "TAP Gap" funding plan at the City University of New York (CUNY) Senior College campuses; invests in full-time faculty at CUNY and the State University of New York (SUNY); establishes child care centers on SUNY and CUNY campuses; provides one-time funding for strategic initiatives at CUNY and SUNY; and increases funding for higher education opportunity programs and training centers.

**Public Safety.** Funding is increased for initiatives to reduce gun violence, including gun-tracing efforts, improving crime data collection, violence interrupter programs such as the SNUG street outreach program and intervention programs including job training and community engagement. In addition, the FY 2023 Enacted Budget provides resources to support discovery reform implementation and pretrial services, including $65 million in new investments to discovery that ensure public safety, including system-wide coordination, technology, expanded storage capabilities, and administrative support and $25 million for pretrial services, alternative to incarceration services and reentry programs.

**All Other Local Assistance.** The FY 2023 Enacted Budget includes funding increases for various programs administered by the Department of Agriculture and Markets, the Liberty Defense program, the Office for the New Americans, transit aid, Commission on Ethics and Lobbying in Government, and local government assistance.

## Agency Operations

**Executive Agencies.** The growth in executive agency budgets reflects increased funding for mental hygiene direct care and clinical staff; expansion of Child and Adolescent Needs and Strengths (CANS) assessments to improve service delivery; updates to technology; and increased costs to administer the Medicaid program. Funding is also provided, as needed, to restore operating capacity in agencies to pre-pandemic levels.

The Financial Plan continues to assume that the Federal government will fully fund the State's direct pandemic response costs, but timing differences between State outlays and the Federal Emergency Management Agency (FEMA) reimbursements will occur. In addition, COVID-19 expenses related to the purchase of test kits for local governments and schools are assumed to be eligible for FEMA reimbursement.

**Non-Executive Agencies.** The FY 2023 Enacted Budget operational spending estimates reflects budget requests submitted by the Legislature and Judiciary. The Judiciary requested increases in annual operating spending to fund expected hiring, increased health insurance premium payments, three planned Court Officer Academy classes, and the addition of 14 new Supreme Court Judgeships as authorized by Chapter 188 of the Laws of 2021. Spending increases for the Legislature, OSC, and Department of Law mainly reflect projected increases in personal service and technology costs.

**Fringe Benefits/Fixed Costs.** Lower spending reflects the full payment of the FY 2023 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bills in May 2022, the full repayment in FY 2022 of the State non-Medicare payroll taxes deferred from April-December 2020, and the use of FY 2022 surplus funds that will be used to offset health insurance costs in the later years of the Financial Plan period.

The FY 2023 Enacted Budget also includes legislation to permanently reduce the vesting period for Tier 5 and Tier 6 employees from ten years to five years, and temporarily excludes overtime -- for a two-year period -- from the variable pension contribution rate calculation for Tier 6 members.

## Transfer to Other Funds

**Capital Projects.** The FY 2023 Enacted Budget includes an additional $6 billion in PAYGO capital spending over the Financial Plan period to reduce debt service costs, ensure the State stays within the debt limit, and allow for a larger Department of Transportation (DOT) capital plan. The PAYGO will be targeted to primarily avoid higher cost taxable debt issuances. The increases are offset in part by using funds set aside for debt management, as well as reduced costs resulting from advances executed in FY 2022 that were supported by surplus funds. Other investments include projects to address health and safety at nonpublic school buildings, zero-emission light utility State vehicles by 2035, and various economic development projects. In addition, the State will contribute funding for a new Buffalo Bills stadium in Orchard Park ($418 million from certain payments received in FY 2022 and $182 million in other resources).

**SUNY Operations.** The FY 2023 Enacted Budget increases the State's subsidy payments to fund additional full-time faculty, provide one-time funding for strategic initiatives at SUNY, offset lost revenue via the TAP and fund various initiatives, including child care centers at all campuses.

**Fuel Tax Suspension.** The State will replace all tax revenue that otherwise would have been expected to be deposited in dedicated transportation funds. The replacement revenue will be transferred monthly from the General Fund to the dedicated transportation funds.

**Other Transfers.** The FY 2023 Enacted Budget increases transfers to support the DOT five-year capital plan, recruitment incentives for licensed drivers, and ongoing highway maintenance, as well as the criminal justice improvement account. In addition, the Financial Plan uses the resources that will be set aside in the Health Care Transformation Fund over several years to offset investments in healthcare related to homecare wages.

## Debt Service

Debt service spending consists of the payment of principal, interest, and related expenses on State-supported debt. Prepayments executed in FY 2022, as well as planned prepayments in FY 2023 have a substantial impact on total debt service spending. Excluding the impact of the prepayments, debt service expenses are projected to increase by 11.5 percent in FY 2023 over the prior year. The table below provides a summary of the impact of actual and planned prepayments.

| STATE-SUPPORTED DEBT SERVICE (millions of dollars) | | | | | | |
|---|---|---|---|---|---|---|
| | **FY 2022** | **FY 2023** | **FY 2024** | **FY 2025** | **FY 2026** | **FY 2027** |
| **Base Debt Service** | **5,995** | **6,687** | **7,159** | **7,615** | **8,018** | **8,527** |
| **Total Prepayment Adjustment** | **6,550** | **925** | **(2,255)** | **(3,145)** | **(2,380)** | **(2,860)** |
| Prior Prepayments | (1,065) | (700) | (700) | (700) | 0 | 0 |
| FY 2022 Prepayment | 7,615 | (375) | (1,555) | (1,695) | (1,630) | (2,360) |
| FY 2023 Prepayment | 0 | 2,000 | 0 | (750) | (750) | (500) |
| **Enacted Budget State Debt Service** | **12,545** | **7,612** | **4,904** | **4,470** | **5,638** | **5,667** |

## General Fund Financial Plan

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.

First, 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.

Second, the STAR program is funded from PIT receipts, with changes in the State supported cost of the program affecting reported PIT receipts.

Lastly, beginning in FY 2022, the PTET program began affecting reported General Fund tax collections. In FY 2022, the State collected $16.4 billion in PTET payments through business tax receipts. In FY 2023, it expects to collect another $15 billion from PTET and pay $25 billion in PIT credits connected with the program for tax years 2021 and 2022. The General Fund reserved the entire amount of PTET collections received in FY 2022 and will use $10 billion of that balance to cover the difference between PTET collections and related PIT refunds in FY 2023. The timing between the initial PTET collections and subsequent refunds will be managed in a similar manner in each year of the Financial Plan. The PTET program is expected to have no net impact on operations over its life but will distort the annual change for business and PIT receipts. 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 under the heading, "PTET Financial Plan Impact" at the end of this section.

General Fund disbursements 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 Funds and All Funds basis, see "State Financial Plan Multi-Year Projections" herein.

## FY 2023 Enacted Budget Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2022 to FY 2023.

**GENERAL FUND FINANCIAL PLAN**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Annual Change: Dollar | Annual Change: Percent |
|---|---|---|---|---|
| **Opening Fund Balance** | **9,161** | **33,053** | **23,892** | **260.8%** |
| **Total Receipts** | **112,810** | **88,306** | **(24,504)** | **-21.7%** |
| Receipts (Excluding PTET) | 96,380 | 98,394 | 2,014 | 2.1% |
| Taxes | 85,301 | 92,630 | 7,329 | 8.6% |
| Miscellaneous Receipts | 2,325 | 1,768 | (557) | -24.0% |
| Federal Receipts | 4,500 | 2,350 | (2,150) | -47.8% |
| Non-Tax Transfers from Other Funds | 4,254 | 1,646 | (2,608) | -61.3% |
| PTET Receipts | 16,430 | (10,088) | (26,518) | -161.4% |
| PIT Credits | 0 | (25,085) | (25,085) | 0.0% |
| Business Taxes | 16,430 | 14,997 | (1,433) | -8.7% |
| **Total Disbursements** | **88,918** | **96,103** | **7,185** | **8.1%** |
| Local Assistance | 58,384 | 66,309 | 7,925 | 13.6% |
| State Operations | 20,721 | 21,654 | 933 | 4.5% |
| Transfers to Other Funds | 9,813 | 8,140 | (1,673) | -17.0% |
| **Net Change in Operations** | **23,892** | **(7,797)** | **(31,689)** | **-132.6%** |
| **Closing Fund Balance** | **33,053** | **25,256** | **(7,797)** | **-23.6%** |
| Statutory Reserves: | | | | |
| Rainy Day[1] | 3,319 | 6,468 | 3,149 | |
| Community Projects | 26 | 21 | (5) | |
| Contingency | 21 | 21 | 0 | |
| Fund Balance Reserved for: | | | | |
| Labor Settlements/Agency Operations | 275 | 875 | 600 | |
| Economic Uncertainties | 5,665 | 7,570 | 1,905 | |
| Debt Management | 500 | 1,355 | 855 | |
| Reserve for Pandemic Assistance | 2,000 | 0 | (2,000) | |
| Undesignated Fund Balance | 2,980 | 1,060 | (1,920) | |
| **Subtotal Excluding Settlements/PTET** | **14,786** | **17,370** | **2,584** | |
| Fund Balance Reserved for: | | | | |
| Extraordinary Monetary Settlements | 1,837 | 1,544 | (293) | |
| Timing of PTET/PIT Credits | 16,430 | 6,342 | (10,088) | |

[1] Consists of the Rainy Day Reserve and Tax Stabilization Reserve.

## Receipts

General Fund receipts, including transfers but excluding PTET, are expected to total $98.4 billion in FY 2023, an increase of $2.0 billion over FY 2022.

Tax receipts, excluding the impact of PTET, but including transfers after payment of debt service, are estimated to total $92.6 billion in FY 2023, an increase of $7.3 billion (8.6 percent) from FY 2022. The increase reflects projected growth in tax receipts and the impact of prepayments of future debt service costs.

PIT receipts, excluding PTET and net of transfers, are estimated to total nearly $64.4 billion in FY 2023, an increase of $4.8 billion (8.1 percent) from FY 2022. The increase reflects the improved economic forecast and the actual and planned prepayments of debt service due in future years. These transactions reduce reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Debt prepayments reduce General Fund PIT receipts by $4.3 billion in FY 2022 and $925 million in FY 2023. Excluding the impact of debt prepayments described above and PTET, PIT receipts grow by 2.3 percent in FY 2023.

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $16 billion in FY 2023, an increase of $1.6 billion (10.9 percent) from FY 2022. This includes the impact of the prepayment of debt service in FY 2022, which reduce receipts by $2.25 billion partially offset by a surge in consumption in FY 2022 following the economic impact of the shutdown in the first phase of the pandemic. Base sales tax growth is estimated at 4.1 percent in FY 2023 as the economy continues to recover from the COVID-19 economic downturn.

Business tax receipts, excluding PTET, are estimated at $9.8 billion in FY 2023, an increase of $1.3 billion (15.0 percent) from FY 2022. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts due to the temporary increase in the business income and capital base rates enacted in FY 2022.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $2.5 billion in FY 2023, a decrease of $357 million from FY 2022. This is primarily due to a decline in the real estate transfer tax due to a leveling off following several record-high monthly collections amounts in FY 2022.

Miscellaneous receipts are projected to decline by $557 million from 2022 driven by lower projected abandoned property, license fees and reimbursements in FY 2023. The State used $4.5 billion from ARP recovery aid in FY 2022 and plans to use another $2.4 billion from ARP recovery aid in FY 2023. Non-tax transfers in FY 2023 includes a transaction risk reserve that offsets total projected transfers from other funds to provide a hedge against shortfalls. Excluding the risk reserves, total non-tax transfers are estimated at $3.6 billion in FY 2023, a decrease of $608 million from FY 2022. The change is mainly attributable to the large Tribal State Compact Funds receipt in FY 2022.

## Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $96.1 billion in FY 2023, an increase of $7.2 billion (8.1 percent) from FY 2022. The growth in spending is attributable to initiatives and investments in nearly all major programs, including health care, School Aid, mental hygiene, social services, one-time bonus payments to health care/direct care workers, recovery assistance to individuals and small businesses, and the expected expiration of the eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs.

Local assistance spending is estimated at $66.3 billion in FY 2023, an increase of $7.9 billion from FY 2022. In FY 2023, healthcare and direct workers earning less than $125,000 will receive a State-funded bonus payment of up to $3,000 at an estimated cost of $1.1 billion. School Aid and Medicaid, the largest local programs, grew by a combined $3.8 billion in FY 2023. School Aid is estimated to increase by $1 billion on a State fiscal year basis, primarily driven by the continuing phase-in of the Foundation Aid formula. Medicaid spending is projected to grow by $2.8 billion, reflecting the new method for calculating allowable spending growth under the Global Cap; increased costs related to minimum wage and funding the local share of program growth; and the expected expiration of enhanced FMAP in September 2022.

Other areas with significant growth include the Office of Temporary and Disability Assistance (OTDA) ($1.3 billion) driven by rental assistance and homeless housing services; mental hygiene ($741 million) for expanded services, increased capacity, and a 5.4 percent human services COLA; education and special education programs ($344 million) for increased provider tuition rates, increased enrollment, and charter school supplemental tuition; utility arrears assistance ($250 million); public health and aging ($237 million), public protection and safety ($140 million), and other programs including child care, housing, and economic development.

Agency operations costs, including fringe benefits, are expected to total $21.7 billion in FY 2023, an increase of $934 million from FY 2022. The annual change is partly driven by several nonrecurring transactions processed in FY 2022, including the funding of $2.2 billion of eligible payroll costs, including fringe benefits, from the CRF, which lowered FY 2022 spending. The lower spending in FY 2022 is partly offset by the ongoing purchase of COVID-19 test kits, payment of retroactive salary increases, and the transfer of additional funds to the employee health care reserve. In addition, FY 2023 spending includes an offset of $800 million for expected FEMA reimbursement that lowers spending. Excluding these nonrecurring transactions, operational costs are projected to increase in FY 2023 due to rising energy and commodity prices and negotiated general salary increases.

General Fund transfers to Other Funds are projected to total $8.1 billion in FY 2023, a decrease of $1.7 billion from FY 2022. Transfers for capital projects are expected to decline by $2.5 billion reflecting the timing of bond reimbursements and a $931 million transfer to the Metropolitan Transportation Authority (MTA) accelerated from FY 2023 to March 2022, and are partly offset by higher transfers for SUNY ($123 million) and all other transfers ($723 million) mainly for health care, indigent legal services and transportation and transit support.

## FY 2023 Closing Balance

Starting in FY 2022, the General Fund balance is affected by the PTET program. Please see the description under the heading "PTET Financial Plan Impact" for more information. Excluding PTET activity, DOB estimates the General Fund will end FY 2023 with a balance of $18.9 billion, an increase of $2.3 billion over FY 2022. Principal reserves are expected to increase by $5.1 billion (statutory rainy reserves: $3.1 billion; set aside for economic uncertainties: $1.9 billion). The balance available for other purposes is expected to decline by $2.8 billion, with amounts used to fund both new commitments in the FY 2023 budget and projects financed from extraordinary monetary settlements ($4.2 billion). The use of balances is offset in part by increased set-asides for debt management and labor settlements ($1.5 billion).

## Changes to the Executive Budget Financial Plan

The following table summarizes the negotiated changes and other revisions to the FY 2023 Executive Budget Financial Plan.

| CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **0** | **0** | **0** | **0** |
| **NEGOTIATED ADDS** | **(91)** | **(972)** | **(2,056)** | **(2,140)** | **(2,251)** |
| **SPENDING RESTORATIONS/ADDS** | **(3,627)** | **(2,178)** | **(2,185)** | **(2,426)** | **(2,519)** |
| Restorations/Modifications: | (141) | (119) | (35) | (35) | (35) |
| Medicaid | (84) | (84) | 0 | 0 | 0 |
| Med Mal Payment Delay | (51) | 0 | 0 | 0 | 0 |
| Committee on Special Education | 0 | (29) | (29) | (29) | (29) |
| Market Based Interest Rate on Judgments | (6) | (6) | (6) | (6) | (6) |
| Recovery Initiatives: | (2,222) | (25) | 0 | 0 | 0 |
| Emergency Rental Assistance | (800) | 0 | 0 | 0 | 0 |
| Hospital Funding | (800) | 0 | 0 | 0 | 0 |
| Utility Arrears | (250) | 0 | 0 | 0 | 0 |
| Small Landlord Assistance | (125) | 0 | 0 | 0 | 0 |
| All Other | (247) | (25) | 0 | 0 | 0 |
| New Spending Adds: | (1,264) | (2,034) | (2,150) | (2,391) | (2,484) |
| Home Care Wage Increase | (363) | (965) | (1,234) | (1,315) | (1,403) |
| Child Care Access Expansion | (290) | (506) | (291) | (291) | (291) |
| Distressed Provider Local Intercept Modification | (100) | (100) | (100) | (250) | (250) |
| Pre-K Expansion | (88) | (213) | (273) | (288) | (297) |
| Discovery and Pretrial Support | (44) | (47) | (53) | (47) | (44) |
| Employee Pension Benefit Modification | (29) | (29) | (27) | (27) | (27) |
| Legislative Table Adds | (311) | (31) | (27) | (28) | (28) |
| All Other | (39) | (143) | (145) | (145) | (144) |
| **TAX LAW/REVENUE CHANGES** | **(1,134)** | **(80)** | **(170)** | **(156)** | **(174)** |
| Not Accepted: | (43) | (76) | (151) | (151) | (152) |
| Tax on Vacation Rental Industry | (20) | (40) | (40) | (40) | (40) |
| All Other | (23) | (36) | (111) | (111) | (112) |
| Modified/New: | (1,091) | (4) | (19) | (5) | (22) |
| Fuel Taxes Suspension | (609) | 0 | 0 | 0 | 0 |
| EITC/Empire State Child Credits Advance | (475) | 0 | 0 | 0 | 0 |
| All Other | (7) | (4) | (19) | (5) | (22) |
| **AVAILABLE RESOURCES/OFFSETS** | **4,670** | **1,286** | **299** | **442** | **442** |
| Pandemic Assistance Reserve | 2,000 | 0 | 0 | 0 | 0 |
| Consensus Revenue Reserve | 1,200 | 0 | 0 | 0 | 0 |
| Health Care Transformation Reserve | 0 | 250 | 250 | 250 | 250 |
| Global Cap Savings/Prior Year Resources | 800 | 100 | 100 | 100 | 100 |
| Federal Offsets/Other | 670 | 936 | (51) | 92 | 92 |
| **OTHER REVISIONS** | **91** | **972** | **2,056** | **2,140** | **2,251** |
| Tax Receipts Revisions | 428 | 166 | 225 | 265 | (154) |
| eFMAP Extension through 9/30/2022 | 1,124 | 0 | 0 | 0 | 0 |
| MA Enrollment/MOE Restrictions Due to eFMAP extension | (646) | (289) | 0 | 0 | 0 |
| Payment of Future Debt Service Costs | (2,000) | 1130 | 1,880 | 1,880 | 1,860 |
| GSCs/Health Insurance Prepayments | 278 | 180 | 180 | 180 | 184 |
| Capital Advances/Bond Reimbursable Spending | 931 | 0 | 150 | 225 | 400 |
| All Other | (24) | (215) | (379) | (410) | (39) |
| **ENACTED BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **0** | **0** | **0** | **0** |

## Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). Loans to the General Fund are limited to a term not to exceed four months or the end of the fiscal year, whichever is shorter. The resources that can be borrowed by the General Fund are limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State, held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

The FY 2023 Enacted Budget authorizes short-term financing for liquidity purposes during the fiscal year. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes before the end of December 2022 which mature no later than March 31, 2023. It also allows up to $2 billion in line of credit facilities, which are limited to one year in duration and may be drawn through March 31, 2023, subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Financial Plan does not assume short-term financing for liquidity purposes during FY 2023. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

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 2023 MONTH-END CASH BALANCES<br>APRIL (ACTUALS)/MAY THROUGH MARCH (PROJECTED)<br>(millions of dollars) | | | |
|---|---|---|---|
| | General Fund | Other Funds | All Funds |
| **April 2022** | 45,693 | 21,428 | 67,121 |
| **May 2022** | 37,992 | 21,015 | 59,007 |
| **June 2022** | 39,998 | 23,530 | 63,528 |
| **July 2022** | 37,903 | 23,496 | 61,399 |
| **August 2022** | 36,637 | 22,728 | 59,365 |
| **September 2022** | 39,122 | 20,991 | 60,113 |
| **October 2022** | 33,593 | 21,634 | 55,227 |
| **November 2022** | 27,037 | 20,444 | 47,481 |
| **December 2022** | 30,214 | 21,922 | 52,136 |
| **January 2023** | 30,100 | 22,000 | 52,100 |
| **February 2023** | 25,480 | 25,686 | 51,166 |
| **March 2023** | 25,256 | 18,549 | 43,805 |

## 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. 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.

As part of the State's continuing 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 will 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 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 substantially similar taxes, which currently include Connecticut and New Jersey.

In December 2021, electing entities made estimated PTET payments totaling $10.2 billion that were classified as business taxes. For FY 2022, receipts totaled $16.4 billion. DOB expects the accompanying tax credits to impact PIT receipts beginning in April 2022, decreasing PIT collections. DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. 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 Financial Plan includes an estimate for PTET within business taxes and the corresponding decrease in PIT receipts. Additionally, it has reserved PTET collected in FY 2022 for purposes of offsetting the decrease in PIT receipts expected in FY 2023. It is expected that the tax benefit accompanying the PTET program will end in 2025. Therefore, the estimates in the Financial Plan reflect the likelihood that entities cease to participate in the later years of the Financial Plan period.

PTET is expected to reduce FY 2023 PIT collections by $25.1 billion and reduce all funds receipts by a net amount of $10.1 billion, due to timing. PIT credits may be claimed on the April tax return in the following fiscal year, or they can be reflected sooner through reductions in current estimated payments. In 2021, taxpayers could not reduce their current estimated PIT payments for PTET, because enrollment in the PTET was not completed until late 2021 and affected taxpayers were not statutorily authorized to do so. Going forward, some taxpayers are expected to choose this option. FY 2023 PIT is expected to be reduced by credits for both the full amount of tax year 2021 PTET collections (through extensions and refunds) and a portion of tax year 2022 PTET collections (through reductions in current estimated PIT payments).

The table below displays the impact of the PTET program on the General Fund. The PTET estimates are excluded from certain tabular presentations in the Financial Plan due to the size of the impact on specific financial plan categories and because the Financial Plan impact is neutral on a multi-year basis. Tables that exclude PTET are noted.

| FY 2023 ENACTED BUDGET FINANCIAL PLAN<br>GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX<br>SAVINGS/(COSTS)<br>(millions of dollars) | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **General Fund Impact** | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax Receipts[1] | 16,430 | (10,088) | 358 | 101 | (2,761) | (4,040) |
| PIT Credits | 0 | (25,085) | (15,497) | (16,452) | (15,995) | (3,940) |
| PTET Collections (Business Taxes) | 16,430 | 14,997 | 15,855 | 16,553 | 13,234 | (100) |
| Use of/(Deposit to) Reserve for PTET Refunds | (16,430) | 10,088 | (358) | (101) | 2,761 | 4,040 |

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

# FY 2023 State Operating Funds Spending

**STATE OPERATING FUNDS DISBURSEMENTS**
**FY 2022 TO FY 2023**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Annual Change $ | Annual Change % |
|---|---|---|---|---|
| **LOCAL ASSISTANCE** | **74,998** | **84,658** | **9,660** | **12.9%** |
| School Aid (School Year Basis) | 29,266 | 31,372 | 2,106 | 7.2% |
| STAR | 1,904 | 1,831 | (73) | -3.8% |
| Gross Program Cost | 3,306 | 3,425 | 119 | 3.6% |
| Personal Income Tax Credit | (1,402) | (1,594) | (192) | -13.7% |
| DOH Medicaid[1] | 24,958 | 27,680 | 2,722 | 10.9% |
| Temporary eFMAP Increase | (2,984) | (2,118) | 866 | 29.0% |
| Mental Hygiene (Gross)[2] | 4,353 | 5,477 | 1,124 | 25.8% |
| Mental Hygiene - DOH Global Cap Adjustment[2] | 307 | 137 | (170) | -55.4% |
| Transportation | 3,786 | 4,599 | 813 | 21.5% |
| Social Services | 3,141 | 4,354 | 1,213 | 38.6% |
| Higher Education | 2,725 | 3,063 | 338 | 12.4% |
| Other Education | 2,186 | 2,537 | 351 | 16.1% |
| Healthcare/Direct Care Worker Bonus | 0 | 1,140 | 1,140 | 0.0% |
| All Other[3] | 5,356 | 4,586 | (770) | -14.4% |
| **STATE OPERATIONS/GENERAL STATE CHARGES** | **29,861** | **30,471** | **610** | **2.0%** |
| State Operations | 19,836 | 20,521 | 685 | 3.5% |
| Executive Agencies | 11,397 | 11,729 | 332 | 2.9% |
| University Systems | 6,515 | 6,628 | 113 | 1.7% |
| Elected Officials | 2,548 | 2,748 | 200 | 7.8% |
| Healthcare/Direct Care Worker Bonus | 0 | 121 | 121 | 0.0% |
| Fund Eligible Expenses from CRF | (1,529) | 0 | 1,529 | 100.0% |
| FEMA Eligible Costs/(Reimbursement) | 905 | (705) | (1,610) | -177.9% |
| General State Charges | 10,025 | 9,950 | (75) | -0.7% |
| Pension Contribution | 2,492 | 2,397 | (95) | -3.8% |
| Health Insurance | 5,379 | 5,155 | (224) | -4.2% |
| Fund Eligible Expenses from CRF | (650) | 0 | 650 | 100.0% |
| Other Fringe Benefits/Fixed Costs | 2,804 | 2,398 | (406) | -14.5% |
| **DEBT SERVICE** | **12,545** | **7,612** | **(4,933)** | **-39.3%** |
| **TOTAL STATE OPERATING FUNDS** | **117,404** | **122,741** | **5,337** | **4.5%** |
| **Capital Projects (State and Federal Funds)** | **14,704** | **17,360** | **2,656** | **18.1%** |
| **Federal Operating Aid** | **77,231** | **82,088** | **4,857** | **6.3%** |
| **TOTAL ALL GOVERNMENTAL FUNDS** | **209,339** | **222,189** | **12,850** | **6.1%** |

[1] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of this offset is reported in "All Other" local assistance disbursements.

[2] Adjustments in Fiscal Years 2022 and 2023 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

[3] "All Other" includes spending for certain recovery initiatives; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; MSA payments deposited directly to a Medicaid Escrow Fund, which reduces reported disbursements; and various other functions.

State Operating Funds encompass the General Fund and a wide range of State activities funded from revenue sources outside the General Fund, including dedicated tax revenues, tuition, income, fees, and assessments. 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.

## Local Assistance

Approximately two-thirds of State spending is for local assistance that includes payments to local governments, school districts, health care providers, managed care organizations, 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 more than half of local assistance spending. In FY 2022 and FY 2023, local assistance funding includes spending for pandemic recovery initiatives, which support time-limited programs including the ERAP, Landlord Rental Assistance Program, assistance to excluded workers, small business assistance, funding for hospitals that are experiencing financial distress from the COVID-19 pandemic, public utility arrears assistance, Healthcare/Direct Care Worker Bonuses, and other targeted initiatives.

School Aid spending for SY 2023 is estimated at $31.4 billion, representing an annual increase of $2.1 billion (7.2 percent). This annual increase includes increased funding for Foundation Aid ($1.5 billion), growth in expense-based reimbursement programs ($457 million), and an investment in State-funded full-day prekindergarten programming for four-year-old children ($125 million). The growth in Foundation Aid reflects the second year of the three-year phase-in of the current formula.

The STAR program is expected to grow by 3.6 percent; however, spending is affected by the continuing conversion of benefit payments from a real property tax exemption to a PIT credit. The level of reported STAR spending will continue to decrease as STAR beneficiaries transition to the PIT credit program.

Department of Health (DOH) Medicaid spending, excluding eFMAP, is estimated at $27.7 billion in FY 2023, an annual increase of 10.9 percent. Costs under the Global Cap are projected to increase by $966 million, consistent with the newly approved growth index. The increased funding will support growth in enrollment and medical cost inflation, assistance to distressed hospitals and nursing homes, increased homecare wages, expanded access to health coverage, and higher provider reimbursements. The remaining growth is attributable to costs outside the Global Cap and is mainly driven by minimum wage for health care providers ($262 million) and financial relief to counties and New York City associated with full coverage of the local share of spending growth ($183 million). A portion of Medicaid-related expenses of the Office for People with Developmental Disabilities (OPWDD) will be funded outside of the DOH Global Cap with additional Financial Plan resources to accommodate DOH Medicaid spending growth.

State Medicaid spending is also impacted by the Federal government's decision to continue the temporary 6.2 percentage point increase to the FMAP rate that began at the onset of the COVID-19 PHE in January 2020. The Financial Plan assumes the continuation of eFMAP through September 30, 2022, which provided State share savings of nearly $3 billion in FY 2022 and is expected to provide another $2.1 billion in FY 2023, including the reconciliation of February and March 2022 costs that were recognized in April due to the timing of payments. This State benefit is partly offset by increased State costs attributable to the restrictions required to receive eFMAP.

Mental Hygiene funding in the FY 2023 Enacted Budget provides increased funding for targeted investments in services and supports to ensure individuals with developmental disabilities, mental illness and addiction have appropriate access to care. The increased spending supports a 5.4 percent COLA for the human service workforce, investments in housing programs, increased reimbursement rates to providers to expand inpatient psychiatric bed capacity, implementation of the nationwide 988 Crisis Hotline, expanded access to opioid treatment services, critical intervention to reach homeless individuals in NYC, and expansion of the Dwyer peer-to-peer program serving veterans.

Spending for transportation, most of which occurs outside the General Fund and is supported by dedicated taxes and fees, is projected to increase by $813 million from FY 2022 to FY 2023. The projected increase is mainly due to forecasted increases in dedicated receipts collections in FY 2023 and available resources carried over from FY 2022 that are passed on to the MTA and other transit systems as operating aid. These resources are expected to provide an additional $653 million to the MTA, $125 million for non-MTA downstate transit systems, and $35 million for upstate transit systems.

Social Services spending is expected to grow by $1.2 billion from FY 2022 to FY 2023 of which over $900 million will support time-limited programs including emergency rental assistance, small landlord aid, and other supplemental assistance. Public assistance growth is expected due to a modest increase in caseloads as well as proposed measures to address the "benefits cliff" and reduce the 45-day waiting period for prospective Safety Net Assistance recipients before they can receive program benefits. Spending for child care is projected to increase with the expansion of child care subsidies to include 80 percent of providers at the local market rate and greater eligibility for child care subsidies. Other spending increases include investments and additional funding for homeless housing and services, adoption subsidies, home visiting programs, and a 5.4 percent COLA for the human service workforce.

Higher education spending is projected to grow by 12.4 percent in FY 2023, primarily reflecting the costs associated with expanded eligibility requirements for part-time enrollees in TAP, increased operating support for CUNY Senior Colleges, non-recurring funding for strategic initiatives at CUNY campuses and increased funding for additional faculty hires at CUNY's Senior and Community Colleges.

Increased funding for other education programs largely reflects increased State support for special education programs related to approval of a 4 percent COLA for provider tuition rates for SY 2022 and an 11 percent increase for SY 2023, increased costs to reimburse school districts for charter school supplemental tuition and aid to nonpublic schools.

FY 2023 local assistance spending includes the estimated State cost of $1.1 billion for non-State healthcare and direct care workers earning less than $125,000 to provide a bonus payment of up to $3,000 based on hours worked and length of time in service.

Other local assistance spending includes additional funding in FY 2023 for tourism, workforce development, public health programs, Nourish NY, land banks, the Hunger Prevention and Nutrition Assistance and Homeowner Protection Program (HPNAP), discovery reform implementation and pretrial services, Indigent Legal Services, local aid payments made from tribal state compact receipts, and pandemic recovery initiatives including small business assistance, public utility arrears assistance, and other targeted initiatives. This increased spending in FY 2023 is more than offset by the $2.1 billion in one-time assistance to excluded workers in FY 2022.

## 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 more than a quarter of State Operating Funds spending.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including: the timing of Federal reimbursement; offsets of expenses across fiscal years; and the payment of salary increases pursuant to existing contracts. In FY 2023, agency operating budgets have been increased in part to restore prior year reductions implemented at the onset of the pandemic and to ensure adequate access to services and supports. FY 2023 spending includes an estimated $121 million for State healthcare and direct care workers earning less than $125,000 to provide a bonus payment of up to $3,000 based on hours worked and length of time in service.

Pursuant to guidelines established by the Treasury, the State charged roughly $2.2 billion in eligible costs to the Federal Coronavirus Relief Fund (CRF) in FY 2022. This includes payroll costs and fringe benefits for public health and safety employees and other eligible pandemic response costs. Certain pandemic response expenses incurred in FY 2021 and 2022, including the purchase of COVID-19 test kits for schools and local governments, Personal Protective Equipment (PPE), durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities, are expected to be reimbursed by FEMA. DOB expects FEMA reimbursement over several years based on prior experience. State agencies are projected to continue to incur costs to respond to the COVID-19 pandemic in FY 2023, which are expected to be funded with Federal FEMA resources.

University systems spending growth in FY 2023 reflects the acceleration of the TAP Gap funding plan at SUNY campuses, new funding to hire more full-time faculty, increased support for higher education opportunity programs, one-time funding to support strategic initiatives at SUNY campuses and establishment of child care centers on every SUNY campus.

The operating costs for independent offices (Attorney General, Comptroller, Judiciary, and Legislature) are projected to increase by a combined $200 million (7.8 percent). Roughly $150 million of the planned increases is attributable to Judiciary personnel and contract costs.

GSCs spending is projected to remain at the FY 2022 level of roughly $10 billion in FY 2023 as a result of payment advances and offsets that balance underlying growth. Annual growth is primarily attributable to the increased costs of providing health insurance and pension benefits to current and retired employees. Health insurance growth reflects medical cost inflation and expected utilization growth following delayed medical visits and procedures during the pandemic, which is more than offset by the FY 2022 advance payment to the State's Health Insurance Reserve Fund. Pensions costs are projected to decline from FY 2022 due to a reduction in the employer contribution rates set by the State Comptroller, interest savings expected from paying the entirety of the State's FY 2023 ERS/PFRS bill in May 2022, and the FY 2022 payment of outstanding Judiciary pension amortizations. Other spending reflects the FY 2022 repayment of the social security payroll taxes deferred from April-December 2020 as authorized in the Federal CARES Act totaling roughly $650 million.

# OTHER MATTERS AFFECTING THE FINANCIAL PLAN

## General

This section is intended to provide readers with information on certain financial risks, pressures, processes, and recent or new developments that may not be described, or described in detail, elsewhere in the Financial Plan. The emphasis is on risks to the Financial Plan, but the section includes other information intended to provide context for understanding the State's financial operations more broadly. This section includes information on the following topics:

- Financial Projections and Management
- Climate Change
- COVID-19 Pandemic
- Federal Policy and Funding
- Major Operating Programs
- State Labor Force
- State Debt
- Localities and Authorities
- Other Risks and Ongoing Concerns

The Financial Plan is subject to economic, social, financial, political, public health, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. The projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions at the time they were prepared, but DOB is unable to provide any assurance that actual results will not differ materially and adversely from these projections.

The Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the collection of economically sensitive tax receipts in the amounts projected. Uncertainties and risks that may affect economic and receipts forecasts include, but are not limited to, national and international events; inflation; consumer confidence; commodity prices; major terrorist events; hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal funding laws and regulations; financial sector compensation; monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

Litigation against the State may include, among other things, potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant a description herein but, in the aggregate, could still adversely affect the Financial Plan.

The Financial Plan is subject to various uncertainties and contingencies including, but not limited to, wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; realization of the projected rate of return for pension fund asset assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid projected in the Financial Plan; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and the ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Financial Plan are subject to revisions which may result in substantial changes. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

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 expenditures. In recent years, the State has prepaid certain payments, subject to available resources, to maintain budget flexibility.

## Financial Projections and Management

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 would be required to take additional gap-closing actions. 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 Financial Plan forecast assumes various transactions will occur as planned including, but not limited to, receipt of certain payments from public authorities; receipt of revenue sharing payments under the Tribal-State Compacts; receipt of Federal COVID-19 emergency assistance and other Federal aid as projected; receipt of miscellaneous revenues at the levels set forth in the Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and Federal approvals necessary to implement the Medicaid savings actions. Such assumptions, if they were not to materialize, could adversely impact the Financial Plan in the current year or future years, or both.

The Financial Plan also includes actions that affect spending reported on a State Operating Funds basis, including accounting and reporting changes. If these actions are not implemented or reported as planned, the annual spending change in State Operating Funds would increase above current estimates.

In developing the Financial Plan, DOB attempts to mitigate financial risks from receipts volatility, litigation, and unexpected costs, 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 that can be used to offset new costs. Such resources include, but are not limited to, fund balances that are not needed each year, reimbursement for capital advances, acceleration of tax refunds above the level budgeted each year, and prepayment of expenses. There can be no assurance that such financial resources will be enough to address risks that may materialize in a given fiscal year.

# Climate Change

## Overview

Climate change poses significant long-term threats to physical, biological, and economic systems in New York and around the world. Potential 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, and more extreme heat. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

In August 2021, the Intergovernmental Panel on Climate Change of the United Nations (IPCC) reported that 1.5°C of warming is likely to occur by 2040 under all emissions scenarios considered and that the 1.5°C benchmark will be exceeded by 2100 unless deep reductions in greenhouse gas emissions occur in the coming decades. Human-induced climate change is already affecting many weather extremes in every region across the globe. Further warming to 1.5°C is expected to increase the risk of adverse outcomes, including extreme weather events and coastal flooding. The risk of severe impacts increases further at higher temperatures.

## Consequences of Climate Change

Storms affecting the State, including Hurricane Ida (September 2021), Superstorm Sandy (October 2012), Tropical Storm Lee (September 2011), and Hurricane Irene (August 2011), 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.

The State continues to recover from damage sustained during these powerful storms. Hurricane Irene disrupted power and caused extensive flooding in various counties. Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated damage caused by Hurricane Irene two weeks earlier. Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. Hurricane Ida caused severe flooding in the New York metropolitan area. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal funds.

Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into credit ratings for the State and other issuers. Rising sea levels and their effect on coastal infrastructure have been identified as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties. In June 2021, Moody's assigned New York State an environmental issuer profile score of E-3 (moderately negative), below the nationwide median score of E-2 (neutral to low). The E-3 score reflected Moody's assessment that the State faces moderately negative exposure to physical climate risks, especially hurricanes and sea level rise, which could cause significant economic disruption and pose risks to the State's economy and tax base. In March 2022, S&P assigned New York State an environmental issuer profile score of E-3 (moderately negative) due to the risk of coastal flooding in New York City and Long Island, which S&P equates to risk exposure affecting about 40 percent of the State population and roughly half of jobs. The S&P report cited the risk that a climate-related natural disaster could disrupt the State's economy and budgetary balance. The release of ESG scores by the rating agencies did not result in a change in the State's overall credit ratings, which are based on financial information in addition to the ESG component. Climate change risks increasingly fall within the maximum maturity term of current outstanding bonds of the State, its public authorities, and municipalities. State bonds may generally be issued with a term of up to 30 years under State statute.

## State Response to Climate Change

The State is participating in efforts to reduce greenhouse gas emissions to mitigate the risk of severe impacts from climate change. The State's Climate Leadership and Community Protection Act of 2019 (CLCPA) set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050.

Meeting the CLCPA goals will require a statewide transition to electricity generated from carbon-neutral sources. The New York Climate Action Council is developing a draft scoping plan for achieving the goals set forth in the CLCPA. The Council released the draft scoping plan for public comment on January 1, 2022, for which comments are now due July 1, 2022. Concurrently, the State is taking regulatory steps to limit greenhouse gas emissions, electrify transportation, and generate more electricity from renewable sources.

Pursuant to the CLCPA, the Department of Environmental Conservation (DEC) is required to develop rules and regulations for greenhouse gas limits by the end of 2023, including legally enforceable emissions limits and performance standards. As an interim step, DEC issued a sector-specific report on emissions in 2021.

In 2021, the State enacted a law 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. The law also requires the New York State Energy Research and Development Authority to formulate a zero-emissions vehicle development strategy by 2023 in order to expedite the implementation of State policies and programs to achieve this goal.

In accordance with the CLCPA, the State plans to generate a minimum of 70 percent of electricity from renewable sources by 2030 and to fully transition its electricity sector away from carbon emissions by 2040. The New York Public Service Commission (PSC), which regulates public utilities, adopted an order in October 2020 amending the Clean Energy Standard to reflect CLCPA targets. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap-and-trade mechanism to regulate carbon dioxide emissions from electric power plants operating within the State since 2008.

## COVID-19 Pandemic

Important State revenue sources, including personal income, consumption, and business tax collections, may be adversely affected by the long-term impact of COVID-19 on a range of activities and behaviors, including commuting patterns, remote working and education, business activity, social gatherings, tourism, public transportation, and aviation. It is not possible to assess or forecast the effects of such changes at this time.

For example, the COVID-19 pandemic has led to changes in the behavior of resident and non-resident taxpayers. Consistent with the growth in remote work arrangements, many residents and non-residents are no longer commuting into New York City and instead are working remotely from home offices. However, under long-standing State policy, a non-resident working from home pays New York income taxes on wages from a New York employer unless that employer has established the non-resident's home office as a bona fide office of the employer.

The COVID-19 pandemic has also led some New York residents to shelter in locations outside of the State. In addition, some taxpayers who previously resided in New York have permanently relocated outside of the State during the pandemic. The State continues to monitor the data to understand whether these trends are transitory.

There can be no assurance that COVID-19 variants will not adversely impact the State's financial condition. State officials continue to closely monitor global COVID-19 impacts and emerging Federal guidance.

# Federal Policy and Funding

## Overview

The Federal government influences the economy and budget of New York State through grants, direct spending on its own programs such as Medicare and Social Security, and through Federal tax policy. Federal policymakers may place conditions on grants, mandate certain state actions, preempt State laws, change State and Local Tax (SALT) bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Federal resources support vital services such as health care, education, and transportation, as well as severe weather and emergency response and recovery. Any changes to Federal policy or funding levels could have a materially adverse impact on the Financial Plan.

Federal funding is a significant component of New York's budget representing more than one-third of All Funds spending. Routine Federal aid supports programs for vulnerable populations and those living at or near the poverty level. Such programs include Medicaid, Temporary Assistance for Needy Families (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 protection.

In response to the COVID-19 PHE, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets, extend aid to large and small businesses, health care providers, and individuals, and reimburse governments for the direct costs of pandemic response. The Federal government enacted several laws between March 2020 and March 2021 to provide financial assistance to State and local governments, schools, hospitals, transit systems, businesses, families and individuals for COVID-19 pandemic response and recovery. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. A summary of the Federal legislation is provided later in this section.

Total Federal Funds spending for all purposes, inclusive of both capital and operating spending, is expected to total $85 billion in FY 2023 and includes $15.1 billion in spending identified as pandemic assistance. The reporting of certain program spending related to the pandemic is included in the agency disbursements, the largest of which include Disproportionate Share Hospital (DSH), Child Health Plus (CHP), eFMAP, IDEA, and the Temporary Assistance for Needy Families (TANF) Pandemic Emergency Fund. Federal Funds spending in FY 2023 is estimated to increase by $5.5 billion from FY 2022 driven by the expenditure of pandemic assistance funds for education, eFMAP related to the extension of the PHE, and Human and Community Based Services (HCBS) eFMAP, as well as Federal reimbursement of pandemic related spending incurred in prior fiscal years. Federal Funds spending is summarized below.

**FEDERAL FUNDS DISBURSEMENTS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **DISBURSEMENTS** | | | | | | |
| Medicaid | 44,474 | 47,495 | 46,449 | 48,186 | 50,920 | 52,205 |
| Health | 8,227 | 8,914 | 9,528 | 9,946 | 10,382 | 10,724 |
| Social Welfare | 4,770 | 4,477 | 4,546 | 4,698 | 4,701 | 4,702 |
| Education | 4,601 | 3,941 | 3,940 | 3,857 | 3,857 | 3,857 |
| Public Protection | 1,128 | 1,327 | 1,297 | 1,290 | 1,292 | 1,295 |
| Transportation | 1,966 | 2,271 | 2,493 | 2,694 | 2,823 | 2,885 |
| All Other[1] | 1,609 | 1,457 | 1,381 | 1,333 | 1,315 | 1,315 |
| Pandemic Assistance[2] | 12,708 | 15,133 | 8,432 | 3,648 | 134 | 69 |
| Child Care Funds | 987 | 966 | 445 | 0 | 0 | 0 |
| Education ARP Act Funds | 496 | 2,864 | 3,491 | 2,454 | 0 | 0 |
| eFMAP, including local passthrough | 3,629 | 2,576 | 0 | 0 | 0 | 0 |
| HCBS eFMAP | 0 | 1,735 | 702 | 0 | 0 | 0 |
| Coronavirus Relief Fund | 2,318 | 0 | 0 | 0 | 0 | 0 |
| Education Supplemental Appropriations Act | 843 | 2,196 | 1,353 | 0 | 0 | 0 |
| Lost Wages Assistance | 5 | 0 | 0 | 0 | 0 | 0 |
| Emergency Rental Assistance Program | 1,833 | 415 | 325 | 0 | 0 | 0 |
| Education CARES Act Funds | 755 | 267 | 0 | 0 | 0 | 0 |
| SUNY State Operated Campuses Federal Stimulus | 373 | 278 | 0 | 0 | 0 | 0 |
| FEMA Reimbursement of Eligible Pandemic Expenses | 0 | 800 | 200 | 0 | 0 | 0 |
| FEMA Reimbursement of COVID Home Testing Kits | 0 | 0 | 225 | 225 | 0 | 0 |
| FEMA Local Pass through Funding | 780 | 1,452 | 1,250 | 750 | 0 | 0 |
| Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through | 387 | 387 | 0 | 0 | 0 | 0 |
| Homeowner Assistance Program | 75 | 465 | 0 | 0 | 0 | 0 |
| Home Energy Assistance Program | 224 | 335 | 0 | 0 | 0 | 0 |
| Coronavirus Capital Projects Fund | 0 | 69 | 69 | 69 | 69 | 69 |
| State Small Business Credit Initiative (SSBCI) | 0 | 279 | 223 | 0 | 0 | 0 |
| FHWA Surface Transportation Block Grant | 2 | 50 | 150 | 150 | 65 | 0 |
| **Total Disbursements** | **79,483** | **85,016** | **78,065** | **75,652** | **75,425** | **77,053** |

[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 more than nine million New Yorkers, including more than two 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 Essential Plan (EP), which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.

- **Social Welfare.** Funding provides assistance for several programs managed by the Office of Temporary and Disability Assistance (OTDA), including TANF-funded public assistance benefits and the Flexible Fund for Family Services, Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), and Child Support. Support from the Federal government also supports programs managed by the Office of Children and Family Services (OCFS), including Child Care, Child Welfare Services, Adult Protective & Domestic Violence Services, Foster Care, and Adoption Subsidies.

- **Education.** Funding supports K-12 education, special education and Higher Education. Like Medicaid and the social welfare 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 that qualify for programs such as Pell grants and Work-Study.

- **Public Protection.** Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision (DOCCS), the Office of Victim Services, the Division of Homeland Security and Emergency Services (DHSES), and the Division of Military and Naval Affairs (DMNA). Federal funds are also passed on 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 recently enacted Infrastructure Investment and Jobs Act (P.L. 117-58) will increase Federal funds for transportation capital costs significantly.

- **All Other.** Other programs supported by Federal resources include housing, economic development, mental hygiene, parks and environmental conservation, and general government uses.

## Pandemic Assistance

- **Child Care Funds.** The CARES, CRSSA, and ARP Acts granted additional funding to aid in stabilizing the child care sector.

- **Education ARP Funds.** The ARP granted additional education funding for Elementary and Secondary School Emergency Relief (ESSER) and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts.

- **FFCRA/ COVID eFMAP.** In response to the COVID-19 pandemic, the Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the PHE. The enhanced funding began January 1, 2020 and is currently expected to continue through September 2022. In FY 2022, the additional Federal resources reduced State and local government costs by approximately $3.0 billion and $650 million, respectively. Due to the timing of reconciliations, February and March 2022 eFMAP State and Local share offsets will be realized in FY 2023. Two additional quarters of eFMAP have been assumed in FY 2023 as a result of the extension of the PHE, increasing the projected FY 2023 benefit to $2.1 billion.

- **ARP HCBS eFMAP.** The ARP also provided a temporary 10 percentage point increase to the FMAP for certain Medicaid HCBS through March 31, 2022. CMS guidelines require the use of additional funding to supplement existing State funding, not supplant existing resources.

  On August 25, 2021, CMS informed DOH that the State's initial HCBS spending plan meets the requirements set forth in guidance established by CMS, and thus, the State has received partial approval. The State therefore qualifies for a temporary 10 percentage point increase to the FMAP for certain Medicaid expenditures for HCBS under Section 9817 of the ARP. The increased FMAP is available for qualifying expenditures made between April 1, 2021, and March 31, 2022, and the State has until March 31, 2024, to expend its earned eFMAP in accordance with the submitted spending plan. On January 31, 2022, CMS provided additional approval of 37 proposals of the 43 original spending plan proposals which detail several investments in HCBS. On May 18, 2022, CMS provided further partial approval of the spending plan by approving six of the nine new proposals submitted in the second quarterly report. On February 15, 2022, the State submitted the second quarterly update to its eFMAP spending plan, and on May 6, 2022, the State submitted the third quarterly update. The State will continue to submit quarterly updates as required. The State is working with CMS to achieve full approval of the submitted plan; however, CMS has not yet provided guidance related to the HCBS eFMAP, which may restrict or delay the implementation of certain MRT II savings actions. The State is estimated to receive $2.4 billion in eFMAP for HCBS expenditures across health and mental hygiene programs ($1.7 billion in FY 2023 and $700 million in FY 2024).

