



New York State Senate Democratic Majority

2025 ECONOMIC AND REVENUE REPORT

Senate Majority
Conference
Finance Committee



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February 26, 2025

Dear Colleagues:

I am pleased to provide you with the 2025 New York State Senate Finance Committee's Economic and Revenue Report. This report offers a general overview of the status of the national and New York State economies. It also specifies revenue projections for State Fiscal Years (SFY) 2024-25 and 2025-26.

Section 23 of the State Finance Law requires the issuance of an annual Consensus Economic and Revenue Report. This report serves as the basis for the joint annual New York State Consensus Report that contains the results of the consensus economic and revenue forecasting process, which is released each year on March 1.

The economy has shown great resiliency this past year, however, the State's economy continues to encounter several challenges. We anticipate subdued growth in 2025, with ongoing concerns about inflation, exacerbated by federal tariffs, concerns over federal funding, immigration policy, and the adverse effects of international tensions on both the global and State economies.

The Senate Finance Committee staff projects that All Funds receipts, including federal sources, will total \$245.1 billion in SFY 2024-25, which is \$762.9 million or 0.3 percent above the level estimated by the Executive Budget Financial Plan. For SFY 2025-26, Senate Finance Committee staff forecasts that All Funds receipts, including federal sources, will total \$250.1 billion, which is \$1.3 billion or 0.5 percent higher than the Executive Budget Financial Plan forecast. Over the two-year period, the Senate Finance Committee staff forecast revenues will be \$2.1 billion above Executive levels.

This analysis, prepared by the Senate Finance Committee staff, will support our careful deliberation of the revenue and economic projections contained in the SFY 2025-26 Executive Budget. I look forward to working with you to construct an enacted State Budget that serves the needs of all New Yorkers.

Sincerely,

A handwritten signature in black ink that reads "Liz Krueger". The signature is written in a cursive, flowing style.

Liz Krueger
Chair
Senate Finance Committee

Senate Finance Committee Democratic Conference Members

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Senator Toby Ann Stavisky

2025 Economic and Revenue Report

Senate Majority Conference Finance Committee

**Senator Liz Krueger
Chair**

Prepared by Senate Majority Finance Committee Staff

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EXECUTIVE SUMMARY

The Senate Majority Conference Finance Committee has produced this State Fiscal Year (SFY) 2025-26 Economic and Revenue Forecast as part of the revenue and economic consensus process mandated by Chapter 309 of the Laws of 1996.

Section 23 of the State Finance Law requires that the Chairperson and Ranking Minority Member of the Senate Finance Committee, the Chairperson and Ranking Minority Member of the Assembly Ways and Means Committee, and the Director of the Budget jointly convene a consensus economic and revenue forecasting conference in the form of a joint Legislative-Executive public hearing, by the end of February each year, for the purpose of assisting the Governor and the Legislature in reaching the New York State Consensus Revenue Forecast.

The conveners of the Conference invite the New York State Comptroller and other participants to provide guidance on current United States and New York State economic conditions and their effect on State receipts.

Each year, on or before March 1, the Director of the Budget, the Secretary of the Senate Finance Committee, and the Secretary of the Assembly Ways and Means Committee issue a joint report containing a consensus forecast of the economy and estimates of receipts for the current and ensuing State Fiscal Years.

State Revenue

The State has a variety of tax revenues dedicated to specific purposes that are deposited in the General Fund as well as in special revenue funds, capital projects funds, and debt service funds. Additionally, certain tax revenues (*e.g.*, petroleum business taxes and highway use taxes) are deposited exclusively in funds other than the General Fund.

The Senate Majority Conference Finance Committee staff's SFY 2024-25 estimate for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$613.2 million more than the Executive Budget Financial Plan estimate of \$55.3 billion. The committee staff's SFY 2025-26 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.1 billion more than the Executive Budget Financial Plan estimate of \$54.3 billion. The committee staff's two-year aggregate projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.7 billion more than the Executive Budget Financial Plan projections.

The committee staff's SFY 2024-25 estimate for All Funds receipts, excluding Federal funding, is \$762.9 million more than the Executive Budget Financial Plan receipts estimate of \$132.2 billion. The committee staff's SFY 2025-26 projection for All Funds receipts is \$1.3 billion above the Executive Budget Financial Plan receipts estimate, excluding Federal funding of \$137.3 billion. The committee staff's two-year aggregate All Funds receipts projection is \$2.1 billion more than the Executive Budget Financial Plan projections.

U.S. and New York State Economic Outlook

Overall, the economic outlook for the United States and New York is expected to have subdued growth, constrained by the ongoing impact of inflation and the Federal Reserve's monetary tightening as well as the economic policies of the new administration. At the national level, the economy is measured by Gross Domestic Product (GDP), a representation of the combination of goods and services produced and consumed in a year. Prior to the Covid-19 pandemic, the U.S. was in its longest period of economic expansion. In 2020, the impact of Covid-19 caused a widespread economic downturn. In 2021, the economy began showing signs of significant recovery. However, in 2022, faced with high levels of inflation, the Federal Reserve began tightening monetary policy. Inflation remained high in 2023 and in 2024, but with a slower growth rate than in 2022. Inflation, represented by the Consumer Price Index (CPI), grew at 3 percent in Calendar Year (CY) 2024. This growth rate is expected to fall to 2.7 percent in CY 2025 and to 2.7 percent in CY 2026.

Real GDP in the U.S. is estimated to have increased by 2.8 percent in CY 2024 and is projected to grow at a slightly slower rate of 2.3 percent in CY 2025, reflecting change in inflationary pressures, with prices rising modestly and policy changes of the new administration. Committee staff estimate an increase in CY 2026 of 1.6 percent, 0.4 percent below the Executive estimate of 2 percent. Nominal U.S. wages are estimated to have increased by 5.9 percent in CY 2024. Committee staff expect wages to continue growing by 4.5 percent and 4.6 percent in CY 2025 and CY 2026 correspondingly. The Executive estimates wage growth to advance at 4.3 percent in CY 2025 and 3.8 percent in CY 2026.

The Federal Reserve Bank of St. Louis's coincident economic activity index for the United States, which includes indicators of non-farm payroll employment, unemployment rate, average hours worked in manufacturing, and wages and salaries, increased by 3.78 points or 2.65 percent, to end the year at 146.19. This index's benchmark score of 100 points reflects the state of these economic indicators in 2007.) The same measurement for New York State increased by 3.20 points or 2.38 percent over that same period.

Changes in personal income are projected to differ between the U.S. and the State. For CY 2025 and 2026, U.S. personal income is expected to grow at 4.2 percent and 4.7 percent, respectively. For CY 2025, New York State personal income is estimated to experience growth of 3.9 percent, followed by growth of 4.3 percent in CY 2026.

For CY 2024, the U.S. unemployment rate is expected to average 4 percent, followed by an increase to 4.1 percent in CY 2025 and 4.2 percent in CY 2026. The State unemployment rate, which averaged 4.3 percent for CY 2024, is expected to average 4.4 percent by the end of CY 2025 and 4.5 percent through CY 2026.

REVENUE FORECAST HIGHLIGHTS

General Fund Receipts SFY 2024-25 and SFY 2025-26

The Senate Majority Conference Finance Committee staff conclude that:

- General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, in SFY 2024-25 will total \$55.9 billion. This estimate represents an increase of \$3.5 billion or 6.7 percent from SFY 2023-24.
- The SFY 2024-25 estimate for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$613.2 million more than the Executive Budget Financial Plan estimate of \$55.3 billion.
- The SFY 2025-26 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$55.4 billion. This estimate represents a decrease of \$481.4 million or 0.9 percent from the committee staff's SFY 2024-25 estimate.
- The SFY 2025-26 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.1 billion more than the Executive Budget Financial Plan receipts estimate of \$54.3 billion.

All Funds Receipts SFY 2024-25 and SFY 2025-26

The Senate Majority Conference Finance Committee staff conclude that:

- The SFY 2024-25 estimate for All Funds receipts, excluding federal receipts, is \$133 billion. This estimate represents an increase of \$6.7 billion or 5.3 percent from the SFY 2023-24 receipts of \$126.3 billion.
- The SFY 2024-25 estimate for All Funds receipts is \$762.9 million more than the Executive Budget Financial Plan receipts estimate of \$132.2 billion, excluding federal receipts.
- The SFY 2025-26 projection for All Funds receipts, excluding federal receipts, is \$138.7 billion. This estimate represents an increase of \$5.7 billion or 4.3 percent from the committee staff's SFY 2024-25 estimate.
- The SFY 2025-26 projection for All Funds receipts, excluding federal receipts, is \$1.3 billion more than the Executive Budget Financial Plan receipts estimate of \$137.4 billion.

REVENUE TABLES

| General Fund Receipts (amounts in millions of dollars) | | | |
|---|----------------------|---------------|-------------|
| Receipts | SFY 2024-25 Estimate | | |
| | DOB | SFC | Difference |
| <i>Personal Income Tax</i> | | | |
| Withholding | 59,736 | 59,849 | 113 |
| Estimated Payments | 12,907 | 12,907 | 0 |
| Final Payments | 3,571 | 3,571 | 0 |
| Other Payments | 1,984 | 1,984 | 0 |
| Gross Collections | 78,198 | 78,311 | 113 |
| Refunds/Offsets | (17,235) | (16,835) | 400 |
| Reported Collections | 60,963 | 61,476 | 513 |
| STAR (Dedicated Deposits) | (1,453) | (1,453) | 0 |
| RBTF (Dedicated Transfers) | (30,482) | (30,482) | 0 |
| Total | 29,028 | 29,541 | 513 |
| <i>User Taxes and Fees</i> | | | |
| Sales and Use | 19,128 | 19,154 | 26 |
| Cigarette/Tobacco | 250 | 250 | 0 |
| Vapor Excise Tax | 0 | 0 | 0 |
| Motor Fuel Tax | 0 | 0 | 0 |
| Alcoholic Beverage | 272 | 272 | 0 |
| Opioid Excise Tax | 20 | 20 | 0 |
| Medical Cannabis Excise Tax | 0 | 0 | 0 |
| Adult-Use Cannabis Tax | 0 | 0 | 0 |
| Highway Use Tax | 0 | 0 | 0 |
| Auto Rental Tax | 0 | 0 | 0 |
| Peer to Peer Car Sharing Tax | 2 | 2 | 0 |
| Gross Collections | 19,672 | 19,698 | 26 |
| LGAC/STBF (Dedicated Transfers) | (9,564) | (9,564) | 0 |
| Total | 10,108 | 10,134 | 26 |
| <i>Business Taxes</i> | | | |
| Corporation Franchise Tax | 6,956 | 6,869 | (87) |
| Corporation and Utilities Tax | 423 | 423 | 0 |
| Insurance Taxes | 2,525 | 2,543 | 18 |
| Bank Tax | 90 | 283 | 193 |
| Petroleum Business Tax | 0 | 0 | 0 |
| Total | 9,994 | 10,117 | 123 |
| <i>Other Taxes</i> | | | |
| Estate Tax | 1,377 | 1,374 | (3) |
| Real Estate Transfer Tax | 1,192 | 1,243 | 51 |
| Emp. Comp. Expense Program | 15 | 15 | 0 |
| Pari-Mutuel Taxes | 12 | 12 | 0 |
| Other Taxes | 2 | 2 | 0 |
| Gross Collections | 2,598 | 2,646 | 48 |
| Real Estate Transfer Tax (Dedicated) | (1,147) | (1,243) | (96) |
| RBTF (Dedicated Transfers) | (7) | (7) | 0 |
| Total | 1,444 | 1,396 | (48) |
| Total Tax Receipts | 50,574 | 51,187 | 613 |
| Miscellaneous Receipts | 4,683 | 4,683 | 0 |
| Total | 55,257 | 55,870 | 613 |

| General Fund Receipts (amounts in millions of dollars) | | | |
|---|----------------------|---------------|--------------|
| Receipts | SFY 2025-26 Forecast | | |
| | DOB | SFC | Difference |
| Personal Income Tax | | | |
| Withholding | 61,941 | 62,263 | 322 |
| Estimated Payments | 13,586 | 13,586 | 0 |
| Final Payments | 3,761 | 3,761 | 0 |
| Other Payments | 2,040 | 2,040 | 0 |
| Gross Collections | 81,328 | 81,650 | 322 |
| Refunds/Offsets | (22,268) | (21,868) | 400 |
| Reported Collections | 59,060 | 59,782 | 722 |
| STAR (Dedicated Deposits) | (1,397) | (1,397) | 0 |
| RBTF (Dedicated Transfers) | (29,529) | (29,529) | 0 |
| Total | 28,134 | 28,856 | 722 |
| User Taxes and Fees | | | |
| Sales and Use | 19,767 | 19,829 | 62 |
| Cigarette/Tobacco | 241 | 241 | 0 |
| Vapor Excise Tax | 0 | 0 | 0 |
| Motor Fuel Tax | 0 | 0 | 0 |
| Alcoholic Beverage | 272 | 272 | 0 |
| Opioid Excise Tax | 20 | 20 | 0 |
| Medical Cannabis Excise Tax | 0 | 0 | 0 |
| Adult-Use Cannabis Tax | 0 | 0 | 0 |
| Highway Use Tax | 0 | 0 | 0 |
| Auto Rental Tax | 0 | 0 | 0 |
| Peer to Peer Car Sharing Tax | 2 | 2 | 0 |
| Gross Collections | 20,302 | 20,364 | 62 |
| LGAC/STBF (Dedicated Transfers) | (9,884) | (9,884) | 0 |
| Total | 10,418 | 10,480 | 62 |
| Business Taxes | | | |
| Corporation Franchise Tax | 7,038 | 7,323 | 285 |
| Corporation and Utilities Tax | 432 | 432 | 0 |
| Insurance Taxes | 2,616 | 2,634 | 18 |
| Bank Tax | 90 | 90 | 0 |
| Petroleum Business Tax | 0 | 0 | 0 |
| Total | 10,176 | 10,480 | 304 |
| Other Taxes | | | |
| Estate Tax | 1,438 | 1,438 | 0 |
| Real Estate Transfer Tax | 1,278 | 1,332 | 54 |
| Emp. Comp. Expense Program | 15 | 15 | 0 |
| Pari-Mutuel Taxes | 15 | 15 | 0 |
| Other Taxes | 1 | 1 | 0 |
| Gross Collections | 2,747 | 2,801 | 54 |
| Real Estate Transfer Tax (Dedicated) | (1,278) | (1,332) | (54) |
| RBTF (Dedicated Transfers) | (8) | (8) | 0 |
| Total | 1,461 | 1,461 | 0 |
| Total Tax Receipts | 50,189 | 51,277 | 1,088 |
| Miscellaneous Receipts | 4,112 | 4,112 | 0 |
| Total | 54,301 | 55,389 | 1,088 |

| All Funds Receipts (amounts in millions of dollars) | | | |
|--|----------------------|------------------|--------------|
| Receipts | SFY 2024-25 Estimate | | |
| | DOB | SFC | Difference |
| Personal Income Tax | | | |
| Withholding | 59,736.0 | 59,848.6 | 112.6 |
| Estimated Payments | 12,907.0 | 12,907.0 | 0.0 |
| Final Payments | 3,571.0 | 3,571.0 | 0.0 |
| Other Payments | 1,984.0 | 1,984.0 | 0.0 |
| Gross Collections | 78,198.0 | 78,310.6 | 112.6 |
| Refunds/Offsets | (17,235) | (16,835) | 400.0 |
| Net Collections | 60,963.0 | 61,475.6 | 512.6 |
| User Taxes and Fees | | | |
| Sales and Use | 20,442.0 | 20,469.3 | 27.3 |
| Cigarette/Tobacco | 808.0 | 808.0 | 0.0 |
| Vapor Excise Tax | 21.0 | 21.0 | 0.0 |
| Motor Fuel Tax | 488.0 | 488.0 | 0.0 |
| Alcoholic Beverage | 272.0 | 272.0 | 0.0 |
| Opioid Excise Tax | 20.0 | 20.0 | 0.0 |
| Medical Cannabis Excise Tax | 4.0 | 4.0 | 0.0 |
| Adult-Use Cannabis Tax | 158.0 | 158.0 | 0.0 |
| Highway Use Tax | 137.0 | 137.0 | 0.0 |
| Auto Rental Tax | 137.0 | 137.0 | 0.0 |
| Peer to Peer Car Sharing Tax | 2.0 | 2.0 | 0.0 |
| Total | 22,489.0 | 22,516.3 | 27.3 |
| Business Taxes | | | |
| Corporation Franchise Tax | 8,853.0 | 8,741.9 | (111.1) |
| Corporation and Utilities Tax | 551.0 | 551.0 | 0.0 |
| Insurance Taxes | 2,829.0 | 2,849.0 | 20.0 |
| Bank Tax | 106.0 | 332.8 | 226.8 |
| Petroleum Business Tax | 1,062.0 | 1,062.0 | 0.0 |
| Total | 13,401.0 | 13,536.7 | 135.7 |
| Other Taxes | | | |
| Estate Tax | 1,377.0 | 1,373.8 | (3.2) |
| Real Estate Transfer Tax | 1,192.0 | 1,242.8 | 50.8 |
| Emp. Comp. Expense Program | 15.0 | 15.0 | 0.0 |
| Pari-Mutuel | 12.0 | 12.0 | 0.0 |
| Other (Racing and Combative Sports) | 2.0 | 2.0 | 0.0 |
| Total | 2,598.0 | 2,645.6 | 47.6 |
| Total Tax Receipts | 99,451.0 | 100,174.3 | 723.3 |
| Miscellaneous Receipts | 32,755.0 | 32,794.6 | 39.6 |
| Total | 132,206.0 | 132,968.9 | 762.9 |

