NEW YORK STATE ECONOMIC AND REVENUE REPORT

FISCAL YEARS 2024-25 AND 2025-26

February 2025

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ECONOMIC FORECAST HIGHLIGHTS

United States

- The U.S. economy continues to perform well, with national output, as measured by inflation-adjusted **Gross Domestic Product** (GDP), growing at an above-trend pace, and the labor market operating near full employment. Private spending and employment growth are expected to remain robust in 2025, supported by the Federal Reserve's monetary easing. However, as the economy approaches its potential capacity and the post-pandemic pent-up demand diminishes, the pace of growth in employment and spending is likely to moderate. Inflation-adjusted GDP growth is projected to decelerate from 2.8 percent in 2024 to 2.4 percent in 2025 and 2.1 percent in 2026.

- **Personal consumption spending growth**, adjusted for inflation, grew 2.8 percent in 2024, following a 2.5 percent increase in 2023, supported by healthy income growth. Growth of consumption spending is projected to slow to 2.7 percent in 2025 and 2.1 percent in 2026, as employment and income growth begins to soften.

- **Private investment spending** gained momentum in 2024, helped largely by a turnaround in spending on residential construction and information-processing equipment. Supported by easing credit conditions, residential construction activity is projected to continue increasing during the forecast period. Anticipated fiscal incentives for businesses are also expected to boost private investment spending on equipment and structures. However, the pace of growth is expected to moderate, reflecting slowing sales growth and the lingering long-term effects of the pandemic. The growth of overall private investment spending is forecast to slow to 3.1 percent in 2025 and 3.8 percent in 2026, following a strong rebound to 4.0 percent in 2024.

- **Total government spending**, adjusted for inflation, increased by 3.4 percent in 2024, following a 3.9 percent rise in 2023. The increase was due to significantly weaker public investment spending and slower compensation growth for state and local government employees. With governments expected to undergo a period of fiscal tightening and heightened budgetary pressures, they will need to adapt to more restrained spending levels. Real total government spending is projected to increase by 1.5 percent in 2025. This trend is expected to continue, with a further deceleration to 0.1 percent in 2026.

- The improvements in economic conditions worldwide along with solid growth in emerging market economies are helping to lift **global economic growth**. As a result, U.S. exports grew at a faster rate of 3.2 percent in 2024, after growing 2.8 percent in 2023. Strong growth of personal consumption and private investment spending caused U.S. imports to grow 5.4 percent in 2024. With the value of the U.S. dollar expected to remain high and global economic growth expected to soften during the forecast period, the growth of U.S. exports is forecast to slow to 2.4 percent in 2025 and 1.1 percent in 2026. Weakening growth in economic and consumption expenditure will cause U.S. imports growth to decelerate to 3.5 percent in 2025 and 1.3 percent in 2026.

- As hiring rates decline and the labor force experiences slower expansion, overall employment growth is expected to decelerate. Nonfarm payroll **employment growth** declined to 1.3 percent in 2024, following a 2.2 percent increase in 2023. With the demand for workers anticipated to moderate further due to slower sales growth and more restrictive immigration policies likely to be enacted, payroll employment growth is projected to slow to 1.1 percent in 2025 and 0.7 percent in 2026.

- U.S. **personal income** grew by 5.9 percent in 2023 and 5.5 percent in 2024. This growth was driven by strong growth in wages, salaries, and transfer receipts. However, personal income growth is forecasted to slow down to 5.0 percent in 2025 and 4.9 percent in 2026, as moderating inflation tempers increases in wages, rent, and transfer payments. Additionally, a decrease in corporate profits growth is expected to restrict growth in dividend income, contributing to the more modest overall income growth in 2025 and 2026.

- **Wages and salaries**, the largest component of personal income, increased by 5.9 percent in 2024, following growth of 5.4 percent in 2023 and 7.8 percent in 2022. While inflationary pressures have kept wage growth strong, the anticipated easing of these pressures is expected to slow down wage growth further. Slower employment growth over the forecast period will also restrain wage growth. As a result, wages and salaries are projected to increase by 5.4 percent in 2025 and 4.9 percent in 2026.

- Driven by robust sales growth and strong pricing power, **corporate earnings** have strongly expanded each year since 2020. However, as sales growth is expected to decelerate, corporate profit gains are projected to moderate over the next two years, easing from an estimated 6.5 percent in 2024 to 2.1 percent in 2025 and 1.1 percent in 2026. In the third quarter of 2023, corporate profits reached 16.0 percent of national income, marking their highest share since 1947. Despite short-term fluctuations, this elevated share is likely to persist over the next two years.

- Headline **consumer price inflation** continues to decline, following a sharp surge to a four-decade-high of 8.0 percent in 2022. As economic growth decelerates and labor market pressures ease, inflation is forecast to moderate further. However, the adverse impact of expected tariff hikes, coupled with the slower-than-anticipated decline in services prices, is likely to result in only a modest reduction in inflation from 3.0 percent in 2024 to 2.7 percent in 2025 and 2.8 percent in 2026.

- The **Federal Reserve** ended its two-and-a-half-year-long tightening cycle in September 2024 by cutting the target range for the interbank overnight interest rate by 50 basis points to 4.75-5 percent. This was followed by additional 50-basis-point cuts in both November and December. The current forecast assumes that the Federal Reserve will continue to cut rates until late 2026, bringing the target range down to 3.25-3.50 percent. These rate cuts are expected to cascade into short-term Treasury yields, exerting downward pressure on longer-term Treasury yields and mortgage interest rates.

- On a yearly average basis, the **yield on 3-month Treasury bills** is forecast to decrease from 5.18 percent in 2024 to 3.97 percent in 2025 and 3.60 percent in 2026. The **yield on 10-year Treasury notes** is forecast to decrease to a yearly average of 4.36 percent in 2025 and 4.14 percent in 2026, after averaging 4.21 percent in 2024.

- The equity market is expected to benefit from long-waited rate cuts, providing a boost to stock prices. However, after two years of a strong rally, gains are likely to moderate. Equity valuations remain elevated relative to the underlying corporate earnings trend, creating a potential for correction. Additionally, the equity market faces several headwinds, including an uncertain economic growth outlook, rising national debt, and continuing geopolitical tensions. Uncertainties surrounding fiscal policy changes further contribute to near-term challenges and heightened volatility in equity prices. On a yearly average basis, the **S&P 500 stock price index** increased 26.7 percent in 2024 and is forecast to advance 11.4 percent in 2025 and 1.0 percent in 2026.

- The **risks to the current economic forecast** are broadly neutral. On the upside, a stronger-than-expected boost to household and business spending from the Federal Reserve's monetary easing could spur faster growth. However, this potential boost carries the risk of reigniting inflation, which could complicate the Federal Reserve's policy path. On the downside, key risks include military conflicts in the Middle East, inflationary pressure from tariff hikes, and uncertainties surrounding potential significant shifts in U.S. fiscal policy. Additionally, if household and business sentiment were to suddenly sour, consumer and business spending could cool more sharply than anticipated in the current forecast.

National Forecast Comparisons

- The NYS Assembly Ways and Means Committee's forecast for overall national economic growth for 2025 is 2.4 percent. The Committee's forecast is 0.3 percentage point above the forecast of the Division of the Budget. The Committee's forecast is 0.1 percentage point above S&P Global forecast and Moody's Analytics' projection. The forecast is 0.2 percentage point above the Blue Chip Consensus forecast.

U.S. Real GDP Forecast Comparison

	Actual 2023	Estimate 2024	Forecast 2025	Forecast 2026
Ways and Means	2.9	2.8	2.4	2.1
Division of the Budget	2.9	2.8	2.1	2.0
Blue Chip Consensus	2.9	2.8	2.2	2.0
Moody's Analytics	2.9	2.8	2.3	1.6
S&P Global	2.9	2.8	2.3	2.0

Sources: NYS Assembly Ways and Means Committee; NYS Division of the Budget, Governor's Amendments to The FY2026 Executive Budget, February 2025; Blue Chip Economic Indicators, February 2025; Moody's Analytics, February 2025; S&P Global Market Intelligence, February 2025.

- The NYS Assembly Ways and Means Committee's forecast for overall national economic growth for 2026 is 2.1 percent. The Committee's projection is 0.1 percentage point above the Division of the Budget. The Committee's forecast is 0.5 percentage point above the Moody's Analytics' projection. The forecast is 0.1 percentage point above the Blue Chip Consensus and S&P Global forecast.

New York State

- Total nonfarm **employment** in the State grew 1.8 percent in State Fiscal Year (SFY) 2023-24, as the economy continued to recover from the pandemic-led recession. Nonfarm employment is estimated to grow slower at 1.5 percent in SFY 2024-25 due to a cooling labor demand and slowing labor force growth. With overall economic growth and consumer spending growth expected to soften, growth of nonfarm employment is forecast to decelerate to 1.0 percent in SFY 2025-26.

- Overall **personal income** in the State grew 5.2 percent in SFY 2023-24, driven by healthy gains in wages and property income. Personal income growth in the State is estimated to grow another 5.8 percent in SFY 2024-25, due to robust growth in base wages, as well as variable wages returning to growth after falling in the previous two years. Personal income growth is forecast to slow to 4.6 percent in SFY 2025-26 as wages growth is expected to slow down.

- Total nonfarm **wages and salaries** in the State grew 4.2 percent in SFY 2023-24 supported by a continued robust growth in employment and base wages. The growth of total wages is estimated to accelerate to 6.7 percent in SFY 2024-25. Although employment growth is expected to slow, bonuses are anticipated to rebound and grow solidly. Total wages are forecast to grow slower at 4.4 percent in SFY 2025-26 as variable wages are expected to grow slower amid slow financial market activities.

- **Variable wages** (including bonuses) declined by 2.6 percent in SFY 2023-24 for the second consecutive year, due to a slowdown in financial market activities. Variable wages are estimated to rebound and grow strongly at 17.7 percent in SFY 2024-25, as financial market activities rebound. With the financial market activity expected to soften over the forecast period, variable wages are forecast to grow slower at 3.0 percent in SFY 2025-26. Despite an anticipated slowdown in employment growth, **base wages** are estimated to grow solidly at 5.4 percent in SFY 2024-25, driven by upward pressure from elevated inflationary pressures and a tight labor market. Total wages are forecast to grow slower at 4.4 percent in SFY 2025-26 as employment growth continues to decelerate and the labor market loosens.

- The risks to the national economy also apply to the State's forecast. Wall Street and the financial markets play a central role in the State economy and revenue outcomes. Should financial market volatility worsen, consumer and business spending could cool abruptly and have critical implications for the economic and fiscal health of the State.

State Forecast Comparisons

- The NYS Assembly Ways and Means Committee forecasts the State's total nonfarm payroll employment to grow 1.5 percent in SFY 2024-25, which is 0.2 percentage point above the forecast by the Division of the Budget. The Committee's forecast for wage growth for SFY 2024-25 is 6.7 percent and is 1.3 percentage points above the forecast by the Division of the Budget. The Committee's estimate of personal income growth for SFY 2024-25 is 5.8 percent, which is 0.6 percentage point higher than the projection by the Division of the Budget.

New York State Economic Forecast Comparison

	Actual SFY 2023-24	Estimate SFY 2024-25	Forecast SFY 2025-26
Employment			
Ways and Means	1.8	1.5	1.0
Division of the Budget	1.8	1.3	0.7
Wages			
Ways and Means	4.2	6.7	4.4
Division of the Budget	4.2	5.4	3.7
Personal Income			
Ways and Means	5.2	5.8	4.6
Division of the Budget	5.3	5.2	4.1

Sources: NYS Assembly Ways and Means Committee staff; NYS Division of the Budget, Governor's Amendments to The FY2026 Executive Budget, February 2025.

- The NYS Assembly Ways and Means Committee's forecast for total nonfarm payroll employment growth for SFY 2025-26 is 1.0 percent, which is 0.3 percentage point higher than the forecast by the Division of the Budget. The Committee's forecast for wage growth for SFY 2025-26 is 4.4 percent, which is 0.7 percentage point above the forecast by the Division of the Budget. The Committee's forecast for personal income growth for SFY 2025-26 is 4.6 percent, which is 0.5 percentage point higher than the forecast by the Division of the Budget.

REVENUE FORECAST HIGHLIGHTS

All Funds Tax Receipts State Fiscal Year 2024-25

- **All Funds revenues** are estimated to total $247.5 billion in State Fiscal Year (SFY) 2024-25 for a year-to-year increase of 5.6 percent or $13.0 billion, mainly attributed to strong growth in **Personal Income Tax (PIT)** and **Pass-Through Entity Tax (PTET) collections**.

- The NYS Assembly Ways and Means Committee projection of **All Funds tax revenue** for SFY 2024-25 is $116.2 billion, representing an increase of 9.2 percent or $9.7 billion from SFY 2023-24.

- The increase in overall tax receipts is primarily related to a $7.6 billion increase in projected **PIT collections** due to robust bonus and non-bonus wadge growth and an increase in capital gains collections. This increase is partially offset by a $1.0 billion decrease in **Miscellaneous Receipts**.

- The Committee's All Funds revenue estimate is $818 million above the Executive estimates.

All Funds Tax Receipts State Fiscal Year 2025-26

- The Committee expects **All Funds revenues** to decrease by 0.7 percent, for a total of $245.7 billion in SFY 2025-26, primarily related to a $5.4 billion decrease in **Federal Funds Receipts**, and a $2.5 billion decrease in **PTET receipts.**

- The Committee expects a 2.2 percent decrease in All Funds tax receipts in SFY 2025-26, for a total of $113.7 billion.

- The Committee's All Funds revenue forecast is $1.8 billion above the Executive forecasts.

- The Committee's forecasts reflect ongoing economic uncertainty at the state and national levels, as well as unpredictability in taxpayer behavior in response to the **Pass-Through Entity Tax (PTET)**, which complicates forecasting tax collections.

Year-To-Date Tax Receipts

- Year-to-date tax receipts through December reflect a moderate rebound compared to the first nine months of SFY 2023-24. However, when compared to the SFY 2020-21 level, this fiscal year's tax collections indicate a continuation of the strong growth in overall collections that had occurred prior to the pandemic (see Figure 1 below).

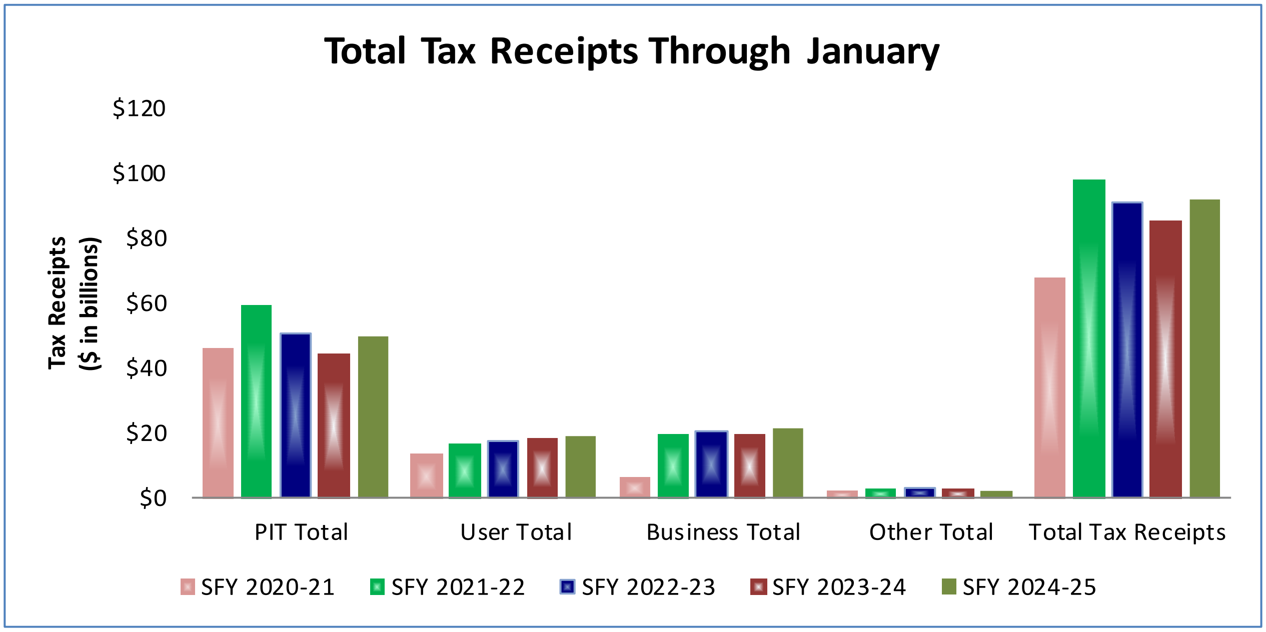


Figure 1

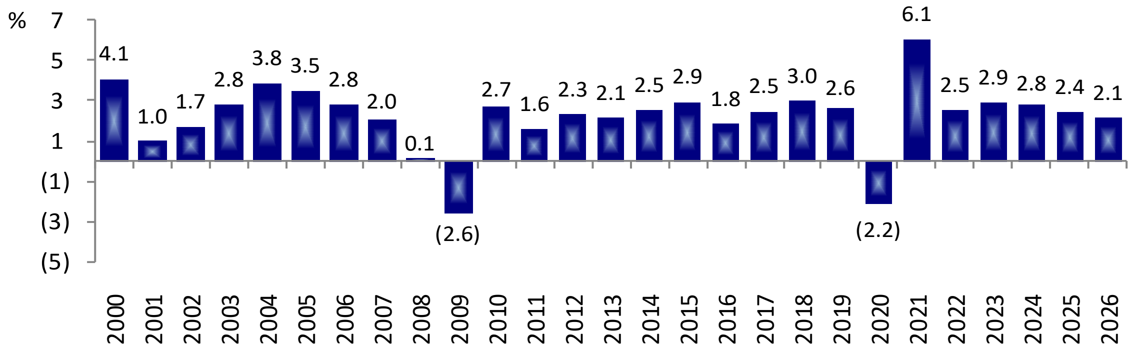
- Through January, All Funds tax revenue has increased by 7.9 percent compared to the same period in SFY 2023-24. Furthermore, total tax receipts have increased 35.3 percent over the SFY 2020-21 level.

- The year-to-date increase in collections has largely been driven by growth in PIT receipts, as well as strong increases in wages and capital gains income. The year-to-date increase in overall collections have been partially offset by a steep decline in Estate and Gift tax receipts.

- While there is some room for upside growth in overall tax collections, mainly related to sustained growth in non-bonus wages and consumer demand, the Committee is cautiously optimistic and will continue to monitor the Federal Reserve's anticipated actions regarding the easing of it's monetary policy to address inflationary concerns.

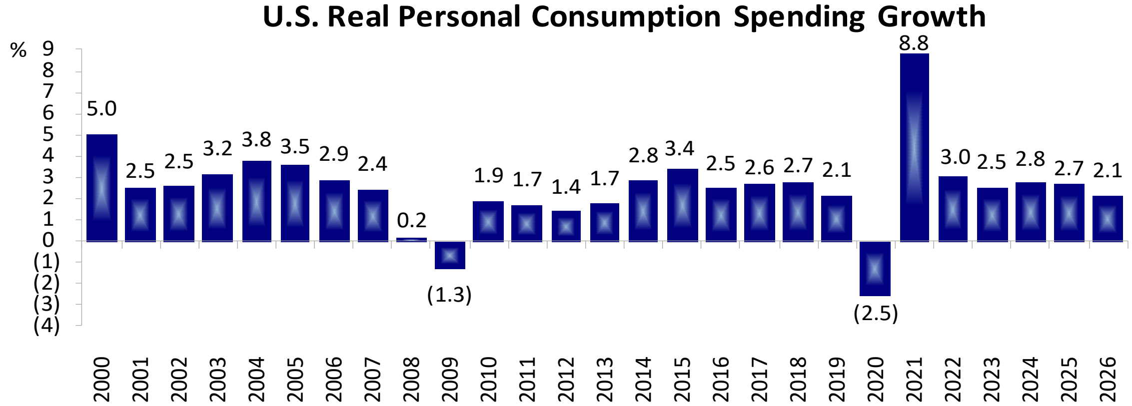
U.S. ECONOMIC FORECAST AT A GLANCE

U.S. Real GDP Growth



Note: Data for 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

U.S. Real Personal Consumption Spending Growth

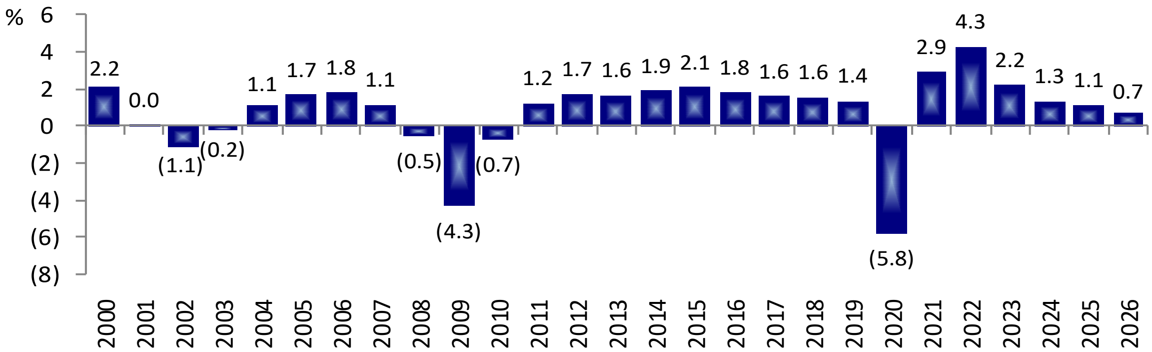


Note: Data for 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

U.S. Personal Income Growth

Note: Data for 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

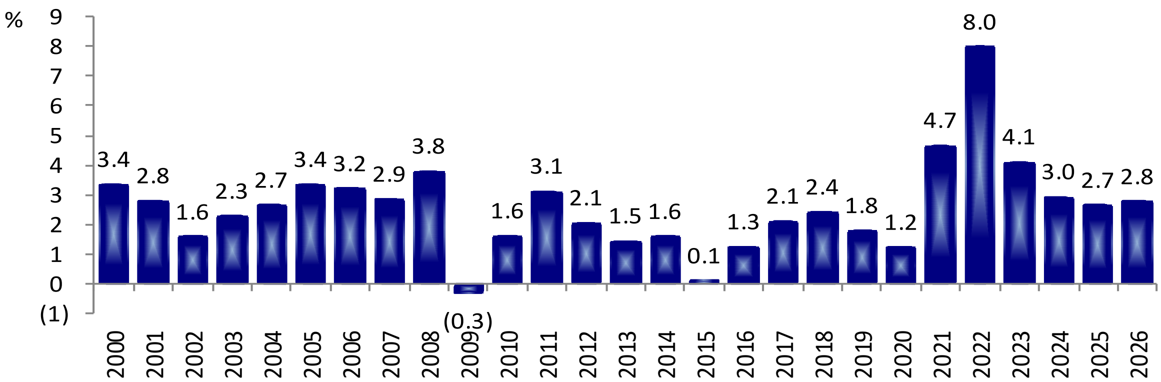
U.S. Nonfarm Payroll Employment Growth



Note: Data for 2025 and 2026 are forecasts.

Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

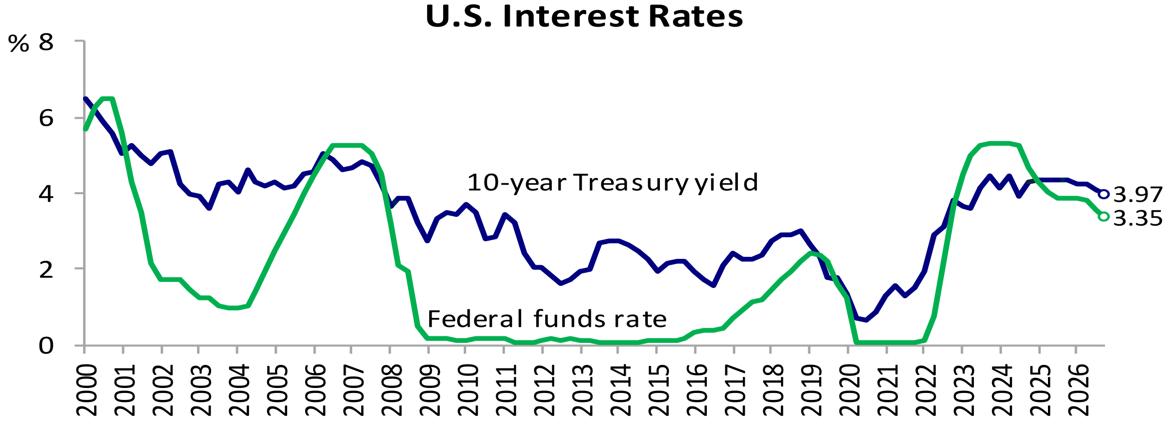
U.S. Consumer Price Index



Note: Data for 2025 and 2026 are forecasts.

Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

U.S. Interest Rates



Note: Data are quarterly through 2026:Q4; the first forecast period is 2025:Q1.

Sources: Federal Reserve; NYS Assembly Ways and Means Committee staff.

U.S. Economic Outlook (Percent Change)	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Forecast 2026
Real GDP	2.5	2.9	2.8	2.4	2.1
Consumption	3.0	2.5	2.8	2.7	2.1
Investment	6.0	0.1	4.0	3.1	3.8
Exports	7.5	2.8	3.2	2.4	1.1
Imports	8.6	(1.2)	5.4	3.5	1.3
Government	(1.1)	3.9	3.4	1.5	0.1
Federal	(3.2)	2.9	2.5	1.7	0.2
State and Local	0.2	4.4	3.9	1.4	0.1
Personal Income	3.1	5.9	5.5	5.0	4.9
Wages & Salaries	7.8	5.4	5.9	5.4	4.9
Corporate Profits	7.8	6.9	6.5	2.1	1.1
Productivity	(1.5)	1.8	2.2	1.6	1.7
Employment	4.3	2.2	1.3	1.1	0.7
Unemployment Rate*	3.6	3.6	4.0	4.2	4.2
CPI-Urban	8.0	4.1	3.0	2.7	2.8
S&P 500 Stock Price	(3.9)	4.5	26.7	11.4	1.0
Treasury Bill Rate (3-month)*	2.1	5.3	5.2	4.0	3.6
Treasury Note Rate (10-year)*	3.0	4.0	4.2	4.4	4.1

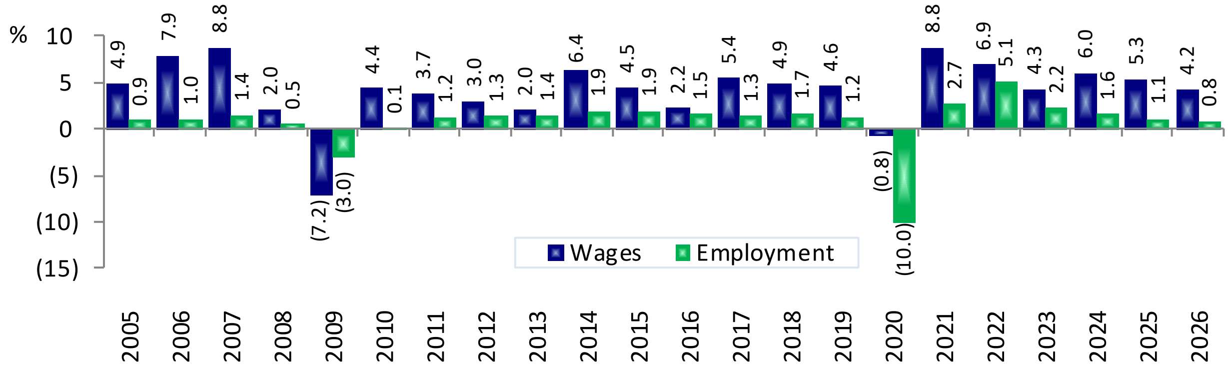
* Annual average rate.

Note: Personal income and corporate profits growth rates are based on nominal values.

Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve; Standard & Poor's; NYS Assembly Ways and Means Committee staff.

N.Y.S. ECONOMIC FORECAST AT A GLANCE

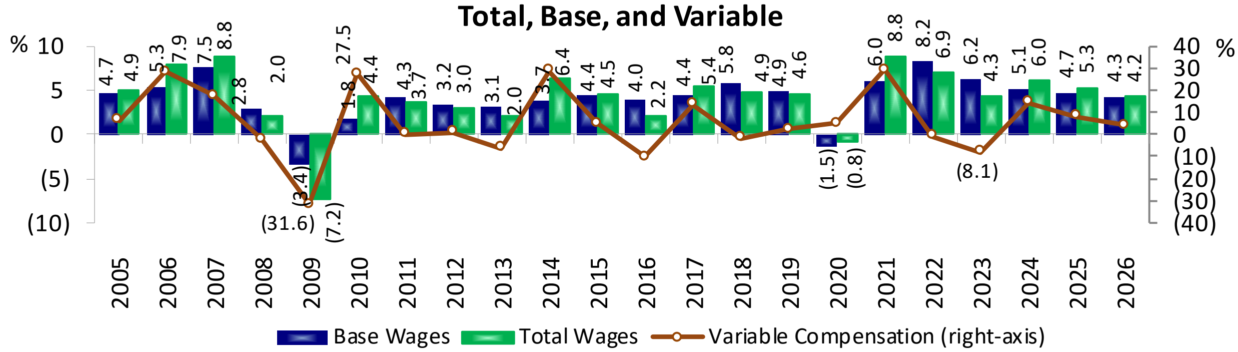
New York State Wage and Employment Growth



Note: Data for 2025 and 2026 are forecasts.

Sources: New York State Department of Labor; NYS Assembly Ways and Means Committee staff.

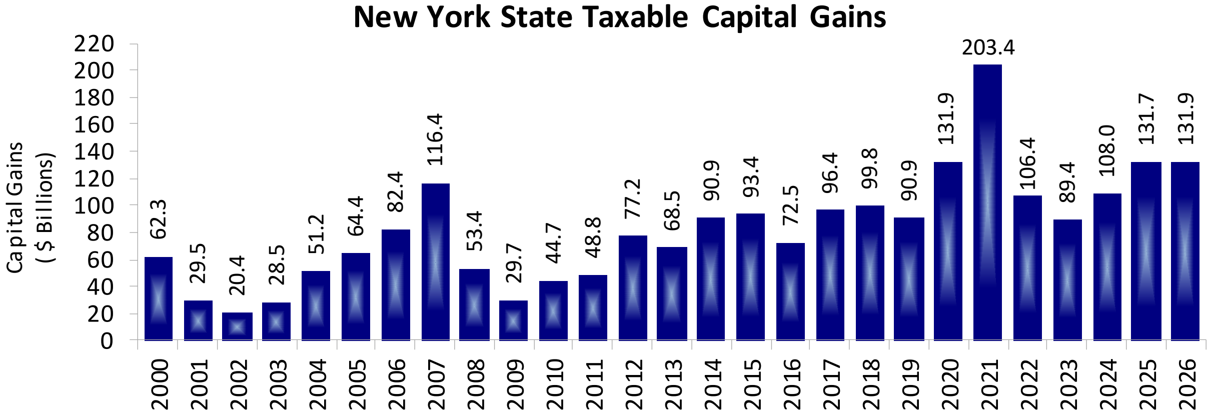
New York State Wage Growth
Total, Base, and Variable



Note: Total wage data for 2025 and 2026 are forecasts. Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and their levels sum to total wages.

Sources: NYS Department of Labor; NYS Assembly Ways and Means Committee staff.

New York State Taxable Capital Gains



Note: The first forecast period is 2024.

Sources: NYS Department of Taxation and Finance; NYS Assembly Ways and Means Committee staff.

New York State Economic Outlook (Percent Change)				
	Actual 2023	Estimate 2024	Forecast 2025	Forecast 2026
Employment	2.2	1.6	1.1	0.8
Personal Income	5.4	5.7	5.0	4.6
Total Wages	4.3	6.0	5.3	4.2
Base Wages	6.2	5.1	4.7	4.3
Variable Compensation	(8.1)	14.4	8.1	3.9
New York Area CPI	3.8	3.8	3.3	3.3

Note: Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and sum to total wages. New York area CPI is based on the New York-Northern NJ-Long Island, NY-NJ-CT-PA CPI-U series from the U.S. Bureau of Labor Statistics.

Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

New York State Economic Outlook State Fiscal Year					
		Actual 2023-24	Estimate 2024-25	Forecast 2025-26	Forecast 2026-27
Employment	Percent Change	1.8	1.5	1.0	0.8
	Level (Thousands)	9,441.6	9,589.7	9,694.3	9,773.6
Personal Income	Percent Change	5.2	5.8	4.6	4.4
	Level (Billions)	1,581.5	1,671.1	1,754.9	1,835.0
Total Wages	Percent Change	4.2	6.7	4.4	4.0
	Level (Billions)	864.0	915.9	964.3	1,005.1
Base Wages	Percent Change	5.1	5.4	4.4	4.3
	Level (Billions)	764.0	803.1	840.7	876.6
Variable Compensation	Percent Change	(2.6)	17.7	3.0	2.2
	Level (Billions)	100.0	114.4	123.7	128.5
New York Area CPI	Percent Change	3.2	3.8	3.4	3.1
	Index Level (1982-84=100)	322.0	334.2	345.3	356.5

Note: Employment level is in thousands; wage and personal income levels are in billions of dollars.

Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor, QCEW; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

REVENUE FORECAST AT A GLANCE

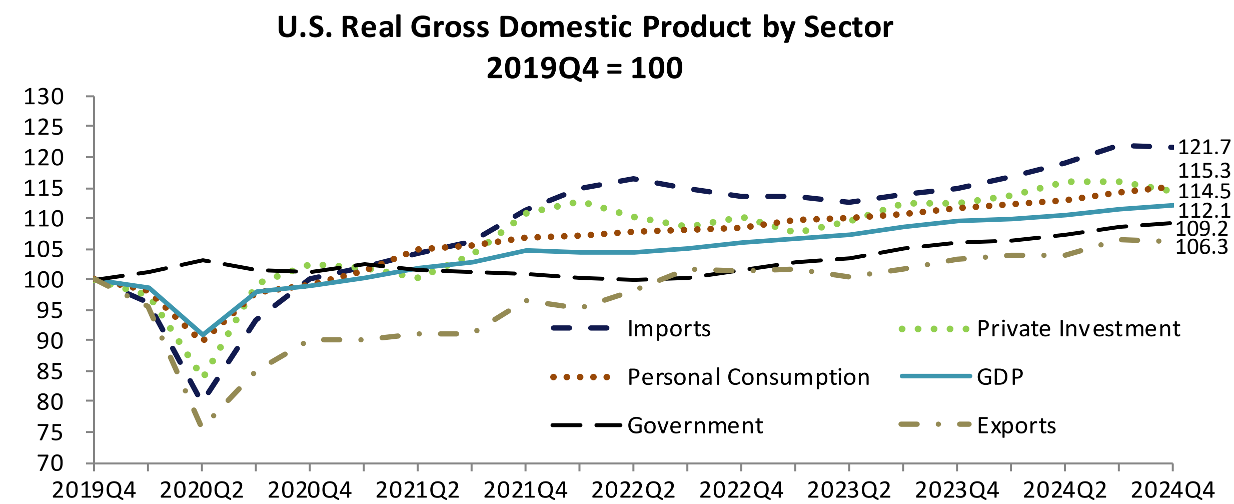
SFY 2024-25 All Funds Estimate Summary ($ in millions)	2023-24 Actual	2024-25 Estimate	Change	Growth	Diff. Exec.
Personal Income Tax	53,839	61,407	7,568	14.1%	444
User Taxes	21,865	22,522	657	3.0%	33
Business Taxes	27,695	29,681	1,986	7.2%	312
Other Taxes	3,048	2,578	(470)	(15.4%)	(20)
Total Tax Collections	**106,447**	**116,187**	**9,740**	**9.2%**	**768**
All Funds Miscellaneous Receipts	29,026	27,970	(1,056)	(3.6%)	34
Gaming	4,729	4,834	105	2.2%	15
Total w/Miscellaneous Receipts & Gaming	**140,202**	**148,992**	**8,790**	**6.3%**	**818**
Federal Funds	94,276	98,502	4,226	4.5%	-
Total All Funds Receipts	**234,478**	**247,494**	**13,016**	**5.6%**	**818**
* Totals may not add up due to rounding.					

SFY 2025-26 All Funds Forecast Summary ($ in millions)	2024-25 Estimate	2025-26 Forecast	Change	Growth	Diff. Exec.
Personal Income Tax	61,407	60,452	(955)	(1.6%)	1,392
User Taxes	22,522	23,308	787	3.5%	97
Business Taxes	29,681	27,184	(2,497)	(8.4%)	104
Other Taxes	2,578	2,732	154	6.0%	(15)
Total Tax Collections	**116,187**	**113,676**	**(2,511)**	**(2.2%)**	**1,578**
All Funds Miscellaneous Receipts	27,970	33,923	5,953	21.3%	36
Gaming	4,834	4,994	159	3.3%	141
Total w/Miscellaneous Receipts & Gaming	**148,992**	**152,593**	**3,601**	**2.4%**	**1,755**
Federal Funds	98,502	93,091	(5,411)	(5.5%)	-
Total All Funds Receipts	**247,494**	**245,684**	**(1,810)**	**(0.7%)**	**1,755**
* Totals may not add up due to rounding.					

U.S. ECONOMIC FORECAST ANALYSIS

The U.S. economy remains resilient but turns slowing

The U.S. economy remains strong, but the pace of growth has slowed. Average monthly job gains decreased from 216,000 in 2023 to 166,000 in 2024. The growth of disposable personal income, after adjusted for inflation, also moderated, slowing from an average monthly rate of 4.7 percent in 2023 to 2.4 percent in 2024 on an annualized basis. National output, measured with inflation-adjusted Gross Domestic Product (or real GDP), continues to grow at solid rates, surpassing its pre-pandemic peak by 12.1 percent, as of the fourth quarter of 2024 (see Figure 2). However, the pace of average quarterly growth has decelerated from 3.2 percent in 2023 to 2.5 percent in 2024 on an annualized basis.



Note: Data are normalized with 2019Q4 = 100.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 2

The recent slowdown in economic growth was broad-based, ranging from business spending to foreign trade. Private investment spending growth decelerated from an average quarterly rate of 2.2 percent in 2023 to 1.7 percent per quarter in 2024, on an annualized basis. This slowdown was particularly pronounced in spending on structures and non-information-processing equipment, driven in part by elevated costs of credit and a reduced flow of federal grants. However, business spending on information-processing equipment—such as computers and related products—was a notable bright spot. After contracting at an average quarterly rate of 0.1 percent in 2023, it rebounded to a robust 4.5 percent growth rate in 2024. Residential investment spending also saw a modest improvement, rising to 2.7 percent in 2024 from 2.5 percent in the previous year.

Another key factor in the moderation of economic growth was the slowdown in public sector spending. Although total government spending has gradually increased since its decline in 2021—surpassing the fourth-quarter 2019 level by 9.2 percent in the last quarter of 2024—the average quarterly growth rate slowed to 3.1 percent in 2024, down from 4.3 percent in 2023. This was largely due to a sharp slowdown in state and local government spending.

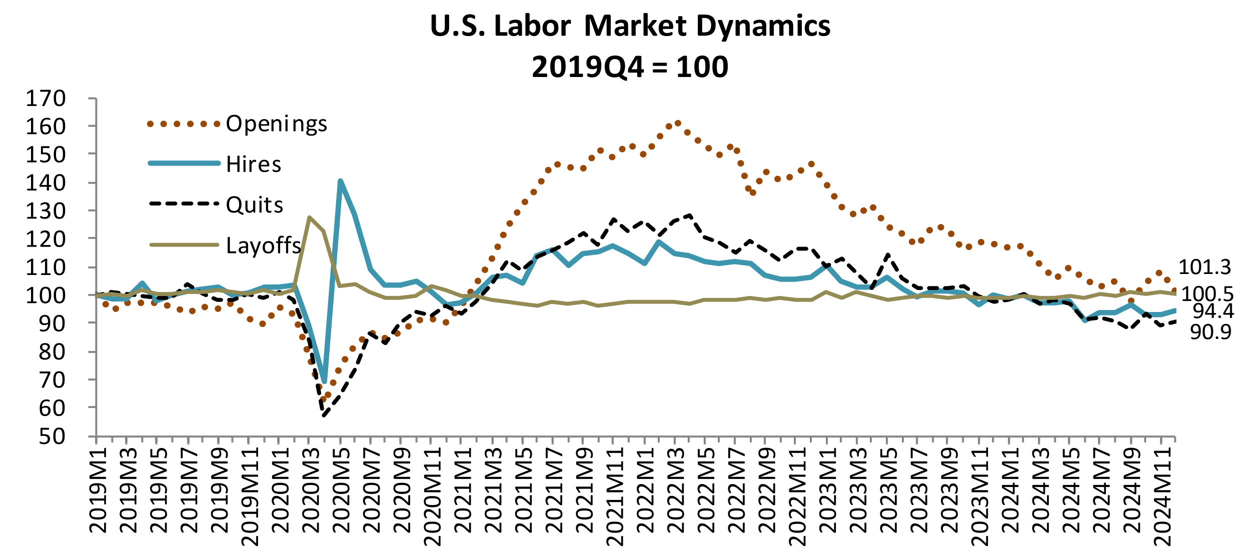
U.S. imports grew significantly faster than exports in 2024, as the U.S. economy outperformed its trade partners and the value of the U.S. dollar remained strong. Consequently, the U.S. trade deficit surged from $937 billion in the fourth quarter of 2023 to $1.1 trillion in the fourth quarter of 2024, marking the highest level on record outside the pandemic period. This substantial trade imbalance exerted a considerable drag on U.S. economic growth in 2024.

Consumer spending, which accounts for more than two-thirds of U.S. real GDP, was the strongest contributor to overall economic growth in 2024. Despite elevated inflation and financing costs, personal consumption spending growth increased to an average quarterly rate of 3.2 percent in 2024, up from 3.0 percent in 2023. However, pent-up demand for consumer services such as travel, recreation, and dining out is waning. Consumer sentiment remains weak, and banks are cautious in extending credit, further dampening spending prospects. Additionally, the ratio of household debt to after-tax income has risen above pre-pandemic levels, with many low-income households facing mounting short-term debt challenges.

The labor market cools, and the labor demand-supply imbalance improves

The U.S. jobless rate stood at 3.4 percent in April 2023 before rising to 4.3 percent in July 2024. Since then, it has hovered around 4.1 percent.

The recent rise in the jobless rate reflects both softening labor demand and a robustly growing supply of workers. As of December 2024, the number of job openings, a key indicator of labor demand, was still 1.3 percent higher than its January 2019 level (see Figure 3). However, it has been on a downward trajectory since March 2022. Similarly, the number of hires, another labor-demand metric, has fallen from the two-decade highs seen in 2021 and 2022 (excluding the volatile pandemic months) to levels below those seen before the pandemic. Consequently, the hire rate, calculated by dividing the number of hires by payroll employment, declined to a 3-month moving average of 3.4 percent in December, the lowest level since July 2013. A similar trend can be observed in the number of quits. The December 2024 level of quits was 9.1 percent below the January 2019 level. Since workers typically quit their jobs when they feel confident enough to secure a better position elsewhere, the declining number of quits suggests a softening demand for labor. Finally, the combined total of employed workers and job openings, which measures overall labor market demand, has been declining at a faster rate in recent months. The average monthly decline in 2024 was 63,000, much steeper than 21,000 in 2023.



Note: Data are normalized with 2019M1 = 100. Data for layoffs are normalized after a logarithmic transformation due to its large volatility during 2020.

Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 3

On the supply side of the labor market, the labor force grew by an average of 201,000 per month in 2023, largely driven by increased immigration through the southern border. While labor demand declined in 2024, the labor force continued to expand, albeit at a slower pace of 92,000 per month on average. As a result, the excess demand for labor — the gap between labor demand and supply—narrowed from a three-month moving average of 2.5 million in December 2023 to 872,000 in December 2024. The ratio of job openings to unemployed persons, another key metric for assessing the balance between labor demand and supply, has also steadily declined in recent months. By December 2024, this ratio had dropped to 1.10, down from its peak of 2.03 in March 2022.

With diminishing supply shortages in the labor market, growth of labor and other incomes will likely slow

In 2023, personal income from wages and salaries increased at a robust average quarterly rate of 5.6 percent on an annualized rate basis. This growth edged up slightly in 2024, with wages and salaries increasing at an average quarterly rate of 5.7 percent. This uptick in income growth is puzzling, given the easing tightness in the labor market and the recent retreat of inflationary pressures on wages.

However, when factoring in all types of personal income and adjusting for inflation, the average quarterly growth of overall after-tax personal income decelerated from 4.6 percent in 2023 to 2.8 percent in 2024, on an annualized basis. This slowdown is expected to continue into the forecast period, as payroll employment growth moderates and both inflation expectations and inflationary pressures continue to ease.

However, a downright decline in employment will likely be avoided

As the post-pandemic frenzy of hiring winds down and businesses in certain sectors begin to adjust for over-hiring in previous years, a further slowdown in overall payroll employment growth is expected in the forecast period.

While increased immigration has contributed to healthy labor force growth over the past two years, this growth will be constrained by new immigration regulations and long-term demographic trends, particularly the ongoing retirement of the baby boomer generation. These factors will likely limit the expansion of the labor force, keeping employment gains in check, even if demand for labor remains strong.

However, given the demographic challenges, a significant decline in payroll jobs seems unlikely. Businesses are generally focused on retaining their workforce and are more likely to address slower demand for their products and services by reducing hours worked or cutting back on temporary hires, rather than resorting to widespread layoffs. In line with this trend, the number of temporary help jobs has steadily decreased over the past three years. On a yearly average basis, temporary jobs fell from 3.1 million in 2022 to 2.8 million in 2023, and further declined to 2.6 million in 2024.

Growth of after-tax personal income slowed, but remains robust compared to its historical trend

Between the fourth quarter of 2019 and the fourth quarter of 2024, consumer prices, as measured by the personal consumption expenditure (PCE) deflator, increased by 19.6 percent. In contrast, after-tax personal income grew at a faster pace of 34.4 percent during the same period (see Figure 4). Although the yearly growth of inflation-adjusted disposable personal income moderated from 5.1 percent in 2023 to 2.9 percent in 2024, it was still stronger than the average yearly rate of 2.3 percent seen over the decade preceding the pandemic.

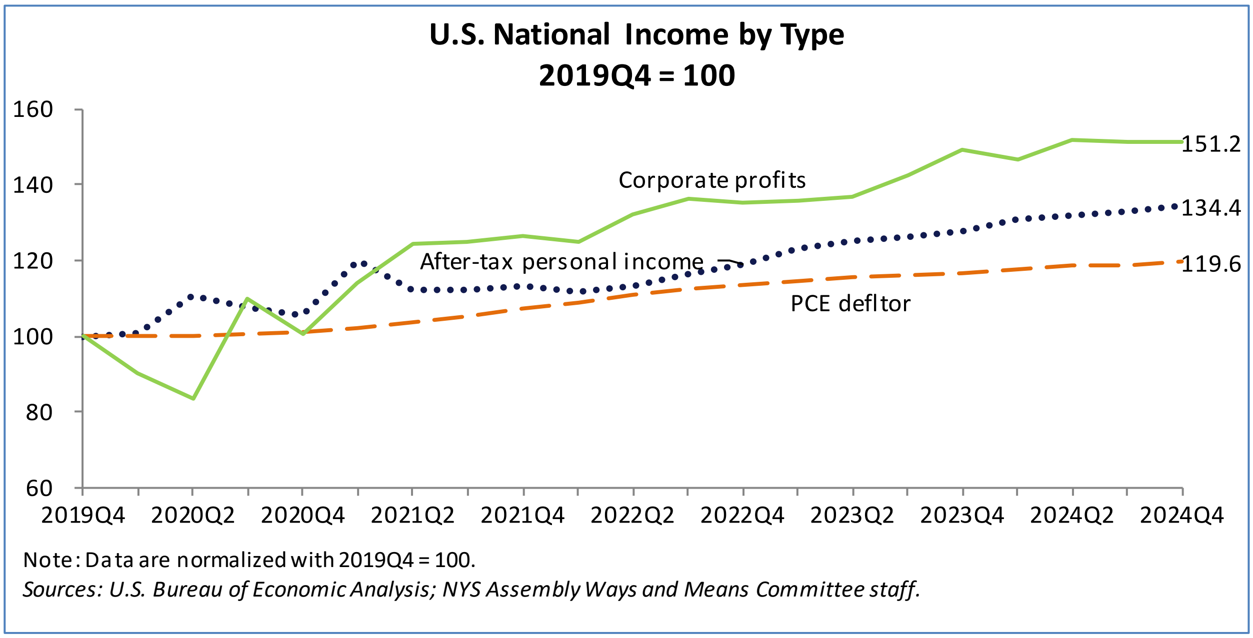


Figure 4

Since wage and salary growth typically lags inflation, the trend of growing inflation-adjusted personal income is expected to continue in an environment where inflation is slowing. Additionally, recent gains in labor productivity further bolster the outlook for increased real disposable income in households over the next two years. This positive trend is expected to support consumer spending growth throughout the forecast period.

Corporate profitability remains strong, although its growth likely to slow

Corporate profits have rebounded strongly and consistently since 2020, with an estimated increase of 6.5 percent on a yearly average basis in 2024. This marks one of the best four-year performance streaks since 2000. The robust growth in corporate earnings has supported business capital spending, even in an environment where high interest rates have constrained access to external financing.

As the expansion phase of the business cycle matures, production costs typically rise, and competition increasingly erodes pricing power, leading to a natural compression of corporate profit margins. However, the recent strength of corporate net income suggests that such profit margin pressures are not yet materializing, indicating that the economy is likely to continue expanding over the next two years.

Inflation has eased and is sustainably moving in the right direction

The recent signs of moderating labor demand are not necessarily a cause for concern for two key reasons. First, the transition toward a more stable labor market, following the post-pandemic period characterized by an unsustainable supply shortage, was expected. With fewer employees voluntarily quitting their jobs, the need for employers to hire has lessened. The recent uptick in unemployment mostly reflects this moderation in hiring, rather than an increase in layoffs and discharges. In fact, layoffs and discharges remain low, with the average monthly number in 2024 still slightly below the level in 2023. Although both initial and continuing claims for unemployment insurance have risen in recent weeks compared to the start of 2024, they have remained steady overall.

Second, the cooling of labor demand and the easing supply shortage in the labor market have contributed to the moderation of labor cost growth in recent months, aligning with the Federal Reserve's strategy to combat inflation over the past two years. During the early recovery from the pandemic, labor costs surged due to both supply shortages and rapid inflation. For example, the year-over-year growth in the total compensation index for all private industry workers peaked at an annualized rate of 6.3 percent in early 2022. Since then, this growth has steadily decelerated, falling to 4.3 percent in the first quarter of 2023 and to 3.6 percent by the fourth quarter of 2024. A broader measure of labor costs, the unit labor cost, shows an even more pronounced slowdown. Its year-over-year growth dropped from 3.0 percent in the first quarter of 2023 to 2.7 percent by the fourth quarter of 2024.

This deceleration in labor costs, combined with a shrinking supply-demand imbalance in the labor market, has played a significant role in easing inflation. As a result, consumer price growth has moderated, continuing to move in the right direction. In 2024, year-over-year growth in the Consumer Price Index (CPI) slowed from 3.1 percent in January to 2.9 percent in December. Another key measure of consumer prices, the personal consumption expenditure (PCE) deflator, shows an even faster deceleration of inflation, dropping from 7.2 percent in June 2022 to

2.6 percent in December 2024. The Federal Reserve prefers the PCE deflator over the CPI, as it more accurately reflects changes in the basket of consumer goods and services, and also tends to be less volatile.

The Fed has started reversing its policy course

Convinced that inflation was sustainably moving toward its two-percent target, the Federal Reserve concluded its two-and-a-half-year tightening cycle in September 2024. As of December 2024, the Federal Reserve cut its target range for the federal funds rate—a U.S. interbank overnight lending rate—by a total of 100 basis points, bringing it to 4.25-4.50 percent.

The sharp cooling of the labor market in the summer months of 2024 also contributed to the decision to reverse the pandemic-era tightening cycle. Although this cooling of the labor market was by the Fed's policy design, there had also been concern that the Federal Reserve might have waited too long. Elevated mortgage interest rates had kept the residential housing market subdued over the past two years. Many homeowners, having locked in record-low rates during the 2021 post-pandemic housing boom, were reluctant to put their homes on the market for fear of financing a new purchase at much higher mortgage rates. This reluctance contributed to a supply shortage in the housing market, which in turn drove rapid increases in home prices and worsened affordability.

Additional rate cuts are widely expected in the coming months, as the current level is viewed as too high to be optimal or neutral. The optimal level of the federal funds rate is theoretically the point where economic growth is neither inflationary nor deflationary. While the precise level is difficult to pinpoint, the prevailing consensus is that the optimal rate falls somewhere between 3 and 3.50 percent.

Easing credit conditions should help, although the effects will likely be limited in the near term

The expected cuts in the overnight rate will cascade into other interest rates, providing much-needed support for both households and businesses during the forecast period. Lower mortgage rates should help both buyers and builders in the housing market—the sector that is the most sensitive to interest rate changes. A steady decline in mortgage rates will help induce the mortgage rate "unlock," thereby increasing the inventory of homes for sale. The easing of credit conditions will also help bring down homebuilders' cost of capital and improve the availability of banks' loans for construction and land development.

Lower rates for credit cards and personal loans should help low-income households deal with their debt burdens. Lower rates for automobile loans should help those who cannot afford the elevated levels of finance costs and automobile prices. Small business owners should also be helped to secure business loans whose prime rates are closely tied to the Federal Reserve's policy rate. Easing credit conditions will also help boost business spending on equipment and structures.

However, the effects of the Federal Reserve's easing on the economy will likely be limited for several reasons. First, as the rate cuts are expected to be stretched over several quarters in the next two years, credit conditions will likely improve only gradually, and thus any positive effects will be limited in the near term. Second, as monetary policy suffers from lags in its transmission through the economy, any lingering negative effects from the recent tightening cycle may interfere with the initial positive effects of the new easing cycle. Third, the Fed's easing comes at a time when the economy is operating near or above its potential and employment is approaching its cycle peak. As such, there is not much room for the new easing cycle to have strong stimulating effects on the economy.

Furthermore, affordability in the housing market remains depressed because not only of elevated mortgage rates but of increasing home prices. Falling interest rates should support the housing market recovery, but the support will be limited unless the supply of homes increases fast enough to satisfy the increased pent-up demand for homes and hold home price increases in check. In addition, it is not clear how much lower the mortgage rate should go before the mortgage "unlock" starts to occur. Also, in the commercial real estate sector, which suffers from the long-term consequences of the pandemic as well as a secular retreat in the demand for commercial space, the interest rate can be just one of many parameters business decision decisionmakers take into consideration. Lastly, consumer spending on services, which accounts for about two thirds of total consumer spending, or more than half of overall private spending, is known to be more sensitive to changes in income and less sensitive to changes in interest rates than consumer spending on goods, especially, durable goods.

Household finance remains healthy

Rising interest rates have led to higher financing costs and higher interest burdens to households. However, helped by strong growth in personal income in the recent years, households' debt service ratio remains low around the level that prevailed before the pandemic. The ratio is calculated by dividing debt obligations—such as loan payments and interests—by disposable income, and thus measures households' ability to pay its debts. Another reason for the debt service ratio to remain low is the fact that most of homeowners with mortgages locked in record-low fixed rates during the post-pandemic housing boom in 2021 and early 2022. For the same reasons, the delinquency rate on residential mortgages is at record lows.

As the excess savings from the pandemic years diminished, many low-income households accumulated credit card and other personal loan debts to finance their spending. Consequently, the ratio of household debt to disposable income increased. After peaking in 2022, however, the ratio has since been on a downward trend and remains below the pre-pandemic five-year average. The delinquency rate on all consumer loans, especially credit cards and auto loans, has been rising in the past two years, to the levels that are well above its pre-pandemic level. But it is still well below the levels leading up to the Great Recession. The Federal Reserve's easing policy that started in December 2024 will provide more support for households to improve their financial conditions over the forecast period.

Recent gains in productivity help support output growth and ease inflationary pressures

Typically, when an economy operates above its potential growth trend, inflationary pressures arise. However, these pressures can be mitigated by increases in productivity, which can raise the potential growth trend without necessarily requiring additional labor input or accelerating labor costs.

Labor productivity, measured as nonfarm output per hour worked, began to recover in the second quarter of 2023 and has continued to rise steadily, following a year-long slump in 2022. The exact drivers of this productivity rebound remain unclear, but ongoing robust business capital spending and public infrastructure investments are likely contributing factors. Additionally, the growing adoption of generative artificial intelligence (AI) could play a significant role in driving future productivity gains. According to a recent estimate by the Federal Reserve Bank of St. Louis, generative AI could potentially boost labor productivity by between 0.1 percent and 0.9 percent, based on current usage levels.[1] Moreover, the record-high quit rates observed during the post-pandemic recovery have led to a better-matched work environment for both workers and businesses, aligning skills, personal interests, and lifestyles. This improved matching is expected to further enhance efficiency and contribute to higher productivity in the future.