- **CRF.** Established in the CARES Act, the CRF provided funding for states and local governments to respond to the COVID-19 pandemic. The State received $5.1 billion in FY 2021 to fund eligible costs incurred through December 31, 2021. These funds have been used in FY 2021 and FY 2022 for eligible payroll costs ($4.5 billion), primarily for public health and safety employees, as well as other pandemic response costs incurred by the State (roughly $600 million).

- **Education Supplemental Appropriations Act.** As part of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), additional funding for education was provided through the ESSER Fund and the Governor's Emergency Education Relief (GEER) Fund, including dedicated GEER funds to support pandemic-related services and assistance to nonpublic schools through the EANS program.

- **Lost Wages Assistance (LWA).** This program provided grants to eligible claimants that were unemployed or partially unemployed due to the pandemic. The grants consisted of a supplemental payment of $300 per week in addition to regular unemployment benefits through December 27, 2020 or when funding limits were reached, which occurred on September 6, 2020.

- **ERAP.** The CRRSA Act established the Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The ARP provided additional funding for the program.

- **Education CARES Act Funds.** Additional education support provided through the CARES Act included funding to school districts and charter schools.

- **SUNY State-Operated Campuses Federal Stimulus Spending.** Funding provided through various Federal stimulus bills resulted in greater Federal spending projections for SUNY State-Operated campuses.

- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures due to the COVID-19 pandemic. The Financial Plan assumes reimbursement of $800 million in FY 2023, and $200 million in FY 2024. However, there is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years as projected in the Financial Plan.

- **FEMA Reimbursement of COVID Home Testing Kits.** The Financial Plan assumes reimbursement of $225 million in FY 2024 and $225 million in FY 2025 related to the purchase of test kits for schools.

- **FEMA Local Pass-Through Funding.** Funding is assumed to flow through the Financial Plan to reimburse local entities for their Federal share of COVID-19 claims submitted to FEMA.

- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through.** The ARP requires states to pass-through the allocations to non-entitlement cities, towns, and villages. The State distributed $387 million to local governments in FY 2022 and is expected to distribute an additional $387 million to local governments in FY 2023, for a total of $774 million overall.

- **Homeowner Assistance Fund.** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.

- **Home Energy Assistance Program.** The ARP provided supplemental funding to the existing Home Energy Assistance program that helps low-income households pay the cost of heating, cooling, and weatherizing their homes.

- **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.** Funding to empower small businesses to access capital needed to invest in job-creating opportunities.

- **Federal Highway Administration (FHWA) Surface Transportation Block Grant.** This emergency funding was provided under the CRRSA Act to address COVID-19 impacts related to Highway Infrastructure Programs.

## Federal Coronavirus Response Legislation and Action

The Federal government enacted the following legislation in response to the ongoing COVID-19 pandemic. The table below summarizes the total sum of Federal pandemic assistance available to New York State, including direct recipients of Federal aid such as individuals, hospitals, businesses, transit authorities including the MTA, and school districts, along with the funds expected to flow through the Financial Plan.

A large portion of the Federal pandemic assistance flows directly to various recipients (e.g., tax rebates to individuals, and loans or grants to large and small businesses) and is thus excluded from the Financial Plan. In addition, on May 18, 2021, the State received $12.75 billion in Federal aid authorized in the ARP to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist in the PHE response and recovery efforts. These funds are expected to be transferred to State Funds over multiple years to support eligible uses and spending. Thus, the spending of the ARP aid to the State does not appear in Federal Funds.

**FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION**
**(millions of dollars)**

| Bill/Source | Total Funds Available | Funding Flowing through the Financial Plan |
|---|---|---|
| CARES Act | 140,704 | 8,225 |
| Families First Coronavirus Response Act (FFCRA) | 90,094 | 10,669 |
| American Rescue Plan (ARP) Act of 2021 | 86,877 | 19,175 |
| Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021 | 24,983 | 7,248 |
| FEMA Lost Wage Assistance | 4,120 | 4,120 |
| Paycheck Protection Program and Health Care Enhancement Act | 1,555 | 0 |
| Coronavirus Preparedness and Response Supplemental Appropriations (CPRSA) Act of 2020 | 66 | 0 |
| **Total** | **348,400** | **49,437** |

- **CARES Act** provides aid for Federal agencies, individuals, businesses, states, and localities, as well as $100 billion for hospitals and health care providers, to respond to the COVID-19 pandemic.

  Assistance to states through the CARES Act is generally restricted to specific purposes and includes the CRF ($5.1 billion State allocation) and the Education Stabilization Fund ($1.2 billion State allocation). Pursuant to U.S. Treasury eligibility guidelines, CRF funds allocated to the State were used for eligible expenses incurred, including payroll expenses for public health and safety employees, through December 31, 2021.

- **FFCRA** provides aid through paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding through the emergency 6.2 percent increase to the Medicaid eFMAP during the PHE in response to the COVID-19 pandemic.

- **ARP Act of 2021** provides aid for Federal agencies, individuals, businesses, states and localities, and others, to respond to the COVID-19 pandemic. The ARP has provided the State with $12.75 billion in general aid ("recovery aid") and $ 19.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The ARP also provides $10 billion in recovery aid to localities in New York State and $7 billion directly to the MTA. The State Aid provided through the ARP is included in the Financial Plan as a deposit of Federal aid to the General Fund to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist with the PHE response and recovery efforts. These funds are expected to be transferred to State Funds over multiple years to support eligible uses and spending. In FY 2022, the State transferred $4.5 billion of the Federal ARP aid to the General Fund to fund eligible costs incurred through March 31, 2022, as detailed below.

**ESTIMATED STATE EXPENSES ELIGIBLE FOR SLFRF FUNDING (millions of dollars)**

| | FY 2022 |
|---|---|
| Public Health and Safety Payroll | 964 |
| Small Business Grants | 623 |
| Tourism Recovery | 78 |
| Landlord Rental Assistance | 158 |
| Emergency Rental Assistance | 45 |
| Government Services[1] | 2,632 |
| | **4,500** |

[1] Includes any service traditionally provided by the State up to the amount of calculated revenue loss.

Finally, the ARP established a Capital Projects Fund to provide funding to states, territories, and Tribal governments to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the PHE. The State has also been allocated $345 million from the Coronavirus Capital Projects Fund.

- **The CRRSA Act of 2021** provides funding for education, testing, tracing, vaccine distribution, unemployment assistance, small business programs, and housing.

- **FEMA Lost Wage Assistance** provided grants to eligible claimants that were unemployed or partially unemployed due to the pandemic.

- **The Paycheck Protection Program and Health Care Enhancement Act** provides funding for small business programs, and healthcare programs, including $75 billion for hospitals, health care providers, and testing and tracing activities.

- **Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA) of 2020** provides emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses.

In addition, the pandemic has resulted in a significant increase in individuals filing for unemployment benefits. Such benefits are paid from the Unemployment Insurance (UI) Trust Fund, which is supported by employer contributions. In the event that there are insufficient resources in the UI Trust Fund to pay benefits, as became the case starting in May 2020, the UI Trust Fund may borrow from the Federal government for this purpose. As of March 31, 2022, the UI Trust Fund's Federal loan balance for the State was approximately $9.6 billion. The balance in the UI Trust Fund is expected to be repaid by employers through UI contribution rates.

## Federal Infrastructure Investment and Jobs Act (IIJA)

In November 2021, Congress passed, and the President signed, the $1.2 trillion Infrastructure Investment and Jobs Act, including approximately $550 billion in new spending on transportation, water and energy, broadband and natural resources.

The IIJA is expected to provide the State with an additional $4.6 billion in highway and bridge program aid over the life of the Federal Aid Highway program reauthorization, as well as significant off-budget funds available across the State for transit, rail, airport, water, and energy grid infrastructure. The annual levels of funds to the State from the IIJA are subject to Federal budget and appropriation action in each year.

## Federal Risks

The amount and composition of Federal funds received by the State have changed over time because of legislative and regulatory actions at the Federal level and will likely continue to change over the Financial Plan period. The Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan. Notable areas with potential for change include health care and human services.

The State submitted a 1115 waiver extension request to CMS that preserves current Medicaid Managed Care Programs, Children's HCBS, and self-direction of personal care services. This waiver was approved on March 31, 2022, and is effective for five years.

Separately, DOH has developed a new programmatic amendment to the now-renewed 1115 waiver that focuses on addressing health disparities that have been highlighted and exacerbated by the COVID-19 pandemic and achieving health equity in the State through the greater integration of health, behavioral health, and social care. This request seeks approximately $13.5 billion in Federal funding over five years to invest in an array of multi-faceted and related initiatives that would change the way the Medicaid program integrates and pays for social care and health care in the

State. This comprehensive initiative will also lay the groundwork for reducing long standing racial, disability-related, and socioeconomic health care disparities, increasing health equity through measurable improvement of clinical outcomes and keeping overall Medicaid program expenditures budget neutral to the Federal government.

After working directly with CMS and stakeholders on concepts contained in this new programmatic waiver amendment, DOH will submit the application formally to CMS in mid-2022 upon completion of the public transparency process required by Federal regulations. To satisfy these transparency requirements, DOH submitted a Federal public notice to the NYS Registry on April 13, 2022, and held two public hearings on May 3, 2022 and May 10, 2022, with the 30-day public comment period ending May 20, 2022. During the public comment period, DOH received 246 comments and heard from 75 speakers at two public hearings. The presentation slides and recordings from the May 3, 2022 webinar are available on the DOH website.

After submission to CMS, the review and approval process can take several months or longer. DOH plans to begin the five-year waiver demonstration period upon approval from CMS, which DOH anticipates could begin as soon as January 1, 2023.

## Federal Debt Limit

Legislation increasing the Federal debt limit by $2.5 trillion was enacted December 16, 2021 (P.L. 117-73). Under this latest increase in the Federal debt limit, the Federal government is expected to be able to operate until early 2023. Congress would need to act to increase or suspend the debt limit before then to avoid delaying payments and/or defaulting on debt obligations.

A Federal government 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 future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if there was an economic downturn due to a Federal default.

A payment default by the Federal government may also adversely affect the municipal bond market. Municipal issuers, including the State and its public authorities and localities, could face higher borrowing costs and impaired access to capital markets. This would jeopardize planned capital investments in transportation infrastructure, higher education facilities, hazardous waste remediation, environmental projects, and economic development projects. Additionally, the market for and market value of outstanding municipal obligations, including municipal obligations of the State and its public authorities, could be adversely affected.

## Federal Tax Law Changes

The Tax Cuts and Jobs Act of 2017 (TCJA) made 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's income tax system interacts with the Federal system. Changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly on State tax receipts. One key impact of the TCJA on New York State taxpayers is the $10,000 limit on the deductibility of SALT payments, which represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York State's economic competitiveness.

Moreover, the TCJA contains numerous provisions that may adversely affect residential real estate prices in New York State and elsewhere, of which the SALT deduction limit is the most significant. A loss of wealth associated with a decline in home prices could have a significant impact on household spending in the State through the wealth effect, whereby consumers perceive the rise and fall of the value of an asset, such as a home, as a corresponding increase or decline in income, causing them to alter their spending practices. Reductions in household spending by New York residents, if they were to occur, would be expected to result in lower sales for the State's businesses which, in turn, would cause further reductions in economic activity and employment. Lastly, falling home prices could result in homeowners delaying the sale of their homes. The combined impact of lower home prices and fewer sales transactions could result in lower real estate transfer tax collections.

The TCJA changes may intensify migration pressures and decrease the value of home prices, thereby posing risks to the State's tax base and current Financial Plan projections.

### State Response to Federal Tax Law Changes

**PTET.** As part of the State's continuing response to Federal tax law changes and in connection with the FY 2022 Enacted Budget, the State Legislature enacted 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 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 include Connecticut and New Jersey.

DOB expects that, on a multi-year basis, the PTET will be revenue neutral for the State as individual taxpayers claim credits against their PIT liabilities that reflect PTET payments made at the entity level. 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 Financial Plan includes estimates for PTET receipts and the corresponding decrease in PIT receipts. The overall effect on projected receipts to the Revenue Bond Tax Fund, to which 50 percent of both PIT and PTET receipts are deposited, is that PTET increased FY 2022 receipts and is projected to decrease FY 2023 receipts by a significant amount. See the "PTET – Financial Plan Impact" herein for a table summarizing projected PTET receipts and the associated change in projected PIT collections. Projections are based on limited experience of taxpayer behavior to date, and there can be no assurance that such projections will be realized.

The U.S. Treasury Department and the 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. 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. The IRS has not yet issued such proposed regulations.

**Charitable Gifts Trust Fund.** Other State tax reforms enacted in tax year 2018 to mitigate issues arising from the TCJA included decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program -Employer Compensation Expense Program (ECEP), and establishment of a new State Charitable Gifts Trust Fund.

The Charitable Gifts Trust Fund was established in tax year 2018 to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions were able to claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who donates may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. However, after enactment of this program, the IRS issued regulations that impaired the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federal taxable income while receiving State tax credits for such donations.

Through FY 2022, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). Charitable Gifts to date have been appropriated and used for the authorized purposes.

As part of State tax reforms enacted in 2018, taxpayers may claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 tax years, if the underpayments arise from reliance on the 2018 amendments to State Tax Law. To receive reimbursement, taxpayers are required to submit their reimbursement claims to the Department of Taxation and Finance (DTF) within 60 days of making an interest payment to the IRS. To date, the State has not received any claims for reimbursement of interest on underpayments of Federal tax liability.

The Financial Plan does not include any estimate of the magnitude of the possible interest expense to the State. Any such interest expense would depend on several factors including the rate of participation in the ECEP; magnitude of donations to the Charitable Gifts Trust Fund; amount of time between the due date of the Federal return and the date any IRS underpayment determination is issued; Federal interest rate applied; aggregate amount of Federal tax underpayments attributable to reliance on the 2018 amendments to State Tax Law; and frequency at which taxpayers submit timely reimbursement claims to the State.

**Litigation Challenging TCJA Provisions.** On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the Federal limit on the SALT deduction. On September 30, 2019, the U.S. District Court for the Southern District of New York found that the states failed to allege a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, in conjunction with Connecticut, Maryland, and New Jersey, filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit, and on October 5, 2021, the Second Circuit affirmed the district court's ruling. On January 3, 2022, the State, joined by Connecticut, Maryland, and New Jersey, petitioned the Supreme Court of the U.S. for a writ of certiorari to review the Second Circuit's decision. On April 18, 2022, the Supreme Court issued an order denying the request to review the decision.

On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that provided final rules and additional guidance with respect to the availability of Federal income tax deductions for charitable contributions when a taxpayer receives or expects to receive a State or local tax credit for such charitable contributions. These regulations require a taxpayer to reduce the Federal charitable contribution deduction by the amount of any State tax credit received due to such charitable contribution. This rule does not apply if the value of the State tax credit does not exceed 15 percent of the charitable contribution. Regulations were made retroactive to August 27, 2018 (the date on which the U.S. Treasury Department and IRS first published proposed regulatory changes).

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit in the United States District Court for the Southern District of New York challenging these charitable contribution regulations. Among other things, the lawsuit seeks 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, in accordance with precedent since 1917. The Federal defendants moved to dismiss the complaint, or alternatively for summary judgment, on December 23, 2019. The states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020. The district court denied the states' request for oral argument on March 16, 2021, but a decision on the outstanding motions to dismiss, and cross-motions for summary judgment, remains pending.

# Major Operating Programs

## Statutory Growth Caps for School Aid and Medicaid

Beginning in FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs, School Aid and Medicaid.

### School Aid

In FY 2012, the State enacted a School Aid growth cap that was intended to limit the growth in School Aid to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). Beginning in FY 2021, the statutory PIGI for School Aid was amended to limit School Aid increases to no more than the average annual income growth over a ten-year period. This change reduces volatility in allowable growth and aligns the School Aid cap with the statutory Medicaid cap. Prior to FY 2021, the PIGI generally relied on a one-year change in personal income.

The authorized School Aid increases exceeded the indexed levels in FYs 2014 through 2019, were within the indexed levels in FYs 2020 and 2021, and again exceeded the indexed level in FY 2022. The enacted increase in School Aid for SY 2023 of $2.1 billion (7.2 percent) is above the indexed PIGI rate of 4.5 percent. This $2.1 billion increase includes a $1.5 billion increase in Foundation Aid[7] as part of the three-year phase-in of the formula and a 3 percent "due minimum" increase for districts whose annual Foundation Aid levels exceed their full funding level targets. The increase also includes a $125 million investment in State-funded full-day prekindergarten programming for four-year-old children, including a $100 million formula-based allocation and a $25 million grant to be competitively awarded. In SY 2024, projected School Aid growth largely reflects the final year of the three-year phase-in of full funding of Foundation Aid. In SY 2025 and beyond, School Aid is projected to increase in line with the rate allowed under the School Aid growth cap.

### Medicaid

Approximately 85 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap. The Global Cap was previously calculated using the ten-year rolling average of the medical component of the Consumer Price Index (CPI) for all urban consumers and thus allows for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in factors not currently indexed under the Global Cap and reflect recent trends, beginning in FY 2023, the allowable spending growth for activities under the Global Cap is set at the five-year rolling average of health care spending, using projections from the CMS Actuary. The FY 2023 Executive Budget and Enacted Budget utilize the CMS Actuary projections issued on March 24, 2020, which

[7] Foundation Aid is formula-based, unrestricted aid provided to school districts. It is the largest aid category within School Aid and is projected to total $21.3 billion in SY 2023. The Foundation Aid formula consists of four components: a State-specified expected expenditure per pupil to which the State and districts will contribute, a State-specified expected minimum local contribution per pupil, the number of aid-eligible pupil units in the district, and additional adjustments based on phase-in factors and minimum or maximum increases.

were the most recent published data available in developing the Executive Budget proposal and during the legislative budget negotiation period. DOB plans to incorporate multi-year revisions to the index consistent with updated CMS Actuary projections annually with future proposed Executive Budgets.

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 which 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. Additional State share Medicaid spending, outside of the Global Cap, includes State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund Medicaid spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share Medicaid costs.

Since the enactment of the Global Cap, the portion of State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, in certain fiscal years, DOH has taken management actions, including adjustments to the timing of Medicaid payments consistent with contractual terms, to ensure compliance with the Global Cap.

## Public Health Insurance Programs/Public Assistance

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Many people who were laid off or otherwise experienced a decrease in family income in 2020 and 2021 due to the COVID-19 pandemic became qualifying enrollees and began to participate in public health insurance programs such as Medicaid, EP, and CHP. Participants in these programs remain eligible for coverage for 12 continuous months regardless of changes in employment or income levels that may otherwise make them ineligible. Estimated costs for increased enrollment are budgeted in the Financial Plan through FY 2024.

Likewise, the rise in unemployment and decrease in family income during the pandemic have resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the FY 2023 Enacted Budget includes a recurring State-funded rent supplement program to assist individuals and families.

### Extraordinary Aid to Hospitals

The pandemic further stressed the financial stability of hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured and government payor mix. Accordingly, the FY 2023 Enacted Budget commits an additional $800 million in one-time resources in FY 2023, in addition to $984 million in ongoing annual base support, to strengthen the financial position of certain financially distressed providers. 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, creates the potential for increased cost pressure within the Financial Plan should the State continue to assist hospitals.

## Opioid Settlement Fund

The Attorney General (AG) and DFS have reached significant opioid related settlements with several corporations for their roles in helping fuel the opioid epidemic.

- Johnson & Johnson, the parent company of Janssen Pharmaceuticals, Inc., is expected to pay the State and its subdivisions up to $230 million. The settlement established a multi-year payout structure of up to ten years commencing in April 2022.

- On September 17, 2021, a Bankruptcy Court in the Southern District of New York entered an Order confirming a plan, including provisions releasing and barring further litigation against Purdue Pharma's executives and directors. Pursuant to that plan, the owners of Purdue Pharma, the Sackler family, were to pay the State and its subdivisions at least $200 million as part of a $4.5 billion bankruptcy plan over a nine-year period commencing in 2022. The settlement between the State and Purdue Pharma would shut down Purdue Pharma, prevent the Sackler family from participating in the opioids business prospectively, and establish a substantial document repository of 30 million plus documents. Following an appeal, on December 16, 2021, a U.S. District Court for the Southern District of New York vacated the confirmation of Purdue Pharma's plan. In re: Purdue Pharma L.P., Case No. 21-cv-07532-CM (S.D.N.Y. Dec. 16, 2021). The District Court held that the law does not allow a bankruptcy plan to give releases to individuals who are not bankrupt. Subsequently, Purdue Pharma appealed to the Second Circuit, which held oral argument on April 29, 2022.

- Drug distributors McKesson Corporation, Cardinal Health Inc., and Amerisource Bergen Drug Corporation will pay the State and its subdivisions up to $1.0 billion over 18 years and develop a monitoring mechanism to collect and analyze opioid drug distribution. The first settlement payment of $36.3 million was deposited in the New York State Opioid Settlement Fund (Opioid Settlement Fund) in March 2022, and payments will continue over the next 17 years.

- Drug manufacturer Endo Health Solutions (Endo) settled for $50 million with New York State (AG only) and the counties of Nassau and Suffolk, divided $22.3 million to the State and $27.7 million split evenly between Nassau and Suffolk Counties. Of the State portion, $11.96 million will be distributed to subdivisions (excluding Nassau and Suffolk) and $10.34 million was deposited in the Opioid Settlement Fund in March 2022.

- Allergan Finance, LLC and its affiliates will pay the State and its subdivisions up to $200 million. This payment is expected by mid-2022 and over $150 million of these funds will be dedicated to opioid abatement. The settlement between the State and Allergan Finance, LLC and its affiliates also prevents them from participating in the opioid business.

- Mallinckrodt PLC emerged from bankruptcy on June 16, 2022. As a part of its resolution with New York, Mallinckrodt will pay up to $58.5 million over eight years for abatement. An initial payment of $8.3 million is expected to be made in late 2022. The bankruptcy plan then allows Mallinckrodt 18 months to determine whether it will prepay claims. Should Mallinckrodt elect to prepay, then New York is expected to receive approximately $41.1 million.

The Financial Plan will be updated pending confirmation of the timing and value of the settlements the State will receive. At this time, DOB expects that the State's share of the resources will be deposited into the Opioid Settlement Fund. Pursuant to Chapter 190 of the Laws of 2021, as amended by Chapter 171 of the Laws of 2022, the Opioid Settlement Fund will consist of funds received by the State as the result of a settlement or judgment against opioid manufacturers, distributors, dispensers, consultants, or resellers. Money within the Opioid Settlement Fund will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs and/or for payment to local governments as a result of their participation in such settlements or judgments. Money in the Opioid Settlement Fund must be kept separate and not commingled with any other funds and may only be expended following an appropriation consistent with State statute and the terms of any applicable statewide opioid settlement agreement.

# State Labor Force

## Labor Negotiations and Agreements (Current Contract Period)

The State negotiates multi-year collective bargaining agreements with its unionized workforce. The agreements affect personal service and fringe benefit costs.

Recently reached agreements with the Police Benevolent Association of New York State (PBANYS), the District Council 37 (Local 1359 Rent Regulation Service Employees), and the Council 82 Security Supervisors Unit have been ratified. The four-year agreement with PBANYS provides annual 2 percent salary increases in FY 2020 through FY 2023. The two-year agreement with District Council 37 provides annual 2 percent salary increases in FY 2022 and FY 2023. The seven-year agreement with Council 82 includes annual 2 percent salary increases in FY 2017 through FY 2023.

The State also recently reached an agreement with the Civil Service Employees Association (CSEA) for a five-year term covering FY 2022 through FY 2026, which is subject to ratification. The agreement provides annual 2 percent salary increases in FY 2022 and FY 2023, and annual 3 percent salary increases in FY 2024 through FY 2026. Allocations of reserves set aside for this purpose will be reflected in future Financial Plan updates following ratification.

There can be no assurance that amounts informally reserved in the Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts.

UNION LABOR CONTRACTS

| | Contract Period | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CSEA[1] | FY 2022 - FY 2026 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 3% | 3% | 3% |
| DC-37 | FY 2022 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| GSEU | AY 2020 - AY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| PBANYS | FY 2020 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| PEF | FY 2020 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| NYSTPBA | FY 2019 - FY 2023 | 1.5% | 1.5% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| NYSPIA | FY 2019 - FY 2023 | 1.5% | 1.5% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| CUNY | AY 2018 - AY 2023 | 2% | 1.5% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| Council 82 | FY 2017 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| NYSCOPBA | FY 2017 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| UUP | AY 2017 - AY 2022 | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD | TBD |

1. The State and CSEA have reached a 5-year labor agreement from FY 2022 to FY 2026, which is subject to ratification by the union membership.

The Judiciary's contracts with all 12 unions represented within its workforce have expired. This includes contracts with the CSEA, the New York State Supreme Court Officers Association, the New York State Court Officers Association, and the Court Clerks Association, and eight other unions.

## Pension Contributions[8]

### Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local ERS and the New York State and Local PFRS. This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[9] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could adversely and materially affect these projections.

New York State Retirement and Social Security Law (RSSL) Section 11 directs the actuary for NYSLRS to provide regular reports on the Systems' 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 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 August 2021.

On August 25, 2021, the Comptroller announced reductions in employer contribution rates for both ERS and PFRS which will impact payments in FY 2023. This reduction was primarily accomplished by realizing the entire benefit of the FY 2021 investment return of 33.55 percent in the valuation of assets available to pay retirement benefits, rather than the standard approach of "asset smoothing" the return over a five year period to guard against volatility in investment returns. This action -- termed "the market-restart" -- offset the Comptroller's simultaneous action of lowering the long-term assumed rate of return on investments from 6.8 percent to 5.9 percent, which, in and of itself, would have resulted in a substantial increase in the FY 2023 employer contribution rates.

As a result of the Comptroller's actions, the estimated average employer contribution rate for ERS will be lowered from 16.2 percent to 11.6 percent of payroll, and the estimated average employer contribution rate for PFRS will be reduced from 28.3 percent to 27 percent of payroll. Employers who have previously participated in the Contribution Stabilization Program, including the State, are required to contribute at the higher graded (amortization) rate of 14.1 percent for ERS (see "Contribution Stabilization Program" below).

[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 the State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).

The Financial Plan reflects the actuarial changes approved by the Comptroller, including a revised ERS/PFRS pension estimate of $2.1 billion for FY 2023 based on the February 2022 estimate provided by the Actuary. Approximately $67 million in pension interest savings was achieved from the payment of the State's FY 2023 ERS/PFRS bill in May 2022.

This estimate also reflects the payoff of all prior year amortization balances. The ERS (non-Judiciary) and PFRS portion was fully repaid in March 2021, and the Judiciary portion was fully repaid in October 2021. Collectively, this reduced the FY 2023 cost by $331 million from prior estimates. The total payoff of outstanding prior-year amortization balances was $1 billion, resulting in interest savings of roughly $76 million over the Financial Plan period.

Finally, the estimate has been adjusted to reflect two pension changes included in the Enacted Budget. The first change, which is intended to improve the recruitment and retention of employees in Tier 5 and Tier 6, permanently reduces their vesting period from ten years to five years (cost of $27.2 million annually). The second change provides a temporary, two-year exclusion of overtime from the variable income-based Tier 6 employee contribution calculation ($1.3 million annually through FY 2024). This will ensure that employees who worked considerable overtime during the pandemic will not experience a significant increase in their employee contribution.

The Comptroller does not forecast pension liability estimates for the later years of the Financial Plan. Thus, estimates for FY 2024 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a lower rate of return compared to the current assumed rate of return by NYSLRS.

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the RSSL enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS are incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments, with the option to amortize these costs. ERS costs were $19 million in FY 2022 and are estimated to be $15 million annually over the Financial Plan period. Costs for employees in PFRS are distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019).

## 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. 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 portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

Neither the State nor the Judiciary have amortized pension costs since FY 2016. The State and Judiciary have completed repayment of all pension amortization liabilities. The excess contribution amounts in FY 2023 of $281.9 million ($242 million State/$39.9 million Judiciary) and FY 2024 of $145.5 million ($123.8 million State/$21.7 million Judiciary) will be placed in the ERS pension reserve fund to offset any future increases in contribution rates. The following table reflects projected pension contributions and historical amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

**EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM**
**IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS**
**(millions of dollars)**

| | Statewide Pension Payments[1] | | | | | Rates for Determining (Amortization Amount) / Excess Contributions | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | System Average Normal Rate[4] | | Amortization Threshold (Graded Rate) | |
| Fiscal Year | Normal Costs[2] | (Amortization Amount) / Excess Contributions | Repayment of Amortization | Total Statewide Pension Payments | Interest Rate on Amortization Amount (%)[3] | ERS (%) | PFRS (%) | ERS (%) | PFRS (%) |
| 2011 | 1,543.2 | (249.6) | 0.0 | 1,293.6 | 5.00 | 11.5 | 18.1 | 9.5 | 17.5 |
| 2012 | 2,037.5 | (562.8) | 32.3 | 1,507.0 | 3.75 | 15.9 | 21.6 | 10.5 | 18.5 |
| 2013 | 2,077.9 | (778.5) | 100.9 | 1,400.3 | 3.00 | 18.5 | 25.7 | 11.5 | 19.5 |
| 2014 | 2,633.6 | (937.0) | 192.1 | 1,888.7 | 3.67 | 20.5 | 28.9 | 12.5 | 20.5 |
| 2015 | 2,328.8 | (713.1) | 305.7 | 1,921.4 | 3.15 | 19.7 | 27.5 | 13.5 | 21.5 |
| 2016 | 1,972.1 | (356.2) | 390.0 | 2,005.9 | 3.21 | 17.7 | 24.7 | 14.5 | 22.5 |
| 2017 | 1,789.0 | 0.0 | 432.2 | 2,221.2 | 2.33 | 15.1 | 24.3 | 15.1 | 23.5 |
| 2018 | 1,788.7 | 0.0 | 432.2 | 2,220.9 | 2.84 | 14.9 | 24.3 | 14.9 | 24.3 |
| 2019 | 1,770.2 | 0.0 | 432.2 | 2,202.4 | 3.64 | 14.4 | 23.5 | 14.4 | 23.5 |
| 2020 | 1,782.2 | 0.0 | 432.2 | 2,214.4 | 2.55 | 14.2 | 23.5 | 14.2 | 23.5 |
| 2021[5] | 1,827.2 | 0.0 | 1,350.3 | 3,177.5 | 1.33 | 14.1 | 24.4 | 14.1 | 24.4 |
| 2022[6] | 2,107.8 | 0.0 | 151.3 | 2,259.1 | 1.76 | 15.8 | 28.3 | 15.1 | 25.4 |
| 2023 Est. | 1,861.3 | 281.9 | 0.0 | 2,143.2 | TBD | 11.4 | 27.0 | 14.1 | 26.4 |
| --- *Projected by DOB*[7] --- | | | | | | | | | |
| 2024 | 2,288.6 | 145.5 | 0.0 | 2,434.1 | TBD | 11.9 | 28.2 | 13.1 | 27.4 |
| 2025 | 3,154.8 | 0.0 | 0.0 | 3,154.8 | TBD | 13.6 | 30.5 | 13.6 | 28.4 |
| 2026 | 3,964.0 | 0.0 | 0.0 | 3,964.0 | TBD | 16.4 | 32.8 | 14.6 | 29.4 |
| 2027 | 4,821.8 | 0.0 | 0.0 | 4,821.8 | TBD | 20.3 | 35.0 | 15.6 | 30.4 |

1 Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

2 Normal costs include payments from amortizations prior to FY 2011, which ended in FY 2016 as a result of early repayments.

3 Interest rates are determined by the Comptroller based on the market rate of return on comparable taxed fixed income investments (e.g., Ten-Year Treasuries). The interest rate is fixed for the duration of the ten-year repayment period.

4 The system average normal rate represents system-wide amortization-eligible costs (i.e. normal and administrative costs, as well as the cost of certain employer options) as a percentage of the system's total salary base. The normal rate does not include the following costs, which are not eligible for amortization: Group Life Insurance Plan (GLIP) contributions, deficiency contributions, previous amortizations, incentive costs, costs of new legislation in some cases, and prior-year adjustments. "(Amortization Amount) / Excess Contributions" are calculated for each employer in the system using employer-specific normal rates, which may differ from the system average.

5 Includes $918.1 million in prior year (non-Judiciary) amortization balances under the Contribution Stabilization Program. The prepayment eliminates the State's repayment obligations through FY 2026, and results in roughly $65 million interest savings over the financial plan period.

6 The Judiciary paid off their entire prior year amortization balance in FY 2022 eliminating their repayment obligation through FY 2026 resulting in approximately $8.4 million in interest savings over the financial plan period.

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

The “Normal Costs” column shows 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 “Repayment of Amortization” column provides the amount paid in principal and interest towards the outstanding balance on prior-year amortizations. The “Total Statewide Pension Payments” column provides the State’s actual or planned pension contribution, including amortization. The “Interest Rate on Amortization Amount (%)” column provides the interest rate at which the State will repay the amortized contribution, as determined by OSC. The remaining columns provide information on the normal rate and graded rate, which are used to determine the maximum allowed "(Amortized)" amount or the mandatory "Excess Contributions" amount for a given fiscal year.

## Social Security

The CARES Act allowed employers, including the State, to defer the deposit and payment of the employer’s share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments no later than December 31, 2022. The Executive and the Judiciary deferred $556 million and $69 million, respectively, in 2020. The first installment of the Executive's deferment was paid in November 2021, with the second repayment remitted in March 2022. The Judiciary's deferment was repaid in full in June 2021.

## 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 pays its share of costs on a PAYGO basis as required by law.

The State Comptroller adopted Governmental Accounting Standards Board Statement (GASBS) 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State’s Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires that the full liability be recognized.

The State's total OPEB liability equals the employer's share of the actuarial determined present value of projected benefit payments attributed to past periods of employee service. The total OPEB obligation less any OPEB assets set aside in an OPEB trust or similar arrangement represents the net OPEB obligation.

As reported in the State's Basic Financial Statements for FY 2021, the total ending OPEB liability for FY 2021 was $75.8 billion ($60.3 billion for the State and $15.5 billion for SUNY). The total OPEB liability as of March 31, 2021 was measured as of March 31, 2020 and was determined using an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total OPEB liability to March 2020. The total beginning OPEB liability for FY 2021 was $63.9 billion ($51.1 billion for the State and $12.8 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (3.79 percent in FY 2020 and 2.84 percent in FY 2021). The total OPEB liability increased by $11.9 billion (18.6 percent) during FY 2021 primarily due to the reduction in the discount rate and updated medical trend assumptions based on current anticipation of future costs, and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plan and premium rates for the Health Maintenance Organization (HMO) plan.

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the 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 Retiree Health Benefit Trust Fund (RHBTF) was created in FY 2018 as a qualified trust under GASBS 75 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Unlike State pensions, which are pre-funded, future retiree health care costs are unfunded, meaning no money is set aside to pay these future expenses. The State pays these expenses each year as they come due. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of total then-current unfunded actuarial accrued OPEB liability ($75.8 billion at March 31, 2021). The FY 2023 Enacted Budget increased the maximum allowable deposit from 0.5 percent of the OPEB liability to 1.5 percent of the outstanding OPEB liability. The Financial Plan reflects a deposit of $320 million in FY 2022 and planned deposits of $320 million in FY 2023 and $375 million annually thereafter, fiscal conditions permitting. These deposits, which were allocated in prior Financial Plan updates, are the first deposits to the RHBTF.

GASBS 75 is not expected to alter the Financial Plan PAYGO projections for health insurance costs. DOB's methodology for forecasting these costs over a multi-year period already incorporates factors and considerations consistent with the new actuarial methods and calculations required by the GASBS.

# State Debt

## Bond Market and Credit Ratings

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses 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. The outbreak of COVID-19 in the United States temporarily disrupted the municipal bond market in 2020, and the emergence of variants could further disrupt the municipal bond market. In addition, future developments in the financial markets, including possible changes in Federal tax law 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, Kroll, Moody’s, and S&P Global Ratings -- have assigned the State general credit ratings of AA+, AA+, Aa1, and AA+, respectively. The rating agencies have started to recognize the State's economic recovery from the COVID-19 pandemic, which affected the State's credit outlook. On June 11, 2021, both Fitch and S&P changed the State’s credit outlook from “negative” to “stable", based on the State's fiscal and economic progress and receipt of substantial ARP Federal aid. On December 21, 2021, Kroll reaffirmed the State's AA+ rating with a stable outlook, stating that "the breadth of New York's economic resource base is expected to contribute to continued revenue recovery in the post-pandemic environment." On April 13, 2022, Moody’s raised the State’s credit rating from Aa2 to Aa1, noting “a significant increase in resources combined with agile fiscal management that has resulted in balanced or nearly balanced budgets projected through the State's five-year 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 limits the maximum term of bonds to 30 years. The 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 2021).

The FY 2023 Enacted Budget reinstates the provisions of the Debt Reform Act for State-supported debt issued in FY 2023 and beyond. One limited exception to the Debt Reform Act remains for issuances undertaken by the State for MTA capital projects which may be issued with maximum maturities longer than 30 years. This change allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA.

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 response to the COVID-19 pandemic. Accordingly, State-supported debt issued in FY 2021 and FY 2022 was not limited to capital purposes and 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, in part reflecting the statutory suspension of the debt caps during FY 2021 and FY 2022.

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 $18.8 billion in FY 2022 to a low point of $423 million in FY 2027. This calculation excludes all State-supported debt issuances in FY 2021 and FY 2022 but includes the estimated impact of the COVID-19 pandemic on personal income calculations and of funding increased capital commitment levels with State bonds after FY 2022. The debt service on State-supported debt issued after April 1, 2000 and subject to the statutory cap is projected at $4.2 billion in FY 2023, or roughly $6.4 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 2022 | $1,515,757 | 4.00% | 60,630 | 41,846 | 18,784 | 2.76% | 1.24% | 20,090 | 61,936 |
| FY 2023 | $1,509,922 | 4.00% | 60,397 | 48,301 | 12,096 | 3.20% | 0.80% | 19,327 | 67,628 |
| FY 2024 | $1,572,808 | 4.00% | 62,912 | 55,658 | 7,254 | 3.54% | 0.46% | 18,680 | 74,338 |
| FY 2025 | $1,646,077 | 4.00% | 65,843 | 61,411 | 4,432 | 3.73% | 0.27% | 17,791 | 79,202 |
| FY 2026 | $1,720,795 | 4.00% | 68,832 | 66,574 | 2,258 | 3.87% | 0.13% | 16,972 | 83,546 |
| FY 2027 | $1,798,208 | 4.00% | 71,928 | 71,505 | 423 | 3.98% | 0.02% | 16,236 | 87,741 |

| 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 2022 | $244,375 | 5.00% | 12,219 | 4,841 | 7,378 | 1.98% | 3.02% | 1,154 | 5,995 |
| FY 2023 | $212,259 | 5.00% | 10,613 | 4,248 | 6,365 | 2.00% | 3.00% | 2,439 | 6,687 |
| FY 2024 | $221,030 | 5.00% | 11,052 | 4,819 | 6,233 | 2.18% | 2.82% | 2,341 | 7,160 |
| FY 2025 | $220,372 | 5.00% | 11,019 | 5,383 | 5,636 | 2.44% | 2.56% | 2,818 | 8,201 |
| FY 2026 | $223,573 | 5.00% | 11,179 | 6,558 | 4,621 | 2.93% | 2.07% | 1,293 | 7,851 |
| FY 2027 | $230,390 | 5.00% | 11,520 | 7,156 | 4,364 | 3.11% | 1.89% | 953 | 8,109 |

[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.

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.

## Enacted Budget – Debt Cap Changes

In the FY 2023 Enacted Budget, the State added new bond-financed capital commitments that are expected to add $12 billion in new debt over the five-year Capital Plan period. The capital spending increases are partially offset by $6 billion of new capital PAYGO, estimated underspending, and adjustments to bond sale assumptions, which reduce projected debt issuances. The cash PAYGO will be used to fund capital projects in lieu of issuing debt, primarily higher cost taxable debt.

Changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. Debt capacity also reflects the suspension of the Debt Reform Act for FY 2021 and FY 2022 issuances in response to the COVID-19 pandemic, as discussed previously. 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 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Executive Budget as Amended** | **19,210** | **11,462** | **7,367** | **4,354** | **2,297** | **673** |
| Personal Income Forecast Update | (432) | (130) | (259) | (180) | (80) | 30 |
| Capital Adds/Bond Sale Adjustments | 6 | (436) | (3,154) | (5,242) | (5,259) | (5,180) |
| Capital PAYGO - Issuances Offset ($6 Billion) | 0 | 1,200 | 3,300 | 5,500 | 5,300 | 4,900 |
| **Enacted Budget** | **18,784** | **12,096** | **7,254** | **4,432** | **2,258** | **423** |

[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

## Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial needs among localities can adversely affect the State's Financial Plan projections. The wide-ranging economic, health, and social disruptions caused by COVID-19 have adversely affected the City of New York and surrounding localities. Localities outside New York City, including cities and counties, have also experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

## MTA

The MTA operates public transportation in the New York City metropolitan area, including subways, buses, commuter rail, and tolled vehicle crossings. The services provided by MTA and its operating agencies are integral to the economy of New York City 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 New York City.

MTA Capital Plans also rely on significant direct contributions from the State and New York City. The State is directly contributing $9.1 billion to the MTA's 2015-19 Capital Plan and $3 billion to the MTA's 2020-24 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.

The pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to the COVID-19 pandemic, significant Federal operating aid is provided to the MTA from the CARES Act ($4 billion), CRRSA Act ($4.1 billion), and the ARP ($7 billion). The MTA also borrowed $2.9 billion through the Federal Reserve's Municipal Liquidity Facility (MLF).

If financial impacts of the COVID-19 pandemic on the MTA's operating budget extend after the Federal funds are fully spent, and without additional Federal aid, the MTA will need to consider additional actions to balance its future budgets. Risks to MTA's current financial projections 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 State's Financial Plan.

The State has taken action to address MTA financing issues that arose during the pandemic. Specifically, the pandemic adversely affected credit ratings on MTA Transportation Revenue Bonds, the MTA's primary credit program, which increased the cost of borrowing for the MTA. As a result, the State has issued PIT revenue bonds since the start of FY 2021 to fund $4.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The Financial Plan now assumes the State will fund its direct contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax revenue bonds.

# Other Risks and Ongoing Concerns

## Cybersecurity

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, among others, hacking, viruses, malware and other electronic attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems 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 digital 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.

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 comprehensive policies and standards, programs, and services relating to the security of State government networks, and annually assesses the maturity of State agencies' cyber posture through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and cyber incident reporting and response. CISO distributes real-time advisories and alerts, provides managed security services, and implements statewide information, security awareness and training.

In February 2022, the Governor announced the creation of a Joint Security Operations Center (JSOC) that will serve as the center for joint local, state, and Federal cyber efforts, including data collection, response efforts and information sharing. A partnership launched with New York City and other major cities and cybersecurity leaders across the State, the JSOC is a cyber command center that is intended to provide a statewide view of the cyber-threat landscape and improve coordination. The initiative is designed to increase collaboration on threat intelligence, reduce response time, and yield quicker remediation in the event of a major cyber incident. The FY 2023 Enacted Budget also provides funding for a shared services program to help 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 completely successful at guarding against future cyber threats and attacks. The results of any successful attacks could adversely impact business operations and/or damage State digital networks and systems, or State and local infrastructure, and the costs of remediation 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 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 a CISO 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.

## SUNY Downstate Hospital and the Long Island College Hospital (LICH)

In May 2011, the New York State Supreme Court issued an order that approved the transfer of real property and other assets of LICH to a New York State not-for-profit corporation ("Holdings"), the sole member of which is SUNY. After such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn. In 2012, the Dormitory Authority of the State of New York (DASNY) issued tax exempt State PIT Revenue Bonds to refund approximately $120 million in outstanding debt originally incurred by LICH and assumed by Holdings.

Pursuant to a court-approved settlement in 2014, SUNY, together with Holdings, issued a request for proposals (RFP) seeking a qualified party to provide or arrange to provide health care services at LICH and to purchase the LICH property.

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the "Purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center (now "NYU Langone"), which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all of the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

The second closing occurred on March 13, 2020 (the New Medical Site (NMS) Closing) and title to the NMS portion of the LICH property was conveyed to NYU Langone.

The third and final closing is anticipated to occur within 36 months after the NMS Closing (i.e., by March 13, 2023). At the final closing, title to the two remaining portions of the LICH properties will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, $120 million less the remaining down payment. The final closing is conditioned upon completion of the New Medical Building by NYU Langone, and relocation of the emergency department to the New Medical Building.

Fortis provided a $7 million down payment to secure the final closing. This down payment was utilized to cover unforeseen expenses. Holdings had routinely paid utility costs and other expenses and, in turn, billed Fortis according to contractual obligations. Fortis stopped paying invoices and rent that was due. After negotiations with Fortis to reimburse these expenses, Fortis satisfied all outstanding debts due, and the $7 million down payment was replenished. Holdings is prepared to use all available legal remedies to ensure that Fortis remains current on future invoices.

There can be no assurance that the resolution of legal, financial, and regulatory issues surrounding LICH, including the payment of outstanding liabilities, will not have a materially adverse impact on SUNY.

# STATE FINANCIAL PLAN
# MULTI-YEAR PROJECTIONS

## Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of FY 2022 actuals and forecast revisions in FY 2023 through FY 2027, with an emphasis on FY 2023 projections.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicate the discussion of the State's receipts and disbursements projections. Therefore, to minimize the distortions caused by these factors and, equally important, to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing the projections:

**Receipts.** The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The State Funds perspective reflects 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). DOB believes this presentation provides a clearer picture of projected receipts, trends, and forecast assumptions, by factoring out the distorting effects of earmarking tax receipts for specific purposes.

**Disbursements.** Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside the General Fund, concentrated primarily in the areas of School Aid, health care, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, the reliability of the 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 2024, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the impacts of the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure while OSC may report the gross 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 and All Governmental Funds).

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. The Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus are not included in the following tables. Such costs may include, but are not limited to, a wide range of pandemic control activities that could be needed to address a potential increase in COVID-19 cases and the safe, timely distribution of vaccines. The tables are followed by a summary of multi-year receipts and disbursements forecasts.

## General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | |
| Taxes (After Debt Service) | 101,731 | 82,542 | 100,543 | 105,435 | 105,728 | 109,412 |
| Miscellaneous Receipts | 2,325 | 1,768 | 1,814 | 1,842 | 1,879 | 1,914 |
| Federal Receipts | 4,500 | 2,350 | 2,250 | 3,645 | 0 | 0 |
| Other Transfers | 4,254 | 1,646 | 1,892 | 1,928 | 2,007 | 1,887 |
| **Total Receipts** | **112,810** | **88,306** | **106,499** | **112,850** | **109,614** | **113,213** |
| **DISBURSEMENTS** | | | | | | |
| Local Assistance | 58,384 | 66,309 | 71,499 | 76,709 | 79,832 | 82,710 |
| School Aid (SFY) | 24,783 | 25,791 | 29,522 | 31,352 | 32,701 | 34,123 |
| Medicaid | 16,153 | 18,941 | 21,072 | 23,453 | 25,210 | 26,990 |
| All Other | 17,448 | 21,577 | 20,905 | 21,904 | 21,921 | 21,597 |
| State Operations | 11,738 | 12,867 | 13,174 | 13,457 | 13,828 | 13,936 |
| Personal Service | 8,063 | 10,155 | 10,145 | 10,220 | 10,316 | 10,385 |
| Non-Personal Service | 3,675 | 2,712 | 3,029 | 3,237 | 3,512 | 3,551 |
| General State Charges | 8,983 | 8,787 | 9,397 | 10,591 | 11,901 | 13,294 |
| Transfers to Other Funds | 9,813 | 8,140 | 9,916 | 9,127 | 6,379 | 5,865 |
| Debt Service | 340 | 290 | 253 | 311 | 332 | 373 |
| Capital Projects | 6,818 | 4,348 | 6,288 | 5,949 | 3,196 | 2,627 |
| SUNY Operations | 1,385 | 1,508 | 1,499 | 1,482 | 1,482 | 1,482 |
| All Other | 1,270 | 1,994 | 1,876 | 1,385 | 1,369 | 1,383 |
| **Total Disbursements** | **88,918** | **96,103** | **103,986** | **109,884** | **111,940** | **115,805** |
| **Use (Reservation) of Fund Balance:** | **(23,892)** | **7,797** | **(2,513)** | **(2,966)** | **2,326** | **2,592** |
| Community Projects | 4 | 5 | 3 | 0 | 0 | 0 |
| Timing of PTET/PIT Credits | (16,430) | 10,088 | (358) | (101) | 2,761 | 4,040 |
| Reserve for Pandemic Assistance | (2,000) | 2,000 | 0 | 0 | 0 | 0 |
| Undesignated Fund Balance | (419) | 1,920 | 543 | 375 | 0 | 0 |
| Tax Stabilization Reserve | (177) | (197) | (207) | (218) | (170) | (80) |
| Rainy Day Reserve | (666) | (2,952) | (3,101) | (3,276) | (3,344) | (2,547) |
| Economic Uncertainties | (4,175) | (1,905) | 860 | 569 | 3,514 | 2,627 |
| Debt Management | 0 | (855) | (81) | 576 | 860 | 0 |
| Labor Settlements/Agency Operations | (275) | (600) | (1,000) | (1,450) | (1,450) | (1,450) |
| Extraordinary Monetary Settlements[1] | 246 | 293 | 828 | 559 | 155 | 2 |
| **BUDGET SURPLUS/(GAP) PROJECTIONS** | **0** | **0** | **0** | **0** | **0** | **0** |

[1] Reflects transfers of Extraordinary Monetary Settlement funds from the General Fund to the Dedicated Infrastructure Investment Fund, the Environmental Protection Fund, and the Capital Projects Fund.