| All Funds Receipts (amounts in millions of dollars) | | | |
|---|----------------------|------------------|----------------|
| Receipts | SFY 2025-26 Forecast | | |
| | DOB | SFC | Difference |
| <i>Personal Income Tax</i> | | | |
| Withholding | 61,941.0 | 62,262.7 | 321.7 |
| Estimated Payments | 13,586.0 | 13,586.0 | 0.0 |
| Final Payments | 3,761.0 | 3,761.0 | 0.0 |
| Other Payments | 2,040.0 | 2,040.0 | 0.0 |
| Gross Collections | 81,328.0 | 81,649.7 | 321.7 |
| Refunds/Offsets | (22,268.0) | (21,868.0) | 400.0 |
| Net Collections | 59,060.0 | 59,781.7 | 721.7 |
| <i>User Taxes and Fees</i> | | | |
| Sales and Use | 21,117.0 | 21,183.4 | 66.4 |
| Cigarette/Tobacco | 767.0 | 767.0 | 0.0 |
| Vapor Excise Tax | 21.0 | 21.0 | 0.0 |
| Motor Fuel Tax | 489.0 | 489.0 | 0.0 |
| Alcoholic Beverage | 272.0 | 272.0 | 0.0 |
| Opioid Excise Tax | 20.0 | 20.0 | 0.0 |
| Medical Cannabis Excise Tax | 3.0 | 3.0 | 0.0 |
| Adult-Use Cannabis Tax | 245.0 | 245.0 | 0.0 |
| Highway Use Tax | 138.0 | 138.0 | 0.0 |
| Auto Rental Tax | 137.0 | 137.0 | 0.0 |
| Peer to Peer Car Sharing Tax | 2.0 | 2.0 | 0.0 |
| Total | 23,211.0 | 23,277.4 | 66.4 |
| <i>Business Taxes</i> | | | |
| Corporation Franchise Tax | 8,997.0 | 9,361.9 | 364.9 |
| Corporation and Utilities Tax | 561.0 | 561.0 | 0.0 |
| Insurance Taxes | 2,934.0 | 2,954.7 | 20.7 |
| Bank Tax | 106.0 | 106.0 | 0.0 |
| Petroleum Business Tax | 1,015.0 | 1,015.0 | 0.0 |
| Total | 13,613.0 | 13,998.6 | 385.6 |
| <i>Other Taxes</i> | | | |
| Estate Tax | 1,438.0 | 1,438.0 | 0.0 |
| Real Estate Transfer Tax | 1,278.0 | 1,332.5 | 54.5 |
| Emp. Comp. Expense Program | 15.0 | 15.0 | 0.0 |
| Pari-Mutuel | 12.0 | 12.0 | 0.0 |
| Other (Racing and Combative Sports) | 1.0 | 1.0 | 0.0 |
| Total | 2,744.0 | 2,798.5 | 54.5 |
| Total Tax Receipts | 98,628.0 | 99,856.1 | 1,228.1 |
| Miscellaneous Receipts | 38,740.0 | 38,831.0 | 91.0 |
| Total | 137,368.0 | 138,687.2 | 1,319.2 |

ECONOMIC OUTLOOK

Economic Highlights

The Senate Majority Conference Finance Committee staff believes that:

- The U.S. economy expanded by an estimated 2.8 percent in CY 2024 and will continue to grow by 2.3 percent in CY 2025 and by a slower rate of 1.6 percent in CY 2026.
- The U.S. unemployment rate, which averaged 3.6 percent in CY 2023, is estimated to grow by 4.0 percent in CY 2024. The rate is expected to increase slightly to 4.1 percent in CY 2025 and increase to 4.2 percent in CY 2026.
- U.S. Personal Income grew by 5.5 percent in CY 2024 and is expected to grow at a slower rate of 4.2 percent growth in CY 2025 and by 4.7 percent growth in CY 2026.

U.S. Gross Domestic Product

The national economy is measured by the Gross Domestic Product (GDP), while the Gross State Product (GSP) is a similar annual measure at the state level. GDP and GSP are a combination of all the goods and services produced and consumed by the three major sectors of the economy – consumers, businesses, and government. Increases in consumer spending usually directly translate into increased corporate sales and potentially higher business profits. Firms are expected to use these profits to make capital investments, hire workers, or increase wages for existing employees. Increases in the private sector contribute to larger tax revenues in the public sector, allowing for government spending growth or tax relief.

Consumers are the major driving force in the U.S. economy. Private consumption accounts for approximately 70 percent of U.S. GDP. Although businesses account for a relatively small share of GDP, it is still an important contributor to the economy as it directly supports aggregate employment and wages, which engender consumer spending. Government, through various spending and monetary policies, also plays a significant role in the economy. In the last quarter of 2024, U.S. GDP increased at an annual rate of 2.3 percent, according to the advance estimate released by the Bureau of Economic Analysis. The increase in real GDP reflected increases in consumer spending and government spending, offset by a decrease in investment. Imports, which is a subtraction in the GDP calculation, decreased.

Consumer spending was the leading contributor to GDP in the fourth quarter of 2024. The increase in consumer spending reflects increases in services and goods. Within services, health care led by hospital and nursing home services, and outpatient services increased. Within goods, recreational goods and vehicles led by information processing equipment increased and motor vehicles and parts primarily in new light trucks increased. Defense consumption expenditures lead the growth in federal government spending, while the increase in state and local government spending reflects increased compensation of government employees. While the overall real GDP increased, growth in the fourth quarter of 2023 slowed compared to the previous quarters, due to a slowdown in investment and exports.

NEW YORK AND U.S. ECONOMIC TRENDS

2024 New York State Trends

Overview

Employment and Wages

The Federal Reserve reports that the labor market remained solid in late 2024. Following an election-cycle pause, labor demand picked up slightly but was still outpaced by labor supply. Manufacturing firms kept headcounts steady, while education, health, wholesale, and finance industry firms saw employment gains. Headcounts fell modestly in transportation, warehousing, construction, and information services. The Beige Book reported that optimistic employment trends began to emerge, with some firms planning broad expansions and others ramping up sales and marketing workforces to reinforce growth expectations.

Wage growth in New York was moderate. Bonuses from Wall Street were expected to be strong. Given softness in the labor market, bonuses elsewhere were said to be more modest.

Prices

According to the Federal Reserve Beige Book, prices continued to rise at a moderate pace. Input prices, such as home-building materials, saw sharp price increases. Manufacturers, however, reported steady prices. Looking ahead, businesses across industries expressed concern for tariffs and their impact on prices. Similarly, many firms expected higher prices in the near future.

Consumer Spending

Consumer spending in the State increased moderately, primarily due to strong holiday sales. Both high-end items, such as beauty and fragrance, and value-centric and discounted goods sold well during the holiday season. Warmer temperatures led to dampened sales of winter goods like coats. Auto dealers reported a strong finish to the year, with new car sales growing modestly. Similarly, used car sales grew modestly, driven by the gap between new and used car prices. Auto retailers and dealers were optimistic about continued sales in the near term.

Manufacturing and Distribution

Manufacturing activity declined moderately, following strong growth in the prior period. New orders and shipments declined, while supply availability and delivery times remained unchanged. Imposition of tariffs and a potential dockworkers strike created an impulse to stockpile in advance. However, disruptions due to uncertainty along Red Sea shipping routes limited global shipping capacity. Despite these trends, related firms were generally optimistic that conditions would improve going forward.

Services

The service sector saw little change compared to the prior period. Business and personal services saw modest declines, while activity in leisure and hospitality services sectors increased slightly. Education and healthcare services held steady. A growing sense of optimism amongst service-sector firms was reported.

New York City tourism activity was strong, reaching pre-pandemic levels. Hotel room occupancy rates reached record highs. Although this diluted spending on attractions, which are still recovering. Notably, Broadway served as a bright spot, with more shows open than in the 2019 season. Expectations for tourism in 2025 are very high.

Real Estate and Construction

The housing market showed signs of strength to close out the year. New contracts jumped in both New York City and Upstate. Sales in suburban areas were limited by tight supply, although supply concerns were reported to be improving. Elevated demand put upward pressure on home prices and cash purchases remained a sizable portion of sales, particularly in Manhattan.

The rental market remained firm, driven by elevated mortgage rates. Rents continued rising in New York City. Elsewhere, rents stabilized after steady increases in prior periods.

Commercial real estate markets strengthened slightly following an extended period of decline. There was a pickup in demand for offices in New York City, although the market remains bifurcated along build quality and location. Retail markets in New York City improved alongside growth in tourism. Industrial markets were mixed throughout the downstate area.

Construction activity continued to decline, but at a more modest pace compared to prior periods. Increases in materials and credit costs limited construction growth. Despite this, industry contacts were optimistic going forward.

Banking and Finance

According to the Federal Reserve Beige Book, activity in the finance sector declined slightly during late 2024. Small and medium-sized banks saw declines in demand across all loan types and deposit rates fell. Ending a protracted period of tightness, credit standards began to ease, and delinquency rates improved. Optimism in the finance industry remained high.

2024 NATIONAL TRENDS

Overview

According to the Beige Book, all twelve Federal Reserve Districts saw economic activity increase either slightly or moderately to close out 2024. Buoyed by strong holiday sales, consumer spending increased moderately. Vehicle sales grew modestly. Several districts reported slower construction activity and pointed to higher material and financing costs. Manufacturing activity decreased slightly, as did truck freight volumes. Residential real estate held steady although high mortgage rates continued to be a concern. Commercial real estate sales increased slightly. The leisure and transportation sectors saw slight improvements across Districts. Uncertainty was elevated across Districts and sectors, financial services contacts voiced concerns over rising delinquency rates, nonprofits saw elevated demand ahead of potential policy changes at the federal level, and the agricultural sector faced lower farm volumes, weather disruptions, and fallout from the growing avian flu disease. Despite these concerns, contacts were reported to be, on balance, optimistic for 2025.

Employment and Wages

Half of the Reserve Districts saw slight increases in employment; the other half reported no change. Job growth was reported in services, like healthcare, and construction. Manufacturing employment was flat. While reports of major layoffs were rare, some Districts reported difficulty sourcing skilled labor as well as uncertainty over future staffing needs. Wage growth increased moderately across most Districts.

Prices

All Districts saw price increases, with growth rates ranging from flat to moderate. Most Districts reported modest increases in selling prices, offset by decreases in retail and manufacturing pricing. Input costs, particularly insurance prices, rose. Costs for fuel were a notable exception, remained flat or decreased. Looking forward, contacts expected prices to continue rising in 2025 and were eyeing the potential tariffs as a likely driver.

ECONOMIC INDICATORS FORECAST – U.S. AND NEW YORK STATE

| U.S. and New York State Economies Calendar Year (CY) | | | |
|---|----------------------|----------------------|----------------------|
| U.S Economy | 2024 Estimate | 2025 Forecast | 2026 Forecast |
| Real GDP | 2.8 | 2.3 | 1.6 |
| Personal Income | 5.5 | 4.2 | 4.7 |
| Non-Farm Employment | 1.3 | 1.0 | 0.4 |
| Consumer Price Index (CPI) | 3.0 | 2.7 | 2.7 |
| Wages | 5.9 | 4.5 | 4.6 |
| Unemployment Rate (Percent) | 4.0 | 4.1 | 4.2 |
| 10-Year Treasury Yield | 4.2 | 4.4 | 4.3 |
| Corporate Profits | 6.1 | 2.6 | 4.9 |
| Government Spending | 3.3 | 1.7 | 0.6 |
| New York State Economy | | | |
| Non-Farm Employment (Total) | 1.5 | 0.9 | 0.2 |
| Wages (Total) | 6.2 | 4.4 | 4.2 |
| Personal Income | 5.8 | 3.9 | 4.3 |
| Unemployment Rate (Percent) | 4.3 | 4.4 | 4.5 |
| Composite CPI of New York | 3.5 | 3.3 | 2.7 |

Sources: Moody’s Analytics, New York State Division of Budget, Senate Majority Finance Committee staff calculations

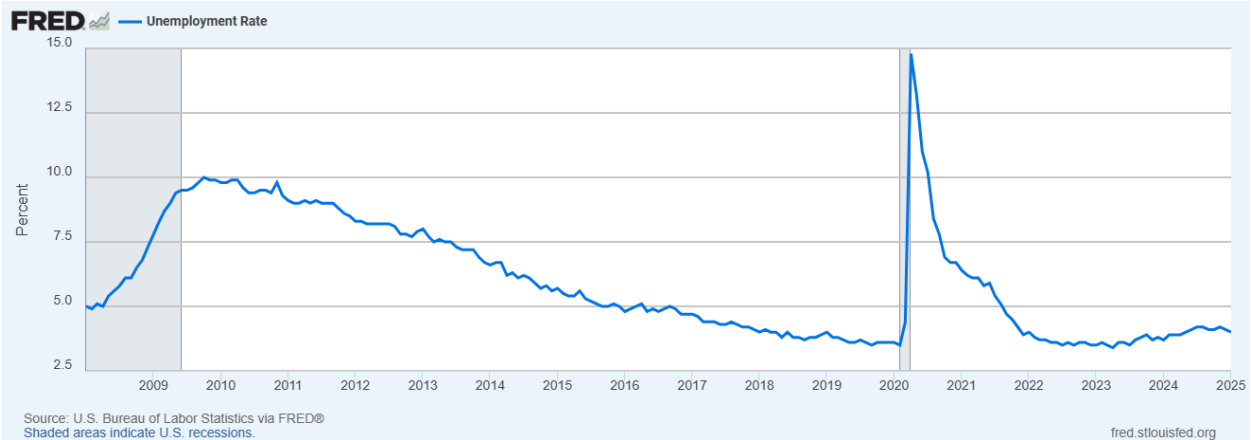
The Covid-19 pandemic has rapidly and drastically shifted the economic landscape both nationally and in New York. Prior to the economic downturn, the U.S. was in its longest period of economic expansion with some signs of slowing down. However, the actions taken to abate the spread of Covid-19, including the shuttering of entire industries, resulted in a changed economic picture. 2022 was marred with concerns over growing inflation and the monetary policy meant to curb such increase. Inflation represented by the Consumer Price Index (CPI), increased by 8 percent in 2022, the highest level in the U.S. in more than 40 years. Inflation represented by the CPI, increased by 3 percent in 2024, still above the Federal Reserve 2 percent target.

Wage growth in New York State was slightly stronger than the U.S., with CY 2024 estimates at 6.2 percent in the State compared to 5.9 percent for the U.S. on a national level. Nonfarm employment has seen moderate growth in CY 2024 for both the U.S. and the State. CY 2025 is forecast to have continued growth albeit at a slower rate. This is largely the result of employers facing difficulty finding skilled workers and are uncertain of future staffing needs. Labor demand in New York State increased slightly but was still outpaced by labor supply. Finally, the unemployment rate, which increased almost threefold because of the Covid-19 pandemic, has returned to pre-pandemic levels for the U.S. and New York State.

U.S. LABOR MARKET AND INCOME

U.S. Employment

According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate decreased to 4.0 percent and the number of unemployed persons changed slightly in January 2025. Total nonfarm payroll employment increased by 143,000 in January 2025. Employment continued to trend upward in health care, retail trade, and social assistance. The number of unemployed persons in January 2025 was 6.8 million. The labor market has slowed as unemployment has exceeded pre-pandemic levels of 3.5 percent and 5.7 million unemployed persons.



Source: Federal Reserve Bank of St. Louis

Among the unemployed, the number of persons on temporary layoff decreased slightly in January 2025 to 835,000. This measure is down 27,000 over the course of the year.

In January, the number of unemployed persons who were:

- Jobless less than five weeks increased by 134,000 from the previous month to 2.3 million.
- Jobless five to 14 weeks decreased by 62,000 from the previous month to 1.9 million.
- Jobless 15 to 26 weeks decreased by 46,000 from the previous month to 1.2 million.
- Jobless 27 weeks or more decreased by 108,000 from the previous month to 1.4 million.

Among the major worker groups, the following unemployment rates applied in January:

- 3.5 percent for White persons, which represented little change over the month.
- 3.7 percent for Asian persons, which represented little change over the month.
- 3.7 percent for adult women, which represented little change over the month.
- 3.7 percent for adult men, which represented little change over the month.
- 4.8 percent for Hispanics, which represented little change over the month.
- 6.2 percent for Black persons, which represented little change over the month.
- 11.8 percent for teenagers, which represented little change over the month.

The labor force participation rate was unchanged during January 2025 from the prior month at 62.6 percent. The employment to population ratio was also unchanged from the prior month at 60.1.

In January 2025, the number of persons employed part-time for economic reasons increased by 119,000 from the prior month to 4.5 million.

The number of persons not in the labor force who are seeking employment was little changed in January 2025 at 5.5 million. These individuals were not counted as unemployed because they were not actively looking for work during the last four weeks or were unavailable to take a job.

Among those not in the labor force who currently want a job, the number of persons marginally attached to the labor force is at 1.6 million and was unchanged little in January. These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months but have not looked for work in the 4 weeks preceding the survey. The number of discouraged workers, a subset of the marginally attached who believe that no jobs were available to them increased to 592,000 in January from the previous month.