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[1] Alexander Bick, Adam Blandin, and David Deming, *The Rapid Adoption of Generative AI*, September 23, 2024. https://www.stlouisfed.org/on-the-economy/2024/sep/rapid-adoption-generative-ai?utm_medium=email&utm_campaign=202410%20Research%20Newsletter&utm_content=202410%20Research%20Newsletter+CID_6b29564c2ead9cdbe720662efecbf981&utm_source=Research%20newsletter&utm_term=how%20widely%20and%20quickly%20its%20been%20adopted%20at%20work%20and%20at%20home, accessed on October 23, 2024.

Global economic growth improves, and the U.S. dollar value depreciates

Global economic growth is expected to improve, albeit modestly, in the next two years, recovering from post-pandemic economic woes. The Federal Reserve's shift from monetary tightening to easing exerts downward pressure on the value of the U.S. dollar. However, this pressure is expected to be outweighed by the adverse impact of the new administration's restrictive trade policies on foreign economic growth and foreign currencies. As a result, the U.S. dollar is projected to appreciate and remain strong throughout the forecast period.

These developments are likely to constrain the growth of both U.S. exports and imports. However, export growth is expected to slow more significantly than import growth, leading to a widening U.S. trade imbalance. Consequently, the external sector is anticipated to weigh more heavily on U.S. economic growth over the forecast period.

Assumptions for the Forecast

With the deceleration of inflation and the moderation of labor demand expected to continue in the coming months, the current forecast assumes that the Federal Reserve will continue to cut rates until late 2026—two 25 basis-point cuts in 2025 and two additional 25-baisis-point cuts in 2026—when its target range falls to 3.25-3.50 percent. However, as the Federal Reserve stated in the press release after its December meeting, the actual frequency and pace of future rate cuts will depend on the Fed's assessments of incoming data on labor market conditions, inflation pressures and expectations, and financial market developments.

As economic growth moderates and interest payment burdens rise, the federal budget deficit is expected to remain elevated over the forecast period. Consequently, the U.S. total public debt-to-GDP ratio, which was over 120 percent in the second quarter of 2024, is expected to rise further during the current forecast period.

Following the 2024 election results, significant changes in tax, tariff, spending, energy, and immigration policies are expected, implemented either through Executive Orders or Congressional action. Key provisions of the 2017 Tax Cuts and Jobs Act are assumed to be extended, with additional corporate tax cuts anticipated. While these measures could support long-term economic growth, their deficit financing is likely to heighten inflationary pressures in the short term.

The forecast also assumes the implementation of both universal and targeted tariff hikes, which would elevate import prices and fuel higher inflation expectations. These tariff policies may trigger retaliatory measures from U.S. trade partners, potentially dampening global trade and economic growth. Although these tariffs might temporarily boost federal revenue, the broader economic consequences could outweigh these gains.

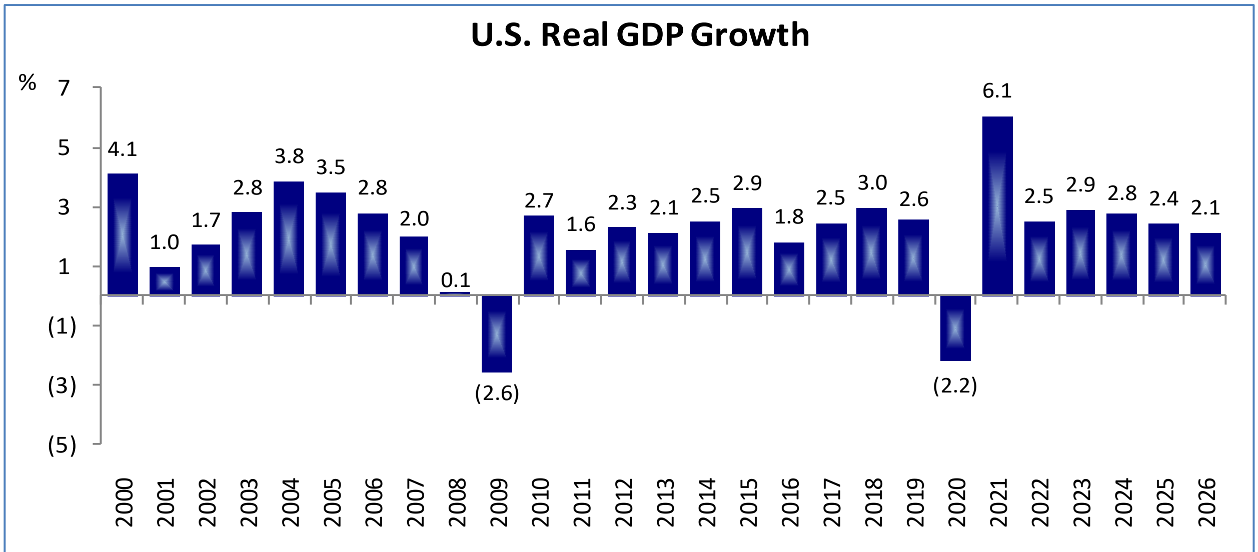
Additionally, discretionary federal spending is assumed to be restrained through various measures like hiring freezes and the elimination of certain agencies. This will directly weigh on short-term economic growth. Restrictive immigration actions, such as deportations that have already begun, are assumed to intensify in the coming months, likely to strain labor force growth. This would exacerbate labor shortages, drive up labor costs, and add to inflationary pressures.

Although there is a ceasefire between Israel and Hamas, military conflicts in the Middle East remain, and the Russia-Ukraine war is at a stalemate. Tensions between the U.S. and China, particularly regarding the South China Sea and Taiwan, continue to threaten the security of vital maritime trade routes. Should these conflicts and tensions escalate into a broader regional confrontation, the global economy, as well as energy and commodity markets, could face significant disruptions. However, the current forecast assumes that such escalations and disruptions will not occur over the next two years, with global oil prices expected to remain stable at current levels in 2025 and 2026.

Global economic growth will be supported by synchronized monetary easing efforts worldwide, as well as the Eurozone's gradual recovery from its extended post-pandemic challenges. The forecast projects that the global economy will grow at a rate in the high-two percent range over the next two years, roughly in line with the 2.7 percent two-year average from 2023-2024. Although the U.S. dollar has fallen from its 2022 highs, it remains relatively strong. The forecast anticipates that the U.S. dollar value will appreciate further in 2025 and remain elevated in 2026.

Outlook

Against this backdrop and under the assumptions described above, U.S. economic growth, after adjusted for inflation, is forecast to slow to 2.4 percent in 2025 and 2.1 percent in 2026 from 2.8 percent in 2024 (see Figure 5). The deceleration of growth will be broad-based, ranging from household spending to business capital spending.



Note: Data for 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 5

With the growth of employment and income slowing, inflation-adjusted consumer spending growth is forecast to moderate from 2.8 percent in 2024 to 2.7 percent in 2025 and 2.1 percent in 2026, on a yearly average basis (see Table 1). Private investment spending, adjusted for price changes, improved significantly in 2024, rising by 4.0 percent, compared to a mere 0.1 percent increase in 2023. The pace of growth is projected to moderate to 3.1 percent in 2025 and 3.8 percent in 2026. Due to the new administration's drive to restrain discretionary federal government expenditures, the growth of public spending—both federal and state-and-local—is likely to slow from 3.4 percent in 2024 to 1.5 percent in 2025 and 0.1 percent in 2026. With tariffs anticipated to increase and economic growth expected to slow both in the United States and the rest of the world, the yearly growth of U.S. exports and imports is forecast to decelerate over the forecast period.

After slowing to 1.3 percent in 2024, down from 2.2 percent in 2023, payroll employment growth is projected to weaken further to 1.1 percent in 2025 and 0.7 percent in 2026. This reflects softening sales and output growth, coupled with long-term demographic constraints and slowing immigration that limit labor force expansion. Similarly, the growth of wages and salaries is expected to moderate in 2025 and 2026, contributing to a slowdown in overall personal income growth from 5.5 percent in 2024 to 5.0 percent in 2025 and 4.9 percent in 2026.

After four consecutive years of strong gains, corporate profit growth is also forecast to decelerate as sales growth and pricing power weaken. Corporate profit growth is projected to slow to 2.1 percent in 2025 and 1.1 percent in 2026, down from an estimated 6.5 percent in 2024.

Table 1

U.S. Economic Outlook (Percent Change)	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Forecast 2026
Real GDP	2.5	2.9	2.8	2.4	2.1
Consumption	3.0	2.5	2.8	2.7	2.1
Investment	6.0	0.1	4.0	3.1	3.8
Exports	7.5	2.8	3.2	2.4	1.1
Imports	8.6	(1.2)	5.4	3.5	1.3
Government	(1.1)	3.9	3.4	1.5	0.1
Federal	(3.2)	2.9	2.5	1.7	0.2
State and Local	0.2	4.4	3.9	1.4	0.1
Personal Income	3.1	5.9	5.5	5.0	4.9
Wages & Salaries	7.8	5.4	5.9	5.4	4.9
Corporate Profits	7.8	6.9	6.5	2.1	1.1
Productivity	(1.5)	1.8	2.2	1.6	1.7
Employment	4.3	2.2	1.3	1.1	0.7
Unemployment Rate*	3.6	3.6	4.0	4.2	4.2
CPI-Urban	8.0	4.1	3.0	2.7	2.8
S&P 500 Stock Price	(3.9)	4.5	26.7	11.4	1.0
Treasury Bill Rate (3-month)*	2.1	5.3	5.2	4.0	3.6
Treasury Note Rate (10-year)*	3.0	4.0	4.2	4.4	4.1

* Annual average rate.
Note: Personal income and corporate profits growth rates are based on nominal values.
Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve; Standard & Poor's; NYS Assembly Ways and Means Committee staff.

The Federal Reserve is widely expected to ease its monetary policy stance further in the coming months, leading to a likely decline in Treasury yields and other interest rates in tandem with reductions in the federal funds rate. However, longer-term interest rates will face upward pressure due to the federal government's rising debt burdens, as well as the adverse effects of anticipated tariff hikes on inflation expectations. On an annual average basis, the yield on 3-month Treasury bills is projected to decrease from 5.18 percent in 2024 to 3.97 percent in 2025 and 3.60 percent in 2026, reflecting anticipated rate cuts through early 2026. The 10-year Treasury yield is forecast to rise from a yearly average of 4.21 percent in 2024 to 4.36 percent in 2025, before falling to 4.14 percent in 2026.

Reflecting slowing consumer spending growth and easing labor cost pressures, the growth of overall consumer prices is expected to moderate over the forecast period. However, the slower-than-anticipated decline in services prices, coupled with expected tariff hikes, is likely to result in only a modest reduction in inflation from 3.0 percent in 2024 to 2.7 percent in 2025 and 2.8 percent in 2026. Risks to this forecast remain, driven by volatile energy and food prices, as well as geopolitical uncertainties that could disrupt global supply chains and sustain inflationary pressures.

Risks to the outlook

Risks to the economic forecast outlined in this report are broadly neutral. On the upside, a stronger-than-anticipated boost to household and business spending from the Federal Reserve's monetary easing could drive faster economic growth. However, this potential boost carries the risk of reigniting inflation, which could complicate the Fed's policy trajectory. On the downside, several factors pose significant risks. These include escalating military conflicts in the Middle East and uncertainties surrounding potential major shifts in U.S. immigration, foreign trade, and fiscal policies.

Proposed tax cuts could stimulate long-term economic growth but risk fueling short-term inflation, particularly if they are deficit-financed. Similarly, implementing additional tariffs might temporarily increase federal revenue but could provoke retaliatory actions from U.S. trade partners, thereby disrupting global trade and hindering economic growth. Moreover, tariff hikes are likely to raise import prices, driving inflation upward and placing additional financial strain on domestic consumers and businesses.

Additionally, a sudden deterioration in household and business sentiment, followed by a major correction in financial markets, could lead to sharper-than-expected declines in consumer and business spending growth, deviating from the current forecast.

Consumer Spending

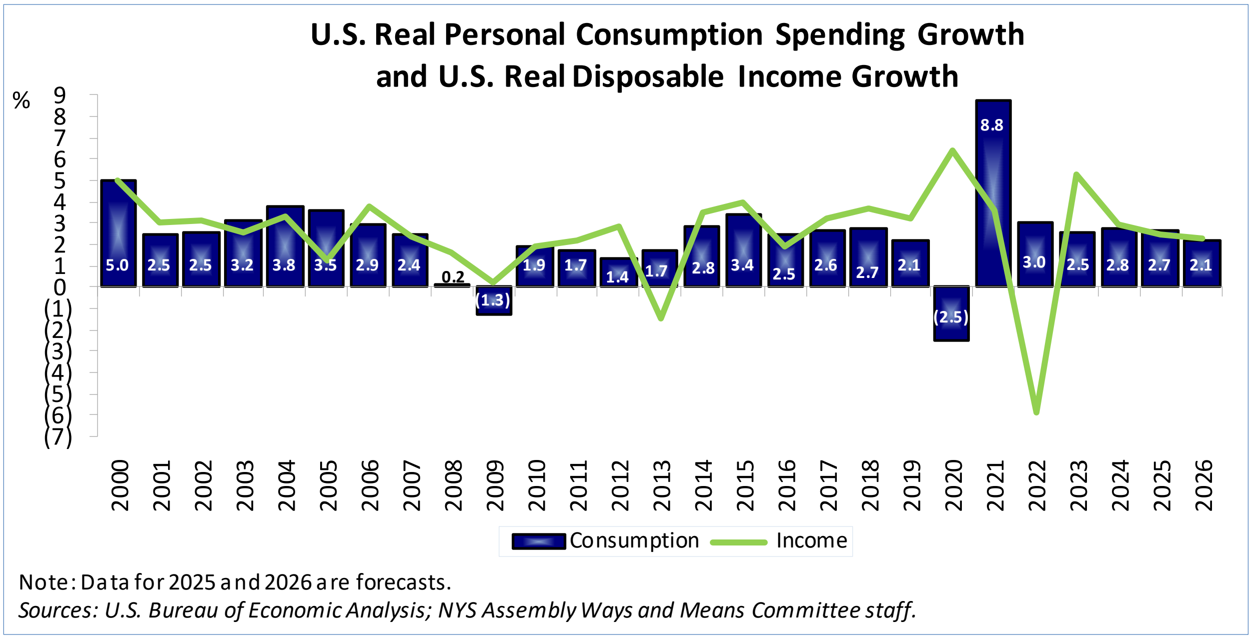


Figure 6

Key Points

- **Consumer spending, adjusted for inflation, grew by 2.8 percent in 2024, following a 2.5 percent increase in 2023. This growth was supported by healthy income growth, savings, and higher debt levels.**

- **In 2025, consumption spending is projected to increase by 2.7 percent, driven by easing credit conditions, slowing but robust wage growth, and weaker price inflation. Consumption spending is forecasted to decelerate to 2.1 percent in 2026, as disposable income growth moderates, and restrictive immigration policy and new tariffs take their toll.**

Consumer spending continued to exceed expectations in 2024, despite a weakening labor market and elevated consumer prices. Slowing but positive wage growth and the drawing down of pandemic-related excess savings were used to support spending. This was accompanied by an uptick in consumer debt levels as households tried to sustain their spending habits. The rise in equity prices boosted household wealth, particularly for higher-income households, leading to more spending. Additionally, the easing of interest rates encouraged spending on big-ticket items, housing, and related services. Therefore, personal consumption spending, adjusted for inflation, increased by 2.8 percent in 2024, following an increase of 2.5 percent in 2023.

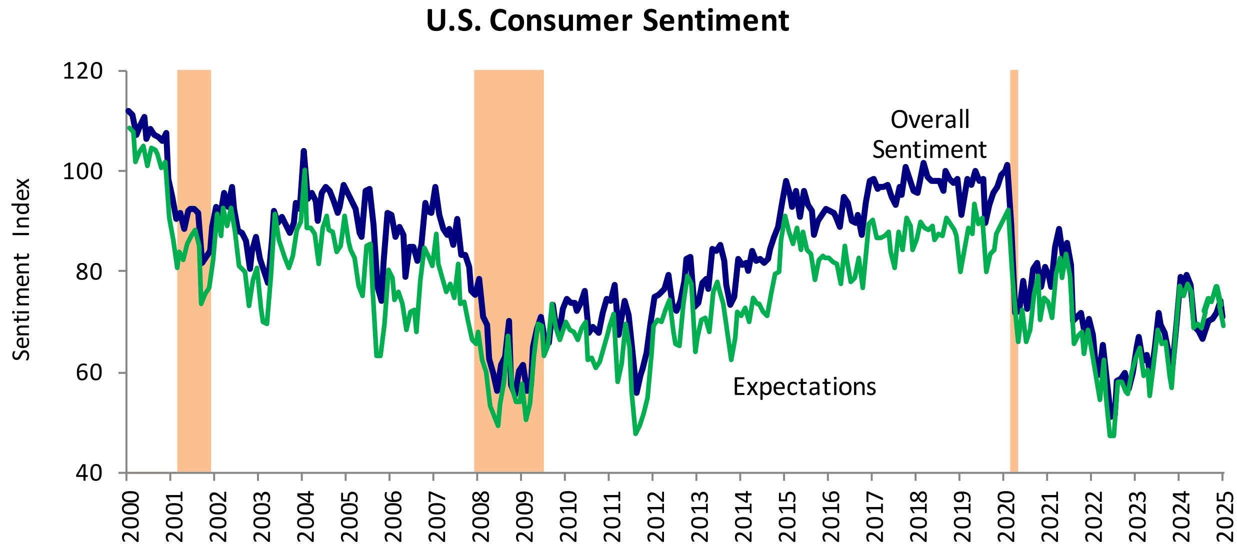
Over the forecast period, consumers will benefit from prices growing at a slower pace, although spending will be restrained. The anticipated deceleration in price inflation and lower interest rates could provide some relief to consumers, potentially increasing spending on major purchases such as homes and automobiles that are sensitive to changes in interest rates. However, proposed tariffs will put upward pressure on consumer prices, particularly on durable goods, curtailing spending. The expected softening of the labor market may also prompt a more cautious approach to spending, with slower wage growth influencing consumer confidence and spending habits. Additionally, households' financial situations, though stable, are showing signs of weakening, which could further restrain spending. Overall, while personal consumption is projected to grow, it will be reflective of a balance between the easing of price pressures and the various headwinds facing consumers. As a result, personal consumption spending growth is projected to increase by 2.7 percent in 2025, and then decelerate to 2.1 percent in 2026 as disposable income modestly increases and the adverse effects of tariffs set in (see Figure 6).

Real disposable personal income growth is expected to provide modest support for consumer spending

The deceleration of inflation-adjusted disposable income growth reflects the broader economic challenges of high prices and slower wage increases. Real disposable income grew 2.9 percent in 2024, a significant slowdown from the 5.3 percent in 2023, underscoring the impact of these economic pressures on individual purchasing power. Looking ahead, real disposable income growth is anticipated to moderate further to 2.5 percent in 2025 and 2.4 percent in 2026 (see Figure 6). This gradual slowdown underpins slower consumer spending growth over the forecast period.

Consumers are cautiously optimistic

In January, the University of Michigan Consumer Sentiment Index declined after six consecutive months of growth as concerns over long-term inflation expectations resurfaced. These concerns were largely driven by the impact of tariffs on consumer goods prices. Additionally, expectations for higher unemployment increased. Despite this decline, the Index remains well above the 2022 average, which was below 60, although it has yet to return to pre-pandemic levels (see Figure 7). Consequently, consumer spending is expected to be restrained as households continue to factor elevated consumer goods prices into their budgeting decisions.



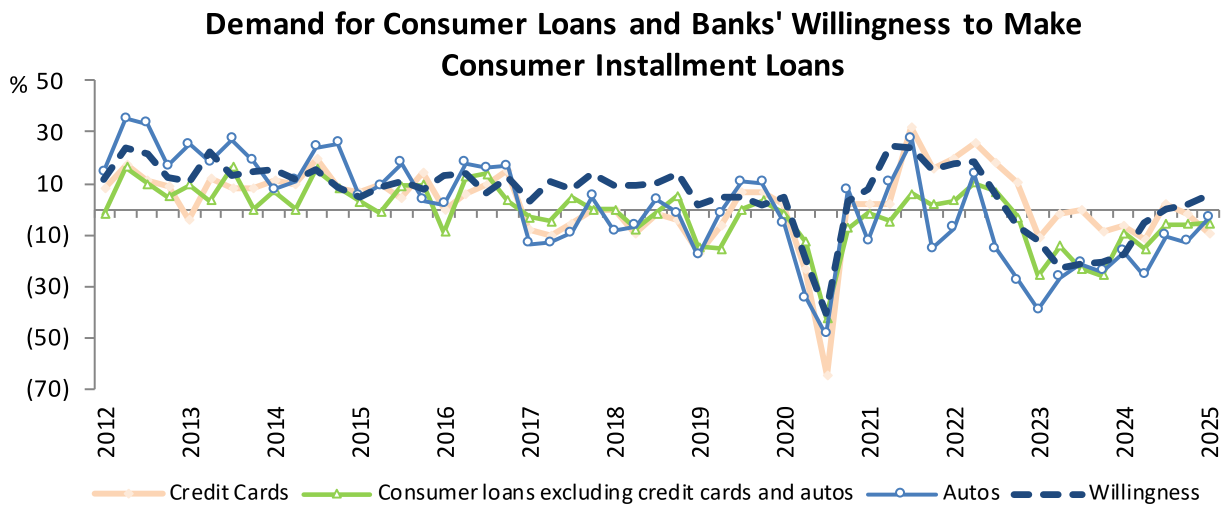
Note: Data are monthly through January 2025. Shaded areas represent recessions.
Source: University of Michigan ICS.

Figure 7

Many potential borrowers face difficulty getting long-term loans

High interest rates have caused a decrease in demand for consumer loans, particularly in the auto and home sectors, making them less affordable for the average household. This, coupled with historically high household debts and rising delinquency rates, has led banks to impose stricter lending standards (see Figure 8). Consequently, the loans that are being approved are typically larger and to applicants with stellar credit standing. This indicates that borrowers may be taking on significant financial commitments. Tighter loan standards has made it challenging for consumers with subprime credit ratings to secure mortgages and other substantial loans.

However, there is a potential silver lining. With the anticipation of interest rates falling further, consumer demand for loans could rise, potentially prompting banks to relax their lending criteria for households with solid credit histories. This could mark a shift towards a more balanced borrowing landscape, where credit accessibility aligns more closely with consumer capability and bank risk assessments.



Notes: Data are quarterly through 2025:Q1. Bank data was taken from a survey of approximately fifty to sixty-eight domestic banks and nineteen to twenty-eight U.S. branches and agencies of foreign banks. The percentage is the fraction of banks that reported increased willingness to make consumer installment loans from the previous three months.
Source: Federal Reserve.

Figure 8

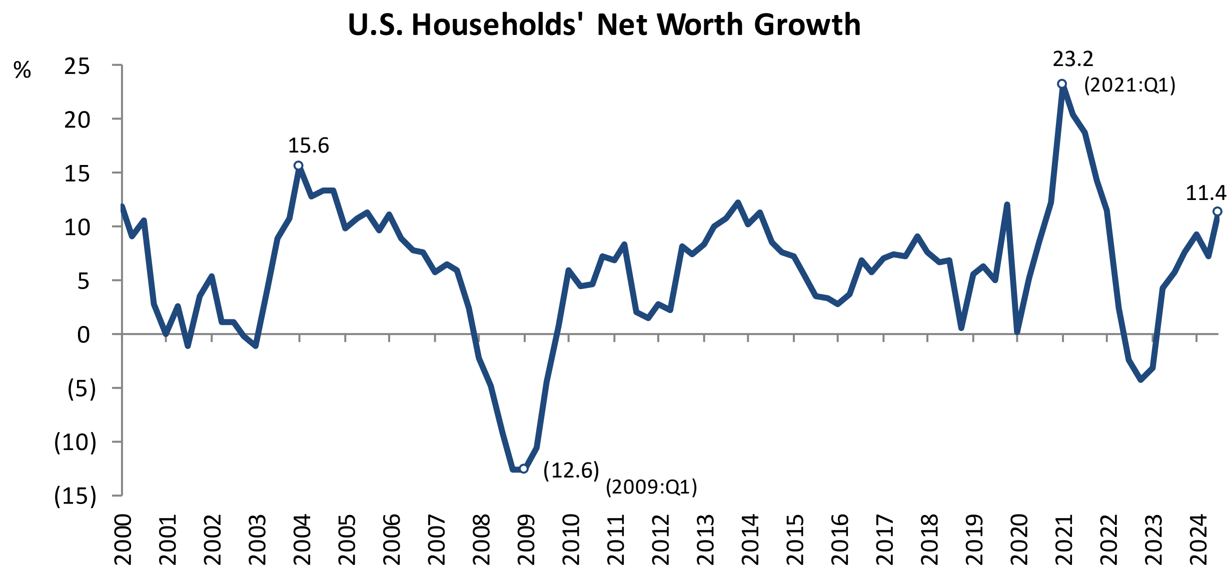
Households' net worth will benefit from lower interest rates, providing support for consumer spending

The data indicate a positive trend in household net worth. Households' net worth rose by 7.7 percent in 2023 and by 11.4 percent in the third quarter of 2024, following a decline in 2022 (see Figure 9). The increase in net worth is attributed to the rise in corporate equities and real estate values, reflecting market confidence and the potential for future investment. As the Federal Reserve continues to lower the federal funds rate, a corresponding decrease in mortgage rates is expected, which would further bolster the real estate market. However, long-term rates remain elevated due to factors such as a widening budget gap, which may deter consumer spending.

High-income households usually benefit the most from stock market gains, as they own a larger share of equities compared to their lower-income counterparts. When people feel wealthier, they tend to increase their spending on goods and services. In 2023, households whose income was in the top ten percentile accounted for 23.4 percent of total consumer spending, the highest since 2017, while the bottom 50 percent accounted for 29.3 percent, the lowest since 2014.[2] It is expected that in 2024, high-income households will continue to drive consumer

[2] See Hoyt, Scott, "Wealthy Led U.S. Spending Growth in 2023," Moody's Analytics, October 22, 2024.

spending given the record increases in equity prices. Therefore, an overall increase in household net worth is likely to support consumer spending, a key driver of economic activity. This could signal a positive outlook for the economy over the forecast period, as higher net worth typically leads to increased consumer confidence and spending.



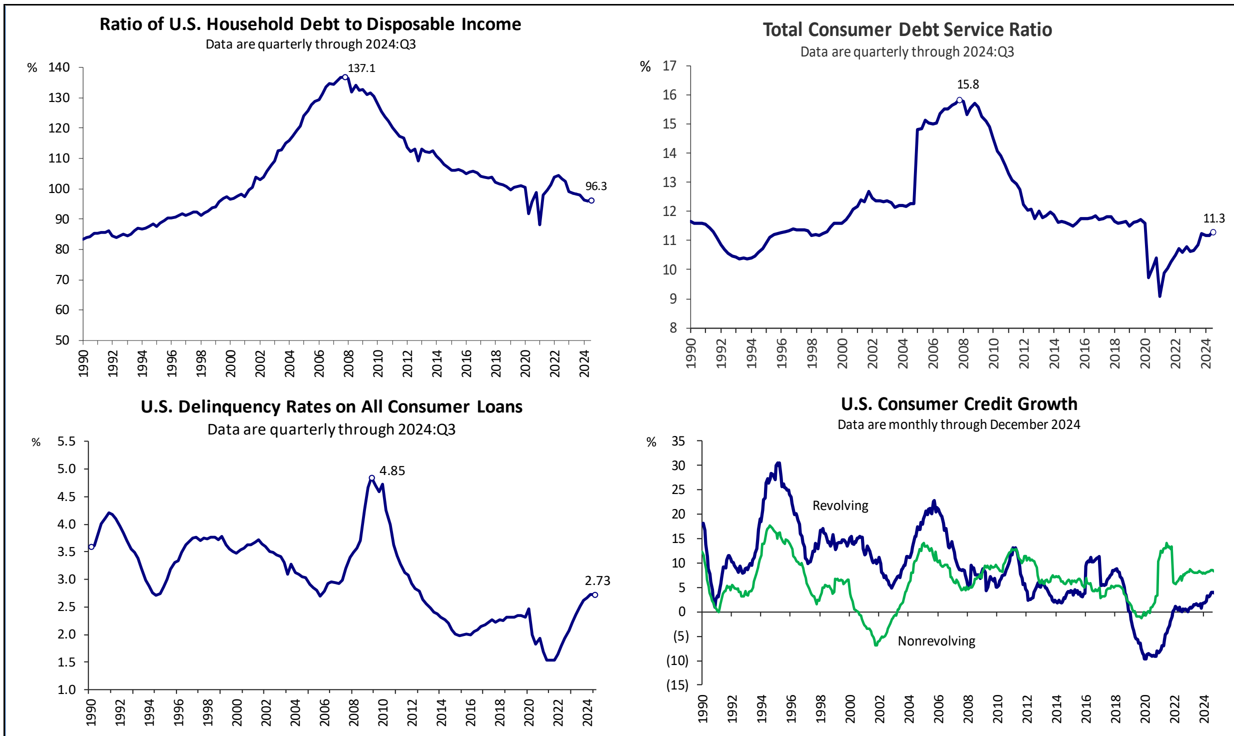
Note: Data are quarterly through 2024:Q3. Growth rates are year-over-year.
Source: Federal Reserve.

Figure 9

Households' financial position remains stable but is showing signs of weakness

Household debt has been on an upward trend post pandemic. Consumers have been relying more on credit cards to sustain their spending, despite the higher interest rates. This reliance on revolving credit has led to double-digit growth in credit card balances. In 2024, revolving credit increased 6.6 percent, following growth of 11.4 percent in 2023 and 13.5 percent in 2022. In contrast, non-revolving credit, which includes loans for cars and education, saw minimal growth. Non-revolving credit rose only 0.5 percent in 2024, following growth of 2.9 percent in 2023 and 6.7 percent in 2022 (see Figure 10). This trend suggests a cautious approach to larger, long-term purchases. The growing debt burden, which requires a larger portion of disposable income for debt repayment, could have broader economic implications, potentially affecting consumer spending power and financial stability.

In the first three quarters of 2024, the debt-to-income ratio of U.S. households averaged 96.2 percent, marking the lowest average level since the same period in 1999. This indicates a cautious approach to borrowing or an improvement in income levels compared to prior periods. The household debt service ratio, a crucial indicator of financial obligations, was at 11.3 percent in the third quarter suggesting that households are effectively managing their debt payments, despite being higher than the pandemic era's record low of 9.1 percent in the first quarter of 2021 (see Figure 10).[3] The debt service ratio remains slightly below its pre-pandemic levels. However, the delinquency rate on consumer loans rose to 2.73 percent in the third quarter of 2024, the highest since the third quarter of 2012, along with an increase in credit card loan delinquencies to 3.23 percent in the third quarter of 2024, the highest since the fourth quarter of 2011, signaling potential stress in certain segments. Mortgage delinquencies, while increasing, remain below the peak levels seen during the pandemic.



Sources: Federal Reserve; U.S. Bureau of Economic Analysis.

Figure 10

The U.S. personal savings rate declined to 3.8 percent in December 2024, marking a significant shift from the pandemic-era peak of 32.0 percent. During the pandemic, federal

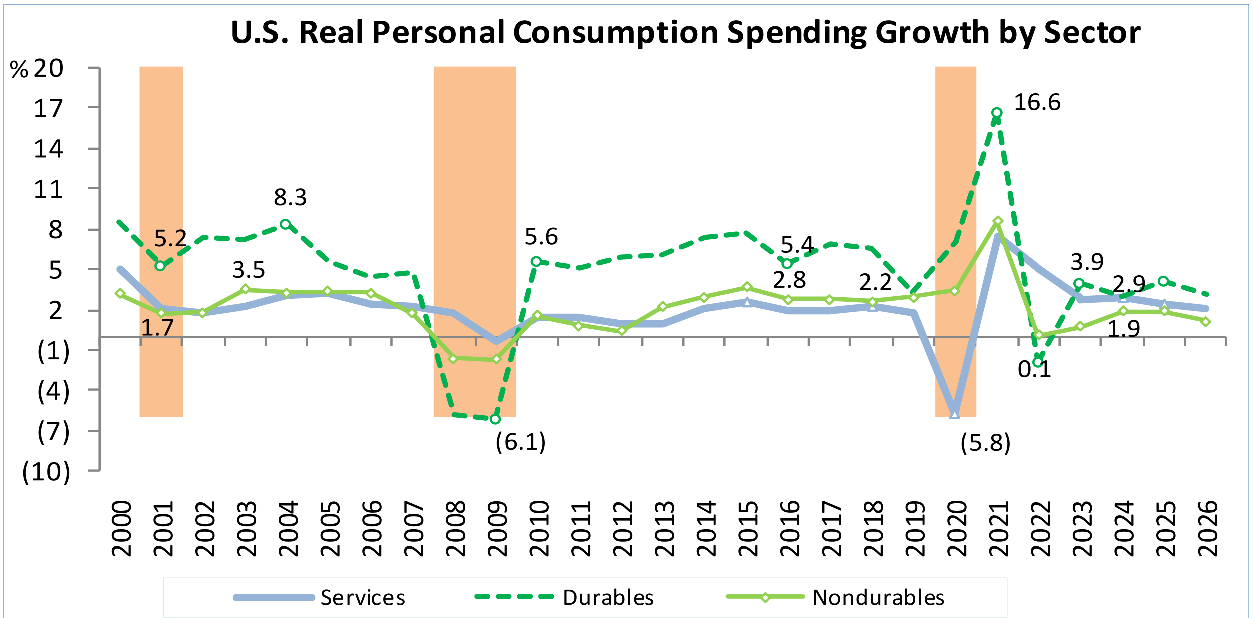
[3] The debt service ratio measures the percentage of household required debt payments to disposable income in a given period.

support measures allowed households to accumulate savings, which bolstered spending and contributed to economic growth during the post-pandemic recovery. However, with the depletion of these funds, there has been an increased reliance on debt, particularly through credit card loans.[4] This trend, coupled with emerging stress in the labor market, suggests a potential tightening of consumer spending. The lower savings rate and increased debt burden may lead to more cautious spending behavior, impacting consumption patterns and potentially the broader economic outlook.

Consumer Spending Outlook

Spending on durable goods slowed to 3.3 percent in 2024, following growth of 3.9 percent in 2023 as higher interest rates increased borrowing costs curtailing the purchasing of these goods. Auto sales grew by only 1.9 percent in 2024, down from 12.7 percent in 2023, even though motor vehicle prices have declined. This led to a decline in spending on auto and auto parts in 2024. Similarly, spending on recreational goods and vehicles slowed despite lower prices. The expectation that interest rates will fall may have encouraged consumers to delay their purchases, as lower interest rates on vehicle loans make the purchases less costly overtime. Long-term interest rates are anticipated to fall but remain elevated. As a result, spending on durable goods is projected to rise by 4.1 percent in 2025. The spending growth on durable goods falls to 3.4 percent in 2026 as tariffs increase their costs (see Figure 11).

[4] Abdelrahman, Hamza, "Pandemic-Era Excess Savings," Federal Reserve Bank of San Francisco, September 27, 2024, https://www.frbsf.org/research-and-insights/data-and-indicators/pandemic-era-excess-savings/.



Note: Data for 2025 and 2026 are forecasts. Shaded areas represent recessions.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 11

While gasoline and other energy prices have fallen sharply since 2022, they remain well above pre-pandemic levels. On the other hand, prices of food and beverages purchased for use at home, clothing and footwear, and other non-durable goods have continued to grow, but at a slower pace in the past two years. Consequently, spending on non-durable goods grew 1.9 percent in 2024, following an increase of 0.8 percent in 2023 and 0.1 percent in 2022.

Over the forecast period, spending on energy is expected to increase as demand for gasoline and other energy products rises, pushing up their prices. Spending on gasoline and other energy products is projected to increase by 2.0 percent in 2025 and then by 1.2 percent in 2026. Spending on food for at-home consumption is anticipated to grow 1.5 percent in 2025 and 1.1 percent in 2026. As a result, spending on non-durable goods is forecasted to increase by another 2.0 percent in 2025 and then slowing to 1.2 percent in 2026.

Spending on services, the largest component of overall personal consumption spending, increased by 2.9 percent in 2024, following a 2.9 percent increase in 2023. Falling interest rates have encouraged consumers who had delayed home purchases to come off the fence, thereby increasing services associated with these transactions. For consumers who decided to stay put, they may have likely chosen to invest in some maintenance services. Health care spending, though slowing, continued to increase at a healthy pace. Similarly, spending on financial services and insurance has also risen, but at a slower pace. Prices for all components of consumer services remain high, but they are growing at a slower pace. With spending on most major components of consumer services projected to ease in 2025, spending on consumer services is expected to slow to 2.7 percent in 2025, then to 2.2 percent in 2026 (see Figure 11).

Residential and Business Investment Spending

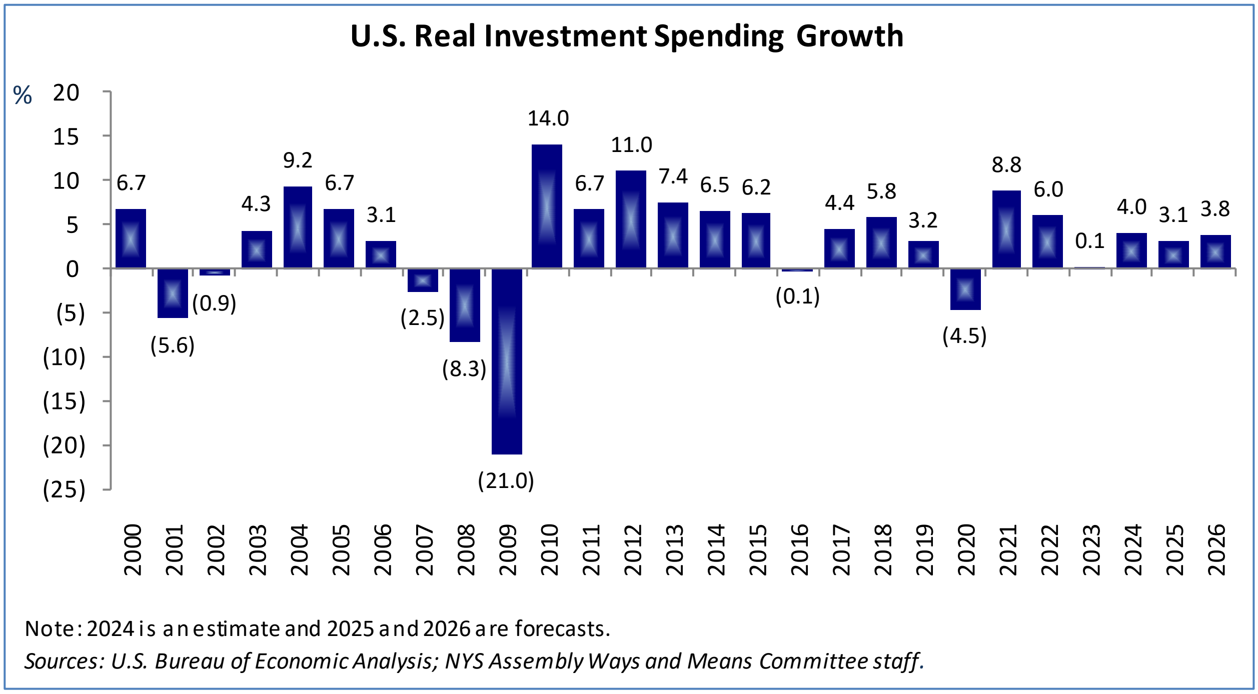


Figure 12

Key Points

- **Despite elevated costs of credit, private investment spending gained momentum in 2024, helped largely by a turnaround in residential investment activity and information-processing equipment spending.**

- **Supported by easing credit conditions, residential construction activity is projected to continue increasing during the forecast period. Anticipated tax cuts and incentives for businesses are also expected to boost private investment spending on equipment and structures. However, the pace of growth is expected to moderate in the near term, reflecting slowing sales growth and the lingering long-term effects of the pandemic**.

After growing by a mere 0.1 percent in 2023, private investment spending rebounded strongly in 2024, expanding by 4.0 percent (see Figure 12). This robust recovery was driven primarily by a resurgence in residential investment activity after two consecutive years of decline. Additional support came from continued strength in spending on manufacturing structures and a strong recovery in the investment of information-processing equipment.

As the Federal Reserve has started reversing its two-and-a-half-year-long tightening cycle, easing credit conditions are expected to provide crucial support for residential investment activity during the forecast period. The new administration's anticipated corporate tax cuts and incentives are also expected to boost private investment spending on equipment and structures. However, the growth of private investment spending is likely to remain modest in the near term, constrained by slowing sales and employment growth, gradually improving but persistently low housing affordability, and a long-term downward trend in demand for commercial and office space.

Nonresidential structure spending will continue to grow, though likely to slow

After more than two years of a slump, business investment spending on structures has steadily rebounded since the end of 2021, exceeding its pre-pandemic level by 2.5 percent in the fourth quarter of 2024 (see Figure 13). This recent improvement has been largely led by spending on manufacturing structures, which grew by an impressive 131.1 percent, or at an average quarterly rate of 23.3 percent on an annualized basis, between the fourth quarter of 2020 and the fourth quarter of 2024. The robust growth in manufacturing structure spending has been supported by various tax incentives introduced through the CHIPS and Science Act of 2022 and the Inflation Reduction Act of 2022. These acts have fostered a revival of domestic research and manufacturing, particularly in the production of semiconductor chips, electric vehicles and batteries, and renewable energy. Although these policy supports are subject to change by the new administration and Congress, the growth of spending on manufacturing structures is expected to continue in the forecast period, helped by a new round of anticipated corporate tax cuts and credits. However, this growth has already decelerated from an annualized average quarterly rate of 40.0 percent during 2023 to 11.7 percent during 2024. This slowing momentum is projected to persist as the inflow of federal subsidies diminishes in the near term.

After experiencing a nearly 50 percent decline during the first three quarters of 2020, spending on mining exploration, shafts, and wells recovered strongly through the second quarter of 2023. Since then, it has retreated to levels below the pre-pandemic high, driven largely by declines in crude oil prices. However, the anticipated rise in fossil energy production under the new administration's energy policy is expected to drive increased investment in oil and gas field structures and equipment.

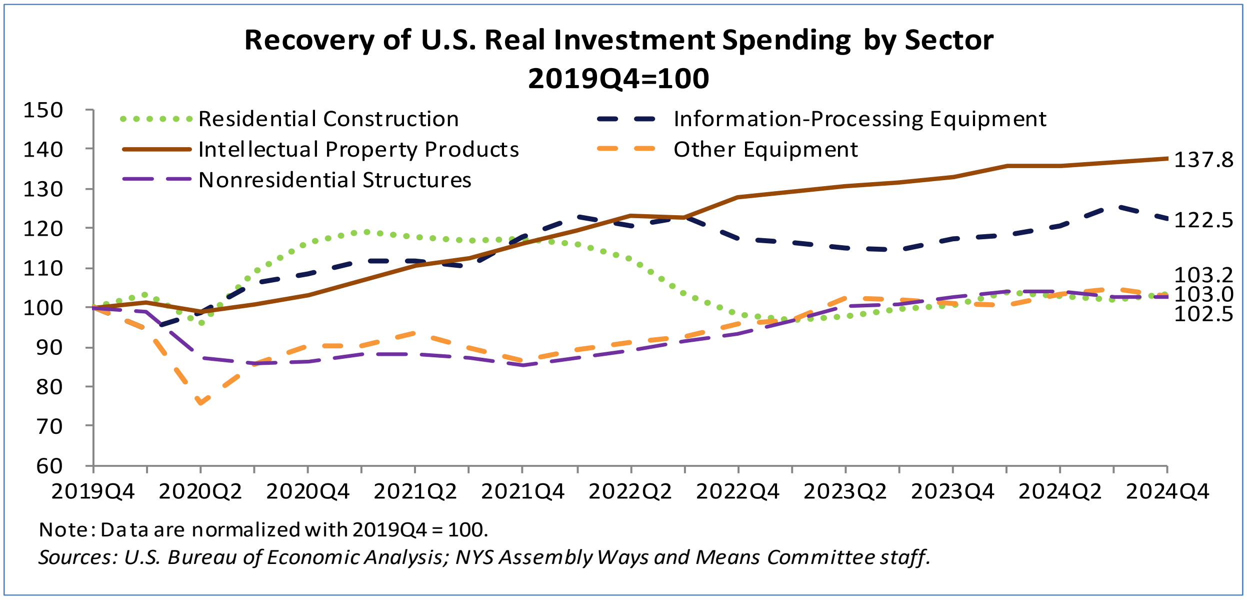


Figure 13

Business spending on power and communication structures ended a prolonged three-year decline of 23.4 percent in the fourth quarter of 2022 and has since been increasing. Despite this positive trend, the pace of recovery has been sluggish, with spending in the fourth quarter of 2024 still 12.7 percent below its pre-pandemic level. Spending on commercial, healthcare, and other nonresidential structures experienced a modest recovery in 2022 and 2023. However, the momentum was insufficient to return to 2019 year-end levels, and these categories began to decline again in 2024. Structural challenges, such as the secular downward trends in retail and office sectors and the pandemic's long-term impacts, have hindered recovery. For example, the steady growth of online sales and the continued preference for remote work have prompted businesses to reassess their retail and office space need. Consequently, vacancy rates remain elevated, and property sales and prices are depressed. Nevertheless, easing credit conditions are expected to mitigate this multi-year slump and support a partial recovery during the forecast period.

Residential investment spending will turn to growth, helped by easing credit conditions

Private residential investment activity began stabilizing in the second quarter of 2023 after nearly two years of decline. The post-pandemic exodus from cities to large suburban homes had triggered a brief housing market boom from late 2020 through the first quarter of 2021. This surge was fueled by the Federal Reserve's sharp interest rate cuts. However, rampant inflation led to the Fed's "higher-for-longer" tightening cycle, which subsequently depressed both demand and supply in the housing market. Real estate brokers' commissions, as well as the construction of single-family homes, manufactured homes, dormitories, and home improvements, were particularly hard hit. In contrast, multi-family residential construction performed better, as unfulfilled demand for single-family homes redirected to luxury condos and apartments in urban areas. Consequently, the share of multi-family construction spending in total private residential investment rose from 9.6 percent in the last quarter of 2019 to 11.6 percent in the fourth quarter of 2024.

The housing market's recent improvement has been supported by a decline in mortgage interest rates in 2024. Rising mortgage rates in prior years had discouraged homeowners from selling their homes to avoid losing the favorable rates locked in during 2021 and 2022, which kept the inventory of existing single-family homes depressed. However, as mortgage rates—or the spread between mortgage rates and 10-year Treasury yields—began declining in early 2024, some of these "locked-in" homeowners started listing their homes, and homebuilders shifted into higher gear.

As the Federal Reserve has begun cutting rates, credit conditions are expected to ease further for both homebuyers and homebuilders in the coming months. A slow but steady decline in mortgage rates, coupled with changes in housing needs driven by factors such as retirement, relocation, and changes in household size, is likely to trigger a mortgage rate "unlock," thereby increasing the inventory of homes for sale. The anticipated easing of credit conditions should also help reduce homebuilders' cost of capital and improve the availability of bank loans for construction and land development. The resulting increase in housing supply is expected to meet demand driven by pent-up household formation, population growth, and the need to replace aging or disaster-damaged homes.

Nevertheless, the recovery of the housing market over the forecast period is likely to be gradual, given the expected slowdown in income and employment growth. Housing affordability remains near a 30-year low, and home prices continue to rise. Additionally, interest rates are unlikely to return to the historically low levels seen during the pandemic, with declines expected to be gradual and span several quarters. It is also important to note that mortgage rates have asymmetric effects on the housing market, while rising rates tend to have significant restrictive effects, declining rates typically offer smaller stimulative effects. Finally, the shortage of buildable lots poses a physical constraint on the pace of the housing market's recovery.

Spending on intellectual property products continues to grow but the pace has moderated

During the pandemic years, a renewed surge in demand for up-to-date information technology drove a rapid increase in business spending on computer software. Over the three-year period ending in the fourth quarter of 2023, business software spending grew by 52.3 percent, corresponding to an annualized average quarterly growth rate of 11.1 percent. This rapid expansion elevated software spending's share of total intellectual property (IP) product spending to 51.2 percent by the fourth quarter of 2024, compared to 44.2 percent in the last quarter before the pandemic. However, the pace of growth moderated in 2024, with an average quarterly growth rate of 4.9 percent, compared to 5.6 percent in 2023.

Business spending on research and development (R&D) and other IP products also expanded during the three-year period ending in the fourth quarter of 2023, with growth rates of 24.1 percent and 1.0 percent, respectively. Despite this overall growth, their performance weakened in 2024. The annualized average quarterly growth rate of business R&D spending, which accounts for 44.0 percent of total IP product spending, declined to 2.8 percent in 2024, down from 7.5 percent in 2022 and 3.5 percent in 2023. Meanwhile, spending on other IP products, such as entertainment, literary, and artistic originals, declined by 2.0 percent since the third quarter of 2023.

Investment spending in artificial intelligence (AI)-related research and development is expected to get a boost from the new administration's AI policy initiatives and provide support for overall R&D spending over the forecast period. In the near term, however, the softening outlook for corporate earnings and economic growth suggests that the moderation in the growth of intellectual property product spending will likely continue. Given that the IP products sector represents nearly 40 percent of total U.S. fixed investment spending, this slowdown is expected to dampen the growth of overall private investment spending.

Business spending on equipment has been recovering, but only at a modest rate

During the pandemic, the shift to remote work and the increased reliance on virtual offices significantly boosted business spending on computers and other information-processing equipment. By the first quarter of 2022, such spending had risen 23.1 percent above its pre-pandemic peak. However, over the following six quarters, spending on computers and related equipment declined, initially due to a global semiconductor shortage and later as the tech sector adjusted for earlier overinvestment. Since then, business spending on information-processing equipment has been recovering at an average annualized quarterly rate of 5.6 percent. This recovery is expected to gain further momentum, driven by increased R&D activity in artificial intelligence and easing credit conditions. Supporting this trend, global semiconductor billings have recently reached record-high levels, signaling continued growth in information-processing equipment spending.

As travel rebounded from pandemic lows, pent-up and replacement demand for transportation equipment, including aircraft and rental vehicles, began recovering in the fourth quarter of 2021. This recovery was further supported by the easing of the semiconductor chip shortage, which had previously disrupted car and truck production. Business spending on industrial and other equipment also recovered alongside broader economic growth, surpassing pre-pandemic peak levels by 4.1 and 2.5 percent, respectively, in the first half of 2022. However, spending in this category has since plateaued, showing limited momentum.

Looking ahead, business investment in transportation, industrial, and other equipment will benefit from the Federal Reserve's easing monetary policy. Nonetheless, the softening of pent-up travel demand, combined with a dimming outlook for corporate earnings and overall economic growth, suggests that the pace of growth in these areas is likely to moderate during the current forecast period.

Declining capacity utilization rate and new orders on capital goods

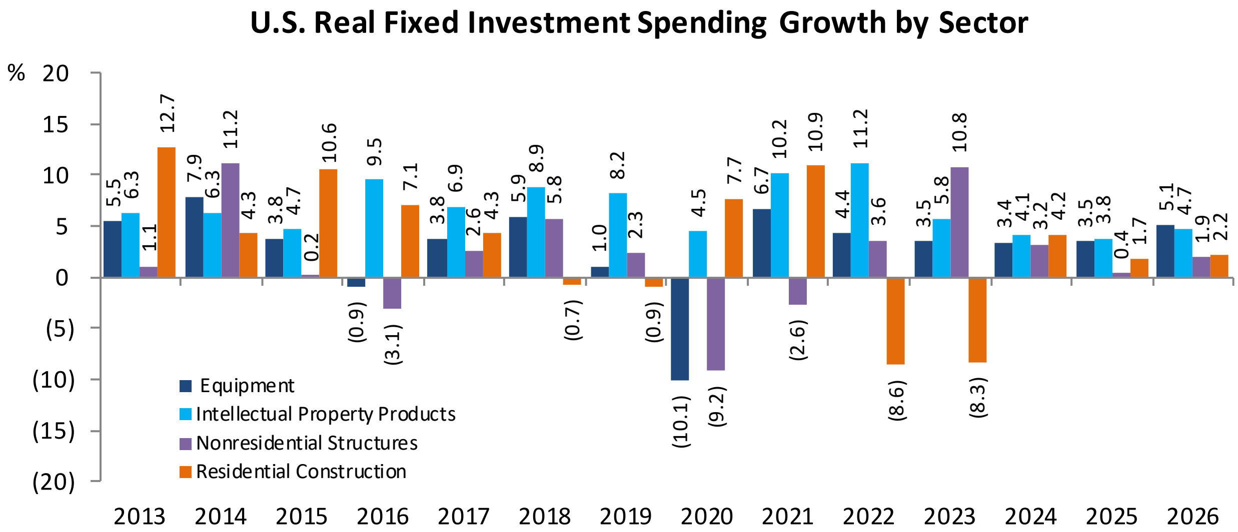
The rate of capacity utilization has been on a downward trend since September 2022. As declining utilization typically reduces the need for new equipment and structures, this trend is expected to further dampen growth in spending on equipment and structures.

Additionally, new orders for non-defense capital goods—a key leading indicator of business capital spending—have weakened since November 2023. This signals a softening trend in business capital investment in the near term.

Outlook

Private investment spending, adjusted for price changes, rebounded significantly in 2024, growing by 4.0 percent on a yearly average basis, following a sluggish 0.1 percent increase in 2023. However, the pace of yearly average growth is projected to moderate to 3.1 percent in 2025 and 3.8 percent in 2026.

Spending on intellectual property products, after rapid growth in 2021 and 2022, decelerated to 5.8 percent in 2023 and further slowed to 4.1 percent in 2024 (see Figure 14). Growth in this category is expected to remain moderate at 3.8 percent in 2025, before improving to 4.7 percent in 2026.



Note: 2024 is an estimate and 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 14

After three consecutive years of contraction, spending on nonresidential structures returned to growth in 2022 and accelerated sharply to 10.8 percent in 2023—the strongest performance in nine years. However, the pace of growth sharply slowed to 3.2 percent in 2024 and is projected to decline further to 0.4 percent in 2025 and rebound to 1.9 percent in 2026.

From a long-term perspective, inflation-adjusted business spending on equipment and intellectual property products has experienced remarkable growth. As of 2024, such spending has more than doubled and nearly quadrupled since 2000, respectively, and is projected to continue expanding during the forecast period (see Figure 15). This robust growth primarily reflects sustained investments in research and development, computer software and hardware, and other information-related equipment, which remain critical drivers of productivity gains in the U.S. economy.

In contrast, inflation-adjusted spending on residential construction has largely stayed below its 2000 level over the past two decades, with two notable exceptions: the housing boom prior to the Great Recession; and a brief resurgence during the post-pandemic recovery. Similarly, spending on nonresidential structures remained consistently below its 2000 level for most of the same period, only beginning to gain momentum in the past two years.