## State Operating Funds Projections

**STATE OPERATING FUNDS DISBURSEMENTS**
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | |
| Taxes | 119,823 | 96,094 | 111,320 | 115,631 | 117,178 | 121,054 |
| Miscellaneous Receipts/Federal Grants | 27,349 | 19,943 | 18,265 | 19,036 | 16,223 | 17,170 |
| **Total Receipts** | **147,172** | **116,037** | **129,585** | **134,667** | **133,401** | **138,224** |
| **DISBURSEMENTS** | | | | | | |
| Local Assistance | 74,998 | 84,658 | 87,512 | 91,807 | 95,587 | 99,326 |
| School Aid (School Year Basis)[1] | 29,266 | 31,372 | 34,707 | 36,048 | 37,498 | 39,014 |
| DOH Medicaid[2] | 21,974 | 25,562 | 27,293 | 29,671 | 31,290 | 33,044 |
| Transportation | 3,786 | 4,599 | 4,789 | 4,790 | 4,792 | 4,794 |
| STAR | 1,904 | 1,831 | 1,723 | 1,616 | 1,568 | 1,541 |
| Higher Education | 2,725 | 3,063 | 3,231 | 3,352 | 3,409 | 3,423 |
| Social Services | 3,141 | 4,356 | 3,556 | 4,383 | 4,373 | 4,422 |
| Mental Hygiene[3] | 4,660 | 6,752 | 5,924 | 5,535 | 5,743 | 5,961 |
| All Other[4] | 7,542 | 7,123 | 6,289 | 6,412 | 6,914 | 7,127 |
| State Operations | 19,836 | 20,521 | 20,689 | 21,012 | 21,467 | 21,665 |
| Personal Service | 13,243 | 15,182 | 15,134 | 15,248 | 15,387 | 15,499 |
| Non-Personal Service | 6,593 | 5,339 | 5,555 | 5,764 | 6,080 | 6,166 |
| General State Charges | 10,025 | 9,950 | 10,581 | 11,789 | 13,116 | 14,529 |
| Pension Contribution | 2,492 | 2,397 | 2,696 | 3,421 | 4,237 | 5,101 |
| Health Insurance | 5,699 | 5,475 | 5,730 | 6,140 | 6,583 | 7,057 |
| All Other | 1,834 | 2,078 | 2,155 | 2,228 | 2,296 | 2,371 |
| Debt Service | 12,545 | 7,612 | 4,904 | 4,470 | 5,638 | 5,667 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **117,404** | **122,741** | **123,686** | **129,078** | **135,808** | **141,187** |
| Net Other Financing Sources/(Uses) | (3,935) | (1,671) | (3,544) | (3,065) | (268) | 223 |
| **RECONCILIATION TO GENERAL FUND GAP** | | | | | | |
| Designated Fund Balances: | (25,833) | 8,375 | (2,355) | (2,524) | 2,675 | 2,740 |
| General Fund | (23,892) | 7,797 | (2,513) | (2,966) | 2,326 | 2,592 |
| Special Revenue Funds | (1,904) | 577 | 172 | 453 | 376 | 181 |
| Debt Service Funds | (37) | 1 | (14) | (11) | (27) | (33) |
| **GENERAL FUND BUDGET SURPLUS/(GAP)** | **0** | **0** | **0** | **0** | **0** | **0** |

[1] Does not reflect a significant amount of Federal funding for school districts to be distributed over multiple years, such as $103.4 million of FY 2022 Federal prekindergarten expansion grants that appear on the School Aid run.

[2] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of eFMAP of 6.2 percent.

[3] Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

[4] All Other includes education, parks, environment, economic development, and public safety, as well as the MSA payment offset, and a reconciliation between school year and State fiscal year spending on School Aid.

# Receipts

Financial Plan receipts results and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts. Multi-year receipts estimates are prepared by DOB with the assistance of 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.

Where noted, 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).

## Overview of the Receipts Forecast

All Funds receipts in FY 2023 are projected to total $212.3 billion, a 13.1 percent ($32.1 billion) decrease from FY 2022 results as Federal receipts return to pre-COVID-19 levels. FY 2023 State tax receipts are projected to decrease $23.8 billion (19.6 percent) from FY 2022 results. A summary of the annual changes of each tax category is provided below.

**ALL FUNDS RECEIPTS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Personal Income Tax | 70,737 | 46,975 | -33.6% | 62,060 | 32.1% | 65,232 | 5.1% | 69,467 | 6.5% | 85,223 | 22.7% |
| Consumption/Use Taxes | 19,621 | 19,585 | -0.2% | 20,544 | 4.9% | 20,960 | 2.0% | 21,470 | 2.4% | 22,055 | 2.7% |
| Business Taxes | 27,725 | 27,980 | 0.9% | 27,456 | -1.9% | 28,033 | 2.1% | 24,686 | -11.9% | 12,072 | -51.1% |
| Other Taxes | 3,053 | 2,828 | -7.4% | 2,787 | -1.4% | 2,930 | 5.1% | 3,079 | 5.1% | 3,223 | 4.7% |
| **Total State Taxes** | **121,136** | **97,368** | **-19.6%** | **112,847** | **15.9%** | **117,155** | **3.8%** | **118,702** | **1.3%** | **122,573** | **3.3%** |
| Miscellaneous Receipts | 27,932 | 27,107 | -3.0% | 27,558 | 1.7% | 24,730 | -10.3% | 26,593 | 7.5% | 27,920 | 5.0% |
| Federal Receipts | 95,307 | 87,786 | -7.9% | 80,627 | -8.2% | 78,487 | -2.7% | 78,279 | -0.3% | 79,897 | 2.1% |
| **Total All Funds Receipts** | **244,375** | **212,261** | **-13.1%** | **221,032** | **4.1%** | **220,372** | **-0.3%** | **223,574** | **1.5%** | **230,390** | **3.0%** |

## Personal Income Tax

FY 2023 All Funds PIT receipts are estimated to decline sharply, reflecting underlying growth in gross collections that is eclipsed by the impact of PTET credits attributable to Tax Years 2021 and 2022.

| PERSONAL INCOME TAX (millions of dollars) | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATE/ALL FUNDS** | **70,737** | **46,975** | **-33.6%** | **62,060** | **32.1%** | **65,232** | **5.1%** | **69,467** | **6.5%** | **85,223** | **22.7%** |
| Gross Collections | 81,122 | 72,480 | -10.7% | 76,351 | 5.3% | 80,614 | 5.6% | 85,898 | 6.6% | 102,786 | 19.7% |
| Refunds (Incl. State/City Offset) | (10,385) | (25,505) | -145.6% | (14,291) | 44.0% | (15,382) | -7.6% | (16,431) | -6.8% | (17,563) | -6.9% |
| **GENERAL FUND[1]** | **33,464** | **21,658** | **-35.3%** | **29,309** | **35.3%** | **31,002** | **5.8%** | **33,165** | **7.0%** | **41,070** | **23.8%** |
| Gross Collections | 81,122 | 72,480 | -10.7% | 76,351 | 5.3% | 80,614 | 5.6% | 85,898 | 6.6% | 102,786 | 19.7% |
| Refunds (Incl. State/City Offset) | (10,385) | (25,505) | -145.6% | (14,291) | 44.0% | (15,382) | -7.6% | (16,431) | -6.8% | (17,563) | -6.9% |
| STAR | (1,904) | (1,831) | 3.8% | (1,723) | 5.9% | (1,616) | 6.2% | (1,568) | 3.0% | (1,541) | 1.7% |
| RBTF | (35,369) | (23,486) | 33.6% | (31,028) | -32.1% | (32,614) | -5.1% | (34,734) | -6.5% | (42,612) | -22.7% |

[1] Excludes Transfers.

The following table summarizes, by component, actual receipts for FY 2022 and forecast amounts through FY 2027.

| ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars) | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| **Receipts** | | | | | | |
| Withholding | 53,328 | 51,638 | 53,608 | 56,418 | 59,214 | 62,119 |
| Estimated Payments | 21,666 | 14,645 | 17,003 | 18,301 | 20,643 | 34,428 |
| Current Year | 14,123 | 4,387 | 4,445 | 4,307 | 5,861 | 18,513 |
| Prior Year[1] | 7,543 | 10,258 | 12,558 | 13,994 | 14,782 | 15,915 |
| Final Returns | 4,519 | 4,664 | 4,130 | 4,231 | 4,321 | 4,467 |
| Current Year | 474 | 346 | 367 | 385 | 404 | 424 |
| Prior Year[1] | 4,045 | 4,318 | 3,763 | 3,846 | 3,917 | 4,043 |
| Delinquent | 1,609 | 1,533 | 1,610 | 1,664 | 1,720 | 1,772 |
| Gross Receipts | 81,122 | 72,480 | 76,351 | 80,614 | 85,898 | 102,786 |
| **Refunds** | | | | | | |
| Prior Year[1] | 5,490 | 17,334 | 8,003 | 8,752 | 9,554 | 10,186 |
| Previous Year | 729 | 725 | 757 | 796 | 834 | 870 |
| Current Year[1] | 2,381 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Advanced Credit Payment | 663 | 3,022 | 978 | 1,152 | 1,312 | 1,488 |
| State/City Offset[1] | 1,122 | 1,424 | 1,553 | 1,682 | 1,731 | 2,019 |
| Total Refunds | 10,385 | 25,505 | 14,291 | 15,382 | 16,431 | 17,563 |
| **Net Receipts** | **70,737** | **46,975** | **62,060** | **65,232** | **69,467** | **85,223** |

[1]These components, collectively, are known as the "settlement" on the prior year's tax liability.

FY 2023 withholding is estimated to decline driven by a strong decline in bonus wages and tax rate reductions attributable to the Middle-Class Tax Cut, partially offset by modest growth in non-bonus wages. Estimated payments for Tax Year 2022 are expected to decrease dramatically due to taxpayer behavior related to PTET credits. Specifically, the estimate assumes that taxpayers will realize most Tax Year 2022 PTET credits through reduced quarterly estimated payments rather than through settlement payments in FY 2024. Estimated payments for Tax Year 2022 are further reduced by the small business subtraction modification expansion included in the FY 2023 Enacted Budget. Extension payments (i.e., prior year estimated) for Tax Year 2021 increased, driven by strong nonwage income growth. Delinquent collections are projected to decline, and final return payments are estimated to increase.

Total refunds in FY 2023 are projected to increase substantially due to increases in the January to March 2023 administrative refund cap, advanced credit payments attributable to Tax Year 2022, the State-City offset, and Tax Year 2021 refunds. Extraordinary growth is expected from Tax Year 2021 refunds due to PTET credit realization and the one-time supplemental credit payments effectuated by the FY 2023 Enacted Budget. The newly enacted Homeowner Tax Rebate Credit is projected to produce similarly exceptional growth in advanced credit payments. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2023 STAR transfer is expected to decline slightly. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2023 RBTF receipts therefore reflect the decrease in All Funds receipts noted above. FY 2023 General Fund PIT receipts are expected to decrease due to these changes.

The FY 2024 All Funds PIT receipts are projected to increase, driven by the absence of the large amount of refunds caused by the Tax Year 2021 PTET credit realization as well as a decline in Tax Year 2022 refunds caused by expected PTET credit realization behavior (i.e., adjustment of quarterly estimated payments rather than waiting until the settlement period). The decline in FY 2024 total refunds will also reflect the expiration of the Homeowner Tax Rebate Credit.

The FY 2024 STAR transfer is expected to decline. The FY 2024 RBTF is projected to increase based on the increase in FY 2024 All Funds receipts. General Fund PIT receipts for FY 2024 are also expected to increase, driven by changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2025 are projected to increase from FY 2024 projections. Gross PIT receipts are projected to increase as well, reflecting projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

General Fund PIT receipts for FY 2025 are expected to increase, reflecting an increase in All Funds PIT receipts coupled with a further decrease in the STAR transfer, partially offset by an increase in RBTF receipts.

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2026, generally reflecting normal baseline growth in income and associated tax liability.

The FY 2027 All Funds and General Fund PIT receipts estimates are both expected to register double-digit growth as the impact of the PTET payments and credits/refunds is expected to end following the expiration of the TCJA provisions in 2025. Excluding PTET, PIT receipts are estimated to increase by 4.3 percent.

## Consumption/Use Taxes

| CONSUMPTION/USE TAXES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **STATE/ALL FUNDS** | **19,621** | **19,585** | **-0.2%** | **20,544** | **4.9%** | **20,960** | **2.0%** | **21,470** | **2.4%** | **22,055** | **2.7%** |
| Sales Tax | 17,579 | 17,804 | 1.3% | 18,457 | 3.7% | 18,844 | 2.1% | 19,300 | 2.4% | 19,820 | 2.7% |
| Cigarette and Tobacco Taxes | 958 | 919 | -4.1% | 889 | -3.3% | 851 | -4.3% | 816 | -4.1% | 782 | -4.2% |
| Vapor Excise Tax | 29 | 27 | -6.9% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% |
| Motor Fuel Tax | 495 | 200 | -59.6% | 500 | 150.0% | 499 | -0.2% | 497 | -0.4% | 495 | -0.4% |
| Highway Use Tax | 142 | 142 | 0.0% | 144 | 1.4% | 146 | 1.4% | 146 | 0.0% | 147 | 0.7% |
| Alcoholic Beverage Taxes | 277 | 280 | 1.1% | 284 | 1.4% | 287 | 1.1% | 289 | 0.7% | 293 | 1.4% |
| Opioid Excise Tax | 29 | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% |
| Medical Cannabis Excise Tax | 13 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| Adult Use Cannabis Tax | 0 | 56 | 0.0% | 95 | 69.6% | 158 | 66.3% | 245 | 55.1% | 339 | 38.4% |
| Auto Rental Tax[1] | 99 | 113 | 14.1% | 99 | -12.4% | 98 | -1.0% | 99 | 1.0% | 100 | 1.0% |
| Peer to Peer Car Sharing Tax | 0 | 2 | 0.0% | 7 | 250.0% | 8 | 14.3% | 9 | 12.5% | 10 | 11.1% |
| **GENERAL FUND[2]** | **4,721** | **6,815** | **44.4%** | **9,249** | **35.7%** | **9,425** | **1.9%** | **9,633** | **2.2%** | **9,873** | **2.5%** |
| Sales Tax | 4,122 | 6,217 | 50.8% | 8,643 | 39.0% | 8,824 | 2.1% | 9,037 | 2.4% | 9,280 | 2.7% |
| Cigarette and Tobacco Taxes | 293 | 287 | -2.0% | 287 | 0.0% | 278 | -3.1% | 270 | -2.9% | 262 | -3.0% |
| Alcoholic Beverage Taxes | 277 | 280 | 1.1% | 284 | 1.4% | 287 | 1.1% | 289 | 0.7% | 293 | 1.4% |
| Opioid Excise Tax | 29 | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% |
| Peer to Peer Car Sharing Tax | 0 | 2 | 0.0% | 6 | 200.0% | 7 | 16.7% | 8 | 14.3% | 9 | 12.5% |

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

[2] Excludes Transfers.

All Funds consumption/use tax receipts for FY 2023 are estimated to slightly decrease from FY 2022 results. Sales tax receipts are estimated to increase due to a moderate increase in taxable consumption (i.e., estimated sales tax base increase of 4.1 percent), partially offset by $312 million ($297 for the State sales tax and $15 million for the MCTD sales tax, respectively) in lost revenue due to the temporary suspension of the State and MCTD sales taxes on the purchase and use of gasoline and diesel motor fuel from June 1, 2022 through December 31, 2022. Cigarette and tobacco tax collections are estimated to decrease, reflecting a continued declining trend in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to remain flat. Motor fuel tax receipts are estimated to significantly decrease due to the temporary suspension of the State's motor fuel excise tax on the purchase and use of gasoline and diesel motor fuel from June 1, 2022 through December 31, 2022, resulting in $297 million in lost revenue. The new peer-to-peer car sharing tax is expected to generate $2 million in partial-year receipts. Auto rental tax receipts are estimated to increase, mainly due to the ongoing recovery of the travel industry, partially offset by the peer-to-peer car sharing program. Opioid excise tax receipts are expected to remain flat. Legislation enacted in March 2021 to regulate and tax adult-use cannabis products is expected to generate $40 million in license fees and $16 million in partial-year receipts from the State's THC-based and retail excise taxes on the sale of adult-use cannabis products.

Effective for the first half of FY 2023, 25 percent of State sales tax receipts will be deposited into the Local Government Assistance Tax Fund until the termination of the Fund on October 1, 2022, pursuant to statute. Additionally, the portion deposited into the Sales Tax Revenue Bond Fund will increase to 50 percent (previously 25 percent) and the portion deposited to the General Fund will be reduced from 50 to 25 percent. These funds are intended to support debt service payments on bonds issued under the State's sales tax revenue bond programs, respectively. Excess receipts above the debt service requirements are subsequently transferred to the General Fund.

Effective October 1, 2022, when the Local Government Assistance Tax Fund is terminated and annually thereafter, the portion of State sales tax receipts deposited into the Sales Tax Revenue Bond Fund will remain unchanged at 50 percent (initially increased from 25 percent to 50 percent in FY 2022) and the portion deposited in the General Fund will revert to 50 percent.

General Fund consumption/use tax receipts for FY 2023 are estimated to significantly increase, largely due to the statutory elimination of the Local Government Assistance Tax Fund distribution during the second half of the fiscal year.

All Funds consumption/use tax receipts for FY 2024 are projected to moderately increase primarily due to a projected increase in sales tax receipts (projected sales tax base growth of 1.4 percent), in addition to the conclusion of the temporary fuel taxes suspension on gasoline and diesel motor fuel in December 2022. Motor fuel tax receipts are expected to significantly increase largely due to the conclusion of the temporary fuel taxes suspension on gasoline and diesel motor fuel in December 2022 (excluding the impact of the suspension, a minor increase in receipts is expected). The peer-to-peer car sharing tax is expected to generate $7 million in its first full year. Auto rental tax receipts are estimated to moderately decrease from FY 2023, primarily due to the full-year impact of the expected shift towards the peer-to-peer car sharing program. The State’s THC-based and retail excise taxes on the sale of adult-use cannabis products are expected to generate $95 million during the first full year of receipts. These increases are partially offset by a continued decline in taxable cigarette consumption.

FY 2024 General Fund consumption/use tax receipts are projected to significantly increase, mainly due to the statutory elimination of the Local Government Assistance Tax Fund distribution for the entire fiscal year.

All Funds consumption/use tax receipts for FY 2025 are projected to increase, largely reflecting a projected increase in sales tax receipts and the second full year of adult-use cannabis tax receipts as the market continues to mature, partially offset by a continued decline in taxable cigarette consumption.

FY 2025 General Fund consumption/use tax receipts are projected to increase primarily due to the All Funds trends noted above.

FY 2026 and FY 2027 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting moderate growth in the sales tax base and the continued maturation of the adult-use cannabis market.

FY 2026 and FY 2027 General Fund consumption/use tax receipts are projected to increase primarily due to the All Funds trends noted above.

## Fuel Taxes Suspension Transfers

The FY 2023 Enacted Budget suspends the State and Metropolitan Commuter Transportation District sales taxes imposed on gasoline and diesel motor fuel, as well as the motor fuel tax, from June 1, 2022 through December 31, 2022. The State will make roads and bridges and public transit entities such as the MTA and local transit systems throughout the State whole by replacing estimated lost tax revenue through a State supplement. The "hold harmless provision" calculates the projected revenue that would have been distributed to the aforementioned entities as though the suspension of such taxes was not in effect ($297 million for the motor fuel tax and $15 million for the MCTD sales tax). Transfers will be executed in monthly installments from July 2022 through January 2023 as shown in the table below.

**FUEL TAXES SUSPENSION HOLD HARMLESS**
**(thousands of dollars)**

| | MTOAF | DMTTF | | | DHBTF |
|---|---|---|---|---|---|
| | MTA and Downstate Transit | MTA Subways/ Buses | MTA Commuter Rails | Upstate Transit | Roads and Bridges |
| July | 2,000 | 7,286 | 1,286 | 756 | 33,148 |
| August | 2,000 | 7,544 | 1,331 | 783 | 35,755 |
| September | 2,500 | 7,060 | 1,246 | 733 | 33,149 |
| October | 2,000 | 7,087 | 1,251 | 736 | 33,681 |
| November | 2,000 | 6,935 | 1,224 | 720 | 32,996 |
| December | 2,500 | 6,800 | 1,200 | 706 | 32,629 |
| January | 2,000 | 6,763 | 1,193 | 702 | 32,300 |
| **Total** | **15,000** | **49,475** | **8,731** | **5,136** | **233,658** |

## Business Taxes

| BUSINESS TAXES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **STATE/ALL FUNDS** | **27,725** | **27,980** | **0.9%** | **27,456** | **-1.9%** | **28,033** | **2.1%** | **24,686** | **-11.9%** | **12,072** | **-51.1%** |
| Corporate Franchise Tax | 7,236 | 8,760 | 21.1% | 7,362 | -16.0% | 7,051 | -4.2% | 6,919 | -1.9% | 7,516 | 8.6% |
| Corporation and Utilities Tax | 554 | 552 | -0.4% | 498 | -9.8% | 576 | 15.7% | 566 | -1.7% | 572 | 1.1% |
| Insurance Tax | 2,453 | 2,483 | 1.2% | 2,588 | 4.2% | 2,704 | 4.5% | 2,820 | 4.3% | 2,943 | 4.4% |
| Bank Tax | 20 | 84 | 320.0% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Pass-Through-Entity Tax | 16,430 | 14,998 | -8.7% | 15,856 | 5.7% | 16,553 | 4.4% | 13,234 | -20.1% | (100) | -100.8% |
| Petroleum Business Tax | 1,032 | 1,103 | 6.9% | 1,152 | 4.4% | 1,149 | -0.3% | 1,147 | -0.2% | 1,141 | -0.5% |
| **GENERAL FUND[1]** | **16,697** | **17,249** | **3.3%** | **16,379** | **-5.0%** | **16,657** | **1.7%** | **14,952** | **-10.2%** | **8,858** | **-40.8%** |
| Corporate Franchise Tax | 5,818 | 7,015 | 20.6% | 5,739 | -18.2% | 5,506 | -4.1% | 5,365 | -2.6% | 5,826 | 8.6% |
| Corporation and Utilities Tax | 434 | 420 | -3.2% | 375 | -10.7% | 438 | 16.8% | 430 | -1.8% | 434 | 0.9% |
| Insurance Tax | 2,214 | 2,245 | 1.4% | 2,337 | 4.1% | 2,437 | 4.3% | 2,540 | 4.2% | 2,648 | 4.3% |
| Bank Tax | 16 | 70 | 337.5% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Pass-Through-Entity Tax | 8,215 | 7,499 | -8.7% | 7,928 | 5.7% | 8,276 | 4.4% | 6,617 | -20.0% | (50) | -100.8% |
| Petroleum Business Tax | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |

[1]Excludes Transfers.

All Funds corporate franchise tax (CFT) receipts are estimated to increase the most of all business taxes in FY 2023, reflecting stronger gross receipts due to continued growth in corporate profits. The FY 2022 Enacted Budget increased the business income tax rate to 7.25 percent for taxpayers with business income above $5 million and increased the capital base rate, previously set to be completely phased out, to 0.1875 percent (with several exceptions for certain taxpayers including corporate small businesses and qualified manufacturers). These rate increases are in effect for Tax Years 2021 through 2023. Due to the timing of when the tax increase first impacts prepayments, March 2023 gross receipts are expected to sharply increase, which further contributes to the increased CFT receipts. Audit receipts are estimated to increase significantly because FY 2022 results were unusually low due to fewer large cases materializing. Refunds are estimated to increase and are likely to include refunds from the Additional Restaurant Return-To-Work Tax Credit that was included in the FY 2023 Enacted Budget.

All Funds Corporation and Utilities Tax (CUT) receipts for FY 2023 are estimated to decrease over the prior fiscal year, driven primarily by a further weakening of collections from the telecommunications sector, which are partially offset by collections from the utility sector slightly increasing. Audit receipts are estimated to increase significantly from FY 2022 levels while refunds are estimated to decrease slightly.

All Funds Insurance tax receipts for FY 2023 are estimated to increase modestly due to projected increases in corporate profits and insurance tax premiums that drive increases in gross receipts, following a large increase in FY 2022 gross receipts compared to FY 2021. Audits and refunds paid are expected to decrease significantly compared to FY 2022.

All Funds PTET collections for FY 2023 are estimated to decrease resulting from FY 2022 collections containing more than a full year of collections due to timing. As noted, DOB expects PTET will be revenue neutral for the State, however, the PTET will not be revenue neutral within each fiscal year because 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 2023 are estimated to increase primarily due to an increase in audit receipts. Petroleum Business Tax (PBT) receipts are estimated to increase from FY 2022 results, primarily due to the impact of a 5 percent increase in the PBT rate index effective January 1, 2022, paired with a projected 5 percent increase in the PBT rate index effective January 1, 2023.

General Fund business tax receipts for FY 2023 are estimated to increase due to the trends in CFT and insurance tax receipts described above.

General Fund and All Funds business tax receipts for FY 2024 are projected to decrease, primarily reflecting a decrease in gross receipts and an increase in refunds from CFT. CFT Gross receipts are expected to decline as Tax Year 2023 estimated payments are reduced compared to the prior year due to the projected significant increase in Tax Year 2023 prepayments described above, and CFT refunds are estimated to increase due to the recently enacted and extended NYC Musical and Theatrical Production credit and the new Small Business COVID-19-Related credit. A projected decline in CUT and bank tax receipts is offset by increases in PTET, insurance tax, and PBT receipts.

General Fund and All Funds business tax receipts for FY 2025 are projected to increase in CUT, insurance tax, and PTET, while PBT and CFT decline. The projected decline in CFT is due to the expiration of the temporary tax increase after Tax Year 2023.

General Fund and All Funds business tax receipts for FY 2026 are projected to increase only in insurance tax, while PBT, CUT, CFT, and PTET decline. The projected decline in PTET collections is the result of the scheduled expiration of the SALT cap after Tax Year 2025 under current Federal law.

General Fund and All Funds business tax receipts for FY 2027 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and prices. Receipts are expected to decrease significantly due to fewer PTET collections since the SALT cap is scheduled to have expired.

## Other Taxes

| OTHER TAXES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **STATE/ALL FUNDS** | **3,053** | **2,828** | **-7.4%** | **2,787** | **-1.4%** | **2,930** | **5.1%** | **3,079** | **5.1%** | **3,223** | **4.7%** |
| Estate Tax | 1,386 | 1,350 | -2.6% | 1,392 | 3.1% | 1,450 | 4.2% | 1,516 | 4.6% | 1,586 | 4.6% |
| Real Estate Transfer Tax | 1,640 | 1,449 | -11.6% | 1,366 | -5.7% | 1,449 | 6.1% | 1,532 | 5.7% | 1,623 | 5.9% |
| Employer Compensation Expense Program | 13 | 14 | 7.7% | 14 | 0.0% | 16 | 14.3% | 16 | 0.0% | (1) | -106.3% |
| Pari-Mutuel Taxes | 13 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other Taxes | 1 | 2 | 100.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% |
| **GENERAL FUND[1]** | **1,407** | **1,372** | **-2.5%** | **1,414** | **3.1%** | **1,473** | **4.2%** | **1,539** | **4.5%** | **1,601** | **4.0%** |
| Estate Tax | 1,386 | 1,350 | -2.6% | 1,392 | 3.1% | 1,450 | 4.2% | 1,516 | 4.6% | 1,586 | 4.6% |
| Employer Compensation Expense Program | 7 | 7 | 0.0% | 7 | 0.0% | 8 | 14.3% | 8 | 0.0% | 0 | -100.0% |
| Pari-Mutuel Taxes | 13 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other Taxes | 1 | 2 | 100.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% |

[1]Excludes Transfers.

All Funds other tax receipts for FY 2023 are estimated to decrease from FY 2022 results, primarily due to the expectation that FY 2022's record real estate transfer tax monthly collections do not continue unabated amidst estimated increasing mortgage rates, decreasing housing starts, and continuing inflation.

General Fund other tax receipts for FY 2023 are estimated to decrease, mainly due to an estimated decrease in estate tax receipts driven by an expected return to a more typical amount of super-large payments and collections.

All Funds other tax receipts for FY 2024 are projected to decrease slightly, primarily due to a projected decline in real estate transfer tax receipts as mortgage rates are projected to continue to increase as the market stabilizes itself. This is slightly offset by a projected increase in estate tax receipts. All Funds other tax receipts in the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for FY 2024 and the outyears are projected to increase, resulting from projected increases in estate tax receipts, which reflect projected growth in household net worth.

## Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery and gaming receipts for education, assessments on regulated industries, Tribal-State Compact receipts, Extraordinary Monetary Settlements, and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

| MISCELLANEOUS RECEIPTS (millions of dollars) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **ALL FUNDS** | **27,932** | **27,107** | **-3.0%** | **27,558** | **1.7%** | **24,730** | **-10.3%** | **26,593** | **7.5%** | **27,920** | **5.0%** |
| General Fund | 2,325 | 1,768 | -24.0% | 1,814 | 2.6% | 1,842 | 1.5% | 1,879 | 2.0% | 1,914 | 1.9% |
| Special Revenue Funds | 20,172 | 15,556 | -22.9% | 13,924 | -10.5% | 13,272 | -4.7% | 14,080 | 6.1% | 14,997 | 6.5% |
| Capital Projects Funds | 5,007 | 9,401 | 87.8% | 11,428 | 21.6% | 9,220 | -19.3% | 10,247 | 11.1% | 10,622 | 3.7% |
| Debt Service Funds | 428 | 382 | -10.7% | 392 | 2.6% | 396 | 1.0% | 387 | -2.3% | 387 | 0.0% |

All Funds miscellaneous receipts in FY 2023 are projected to decrease from FY 2022 results, driven by lower projected abandoned property, license, fee and reimbursement receipts and conservative estimation of non-general fund revenues partially offset by the projected increase of bond proceeds receipts that are expected to grow, primarily due to the increase in bond-eligible capital spending in FY 2023.

All Funds miscellaneous receipts are projected to increase in FY 2024, mainly reflecting growth in bond proceeds driven by higher bond-eligible capital spending and the timing of bond reimbursements. In later years of the Financial Plan period, receipts remain relatively flat.

Consistent with past practice, the aggregate receipts projections (i.e., the sum of all projected receipts by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate trends and patterns observed between estimated and actual results over time.

## Federal Grants

| FEDERAL GRANTS (millions of dollars) | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ALL FUNDS** | **95,307** | **87,786** | **-7.9%** | **80,627** | **-8.2%** | **78,487** | **-2.7%** | **78,279** | **-0.3%** | **79,897** | **2.1%** |
| General Fund | 4,500 | 2,350 | -47.8% | 2,250 | -4.3% | 3,645 | 62.0% | 0 | -100.0% | 0 | 0.0% |
| Special Revenue Funds | 88,673 | 82,374 | -7.1% | 74,909 | -9.1% | 71,191 | -5.0% | 74,587 | 4.8% | 76,366 | 2.4% |
| Capital Projects Funds | 2,066 | 2,992 | 44.8% | 3,401 | 13.7% | 3,589 | 5.5% | 3,634 | 1.3% | 3,478 | -4.3% |
| Debt Service Funds | 68 | 70 | 2.9% | 67 | -4.3% | 62 | -7.5% | 58 | -6.5% | 53 | -8.6% |

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 grants 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 grant receipts, actual results often differ from projections.

The decline in All Funds Federal grants projections from FY 2022 primarily reflect the one-time receipt of Federal aid pursuant to the ARP including $12.75 billion in general aid, emergency rental assistance and a reduction in eFMAP partially offset by FEMA reimbursement of eligible pandemic expenses and other pandemic assistance including categorical aid for schools, universities, childcare, housing, infrastructure, and other purposes which are expected to be received over the multi-year period.

Under the Biden administration and the current Congress, many of the policies that drive Federal aid may be subject to change. At this time, it is not possible to assess the potential fiscal impact of future policies that may be proposed and adopted. 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, 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 of 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.

## Local Assistance Grants

Local assistance 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 the majority of State Operating Funds local assistance spending. Local assistance spending represents approximately two-thirds of total State Operating Funds spending.

Certain factors considered when preparing spending projections for the State's major local assistance programs and activities are summarized below. The impact of COVID-19 on unemployment and family income triggered an increase to the public assistance caseload, particularly in New York City.

**FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES**

**(millions of dollars)**

| | FY 2022 Actuals[1] | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **HEALTH CARE[2]** | | | | | | |
| Medicaid - Individuals Covered | 7,560,153 | 6,564,114 | 6,121,622 | 6,110,784 | 6,110,784 | 6,110,784 |
| Essential Plan - Individuals Covered | 1,037,196 | 1,027,935 | 1,160,580 | 1,239,404 | 1,239,404 | 1,239,404 |
| Child Health Plus - Individuals Covered | 407,267 | 442,728 | 495,399 | 500,012 | 500,012 | 500,012 |
| State Takeover of County/NYC Costs[3] | $4,818 | $5,179 | $5,550 | $5,933 | $6,327 | $6,732 |
| CY 2005 Local Medicaid Cap | $3,353 | $3,531 | $3,720 | $3,919 | $4,132 | $4,354 |
| FY 2013 Local Takeover Costs | $1,465 | $1,648 | $1,830 | $2,014 | $2,195 | $2,378 |
| **EDUCATION** | | | | | | |
| School Aid (School Year-Basis Funding)[4] | $29,266 | $31,372 | $34,707 | $36,048 | $37,498 | $39,014 |
| **HIGHER EDUCATION** | | | | | | |
| Public Higher Education Enrollment (FTEs) | 484,830 | 484,830 | TBD | TBD | TBD | TBD |
| Tuition Assistance Program (Recipients) | 200,096 | 250,000 | TBD | TBD | TBD | TBD |
| **PUBLIC ASSISTANCE** | | | | | | |
| Family Assistance Program (Families) | 163,146 | 162,124 | 162,593 | 163,206 | 163,818 | 164,217 |
| Safety Net Program (Families) | 107,981 | 107,777 | 108,301 | 108,733 | 108,990 | 109,060 |
| Safety Net Program (Singles) | 198,797 | 202,539 | 208,758 | 217,097 | 226,798 | 235,876 |
| **MENTAL HYGIENE** | | | | | | |
| OMH Community Beds | 48,542 | 50,233 | 51,648 | 51,680 | 51,930 | 52,180 |
| OPWDD Community Beds | 42,023 | 42,267 | 42,401 | 42,535 | 42,670 | 42,806 |
| OASAS Community Beds | 13,372 | 13,764 | 13,804 | 13,854 | 13,954 | 14,004 |
| Total | 103,937 | 106,264 | 107,853 | 108,069 | 108,554 | 108,990 |

[1] Reflects preliminary unaudited actuals.

[2] Enrollment in public health insurance programs is subject to risks related to the COVID-19 pandemic.

[3] 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.

[4] Does not reflect a significant amount of Federal funding for school districts to be distributed over multiple years, such as $103.4 million of FY 2022 Federal prekindergarten expansion grants that appear on the School Aid run.

## 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 Financial Plan includes $31.4 billion for School Aid in SY 2023, exclusive of FY 2022 Federal prekindergarten expansion grants, representing an annual increase of approximately $2.1 billion (7.2 percent). This annual increase includes a $1.5 billion (7.7 percent) increase in Foundation Aid. The growth in Foundation Aid reflects the second year of the three-year phase-in of the current formula and a minimum 3 percent annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. In addition to the Foundation Aid increase, School Aid growth includes a $457 million increase in expense-based reimbursement programs such as Transportation and Boards of Cooperative Education Services (BOCES) Aid and a $125 million increase in State-funded full-day four-year-old prekindergarten programming for four-year-old children, comprised of a $100 million formula-based allocation and a $25 million grant to be competitively awarded.

In both SY 2023 and SY 2024, growth in School Aid largely reflects the final two years of the three-year phase-in of full funding of the current Foundation Aid formula, increased support for statewide full-day prekindergarten and assumed growth in expense-based aids. For SY 2025 through SY 2027, current projections of growth in School Aid reflect the projected ten-year average growth in State personal income (PIGI).

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30)[1]
(millions of dollars)

| | SY 2022 | SY 2023 | Change | SY 2024 | Change | SY 2025 | Change | SY 2026 | Change | SY 2027 | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 29,266 | 31,372 | 2,106 | 34,707 | 3,335 | 36,048 | 1,341 | 37,498 | 1,450 | 39,014 | 1,516 |
| | | | 7.2% | | 10.6% | | 3.9% | | 4.0% | | 4.0% |

[1] Does not reflect a significant amount of Federal funding for school districts to be distributed over multiple years, such as $103.4 million of FY 2022 Federal prekindergarten expansion grants that appear on the School Aid run.

In addition to State School Aid, public schools received $13.0 billion of Federal ESSER and GEER funds allocated by CRRSA and ARP. This funding, available for use over multiple years, will continue to help schools safely operate with in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs resulting from the disruptions of the COVID-19 pandemic. Most of these funds ($12.2 billion) are allocated to school districts and charter schools, largely in proportion to their Federal Title I award, and allow for broad local discretion over the funds' use. A total of $629 million of these funds are allocated to school districts as targeted grants to address learning loss from the shutdown of in-person learning through activities such as summer enrichment and comprehensive after-school programs. The remaining $210 million is allocated for the expansion of full-day prekindergarten programs for four-year-old children; prekindergarten grants the State will gradually take over and fully fund beginning in SY 2025.

## State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts, cannabis sales, Mobile Sports Wagering receipts, and Lottery Fund receipts, including revenues from Video Lottery Terminal (VLTs). Commercial gaming, Lottery, Mobile Sports Wagering and cannabis receipts are accounted for and disbursed from dedicated accounts. The amount of School Aid spending financed by Mobile Sports Wagering receipts is expected to increase significantly in FY 2023 due to higher than anticipated revenue collections in FY 2022 and the continued maturation of the mobile sports wagering market. Additionally, the amount of School Aid spending financed by VLT Lottery Aid is expected to increase in FY 2023 as the VLT market returns to pre-pandemic levels.

Because the State fiscal year begins on April 1 and the school year begins 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 three months 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[1]**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **28,275** | **30,436** | **7.6%** | **33,674** | **10.6%** | **35,544** | **5.6%** | **36,934** | **3.9%** | **38,432** | **4.1%** |
| General Fund Local Assistance | 24,695 | 25,650 | 3.9% | 29,383 | 14.6% | 31,213 | 6.2% | 32,561 | 4.3% | 33,983 | 4.4% |
| Medicaid | 89 | 140 | 57.3% | 140 | 0.0% | 140 | 0.0% | 140 | 0.0% | 140 | 0.0% |
| Lottery Aid | 2,505 | 2,653 | 5.9% | 2,566 | -3.3% | 2,566 | 0.0% | 2,566 | 0.0% | 2,566 | 0.0% |
| VLT Lottery Aid | 755 | 1,237 | 63.8% | 991 | -19.9% | 989 | -0.2% | 989 | 0.0% | 989 | 0.0% |
| Commercial Gaming | 133 | 141 | 6.0% | 131 | -7.1% | 133 | 1.5% | 133 | 0.0% | 166 | 24.8% |
| Mobile Sports | 98 | 615 | 527.6% | 454 | -26.2% | 482 | 6.2% | 498 | 3.3% | 507 | 1.8% |
| Cannabis Revenue | 0 | 0 | 0.0% | 9 | 0.0% | 21 | 133.3% | 47 | 123.8% | 81 | 72.3% |

[1] Does not reflect a significant amount of Federal funding for school districts to be distributed over multiple years.

## 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 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **2,186** | **2,537** | **16.1%** | **2,637** | **3.9%** | **2,801** | **6.2%** | **2,923** | **4.4%** | **3,047** | **4.2%** |
| Special Education | 1,227 | 1,426 | 16.2% | 1,537 | 7.8% | 1,632 | 6.2% | 1,709 | 4.7% | 1,785 | 4.4% |
| All Other Education | 959 | 1,111 | 15.8% | 1,100 | -1.0% | 1,169 | 6.3% | 1,214 | 3.8% | 1,262 | 4.0% |

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 the school breakfast and lunch 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 of their employment needs, and are made aware of the full range of services available in other agencies.

Special Education costs are expected to increase from FY 2022 levels due to the approval of a 4 percent COLA to provider tuition rates for SY 2022 and an 11 percent increase for SY 2023, as well as enrollment returning to pre-pandemic levels. These increased tuition costs will be 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.

The projected spending increase for All Other Education Programs in FY 2023 is largely attributable to increased costs to reimburse school districts for charter school supplemental tuition and increased funding for public libraries, public broadcasting, independent living centers, opportunity programs, and one-time aid and grant programs. The projected spending decrease in FY 2024 is due to the discontinuation of certain one-time aid and grant programs. The projected spending increase in FY 2025 is primarily due to anticipated increases in reimbursement to nonpublic schools for science, technology, engineering, and math (STEM) instruction, charter school supplemental tuition payments paid as reimbursement to school districts, payments to New York City for charter school facilities aid, and the restoration of funding for payment of school districts' prior year aid claims in FY 2025.

## 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 $92,000 will receive a $74,900 exemption in FY 2023.

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 transitioned 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. Since FY 2020, homeowners who receive a property tax exemption will not see an increase in their STAR benefit (details below).

The STAR program also includes a credit for income-eligible resident New York City taxpayers. The New York City PIT rate reduction was converted into a State PIT tax credit starting with tax year 2017. As of FY 2019, New York City STAR payments are 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 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STAR PROGRAM** | **1,904** | **1,831** | **-3.8%** | **1,723** | **-5.9%** | **1,616** | **-6.2%** | **1,568** | **-3.0%** | **1,541** | **-1.7%** |
| Gross Program Costs | 3,306 | 3,425 | 3.6% | 3,491 | 1.9% | 3,567 | 2.2% | 3,709 | 4.0% | 3,862 | 4.1% |
| Personal Income Tax Credit | (1,402) | (1,594) | -13.7% | (1,768) | -10.9% | (1,951) | -10.4% | (2,141) | -9.7% | (2,321) | -8.4% |
| Basic Exemption | 1,086 | 1,020 | -6.1% | 962 | -5.7% | 878 | -8.7% | 849 | -3.3% | 834 | -1.8% |
| Gross Program Costs | 1,632 | 1,706 | 4.5% | 1,768 | 3.6% | 1,827 | 3.3% | 1,936 | 6.0% | 2,055 | 6.1% |
| Personal Income Tax Credit | (546) | (686) | -25.6% | (806) | -17.5% | (949) | -17.7% | (1,087) | -14.5% | (1,221) | -12.3% |
| Enhanced (Senior) Exemption | 818 | 811 | -0.9% | 761 | -6.2% | 738 | -3.0% | 719 | -2.6% | 707 | -1.7% |
| Gross Program Costs | 933 | 947 | 1.5% | 934 | -1.4% | 923 | -1.2% | 926 | 0.3% | 937 | 1.2% |
| Personal Income Tax Credit | (115) | (136) | -18.3% | (173) | -27.2% | (185) | -6.9% | (207) | -11.9% | (230) | -11.1% |
| New York City PIT | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Gross Program Costs | 741 | 772 | 4.2% | 789 | 2.2% | 817 | 3.5% | 847 | 3.7% | 870 | 2.7% |
| Personal Income Tax Credit | (741) | (772) | -4.2% | (789) | -2.2% | (817) | -3.5% | (847) | -3.7% | (870) | -2.7% |

Starting in FY 2020, all homeowners with incomes above $250,000 were transitioned from the basic exemption benefit program to the advance credit program. Additionally, the zero percent growth cap on the STAR exemption benefit that was included in the FY 2020 Enacted Budget remains in effect. The decline in reported disbursements on STAR exemptions in FYs 2023 through 2025 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 FY 2023 Enacted Budget makes minor administrative changes to the STAR program. Namely, DTF would be permitted to send STAR benefits directly to STAR Exemption beneficiaries under the program's "Good Cause" provisions when such applications are approved. This change, as well as other technical amendments, has no impact on STAR program costs.

## Higher Education

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

| HIGHER EDUCATION (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **TOTAL STATE OPERATING FUNDS** | **2,725** | **3,063** | **12.4%** | **3,231** | **5.5%** | **3,352** | **3.7%** | **3,409** | **1.7%** | **3,423** | **0.4%** |
| **City University** | **1,660** | **1,853** | **11.6%** | **1,903** | **2.7%** | **1,932** | **1.5%** | **1,969** | **1.9%** | **1,978** | **0.5%** |
| Senior Colleges | 1,419 | 1,612 | 13.6% | 1,662 | 3.1% | 1,691 | 1.7% | 1,728 | 2.2% | 1,737 | 0.5% |
| Community College | 241 | 241 | 0.0% | 241 | 0.0% | 241 | 0.0% | 241 | 0.0% | 241 | 0.0% |
| **Higher Education Services** | **613** | **752** | **22.7%** | **879** | **16.9%** | **971** | **10.5%** | **991** | **2.1%** | **996** | **0.5%** |
| Tuition Assistance Program | 543 | 663 | 22.1% | 774 | 16.7% | 870 | 12.4% | 894 | 2.8% | 899 | 0.6% |
| Scholarships/Awards | 62 | 77 | 24.2% | 93 | 20.8% | 89 | -4.3% | 85 | -4.5% | 85 | 0.0% |
| Aid for Part-Time Study | 8 | 12 | 50.0% | 12 | 0.0% | 12 | 0.0% | 12 | 0.0% | 12 | 0.0% |
| **State University** | **452** | **458** | **1.3%** | **449** | **-2.0%** | **449** | **0.0%** | **449** | **0.0%** | **449** | **0.0%** |
| Community College | 448 | 451 | 0.7% | 445 | -1.3% | 445 | 0.0% | 445 | 0.0% | 445 | 0.0% |
| Other/Cornell | 4 | 7 | 75.0% | 4 | -42.9% | 4 | 0.0% | 4 | 0.0% | 4 | 0.0% |

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 390,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 260,000 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 annual subsidies of approximately $1.2 billion for SUNY campus operations through a General Fund transfer and $2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay $1.2 billion in FY 2023 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2023, an estimated $320 million in student financial aid support will be transferred from HESC to SUNY. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments 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 26 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.

Higher education local assistance spending is projected to increase by $338 million, or 12.4 percent, from FY 2022 to FY 2023. This spending increase largely reflects an increase in General Fund operating support to CUNY Senior Colleges to fully fund tuition credits provided to TAP recipients, funding to hire additional full-time faculty, additional funding for strategic investments and fringe benefit costs at CUNY, a 12 percent increase in support for higher education opportunity programs and training centers, and an expansion of TAP for part-time students who are enrolled in degree programs and students enrolled part-time in high-demand workforce credential programs at community colleges.

## Health Care

DOH works with local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities. Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. Most government-financed health care programs are included under DOH, however, several programs are also supported through multi-agency efforts.

In addition to State funding, DOH also engages in Federally supported initiatives, including Medicaid redesign, public health, and COVID-19 pandemic response efforts. For more information on the MRT Medicaid Waiver and Federal COVID-19 response efforts please see “Other Matters Affecting the Financial Plan” 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 payments to health care providers. 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 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 New York City. 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 $98.8 billion in FY 2023. The following table shows the estimated disbursements by level of government.

**FY 2023 PROJECTED MEDICAID SPENDING [1]**
**(millions of dollars)**

| | Spending | Share |
|---|---|---|
| Federal | 57,835 | 58.5% |
| State | 32,967 | 33.4% |
| Local | 8,005 | 8.1% |
| **Total** | **98,807** | **100%** |

[1] Includes operational costs and the Essential Plan.

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. The General Fund is expected to finance 76 percent of State-share Medicaid costs in FY 2023. In any year, Medicaid costs financed by the General Fund may be affected by several factors, including: the Medicaid Global Cap, a statutory annual growth cap that applies to a subset of State-share Medicaid spending; financial resources available in HCRA and, to a lesser extent, other special revenue funds; and temporary changes to the Federal share of Medicaid (e.g., enhanced FMAP). The following tables summarize the expected financing shares over the multi-year plan.

**STATE-SHARE MEDICAID FINANCING SOURCES [1]**
**(millions of dollars)**

| | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| General Fund | 19,316 | 21,457 | 23,840 | 25,605 | 27,388 |
| HCRA | 4,541 | 4,242 | 4,209 | 4,040 | 4,014 |
| All Other | 1,718 | 1,617 | 1,647 | 1,678 | 1,678 |
| **Total** | **25,575** | **27,316** | **29,696** | **31,323** | **33,080** |

[1] Includes operational costs and the Essential Plan.

**STATE-SHARE MEDICAID FINANCING SOURCES [1]**
**(millions of dollars)**

| | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| General Fund | 75.5% | 78.6% | 80.3% | 81.7% | 82.8% |
| HCRA | 17.8% | 15.5% | 14.2% | 12.9% | 12.1% |
| All Other | 6.7% | 5.9% | 5.5% | 5.4% | 5.1% |
| Total | 100% | 100% | 100% | 100% | 100% |

[1] Includes operational costs and the Essential Plan.

See “Factors Affecting Medicaid” and “HCRA Financial Plan” below for more information.

Medicaid eligibility and enrollment fluctuates with economic cycles. Enrollment is projected to increase by nearly 1.5 million from the start of the pandemic before beginning to decline, driven by the steep rise in unemployment triggered by the COVID-19 pandemic. The Financial Plan forecast assumes that enrollment levels will peak at nearly 7.7 million in FY 2023 and return to near pre-pandemic levels in FY 2024. As the economy recovers and unemployment trends towards pre-pandemic levels, costs associated with individuals temporarily enrolled, but entitled to twelve months of continuous coverage, are anticipated to persist into FY 2023 and decline in FY 2024.

Despite the projected return to pre-pandemic enrollment, total Medicaid costs are expected to grow annually due to an increase in populations that typically drive higher service utilization and costs. Other factors that continue to place upward pressure on State-share Medicaid costs include but are not limited to provider reimbursement to cover minimum wage increases; the phase-out of enhanced Federal funding; increased costs and enrollment growth in managed long-term care; and payments to financially distressed hospitals.

The following table summarizes State-share Medicaid spending by agency.