New York State Workforce Trends

Overall private sector and government jobs increased in both New York State and at the national level. However, there are still sectors in New York State, such as information, construction and professional and business services, that are struggling and have lost jobs. The following table compares the year-over-year change in total non-farm and private sector jobs that occurred in the United States, New York State, certain metropolitan areas, and non-metro areas in the State between December 2023 and December 2024.

| Change in Total Nonfarm and Private Sector Jobs by Area ¹ December 2023 - December 2024 | | | | |
|--|--|---------|----------------------|---------|
| | Total Nonfarm Jobs: (private sector + government) | | Private Sector Jobs: | |
| | Net | Percent | Net | Percent |
| United States | 1,996,000 | 1.3 | 1,545,000 | 1.2 |
| New York State | 126,400 | 1.3 | 108,800 | 1.3 |
| Albany-Schenectady-Troy | 3,000 | 0.6 | 1700 | 0.5 |
| Binghamton | 1,100 | 1.1 | 400 | 0.5 |
| Buffalo-Niagara Falls | 4,400 | 0.8 | 4,000 | 0.9 |
| Dutchess-Putnma | 900 | 0.6 | 700 | 3.3 |
| Elmira | 400 | 1.1 | 300 | 2.4 |
| Glens Falls | -400 | -0.8 | -300 | 0.7 |
| Ithaca | -1,000 | -1.6 | -1,600 | -0.6 |
| Kingston | 700 | 1.1 | 700 | -3.4 |
| Nassau-Suffolk | 19,200 | 1.4 | 16,200 | 0.1 |
| New York City | 83,800 | 1.8 | 77,700 | 0.4 |
| Orange-Rockland-Westchester | 10,200 | 1.4 | 7,200 | 1.1 |
| Rochester | 8,900 | 1.7 | 8,100 | 1.6 |
| Syracuse | 6,200 | 1.9 | 5,400 | 3.1 |
| Utica-Rome | 800 | 0.6 | 600 | 5.7 |
| Watertown-Fort Drum | -300 | -0.7 | -300 | 2.0 |
| Non-metropolitan counties | 3,200 | 0.6 | 2,800 | -0.1 |
| <p>Note: The sum of sub-state area job estimates will usually differ from the New York State total. This is because the State total is calculated separately from the sub-state areas and is estimated based on an independent sample.</p> | | | | |

Source: New York State Department of Labor

Change in Jobs by Major Industry Sector: December 2023 to December 2024

The table below lists the change in jobs by major industry sector in New York State occurring between December 2023 and December 2024.

| Change in Jobs by Major Industry Sector in New York State December 2023 - December 2024 | |
|--|---------|
| Sectors: | |
| Leisure and Hospitality | 20,200 |
| Professional and Business Services | -3,000 |
| Educational and Health Services ¹ | 117,200 |
| Trade, Transportation, and Utilities | -8,100 |
| Information | -12,600 |
| Manufacturing | -2,900 |
| Government ² | 17,600 |
| Mining and Logging | -100 |
| Financial Activities | 200 |
| Construction | -8,200 |
| Other Services | 6,100 |

¹ Educational and health services is in the private sector.

² Government includes public education and public health services.

Note: The data is not seasonally adjusted.

Source: New York State Department of Labor

Unemployment Rates

The U.S. Bureau of Labor Statistics utilizes a statistical regression model that primarily uses the results of a monthly telephone survey of households in New York State to calculate the State's unemployment rate. In December 2024, the statewide seasonally adjusted unemployment rate was 4.4 percent, same as the previous month. New York City's unemployment rate increased over the month to 5.5 percent from 5.4 percent. Outside of New York City, the unemployment rate decreased to 3.5 percent from 3.6 percent. The number of unemployed New Yorkers decreased over the year by 20,900 from 444,700 in December 2023 to 423,800 in December 2024.

| Unemployment Rates (%) ¹ | | | |
|-------------------------------------|---------------|---------------|---------------|
| | December 2024 | November 2024 | December 2023 |
| United States | 4.1 | 4.2 | 3.7 |
| New York State | 4.4 | 4.4 | 4.6 |
| New York City | 5.5 | 5.4 | 5.3 |
| NYS, outside of NYC | 3.5 | 3.6 | 4.0 |

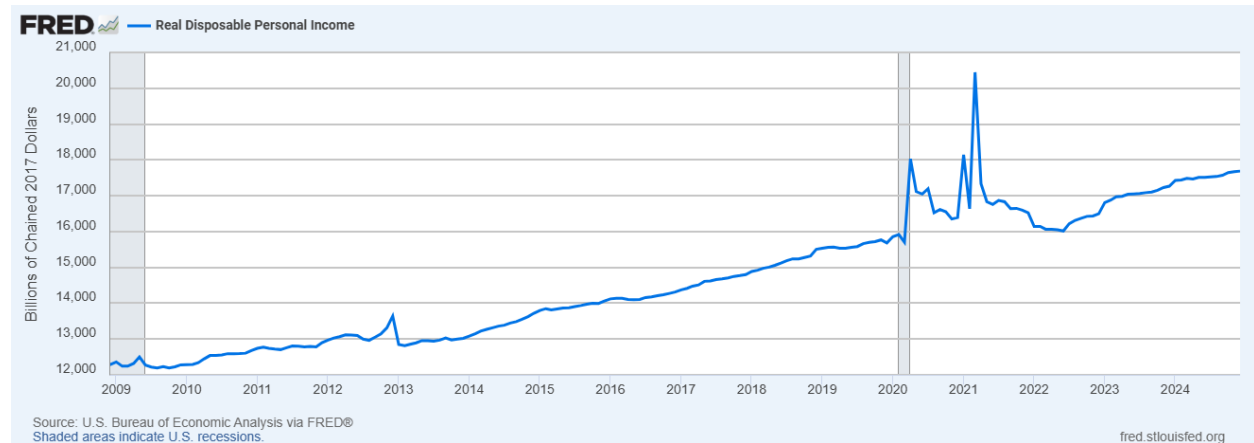
¹ Data is seasonally adjusted and are preliminary and subject to change

Source: New York State Department of Labor

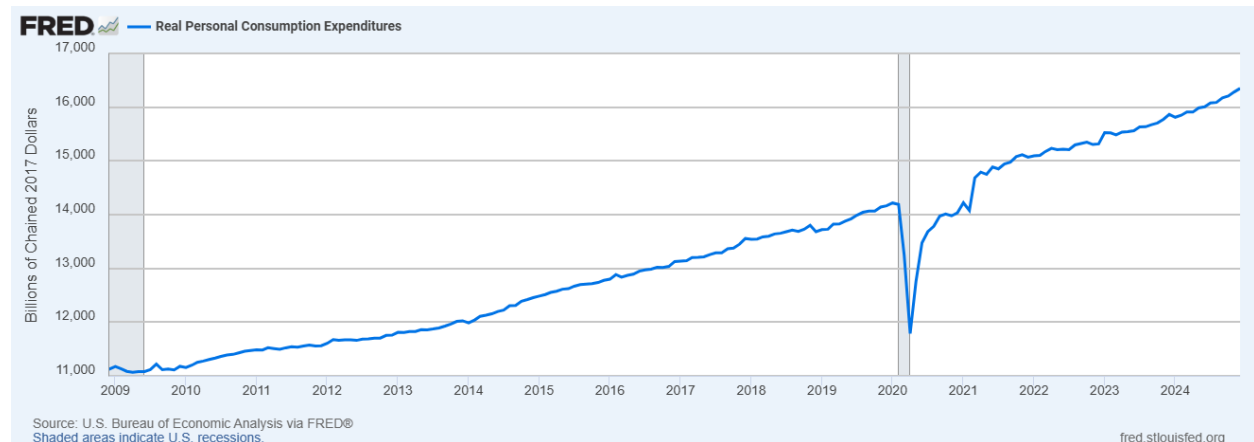
Personal Income

According to the U.S. Bureau of Economic Analysis (BEA), personal income increased by \$319.50 billion or 1.3 percent, and disposable personal income (DPI) increased by \$274.60 billion or 1.3 percent in the fourth quarter of 2024. Personal consumption expenditures (PCE) increased by \$133.6 billion or 0.7 percent in December 2024.

The increase in personal income in December reflects growth in compensation. Within compensation, the change includes increases in private wages and salaries. The increase in consumer spending reflects increases in spendings for services and spending for goods. Spending for services were led housing and utilities, transportation services, and health care. Spendings for goods were led by gasoline and other energy goods, and food and beverages.



Source: Federal Reserve Bank of St. Louis

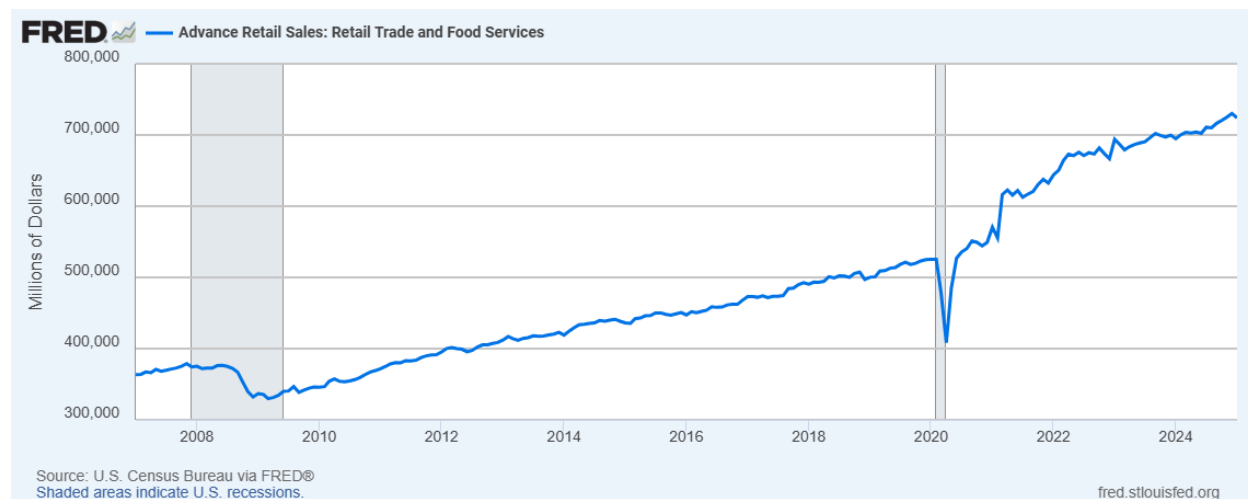


Source: Federal Reserve Bank of St. Louis

Personal outlays increased \$129.5 billion in December 2024. Personal savings were \$843.2 billion in December 2024 and the personal saving rate was 4.1 percent in the fourth quarter, compared to 4.3 percent in the third quarter of 2024. The personal saving rate is personal savings as a percentage of disposable personal income.

Retail Sales

According to the U.S. Census Bureau, the advance estimate of U.S. retail and food services sales for January 2025 was 723.9 billion, which is a decrease of 0.9 percent from December 2024, and an increase of 4.2 percent from January 2024. This figure adjusts for seasonal variation, holiday and trading-day differences but not for price changes.



Source: Federal Reserve Bank of St. Louis

Total sales for 2024 were up 2.6 percent from 2023. Total sales for November 2024 through January 2025 were up 4.2 percent from the same period last year. Retail trade sales from January 2024 were down 1.2 percent from December 2024 and up 4 percent from the previous year. Food service and drinking places were up 5.4 percent from last year, and motor vehicle and parts dealers were up 6.4 percent from last year.

Consumer Price Index (CPI)

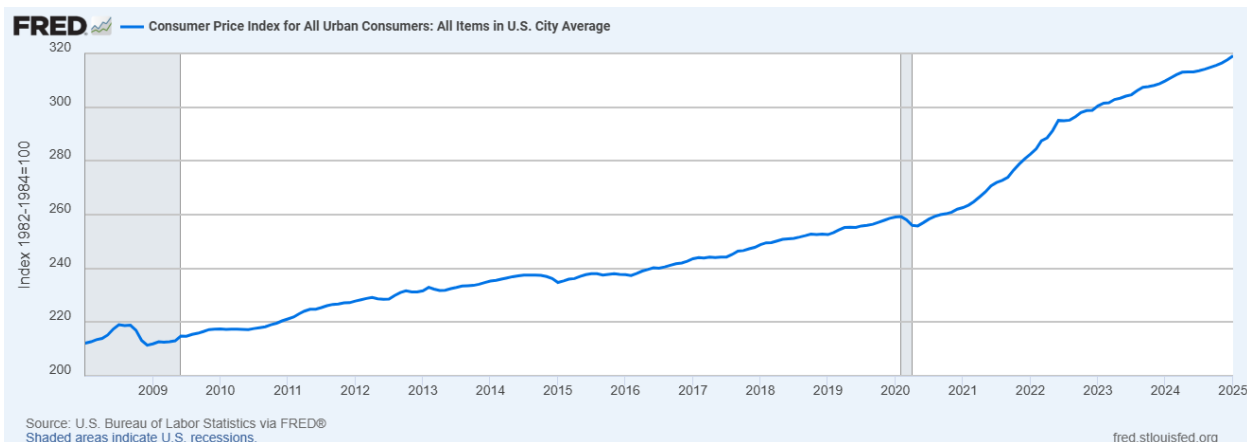
According to the U.S. Bureau of Labor Statistics (BLS), the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.5 percent in January 2025 over the previous month on a seasonally adjusted basis. Over the last 12 months, the all items index, increased 3 percent before seasonal adjustment.

The driving force behind the increase of the all items index was the 0.4 percent increase in the shelter index. The energy index increased in January by 1.1 percent mainly because of an increase in the gasoline index. The food index also rose in January, as the food at home and the food away from home indices increased by 0.5 percent and 0.2 percent respectively.

The index for all items other than food and energy increased 0.4 percent in January after rising 0.2 percent in December. The indices for motor vehicle insurance, recreation, used cars and trucks, medical care, communication, and airline fares all rose in January. The indices for apparel, personal care, and household furnishings and operations were among those to decline over the month.

The all items index rose 3 percent for the 12 months ending in January, which represented a slightly higher increase than the 2.9 percent increase for the 12 months ending December. The

index for all items less food and energy rose 3.3 percent over the last 12 months, which was slightly higher than the increase of 3.2 percent over the 12 months ending December. The food index rose 2.5 percent over the last year, while the energy index increased by 1 percent for the 12 months ending January.



Source: Federal Reserve Bank of St. Louis

U.S. Gross Domestic Product, Fourth Quarter and Year 2024 (Advance Estimate)

According to the U.S. Bureau of Economic Analysis (BEA) advance estimate, the real GDP increased at an annualized rate of 2.3 percent in the fourth quarter of 2024. In the third quarter, real GDP increased 3.1 percent, higher than the anticipated 2.8 percent increase from the third quarter advance estimate. The increase in real GDP reflected increases in consumer spending and government spending.

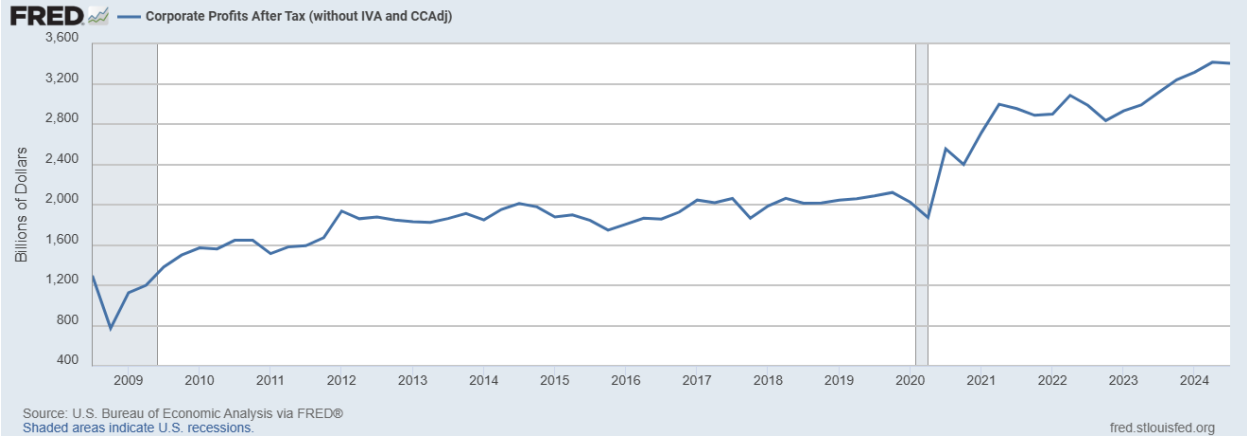
GDP rose 4.5 percent or \$325.7 billion in the fourth quarter to a level of \$29.7 trillion. In the third quarter, GDP increased 5 percent or \$358.2 billion.

U.S. Corporate Profits (Third Quarter Estimate)

According to the Bureau of Economic Analysis (BEA), profits from current production (corporate profits) with inventory valuation adjustment (IVA) and capital consumption adjustment (CCA) decreased \$15 billion in the third quarter, a downward revision of \$4.9 billion compared to the previous estimate.

Profits of domestic financial corporations increased \$3 billion in the third quarter, an upward revision of \$5.6 billion. Profits of domestic nonfinancial corporations increased \$24.9 billion, a downward revision of \$5.9 billion.