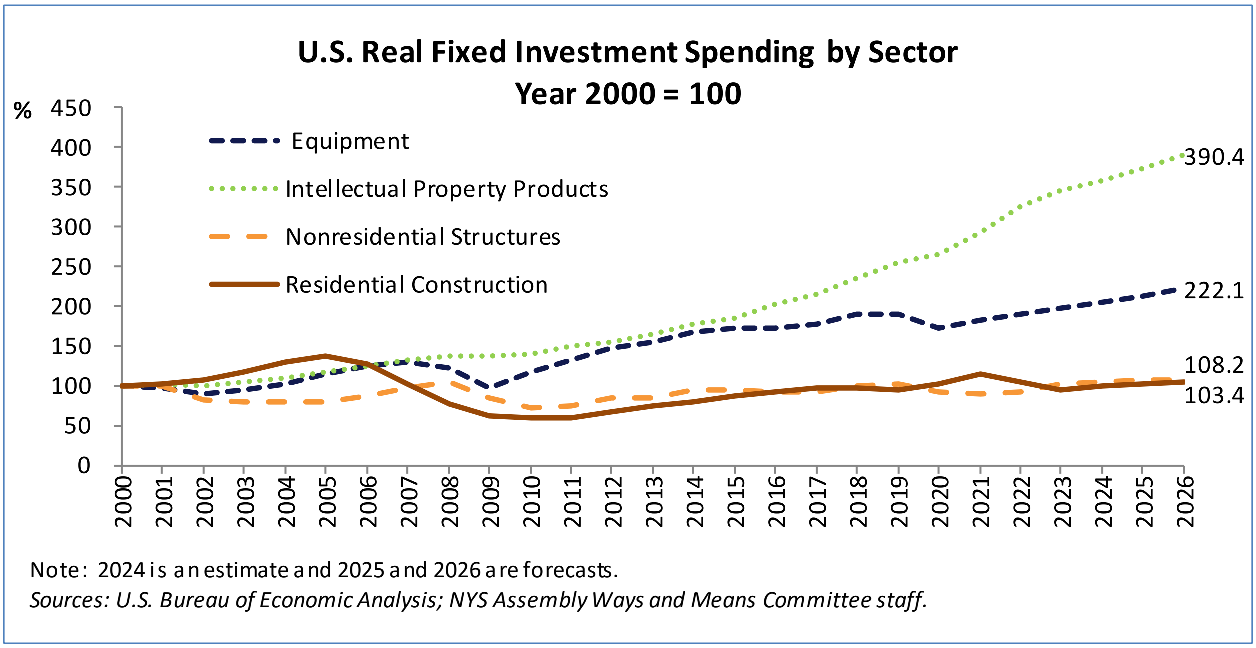
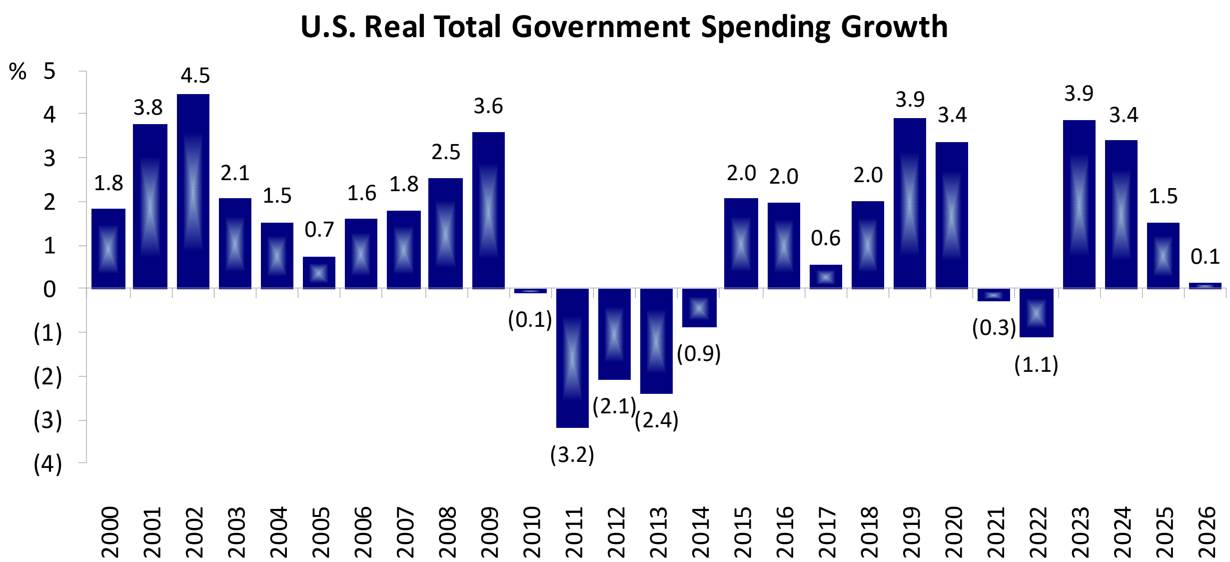


Figure 15

The stagnation in nonresidential structure spending reflects several long-term structural shifts in the U.S. economy. For example, the adoption of efficient inventory management technologies has allowed businesses to maintain leaner inventories, reducing the demand for warehousing and storage facilities. The rise of e-commerce has diminished the need for traditional retail spaces, while intensified global competition has pushed many U.S. firms to relocate production facilities offshore in search of lower labor costs and fewer regulatory constraints.

Although these trends have significantly reshaped the structure of nonresidential investment spending, recent years have seen a modest uptick in reshoring activity. Strategic considerations and economic policy initiatives have driven some U.S. firms to bring manufacturing operations back domestically, partially offsetting the long-standing trend of offshoring. However, the overall impact of these reshoring efforts is expected to remain limited relative to the broader structural changes.

Government Spending



Note: Data for 2025 and 2026 are forecasts.

Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 16

Key Points

- **The growth of federal government spending will be limited by the new administration's drive to restrain discretionary spending, as well as the Fiscal Responsibility Act of 2023, which imposed limits on discretionary spending over the forecast period.**

- **Slower state and local government spending is projected over the forecast period, as infrastructure spending funded by the federal government wanes.**

Despite a slowdown, government spending growth remained strong. Adjusted for inflation, total government spending increased by 3.4 percent in 2024, following a 3.9 percent rise in 2023. Public investment spending significantly slowed down in 2024, after double-digit growth in state and local government expenditures, while federal spending on equipment was strong. The Infrastructure Investment and Jobs Act (IIJA) played a key role in promoting higher spending on public infrastructure, providing the largest funding boost in over a decade to state and local governments for infrastructure upgrades and investments.[5] Additionally, compensation slowed for the military and civilian federal workers in 2024.

Over the forecast period, all levels of government are projected to limit spending. State and local governments will need to implement spending restraints as funding related to the pandemic and IIJA diminishes, and allocated funds are exhausted. As a result, state and local governments will have to prioritize essential services and infrastructure maintenance within tighter budget constraints.

The Fiscal Responsibility Act of 2023 (FRA) imposed discretionary spending limits on federal policymakers, forcing them to make tough decisions about budget allocations.[6] The goal of this Act was to decrease the federal deficit by implementing stricter controls on non-essential spending.

Natural disasters, including hurricanes, wildfires, and floods, are exerting significant pressure on government spending at all levels. The Federal Emergency Management Agency (FEMA), which received approximately 28 percent of the Department of Homeland Security's budget in federal fiscal year 2024, constantly runs out of funds as natural disasters increase in frequency.[7] Consequently, FEMA's funding needs to be replenished regularly. Additionally, overseas contingencies, which historically made up about 20 percent of the Department of Defense's budget, continue to expand as the U.S. responds to disruptions both domestically and abroad.[8] Disaster preparedness and management, along with overseas contingencies, present ongoing risks to the government spending forecast as policymakers work to facilitate these critical need-based funding within a stricter spending framework.

[5] The Infrastructure Investment and Jobs Act includes funds for repairing roads and bridges, ensuring broadband expansion, electrifying vehicles, boosting public transit and freight rail, replacing lead pipes and a host of other provisions. See The Infrastructure Investment and Jobs Act, Public Law 117-58, 117th Congress of the United States, signed into law on November 15, 2021.

[6] See The Fiscal Responsibility Act of 2023, Public Law 118-5, 118th Congress of the United States, signed into law on June 3, 2023.

[7] See *FY 2024 Budget-in-Brief*, Department of Homeland Security, https://www.dhs.gov/sites/default/files/2023-03/DHS%20FY%202024%20BUDGET%20IN%20BRIEF%20%28BIB%29_Remediated.pdf.

[8] Lead Inspector General, *COP-OCO FY 2024 Comprehensive Oversight Plan Overseas Contingency Operations*, https://www.dhs.gov/sites/default/files/2023-03/DHS%20FY%202024%20BUDGET%20IN%20BRIEF%20%28BIB%29_Remediated.pdf.

Therefore, with governments expected to undergo a period of fiscal tightening and heightened budgetary pressures, adapting to more restrained spending levels, real total government spending is projected to increase by only 1.5 percent in 2025. This represents a significant slowdown compared to previous years. This trend is expected to continue, with a further deceleration to 0.1 percent in 2026 (see Figure 16).

Federal government spending

Federal government spending, adjusted for inflation, grew by 2.5 percent in 2024, following a 2.9 percent increase in 2023. The slowdown in spending is reflective of slower growth in military compensation and non-defense wages. In addition, non-defense public investments declined. The slower spending growth is likely due to the FRA.

The FRA suspended the debt ceiling limit until January 1, 2025, and imposed restrictions on the expansion of discretionary spending by the federal government for both defense and non-defense purposes. For the Federal Fiscal Year (FFY) 2024, the mandated cap on defense spending was set at $886 billion, representing approximately a 1.0 percent increase from FFY 2023 when adjusted for inflation. In nominal terms, both defense and non-defense spending are projected to be 1.0 percent higher in FFY 2025 than in FFY 2024. However, with funding capped at $895 billion, adjusted for inflation, defense spending would effectively decrease by 1.0 percent from FFY 2024 levels. Over the ten-year period from 2024 to 2033, the FRA is projected to reduce the federal deficit by approximately $1.5 trillion.[9]

The Inflation Reduction Act of 2022 (IRA) was designed to promote long-term investments in energy efficiency, clean energy, and climate resilience, while also providing immediate fiscal benefits through deficit reduction and healthcare subsidies. The IRA was projected to generate $738 billion in increased revenues and savings through tax reforms and changes in prescription drugs pricing.[10] It was projected to reduce the federal deficit by $238 billion over the ten-year period from 2022 to 2031. The IRA represented the largest investment in climate change in U.S. history, authorizing billions for energy and climate change initiatives. Additionally, $100 billion was allocated to extend healthcare premium credits for three years under the Affordable Care

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[9] See "*How the Fiscal Responsibility Act of 2023 Affects CBO's Projections of Federal Debt*," Congressional Budget Office, June 9,2023, *https://www.cbo.gov/publication/59235.*

[10] See *Cost Estimate-Estimated Budgetary Effects of Public Law 117-169, to Provide for Reconciliation Pursuant to Title II,* Congressional Budget Office, September 7, 2022.

Act. However, the current administration will likely repeal this Act, further restraining federal government spending.

Therefore, over the forecast period, compensation for civilian and non-civilian employees, public infrastructure spending, and spending on goods and services provided by the federal government are anticipated to slow further. Federal government spending is projected to increase by 1.7 percent in 2025 and is expected to continue slowing down in 2026 to 0.2 percent, as mandated spending caps and other discretionary spending restrictions set forth by the administration limit federal government spending (see Figure 17).

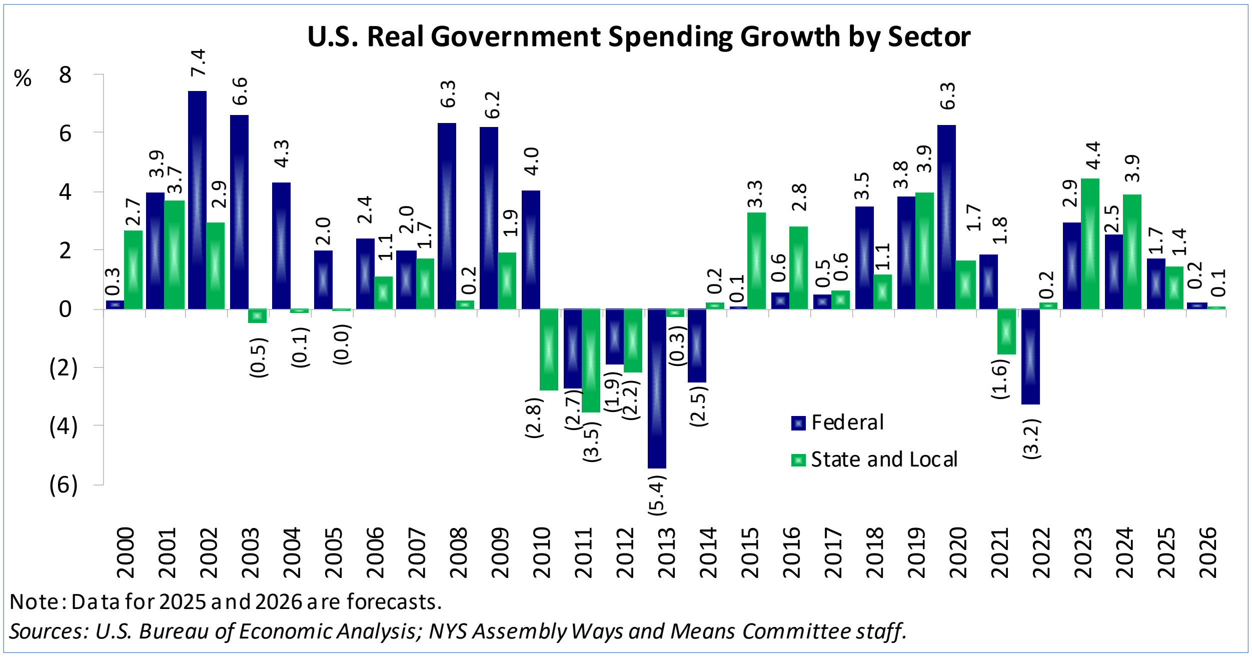


Figure 17

For FFY 2022, the budget deficit fell to $1.4 trillion mainly due to diminished pandemic-related payments to households, businesses, and state and local governments.[11] However, the deficit rose to $1.7 trillion in FFY 2023, accounting for 6.2 percent of GDP (see Figure 18). In FFY 2024, the deficit increased to $1.8 trillion, representing 6.4 percent of GDP, as the federal government continued to spend more than it received.[12] This rise in the deficit is attributed to

[11] See U.S. Department of Treasury, *Financial Report of the United States Government For Fiscal Year 2022,* Bureau of the Fiscal Service, February 2024, https://www.fiscal.treasury.gov/reports-statements/financial-report/current-report.html.

[12] See U.S. Department of Treasury, *Final Monthly Treasury Statement, Receipts and Outlays of the United States Government for Fiscal Year 2024 Through September 30, 2024 and Other Periods*, Bureau of the Fiscal Service, October 2024, https://www.fiscal.treasury.gov/reports-statements/mts/current.html.

an increase in the primary deficit, as well as the escalating cost of interest payments on the federal debt. The Congressional Budget Office (CBO) projects that the federal budget deficit will reach $1.9 trillion in FFY 2025, or 6.2 percent of GDP and $1.7 trillion in FFY 2026, or 5.5 percent of GDP.[13]

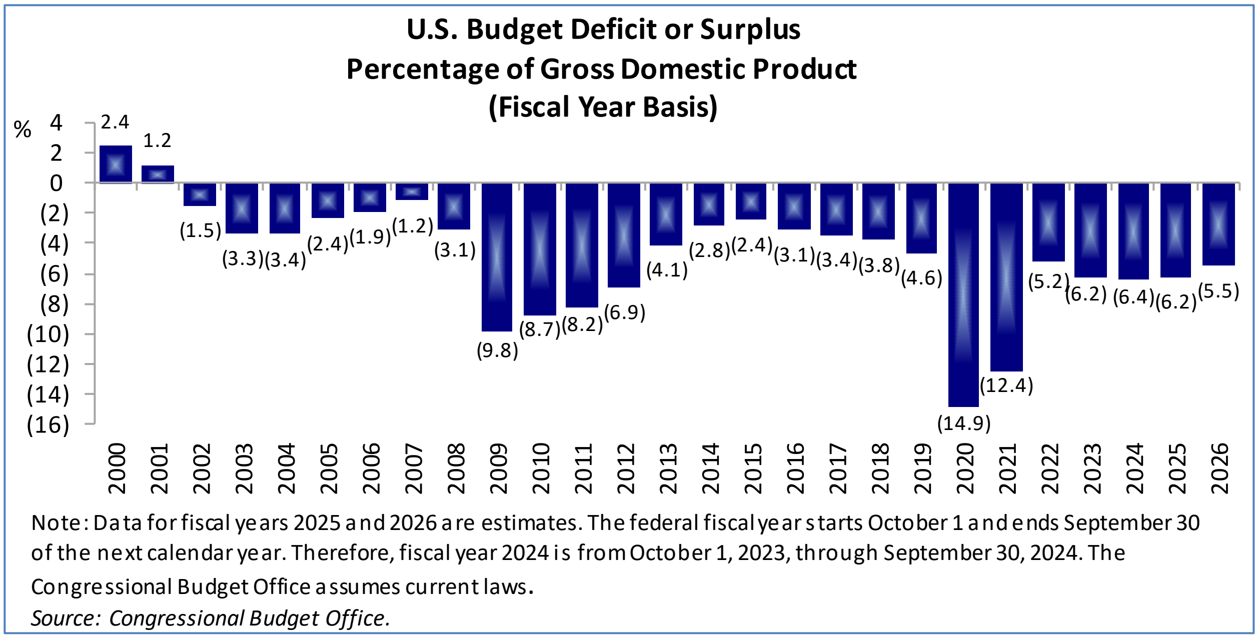


Figure 18

The federal government's accumulation of debt raises concerns about federal spending on interest payments and its long-term impact on economic growth. According to the CBO, the rising debt is likely to result in higher inflation and borrowing costs. In 2023, higher interest rates caused interest payments by the federal government to increase to $659 billion, a 38.7 percent rise from FFY 2022. In 2024, interest payments reached $881 billion or 3.1 percent of GDP according to the CBO.[14] As more federal funds are allocated to interest payments, the government has less flexibility to address fiscal crises, leading to a decrease in the value of Treasury securities.

[13] See Congressional Budget Office, The *Budget and Economic Outlook: 2025-2035*, January 17, 2025, https://www.cbo.gov/publication/60870.

[14] Ibid 13.

State and local government spending

State and local government spending, adjusted for inflation, increased by 3.9 percent in 2024, following a 4.4 percent increase in 2023 (see Figure 17). This slower yet robust growth was attributed to the windfall of receipts states received from IIJA and increased tax collections from higher sales of goods and services, personal income, and corporate earnings. The IIJA allocations to states and localities were primarily for infrastructure, equipment, and software expenditures. However, these funds have diminished. States may find spending support from IRA if they seek to leverage the opportunities provided to enhance their climate infrastructure and energy programs.

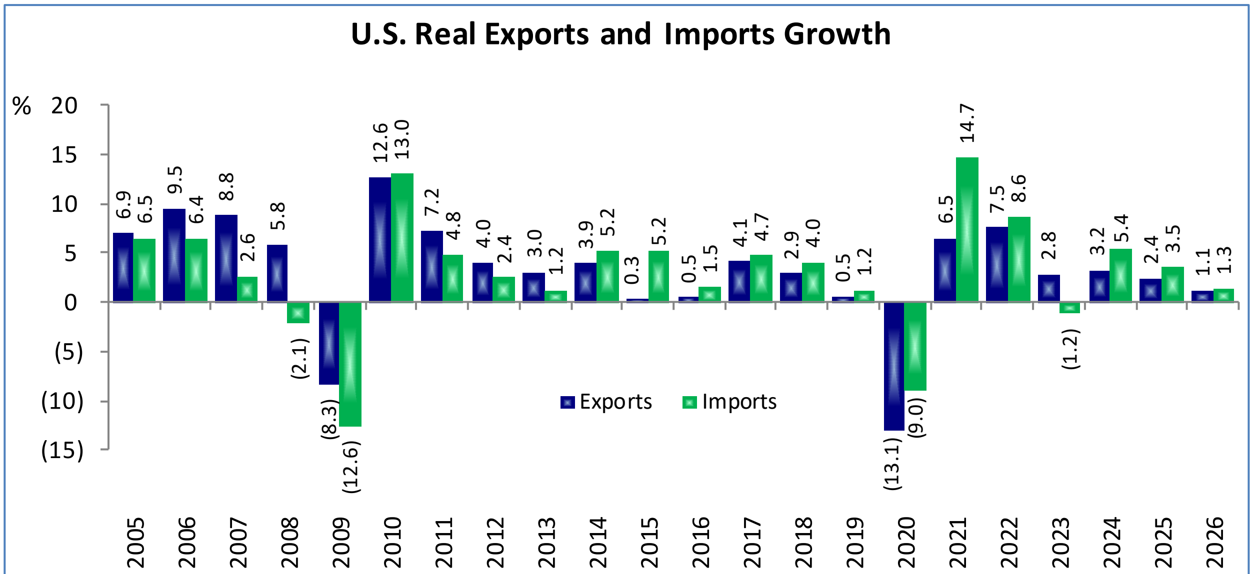
In 2024, transfer payments made to states and localities by the federal government rose by 1.3 percent, following a 0.2 percent increase in the previous year. Disaster relief related to hurricanes increased grants-in-aid to state and local governments in the second half of the year. Public investment spending growth had slowed from 5.3 percent in 2023 to 0.9 percent in 2024.

Over the forecast period, state and local governments are expected to significantly rein in spending as pandemic-related funds and IIJA grants are exhausted. Additionally, with overall economic growth projected to slow, higher compensation will support state and local government spending, even though the labor market is expected to weaken and wage growth to decelerate. State government employment surpassed its February 2020 peak in August 2023. Local government employment, which declined by over 1.2 million from its peak in February 2020 to its trough in May 2020, surpassed its pre-pandemic peak in October 2023. Worker shortages will continue to slow the pace of state and local government employment growth as they compete with the private sector for available workers. However, existing state and local government job openings are less likely to be filled as pressure to curtail spending mounts for states and localities.

Furthermore, many states have accumulated deficits, adding pressure to restrict spending to close these gaps. Part of the problem is that many states used non-recurring funds to finance long-term projects. Because states are required to maintain a balanced budget, they have had to look for alternative revenue sources, including borrowing. States and local governments have traditionally relied on borrowing to bridge the gap between expenditures and receipts. However, they are currently facing some of the highest interest rates in decades. When interest rates are high, the cost of borrowing increases. This means that when state and local governments issue bonds to fund projects, they will end up paying more in interest, leading to higher overall costs for infrastructure projects, public services, and other expenditures. Higher interest rates also raise the cost of servicing existing debt. Just like the federal government, higher interest payments by state and local governments could further strain their budgets. Consequently, declining interest rates will eventually help offset borrowing costs and may encourage more investments in public infrastructure that were previously unattainable. On a positive note, many states have been increasing their “rainy day” funds, which can serve as a buffer, particularly for mandatory spending.

States and localities will face challenges due to a slowing economy and its impact on sales, income, property, and corporate tax collections. As a result, growth in state and local government spending is projected to decrease to 1.4 percent in 2025 and further to 0.1 percent in 2026.

Exports and Imports



Note: Data for 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 19

Key Points

- **U.S. imports grew solidly in 2024, supported by robust growth in consumer and business spending.**

- **Improving global economic growth boosted U.S. exports in 2024.**

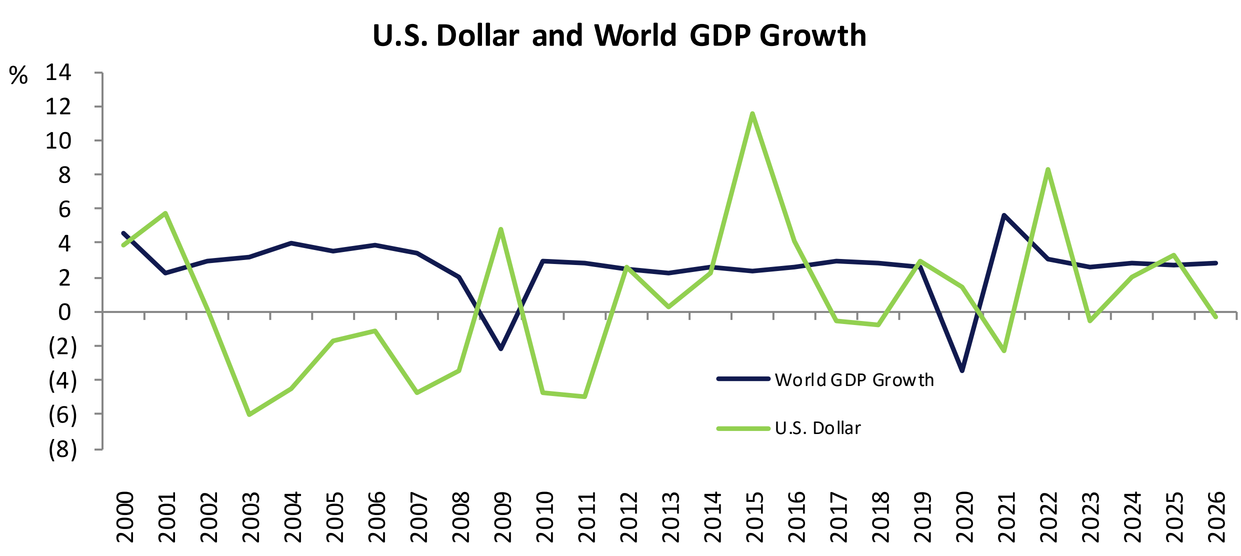
- **With the U.S. dollar value expected to remain strong but U.S. economic growth forecast to moderate, exports and imports are forecast to grow more slowly in 2025 and 2026. Anticipated tariff hikes will also likely restrain the growth of U.S. foreign trade over the forecast period.**

Global economic growth and the value of the U.S. dollar are the two main factors that affect U.S. exports. If the economies of U.S. trading partners expand, their demand for U.S. exports will increase. However, if the U.S. dollar strengthens, the demand for U.S. exports will decrease because U.S. goods become more expensive for foreigners. The demand for imported goods is influenced by factors such as domestic investment and consumption. When consumption increases and consumers demand more goods, it will push up the demand for imported final goods, as well as inputs. Similarly, when businesses increase their investment, the demand for imported capital, such as machinery and equipment, also rise.

Improvement in economic conditions worldwide along with strong growth in emerging market economies, helped to lift global economic growth in 2024

After growing solidly at 7.5 percent in 2022, U.S. exports growth slowed to 2.8 percent in 2023. This was due to tight monetary policy and more restrictive credit conditions, which caused global economic growth to decelerate from 3.1 percent in 2022 to 2.6 percent in 2023, while the value of the U.S. dollar remained high.

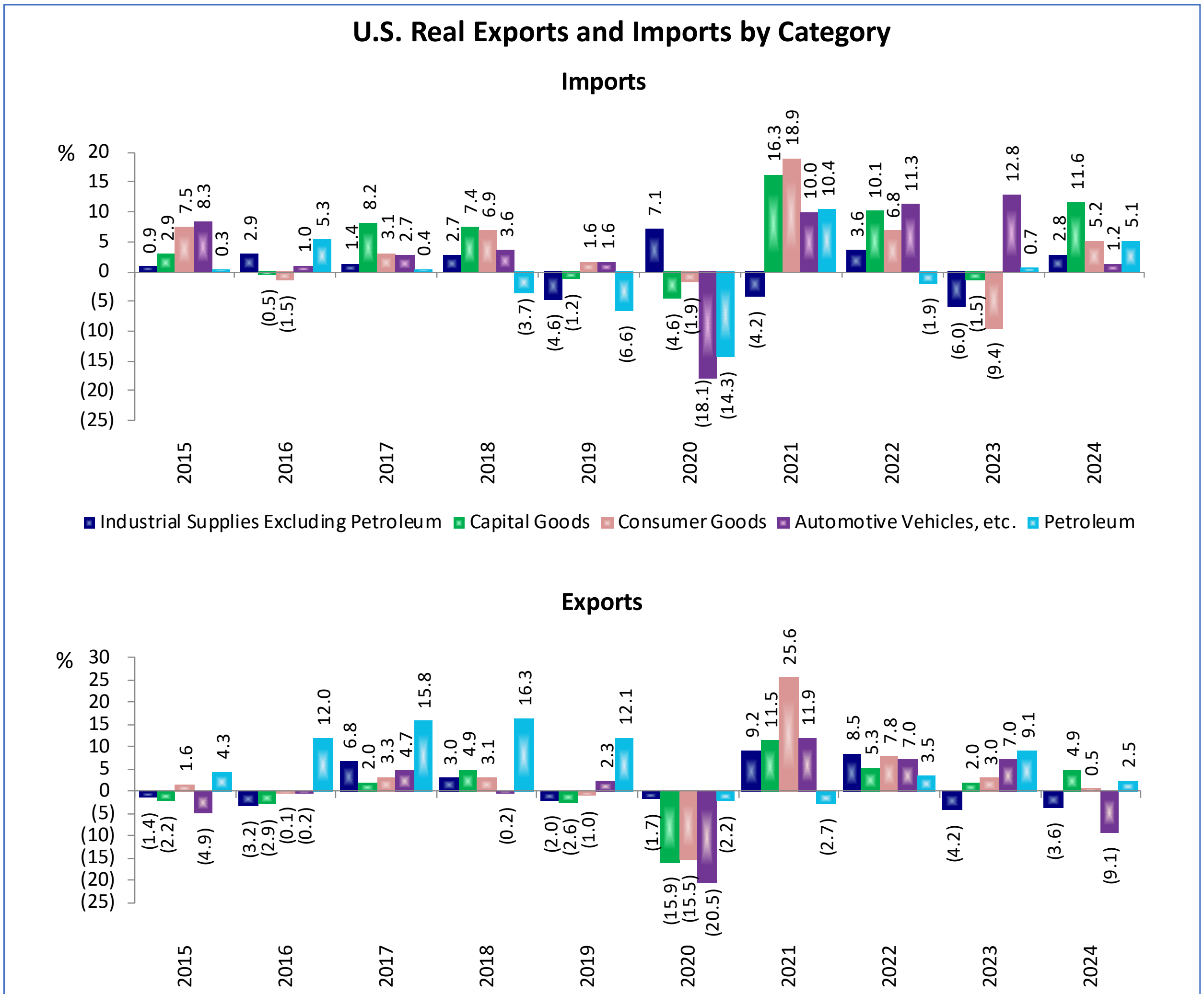
As some of the headwinds ease and the overall economic conditions improve, the global economy grew faster at 2.8 percent in 2024, driven by growth in emerging market countries. The outlook for global growth is becoming more uncertain as the current administration has started to impose new tariffs and U.S. trading partners retaliate with tariffs of their own. This could adversely impact world trade, potentially hindering global growth. Consequently, the global economy is forecast to grow more slowly in 2025 before improving slightly in 2026 (see Figure 20).



Note: Data for 2025 and 2026 are forecasts.
Sources: Federal Reserve; World Bank; NYS Assembly Ways and Means Committee staff.

Figure 20

In 2023, slowing consumer spending and stagnant private investment expenditures led to a decline in the imports of consumer goods, industrial supplies (excluding petroleum), and capital goods. Consequently, U.S. imports fell 1.2 percent in 2023 after strong growth of 8.6 percent in 2022. Imports of all products grew in 2024 compared to the same period in 2023 as both private consumption and business investment continued to improve (see Figure 21). As a result, imports rebounded and grew 5.4 percent in 2024.



Source: U.S. Census Bureau.

Figure 21

U.S. dollar remains elevated

The U.S. dollar has long been considered a safe haven currency during global turmoil. When uncertainty escalates, investors tend to shift their investments to U.S. dollar-denominated assets, which are considered to be more secure. Consequently, the demand for the U.S. dollar generally increases during a crisis, causing its value to appreciate. This is what drove the U.S. dollar to sharply appreciate during the early stages of the Ukraine-Russia War, reaching its highest level in over three decades. Although the value of the dollar has decreased, it still remains high compared to historical levels (see Figure 22). The U.S. dollar value appreciated 2.3 percent in 2024. Uncertainty surrounding geopolitical conflicts and U.S. international policies will likely put upward pressure on the value of the dollar. In addition, the new administration's tariff policy could trigger inflationary pressures, prompting the Federal Reserve to cut rates at a slower pace than other central banks. Therefore, it is anticipated that the U.S. dollar value will appreciate and remain elevated over the forecast period.

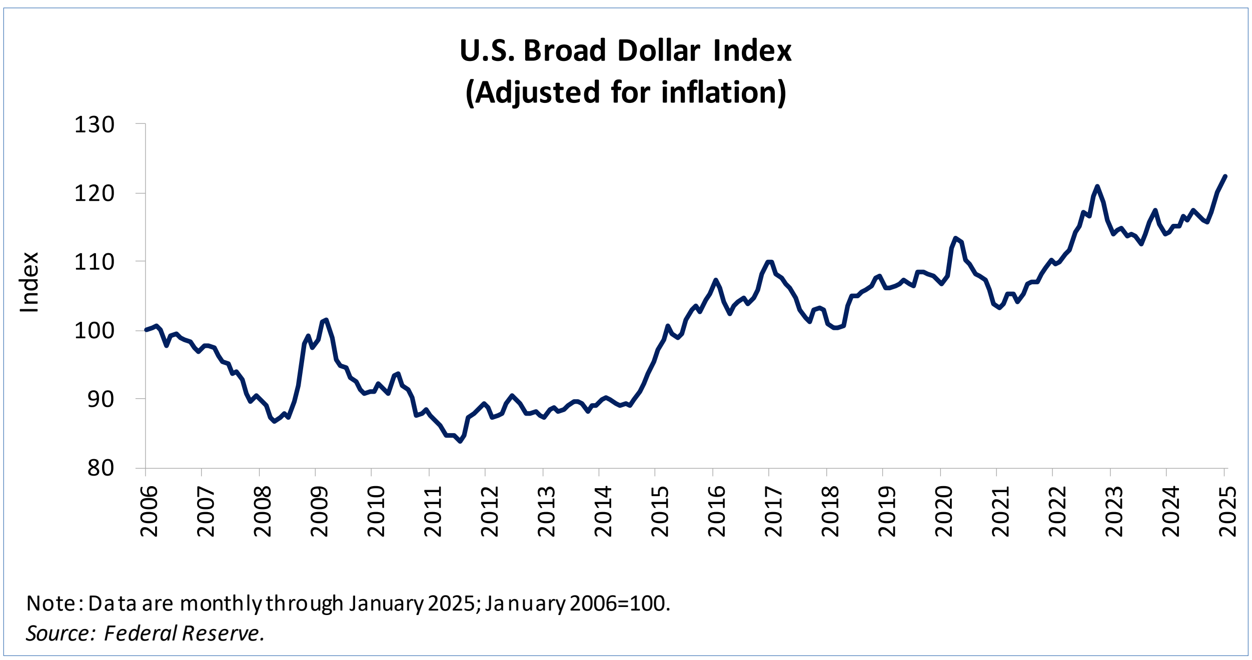
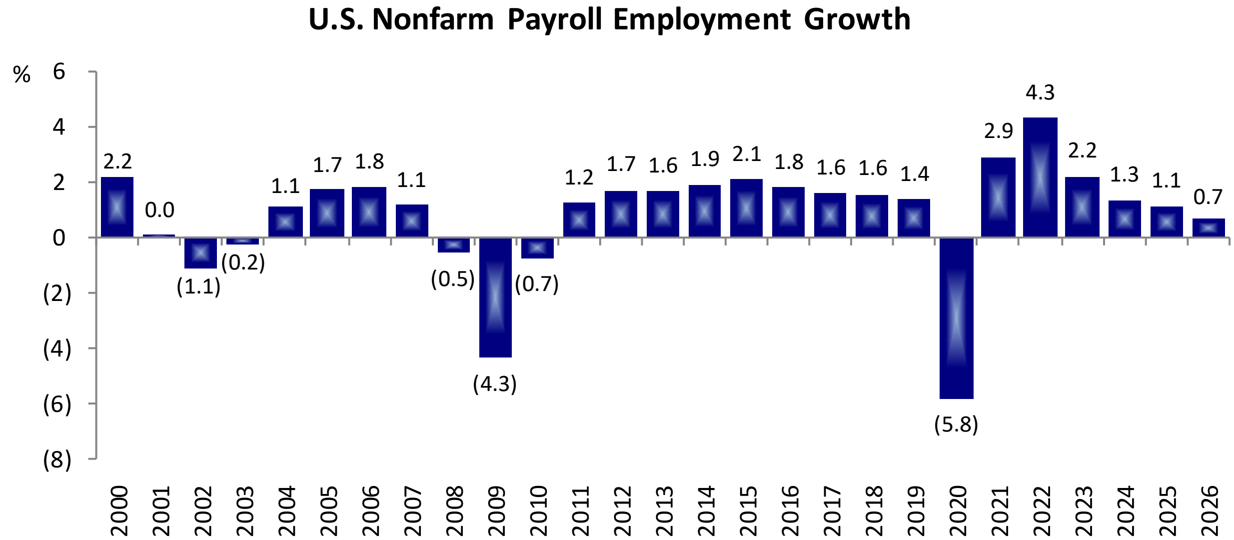


Figure 22

The improvement in global economic growth in 2024 led to increased demand for U.S. exports. In 2024, U.S. exports of capital goods, foods, feeds, and beverages, along with other goods, which together accounted for nearly half of U.S. exports, rose by 7.1 percent. Thus, total exports grew 3.2 percent in 2024, compared to a 2.8 percent increase in 2023.

U.S. trade is expected to grow more slowly throughout the forecast period, as the U.S. tariff policy is likely to increase import prices. It is anticipated that our trading partners will retaliate with similar measures, which will in turn increase the price of U.S. exports. Additionally, weakening growth in private consumption expenditures is expected to exert downward pressure on imports. As a result, U.S. import growth is projected to slow from an estimated 5.4 percent in 2024 to 3.5 percent in 2025, and further to 1.3 percent in 2026. The high value of the dollar and slow global economic growth will likely hamper U.S. exports. Consequently, after growing 3.2 percent in 2024, export growth is expected to slow to 2.4 percent in 2025 and 1.1 percent in 2026 (see Figure 19).

Employment



Note: Data for 2025 and 2026 are forecasts.

Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

Figure 23

Key Points

- **The U.S. economy is operating at full employment. However, there are signs that the labor market is cooling.**

- **Moderating economic growth and slowing labor force growth will curb employment growth.**

- **Payroll employment growth over the forecast period will be determined mainly by the continued, though slowing, job gains in service-providing industries.**

The labor market remains tight but is gradually easing as population growth, particularly from immigration, has increased the labor supply. However, labor force participation continues to be low and remains below pre-pandemic levels. The U.S. Bureau of Labor Statistics adjusted payroll employment down by 598,000 for the 12-month period ending March 2024, due to its annual benchmark revisions.[15] Additionally, two hurricanes, Helene and Milton, that made landfall in late September and early October 2024, respectively, and worker strikes resulted in weaker than expected employment gains in October. Consequently, the average monthly non-farm job gain was 166,300 in 2024. This followed the downward trend in monthly average job gains of 602,600 in 2021, 379,600 in 2022, and 216,200 in 2023, as the economy continued recovering from the pandemic recession.

Recent employment gains have been primarily in the government, leisure and hospitality, education and healthcare, and construction sectors. These industries experienced significant job losses at the onset of the pandemic, with the government sector being the last to surpass its pre-pandemic employment peak in August 2023. Employment in the government sector is primarily driven by gains in state and local government employment.

As hiring and labor force participation slow and economic growth decelerates, overall employment growth is expected to decrease. Total nonfarm employment growth declined to 1.3 percent in 2024, from 2.2 percent in 2023 and 4.3 percent in 2022. With the demand for workers anticipated to moderate further due to slower sales growth, payroll employment growth is projected to slow to 1.1 percent in 2025, then further to 0.7 percent in 2026 (see Figure 23).

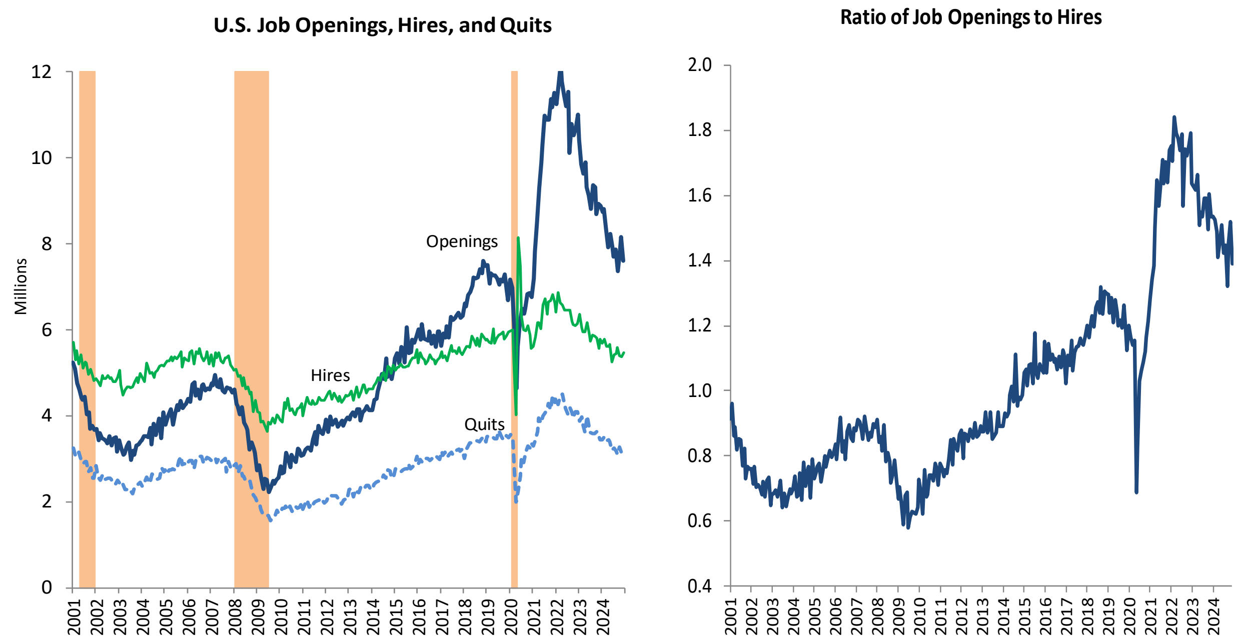
The labor market is tight but showing signs of cooling

The labor market is gradually easing as job openings and hires have been trending downward (see Figure 24). The job openings to hires ratio, which measures labor market tightness, averaged 1.46 in 2024, down from 1.58 in 2023 and 1.75 in 2022, and a series high of 1.84 in March 2022.[16] The rate was 1.39 in December 2024. Job openings fell by more than 1.3 million in 2024 compared to the same period in 2023, and from a pandemic high of 12.2 million in March 2020 to 7.6 million in December 2024.

[15] In August 2024, the preliminary estimates suggested that the downward adjustment over the period was 818,000. See Current Employment Statistics: CES Preliminary Benchmark Announcement, U.S. Bureau of Labor Statistics, August 21, 2024, https://www.bls.gov/web/empsit/cesprelbmk.htm; and "The Employment Situation – January 2025," News Release, February 7, 2025, https://www.bls.gov/news.release/empsit.nr0.htm.

[16] When the job openings to hire ratio is greater than one, this implies labor market tightness, that is, difficulty filling jobs. Conversely, when the ratio is below one, prospective workers are generally having a hard time finding a job, that is, labor market slackness.

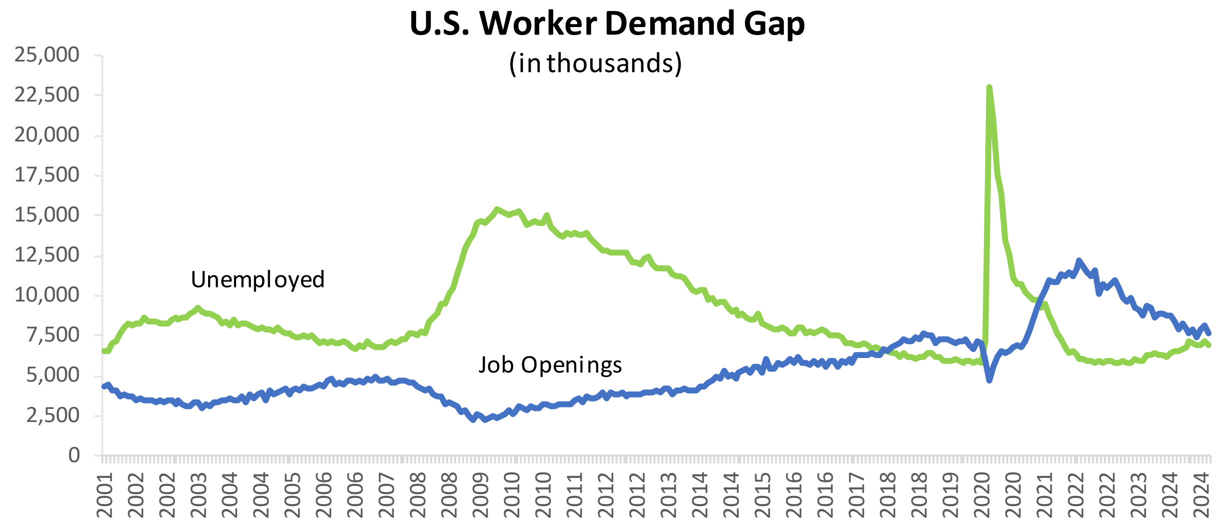
Another indicator of a weakening labor market is the decline in the number of workers quitting their jobs. In 2024, the number of job quits fell by 10.8 percent compared to 2023. Layoffs and discharges have remained relatively stable, suggesting that employers are hesitant to furlough workers, particularly those who are qualified, due to the challenges in hiring post-pandemic. However, as economic growth slows, employers may start to consider laying off or discharging employees to mitigate declining profits.



Note: Data are monthly through December 2024. Shaded areas represent recessions.
Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee.

Figure 24

Similarly, the disparity between job openings and the unemployed has significantly narrowed. This change is attributed to a decline in job openings and a slow increase in the number of unemployed individuals (see Figure 25). In September 2024, the gap reached its lowest point in over three years. At the peak of the pandemic in April 2020, the number of unemployed exceeded job openings by 18.4 million. By 2022, the average number of job openings surpassed the average number of unemployed by 5.2 million, and by 3.3 million in 2023. In 2024, job openings were 1.3 million higher, on average, than the number of unemployed, with the gap narrowing to 471,000 in September 2024, the lowest since May 2021.



Note: Data are monthly through December 2024.
Source:U.S. Bureau of Labor Staististics.

Figure 25

The unemployment rate averaged 4.0 percent in 2024, up from an average of 3.6 percent in 2023. The number of unemployed individuals has been gradually increasing as economic activity has slowed, while the labor supply has risen primarily due to immigration and, to a lesser extent, layoffs or discharges. Similarly, the underutilization rate (U-6) averaged 7.5 percent in 2024, compared to 6.9 percent in 2023. This was well above pre-pandemic levels. Typically, when the unemployment rate begins to rise, it continues to do so until there is a positive shift in economic activity. The unemployment rate is projected to increase to 4.2 percent in 2025 and 4.3 percent in 2026. Restrictive immigration policies contribute to the upward trajectory of the unemployment rate, particularly in 2026. Historically, unemployment rates in the low 4.0 percent range are considered quite modest (see Figure 26). Nevertheless, even a gradual rise in unemployment rates indicates some easing in the labor market.

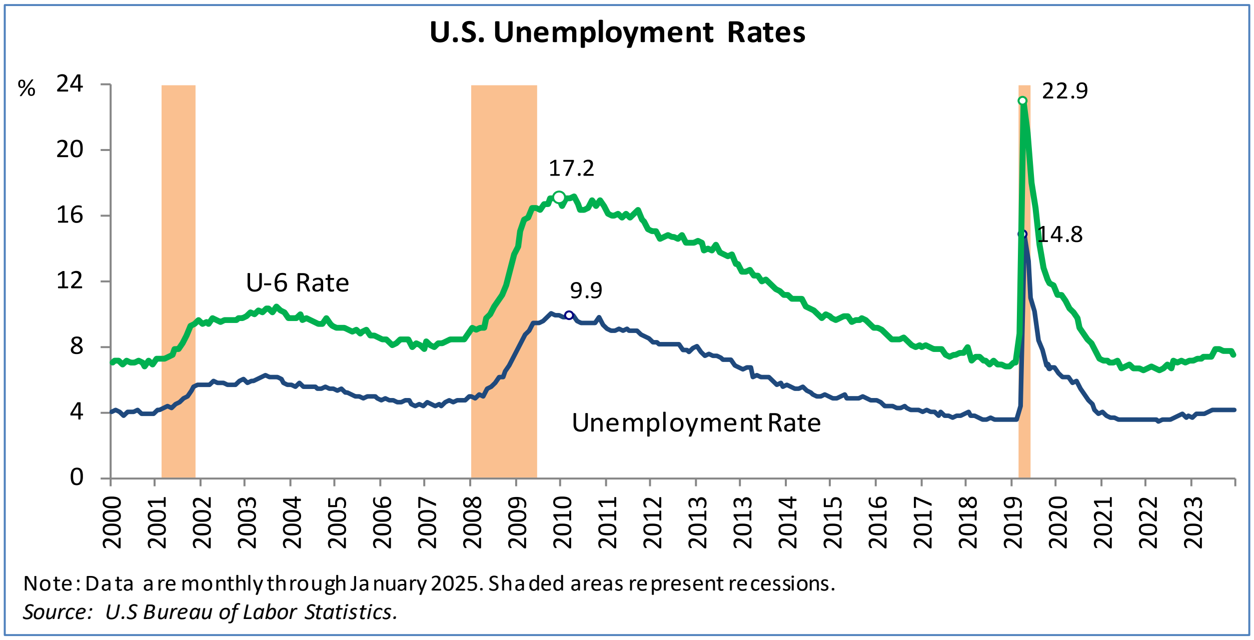
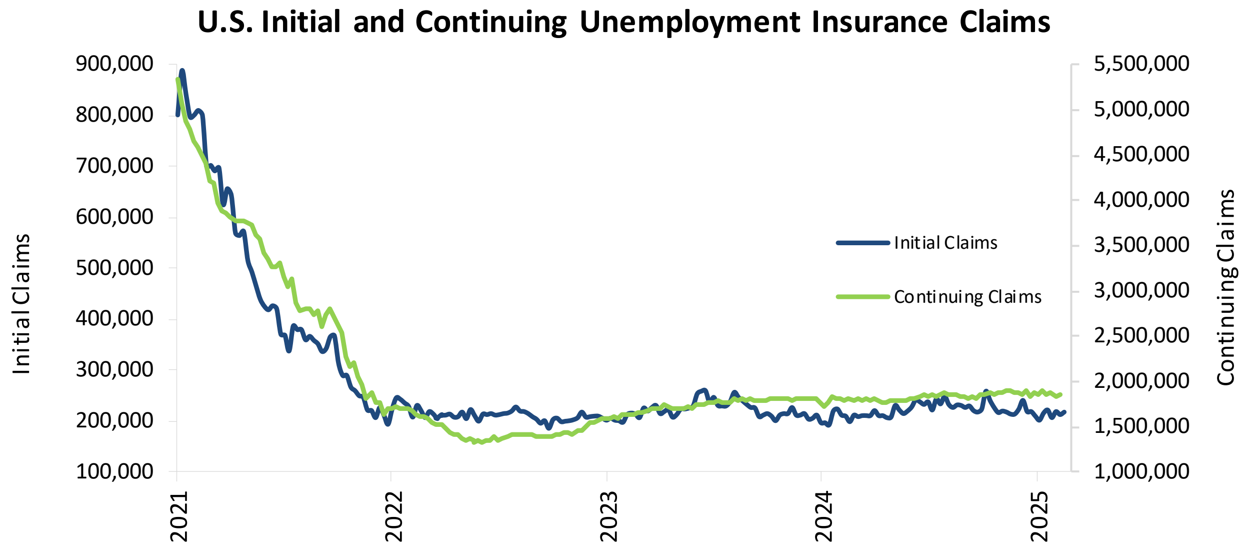


Figure 26

Weekly jobless claims, a key employment indicator reflecting potential changes in labor market trends, remain low by historical standards. The weekly average of claims for individuals receiving unemployment insurance benefits for the first time was approximately 223,100 claims in 2024. This was unchanged from 2023, but more than 9,400 higher than in 2022. For the first seven weeks in 2025, initials claims are trending above the levels seen for the same period in 2024 (see Figure 27). While historically low, a persistent rise in initial jobless claims could signal further easing in the labor market.

Similarly, continuing jobless claims increased in 2024, averaging over 1.8 million claims per week, compared to 1.7 million in 2023 and 1.5 million in 2022. Although these levels are still within a healthy range, the rise in continuing jobless claims suggests that more individuals are remaining on unemployment insurance rolls for longer periods, potentially indicating difficulties in finding new employment.



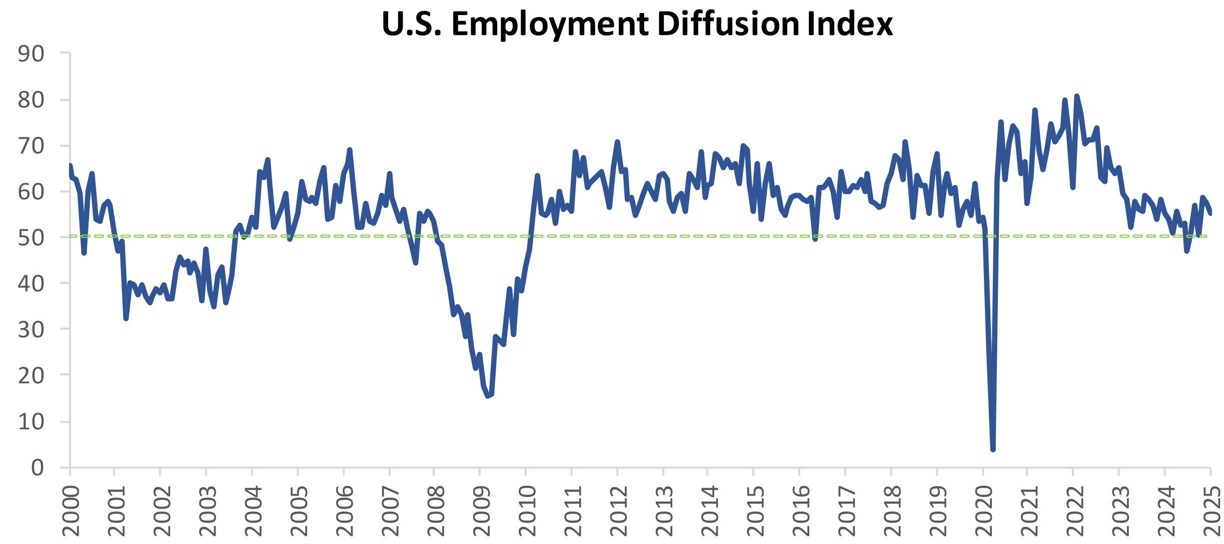
Note: Data are weekly and seasonally adjusted through the week ending February 15, 2025 for initial claims; and the week ending February 8, 2025 for continuing claims.
Source: U.S. Department of Labor.

Figure 27

The employment diffusion indices, which measure the breadth of employment changes across all industries, suggest that the labor market is showing signs of slowing.[17] The 1-month index fell below 50 in July 2024, indicating that more industries were shedding jobs than adding them (see Figure 28). However, the Index veered back above 50 thereafter, but remained below 80.8, the record high in February 2022, and 58.6, the high in 2024. The Institute for Supply Management (ISM) Manufacturing Employment Index indicated that employment in the manufacturing sector had contracted for seven consecutive months in December 2024. Additionally, the ISM Services Employment Index showed that employment in the services sector grew at a slower pace for the last three months in December 2024. Both indices showed some improvement in January.[18]

[17] The index ranges from 0 to 100. A value of 50 for the diffusion index indicates that job gains and losses are equally distributed across industries; a value greater than 50 indicates more industries are seeing employment gains an losses; and a value lower than 50 indicates more industries are experiencing employment losses than gains.

[18] See January 2025 Services ISM Report on Business, and January 2025 Manufacturing ISM Report on Business, Institute for Supply and Management, January 2025,
https://www.ismworld.org/supply-managment-news-and-reports/reports/ism-report-on-business/January/.



Note: Data are monthly through January 2025.
Source: U.S. Bureau of Labor Staistics.

Figure 28

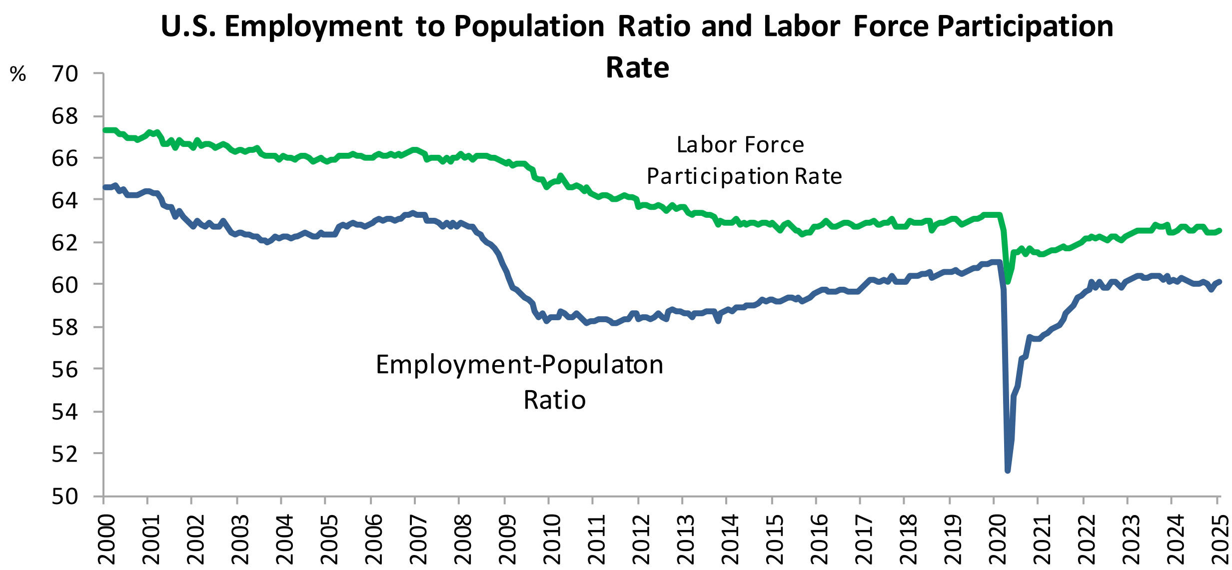
The structural changes in the labor market suggest slower employment growth

The employment-to-population ratio, defined as the number of employed civilians divided by the entire working-age population, stood at 60.1 percent in January 2025, below its pre-pandemic levels (see Figure 29). This ratio has remained below the 2019 average of 60.8 percent. Although there was a significant improvement in the ratio post-2020 as individuals rejoined the labor force following pandemic-related restrictions, the ongoing retirement of baby boomers and slow population growth have contributed to its current depressed state. In fact, the employment-to-population ratio trended downward in 2024, averaging 60.1 percent compared to the 2023 average of 60.3 percent. This decline implies that fewer people are working relative to the population, which could adversely impact economic growth.[19]

Similarly, the labor force participation rate, defined as the number of civilians in the labor force divided by the total working-age population, has remained steady, averaging 62.6 percent in 2024, consistent with 2023. This rate remains below the pre-pandemic yearly average of 63.1 percent in 2019 (see Figure 29). This stability suggests that the increase in the working-age

[19] See U.S. Census Bureau, "U.S. Population Trends Return to Pre-Pandemic Norms as More States Gain Population," News Release, December 19, 2023, https://www.census.gov/newsroom/pressreleases/2023/population-trends-return-to-pre-pandemic-norms.html.

population has not offset the number of individuals leaving the labor force. Factors potentially influencing this trend include the aging U.S. population, younger individuals pursuing higher education, and challenges faced by individuals entering the job market.