**TOTAL STATE-SHARE MEDICAID DISBURSEMENTS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Department of Health Medicaid** | **22,290** | **25,575** | **27,316** | **29,696** | **31,323** | **33,080** |
| Local Assistance | 24,958 | 27,318 | 26,931 | 29,309 | 30,928 | 32,682 |
| State Operations | 316 | 375 | 385 | 387 | 395 | 398 |
| eFMAP[1] | (2,984) | (2,118) | 0 | 0 | 0 | 0 |
| | | | | | | |
| **Other State Agency Medicaid Spending** | **5,403** | **7,030** | **6,177** | **5,715** | **5,900** | **6,077** |
| Mental Hygiene[2] | 5,234 | 6,808 | 5,955 | 5,493 | 5,678 | 5,855 |
| Foster Care | 52 | 74 | 74 | 74 | 74 | 74 |
| Education | 89 | 140 | 140 | 140 | 140 | 140 |
| Corrections[3] | 28 | 8 | 8 | 8 | 8 | 8 |
| | | | | | | |
| **Total State Share Medicaid (All Agencies)** | **27,693** | **32,605** | **33,493** | **35,411** | **37,223** | **39,157** |
| Annual $ Change | | 4,912 | 888 | 1,918 | 1,812 | 1,934 |
| Annual % Change | | 17.7% | 2.7% | 5.7% | 5.1% | 5.2% |

1 FY 2022 State savings via eFMAP of 6.2 percent includes retroactive benefit to January 2020 (33 months).

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

3 Increased DOCCS Medicaid spending in FY 2022 reflects timing of reimbursements from retroactive reconciliations.

## FY 2023 Enacted State Operating Funds Budget Actions

The table below summarizes the Medicaid revisions and adds included in the FY 2023 Enacted Budget.

| FY 2023 ENACTED BUDGET (millions of dollars) | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **Mid-Year Unsolved Global Cap Deficit[1]** | **(137)** | **(1,076)** | **(1,300)** | **(1,800)** | **(2,400)** |
| **Additional Global Cap Growth Under New Index (5-Year CMS Actuary)** | **366** | **899** | **1,542** | **2,281** | **3,112** |
| **Enacted Budget Actions** | **1,819** | **1,039** | **1,087** | **1,111** | **1,131** |
| **Local Assistance** | **1,719** | **935** | **983** | **1,000** | **1,017** |
| Additional Hospital Funding | 800 | 100 | 100 | 100 | 100 |
| Medicaid FFS/MC Rate Increase 1.0%/Wage Increase | 318 | 318 | 318 | 318 | 318 |
| Restore 1.5% FFS ATB | 141 | 141 | 141 | 141 | 141 |
| Increased Aid to Distressed Hospital Pool | 350 | 350 | 350 | 350 | 350 |
| Increase Nursing Home Support | 100 | 100 | 100 | 100 | 100 |
| All Other | 10 | (74) | (26) | (9) | 8 |
| **State Operations** | **100** | **104** | **104** | **111** | **114** |
| **Other Base Actions and Resources** | **(1,590)** | **(1,216)** | **(845)** | **(630)** | **(419)** |
| Distressed Intercept Fund Offset (FP Financing) | (250) | (250) | (250) | (250) | (250) |
| COVID MOE (FP Financing) | (277) | (289) | 0 | 0 | 0 |
| Mainstream Managed Care Non-Federal Share Assumption | (486) | 0 | 0 | 0 | 0 |
| Signed Legislation, Timing of Payments Across Fiscal Years, Other | (577) | (677) | (595) | (380) | (169) |
| **Global Cap Change from Mid-Year Update** | **229** | **(177)** | **242** | **481** | **712** |
| **Non-Global Cap Medicaid Revisions (Excluded from Above)** | **529** | **957** | **1,294** | **1,376** | **1,463** |
| Health Care/Direct Care Worker Bonus | 923 | 0 | 0 | 0 | 0 |
| Home Care Wages net of HCBS eFMAP | 0 | 263 | 1,233 | 1,315 | 1,402 |
| eFMAP/PHE Extension (Apr-Sept) | (1,870) | 0 | 0 | 0 | 0 |
| Lost Savings | 277 | 289 | 0 | 0 | 0 |
| Medicaid Enrollment Revision (incl. PHE Extension) | 1,212 | 354 | 0 | 0 | 0 |
| Mental Hygiene COLA/Other Actions - Local Costs | (13) | 51 | 61 | 61 | 61 |

[1] Updated to reflect outyear growth consistent with long-term price and utilization trends, which is supported by the modified indexed growth metric (Five-Year CMS Actuary).

The FY 2023 Enacted Budget includes several investments in health care including a restoration of the 1.5 percent across-the-board reduction to fee-for-service providers implemented in the FY 2021 Budget, as well as an increase of 1 percent to all provider reimbursement rates. The increased rates recognize growth in service costs and will provide flexibility to respond to market needs and compete in the labor market to attract qualified workers.

Other investments include increased aid to safety-net hospitals to support urgent operating needs and address pandemic-related impacts, additional funding for nursing homes to adhere to minimum staffing requirements, increased reimbursements to promote primary care, children's behavioral health services investments, increases to orthotics and prosthetics rates, and funding to improve the quality of health care.

The FY 2023 Enacted Budget includes various Medicaid savings actions including the maximization of Federal resources to provide enhanced pregnancy coverage and postpartum care; utilization of the temporary 10 percent increase to the FMAP for specific Medicaid HCBS to support workforce investments, capacity increases, and digital infrastructure; and accessing Federal funding for enhanced pregnancy coverage through the Children's Health Insurance Program, which is currently funded with State dollars.

## Factors Affecting Medicaid Funding

### Global Cap

The Medicaid Global Cap is a statutory spending cap that applies to a subset of State-share funded Medicaid spending. It is intended to limit the growth of Medicaid costs financed by the General Fund. From FY 2013, when the Global Cap was put in place, through FY 2022, the subset of Medicaid spending to which it applied was limited to no greater than the ten-year average of medical price inflation. The FY 2023 Enacted Budget implements a new Global Cap index based on the five-year rolling average of Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The CMS projections account for enrollment, including specific populations, such as the aging and disabled populations. The new index accounts for enrollment and population changes, which are significant drivers of costs, and supports additional Medicaid spending growth of $366 million in FY 2023, growing to $3.1 billion in FY 2027. The total Global Cap spending growth in FY 2023 is estimated at $966 million using the new index ($366 million above the existing cap).

The Global Cap applies to an estimated 80 percent of State-share DOH Medicaid spending. 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, and costs related to State-mandated increases in the minimum wage and other wage enhancements.

| TOTAL DOH MEDICAID SPENDING (millions of dollars) | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| **Medicaid Global Cap**[1] | **20,572** | **21,538** | **22,649** | **23,875** | **25,238** | **26,724** |
| Annual $ Change | 580 | 966 | 1,111 | 1,226 | 1,363 | 1,486 |
| Annual % Change | 2.9% | 4.7% | 5.2% | 5.4% | 5.7% | 5.9% |
| **Other Medicaid Not Subject to Global Cap** | **1,718** | **4,037** | **4,667** | **5,821** | **6,085** | **6,356** |
| Minimum Wage | 1,961 | 2,223 | 2,408 | 2,408 | 2,408 | 2,408 |
| Home Care Wages | 0 | 0 | 262 | 1,233 | 1,315 | 1,402 |
| Local Takeover Cost[2] | 1,465 | 1,648 | 1,831 | 2,014 | 2,197 | 2,380 |
| MSA Payments (Share of Local Growth)[3] | 0 | (362) | (362) | (362) | (362) | (362) |
| All Other | (1,708) | 528 | 528 | 528 | 527 | 528 |
| **Total DOH Medicaid** | **22,290** | **25,575** | **27,316** | **29,696** | **31,323** | **33,080** |
| Annual $ Change | 2,298 | 3,285 | 1,741 | 2,380 | 1,627 | 1,757 |
| Annual % Change | 2.9% | 14.7% | 6.8% | 8.7% | 5.5% | 5.6% |

1 In FY 2022, Global Cap spending was limited to the ten-year rolling average of the medical component of the Consumer Price Index for all urban consumers (CPI). Effective FY 2023, growth is indexed to the 5-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.

2 Reflects a portion of the State's costs related to paying the full share of Medicaid program growth on behalf of local governments that is outside of the Global Cap.

3 MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.

4 All Other includes a portion of the benefit of the 6.2 percent enhanced Federal share (eFMAP).

Medicaid spending under the Global Cap is projected to adhere to statutorily allowable levels through FY 2027. Forecasted Medicaid spending includes the recurring value of MRT II savings initiatives and the Managed Care payment restructuring totaling $1.7 billion initially executed at the end of FY 2019 in response to a structural imbalance at the time.

At the close of FY 2019, DOH deferred, for three business days into FY 2020, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments, in order to avoid exceeding the statutorily indexed rate for FY 2019. The deferral had a State-share value of $1.7 billion and was paid from available funds in the General Fund in April 2019, consistent with contractual obligations and with no impact on provider services.

Following the deferral, DOB recognized that a structural imbalance existed within the Global Cap and the State formed the MRT II as part of the FY 2021 Enacted Budget with the objective of restoring financial sustainability to the Medicaid program. The FY 2021 Enacted Budget included $2.2 billion in MRT II savings initiatives to address the Medicaid imbalance, including identifying efficiencies in the Managed Care and Managed Long-Term Care programs, as well as administrative reforms.

To date, over two-thirds of the $2.2 billion in savings actions have been implemented, with the remaining savings actions pending due to ongoing litigation, and Federal government approval of Federal MOE requirements associated with the FFCRA, COVID-19 and ARP HCBS eFMAP provisions. The Financial Plan assumes the remaining MRT II savings will be implemented in FY 2023, aside from those actions limited to the maintenance of effort requirements associated with the recent Federal public health emergency extension, which extends the eFMAP benefit through September 30, 2022, and will be implemented through FY 2025.

Temporary eFMAP

In March 2020, the Federal government signed into law the FFCRA which included a 6.2 percent base increase to the FMAP rate for each calendar quarter occurring during the public health emergency, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the Affordable Care Act (ACA) expansion. On April 16, 2022, the Federal government extended the PHE declaration through July 15, 2022, which will authorize the eFMAP provisions through September 2022. Accordingly, the Financial Plan assumes an additional $876 million in new resources, increasing the projected benefit in FY 2023 to nearly $2.1 billion. State share savings from eFMAP will be used to offset increased costs associated with persistently elevated COVID enrollment and lost MRT II savings considering MOE guidelines restricting program restructuring efforts.

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 State costs of minimum wage increases in the health care sector are projected to grow by $262 million to roughly $2.2 billion in FY 2023. Home health care workers in New York City 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 $4.09 for New York City and $3.22 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 FY 2023 Enacted Budget authorized a $3 minimum wage increase for 494,200 home health and personal care workers across New York State. The wage increase, which will be phased in with a $2 increase on October 1, 2022 and an additional $1 increase on October 1, 2023, is expected to cost $363 million in FY 2023 annualizing to $1.4 billion in FY 2027. Pending CMS approval, the increases are anticipated to be fully funded by HCBS in FY 2023 and partially funded in FY 2024.

## Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the New York City 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 that were indexed at 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 over a three-year period all growth in the local share of Medicaid costs. The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels is projected to save local districts a total of $5.2 billion in FY 2023 -- roughly $2.5 billion for counties outside New York City and $2.6 billion for New York City. 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 2022 to FY 2027**

| County | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|---|---|
| Rest of State | 2,396,444,576 | 2,531,355,341 | 2,670,178,519 | 2,813,027,569 | 2,960,019,241 | 3,111,273,672 |
| New York City | 2,421,745,114 | 2,647,938,370 | 2,880,691,230 | 3,120,193,923 | 3,366,642,195 | 3,620,237,466 |
| Statewide | 4,818,189,690 | 5,179,293,711 | 5,550,869,749 | 5,933,221,492 | 6,326,661,436 | 6,731,511,137 |

## Master Settlement Agreement (MSA)

DOB expects to receive annual payments from tobacco manufacturers under the MSA totaling roughly $362 million annually through FY 2027. State law directs these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. Consistent with State law, 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. The table below shows total State spending adjusted for the MSA offset.

## Health Care Transformation Fund

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 information technology, and support for home care delivery.

The Financial Plan reflects the use of $1 billion of additional resources to support multi-year investments in home care delivery and sustainability efforts through wage increases.

**HEALTH CARE TRANSFORMATION FUND**
**PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Opening Balance** | **255** | **147** | **559** | **750** | **500** | **250** |
| **Receipts** | **242** | **575** | **500** | **0** | **0** | **0** |
| General Fund Transfer | 0 | 500 | 500 | 0 | 0 | 0 |
| Fidelis Payment | 50 | 0 | 0 | 0 | 0 | 0 |
| Centene Payment | 68 | 68 | 0 | 0 | 0 | 0 |
| CVS Payment | 13 | 0 | 0 | 0 | 0 | 0 |
| Cigna Payment | 0 | 7 | 0 | 0 | 0 | 0 |
| Affinity Payment | 110 | 0 | 0 | 0 | 0 | 0 |
| STIP Interest | 1 | 0 | 0 | 0 | 0 | 0 |
| **Planned Uses** | **350** | **163** | **309** | **250** | **250** | **250** |
| Home Care Wages | 0 | 0 | 250 | 250 | 250 | 250 |
| Housing Rental Subsidies | 184 | 73 | 59 | 0 | 0 | 0 |
| State-Only Payments | 107 | 46 | 0 | 0 | 0 | 0 |
| Capital Projects | 59 | 44 | 0 | 0 | 0 | 0 |
| **Closing Balance** | **147** | **559** | **750** | **500** | **250** | **0** |

A summary of the individual asset sales and conversions is included in the Accompanying Notes section of the Financial Plan.

## Essential Plan

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York 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 million New Yorkers are expected to be enrolled in the EP in FY 2023, which represents a decrease in enrollment from FY 2022 as the economy recovers and unemployment trends towards pre-pandemic levels, offset by growth in enrollment due to expanded eligibility.

ESSENTIAL PLAN
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL ALL FUNDS SPENDING** | 5,552 | 6,099 | 9.9% | 6,525 | 7.0% | 6,884 | 5.5% | 7,288 | 5.9% | 7,753 | 6.4% |
| **State Operating Funds** | 63 | 71 | 12.7% | 78 | 9.9% | 80 | 2.6% | 88 | 10.0% | 91 | 3.4% |
| Local Assistance[1] | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| State Operations | 63 | 71 | 12.7% | 78 | 9.9% | 80 | 2.6% | 88 | 10.0% | 91 | 3.4% |
| **Federal Operating Funds** | 5,489 | 6,028 | 9.8% | 6,447 | 7.0% | 6,804 | 5.5% | 7,200 | 5.8% | 7,662 | 6.4% |

[1] The EP is not a Medicaid program; however, State savings associated with the EP local assistance program are realized within the Global Cap, where EP resources are managed.

On an All Funds basis, EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in FY 2023 and FY 2024 primarily reflects costs associated with robust growth in program enrollment, the expanded eligibility up to 250 percent of the Federal poverty level, and the initiative to cover pregnant women and to provide 12 months of postpartum coverage for individuals enrolled in EP.

The Financial Plan also includes new benefits for long-term services and support, and a commitment to expand health insurance to postpartum New Yorkers. Due to a high Federal reimbursement rate for the EP under current methodology, local assistance spending for the EP is not anticipated to drive a commensurate increase in State support.

## Public Health/Aging Programs

Public Health includes many programs. CHP, the largest program in this category, provides health insurance coverage for children of low-income families up to the age of 19. The 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 under the age of three with disabilities or developmental delays. 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 (AAA) and local providers.

**PUBLIC HEALTH AND AGING**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **1,940** | **2,269** | **17.0%** | **2,324** | **2.4%** | **2,342** | **0.8%** | **2,359** | **0.7%** | **2,385** | **1.1%** |
| **Public Health** | **1,803** | **2,097** | **16.3%** | **2,157** | **2.9%** | **2,170** | **0.6%** | **2,181** | **0.5%** | **2,202** | **1.0%** |
| Child Health Plus[1] | 737 | 788 | 6.9% | 961 | 22.0% | 989 | 2.9% | 1,001 | 1.2% | 1,023 | 2.2% |
| General Public Health Work | 166 | 204 | 22.9% | 230 | 12.7% | 215 | -6.5% | 215 | 0.0% | 215 | 0.0% |
| EPIC | 98 | 93 | -5.1% | 63 | -32.3% | 63 | 0.0% | 63 | 0.0% | 63 | 0.0% |
| Early Intervention | 80 | 84 | 5.0% | 81 | -3.6% | 81 | 0.0% | 81 | 0.0% | 81 | 0.0% |
| Unadjusted | 163 | 181 | 11.0% | 178 | -1.7% | 178 | 0.0% | 178 | 0.0% | 178 | 0.0% |
| Health Services Initiatives Offset | (83) | (97) | -16.9% | (97) | 0.0% | (97) | 0.0% | (97) | 0.0% | (97) | 0.0% |
| Workforce Initiatives[2] | 0 | 130 | 0.0% | 130 | 0.0% | 130 | 0.0% | 130 | 0.0% | 130 | 0.0% |
| General Fund Local Assistance | 0 | 111 | 0.0% | 112 | 0.9% | 112 | 0.0% | 112 | 0.0% | 112 | 0.0% |
| HCRA Program | 0 | 19 | 0.0% | 18 | -5.3% | 18 | 0.0% | 18 | 0.0% | 18 | 0.0% |
| HCRA Program | 317 | 339 | 6.9% | 344 | 1.5% | 344 | 0.0% | 344 | 0.0% | 344 | 0.0% |
| Nourish NY | 46 | 58 | 26.1% | 50 | -13.8% | 50 | 0.0% | 50 | 0.0% | 50 | 0.0% |
| All Other[3] | 359 | 401 | 11.7% | 298 | -25.7% | 298 | 0.0% | 297 | -0.3% | 296 | -0.3% |
| **Aging** | **137** | **172** | **25.5%** | **167** | **-2.9%** | **172** | **3.0%** | **178** | **3.5%** | **183** | **2.8%** |

1 Increased spending for CHP in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources, including FFCRA eFMAP retroactive to January 2020 (33 months).
2 This item represents the Local portion of the total $140 million Workforce Initiatives supported by the General Fund and HCRA Program, an additional $10 million is supported under HCRA State Operations.
3 A majority of the growth in All Other for FY 2023 is due to additional investments in the Hunger Prevention and Nutrition Assistance Program (HPNAP).

Public Health spending grows over the Financial Plan period due to expiration of enhanced Federal resources, including FFCRA eFMAP, for the CHP program. Growth in FY 2023 reflects the timing of FY 2022 payment processing due to COVID-19, a $140 million investment in workforce initiatives, a $22 million investment in HPNAP, and other one-time spending programs. Increased spending in FY 2023 will be partially offset by State savings from the utilization of Federal funding where applicable. With the extension of the PHE through September 2022, CHP is expected to receive an additional $17.4 million in COVID-19 eFMAP savings in FY 2023.

The Financial Plan continues SOFA support to address locally identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, and reduce future Medicaid costs by intervening earlier with less intensive services. The Financial Plan also reflects funding for an annual Human Services COLA of 5.4 percent in FY 2023.

## HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2023. 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 25 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 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPENING BALANCE** | 16 | 88 | | 0 | | 0 | | 0 | | 0 | |
| **TOTAL RECEIPTS** | 6,508 | 6,611 | 1.6% | 6,542 | -1.0% | 6,536 | -0.1% | 6,382 | -2.4% | 6,378 | 0.0% |
| Surcharges | 3,993 | 4,069 | 1.9% | 4,037 | -0.8% | 4,058 | 0.5% | 4,078 | 0.5% | 4,098 | 0.0% |
| Covered Lives Assessment[1] | 985 | 1,150 | 16.8% | 1,150 | 0.0% | 1,150 | 0.0% | 1,150 | 0.0% | 1,150 | 0.0% |
| Cigarette Tax Revenue | 665 | 632 | -5.0% | 602 | -4.7% | 573 | -4.8% | 546 | -4.7% | 520 | 0.0% |
| Hospital Assessments | 509 | 508 | -0.2% | 505 | -0.6% | 507 | 0.4% | 510 | 0.6% | 512 | 0.0% |
| Excise Tax on Vapor Products | 29 | 27 | -6.9% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% |
| NYC Cigarette Tax Transfer | 18 | 21 | 16.7% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% |
| EPIC Receipts/ICR Audit Fees | 59 | 54 | -8.5% | 50 | -7.4% | 50 | 0.0% | 50 | 0.0% | 50 | 0.0% |
| Distressed Provider Assistance[2] | 250 | 150 | -40.0% | 150 | 0.0% | 150 | 0.0% | 0 | -100.0% | 0 | 0.0% |
| **TOTAL DISBURSEMENTS AND TRANSFERS** | 6,436 | 6,699 | 4.1% | 6,542 | -2.3% | 6,536 | -0.1% | 6,382 | -2.4% | 6,378 | 0.0% |
| Medicaid Assistance Account | 4,381 | 4,541 | 3.7% | 4,242 | -6.6% | 4,209 | -0.8% | 4,040 | -4.0% | 4,014 | 0.0% |
| Medicaid Costs | 3,956 | 4,216 | 6.6% | 3,917 | -7.1% | 3,884 | -0.8% | 3,865 | -0.5% | 3,839 | 0.0% |
| Distressed Provider Assistance[2] | 250 | 150 | -40.0% | 150 | 0.0% | 150 | 0.0% | 0 | -100.0% | 0 | 0.0% |
| Workforce Recruitment & Retention | 175 | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% |
| Hospital Indigent Care | 732 | 717 | -2.0% | 717 | 0.0% | 717 | 0.0% | 717 | 0.0% | 717 | 0.0% |
| HCRA Program Account | 326 | 378 | 16.0% | 381 | 0.8% | 381 | 0.0% | 381 | 0.0% | 381 | 0.0% |
| Child Health Plus | 737 | 788 | 6.9% | 961 | 22.0% | 989 | 2.9% | 1,002 | 1.3% | 1,023 | 0.0% |
| Elderly Pharmaceutical Insurance Coverage | 111 | 104 | -6.3% | 74 | -28.8% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% |
| Qualified Health Plan Administration | 37 | 44 | 18.9% | 46 | 4.5% | 47 | 2.2% | 49 | 4.3% | 50 | 0.0% |
| Roswell Park Cancer Institute | 51 | 57 | 11.8% | 51 | -10.5% | 51 | 0.0% | 51 | 0.0% | 51 | 0.0% |
| SHIN-NY/APCD | 36 | 40 | 11.1% | 40 | 0.0% | 40 | 0.0% | 40 | 0.0% | 40 | 0.0% |
| All Other | 25 | 30 | 20.0% | 30 | 0.0% | 28 | -6.7% | 28 | 0.0% | 28 | 0.0% |
| **ANNUAL OPERATING SURPLUS/(DEFICIT)** | 72 | (88) | | 0 | | 0 | | 0 | | 0 | |
| **CLOSING BALANCE** | 88 | 0 | | 0 | | 0 | | 0 | | 0 | |

1 Pursuant to Chapter 820 of the laws of 2021, the Updated HCRA Financial Plan includes $40 million in additional Covered Lives Assessment for Early Intervention.

2 HCRA Financial Plan includes time limited resources from local county contributions in support of State funded payments to distressed health care providers through the Medicaid program ($250 million in FY 2022 and $150 million annually through FY 2025) .

Total HCRA receipts are anticipated to increase in FY 2023, reflecting the assumption that health care surcharge and assessment collections will continue to trend closer to pre-pandemic levels. The Enacted HCRA financial plan includes an additional $150 million annually through FY 2025 to support distressed providers through Medicaid program payments. Additionally, the Governor signed legislation for the Covered Lives Assessment and EI program, which would provide funding to early intervention education for toddlers with disabilities. Projected declines in cigarette tax revenues reflect expected continued declines in the consumption of cigarettes.

HCRA spending in FY 2023 is anticipated to increase in line with projected growth in receipts. The Financial Plan reflects over $4.5 billion in continued support for Medicaid spending, including $150 million annually through FY 2025 to increase support for distressed providers and over $780 million for the CHP program. Estimated growth in CHP spending reflects the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollment and utilization.

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.

## Mental Hygiene

The Mental Hygiene agencies consist of OPWDD, OMH, the Office of Addiction Services and Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). These agencies 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 chemical dependencies, and individuals with compulsive gambling problems. The service costs are reimbursed by Medicaid, Medicare, third-party insurance, and State funding.

**MENTAL HYGIENE**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **4,660** | **6,752** | **44.9%** | **5,924** | **-12.3%** | **5,535** | **-6.6%** | **5,743** | **3.8%** | **5,961** | **3.8%** |
| **People with Developmental Disabilities** | **2,506** | **2,969** | **18.5%** | **2,984** | **0.5%** | **3,152** | **5.6%** | **3,302** | **4.8%** | **3,440** | **4.2%** |
| Residential Services | 1,407 | 1,678 | 19.3% | 1,687 | 0.5% | 1,779 | 5.5% | 1,861 | 4.6% | 1,938 | 4.1% |
| Day Programs | 614 | 733 | 19.4% | 736 | 0.4% | 777 | 5.6% | 813 | 4.6% | 846 | 4.1% |
| Clinic | 15 | 18 | 20.0% | 18 | 0.0% | 19 | 5.6% | 19 | 0.0% | 20 | 5.3% |
| All Other Services (Net of Offsets) | 470 | 540 | 14.9% | 543 | 0.6% | 577 | 6.3% | 609 | 5.5% | 636 | 4.4% |
| **Mental Health** | **1,475** | **2,003** | **35.8%** | **2,071** | **3.4%** | **2,114** | **2.1%** | **2,164** | **2.4%** | **2,213** | **2.3%** |
| Adult Local Services | 1,220 | 1,598 | 31.0% | 1,697 | 6.2% | 1,760 | 3.7% | 1,802 | 2.4% | 1,843 | 2.3% |
| Children Local Services | 255 | 331 | 29.8% | 343 | 3.6% | 354 | 3.2% | 362 | 2.3% | 370 | 2.2% |
| MLR/BHET Reinvestment[1] | 0 | 74 | 0.0% | 31 | -58.1% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| **Addiction Services and Supports** | **371** | **719** | **93.8%** | **560** | **-22.1%** | **569** | **1.6%** | **577** | **1.4%** | **608** | **5.4%** |
| Residential | 100 | 128 | 28.0% | 121 | -5.5% | 125 | 3.3% | 132 | 5.6% | 141 | 6.8% |
| Other Treatment | 182 | 232 | 27.5% | 220 | -5.2% | 231 | 5.0% | 244 | 5.6% | 259 | 6.1% |
| Prevention | 52 | 66 | 26.9% | 63 | -4.5% | 67 | 6.3% | 71 | 6.0% | 75 | 5.6% |
| Recovery | 37 | 47 | 27.0% | 45 | -4.3% | 44 | -2.2% | 47 | 6.8% | 50 | 6.4% |
| Opioid Settlement Fund[2] | 0 | 185 | 0.0% | 58 | -68.6% | 57 | -1.7% | 36 | -36.8% | 36 | 0.0% |
| Opioid Stewardship Fund[3] | 0 | 24 | 0.0% | 37 | 54.2% | 45 | 21.6% | 47 | 4.4% | 47 | 0.0% |
| MLR/BHET Reinvestment[1] | 0 | 37 | 0.0% | 16 | -56.8% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| **Justice Center** | **1** | **1** | **0.0%** | **1** | **0.0%** | **1** | **0.0%** | **1** | **0.0%** | **1** | **0.0%** |
| **Total DOH Medicaid Global Cap Adjustments[4]** | **307** | **1,060** | **245.3%** | **308** | **-70.9%** | **(301)** | **-197.7%** | **(301)** | **0.0%** | **(301)** | **0.0%** |
| OPWDD Local Share | 307 | 1,457 | 374.6% | 354 | -75.7% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| OPWDD Spending Funded by Global Cap | 0 | (397) | 0.0% | (46) | 88.4% | (301) | -554.3% | (301) | 0.0% | (301) | 0.0% |
| OMH Spending Funded by Global Cap | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| **TOTAL MENTAL HYGIENE SPENDING** | **4,353** | **5,692** | **30.8%** | **5,616** | **-1.3%** | **5,836** | **3.9%** | **6,044** | **3.6%** | **6,262** | **3.6%** |

1 The Enacted Budget reinvests recoveries from Managed Care companies attributable to their underspending against Medical Loss Ratio (MLR) by Health and Recovery Plans (HARPs) 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 will consist 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. Also consistent with these settlement agreements, roughly $56 million of the $185 million expected to disburse from the Opioid Settlement Fund will pass through the State to local municipalities.

3 The Opioid Stewardship Fund will consist 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 Reflects a portion of mental hygiene spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations. Adjustments in FYs 2022 and 2023 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

The FY 2023 Enacted Budget includes continued support for individuals with developmental disabilities to ensure appropriate access to care, including additional funding to expand independent living opportunities, provide choice in service options, and support the return to pre-pandemic utilization levels. Funding is included to enhance OPWDD housing subsidies and expand crisis services.

Funding is included to support OMH community services and the continued transition of individuals to more cost-effective community settings. Service expansion includes increases for residential programs and supported housing units throughout the State, additional peer support services, and new targeted services, such as mobile crisis teams to directly assist homeless individuals and the establishment of the 988 Crisis Hotline. Additionally, investments are made to restore funding for inpatient State-operated bed capacity; increase funding for Article 28 inpatient psychiatric hospital beds; recruit psychiatrists and psychiatric nurse practitioners; and incentivize the provision of specialized treatments for children and families.

Increased funding for OASAS addiction service programs is expected to provide additional residential service opportunities and resources to not-for-profit providers for addiction prevention, treatment, and recovery programs. In FY 2023, over $100 million in additional resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors will be targeted at the opioid epidemic through expanded addiction services programs. Of the $185 million in settlement funds expected to disburse in FY 2023, roughly $56 million will pass through the State to local municipalities consistent with the statewide opioid settlement agreements.

The FY 2023 Enacted Budget also includes a 5.4 percent human services COLA, which will provide over $600 million in Federal and State funding to voluntary-operated programs overseen by the mental hygiene agencies, and a targeted bonus payment up to $3,000 to eligible healthcare and direct care workers.

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 local assistance 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 for 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 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **1,347** | **2,612** | **93.9%** | **1,715** | **-34.3%** | **1,790** | **4.4%** | **1,779** | **-0.6%** | **1,828** | **2.8%** |
| SSI | 566 | 657 | 16.1% | 657 | 0.0% | 667 | 1.5% | 667 | 0.0% | 667 | 0.0% |
| Public Assistance Benefits | 573 | 596 | 4.0% | 600 | 0.7% | 617 | 2.8% | 562 | -8.9% | 564 | 0.4% |
| Public Assistance Initiatives | 11 | 18 | 63.6% | 11 | -38.9% | 11 | 0.0% | 11 | 0.0% | 11 | 0.0% |
| Homeless Housing and Services | 11 | 239 | 2072.7% | 342 | 43.1% | 390 | 14.0% | 434 | 11.3% | 481 | 10.8% |
| Rental Assistance | 183 | 1,093 | 497.3% | 100 | -90.9% | 100 | 0.0% | 100 | 0.0% | 100 | 0.0% |
| All Other | 3 | 9 | 200.0% | 5 | -44.4% | 5 | 0.0% | 5 | 0.0% | 5 | 0.0% |

DOB's caseload models project a total of 472,440 public assistance recipients in FY 2023. Approximately 162,124 families are expected to receive benefits through the Family Assistance program and 107,777 through the Safety Net program in FY 2023, a modest decline in both programs from FY 2022. The caseload for single adults and childless couples supported through the Safety Net program is projected to be 202,539 in FY 2023, an increase of 1.9 percent from FY 2022.

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, which increases Safety Net assistance spending. The FY 2023 Enacted Budget makes changes to public assistance to help alleviate the "benefits cliff" by encouraging increased earnings and allowing more savings while remaining eligible for the program. In addition, the FY 2023 Enacted Budget reduces the 45-day waiting period for prospective Safety Net Assistance recipients before they can begin to receive program benefits to 30 days, in line with Family Assistance benefits. SSI spending is expected to increase in FY 2023 after the one-time Federal assistance provided during FY 2022 expires that otherwise would have been partly funded out of SSI.

The increase in rental assistance in FY 2023 reflects the addition of $800 million for the time-limited ERAP to provide economic relief to low and moderate-income households at risk of experiencing homelessness or housing instability. Additionally, the Budget adds $125 million for aid to landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

Spending increases for homeless housing and services in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI), which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

# OCFS

OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and childcare. 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 childcare subsidies for public assistance and low-income families.

CHILDREN AND FAMILY SERVICES
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **1,794** | **1,744** | **-2.8%** | **1,841** | **5.6%** | **2,593** | **40.8%** | **2,594** | **0.0%** | **2,594** | **0.0%** |
| Child Welfare Service | 678 | 477 | -29.6% | 477 | 0.0% | 477 | 0.0% | 477 | 0.0% | 477 | 0.0% |
| Foster Care Block Grant | 445 | 396 | -11.0% | 396 | 0.0% | 396 | 0.0% | 396 | 0.0% | 396 | 0.0% |
| Child Care | 103 | 334 | 224.3% | 445 | 33.2% | 1,197 | 169.0% | 1,198 | 0.1% | 1,198 | 0.0% |
| Adoption | 117 | 172 | 47.0% | 183 | 6.4% | 183 | 0.0% | 183 | 0.0% | 183 | 0.0% |
| Youth Programs | 167 | 106 | -36.5% | 99 | -6.6% | 99 | 0.0% | 99 | 0.0% | 99 | 0.0% |
| Medicaid | 52 | 74 | 42.3% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% |
| Adult Protective/Domestic Violence | 106 | 54 | -49.1% | 54 | 0.0% | 54 | 0.0% | 54 | 0.0% | 54 | 0.0% |
| Committees on Special Education | 6 | 0 | -100.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% |
| All Other | 120 | 131 | 9.2% | 84 | -35.9% | 84 | 0.0% | 84 | 0.0% | 84 | 0.0% |

The FY 2023 Enacted Budget continues for one year the restructured financing approach for residential school placements of children with special needs outside New York City that was included in the FY 2022 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement. Additional FY 2023 Enacted Budget actions include funding to increase the child care market rate to include 80 percent of providers, expanding eligibility for child care subsidies to more families, investing in adoption subsidies through the modernization of the rate setting methodology, increasing funding for Runaway Homeless Youth (RHY) program, expanding the HFNY Home Visiting program and funding a 5.4 percent increase for human service workers.

## Transportation

DOT maintains approximately 43,700 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 2023, the State plans to provide $7.4 billion in operating aid to mass transit systems, including $2.8 billion from the direct remittance of various dedicated taxes and fees to the MTA that do not flow through the State's Financial Plan and are thus excluded from the table below, as well as $244 million from a State supplement to the Payroll Mobility Tax (PMT) collections. The MTA, the nation's largest transit and commuter rail system, is scheduled to receive $6.6 billion (approximately 90 percent) of the State's mass transit aid.

| TRANSPORTATION (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **STATE OPERATING FUNDS SUPPORT** | **3,786** | **4,599** | **21.5%** | **4,789** | **4.1%** | **4,790** | **0.0%** | **4,792** | **0.0%** | **4,794** | **0.0%** |
| Mass Transit Operating Aid: | 2,620 | 3,421 | 30.6% | 3,599 | 5.2% | 3,599 | 0.0% | 3,599 | 0.0% | 3,600 | 0.0% |
| Metro Mass Transit Aid | 2,463 | 3,260 | 32.4% | 3,440 | 5.5% | 3,440 | 0.0% | 3,440 | 0.0% | 3,441 | 0.0% |
| Public Transit Aid | 112 | 117 | 4.5% | 115 | -1.7% | 115 | 0.0% | 115 | 0.0% | 115 | 0.0% |
| 18-b General Fund Aid | 19 | 19 | 0.0% | 19 | 0.0% | 19 | 0.0% | 19 | 0.0% | 19 | 0.0% |
| School Fare | 26 | 25 | -3.8% | 25 | 0.0% | 25 | 0.0% | 25 | 0.0% | 25 | 0.0% |
| Mobility Tax | 252 | 244 | -3.2% | 244 | 0.0% | 244 | 0.0% | 244 | 0.0% | 244 | 0.0% |
| NY Central Business District Trust | 156 | 153 | -1.9% | 155 | 1.3% | 156 | 0.6% | 158 | 1.3% | 159 | 0.6% |
| Dedicated Mass Transit | 681 | 674 | -1.0% | 686 | 1.8% | 686 | 0.0% | 686 | 0.0% | 686 | 0.0% |
| AMTAP | 77 | 107 | 39.0% | 105 | -1.9% | 105 | 0.0% | 105 | 0.0% | 105 | 0.0% |
| All Other | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |

Projected operating aid to the MTA and other transit systems mainly reflects the current receipts forecast. 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. This includes a portion of sales tax receipts collected by online marketplace providers on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the *Wayfair*[10] decision.

Funding for transportation is projected to increase by $813 million in FY 2023. Projected increases in operating aid to the MTA and other transit systems are funded mainly by stronger dedicated receipts collections, for an additional $653 million to the MTA, $125 million for non-MTA downstate transit systems, and $35 million for upstate systems.

[10] A 2018 U.S. Supreme Court decision held that a vendor's physical presence in a state is not necessary for that state to require the vendors to collect and remit sales tax on sales to in-state consumers.

## Local Government Assistance

Direct aid to local governments includes the Aid and Incentives for Municipalities (AIM) program, created in FY 2006 to consolidate various unrestricted local aid funding streams; miscellaneous financial assistance for certain counties, cities, towns, and villages; and efficiency-based incentive grants to local governments.

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **695** | **740** | **6.5%** | **763** | **3.1%** | **763** | **0.0%** | **763** | **0.0%** | **763** | **0.0%** |
| Big Four Cities | 451 | 429 | -4.9% | 429 | 0.0% | 429 | 0.0% | 429 | 0.0% | 429 | 0.0% |
| Other Cities | 228 | 218 | -4.4% | 218 | 0.0% | 218 | 0.0% | 218 | 0.0% | 218 | 0.0% |
| Towns and Villages | 9 | 68 | 655.6% | 68 | 0.0% | 68 | 0.0% | 68 | 0.0% | 68 | 0.0% |
| Restructuring/Efficiency | 7 | 25 | 257.1% | 48 | 92.0% | 48 | 0.0% | 48 | 0.0% | 48 | 0.0% |

The decrease in projected spending to cities in FY 2023 reflects non-recurring payments made in FY 2022 (including FY 2021 local aid payments that were withheld). State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase in FY 2024 due to potential awards from the Financial Restructuring Board for Local Governments.

Currently, 846 towns and 479 villages receive a total of $59.1 million in AIM-related payments funded through local sales tax collections. The FY 2023 Enacted Budget ends this practice and resumes State General Fund support for these towns and villages through the traditional AIM program, allowing local governments to retain a greater amount of local sales tax revenue annually.

## Agency Operations

Agency operating costs consist of Personal Service (PS), NPS, and 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. GSCs, discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as certain fixed costs such as litigation expenses and taxes on public lands. 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.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff, administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); United University Professions (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).

Agency Operations projections include increasing energy and commodity prices and planned general salary increases, a portion of which is offset using the Labor Settlements/Agency Operations reserve that was previously set aside for this purpose. In addition, the State charged roughly $1.5 billion in eligible costs to the Federal CRF in FY 2022 primarily for payroll costs of public health and safety employees.

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **SUBJECT TO DIRECT EXECUTIVE CONTROL**[1] | **11,397** | **11,850** | **11,672** | **11,745** | **11,889** | **12,002** |
| Mental Hygiene | 3,008 | 3,160 | 3,116 | 3,162 | 3,207 | 3,256 |
| Corrections and Community Supervision | 2,664 | 2,657 | 2,639 | 2,630 | 2,628 | 2,628 |
| State Police | 791 | 836 | 845 | 862 | 878 | 895 |
| Department of Health | 1,193 | 839 | 849 | 853 | 867 | 871 |
| Information Technology Services | 649 | 609 | 641 | 642 | 656 | 671 |
| Children and Family Services | 197 | 323 | 327 | 332 | 338 | 340 |
| Tax and Finance | 326 | 336 | 332 | 332 | 333 | 333 |
| Transportation | 333 | 353 | 341 | 341 | 351 | 361 |
| Environmental Conservation | 245 | 237 | 244 | 245 | 248 | 247 |
| Healthcare/Direct Care Worker Bonus | 0 | 120 | 0 | 0 | 0 | 0 |
| All Other | 1,991 | 2,380 | 2,338 | 2,346 | 2,383 | 2,400 |
| **FUND ELIGIBLE EXPENSES FROM CRF** | **(1,529)** | **0** | **0** | **0** | **0** | **0** |
| Corrections and Community Supervision | (757) | 0 | 0 | 0 | 0 | 0 |
| Department of Health | (206) | 0 | 0 | 0 | 0 | 0 |
| Information Technology Services | (92) | 0 | 0 | 0 | 0 | 0 |
| State Police | (226) | 0 | 0 | 0 | 0 | 0 |
| Transportation | (25) | 0 | 0 | 0 | 0 | 0 |
| All Other | (223) | 0 | 0 | 0 | 0 | 0 |
| **FEMA PANDEMIC COST/ (REIMBURSEMENT)** | **905** | **(705)** | **(425)** | **(225)** | **0** | **0** |
| COVID Test Kits | 905 | 95 | (225) | (225) | 0 | 0 |
| Expected Reimbursement for Prior-Year Expenses | 0 | (800) | (200) | 0 | 0 | 0 |
| **UNIVERSITY SYSTEMS** | **6,515** | **6,628** | **6,688** | **6,732** | **6,811** | **6,891** |
| State University | 6,515 | 6,628 | 6,688 | 6,732 | 6,811 | 6,891 |
| **INDEPENDENT AGENCIES** | **359** | **379** | **385** | **391** | **398** | **403** |
| Law | 197 | 212 | 214 | 217 | 220 | 223 |
| Audit & Control (OSC) | 162 | 167 | 171 | 174 | 178 | 180 |
| **TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE** | **17,647** | **18,152** | **18,320** | **18,643** | **19,098** | **19,296** |
| **Judiciary** | **1,958** | **2,109** | **2,109** | **2,109** | **2,109** | **2,109** |
| **Legislature** | **231** | **260** | **260** | **260** | **260** | **260** |
| **Statewide Total** | **19,836** | **20,521** | **20,689** | **21,012** | **21,467** | **21,665** |
| Personal Service | 13,243 | 15,182 | 15,134 | 15,248 | 15,387 | 15,499 |
| Non-Personal Service | 6,593 | 5,339 | 5,555 | 5,764 | 6,080 | 6,166 |

[1] Excludes expenses funded by the Coronavirus Relief Fund, as well as costs incurred, or expected to be incurred, in response to the COVID-19 pandemic that are expected to be reimbursed with Federal aid.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including: the timing of Federal reimbursement; offsets of expenses across fiscal years; and the payment of salary increases pursuant to existing contracts.

Pursuant to guidelines established by the U.S. Treasury, the State charged roughly $1.5 billion in eligible costs to the Federal CRF in FY 2022. This includes payroll costs (excluding fringe benefits) for public health and safety employees and other eligible pandemic response costs. Certain pandemic response expenses incurred in FY 2021 and 2022, including the purchase of COVID-19 test kits for schools and local governments, PPE, durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects FEMA reimbursement over several years based on prior experience of payment of claims. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2023, which are expected to be funded with FEMA resources.

Other notable spending changes include:

- **Mental Hygiene.** The FY 2023 Enacted Budget includes an investment to enable OPWDD to expand CANs assessments to a larger proportion of the eligible population to improve service delivery, and increases to update and improve critical IT systems. Additional funding is included in the FY 2023 Enacted Budget for essential health and safety roles in nursing, direct care, and facility operations at mental hygiene facilities; for prevention, treatment, and recovery efforts to reduce the opioid epidemic’s toll; and to enhance OASAS staffing to administer program expansions and modernize funding methodologies.
- **Corrections and Community Supervision.** On November 8, 2021, DOCCS announced the closure of six facilities which is expected to produce savings of $142 million annually.
- **DOH.** The overall decline in projected spending from FY 2022 to FY 2023 reflects a reduction in pandemic related costs associated with the administration and staffing of vaccine and testing sites, including targeted pop-up sites, laboratory equipment, and call center staffing. These costs were incurred in FY 2022 creating higher than normal disbursements that will not carry into FY 2023. Additionally, retroactive payments of collective bargaining agreements temporarily inflated spending in FY 2022. Costs related to these agreements will normalize in the out years.
- **IT Services.** Spending growth in FY 2024 and beyond reflects investments in additional staff and security tools to continue to protect the State’s technology infrastructure, online services to meet higher demand resulting from the pandemic, and restoring staffing to pre-pandemic levels.
- **State University.** Spending for SUNY has been revised upward to reflect fully reimbursing colleges for the cost of “TAP Gap” tuition credits at SUNY State Operated campuses, new funding to hire full-time faculty, an increase for higher education opportunity programs, establishing child care centers on SUNY campuses, and funding for non-recurring strategic investments to improve academic programs, increase enrollment, enhance student support services, and modernize operations.
- **Judiciary.** Growth is mainly driven by planned increases in staff hiring and contract spending.

**All Other Agencies.** The FY 2023 Enacted Budget includes General Fund support for security at NYC's bridges, tunnels and transportation hubs, which was previously funded with capital funds. In addition, the State will contribute $50 million in FY 2023 to a public-private Equity Fund to support social equity applicants as they plan for and build out their businesses.

## Workforce

In FY 2023, $15.2 billion, or 12.4 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly two-thirds of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS
FY 2023 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

| | Dollars | FTEs |
|---|---|---|
| **SUBJECT TO DIRECT EXECUTIVE CONTROL** | **8,543** | **96,430** |
| Mental Hygiene | 2,555 | 33,074 |
| Corrections and Community Supervision | 2,165 | 24,478 |
| State Police | 756 | 5,794 |
| Department of Health | 321 | 4,308 |
| Information Technology Services | 326 | 3,519 |
| Tax and Finance | 263 | 3,785 |
| Children and Family Services | 232 | 2,327 |
| Environmental Conservation | 193 | 2,236 |
| Transportation | 174 | 2,580 |
| Financial Services | 161 | 1,391 |
| All Other | 1,397 | 12,938 |
| **UNIVERSITY SYSTEMS** | **4,378** | **46,771** |
| State University | 4,378 | 46,771 |
| **INDEPENDENT AGENCIES** | **2,261** | **18,376** |
| Law | 153 | 1,528 |
| Audit & Control (OSC) | 132 | 1,572 |
| Judiciary | 1,773 | 15,273 |
| Legislature[2] | 203 | 3 |
| **Statewide Total** | **15,182** | **161,577** |

[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

The State provides a variety of fringe benefits to current and former employees, including 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 and certain statewide fixed costs, including taxes on State-owned lands, Payments in Lieu of Taxes (PILOT), and judgments and settlements awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements.

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance and are partially reimbursed by revenue collected from agency fringe benefit assessments. In FY 2022, fringe benefit costs reflected the reclassification of payroll expenses for State Police, first responders, and public safety officers to the Federal CRF pursuant to Treasury eligibility guidelines. This resulted in an increase in Federal fringe benefits spending of $650 million and a commensurate reduction in General Fund spending.

GSC spending is projected to increase over the Financial Plan period mostly due to increases in the health insurance program which reflects medical inflation and the potential for increased utilization in non-essential procedures that were postponed during the pandemic. In FY 2022, a $722 million prepayment was applied towards the State's health insurance premiums in the later years of the Financial Plan. The estimate for workers' compensation reflects current utilization and an increase in the average weekly wage.

The pension estimates for the New York State and Local Retirement System reflect a reduction in the employer contribution rates primarily due to FY 2021 record-setting investment returns of 33.55 percent in the valuation of assets available to pay retirement benefits (see "Other Matters Affecting the Financial Plan"). In addition, the State realized $67 million in pension interest savings by paying the entire FY 2023 ERS/PFRS bill in May 2022.

The Financial Plan also reflects the repayment of the State and Judiciary non-Medicare payroll taxes deferred from April-December 2020 as authorized in the Federal CARES Act. The Executive made its first interest free repayment on November 21, 2021 for $278 million followed by a second and final payment on March 21, 2022 for another $278 million. The Judiciary paid its deferment of $69 million in its entirety in June 2021. SUNY Hospital made its first interest free repayment of $24 million in November 2021 and is scheduled to remit its remaining $24 million repayment by December 2022.

| GENERAL STATE CHARGES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **TOTAL STATE OPERATING FUNDS** | **10,025** | **9,950** | **-0.7%** | **10,581** | **6.3%** | **11,789** | **11.4%** | **13,116** | **11.3%** | **14,529** | **10.8%** |
| **Fringe Benefits** | **9,596** | **9,472** | **-1.3%** | **10,100** | **6.6%** | **11,299** | **11.9%** | **12,618** | **11.7%** | **14,022** | **11.1%** |
| Health Insurance (Gross) | 5,379 | 5,155 | -4.2% | 5,355 | 3.9% | 5,765 | 7.7% | 6,208 | 7.7% | 6,682 | 7.6% |
| Retiree Health Benefit Trust Fund | 320 | 320 | 0.0% | 375 | 17.2% | 375 | 0.0% | 375 | 0.0% | 375 | 0.0% |
| Pensions | 2,492 | 2,397 | -3.8% | 2,696 | 12.5% | 3,421 | 26.9% | 4,237 | 23.9% | 5,101 | 20.4% |
| Social Security (Gross) | 1,067 | 1,127 | 5.6% | 1,175 | 4.3% | 1,178 | 0.3% | 1,201 | 2.0% | 1,224 | 1.9% |
| Social Security (CRF) | 650 | 24 | -96.3% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Workers' Compensation | 556 | 600 | 7.9% | 638 | 6.3% | 683 | 7.1% | 702 | 2.8% | 723 | 3.0% |
| Employee Benefits | 98 | 116 | 18.4% | 121 | 4.3% | 122 | 0.8% | 123 | 0.8% | 123 | 0.0% |
| Dental Insurance | 59 | 66 | 11.9% | 66 | 0.0% | 66 | 0.0% | 66 | 0.0% | 66 | 0.0% |
| Unemployment Insurance | 0 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other/Non-State Escrow | (375) | (346) | 7.7% | (339) | 2.0% | (324) | 4.4% | (307) | 5.2% | (285) | 7.2% |
| Non-State Escrow (CRF) | (650) | 0 | 100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| **Fixed Costs** | **429** | **478** | **11.4%** | **481** | **0.6%** | **490** | **1.9%** | **498** | **1.6%** | **507** | **1.8%** |
| Public Land Taxes/PILOTS | 291 | 302 | 3.8% | 305 | 1.0% | 314 | 3.0% | 322 | 2.5% | 331 | 2.8% |
| Litigation | 138 | 176 | 27.5% | 176 | 0.0% | 176 | 0.0% | 176 | 0.0% | 176 | 0.0% |

The State historically funds employee and retiree health care expenses as they become due, on a PAYGO basis. The Retiree Health Benefit Trust Fund was created in FY 2018 to reserve money for the payment of health benefits of retired employees and their dependents. The Financial Plan reflects a deposit to the Retiree Health Benefit Trust Fund of $320 million in FY 2022 and planned deposits of $320 million in FY 2023, and $375 million in FY 2024 through FY 2027, fiscal conditions permitting. These deposits will establish an asset against the State's (OPEB) liability.