The rest-of-the-world component of profits decreased \$42.9 billion, a downward revision of \$4.6 billion. In the third quarter, receipts decreased \$61.5 billion, and payments decreased \$18.7 billion. The rest-of-the-world component of profits is the difference between receipts from the rest of the world and payments to the rest of the world.

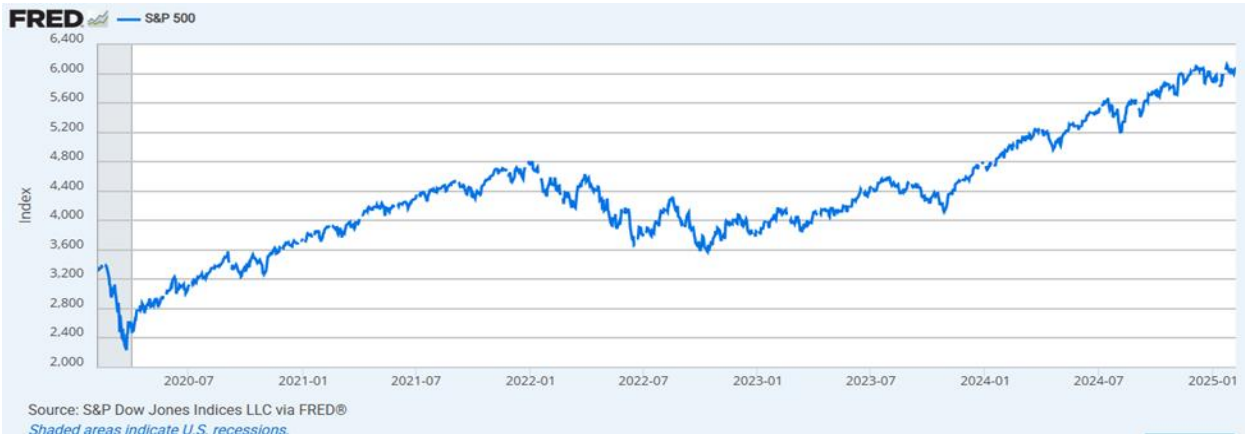


Source: Federal Reserve Bank of St. Louis

FINANCIAL MARKETS

Standard & Poor's 500 Index

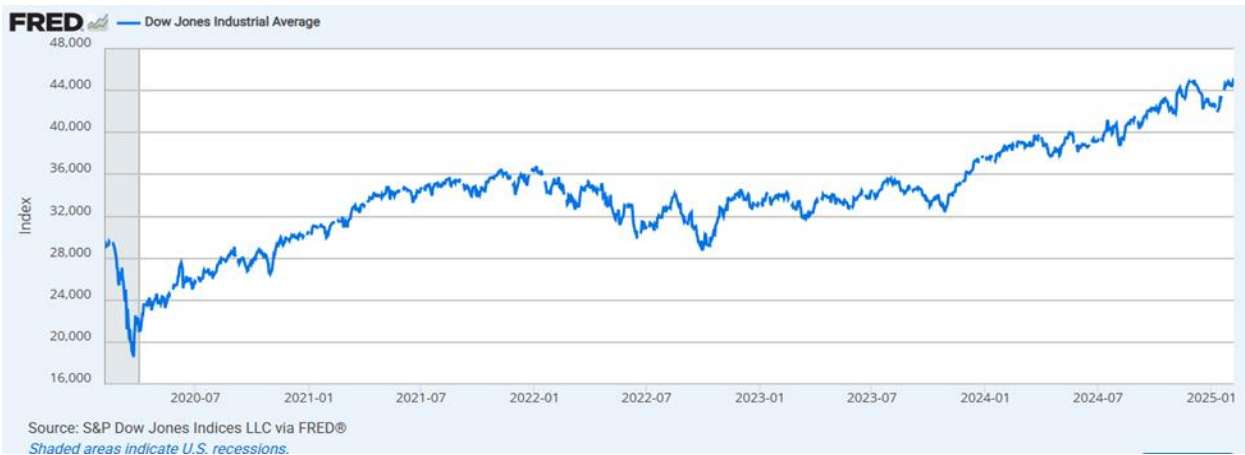
The Standard & Poor's 500 stock index (S&P 500) finished 2024 at 5,881.63 points, an increase of 23.3 percent from the 2023 year-end close at 4,769.83 points. S&P 500 has continued its strong recovery from the 2022 lows, as inflation has moderated combined with optimism and investments surrounding Artificial Intelligence. On January 23, 2025, the S&P 500 index set a new all-time high at 6,118.71 points. It has traded down from this in the weeks since but has remained elevated, closing at 6,025.99 points on February 7, 2025.



Source: Federal Reserve Bank of St. Louis

Dow Jones Industrial Average

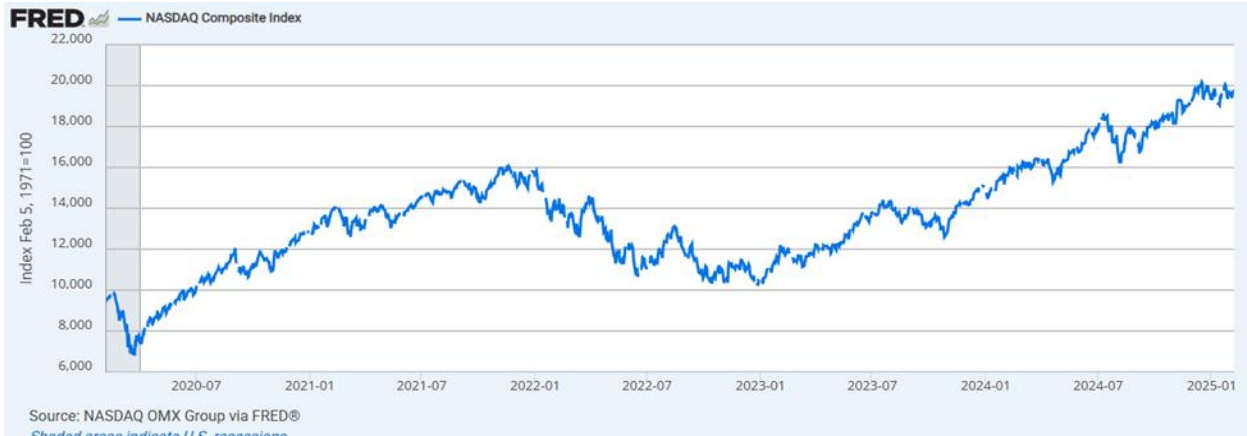
For 2024, the Dow Jones Industrial Average (DJIA) ended at 42,544.22 points, an increase of 12.9 percent from its 2023 close of 37,689.54 points. The most recent all-time high closing price of 45,014.04 points was set on December 4, 2024. Following a few weeks of choppiness, a new intraday high was reached on January 31, 2025, but did not close at a new all-time high. Since then, the index has fallen slightly, closing at 44,303.40 points on February 7, 2025.



Source: Federal Reserve Bank of St. Louis

NASDAQ Composite

The NASDAQ Composite finished 2024 at 19,310.79 points, an increase of 28.6 percent from the prior year, when it closed at 15,011.35 points. On February 7, 2025, the NASDAQ Composite closed at 19,523.40 points. Since November of last year, the index has been trading within a range of roughly 1,000 points and set an all-time high on December 16, 2024, at 20,173.89 points.



Source: Federal Reserve Bank of St. Louis

RISKS TO THE U.S. AND NEW YORK STATE FORECASTS

There are many unforeseen factors associated with forecasting the economy. Any sharp variation in the expected performance of the various sectors of the economy, whether positive or negative, can have a significant impact on the shape and pace of the economic recovery. This is evidenced by the Covid-19 pandemic that has markedly affected all sectors of the economy in unprecedented ways. The resilience of the economic outlook carries a broad range of potential outcomes that depend on navigating inflation, elevated interest rates, and policy changes.

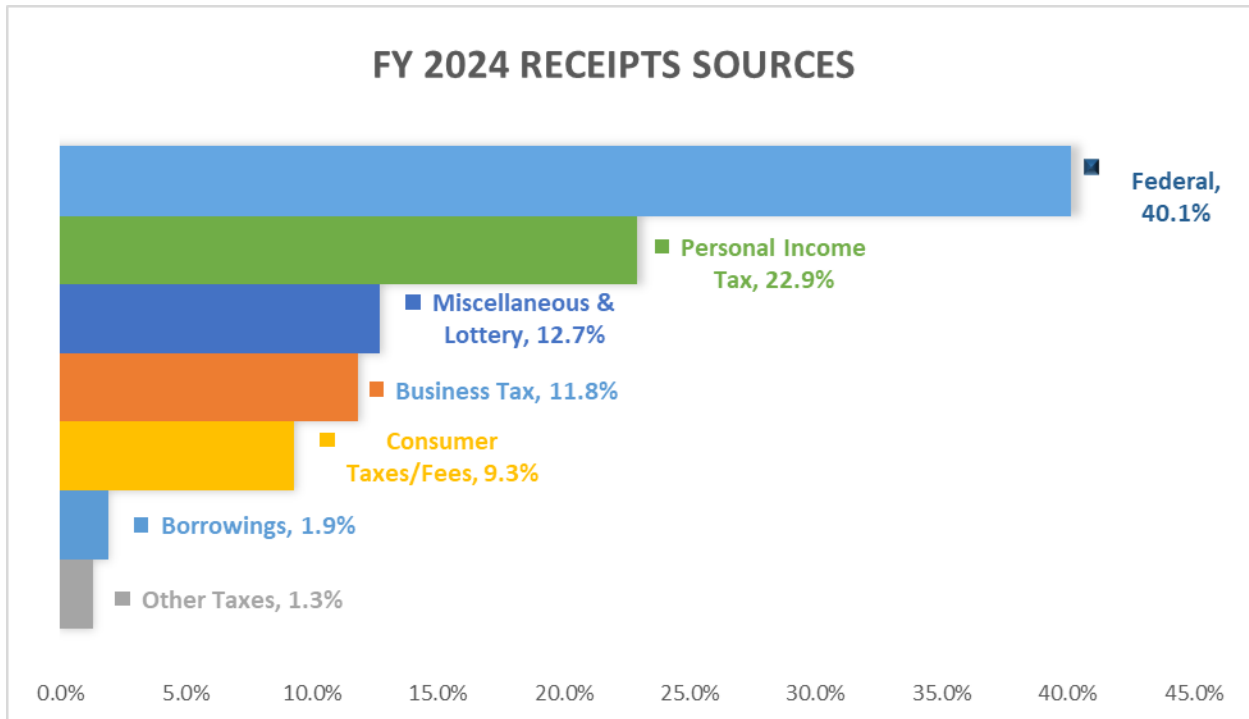
Inflation and the policy actions taken by the Federal Reserve to curb its impact, remain a risk to both the U.S. and New York State forecasts. Although inflation is below its 9.1 percent peak in June 2022, the rate remains above the Federal Reserve 2 percent target and is the highest for six months at 3 percent in January 2025. With the continued rise in inflation and the new administration's policies, it is uncertain whether there will be interest rate cuts by the Central Bank in the upcoming months. This is especially concerning for New York State due to the financial sector's importance to the State economy.

Furthermore, the change in control of the White House and Congress poses risks to both the U.S. and New York State forecasts. The new administration's policy actions may also change course. Proposals to increase tariffs, cut federal funding to the State and individuals, strict immigration enforcement, tax cuts and other policies have created unusual uncertainty. Moreover, the continuation of federal programs, such as the State and Local Tax (SALT) deduction cap and other provisions of the 2017 Tax Cut and Jobs Act (TCJA) which are set to expire at the end of 2025 pose risks to the State's economic outlook. These concerns raise economic uncertainty in both the U.S. and New York State.

Finally, the global economic outlook continues to be a concern. The global economy is expected to remain stable in the upcoming year. However, geopolitical tensions, international trade flows and global supply chain continue to be a challenge.

REVENUE OUTLOOK

Revenues are primarily affected by economic changes and changes in Federal and State tax policies. The tax base is a measure of the State’s ability to generate revenue. Personal income tax receipts make up the largest share of total tax receipts (22.9 percent), followed by business taxes (11.8 percent), consumer taxes/fees (9.3 percent) and other taxes (1.3 percent). Of the non-tax categories of receipts, federal receipts make up the largest share of total receipts (40.1 percent), followed by miscellaneous and lottery receipts (12.7 percent), and borrowings (1.9 percent).



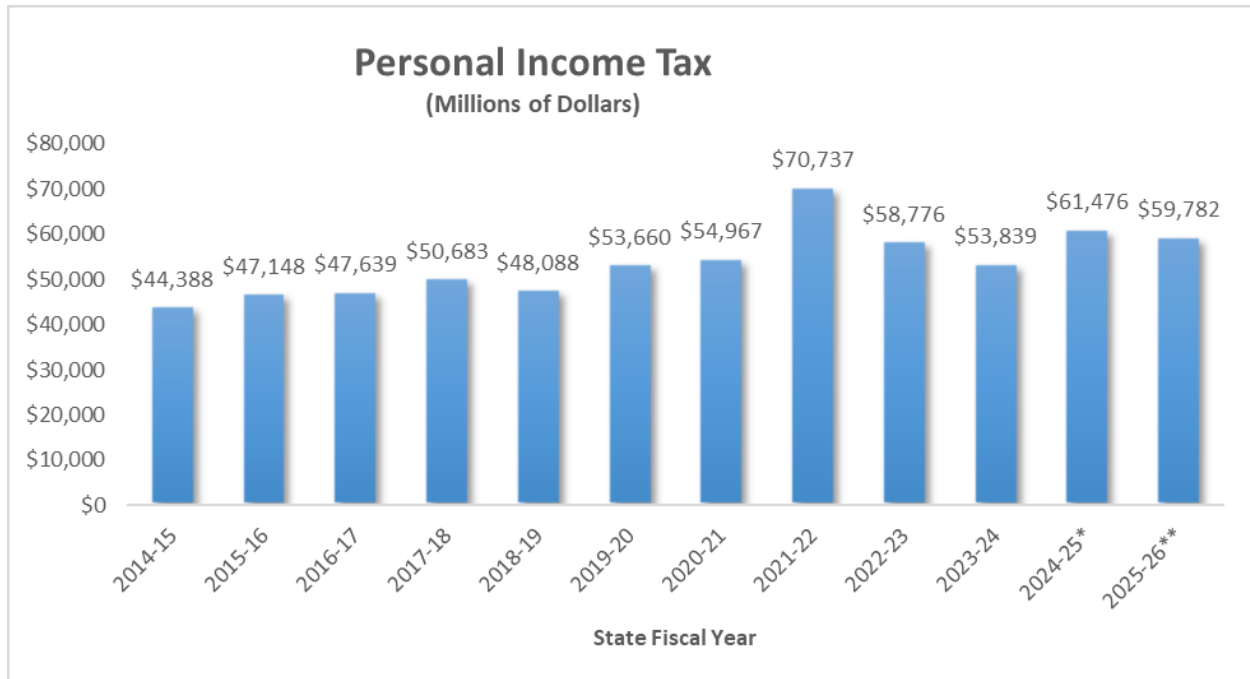
Source: Office of New York State Comptroller – 2024 Financial Condition Report

Senate Majority Finance Committee Staff Receipts Projections

The committee staff's SFY 2024-25 estimate for All Funds receipts, excluding federal receipts, is \$762.9 million over the Executive Budget Financial Plan receipts estimate of \$132.2 billion. The committee staff's SFY 2025-26 projection for All Funds receipts, excluding federal receipts, is \$1.3 billion above the Executive Budget Financial Plan receipts estimate of \$137.4 billion.

The committee staff's SFY 2024-25 estimate for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$613.2 million over the Executive Budget Financial Plan estimate of \$55.3 billion. The committee staff's SFY 2025-26 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.1 billion over the Executive Budget Financial Plan receipts estimate of \$54.3 billion.

PERSONAL INCOME TAX



*2024-25 is estimated **2025-26 is projected.

Source: Senate Majority Conference Finance Committee staff

Article 22 of the Tax Law establishes a tax on the income of individuals, estates and trusts. Personal Income Tax (PIT) receipts contributed approximately 53 percent of all tax collections deposited into the General Fund in SFY 2024-25. New York’s definition of income closely follows Federal law, which includes wages, salaries, capital gains, unemployment compensation, and interest and dividend income. Those components comprise the Federal Adjusted Gross Income (FAGI). The New York State adjusted gross income (NYSAGI) is calculated by FAGI, from which certain income items are then added or subtracted. The New York standard deduction or itemized deductions are subtracted from NYSAGI to arrive at New York State taxable income. Finally, certain credits are then subtracted from the calculated tax to determine total personal income tax liability.

PIT is paid by the withholding of wages and other income payments, the payment of estimated taxes, the payment of unpaid taxes through final returns, and the payment of overdue taxes known as delinquencies through assessments. Any overpayment of PIT is refunded to the taxpayer. The manner of payment determines the income year to which the tax applies. For example, withholding is paid when the income is earned. Therefore, 2025 wages would be reflected in 2025 withholding. However, tax payments made with the final returns are based on the prior year’s income. As a result, final payments made in 2025 reflect income earned in 2024. The same pattern holds true for refunds.

For SFY 2024-25, the committee staff estimate All Funds net PIT receipts to total \$61.5 billion, which is an increase of \$7.6 billion or 14.2 percent from SFY 2023-24. For SFY 2025-26

committee staff project All Funds net PIT receipts to total \$59.8 billion, which is a decrease of \$1.7 billion or 2.8 percent from SFY 2024-25.