Note: Data are monthly through January 2025.
Source: U.S. Bureau of Labor Statistics.

Figure 29

Educational attainment is a significant factor influencing the labor force participation rate. The participation rates for both men and women aged 25 and older with some college education or associate degree have trended downward and remain below their pre-pandemic levels (see Figure 30). Similarly, the participation rate for individuals with a bachelors' degree or higher remained below its pre-pandemic levels, primarily due to lower rates among men in this category. On the other hand, the labor force participation rate for individuals aged 25 and older with less than a high school diploma reached a record high in July 2024. This rate has trended upwards since 2023, likely due to the arrival of immigrants from the southern borders, who typically have lower education levels, but are able to join the labor force shortly after entering the United States. Moreover, the participation rate of individuals ages 25 years or older with a high school diploma, but no college is rising, mainly driven by increased participation among women in this group.

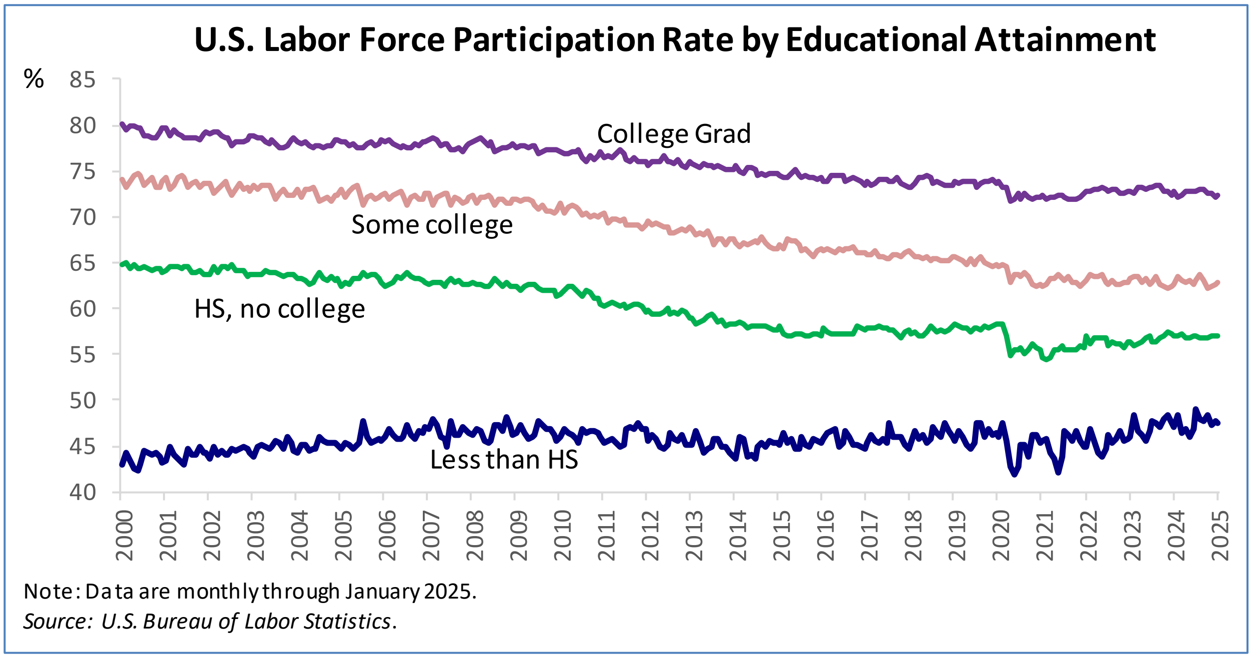


Figure 30

Sectoral allocation of jobs provides insights into the future labor market

In January, nonfarm payroll employment exceeded its pre-pandemic peak by approximately 6.8 million jobs, following a loss of 21.9 million jobs from March to April 2020. Job growth was robust once pandemic restrictions were lifted. However, in 2024, all major industries experienced slower growth compared to 2023, except for the transportation and utilities sector, which was one of the fastest-growing sectors post-pandemic. Employment in the information sector and the administrative, support, waste management, and remediation services sector continued to fall at a faster pace in 2024 than in 2023. Low labor force participation and ongoing automation in certain industries are expected to adversely impact employment growth. Slowing economic growth and gradually easing labor market conditions also restrain overall employment growth. Consequently, many sectors will struggle to achieve employment growth rates above 1.0 percent by 2026.

The transportation and utilities sector played a crucial role in meeting U.S. consumption demands during the pandemic. Consequently, employment in this industry surpassed its prior peak in November 2020, as many households switched to online shopping to avoid face-to-face contact in stores. The demand for transportation and warehousing soared, with employment growing by 9.0 percent in 2021 and 7.6 percent in 2022, driven by the increased need for warehouse workers, truckers, and other transportation logistics personnel. As a result, employment growth in the transportation and utilities sector was robust, at 8.2 percent in 2021 and 7.2 percent in 2022 (see Table 2).

Table 2

U.S. Nonfarm Employment by Sector (Percent Change)						
	Actual 2021	**Actual 2022**	**Actual 2023**	**Actual 2024**	**Forecast 2025**	**Forecast 2026**
Total	**2.9**	**4.3**	**2.2**	**1.3**	**1.1**	**0.7**
Education and Health Care	1.6	2.9	4.3	4.3	3.4	2.5
Health Care and Social Assistance	1.4	2.6	4.7	4.6	3.8	2.7
Educational Services[1]	3.1	4.9	2.3	3.0	1.5	1.2
Government	(0.1)	1.0	2.7	2.6	1.4	1.0
Federal	(1.6)	(0.6)	2.0	2.5	0.4	(1.0)
State and Local	0.2	1.3	2.8	2.6	1.5	1.3
Construction	2.5	4.4	3.1	2.5	1.9	1.5
Other Services	4.9	4.3	2.6	2.1	1.3	0.1
Leisure & Hospitality	7.6	11.9	4.7	1.5	1.3	0.5
Accomodations and Food Services	7.0	11.1	4.1	1.0	1.1	0.4
Arts, Entertainment, and Recreation	11.6	16.8	8.4	4.8	2.5	0.9
Transportation & Utilities	8.2	7.2	(0.3)	0.9	1.5	0.5
Transportation and Warehousing	9.0	7.6	(0.3)	1.0	1.1	0.5
Utilities	0.4	2.6	3.0	2.7	1.0	0.8
Professional, Scientific, and Technical Services	5.0	6.0	2.5	0.6	0.8	0.5
Wholesale Trade	1.4	4.7	2.1	0.6	0.8	0.4
Real Estate, Rental, & Leasing	2.1	5.3	3.1	0.4	1.2	0.8
Management of Companies	0.2	3.6	2.4	0.4	0.1	0.1
Retail Trade	3.0	1.5	0.3	(0.1)	0.2	0.0
Finance & Insurance	0.9	2.0	0.6	(0.2)	0.7	0.3
Manufacturing	1.2	3.7	0.8	(0.4)	(0.7)	(0.4)
Mining	(7.1)	9.2	5.8	(1.2)	(0.9)	1.3
Information	5.0	7.2	(1.8)	(2.1)	0.1	0.3
Administrative and Support and Waste Management	6.4	5.2	(1.5)	(2.4)	(1.9)	(1.7)

Notes: Data are ranked by 2024 growth rates.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

However, as e-commerce sales cooled somewhat, employment growth in the transportation and utilities sector declined to 0.3 percent in 2023. Despite this, the growth of e-commerce sales has continued to outpace total retail sales, leading to an increased demand for warehouse workers to facilitate the distribution and delivery of products to consumers. In 2024, employment in the transportation and utilities sector increased by 0.9 percent and is projected to continue to rise over the forecast period as e-commerce sales remain healthy.

The primary driver of government employment growth has been state and local government employment, with a notable 2.8 percent increase in 2023. This represents the largest growth in state and local government employment in over two decades. Like many lower-paying industries, state and local governments have struggled with recruiting and retaining workers due to less flexible pay schedules compared to the private sector. Government employment rose 2.6 percent in 2024 as federal, state, and local governments continued to work to replenish their workforce. However, with budgetary constraints looming, employment growth in the government sector is projected to slow to 1.4 percent in 2025 and 1.0 percent in 2026. Federal government employment growth is projected to dramatically decline over the forecast period as the new administration seeks to reduce the size of the federal government workforce.

Forty-eight months after losing 8.2 million jobs at the onset of the pandemic, the leisure and hospitality industry not only recovered its losses, but also surpassed its pre-pandemic peak in May 2024. This industry accounted for 33.4 percent of the total job loss during the pandemic. As travel restrictions were lifted following the worst phases of the pandemic, the travel industry experienced robust growth, particularly in air travel and hotel occupancy, leading to an increased demand for labor in this sector. Likewise, arts, entertainment, and other recreational activities experienced a surge in demand as people emerged from lockdown eager to resume their leisure activities. As a result, employment in the leisure and hospitality sector markedly increase by 11.9 percent in 2022, following a 7.6 percent increase in 2021. This was driven by an 11.1 percent increase in employment in the accommodations and food services industry, and a 16.8 percent rise in the arts, entertainment, and recreation services industry in 2022. However, in 2023, employment growth slowed to 4.7 percent as higher prices for these services dampened consumer demand. Additionally, employers faced challenges in finding workers, as many former employees either left the industry for higher-paying jobs or exited the labor force altogether. Employment growth was 1.5 percent in 2024 and is anticipated to decline further over the forecast period, resulting from a falloff in employment growth in the two subsectors of the leisure and hospitality sector.

The professional, scientific, and technical services sector is the largest industry in professional and business services, performing a wide array of services including advertising and public relations, accounting and tax preparation, computer systems design, architectural and engineering services, and more.[20] The professional, scientific, and technical services industry has

[20] Ice, Lindsey, " A Look at Projected Employment in Professional, Scientific, and Technical Services, 2021–31," Spotlight on Statistics, U.S. Bureau of Labor Statistics, March 2023, https://www.bls.gov/spotlight/2023/a-look-at-projected-employment-in-professional-scientific-and-technical-services-2021-31/.

demonstrated remarkable resilience and growth, added over 1.2 million jobs beyond its pre-pandemic peak in February 2020. Despite losing 543,000 jobs between March and April 2020, the industry quickly rebounded and surpassed its prior employment peak by March 2021. This swift recovery can be attributed to the industry's efficient transition of employees to virtual work environments. Employment growth in this sector increased by 2.5 percent in 2023, following a substantial 6.0 percent rise in 2022. However, projections indicate that this growth will slow over the forecast period due to a decline in demand for legal, accounting, consulting, and other technical services (see Table 2).

The education and healthcare sector has been a significant contributor to job growth, accounting for 50.0 percent of the jobs gained in 2024 and 44.5 percent in 2023. This robust growth was primarily driven by increasing demand for healthcare services, which bolstered employment in the healthcare industry. In contrast, the education sector, while an important component, represents a smaller share of the industry, and its employment variations have a less pronounced impact on the overall sector. In 2023, the education and healthcare sector experienced a 4.3 percent increase in employment, following a 2.9 percent rise in 2022. Employment in this sector rose by another 4.3 percent in 2024 and is expected to decelerate over the forecast period. Specifically, in 2025, employment in the education and healthcare sector is projected to grow by 3.4 percent. This forecast reflects a 3.8 percent growth in the healthcare sector and a modest 1.5 percent increase in the education sector.

Employment growth in the retail trade industry decreased to 0.1 percent in 2024. This follows a 0.3 percent increase in 2023 and a 1.5 percent rise in 2022. The primary factors contributing to this decline include the rise of e-commerce and the closure of many 'big box' stores. Additionally, the automation of sales processes due to the growth of e-commerce has reduced the need for staff. However, the rise in e-commerce has led to a significant increase in employment in the transportation and warehousing industry. As more retailers integrate online sales into their business models, employment growth in the retail trade industry is expected to continue its downward trend. However, retail trade employment is projected to increase 0.2 percent due to stronger than expected job gains in the first quarter of 2025. The anticipated slowdown in consumer spending is expected to dampen growth in retail trade employment in 2026.

Similarly, the wholesale trade sector is also experiencing a deceleration in employment growth. Employment in this sector grew by 0.6 percent in 2024, down from 2.1 percent in 2023 and 4.7 percent in 2022. Growth in this sector is projected to remain modest over the forecast period, increasing by 0.8 percent in 2025 and 0.4 percent in 2026.

The finance and insurance industry has experienced a notable shift due to its increasing reliance on new technologies, leading to a decline in employment growth within the sector. During the pandemic, job losses in this industry were significantly lower compared to other sectors, largely because employees were able to transition more seamlessly to virtual work and remote working arrangements. The average monthly employment gain in the finance and insurance sector has been small. Between 2022 and 2024, the average job gain was 3,400 per year, likely reflective of the ongoing challenges and adjustments within the sector as it continues to adapt to technological advancements and changing work environments. Employment in this sector declined 0.2 percent in 2024. This growth rate is projected to be 0.7 percent in 2025 and 0.3 percent in 2026. In contrast, this sector experienced employment growth of 0.6 percent in 2023 and 0.9 percent in 2022 (see Table 2).

Employment in the administrative and support and waste management (ASW) sector peaked in August 2019. However, from January to April 2020, the industry lost over 1.6 million jobs, with the decline in temporary help services accounting for nearly sixty percent of these losses. The ASW industry surpassed its previous peak in November 2021 as many industries sought to rapidly boost employment levels using temporary help as pandemic restrictions were lifted. Since April 2022, temporary help services, a leading indicator of overall employment growth, have been trending downward, although the rate of decline has slowed in recent months. This downward trend may indicate a structural change in the ASW industry as more employers shift away from temporary help. Consequently, employment growth in the ASW sector is anticipated to decline for the third consecutive year in 2025.

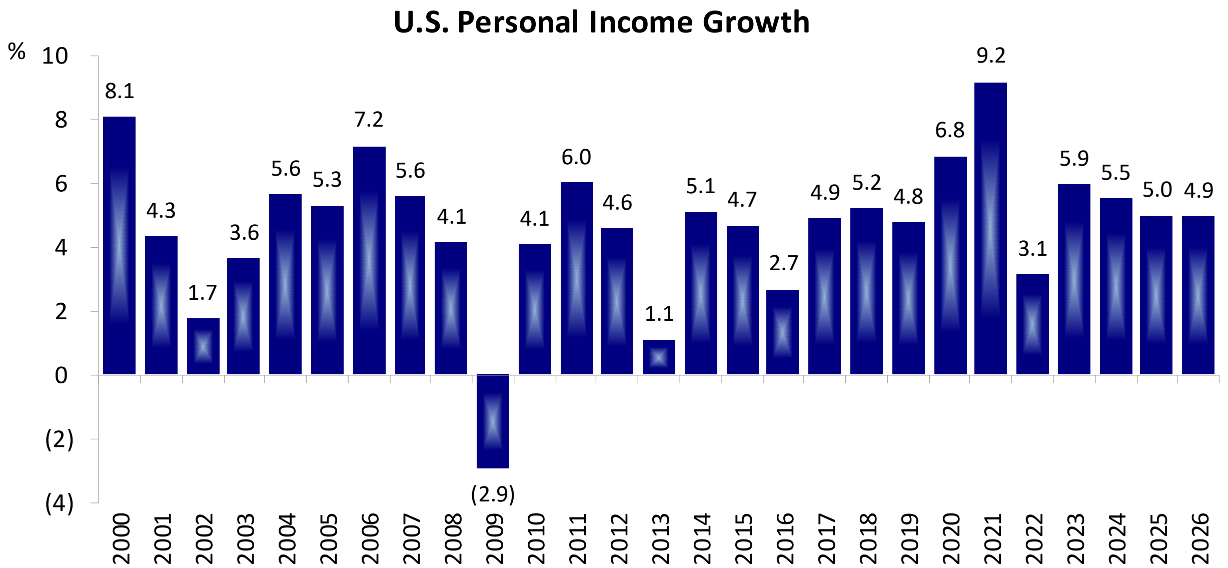
Employment in the other services sector only surpassed its pre-pandemic peak in March 2024. This slow recovery is primarily due to an employment gap in religious, grantmaking, civic, professional, and similar organizations services, which was approximately 91,600 jobs below their pre-pandemic levels. However, steady and strong employment growth in the repair and maintenance, as well as personal and laundry services industries, has helped support overall employment in the other services sector. Despite this support, employment growth in the other services sector slowed to 2.1 percent in 2024, down from 2.6 percent in 2023 and 4.3 percent in 2022. The sector is projected to experience a decline in employment growth to 1.3 percent in 2025 and then falling further in 2026.

The goods-producing sector saw an average monthly employment gain of 5,500 jobs during 2024. Construction accounted for all of these gains, as manufacturing experienced average monthly job loss of approximately 8,900 jobs. Employment growth in the construction sector has been healthy, though slowing, driven by a rapid increase in the employment of specialty trade contractors, residential and nonresidential building construction workers, and heavy and civil engineering construction workers since the pandemic. This growth has likely been bolstered by federal funds allocated for infrastructure and other structural investments that states may have outsourced.[21]

Construction employment grew by 2.5 percent in 2024, a decrease from 3.1 percent in 2023 and 4.4 percent in 2022, with a continued slowdown projected over the forecast period (see Table 2). In contrast, manufacturing employment is projected to decline over the forecast period, with ongoing automation likely exerting downward pressure on employment in this sector.

[21] See Infrastructure and Investment Act, Public Law, 117-58, 117th Congress of the United States, signed into law November 15, 2021; Inflation Reduction Act of 2022, Public Law 117-169, 117th Congress of the United States, signed into Law August 16, 2022; and The CHIPS and Science Act, Public Law 117-167, 117th Congress of the United States, August 9, 2022.

Personal Income



Note: Data for 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 31

Key Points

- **Personal income returns to trend growth as the labor market cools, wage growth moderates, and growth in transfer receipts stabilizes.**

Personal income grew 5.5 percent in 2024, following a 5.9 percent increase in 2023 (see Figure 31). This slowdown reflected slower growth in rent, interest, dividend, and proprietorship incomes, despite an acceleration in wages, salaries, and transfer payments.

As the demand for labor and consumer price inflation moderate, wage growth is expected to slow down. In addition, the cost-of-living adjustments for Social Security are expected to be lower in 2025 due to easing inflation. Incomes from home rentals, dividends, and transfer payments are projected to grow at a slower pace. Consequently, personal income is projected to increase by another 5.0 percent in 2025 and 4.9 percent in 2026.

Wages and salaries, the largest component of personal income, grew 5.9 percent in 2024, following growth of 5.4 percent in 2023 and 7.8 percent in 2022. Average wages per hour worked in the business sector increased by 4.0 percent in 2024, compared to 4.5 percent in 2023. In 2023, 88.0 percent of the total jobs added to payroll employment were in the leisure, hospitality, health care, education, and state and local government sectors, which are not high-paying sectors. Most jobs, 89.9 percent, were created in these sectors in 2024, but inflationary pressures kept wage growth strong. Additionally, a robust increase in cash bonuses, especially in the financial services industry, supported overall wage growth in 2024. However, as price pressures temper and labor demand eases, wage growth is expected to slow. Also, slower employment growth over the forecast period will restrain wage growth. As a result, growth in wages and salaries is forecast to decrease to 5.4 percent in 2025 and 4.9 percent in 2026.

Personal transfer receipts, payments made by the government and businesses to individuals, grew by 6.4 percent in 2024, following an increase of 3.1 percent in 2023. The normalization of transfer payments comes after several significant payouts that households received from the federal government in pandemic-related benefits. This resulted in transfer income growing by 34.4 percent in 2020, a record high, and by another 10.0 percent in 2021, before declining by 11.1 percent in 2022 as these payouts diminished. The cost-of-living adjustments to government social benefits programs are likely to be lower going forward as inflation is controlled. However, higher Social Security and Medicare rolls as the baby-boomer cohort retires will continue to support transfer payments to individuals. With higher unemployment rates expected over the forecast period, unemployment insurance benefits claims should increase. Therefore, personal transfer income is projected to contract to 5.4 percent in 2025 and then to 5.1 percent in 2026.

Dividend income grew 2.6 percent in 2024, following a 5.0 percent increase in 2023, a 8.2 percent increase in 2022 and a significant 21.2 percent increase in 2021. Corporations have been prioritizing stock buybacks, capital investments, and building cash reserves over dividend payouts.[22] The forecast predicts a 2.3 percent increase in dividend income in 2025 and a 1.3 percent increase in 2026 as corporations start using their cash reserves to sustain payouts in a low profit, slowing economy environment.

Interest income increased by 3.9 percent in 2024, primarily due to double-digit growth in interest payments from the federal government and individuals. This follows a 15.7 percent increase in 2023 and a 10.4 percent increase in 2022, both influenced by the Federal Reserve's stringent monetary policies. In September 2024, the Federal Reserve commenced interest rate reductions, a trend expected to persist into 2025. Lower interest rates are anticipated to

[22] See Trenttman, Nina, "US Corporate Stockpiles Grow, Soaring to $41.1 trillion," Bloomberg, June 13, 2024, https://www.bloomberg.com/news/articles/2024-06-13/cash-holdings-by-us-corporates-surge-to-4-11-trillion-in-the-first-quarter.

encourage both financial and nonfinancial institutions to expand their debt offerings, potentially suppressing interest income. Nevertheless, many investors maintain substantial holdings of Treasury securities. Despite lower short-term rates and a modest rise in long-term rates, interest payments by the federal government on outstanding Treasury securities are projected to drive interest income to another 4.2 percent increase in 2025. Although both short- and long-term interest rates are expected to decline in 2026, interest income is forecasted to rise by 8.5 percent in 2026, due to robust growth in interest payments made by financial and non-financial institutions.

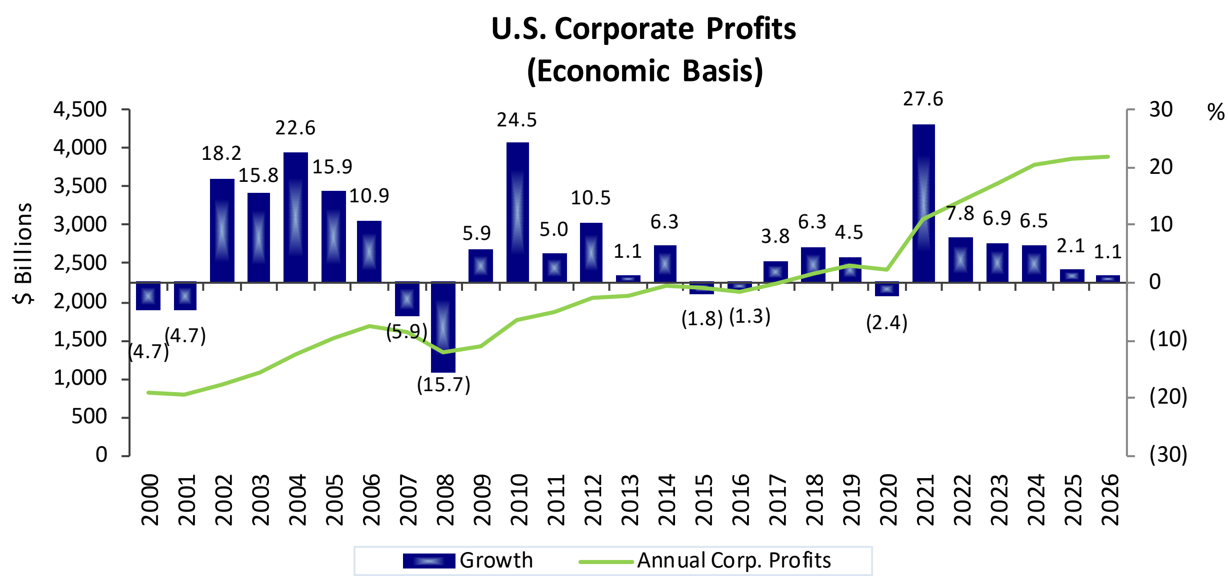
Rental income has seen significant growth over the past few years, especially in 2023. The increase in interest rates made homeownership more expensive, leading many potential buyers to turn to renting instead. This surge in the demand for rental properties caused rental prices to rise, in addition to the already accelerating home prices. In 2024, rental income saw a healthy increase of 6.9 percent, following a 13.7 percent rise in 2023. As interest rates and home prices stabilize, rental income growth is projected to slow to 6.2 percent in 2025 and then increase to 7.2 percent in 2026.

In the absence of pandemic-related volatilities, proprietors' income increased 2.8 percent in 2024, following growth of 4.0 percent in 2023 and 3.2 percent in 2022. Proprietors' income was significantly boosted by the Paycheck Protection Program (PPP), which provided forgivable loans to assist small businesses and nonprofit institutions in managing the economic fallout from the pandemic in 2020 and 2021.[23] By 2022, federal funds had dissipated. Since the pandemic, the number of small businesses has surged. The average number of new business applications was 430,000 per month in 2024, fifty percent more than in 2019.[24] With many proprietors anticipating revenues to rise over the next few years as they engage in more cost effective and efficient practices to lower costs and increase productivity, proprietors' income is projected to increase at a rate close to its trend growth, with an expected rise of 3.4 percent in 2025 and 3.5 percent in 2026.

[23] See the Paycheck Protection Program and Healthcare Enhancement Act of 2020, Public Law 116-139, 116th Congress of the United States, signed into law April 24, 2020.

[24] Eric Van Nostrand, "Small Business and Entrepreneurship in the Post-COVID Expansion," U.S. Department of the Treasury, September 3, 2024, https://home.treasury.gov/news/featured-stories/small-business-and-entrepreneurship-in-the-post-covid-expansion.

Corporate Profits



Note: 2024 is an estimate; 2025 and 2026 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 32

Key Points

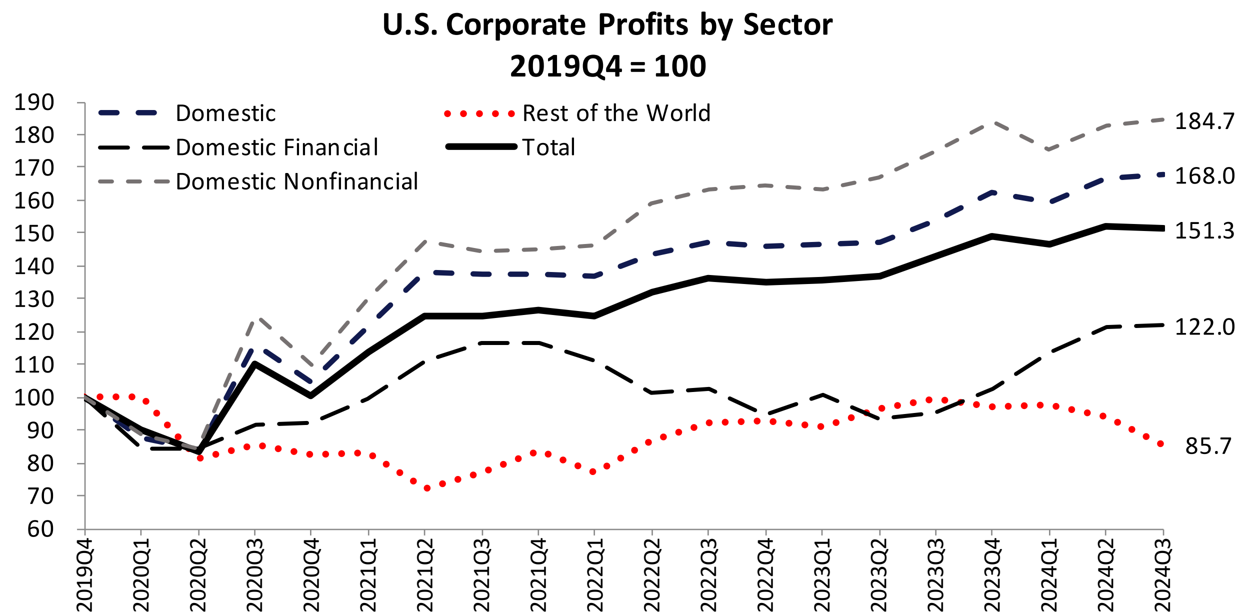
- **Corporate earnings have increased strongly since 2020, bolstered by robust sales performance and firms' ability to exercise pricing power. However, with sales growth projected to decelerate, corporate profit gains are expected to moderate over the next two years.**

- **In the third quarter of 2023, corporate profits share in national income reached 16.0, marking its highest level since 1947. The share is expected to fall over the next two years, but remain elevated compared to the pre-pandemic levels.**

After declining 2.4 percent in 2020 due to the COVID-19 pandemic, corporate profits rebounded strongly between 2021 and 2023, helped by robust sales growth and sustained pricing power (see Figure 32). Federal subsidies also contributed significantly to the recovery of corporate earnings during the early part of this period.

In 2024, corporate earnings demonstrated resilience despite elevated cost pressures, increasing by an estimated 6.5 percent on an annual average basis. However, as sales growth and pricing power are expected to moderate, the pace of profit growth is forecast to slow over the next two years. Corporate profits are projected to increase 2.1 percent in 2025 and 1.1 percent in 2026.

By the third quarter of 2024, U.S. total corporate profits were 51.3 percent higher than their level in the fourth quarter of 2019 (see Figure 33). This growth has been driven primarily by domestic operations rather than overseas activities. Over the same five-year period, U.S. domestic corporate earnings surged by 68.0 percent, while overseas earnings declined by 14.3 percent. Within the domestic sector, nonfinancial industries significantly outperformed financial industries, with earnings growing 84.7 percent compared to 22.0 percent, respectively.

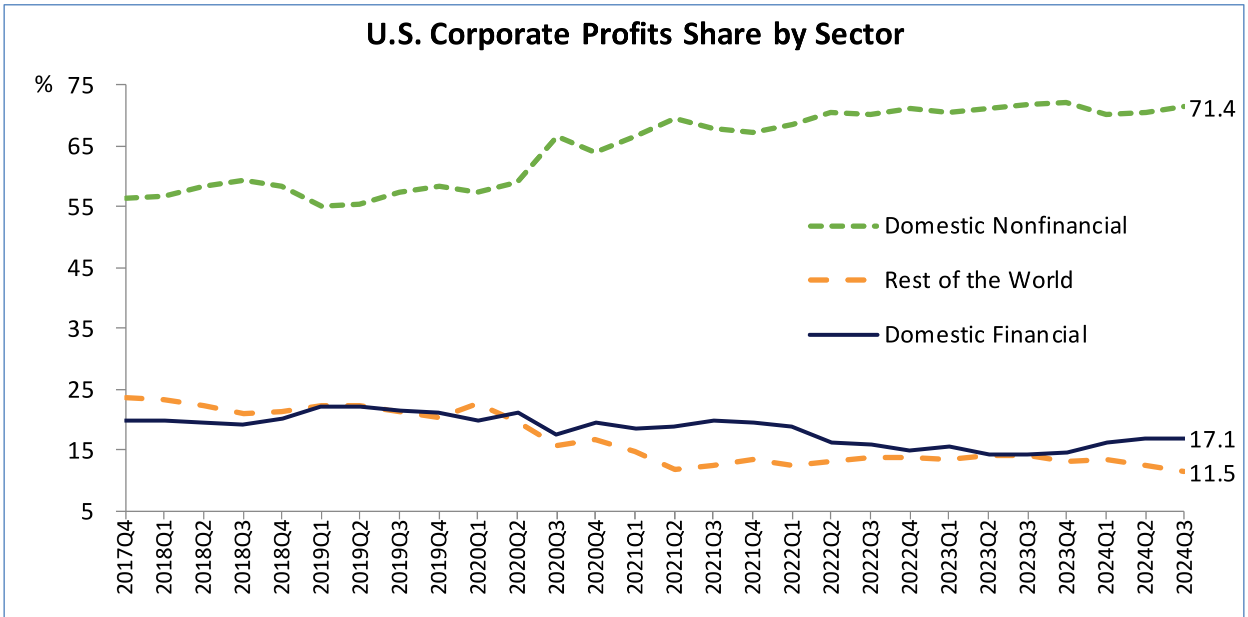


Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 33

Over the past five years, the financial sector underperformed the nonfinancial sector largely due to its greater exposure to the significant financial market correction in 2022 and the rapid rise in interest rates during 2022–2023. In contrast, the nonfinancial sector benefited more directly from the robust post-pandemic economic recovery and heightened pricing power. Specifically, corporate profits in the financial sector fell by 19.6 percent between the third quarter of 2021 and the second quarter of 2023 before rebounding sharply by 28.4 percent over the most recent one-year period. Meanwhile, corporate earnings in the nonfinancial sector showed consistent growth throughout the last four-and-a-half years, although the pace of growth has slowed over the past year as sales growth decelerated and pricing power moderated.

As of the third quarter of 2024, the nonfinancial sector's share of total U.S. corporate earnings has risen significantly, reaching 71.4 percent. This represents a substantial increase from its historic low of 55.3 percent in the second quarter of 2019 (see Figure 34). In contrast, the financial sector's share of corporate earnings has recovered modestly, climbing to 17.1 percent as of the third quarter of 2024 after hitting a 14-year low of 14.2 percent in the third quarter of 2023. Despite this recent recovery, the financial sector's share of corporate income remains far below the 31.6 percent recorded in the second quarter of 2002.

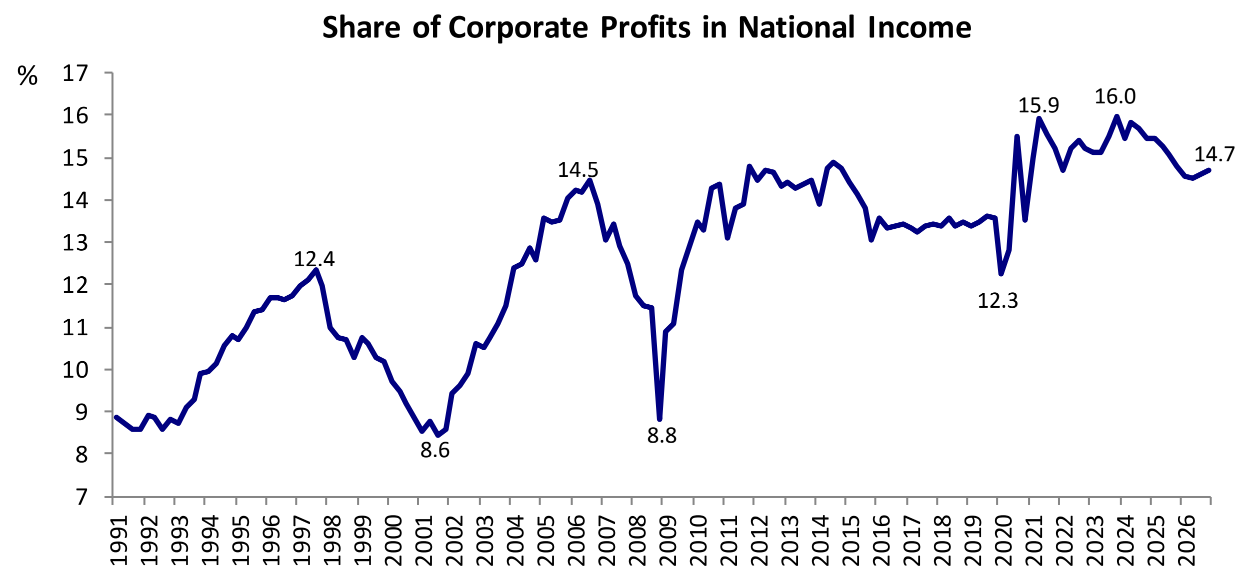


Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 34

This prolonged decline in the financial sector’s profitability poses challenges for New York State, given its heavy reliance on the financial sector for revenue. While the sector’s recent rebound offers some relief, the persistent downtrend underscores the need for the State to consider strategies to diversify its revenue base and mitigate potential risks tied to the sector's long-term performance.

The share of corporate profits in national income has trended upward since 1990, rebounding quickly after each recession. Between the fourth quarter of 2011 and the fourth quarter of 2014, it plateaued at a three-year average of 14.5 percent (see Figure 35). However, the profits share declined afterward, reaching an eleven-year low of 12.3 percent in the first quarter of 2020. A strong recovery in sales, coupled with pandemic-era federal subsidies, led to a significant rebound in the corporate profits share, which surged to 15.9 percent in the second quarter of 2021 and further to 16.0 percent in the fourth quarter of 2023—the highest level since 1947, when quarterly data first became available.



Note: Data are quarterly through 2026:Q4; The first forecast period is 2024:Q4.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 35

The profits share remains historically high, supported by robust economic growth and sustained pricing power. From the first quarter of 2021 to the third quarter of 2024, the corporate profits share averaged 15.4 percent—the highest four-year stretch on record. Reflecting this recent momentum, the corporate profits share will likely remain elevated over the forecast period, although falling gradually with corporate earnings expected to underperform overall economic growth.

Consumer Prices

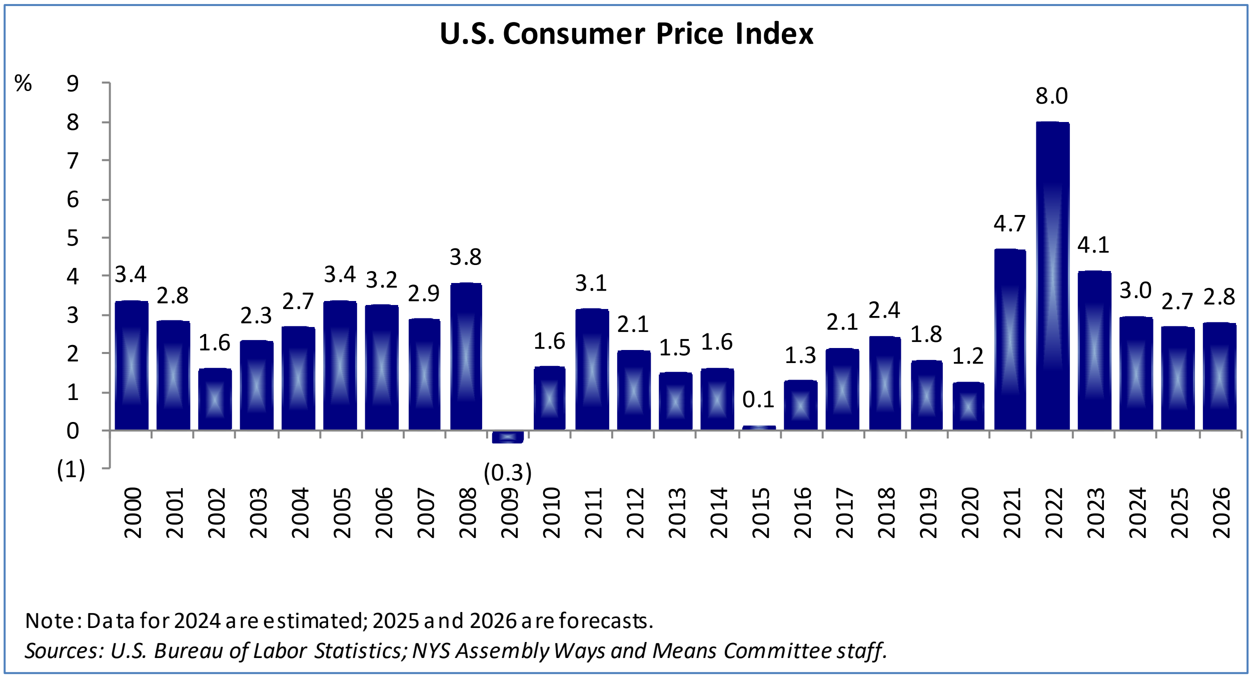


Figure 36

Key Points

- **Headline consumer price inflation has been easing gradually, following a sharp spike to a four-decade-high of 8.0 percent in 2022.**

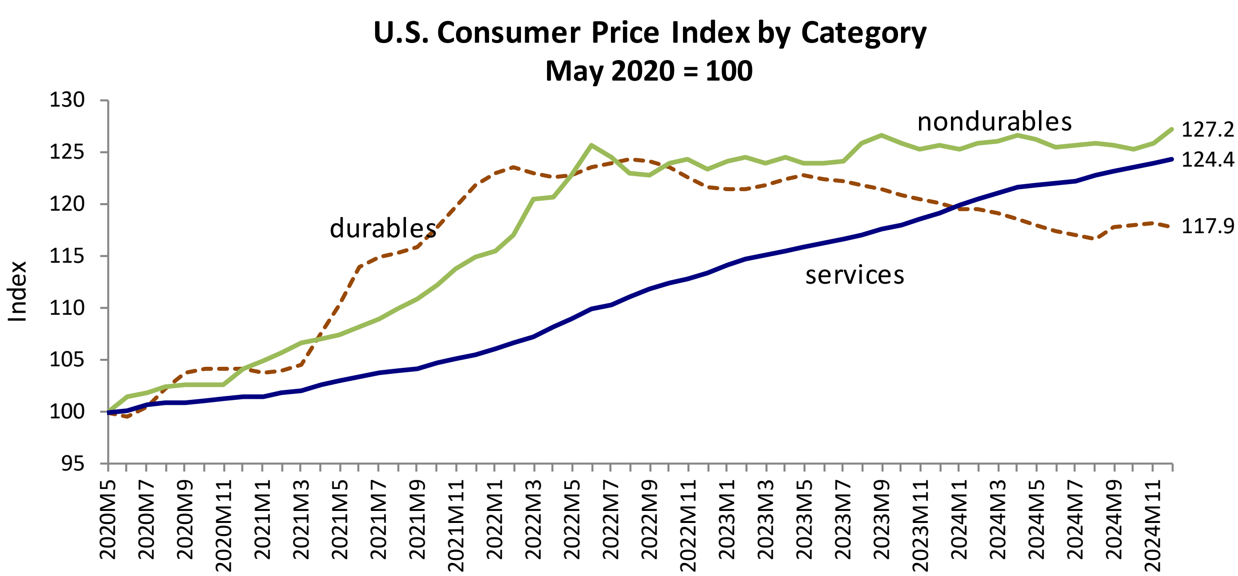
- **As economic growth decelerates and labor market pressures ease, inflation is forecast to moderate further.**

- **However, reflecting the adverse impact of anticipated tariff hikes, coupled with the slower-than-anticipated decline in services prices, consumer price inflation is likely to decline only modestly, from 3.0 percent in 2024 to 2.7 percent in 2025, before edging up slightly to 2.8 percent in 2026**.

After a decade of mild inflation, the Consumer Price Index (CPI) surged significantly in 2021 and 2022 (see Figure 36). This rapid increase was driven by the demand-supply imbalances that accompanied the post-pandemic economic recovery. On the demand side, consumer and business spending accelerated, bolstered by various fiscal stimulus programs and accommodative credit conditions. On the supply side, widespread labor shortages and global supply chain disruptions created bottlenecks. These disruptions ranged from shortages of semiconductor chips to construction materials and agricultural supplies. Additionally, global supply chain challenges were exacerbated by external shocks, including the Ukraine-Russia war, extreme weather events such as heat waves and floods, and outbreaks of bird flu and plant diseases.

As supply-demand imbalances have improved, inflationary expectations have eased. After the yearly average rate of consumer price inflation decreased from 8.0 percent in 2022 to 4.1 percent in 2023, this improvement continued in 2024, with year-over-year inflation declining further to 3.0 percent.

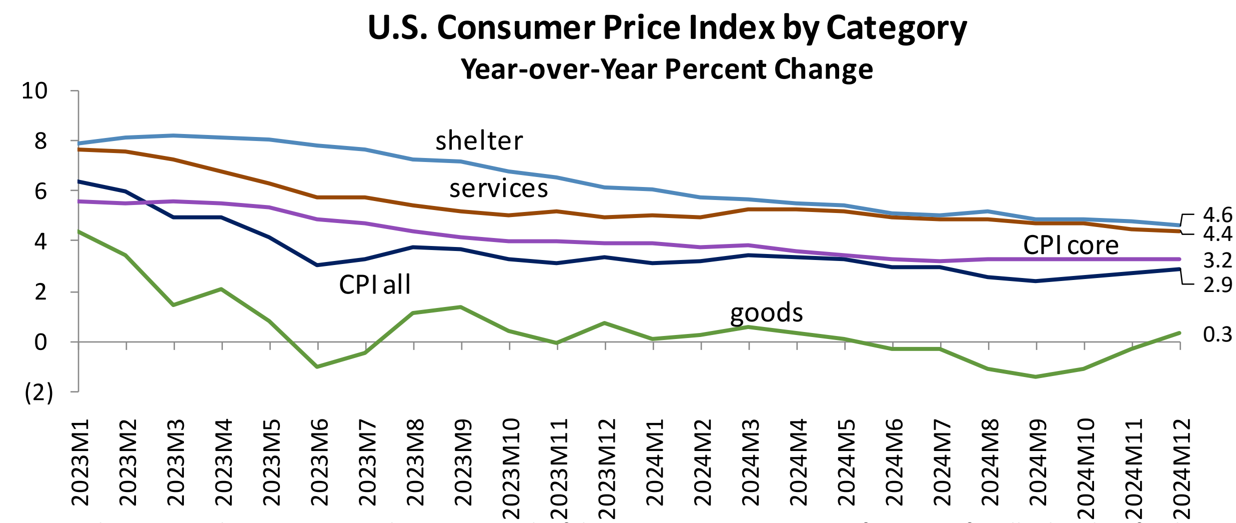
The recent moderation in headline CPI inflation is largely attributed to a pronounced decline in the prices of durable goods, alongside a deceleration in the prices of nondurable goods and services (see Figure 37). Durable goods prices have experienced an average monthly decline of 2.5 percent on an annualized basis since May 2023, following a significant increase of 24.3 percent between May 2020 and August 2022. For example, used car and truck prices fell by 15.1 percent between February 2022 and December 2024, after surging by 54.7 percent between May 2020 and January 2022. Nondurable goods prices have shown minimal growth since June 2022, a sharp contrast to the 25.8 percent increase recorded between May 2020 and June 2022. Services prices, which accelerated from an average monthly rate of 4.0 percent in 2021 to 6.9 percent in 2022, have also slowed. The average monthly growth of services prices decelerated to 5.0 percent in 2023 and further to 4.3 percent in 2024.



Note: Data are seasonally adjusted.
Sources: U.S. Bureau of Labor Statistics, NYS Assembly Ways and Means Committee staff.

Figure 37

On a year-over-year basis, the growth of overall CPI slowed in 2024, from 3.1 percent in January to 2.9 percent in December, although the trend has not been straight downward due to volatile food and energy prices (see Figure 38). The growth of core CPI, which excludes those volatile food and energy prices, steadily declined in 2024, from 3.9 percent in January to 3.2 percent in December, after peaking at 6.6 percent in September 2022. The slow pace of improvement in core CPI inflation is largely attributed to the persistently high, though slowing, rate of growth of services prices, which still stood at 4.4 percent in December 2024.



Note: The percent changes are over the same month of the previous year. CPI core refers to CPI for all other than food and energy.
Sources: U.S. Bureau of Labor Statistics, NYS Ways and Means Committee staff.

Figure 38

At a more disaggregated level, the shelter component of services prices remains one of the main drivers of overall CPI inflation. The shelter service price, which consists of the rent of primary residences, the owners' equivalent rent of residences, lodging away from home, and tenants' and renters' insurance, accounts for 34.8 percent of total CPI, and its year-over-year growth in December 2024 was 4.6 percent.

Another component of consumer services prices that has kept overall services prices from decelerating at a faster rate is rapid increases in automobile insurance premium in the past two years. Automobile insurance premium accounts for 3.0 percent of overall CPI, and its growth accelerated from an annual average rate of 4.2 percent in 2021 to 14.3 percent in 2022 and further up to 20.3 percent in 2023. After peaking at 22.6 percent in April 2024, the year-over-year growth of automobile insurance premium has finally started relenting but still stood at 11.3 percent in December 2024. Auto insurance premium increased by a total of 52.1 percent between December 2019 and December 2024 (see Table 3). During the same period, egg and energy prices have also exhibited significant gains, rising cumulatively by 80.6 percent and 55.1 percent, respectively.

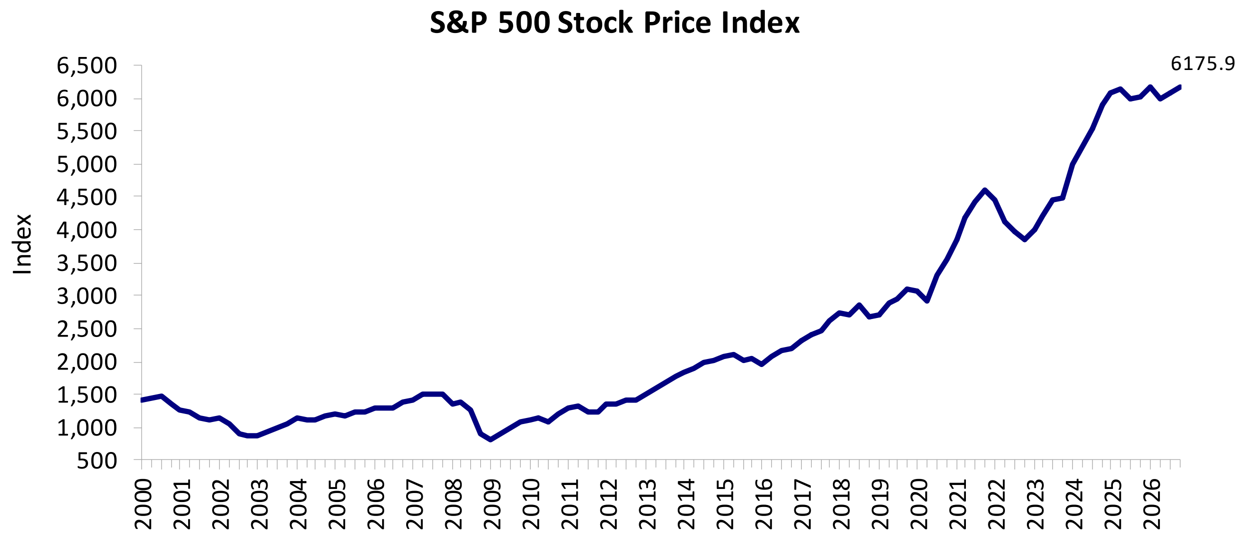
Table 3

U.S. Cumulative CPI Inflation by Category (Percent Change since December 2019)	
Eggs	80.6
Energy	55.1
Auto insurance	52.1
Transportation	45.1
Gas utility	39.3
Airline fare	32.9
Electricity	31.7
Used cars	31.4
Meats	30.9
Food away from home	30.0
Shelter	25.5
Housing	25.4
Food	24.8
Milk	24.6
All Services	**24.4**
All Goods and Services	**24.2**
All Goods	**23.6**
All excl Food & Energy	21.8
New vehicles	21.0
Gasoline	19.9
Fresh fruits	17.3
Fresh Vegetables	15.2
Food at home	12.7
Medical care	11.6

Note: The latest data point is December 2024.
Source: U.S. Bureau of Labor Statistics.

As economic growth slows and labor market pressures subside, overall consumer price inflation is projected to moderate further over the forecast period. However, anticipated tariff increases, combined with a slower-than-expected decline in services prices, are expected to limit the pace of disinflation. Consumer price inflation is forecast to ease only slightly, from 3.0 percent in 2024 to 2.7 percent in 2025, before ticking up marginally to 2.8 percent in 2026. Despite this moderation, the outlook remains subject to persistent inflationary risks. Volatility in energy, food, and import prices—driven by uncertainties surrounding climate change, global trade policies, and geopolitical tensions—could impede the expected easing of inflation.

Equity Markets



Note: Data are quarterly through 2026:Q4; 2025:Q1-2026:Q4 are forecasts. Index 1941-1943=10.
Sources: Standard & Poor's; NYS Assembly Ways and Means Committee staff.

Figure 39

Key Points

- **The equity market will likely experience a boost from long-waited rate cuts. However, following two years of robust gains, the pace of equity price increases is expected to moderate over the forecast period.**

- **The market contends with several headwinds including a slowing economic growth and inflation outlook, continuing geopolitical tensions, and a rising national debt burden.**

Despite the Federal Reserve's aggressive tightening, the S&P 500 stock price index has recovered strongly from the 16.3 percent correction in 2022 (see Figure 39). The index has increased by 59.1 percent—equivalent to an annualized average monthly rate of 25.0 percent—since October 2022. This impressive rally has been primarily led by the information technology (IT) sector, driven by enthusiasm surrounding the potential of artificial intelligence (AI). Outside the IT industry, however, gains in equity prices have been relatively subdued. High financing costs and the elevated value of the U.S. dollar have weighed on retailers of consumer durable goods and U.S. export manufacturers.

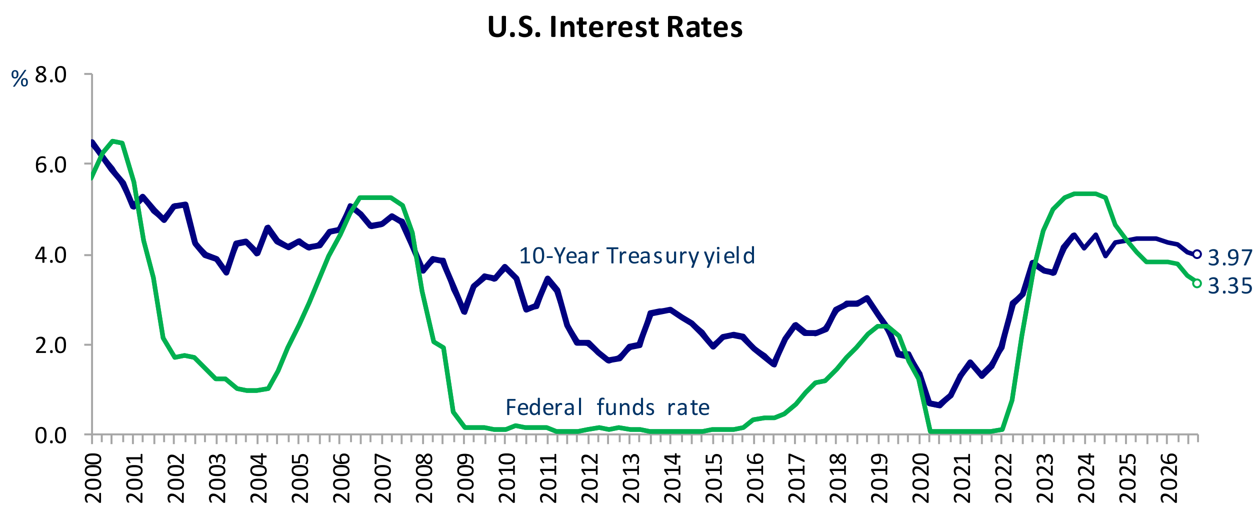
Investor optimism has been buoyed by the better-than-expected performance of the U.S. economy and steadily moderating inflation. Despite the Federal Reserve's higher-for-longer tightening stance, economic growth has consistently surpassed expectations over the past two to three years. This unanticipated strength in economic growth has bolstered corporate profitability. Indeed, the share of corporate profits in national income has climbed to record-high levels, as businesses have effectively passed rising costs onto consumers. Robust economic growth has also fostered investor confidence that the likelihood of a U.S. recession remains slim.