The FY 2023 Enacted Budget includes two pension reform actions. The first reform, which is intended to improve the recruitment and retention of employees in Tier 5 and Tier 6, permanently reduces their vesting period from ten years to five years. This change will cost the State $136 million over the Financial Plan period.

The second reform provides a temporary, two-year exclusion of overtime from the variable income-based Tier 6 employee contribution calculation. This will ensure that employees who worked considerable overtime during the pandemic will not experience a significant increase in their employee contribution. This change will cost the State $2.6 million through FY 2024.

## 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 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **TOTAL TRANSFERS TO OTHER FUNDS** | **9,813** | **8,140** | **9,916** | **9,127** | **6,379** | **5,865** |
| **Debt Service** | 340 | 290 | 253 | 311 | 332 | 373 |
| **SUNY University Operations** | 1,385 | 1,508 | 1,499 | 1,482 | 1,482 | 1,482 |
| **Capital Projects** | 6,818 | 4,348 | 6,288 | 5,949 | 3,196 | 2,627 |
| **Extraordinary Monetary Settlements:** | **246** | **193** | **829** | **559** | **155** | **2** |
| Dedicated Infrastructure Investment Fund | 235 | 676 | 1,086 | 524 | 146 | 0 |
| Bond Proceeds Receipts for Javits Center Expansion | 0 | (500) | (500) | 0 | 0 | 0 |
| Clean Water Grants | 0 | 0 | 225 | 25 | 0 | 0 |
| Mass Transit Capital | 5 | 3 | 1 | 0 | 0 | 0 |
| Health Care | 6 | 14 | 17 | 10 | 9 | 2 |
| Dedicated Highway and Bridge Trust Fund | 532 | 373 | 441 | 600 | 643 | 588 |
| Environmental Protection Fund | 28 | 100 | 100 | 100 | 100 | 100 |
| Other DIIF | 0 | 100 | 318 | 0 | 0 | 0 |
| All Other Capital | 6,012 | 3,582 | 4,600 | 4,690 | 2,298 | 1,937 |
| **ALL OTHER TRANSFERS** | **1,270** | **1,994** | **1,876** | **1,385** | **1,369** | **1,383** |
| Department of Transportation (MTA Payroll Tax) | 244 | 244 | 244 | 244 | 244 | 244 |
| SUNY - Medicaid Reimbursement | 244 | 243 | 243 | 243 | 243 | 243 |
| NY Central Business District Trust | 152 | 153 | 155 | 156 | 158 | 159 |
| Judiciary Funds | 93 | 109 | 109 | 109 | 109 | 109 |
| Dedicated Mass Transportation Trust Fund | 65 | 129 | 65 | 65 | 65 | 65 |
| Health Care Transformation Fund | 0 | 500 | 500 | 0 | 0 | 0 |
| All Other | 472 | 616 | 560 | 568 | 550 | 563 |

General Fund transfers to Other Funds are projected to total $8.1 billion in FY 2023, a decline of $1.7 billion from FY 2022 mainly due to capital projects funding.

Transfers to capital projects funds are impacted by the timing of bond receipts to offset costs initially funded by monetary settlements; reimbursements to the capital projects fund; and PAYGO capital spending, including $6 billion across the Financial Plan period to avoid higher cost taxable debt issuances, 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, 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 subsidizes DHBTF expenses that are not covered by revenue and bond proceeds. In addition, the FY 2023 Enacted Budget provides support to the DHBTF in FY 2023 to hold harmless the transportation programs that will be negatively impacted from the temporary fuel taxes suspension.

## 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), DASNY, and New York State Thruway Authority (NYSTA). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources such as patient income revenues.

**DEBT SERVICE SPENDING PROJECTIONS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | 340 | 290 | -14.7% | 253 | -12.8% | 311 | 22.9% | 332 | 6.8% | 373 | 12.3% |
| Other State Support | 12,205 | 7,322 | -40.0% | 4,651 | -36.5% | 4,159 | -10.6% | 5,306 | 27.6% | 5,294 | -0.2% |
| **Total State Operating Funds** | **12,545** | **7,612** | **-39.3%** | **4,904** | **-35.6%** | **4,470** | **-8.8%** | **5,638** | **26.1%** | **5,667** | **0.5%** |

State Operating Funds debt service is projected to be $7.6 billion in FY 2023, of which $290 million is paid from the General Fund and $7.3 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds. 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, and DHBTF bonds.

Debt service spending levels are impacted by prepayments. The FY 2023 Enacted Budget includes prepayments totaling $2 billion in FY 2023. Total prepayments made in FY 2022 and planned in FY 2023 are $9.6 billion. As shown in the table below, the net impact of these transactions and prepayments in prior years increase debt service in FY 2022 and FY 2023, and will decrease debt service costs in FYs 2024 through FY 2027.

**STATE-SUPPORTED DEBT SERVICE**
**(millions of dollars)**

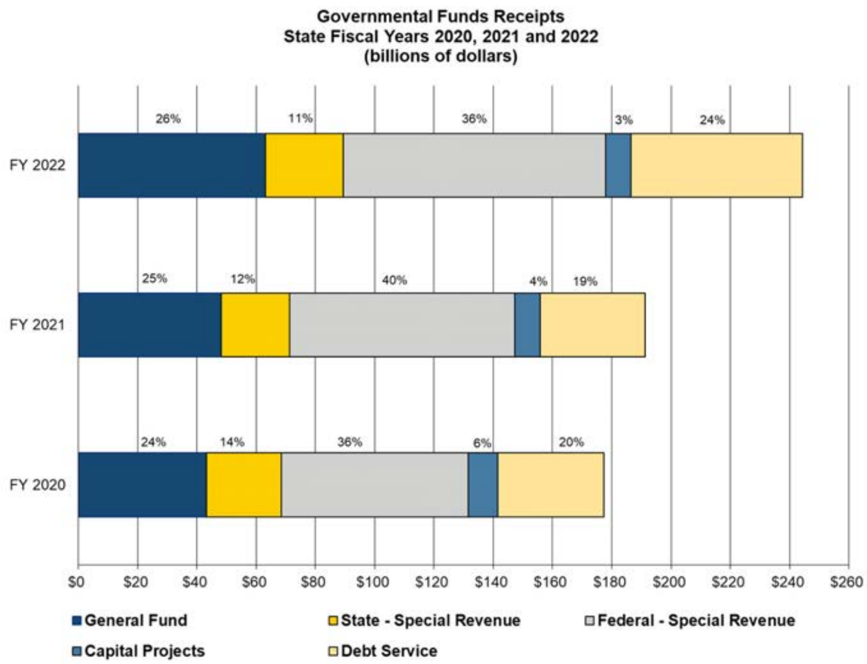
| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|---|---|
| **Base Debt Service** | **5,995** | **6,687** | **7,159** | **7,615** | **8,018** | **8,527** |
| **Total Prepayment Adjustment** | **6,550** | **925** | **(2,255)** | **(3,145)** | **(2,380)** | **(2,860)** |
| Prior Prepayments | (1,065) | (700) | (700) | (700) | 0 | 0 |
| FY 2022 Prepayment | 7,615 | (375) | (1,555) | (1,695) | (1,630) | (2,360) |
| FY 2023 Prepayment | 0 | 2,000 | 0 | (750) | (750) | (500) |
| **Enacted Budget State Debt Service** | **12,545** | **7,612** | **4,904** | **4,470** | **5,638** | **5,667** |

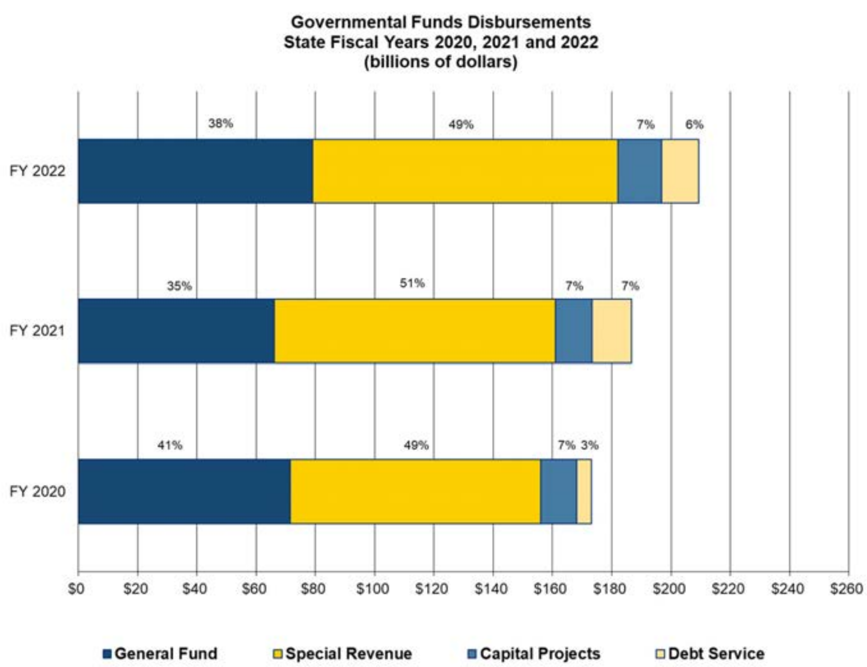
The FY 2023 Enacted Budget authorized liquidity financing in the form of up to $3.0 billion of PIT notes and $2.0 billion of line of credit facilities in FY 2023 as a tool to manage unanticipated financial disruptions. The Financial Plan does not assume any PIT note issuances or use of the line of credit. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

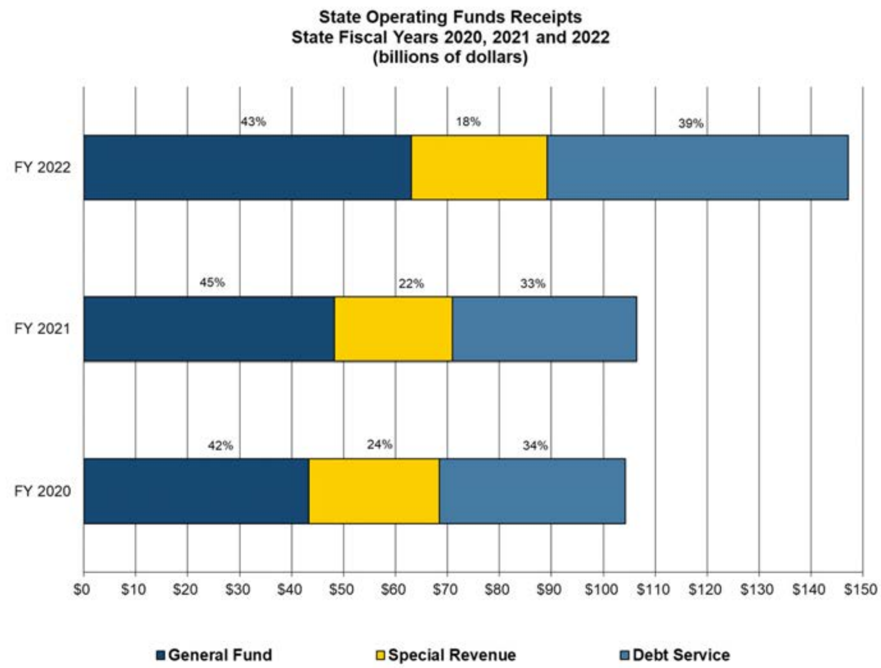
The Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of $6 billion of cash resources to offset planned issuances of higher cost taxable debt and allow for a larger DOT plan. Estimates also continue to reflect the issuance of PIT or Sales Tax Revenue bonds for the State's $10.3 billion contribution to the MTA's 2015-19 and 2020-24 Capital Plans. The State converted its contribution to bond-financed capital in 2020 to help the MTA after the pandemic impaired the MTA's ability to access cost-effective financing through their Transportation Revenue Bond credit. Previously, the Financial Plan had assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The State has issued PIT Revenue Bonds to fund $4.8 billion of the State's portion of the MTA's 2015-19 Capital Plan.

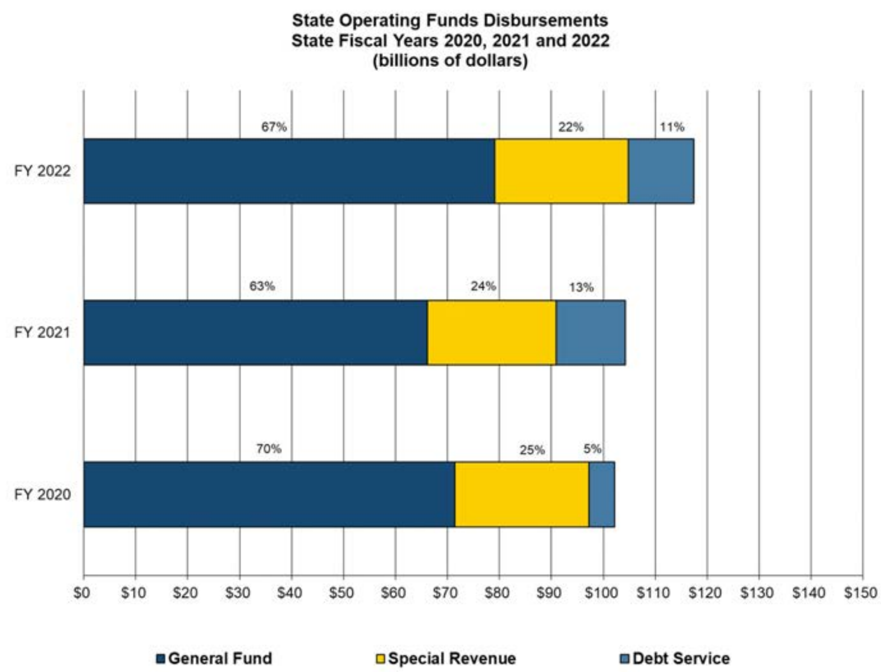
# PRIOR FISCAL YEARS

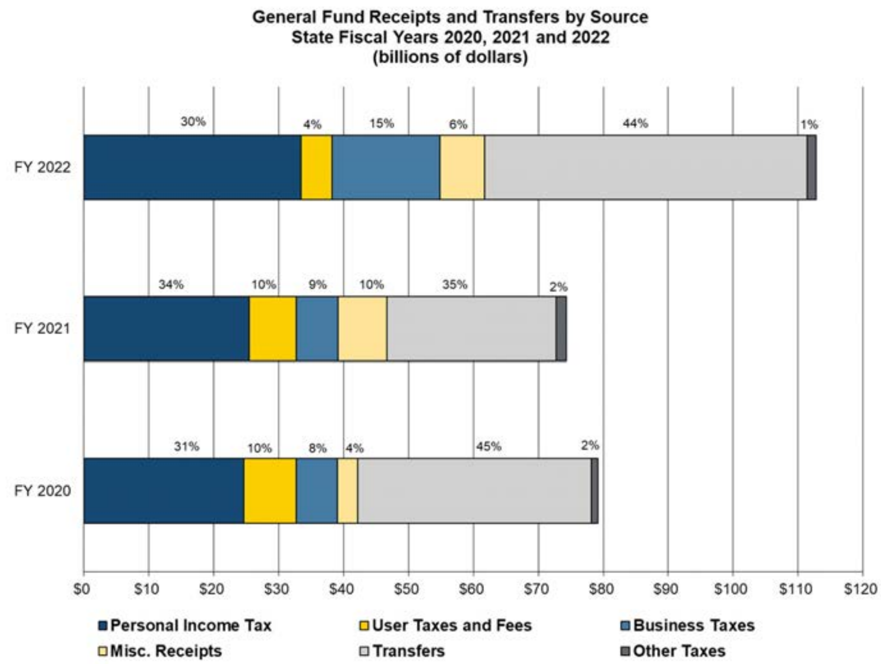
The following six charts show the composition of the State's governmental funds, State Operating Funds and the General Fund as of March 31, 2022. Following the tables is a summary of the cash-basis results for the State's three most recent fiscal years.

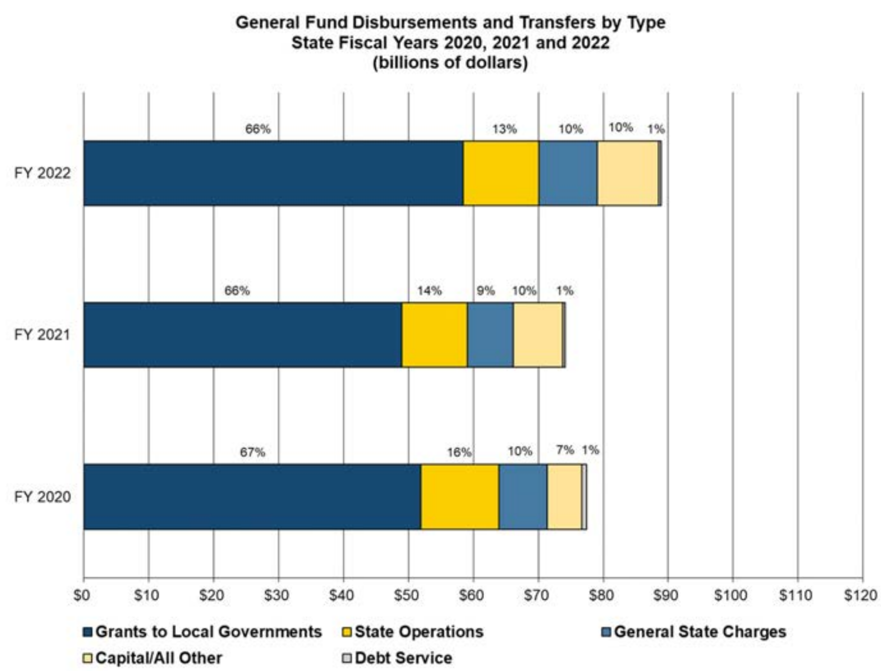



State Operating Funds Receipts
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)
FY 2022
43%
18%
39%
FY 2021
45%
22%
33%
FY 2020
42%
24%
34%
$0 $10 $20 $30 $40 $50 $60 $70 $80 $90 $100 $110 $120 $130 $140 $150
General Fund
Special Revenue
Debt Service


State Operating Funds Disbursements
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)
FY 2022
67%
22%
11%
FY 2021
63%
24%
13%
FY 2020
70%
25%
5%
$0 $10 $20 $30 $40 $50 $60 $70 $80 $90 $100 $110 $120 $130 $140 $150
General Fund
Special Revenue
Debt Service


General Fund Receipts and Transfers by Source
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)
FY 2022
30% 4% 15% 6% 44% 1%
FY 2021
34% 10% 9% 10% 35% 2%
FY 2020
31% 10% 8% 4% 45% 2%
$0 $10 $20 $30 $40 $50 $60 $70 $80 $90 $100 $110 $120
Personal Income Tax
User Taxes and Fees
Business Taxes
Misc. Receipts
Transfers
Other Taxes


General Fund Disbursements and Transfers by Type
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)
FY 2022
66% 13% 10% 10% 1%
FY 2021
66% 14% 9% 10% 1%
FY 2020
67% 16% 10% 7% 1%
$0 $10 $20 $30 $40 $50 $60 $70 $80 $90 $100 $110 $120
Grants to Local Governments
State Operations
General State Charges
Capital/All Other
Debt Service

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 2022 financial results, the State's GAAP-basis financial results set forth in this section have been audited. Note that the FY 2022 financial results included in this AIS are preliminary and unaudited.

## Cash-Basis Results for Prior Fiscal Years

### General Fund FY 2020 Through FY 2022

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. General Fund moneys in prior fiscal years were also transferred to other funds, primarily to support certain State share Medicaid payments, capital projects and debt service payments in 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 State has allowed limited spending growth to meet the demand for services. In addition, Rainy Day Reserve Fund balances have been supported and maintained. The following table summarizes General Fund results for the prior three fiscal years.

**COMPARISON OF GENERAL FUND RECEIPTS AND DISBURSEMENTS**
**FY 2020 THROUGH FY 2022**
**(millions of dollars)**

| | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|
| **OPENING FUND BALANCE** | 7,206 | 8,944 | 9,161 |
| ***Personal Income Tax*** [1] | 24,646 | 25,456 | 33,464 |
| ***Consumption/User Taxes:*** | | | |
| Sales and Use Tax [2] | 7,447 | 6,639 | 4,122 |
| Cigarette and Tobacco Tax | 313 | 310 | 293 |
| Alcoholic Beverage Taxes | 259 | 271 | 277 |
| Opioid Excise Tax | 19 | 30 | 29 |
| **Subtotal** | 8,038 | 7,250 | 4,721 |
| ***Business Taxes:*** | | | |
| Corporation Franchise Tax | 3,791 | 3,890 | 5,818 |
| Corporation and Utilities Taxes | 518 | 417 | 434 |
| Insurance Taxes | 2,053 | 1,976 | 2,214 |
| Bank Tax | 8 | 137 | 16 |
| Pass-Through Entity Tax [1] | 0 | 0 | 8,215 |
| **Subtotal** | 6,370 | 6,420 | 16,697 |
| ***Other Taxes:*** | | | |
| Estate and Gift Taxes | 1,070 | 1,538 | 1,386 |
| Pari-Mutuel Tax | 14 | 10 | 13 |
| Other Taxes [1] | 3 | 1 | 8 |
| **Subtotal** | 1,087 | 1,549 | 1,407 |
| ***Miscellaneous Receipts & Federal Grants*** | 3,159 | 7,515 | 6,825 |
| ***Transfers from Other Funds:*** | | | |
| PIT in Excess of Revenue Bond Debt Service | 25,862 | 18,578 | 26,055 |
| PTET in Excess of Revenue Bond Debt Service | 0 | 0 | 8,215 |
| Sales Tax in Excess of Revenue Bond Debt Service | 2,762 | 1,278 | 5,572 |
| Sales Tax in Excess of LGAC Debt Service | 3,417 | 3,238 | 4,121 |
| All Other Transfers | 3,866 | 3,028 | 5,733 |
| **Subtotal** | 35,907 | 26,122 | 49,696 |
| **TOTAL RECEIPTS** | 79,207 | 74,312 | 112,810 |
| ***Grants to Local Governments:*** | | | |
| School Aid | 23,521 | 23,127 | 24,783 |
| Medicaid - DOH | 16,071 | 13,871 | 16,153 |
| All Other Local Aid | 12,271 | 11,984 | 17,448 |
| ***State Operations:*** | | | |
| ***Personal Service*** | 8,940 | 7,154 | 8,063 |
| ***Non-Personal Service*** | 3,114 | 2,950 | 3,675 |
| ***General State Charges*** | 7,454 | 7,032 | 8,983 |
| ***Transfers to Other Funds:*** | | | |
| In Support of Debt Service | 736 | 326 | 340 |
| In Support of Capital Projects | 3,128 | 4,540 | 6,818 |
| SUNY Operations | 1,179 | 1,229 | 1,385 |
| All Other Transfers | 1,055 | 1,883 | 1,270 |
| **Subtotal** | 6,098 | 7,978 | 9,813 |
| **TOTAL DISBURSEMENTS** | 77,469 | 74,095 | 88,918 |
| Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses | 1,738 | 217 | 23,892 |
| **CLOSING FUND BALANCE** | 8,944 | 9,161 | 33,053 |

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 2022

The State ended FY 2022 in balance on a cash basis in the General Fund, based on preliminary unaudited results. General fund receipts, including transfers from other funds, totaled $112.8 billion. General Fund disbursements, including transfers to other funds, totaled $88.9 billion. The State ended FY 2022 with a General Fund balance of $33.1 billion, an increase of $23.9 billion from FY 2021 results. A large share of the higher balance reflects $16.4 billion in PTET collections and $1.1 billion in eligible public safety payroll expenses moved to the CRF, partly offset by prepayments and advances totaling $9 billion. Excluding these transactions, the General Fund ended March 2022 with a balance of $24.4 billion, an increase of $15.3 billion from FY 2021 results.

## FY 2021

The State ended FY 2021 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled $74.3 billion. General Fund disbursements, including transfers to other funds, totaled $74.1 billion. The State ended FY 2021 with a General Fund balance of $9.2 billion, an increase of $217 million from FY 2020 results.

## FY 2020

The State ended FY 2020 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled $79.2 billion. General Fund disbursements, including transfers to other funds, totaled $77.5 billion. The State ended FY 2020 with a General Fund balance of $8.9 billion, an increase of $1.7 billion from FY 2019 results.

## State Operating Funds FY 2020 Through FY 2022

State Operating Funds is composed of the General Fund, State special revenue funds and debt service funds. The State Operating Funds perspective is primarily intended as a measure of State-financed spending.

### FY 2022

State Operating Funds receipts totaled $147.2 billion in FY 2022, an increase of $40.8 billion over FY 2021 results. Disbursements totaled $117.4 billion in FY 2022, an increase of $13.2 billion or 13 percent from FY 2021 results. The State ended FY 2022 with a State Operating Funds cash balance of $40.8 billion.

### FY 2021

State Operating Funds receipts totaled $106.4 billion in FY 2021, an increase of $2.1 billion over the FY 2020 results. Disbursements totaled $104.2 billion in FY 2021, an increase of $2.1 billion or 2 percent from the FY 2020 results. The State ended FY 2021 with a State Operating Funds cash balance of $15.1 billion.

### FY 2020

State Operating Funds receipts totaled $104.2 billion in FY 2020, an increase of $6.5 billion over the FY 2019 results. Disbursements totaled $102.2 billion in FY 2020, an increase of $2.0 billion or 2 percent from the FY 2019 results. The State ended FY 2020 with a State Operating Funds cash balance of $14.4 billion.

**CASH FINANCIAL PLAN**
**STATE OPERATING FUNDS BUDGET**
**FY 2022**
**(millions of dollars)**

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Opening Fund Balance** | **9,161** | **5,708** | **65** | **14,934** |
| **Receipts:** | | | | |
| Taxes | 56,289 | 6,054 | 57,480 | 119,823 |
| Miscellaneous Receipts | 2,325 | 19,990 | 428 | 22,743 |
| Federal Receipts | 4,500 | 38 | 68 | 4,606 |
| **Total Receipts** | **63,114** | **26,082** | **57,976** | **147,172** |
| **Disbursements:** | | | | |
| Local Assistance | 58,384 | 16,614 | 0 | 74,998 |
| State Operations: | | | | |
| Personal Service | 8,063 | 5,180 | 0 | 13,243 |
| Non-Personal Service | 3,675 | 2,904 | 14 | 6,593 |
| General State Charges | 8,983 | 1,042 | 0 | 10,025 |
| Debt Service | 0 | 0 | 12,545 | 12,545 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **79,105** | **25,740** | **12,559** | **117,404** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds* | 49,696 | 2,535 | 1,896 | 54,127 |
| Transfers to Other Funds* | (9,813) | (973) | (47,276) | (58,062) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **39,883** | **1,562** | **(45,380)** | **(3,935)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **23,892** | **1,904** | **37** | **25,833** |
| **Closing Fund Balance** | **33,053** | **7,612** | **102** | **40,767** |

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2021
(millions of dollars)

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Opening Fund Balance** | **8,944** | **5,401** | **63** | **14,408** |
| **Receipts:** | | | | |
| Taxes | 40,675 | 5,576 | 34,949 | 81,200 |
| Miscellaneous Receipts | 7,515 | 17,193 | 401 | 25,109 |
| Federal Receipts | 0 | (13) | 74 | 61 |
| **Total Receipts** | **48,190** | **22,756** | **35,424** | **106,370** |
| **Disbursements:** | | | | |
| Local Assistance | 48,981 | 16,106 | 0 | 65,087 |
| State Operations: | | | | |
| Personal Service | 7,154 | 5,201 | 0 | 12,355 |
| Non-Personal Service | 2,950 | 2,639 | 62 | 5,651 |
| General State Charges | 7,032 | 886 | 0 | 7,918 |
| Debt Service | 0 | 0 | 13,196 | 13,196 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **66,117** | **24,832** | **13,258** | **104,207** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds* | 26,122 | 3,088 | 3,224 | 32,434 |
| Transfers to Other Funds* | (7,978) | (507) | (25,388) | (33,873) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **18,144** | **2,581** | **(22,164)** | **(1,439)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **217** | **505** | **2** | **724** |
| **Closing Fund Balance** | **9,161** | **5,906** | **65** | **15,132** |

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS BUDGET<br>FY 2020<br>(millions of dollars) | | | | |
|---|---|---|---|---|
| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
| **Opening Fund Balance** | **7,206** | **5,091** | **65** | **12,362** |
| **Receipts:** | | | | |
| Taxes | 40,141 | 6,059 | 35,272 | 81,472 |
| Miscellaneous Receipts | 3,159 | 19,064 | 477 | 22,700 |
| Federal Receipts | 0 | (13) | 74 | 61 |
| **Total Receipts** | **43,300** | **25,110** | **35,823** | **104,233** |
| **Disbursements:** | | | | |
| Local Assistance | 51,863 | 16,789 | 0 | 68,652 |
| State Operations: | | | | |
| Personal Service | 8,940 | 5,150 | 0 | 14,090 |
| Non-Personal Service | 3,114 | 2,928 | 36 | 6,078 |
| General State Charges | 7,454 | 969 | 0 | 8,423 |
| Debt Service | 0 | 0 | 4,916 | 4,916 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **71,371** | **25,836** | **4,952** | **102,159** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds* | 35,907 | 2,269 | 3,742 | 41,918 |
| Transfers to Other Funds* | (6,098) | (1,233) | (34,615) | (41,946) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **29,809** | **1,036** | **(30,873)** | **(28)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **1,738** | **310** | **(2)** | **2,046** |
| **Closing Fund Balance** | **8,944** | **5,401** | **63** | **14,408** |

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

## All Funds FY 2020 Through FY 2022

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.

### FY 2022

The FY 2022 All Funds closing balance totaled $53.5 billion, $34.6 billion above FY 2021. The growth was attributable to a larger opening balance ($4.5 billion) and higher receipts ($53.1 billion), including $16.4 billion of PTET collections, partly offset by higher spending ($22.8 billion). Receipts growth, excluding PTET, includes growth in tax receipts ($22.3 billion) and Federal aid ($17.2 billion) inclusive of pandemic-related aid.

Tax collections increased in every category compared to FY 2021. PIT collections were $15.8 billion (28.7 percent) higher than last year driven by substantial growth in total estimated payments, final returns and delinquencies coupled with a decrease in current year refunds and the state/city offset. Consumption/use tax collections grew by $3.5 billion due to a recovery in sales tax collections, which were depressed in 2020 by taxpayers' behavioral responses to COVID-19 closures and stay-at-home orders. Higher business taxes collections ($18.9 billion) were driven mainly by PTET collections ($16.4 billion) and strong CFT gross receipts.

Federal grants in FY 2022 were $17.2 billion higher than FY 2021. This increase includes the net increase in extraordinary Federal aid to the State ($12.75 billion in ARP aid received in May 2021 less $5.1 billion in CRF aid received in April 2020), and other pandemic related aid, including education aid and emergency rental assistance, as well as growth in ordinary Federal operating aid.

Through March, State Operating Funds spending totaled $117.4 billion in FY 2022, an increase of $13.2 billion (12.7 percent) from FY 2021.

Local assistance spending through March was $9.9 billion higher than in the prior year. The largest areas of change include the following.

- Mental Hygiene ($2.7 billion) spending reflects changes in funding reported under the Medicaid Global Cap, a delay of non-Medicaid payments in FY 2021, and the timing of COVID-19 related payments.

- Medicaid ($2.6 billion) spending growth is due to higher claims spending ($1.7 billion) associated with the Federal PHE restriction on disenrolling members during the pandemic, Managed Care/Managed Long-Term Care (MC/MLTC) Encounter Withhold payments ($518 million) that were new in FY 2022, and lower COVID eFMAP collections ($491 million ) due to the claiming of 14 months in FY 2021 (for the period of January 2020 to February 2021) and 11 months claimed in FY 2022 (for the period of March 2021 to January 2022).

- Department of Labor ($2.0 billion) spending increased due to the inception of the new Excluded Workers Program in FY 2022.

- School Aid spending growth ($1.5 billion) is primarily due to an increase in General Aid payments ($1.4 billion) related to the first year of the three-year phase-in of the Foundation Aid formula and the full restoration of the $1.1 billion Pandemic Adjustment State aid reduction that was implemented in SY 2021, as well as an increase in payments related to the Teacher Retirement System ($124 million).

Executive agency operations spending growth ($1.7 billion) is driven primarily by the purchase of COVID test kits ($905 million), a reduction in the amount of eligible payroll costs being offset through the CRF, and the payment of deferred FY 2021 General Salary Increases for CSEA, DC-37, NYSCOPBA, Police Investigators Association (PIA), Police Benevolent Association (PBA), Unified Court System (UCS), Management Confidential (MC), UUP and the new PEF settlement.

Increased fringe benefits spending ($2.1 billion) includes normal costs increases for employee benefits and repayments and advances executed in FY 2022. As provided for in the CARES Act, the State took advantage of the interest free deferral of Social Security payments in FY 2021 and repaid the deferred payments in two equal installments of $278 million in November 2021 and March 2022. In addition, the State advanced monies to the health insurance escrow fund for future Health Insurance costs ($724 million).

Lower debt service spending is largely due to the repayment of the FY 2021 liquidity financing ($4.5 billion) and the net impact of debt service prepayments executed in FY 2021 and FY 2022 ($9.7 billion).

Higher Capital Projects spending (State and Federal) was due to uncertainty surrounding the COVID-19 pandemic in April and May of 2020, resulting in lower than usual spending in FY 2021. DOT ($431 million), DEC ($306 million) and DOH ($245 million) had the highest levels of year-to-year spending growth. In addition, the State made $1.5 billion more in payments to the MTA in FY 2022 than in FY 2021, including a $931 million advance made to the MTA in March of 2022 to support the MTA's 2015-2019 capital plan.

Increased Federal operating spending growth ($7.2 billion) was due predominantly to the following:

- Social Services ($3.5 billion higher) due to a resumption of regular Social Services program payments relative to FY 2021 and the allocation of nearly $1.7 billion in emergency rental assistance in FY 2022.

- Medicaid ($3.1 billion higher) due largely to higher claim spending ($3.8 billion) associated with increased enrollment and HCBS Federal financial participation payments ($702 million); partially offset by the ending of the DSRIP program in FY 2021 ($727 million) and delays in timing of credits.

- School Aid ($2.9 billion higher) due primarily to spending from K-12 COVID-19 relief grants ($1.8 billion) and Elementary and Secondary Education Act grants ($444 million) as well as increased U.S. Department of Agriculture School Lunch Act claiming ($670 million).

## FY 2021

All Funds ended FY 2021 with a balance of $18.9 billion, $4.7 billion above FY 2020. The higher balance is attributable to higher receipts, which are partly offset by higher spending as summarized below.

Higher receipts reflect PIT collections that were higher than in FY 2020 by $1.3 billion (2.4 percent), primarily due to growth in withholding and final returns, augmented by a decline in advanced credit payments related to the expiration of the Property Tax Relief Credit. The growth in PIT collections was offset by a decrease in total estimated payments driven by a decline in the growth of nonwage income not related to unemployment insurance and by an increase in current year refunds. Consumption/use tax collections were significantly lower ($1.9 billion) than the prior year due to substantial declines in sales tax and motor fuel tax receipts due to the pandemic. Lower business taxes ($204 million) were attributable to reduced CFT and gross insurance taxes combined with lower PBT collections, partially offset by higher CFT audits and lower CFT refunds.

The receipt of $4.5 billion in note proceeds from the FY 2021 liquidity financing, along with increased income from SUNY, resulted in annual growth in miscellaneous receipts ($1.3 billion). Offsetting this growth, significant declines were observed in lottery receipts ($554 million), HCRA receipts ($425 million), other licenses/fees ($199 million), and investment income ($137 million), all of which were negatively impacted by the COVID-19 pandemic. In addition, receipts from extraordinary monetary settlements decreased ($187 million). Receipts also reflect a decrease in reimbursements of capital projects from bond proceeds ($900 million).

Federal grants were $13.1 billion higher in FY 2021 than in FY 2020, largely due to the receipt of Federal CARES Act funding, funding for the Lost Wages Assistance (LWA) program, eFMAP and emergency rental assistance.

State Operating Funds spending totaled $104.2 billion in FY 2021, an increase of $2 billion (2.0 percent) from FY 2020 due primarily to the prepayment of debt service obligations and pension amortizations, offset by reduced disbursements in local assistance and agency operations.

Local assistance spending was $3.6 billion lower than in the prior year, mainly due to a decline in Medicaid ($2.4 billion) attributable to COVID-19 Federal funding which had the effect of reducing State spending ($3.4 billion). State share costs associated with increased pandemic-related enrollment ($912 million) and timing of offline payments ($107 million) eroded the value of the eFMAP benefit.

Local assistance payments totaling $1.4 billion were delayed from FY 2020 to FY 2021 due to interruptions and uncertainty caused by the pandemic. These payments affected spending levels for higher education, social welfare, public health, transportation, and mental hygiene. The delay partly offset the overall reduction in local assistance spending.

Other significant variances in local assistance spending include:

- Timing delays attributable to the ongoing payment review and withholding process, as well as claiming and processing delays. Impacted areas include student financial aid ($148 million), Preschool Special Education and Summer School Special Education programs ($189 million), Non-Public School Aid ($137 million) and various other education programs ($162 million).

- General Aid payments for School Aid ($190 million) reflect lower expense-based aid claims and the offset of a portion of State support to school districts with Federal CARES Act funds. The portion of School Aid supported by Lottery revenues also declined ($186 million) due to lower receipt projections.

- TRS payments ($238 million) reflect a lower employer contribution rate consistent with the forecasted pension portfolio.

- STAR ($157 million lower) reflects the transition of beneficiaries from the STAR benefit program to the STAR PIT credit.

Lower spending in executive agency operations was driven by the reclassification of certain eligible FY 2021 expenses to the Federal CRF, one-time NYSCOPBA collective bargaining retroactive payments made in FY 2020, the withholding of general salary increases, execution of 10 percent State Operations reductions and general underspending. Fringe benefit spending declined due to the deferment of Social Security payments, as permitted under the CARES Act, and increased reimbursement of fringe costs from Federal funds due to the reclassification of eligible personal service expenses to the CRF. These declines were partially offset by the repayment of pension amortizations ($918 million) and higher health insurance payments ($111 million).

Higher debt service spending is largely due to the repayment of the FY 2021 liquidity financing ($4.5 billion) and the impact of debt service prepayments ($3.1 billion).

Higher capital projects spending ($333 million) reflects higher spending on capital projects for the MTA ($825 million), DHCR ($202 million) and other agencies. This growth is offset by underspending in SIA ($455 million), Environmental Conservation ($241 million), ESD ($154 million), and SUNY ($126 million).

Federal operating spending growth ($11.2 billion) mainly reflects the LWA payments, temporary eFMAP, and public health and safety costs charged to the Federal CRF.

## FY 2020

All Funds ended FY 2020 with a balance of $14.3 billion, $4.3 billion above FY 2019 as both receipts and disbursements were higher than the prior year levels.

Higher receipts include growth in tax collections and Federal Grants that were partly offset by a drop in miscellaneous receipts. Growth in local assistance spending is primarily comprised of Medicaid, attributable to increased claiming and offline payments, and School Aid, reflecting the authorized School Aid increase. State operations growth reflects the payment of retroactive salary increases, higher SUNY spending, and non-personal spending for COVID-19 related expenses. Debt service spending was lower than the prior year due mainly to the prepayment of FY 2020 obligations at the end of FY 2019.

PIT collections were $5.6 billion (11.6 percent) higher than last year due to an increase in April 2019 extensions and final returns related to taxpayer behavior in response to the cap on SALT deductions and moderate growth in withholding, partially offset by a scheduled increase in Tax Year 2019 Property Tax Relief Credits and continued phase-in of the middle class tax cut program.

Business tax collections growth ($1.1 billion) is due to higher corporate franchise tax (CFT) and insurance gross receipts partially offset by higher refunds. Growth in consumption/use tax collections ($666 million) reflects growth of the sales tax base. It also reflects additional revenues from the requirement that marketplace providers collect Sales and Use Tax (SUT) on sales that they facilitate, the elimination of the Energy Service Companies (ESCOs) exemption, and DTF guidance associated with the U.S. Supreme Court Wayfair ruling. These increases were partially offset by the direct remittance of various supplemental fees and taxes to the MTA beginning in FY 2020.

Miscellaneous receipts declined by $1.7 billion (5.5 percent) due to a reduction in bond proceeds reimbursements in response to capital spending ($946 million), reduced proceeds from Fidelis Care pursuant to the sale of substantially all its assets to Centene Corporation in July 2018 ($600 million) and a drop in Extraordinary Monetary Settlement receipts ($319 million).

Federal grants were $3.7 billion higher in FY 2020 than in FY 2019 largely due to the deferral of the final FY 2019 Medicaid cycle as well as the timing of reimbursements for program costs initially financed by the State and later reimbursed with Federal funding.

State Operating Funds spending totaled $102.2 billion in FY 2020, an increase of $2 billion (2.0 percent) over FY 2019.

Local assistance spending was $2.5 billion higher than the prior year, mainly due to growth in Medicaid ($1.7 billion), Mental Hygiene ($1.3 billion) and School Aid ($965 million). Medicaid spending growth reflects escalating program utilization and costs for certain populations, including Managed Long-Term Care and an increase in "offline" payments such as Medicaid clawback and Supplemental Medical Insurance (SMI). Lower rebates augmented the increase. In addition, an adjustment to the amount of mental hygiene spending funded under the Global Cap resulted in a decrease in Medicaid spending with a commensurate increase in mental hygiene spending ($1 billion). Higher School Aid spending includes the authorized 3.8 percent State aid increase.

The higher spending was partly offset by the roughly $1.9 billion of payments that were not released. Other significant variances include:

- Transportation ($449 million lower) included one-time payments made to the MTA in FY 2019 for the MTA Subway Action Plan ($194 million), and a final payment of payroll mobility tax collections attributable to FY 2018 ($135 million).

- STAR ($239 million lower) reflects the transition of beneficiaries from the STAR Exemption program to a STAR Personal Income Tax credit.

- Public Health ($282 million higher) due to higher CHP disbursements related to the Medicaid eligible immigrant population.

- All Other Education ($176 million higher) largely related to the timing of payments for nonpublic school aid ($77 million), charter schools ($55 million) and preschool special education programs ($44 million).

Agency operational spending growth ($1.1 billion) includes costs associated with the payment of retroactive salary increases in FY 2020 and costs related to the State response efforts to the COVID-19 pandemic. Higher University System costs reflect spending for SUNY hospitals and personal service costs at SUNY colleges. Fringe benefits spending increased due to growing employee health insurance, social security, and pension payments.

Debt service spending declined due to the impact of prepayments affecting both FY 2020 and FY 2019. Lower Capital Projects spending (State and Federal) occurred in ESD ($317 million), Special Infrastructure ($230 million), and MTA ($195 million); which was partly offset by growth in public health ($223 million), housing ($79 million), and various other areas.

Federal operating spending growth reflects Medicaid utilization and cost increases ($1.0 billion), higher Division of Homeland Security & Emergency Services (DHSES) spending ($237 million); partially offset by a timing variance related to school district claiming of Individuals with Disabilities in Education (IDEA) grants ($268 million), and reduced spending for Medicaid administration ($252 million), EP ($173 million) and child care ($115 million).

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2022<br>(millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
| **Opening Fund Balance** | **9,161** | **10,669** | **(1,144)** | **65** | **18,751** |
| **Receipts:** | | | | | |
| Taxes | 56,289 | 6,054 | 1,313 | 57,480 | 121,136 |
| Miscellaneous Receipts | 2,325 | 20,172 | 5,007 | 428 | 27,932 |
| Federal Receipts | 4,500 | 88,673 | 2,066 | 68 | 95,307 |
| **Total Receipts** | **63,114** | **114,899** | **8,386** | **57,976** | **244,375** |
| **Disbursements:** | | | | | |
| Local Assistance | 58,384 | 88,230 | 7,324 | 0 | 153,938 |
| State Operations: | | | | | |
| Personal Service | 8,063 | 7,031 | 0 | 0 | 15,094 |
| Non-Personal Service | 3,675 | 5,591 | 0 | 14 | 9,280 |
| General State Charges | 8,983 | 2,077 | 0 | 0 | 11,060 |
| Debt Service | 0 | 42 | 0 | 12,545 | 12,587 |
| Capital Projects | 0 | 0 | 7,380 | 0 | 7,380 |
| **Total Disbursements** | **79,105** | **102,971** | **14,704** | **12,559** | **209,339** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 49,696 | 2,535 | 7,172 | 1,896 | 61,299 |
| Transfers to Other Funds | (9,813) | (3,194) | (1,254) | (47,276) | (61,537) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **39,883** | **(659)** | **5,918** | **(45,380)** | **(238)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **23,892** | **11,269** | **(400)** | **37** | **34,798** |
| **Closing Fund Balance** | **33,053** | **21,938** | **(1,544)** | **102** | **53,549** |

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2021
(millions of dollars)

| | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Opening Fund Balance** | **8,944** | **6,313** | **(1,035)** | **63** | **14,285** |
| **Receipts:** | | | | | |
| Taxes | 40,675 | 5,576 | 1,176 | 34,949 | 82,376 |
| Miscellaneous Receipts | 7,515 | 17,375 | 5,481 | 401 | 30,772 |
| Federal Receipts | 0 | 76,124 | 1,954 | 74 | 78,152 |
| **Total Receipts** | **48,190** | **99,075** | **8,611** | **35,424** | **191,300** |
| **Disbursements:** | | | | | |
| Local Assistance | 48,981 | 80,550 | 5,241 | 0 | 134,772 |
| State Operations: | | | | | |
| Personal Service | 7,154 | 7,638 | 0 | 0 | 14,792 |
| Non-Personal Service | 2,950 | 4,364 | 0 | 62 | 7,376 |
| General State Charges | 7,032 | 2,228 | 0 | 0 | 9,260 |
| Debt Service | 0 | 102 | 0 | 13,196 | 13,298 |
| Capital Projects | 0 | 0 | 7,090 | 0 | 7,090 |
| **Total Disbursements** | **66,117** | **94,882** | **12,331** | **13,258** | **186,588** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 26,122 | 3,088 | 4,855 | 3,224 | 37,289 |
| Transfers to Other Funds | (7,978) | (2,727) | (1,447) | (25,388) | (37,540) |
| Bond and Note Proceeds | 0 | 0 | 203 | 0 | 203 |
| **Net Other Financing Sources (Uses)** | **18,144** | **361** | **3,611** | **(22,164)** | **(48)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **217** | **4,554** | **(109)** | **2** | **4,664** |
| **Closing Fund Balance** | **9,161** | **10,867** | **(1,144)** | **65** | **18,949** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2020<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Opening Fund Balance** | **7,206** | **3,842** | **(1,138)** | **65** | **9,975** |
| **Receipts:** | | | | | |
| Taxes | 40,141 | 6,059 | 1,417 | 35,272 | 82,889 |
| Miscellaneous Receipts | 3,159 | 19,279 | 6,551 | 477 | 29,466 |
| Federal Receipts | 0 | 62,897 | 2,109 | 74 | 65,080 |
| **Total Receipts** | **43,300** | **88,235** | **10,077** | **35,823** | **177,435** |
| **Disbursements:** | | | | | |
| Local Assistance | 51,863 | 73,242 | 5,013 | 0 | 130,118 |
| State Operations: | | | | | |
| Personal Service | 8,940 | 5,787 | 0 | 0 | 14,727 |
| Non-Personal Service | 3,114 | 4,327 | 0 | 36 | 7,477 |
| General State Charges | 7,454 | 1,303 | 0 | 0 | 8,757 |
| Debt Service | 0 | 0 | 0 | 4,916 | 4,916 |
| Capital Projects | 0 | 0 | 6,986 | 0 | 6,986 |
| **Total Disbursements** | **71,371** | **84,659** | **11,999** | **4,952** | **172,981** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 35,907 | 2,269 | 3,547 | 3,742 | 45,465 |
| Transfers to Other Funds | (6,098) | (3,375) | (1,522) | (34,615) | (45,610) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **29,809** | **(1,106)** | **2,025** | **(30,873)** | **(145)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **1,738** | **2,470** | **103** | **(2)** | **4,309** |
| **Closing Fund Balance** | **8,944** | **6,312** | **(1,035)** | **63** | **14,284** |

Source: NYS DOB.

# 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 2022 on July 29, 2022. 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, 2022 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, 2021 | 8,600 | 467 | 2,596 | 4,186 | 15,849 | 20,338 |
| March 31, 2020 | 355 | (296) | (900) | (79) | (920) | 3,736 |
| March 31, 2019 | (1,291) | 1,873 | 594 | (1,079) | 97 | 3,381 |

**SUMMARY OF NET POSITION (millions of dollars)**

| Fiscal Year Ended | Governmental Activities | Business-Type Activities | Total Primary Government |
|---|---|---|---|
| March 31, 2021 | 7,329 | (20,925) | (13,596) |
| March 31, 2020 | (5,240) | (8,375) | (13,615) |
| March 31, 2019 | (4,127) | (8,334) | (12,461) |

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.

# 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 DOB has chosen to provide certain economic and demographic analyses updated through the date of this AIS, although continuing disclosure requirements require analysis only through March 31, 2022.