For SFY 2024-25, the committee staff projects General Fund net PIT receipts to total \$29.5 billion, reflecting an increase of \$4.2 billion or 16.7 percent from SFY 2023-24. For SFY 2025-26 General Fund net PIT receipts are projected at \$29 billion, which is \$684.9 million or 2.3 percent less than the prior year.

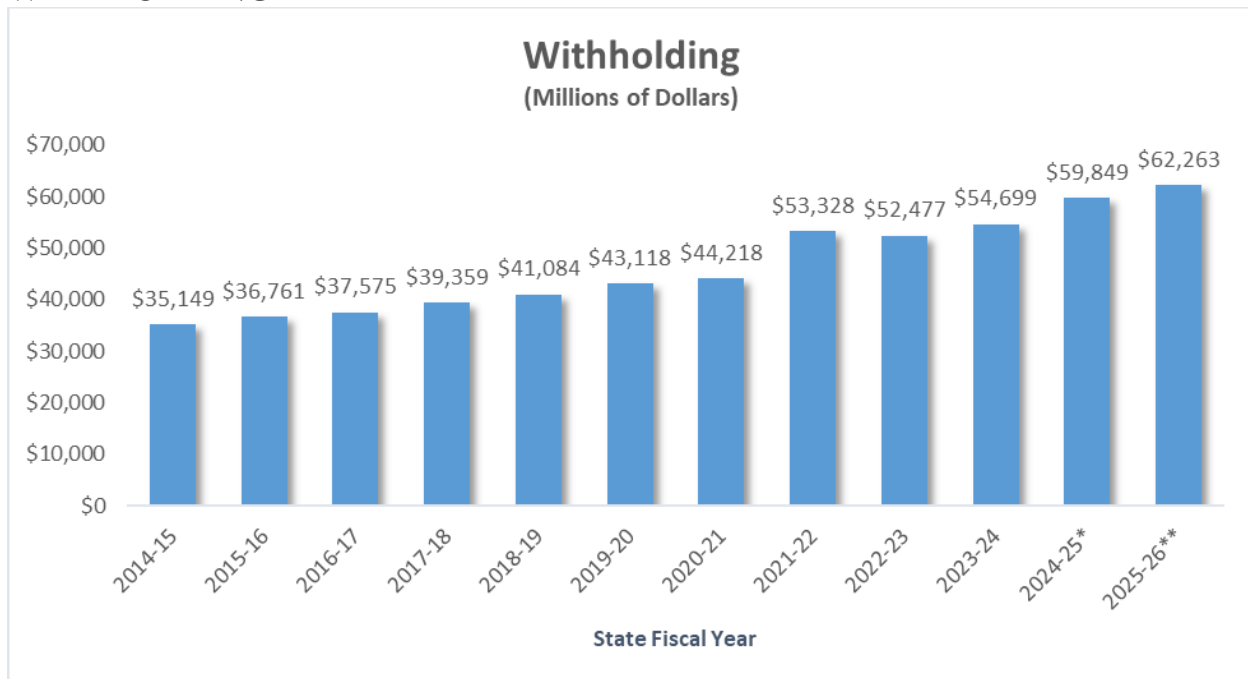
The SFY 2021-22 Enacted Budget contained a high-income personal income tax surcharge. The effects of this surcharge are included in the staff projection for SFY 2025-26. The high-income surcharge added \$4.5 billion in new receipts in SFY 2024-25 and will add approximately \$7.2 billion in new receipts in SFY 2025-26.

The Executive Budget Financial Plan projects the Pass-Through Entity Tax (PTET) enacted in 2021-22 to be revenue neutral for the State over the duration of the tax but it will not appear neutral within each fiscal year. The Executive Budget Financial Plan projects PTET to reduce PIT receipts by \$13.7 billion in SFY 2024-25.

The Executive Budget Financial Plan estimates net All Funds PIT receipts for SFY 2024-25 to total \$61.0 billion, which is an increase of \$7.1 billion or 13.2 percent from SFY 2023-24. The Executive Budget Financial Plan projects All Funds net PIT receipts for SFY 2025-26 to total \$59.1 billion, reflecting a decrease of \$1.9 billion or 3.1 percent from its SFY 2024-25 projections.

The Executive Budget Financial Plan estimates net General Fund PIT receipts for SFY 2024-25 to total \$29.0 billion which is \$3.7 billion more than SFY 2023-24 or an increase of 14.7 percent. Net General Fund PIT receipts for SFY 2025-26, are projected at \$28.1 billion which is \$894 million or 3.1 percent less than what is projected for SFY 2024-25.

WITHHOLDING



*2024-25 is estimated **2025-26 is projected.

Source: Senate Majority Conference Finance Committee staff

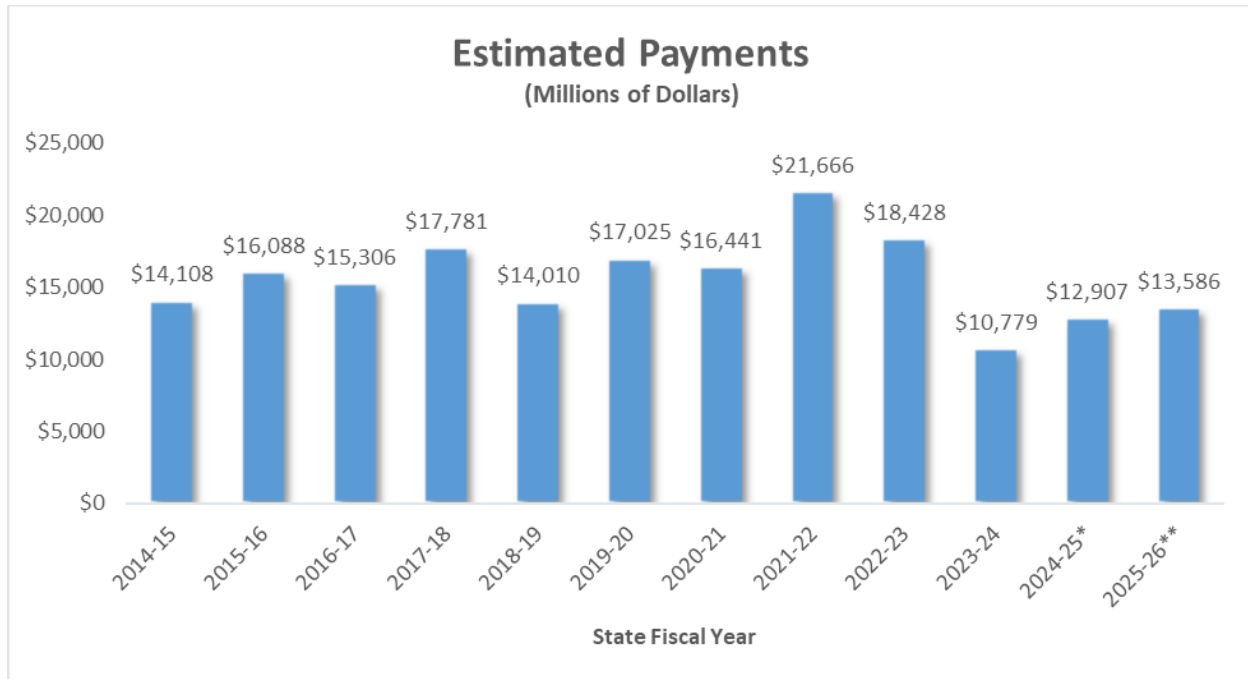
Employers are required to withhold a portion of employees' tax liability from their earnings to spread the payment of PIT over the tax year. Withholding has a slight lag from the period in which it is withheld to the time the State receives the payment from the employer. Withholding is closely correlated to wages and salaries earned during any given quarter. The withholding component of PIT is the most significant portion of aggregate State PIT receipts.

The SFY 2020-21 Enacted Budget contained a high-income personal income tax surcharge. The high-income surcharge added \$2.2 billion in new receipts impacting withholding in SFY 2024-25 and will add approximately \$3.1 billion in new receipts impacting withholding in SFY 2025-26.

For SFY 2024-25, committee staff estimates All Funds withholding payments to total \$59.8 billion, which is an increase of \$5.2 billion or 9.4 percent from SFY 2023-24. This projection is \$113 million or 0.2 percent higher than the Executive estimate of \$59.7 billion.

For SFY 2025-26, committee staff projects the All Funds withholding component of PIT to increase to \$62.3 billion, which is an increase of \$2.4 billion or 4 percent from SFY 2024-25. This projection is \$322 million or 0.5 percent above the Executive estimate of \$61.9 billion.

ESTIMATED PAYMENTS



*2024-25 is estimated **2025-26 is projected.

Source: Senate Majority Conference Finance Committee staff

Individuals typically make estimated payments if the tax they will owe for the year is significantly more than the amount of tax being withheld from their wages. Individuals who have large amounts of non-wage income (*e.g.*, self-employment income, interest, dividends or capital gains) make these as quarterly payments. Estimated tax payments are due on the fifteenth of April, June, September, and January. Estimated payments are also made when a taxpayer files for an extension. When a taxpayer files for an extension, they are required to estimate their tax liability. If a payment is due, it is submitted with the extension.

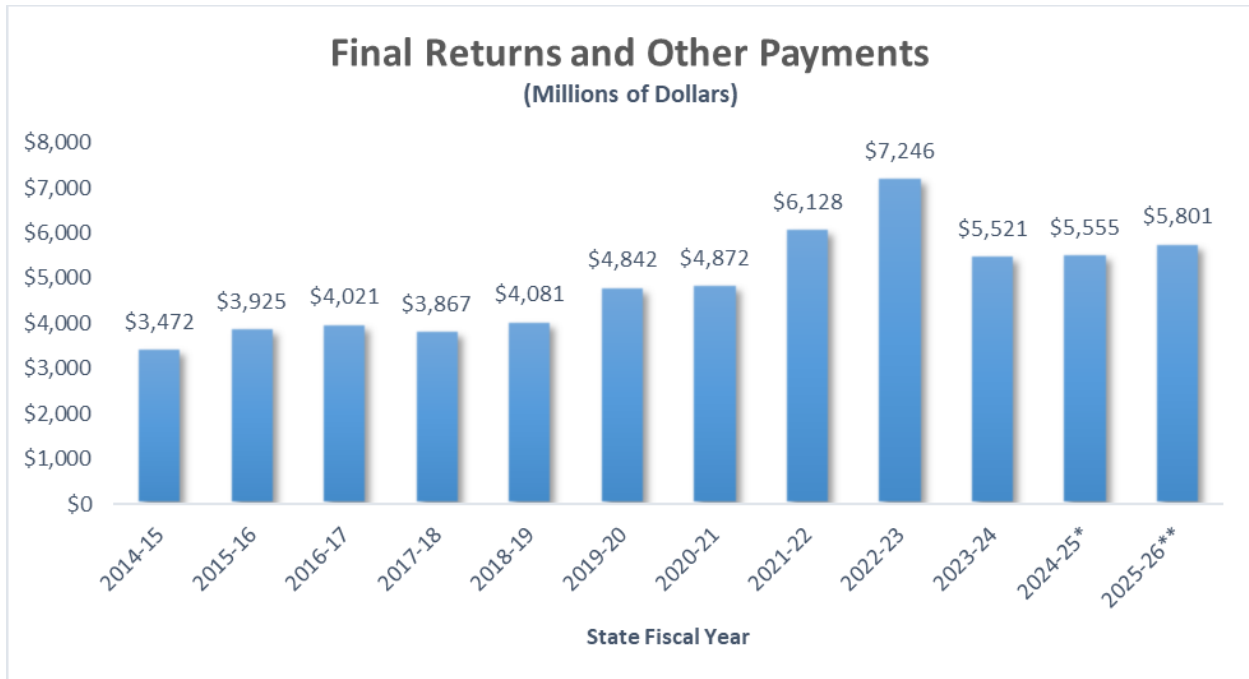
The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for estimated payments.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds estimated payments collections to total \$12.9 billion. This projection reflects an increase of \$2.1 billion or 19.7 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds collections from estimated payments to be \$13.6 billion. This projection reflects an increase of \$679 million or 5.3 percent from SFY 2024-25.

The high-income surcharge added \$1.3 billion to estimated payments new receipts in SFY 2024-25 and will add approximately \$2.9 billion to estimated payments new receipts in SFY 2025-26.

FINAL RETURNS AND OTHER PAYMENTS



*2024-25 is estimated **2025-26 is projected.

Source: Senate Majority Conference Finance Committee staff

Final returns are usually due on April 15 of every year. The final return is a reconciliation between a taxpayer's withholding and estimated payments, and the tax liability calculated on the total personal income received throughout the tax year. Payment is due when the combination of withholding and estimated payments results in an underpayment of the total tax liability.

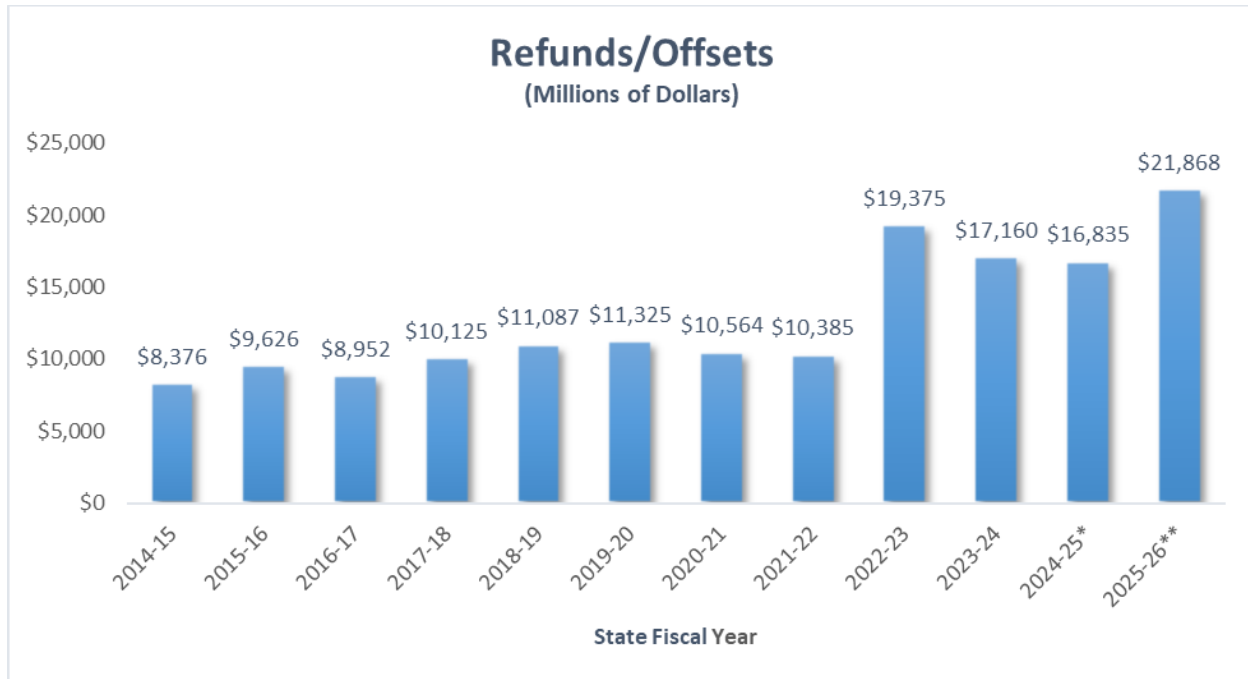
Other payments consist of assessments due on late or audited returns, filing fees paid by the State's limited liability companies (LLCs) and limited liability partnerships (LLPs).

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for final returns and other payments.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds final returns and other payments collections to total \$5.6 billion. This projection reflects an increase of \$34 million or 0.6 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds collections from final returns and other payments to be \$5.8 billion. This projection reflects an increase of \$246 million or 4.4 percent from SFY 2024-25.

REFUNDS/OFFSETS



*2024-25 is estimated **2025-26 is projected.