Furthermore, during periods of market volatility, assurances of intervention by the Federal Reserve and other central banks have helped stabilize investor confidence. For instance, in early August 2024, financial markets experienced a global selloff triggered by two key developments. First, data revealed that the U.S. labor market was cooling more rapidly than anticipated, increasing recession risks and prompting speculation of an imminent Federal Reserve rate cut. Second, the Bank of Japan (BOJ) unexpectedly announced a rate hike, which undermined the yen carry trade. This trade had gained popularity as the widening spread between rising U.S. interest rates and Japan's near-zero or negative rates created a lucrative arbitrage opportunity. Investors borrowed yen, converted them to U.S. dollars, and invested in U.S. dollar-denominated assets to earn high, relatively risk-free returns (excluding foreign exchange risk). The prospect of diminished returns triggered a global unwinding of the yen carry trade, leading to a sharp depreciation in the U.S. dollar and a steep decline in equity prices. However, the market stabilized within days following the Federal Reserve's assurance of intervention and the BOJ's cancellation of its rate hike.

The Federal Reserve concluded its two-and-a-half-year-long tightening cycle in September 2024, reducing the target range for the federal funds rate by 50 basis points to 4.75-5.00 percent. Additional rate cuts of a total of 50 basis points followed in November and December 2024. More cuts are widely anticipated in the coming months, as inflation appears to be sustainably approaching the Federal Reserve's two percent target and the labor market has shown signs of cooling more than desired. These monetary policy expectations are likely to support the equity market over the forecast period.

Following a robust 26.7 percent increase in equity prices in 2024, on a yearly average basis, equity prices are projected to grow more modestly by 11.4 percent in 2025 and 1.0 percent in 2026. This moderation reflects two main factors. First, equity prices remain elevated relative to the corporate earnings trend. Second, corporate earnings growth is expected to decelerate over the next two years following several years of strong performance. Additionally, the equity market contends with several headwinds, including an uncertain economic growth and inflation outlook, potential monetary policy missteps, and a rising national debt burden. Continuing geopolitical tensions and uncertainties surrounding fiscal policy changes following the 2024 elections further contribute to near-term challenges and potential volatility in equity prices.

Interest Rates and Monetary Policy



Note: Data are quarterly through 2026:Q4; the first forecast period is 2025:Q1.

Sources: Federal Reserve; NYS Assembly Ways and Means Committee staff.

Figure 40

Key Points

- **The Federal Reserve ended the two-and-a-half-year-long tightening cycle in September 2024 by cutting the target range for the interbank overnight interest rate by 50 basis points to 4.75-5 percent. Two additional 25-basis-point cuts followed in November and December 2024.**

- **The current forecast assumes that the Federal Reserve will continue cutting rates until late 2026 when its target range falls to 3.25-3.50 percent.**

- **These expected cuts in the overnight rate will cascade into short-term Treasury yields and put downward pressure on longer-term Treasury yields and mortgage interest rates.**

The Federal Reserve concluded its two-and-a-half-year tightening cycle in September 2024 with a 50-basis-point reduction in the federal funds rate target range. The federal funds rate is an interbank overnight interest rate. This cut marked a significant shift in policy following ten rate hikes between March 2022 and September 2023, which cumulatively raised the target range by 5 percentage points to 5.25–5.50 percent—the highest level since early 2001 (see Figure 40). The tightening was aimed at cooling demand and curbing consumer price inflation, which had surged during the strong post-pandemic economic rebound. Contributing factors to this inflationary spike included global supply chain disruptions and labor shortages in 2021 and 2022.

The September 2024 rate cut was followed by two additional 25-basis-point reductions in November and December. Further cuts are widely anticipated, as the current rate is viewed as excessively restrictive. Economists estimate that the "neutral" or optimal federal funds rate—where economic growth is neither inflationary nor deflationary—lies around 3 to 3.5 percent.

This policy reversal reflects growing confidence that inflation is sustainably returning to the Federal Reserve's 2 percent target. The rate of year-over-year growth of personal consumption expenditures (PCE) deflator, the Fed's preferred inflation metric, declined steadily from 7.2 percent in June 2022 to 2.6 percent in December 2024. Compared to the Consumer Price Index (CPI), the PCE deflator more effectively accounts for changes in consumption patterns and tends to exhibit lower volatility.

The Federal Reserve's policy reversal also reflects mounting evidence of a cooling labor market. While some moderation in labor market conditions was an intentional outcome of tighter monetary policy, concerns arose that the Fed may have delayed easing its stance for too long. Additionally, persistently high mortgage rates have depressed the housing market for over two years. Many homeowners locked in historically low rates during the post-pandemic housing boom in 2021, leaving them reluctant to sell and take on higher-rate mortgages. This reluctance exacerbated housing supply shortages, driving up home prices and reducing affordability.

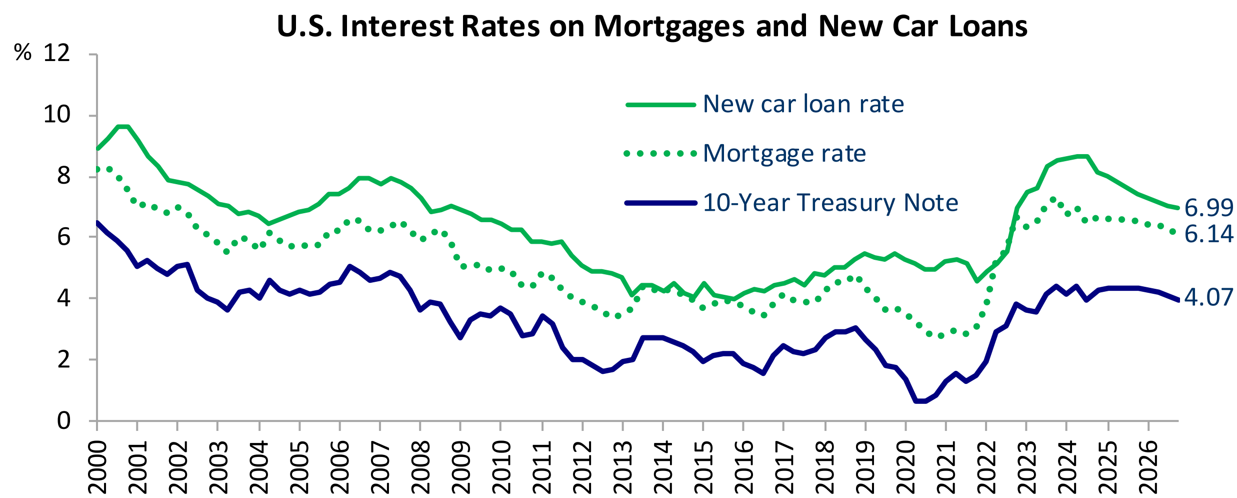
With inflation decelerating and labor market softening expected to continue, the forecast assumes that the Federal Reserve will gradually reduce the federal funds rate until late 2026, bringing the target range to 3.25–3.50 percent. Lower overnight rates are expected to cascade into short-term Treasury yields and exert downward pressure on longer-term yields and mortgage rates, easing credit conditions for households and businesses. However, as noted in the Fed's recent statements, the pace and timing of rate cuts will depend on evolving data on labor markets, inflation trends, and financial conditions.

Despite these rate cuts, the Federal Reserve will continue reducing its balance sheet by trimming its holdings of Treasury securities and mortgage-backed assets. While rate cuts are expected to ease financial conditions and support economic growth, the continued reduction of the Fed's balance sheet could limit the downward pressure on long-term Treasury yields and mortgage rates created by rate cuts. Additionally, longer-term interest rates could face upward pressure from the federal government's rising debt burdens, as well as the adverse effects of anticipated tariff hikes on inflation expectations. Balancing these opposing forces will be critical as policymakers navigate an evolving economic landscape.

In normal economic times, long-term interest rates exceed short-term rates, reflecting higher risk and term premiums associated with longer maturities. However, the Treasury yield curve has been inverted since late 2022, with the 10-year yield consistently below both the 3-month Treasury yield and the federal funds rate—a record duration for such an inversion. While yield curve inversions are often seen as reliable precursors to recessions, the U.S. economy has thus far avoided a downturn, likely due to investor optimism about long-term inflation trends. The inversion is projected to resolve by the second quarter of 2025, driven by a faster decline in short-term rates relative to long-term rates.

On a yearly average basis, 3-month Treasury yields are forecast to decline from 5.18 percent in 2024 to 3.97 percent in 2025 and 3.60 percent in 2026. Conversely, the downward trajectory of 10-year Treasury yields will be less straightforward due to competing forces, including the Fed's balance sheet reduction, rising Treasury issuance to fund increasing federal debt, and potential increases in inflation expectations due to anticipated tariff hikes. The 10-year Treasury yield is projected to average 4.21 percent in 2024, 4.36 percent in 2025, and 4.14 percent in 2026.

The spreads between mortgage rates and 10-year Treasury yields, as well as between new car loan rates and Treasury yields, widened significantly in 2023, reaching multi-decade highs (see Figure 41). As monetary policy loosens, the spreads and borrowing costs are forecast to decline. The 30-year fixed mortgage rate, as measured by Freddie Mac, is expected to fall from an annual average of 6.72 percent in 2024 to 6.57 percent in 2025 and 6.30 percent in 2026. Similarly, the average interest rate on 48-month new car loans is projected to decline from 8.49 percent in 2024 to 7.70 percent in 2025 and 7.12 percent in 2026.



Note: Data are quarterly through 2026:Q4; the first forecast period is 2025:Q1.

Sources: Federal Reserve; NYS Assembly Ways and Means Committee staff.

Figure 41

NEW YORK STATE ECONOMIC FORECAST ANALYSIS

With a population of almost twenty million and approximately 9.4 million nonfarm employment, New York State accounted for 5.8 percent of the U.S. population and 6.2 percent of national employment. New York State was the fourth largest in the United States in terms of population and employment in 2024, behind California, Texas, and Florida. While it accounted for about six percent of the U.S. total population and employment, the State's contribution to the national economy and wages in 2023 was disproportionately higher at 7.9 percent and 7.8 percent, respectively. New York State is the third largest economy in the U.S. in terms of Gross Domestic Products, with $1.8 trillion after California and Texas.

Historically, New York State lagged the nation in terms of employment and population growth. However, this trend reversed in 2022, with the State's employment increasing by 5.1 percent, surpassing the national growth rate of 4.3 percent. This growth was largely driven by significant employment gains in the State's large sectors such as accommodation and food services, administrative and waste services, and professional and technical services.

Similar to the nation, the State's labor market has remained tight, with employers struggling to fill job vacancies. The ratio of job openings to hires, which is a measure of labor market tightness, peaked at 2.1 in November 2021, the highest in over two decades. Although this ratio fell to 1.5 by November 2024, it stayed above historical averages. Nonfarm employment growth slowed to 2.2 percent in 2023, and is estimated to have further decelerated to 1.6 percent in 2024 due to a cooling economy and persistent labor shortage. Population growth also continued to lag behind the national average.

New York State continued to fall behind the nation in wage growth in 2023, primarily due to slower employment growth in high-wage sectors and a decline in variable wages. Total wages in New York State increased by 4.3 percent in 2023, compared to 5.4 percent nationwide. Despite slower growth in employment, the growth of personal income and wages continued to accelerate in 2024, supported by strong growth in variable wages as financial market conditions improve. The State's total wages are estimated to have grown 6.0 percent in 2024, while overall personal income is estimated to have grown by 5.7 percent.

The State's employment growth is forecast to decelerate further to 1.1 percent in 2025 and 0.8 percent in 2026. This trend aligns with the national trend, as the overall economy is expected to continue softening and business investment spending and personal consumption expenditures are anticipated to weaken. Consequently, personal income and total wages are also expected to grow slower during the forecast period. Personal income is forecast to grow by 5.0 percent in 2025, while wages are expected to grow by 5.3 percent (see Table 4).

Table 4

U.S. and New York State Economic Outlook
(Percent Change)

	2022		2023		2024		2025		2026	
	NYS	U.S.	NYS	U.S.	NYS	U.S.	NYS	U.S.	NYS	U.S.
Employment	5.1	4.3	2.2	2.2	1.6	1.3	1.1	1.1	0.8	0.7
Personal Income	0.8	3.1	5.4	5.9	5.7	5.5	5.0	5.0	4.6	4.9
Total Wages	6.9	7.8	4.3	5.4	6.0	5.9	5.3	5.4	4.2	4.9
CPI	6.1	8.0	3.8	4.1	3.8	3.0	3.3	2.7	3.3	2.8
Unemployment Rate	4.3	3.6	4.2	3.6	4.3	4.0	4.5	4.2	4.5	4.2

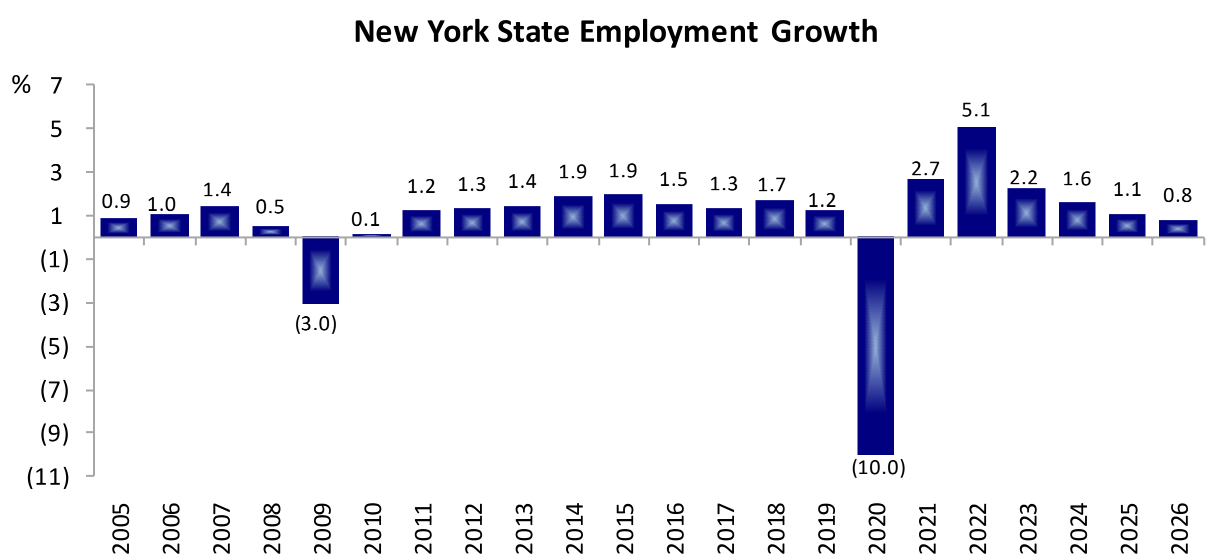
Note: CPI for New York State is based on the New York-Northern NJ-Long Island, NY-NJ-CT-PA CPI-U series from the U.S. Bureau of Labor Statistics. Unemployment rate is in percent.

Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

Employment

After a strong 5.1 percent growth in 2022, New York State's nonfarm employment growth slowed to 2.2 percent in 2023. This deceleration was attributed to a decrease in business investment, a softening of personal consumption spending, and a tight labor market. State employment growth is estimated to have decelerated further to 1.6 percent in 2024, reflecting slower growth of the overall economy, slow labor force growth, and moderating sales growth. The information sector saw a sharp drop in employment in 2023 due to the writers and actors strikes and has yet to fully recover. Also contributing to the slow growth in overall employment in 2024 is the continual decline in retail trade employment and slower growth in the accommodation and food services sector, which is the fourth largest sector in the State (see the Sectoral Employment section more detail).

Nonfarm employment growth is forecast to decelerate to 1.1 percent in 2025 and 0.8 percent in 2026, as the overall economy is expected to soften further (see Figure 42). Recent labor market indicators suggest that hiring has slowed and that trend is likely to continue over the forecast period. Additionally, the continued decline in employment in large sectors, such as the retail trade and manufacturing sectors, is contributing to the slowdown in overall employment growth projected for the forecast period.



Note: Data for 2025 and 2026 are forecasts.
Sources: NYS Department of Labor; U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 42

State Labor Market Condition

The labor market, like any market, is driven by the principles of supply and demand. When the number of job seekers exceeds the number of available positions, the labor market is considered "loose." Conversely, when there are more job openings than unemployed individuals, the market is described as "tight." In a tight labor market, there is high competition in hiring, which may result in slow employment growth. Additionally, firms may need to offer higher wages and better benefits in order to attract and retain workers, putting upward pressure on wages.

Labor Supply

The civilian labor force,[25] which includes individuals who are either employed or actively seeking employment, represents the total labor supply. The labor force is influenced by population growth. Generally, as the population increases, the labor force also tends to grow. However, population growth does not necessarily lead to a larger labor force if the increase is primarily among those not participating in the workforce, such as students or retirees.

Population growth in the State was slow in the decade leading up to the pandemic. Consequently, the labor force in the State grew at a slow pace. The pandemic caused population decline and a sharp decrease in the State labor force due to widespread business closures. This decline was particularly pronounced in New York City, where the labor force dropped by 13.0 percent from February 2020 to April 2020, compared to a 3.7 percent decline in the rest of the State. Although the State's labor force has rebounded since the pandemic, it remains below pre-pandemic levels as of December 2024.

The labor force participation rate, which measures the percentage of the civilian population aged 16 and older that is either employed or actively seeking employment, has been lower in New York State compared to the national average for the past decade. Various factors can impact the labor force participation rate, including demographic and economic trends. The aging workforce, with more people retiring, an increase in educational attainment causing people to stay in school longer, illness, and disability can reduce the labor force participation rate. Conversely, financial reasons can encourage people to remain in the workforce longer, thereby increasing the labor force participation rate.

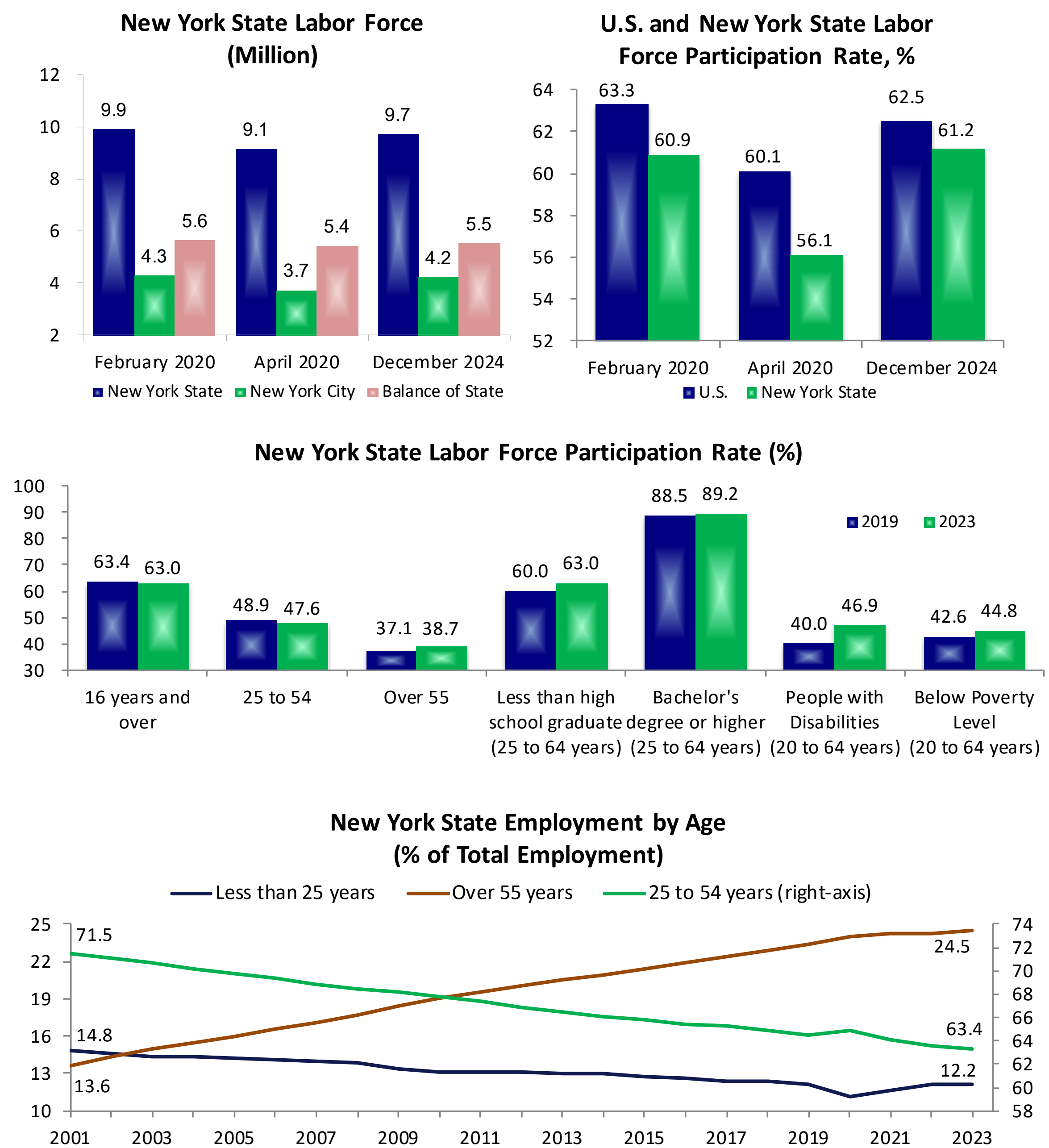
[25] Civilian labor force includes all individuals who worked at least one hour for a wage or salary, or were self-employed, or were working at least 15 unpaid hours in a family business or on a family farm, during the week including the 12th of the month that not members of the armed services and are not in institutions such as prisons, mental hospitals, or nursing homes. Those who were on vacation, other kinds of leave, or involved in a labor dispute, were also counted as employed.

In February 2020, prior to the pandemic, the labor force participation rate in the State for the population aged 16 and over was 60.9 percent, compared to 63.3 percent nationally. The labor force participation rate fell for both the State and the nation during the pandemic as workers became discouraged and dropped out of the labor force after losing their jobs for a long period of time. As of December 2024, the labor force participation in the State was 61.2 percent, slightly higher than its pre-pandemic level. Although the latest labor force participation rate in the State was higher than the pre-pandemic level, population growth in the State has been stagnant in recent years, thus the State's total labor force remains below its pre-pandemic level.

On an annual average basis, the labor force participation rates varied across demographic groups. While the labor force participation rate for prime-working-age workers fell from 48.9 in 2019 to 47.6 in 2023, it was rising among aging workers. The most notable increase in the labor force participation rate was seen in those with disabilities and individuals with less than a high school diploma, where the rates increased by 6.9 percent and 3.0 percent, respectively.

The proportion of younger and prime-working-age workers in New York State has been declining over the past decades, while the share of older workers has been steadily increasing. In 2001, workers younger than 25 years old made up 14.8 percent of the State's labor force. By 2023, this share decreased to 12.2 percent. Similarly, the percentage of workers in their prime working years, aged 25 to 54, fell from 71.5 percent in 2001 to 63.4 percent in 2023. In contrast, the share of aging workers, those aged 55 years or older, rose from 13.6 percent to 24.5 percent as the population became older and many chose to remain in the labor force longer, either out of necessity or desire (see Figure 43).

New York State Employment and Labor Force



Note: Data are for population 16 years and over.
Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics.

Figure 43

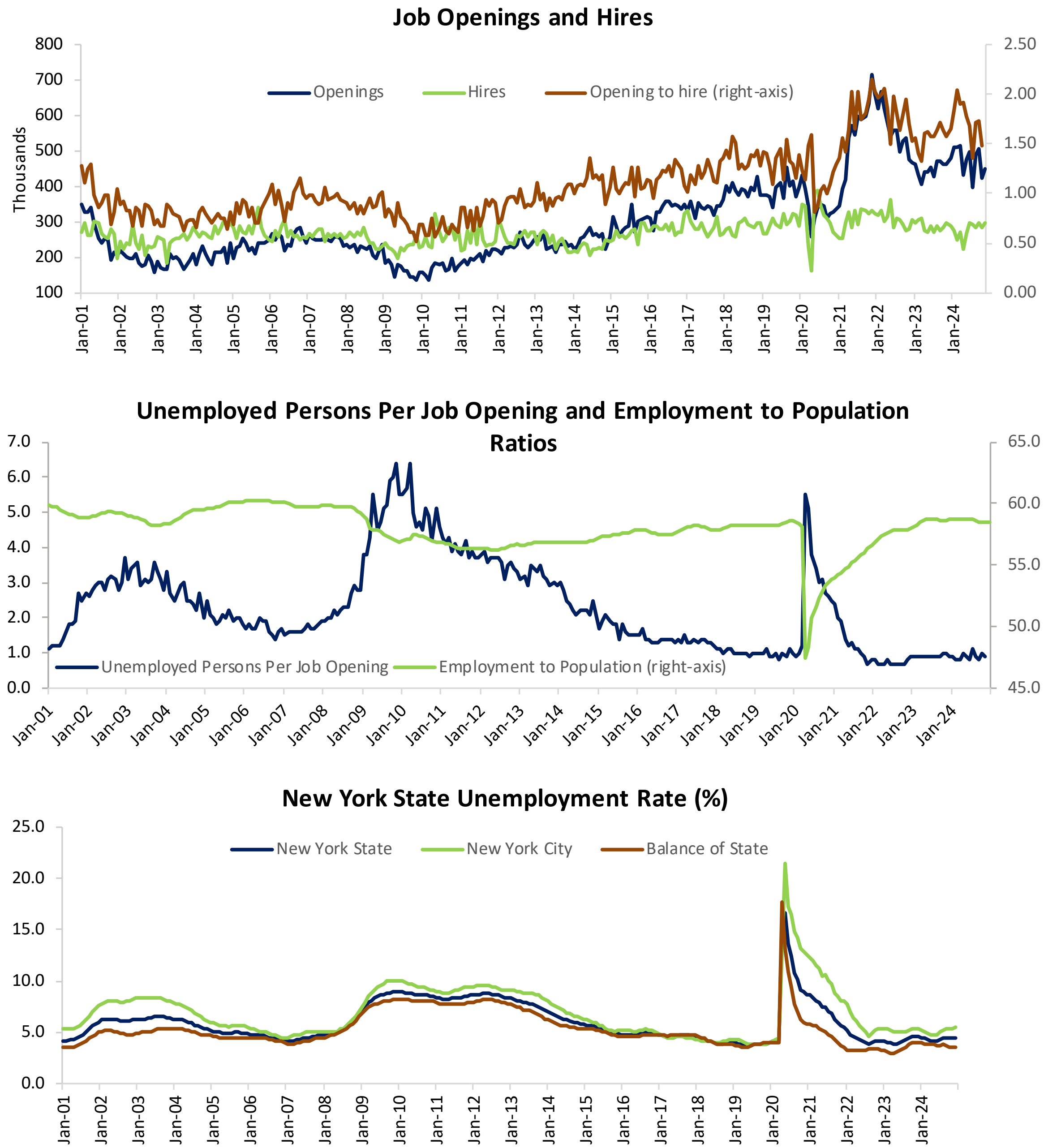
Labor Demand

The number of vacancies can be considered an indicator of labor demand. Despite a downward trend, job openings in the State remained high at 451,000 in November 2024, while the number of hires stayed relatively stable. As a result, the ratio of job openings to hires, a measure of labor market tightness, stood at 1.5 in November 2024, which is relatively high compared to historical trends. The high level of job openings to hires suggests that firms are still facing challenges in filling their staffing needs. This could be due to a mismatch between the skills of job seekers and the requirements of available positions, or a general shortage of workers.

The rates of the number of unemployed persons per job opening in the State stood at 0.9 in November 2024, meaning there is less than one unemployed worker available for every job opening. Although it may seem like there is almost no gap between job seekers and available jobs, not every job seeker has the right skills for the job. The mismatch of skills can cause the market to remain competitive. This number is also much lower than the long-term average of over 2.0.

Although labor market conditions have improved, various indicators suggest that the State's labor market remains relatively tight. As of December 2024, the employment-to-population ratio, which measures the proportion of the working-age population that is employed, stood at 58.5 percent, compared to 58.4 percent in February 2020, prior to the pandemic. This indicates that a large proportion of the State's population is employed (see Figure 44).

New York State Labor Market Indicators



Note: Data are monthly from January 2001 to November 2024. Data for unemployment rates and employment to population ratio are through December 2024.

Sources: U.S. Bureau of Labor Statistics; New York State Department of Labor.

Figure 44

Sectoral Employment

With improved economic activity, overall employment in the State has already surpassed its pre-pandemic level. However, employment in some sectors grew slowly following the pandemic due to structural changes that started during that time. Employment in the sectors that can effectively utilize machines and technology to serve customers – such as retail trade and accommodations and food services – remains depressed and is not expected to fully recover during the forecast period.

Employment in the health care and social services sector, the largest sector in the State, has been steadily increasing for several decades, with the exception of the pandemic. Employment in this sector rebounded strongly following the pandemic and has surpassed its pre-pandemic levels since 2021. The health care and social assistance employment is estimated to have grown by 5.6 percent in 2024 and is forecast to grow further throughout the forecast period, driven by a high demand for health care and social assistance services due to the aging population.

In 2023 New York lawmakers passed the Build Public Renewables Act which allowed the New York Power Authority, a state-owned public power utility, to build and own clean energy projects to meet the target of 70 percent renewable electricity under the Climate Leadership and Community Protection Act passed in 2019. The State also offers various solar incentives to qualified homeowners. As a result, employment in the utilities sector grew by 6.2 percent in 2023, the second fastest among all sectors. Employment in this sector is estimated to have grown 4.0 percent in 2024. Utilities employment is expected to continue growing during the forecast period as the State moves to achieve 70 percent of electricity from renewable sources by 2030.

The leisure and hospitality sector, which consists of arts, entertainment and recreation and accommodations and food services, led job growth following the pandemic as travel activities resumed. After falling by almost 60 percent in 2020, the total number of passengers traveling through TSA checkpoints has been growing steadily and exceeded the pre-pandemic level in 2023.[26] Employment in the arts, entertainment and recreation sector is estimated to have increased 3.9 percent in 2024 and is expected to grow throughout the forecast period. On the other hand, employment in the accommodations and food services sector has been growing at a slower pace. This may be due in part to the use of technology such as self-service kiosks along

[26] U.S. Department of Homeland Security, TSA checkpoint travel numbers, https://www.tsa.gov/travel/passenger-volumes.

with the growing popularity of alternative accommodations like vacation rentals.[27] Vacation rentals can accommodate more people than a typical hotel rooms and provide amenities such as kitchens. Consequently, despite the surge in travel activities, employment in this sector is estimated to have grown slowly in 2024 and is not expected to reach its pre-pandemic level during the forecast period.

The increasing preference for online shopping has led to a rise in demand for transportation and warehousing services. Additionally, the recovery of the tourism industry has also contributed to an increase in the demand for transportation services. As a result, employment in the transportation and warehousing sector experienced strong growth in 2021 and 2022. Employment in this sector grew slower at 1.4 percent in 2023 due to a decline in sales and businesses adjusting their inventory, which reduced the need for transportation and storage. Employment in this sector is estimated to have grown stronger at 2.1 percent in 2024 as consumption increases. However, with economic growth and consumption expected to slow in 2025, transportation and warehousing employment is forecast to grow at a slower pace throughout the forecast period (see Table 5).

After growing solidly following the pandemic, employment in the information sector fell by 5.0 percent in 2023, the highest among all sectors. This decrease was primarily driven by a sharp drop in employment in the motion picture and sound recording and publishing industries, which together made up about half of the sector's workforce. The decline was due to the screenwriter's strike that took place from May to September 2023, as well as a decrease in demand for publishing products. Employment in the information sector is estimated to continue to fall in 2024 before growing slowly throughout the forecast period. This trend is driven by the industry's increasing adoption of advanced technologies, such as artificial intelligence and computer-generated imagery, which reduce the need for workers.

The finance and insurance sector, which has the highest average wage and contributes a significant portion of the total State tax revenue, experienced moderate growth rates of 2.7 percent in 2022 and 2.2 percent in 2023, despite sluggish financial market activities. Activity in the financial markets improved in 2024. However, due to over-hiring over the past two years, employment growth in this sector slowed to an estimated 0.2 percent in 2024. Employment in

[27] According to the Persistence Market Research, the global market for alternative accommodation grew at a compound annual growth rate of 11.3 percent from 2019 to 2023, https://www.persistencemarketresearch.com/market-research/alternative-accommodation-market.asp.

the finance and insurance sector is expected to be relatively flat throughout the forecast period as overall economic activity slows down.

Table 5

New York State Nonfarm Employment by Sector (Percent Change)					
	Recession	**Actual**	**Estimated**	**Forecast**	**Forecast**
	2020	**2023**	**2024**	**2025**	**2026**
Total	**(10.0)**	**2.2**	**1.6**	**1.1**	**0.8**
Health Care and Social Assistance	(4.9)	5.6	5.6	4.2	3.4
Utilities	(2.3)	6.2	4.0	1.7	1.0
Arts, Entertainment and Recreation	(37.7)	7.3	3.9	1.8	1.3
Transportation & Warehousing	(11.5)	1.4	2.1	1.3	0.9
Management of Companies	(9.8)	3.0	2.3	1.4	1.2
Government	(3.0)	1.3	2.0	1.1	0.9
Educational Services[1]	(8.1)	2.5	1.4	0.6	0.5
Accommodations and Food Services	(32.9)	5.2	1.2	1.1	0.9
Administrative Support and Waste Management	(16.7)	2.2	1.2	0.8	0.6
Other Services	(17.3)	1.9	0.6	(0.4)	(0.5)
Mining & Logging	(4.2)	1.8	0.7	1.0	1.0
Finance & Insurance	(1.5)	2.2	0.2	0.1	(0.1)
Professional, Scientific, and Technical Services	(3.4)	1.1	(0.1)	(0.0)	0.4
Real Estate and Rental and Leasing	(6.7)	1.3	(0.2)	0.1	0.4
Construction	(10.8)	1.2	(0.6)	0.1	0.3
Wholesale Trade	(9.6)	0.8	(0.5)	(0.8)	(0.7)
Information	(3.5)	(5.0)	(0.8)	0.8	0.7
Manufacturing	(8.6)	(0.2)	(0.9)	(1.8)	(1.7)
Retail Trade	(12.4)	(0.3)	(1.0)	(1.1)	(1.4)

Note: Industries are ranked by 2024 employment growth; rankings are based on two decimal places.
[1] Includes only private employment. Public education and health care employment is included in the
Sources: NYS Department of Labor; NYS Assembly Ways and Means Committee staff.

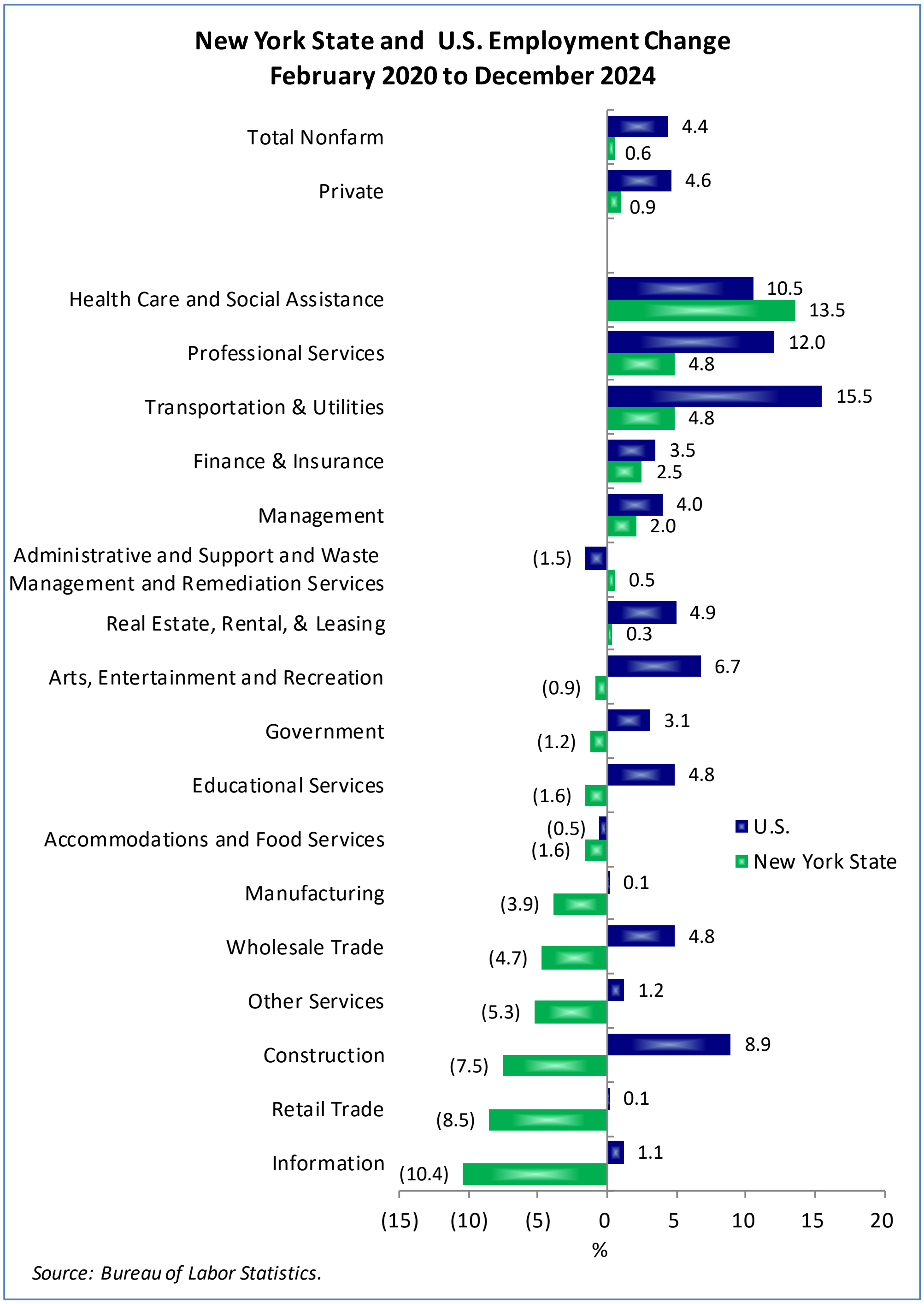
Employment in the retail trade sector has been declining since 2018, largely due to the increase in online sales, a trend that was worsened by the pandemic. Stores adopted automation to assist customers during the pandemic and many continue to do so, thereby reducing staffing need. As e-commerce requires less labor than physical retail stores, the increase in online sales has had a net negative impact on the retail trade employment. Consequently, despite a sharp decline during the pandemic, employment in the retail trade sector has not recovered as strongly as the leisure and hospitality sector. In 2023, employment in retail trade sector fell by 0.3 percent due to weakened overall consumption. Although overall consumer spending improved, the number of retail trade establishments in New York State dropped by more than 4,000 in the first half of 2024.[28] Consequently, employment in this sector is estimated to have fallen by another 1.0 percent in 2024 and is expected to continue declining throughout the forecast period. Employment in this sector is not anticipated to return to its pre-pandemic level in the near future.

The real estate and rental and leasing sector is undergoing significant changes in compensation structures for real estate agents, shifting from fixed rates to negotiable ones (see Real Estate Market section for more detail). This change is likely to increase competition within the industry and agents who cannot compete might be driven out of business. Despite the Federal Reserve's recent cuts to the federal funds rate, mortgage rates are anticipated to remain high over the next few quarters, while the supply of homes continues to remain low. Employment in the real estate and rental and leasing sector is estimated to have remained flat in 2024 and is forecast to remain relatively flat during the forecast period (see Table 5).

New York State tended to lag behind the nation in nonfarm employment growth during the past few decades but this trend has recently reversed. According to the U.S. Bureau of Labor Statistics, the state's employment growth ranked 24th among the 50 states and the District of Columbia in 2021. The State's ranking improved to 7th in 2022, driven by strong growth in the accommodation and food services and other services sectors. However, the State's employment growth ranking fell to 22nd in 2023 and 23rd in 2024, due to slow growth in the accommodation and food services and professional, technical, and scientific services sectors.

As a result, after lagging the nation from 2019 to 2021, nonfarm employment growth in the State grew faster than the nation in 2022 and at a similar rate as the nation in 2023 and 2024. Despite recent improvements, employment in the State remains below its pre-pandemic peaks in many sectors, while national employment has surpassed its previous peak in almost all sectors except for the administrative and support and waste management and remediation services, and accommodation and food services sectors (see Figure 45). This is due to the fact that the rate of job loss in New York State was much higher than the national average during the pandemic and the recovery was initially slower.

[28] According to the Quarterly Census of Employment and Wages, there were 69,779 establishments in the retail trade sector in the first quarter of 2024, compared to 71,874 in the first quarter of 2023.



New York State and U.S. Employment Change
February 2020 to December 2024
Total Nonfarm
4.4
0.6
Private
4.6
0.9
Health Care and Social Assistance
10.5
13.5
Professional Services
12.0
4.8
Transportation & Utilities
15.5
4.8
Finance & Insurance
3.5
2.5
Management
4.0
2.0
Administrative and Support and Waste Management and Remediation Services
(1.5)
0.5
Real Estate, Rental, & Leasing
4.9
0.3
Arts, Entertainment and Recreation
6.7
(0.9)
Government
3.1
(1.2)
Educational Services
4.8
(1.6)
Accommodations and Food Services
(0.5)
(1.6)
Manufacturing
0.1
(3.9)
Wholesale Trade
4.8
(4.7)
Other Services
1.2
(5.3)
Construction
8.9
(7.5)
Retail Trade
0.1
(8.5)
Information
1.1
(10.4)
U.S.
New York State
(15)
(10)
(5)
0
5
10
15
20
%
Source: Bureau of Labor Statistics.

Figure 45

Personal Income and Wages

Personal income, which includes wages and salaries, property income, proprietors' income, and transfer income, is generally driven by growth in wages and salaries. However, it can be significantly influenced by transfer payments, especially during recessions when the federal government implements stimulus policies. As a result, personal income often exhibits abnormal patterns during and shortly after recessions.

After growing just 0.8 percent in 2022 due largely to diminishing fiscal stimulus, personal income increased by a solid 5.4 percent in 2023. This growth was driven by healthy gains in wages and property income. Personal income grew further by an estimated 5.7 percent in 2024, supported by growth in variable wages and other incomes. Personal income growth is expected to slow to 5.0 percent in 2025 and 4.6 percent in 2026 mainly due to slower growth in wages (see Figure 46).

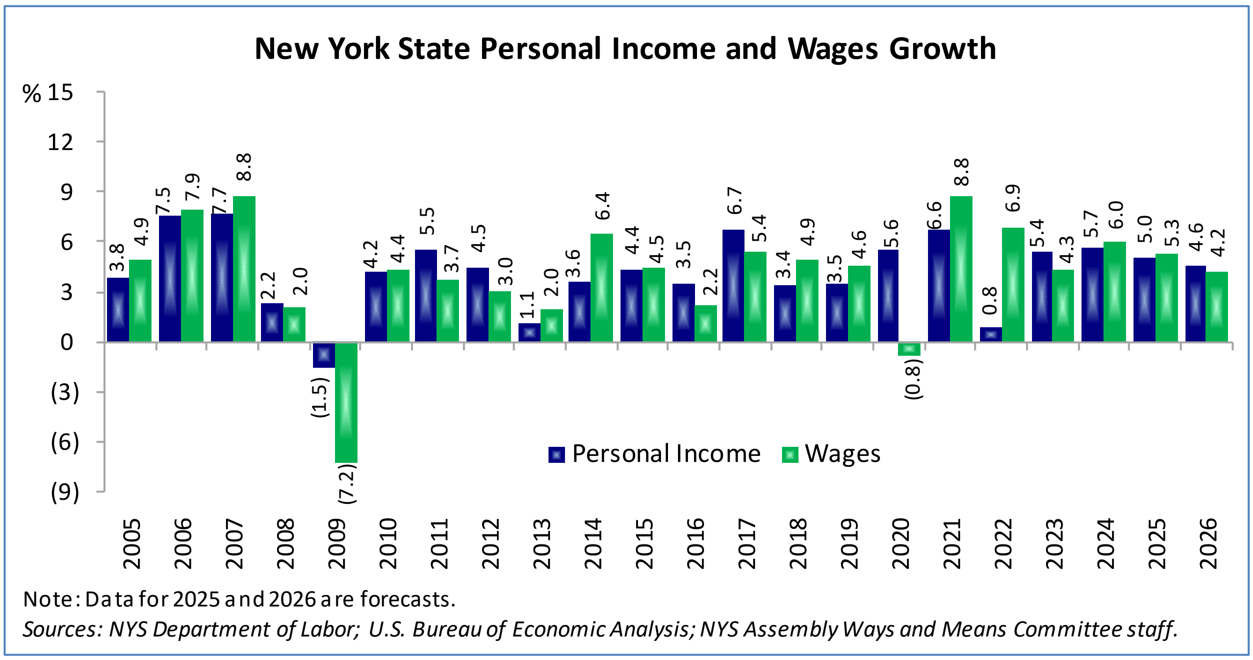


Figure 46

Wages and salaries income, which includes base wages and variable wages, is the largest component of New York State's personal income. It accounted for more than half of total personal income in 2023 and is crucial to the State's economic and fiscal outlook. Base wages are a predetermined amount that an employee earns regularly, as a result, base wages are considered guaranteed. The growth of base wages is generally related to employment growth and inflation. On the other hand, variable wages are performance-based and can vary significantly from year to year depending on both employees' performance and firms' profits.

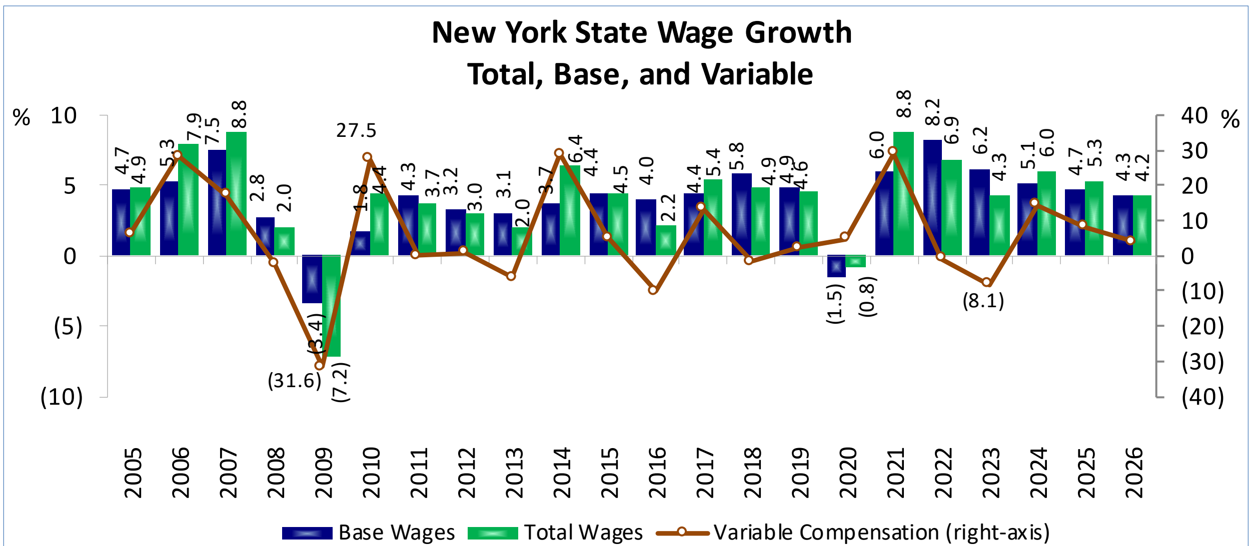
As employment increases, total wages also increase. In addition to employment, growth in overall wages is driven mainly by two factors, labor market conditions and inflation. When the labor market is tight, there are more positions available than unemployed workers. Consequently, firms may need to offer higher pay in order to retain or attract workers. Similarly, when the inflation rate increases, the cost of living goes up, leading to a decrease in purchasing power. As a result, workers may demand higher compensation to maintain their standard of living. Thus, wages tend to increase following inflation and generally grow at a faster rate than employment.

Overall wage growth is also influenced by the composition of employment growth. Total wages will increase faster than employment (or decrease more slowly) if employment in higher-paying sectors grows faster than in lower-paying sectors. For instance, during the Great Recession, employment losses were primarily in the finance and insurance sector, which has the highest average wage. As a result, total nonfarm wages in the State fell sharply by 7.2 percent in 2009, much faster than the rate of employment loss of 3.0 percent. In contrast, during the pandemic, the rate of job losses was much more severe than during the Great Recession. However, most of the jobs lost were in the leisure and hospitality and retail trade industries, which are among the lowest average wage sectors. Consequently, despite a steep 10.0 percent decline in employment, overall wages fell by only 0.8 percent.

Total wages in the State grew solidly following the pandemic as the economy recovered from the recession and more people returned to work. Total nonfarm wages grew by 4.3 percent in 2023, supported by a healthy growth in base wages. Although employment is estimated to have grown slower in 2024, growth in total wages was solid at an estimated 6.0 percent, driven by a strong growth in variable wages after two years of decline. Wages are forecast to grow moderately at 5.3 percent in 2025 and 4.2 percent in 2026 as both base and variable wages continue to grow.

A significant portion of New York State's variable compensation is concentrated in the financial sector, particularly within the securities industry. As a result, the State's total variable compensation depends heavily on the performance of the financial market. Financial activities slowed markedly in 2022 and 2023. Consequently, variable wages fell for two consecutive years by 0.9 percent in 2022 and by another 8.1 percent in 2023. Variable wages rebounded in 2024, growing solidly by an estimated 14.4 percent as financial market activities improve.

Although employment growth is projected to slow down during the forecast period, the tight labor market will put upward pressure on wages. Base wages are forecast to grow modestly at 4.7 percent in 2025 and 4.3 percent in 2026. Meanwhile, variable wages are anticipated to continue increasing during the forecast period, by 8.1 percent in 2025 and 3.9 percent in 2026, as conditions in the financial markets continue to improve (see Figure 47).



Note: Total wage data for 2025 and 2026 are forecasts. Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and their levels sum to total wages.
Sources: NYS Department of Labor; NYS Assembly Ways and Means Committee staff.

Figure 47

After exhibiting irregular patterns from 2020 to 2022 due to the impact of fiscal stimulus, New York State's personal transfer receipts from governments and businesses returned to a more normal growth of 3.9 percent in 2023 and an estimated 6.6 percent in 2024. Transfer income is forecast to grow at a moderate pace during the forecast period, in tandem with slowing inflation and cost-of-living adjustments.

Property income, which includes dividend, interest, and rental income, is the second largest component of personal income, accounting for approximately 19.3 percent. Property Income grew an estimated 4.1 percent in 2024, driven by rising rental prices and corporate profits. Property income is forecast to grow further by 4.0 percent in 2025 and by 4.2 percent in 2026, as rental prices and interest rates are expected to remain high and corporate profits are projected to continue to improve.

Proprietors' income, which fell by 5.3 percent in 2022 due to the absence of the Paycheck Protection Program, grew by 6.5 percent in 2023 and is estimated to have grown by another 5.3 percent in 2024. The State's proprietors' income is forecast to continue growing throughout the forecast period as the overall economy expands (see Figure 48).

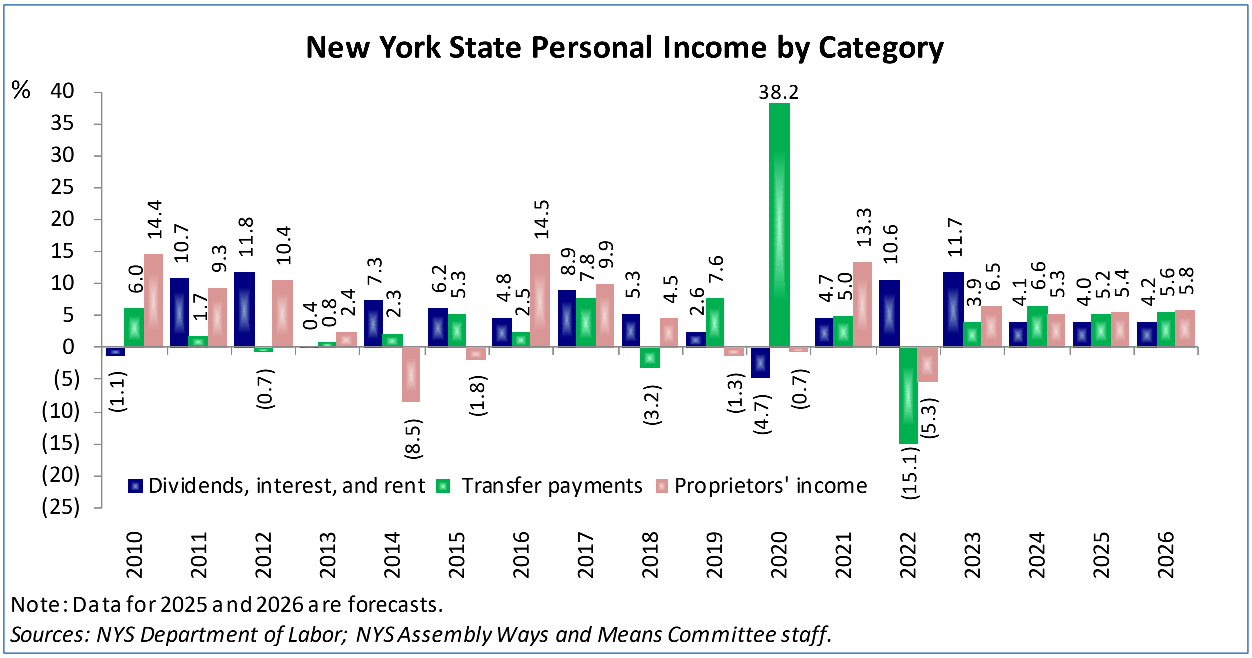


Figure 48

Consumer Prices

During the post-pandemic recovery, consumer prices in New York State rose sharply, mirroring national trends. Prices increased 3.3 percent in 2021 and 6.1 percent in 2022, marking the fastest yearly inflation in the State since 1990 (see Figure 49).[29] Despite this surge, the State experienced lower inflation than the nation for most years between 2010 and 2023. However, this trend reversed in 2024.

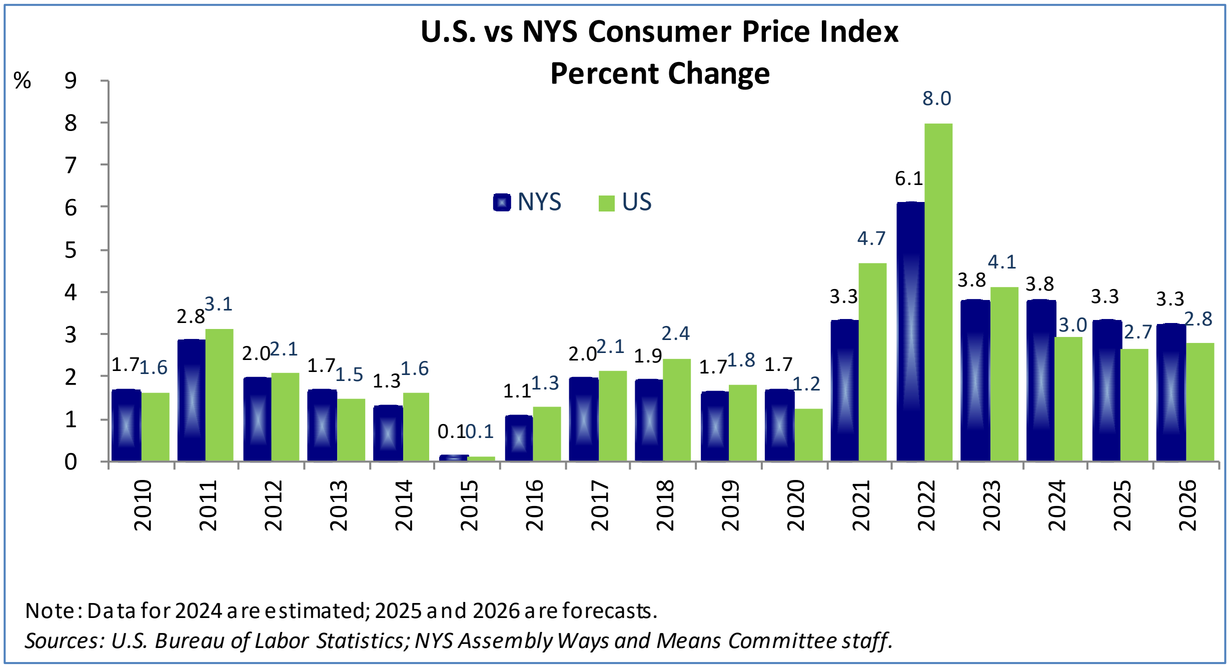


Figure 49

While the yearly rate of consumer price inflation slowed in the nation to 4.1 percent in 2023 and further down to 3.0 percent in 2024, New York's inflation rate followed a different path. After declining to 3.8 percent in 2023, it remained at 3.8 percent in 2024. Consequently, the State's inflation rate exceeded the national average by 0.8 percentage point.