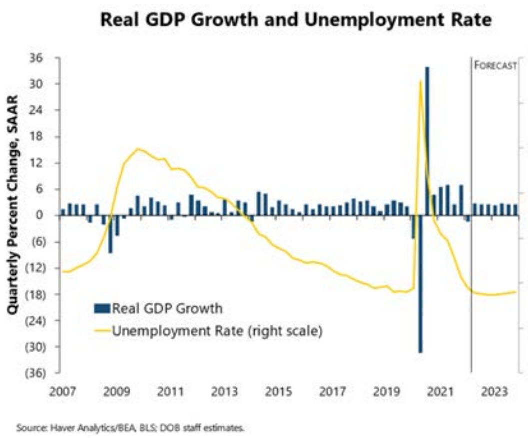
## The U.S. Economy

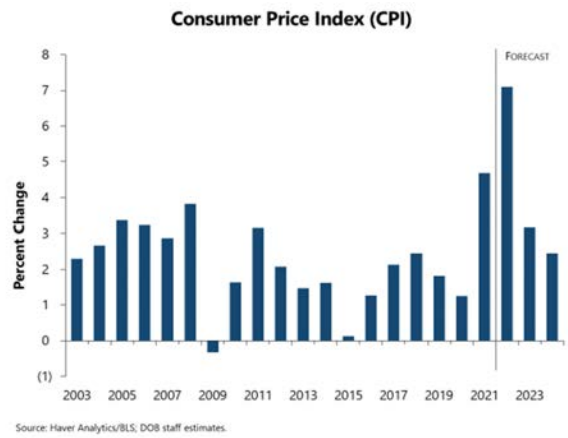
The nation's economic recovery stalled entering 2022, initially due to the Omicron wave of domestic COVID infections but then worsened following Russia's invasion of Ukraine, which resulted in a surge in energy and commodity prices. Furthermore, COVID outbreaks and subsequent lockdowns in China exacerbated ongoing global supply-chain disruptions, slowing economic growth in China and weakening demand for U.S. exports. According to the second estimate released by the Bureau of Economic Analysis (BEA), U.S. real Gross Domestic Product (GDP) decreased at an annual rate of 1.5 percent in the first quarter of 2022, a reversal from the strong growth of 6.9 percent in the fourth quarter of 2021. This decline was driven by a large 3.2 percentage point drag from net exports, a 1.1 percentage point hit from inventories, and a negative 0.5 percentage point contribution from government spending as Federal fiscal support waned. Real consumption and residential and business investment, on the other hand, continued to grow in the first quarter of 2022.

The U.S. labor market recovery has been exceptional in recent months, despite a decline in real GDP during the first quarter. Job growth averaged 539,000 per month in the first quarter of 2022 — nearly as strong as the average monthly job gains in 2021. As of May 2022, U.S. total nonfarm employment recovered to within 0.8 million of its pre-pandemic level in February 2020, only 0.5 percent below that previous peak. The U.S. labor market is expected to recover all its pandemic-era job losses by the second half of 2022, as tourism and travel demand continue to return. Moreover, the rebound in the prime-age labor force participation rate to 82.6 percent in May 2022 is within 0.4 percentage point of its pre-pandemic level in February 2020. Additionally, the civilian unemployment rate was 3.6 percent as of May 2022, nearly back to its February 2020 level of 3.5 percent.

Although the Federal Reserve has accomplished the employment side of its dual mandate, it has largely left inflation unchecked as price levels have continued to ramp up since April 2021, reaching historically high rates during the first quarter of 2022. The high inflation was driven by a combination of labor shortages, supply-chain disruptions, rebounding energy prices, strong housing market demand, and excess consumer demand supported by Federal fiscal stimulus. The Russian invasion of Ukraine at the end of February 2022 further propelled prices of crude oil, natural gas, and many industrial and agricultural commodities. As a result, the Consumer Price Index (CPI) grew by 1.2 percent in March 2022, the largest monthly increase since September 2005. The year-over-year CPI inflation rate recorded a 40-year high of 8.6 percent in May 2022.

The Federal Open Market Committee (FOMC) kicked off a monetary tightening cycle by announcing an increase in the federal funds target rate by 25 basis points at its March 15-16 meeting, followed by an increase of 50 basis points at its May 3-4 meeting, and another increase of 75 basis points at its June 14-15 meeting. The FOMC has signaled its willingness to raise the federal funds rate further in its upcoming meetings in order to achieve its maximum employment and 2 percent long-term inflation targets. This trajectory raises concerns about a monetary tightening-induced economic contraction. The Federal Reserve is more likely to be placed in a position of needing to weigh faster inflation against slower economic growth as surging inflation erodes real income and real output.




## U.S. Economic Forecast

DOB's U.S. economic forecast incorporates the third estimate of GDP for the fourth quarter of 2021, estimates of personal income and outlays for February 2022, the CPI report for March 2022, and the initial estimate of employment for March 2022.

Real GDP is projected to grow 3.0 percent in 2022, reflecting mainly the softening real consumption and weakening of exports growth. According to BEA's second estimate, real consumption growth held up well at an annualized rate of 3.1 percent in the first quarter of 2022, indicating that consumers quickly restored spending — especially on services affected by the precautionary restrictions under the Omicron wave. Strong job and wage gains are likely to continue to support consumer spending. However, rapidly rising prices — particularly in food and gasoline — are weighing on real disposable personal income. In conjunction with the saving rate falling to 4.4 percent in April of 2022, this economic headwind indicates that real consumption is set up for a much weaker showing in the remainder of 2022. DOB estimates real consumption growth will decelerate from 7.9 percent in 2021 to 3.1 percent in 2022.

| ECONOMIC INDICATORS FOR THE UNITED STATES (Calendar Year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 [1] |
|---|---|---|---|---|---|---|
| Gross Domestic Product | | | | | | |
| Nominal ($ billions) | $19,479.6 | $20,527.2 | $21,372.6 | $20,893.7 | $22,996.1 | $24,980.3 |
| Percent Change | 4.2 | 5.4 | 4.1 | (2.2) | 10.1 | 8.6 |
| Real ($ billions) | $18,079.1 | $18,606.8 | $19,032.7 | $18,384.7 | $19,427.3 | $20,009.7 |
| Percent Change | 2.3 | 2.9 | 2.3 | (3.4) | 5.7 | 3.0 |
| Personal Income | | | | | | |
| ($ billions) | $16,850.2 | $17,706.0 | $18,424.4 | $19,627.6 | $21,077.2 | $21,509.7 |
| Percent Change | 4.7 | 5.1 | 4.1 | 6.5 | 7.4 | 2.1 |
| Nonfarm Employment | | | | | | |
| (millions) | 146.6 | 148.9 | 150.9 | 142.1 | 146.1 | 151.9 |
| Percent Change | 1.6 | 1.6 | 1.4 | (5.8) | 2.8 | 3.9 |
| Unemployment Rate (%) | 4.3 | 3.9 | 3.7 | 8.1 | 5.4 | 3.6 |
| Consumer Price Index | | | | | | |
| (1982-84=100) | 245.1 | 251.1 | 255.7 | 258.8 | 271.0 | 290.2 |
| Percent Change | 2.1 | 2.4 | 1.8 | 1.2 | 4.7 | 7.1 |

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

[1] As projected by DOB, based on National Income and Product Account, employment and CPI data released through March 2022.

Meanwhile, a decline in real exports, coupled with strong growth in real imports due to the easing of shipping congestion, made net exports a considerable drag on U.S. real GDP growth in the first quarter of 2022. As the global demand for U.S. goods and services is expected to remain weak for the rest of 2022, real exports are projected to grow 4.7 percent in 2022.

DOB estimates that U.S. total nonfarm employment will grow by 3.9 percent in 2022, and the unemployment rate will decline to 3.6 percent on average in 2022. DOB estimates significantly higher average wages in 2022, and thus total wage growth is projected to grow robustly at 8.7 percent in 2022, only slightly below the increase of 9.3 percent in 2021. Accordingly, personal income is projected to grow 2.1 percent in 2022. As the unemployment rate falls to the pre-pandemic level of 3.5 percent, job growth is expected to slow down to 1.7 percent in 2023. Despite this slower pace of job gains, high average wage growth is expected to lead to an increase in total wages at a robust 5.5 percent in 2023, as well as support overall personal income growth of 4.8 percent.

Driven by the continued strength in energy and food prices, the CPI inflation was stronger-than-expected in the first quarter of 2022. DOB estimates CPI inflation to increase 7.1 percent on an annual average basis in 2022. Crude oil prices were above $115 per barrel as of mid-June 2022, with no signs of immediate reprieve for consumers at the pump. Food prices are also unlikely to ease in 2022, as the war in Ukraine has damaged global supplies of grains and fertilizers. However, DOB expects inflation to be brought under control with the rapid monetary tightening projected in 2022 and 2023. As a result, CPI inflation is expected to slow to 3.2 percent in 2023, followed by 2.4 percent in 2024.

As the Federal Reserve has taken a hawkish stance on short-term interest rates, the longer end of the yield curve has also quickly moved up. The 10-year Treasury yield has increased by over 100 basis points since the beginning of 2022, reflecting the improving U.S. economic outlook and the accelerating recovery from the COVID-19 pandemic. However, this shift also reflects rising inflation expectations and greater uncertainty about the future path of interest rates. Increased long-term interest rates drive up borrowing costs for homebuyers and businesses. The 30-year mortgage rate crept above 5.0 percent in April 2022, the highest level in over ten years. As a result, DOB expects the housing market to cool down in the second half of 2022, leading to stagnant residential investment. Due to higher borrowing costs and tighter financial conditions, the business investment outlook is also weaker during the second half of the year. In addition, the global supply-chain recovery may be further delayed by temporary closures of key trading hubs in China amid COVID outbreaks. This delay offsets some of the strength in mining structure investment, as oil and natural gas drilling activities are expected to increase alongside elevated energy prices.

In the U.S. equity market, valuations are being pressured by concerns about high inflation, the prospects for more aggressive monetary tightening than previously anticipated, and fallouts from the war in Ukraine. The S&P 500 stock price index declined at an annual rate of 11.1 percent in the first quarter of 2022. It is projected to continue on this downward trend during the remainder of 2022.

The U.S. economy faces several significant downside risks, including the potential for overly aggressive monetary tightening by the Federal Reserve, which could bring about a recession. DOB's forecast assumes that the nation's COVID response continues to transition from pandemic to endemic. However, COVID infections and policy responses remain a significant direct risk to countries like China that could hamper its growth, further spilling over into global supply chains and increasing the likelihood of a domestic recession. Another significant downside risk is the war in Ukraine. The war could lead to persistently higher energy prices and weigh down global growth without a resolution. Furthermore, it could extend the already burdensome supply-chain disruptions. Although highly unlikely, a spiraling of the current conflict into a drawn-out military confrontation between Russia and western nations presents an even more perilous downside risk to the U.S. economy.

On the upside, a quicker-than-anticipated resolution of supply-chain issues domestically and abroad could contribute to stronger overall growth and lower-than-expected inflation.

## The New York State Economy[11]

The New York State labor market continues recovering from the initial 1,986,000 job losses at the onset of the pandemic in March and April 2020. According to Current Employment Statistics (CES) data, the State had regained 1,540,000 of these jobs as of April 2022, representing 77.6 percent of its pandemic-related job losses. Despite these significant gains, New York State continues to trail the nation, which had recovered 94.5 percent of its pandemic-related job losses during the same period.

In 2022, the New York State jobs recovery is expected to slow due to high and persisting inflation, rising interest rates, and the ongoing war in Ukraine. Additionally, a decline in New York State's population in 2021 and reluctance among many workers to return to the office or re-enter the workforce are also expected to contribute to the anticipated slowdown in the jobs recovery. State employment is estimated to grow by 3.8 percent in FY 2023. New York State is expected to reach its pre-pandemic employment level by 2025, approximately three years after the nation's anticipated employment recovery in the second half of 2022.

Strong earnings by NYSE member firms in 2021 contributed to the finance and insurance sector bonuses forecast of 18.2 percent in FY 2022. However, uncertainties in the current fiscal year, anticipated increases in the federal funds rate, and the depletion of the pandemic-era reserves lead to a projected 13.6 percent decline in finance and insurance sector bonuses in FY 2023. State wages are estimated to increase by 11.7 percent in FY 2022. Persistent and higher-than-anticipated inflation is expected to drive non-bonus average wage growth upward. As a result, New York State's total wages are projected to grow by 3.3 percent in FY 2023 — despite the decline in bonuses.

Pandemic-related stimulus payments raised personal incomes in 2020 and 2021. Given the conclusion of these payments, New York State's personal income is estimated to increase by only 1.1 percent in FY 2022, followed by projected growth of 1.2 percent in FY 2023.

The New York State economy faces several significant downside risks, including the persistence of supply-chain disruptions. A prolonged war in Ukraine, as well as extended lockdowns in China, could exacerbate these supply-chain issues and weigh down the global recovery from the pandemic. In addition, soaring energy and other commodity prices, as well as continuing labor shortages, could accelerate increases in production costs pushing inflation even higher and undermining profits. In turn, these factors could increase the volatility in the U.S. equity market, bring about unexpected layoffs and weaker bonuses, slowing overall wage growth. Furthermore, higher interest rates represent a serious downside risk that could hinder the State's economic recovery, especially in the commercial and residential real estate markets. More locally, the persistence of telework, relocation of urban workers outside of New York, and the continued decline in State population pose long-run risks to wages and employment. Finally, New York State and the nation remain vulnerable to consumers' reluctance to return to pre-pandemic norms — especially spending patterns in service-oriented industries.

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[11] DOB's New York State economic forecast incorporates the 2021 fourth quarter BEA State personal income report released on March 23, 2022.

The State also faces several noteworthy upside risks, including a more rapid reversion to pre-pandemic consumer norms, as well as a faster and more substantial return to an in-office working environment. These shifts could propel robust growth through higher output and employment, bringing about a sooner-than-expected recovery to pre-pandemic economic conditions. Finally, a more-swift-than-anticipated end to the war in Ukraine and ratcheting back of sanctions by Western Nations could ease energy prices and the associated supply chain disruptions, benefiting the U.S. and New York economies.

**ECONOMIC INDICATORS FOR NEW YORK STATE**
**(Calendar Year)**

| | 2018 | 2019 | 2020 | 2021 | 2022 [1] |
|---|---|---|---|---|---|
| Personal Income | | | | | |
| ($ billions) | $1,316.4 | $1,361.5 | $1,440.0 | $1,515.8 | $1,509.9 |
| Percent Change | 3.4 | 3.4 | 5.8 | 5.3 | (0.4) |
| Nonfarm Employment | | | | | |
| (thousands) | 9,404.3 | 9,515.5 | 8,563.0 | 8,788.8 | 9,216.8 |
| Percent Change | 1.3 | 1.2 | (10.0) | 2.6 | 4.9 |
| Unemployment Rate (NSA, %) | 4.1 | 3.8 | 9.9 | 6.9 | 4.7 |

Sources: Personal income data are based on U.S. Bureau of Economic Analysis; employment 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.

[1] As projected by DOB, based on National Income and Product Account and employment data released through March 2022.

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 State's economy is diverse, with a comparatively 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, and 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 third-largest component of State nonfarm employment but only the fifth largest when measured by wage share.

This sector accounts for proportionally less employment and wages for the State than for the nation.

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

Other Service Sectors: The remaining service-producing sectors include information, professional and business services, private education and healthcare, 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 proportion of total State employment than for the nation.

Agriculture: Farming is an important part of the State's rural economy, although it constitutes less than 0.2 percent of the total State GDP. According to the New York State Department of Agriculture and Markets, New York ranked in the top ten in the production of 30 commodities in 2020. Notably, the State was the second-largest producer of apples, snap beans, and maple syrup. The State was also the third-largest producer of cabbage, grapes, and dairy, which represented the largest segment of the State's agricultural sector that year.

Government: Federal, State, and local governments comprise the second-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 (2021)**
**(Percent)**

| | Employment | | Wages | |
|---|---|---|---|---|
| | New York | U.S. | New York | U.S. |
| Natural Resources and Mining | 0.1 | 0.4 | 0.1 | 0.8 |
| Construction | 4.1 | 5.1 | 4.1 | 5.4 |
| Manufacturing | 4.5 | 8.4 | 4.0 | 9.5 |
| Trade, Transportation, and Utilities | 15.7 | 19.0 | 11.1 | 15.6 |
| Information | 3.1 | 1.9 | 6.0 | 4.3 |
| Financial Activities | 7.8 | 6.0 | 20.2 | 9.9 |
| Professional and Business Services | 14.1 | 14.5 | 18.6 | 18.9 |
| Educational and Health Services | 22.7 | 16.2 | 15.2 | 13.6 |
| Leisure and Hospitality | 8.0 | 9.6 | 3.9 | 4.4 |
| Other Services | 4.0 | 3.7 | 2.7 | 3.0 |
| Government | 15.9 | 15.1 | 14.3 | 14.7 |

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 above table, 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 likely to be more affected by any economic downturn concentrated in the services sector.

## Economic and Demographic Trends

In the calendar years 1990 through 1998, the State's rate of economic growth was somewhat slower than that of the nation. During the 1990-91 recession, the State, like much of the Northeast, experienced a greater economic contraction than the nation as a whole and was slower to recover. However, the situation subsequently improved. In 1999, for the first time in 13 years, State employment growth surpassed that of the nation, and in 2000 their growth rates were nearly the same. In 2001, the September 11th attack resulted in a downturn in New York that was more severe than for the nation. In contrast, the State's labor market fared better than that of the nation during the 2008 recession, though New York experienced a historically large wage decline in 2009. The State's unemployment rate was higher than the national rate from 1991 to 2004. The State's rate fell below the nation's for much of the Great Recession and remained below until November 2011. The State's unemployment rate rose above the national rate in December 2011 but fell below yet again in May 2015, where it remained competitive with the nation's rate until the second half of 2016. As the epicenter of the COVID-19 pandemic, the virus struck New York's economy especially hard, bringing its unemployment rate well above the nation's rate throughout the crisis.

The following table compares population changes in the State and the United States since 1980. Between April 2020 and July 2021, the nation's total population continued to increase by 0.1 percent, whereas the population of the State decreased by 1.8 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 |
| 2021 | 19,836 | (1.8) | 6.0 | 331,894 | 0.1 |

Note: All population numbers are based on the Decennial Census, except for 2021.
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 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 | 109,526 | 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 | 8,814 | 142,186 | 6.2 | 9.9 | 8.1 |
| 2021 | 9,045 | 146,124 | 6.2 | 6.9 | 5.4 |

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, although the ratio has varied substantially over time. Because New York City 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 incomes for the State and the nation.

| PER CAPITA PERSONAL INCOME (Income in Dollars) | | | |
|---|---|---|---|
| | New York | U.S. | Ratio New York/U.S. |
| 1980 | $11,001 | $10,180 | 1.08 |
| 1990 | $23,990 | $19,621 | 1.22 |
| 2000 | $36,090 | $30,672 | 1.18 |
| 2010 | $48,768 | $40,683 | 1.20 |
| 2020 | $71,449 | $59,147 | 1.21 |
| 2021 | $76,415 | $63,444 | 1.20 |

Source: U.S. Bureau of Economic Analysis.

# CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

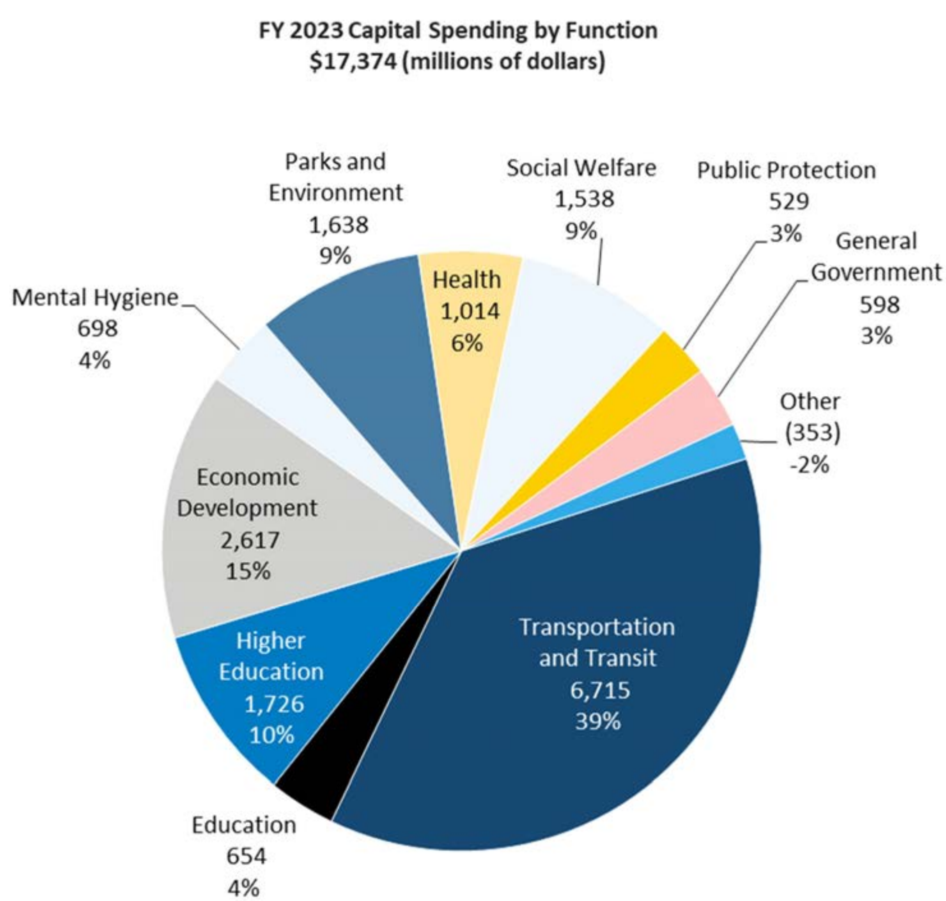
A copy of the Capital Plan can be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 474-8282, and it is also posted at www.budget.ny.gov.

## 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 2023.

### FY 2023 Capital Projects Spending

Spending on capital projects is projected to total $17.4 billion in FY 2023. Overall, capital spending in FY 2023 is projected to increase by $2.7 billion or 18.1 percent from FY 2022.



In FY 2023, transportation and transit spending is projected to total $6.7 billion, which represents 39 percent of total capital spending. Economic development spending accounts for 15 percent, higher education accounts for 10 percent, and spending related to parks and the environment represents 9 percent. The remaining 27 percent comprises spending for health care, mental hygiene, social welfare, public protection, education, general government, and the all other category, which includes Special Infrastructure Account spending.

Overall transportation and transit spending is projected to decrease by $1.4 billion from FY 2022 to FY 2023. This is almost exclusively due to an advance of $931 million from the State's contribution to the MTA's 2015-19 Capital Plan. This amount was originally planned to be disbursed in FY 2023, but was accelerated to FY 2022, to fund ongoing MTA capital projects during FY 2023. When adjusted for this payment, underlying transportation and transit spending is expected to increase by $500 million, which is primarily attributable to major road and bridge projects undertaken by DOT and increases in local road and bridge support from the State.

Parks and environment spending is estimated to increase by $479 million (41 percent) in FY 2023, primarily reflecting the continued phase-in of the $5 billion clean water drinking grants program and increased capital support for State parks.

Economic development spending is projected to increase by $1.7 billion (173 percent) in FY 2023. This reflects spending from new investments such as the State's offshore wind port infrastructure and supply chain, ConnectALL broadband expansion, and regional economic and community development programs. The plan also continues to invest in programs created to promote regional economic development, including spending from both phases of the Buffalo Billion program, the URI, Lake Ontario REDI, REDCs, and construction of a new Buffalo Bills stadium in Orchard Park, NY.

Spending for health care is projected to increase by $225 million (29 percent) in FY 2023. The increase is due to spending from Health Care Restructuring Program grant awards; the continued phase-in of spending related to rounds one through three of the Health Care Facility Transformation Program; and $1.6 billion to support the new, fourth round of the program.

Spending for social welfare is projected to increase by $834 million (118 percent) in FY 2023, primarily reflecting ongoing spending from the prior housing plan and the influx of funding from the new $25 billion housing plan, of which the State is supporting $6.3 billion in direct capital assistance.

Education spending is projected to increase by $433 million (196 percent) in FY 2023. The increase is due to continued spending from the Smart Schools Bond Act.

Higher education spending is projected to increase by $552 million (47 percent) in FY 2023, which is primarily related to the ongoing maintenance and preservation of SUNY and CUNY facilities and infrastructure.

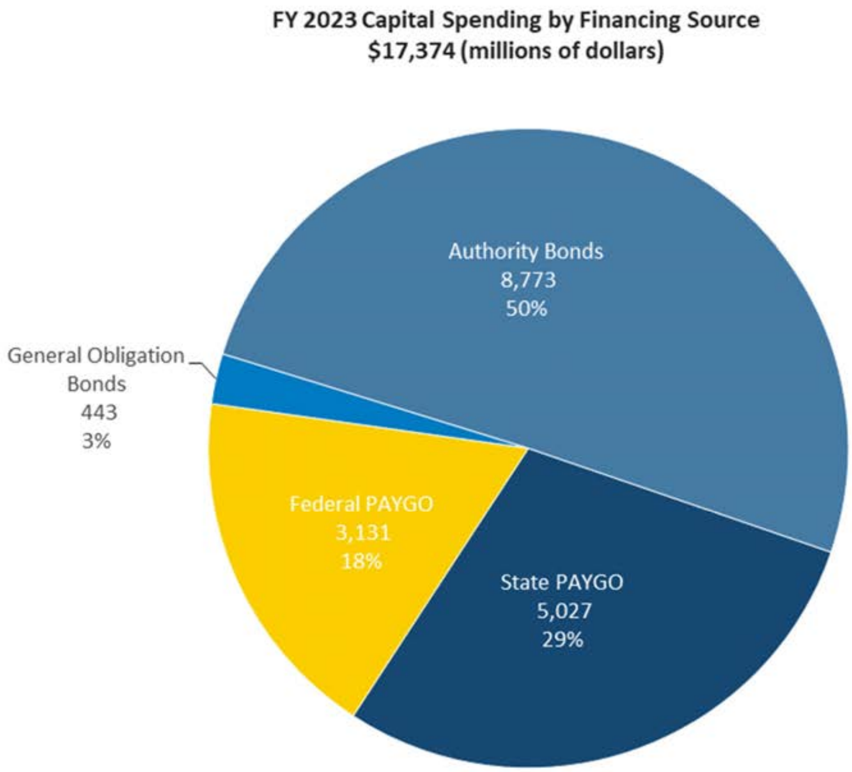
Spending for public protection is projected to decrease by $121 million (-19 percent) in FY 2023, which is mainly attributable to high levels of spending for DMNA in FY 2022 due to the pandemic relief efforts. Spending for public protection supports maintaining and operating DOCCS, DHSES, DMNA, and DSP infrastructure. In addition, FY 2023 includes spending for a new capital investment in communities with high gun violence and another round of the SCAHC grant program.

Mental hygiene capital spending is anticipated to increase by $312 million (81 percent) in FY 2023, reflecting continued investment in mental health facilities.

General governmental capital spending is projected to increase by $262 million (78 percent) in FY 2023, which is mainly attributable to maintenance of State facilities and State information technology projects.

Spending in the All Other category is projected to decrease by $613 million (-236 percent). Total planned capital disbursements are reduced by $1.2 billion, or approximately 10 percent, in each year of the Plan to account for typical variances between estimates and results.

## Financing FY 2023 Capital Projects Spending




In FY 2023, the State plans to finance 53 percent of capital projects spending with long-term bonds and 47 percent with cash and Federal aid. 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 certain instances, is subject to approval by the 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, including monetary settlements, will finance 29 percent of capital spending. Federal aid is expected to fund 18 percent of the State's FY 2023 capital spending, primarily for transportation. Year-to-year, total PAYGO support is projected to increase by $2.6 billion, with State PAYGO increasing by $1.8 billion and Federal PAYGO support increasing by $783 million. Bond-financed spending is projected to increase by $71 million, with Authority Bond spending decreasing by $198 million and General Obligation Bond spending increasing by $269 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, 2022, State-related debt outstanding totaled $62.0 billion excluding capital leases and mortgage loan commitments, equal to approximately 4.1 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, certain debt of the Municipal Bond Bank Agency (MBBA) issued to finance prior year school aid claims and capital leases and mortgage loan commitments. 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 numbers are not reported as debt in the State's GAAP-basis financial statements. 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.

The State's debt does not encompass, and 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 toll 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.

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]**
**(millions of dollars)**

| | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|
| **State-Supported Debt** | **54,207** | **58,714** | **61,936** |
| Personal Income Tax Revenue Bonds | 37,118 | 43,769 | 46,681 |
| Sales Tax Revenue Bonds | 11,542 | 10,716 | 12,444 |
| General Obligation | 2,131 | 2,170 | 1,996 |
| Local Government Assistance Corporation | 253 | 90 | 0 |
| Service Contract & Lease Purchase | 1,475 | 1,111 | 140 |
| Other Revenue Bonds | 1,687 | 858 | 675 |
| **Contingent-Contractual Obligation Financings** | **135** | **100** | **0** |
| DASNY/MCFFA - Secured Hospital Program | 135 | 100 | 0 |
| **Other State Financings** | **633** | **587** | **621** |
| MBBA Prior Year School Aid Claims | 104 | 68 | 30 |
| Capital Leases | 466 | 458 | 530 |
| Mortgage Loan Commitments | 63 | 61 | 61 |
| **TOTAL STATE-RELATED DEBT [2]** | 54,975 | 59,401 | 62,557 |

Source: NYS DOB. Except Mortgage Loan Commitments which are taken from the CAFR for FY 2020 and FY 2021. Mortgage Loan Commitments and Capital Leases are estimated by DOB for FY 2021.

[1] 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] Capital leases 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 Enacted Budget authorized short-term financing for liquidity purposes during FY 2023. 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, 2023. It also allows up to $2 billion in line of credit facilities, which are limited to a maximum of one year in duration and may be drawn through March 31, 2023 subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Financial Plan does not currently assume short-term liquidity financing during FY 2023. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The FY 2023 Enacted Budget reinstated the provisions of the Debt Reform Act for State-supported debt issued in FY 2023. Previously, the State had enacted legislation to suspend the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State response to the COVID-19 pandemic.

### 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 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, other 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.

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 deposit in the Fund equal the greater of 40 percent of the aggregate of annual State PIT receipts, ECEP receipts, and PTET receipts or $12 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

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.

Donations to the Charitable Gifts Trust Fund, however, could reduce State PIT receipts by nearly one dollar for every dollar donated. Accordingly, the amount of donations to the State Charitable Gifts Trust Fund is the principal direct risk to the aggregate amount of New York State PIT receipts that would otherwise be received in a given year. On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund beyond the $93 million in donations that the State received in 2018, when the U.S. Treasury and the IRS first published proposed regulatory changes. Virtually no additional donations to the Charitable Gifts Trust Fund have been received by the State after the 2018 tax year. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018. In such event, the amount of donations to the Charitable Gifts Trust Fund would likely pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years.

DOB and DTF have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for Tax Years 2022 through 2025[12] to be, on average, in the range of $23 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution

[12] Under current law, the Federal SALT deduction limit is scheduled to expire on December 31, 2025, thereby rendering the Charitable Gifts Trust Fund an unnecessary tool for realizing unlimited Federal SALT deductibility beginning Tax Year 2026.

of itemized and standardized filers. It also relies on DOB's projections of the level of PTET liability and the associated PTET credits, which serve to reduce PIT liability. The calculation assumes that all PTET credits are claimed by taxpayers negatively affected by the $10,000 Federal SALT deduction limit, thereby reducing the maximum amount of charitable donations to the Charitable Gifts Trust Fund on a dollar-for-dollar basis. The calculation also assumes that (a) no further changes in tax law occur and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate. The calculation is only intended to serve as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; and advice or guidance of tax advisors or other professionals.

DOB believes that after factoring in the legislative adjustments to the dedicated portion of PIT receipts to be deposited to the RBTF, as well as the addition of the ECEP receipts and PTET revenues, RBTF Receipts are expected to remain above the level of PIT receipts that would have been expected under statutes in effect prior to April 1, 2018 (before the creation of the Charitable Gifts Trust Fund), even assuming maximum Charitable Gifts Trust Fund participation by taxpayers. While DOB believes that multiple factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the RBTF below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the RBTF.

As of March 31, 2022, approximately $46.7 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.

The projected PIT Revenue Bond coverage ratios assume that projects previously financed through the Mental Health Revenue Bond program and the DHBTF Revenue Bond program will be issued under the PIT Revenue Bond and Sales Tax Revenue Bond programs. 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.

The following table entitled, "Projected PIT Revenue Bond Coverage Ratios," does not reflect any estimate of charitable donations or the impact of any such charitable donations on the amount of PIT receipts deposited into the RBTF.

**PROJECTED PIT REVENUE BOND COVERAGE RATIOS**
**FY 2022 THROUGH 2027**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| Projected RBTF Receipts [1] | 43,590 | 30,991 | 38,963 | 40,899 | 41,359 | 42,561 |
| Projected New PIT Bonds Issuances | 6,954 | 5,817 | 6,398 | 5,366 | 6,264 | 6,435 |
| Projected Total PIT Bonds Outstanding | 46,681 | 50,652 | 54,972 | 57,894 | 60,852 | 63,823 |
| Projected Maximum Annual Debt Service | 4,509 | 4,947 | 5,396 | 5,750 | 6,262 | 6,199 |
| Projected PIT Coverage Ratio | 9.7 | 6.3 | 7.2 | 7.1 | 6.6 | 6.9 |

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 and LGAC 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 originally by dedicated revenues consisting of one cent of the State's four cent sales and use tax. The legislation also provided that upon the satisfaction of all the obligations and liabilities of LGAC, dedicated revenues will increase to 2 cents of the State's four-cent sales and use tax. This occurred when LGAC bonds were fully retired on April 1, 2021. 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 and LGAC 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, 2022, $12.4 billion of Sales Tax Revenue Bonds were outstanding.

Debt service coverage for the Sales Tax Revenue Bond program reflects the increased deposit to the Sales Tax Revenue Bond Tax Fund from an amount equal to a one percent rate of taxation to a two percent rate of taxation due to the full retirement of LGAC Bonds on April 1, 2021. 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 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| Projected Sales Tax Receipts [1] | 8,248 | 8,336 | 8,643 | 8,824 | 9,037 | 9,280 |
| Projected New Sales Tax Bonds Issuances | 2,105 | 2,279 | 2,745 | 2,469 | 2,156 | 2,145 |
| Projected Total Sales Tax Bonds Outstanding | 12,444 | 14,044 | 16,072 | 17,734 | 19,010 | 20,190 |
| Projected Maximum Annual Debt Service | 1,231 | 1,421 | 1,511 | 1,671 | 1,796 | 1,846 |
| Projected Sales Tax Coverage Ratio | 6.7 | 5.9 | 5.7 | 5.3 | 5.0 | 5.0 |

[1] Reflects increased deposits to the Sales Tax Revenue Bond Tax Fund from an amount equal to a one percent rate of taxation to two percent rate of taxation due to the full retirement of LGAC Bonds on April 1, 2021.

## 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 be paid within 50 years after issuance, with principal 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 district 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.

Most General Obligation debt-financed spending in the Capital Plan is authorized under ten previously approved bond acts (five for transportation, four for environmental and recreational programs and one for education purposes). The majority of projected general obligation bond-financed spending supports authorizations for the 2005 Rebuild and Renew New York Bond Act and the $2 billion Smart Schools Bond Act, which was approved by voters in November 2014. As part of the FY 2023 Enacted Budget, the State authorized the $4.2 billion Clean Water, Clean Air, and Green Jobs Bond Act to fund environmental restoration and climate mitigation projects across the State, subject to voter approval in November 2022. DOB projects that spending authorizations from the remaining bond acts will be virtually depleted by the end of the Capital Plan.

As of March 31, 2022, approximately $2.0 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 the fiscal reform program which created LGAC. LGAC bonds were fully retired on April 1, 2021.

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 had 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. In FY 2023, the State is authorized to enter into up to $2.0 billion of line of credit facilities supported by a State service contract. The Enacted Budget does not currently assume any use of the line of credit in FY 2023. As of March 31, 2022, approximately $140 million of State-supported lease-purchase and other contractual obligation financings were outstanding.

Legislation first enacted in FY 2011, and extended through June 30, 2023, 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 lease-purchase or other contractual-obligation financings, including the line of credit facility authorized in the Enacted Budget.

## 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, 2022, approximately $587 million of DHBTF bonds were outstanding. The State currently has no plans to issue additional DHBTF bonds but could in the future if market conditions warrant.

## Mental Health Facilities Improvement Bonds

Mental Health Facilities Improvement Bonds were issued to maintain both State and community-based facilities operated and/or licensed by OMH, OPWDD, and OASAS. As of March 31, 2022, there are no outstanding Mental Health Facilities Improvement Bonds. The State currently has no plans to issue additional Mental Health Facilities Improvement Bonds.

## SUNY Dormitory Facilities Bonds

Legislation enacted in 2013 changed the method of paying debt service on outstanding SUNY Dormitory Facilities Lease Revenue Bonds (the "Lease Revenue Bonds") and established a new revenue-based financing credit, the SUNY Dormitory Facilities Revenue Bonds (the "Facilities Revenue Bonds") to finance the SUNY residence hall program in the future. The Facilities Revenue Bonds, unlike the Lease Revenue Bonds, do not include a SUNY general obligation pledge, thereby eliminating any recourse to the State with respect to the payment of the Facilities Revenue Bonds. The legislation also provided for the assignment of the revenues derived from the use and occupancy of SUNY's dormitory facilities (the "Dormitory Facilities Revenues") for the payment of debt service on both the Lease Revenue Bonds and the Facilities Revenue Bonds from SUNY to DASNY. As of March 31, 2022, there are no Lease Revenue Bonds outstanding.

## State-Related Debt 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 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, mortgage loan commitments and MBBA prior year school aid claims. Regarding the MBBA prior year school aid claims, the municipality assigns specified State and local assistance payments it receives to the MBBA or the bond trustee to ensure that debt service payments are made. The State has no legal obligation to make any debt service payments or to continue to appropriate local assistance payments that are subject to the assignment. The final MBBA debt payment is expected on December 1, 2022.

### 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. The FY 2023 Enacted Budget authorized a $2.35 billion State capital commitment through a Federal transportation loan for the Gateway Hudson Tunnel Project supported by a service contract with the Gateway Development Commission.

## Borrowing Plan

| STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars) | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| Personal Income Tax Revenue Bonds | 6,954 | 5,817 | 6,398 | 5,366 | 6,264 | 6,435 |
| Sales Tax Revenue Bonds | 2,105 | 2,279 | 2,745 | 2,469 | 2,156 | 2,145 |
| General Obligation Bonds | 0 | 438 | 629 | 584 | 419 | 335 |
| **Total Issuances** | 9,059 | 8,534 | 9,772 | 8,419 | 8,839 | 8,915 |

In FY 2023, debt issuances totaling $8.5 billion are planned to finance new capital spending, a decrease of $525 million (5.8 percent) from FY 2022. The decrease is mainly attributable to the one-time issuance of State-supported debt to refinance all of the then outstanding Sales Tax Asset Receivable Corporation (STARC) and Secured Hospitals Bonds in FY 2022. Additionally, the Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by the State-supported bonds on an ongoing basis, which is consistent with the approach used in FY 2022.

The bond issuances are expected to finance capital commitments for economic development and housing ($1.9 billion), education ($1.4 billion), the environment ($850 million), health and mental hygiene ($754 million), State facilities and equipment ($503 million), and transportation ($3.2 billion).

Over the period of the Capital Plan, new debt issuances are projected to total $44.5 billion. New issuances are expected for economic development and housing ($10.0 billion), education facilities ($7.0 billion), the environment ($4.4 billion), mental hygiene and health care facilities ($3.9 billion), State facilities and equipment ($2.6 billion), and transportation infrastructure ($16.4 billion). Assuming an issuance plan consistent with the prior table, the State projects debt outstanding levels through FY 2027 as reflected in the following table:

| PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars) | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| Personal Income Tax Revenue Bonds | 46,681 | 50,652 | 54,972 | 57,894 | 60,852 | 63,823 |
| Sales Tax Revenue Bonds | 12,444 | 14,044 | 16,072 | 17,734 | 19,010 | 20,190 |
| General Obligation Bonds | 1,996 | 2,274 | 2,739 | 3,109 | 3,295 | 3,368 |
| Other Revenue Bonds | 675 | 611 | 540 | 465 | 389 | 360 |
| Service Contract & Lease Purchase | 140 | 48 | 16 | 0 | 0 | 0 |
| **TOTAL STATE-SUPPORTED** | 61,936 | 67,629 | 74,339 | 79,202 | 83,546 | 87,741 |

## 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 $7.6 billion in FY 2023, a decrease of $4.9 billion (39 percent) from FY 2022, which is largely due to the prepayment of $7.6 billion in FY 2022 of future debt service costs. 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 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected | Total |
|---|---|---|---|---|---|---|---|
| Personal Income Tax Revenue Bonds | 9,373 | 5,917 | 3,134 | 2,473 | 3,527 | 3,347 | 27,771 |
| Sales Tax Revenue Bonds | 2,676 | 1,280 | 1,397 | 1,568 | 1,707 | 1,846 | 10,474 |
| General Obligation Bonds | 239 | 220 | 202 | 222 | 210 | 216 | 1,309 |
| Other State-Supported Bonds [2] | 258 | 194 | 171 | 206 | 194 | 258 | 1,281 |
| All Other State-Related Bonds [2] | 41 | 31 | 0 | 0 | 0 | 0 | 72 |
| **Total Debt Service** | 12,587 | 7,642 | 4,904 | 4,469 | 5,638 | 5,667 | 40,907 |

[1] Reflects existing debt service on debt issued and projected debt service on assumed new debt issuances. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at assumed rates, which average 1.76%. Debt service is not adjusted for prepayments.

[2] Excludes Mortgage Loan Commitments and Capital Leases

Adjusting debt service shown in the previous table for prepayments, State-related debt service is projected at $6.7 billion in FY 2023, an increase of $682 million (11.3 percent) from FY 2022. Adjusted State-related debt service is projected to increase from $6.0 billion in FY 2022 to $8.1 billion in FY 2027, an average rate of 6.1 percent annually.

# 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, 2021 (with respect to JDA as of March 31, 2021), each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $220 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 16 authorities as of the date of this AIS.

## OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
## AS OF DECEMBER 31, 2021[2]
## (millions of dollars)

| Authority | State-Related Debt | Authority and Conduit | Total |
|---|---|---|---|
| Dormitory Authority | 37,783 | 21,960 | 59,743 |
| Metropolitan Transportation Authority | 0 | 39,281 | 39,281 |
| Port Authority of NY & NJ | 0 | 27,112 | 27,112 |
| UDC/ESD | 20,832 | 1,035 | 21,867 |
| Housing Finance Agency | 0 | 17,534 | 17,534 |
| Job Development Authority[2] | 0 | 14,516 | 14,516 |
| Thruway Authority | 2,734 | 6,198 | 8,932 |
| Long Island Power Authority[3] | 0 | 8,894 | 8,894 |
| Triborough Bridge and Tunnel Authority | 0 | 8,739 | 8,739 |
| Environmental Facilities Corporation | 0 | 5,387 | 5,387 |
| State of New York Mortgage Agency | 0 | 2,908 | 2,908 |
| Power Authority | 0 | 2,207 | 2,207 |
| Energy Research and Development Authority | 0 | 1,603 | 1,603 |
| Battery Park City Authority | 0 | 844 | 844 |
| Niagara Frontier Transportation Authority | 0 | 125 | 125 |
| Bridge Authority | 0 | 114 | 114 |
| **TOTAL OUTSTANDING** | 61,349 | 158,457 | 219,806 |

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 outstanding do not reflect accretion of capital appreciation bonds or premiums received.

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2021. This includes $14.5 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), $516 million issued by the Brooklyn Arena Local Development Corporation, and $7.9 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.70 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 |
|---|---|---|---|---|---|---|---|
| 2012 | 42,286 | 26,268 | 2,054 | 1,253 | 3,000 | 2,493 | 77,354 |
| 2013 | 41,592 | 29,202 | 1,985 | 1,245 | 3,000 | 2,394 | 79,418 |
| 2014 | 41,665 | 31,038 | 1,975 | 1,228 | 3,000 | 2,334 | 81,240 |
| 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 |

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.

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://www.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 post-2004 includes 29 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 Cities of Buffalo and Troy, and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The City of Newburgh operates 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 2021, a total of 12 non-calendar fiscal year end local governments (2 cities and 10 villages) and 23 school districts have been placed in a stress category by OSC. Additionally, of the local governments with a December 31, 2020 fiscal year end, 19 — including 6 counties, 4 cities and 9 towns — were placed in a fiscal stress category by OSC. The vast majority of local governments (97.8 percent) and school districts (96.6 percent) are not classified in a fiscal stress category.

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 loss of temporary Federal stimulus funding; 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.

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2020.

**DEBT OF NEW YORK LOCALITIES [(1)]**
**(millions of dollars)**

| Locality Fiscal Year Ending | Combined New York City Debt [(2)] | | Other Localities Debt [(3)] | | Total Locality Debt [(3)] | |
|---|---|---|---|---|---|---|
| | 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 |
| 2016 | 83,639 | 0 | 35,006 | 6,952 | 118,645 | 6,952 |
| 2017 | 86,345 | 0 | 34,788 | 5,617 | 121,133 | 5,617 |
| 2018 | 89,668 | 0 | 35,855 | 5,737 | 125,523 | 5,737 |
| 2019 | 91,542 | 0 | 36,661 | 7,632 | 128,203 | 7,632 |
| 2020 | 95,025 | 0 | 36,088 | 8,626 | 131,113 | 8,626 |

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

As of March 31, 2022, the State had approximately 169,200 FTE annual salaried employees funded from All Funds, including some part-time and temporary employees, independently-elected agencies and university systems, but excluding seasonal, legislative and judicial employees. The State workforce is projected to total 184,000 positions at the end of FY 2023. The State workforce subject to direct Executive control is expected to total 118,802 full time equivalent positions at the end of FY 2023. The State workforce peaked in 1990, at approximately 230,000 positions.

**HISTORICAL SUMMARY OF EXECUTIVE BRANCH WORKFORCE**
**ANNUAL SALARIED FTEs**
**ALL FUNDS**

| Date | Subject to Direct Executive Control | Grand Total |
|---|---|---|
| 2/29/2012* | 119,579 | 179,598 |
| 3/31/2013 | 119,756 | 180,802 |
| 3/31/2014 | 118,492 | 180,041 |
| 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 | 106,622 | 169,272 |

* Reflects a payroll prior to fiscal year-end due to concurrent implementation of the State's Statewide Financial System (SFS) which resulted in anomalies to the accounting of FTEs with the actual FY 2012 year-end payroll.

| WORKFORCE SUMMARY<br>ALL FUNDS<br>FY 2021 THROUGH FY 2023 | FY 2021<br>Actuals<br>(03/31/21) | FY 2022<br>Actuals<br>(03/31/22) | FY 2023<br>Estimate<br>(03/31/23) |
|---|---|---|---|
| **Major Agencies** | | | |
| Children and Family Services, Office of | 2,647 | 2,542 | 2,886 |
| Corrections and Community Supervision, Department of | 26,694 | 24,950 | 26,423 |
| Education Department, State | 2,555 | 2,534 | 2,876 |
| Environmental Conservation, Department of | 2,853 | 2,815 | 3,100 |
| Financial Services, Department of | 1,289 | 1,224 | 1,391 |
| General Services, Office of | 1,741 | 1,685 | 1,856 |
| Health, Department of | 4,567 | 4,438 | 5,984 |
| Information Technology Services, Office of | 3,200 | 2,967 | 3,569 |
| Labor, Department of | 2,616 | 2,744 | 2,778 |
| Mental Health, Office of | 13,332 | 12,834 | 14,011 |
| Motor Vehicles, Department of | 2,663 | 2,942 | 3,028 |
| Parks, Recreation and Historic Preservation, Office of | 1,947 | 2,095 | 2,087 |
| People with Developmental Disabilities, Office for | 17,749 | 16,178 | 18,960 |
| State Police, Division of | 5,450 | 5,390 | 5,879 |
| Taxation and Finance, Department of | 3,589 | 3,413 | 3,785 |
| Temporary and Disability Assistance, Office of | 1,791 | 1,781 | 1,922 |
| Transportation, Department of | 8,107 | 7,883 | 8,485 |
| Workers' Compensation Board | 1,018 | 943 | 1,081 |
| **Subtotal - Major Agencies** | **103,808** | **99,358** | **110,101** |
| **Minor Agencies** | **7,422** | **7,264** | **8,701** |
| **Subtotal - Subject to Direct Executive Control** | **111,230** | **106,622** | **118,802** |
| **Adjustments** | | | |
| Hiring Freeze Savings | | | |
| **Subtotal - Adjustments** | **0** | **0** | **0** |
| **University Systems** | | | |
| City University of New York | 13,350 | 13,243 | 14,016 |
| State University Construction Fund | 130 | 136 | 145 |
| State University of New York | 46,373 | 44,877 | 46,771 |
| **Subtotal - University Systems** | **59,853** | **58,256** | **60,932** |
| **Independently Elected Agencies** | | | |
| Audit and Control, Department of | 2,721 | 2,614 | 2,770 |
| Law, Department of | 1,755 | 1,780 | 1,820 |
| **Subtotal - Independently Elected Agencies** | **4,476** | **4,394** | **4,590** |
| **Grand Total** | **175,559** | **169,272** | **184,324** |

Source: NYS DOB, as provided with the FY 2023 Enacted Budget Report published in May 2022.

# 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, 2021, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2021 and is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2021.pdf.

Additionally, available at the OSC website is the System's asset listing for the fiscal year ended March 31, 2021. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2021 is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/asset-listing-2021.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 2021 are available at the OSC website at: https://www.osc.state.ny.us/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.state.ny.us/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. 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 32 percent of the System's membership as of March 31, 2021. There were 2,966 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, 2021, 675,519 persons were members of the System, and 496,628 pensioners or 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, 2021, approximately 45 percent of ERS members were in Tiers 3 and 4 and approximately 54 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. More than 48 percent of ERS members are in Tier 6 while close to 40 percent of PFRS members are in Tier 6.