Source: Senate Majority Conference Finance Committee staff

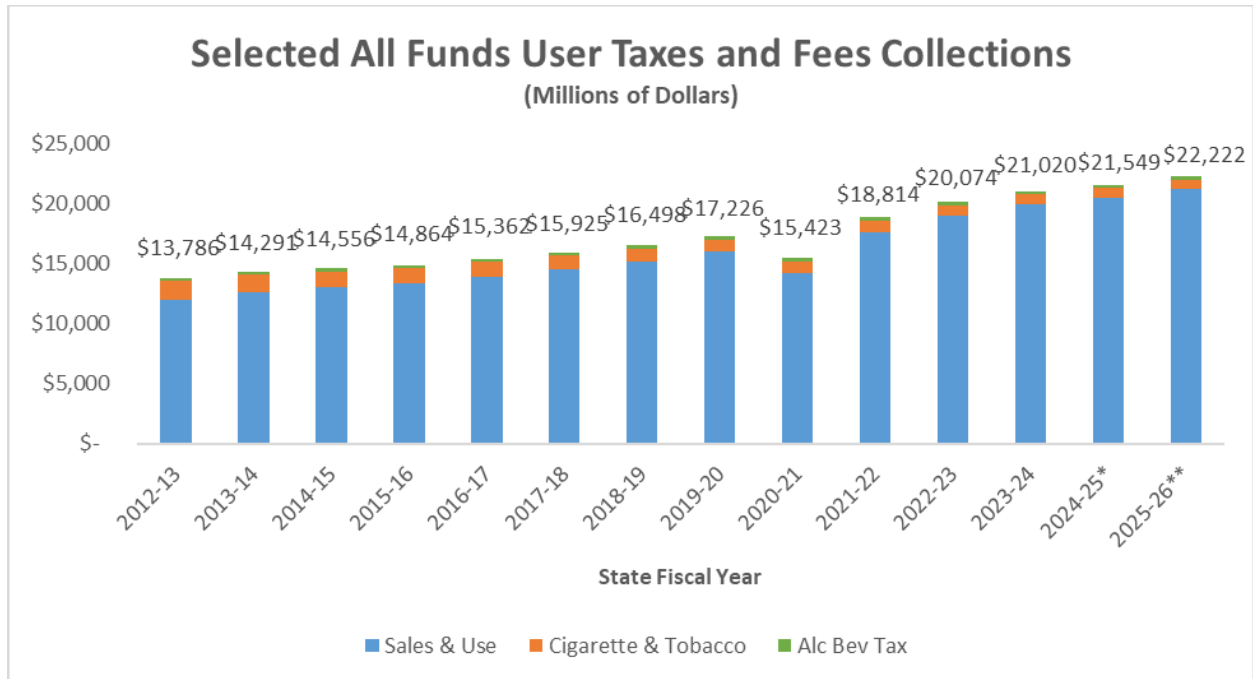
A refund occurs when a taxpayer overpays their personal income tax. This happens by either over-withholding or remitting excess estimated payments. Similar to payments made with final returns, refunds are a result of filing an annual return.

The Pass-Through Entity Tax (PTET) has a significant impact on refunds. Previous tax data has suggested that unclaimed PTET credits from prior years can be higher than anticipated. This could cause refunds to appear higher than expected. The impact would be offset by the use of monies held in the General Fund for the timing of PTET/PIT credits.

For SFY 2024-25, committee staff estimates that All Funds refunds and offsets will total \$16.8 billion, a decrease of \$325 million or 1.9 percent from SFY 2023-24. This projection is \$400 million or 2.3 percent below the Executive estimate of \$17.2 billion.

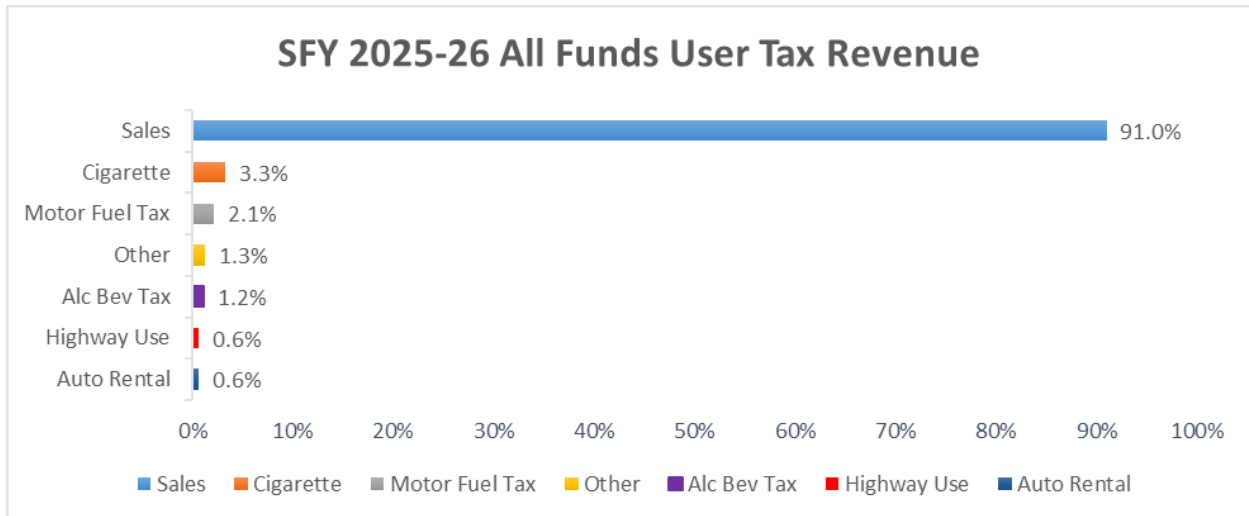
In SFY 2025-26, committee staff projects that All Funds refunds and offsets will total \$21.9 billion, an increase of \$5.0 billion or 29.9 percent from SFY 2024-25. This projection is \$400 million or 1.8 percent below the Executive estimate of \$22.3 billion.

CONSUMPTION AND USE TAXES



*2024-25 is estimated **2025-26 is projected.
Senate Majority Conference Finance Committee Staff

Consumption and use taxes in New York are primarily comprised of six separate taxes: Sales and Use Tax, Cigarette and Tobacco Tax, Motor Fuel Tax, Alcoholic Beverage Tax, Highway Use Tax, and Auto Rental Tax. Other taxes in total account for 0.4 percent of Consumption and Use Tax revenue.

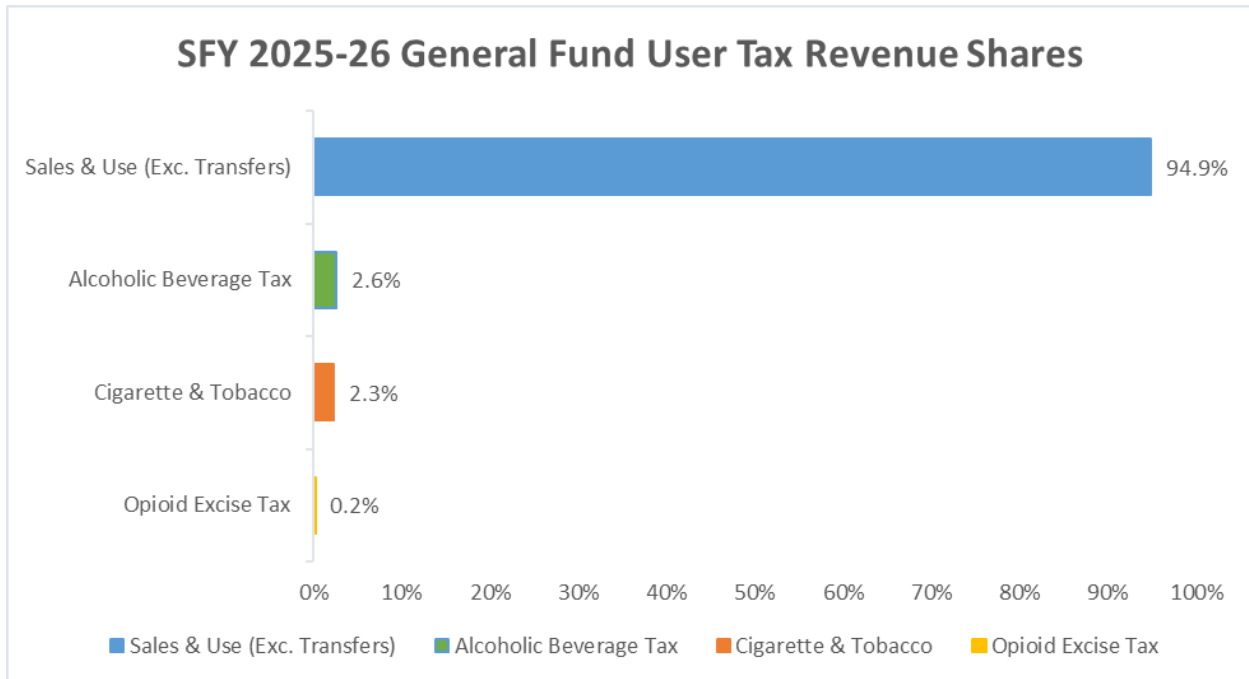


Source: Senate Majority Conference Finance Committee Staff Estimates

Sales and Use Tax dominates consumption and use tax collections with 91 percent of total user tax collections in SFY 2025-26.

For SFY 2024-25, committee staff estimate that All Funds consumption and use tax receipts will total \$22.5 billion, which is an increase of \$651.3 million or 3 percent from SFY 2023-24. This is \$27.3 million above the Executive’s estimate of \$22.5 billion.

For SFY 2025-26, the committee staff project All Funds consumption and use tax receipts to total \$23.3 billion, which is an increase of \$761 million or 3.4 percent from the staff’s SFY 2024-25 estimate. This is \$66.4 million above the Executive’s projection of \$23.2 billion.



Source: Senate Majority Conference Finance Committee Staff

General Fund revenue from user taxes and fees are composed of Sales and Use Tax, Cigarette and Tobacco taxes, Alcoholic Beverage Tax, and Opioid Excise Tax. The Sales and Use Tax is the primary source of collections in this category, accounting for approximately 94.9 percent of such receipts.

For SFY 2024-25, the committee staff estimates net General Fund consumption and use tax receipts to be \$10.1 billion, this is an increase of \$261.6 million or 2.6 percent from SFY 2023-24. This is \$25.6 million above the Executive’s estimate of \$10.1 billion.

For SFY 2025-26, the committee staff projects net General Fund consumption and use tax receipts to be \$10.4 billion, which is an increase of \$346.6 million or 3.4 percent from the estimate for SFY 2024-25. This is \$62.1 million above the Executive’s projection of \$10.4 billion.

SALES AND USE TAX

The Sales and Use tax is the second largest tax revenue source for the State. In general, the sales of all tangible personal property are taxable unless statutorily exempt, but services are taxed only if they are enumerated in the Tax Law. The current State Sales Tax rate is four percent. Counties and cities are also authorized to impose general Sales Tax rates up to three percent in addition to the four percent State rate. Of the 20 cities that impose the general Sales Tax, only three cities (New York City, Oswego, and Yonkers) received legislative authority to impose additional rates of tax above the statutory three percent general Sales Tax rate. Over 95 percent of the State’s population resides in an area where the tax rate equals or exceeds 8 percent. A compensating use tax complements the sales tax and is imposed on the use of taxable property or services in- state, if the transaction has not already been subject to sales tax.

An additional 0.375 percent Sales and Use Tax is imposed in the Metropolitan Commuter Transportation District (MCTD). All proceeds from the additional MCTD tax are earmarked for the Mass Transportation Operating Assistance Fund for the benefit of the Metropolitan Transportation Authority (MTA).

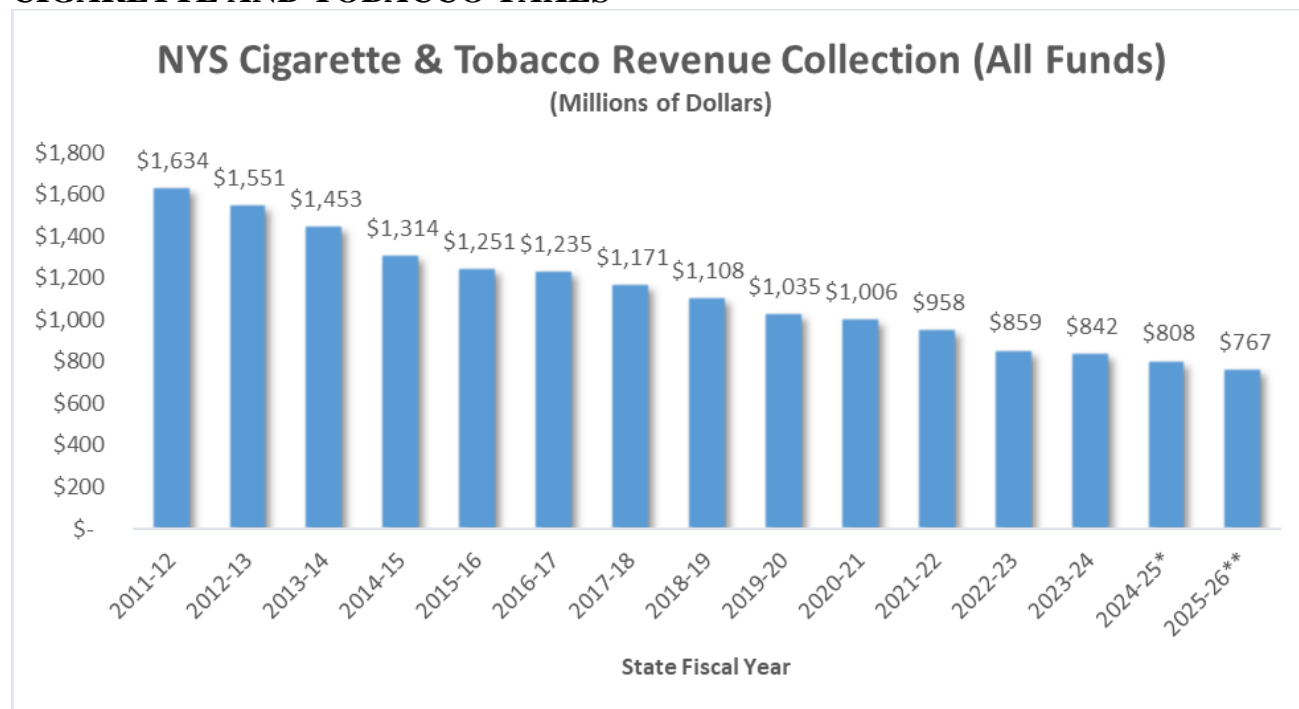
For SFY 2024-25, committee staff estimates All Funds Sales and Use Tax receipts at \$20.5 billion, which is an increase of \$566.3 million or 2.8 percent from SFY 2023-24. This is \$27 million or 0.1 percent over the Executive's estimate of \$20.4 billion.

For SFY 2025-26, the committee staff projects All Funds Sales and Use Tax collections will be \$21.2 billion which is an increase of \$714 million or 3.5 percent from the staff's SFY 2023-24 estimate. This is \$66.4 million or 0.3 percent over the Executive's projection of \$21.1 billion.

For SFY 2024-25, the committee staff estimates General Fund Sales and Use Tax collections to total \$19.2 billion, which is an increase of \$529.6 million or 2.8 percent from SFY 2023-24. This is \$25.6 million or 0.1 percent over the Executive estimate of \$19.1 billion.

For SFY 2025-26, the committee staff projects General Fund Sales and Use Tax collections at \$19.8 billion, which is an increase of \$675.6 million or 3.5 percent from the staff's SFY 2024-25 estimate. This is \$62.1 million or 0.3 percent over the Executive's projection of \$19.8 billion.

CIGARETTE AND TOBACCO TAXES



*2024-25 is estimated. **2025-26 is projected

Source: Senate Majority Conference Finance Committee Staff

The New York State Cigarette Excise Tax is imposed by Article 20 of the State Tax Law on the import or use of cigarettes within the State. The tax is paid through the purchase of a tax stamp, which is attached to the package of cigarettes. The tax rate is currently \$5.35 per package of 20 cigarettes.

The Federal government imposes a Cigarette Excise Tax at a rate of \$1.01 per pack on manufacturers and first importers of cigarettes. New York City levies a separate Cigarette Excise Tax that is equal to \$1.50 per pack. In addition to the excise tax on cigarettes, the State imposes a tax on other tobacco products, such as chewing tobacco, snuff, and cigars. These products are taxed at a rate of 75 percent of the wholesale price. However, snuff products are taxed at a rate of \$2.00 per ounce.

Taxable cigarette consumption is partly a function of retail cigarette prices, tax evasion, as well as a long-term downward trend in consumption. The decline in consumption also reflects the impact of increased public awareness of the adverse health effects of smoking, smoking restrictions imposed by governments, cessation programs, and changes in consumer preferences toward other types of tobacco.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for cigarette and tobacco tax collections.

For SFY 2024-25, the Executive estimates All Funds cigarette and tobacco tax receipts to be \$808 million, which is a decrease of \$34.5 million or 4 percent from SFY 2023-24. The

Financial Plan estimates General Fund collections at \$250 million in SFY 2024-25, which is a decrease of \$10.4 million or 3.8 percent from SFY 2023-24.

For SFY 2025-26, the Executive projects All Funds cigarette and tobacco tax receipts to be \$767 million, which is a decrease of \$41 million or 5.1 percent from the SFY 2024-25 estimate. The Financial Plan projects SFY 2025-26 General Fund cigarette and tobacco tax receipts at \$241 million, a decrease of \$9 million or 3.6 percent from the Executive's SFY 2024-25 estimate.

MOTOR FUEL TAX

Gasoline Motor Fuel and Diesel Motor Fuel Taxes are enacted by Article 12-A of the State Tax Law upon the sale of motor fuel and diesel motor fuel, respectively. The Motor Fuel Tax is levied on fuel used in motor vehicles operating on State public highways or fuel used in recreational motorboats operating on the State's waterways. Currently, the tax is imposed at a rate of \$0.08 per gallon on both gasoline and diesel motor fuel.

Motor Fuel Tax collections are a function of the number of gallons of fuel imported into the State by distributors. Gallonage is determined in large part by fuel prices, the amount of fuel held in inventories, the fuel efficiency of motor vehicles and overall state economic performance.

All Motor Fuel Tax receipts are deposited into the Dedicated Highway and Bridge Trust Fund and Dedicated Mass Transportation Trust Fund. There are no General Fund receipts for this tax.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Motor Fuel Tax.

For SFY 2024-25 the Executive Budget Financial Plan estimates All Funds receipts from the State Motor Fuel Tax at \$488 million, an increase of \$1.2 million or 0.2 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds receipts from the State Motor Fuel Tax at \$489 million, an increase of \$1 million, or 0.2 percent from the Executive's SFY 2024-25 estimate.