The primary driver of this reversal was a reacceleration of services price inflation. In December 2024, services prices in the State increased by 6.3 percent, nearly matching the 6.5 percent rate from January 2023 (see Figure 50). In contrast, national services price inflation

[29] The U.S. Bureau of Labor Statistics does not release Consumer Price Index (CPI) data for New York State as a whole but for the New York-Newark-Jersey City, NY-NJ-PA, local area. For that reason, this local area CPI is referred to as New York State CPI in this section.

trended downward, from 7.6 percent in January 2023 to 4.4 percent in December 2024 (see Figure 51).

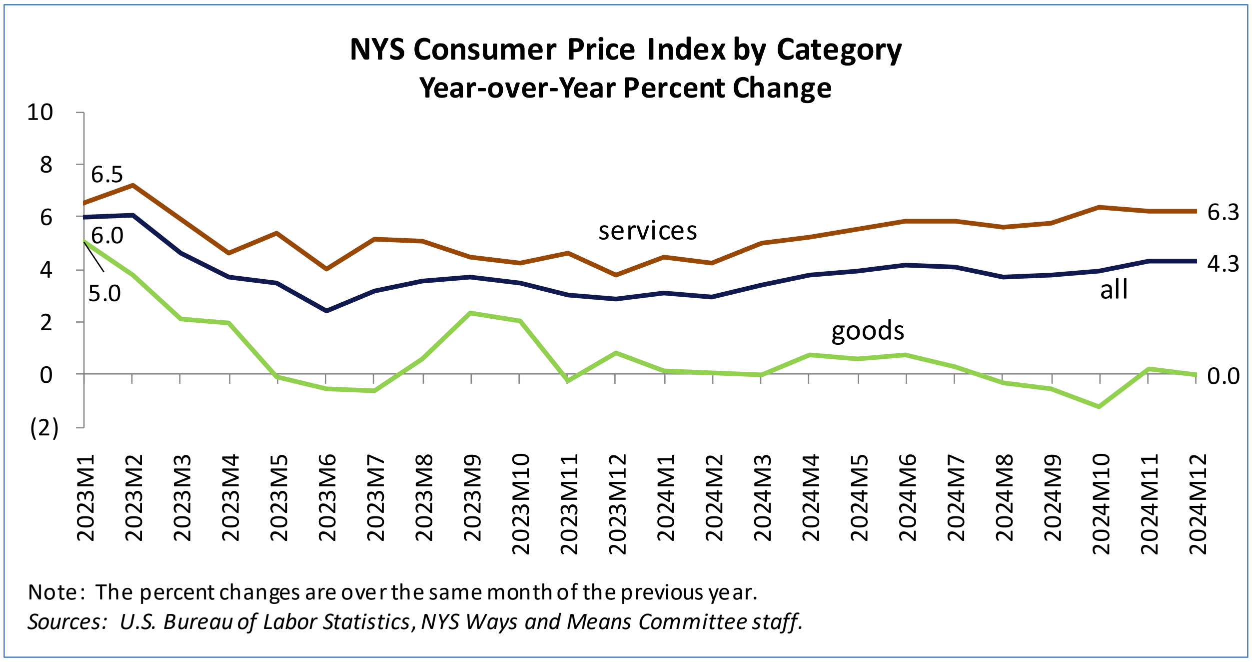


Figure 50

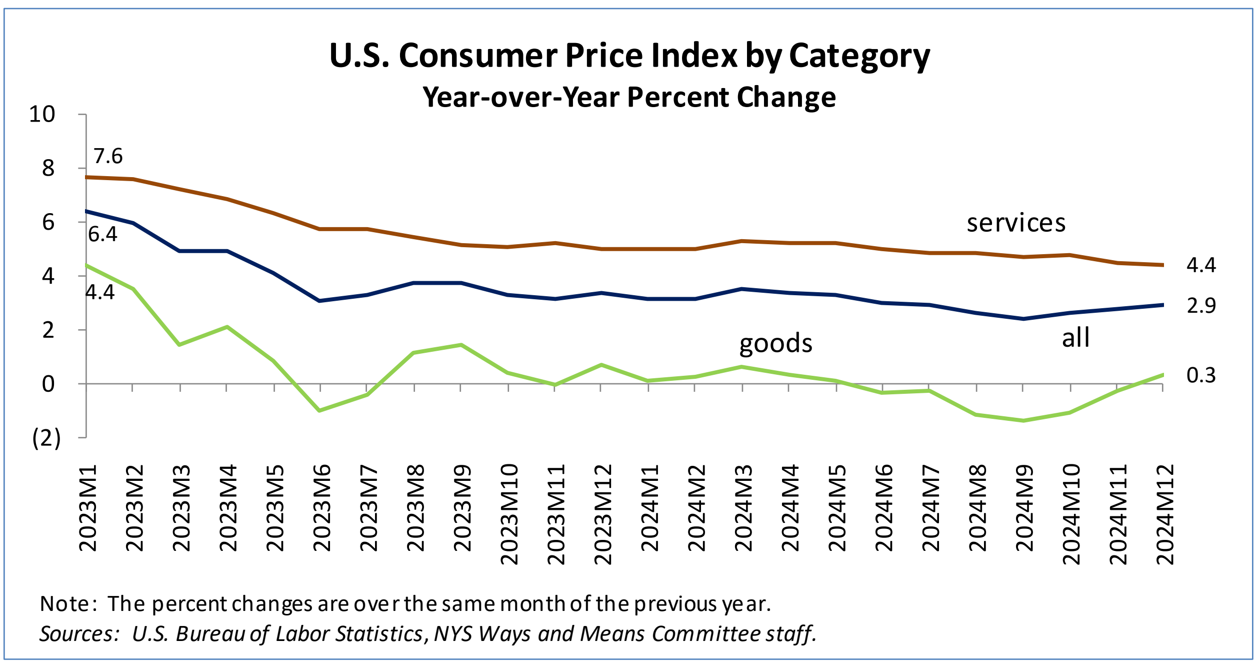


Figure 51

Looking ahead, downward pressure on consumer price inflation is anticipated due to slowing economic growth and hiring rates. However, several factors may limit the extent of this decline. Tariffs on U.S. imports are expected to increase costs for consumers. Additionally, persistent upward pressure from services prices is likely to continue in New York State. As a result, consumer price inflation is projected to decline modestly to 3.3 percent in 2025 and 2026.

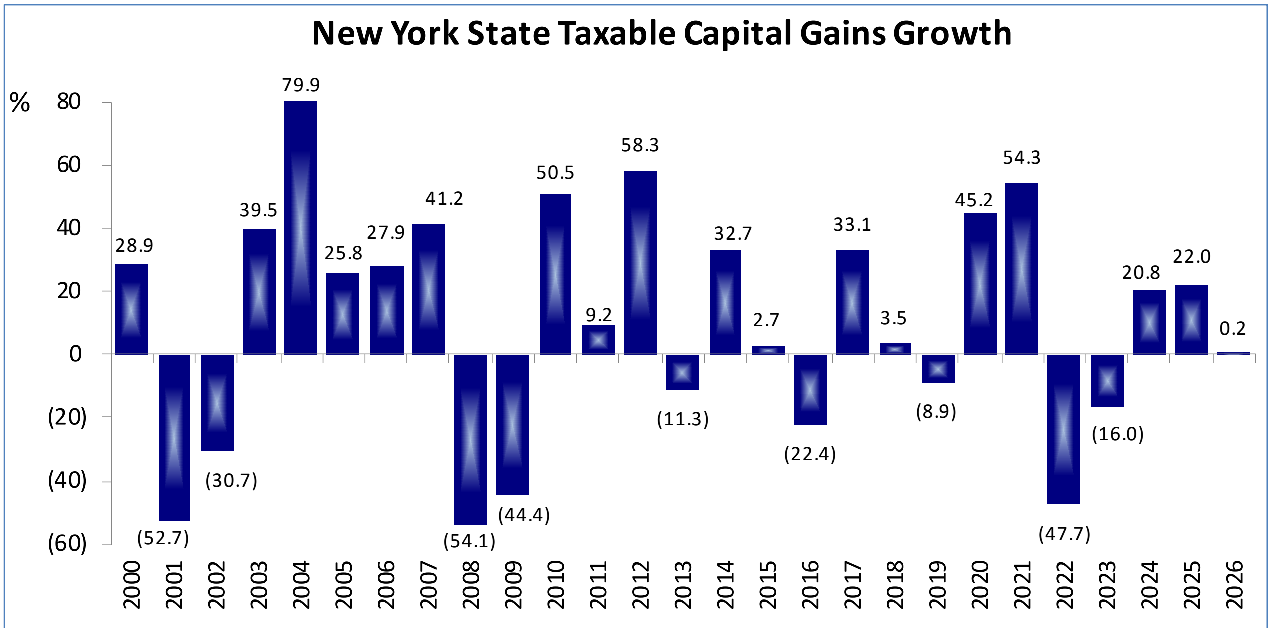
Capital Gains

Capital gains are typically contingent upon the performance of the financial and housing markets, as well as overall economic conditions. Gains are realized only when an asset is sold for more than its acquisition cost. Households' assets can include real estate, stocks, bonds, mutual funds, and privately owned businesses. When selling assets, households may face capital gains taxes or claim deductions for capital losses. Consequently, they may choose to advance or delay the disposition of an asset depending on economic outlooks and anticipated tax changes. For example, if higher tax rates on capital gains are expected, households may sell assets earlier to avoid increased taxes. They have an incentive to realize gains in the year before the higher tax rates become effective. Conversely, if lower rates are anticipated, they may delay sales until after the new rates are implemented.

New York State experienced significant fluctuations in realized capital gains over recent years. After substantial increases of 54.3 percent in 2021 and 45.2 percent in 2020, capital gains plummeted by 47.7 percent in 2022, falling to $107.5 billion. This sharp decrease resulted from a combination of falling equity values and a housing market slow down, driven by rising mortgage rates that reduced affordability and slowed home sales.

In the first quarter of 2023, household corporate equity holdings dropped by 9.7 percent, reflecting a 10.4 percent decrease in stock prices from the previous year. Despite a recovery in equity prices later in the year spurred by easing recession concerns, moderating inflation, and the Federal Reserve's wait-and-see approach to rate hikes, trading volume fell by 13.4 percent from 2022. Consequently, realized capital gains in 2023 are estimated to have declined by 16.0 percent.

The S&P 500 Stock Price Index grew by 26.7 percent in 2024, on an annual average basis, driving a projected 20.8 percent increase in capital gains. Realized capital gains are projected to increase by 22.0 percent in 2025, as investors continue to capitalize on gains from a healthy stock market. In 2026, realized capital gains are projected to increase by a mere 0.2 percent as equity prices, measured by the S&P 500 Index, grow by only 1.8 percent, a significant slowdown from 2024 and 2025 (see Figure 52).



Note: The first forecast period is 2023.

Sources: NYS Department of Taxation and Finance; NYS Assembly Ways and Means Committee staff.

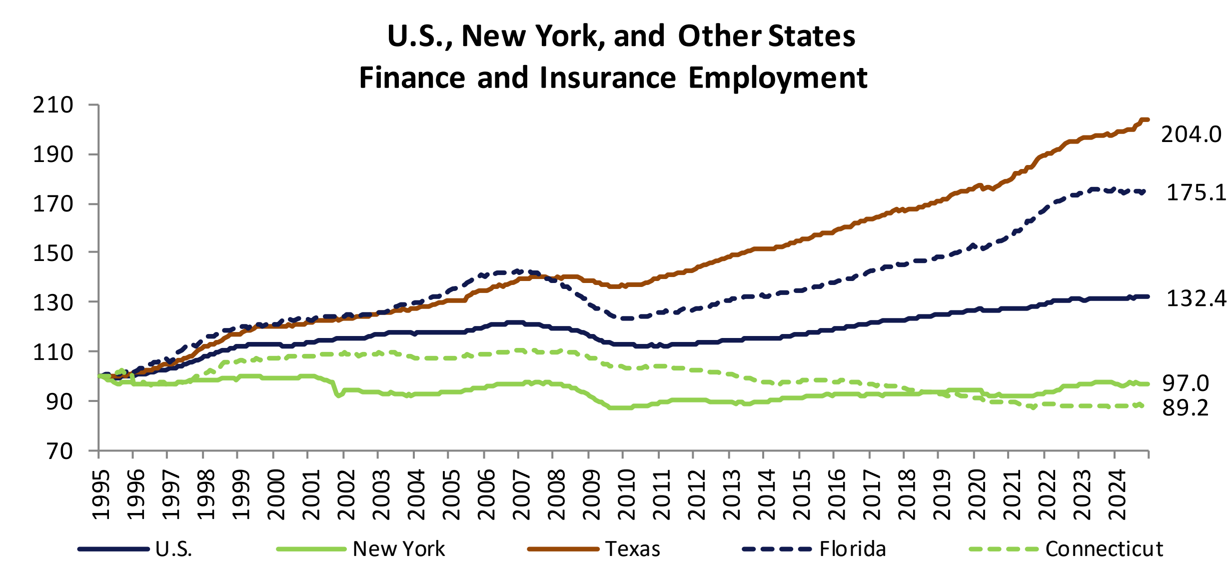
Figure 52

In general, capital gains or losses are predominantly accrued by the wealthiest households, which typically have a larger proportion of their assets tied to equities. According to data from the Federal Reserve, the top ten percent of U.S. households held 93 percent of all stocks in 2023. Consequently, these households significantly contribute to the tax revenue derived from capital gains. However, these households have also become more mobile across states in recent years, presenting risks to the State's capital gains tax receipts.

Finance and Insurance Sector

Although employment in the finance and insurance sector in the State has been relatively flat over the past few decades, the sector remains important to the New York State economy due to its high wages. In 2023, the average wage in the finance and insurance sector was $281,538, the highest among all sectors and more than three times the overall State average nonfarm wage of $92,199. As a result, while representing only 5.6 percent of the State's nonfarm payroll employment, the sector accounted for 17.3 percent of the State's total wages and 52.2 percent of variable wages in 2023.

Nationally, employment in the finance and insurance sector has been on a slightly upward trend over the past few decades. However, this trend has not been consistent across all states. For example, states like Texas and Florida have seen an increase in finance and insurance jobs, while others like Connecticut have experienced a decline. In New York State, total employment in the finance and insurance sector has remained relatively stable over the past few decades, with the exception of during the recessions (see Figure 53).



Note: Data are monthly from January 1995 to December 2024. Data are indexed with January 1995 = 100.
Source: U.S. Bureau of Labor Statistics.

Figure 53

New technologies such as machine learning algorithms, blockchain, data science, and app-based services have reduced the need for in-person financial services. While more firms have been transitioning back to in-office work and the number of workers who work from home has been steadily declining, remote work is more prevalent in the finance and insurance sector. According to the U.S. Survey of Working Arrangements and Attitudes, 69 percent of finance and insurance workers worked at least partially from home, the highest rate among all sectors, with 24 percent of workers fully working from home.[30] Remote work has enabled workers to keep their jobs while relocating to live anywhere, potentially impacting finance and insurance jobs in the State.

Although thousands of finance and insurance workers were hired from New York State to other states each year, data suggests that the reason for this outflow is likely due to positions being eliminated rather than the migration of finance and insurance jobs to other states. According to the Longitudinal Employer-Household Dynamics (LEHD) data, many of the workers who left the State's finance and insurance sector for other states were taking jobs in other industries. From 2001 to 2023, except during recessions, New York State experienced a positive net inflow of finance and insurance jobs despite the lack of job growth (see Figure 54).[31] Regardless of the reason, since the finance and insurance sector accounts for a large share of New York State's total wages, the lack of employment growth in this sector could significantly impact the State's fiscal outlook.

After slowing markedly in 2022 and 2023, global initial public offerings (IPOs), excluding special purpose acquisition companies, continued to decline in 2024 by 0.7 percent to the lowest level since 2009. Worldwide mergers and acquisitions (M&A) activities, however, rose by 9.7 percent in 2024. Driven by strong revenues from M&A and bond market activities, global investment banking (IB) fees jumped by 14.0 percent to $117.4 billion.[32] Similarly, fees revenues for the top ten banks, as reported by the New York Times, increased by 14.0 percent in 2024.[33]

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[30] WFH Research, U.S. Survey of Working Arrangements and Attitudes August 2024 Updates, https://wfhresearch.com/wp-content/uploads/2024/09/WFHResearch_updates_September2024.pdf.

[31] Net flow of finance and insurance jobs is defined as the number of employees that are hired from other State to finance and insurance sector in New York State minus the number of workers that separate from employers in finance and insurance sector in the State and move to work in finance and insurance sector in other States.

[32] LSEG Deals Intelligence.

[33] Financial Times, League Tables, https://markets.ft.com/data/league-tables/tables-and-trends, last accessed January 17, 2025.

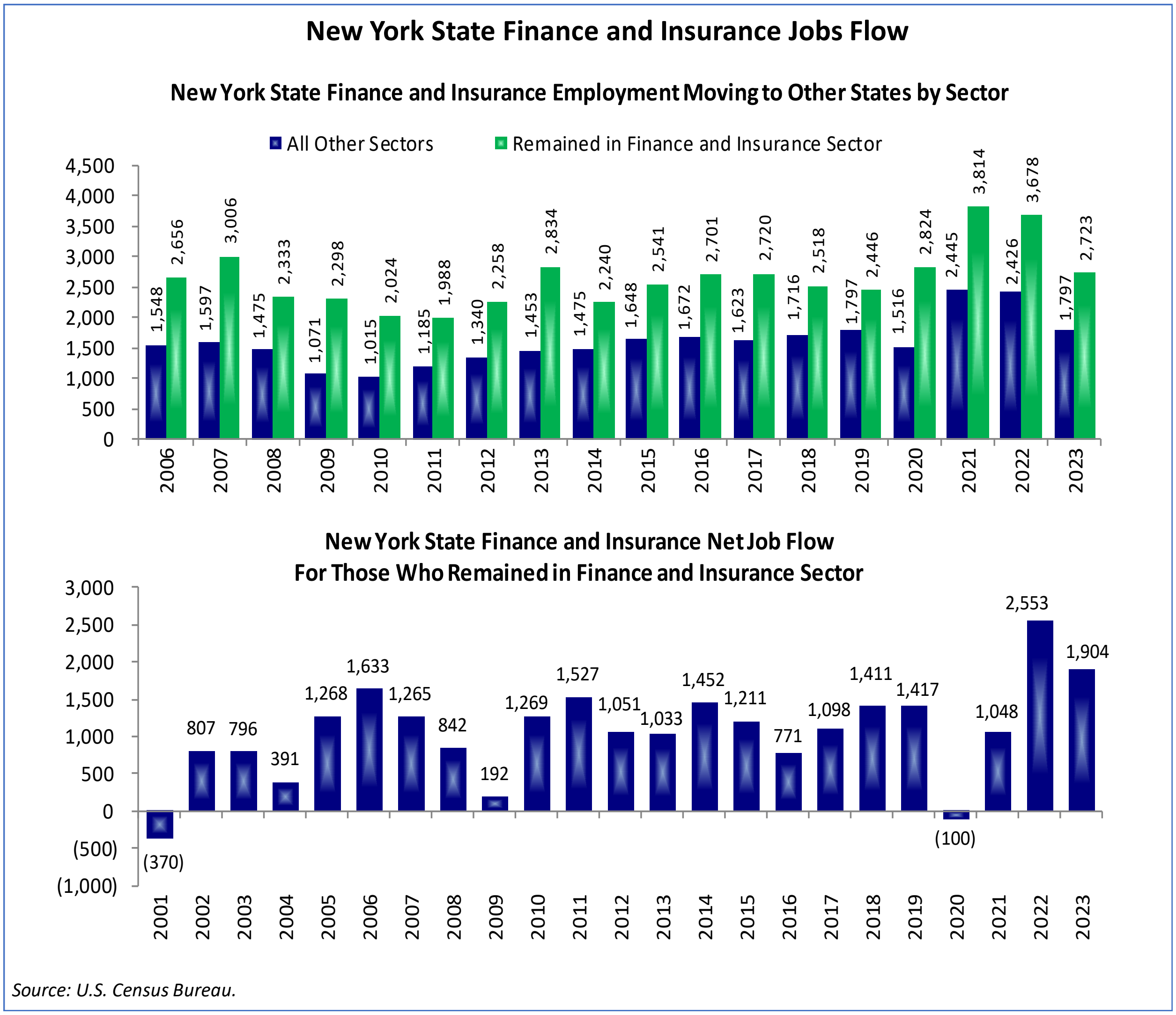


Figure 54

The improvement in financial market activities in 2024 was evident in the New York Stock Exchange (NYSE) member firms, as their profits increased by 79.3 percent during the first half of 2024 compared to the same period in 2023.[34] Since the profitability of NYSE member firms serves as a measure of profitability for the securities industry, the outlook for the industry, as well as the State's variable compensation is positive.

[34] Office of the New York State Comptroller, The Security Industry in New York City https://www.osc.ny.gov/files/reports/pdf/report-15-2025.pdf, October 2024.

RISKS TO THE ECONOMIC FORECAST

Compared to its pre-pandemic levels, consumer sentiment remains depressed. It can quickly deteriorate further, being sensitive to various shocks to the economy, as well as changes in expectations on jobs and inflation. Should consumer sentiment sour further, consumers would retrench in spending and the fallout would cascade to businesses' hiring plans. Historically, when consumer sentiment declined 20 points or more in a three-month period, the U.S. economy entered a contraction in six months or so.

The recent increase in the jobless rate has more to do with increased immigration and labor force than with layoffs. Layoffs remain low for now, but this could change quickly as businesses have already cut back on hiring and temporary help services. Should labor demand weaken further, large layoffs and discharges would follow and then sharp cooling in consumer spending would ensue.

The Federal Reserve started reversing its more-than-two-year-long tightening cycle in September 2024 and is expected to continue to cut rates gradually until the second quarter of 2026. The frequency and size of future rate cuts will depend on the Fed's assessments of incoming data on labor market conditions, inflation pressures and expectations, and financial market developments. Should the Federal Reserve take any policy missteps, that could cause significant volatility in the financial market. If the easing cycle overly boosts economic growth, the Federal Reserve will run the risk of inflationary pressures and inflation expectations rising again. This will complicate the Federal Reserve's policy path.

The 2024 election results suggest that substantial changes in tax, tariff, spending, and immigration policies are likely in the coming year. Proposed tax cuts have the potential to enhance long-term economic growth but could drive short-term inflation, particularly if they are deficit-financed. Similarly, the implementation of additional tariffs may temporarily increase federal revenue but is likely to invite retaliatory measures from U.S. trade partners, thereby weakening global trade and economic growth. Moreover, tariff hikes are expected to exert upward pressure on inflation by raising import prices, further straining domestic consumers and businesses.

Due to a series of massive fiscal stimulus programs during the pandemic years, the U.S. federal government recorded a $3.1 trillion budget deficit, or 14.9 percent of U.S. GDP, in FFY 2020. The size of deficit declined in the following three years, to $1.7 trillion, or 6.2 percent of U.S. GDP, in FFY 2023. According to the recent projection from the Congressional Budget

Office, the deficit is projected to increase again to $1.9 trillion in the current fiscal year and to $2.8 trillion in 2034. This deteriorating fiscal position of the U.S. government could lead to a downgrade of U.S. Treasury securities. Concern would increase among investors and put upward pressure on long-term Treasury yields, thereby hampering any stimulating effects of the Federal Reserve's monetary easing.

Military conflicts in the Middle East are worryingly intensifying. The Russia-Ukraine War is in a stalemate. Tensions between the U.S. and China on the South China Sea and Taiwan also persist, threatening the security of maritime commercial routes. Should these military conflicts and tensions escalate into a wider regional confrontation, the impact on the global economy and energy and other commodity markets would be consequential. The expected moderation of inflationary pressures would be hampered, and the Federal Reserve and other central banks around the world would be forced to make hard decisions on their policy stance.

According to data from the U.S. Centers for Disease Control and Prevention, the daily number of COVID-19-related infections and hospital admissions has increased in the recent months. But the pandemic is expected to become less disruptive to the economy, as households and businesses are getting accustomed to deal with the virus. Given the unpredictable nature of the virus, however, risks to the economic and State revenue forecast remain.

NEW YORK STATE ECONOMY AND DEMOGRAPHICS

New York State is made up of 62 counties which are grouped into ten economic development regions: New York City, Long Island, Hudson Valley, Capital District, Mohawk Valley, North Country, Central New York, Southern Tier, Western New York, and Finger Lakes. These regions are further aggregated into "downstate" (New York City, Long Island, and Mid-Hudson) and "upstate" (all other regions).

New York State has a total nonfarm employment of over nine million across various sectors. The three sectors with the largest employment in 2023 were healthcare and social assistance, government, and retail trade. The State economy varies significantly across regions in terms of size, sectoral composition, and other characteristics. Some sectors are more prevalent in some parts of the State than other areas.

Manufacturing employment is more concentrated in upstate areas, accounting for 9.9 percent of nonfarm employment in 2023, compared to 2.5 percent in downstate areas. On the other hand, professional services, finance and insurance, and office using employment, are more concentrated in downstate areas. While accounting for 7.6 percent and 5.6 percent of State's total nonfarm employment in 2023, professional services and finance and insurance accounted for 8.5 percent and 6.3 percent of downstate employment, respectively. Office-using-employment is concentrated in Manhattan, the largest office market in the United States with over 400 million square feet of office space in the fourth quarter of 2024.[35]

The State is also diverse in other aspects. While most upstate metros consistently rank among the most affordable housing markets in the country, housing in downstate areas is much less affordable. Demographic and migration patterns were also varied across regions. This section provides more details on these topics.

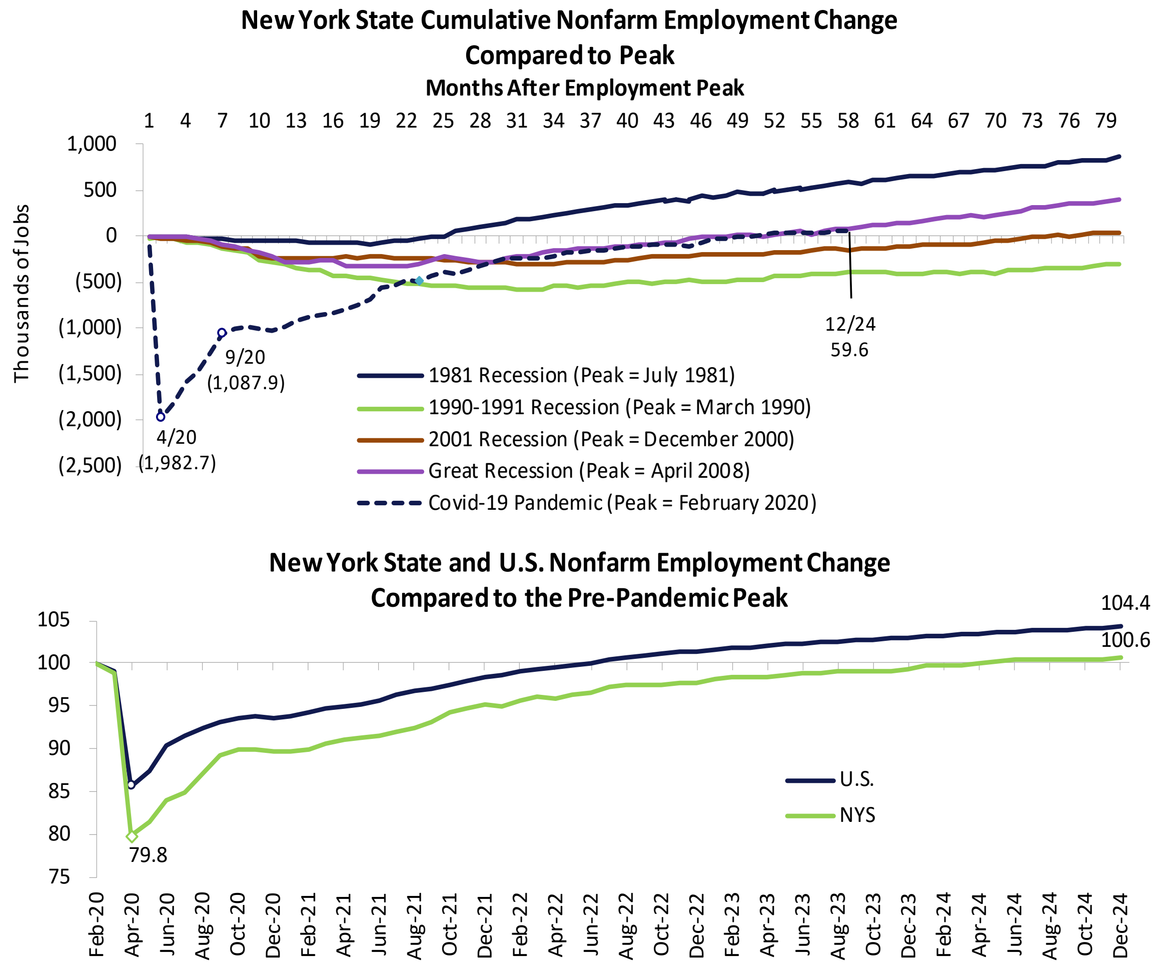
[35] Cushman & Wakefield, Market Beat: Manhattan Office – Q42024.

Employment

Although it officially lasted only two months, the shortest in U.S. history, the pandemic driven recession of 2020 was the deepest recession since the Great Depression. The recovery, however, has been relatively fast, compared to previous recoveries. Despite the continued recovery, as of December 2024, 57 months into the recovery, nonfarm employment in the State was only 59,600 or 0.6 percent above its February 2020 peak. While much fewer jobs were lost than during the pandemic, it took 52 months after the Great Recession and 73 months after the 2001 recession for the State's employment to reclaim its respective pre-recession level. The employment recovery following the 1990-1991 recession was even slower; after 80 months, nonfarm employment in the State was still below its prior peak.

While the rate of employment loss in New York State was much higher than the national average during the pandemic, the recovery has been slower. As of December 2024, New York State employment was 0.6 percent above its pre-pandemic level in February 2020, compared to 4.4 percent for the nation (see Figure 55).

New York State and U.S. Employment



Note: Data are monthly through December 2024. U.S. and New York nonfarm employment change data are normalized with February 2020 = 100.

Source: U.S. Bureau of Labor Statistics.

Figure 55

With over four million jobs, New York City is the largest region in the State, accounting for 48.4 percent of the New York State's total nonfarm employment in 2023, up from 47.9 percent in 2019. The North Country, with 145,000 nonfarm jobs, had the least employment. Although employment in the State has been steadily increasing, as of 2023, employment in all regions, as well as the State overall, remained below their pre-pandemic levels. In contrast, total wages in all regions have significantly exceeded their pre-pandemic levels (see Table 6).

Table 6

New York State Nonfarm Employment and Wages by Region								
	Employment				**Wages**			
	Level (Thousands)		**Share of State Total (%)**		**Level (Billion $)**		**Share of State Total (%)**	
	2019	**2023**	**2019**	**2023**	**2019**	**2023**	**2019**	**2023**
New York State	**9,359**	**9,265**	**100.0**	**100.0**	**702.9**	**842.8**	**100.0**	**100.0**
Downstate	**6,709**	**6,701**	**71.7**	**72.3**	**568.5**	**679.7**	**80.9**	**80.6**
New York City	4,482	4,485	47.9	48.4	428.6	512.6	61.0	60.8
Long Island	1,293	1,286	13.8	13.9	81.1	96.3	11.5	11.4
Mid Hudson	934	930	10.0	10.0	58.7	70.7	8.4	8.4
Upstate	**2,650**	**2,564**	**28.3**	**27.7**	**134.4**	**163.1**	**19.1**	**19.4**
Capital	526	516	5.6	5.6	29.3	37.0	4.2	4.4
Mohawk Valley	168	180	1.8	1.9	7.4	10.2	1.1	1.2
North Country	147	145	1.6	1.6	6.7	8.3	0.9	1.0
Central New York	344	332	3.7	3.6	17.6	21.2	2.5	2.5
Southern Tier	279	244	3.0	2.6	14.1	15.3	2.0	1.8
Western New York	632	612	6.7	6.6	31.3	37.7	4.4	4.5
Finger Lakes	554	535	5.9	5.8	28.1	33.4	4.0	4.0

Note: New York State total does not include unclassified data.
Source: New York State Department of Labor.

The employment recovery in the State varied across sectors. The arts, entertainment, and recreation, as well as accommodation and food services sectors, lost the most jobs during the pandemic but experienced the strongest growth from 2020 to 2023 at 50.0 percent and 41.8 percent, respectively, as travel resumed. In contrast, employment in the finance and insurance sector grew the slowest during this period as the sector lost the smallest rate of employment during the pandemic and financial activities have been slow.

While the arts, entertainment, and recreation sector experienced the fastest growth, it only accounted for 1.8 percent of the State's total nonfarm employment. Therefore, its contribution to the State's employment growth was smaller than that of the accommodation and food services sector, which contributed the most to State's employment growth from 2020 to 2023 (see Table 7).

Table 7

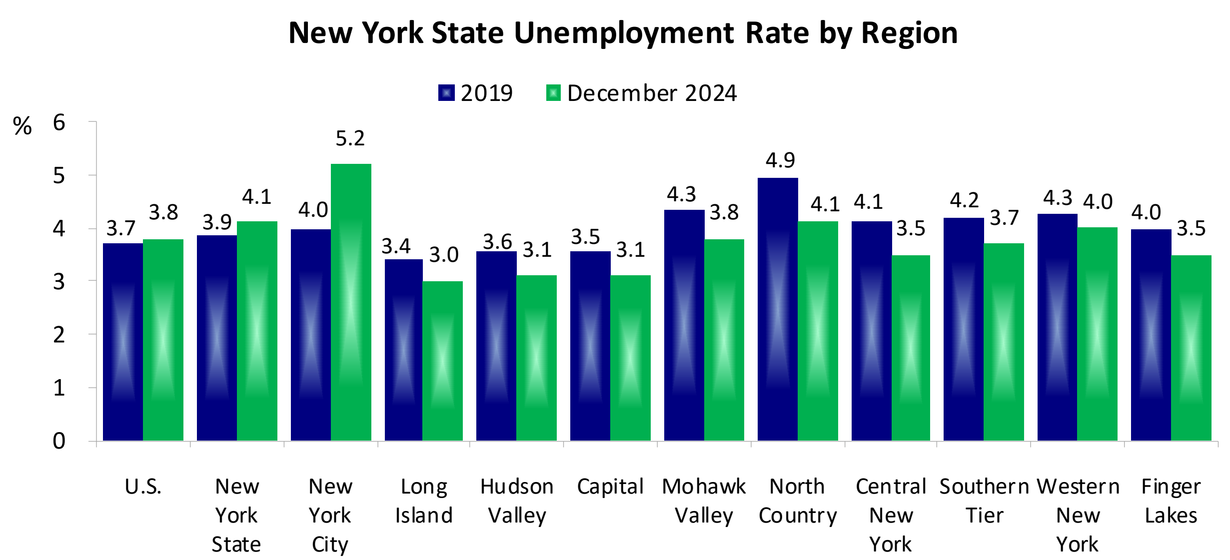
New York State Employment by Sector (2023)				
	Total Employment (Thousands)	Share of Total Employment (%)	Growth 2020-2023	Contribution to Change 2020-2023 (%)
Total Nonfarm	**9,443.4**	**100.0**	**10.3**	**100.0**
Government	*1,374.8*	*14.6*	*(0.2)*	*(0.4)*
Private	*8,068.6*	*85.4*	*12.3*	*100.4*
Health Care and Social Assistance	1,718.9	18.2	11.3	19.9
Retail Trade	843.1	8.9	5.3	4.8
Accommodation and Food Services	741.9	7.9	41.8	24.9
Professional and Technical Services	718.1	7.6	8.4	6.3
Finance and Insurance	532.1	5.6	4.0	2.3
Administrative and Waste Services	519.4	5.5	15.6	7.9
Manufacturing	418.7	4.4	4.7	2.2
Construction	390.7	4.1	7.9	3.3
Educational Services	358.0	3.8	8.7	3.3
Other Services, Ex. Public Admin	345.2	3.7	12.4	4.3
Wholesale Trade	311.2	3.3	5.6	1.9
Transportation and Warehousing	283.6	3.0	20.0	5.4
Information	281.9	3.0	5.2	1.6
Real Estate and Rental and Leasing	199.6	2.1	5.7	1.2
Arts, Entertainment, and Recreation	167.0	1.8	50.0	6.3
Management of Companies and	144.0	1.5	9.3	1.4
Utilities	38.1	0.4	5.3	0.2

Note: Industries ranked by total employment. Data include unclassified region.
[1] Includes only private employment. Public education and health care employment is included in the government sector.
Source: New York State Department of Labor.

Health care and social assistance sector accounted for approximately 18.2 percent of total nonfarm employment in New York State in 2023, making it the largest sector in the State. This was followed by the government and retail trade sectors at 14.6 percent and 8.9 percent, respectively. Employment in each sector is unevenly spread throughout the State. New York City has a significantly higher share of employment in finance and insurance, professional services, and information, while it has a lower share of retail trade compared to other regions in the State. One the other hand, the manufacturing sector is more prevalent in the upstate areas than in the downstate areas (see New York State Regional Snapshots section for more detail).

Unemployment

After rising sharply during the pandemic, unemployment rates in New York State, the nation, and all regions within the State have fallen below pre-pandemic levels. However, the New York City region remains an exception, with its unemployment rate still higher than its pre-pandemic level. With New York City accounting for more than half of the State's employment, the elevated unemployment rate in the City has driven the overall New York State unemployment rate to be above pre-pandemic level. As of December 2024, the unemployment rate in New York State stood at 4.1 percent, higher than the national rate of 3.8 percent (see Figure 56).

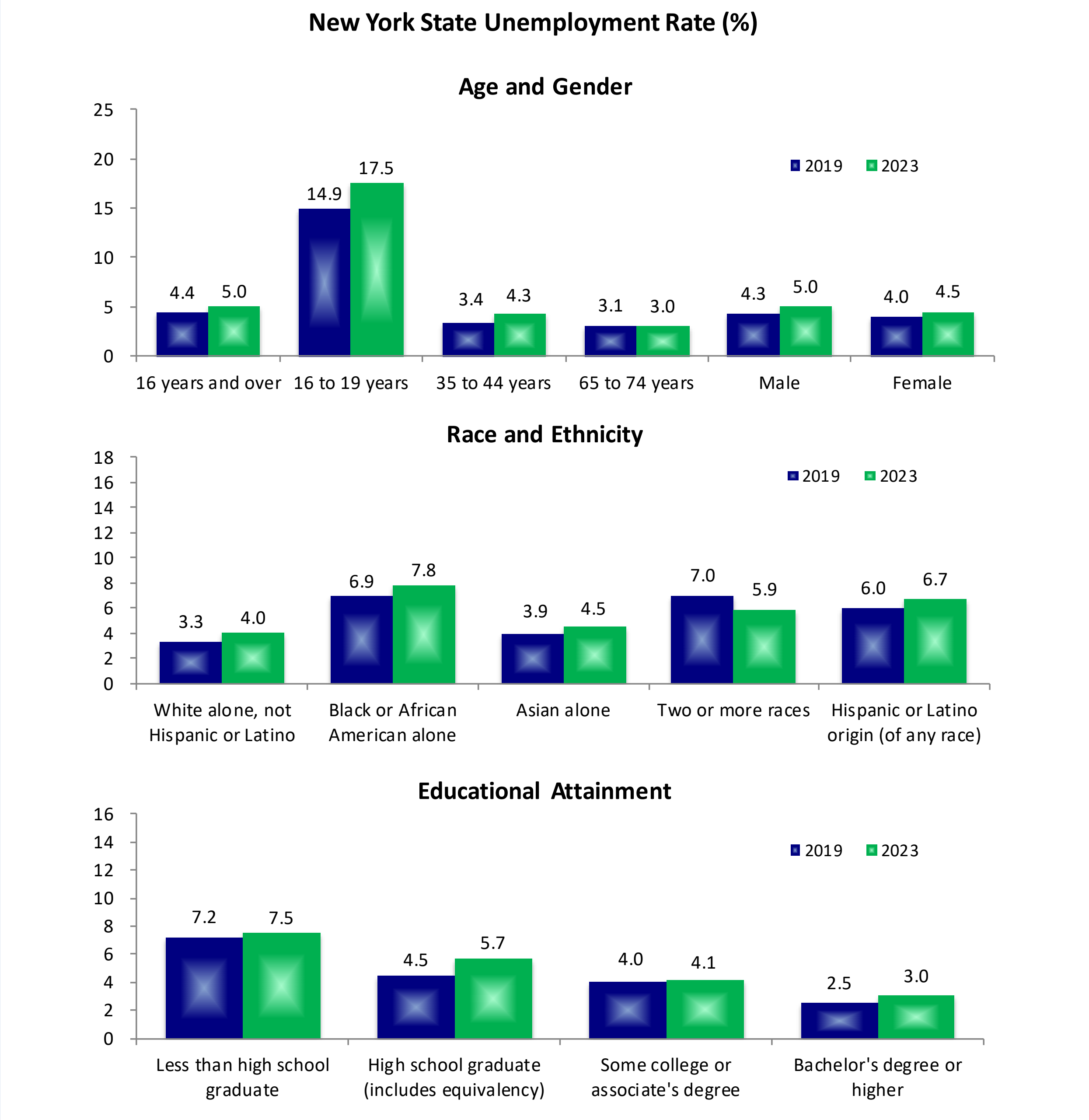


Note: Data are not seasonally adjusted. The data for 2019 are an annual average of monthly data.
Source: New York State Department of Labor.

Figure 56

The New York City region had the highest unemployment rate in the State, partially due to the strong growth of the labor force relative to employment growth, compared to the rest of the State. From April 2020 to December 2024, employment in New York State grew by 20.4 percent, while the labor force increased by 6.2 percent. In comparison, employment in the New York City region grew by 22.3 percent, with the labor force rose by 12.9 percent, more than twice the rest of the State. This growth in the labor force was partially due to the significant number of international migrants moving into the City, which might have been driven in part by immigrants sent from other states.

Unemployment rates vary significantly across demographic groups, but the patterns have remained largely consistent before and after the pandemic. The unemployment rate for female workers tended to be lower than that of their male counterparts. Younger workers and those with less education are more likely to be unemployed than older workers or those with higher education. Additionally, the unemployment rate for white workers is the lowest among all races and ethnicities (see Figure 57) (see Regional Snapshot section for more detail).



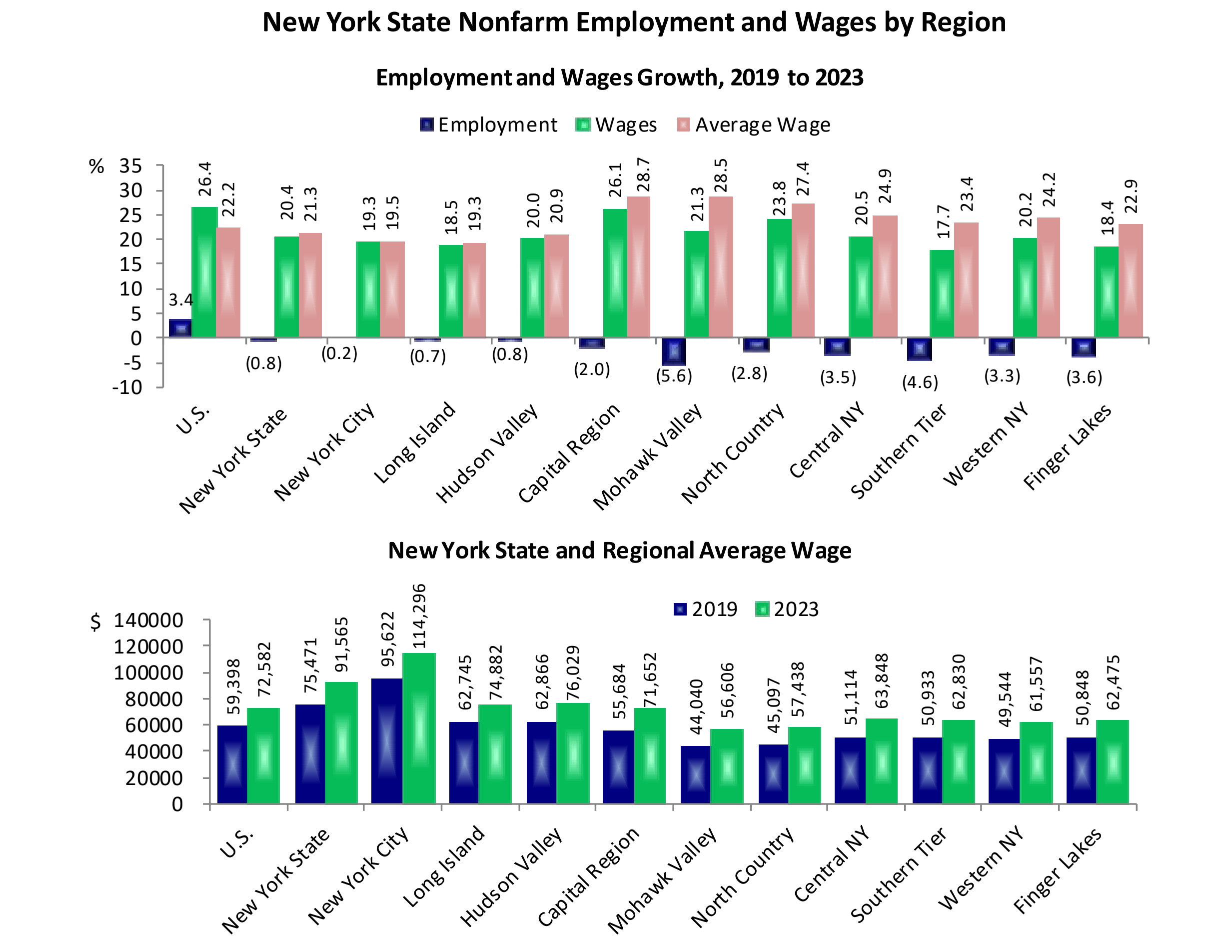
Source: U.S. Census Bureau.

Figure 57

Wages

Wages in New York State vary widely across sectors and regions. In 2023, the State's nonfarm workers earned on average $91,565, a 21.3 percent increase from the pre-pandemic average of $75,472. Similarly, the average wage in the private sector rose by 21.0 percent from $76,187 to $92,199 during the same period. Although employment growth in New York State lagged behind the national average during this period, wage growth in the State was more aligned with national trends. Despite employment in all regions remaining below pre-pandemic levels in 2023, both total wages and average wages were significantly higher than their pre-pandemic levels. The Capital District, Mohawk Valley, and North Country regions experienced the fastest growth among all regions in total and average wages, driven by solid wage increases in the government sector. Despite the strong wage growth in recent years, the average wages in the Capital District, Mohawk Valley, North Country, and all upstate regions remained well below the State's average wages in 2023 (see Figure 58).

Average nonfarm wages in New York State are consistently higher than the national average. However, this is primarily driven by the high average wages in downstate regions. In contrast, average wages in all upstate regions were below both the State and national averages, both before and after the pandemic.



Source: New York State Department of Labor.

Figure 58

The five highest paying sectors in New York State in 2023 were finance and insurance, management of companies and enterprises, information, professional services, and utilities. The two lowest paying sectors were retail trade and accommodation and food services, as jobs in these sectors generally required less skills. The finance and insurance sector had the highest average wage among all sectors at $281,538 in 2023, while the accommodation and food services sector had the lowest average pay of only $37,054 (see Table 8).

The speed of wage recovery has varied across different sectors. From 2020 to 2023, the arts, entertainment, and recreation sectors experienced the highest total wage growth, 56 percent, as its employment grew the fastest among all sectors. In contrast, the real estate and rental and leasing sector saw the slowest wage growth at 14.1 percent, reflecting the sluggish housing market both in the State and nationwide.

The varying wage growth across sectors results in differences in their contributions to the overall change in wages. From 2020 to 2023, the health care and social assistance sector, the largest sector in New York State, was the main contributor to the State's wage growth, accounting for 13.5 percent. Despite growing more slowly than many other sectors, the finance and insurance sector contributed the second highest to the State's total wage growth at 13.3 percent. This was because the sector accounted for the largest share of State's wages due to its high average wage (see Table 8).

Table 8

New York State Wages by Sector

	Average Wage Level (2023)	Average Wage Change 2020-2023 (%)	Total 2023 (Billion $)	Share 2023 (%)	Change 2020-2023	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$91,565**	**10.0**	**864.7**	**100.0**	**21.3**	**100.0**
Government	*$87,846*	*17.8*	*120.8*	*14.0*	*17.6*	*11.9*
Private	*$92,199*	*8.6*	*743.9*	*86.0*	*21.9*	*88.1*
Finance and Insurance	$281,538	11.2	149.8	17.3	15.7	13.3
Management of Companies	$173,887	5.8	25.0	2.9	15.7	2.2
Information	$172,956	12.0	48.8	5.6	17.9	4.9
Professional and Technical Services	$146,618	13.2	105.3	12.2	22.7	12.8
Utilities	$145,072	9.2	5.5	0.6	15.0	0.5
Wholesale Trade	$107,968	14.3	33.6	3.9	20.7	3.8
Real Estate and Rental and Leasing	$88,386	7.9	17.6	2.0	14.1	1.4
Construction	$85,165	8.9	33.3	3.8	17.6	3.3
Manufacturing	$80,356	10.0	33.6	3.9	15.2	2.9
Educational Services[1]	$78,174	11.3	28.0	3.2	21.1	3.2
Arts, Entertainment, and Recreation	$72,663	4.0	12.1	1.4	56.0	2.9
Administrative and Waste Services	$66,789	5.2	34.7	4.0	21.6	4.1
Transportation and Warehousing	$64,247	16.0	18.2	2.1	39.2	3.4
Health Care and Social Assistance	$62,740	11.0	107.8	12.5	23.5	13.5
Other Services, Ex. Public Admin	$53,316	8.8	18.4	2.1	22.3	2.2
Retail Trade	$47,510	13.6	40.1	4.6	19.6	4.3
Accommodation and Food Services	$37,054	23.7	27.5	3.2	75.4	7.8

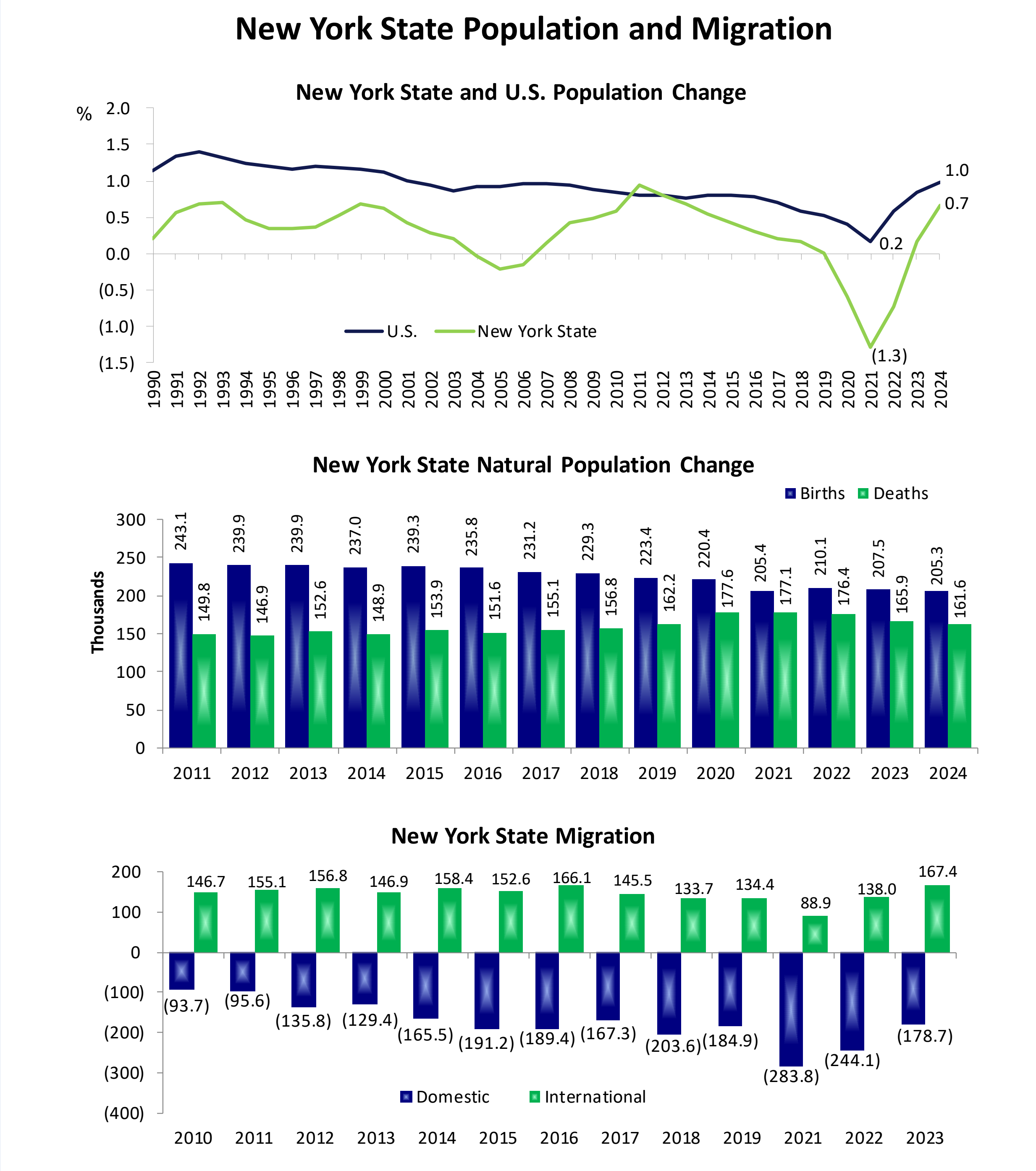
Note: Industries ranked by average wage. Data include unclassified region.
[1] Includes only private employment. Public education and health care employment is included in the government sector.
Source: New York State Department of Labor.

Annual average wages in New York City have always been the highest in the State due to the concentration of high-paying jobs in the finance and insurance, as well as professional services sectors. Average wages grew in all regions during and following the pandemic, and the pattern of average wages across regions remained relatively unchanged. In 2023, the average wage in New York City was $114,296, the highest in the State. The region with the lowest average wage was the Mohawk Valley at $56,606 (see New York State Regional Snapshots section for more details).

Population

The total population growth had been on a downward trend prior to the pandemic for both the State and the nation. However, New York State fared much worse than the nation. The U.S. population grew only 0.2 percent in 2021, the slowest pace since 1945 when the U.S. population declined by 0.5 percent. New York State's population fell sharply by 1.3 percent in 2021. The growth of national population improved to 0.6 percent in 2022, 0.8 percent in 2023, and 1.0 percent in 2024. The State's population, however, continued to decline by 0.7 percent in 2022, before growing 0.2 percent in 2023, and another 0.7 percent in 2024 (see Figure 59). The decline in population during 2021 and 2022 was not unique to New York State. Population declined in thirteen states in 2021, and ten states experienced population loss in 2022. In 2021, New York State ranked last in the nation in terms of population growth. However, population growth in the State has improved recently, ranking 43rd in 2023 and 29th in 2024. This is due to a natural population increase, as well as a decrease in domestic out-migration and an increase in international in-migration.

Population change is affected by birth rates, death rates, and migration. In New York State, the main reason for declining population was outmigration, as the natural population change (the number of births minus the number of deaths) in the State remains positive. From July 2018 to July 2019, prior to the pandemic, there were 223,378 births and 162,158 deaths in New York State, resulting in a net natural population change of 61,220. The natural population change in the State fell to 42,773 from July 2019 to July 2020 during the early phase of the pandemic. Natural population change in the State continued to fall further to 28,326 from July 2020 to July 2021, as deaths increased significantly due to COVID-19, before increasing in recent years. Although the State has enjoyed an influx of international migrants, it has been losing population to domestic migration on a larger scale (see more detail in the Migration section), which contributed to the decline in population in the State (see Figure 59).



Note: Population and natural population change are as of July of each year.
Sources: Bureau of Economic Analysis; U.S. Census Bureau.