Benefits paid to members vary depending on tier. Tiers vary with respect to vesting, 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 (for Tier 6 members, final average salary is determined by taking the average of an employee's five consecutive highest years' salary). ERS members in Tiers 3 and 4 can begin receiving full retirement benefits at age 62, or at age 55 with at least 30 years of service. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. The majority of PFRS members are in special plans that permit them to retire after 20 or 25 years 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.state.ny.us/retire/employers/tier-6/ers_comparison.php
PFRS Chart: http://www.osc.state.ny.us/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 78 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.[13] 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.

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.[14]

The current actuarial smoothing method recognizes unexpected annual gains and losses (returns above or below the assumed investment rate of return) over a 5-year period.

[13] Less than 1 percent of the 13,956 PFRS Tier 6 members are non-contributory.

[14] During 2020, the Retirement System's Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In September 2020, the Comptroller announced the assumed rate of return for NYSLRS would remain at 6.8 percent. 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 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021 and FY 2022. The 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023.

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 2023 were released in August 2021. The average ERS rate decreased by 4.6 percent from 16.2 percent of salary in FY 2022 to 11.6 percent of salary in FY 2023, while the average PFRS rate decreased by 1.3 percent from 28.3 percent of salary in FY 2022 to 27.0 percent of salary in FY 2023. Information regarding average rates for FY 2023 may be found in the 2021 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.state.ny.us/files/retirement/resources/pdf/actuarial-assumptions-2021.pdf.

Legislation enacted in 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. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent, 2.55 percent, 1.33 percent, and 1.76 percent, respectively. 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.

As of March 31, 2021, the amortized amount receivable, including accrued interest, for the 2012 amortization is $0 from the State and $18.5 million from 80 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $23.3 million from the State and $68.9 million from 116 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $36.8 million for the State and $58 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $41.1 million from the State and $57.6 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $32.2 million from the State and $34.8 million from 50 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $3.8 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is $3.2 million from 4 participating employers; the State did not amortize in 2018; and the amortized amount receivable, including accrued interest for the 2019 amortization, is $3.5 million from 1 participating employer; the State did not amortize in 2019. No participating employer or the State amortized under the Contribution Stabilization Program in 2020 or 2021.

The FY 2014 Enacted Budget 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. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2021, the amortized amount receivable, including interest, from 23 participating employers for the 2014 amortization is $64.4 million. The amortized amount receivable, including interest, from 25 participating employers for the 2015 amortization is $97.7 million. The amortized amount receivable, including interest, from 22 participating employers for the 2016 amortization is $76.7 million. The amortized amount receivable, including interest, from 18 participating employers for the 2017 amortization is $59.9 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $58.9 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is $21.7 million. The amortized amount receivable, including interest, from 4 participating employers for the 2020 amortization is $18.1 million. The amortized amount receivable, including interest, from 5 participating employers for the 2021 amortization is $45.1 million.

For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. The FY 2021 amounts are 14.1 percent for ERS and 23 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, 2.87 percent for FY 2020, 1.60 percent for FY 2021, and 2.24 percent for FY 2022). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program 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.

Legislation enacted in June 2017 modified the calculation of an employer's graded rate to be the product of the System's graded rate with the ratio of the employer's average contribution rate to the System's average contribution rate, not to exceed the System's graded rate.

The State paid off all outstanding amortizations under the Contribution Stabilization Program on March 29, 2021 for non-Judiciary and on October 1, 2021 for Judiciary. The total State payment (including Judiciary) due to NYSLRS for FY 2022 is approximately $2.247 billion. The State has opted not to amortize under the Contribution Stabilization Program and has paid the March 1, 2022 invoice in full.

The estimated total State payment (including Judiciary) for FY 2023 is approximately $1.950 billion. Multiple prepayments (including interest credit) have reduced the estimated total to approximately $20 million.

## 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, 2021 was $260.1 billion (including $5.5 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 $62 billion or 31.3 percent from the FY 2020 level of $198.1 billion. The increase in net position restricted for pension benefits from FY 2020 to FY 2021 is primarily the result of the net appreciation of the fair value of the investment portfolio.[15] The System's audited Financial Statement reports a time-weighted investment rate of return of 33.6 percent (gross rate of return before the deduction of certain fees) for FY 2021.

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. [16]

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[15] On February 8, 2022, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") estimated time-weighted return (gross of certain investment fees) for the three-month period ending December 31, 2021 was 4.74 percent, and the Fund ended the quarter with an estimated value of $279.7 billion. These returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

[16] More detail on the CRF's asset allocation as of March 31, 2021, long-term policy and transition target allocation can be found on page 100 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2021.

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $308.8 billion (including $157.9 billion for retirees and beneficiaries) as of April 1, 2021, up from $268.9 billion as of April 1, 2020. The funding method used by the 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, 2021. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets did not differ from plan net position on April 1, 2021 due to the implementation of a "market restart". Specifically, the determination of actuarial assets for the 2021 fiscal year suspended the utilization of a traditional smoothing method recognizing previous fiscal years' unexpected gains and losses. Instead, the actuarial value of assets was set equal to the market value of assets. Actuarial assets increased from $214.1 billion on April 1, 2020 to $260.1 billion (the market value of assets) on April 1, 2021.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2021, calculated by the System's Actuary, was 99.95 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2021, calculated by the System's Actuary, was 95.79 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.state.ny.us/retirement/resources/financial-statements-and-supplementary-information?redirect=legacy.

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years. See also "State Retirement System — Contributions and Funding" above.

**CONTRIBUTIONS AND BENEFITS**
**NEW YORK STATE AND LOCAL RETIREMENT SYSTEM [1]**
**(millions of dollars)**

| Fiscal Year Ended March 31 | Contributions Recorded: All Participating Employers [(1) (2)] | Local Employers [(1) (2)] | State [(1) (2)] | Employees | Total Benefits Paid [(3)] |
|---|---|---|---|---|---|
| 2012 | 4,585 | 2,799 | 1,786 | 273 | 8,938 |
| 2013 | 5,336 | 3,386 | 1,950 | 269 | 9,521 |
| 2014 | 6,064 | 3,691 | 2,373 | 281 | 9,978 |
| 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 |

Sources: State and Local Retirement System.

(1) Contributions recorded include the full amount of unpaid amortized contributions.

(2) The actuarially determined contribution (ADC) include 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 |
|---|---|---|
| 2012 | 153,394 | 2.6% |
| 2013 | 164,222 | 7.1% |
| 2014 | 181,275 | 10.4% |
| 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% |

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, 2021 includes approximately $5.5 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 2021 NYSLRS' Financial Report is available on the OSC website at the following web address:

http://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2021.pdf.

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2011 can be found on page 31 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 page 45 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 74-77 at the link noted above.

4) Information on contributions can be found on pages 149-157 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 2011 can be found on page 158 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 191-195 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 $100 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 2023 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 this AIS.

For the purpose of this Litigation section of the 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, all of which are above the $100 million materiality threshold described above. 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 2023 or thereafter. The Basic Financial Statements for FY 2021, which OSC issued on July 29, 2021, 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 FY 2023 Financial Plan. 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 2023. 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

Over the years, there have been a number of cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or their predecessors-in-interest in the 18th and 19th centuries were illegal. Of these cases, only one remains active.

In *Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al.* (NDNY), plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The defendants' motion for judgment on the pleadings, relying on prior decisions in other cases rejecting such land claims, was granted in great part through decisions on July 8, 2013 and July 23, 2013, holding that all claims are dismissed except for claims over the area known as the Hogansburg Triangle and a right of way claim against Niagara Mohawk Power Corporation.

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed by the Second Circuit through August 12, 2022, to allow for settlement negotiations, which are ongoing.

On May 28, 2014, the State, the New York Power Authority and St. Lawrence County signed a memorandum of understanding (MOU) with the St. Regis Mohawk Tribe endorsing a general framework for a settlement, subject to further negotiation. The MOU does not address all claims by all parties and will require a formal written settlement agreement. Any formal settlement agreement will also require additional local, State and Congressional approval.

Discovery in this matter was stayed for several years while the parties continued their settlement discussions. On January 11, 2021, the Court issued a Text Order lifting the stay of discovery. The Court directed that the parties serve updated initial disclosures on or before March 2, 2021, which the parties did. On May 17, 2021, the plaintiffs filed motions for partial summary judgment. On August 30, 2021, defendants filed their opposition to plaintiffs' motions. The United States filed its reply on September 21, 2021, and the People of the Longhouse of Akwesasne and the St. Regis Mohawk Tribe filed their replies on September 22, 2021.

Settlement negotiations remain ongoing. At the Court's direction the parties have retained a mediator. The Court has directed that the mediation be completed by August 1, 2022, with a status report on whether a settlement has been reached due by August 12, 2022. A joint mediation session was held on June 23, 2022. The parties anticipate scheduling a second mediation session to be held in July.

## School Aid

In *Maisto v. State of New York* (formerly identified as *Hussein v. State of New York*), plaintiffs seek a judgment declaring that the State's system of financing public education violates § 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education. In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted the defendant leave to appeal to the Court of Appeals. On June 26, 2012, the Court of Appeals affirmed the denial of the State's motion to dismiss.

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. On appeal, by decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. On appeal, by opinion and order dated May 27, 2021, the Appellate Division, Third Department, reversed, and granted a declaration that plaintiffs demonstrated a violation of § 1 of Article 11 of the State Constitution in each of the subject school districts as relates to the at-risk student population. The Appellate Division remitted the matter to Supreme Court for the State to determine the appropriate remedy. The defendant moved in the Appellate Division for leave to appeal to the Court of Appeals, which the court denied.

Plaintiffs submitted a proposed order addressing an appropriate remedy to the State. The State rejected plaintiffs' proposed order because it sought to provide the subject school districts with State funding in excess of the aid to be received under the fully phased-in Foundation Aid formula. Subsequently, the Court permitted the parties to brief how it should proceed in addressing an appropriate remedy. By Letter Order dated April 6, 2022, the Court permitted the State to brief the historical increases in education aid and the current levels of education funding (state and federal) and whether this funding has sufficiently addressed the constitutional violations found by the Appellate Division, Third Department, in its May 27, 2021 Decision. Justice O'Connor found that the Court's standard of review of the State's proposed remedy is "reasonableness," and that the scope of the remedy should be limited to addressing the "at risk students" in the Plaintiffs-Districts in accordance with the Appellate Division, Third Department's Decision. By Notice of Appeal dated April 27, 2022, the plaintiffs have appealed Justice O'Connor's Letter Order.

## Health Insurance Premiums

In *Donohue v. Cuomo*, 11-CV-1530 (NDNY) and ten other cases, state retirees and certain current court employees allege various claims, including violation of the Contracts Clause of the United States Constitution, via 42 U.S. Code § 1983, against the Governor and other State officials, challenging the 2011 increase in their health insurance contribution.

In 2011, CSEA negotiated a two percent increase in the employee contribution to health insurance premiums. Over time, the other unions incorporated this term into their collective bargaining agreements. In October 2011, as permitted by a 2011 amendment to section 167(8) of the New York Civil Service Law, the premium shift was administratively extended to unrepresented employees, retirees, and certain court employees pursuant to their contract terms (which provide that their health insurance terms are those of the majority of Executive Branch employees). The administrative extension is at issue in all eleven cases.

Certain claims were dismissed, including the claims against all State agencies and the personal capacity claims against all individual State defendants except Patricia Hite.

Following discovery, the State defendants moved for summary judgment in all eleven cases. In the motions, the State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supports plaintiffs' claim that the health insurance premium contribution rates for retirees vested and could not be changed. With respect to the court employees, the State defendants argued that their contract terms required extension of the premium shift to them. The State defendants also argued that plaintiffs' contracts were not substantially impaired and that, even if an impairment occurred, the administrative extension served a legitimate public purpose and was reasonable and necessary.

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. The District Court's decision in *Donohue,* designated as the lead case, may be found at *Donohue v. New York,* 347 F. Supp. 3d 110 (N.D.N.Y. 2018) (*Donohue I*). Between October 13, 2018 and November 2, 2018, notices of appeal were filed in all eleven cases. The U.S. Court of Appeals for the Second Circuit thereafter approved a coordinated briefing schedule and heard oral argument.

On November 6, 2020, the Second Circuit panel certified two questions to the New York Court of Appeals:

1. Under New York state law, and in light of *Kolbe v. Tibbetts*, 22 N.Y.3d 344 (2013), *M & G Polymers USA, LLC v. Tackett*, 574 U.S. 427 (2015), and *CNH Indus. N.V. v. Reese*, 138 S. Ct. 761 (2018), do §§ 9.13 (setting forth contribution rates of 90% and 75%), 9.23(a) (concerning contribution rates for surviving dependents of deceased retirees), 9.24(a) (specifying that retirees may retain NYSHIP coverage in retirement), 9.24(b) (permitting retirees to use sick-leave credit to defray premium costs), and 9.25 (allowing for the indefinite delay or suspension of coverage or sick-leave credits) of the 2007-2011 collective bargaining agreement between the Civil Service Employees Association, Inc. and the Executive Branch of the State of New York ("the CBA"), singly or in

combination, (1) create a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lifetimes, notwithstanding the duration of the CBA, or (2) if they do not, create sufficient ambiguity on that issue to permit the consideration of extrinsic evidence as to whether they create such a vested right?

2. If the CBA, on its face, or as interpreted at trial upon consideration of extrinsic evidence, creates a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lives, notwithstanding the duration of the CBA, does New York's statutory and regulatory reduction of its contribution rates for retirees' premiums negate such a vested right so as to preclude a remedy under state law for breach of contract?

*Donohue v. Cuomo*, 980 F.3d 53, 87-88 (2d Cir. 2020) (*Donohue II*).

The Second Circuit's certification order addressed only *Donohue v. Cuomo*. The Circuit reserved decision in the other 11 appeals, observing that the New York Court of Appeals' resolution of the above questions in Donohue "will significantly advance, if not control, the dispositions of the other cases." *Id.* at 64 n.6.

The New York Court of Appeals accepted the certified questions on December 15, 2020. Following briefing and oral argument, on February 10, 2022, the New York Court of Appeals issued its decision. *Donohue v. Cuomo,* 38 N.Y.3d 1 (2022) (*Donohue III*). Following supplemental briefing on the effect of the New York Court of Appeals' decision, the Second Circuit affirmed the district court's grant of summary judgment to defendants in *Donohue*. *Donohue v. Hochul,* 32 F.4th 200 (2d Cir. 2022) (*Donohue IV*). The Second Circuit then issued orders in the other 11 appeals directing the parties to submit supplemental briefs on how those cases should be resolved in light of *Donohue II, III,* and *IV.* That briefing is ongoing.

## 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 bring a challenge to the compensation rates for private counsel assigned to represent children and indigent adults. Plaintiffs seek a declaratory judgment that portions of County Law Article 18-B, Section 245 of the Family Court Act, and Section 35 of the Judiciary Law are unconstitutional as applied to children and indigent adults. They seek an injunction setting new rates and removing the current limits on compensation for private counsel who participate in the assigned counsel program. They also ask the Court to order the State to fund the expenses incurred as a result of the new rates. The summons and complaint were filed on July 26, 2021. The State's answer was filed on November 17, 2021. On February 2, 2022, plaintiffs filed an order to show cause and a motion for a preliminary injunction. On April 21, 2022, Justice Headley held a hearing on the PI motion and reserved decision.

# 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 2022 and projected receipts and disbursements for fiscal years 2023 through 2027 on a General Fund, State Operating Funds and All Governmental Funds basis.[17]

**General Fund - Total Budget**

Financial Plan, Annual Change from FY 2022 to FY 2023
Financial Plan Projections FY 2023 through FY 2027

**State Operating Funds Budget**

FY 2023
FY 2024
FY 2025
FY 2026
FY 2027

**All Governmental Funds – Receipts Detail**

Financial Plan Projections FY 2023 – FY 2027

**All Governmental Funds - Total Budget**

FY 2023
FY 2024
FY 2025
FY 2026
FY 2027

**Cashflow - FY 2023 Monthly Projections**

General Fund

[17] 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).

| CASH FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2022 Actuals | FY 2023 Projected | Annual $ Change | Annual % Change |
|---|---|---|---|---|
| **Opening Fund Balance** | **9,161** | **33,053** | **23,892** | **260.8%** |
| **Receipts:** | | | | |
| Taxes: | | | | |
| Personal Income Tax | 33,464 | 21,658 | (11,806) | -35.3% |
| Consumption/Use Taxes | 4,721 | 6,815 | 2,094 | 44.4% |
| Business Taxes | 16,697 | 17,249 | 552 | 3.3% |
| Other Taxes | 1,407 | 1,372 | (35) | -2.5% |
| Miscellaneous Receipts | 2,325 | 1,768 | (557) | -24.0% |
| Federal Receipts | 4,500 | 2,350 | (2,150) | -47.8% |
| Transfers from Other Funds: | | | | |
| PIT in Excess of Revenue Bond Debt Service | 26,055 | 17,611 | (8,444) | -32.4% |
| PTET in Excess of Revenue Bond Debt Service | 8,215 | 7,499 | (716) | -8.7% |
| ECEP in Excess of Revenue Bond Debt Service | 0 | 7 | 7 | 0.0% |
| Sales Tax in Excess of LGAC Bond Debt Service | 4,121 | 2,119 | (2,002) | -48.6% |
| Sales Tax in Excess of Revenue Bond Debt Service | 5,572 | 7,055 | 1,483 | 26.6% |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,479 | 1,157 | (322) | -21.8% |
| All Other | 4,254 | 1,646 | (2,608) | -61.3% |
| **Total Receipts** | **112,810** | **88,306** | **(24,504)** | **-21.7%** |
| **Disbursements:** | | | | |
| Local Assistance | 58,384 | 66,309 | 7,925 | 13.6% |
| State Operations: | | | | |
| Personal Service | 8,063 | 10,155 | 2,092 | 25.9% |
| Non-Personal Service | 3,675 | 2,712 | (963) | -26.2% |
| General State Charges | 8,983 | 8,787 | (196) | -2.2% |
| Transfers to Other Funds: | | | | |
| Debt Service | 340 | 290 | (50) | -14.7% |
| Capital Projects | 6,818 | 4,348 | (2,470) | -36.2% |
| SUNY Operations | 1,385 | 1,508 | 123 | 8.9% |
| Other Purposes | 1,270 | 1,994 | 724 | 57.0% |
| **Total Disbursements** | **88,918** | **96,103** | **7,185** | **8.1%** |
| **Excess (Deficiency) of Receipts Over Disbursements** | **23,892** | **(7,797)** | **(31,689)** | **-132.6%** |
| **Closing Fund Balance** | **33,053** | **25,256** | **(7,797)** | **-23.6%** |
| **Statutory Reserves** | | | | |
| Tax Stabilization Reserve | 1,435 | 1,632 | 197 | |
| Rainy Day Reserve | 1,884 | 4,836 | 2,952 | |
| Contingency Reserve | 21 | 21 | 0 | |
| Community Projects | 26 | 21 | (5) | |
| **Reserved For** | | | | |
| Timing of PTET/PIT Credits | 16,430 | 6,342 | (10,088) | |
| Reserve for Pandemic Assistance | 2,000 | 0 | (2,000) | |
| Undesignated Fund Balance | 2,980 | 1,060 | (1,920) | |
| Debt Management | 500 | 1,355 | 855 | |
| Labor Settlements/Agency Operations | 275 | 875 | 600 | |
| Economic Uncertainties | 5,665 | 7,570 | 1,905 | |
| Extraordinary Monetary Settlements | 1,837 | 1,544 | (293) | |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 21,658 | 29,309 | 31,002 | 33,165 | 41,070 |
| Consumption/Use Taxes | 6,815 | 9,249 | 9,425 | 9,633 | 9,873 |
| Business Taxes | 17,249 | 16,379 | 16,657 | 14,952 | 8,858 |
| Other Taxes | 1,372 | 1,414 | 1,473 | 1,539 | 1,601 |
| Miscellaneous Receipts | 1,768 | 1,814 | 1,842 | 1,879 | 1,914 |
| Federal Receipts | 2,350 | 2,250 | 3,645 | 0 | 0 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 17,611 | 27,934 | 30,179 | 31,240 | 39,293 |
| PTET in Excess of Revenue Bond Debt Service | 7,499 | 7,928 | 8,277 | 6,617 | (50) |
| ECEP in Excess of Revenue Bond Debt Service | 7 | 7 | 8 | 8 | (1) |
| Sales Tax in Excess of LGAC Bond Debt Service | 2,119 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,055 | 7,246 | 7,255 | 7,331 | 7,434 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,157 | 1,077 | 1,159 | 1,243 | 1,334 |
| All Other | 1,646 | 1,892 | 1,928 | 2,007 | 1,887 |
| **Total Receipts** | **88,306** | **106,499** | **112,850** | **109,614** | **113,213** |
| **Disbursements:** | | | | | |
| Local Assistance | 66,309 | 71,499 | 76,709 | 79,832 | 82,710 |
| State Operations: | | | | | |
| Personal Service | 10,155 | 10,145 | 10,220 | 10,316 | 10,385 |
| Non-Personal Service | 2,712 | 3,029 | 3,237 | 3,512 | 3,551 |
| General State Charges | 8,787 | 9,397 | 10,591 | 11,901 | 13,294 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 290 | 253 | 311 | 332 | 373 |
| Capital Projects | 4,348 | 6,288 | 5,949 | 3,196 | 2,627 |
| SUNY Operations | 1,508 | 1,499 | 1,482 | 1,482 | 1,482 |
| Other Purposes | 1,994 | 1,876 | 1,385 | 1,369 | 1,383 |
| **Total Disbursements** | **96,103** | **103,986** | **109,884** | **111,940** | **115,805** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 5 | 3 | 0 | 0 | 0 |
| Timing of PTET/PIT Credits | 10,088 | (358) | (101) | 2,761 | 4,040 |
| Reserve for Pandemic Assistance | 2,000 | 0 | 0 | 0 | 0 |
| Undesignated Fund Balance | 1,920 | 543 | 375 | 0 | 0 |
| Tax Stabilization Reserve | (197) | (207) | (218) | (170) | (80) |
| Rainy Day Reserve | (2,952) | (3,101) | (3,276) | (3,344) | (2,547) |
| Debt Management | (855) | (81) | 576 | 860 | 0 |
| Labor Settlements/Agency Operations | (600) | (1,000) | (1,450) | (1,450) | (1,450) |
| Economic Uncertainties | (1,905) | 860 | 569 | 3,514 | 2,627 |
| Extraordinary Monetary Settlements | 293 | 828 | 559 | 155 | 2 |
| **Total Use (Reservation) of Fund Balance** | **7,797** | **(2,513)** | **(2,966)** | **2,326** | **2,592** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **0** | **0** | **0** | **0** |

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2023
(millions of dollars)

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Opening Fund Balance** | **33,053** | **7,612** | **102** | **40,767** |
| **Receipts:** | | | | |
| Taxes | 47,094 | 6,363 | 42,637 | 96,094 |
| Miscellaneous Receipts | 1,768 | 15,391 | 382 | 17,541 |
| Federal Receipts | 2,350 | (18) | 70 | 2,402 |
| **Total Receipts** | **51,212** | **21,736** | **43,089** | **116,037** |
| **Disbursements:** | | | | |
| Local Assistance | 66,309 | 18,349 | 0 | 84,658 |
| State Operations: | | | | |
| Personal Service | 10,155 | 5,027 | 0 | 15,182 |
| Non-Personal Service | 2,712 | 2,582 | 45 | 5,339 |
| General State Charges | 8,787 | 1,163 | 0 | 9,950 |
| Debt Service | 0 | 0 | 7,612 | 7,612 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **87,963** | **27,121** | **7,657** | **122,741** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 37,094 | 3,447 | 1,688 | 42,229 |
| Transfers to Other Funds | (8,140) | 1,361 | (37,121) | (43,900) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **28,954** | **4,808** | **(35,433)** | **(1,671)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **(7,797)** | **(577)** | **(1)** | **(8,375)** |
| **Closing Fund Balance** | **25,256** | **7,035** | **101** | **32,392** |

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2024
(millions of dollars)

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 56,351 | 6,254 | 48,715 | 111,320 |
| Miscellaneous Receipts | 1,814 | 13,759 | 392 | 15,965 |
| Federal Receipts | 2,250 | (17) | 67 | 2,300 |
| **Total Receipts** | **60,415** | **19,996** | **49,174** | **129,585** |
| **Disbursements:** | | | | |
| Local Assistance | 71,499 | 16,013 | 0 | 87,512 |
| State Operations: | | | | |
| Personal Service | 10,145 | 4,989 | 0 | 15,134 |
| Non-Personal Service | 3,029 | 2,480 | 46 | 5,555 |
| General State Charges | 9,397 | 1,184 | 0 | 10,581 |
| Debt Service | 0 | 0 | 4,904 | 4,904 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **94,070** | **24,666** | **4,950** | **123,686** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 46,084 | 3,328 | 1,629 | 51,041 |
| Transfers to Other Funds | (9,916) | 1,170 | (45,839) | (54,585) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **36,168** | **4,498** | **(44,210)** | **(3,544)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Community Projects | 3 | 0 | 0 | 3 |
| Timing of PTET/PIT Credits | (358) | 0 | 0 | (358) |
| Undesignated Fund Balance | 543 | 0 | 0 | 543 |
| Tax Stabilization Reserve | (207) | 0 | 0 | (207) |
| Rainy Day Reserve | (3,101) | 0 | 0 | (3,101) |
| Debt Management | (81) | 0 | 0 | (81) |
| Reserve for Labor Settlements/Agency Operations | (1,000) | 0 | 0 | (1,000) |
| Reserve for Economic Uncertainties | 860 | 0 | 0 | 860 |
| Extraordinary Monetary Settlements | 828 | 0 | 0 | 828 |
| **Total Use (Reservation) of Fund Balance** | **(2,513)** | **0** | **0** | **(2,513)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(172)** | **14** | **(158)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS BUDGET<br>FY 2025<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 58,557 | 6,159 | 50,915 | 115,631 |
| Miscellaneous Receipts | 1,842 | 13,108 | 396 | 15,346 |
| Federal Receipts | 3,645 | (17) | 62 | 3,690 |
| **Total Receipts** | **64,044** | **19,250** | **51,373** | **134,667** |
| **Disbursements:** | | | | |
| Local Assistance | 76,709 | 15,098 | 0 | 91,807 |
| State Operations: | | | | |
| Personal Service | 10,220 | 5,028 | 0 | 15,248 |
| Non-Personal Service | 3,237 | 2,481 | 46 | 5,764 |
| General State Charges | 10,591 | 1,198 | 0 | 11,789 |
| Debt Service | 0 | 0 | 4,470 | 4,470 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **100,757** | **23,805** | **4,516** | **129,078** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 48,806 | 2,823 | 1,666 | 53,295 |
| Transfers to Other Funds | (9,127) | 1,279 | (48,512) | (56,360) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **39,679** | **4,102** | **(46,846)** | **(3,065)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Timing of PTET/PIT Credits | (101) | 0 | 0 | (101) |
| Undesignated Fund Balance | 375 | 0 | 0 | 375 |
| Tax Stabilization Reserve | (218) | 0 | 0 | (218) |
| Rainy Day Reserve | (3,276) | 0 | 0 | (3,276) |
| Debt Management | 576 | 0 | 0 | 576 |
| Reserve for Labor Settlements/Agency Operations | (1,450) | 0 | 0 | (1,450) |
| Reserve for Economic Uncertainties | 569 | 0 | 0 | 569 |
| Extraordinary Monetary Settlements | 559 | 0 | 0 | 559 |
| **Total Use (Reservation) of Fund Balance** | **(2,966)** | **0** | **0** | **(2,966)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(453)** | **11** | **(442)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS BUDGET<br>FY 2026<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 59,289 | 6,218 | 51,671 | 117,178 |
| Miscellaneous Receipts | 1,879 | 13,916 | 387 | 16,182 |
| Federal Receipts | 0 | (17) | 58 | 41 |
| **Total Receipts** | **61,168** | **20,117** | **52,116** | **133,401** |
| **Disbursements:** | | | | |
| Local Assistance | 79,832 | 15,755 | 0 | 95,587 |
| State Operations: | | | | |
| Personal Service | 10,316 | 5,071 | 0 | 15,387 |
| Non-Personal Service | 3,512 | 2,522 | 46 | 6,080 |
| General State Charges | 11,901 | 1,215 | 0 | 13,116 |
| Debt Service | 0 | 0 | 5,638 | 5,638 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **105,561** | **24,563** | **5,684** | **135,808** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 48,446 | 2,789 | 1,652 | 52,887 |
| Transfers to Other Funds | (6,379) | 1,281 | (48,057) | (53,155) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **42,067** | **4,070** | **(46,405)** | **(268)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Timing of PTET/PIT Credits | 2,761 | 0 | 0 | 2,761 |
| Tax Stabilization Reserve | (170) | 0 | 0 | (170) |
| Contingency Reserve | 0 | 0 | 0 | 0 |
| Universal Pre-Kindergarten Reserve | 0 | 0 | 0 | 0 |
| Rainy Day Reserve | (3,344) | 0 | 0 | (3,344) |
| Debt Management | 860 | 0 | 0 | 860 |
| Reserve for Labor Settlements/Agency Operations | (1,450) | 0 | 0 | (1,450) |
| Reserve for Economic Uncertainties | 3,514 | 0 | 0 | 3,514 |
| Extraordinary Monetary Settlements | 155 | 0 | 0 | 155 |
| **Total Use (Reservation) of Fund Balance** | **2,326** | **0** | **0** | **2,326** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(376)** | **27** | **(349)** |

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2027
(millions of dollars)

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 61,402 | 6,445 | 53,207 | 121,054 |
| Miscellaneous Receipts | 1,914 | 14,833 | 387 | 17,134 |
| Federal Receipts | 0 | (17) | 53 | 36 |
| **Total Receipts** | **63,316** | **21,261** | **53,647** | **138,224** |
| **Disbursements:** | | | | |
| Local Assistance | 82,710 | 16,616 | 0 | 99,326 |
| State Operations: | | | | |
| Personal Service | 10,385 | 5,114 | 0 | 15,499 |
| Non-Personal Service | 3,551 | 2,569 | 46 | 6,166 |
| General State Charges | 13,294 | 1,235 | 0 | 14,529 |
| Debt Service | 0 | 0 | 5,667 | 5,667 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **109,940** | **25,534** | **5,713** | **141,187** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 49,897 | 2,811 | 1,729 | 54,437 |
| Transfers to Other Funds | (5,865) | 1,281 | (49,630) | (54,214) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **44,032** | **4,092** | **(47,901)** | **223** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Timing of PTET/PIT Credits | 4,040 | 0 | 0 | 4,040 |
| Tax Stabilization Reserve | (80) | 0 | 0 | (80) |
| Contingency Reserve | 0 | 0 | 0 | 0 |
| Universal Pre-Kindergarten Reserve | 0 | 0 | 0 | 0 |
| Rainy Day Reserve | (2,547) | 0 | 0 | (2,547) |
| Reserve for Labor Settlements/Agency Operations | (1,450) | 0 | 0 | (1,450) |
| Reserve for Economic Uncertainties | 2,627 | 0 | 0 | 2,627 |
| Extraordinary Monetary Settlements | 2 | 0 | 0 | 2 |
| **Total Use (Reservation) of Fund Balance** | **2,592** | **0** | **0** | **2,592** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(181)** | **33** | **(148)** |

Source: NYS DOB.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2023 THROUGH FY 2027
(millions of dollars)

| | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|---|
| **Taxes:** | | | | | |
| Withholdings | 51,638 | 53,608 | 56,418 | 59,214 | 62,119 |
| Estimated Payments | 14,645 | 17,003 | 18,301 | 20,643 | 34,428 |
| Final Payments | 4,664 | 4,130 | 4,231 | 4,321 | 4,467 |
| Other Payments | 1,533 | 1,610 | 1,664 | 1,720 | 1,772 |
| **Gross Collections** | **72,480** | **76,351** | **80,614** | **85,898** | **102,786** |
| State/City Offset | (1,424) | (1,553) | (1,682) | (1,731) | (2,019) |
| Refunds | (24,081) | (12,738) | (13,700) | (14,700) | (15,544) |
| **Reported Tax Collections** | **46,975** | **62,060** | **65,232** | **69,467** | **85,223** |
| STAR (Dedicated Deposits) | 0 | 0 | 0 | 0 | 0 |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Personal Income Tax** | **46,975** | **62,060** | **65,232** | **69,467** | **85,223** |
| Sales and Use Tax | 17,804 | 18,457 | 18,844 | 19,300 | 19,820 |
| Cigarette and Tobacco Taxes | 919 | 889 | 851 | 816 | 782 |
| Vapor Excise Tax | 27 | 27 | 27 | 27 | 27 |
| Motor Fuel Tax | 200 | 500 | 499 | 497 | 495 |
| Alcoholic Beverage Taxes | 280 | 284 | 287 | 289 | 293 |
| Opioid Excise Tax | 29 | 29 | 29 | 29 | 29 |
| Medical Cannabis Excise Tax | 13 | 13 | 13 | 13 | 13 |
| Adult Use Cannabis Tax | 56 | 95 | 158 | 245 | 339 |
| Highway Use Tax | 142 | 144 | 146 | 146 | 147 |
| Auto Rental Tax | 113 | 99 | 98 | 99 | 100 |
| Peer to Peer Car Sharing Tax | 2 | 7 | 8 | 9 | 10 |
| Taxicab Surcharge | 0 | 0 | 0 | 0 | 0 |
| **Gross Consumption/Use Taxes** | **19,585** | **20,544** | **20,960** | **21,470** | **22,055** |
| LGAC/STBF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Consumption/Use Taxes** | **19,585** | **20,544** | **20,960** | **21,470** | **22,055** |
| Corporation Franchise Tax | 8,760 | 7,362 | 7,051 | 6,919 | 7,516 |
| Corporation and Utilities Tax | 552 | 498 | 576 | 566 | 572 |
| Insurance Taxes | 2,483 | 2,588 | 2,704 | 2,820 | 2,943 |
| Bank Tax | 84 | 0 | 0 | 0 | 0 |
| Pass Through Entity Tax | 14,998 | 15,856 | 16,553 | 13,234 | (100) |
| Petroleum Business Tax | 1,103 | 1,152 | 1,149 | 1,147 | 1,141 |
| **Gross Business Taxes** | **27,980** | **27,456** | **28,033** | **24,686** | **12,072** |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Business Taxes** | **27,980** | **27,456** | **28,033** | **24,686** | **12,072** |
| Estate Tax | 1,350 | 1,392 | 1,450 | 1,516 | 1,586 |
| Real Estate Transfer Tax | 1,449 | 1,366 | 1,449 | 1,532 | 1,623 |
| Employer Compensation Expense Program | 14 | 14 | 16 | 16 | (1) |
| Gift Tax | 0 | 0 | 0 | 0 | 0 |
| Real Property Gains Tax | 0 | 0 | 0 | 0 | 0 |
| Pari-Mutuel Taxes | 13 | 13 | 13 | 13 | 13 |
| Other Taxes | 2 | 2 | 2 | 2 | 2 |
| **Gross Other Taxes** | **2,828** | **2,787** | **2,930** | **3,079** | **3,223** |
| Real Estate Transfer Tax (Dedicated) | 0 | 0 | 0 | 0 | 0 |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Other Taxes** | **2,828** | **2,787** | **2,930** | **3,079** | **3,223** |
| **Payroll Tax** | **0** | **0** | **0** | **0** | **0** |
| **Total Taxes** | **97,368** | **112,847** | **117,155** | **118,702** | **122,573** |
| Licenses, Fees, Etc. | 529 | 580 | 630 | 630 | 628 |
| Abandoned Property | 450 | 450 | 450 | 450 | 450 |
| Motor Vehicle Fees | 1,232 | 1,228 | 1,244 | 1,282 | 1,321 |
| ABC License Fee | 69 | 71 | 72 | 72 | 70 |
| Reimbursements | 70 | 66 | 66 | 66 | 66 |
| Investment Income | 13 | 10 | 8 | 6 | 6 |
| Extraordinary Settlements | 33 | 33 | 0 | 0 | 0 |
| Other Transactions | 24,711 | 25,120 | 22,260 | 24,087 | 25,379 |
| **Miscellaneous Receipts** | **27,107** | **27,558** | **24,730** | **26,593** | **27,920** |
| **Federal Receipts** | **87,786** | **80,627** | **78,487** | **78,279** | **79,897** |
| **Total** | **212,261** | **221,032** | **220,372** | **223,574** | **230,390** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2023<br>(millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
| **Opening Fund Balance** | **33,053** | **21,938** | **(1,544)** | **102** | **53,549** |
| **Receipts:** | | | | | |
| Taxes | 47,094 | 6,363 | 1,274 | 42,637 | 97,368 |
| Miscellaneous Receipts | 1,768 | 15,556 | 9,401 | 382 | 27,107 |
| Federal Receipts | 2,350 | 82,374 | 2,992 | 70 | 87,786 |
| **Total Receipts** | **51,212** | **104,293** | **13,667** | **43,089** | **212,261** |
| **Disbursements:** | | | | | |
| Local Assistance | 66,309 | 96,630 | 5,528 | 0 | 168,467 |
| State Operations: | | | | | |
| Personal Service | 10,155 | 5,716 | 0 | 0 | 15,871 |
| Non-Personal Service | 2,712 | 5,314 | 0 | 45 | 8,071 |
| General State Charges | 8,787 | 1,549 | 0 | 0 | 10,336 |
| Debt Service | 0 | 0 | 0 | 7,612 | 7,612 |
| Capital Projects | 0 | 0 | 11,832 | 0 | 11,832 |
| **Total Disbursements** | **87,963** | **109,209** | **17,360** | **7,657** | **222,189** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 37,094 | 3,447 | 4,740 | 1,688 | 46,969 |
| Transfers to Other Funds | (8,140) | (666) | (1,291) | (37,121) | (47,218) |
| Bond and Note Proceeds | 0 | 0 | 433 | 0 | 433 |
| **Net Other Financing Sources (Uses)** | **28,954** | **2,781** | **3,882** | **(35,433)** | **184** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **(7,797)** | **(2,135)** | **189** | **(1)** | **(9,744)** |
| **Closing Fund Balance** | **25,256** | **19,803** | **(1,355)** | **101** | **43,805** |

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2024
(millions of dollars)

| | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 56,351 | 6,254 | 1,527 | 48,715 | 112,847 |
| Miscellaneous Receipts | 1,814 | 13,924 | 11,428 | 392 | 27,558 |
| Federal Receipts | 2,250 | 74,909 | 3,401 | 67 | 80,627 |
| **Total Receipts** | **60,415** | **95,087** | **16,356** | **49,174** | **221,032** |
| **Disbursements:** | | | | | |
| Local Assistance | 71,499 | 87,644 | 8,201 | 0 | 167,344 |
| State Operations: | | | | | |
| Personal Service | 10,145 | 5,680 | 0 | 0 | 15,825 |
| Non-Personal Service | 3,029 | 4,451 | 0 | 46 | 7,526 |
| General State Charges | 9,397 | 1,570 | 0 | 0 | 10,967 |
| Debt Service | 0 | 0 | 0 | 4,904 | 4,904 |
| Capital Projects | 0 | 0 | 13,205 | 0 | 13,205 |
| **Total Disbursements** | **94,070** | **99,345** | **21,406** | **4,950** | **219,771** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 46,084 | 3,328 | 6,668 | 1,629 | 57,709 |
| Transfers to Other Funds | (9,916) | (813) | (1,394) | (45,839) | (57,962) |
| Bond and Note Proceeds | 0 | 0 | 434 | 0 | 434 |
| **Net Other Financing Sources (Uses)** | **36,168** | **2,515** | **5,708** | **(44,210)** | **181** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 3 | 0 | 0 | 0 | 3 |
| Timing of PTET/PIT Credits | (358) | 0 | 0 | 0 | (358) |
| Undesignated Fund Balance | 543 | 0 | 0 | 0 | 543 |
| Tax Stabilization Reserve | (207) | 0 | 0 | 0 | (207) |
| Rainy Day Reserve | (3,101) | 0 | 0 | 0 | (3,101) |
| Debt Management | (81) | 0 | 0 | 0 | (81) |
| Reserve for Labor Settlements/Agency Operations | (1,000) | 0 | 0 | 0 | (1,000) |
| Reserve for Economic Uncertainties | 860 | 0 | 0 | 0 | 860 |
| Extraordinary Monetary Settlements | 828 | 0 | 0 | 0 | 828 |
| **Total Use (Reservation) of Fund Balance** | **(2,513)** | **0** | **0** | **0** | **(2,513)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(1,743)** | **658** | **14** | **(1,071)** |

Source: NYS DOB.

**CASH FINANCIAL PLAN**
**ALL GOVERNMENTAL FUNDS**
**FY 2025**
**(millions of dollars)**

| | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 58,557 | 6,159 | 1,524 | 50,915 | 117,155 |
| Miscellaneous Receipts | 1,842 | 13,272 | 9,220 | 396 | 24,730 |
| Federal Receipts | 3,645 | 71,191 | 3,589 | 62 | 78,487 |
| **Total Receipts** | **64,044** | **90,622** | **14,333** | **51,373** | **220,372** |
| **Disbursements:** | | | | | |
| Local Assistance | 76,709 | 84,350 | 6,717 | 0 | 167,776 |
| State Operations: | | | | | |
| Personal Service | 10,220 | 5,721 | 0 | 0 | 15,941 |
| Non-Personal Service | 3,237 | 4,258 | 0 | 46 | 7,541 |
| General State Charges | 10,591 | 1,585 | 0 | 0 | 12,176 |
| Debt Service | 0 | 0 | 0 | 4,470 | 4,470 |
| Capital Projects | 0 | 0 | 12,503 | 0 | 12,503 |
| **Total Disbursements** | **100,757** | **95,914** | **19,220** | **4,516** | **220,407** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 48,806 | 2,823 | 6,310 | 1,666 | 59,605 |
| Transfers to Other Funds | (9,127) | (670) | (1,548) | (48,512) | (59,857) |
| Bond and Note Proceeds | 0 | 0 | 340 | 0 | 340 |
| **Net Other Financing Sources (Uses)** | **39,679** | **2,153** | **5,102** | **(46,846)** | **88** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Timing of PTET/PIT Credits | (101) | 0 | 0 | 0 | (101) |
| Undesignated Fund Balance | 375 | 0 | 0 | 0 | 375 |
| Tax Stabilization Reserve | (218) | 0 | 0 | 0 | (218) |
| Rainy Day Reserve | (3,276) | 0 | 0 | 0 | (3,276) |
| Debt Management | 576 | 0 | 0 | 0 | 576 |
| Reserve for Labor Settlements/Agency Operations | (1,450) | 0 | 0 | 0 | (1,450) |
| Reserve for Economic Uncertainties | 569 | 0 | 0 | 0 | 569 |
| Extraordinary Monetary Settlements | 559 | 0 | 0 | 0 | 559 |
| **Total Use (Reservation) of Fund Balance** | **(2,966)** | **0** | **0** | **0** | **(2,966)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(3,139)** | **215** | **11** | **(2,913)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2026<br>(millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | **General Fund** | **Special Revenue Funds** | **Capital Projects Funds** | **Debt Service Funds** | **All Funds Total** |
| **Receipts:** | | | | | |
| Taxes | 59,289 | 6,218 | 1,524 | 51,671 | 118,702 |
| Miscellaneous Receipts | 1,879 | 14,080 | 10,247 | 387 | 26,593 |
| Federal Receipts | 0 | 74,587 | 3,634 | 58 | 78,279 |
| **Total Receipts** | **61,168** | **94,885** | **15,405** | **52,116** | **223,574** |
| **Disbursements:** | | | | | |
| Local Assistance | 79,832 | 84,934 | 6,173 | 0 | 170,939 |
| State Operations: | | | | | |
| Personal Service | 10,316 | 5,767 | 0 | 0 | 16,083 |
| Non-Personal Service | 3,512 | 4,112 | 0 | 46 | 7,670 |
| General State Charges | 11,901 | 1,603 | 0 | 0 | 13,504 |
| Debt Service | 0 | 0 | 0 | 5,638 | 5,638 |
| Capital Projects | 0 | 0 | 11,444 | 0 | 11,444 |
| **Total Disbursements** | **105,561** | **96,416** | **17,617** | **5,684** | **225,278** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 48,446 | 2,789 | 3,554 | 1,652 | 56,441 |
| Transfers to Other Funds | (6,379) | (668) | (1,591) | (48,057) | (56,695) |
| Bond and Note Proceeds | 0 | 0 | 238 | 0 | 238 |
| **Net Other Financing Sources (Uses)** | **42,067** | **2,121** | **2,201** | **(46,405)** | **(16)** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Timing of PTET/PIT Credits | 2,761 | 0 | 0 | 0 | 2,761 |
| Tax Stabilization Reserve | (170) | 0 | 0 | 0 | (170) |
| Rainy Day Reserve | (3,344) | 0 | 0 | 0 | (3,344) |
| Debt Management | 860 | 0 | 0 | 0 | 860 |
| Reserve for Labor Settlements/Agency Operations | (1,450) | 0 | 0 | 0 | (1,450) |
| Reserve for Economic Uncertainties | 3,514 | 0 | 0 | 0 | 3,514 |
| Extraordinary Monetary Settlements | 155 | 0 | 0 | 0 | 155 |
| **Total Use (Reservation) of Fund Balance** | **2,326** | **0** | **0** | **0** | **2,326** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **590** | **(11)** | **27** | **606** |

Source: NYS DOB.

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 | 61,402 | 6,445 | 1,519 | 53,207 | 122,573 |
| Miscellaneous Receipts | 1,914 | 14,997 | 10,622 | 387 | 27,920 |
| Federal Receipts | 0 | 76,366 | 3,478 | 53 | 79,897 |
| **Total Receipts** | **63,316** | **97,808** | **15,619** | **53,647** | **230,390** |
| **Disbursements:** | | | | | |
| Local Assistance | 82,710 | 87,566 | 6,108 | 0 | 176,384 |
| State Operations: | | | | | |
| Personal Service | 10,385 | 5,812 | 0 | 0 | 16,197 |
| Non-Personal Service | 3,551 | 4,169 | 0 | 46 | 7,766 |
| General State Charges | 13,294 | 1,624 | 0 | 0 | 14,918 |
| Debt Service | 0 | 0 | 0 | 5,667 | 5,667 |
| Capital Projects | 0 | 0 | 11,064 | 0 | 11,064 |
| **Total Disbursements** | **109,940** | **99,171** | **17,172** | **5,713** | **231,996** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 49,897 | 2,811 | 2,985 | 1,729 | 57,422 |
| Transfers to Other Funds | (5,865) | (668) | (1,507) | (49,630) | (57,670) |
| Bond and Note Proceeds | 0 | 0 | 204 | 0 | 204 |
| **Net Other Financing Sources (Uses)** | **44,032** | **2,143** | **1,682** | **(47,901)** | **(44)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | (2,592) | 780 | 129 | 33 | (1,650) |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Timing of PTET/PIT Credits | 4,040 | 0 | 0 | 0 | 4,040 |
| Tax Stabilization Reserve | (80) | 0 | 0 | 0 | (80) |
| Rainy Day Reserve | (2,547) | 0 | 0 | 0 | (2,547) |
| Reserve for Labor Settlements/Agency Operations | (1,450) | 0 | 0 | 0 | (1,450) |
| Reserve for Economic Uncertainties | 2,627 | 0 | 0 | 0 | 2,627 |
| Extraordinary Monetary Settlements | 2 | 0 | 0 | 0 | 2 |
| **Total Use (Reservation) of Fund Balance** | **2,592** | **0** | **0** | **0** | **2,592** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **780** | **129** | **33** | **942** |

Source: NYS DOB.