ALCOHOLIC BEVERAGE TAX

New York State imposes excise taxes at various rates on liquor, beer, wine and specialty alcoholic beverages. Licensed distributors and non-commercial importers of such beverages remit the tax in the month following the month of delivery. All receipts from the alcoholic beverage tax are deposited in the General Fund.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Alcoholic Beverage Tax.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds Alcoholic Beverage Tax collections to be \$272 million, which is a decrease of \$3.3 million or 1.1 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds Alcoholic Beverage Tax collections to remain unchanged at \$272 million.

AUTO RENTAL TAX

New York State imposes a 6 percent tax on charges for the rental or use in New York State of a passenger car with a gross vehicle weight of 9,000 pounds or less. The tax does not apply to a car lease covering one year or more. The Auto Rental Tax applies to a vehicle rented by a resident or a non-resident, regardless of where the vehicle is registered.

The Auto Rental Tax supports mass transit and the Dedicated Highway and Bridge Trust Fund. All receipts from the supplemental tax on passenger cars in the MCTD are deposited to the MTA Aid Trust Account of the MTA Financial Assistance Fund. No revenue from this tax is directed to the General Fund.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Auto Rental tax receipts.

For SFY 2024-25, the Executive Budget Financial Plan estimates for All Funds Auto Rental tax receipts to total \$137 million, an increase of \$6 million or 4.6 percent over SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projection for All Funds Auto Rental tax receipts remains unchanged at \$137 million.

HIGHWAY USE TAX

Articles 21 and 21-A of the Tax Law establish a Highway Use Tax (HUT) on commercial vehicles using State public highways. HUT is made up of three components: the Truck Mileage Tax, which is levied on motor carriers who operate commercial vehicles on New York State public highways; the Fuel Use Tax, which ensures that motor carriers who purchase fuel out-of-State but operate a vehicle on New York State public highways are subject to the same taxes as fuel purchased in-State. The current Fuel Use Tax rate is \$0.24 per gallon. A HUT or Automotive Fuel Carrier (AFC) decal is required to be affixed to each vehicle. The cost of the certification and decal fee is \$1.50.

HUT receipts are generally a function of the demand for trucking, which fluctuates with national and State economic conditions. All proceeds from the HUT are directed to the Dedicated Highway and Bridge Trust Fund, as well as the HUT Administration Account.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Highway Use Taxes.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds collections from the HUT at \$137 million, which is a decrease of \$1.6 million or 1.4 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds HUT collections at \$138 million, which is an increase of \$1 million or 0.7 percent from the Executive's SFY 2024-25 estimates.

MEDICAL CANNABIS TAX

A 3.15 percent excise tax is imposed when a New York dispensary sells medical cannabis to a patient or designated caregiver and is remitted by the dispensary. The tax amount cannot be added as a separate charge on a receipt given to the retail customer.

Revenues from the State excise tax are directed to the Medical Marijuana Trust Fund. Chapter 59 of the Laws of 2024, effective June 1, 2024, lowered the excise tax from 7 percent to 3.15 percent and amended the revenue distribution model to 50 percent transferred to individual counties where medical cannabis is manufactured, and 50 percent transferred to individual counties where medical cannabis is distributed. The Cannabis Revenue Fund, Division of Criminal Justice Service, and the Office of Addiction Services and Supports no longer receive funding from medical cannabis receipts.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Medical Cannabis Excise tax.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds receipts from the Medical Cannabis Excise Tax to total \$3.8 million, a decrease of \$5 million or 55.6 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds Medical Cannabis Excise Tax receipts to decrease to \$3.0 million, a decrease of \$0.8 million or 25 percent, from SFY 2024-25.

ADULT-USE CANNABIS TAX

Chapter 92 of the Laws of 2021 legalized the production, sale, and use of adult-use cannabis. It also shifted oversight of existing hemp and medical marijuana programs to a new Office of Cannabis Management. The legislation included in the SFY 2021-22 Enacted Budget established taxes on the distribution and sale of adult-use cannabis and imposed State and local sales taxes on retail purchases made on and after March 1, 2022. Revenues from this excise tax are directed to the Cannabis Revenue Fund. Chapter 59 of the Laws of 2024, effective June 1, 2024, replaced the adult-use cannabis wholesale THC potency tax with a flat excise tax of 9 percent.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Adult-Use Cannabis Tax.

For SFY 2024-25, the Executive Budget Financial Plan projects All Funds receipts from the Adult-Use Cannabis Tax to total \$158 million, which is an increase of \$124.5 million or 378.8 percent from SFY 2023-24. This is the third year, and second full year of Adult-Use Cannabis Tax receipts being collected.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds receipts from the Adult-Use Cannabis Tax to total \$245 million, which is an increase of \$87 million or 55.1 percent from the Executive's SFY 2024-25 estimates.

OPIOID EXCISE TAX

Beginning July 1, 2019, the State imposed an excise tax on the first sale of opioids within its borders. The tax is imposed at the manufacturer and distributor level. The tax rate varies based on the per-unit wholesale cost of an opioid. It is taxed at a quarter of a cent per morphine milligram equivalent if the wholesale cost is less than 50 cents and one and one-half cents per morphine milligram equivalent if the wholesale cost is 50 cents or more.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Opioid Excise Tax.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds receipts from the Opioid Excise Tax to total \$20 million, which reflects a decrease of \$1.6 million or 9.1 percent from SFY 2023-24.

For SFY 2025-26, The Executive Budget Financial Plan projections for Opioid Excise Tax receipts remains unchanged at \$20 million.

VAPOR EXCISE TAX

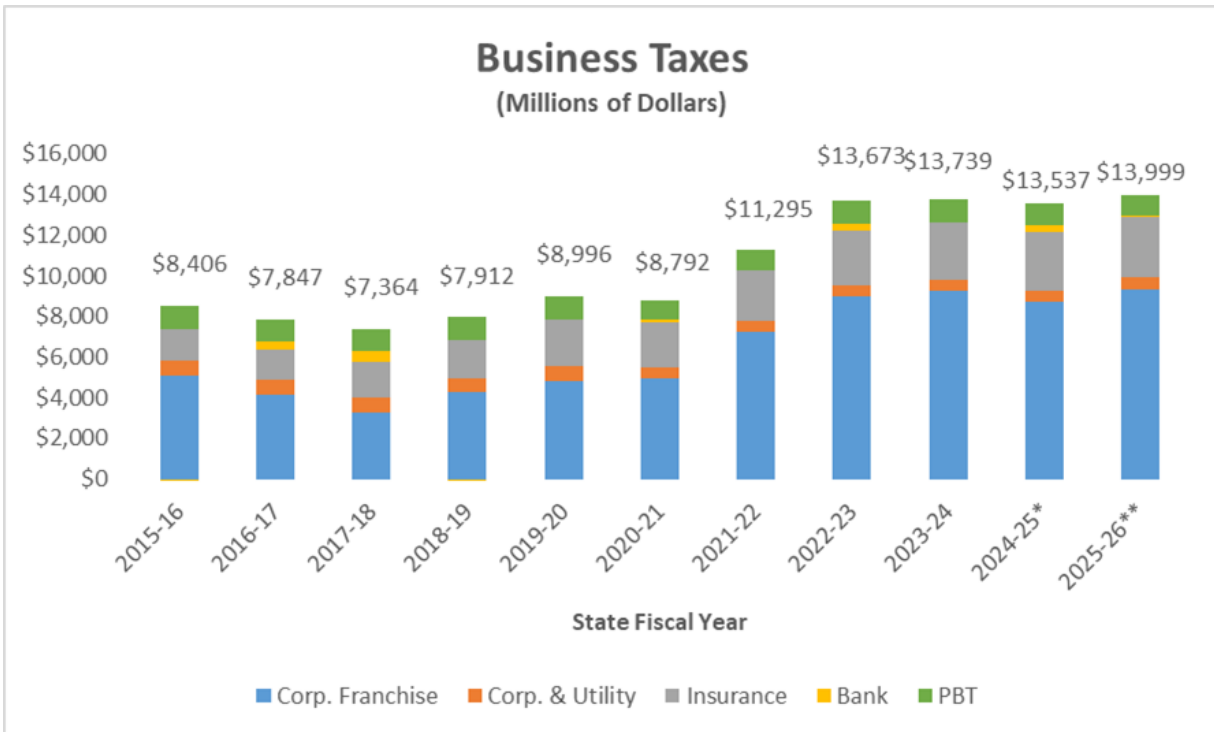
The SFY 2019-20 Enacted Budget imposed an excise tax of 20 percent on the retail sales of vapor products. Revenues from this excise tax are deposited into the Health Care Reform Act account.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Vapor Excise tax.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds receipts from the Vapor Products Tax at \$21 million, which is a decline of \$2.9 million or 12.5 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projections for Vapor Excise Tax receipts remains unchanged at \$20 million

BUSINESS TAXES



*2024-25 is estimated **2025-26 is projected

Source: Senate Majority Conference Finance Committee staff

For SFY 2024-25, committee staff estimates All Funds aggregate business tax receipts to total \$13.5 billion, which reflects a decrease of \$202.3 million or 1.5 percent from SFY 2023-24. For SFY 2024-25, the committee staff estimates General Fund aggregate business tax receipts to total \$10.1 billion, which reflects a decrease of \$329.8 million or 3.2 percent from SFY 2023-24.

For SFY 2025-26, the committee staff projects All Funds aggregate business tax receipts to total \$14 billion which is an increase of \$461.9 million or 3.4 percent from SFY 2024-25 estimates. The committee staff projects General Fund aggregate business tax receipts for SFY 2025-26 at \$10.5 billion, which reflects an increase of \$362.8 million or 3.6 percent from SFY 2024-25.

The Executive Budget Financial Plan estimates All Funds aggregate business tax receipts, excluding the PTET impact to total \$13.4 billion for SFY 2024-25, reflecting a decrease of \$338 million or 2.5 percent from SFY 2023-24. With the PTET impact, All Funds aggregate business tax receipts are estimated at \$29.4 billion, reflecting an increase of \$1.7 billion or 6 percent from SFY 2023-24.

The Financial Plan estimates SFY 2024-25 General Fund aggregate business tax collections, excluding the PTET impact to total \$10 billion, representing a decrease of \$453 million or 4.3 percent from SFY 2023-24.

The Financial Plan estimates SFY 2025-26 All Funds aggregate business tax receipts, excluding the PTET impact to total \$13.6 billion, reflecting an increase of \$212 million or 1.6 percent from

SFY 2024-25. With the PTET impact, All Funds aggregate business tax receipts are estimated at \$27.1 billion, reflecting a decrease of \$2.3 billion or 7.8 percent from SFY 2024-25.

The Financial Plan estimates SFY 2025-26 General Fund aggregate business tax collections, excluding the PTET impact to total \$10.2 billion, an increase of \$182 million or 1.8 percent from SFY 2024-25. With the PTET impact, General Fund aggregate business tax collections are estimated at \$16.9 billion which is a decrease of \$1.1 billion or 5.9 percent from SFY 2024-25.

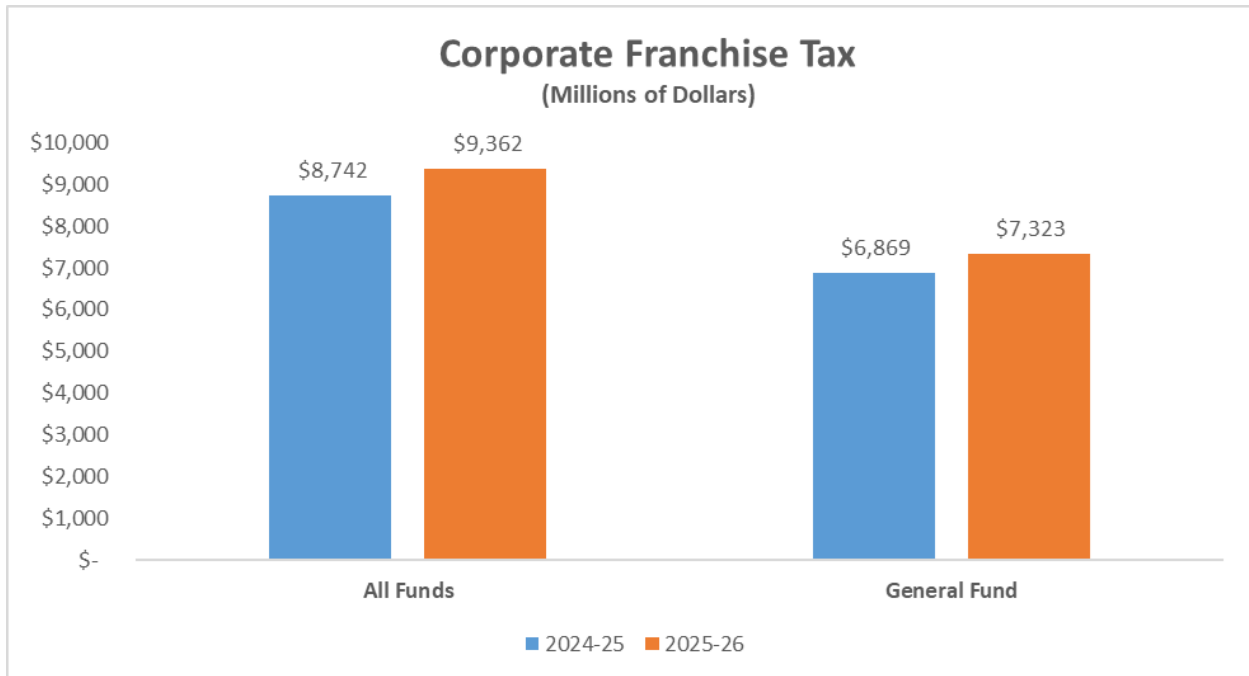
CORPORATION FRANCHISE TAX

In 2014, New York State enacted corporate tax reform. It established a single system of taxation for general business corporations and banking corporations. As of January 1, 2015, the entire net income base was replaced with a similar business income base subject to a 6.5 percent tax rate that took effect on January 1, 2016. Since 2016, another corporate tax rate, the capital stock base rate, has been gradually reduced each year, eventually being repealed in 2021. Effective in tax year 2021 through tax year 2027, taxpayers with business income above \$5 million are subject to a tax rate of 7.25 percent and taxpayers with business income of \$5 million or less are subject to a tax rate of 6.5 percent. The tax rates will revert to 6.5 percent in 2028 after this temporary increase expires. The corporation franchise tax is levied by Articles 9-A and 13 of the Tax Law. Article 9-A imposes a franchise tax on domestic and foreign corporations for the privilege of exercising their corporate franchise or doing business, employing capital, owning or leasing property or maintaining an office in New York State. The Article 9-A tax is imposed on business entities classified as either C-Corporations or S-Corporations.

Article 13 of the State Tax Law imposes a 9 percent tax on certain not-for-profit entities for business income earned from activities that are non-related to their exempt purpose.

Current State Tax Law requires corporation franchise tax liability for C-Corporations to be computed under three alternative bases, with tax due based on the highest tax calculated under three alternative bases.

Finally, corporations conducting business in the Metropolitan Commuter Transportation District (MCTD) are subject to a surcharge on the portion of the total State tax liability allocated to the MCTD region. All collections from this surcharge are deposited into the Mass Transportation Operating Assistance Fund.



Source: Senate Majority Conference Finance Committee staff

For SFY 2024-25, committee staff estimate All Funds Corporate Franchise Tax receipts to total \$8.7 billion, which is a decrease of \$520.1 million or 5.6 percent from SFY 2023-24. This estimate is a decrease of \$111.1 million or 1.3 percent under the Executive’s estimate of \$8.9 billion.

In SFY 2025-26, committee staff projects All Funds Corporate Franchise Tax receipts to total \$9.4 billion, which is an increase of \$619.9 million or 7.1 percent from SFY 2024-25. This estimate is an increase of \$364.9 million or 4.1 percent over the Executive’s estimate of \$9 billion.

CORPORATION AND UTILITIES TAX

Article 9 of the State Tax Law imposes taxes and fees on a number of specialized industries, including public utilities, transportation, transmission companies, and agricultural cooperatives. The telecommunications industry and regulated utilities are the primary collection sources.

Section 183 of the Tax Law provides for a franchise tax on the capital stock of transportation and transmission companies, including telecommunications, trucking, railroad, and other transportation companies. The tax is imposed at the highest of three statutorily defined calculations.

Section 184 of the Tax Law imposes an additional franchise tax of 0.375 percent on the gross receipts of transportation and transmission companies. As of July 1, 2000, gross receipts from international, interstate, and Inter-Local Access Transport Areas (LATAs) services and 30 percent of intra-LATA gross receipts were excluded from the tax.

Railroad and trucking companies that elected to remain subject to Article 9 taxes (rather than to become subject to the corporation franchise tax imposed under Article 9-A) pay the tax at a rate of 0.375 percent of gross earnings, including an allocated portion of receipts from interstate-related transportation transactions.

Section 185 of the Tax Law imposes a franchise tax on farmers, fruit-growers and other agricultural cooperatives. The tax is imposed at the highest of three statutorily defined calculations.

Section 186-a of the Tax Law imposes a 2 percent gross receipts tax on charges for the transportation, transmission, distribution or delivery of electric and gas utility services for residential consumers. Section 186-e of the Tax Law imposes a 2.5 percent gross receipts tax on charges for telecommunications services. Article 9 taxpayers conducting business in the Metropolitan Commuter Transportation District (MCTD) are also subject to a 17 percent surcharge on their liability attributable to the MCTD. The collections from the surcharge are deposited into the Mass Transportation Operating Assistance Fund.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Corporation and Utilities tax receipts.