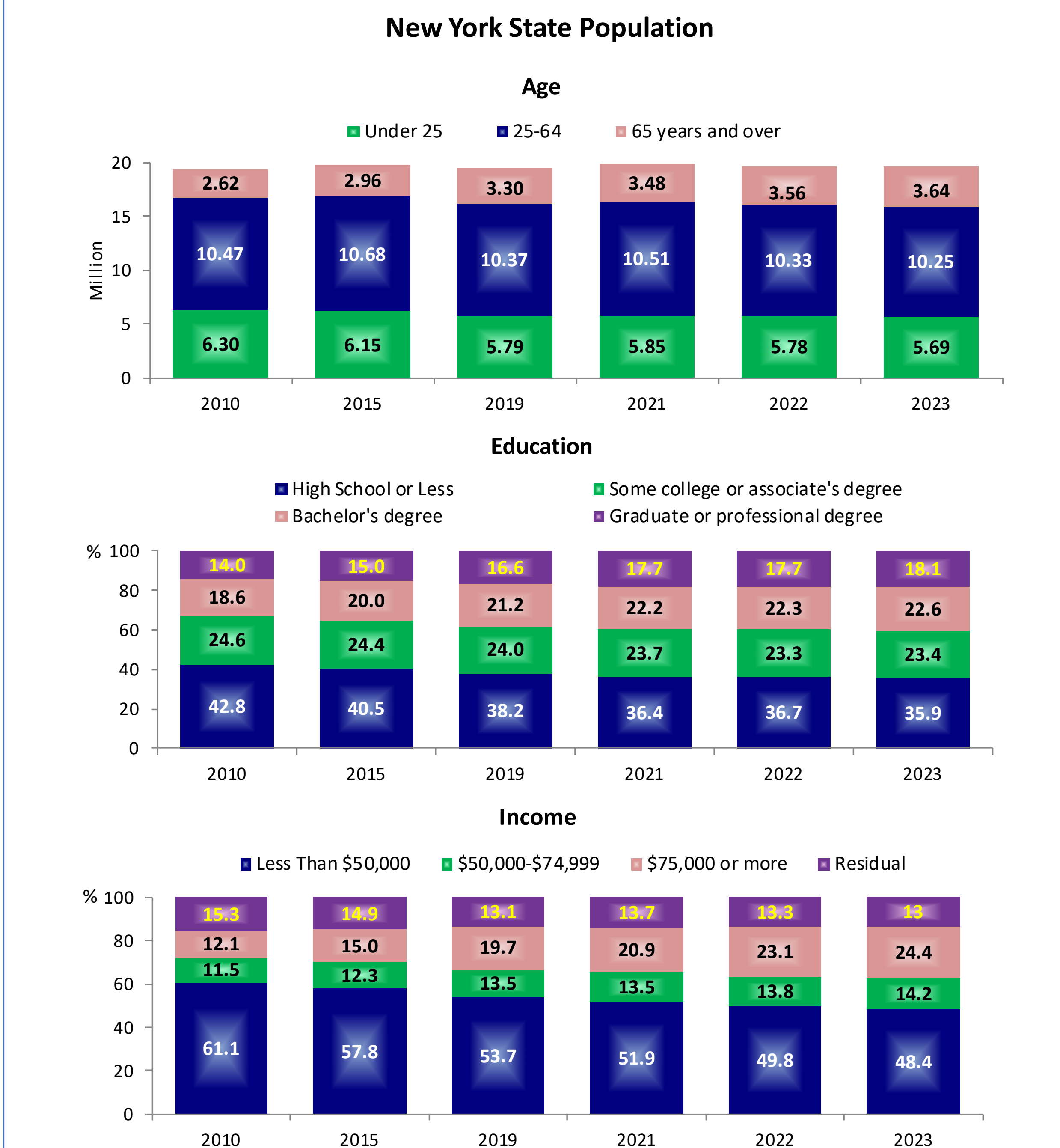
Figure 59

The total population in New York State has been growing slowly over the past few decades. However, the proportion of older individuals has been increasing, while the proportion of the prime working-age population has been falling.[36] In 2010, there were 2.62 million people over the age of 65 in New York State, accounting for 13.5 percent of the total State population. By 2023, the number of aging individuals had grown to 3.64 million, representing 18.6 percent of the total State's population. In contrast, the proportion of the prime working-age population fell from 54 percent to 52.4 percent during this period.

The percentage of New York State population with a bachelor's degree or higher has been steadily increasing. It rose from 32.6 percent in 2010 to 40.7 percent in 2023. In contrast, the percentage of the population with less than a bachelor's degree decreased from 67.4 percent to 59.3 percent during the same period.

The proportion of New Yorkers earning more than $75,000 annually has increased significantly over the last decade and continued to rise through the pandemic. In 2010, 12.1 percent of the State's population earned over $75,000. This proportion rose to 19.7 percent in 2019, prior to the pandemic, and further increased to 24.4 percent in 2023 (see Figure 60).

[36] The prime working-age population, defined as those between the ages of 25 of 64. The aging population defined as those age 65 years and over.

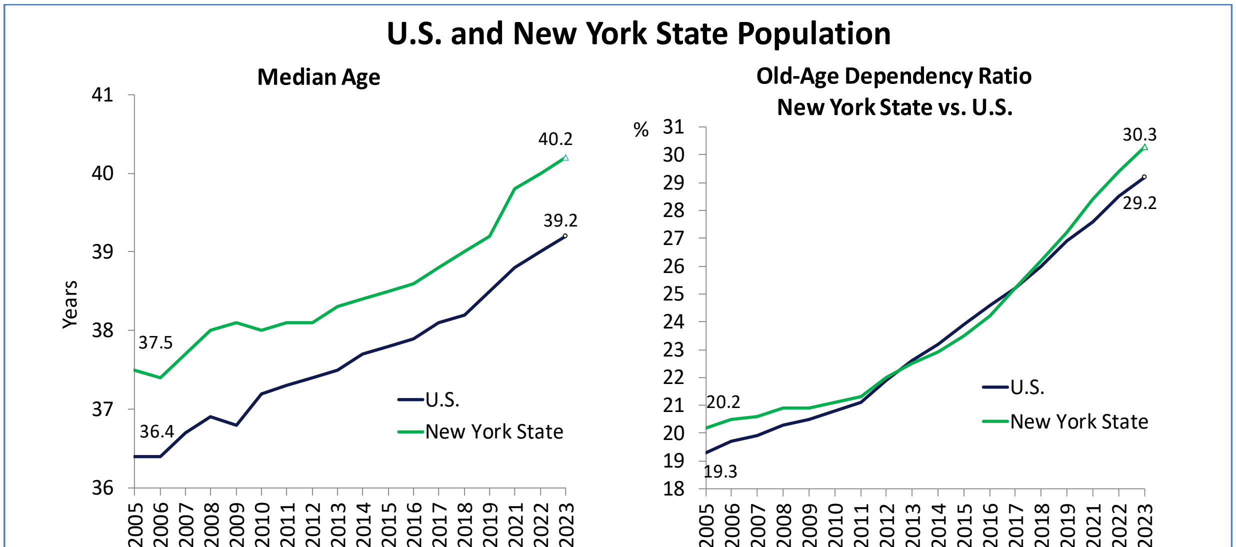


Note: Due to the impacts of the COVID-19 pandemic on data collection, the U.S. Census Bureau did not release the American Community Survey one-year estimates for 2020.
Source: U.S. Census Bureau.

Figure 60

The proportion of the aging population in New York State has consistently been higher than the national average. As a result, the median age of the population in New York State is also higher and continues to increase. In 2005, the median age of the population in New York State was 37.5 years, compared to 36.4 years nationwide. By 2023, the median age had risen to 40.2 years in New York State, while the national median age was 39.2 years.

As the number of the aging population has grown at a faster rate than the population aged 18 to 64, the old-age dependency ratio, defined as the size of the population over the age of 65 years relative to the size of the population aged 18 to 64 years, has also risen. The old-age dependency ratio in New York State increased from 20.2 percent in 2005 to 30.3 percent in 2023. Although the national old-age dependency ratio also increased during this period, it remained lower than that of New York State (see Figure 61).

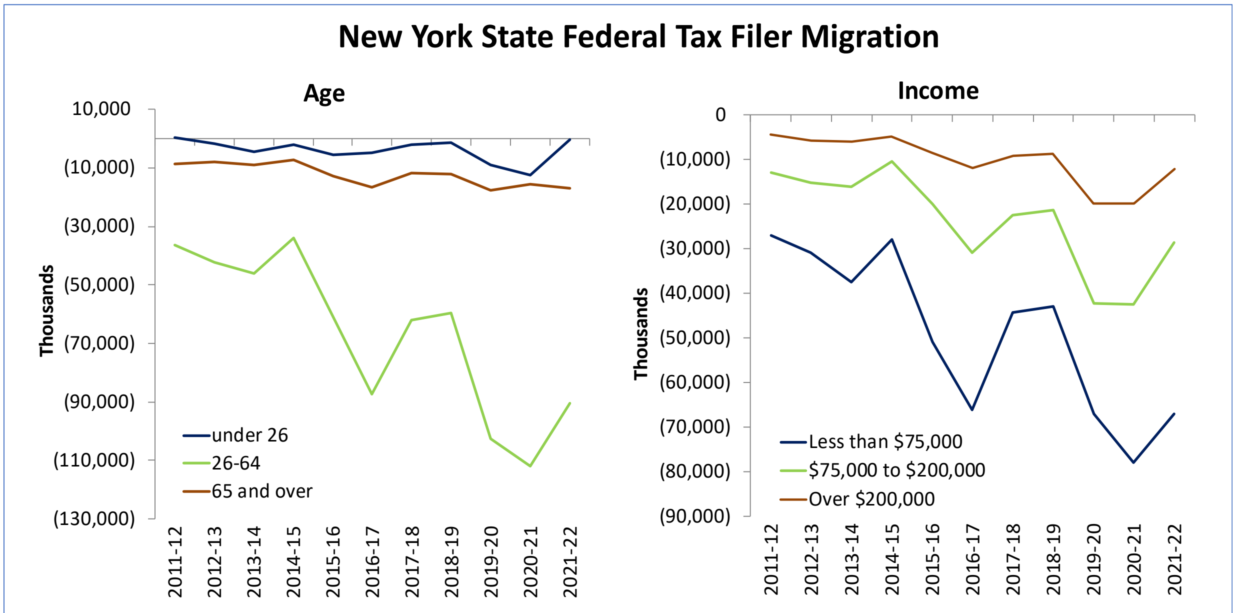


Note: Note: Due to the impacts of the COVID-19 pandemic on data collection, the U.S. Census Bureau did not release the American Community Survey one-year estimates for 2020.
Source: U.S. Census Bureau.

Figure 61

Migration

Negative net migration has been the main factor contributing to the decline in New York State's population. Although the State has been losing population to migration since 2012, it has been benefiting from a large influx of foreign migrants. According to the Internal Revenue Service, New York State tended to lose more individuals with a federal adjusted gross income below the State's average wage, as well as those in their prime-working years. The net out-migration increased during the pandemic as in-migration fell, while out-migration increased (see Figure 62).



Source: Internal Revenue Service.

Figure 62

In 2023, the top five destinations for New Yorkers who moved out of state were Florida (71,138), New Jersey (55,926), Pennsylvania (42,637), California (35,062), and Texas (29,610). Most of these states also had the highest number of residents migrating to New York State. The five states with the highest number of residents migrating to New York State were New Jersey (40,474), California (31,097), Pennsylvania (27,603), Florida (24,749), and Massachusetts (21,001). New York State experienced a net population loss to 32 states and the District of Columbia, while gaining population from 18 states. The highest population losses were to Florida (-46,389), North Carolina (-20,175), New Jersey (-15,452), Pennsylvania (-15,034), and Georgia (-13,985). Conversely, the State saw the most population gains from Massachusetts (4,754), Utah (1,476), Ohio (1,410), Kansas (1,311), and Louisiana (1,042) (see Table 9).

Table 9

Domestic Migration by State, 2023							
State	**To NYS**	**From NYS**	**Net**	**State**	**To NYS**	**From NYS**	**Net**
Alabama	1,389	2,701	(1,312)	Missouri	1,433	3,534	(2,101)
Alaska	445	1,232	(787)	Montana	660	58	602
Arizona	3,934	7,627	(3,693)	Nebraska	432	711	(279)
Arkansas	649	452	197	Nevada	1,844	2,582	(738)
California	31,097	35,062	(3,965)	New Hampshire	1,859	1,777	82
Colorado	5,110	6,295	(1,185)	New Jersey	40,474	55,926	(15,452)
Connecticut	15,165	28,181	(13,016)	New Mexico	840	184	656
Delaware	1,867	2,552	(685)	North Carolina	9,000	29,175	(20,175)
District of Columbia	3,271	4,766	(1,495)	North Dakota	18	572	(554)
Florida	24,749	71,138	(46,389)	Ohio	7,648	6,238	1,410
Georgia	8,013	21,998	(13,985)	Oklahoma	458	3,401	(2,943)
Hawaii	1,615	1,776	(161)	Oregon	1,157	3,818	(2,661)
Idaho	214	77	137	Pennsylvania	27,603	42,637	(15,034)
Illinois	8,628	8,394	234	Rhode Island	2,073	2,089	(16)
Indiana	1,347	8,782	(7,435)	South Carolina	3,192	12,224	(9,032)
Iowa	1,184	845	339	South Dakota	100	604	(504)
Kansas	2,816	1,505	1,311	Tennessee	4,360	11,363	(7,003)
Kentucky	2,678	2,370	308	Texas	18,956	29,610	(10,654)
Louisiana	1,574	532	1,042	Utah	3,081	1,605	1,476
Maine	3,190	2,330	860	Vermont	3,926	3,279	647
Maryland	8,119	14,439	(6,320)	Virginia	11,930	15,048	(3,118)
Massachusetts	21,001	16,247	4,754	Washington	6,261	5,371	890
Michigan	2,606	4,383	(1,777)	West Virginia	507	1,764	(1,257)
Minnesota	1,321	1,502	(181)	Wisconsin	2,217	2,252	(35)
Mississippi	503	467	36	Wyoming	321	69	252

Source: U.S. Census Bureau.

This out-migration pattern is not unique to New York State. In 2023, data for states in cold weather climates, as well as those surrounding New York State, indicate that people tend to relocate to nearby states or those with warmer climates like Florida, Texas, and Arizona. This trend persists even when considering states that are more affordable such as South Dakota, Iowa, North Dakota, West Virginia, Nebraska, and Ohio, or states with lower tax burdens, defined as the share of total state and local taxes per capita to per capita income, such as Alaska, Wyoming, South Dakota, North Dakota, and Michigan (see Table 10).

Table 10

Top Five Destination States for Residents Moving from Cold Weather States						
State	**Affordability Rankings**	**1**	**2**	**3**	**4**	**5**
New York	**45**	**Florida**	**New Jersey**	**Pennsylvania**	**California**	**Texas**
Alaska	35	Texas	Oregon	Washington	Florida	Arizona
Idaho	23	Washington	Utah	Texas	Arizona	Oregon
Illinois	34	Indiana	Florida	Wisconsin	Texas	California
Indiana	15	Florida	Ohio	Illinois	Michigan	Kentucky
Iowa	9	Illinois	Arizona	Texas	Minnesota	Nebraska
Michigan	22	Florida	Ohio	California	Texas	Illinois
Minnesota	30	Wisconsin	North Dakota	Florida	Texas	South Dakota
Montana	14	Washington	Oregon	Idaho	Colorado	Arizona
Nebraska	12	Iowa	Texas	Colorado	Kansas	South Dakota
North Dakota	8	Minnesota	Texas	Louisiana	Florida	Montana
Ohio	16	Florida	Texas	Kentucky	Indiana	Pennsylvania
Pennsylvania	26	New Jersey	Florida	New York	Maryland	South Carolina
South Dakota	5	Minnesota	Nebraska	North Dakota	Iowa	Texas
West Virginia	4	Ohio	Virginia	Florida	Maryland	North Carolina
Wisconsin	20	Minnesota	Illinois	Florida	Texas	Michigan
Wyoming	19	Texas	Arizona	Colorado	Idaho	Utah
Connecticut	43	Florida	New York	Massachusetts	North Carolina	Pennsylvania
Delaware	31	Pennsylvania	Maryland	Virginia	New York	North Carolina
Maine	29	Florida	New York	Massachusetts	South Carolina	New Hampshire
Maryland	42	Virginia	Pennsylvania	Florida	Texas	North Carolina
Massachusetts	46	New York	New Hampshire	Florida	Massachusetts	Illinois
New Hampshire	44	Massachusetts	Maine	Florida	Kentucky	Vermont
New Jersey	48	Pennsylvania	New York	Florida	California	South Carolina
Rhode Island	38	Massachusetts	Connecticut	Florida	New York	Georgia
Vermont	32	Florida	New York	New Hampshire	Connecticut	Texas

Note: The affordability ranking is based on the U.S. News & World Report's 2024 Best States rankings and includes the cost of living index and housing affordability index. The cost of living index reflects the price levels of goods and services compared to national price levels. The housing affordability index is a score reflecting the affordability of housing compared to the national level,including rents paid by tenants and the imputed rental value for owner-occupied dwellings, among other variables. In this report, Texas ranked 28th in terms of affordability, Arizona ranked 36th, Florida ranked 39th, and California ranked 50th.
Sources: U.S. Census Bureau; U.S. News & World Report.

New York State has been experiencing population loss due to migration across all age groups, particularly among prime-aged workers. According to Census data, the net out-migration of individuals aged 25 to 59 years has been the highest among all age groups since 2015. New York State generally loses more people with less than a bachelor's degree compared to those with a bachelor's degree or higher. However, in 2021, there was a rapid increase in the net out-migration of individuals with a bachelor's degree or higher, surpassing all other educational attainment groups. This trend has since reversed, and the out-migration of individuals with a bachelor's degree or higher has significantly decreased, returning to pre-pandemic levels. Additionally, those who moved out of New York State tend to be older than those who have moved in (see Table 11).

Table 11

New York State Net Domestic Migration	2017	2018	2019	2021	2022	2023
Overall						
Domestic	(167,328)	(203,567)	(184,902)	(283,792)	(244,137)	(178,709)
International (In-migration only)	145,486	133,684	134,362	88,868	138,045	167,420
Age (population 1 year and over)						
Under 25 years old	(57,639)	(51,008)	(50,528)	(57,995)	(64,037)	(53,339)
25-59 years old	(112,127)	(128,965)	(112,974)	(191,335)	(149,952)	(105,978)
60 years old and over	(26,526)	(23,594)	(21,400)	(34,462)	(30,148)	(19,392)
Median Age						
Out-Migration	28.7	29.7	29.6	30.6	30.6	29.6
In-Migration	27.1	26.5	26.6	25.8	26.5	27.3
Educational Attainment (population 25 years and over)						
Less than high school graduate	(8,899)	(15,361)	(12,148)	(15,829)	(18,796)	(9,880)
High school graduate	(34,701)	(29,990)	(27,843)	(47,591)	(39,858)	(29,047)
Some college or associate's degree	(35,305)	(44,277)	(38,022)	(49,349)	(49,471)	(31,862)
Bachelor's degree	(28,731)	(31,656)	(32,246)	(62,949)	(44,092)	(31,736)
Graduate or professional degree	(19,396)	(31,275)	(24,115)	(50,079)	(27,883)	(22,845)
Income (inflation-adjusted dollars, population 15 years and over)						
No Income	(11,995)	(15,288)	(8,361)	(16,737)	(19,453)	(12,917)
less than $50,000	(84,950)	(102,860)	(80,342)	(104,061)	(108,357)	(72,117)
$50,000 to $74,999	(14,184)	(16,756)	(21,083)	(33,641)	(25,680)	(19,642)
$75,000 or more	(24,415)	(32,611)	(27,914)	(73,115)	(46,416)	(34,746)
Median Income						
Out-Migration	$ 30,177	$30,617	$33,785	$40,910	$38,833	$41,089
In-Migration	$ 27,169	$25,596	$33,199	$32,324	$39,881	$41,385
Poverty Level (population 1 year and over)						
Below 149 percent of poverty	(25,227)	(24,775)	(29,589)	(31,419)	(25,414)	(23,231)
100 to 149 percent of the poverty	(14,155)	(19,902)	(16,643)	(26,975)	(23,784)	(14,914)
150 percent of poverty or more	(130,793)	(157,933)	(144,143)	(237,057)	(197,574)	(147,718)
Housing Tenure (population 1 year and over)						
Owners	(92,796)	(91,919)	(99,963)	(168,870)	(151,940)	(110,325)
Renters	(79,153)	(114,539)	(96,311)	(127,020)	(97,882)	(80,132)

Note: Note: Due to the impacts of the COVID-19 pandemic on data collection, the U.S. Census Bureau did not release the American Community Survey one-year estimates for 2020.

Source: U.S. Census Bureau.

New York State has consistently been among the top destinations for international migrants.[37] In 2023, New York State had the fourth largest number of immigrants in the nation at 4.5 million, behind California (10.6 million), Texas (5.5 million), and Florida (5.0 million). As a percentage of the State's total population, New York State ranked third at 23.1 percent, following California at 27.3 percent and New Jersey at 24.2 percent, which is much higher than the national average of 14.3 percent. At the metropolitan statistical areas level, the New York City metropolitan area was home to the most international migrants in 2023 with 5.9 million, followed by Los Angeles-Long Beach-Anaheim (4.2 million), Miami (2.6 million), and Houston (1.9 million). The areas with the highest concentration of international migrants in 2023 were Miami-Fort Lauderdale-West Palm Beach at 42.7 percent, followed by Los Angeles-Long Beach-Anaheim (32.9 percent), San Francisco-Oakland-Fremont (32.8 percent), and New York-Newark-Jersey City (30.5 percent).[38]

The pattern of international migration into New York State has remained relatively consistent both before and after the pandemic. International migrants tend to be younger than the overall State population and are more likely to have at least some college education or an associate degree. Although the majority of migrants entering the State had no income or earned less than $50,000, most of them were not living in poverty (see Table 12).

[37] International migrants or Immigrants are individuals who were born in a foreign country and are not U.S. citizens at birth but are currently residing in the United States.

[38] U.S. Census Bureau, 2010-2023 American Community Surveys, various years.

Table 12

New York State International In-Migration						
	2017	**2018**	**2019**	**2021**	**2022**	**2023**
Total	145,486	133,684	134,362	88,868	138,045	167,420
Age (population 1 year and over)						
Under 25 years old	55,197	52,684	56,898	32,579	56,872	61,125
25-59 years old	74,182	64,351	65,359	44,715	66,919	86,465
60 years old and over	16,107	16,649	12,105	11,574	14,254	19,830
Median Age	29.4	28.1	27.5	29.2	27.9	29.6
Citizenship Status (population 1 year and over)						
Native	38,533	36,986	37,360	33,662	43,602	42,208
Foreign Born: Naturalized U.S. citizen	9,124	8,104	7,411	5,923	7,942	10,901
Foreign Born: Not a U.S. citizen	97,829	88,594	89,591	49,283	86,501	114,311
Educational Attainment (population 25 years and over)						
Less than high school graduate	16,553	14,891	8,041	7,709	13,435	14,365
High school graduate	14,815	16,204	12,685	10,705	14,347	24,596
Some college or associate's degree	11,291	11,249	11,801	7,668	10,621	15,184
Bachelor's degree	25,184	19,970	24,640	16,186	22,670	24,912
Graduate or professional degree	22,446	18,686	20,297	14,021	20,100	27,238
Income (inflation-adjusted dollars, population 15 years and over)						
No Income	45,752	43,422	40,246	25,183	41,514	44,153
less than $50,000	58,084	54,254	50,152	37,002	51,861	68,410
$50,000 to $74,999	9,193	6,817	8,228	5,158	9,391	11,656
$75,000 or more	11,948	13,143	14,773	10,872	16,722	19,572
Median Income	$17,731	$18,858	$25,981	$21,161	$27,731	$21,745
Poverty Level (population 1 year and over)						
Below 149 percent of poverty	41,157	41,817	32,564	24,169	35,860	53,064
100 to 149 percent of the poverty	14,400	9,884	9,114	3,845	10,017	10,828
150 percent of poverty or more	78,118	69,780	77,780	51,554	78,300	89,340
Housing Tenure (population 1 year and over)						
Owners	31,590	27,835	30,028	23,640	34,180	40,824
Renters	102,051	91,463	89,568	54,813	86,993	106,942

Note: Note: Due to the impacts of the COVID-19 pandemic on data collection, the U.S. Census Bureau did not release the American Community Survey one-year estimates for 2020.
Source: U.S. Census Bureau.

According to United Van Lines, the primary reasons for people moving out of New York State in 2024 were to be closer to family (25.9 percent), retirement (20.8 percent), new jobs or company transfer (15.7 percent), lifestyle change (12.4 percent), improved cost of living (7.5 percent), and health related reasons (3.2 percent). The proportion of individuals moving into the State has increased in the recent years. From 2014 to 2019, approximately 62.7 percent of people who used United Van Lines for their move were moving out of New York State. This proportion fell to 60.3 percent from 2022 to 2024. Among those who used United Van Lines for their move, the majority of individuals moving into the State were under the age of 54, while those who moved out tended to be older (over the age of 55) (see Table 13).

Table 13

New York State Mover Characteristics (% or Total Movers)	2014		2016		2018		2020		2021		2022		2023		2024	
	In	Out	In	Out	In	Out	In	Out	In	Out	In	Out	In	Out	In	Out
Total Shipments							**3,525**		**9,050**		**7,336**		**6,317**		**6,251**	
Share	**35.9**	**64.1**	**37.2**	**62.8**	**38.5**	**61.5**	**33.1**	**66.9**	**36.9**	**63.1**	**38.1**	**61.9**	**40.0**	**60.0**	**41.0**	**59.0**
Primary Reason for Moving																
Retirement	10.7	33.2	6.3	24.3	11.0	26.1	9.1	25.3	9.3	29.0	9.5	31.2	4.1	21.9	3.9	20.8
Health	10.2	11.5	4.1	6.5	5.5	6.5	6.2	5.2	9.3	7.0	8.3	8.8	4.5	3.7	4.3	3.2
Closer to Family	0.6	0.5	20.6	21.3	22.0	19.0	35.4	22.7	37.8	29.4	38.9	28.5	32.3	24.8	32.0	25.9
Lifestyle Change	14.7	0.2	11.8	17.7	10.4	17.3	8.6	18.0	15.6	24.3	17.1	28.8	8.9	14.5	14.5	12.4
New Job or Company Transfer	66.0	49.1	57.4	46.6	60.5	44.4	40.7	34.2	35.9	25.7	35.3	23.0	10.9	19.3	27.0	15.7
Improved Cost of Living	NA	NA	NA	NA	NA	NA	NA	NA	2.2	11.7	3.2	14.9	1.7	4.8	0.8	7.5
Age Ranges																
18 < to 34	28.8	17.4	26.7	18.5	29.6	17.8	15.8	14.4	21.6	12.9	17.6	11.2	20.0	11.5	15.8	8.2
35 to 44	18.9	17.4	18.5	15.8	19.9	15.9	15.3	14.6	14.9	13.5	18.7	11.8	20.4	10.9	21.2	8.2
45 to 54	20.1	18.8	14.7	14.3	10.5	14.6	19.7	12.4	16.0	13.4	12.4	14.2	13.3	11.4	7.9	13.9
55 to 64	18.9	24.6	19.9	25.3	21.3	26.7	24.6	31.2	20.1	21.1	20.7	25.7	17.8	28.1	20.2	30.0
65 or older	13.2	21.9	20.2	26.0	18.8	25.0	24.6	27.4	27.5	36.1	30.6	36.9	28.4	37.9	35.0	39.7
Income																
$0 to $49,999	6.4	11.0	8.8	10.0	4.2	8.4	13.2	6.7	9.8	9.0	8.1	6.9	6.2	6.4	6.2	6.8
$50,000 to $74,999	13.4	17.4	14.3	13.7	14.2	12.8	13.9	14.2	14.1	11.2	11.9	11.1	12.4	9.8	7.5	9.8
$75,000 to $99,999	19.1	15.3	13.6	18.0	14.2	15.3	13.9	12.3	17.5	14.2	13.8	13.3	12.4	15.3	11.8	13.1
$100,000 to $149,999	25.5	22.4	21.5	19.7	21.2	22.1	19.2	21.7	18.8	22.1	18.8	19.9	19.1	20.6	21.7	23.7
$150,000 or more	35.7	33.9	41.8	38.6	46.2	41.5	39.7	45.0	39.7	43.5	47.5	48.8	50.0	47.8	52.8	46.6

The percentage may not added up to 100 percent due to the fact that respondents can select more than one reason. The factor "Cost" was not available prior to 2021.

Source: United Van Lines

High Income Earners

The number of tax filers reporting income of $1 million or more, or "millionaire" filers, in New York State remained relatively stable from 2018 to 2020, at approximately 70,000 filers, or about 0.63 percent of total tax filers. Despite an increase in the personal income tax rate and a large number of out-migration, the number and share of millionaire filers increased in 2021. The number of filers with taxable income of at least $1 million rose by 21.1 percent, from 69,688 in 2020 to 90,579 in 2021, marking the highest number in recent state history.[39] Similarly, the share of millionaire filers increased from 0.63 percent in 2020 to 0.83 percent in 2021. Although both the number and share of millionaire filers slightly declined in 2022, they remained higher than pre-pandemic levels.

At the county level, the majority of millionaires in New York State resided in the downstate areas in 2022, the most recent year for which data are available. New York County had the highest number with 26,768 millionaires, followed by Westchester (11,043), Nassau (8,249), Kings (5,444), and Suffolk (5,198) county. Except for Chenango and Hamilton, every county in the State had millionaires. Since 2017, there have been over 50,000 resident millionaires in New York State. However, the number of nonresident millionaires has consistently been much higher than that of resident millionaires for every year. Almost every county in the State saw an increase in the number of millionaires from 2015 to 2022 (see Table 14).

In 2022, states with the highest number of New York State non-resident millionaire tax-filers were New Jersey with 15,244, followed by California (14,029), Florida (10,083), Connecticut (8,354), and Massachusetts (4,853). According to Forbes, New York State ranked second in the number of individuals featured on the 2024 "400 Richest People in America" list, tied with Florida at 54 individuals, and trailing California, which led with 83. The collective wealth of New Yorkers on the list amounted to $615.5 billion, with the minimum individual wealth being $3.5 billion.

[39] Department of Taxation and Finance, Tax Facts: Personal income tax, last reviewed or updated July 13, 2023. https://www.tax.ny.gov/data/stats/taxfacts/personal-income-tax.htm.

Table 14

New York State Tax Returns with Adjusted Gross Income of $1,000,000 and Over									
County	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Change 2015 - 2022**
Total	**103,178**	**100,064**	**113,040**	**121,943**	**125,498**	**128,699**	**169,102**	**164,530**	**61,352**
Full-Year Nonresident	54,417	52,397	59,979	65,563	68,307	70,135	93,604	94,547	40,130
Part-Year Resident	1,554	1,545	1,761	1,851	1,915	3,754	4,076	2,806	1,252
Full-Year Resident	47,207	46,122	51,300	54,529	55,276	54,810	71,422	67,177	19,970
Albany	322	331	353	371	352	396	542	499	177
Allegany	12	12	11	18	10	20	15	11	(1)
Bronx	147	157	173	202	217	184	223	235	88
Broome	92	84	97	112	113	140	168	142	50
Cattaraugus	26	22	25	25	28	33	45	40	14
Cayuga	34	29	35	38	29	43	51	50	16
Chautauqua	29	34	37	48	41	42	59	64	35
Chemung	29	22	35	35	39	36	67	80	51
Chenango	12	11	13	0	10	10	15	0	(12)
Clinton	11	12	12	17	21	34	38	36	25
Columbia	75	69	94	88	121	140	214	187	112
Cortland	12	11	15	10	0	13	24	24	12
Delaware	15	19	20	15	18	22	35	29	14
Dutchess	262	264	325	343	373	520	628	576	314
Erie	731	749	818	879	901	970	1,353	1,207	476
Essex	19	18	23	25	25	34	45	41	22
Franklin	13	13	11	14	10	15	15	15	2
Fulton	11	15	17	12	14	14	25	29	18
Genesee	20	11	15	20	18	21	27	43	23
Greene	27	39	24	28	29	40	57	61	34
Hamilton	0	0	0	0	0	0	0	0	0
Herkimer	15	13	17	19	19	16	29	28	13
Jefferson	40	29	34	36	35	39	53	38	(2)
Kings	2,772	2,860	3,245	3,616	3,826	4,019	5,727	5,444	2,672
Lewis	0	0	0	0	0	0	0	10	10
Livingston	20	16	21	22	25	29	38	34	14
Madison	38	46	39	37	51	45	65	59	21
Manhattan	21,937	21,098	23,695	24,894	25,109	22,716	28,077	26,768	4,831
Monroe	662	541	707	677	694	769	1,092	949	287
Montgomery	11	10	10	12	10	14	13	14	3
Nassau	5,649	5,680	6,076	6,584	6,607	6,594	8,855	8,249	2,600
Niagara	74	66	84	80	88	92	132	113	39
Oneida	101	85	96	115	113	135	166	157	56
Onondaga	385	407	418	446	425	460	656	591	206
Ontario	105	102	118	106	114	112	194	173	68
Orange	245	248	260	301	318	326	525	464	219
Orleans	0	0	0	0	10	10	17	12	12
Oswego	11	21	16	25	22	30	35	45	34
Otsego	13	14	19	17	18	23	34	26	13
Putnam	153	142	173	175	181	209	284	262	109
Queens	694	698	798	900	889	913	1,349	1,221	527
Rensselaer	57	57	71	65	75	95	125	109	52
Richmond	301	315	329	388	380	368	505	459	158
Rockland	609	604	653	709	682	707	933	838	229
Saratoga	212	242	268	296	293	357	505	474	262
Schenectady	63	61	67	81	74	87	136	103	40
Schoharie	0	0	0	0	0	11	13	13	13
Schuyler	0	0	0	0	0	0	0	11	11
Seneca	0	0	0	0	0	19	23	24	24
St. Lawrence	18	12	16	18	14	14	26	38	20
Steuben	60	53	56	62	52	52	68	69	9
Suffolk	2,777	2,787	3,011	3,253	3,388	4,110	5,678	5,198	2,421
Sullivan	45	42	36	41	46	63	98	77	32
Tioga	0	15	14	15	18	16	17	13	13
Tompkins	62	65	66	69	88	88	121	84	22
Ulster	106	108	107	158	153	235	349	334	228
Warren	54	53	55	55	52	59	94	101	47
Washington	14	12	0	12	11	17	29	19	5
Wayne	12	17	20	21	29	27	38	36	24
Westchester	7,922	7,583	8,443	8,816	8,851	9,084	11,568	11,043	3,121
Wyoming	0	0	10	11	10	12	14	20	20
Yates	0	11	11	11	17	19	21	27	27
Other Places- NYS Resident	71	87	88	86	120	92	74	61	(10)

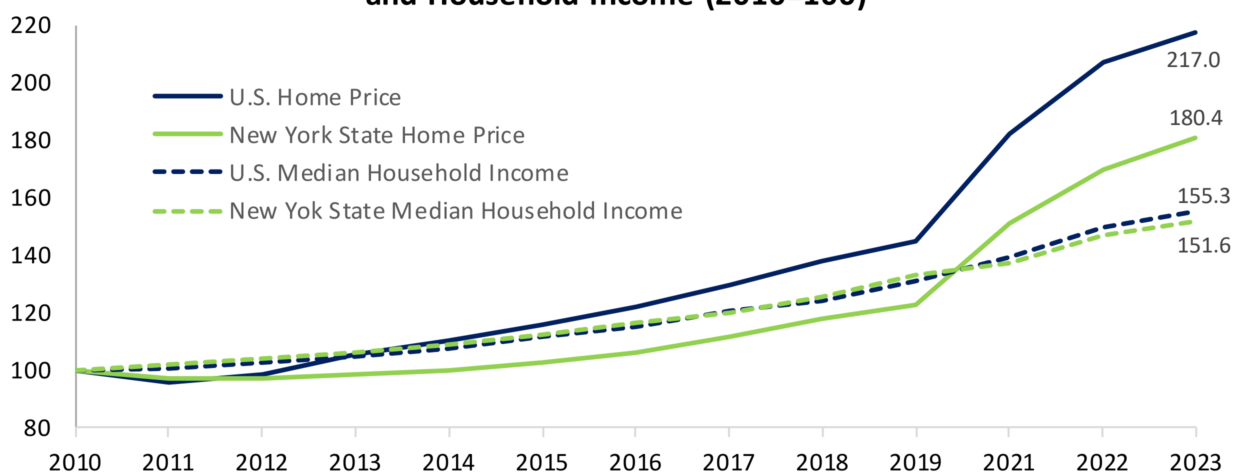
Source: New York State Department of Taxation and Finance

Real Estate Market

Housing Market

Home prices in the United States as well as in New York State, have been steadily rising for more than a decade following the Great Recession. The Federal Housing Finance Agency House Price Index (FHFA HPI) in the U.S. rose 117 percent from 2010 to 2023. Similarly, home prices in the State grew 80.4 percent during this period. Median household income, however, was growing much slower at 55.3 percent for the nation and 51.6 percent for New York State during this period (see Figure 63). Elevated home prices and high mortgage rates have caused the State's and national housing market to cool down markedly in 2022 and 2023 continuing into 2024. Consequently, total home sales in the State declined 1.6 percent in 2024.[40] Despite falling sales, home prices continued to rise amid low inventory.

U.S. and New York State Home Price Index and Household Income (2010=100)



Note: Annual data for home price are the average of quarterly data. Data are normallized with 2010 = 100.
Sources: Federal Housing Finance Agency; U.S. Census Bureau.

Figure 63

As home prices have increased much faster than household incomes, housing has become less affordable. Rising home prices have also put upward pressure on rental prices, increasing the

[40] New York State Association of REALTORS 2024 Annual, Housing Market Reports.

housing cost burden for households nationwide.[41] The proportion of both homeowners and renters in New York State, as well as across the nation, who spend more than 30 percent of their income on housing costs has been rising. However, the proportion of households in New York State paying more than 30 percent of their income on housing tends to be higher than the national average.

Similar to the national trend, renters in New York State are more likely to face a housing cost burden than homeowners. Nationwide, the proportion of homeowners who spent more than 30 percent of their income on housing expenses increased from 21.1 percent in 2019 to 23.1 percent in 2023. In New York State, this proportion rose from 25.8 percent in 2019, the sixth highest among the 50 states and the District of Columbia, to 28.0 percent in 2023, ranking fifth. In 2023, California had the highest proportion of homeowners paying more than 30 percent of their income on housing at 53.3 percent, followed by Hawaii, Florida, and New Jersey.

The proportion of renters who spend more than 30 percent of their income on housing has consistently been much higher than that of homeowners. In 2019, approximately 45.1 percent of renters nationwide paid more than 30 percent of their income on housing, compared to 47.3 percent in New York State, which was the 8th highest in the nation. By 2023, this ratio increased to 48.2 percent nationwide and 48.5 percent in New York State. In 2023, the housing cost burden for renters in New York State ranked 15th in the nation, behind states such as Florida, Arizona, Texas, and Louisiana. Florida had the highest proportion of renters paying more than 30 percent of their income on housing at 57.9 percent, followed by Nevada, California, Hawaii, and Colorado.

The housing market is highly regional and varies widely across the State. Historically, upstate New York has been more affordable than downstate, and many areas in upstate New York remain among the most affordable in the nation. In 2023, only 2 out of the 13 metropolitan areas in the State were among the metro areas with the top 100 highest proportion of homeowners spending over 30 percent of their household income on housing costs out of 393 metros nationwide, while three did so for renters. The Cost of Housing Index also supports

[41] Housing cost burden is defined following the U.S. Department of Housing and Urban Development (HUD) definition as those who pay more than 30 percent of their income for housing.

this trend.[42] In the third quarter of 2024, out of the nine metropolitan areas in New York State, only one metro area, New York-Newark-Jersey City, was among the 40 highest cost of housing index out of 176 metros for both median income and low-income households.

The New York-Newark-Jersey City metropolitan area is the least affordable in the State, with households earning a median income spending 54.0 percent of their income on mortgage payments in the third quarter of 2024. Meanwhile, households in Elmira spend only 19.0 percent of their income on a mortgage. All low-income homeowners in the State are facing a housing cost burden as they need to spend more than 30 percent of their family income on housing. Housing is out of reach in the New York-Newark-Jersey City area, where mortgage payments exceed household incomes (see Table 15). High housing costs in some areas, especially downstate, may lead to increased economic inequality, rising homelessness, and the relocation of middle-income and low-income households out of these areas.

[42] According to the National Association of Home Builders, the Cost of Housing Index (CHI) is defined as the share of typical family's income needed for mortgage payment. The CHI is calculated as the ratio of mortgage payment over median family income. The mortgage payment (numerator) is calculated by taking the median home price (assuming a 10% down payment) and adding taxes, homeowner’s insurance and private mortgage insurance (PMI). Low-Income defined as 50 percent of area median income.

Table 15

New York State Housing Cost								
	Owners Housing Cost Burden		Renters Housing Cost Burden		Cost of Housing Index for Existing Homes 2024Q3			
	2019	2023	2019	2023	Median Income Household	National Rank	Low-Income Household	National Rank
Metropolitan Statistical Area								
Albany-Schenectady-Troy	17.9	21.1	41.1	44.7	27	120	53	130
Binghamton	18.4	18.9	48.3	44.9	20	170	41	169
Buffalo-Cheektowaga	17.0	18.8	44.6	45.8	28	110	55	117
Elmira	25.8	21.0	42.4	55.2	19	172	39	172
Glens Falls	21.1	22.7	42.1	45.6	29	106	57	107
Ithaca	17.8	17.3	55.0	59.5	NA	NA	NA	NA
Kingston	26.6	23.3	49.7	51.2	37	48	73	54
New York-Newark-Jersey City	30.9	31.9	47.5	49.2	54	7	108	7
Rochester	20.5	21.7	47.6	44.4	27	120	54	122
Syracuse	19.1	19.2	45.4	42.7	27	120	54	122
Uitca-Rome	17.1	20.9	40.2	41.9	NA	NA	NA	NA
Watertown-Fort Drum	21.9	22.4	39.7	38.1	NA	NA	NA	NA
New York State[1]	**25.8 (6)**	**28.0 (5)**	**47.3 (8)**	**48.5 (15)**	NA	NA	NA	NA
United State	**21.1**	**23.1**	**45.1**	**48.2**	**38.0**		**75.0**	

Note: [1] The numbers in parentheses are the national rank.
The Cost of Housing Index (CHI) is defined as the share of typical family's income needed for mortgage payment. The CHI is calculated as the ratio of mortgage payment over median family income. The mortgage payment (numerator) is calculated by taking the median home price (assuming a 10% down payment) and adding taxes, homeowner's insurance and private mortgage insurance (PMI). Low-Income defined as 50 percent of area median income. The ranking was out of 176 metros.
Sources: U.S. Census Bureau; National Association of Home Builders.

The real estate sector is undergoing significant changes in the compensation structure for real estate agents. For more than a decade, agents were typically paid commissions fixed at around 4 to 6 percent of the property's selling price, which were paid by the home seller and split between the buyer's and seller's agents. However, starting on August 17, 2024, the National Association of Realtors (NAR) has eliminated the fixed commission fee. Under the new system, home buyers and their agents must agree on a commission and formalize it in a written agreement before viewing properties. Additionally, home sellers are no longer obligated to pay the buyer's agent commission. While this change is expected to reduce costs for home sellers, it may impose additional financial burdens on buyers, particularly first-time buyers or those with limited resources. This shift is anticipated to increase competition within the real estate services market, potentially driving out agents who cannot adapt to this new practice.

Although most real estate brokers in New York City are members of The Real Estate Board of New York (REBNY) and not members of the NAR, REBNY has also opted into this change.[43]

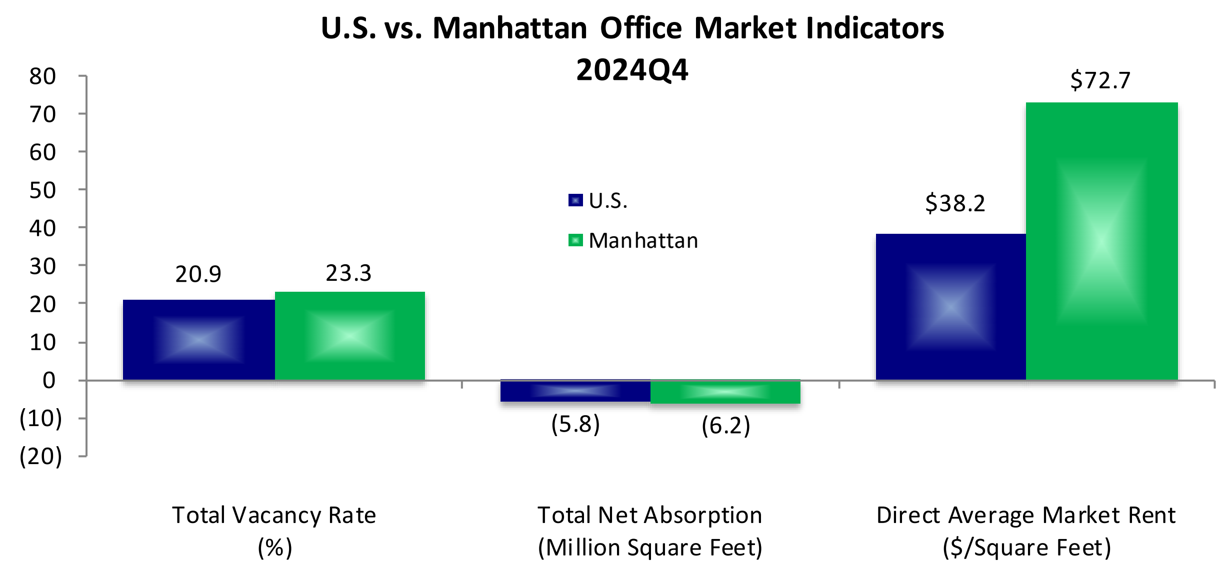
[43] Street Easy, The NAR Settlement's Implications for the NYC Market: What We Know, August 13, 2024, https://streeteasy.com/blog/nar-settlement-nyc-agents-what-we-know/.

Consequently, this shift could have significant impact on the State's real estate sector. Despite the Federal Reserve's recent cuts to the federal funds rate, mortgage rates are expected to remain high for the next several quarters, while the supply of homes continues to be low. As a result, real estate market activity is likely to remain slow.

Office Market

With almost 420 million square feet of office space in the fourth quarter of 2024, Manhattan is the largest office market in the nation and plays an important role in New York City's economy. Historically, Manhattan's office market has tended to outperform the national average with higher rental prices and lower vacancy rates.

Although employment in most office-using sectors has been growing following the pandemic, it does not bring much relief to the office market as firms continue to have their employees working remotely at least partially. In the fourth quarter of 2024, total net absorption rates continued to be negative, and the total vacancy rate remained high for both the State and the nation (see Figure 64). The direct average market rent in Manhattan, however, remained relatively stable, while it increased nationally.



Source: Cushman & Wakefield.

Figure 64

Office to Residential Conversions

Employment in most sectors, including office using sectors, is expected to continue growing in 2025 and 2026. However, the recovery of office employment may not necessarily lead to an increase in the demand for office space if firms continue to practice remote working. Consequently, even with a rise in office employment, the demand for office space may not rise at the same pace. Additionally, there are currently over three million square feet of office space under construction in Manhattan,[44] which could have a negative impact on the New York City office market and economy.

One potential solution to this issue is converting office spaces to residential use, a trend that has been gaining traction. Converting office buildings to residential use, however, is subject to many limitations including physical suitability, regulatory requirements, as well as financial feasibility. Studies indicate that older buildings may be better suited for conversion as many modern office buildings lack of openable windows that provide natural light and air, as well as contain limited plumbing capabilities. Zoning and building codes also hinder the conversion of office to residential spaces. Despite these challenges, a study by the National Bureau of Economic Research suggested that the New York-Northern New Jersey-Long Island area has the highest number of buildings suitable for conversion.[45]

The conversion of offices to residential spaces has recently gained more interest in New York City. It was reported that owners of 64 office buildings in New York City are interested in converting their properties into housing.[46] Additionally, a recent report indicated that office buildings sold for office-to residential conversions accounted for 50 percent of all development sales in Manhattan in the first half of 2024.[47] This measure should help reduce the excess supply of office space in New York City, while also increasing the number of housing units needed to ensure that housing remains affordable for the general population in the City.

[44] Cushman & Wakefield, Market Beat: Manhattan Office – Q4 2024.

[45] Arpit Gupta, Candy Martinez, Stijn Van Nieuwerburgh, "Converting Brown Offices to Green Apartments, National Bureau of Economic Research, August 2023, https://www.nber.org/system/files/working_papers/w31530/w31530.pdf.

[46] Gothamist, 64 New York City office buildings are interested in converting their properties into housing, May 22, 2024.

[47] Ariel Property Advisors, New York City 2024 Mid-Year Sales Report, August 2024, https://arielpa.com/report/report-Sales-Report-Combined-2024-Mid-Year.

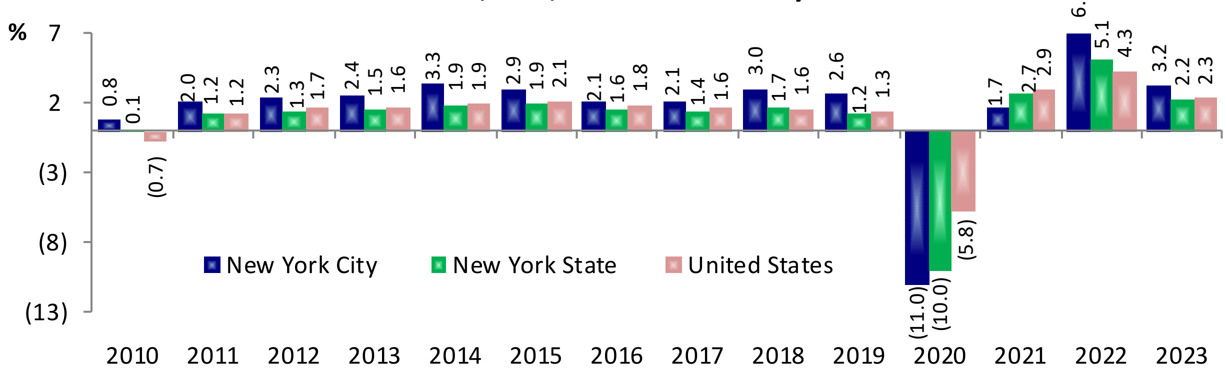
NEW YORK STATE REGIONAL SNAPSHOTS

New York City

Key Economic Indicators 2023			
Employment (million)	4.485	Share of State Personal Income (%)	46.2
Share of State Employment (%)	48.4	Per Capita Personal Income	$90,149
Unemployment Rate (12/2024) (%)	5.2	Population (million)	8.26
Total Wages (billion)	512.6	Share of State Population (%)	42.2
Share of State Wages (%)	60.8	Population Growth (%)	(0.9)
Average Wage	$114,296	Persons in Poverty	1,476,236
Personal Income (billion)	$744.5	Poverty Rate (%)	18.2

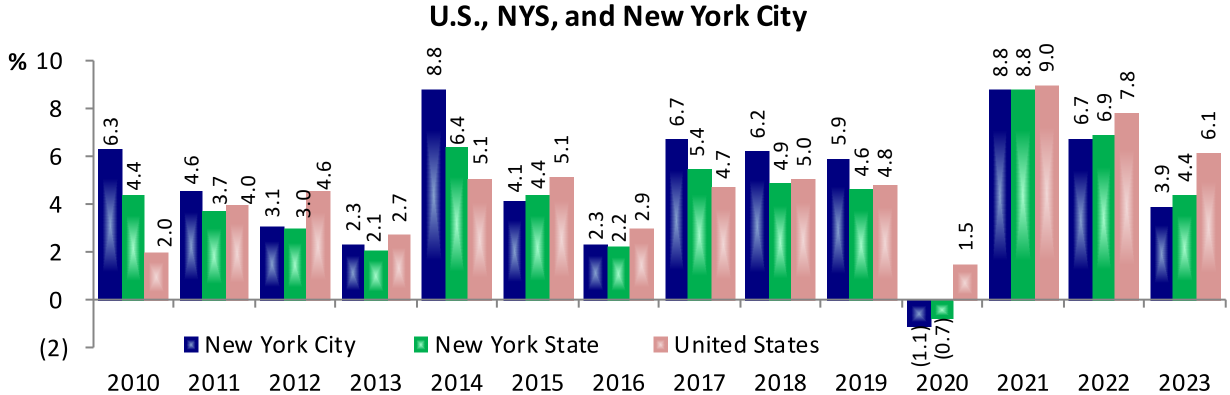
Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.

Nonfarm Employment Growth
U.S., NYS, and New York City



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Nonfarm Wage Growth
U.S., NYS, and New York City



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

New York City

New York City Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	New York City	**New York State**	**United States**
Total, 16 years and over	**7.8**	**6.3**	**5.2**
By gender:			
Male	8.2	6.6	4.9
Female	7.5	6.0	4.8
By age group:			
16-24	17.6	13.4	9.4
25-34	7.7	6.7	4.4
35-44	6.5	5.1	4.3
45-54	6.5	4.7	3.9
55+	6.4	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	6.0	5.0	4.3
Black or African American, Including Hispanics or Latinos	10.1	9.3	8.7
Asian, Including Hispanics or Latinos	6.3	5.7	4.3
Other Race, Including Hispanics or Latinos	9.6	8.3	6.2
Hispanic or Latino	9.6	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	6.9	5.4	4.4
Less than high school graduate	10.4	9.1	7.6
High school graduate	8.8	7.0	5.8
Some college or associate's degree	8.6	6.1	4.6
Bachelor's degree or higher	4.7	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

New York City

New York City Employment by Sector 2023	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$114,296**	**4,485.2**	**100.0**	**12.2**	**100.0**
Government	*$96,189*	*557.3*	*12.4*	*(3.3)*	*(3.9)*
Private	*$116,865*	*3,927.8*	*87.6*	*14.8*	*103.9*
Utilities	$148,975	15.2	0.3	4.0	0.1
Construction	$93,363	140.1	3.1	3.9	1.1
Manufacturing	$73,848	56.8	1.3	7.7	0.8
Wholesale Trade	$120,640	122.5	2.7	7.1	1.7
Retail Trade	$56,208	301.6	6.7	6.0	3.5
Transportation and Warehousing	$74,226	130.6	2.9	16.9	3.9
Information	$193,535	214.2	4.8	6.3	2.6
Finance and Insurance	$362,018	349.9	7.8	4.8	3.3
Real Estate and Rental and Leasing	$97,433	131.3	2.9	3.9	1.0
Professional, Scientific, and Technical Services	$171,749	438.2	9.8	8.4	6.9
Management of Companies	$221,838	70.8	1.6	11.1	1.4
Administrative and Waste Services	$72,593	240.8	5.4	14.0	6.1
Educational Services[1]	$93,844	192.7	4.3	10.2	3.6
Health Care and Social Assistance	$59,908	907.5	20.2	19.1	29.8
Arts, Entertainment, and Recreation	$99,590	84.1	1.9	46.1	5.4
Accommodation and Food Services	$45,539	347.1	7.7	60.4	26.8
Other Services, Ex. Public Admin	$64,601	164.5	3.7	12.5	3.8

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

New York City

New York City Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$114,296**	**7.5**	**512.6**	**100.0**	**100.0**
Government	*$96,189*	*15.3*	*53.6*	*10.5*	*6.3*
Private	*$116,865*	*6.1*	*459.0*	*89.5*	*93.7*
Utilities	$148,975	10.3	2.3	0.4	0.3
Construction	$93,363	7.2	13.1	2.6	1.5
Manufacturing	$73,848	8.9	4.2	0.8	0.7
Wholesale Trade	$120,640	14.5	14.8	2.9	3.1
Retail Trade	$56,208	10.5	17.0	3.3	2.8
Transportation and Warehousing	$74,226	22.3	9.7	1.9	3.3
Information	$193,535	10.7	41.4	8.1	7.1
Finance and Insurance	$362,018	11.3	126.7	24.7	20.6
Real Estate and Rental and Leasing	$97,433	8.1	12.8	2.5	1.6
Professional, Scientific, and Technical Services	$171,749	13.8	75.3	14.7	16.2
Management of Companies	$221,838	3.4	15.7	3.1	2.3
Administrative and Waste Services	$72,593	(7.2)	17.5	3.4	1.1
Educational Services[1]	$93,844	13.1	18.1	3.5	4.1
Health Care and Social Assistance	$59,908	8.2	54.4	10.6	13.9
Arts, Entertainment, and Recreation	$99,590	7.7	8.4	1.6	3.5
Accommodation and Food Services	$45,539	21.5	15.8	3.1	8.8
Other Services, Ex. Public Admin	$64,601	5.3	10.6	2.1	0.9

Note: Industries ranked by NAICS two digit code. Data include unclassified.