## CASHFLOW
## GENERAL FUND
## FY 2023
## (dollars in millions)

| | 2022 April Actuals | May Projected | June Projected | July Projected | August Projected | September Projected | October Projected | November Projected | December Projected | 2023 January Projected | February Projected | March Projected | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPENING BALANCE** | 33,053 | 45,693 | 37,992 | 39,998 | 37,903 | 36,637 | 39,122 | 33,593 | 27,037 | 30,214 | 30,100 | 25,480 | 33,053 |
| **RECEIPTS:** | | | | | | | | | | | | | |
| Personal Income Tax | 7,360 | 909 | 1,723 | 1,245 | 1,689 | 1,244 | (122) | (288) | 1,796 | 1,677 | 2,097 | 2,328 | 21,658 |
| Consumption/Use Taxes | 370 | 367 | 465 | 401 | 378 | 456 | 666 | 679 | 866 | 738 | 612 | 817 | 6,815 |
| Business Taxes | 1,160 | 97 | 3,179 | 215 | 138 | 3,596 | 206 | 111 | 4,200 | 181 | 169 | 3,997 | 17,249 |
| Other Taxes | 129 | 112 | 112 | 113 | 113 | 113 | 113 | 113 | 114 | 115 | 112 | 113 | 1,372 |
| Total Taxes | 9,019 | 1,485 | 5,479 | 1,974 | 2,318 | 5,409 | 863 | 615 | 6,976 | 2,711 | 2,990 | 7,255 | 47,094 |
| Abandoned Property | 1 | 0 | 0 | 0 | 10 | 100 | 30 | 130 | 0 | 30 | 10 | 139 | 450 |
| ABC License Fee | 5 | 6 | 6 | 6 | 6 | 6 | 7 | 5 | 6 | 6 | 5 | 5 | 69 |
| Investment Income | 7 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 1 | 13 |
| Licenses, Fees, etc. | 41 | 60 | 40 | 30 | 45 | 60 | 25 | 35 | 55 | 35 | 40 | 63 | 529 |
| Motor Vehicle Fees | 18 | 24 | 24 | 22 | 20 | 24 | 18 | 17 | 19 | 15 | 18 | 19 | 238 |
| Reimbursements | 114 | 15 | (20) | 10 | 5 | 15 | (15) | 10 | (25) | (15) | 10 | (35) | 69 |
| Extraordinary Settlements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 0 | 33 |
| Other Transactions | 12 | 15 | 45 | 15 | 13 | 71 | 17 | 13 | 61 | 14 | 18 | 73 | 367 |
| Total Miscellaneous Receipts | 198 | 120 | 96 | 84 | 100 | 276 | 83 | 243 | 117 | 85 | 101 | 265 | 1,768 |
| Federal Receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,350 | 2,350 |
| PIT in Excess of Revenue Bond Debt Service | 7,361 | 875 | 1,723 | 1,044 | 889 | 1,277 | (122) | (396) | 1,865 | 2,751 | (2,024) | 2,368 | 17,611 |
| PTET in Excess of Revenue Bond Debt Service | 91 | 28 | 1,439 | 75 | 50 | 1,790 | 69 | 50 | 2,325 | 20 | 138 | 1,424 | 7,499 |
| ECEP in Excess of Revenue Bond Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 3 | 0 | 2 | 7 |
| Sales Tax in Excess of LGAC Bond Debt Service | 311 | 322 | 415 | 340 | 328 | 405 | 0 | 0 | 0 | 0 | 0 | (2) | 2,119 |
| Sales Tax in Excess of Revenue Bond Debt Service | 504 | 526 | 713 | 564 | 538 | 751 | 483 | 503 | 692 | 547 | 452 | 782 | 7,055 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 142 | 125 | 98 | 101 | 109 | 108 | 91 | 76 | 70 | 81 | 71 | 85 | 1,157 |
| All Other | 250 | 5 | 74 | 4 | 14 | 269 | 3 | 12 | 31 | 38 | 84 | 862 | 1,646 |
| Total Transfers from Other Funds | 8,659 | 1,881 | 4,462 | 2,128 | 1,928 | 4,600 | 524 | 245 | 4,985 | 3,440 | (1,279) | 5,521 | 37,094 |
| TOTAL RECEIPTS | 17,876 | 3,486 | 10,037 | 4,186 | 4,346 | 10,285 | 1,470 | 1,103 | 12,078 | 6,236 | 1,812 | 15,391 | 88,306 |
| **DISBURSEMENTS:** | | | | | | | | | | | | | |
| School Aid | 1,329 | 4,269 | 1,718 | 317 | 671 | 1,777 | 861 | 1,687 | 2,410 | 793 | 925 | 9,034 | 25,791 |
| Higher Education | 60 | 18 | 547 | 203 | 49 | 152 | 506 | 27 | 186 | 29 | 506 | 781 | 3,064 |
| All Other Education | 48 | 234 | 60 | 285 | 202 | 358 | 87 | 39 | 282 | 54 | 105 | 769 | 2,523 |
| Medicaid - DOH | 2,017 | 2,408 | 789 | 2,191 | 2,128 | 568 | 2,208 | 2,540 | 712 | 2,060 | 854 | 466 | 18,941 |
| Public Health | 43 | 53 | 79 | 149 | 93 | 65 | 65 | 70 | 76 | 81 | 83 | (18) | 839 |
| Mental Hygiene | 17 | 90 | 1,343 | 149 | 67 | 1,396 | 145 | 71 | 1,432 | 127 | 713 | 985 | 6,535 |
| Children and Families | 8 | 103 | 267 | 103 | 103 | 267 | 103 | 103 | 240 | 103 | 103 | 238 | 1,741 |
| Temporary & Disability Assistance | 90 | 231 | 247 | 246 | 245 | 244 | 233 | 231 | 212 | 211 | 213 | 208 | 2,611 |
| Transportation | 0 | 33 | 19 | 0 | 33 | 0 | 0 | 33 | 13 | 0 | 20 | 0 | 151 |
| Unrestricted Aid | 0 | 15 | 392 | 4 | 5 | 125 | 12 | 4 | 191 | 4 | 5 | 68 | 825 |
| All Other | 34 | 116 | 145 | 104 | 131 | 286 | 402 | 315 | 290 | 323 | 327 | 815 | 3,288 |
| Total Local Assistance | 3,646 | 7,570 | 5,606 | 3,751 | 3,727 | 5,238 | 4,622 | 5,120 | 6,044 | 3,785 | 3,854 | 13,346 | 66,309 |
| Personal Service | 740 | 739 | 895 | 749 | 933 | 707 | 802 | 810 | 995 | 821 | 801 | 1,163 | 10,155 |
| Non-Personal Service | 149 | 246 | 56 | 215 | 268 | 275 | 314 | 298 | 319 | 145 | 146 | 281 | 2,712 |
| Total State Operations | 889 | 985 | 951 | 964 | 1,201 | 982 | 1,116 | 1,108 | 1,314 | 966 | 947 | 1,444 | 12,867 |
| General State Charges | 780 | 2,013 | 513 | 474 | 476 | 544 | 579 | 415 | 490 | 562 | 957 | 984 | 8,787 |
| Debt Service | 112 | 0 | 0 | 47 | (2) | (3) | 12 | 0 | 0 | 145 | (10) | (11) | 290 |
| Capital Projects | (612) | 300 | 459 | 719 | 109 | 975 | 418 | 725 | 968 | 836 | 624 | (1,173) | 4,348 |
| SUNY Operations | 223 | 296 | 351 | 275 | 15 | 14 | 8 | 187 | 13 | 18 | 27 | 81 | 1,508 |
| Other Purposes | 198 | 23 | 151 | 51 | 86 | 50 | 244 | 104 | 72 | 38 | 33 | 944 | 1,994 |
| Total Transfers to Other Funds | (79) | 619 | 961 | 1,092 | 208 | 1,036 | 682 | 1,016 | 1,053 | 1,037 | 674 | (159) | 8,140 |
| TOTAL DISBURSEMENTS | 5,236 | 11,187 | 8,031 | 6,281 | 5,612 | 7,800 | 6,999 | 7,659 | 8,901 | 6,350 | 6,432 | 15,615 | 96,103 |
| Excess/(Deficiency) of Receipts over Disbursements | 12,640 | (7,701) | 2,006 | (2,095) | (1,266) | 2,485 | (5,529) | (6,556) | 3,177 | (114) | (4,620) | (224) | (7,797) |
| **CLOSING BALANCE** | 45,693 | 37,992 | 39,998 | 37,903 | 36,637 | 39,122 | 33,593 | 27,037 | 30,214 | 30,100 | 25,480 | 25,256 | 25,256 |

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, 2022.

| Name | Office | Party Affiliation | First Elected |
|---|---|---|---|
| Kathy C. Hochul | Governor | Democrat | 2021* |
| Antonio Delgado | Lieutenant Governor | Democrat | 2022* |
| Thomas P. DiNapoli | Comptroller | Democrat | 2007 |
| Letitia James | Attorney General | Democrat | 2018 |

* Assumed office.

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 (the current Director is Robert F. Mujica Jr.). 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, 2022. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current Leader of the Senate is President Pro Tempore and Majority Leader Andrea Stewart-Cousins (Democrat). Carl Heastie (Democrat) is the Speaker of the Assembly. The minority leaders are Robert Ortt (Republican) in the Senate and William Barclay (Republican) in the Assembly.

## 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. Generally, most State contracts for disbursements in excess of $50,000 (or $85,000 in the case of the Office of General Services) require prior approval by the Comptroller. Certain contracts, primarily of SUNY and CUNY, and those established as a centralized contract through the Office of General Services, are subject to Comptroller review under a Memorandum of Understanding agreed to with the Executive in 2019. 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. The Budget Director must review all applications for State participation in continuing grant- or contract-supported programs, with specified exceptions. Certain legislative leaders have the opportunity to make recommendations on the applications. 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.

Appropriations may be increased or decreased in accordance with statutory authority under certain circumstances by transfer, interchange or otherwise. In addition, appropriations may be increased or decreased by statutory amendment or by supplemental appropriations.

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. Money impounded by the Comptroller for payment of TRANs may only be invested, subject to the provisions of the State Finance Law, in (i) obligations of the Federal government, (ii) certificates of deposit secured by such obligations, or (iii) obligations of or obligations guaranteed by agencies of the Federal government as to which the payment of principal and interest is guaranteed by the Federal government.

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 interest earnings accrued are allocated and deposited to the credit of those funds with positive balances that contribute to the overall invested STIP pool.

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. Fund balances outside the General Fund are presented on a net basis, i.e., they are reduced by the amount of outstanding temporary loans from STIP. Some sources of the State's temporary loans include timing-related delays in the receipt from Federal funds and the sale of bonds used to finance capital projects, and unreimbursed costs related to the Office of Information Technology Services (ITS) Internal Service Funds. The total outstanding balance of loans from STIP at March 31, 2022 was $5.936 billion, an increase of $96 million from the outstanding loan balance of $5.840 billion at March 31, 2021.

## 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. Under cash-basis accounting, all estimates and projections of State receipts and disbursements relating to a particular fiscal year are of amounts to be deposited in or disbursed from the State Treasury during that fiscal year, regardless of the fiscal period to which particular receipts or disbursements may otherwise be attributable.

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

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 2023 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) [1]

| Type of Cap (Gross or Net)* | Program [2] | FY 2023 Bond Caps | Authorized But Unissued [3] | Debt Outstanding [4] As of 3/31/22 |
|---|---|---|---|---|
| Education: | | | | |
| Gross | SUNY Educational Facilities [5] | 16,612 | 2,219 | 9,763 |
| Net | SUNY Upstate Community Colleges [6] | 1,123 | 194 | 740 |
| Gross | CUNY Educational Facilities [7] | 10,255 | 1,866 | 4,941 |
| Net | School District Capital Outlay Grants | 140 | 40 | 0 |
| Net | Transportation Transition Grants | 80 | 12 | 0 |
| Net | Higher Education Capital Matching Grants | 345 | 165 | 33 |
| Net | EXCEL | 2,600 | 30 | 988 |
| Net | Library Facilities | 333 | 87 | 99 |
| Net | Cultural Education Storage Facilities | 79 | 69 | 0 |
| Net | State Longitudinal Data System | 20 | 10 | 0 |
| Net | SUNY 2020 Challenge Grants | 660 | 448 | 138 |
| Net | Private Special Education | 302 | 285 | 12 |
| Environment: | | | | |
| Net | Environmental Infrastructure Projects [8] | 8,171 | 5,140 | 1,956 |
| Net | Hazardous Waste Remediation | 2,200 | 933 | 663 |
| Net | Riverbank State Park | 78 | 18 | 0 |
| Net | Water Pollution Control (SRF) | 1,080 | 193 | 35 |
| State Facilities: | | | | |
| Net | Empire State Plaza | 133 | 13 | 0 |
| Net | Division of State Police Facilities | 426 | 272 | 112 |
| Net | Division of Military & Naval Affairs | 197 | 171 | 56 |
| Net | Alfred E. Smith Building | 89 | 0 | 1 |
| Net | Sheridan Ave. (Elk St.) Parking Garage | 25 | 0 | 3 |
| Net | State Office Buildings and Other Facilities | 1,605 | 797 | 530 |
| Net | Judiciary Improvements | 38 | 1 | 1 |
| Net | OSC State Buildings | 52 | 0 | 9 |
| Net | Albany Parking Garage (East) | 41 | 0 | 5 |
| Net | OGS State Buildings and Other Facilities [9] | 165 | 51 | 39 |
| Net | Equipment Acquisition (COPs) [10] | 784 | 106 | 2 |
| Net | Food Laboratory | 41 | 1 | 26 |
| Net | OFT Facilities | 21 | 18 | 0 |
| Net | Courthouse Improvements | 76 | 0 | 31 |
| Gross | Prison Facilities | 9,503 | 1,554 | 3,850 |
| Net | Homeland Security | 384 | 122 | 117 |
| Gross | Youth Facilities | 963 | 437 | 189 |
| Net | Storm Recovery Capital | 450 | 450 | 0 |
| Net | Information Technology | 1,153 | 548 | 409 |
| Net | Nonprofit Infrastructure Capital Investment Program | 170 | 93 | 56 |
| Net | Statewide Equipment | 393 | 379 | 13 |
| Health/Mental Hygiene: | | | | |
| Net | Department of Health Facilities (inc. Axelrod) | 495 | 3 | 88 |
| Gross | Mental Health Facilities | 10,943 | 2,650 | 3,237 |
| Net | HEAL NY Capital Program | 750 | 95 | 91 |
| Net | Capital Restructuring Program | 4,653 | 3,381 | 1,086 |
| Transportation: | | | | |
| Gross | Consolidated Highway Improvement Program (CHIPS) | 13,054 | 2,658 | 4,447 |
| Net | Dedicated Highway & Bridge Trust | 19,777 | 3,474 | 5,573 |
| Net | High Speed Rail | 22 | 14 | 6 |
| Net | Transportation Initiatives | 10,148 | 5,997 | 3,116 |
| Net | MTA Transportation Facilities | 12,516 | 7,217 | 5,400 |
| N/A | MTA Service Contract | 2,005 | 0 | 1,020 |
| Net | Transportation (TIFIA) | 750 | 750 | 0 |

| STATE-RELATED DEBT<br>FY 2023 BOND CAPS AND DEBT OUTSTANDING<br>(millions of dollars) [1] | | | | | |
|---|---|---|---|---|---|
| | Type of Cap (Gross or Net)* | Program | FY 2023 Bond Caps | Authorized But Unissued [2] | Debt Outstanding [3] As of 3/31/22 |
| Economic Development: | | | | | |
| | Gross | Housing Capital Programs | 13,083 | 8,582 | 2,212 |
| | Net | Community Enhancement Facilities (CEFAP) | 424 | 37 | 8 |
| | Net | University Technology Centers (incl. HEAT) [11] | 248 | 13 | 0 |
| | Net | Sports Facilities | 145 | 0 | 1 |
| | Net | Bio-Tech Facilities | 10 | 10 | 0 |
| | Net | Strategic Investment Program | 216 | 13 | 6 |
| | Net | Regional Economic Development (Fund 002) [12] | 1,190 | 36 | 57 |
| | Net | NYS Economic Development (2004) [13] | 346 | 0 | 37 |
| | Net | Regional Economic Development (2004) [14] | 243 | 198 | 6 |
| | Net | High Technology and Development | 249 | 55 | 43 |
| | Net | Regional Economic Development/SPUR | 90 | 12 | 11 |
| | Net | Buffalo Inner Harbor | 50 | 0 | 8 |
| | Net | Economic Development 2006 (Various) [15] | 2,310 | 256 | 800 |
| | Net | Javits Convention Center | 1,350 | 350 | 867 |
| | Net | Queens Stadium (Mets) | 75 | 0 | 19 |
| | Net | Bronx Stadium (Yankees) | 75 | 0 | 14 |
| | Net | NYS Ec Dev Stadium Parking ('06) | 75 | 69 | 3 |
| | Net | State Modernization Projects (RIOC Tram, etc.) | 50 | 15 | 0 |
| | Net | 2008 and 2009 Economic Development Initiatives | 1,269 | 80 | 298 |
| | Net | H.H. Richardson Complex/Darwin Martin House | 84 | 0 | 35 |
| | Net | Economic Development Initiatives | 14,968 | 8,409 | 4,039 |
| | Net | State and Municipal Facilities | 3,184 | 2,208 | 721 |
| | Net | Empire Station Complex | 1,300 | 1,300 | 0 |
| LGAC: | | | | | |
| | Net | Local Government Assistance Corporation | 4,700 | 0 | 119 |
| GO: | | | | | |
| | Gross | General Obligation | 19,435 | 2,308 | 1,996 |
| Other State-Supported: | | | | | |
| | N/A | Secured Hospitals [16] | N/A | N/A | 85 |
| | N/A | STARC [16] | N/A | N/A | 1,671 |
| **Total State-Supported Debt** | | | **201,065** | **66,914** | **61,937** |
| Other State Financings: | | | | | |
| MBBA Special Purpose School Aid Bonds | | | | | 30 |
| Capital Lease and Mortgage Loan Commitments [17] | | | | | 591 |
| **Total State-Related Debt** [18] | | | | | **62,558** |

Totals may not add due to rounding.
*Gross caps include cost of issuance fees. Net caps do not.*
Source: NYS DOB

(1) Includes only authorized programs that are active at March 31, 2022 or have outstanding program balances or both.

(2) Excludes programs that have repaid all oustanding debt and have program balances of $2 million or less, and SUNY Dormitory Facilities that are no longer financed with State-supported bonds

(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) The amount outstanding includes CUNY Community Colleges bonds for which the State pays debt service. The total amount authorized for CUNY Senior Colleges was unlimited for resolutions adopted prior to 7/1/85 and limited to $8.315 billion for both CUNY Senior and CUNY Community Colleges for resolutions adopted after 7/1/85.

(8) 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.

(9) Includes debt outstanding for OGS Buildings: 44 Holland Ave., 50 Wolf Rd., 625 Broadway Ave., Hampton Plaza, and DOT Region 1.

(10) Authorized amounts includes Certificates of Participation, which have been issued as bonds after March 31, 2003.

(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 and DASNY Secured Hospital debt in FY 2022.

(17) Estimated.

(18) Capital leases and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.

**STATE GENERAL OBLIGATION DEBT [1]**
**as of March 31, 2022**
**(In Millions)**

| Purpose/Year Authorized | Total Authorized | Authorized but Unissued | Total Debt Outstanding [2] |
|---|---|---|---|
| **Transportation Bonds:** | | | |
| Rebuild and Renew New York Transportation Bonds (2005) | | | |
| Highway Facilities/Other Transportation (Excluding MTA) | | | |
| Highway Facilities | Note 3 | Note 3 | $ 514 |
| Mass Transit - DOT | Note 3 | Note 3 | 12 |
| Rail & Port | Note 3 | Note 3 | 85 |
| Canals & Waterways | Note 3 | Note 3 | 6 |
| Aviation | Note 3 | Note 3 | 39 |
| Subtotal Highway Facilities/Other Transportation (Excluding MTA) | $ 1,450 | $ 42 | 656 |
| Mass Transit - Metropolitan Transportation Authority | 1,450 | 386 | 665 |
| Accelerated Capacity and Transportation | | | |
| Improvements of the Nineties (1988) | 3,000 | 20 | 8 |
| Rebuild New York Through Transportation | | | |
| Infrastructure Renewal (1983) | | | |
| Highway Related Projects [4] | 1,064 | 21 | Note 5 |
| Ports, Canals, and Waterways [4] | 49 | - | - |
| Rapid Transit, Rail and Aviation Projects [4] | 137 | - | 1 |
| Energy Conservation Through Improved Transportation (1979) | | | |
| Local Streets and Highways | 100 | - | - |
| Rapid Transit and Rail Freight | 400 | - | 1 |
| Transportation Capital Facilities (1967) | | | |
| Highways | 1,250 | - | - |
| Mass Transportation | 1,000 | - | - |
| Aviation | 250 | - | 1 |
| **Total Transportation Bonds** | **10,150** | **469** | **1,332** |
| | | | |
| **Environmental Bonds:** | | | |
| Clean Water/Clean Air (1996) | | | |
| Air Quality | 230 | 28 | 1 |
| Safe Drinking Water | 355 | - | - |
| Clean Water | 790 | 54 | 253 |
| Solid Waste | 175 | - | 7 |
| Environmental Restoration | 200 | 21 | 33 |
| Environmental Quality (1986) | | | |
| Land and Forests | 250 | 1 | 2 |
| Solid Waste Management | 1,200 | 33 | 68 |
| Environmental Quality (1972) | | | |
| Air | 150 | 12 | - |
| Land and Wetlands | 350 | 3 | 4 |
| Water | 650 | 2 | 4 |
| Outdoor Recreation Development (1966) | 200 | Note 6 | - |
| Pure Waters (1965) | 1,000 | 20 | 12 |
| Park and Recreation Land Acquisition (1960 and 1962) | 100 | 1 | - |
| **Total Environmental Bonds** | **5,650** | **175** | **384** |
| | | | |
| **Education Bonds:** | | | |
| SMART Schools Bond Act (2014) | 2,000 | 1,597 | 276 |
| **Total Education** | **2,000** | **1,597** | **276** |
| | | | |
| **Housing Bonds:** | | | |
| Low-Income Housing (through 1958) | 960 | 8 | 3 |
| Middle-Income Housing (through 1958) | 150 | 1 | 1 |
| Urban Renewal (1958) | 25 | 1 | - |
| **Total Housing Bonds** | **1,135** | **10** | **4** |
| **TOTAL GENERAL OBLIGATION DEBT** | **$ 18,935** | **$ 2,251** | **$ 1,996** |

Source: Office of the State Comptroller

(1) This table reflects General Obligation Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.
(2) Reflects unaudited amounts.
(3) 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.
(4) Authorizations have been adjusted to reflect reallocations made by Chapter 54 of the Laws of 1990.
(5) This amount rounds to zero, but there was a debt outstanding balance of $177,295 at March 31, 2022.
(6) This amount rounds to zero, but there was an authorized but unissued balance of $230,000 at March 31, 2022.

# EXHIBIT C TO AIS – 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 more than 58 percent of All Government Funds tax receipts during FY 2022. 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. Marginal tax rates on middle-income tax filers will gradually phase down from between 5.9 percent and 6.65 percent to between 5.5 percent and 6 percent during tax years 2018 through 2023. 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 2027 tax year. Beginning in tax year 2028, 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 2024, 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 2020 extended warrantless State tax debt collection for five years; limited the long term care insurance credit to taxpayers with incomes below $250,000 and capped the credit at $1,500 annually; authorized the Department of Taxation and Finance to provide unclaimed tax benefits; provided a five-year extension to the entrance date for program participants in the START-UP NY program, and a one-year extension of the Hire a Vet Credit; and decoupled from certain provisions of the Coronavirus Aid, Relief, and Economic Security Act. Further, the Excelsior Jobs Program was enhanced for certain green projects and extended through 2039, and the Empire State film production and post-production credits were reformed, including a reduction to the base credit rate from 30 percent to 25 percent, and extended one additional year through 2025.

Legislation enacted in 2021 established a temporary high-income PIT surcharge which replaced the previous 8.82 percent marginal tax rate with a 9.65 percent marginal tax rate. Furthermore, this legislation established new brackets starting at $5 million and $25 million in taxable income with marginal tax rates of 10.3 percent and 10.9 percent, respectively. Other significant 2021 legislation established an optional pass-through entity tax; decoupled from the Federal Opportunity Zones program; established a new real property tax relief credit; extended the farm workforce retention credit for three years; scheduled the conversion of existing mobile home STAR exemptions to PIT STAR credits; and exempted MTA COVID-19 death benefits from taxation.

Legislation in enacted in 2022 accelerated the phase-in of the Middle-Class Tax Cut; established one-time supplemental earned income tax credit and Empire State Child Credit payments; enhanced the investment tax credit for farm employers; enhanced and extended the farm workforce retention credit; created a farm employer overtime credit; established a credit for geothermal energy systems; enhanced and expanded the small business subtraction modification; expanded the financial institution data management program; and established a homeowner tax rebate credit.

In 2001, legislation was enacted to provide for the issuance of State PIT Revenue Bonds, which has become the primary financing vehicle for a broad range of existing State-supported debt programs previously secured by service contract or lease-purchase payments. The first bonds were issued in May 2002. The legislation provided that 25 percent of PIT receipts (excluding refunds owed to taxpayers and deposits to the STAR Fund) be deposited to the RBTF for purposes of making debt service payments on the bonds, with excess amounts transferred to the General Fund. Legislation enacted with the FY 2008 Budget provided that the RBTF will be calculated based on 25 percent of PIT receipts (excluding refunds owed to taxpayers, but before deposits to the STAR fund). FY 2019 Enacted Budget legislation increased RBTF deposits from 25 percent to 50 percent of PIT receipts.

In the event that (i) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds 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 the bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of 40 percent of annual PIT receipts or $12 billion.

**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. Per statute, in FY 2022 the portion of receipts to be deposited in the General Fund was reduced to 25 percent (previously 50 percent), the portion deposited in the Local Government Assistance Tax Fund remained unchanged at 25 percent, and the portion deposited in the Sales Tax Revenue Bond Fund was increased to

50 percent (previously 25 percent). Effective in the second half of FY 2023 and annually thereafter, the portion of sales tax receipts that was initially deposited into the Sales Tax Revenue Bond Fund will remain unchanged at 50 percent (increased from 25 percent to 50 percent in FY 2022) and the portion deposited into the General Fund will revert back to 50 percent. Receipts in excess of debt service requirements are transferred back to the General Fund.

Although there are numerous exemptions, the most significant are: food; clothing and footwear items costing less than $110 (also see discussion below); 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 2020 updated and conformed annual sales and use tax reporting requirement thresholds for small alcohol producers in Tax Law to the State Liquor Authority's (SLA) annual alcohol production caps for farm producer licenses; and extended the Lower Manhattan sales tax exemption for an additional three years.

Legislation enacted in 2021 eliminated the racing admissions tax and replaced it with the State sales tax; extended certain sales tax exemptions related to the Dodd-Frank Protection Act for three years; made technical corrections to the sales tax remote vendor registration; extended the sales tax exemption for alternative fuels for an additional five years; codified into law the existing sales tax exemption for breast pumps and certain replacement parts; extended the existing sales tax exemption for certain vending machine purchases for an additional year; clarified when sales tax is due on the full (not discounted) retail price of a purchase if a rebate, discount, or similar price reduction is used, and the vendor is fully reimbursed by a third party; and modified the sales tax treatment of vehicle leases with terminal rental adjustment clauses (TRACs) to authorize lessees or lessors, depending on the circumstance, to claim a SUT refund/credit for tax paid in the event the lessor refunds the lessee at the end of the lease term.

Legislation enacted in 2022 extended the existing sales tax exemption for certain vending machine purchases for an additional year; and suspended the State and MCTD sales taxes on gasoline and diesel fuel from June 1, 2022 through December 31, 2022.

The State imposes a *tax on cigarettes* at the rate of $4.35 per package of 20 cigarettes and imposes a *tax on other tobacco products* equal to 75 percent of the wholesale price. The tax on cigarettes was raised from $2.75 to $4.35 per pack on July 1, 2010. 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 2019 imposed a vapor products tax at a rate of 20 percent of retail sales and required purchasers of tobacco and vapor products to be 21 years of age or older. Legislation enacted in 2020 prohibited the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor. Legislation enacted in 2021 bolstered the 2020 enacted changes to aid in enforcement of the sale of untaxed cigarette or tobacco products by requiring retailer dealers with a revoked license to dispose of their cigarette and tobacco inventory.

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 2021 extended the existing tax exemption for alternative fuels for an additional five years. Legislation enacted in 2022 suspended the motor fuel excise tax on gasoline and diesel fuel from June 1, 2022 through December 31, 2022.

The State imposes *alcoholic beverage excise taxes* at various rates on liquor, beer, wine and specialty beverages. 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 liquor at or above 24 percent alcohol content is $1.70 per liter, and the tax rate on liquor below 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 2020 standardized the tax exemption on inter-distributor sales by extending the exemption to every registered distributor; and repealed the one cent per liter tax levied on liquor containing less than two percent of alcohol by volume, simplifying the ABT return process and move towards web-based filing. Legislation enacted in 2021 further simplified the ABT return process for certain filers by allowing for annual, instead of quarterly, returns.

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 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. Legislation enacted in 2021 reduced the filing frequency and reporting requirements for certain monthly and quarterly filers.

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.

The State imposes a *medical cannabis tax* on registered organizations that dispense medical marihuana. This excise tax of 7 percent is levied on gross receipts from medical marihuana and is entirely deposited into the Medical Marihuana Trust Fund. This tax became effective in January 2016. Legislation enacted in 2021 authorized the transfer of the previously undistributed portion of tax revenues to the newly established New York State Cannabis Revenue Fund. Legislation enacted in 2022 replaced the aforementioned transfer of the previously undistributed portion of tax revenues to the New York State Cannabis Revenue Fund with a direct deposit into the Fund.

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 both a wholesale THC-based tax and a retail excise tax on adult-use cannabis. The THC-based tax is paid on the sale of a product from a distributor to a retailer and varies based on the product type. Cannabis flower is taxed at five-tenths of one cent per milligram of total THC; concentrated cannabis is taxed at a rate of eight-tenths of one cent per milligram of total THC; and cannabis edible product is taxed at a rate of three cents per milligram of total THC. 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 2021 established a new tax on peer-to-peer car sharing trips. 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.

**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 bases: the capital and fixed dollar minimum. The taxpayer must pay under the base which produces the highest tax.

Legislation enacted in 2020 included a five-year extension to the entrance date for program participants in the START-UP NY program and a one-year extension of the Hire a Vet Credit, and decoupled from certain provisions of the Coronavirus Aid, Relief, and Economic Security Act. The Excelsior Jobs Program was enhanced for certain green projects and extended through 2039. The Empire State film production and post-production credits were reformed, including a reduction to the base credit rate from 30 percent to 25 percent, and extended one additional year through 2025.

Legislation enacted in 2021 included a temporary tax increase for tax years 2021 through 2023 and new credits for restaurants, NYC musical and theatrical productions, and employer childcare. The Rehabilitation of Historic Properties tax credit was enhanced for small projects while the Musical and Theatrical Production credit was extended and enhanced. The Hire a Vet credit and Empire State film production and post-production credits were extended for one year while the Low Income Housing credit and Economic Transformation and Facility Redevelopment Program tax credits were extended for five years. The CFT was decoupled from the Federal Opportunity Zone Program benefits that previously flowed through to the CFT.

Legislation enacted in 2022 included new credits for COVID-19 expenses for small businesses, the phase out of no. 6 heating oil, and digital gaming media productions. The NYC musical and theatrical production credit, credit for companies who provide transportation to individuals with disabilities, workers with disabilities credit, brownfield cleanup program tax credits, New York youth jobs program tax credits, and empire state apprenticeship tax credit, and Empire State film production and post-production credits were all extended. The Hire a Vet credit was extended and enhanced while an additional credit for the recipients of the Restaurant Return to Work credit was created to ensure the original allocation was fully utilized. Additionally, the Low Income Housing credit aggregate caps were increased.

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.

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 will 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 2021 extended the existing tax exemption for alternative fuels for an additional five years. Legislation enacted in 2022 exempted tugboats and towboats from the petroleum business tax.

**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. 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 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 Central Business District tolling capital lockbox.

The State levies *pari-mutuel taxes* on wagering activity conducted at horse racetracks, simulcast theaters and Off-Track Betting (OTB) parlors throughout the State. Legislation enacted in 2008, and extended annually since, reinstated lower 2005 pari-mutuel tax rates.

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. Effective September 2016, for all other authorized combative sports, a tax of 8.5 percent of the admissions charge and 3 percent on broadcasting rights and digital streaming, with the broadcasting and streaming portion limited to $50,000 in tax due per event.

Legislation enacted in 2021 repealed the 4 percent tax on the charge for admissions to racetracks and simulcast theaters, which was replaced with the State sales tax.

**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, and Tribal State Compact.

Legislation enacted in 2020 amended sports wagering lounge restrictions and allowed for the building of a new equine drug testing lab.

Legislation enacted in 2021 allowed certain draw games to be offered twice daily (instead of only once daily) and authorized a competitive bidding process for mobile sports wagering licenses. Mobile sports wagering tax revenue is directed to education, except for $6 million to problem gambling and $5 million for a statewide youth sports grant and education program. However, in FY 2022, problem gambling and the youth sports program each received 1 percent of revenue. Revenues from the $25 million license fee per platform provider, totaling $200 million, were directed entirely to education. Additionally, legislation was included that allowed commercial gaming facilities to petition the Gaming Commission for a temporary reduction in the slot tax rate to assist facilities in hiring and retaining employees.

Legislation enacted in 2022 authorized the process for awarding the three remaining commercial gaming facility licenses.

*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

The following glossary, which is an integral part of this AIS, includes certain terms that are used herein and are intended for use only in connection with the entire AIS.

*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*: "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.

*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 his 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 accounts of the State are presented 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 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 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 four GAAP-defined governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The State's projections of receipts and disbursements in the 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. To comply with these limitations, moneys are moved from one fund to another to make them available for use in the proper fund, and are accounted for as "interfund transfers".

*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*: 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 to enhance the State's fiscal reserves. The fund, which may have a maximum balance equal to 15 percent of General Fund spending, may be used to respond to an economic downturn or catastrophic event, as defined by the enabling statute.

*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 Treasury on a daily basis for investment purposes.

*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 Director of the Division of 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, or more frequently as necessary, 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, Sales Tax Revenue Bonds, LGAC and certificates of participation. While tax supported debt (obligations supported by State taxes) represents the majority of obligations in this category, obligations supported by other State revenues (such as dormitory fees or patient revenues) are also included.

*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.

*Tax Refund Reserve Account*: The tax refund reserve account is used to hold moneys available to pay tax refunds. During a given fiscal year, the deposit of moneys in the account reduces receipts and the withdrawal of moneys from the account increases receipts. There is no requirement that moneys withdrawn from this account be replaced.

*Tax Stabilization Reserve Fund*: This fund was created to hold surplus revenue that can be used in the event of any unanticipated General Fund deficit. Amounts within this fund can be borrowed to cover any year-end deficit and must be repaid within six years in no less than three equal annual installments. The fund balance cannot exceed two percent of General Fund disbursements for the fiscal year; contributions are limited to two-tenths of one percent of General Fund disbursements in that year.

# EXHIBIT E TO AIS – GLOSSARY OF ACRONYMS

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| AAA | Area Agencies on Aging |
| ACA | Affordable Care Act |
| AFL-CIO | American Federation of Labor and Congress of Industrial Organizations |
| AFP | American Families Plan |
| AFSCME | American Federation of State, County & Municipal Employees |
| AG | Attorney General |
| AIG | American International Group, Inc. |
| AIM | Aid and Incentives for Municipalities |
| AJP | American Jobs Plan |
| ALICO | American Life Insurance Company |
| AMI | Area Median Income |
| AML | Anti-Money Laundering |
| AMTAP | Additional Mass Transportation Assistance Program |
| APCD | All-Payer Claims Database |
| ARP | American Rescue Plan Act of 2021 |
| ATB | Across-the-Board |
| AXA | AXA Equitable Life Insurance Company |
| AY | Academic Year (July 1 through June 30) – SUNY/CUNY |
| BANs | Bond Anticipation Notes |
| BBA 19 | Bipartisan Budget Act of 2019 |
| BEA | Bureau of Economic Analysis |
| BLS | Bureau of Labor Statistics |
| BNPP | BNP Paribas, S.A., New York Branch |
| BOCES | Boards of Cooperative Educational Services |
| BofA | Bank of America |
| BofAML | Bank of America Corporation and Merrill Lynch, Pierce, Fenner and Smith Incorporated |
| BSA | Bank Security Act |
| BTMU | Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| CANS | Child and Adolescent Needs and Strengths |
| CARES Act | Coronavirus Aid, Relief, and Economic Security Act |
| CBPP | Center for Budget and Policy Priorities |
| CES | Current Employment Statistics |
| CFT | Corporate Franchise Tax |
| CFY | City Fiscal Year |
| CHP | Child Health Plus |
| CHUBB | Chubb Group Holdings Inc. and Illinois Union Insurance Company |
| CIGNA | Cigna Health and Life Insurance Company |
| CISO | Chief Information Security Office |
| CLCPA | Climate Leadership and Community Protection Act of 2019 |
| CMS | Centers for Medicare & Medicaid Services |
| COLA | Cost-of-Living Adjustment |
| COVID-19 | Coronavirus Disease 2019 |
| CPI | Consumer Price Index |
| CPRSA | Coronavirus Preparedness and Response Supplemental Appropriations Act |
| CRF | Coronavirus Relief Fund |
| CRRSA | Coronavirus Response and Relief Supplemental Appropriations Act |
| CSE | Committees on Special Education |
| CSEA | Civil Service Employees Association |
| CSX | CSX Transportation, Inc. |
| CTI | Critical Time Intervention |
| CUNY | City University of New York |
| CUT | Corporation and Utilities Tax |
| CW/CA | Clean Water/Clean Air |
| CY | County Year |

| | |
|---|---|
| DANY | New York County District Attorney |
| DASNY | Dormitory Authority of the State of New York |
| DDPC | Developmental Disabilities Planning Council |
| DEC | Department of Environmental Conservation |
| DelAm | Delaware American Life Insurance Company |
| DFS | Department of Financial Services |
| DHBTF | Dedicated Highway and Bridge Trust Fund |
| DHCR | Division of Housing and Community Renewal |
| DHSES | Division of Homeland Security & Emergency Services |
| DMNA | Division of Military and Naval Affairs |
| DMTTF | Dedicated Mass Transportation Trust Fund |
| DMV | Department of Motor Vehicles |
| DOB | Division of the Budget |
| DOCCS | Department of Corrections and Community Supervision |
| DOH | Department of Health |
| DOS | Department of State |
| DOT | Department of Transportation |
| DS | Debt Service |
| DSH | Disproportionate Share Hospital |
| DTF | Department of Taxation and Finance |
| EANS | Emergency Assistance for Nonpublic Schools |
| ECEP | Employer Compensation Expense Program |
| EDF | Economic Development Fund |
| eFMAP | Enhanced Federal Medical Assistance Percentage |
| EI | Early Intervention |
| EITC | Earned Income Tax Credit |
| EP | Essential Plan |
| EPIC | Elderly Pharmaceutical Insurance Coverage |
| ERAP | Emergency Rental Assistance Program |
| ERS | Employees' Retirement System |
| ESCC | Empire State Child Credit |
| ESEA | Elementary and Secondary Education Act |
| ESD | Empire State Development |
| ESG | Environmental, Social and Governance |
| ESPRI | Empire State Poverty Reduction Initiative |
| ESSER | Elementary and Secondary School Emergency Relief Fund |
| ESSHI | Empire State Supportive Housing Initiative |
| FAST | Fixing America’s Surface Transportation |
| FEMA | Federal Emergency Management Agency |
| FFCRA | Families First Coronavirus Response Act |
| FFY | Federal Fiscal Year (October 1 Through September 30) |
| FHWA | Federal Highway Administration |
| FMAP | Federal Medical Assistance Percentage |
| FMR | Fair Market Rent |
| FOMC | Federal Open Market Committee's |
| FPG | Fortis Property Group |
| 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 |
| GDP | Gross Domestic Product |
| GEER | Governor’s Emergency Education Relief |
| GFOA | Government Finance Officers Association |

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| GLIP | Group Life Insurance Plan |
| GPHW | General Public Health Work |
| GSCs | General State Charges |
| GSEU | Graduate Student Employees Union |
| HALT | Humane Alternatives to Long Term Solitary Confinement Act |
| HCBS | Home and Community-Based Services |
| HCRA | Health Care Reform Act |
| HCTF | Health Care Transformation Fund |
| HEAP | Home Energy Assistance Program |
| HESC | Higher Education Services Corporation |
| HFNY | Healthy Families New York |
| HHS | Health and Human Services |
| HMO | Health Maintenance Organization |
| HPNAP | Hunger Prevention and Nutrition Assistance and Homeowner Protection Program |
| HRI | Health Research, Inc. |
| HUT | Highway Use Tax |
| ICP | Indigent Care Payments |
| ICR | Institutional Cost Reports |
| IDEA | Individuals with Disabilities Education Act |
| IIJA | Infrastructure Investment and Jobs Act |
| IMF | International Monetary Fund |
| IPCC | Intergovernmental Panel on Climate Change of the United Nations |
| IRS | Internal Revenue Service |
| IT | Information Technology |
| ITS | Information Technology Services |
| J&J | Johnson & Johnson |
| JSOC | Joint Security Operations Center |
| LFY | Local Fiscal Year |
| LGAC | Local Government Assistance Corporation |
| LICH | Long Island College Hospital |
| LLC | Limited Liability Company |
| LWA | Lost Wages Assistance |
| MAT | Medication-Assisted Treatment |
| MC | Management Confidential |
| MCTD | Metropolitan Commuter Transportation District |
| MLF | Municipal Liquidity Facility |
| MC/MLTC | Managed Care/Managed Long-Term Care |
| MOE | Maintenance of Effort |
| MRT | Medicaid Redesign Team |
| MRT II | Medicaid Redesign Team II |
| MSA | Master Settlement Agreement |
| MTA | Metropolitan Transportation Authority |
| MTOAF | Mass Transportation Operating Assistance Fund |
| NANY | Nurses Across New York |
| NMS | New Medical Site |
| NPS | Non-Personal Service |
| NYC | New York City |
| NYS | New York State |
| NYSCA | New York State Council on the Arts |
| NYSCOPBA | New York State Correctional Officers and Police Benevolent Association |
| 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 |

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| NYSTPBA | Police Benevolent Association of the New York State Troopers |
| NYU | New York University |
| OAG | Office of the Attorney General |
| OASAS | Office of Addiction Services and Supports |
| OCFS | Office of Children and Family Services |
| OFAC | Office of Foreign Assets Control |
| OMH | Office of Mental Health |
| OPEB | Other Post-Employment Benefits |
| OPWDD | Office for People with Developmental Disabilities |
| ORP | Optional Retirement Program |
| OSC | Office of the State Comptroller |
| OTDA | Office of Temporary and Disability Assistance |
| PAYGO | Pay-As-You-Go |
| PBA | Police Benevolent Association |
| PBANYS | Police Benevolent Association of New York State |
| PBT | Petroleum Business Tax |
| PEF | Public Employees Federation |
| PFRS | Police and Fire Retirement System |
| PHE | Public Health Emergency |
| PIA | Police Investigators Association |
| PIGI | Personal Income Growth Index |
| PILOT | Payments in Lieu of Taxes |
| PIT | Personal Income Tax |
| PMT | Payroll Mobility Tax |
| PPE | Personal Protective Equipment |
| PPO | Preferred Provider Organization |
| PPP | Paycheck Protection Program |
| PS | Personal Service |
| PSC | Public Service Commission |
| PTET | Pass-Through Entity Tax |
| PwC | PricewaterhouseCoopers LLP |
| QCEW | Quarterly Census of Employment and Wages |
| RBS | RBS Financial Products Inc. (formally Greenwich Capital Financial Products, Inc.) |
| RBTF | Revenue Bond Tax Fund |
| RFP | Request for Proposals |
| RGGI | Regional Greenhouse Gas Initiative |
| RHBTF | Retiree Health Benefit Trust Fund |
| RHY | Runaway Homeless Youth |
| RSSL | Retirement and Social Security Law |
| SALT | State and Local Tax |
| SCB | Standard Chartered Bank |
| SCB NY | Standard Chartered Bank, New York Branch |
| SED | State Education Department |
| SFY | State Fiscal Year (April 1 Through March 31) |
| SHIN-NY | Statewide Health Information Network for New York |
| SNAP | Supplemental Nutrition Assistance Program |
| SOFA | State Office for the Aging |
| SSI | Supplemental Security Income |
| STAR | School Tax Relief |
| STEM | Science, Technology, Engineering, and Math |
| STIP | Short-Term Investment Pool |
| SUNY | State University of New York |
| SY | School Year (July 1 through June 30) |
| TANF | Temporary Assistance for Needy Families |
| TAP | Tuition Assistance Program |

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| TCJA | Tax Cuts and Jobs Act of 2017 |
| TRS | Teachers’ Retirement System |
| TY | Tax Year (January 1 Through December 31) |
| UBS | UBS Securities LLC and UBS Real Estate Securities Inc. |
| UCS | Unified Court System |
| UI | Unemployment Insurance |
| URI | Upstate Revitalization Initiative |
| U.S. | United States |
| UUP | United University Professions |
| VDC | Voluntary Defined Contribution |
| VLT | Video Lottery Terminal |
| VOCA | Victims of Crime Act |

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# APPENDIX B

## SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL 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 <u>less</u> (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 FINANCING AGREEMENT

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# 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 recission 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 recission 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 recission, 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<br>
State of New York<br>
Executive Department<br>
Division of the Budget<br>
State Capitol, Room 113<br>
Albany, New York 12224

If to the Issuer: New York State Thruway Authority<br>
200 Southern Boulevard<br>
Albany, New York 12209<br>
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

By: /s/ Peter Favretto

Date: 8/5/02

Approved:

/s/ Ruth Walters
for the State Comptroller

Date: 8/6/02

State of New York

/s/ Louis A. Raffaele
for the Director of the Budget

New York State Thruway Authority

/s/ Lawrence C. DeCosmo
Treasurer

## APPENDIX D

## PROPOSED FORM OF CO-BOND COUNSEL OPINION

*Upon the delivery of the Series 2022 Bonds, Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to the Authority, each propose 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

Re: New York State Thruway Authority
State Personal Income Tax Revenue Bonds
Series 2022A (Tax-Exempt) and Series 2022B (Federally Taxable)

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 $2,028,105,000 aggregate principal amount of State Personal Income Tax Revenue Bonds, Series 2022A (Tax-Exempt) (the "Series 2022A Bonds") and $141,800,000 aggregate principal amount of State Personal Income Tax Revenue Bonds, Series 2022B (Federally Taxable) (the "Series 2022B Bonds" and together with the Series 2022A Bonds, the "Series 2022 Bonds").

The Series 2022 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"), Section 59 of Part FFF of Chapter 56 of the Laws of New York of 2022, 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 and supplemented on June 6, 2022 (the "General Resolution"), as supplemented and amended by the Fourteenth Supplemental State Personal Income Tax Revenue Bond Resolution Authorizing The Issuance Of State Personal Income Tax Revenue Bonds, adopted by the Authority on June 6, 2022 (the "Supplemental Resolution"), and the Certificates of Determination relating to the Series 2022 Bonds (the "Certificates of Determination" and, together with the 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 2022 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 2022 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 2022 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 2022 Bonds.

The Series 2022 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, New York, New York, which will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds shall be lettered and numbered as provided in the Resolutions.

The Series 2022 Bonds are dated their date of delivery and bear interest payable on March 15 and September 15 in each year until maturity, commencing September 15, 2022. The Series 2022 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.

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 2022 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 2022 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2022 Bonds. Pursuant to the Resolution 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 2022 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.

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 2022 Bonds, including the Revenues and any other amounts (including proceeds of the sale of the Series 2022 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 2022 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 2022 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, assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2022A Bonds 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.

7. Interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes pursuant to the Code.

8. Under existing law, interest on the Series 2022 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 2022 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, 7 and 8 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 2022 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2022 Bonds, or the interest thereon, if any action is taken with respect to the Series 2022 Bonds or the proceeds thereof upon the advice or approval of any other counsel.

We have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2022A Bonds may affect the tax status of interest on the Series 2022A Bonds. Further, although interest on the Series 2022A Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2022A Bond depending upon the tax status of such holder and such holder's other items of income and deduction.

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 2022 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 2022 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 2022A Bond and an executed Series 2022B Bond and, in our opinion, the forms of said Series 2022 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 obligation[1] 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 obligation[1] 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) <u>Termination or Modification of Disclosure Obligation</u>. 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) <u>Other Information</u>. 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: Portia 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:
Title:

*Amended Effective Date:* ____________

[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: ______________________________
Name: Robert B. Ward
Title: Deputy Comptroller

*Amended Effective Date: June 10, 2019*

By: Robert F. Mujica, Jr., Director of the Budget

By: ______________________________
Name: Robert F. Mujica, Jr.
Title: Director of the Budget

*Amended Effective Date: June 10, 2019*

[Signature Page of State Officials for State of New York Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement]

*TRUSTEES:*

**U.S. BANK NATIONAL ASSOCIATION**
*as Trustee or successor Trustee for the benefit of Dormitory Authority of the State of New York Bondholders*

*Amended Effective Date: June 10, 2019*

By: ______________________________
Authorized Signatory

**THE BANK OF NEW YORK MELLON**
*as Trustee for the benefit of New York State Environmental Facilities Corporation Bondholders*

*Amended Effective Date: June 10, 2019*

By: ______________________________
Authorized Signatory

**U.S. BANK NATIONAL ASSOCIATION**
*as successor Trustee for the benefit of New York State Housing Finance Agency Bondholders*

*Amended Effective Date: June 10, 2019*

By: ______________________________
Authorized Signatory

**THE BANK OF NEW YORK MELLON**
*as Trustee for the benefit of New York State Thruway Authority Bondholders*

*Amended Effective Date: June 10, 2019*

By: ______________________________
Authorized Signatory

**THE BANK OF NEW YORK MELLON**
*as Trustee for the benefit of New York State Urban Development Corporation Bondholders*

*Amended Effective Date: June 10, 2019*

By: ______________________________
Authorized Signatory

[Signature Page of Trustees for State of New York Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement]

# APPENDIX F

## REFUNDED BONDS

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## APPENDIX F

## REFUNDED BONDS

The following is a list of the bonds that will be refunded with a portion of the proceeds of the Series 2022A Bonds, together with other available funds, if any. All of the bonds listed below are the Refunded Bonds as described in "PART 7 – THE REFUNDING PLAN."

***New York State Thruway Authority***
***Second General Highway and Bridge Trust Fund Bonds, Series 2012A***

| | Maturity Date | Interest Rate | Principal Amount | Redemption Date | Redemption Price | CUSIP Number†† |
|---|---|---|---|---|---|---|
| Serial Bonds | 4/1/2023 | 4.00% | $ 1,225,000 | 8/12/2022 | 100% | 650014VV2 |
| | 4/1/2023 | 5.00 | 49,765,000 | 8/12/2022 | 100 | 650014WM1 |
| | 4/1/2024 | 5.00 | 24,350,000 | 8/12/2022 | 100 | 650014VW0 |
| | 4/1/2025 | 5.00 | 25,570,000 | 8/12/2022 | 100 | 650014VX8 |
| | 4/1/2026 | 5.00 | 26,850,000 | 8/12/2022 | 100 | 650014VY6 |
| | 4/1/2027 | 5.00 | 28,190,000 | 8/12/2022 | 100 | 650014VZ3 |
| | 4/1/2028 | 5.00 | 29,600,000 | 8/12/2022 | 100 | 650014WA7 |
| | 4/1/2029 | 5.00 | 31,080,000 | 8/12/2022 | 100 | 650014WB5 |
| | 4/1/2030 | 5.00 | 32,635,000 | 8/12/2022 | 100 | 650014WC3 |
| | 4/1/2031 | 5.00 | 34,265,000 | 8/12/2022 | 100 | 650014WD1 |
| | 4/1/2032 | 3.50 | 4,080,000 | 8/12/2022 | 100 | 650014WE9 |
| | 4/1/2032 | 5.00 | 31,900,000 | 8/12/2022 | 100 | 650014WN9 |

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