For SFY 2024-25, the Financial Plan estimates All Funds Corporation and Utilities Tax receipts to total \$551 million, which is a decrease of \$3 million or 0.5 percent from SFY 2023-24. The Executive Budget Financial Plan estimates SFY 2024-25 General Fund Corporation and Utilities Tax receipts at \$423 million, reflecting an increase of \$22 million or 5.5 percent from SFY 2023-24.

For SFY 2025-26, the Financial Plan estimates All Funds Corporation and Utilities Tax receipts to total \$561 million, which is an increase of \$10 million or 1.8 percent from the SFY 2024-25 estimate. The Executive Budget Financial Plan estimates SFY 2025-26 General Fund Corporation and Utilities Tax receipts at \$432 million, reflecting an increase of \$9 million or 2.1 percent from SFY 2024-25.

INSURANCE TAX

Under Article 33 of the Tax Law and under the Insurance Law, the State imposes taxes on insurance corporations, insurance brokers and certain insured for the privilege of conducting business or otherwise exercising a corporate franchise in New York.

Article 33 taxpayers conducting business in the Metropolitan Commuter Transportation District (MCTD) are subject to a 17 percent surcharge on the portion of their tax liability, which is attributable to the MCTD area. The collections from the surcharge are deposited into the Mass Transportation Operating Assistance Fund.

Insurance Brokers

Non-life insurers are subject to a premiums-based tax. Accident and health premiums received by non-life insurers are taxed at the rate of 1.75 percent. All other premiums received by non-

life insurers are taxed at the rate of two percent. A \$250 minimum tax applies to all non-life insurers.

The franchise tax on life insurers has two components. The first component is a franchise tax computed under four alternative bases, with tax due based on the highest tax calculated under the four alternative bases. In addition, a 0.0008 tax rate applies to each dollar of subsidiary capital allocated to New York. The second component is an additional franchise tax on gross premiums, less returned premiums.

Other Taxes on Insurers

There are other taxes imposed on insurers, including taxes imposed on independently procured insurance, a premiums tax on a licensed excess line (i.e. covering unique or very large risks) as well as retaliatory insurance taxes on foreign insurance corporations.

For SFY 2024-25, committee staff estimate All Funds Insurance Tax receipts to total, \$2.8 billion, which is an increase of \$36 million or 1.3 percent from the SFY 2023-24. This projection is an increase of \$20 million or 0.7 percent over the Executive's estimate of \$2.8 billion.

For SFY 2025-26, the committee staff projects All Funds Insurance Tax receipts to total \$3 billion, which reflects an increase of \$105.7 million or 3.7 percent from the SFY 2024-25 estimate. This projection is \$20.7 million or 0.7 percent above the Executive's estimate of \$2.9 billion.

BANK TAX

The Bank Tax (Article 32) was merged with the Corporation Franchise Tax (Article 9-A), applying to tax years beginning on and after January 1, 2015. However, the State still received revenue from this tax due to audit and reconciliation efforts.

For SFY 2024-25, committee staff estimate All Funds Bank Tax receipts to total \$333 million. This estimate is an increase of \$227 million or 214 percent over the Executive's estimate of \$106 million.

In SFY 2025-26, committee staff concurs with the Executive Budget Financial Plan projection for All Funds Bank Tax receipts at \$106 million, which is a decrease of \$227 million or 68.2 percent from the committee staff's SFY 2024-25 estimate.

PETROLEUM BUSINESS TAX

The Petroleum Business Tax (PBT), established by Article 13-A of the State Tax Law, is imposed on petroleum businesses. The tax is based on the quantity of various petroleum products imported for sale or use in the State. PBT rates have two components: the base tax, in which the rates vary by product type and the supplemental tax, which is imposed at a mostly uniform rate.

Tax rates are indexed with annual adjustments made on January 1 of each year to the base and supplemental tax rates to reflect the percent change in the producer price index (PPI) for refined petroleum products for 12 months ending August 31 of the preceding year. Tax rates cannot

increase or decrease by more than 5 percent per year. This is done to prevent significant changes in tax rates resulting from large changes in the petroleum PPI.

PBT base tax receipts are distributed to the Mass Transportation Operating Assistance Fund (19.7 percent) and the Dedicated Funds Pool (80.3 percent). All of the receipts collected from the supplemental tax are directed to the Dedicated Pools Fund. Funds from the Dedicated Pools Fund are then distributed to the Dedicated Highway and Bridge Trust Fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent). Funds from the Mass Transportation Operating Assistance Fund are split between the Public Transportation System Operating Assistance Account and the Metropolitan Mass Transportation Operating Assistance Account.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Petroleum Business Tax receipts.

For SFY 2024-25, the Executive Budget Financial Plan estimates All Funds Petroleum Business Tax receipts to total \$1.1 billion, which is a decrease of \$47 million or 4.2 percent from SFY 2023-24.

For SFY 2025-26, the Executive Budget Financial Plan projects All Funds Petroleum Business Tax receipts at \$1 billion, which is a decrease of \$47 million or 4.4 percent from the SFY 2024-25 estimate.

PASS-THROUGH ENTITY TAX

The SFY 2022-23 Enacted Budget created an optional pass-through entity tax for partnerships, LLCs, and S-Corporations to pay a new State tax at 6.85 percent at the entity level in exchange for a personal income tax credit for the partners, members, and shareholders equal to 92 percent of the tax paid. The new pass-through entity tax authorizes partners, members, and shareholders of electing entities to deduct this State tax paid from their federal returns, to circumnavigate the current State and Local Tax (SALT) cap, resulting in savings on their federal taxes. This applies to tax years beginning on or after January 1, 2022.

The Financial Plan projects the PTET to be revenue neutral for the State over the duration of the authorized tax period but not within each fiscal year.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Pass-Through Entity Tax.

For the SFY 2024-25 Financial Plan estimates All Funds Pass-Through Entity Tax (PTET) receipts to total \$16 billion, which represents an increase of \$2 billion or 14.4 percent from the SFY 2023-24 estimate.

For the SFY 2025-26 Financial Plan estimates All Funds Pass-Through Entity Tax (PTET) receipts to total \$13.5 billion, which represents a decrease of \$2.5 billion or 15.7 percent from the SFY 2024-25 estimate.

OTHER TAXES

The “Other Taxes” category consists primarily of the Estate Tax, the Real Estate Transfer Tax, the Employer Compensation Expense Program, gaming, wagering, and pari-mutuel taxes.

ESTATE TAX

New York State imposes a tax on the estates of deceased New York State residents as well as on the part of a non-resident’s estate made up of real and tangible personal property located within New York State, less applicable deductions. New York State estate taxes are based on the Federal Internal Revenue Code estate tax provisions, with minor State-level modifications and are levied on a graduated scale with rates ranging from 3.06 to 16 percent of adjusted taxable estates.

In 2014, a “stand alone” New York State Estate Tax was created, with a basic threshold amount that increased over four years, which equaled the Federal basic exemption amount (pursuant to Federal Law as it existed on December 1, 2017) beginning January 1, 2019. The basic threshold amount, which is indexed to inflation on an annual basis, is \$7.16 million for the deceased dying on or after January 1, 2025. The entirety of the proceeds from the Estate Tax is deposited into the General Fund.

Estate tax is historically volatile and is heavily influenced by extra-large and super-large estates and the value of the equity market and corporate stocks.

For SFY 2024-25, committee staff estimate All Funds Estate Tax receipts to total \$1.4 billion, which is a decrease of \$482.2 million or 26.0 percent from SFY 2023-24. This estimate is a decrease of \$3.2 million or 0.2 percent under the Executive’s estimate of \$1.4 billion.

In SFY 2025-26, committee staff concurs with the Executive Budget Financial Plan projection for All Funds Estate Tax receipts at \$1.4 billion, which is an increase of \$64.2 million or 4.7 percent from the SFY 2024-25 estimate.

REAL ESTATE TRANSFER TAX

Article 31 of the State Tax Law imposes a Real Estate Transfer Tax (RETT) on each conveyance of real property or interest therein, at a rate of 0.4 percent when the price is \$500 or greater. An additional one percent tax (also known as the “Mansion Tax”) is imposed on conveyances of residential real property when the consideration is \$1 million and above. The tax rate for conveyance of real property to existing real estate investment trusts is 0.2 percent.

In 2019, a 0.25 percent Real Estate Transfer Tax was imposed on commercial properties that were \$2 million and above and residential properties that were \$3 million and above in New York City. Additionally, a progressive mansion tax was imposed on residential properties in New York City, which ranged from 0.25 percent for properties that were \$2 million to \$3 million and, 2.9 percent for properties that were \$25 million and above. Revenues from this tax benefit the MTA.

For SFY 2024-25, committee staff estimate All Funds RETT receipts to total, \$1.2 billion, which is an increase of \$77.8 million or 6.7 percent from the SFY 2023-24. This projection is an increase of \$50.8 million or 4.3 percent over the Executive's estimate of \$1.2 billion.

For SFY 2025-26, the committee staff projects All Funds RETT receipts to total \$1.3 billion, which reflects an increase of \$89.7 million or 7.2 percent from the SFY 2024-25 estimate. This projection is \$54.5 million or 4.3 percent above the Executive's estimate of \$1.3 billion.

EMPLOYER COMPENSATION EXPENSE PROGRAM

Article 24 of the Tax Law establishes the Employer Compensation Expense Program (ECEP) and imposes an optional tax on employers. Established in 2018, with tax year 2019 being the first year of participation eligibility, participating employers pay an optional tax intended to mitigate the tax burden for employees affected by the State and Local Tax (SALT) deduction limit. While the Tax Cuts and Jobs Act limits deductibility for individuals, it does not cap deductibility for ordinary and necessary business expenses paid or incurred by employers in carrying on a trade or business.

Employers that elect to participate in the ECEP are subject to a 5 percent State tax on all annual payroll expenses in excess of \$40,000 per employee. The tax rate is 1.5 percent in tax year 2019, 3.0 percent in 2020, and 5.0 percent thereafter. The State Comptroller is directed to deposit an amount equal to 50 percent of estimated monthly ECEP tax receipts (after payment of refunds) into the Revenue Bond Tax Fund (RBTF) to support payments for debt service. RBTF deposits in excess of debt service requirements are transferred to the General Fund.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Employer Compensation Expense Program.

For SFY 2024-25, the Financial Plan estimates All Funds receipts from the ECEP to total \$15 million, which reflects an increase of \$1.9 million or 7.1 percent from SFY 2023-24.

For SFY 2025-26, the Financial Plan projects All Funds receipts from the ECEP at \$15 million, which remains unchanged from SFY 2024-25.

PARI-MUTUEL TAX

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for the Pari-Mutuel Tax collections.

The Financial Plan estimates All Funds Pari-Mutuel Tax collections for SFY 2024-25 to be \$12 million, unchanged from SFY 2023-24.

In SFY 2025-26, the Financial Plan projects All Funds Pari-Mutuel Tax collections at \$15 million, which reflects an increase of \$3 million or 25 percent from SFY 2024-25.

OTHER TAXES

Other Taxes include the Authorized Combative Sports Tax and Racing Admissions. Chapter 56 of the Laws of 2024, effective December 1, 2024, reduced the tax on gross receipts from ticket

sales of kick boxing, single discipline martial arts, and mixed martial arts events from 8.5 percent to 3 percent.

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan Projections for Other Taxes collections.

For SFY 2024-25, the Financial Plan estimates All Funds receipts from Other Taxes to total \$2 million, which reflects an increase of \$1 million or 100 percent from SFY 2023-24.

For SFY 2025-26, the Financial Plan projects All Funds receipts from Other Taxes to total \$1 million, which reflects a decrease of \$1 million or 50 percent from SFY 2024-25 estimates.

GAMING AND WAGERING TAXES

Gaming and Wagering receipts are comprised of Tradition Lottery Games, Video Lottery Terminals (VLTs), Commercial Gaming (Casinos), Interactive Fantasy Sports (IFS), Tribal State Compact (TSC) and Mobile Sports Wagering.

| GAMING RECEIPTS (\$ in millions) | | | | | | | | | |
|---|----------------|----------------|----------------|------------|--------------|----------------|----------------|------------|--------------|
| | FY 2024 | DOB | SFC | | | DOB | SFC | | |
| | Actuals | FY 2025 | FY 2025 | Difference | Percent | FY 2026 | FY 2026 | Difference | Percent |
| | | Estimated | Estimated | | | Projected | Projected | | |
| TOTAL RECEIPTS | \$5,010 | \$5,129 | \$5,169 | 40 | 0.77% | \$5,124 | \$5,215 | 91 | 1.78% |
| EDUCATION | \$4,745 | \$4,819 | \$4,858 | 39 | 0.79% | \$4,853 | \$4,943 | 90 | 1.82% |
| Traditional Lottery | \$2,630 | \$2,523 | \$2,516 | (7) | -0.28% | \$2,431 | \$2,466 | 35 | 1.43% |
| VLT Gaming | \$1,076 | \$1,080 | \$1,088 | 8 | 0.75% | \$1,098 | \$1,110 | 12 | 1.09% |
| Mobile Sports Wagering | \$889 | \$1,079 | \$1,116 | 37 | 3.33% | \$1,188 | \$1,229 | 41 | 3.35% |
| Commercial Gaming (School Aid) | \$128 | \$131 | \$131 | 0 | 0.16% | \$131 | \$133 | 2 | 1.15% |
| Interactive Fantasy Sports | \$22 | \$6 | \$6 | 0 | 0.00% | \$5 | \$5 | 0 | |
| All Other | \$265 | \$310 | \$310 | 0 | 0.06% | \$271 | \$271 | 0 | 0.07% |
| Tribal State Compact | \$222 | \$266 | \$266 | 0 | | \$227 | \$227 | 0 | 0.00% |
| Commercial Gaming (Local) | \$32 | \$33 | \$33 | 0 | 0.57% | \$33 | \$33 | 0 | 0.57% |
| Mobile Sports Wagering (Youth Sports) | \$5 | \$5 | \$5 | 0 | | \$5 | \$5 | 0 | |
| Mobile Sports Wagering (Problem Gambling) | \$6 | \$6 | \$6 | 0 | | \$6 | \$6 | 0 | |

For SFY 2024-25, committee staff estimates All Funds receipts from Gaming to total \$5.2 billion, reflecting an increase of \$159 million or 3.2 percent from SFY 2023-24. This estimate is a \$39.6 million increase, or 0.8 percent above the Executive’s estimate of \$5.1 billion.

For SFY 2025-26, committee staff projects All Funds receipts for Gaming to total \$5.2 billion, which is an increase of \$46 million or 0.9 percent above the SFY 2024-25 estimate. This projection is a \$91 million increase, or 1.8 above the Executive’s projection of \$5.1 billion.

Chapter 56 of the Laws of 2022 established the process to award three additional casino licenses in New York State. Furthermore, in March 2024, the Gaming Commission established a potential timeline for the three additional casino licenses, with licenses scheduled to be awarded by late-2025 or early 2026. Depending on the timing of licenses, readiness of potential casinos and agreed upon tax rates of the projects selected, Commercial Casino receipts might be impacted as soon as SFY 2025-26 or SFY 2026-27.

GENERAL FUND MISCELLANEOUS RECEIPTS

Miscellaneous receipts cover a broad range of independent revenue sources with significant recurring income. These sources include abandoned property, investment earnings, fees, licenses, fines, and various reimbursements to the State’s General Fund. Each year, the reported receipts may be significantly impacted by various non-recurring transactions. Historically, General Fund license and fee revenues have grown modestly and consistently, aside from minimal peaks and troughs usually associated with law changes.

General Fund miscellaneous receipts in FY 2025 are projected to decrease from FY 2024 results, due to reduced receipts from abandoned properties and other transactions, which is partially offset by increased receipts from licenses, fines and fees, and investment income.

| Miscellaneous Receipts General Fund (\$ in millions) | | | |
|--|----------------------------------|-----------------------------------|------------------------------------|
| | SFY 2023-24 (Actuals) | SFY 2024-25 (Estimate) | SFY 2025-26 (Projected) |
| Licenses, Fines, and Fees | \$684 | \$780 | \$781 |
| Abandoned Property | \$783 | \$550 | \$450 |
| Moter Vehicle Fees | \$258 | \$268 | \$317 |
| Alcoholic Beverage License Fees | \$60 | \$60 | \$60 |
| Reimbursements | \$198 | \$216 | \$216 |
| Investment Income | \$2,455 | \$2,550 | \$2,100 |
| Extraordinary Settlements | \$63 | \$0 | \$0 |
| Other Transactions | \$377 | \$209 | \$188 |
| Total Miscellaneous Receipts | \$4,878 | \$4,633 | \$4,112 |
| Source: Executive Budget Financial Plan, Senate Majority Finance Committee staff calculations | | | |

The Senate Majority Conference Finance Committee staff concurs with the Executive Budget Financial Plan projections for Miscellaneous receipts.

For SFY 2024-25, the Executive estimates for General Fund miscellaneous receipts are \$4.6 billion, which is a decrease of \$245 million or 5 percent from SFY 2023-24.

For SFY 2025-26, the Executive projects General Fund miscellaneous receipts to total \$4.1 billion, which is a decrease of \$521 million or 11.2 percent from SFY 2024-25 estimates.