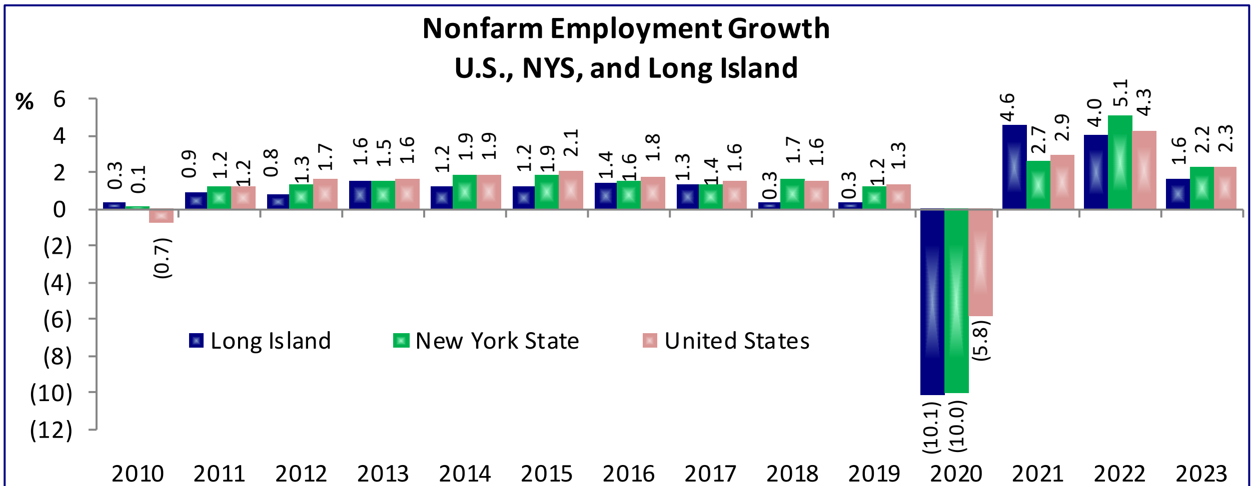
[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

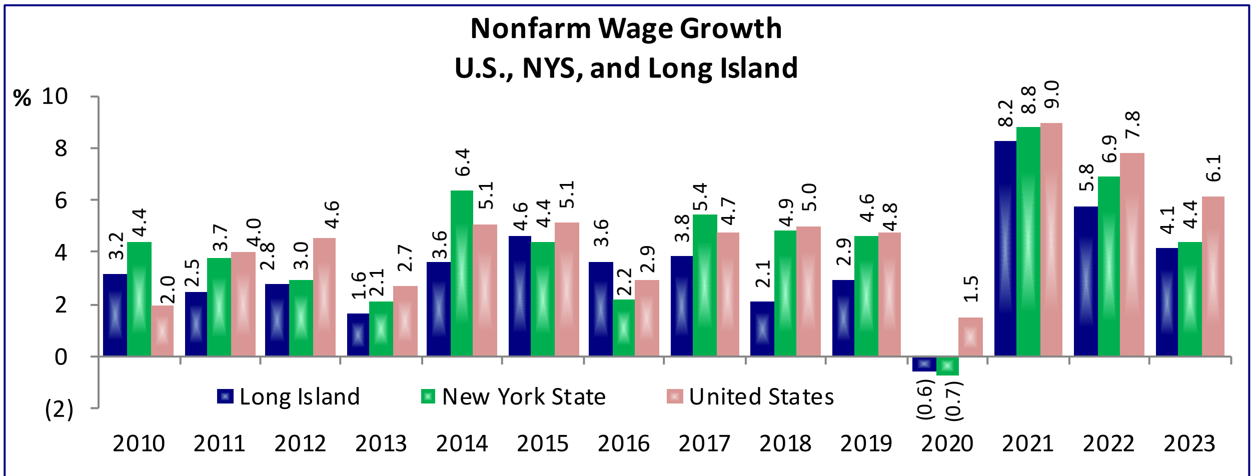
Long Island

Key Economic Indicators 2023			
Employment (million)	1.286	Share of State Personal Income (%)	17.4
Share of State Employment (%)	13.9	Per Capita Personal Income	$96,454
Unemployment Rate (12/2024) (%)	3.0	Population (million)	2.90
Total Wages (billion)	96.3	Share of State Population (%)	14.8
Share of State Wages (%)	11.4	Population Growth (%)	(0.3)
Average Wage	$74,882	Persons in Poverty	183,651
Personal Income (billion)	$280.2	Poverty Rate (%)	6.4

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Long Island

Long Island Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Long Island	New York State	United States
Total, 16 years and over	**4.6**	**6.3**	**5.2**
By gender:			
Male	4.8	6.6	4.9
Female	4.4	6.0	4.8
By age group:			
16-24	11.4	13.4	9.4
25-34	4.9	6.7	4.4
35-44	3.0	5.1	4.3
45-54	3.2	4.7	3.9
55+	3.9	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	4.4	5.0	4.3
Black or African American, Including Hispanics or Latinos	6.1	9.3	8.7
Asian, Including Hispanics or Latinos	3.7	5.7	4.3
Other Race, Including Hispanics or Latinos	5.2	8.3	6.2
Hispanic or Latino	4.8	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	3.7	5.4	4.4
Less than high school graduate	4.8	9.1	7.6
High school graduate	5.0	7.0	5.8
Some college or associate's degree	4.4	6.1	4.6
Bachelor's degree or higher	2.7	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

Long Island

Long Island Employment by Sector 2023					
	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$74,882**	**1,286.4**	**100.0**	**10.5**	**100.0**
Government	*$92,278*	*182.0*	*14.1*	*4.0*	*5.7*
Private	*$72,015*	*1,104.4*	*85.9*	*11.6*	*94.3*
Utilities	$147,103	5.0	0.4	10.0	0.4
Construction	$86,182	80.2	6.2	10.7	6.3
Manufacturing	$79,764	68.0	5.3	4.4	2.4
Wholesale Trade	$97,949	57.3	4.5	1.4	0.6
Retail Trade	$47,172	143.7	11.2	5.3	5.9
Transportation and Warehousing	$60,787	37.9	2.9	16.5	4.4
Information	$113,708	14.0	1.1	0.2	0.0
Finance and Insurance	$152,456	46.3	3.6	(2.8)	(1.1)
Real Estate and Rental and Leasing	$84,205	18.8	1.5	12.3	1.7
Professional, Scientific, and Technical Services	$98,258	77.6	6.0	8.2	4.8
Management of Companies and	$122,906	14.2	1.1	10.5	1.1
Administrative and Waste Services	$64,651	82.5	6.4	25.8	13.9
Educational Services[1]	$50,056	28.3	2.2	13.5	2.8
Health Care and Social Assistance	$75,281	240.7	18.7	7.9	14.4
Arts, Entertainment, and Recreation	$45,093	24.4	1.9	56.3	7.2
Accommodation and Food Services	$32,795	106.0	8.2	31.6	20.9
Other Services, Ex. Public Admin	$43,477	52.5	4.1	16.4	6.1

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Long Island

Long Island Wages by Sector 2023					
	Average		Total		Contribution
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	to Change 2020-2023 (%)
Total Nonfarm	**$74,882**	**7.9**	**96.3**	**100.0**	**100.0**
Government	*$92,278*	*12.8*	*16.8*	*17.4*	*15.9*
Private	*$72,015*	*7.2*	*79.5*	*82.6*	*84.1*
Utilities	$147,103	3.8	0.7	0.8	0.6
Construction	$86,182	9.3	6.9	7.2	7.7
Manufacturing	$79,764	8.9	5.4	5.6	4.2
Wholesale Trade	$97,949	11.6	5.6	5.8	4.2
Retail Trade	$47,172	13.6	6.8	7.0	7.1
Transportation and Warehousing	$60,787	11.6	2.3	2.4	3.4
Information	$113,708	6.2	1.6	1.6	0.6
Finance and Insurance	$152,456	(2.4)	7.1	7.3	-2.5
Real Estate and Rental and Leasing	$84,205	10.6	1.6	1.6	2.0
Professional, Scientific, and Technical Services	$98,258	12.1	7.6	7.9	8.6
Management of Companies and	$122,906	(4.5)	1.8	1.8	0.6
Administrative and Waste Services	$64,651	16.5	5.3	5.5	10.9
Educational Services[1]	$50,056	2.7	1.4	1.5	1.3
Health Care and Social Assistance	$75,281	12.1	18.1	18.8	20.1
Arts, Entertainment, and Recreation	$45,093	(3.7)	1.1	1.1	2.4
Accommodation and Food Services	$32,795	18.0	3.5	3.6	8.0
Other Services, Ex. Public Admin	$43,477	13.2	2.3	2.4	1.2

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

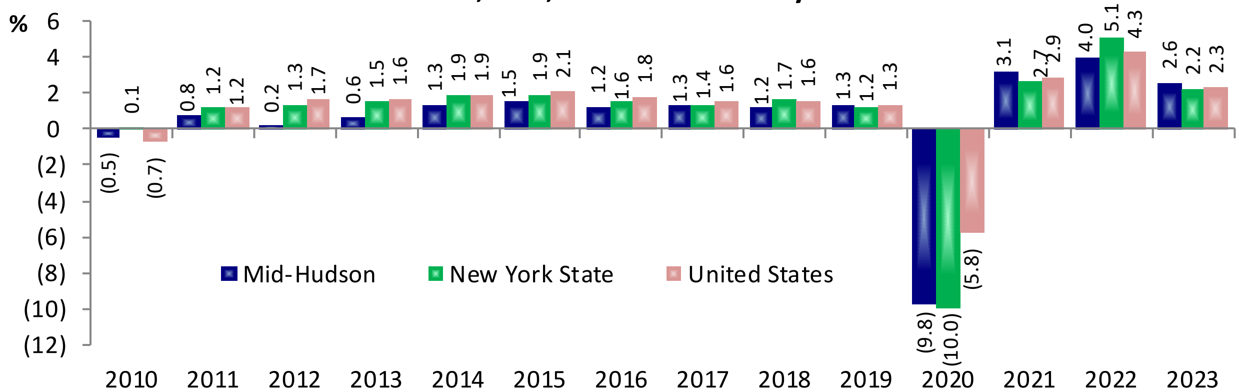
Source: New York State Department of Labor.

Hudson Valley

Key Economic Indicators 2023			
Employment (million)	0.930	Share of State Personal Income (%)	14.0
Share of State Employment (%)	10.0	Per Capita Personal Income	$93,815
Unemployment Rate (12/2024) (%)	3.1	Population (million)	2.40
Total Wages (billion)	70.7	Share of State Population (%)	12.2
Share of State Wages (%)	8.4	Population Growth (%)	(0.0)
Average Wage	$76,029	Persons in Poverty	254,427
Personal Income (billion)	$224.8	Poverty Rate (%)	10.9

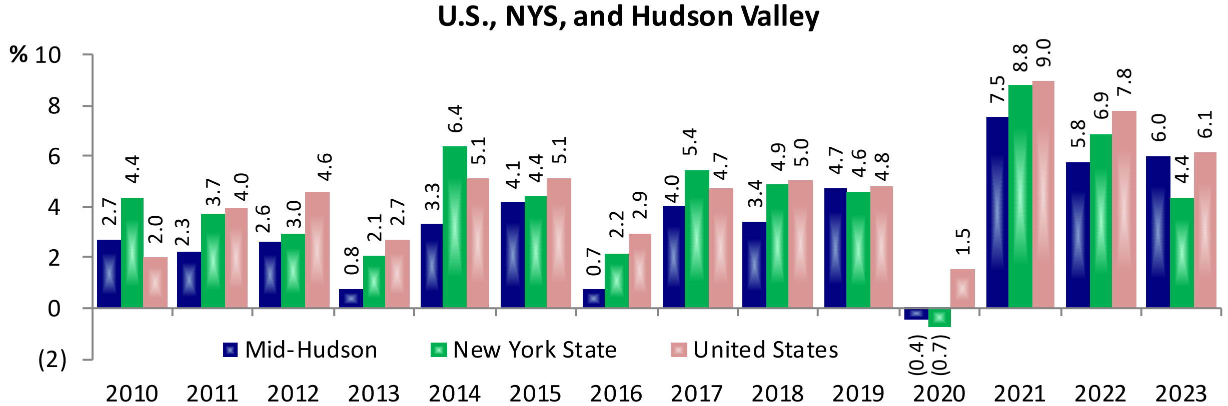
Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.

Nonfarm Employment Growth
U.S., NYS, and Hudson Valley



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Nonfarm Wage Growth
U.S., NYS, and Hudson Valley



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Hudson Valley

Hudson Valley Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Hudson Valley	**New York State**	**United States**
Total, 16 years and over	**5.5**	**6.3**	**5.2**
By gender:			
Male	5.7	6.6	4.9
Female	5.3	6.0	4.8
By age group:			
16-24	13.0	13.4	9.4
25-34	6.6	6.7	4.4
35-44	4.0	5.1	4.3
45-54	3.4	4.7	3.9
55+	4.2	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	4.9	5.0	4.3
Black or African American, Including Hispanics or Latinos	7.2	9.3	8.7
Asian, Including Hispanics or Latinos	4.5	5.7	4.3
Other Race, Including Hispanics or Latinos	6.4	8.3	6.2
Hispanic or Latino	6.8	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.5	5.4	4.4
Less than high school graduate	6.2	9.1	7.6
High school graduate	5.7	7.0	5.8
Some college or associate's degree	5.5	6.1	4.6
Bachelor's degree or higher	3.3	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.
Sources: New York State Department of Labor; U.S. Census Bureau.

Hudson Valley

Hudson Valley Employment by Sector 2023					
	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$76,029**	**929.9**	**100.0**	**10.0**	**100.0**
Government	*$91,984*	*143.5*	*15.4*	*1.4*	*2.3*
Private	*$73,118*	*786.4*	*84.6*	*11.7*	*97.7*
Utilities	$145,224	5.2	0.6	(2.9)	(0.2)
Construction	$80,899	58.4	6.3	15.3	9.2
Manufacturing	$96,982	41.3	4.4	2.3	1.1
Wholesale Trade	$93,498	30.1	3.2	3.6	1.2
Retail Trade	$44,926	107.6	11.6	6.7	8.0
Transportation and Warehousing	$60,882	29.2	3.1	29.0	7.8
Information	$115,567	13.4	1.4	1.4	0.2
Finance and Insurance	$172,485	27.3	2.9	0.2	0.0
Real Estate and Rental and Leasing	$75,307	16.6	1.8	6.2	1.2
Professional, Scientific, and Technical Services	$142,075	50.7	5.4	13.9	7.3
Management of Companies and	$186,649	12.7	1.4	2.7	0.4
Administrative and Waste Services	$57,022	49.0	5.3	8.2	4.4
Educational Services[1]	$49,984	34.2	3.7	10.5	3.9
Health Care and Social Assistance	$67,500	171.8	18.5	7.1	13.6
Arts, Entertainment, and Recreation	$42,914	19.3	2.1	56.4	8.3
Accommodation and Food Services	$32,723	73.0	7.8	31.9	20.9
Other Services, Ex. Public Admin	$44,730	41.1	4.4	16.9	7.0

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Hudson Valley

Hudson Valley Wages by Sector 2023	Average Level ($)	Average Change 2020-2023 (%)	Total Level (Billion $)	Total Share (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$76,029**	**9.6**	**70.7**	**100.0**	**100.0**
Government	*$91,984*	*16.5*	*13.2*	*18.7*	*16.8*
Private	*$73,118*	*8.4*	*57.5*	*81.3*	*83.2*
Utilities	$145,224	4.1	0.8	1.1	0.1
Construction	$80,899	9.5	4.7	6.7	8.1
Manufacturing	$96,982	9.2	4.0	5.7	3.5
Wholesale Trade	$93,498	11.7	2.8	4.0	3.2
Retail Trade	$44,926	15.4	4.8	6.8	7.5
Transportation and Warehousing	$60,882	12.2	1.8	2.5	4.6
Information	$115,567	22.2	1.5	2.2	2.5
Finance and Insurance	$172,485	11.6	4.7	6.7	4.1
Real Estate and Rental and Leasing	$75,307	3.9	1.3	1.8	1.0
Professional, Scientific, and Technical Services	$142,075	1.4	7.2	10.2	8.0
Management of Companies and	$186,649	13.8	2.4	3.4	2.8
Administrative and Waste Services	$57,022	15.4	2.8	4.0	4.6
Educational Services[1]	$49,984	5.1	1.7	2.4	2.0
Health Care and Social Assistance	$67,500	12.7	11.6	16.4	16.5
Arts, Entertainment, and Recreation	$42,914	2.9	0.8	1.2	2.6
Accommodation and Food Services	$32,723	18.1	2.4	3.4	7.1
Other Services, Ex. Public Admin	$44,730	10.0	1.8	2.6	1.5

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

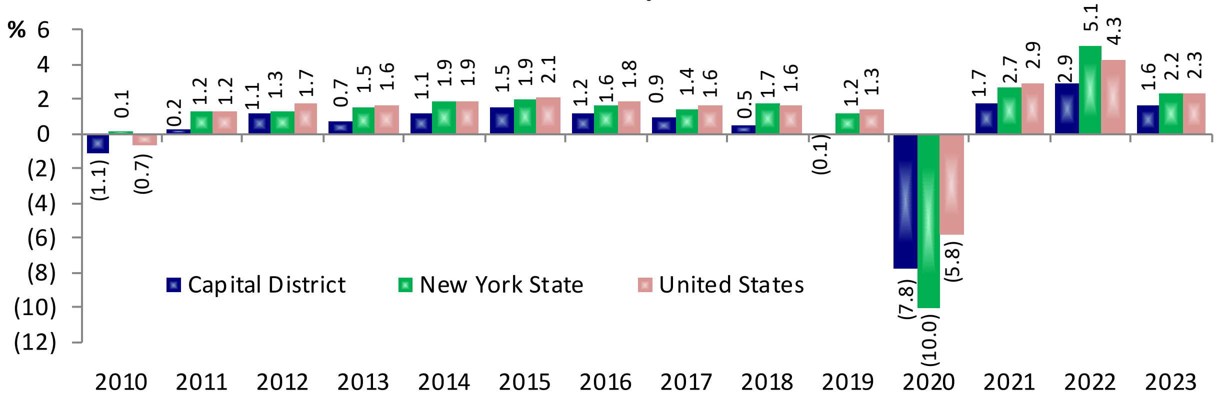
Source: New York State Department of Labor.

Capital District

Key Economic Indicators 2023			
Employment (million)	0.516	Share of State Personal Income (%)	4.9
Share of State Employment (%)	5.6	Per Capita Personal Income	$70,737
Unemployment Rate (12/2024) (%)	3.1	Population (million)	1.11
Total Wages (billion)	37.0	Share of State Population (%)	5.7
Share of State Wages (%)	4.4	Population Growth (%)	(0.1)
Average Wage	$71,652	Persons in Poverty	123,788
Personal Income (billion)	$78.3	Poverty Rate (%)	11.6

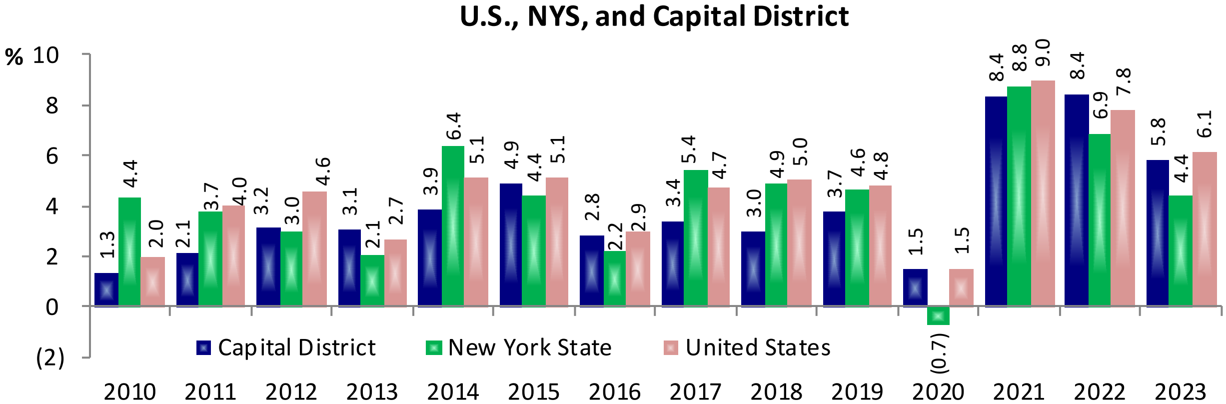
Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.

Nonfarm Employment Growth
U.S., NYS, and Capital District



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Nonfarm Wage Growth
U.S., NYS, and Capital District



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Capital District

Capital District Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Capital District	New York State	United States
Total, 16 years and over	**4.9**	**6.3**	**5.2**
By gender:			
Male	5.1	6.6	4.9
Female	4.6	6.0	4.8
By age group:			
16-24	11.1	13.4	9.4
25-34	5.4	6.7	4.4
35-44	3.9	5.1	4.3
45-54	2.6	4.7	3.9
55+	3.5	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	4.1	5.0	4.3
Black or African American, Including Hispanics or Latinos	11.2	9.3	8.7
Asian, Including Hispanics or Latinos	3.6	5.7	4.3
Other Race, Including Hispanics or Latinos	8.4	8.3	6.2
Hispanic or Latino	9.1	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	3.9	5.4	4.4
Less than high school graduate	10.1	9.1	7.6
High school graduate	5.3	7.0	5.8
Some college or associate's degree	4.4	6.1	4.6
Bachelor's degree or higher	2.4	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.
Sources: New York State Department of Labor; U.S. Census Bureau.

Capital District

Capital District Employment by Sector 2023					
	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$71,652**	**516.2**	**100.0**	**6.3**	**100.0**
Government	*$86,781*	*109.1*	*21.1*	*0.3*	*1.0*
Private	*$67,596*	*407.0*	*78.9*	*8.1*	*99.0*
Utilities	$156,899	2.3	0.4	22.8	1.4
Construction	$82,726	23.0	4.5	8.8	6.0
Manufacturing	$101,932	35.7	6.9	7.8	8.3
Wholesale Trade	$94,105	15.6	3.0	7.5	3.5
Retail Trade	$41,371	56.1	10.9	6.3	10.8
Transportation and Warehousing	$54,944	15.7	3.0	24.4	10.0
Information	$97,047	8.6	1.7	0.0	0.0
Finance and Insurance	$111,132	19.7	3.8	(8.0)	(5.6)
Real Estate and Rental and Leasing	$60,796	6.3	1.2	4.3	0.8
Professional, Scientific, and Technical Services	$105,668	33.7	6.5	7.6	7.7
Management of Companies and	$101,724	6.9	1.3	(1.9)	(0.4)
Administrative and Waste Services	$52,195	22.3	4.3	17.5	10.8
Educational Services[1]	$60,746	18.3	3.5	3.5	2.0
Health Care and Social Assistance	$61,778	73.3	14.2	(2.0)	(4.8)
Arts, Entertainment, and Recreation	$30,110	7.6	1.5	52.3	8.5
Accommodation and Food Services	$30,386	41.8	8.1	29.9	31.2
Other Services, Ex. Public Admin	$45,729	17.4	3.4	9.9	5.1

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Capital District

Capital District Wages by Sector 2023					
	Average		**Total**		**Contribution to Change 2020-2023 (%)**
	Level ($)	**Change 2020-2023 (%)**	**Level (Billion $)**	**Share (%)**	
Total Nonfarm	**$71,652**	**16.9**	**37.0**	**100.0**	**100.0**
Government	*$86,781*	*34.2*	*9.5*	*25.6*	*33.6*
Private	*$67,596*	*12.1*	*27.5*	*74.4*	*66.4*
Utilities	$156,899	9.5	0.4	1.0	1.3
Construction	$82,726	13.6	1.9	5.1	5.0
Manufacturing	$101,932	11.1	3.6	9.8	8.3
Wholesale Trade	$94,105	15.9	1.5	4.0	4.0
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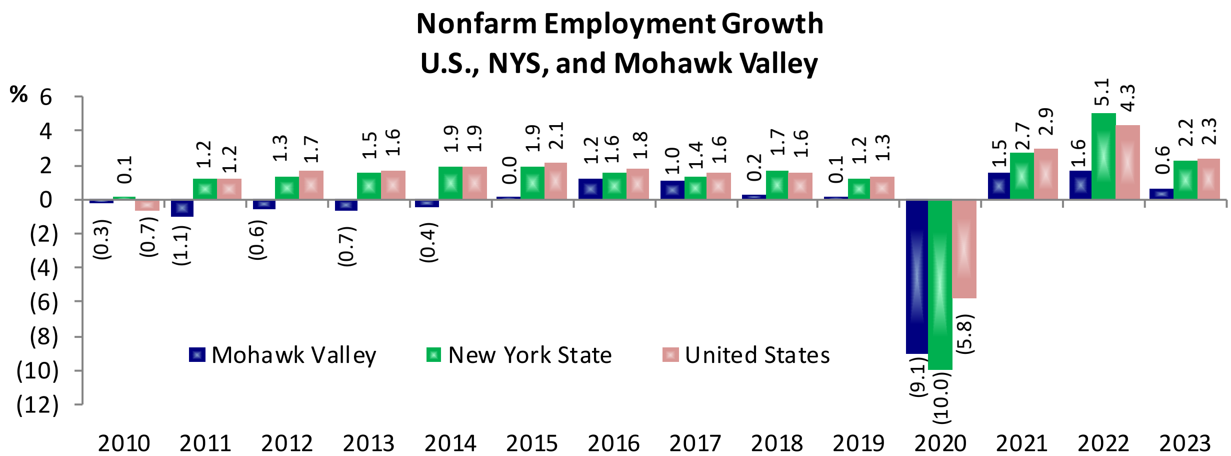
Accommodation and Food Services	$30,386	24.3	1.3	3.4	6.7
Other Services, Ex. Public Admin	$45,729	10.6	0.8	2.2	0.7

Note: Industries ranked by NAICS two digit code. Data include unclassified.
[1] Includes only private employment. Public education and health care employment is included in the government sector.
Source: New York State Department of Labor.

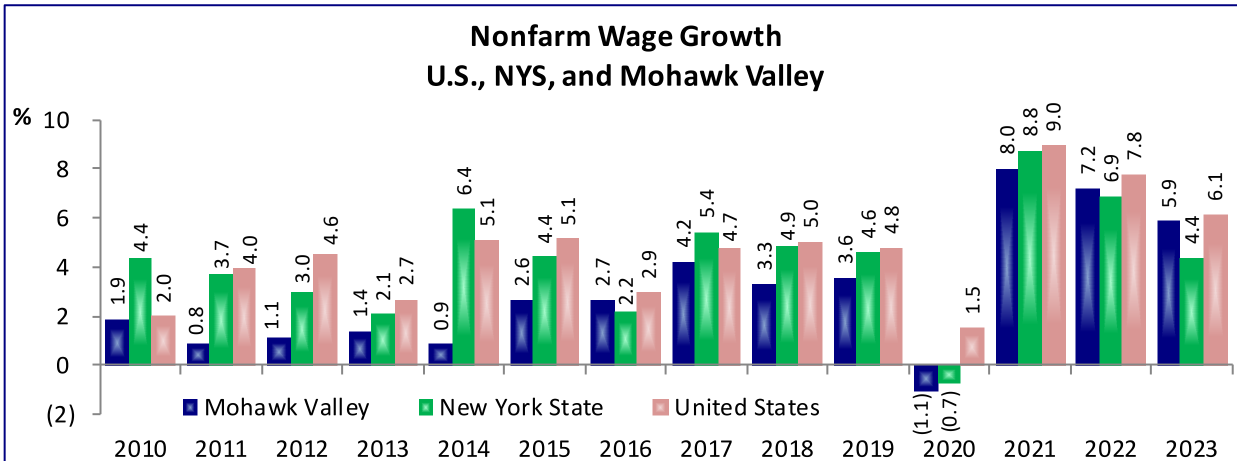
Mohawk Valley

Key Economic Indicators 2023			
Employment (million)	0.180	Share of State Personal Income (%)	1.6
Share of State Employment (%)	1.9	Per Capita Personal Income	$54,230
Unemployment Rate (12/2024) (%)	3.8	Population (million)	0.48
Total Wages (billion)	10.2	Share of State Population (%)	2.4
Share of State Wages (%)	1.2	Population Growth (%)	(0.2)
Average Wage	$56,606	Persons in Poverty	68,519
Personal Income (billion)	$26.0	Poverty Rate (%)	15.0

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Mohawk Valley

Mohawk Valley Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Mohawk Valley	**New York State**	**United States**
Total, 16 years and over	**4.8**	**6.3**	**5.2**
By gender:			
Male	4.9	6.6	4.9
Female	4.7	6.0	4.8
By age group:			
16-24	10.0	13.4	9.4
25-34	5.5	6.7	4.4
35-44	4.0	5.1	4.3
45-54	3.0	4.7	3.9
55+	3.4	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	4.6	5.0	4.3
Black or African American, Including Hispanics or Latinos	9.6	9.3	8.7
Asian, Including Hispanics or Latinos	3.9	5.7	4.3
Other Race, Including Hispanics or Latinos	6.2	8.3	6.2
Hispanic or Latino	8.4	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.0	5.4	4.4
Less than high school graduate	6.8	9.1	7.6
High school graduate	6.4	7.0	5.8
Some college or associate's degree	3.5	6.1	4.6
Bachelor's degree or higher	1.9	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

Mohawk Valley

Mohawk Valley Employment by Sector 2023					
	Average Wage ($)	**Total Employment (Thousands)**	**Share of Total Employment (%)**	**Change 2020-2023 (%)**	**Contribution to Change 2020-2023 (%)**
Total Nonfarm	**$56,606**	**179.9**	**100.0**	**3.8**	**100.0**
Government	*$68,901*	*40.4*	*22.5*	*(0.9)*	*(5.6)*
Private	*$53,041*	*139.4*	*77.5*	*5.2*	*105.6*
Utilities	$130,687	0.6	0.4	24.0	1.9
Construction	$65,066	5.0	2.8	2.1	1.6
Manufacturing	$63,476	17.4	9.7	11.0	26.2
Wholesale Trade	$69,982	4.9	2.7	28.0	16.2
Retail Trade	$36,955	22.2	12.3	4.1	13.2
Transportation and Warehousing	$56,984	8.6	4.8	12.3	14.3
Information	$59,444	1.3	0.7	(9.3)	(2.0)
Finance and Insurance	$77,822	7.4	4.1	(7.0)	(8.5)
Real Estate and Rental and Leasing	$44,222	1.1	0.6	9.0	1.3
Professional, Scientific, and Technical Services	$75,867	4.9	2.7	1.9	1.4
Management of Companies and	$89,271	1.0	0.6	8.1	1.2
Administrative and Waste Services	$51,536	4.6	2.6	18.2	10.9
Educational Services[1]	$46,080	4.0	2.2	10.6	5.9
Health Care and Social Assistance	$58,395	34.5	19.2	(5.2)	(28.7)
Arts, Entertainment, and Recreation	$26,675	2.2	1.2	32.3	8.3
Accommodation and Food Services	$24,895	13.9	7.7	20.6	36.2
Other Services, Ex. Public Admin	$37,439	5.0	2.8	4.3	3.1

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Mohawk Valley

Mohawk Valley Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$56,606**	**18.1**	**10.2**	**100.0**	**100.0**
Government	*$68,901*	*27.9*	*2.8*	*27.4*	*31.3*
Private	*$53,041*	*15.1*	*7.4*	*72.6*	*68.7*
Utilities	$130,687	6.1	0.1	0.8	1.1
Construction	$65,066	10.5	0.3	3.2	2.0
Manufacturing	$63,476	13.8	1.1	10.8	12.2
Wholesale Trade	$69,982	24.4	0.3	3.4	6.8
Retail Trade	$36,955	13.6	0.8	8.0	6.7
Transportation and Warehousing	$56,984	13.6	0.5	4.8	5.6
Information	$59,444	11.0	0.1	0.7	0.0
Finance and Insurance	$77,822	15.0	0.6	5.7	2.0
Real Estate and Rental and Leasing	$44,222	12.8	0.0	0.5	0.5
Professional, Scientific, and Technical Services	$75,867	17.8	0.4	3.7	3.3
Management of Companies and	$89,271	24.3	0.1	0.9	1.3
Administrative and Waste Services	$51,536	28.6	0.2	2.4	4.4
Educational Services[1]	$46,080	0.1	0.2	1.8	1.0
Health Care and Social Assistance	$58,395	19.9	2.0	19.8	12.9
Arts, Entertainment, and Recreation	$26,675	(9.9)	0.1	0.6	0.5
Accommodation and Food Services	$24,895	18.6	0.3	3.4	5.6
Other Services, Ex. Public Admin	$37,439	28.7	0.2	1.9	0.6

Note: Industries ranked by NAICS two digit code. Data include unclassified.

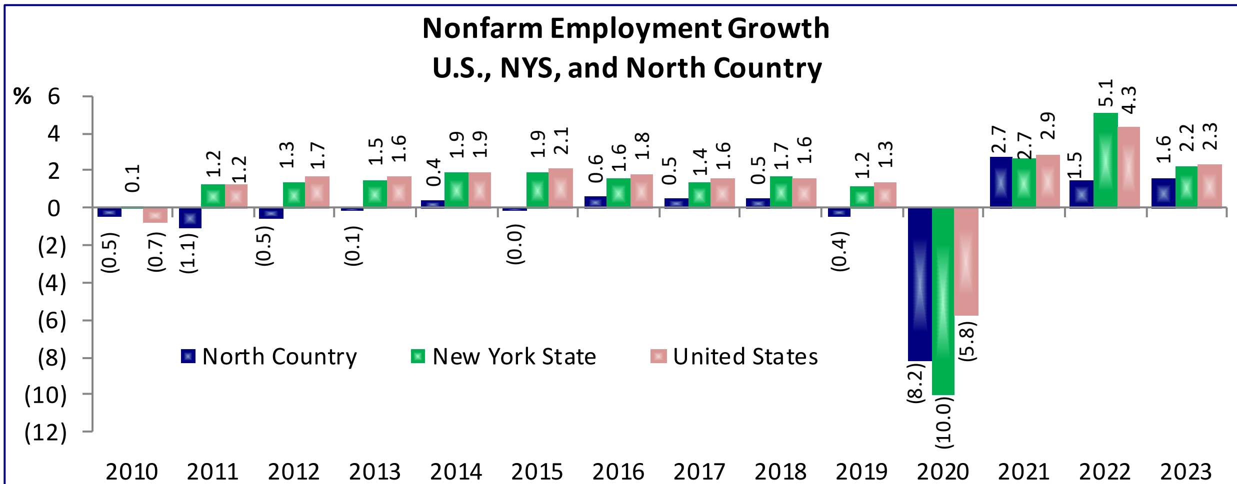
[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

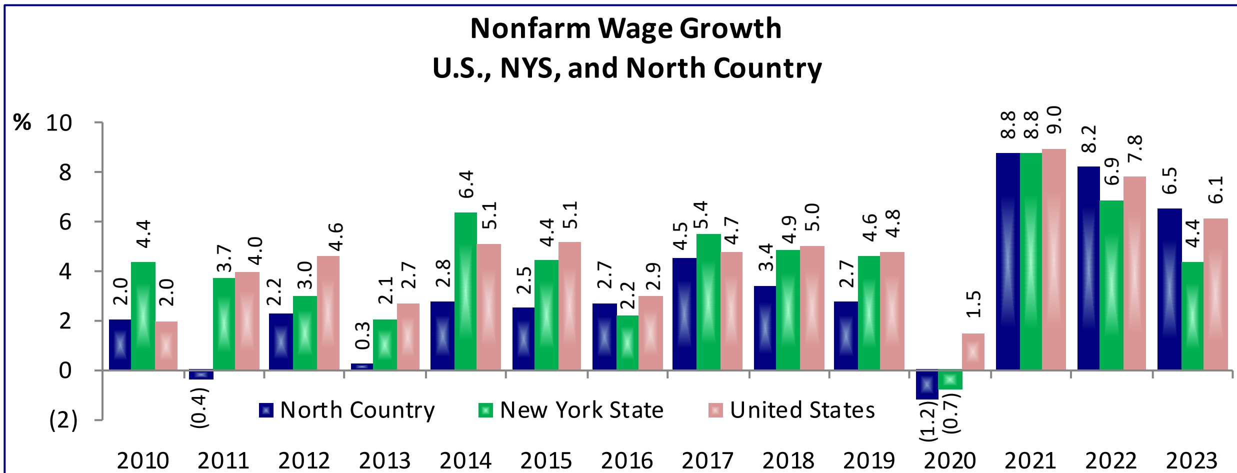
North Country

Key Economic Indicators 2023			
Employment (million)	0.145	Share of State Personal Income (%)	1.4
Share of State Employment (%)	1.6	Per Capita Personal Income	$53,254
Unemployment Rate (12/2024) (%)	4.1	Population (million)	0.41
Total Wages (billion)	8.3	Share of State Population (%)	2.1
Share of State Wages (%)	1.0	Population Growth (%)	(0.2)
Average Wage	$57,438	Persons in Poverty	57,300
Personal Income (billion)	$22.1	Poverty Rate (%)	14.7

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

North Country

North Country Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	North Country	**New York State**	**United States**
Total, 16 years and over	**5.2**	**6.3**	**5.2**
By gender:			
Male	5.5	6.6	4.9
Female	4.9	6.0	4.8
By age group:			
16-24	9.8	13.4	9.4
25-34	6.7	6.7	4.4
35-44	3.9	5.1	4.3
45-54	3.0	4.7	3.9
55+	3.8	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	5.1	5.0	4.3
Black or African American, Including Hispanics or Latinos	10.8	9.3	8.7
Asian, Including Hispanics or Latinos	NA	5.7	4.3
Other Race, Including Hispanics or Latinos	6.5	8.3	6.2
Hispanic or Latino	6.8	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.5	5.4	4.4
Less than high school graduate	8.7	9.1	7.6
High school graduate	6.4	7.0	5.8
Some college or associate's degree	3.5	6.1	4.6
Bachelor's degree or higher	2.9	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

North Country

North Country Employment by Sector 2023					
	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$57,438**	**144.7**	**100.0**	**5.9**	**100.0**
Government	*$71,361*	*42.0*	*29.0*	*(0.6)*	*(3.2)*
Private	*$51,751*	*102.8*	*71.0*	*8.8*	*103.2*
Utilities	$123,433	0.8	0.5	39.2	2.7
Construction	$68,807	6.2	4.3	12.5	8.5
Manufacturing	$67,197	9.6	6.6	5.0	5.6
Wholesale Trade	$69,080	2.6	1.8	10.2	3.0
Retail Trade	$36,696	20.0	13.8	5.2	12.2
Transportation and Warehousing	$49,066	3.8	2.6	15.1	6.1
Information	$58,372	1.4	0.9	(4.3)	(0.8)
Finance and Insurance	$69,228	2.2	1.5	(4.5)	(1.3)
Real Estate and Rental and Leasing	$44,941	1.5	1.1	17.5	2.8
Professional, Scientific, and Technical Services	$61,273	3.3	2.3	12.9	4.7
Management of Companies and	$80,161	1.1	0.8	4.7	0.6
Administrative and Waste Services	$62,658	3.9	2.7	29.8	11.2
Educational Services[1]	$50,282	3.1	2.1	1.7	0.6
Health Care and Social Assistance	$63,278	23.0	15.9	(0.2)	(0.7)
Arts, Entertainment, and Recreation	$33,346	1.6	1.1	38.8	5.7
Accommodation and Food Services	$26,341	13.9	9.6	26.1	35.6
Other Services, Ex. Public Admin	$34,723	4.1	2.8	7.0	3.3

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

North Country

North Country Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$57,438**	**18.3**	**8.3**	**100.0**	**100.0**
Government	*$71,361*	*25.7*	*3.0*	*36.0*	*35.5*
Private	*$51,751*	*15.4*	*5.3*	*64.0*	*64.5*
Utilities	$123,433	8.3	0.1	1.1	1.9
Construction	$68,807	8.3	0.4	5.1	4.5
Manufacturing	$67,197	13.8	0.6	7.8	6.3
Wholesale Trade	$69,080	29.2	0.2	2.2	3.2
Retail Trade	$36,696	13.2	0.7	8.8	7.0
Transportation and Warehousing	$49,066	17.2	0.2	2.2	2.8
Information	$58,372	7.9	0.1	0.9	0.1
Finance and Insurance	$69,228	11.2	0.2	1.9	0.5
Real Estate and Rental and Leasing	$44,941	22.4	0.1	0.8	1.3
Professional, Scientific, and Technical Services	$61,273	16.0	0.2	2.5	2.9
Management of Companies and	$80,161	24.3	0.1	1.1	1.3
Administrative and Waste Services	$62,658	51.9	0.2	3.0	7.2
Educational Services[1]	$50,282	0.8	0.2	1.9	0.2
Health Care and Social Assistance	$63,278	20.0	1.5	17.5	14.3
Arts, Entertainment, and Recreation	$33,346	8.0	0.1	0.7	1.1
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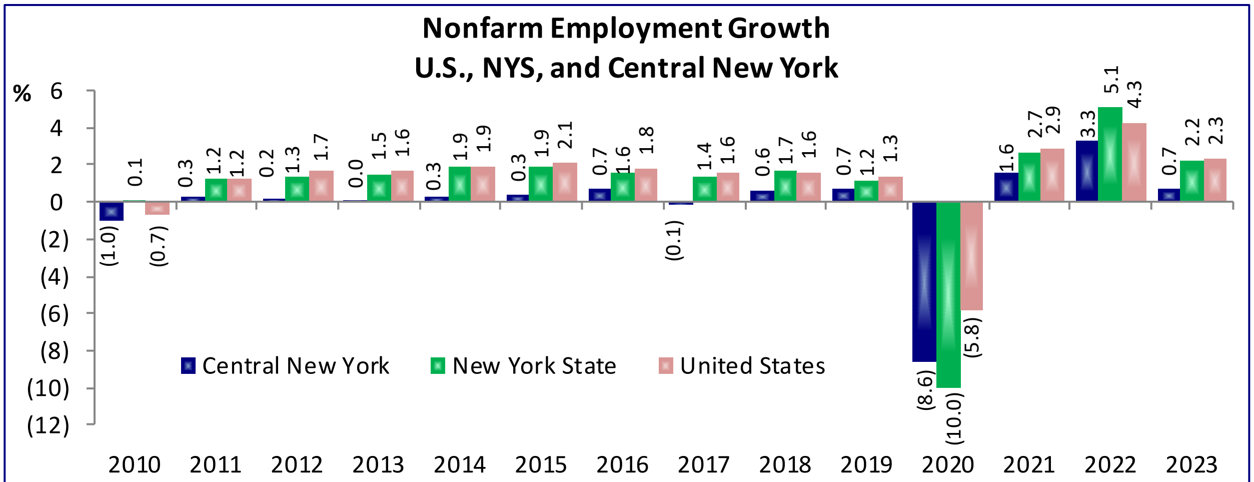
Other Services, Ex. Public Admin	$34,723	14.1	0.1	1.7	0.5

Note: Industries ranked by NAICS two digit code. Data include unclassified.
[1] Includes only private employment. Public education and health care employment is included in the government sector.
Source: New York State Department of Labor.

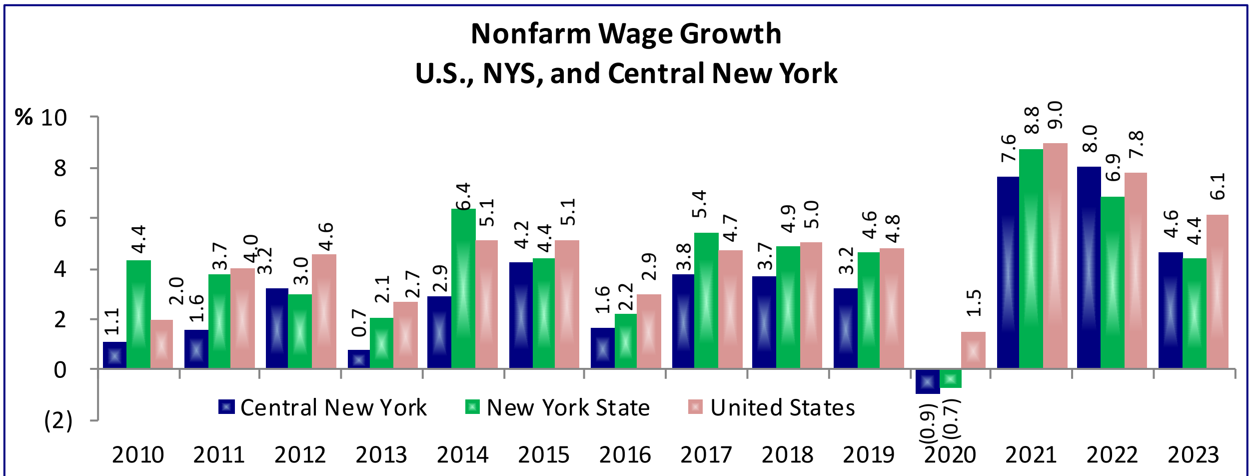
Central New York

Key Economic Indicators 2023			
Employment (million)	0.332	Share of State Personal Income (%)	2.9
Share of State Employment (%)	3.6	Per Capita Personal Income	$59,476
Unemployment Rate (12/2024) (%)	3.5	Population (million)	0.77
Total Wages (billion)	21.2	Share of State Population (%)	4.0
Share of State Wages (%)	2.5	Population Growth (%)	(0.3)
Average Wage	$63,852	Persons in Poverty	100,821
Personal Income (billion)	$46.0	Poverty Rate (%)	13.7

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Central New York

Central New York Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Central New York	**New York State**	**United States**
Total, 16 years and over	**5.4**	**6.3**	**5.2**
By gender:			
Male	5.5	6.6	4.9
Female	5.2	6.0	4.8
By age group:			
16-24	11.4	13.4	9.4
25-34	4.8	6.7	4.4
35-44	5.0	5.1	4.3
45-54	3.8	4.7	3.9
55+	3.9	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	4.8	5.0	4.3
Black or African American, Including Hispanics or Latinos	10.1	9.3	8.7
Asian, Including Hispanics or Latinos	7.3	5.7	4.3
Other Race, Including Hispanics or Latinos	6.8	8.3	6.2
Hispanic or Latino	8.3	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.4	5.4	4.4
Less than high school graduate	10.9	9.1	7.6
High school graduate	6.1	7.0	5.8
Some college or associate's degree	4.4	6.1	4.6
Bachelor's degree or higher	2.4	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

Central New York

Central New York Employment by Sector 2023	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$63,848**	**332.3**	**100.0**	**5.6**	**100.0**
Government	*$77,182*	*62.3*	*18.8*	*2.4*	*8.2*
Private	*$60,771*	*270.0*	*81.2*	*6.4*	*91.8*
Utilities	$146,902	4.0	1.2	(3.3)	(0.8)
Construction	$77,696	14.1	4.2	4.8	3.7
Manufacturing	$81,063	30.4	9.2	2.5	4.2
Wholesale Trade	$84,834	13.5	4.1	11.3	7.8
Retail Trade	$39,111	36.9	11.1	3.5	7.2
Transportation and Warehousing	$47,649	13.6	4.1	36.4	20.7
Information	$70,553	3.6	1.1	(5.3)	(1.2)
Finance and Insurance	$96,065	9.7	2.9	(8.3)	(5.0)
Real Estate and Rental and Leasing	$57,558	4.0	1.2	5.1	1.1
Professional, Scientific, and Technical Services	$87,737	16.5	5.0	0.6	0.5
Management of Companies and	$100,874	4.4	1.3	(7.1)	(1.9)
Administrative and Waste Services	$50,691	15.8	4.8	13.6	10.8
Educational Services[1]	$59,142	11.9	3.6	(2.0)	(1.4)
Health Care and Social Assistance	$60,334	47.3	14.2	(0.7)	(1.9)
Arts, Entertainment, and Recreation	$26,758	5.0	1.5	61.0	10.7
Accommodation and Food Services	$26,385	27.5	8.3	24.9	31.1
Other Services, Ex. Public Admin	$41,351	10.8	3.2	6.5	3.7

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Central New York

Central New York Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$63,848**	**15.2**	**21.2**	**100.0**	**100.0**
Government	*$77,182*	*27.6*	*4.8*	*22.7*	*29.8*
Private	*$60,771*	*12.2*	*16.4*	*77.3*	*70.2*
Utilities	$146,902	16.6	0.6	2.8	1.8
Construction	$77,696	18.2	1.1	5.2	5.6
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Transportation and Warehousing	$47,649	(5.8)	0.6	3.1	3.8
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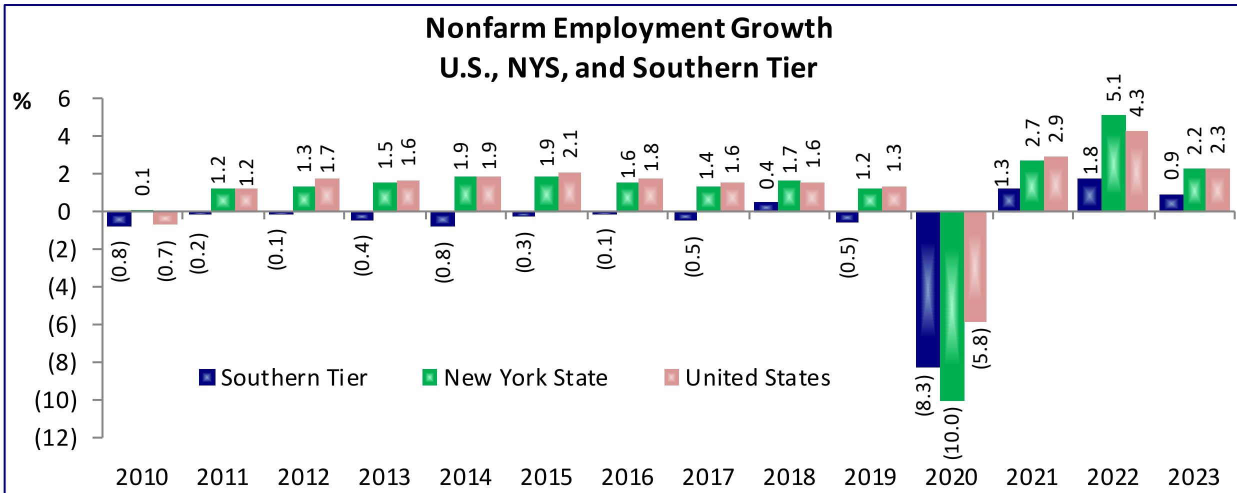
Finance and Insurance	$96,065	10.2	0.9	4.4	0.3
Real Estate and Rental and Leasing	$57,558	19.7	0.2	1.1	1.2
Professional, Scientific, and Technical Services	$87,737	14.9	1.4	6.8	5.2
Management of Companies and	$100,874	6.9	0.4	2.1	-0.1
Administrative and Waste Services	$50,691	22.4	0.8	3.8	6.0
Educational Services[1]	$59,142	9.7	0.7	3.3	1.3
Health Care and Social Assistance	$60,334	16.5	2.9	13.5	10.3
Arts, Entertainment, and Recreation	$26,758	15.0	0.1	0.6	1.6
Accommodation and Food Services	$26,385	22.6	0.7	3.4	6.7
Other Services, Ex. Public Admin	$41,351	15.5	0.4	2.1	0.5

Note: Industries ranked by NAICS two digit code. Data include unclassified.
[1] Includes only private employment. Public education and health care employment is included in the government sector.
Source: New York State Department of Labor.

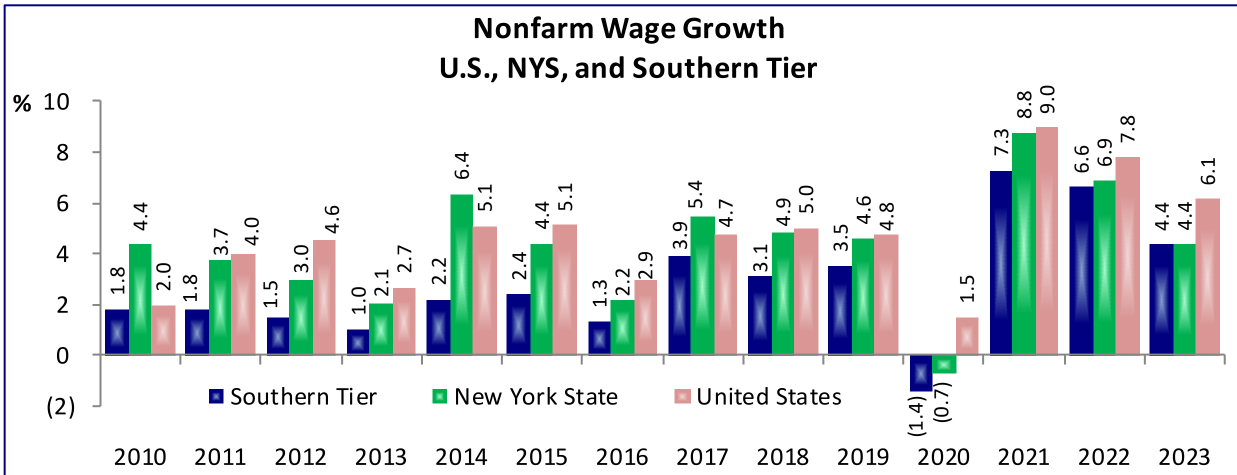
Southern Tier

Key Economic Indicators 2023			
Employment (million)	0.244	Share of State Personal Income (%)	2.1
Share of State Employment (%)	2.6	Per Capita Personal Income	$53,559
Unemployment Rate (12/2024) (%)	3.7	Population (million)	0.63
Total Wages (billion)	15.3	Share of State Population (%)	3.2
Share of State Wages (%)	1.8	Population Growth (%)	(0.6)
Average Wage	$62,830	Persons in Poverty	198,332
Personal Income (billion)	$33.7	Poverty Rate (%)	15.7

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Southern Tier

Southern Tier Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Southern Tier	**New York State**	**United States**
Total, 16 years and over	**5.9**	**6.3**	**5.2**
By gender:			
Male	6.7	6.6	4.9
Female	5.1	6.0	4.8
By age group:			
16-24	11.5	13.4	9.4
25-34	6.3	6.7	4.4
35-44	5.0	5.1	4.3
45-54	4.2	4.7	3.9
55+	4.0	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	5.5	5.0	4.3
Black or African American, Including Hispanics or Latinos	14.3	9.3	8.7
Asian, Including Hispanics or Latinos	5.3	5.7	4.3
Other Race, Including Hispanics or Latinos	8.3	8.3	6.2
Hispanic or Latino	7.9	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.9	5.4	4.4
Less than high school graduate	9.8	9.1	7.6
High school graduate	7.4	7.0	5.8
Some college or associate's degree	4.4	6.1	4.6
Bachelor's degree or higher	2.9	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

Southern Tier

Southern Tier Employment by Sector 2023	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$62,830**	**244.2**	**100.0**	**4.0**	**100.0**
Government	*$66,709*	*47.2*	*19.3*	*0.7*	*3.4*
Private	*$61,901*	*197.0*	*80.7*	*4.9*	*96.6*
Utilities	$118,731	1.3	0.5	NA	NA
Construction	$68,805	8.1	3.3	9.1	7.2
Manufacturing	$80,385	31.4	12.8	2.1	6.7
Wholesale Trade	$72,949	5.9	2.4	2.2	1.3
Retail Trade	$37,563	27.3	11.2	1.3	3.8
Transportation and Warehousing	$49,012	6.5	2.7	22.0	12.4
Information	$67,297	3.0	1.2	(5.1)	(1.7)
Finance and Insurance	$81,302	6.0	2.5	(5.5)	(3.7)
Real Estate and Rental and Leasing	$49,359	2.2	0.9	7.2	1.6
Professional, Scientific, and Technical Services	$101,783	10.4	4.3	3.8	4.0
Management of Companies and	$146,418	3.0	1.2	9.4	2.7
Administrative and Waste Services	$49,300	6.8	2.8	2.7	1.9
Educational Services[1]	NA	NA	NA	NA	NA
Health Care and Social Assistance	$61,480	36.6	15.0	0.6	2.5
Arts, Entertainment, and Recreation	$33,985	2.8	1.1	45.2	9.1
Accommodation and Food Services	$25,209	20.4	8.3	27.2	46.2
Other Services, Ex. Public Admin	$34,648	8.1	3.3	8.6	6.8

Note: Industries ranked by NAICS two digit code. Data include unclassified. Data for the utilities and educational services sectors are not available due to confidentiality reasons.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Southern Tier

Southern Tier Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$62,830**	**14.7**	**15.3**	**100.0**	**100.0**
Government	*$66,709*	*23.1*	*3.1*	*20.5*	*24.4*
Private	*$61,901*	*12.7*	*12.2*	*79.5*	*75.6*
Utilities	$118,731	NA	0.2	1.0	NA
Construction	$68,805	13.2	0.6	3.6	4.3
Manufacturing	$80,385	8.6	2.5	16.4	9.9
Wholesale Trade	$72,949	18.3	0.4	2.8	3.0
Retail Trade	$37,563	18.8	1.0	6.7	7.0
Transportation and Warehousing	$49,012	6.6	0.3	2.1	3.0
Information	$67,297	26.2	0.2	1.3	1.3
Finance and Insurance	$81,302	11.1	0.5	3.2	0.9
Real Estate and Rental and Leasing	$49,359	18.5	0.1	0.7	0.9
Professional, Scientific, and Technical Services	$101,783	14.8	1.1	6.9	6.8
Management of Companies and	$146,418	17.5	0.4	2.9	3.9
Administrative and Waste Services	$49,300	20.7	0.3	2.2	2.6
Educational Services[1]	NA	NA	NA	NA	NA
Health Care and Social Assistance	$61,480	18.2	2.3	14.7	14.4
Arts, Entertainment, and Recreation	$33,985	1.1	0.1	0.6	1.2
Accommodation and Food Services	$25,209	21.8	0.5	3.3	7.3
Other Services, Ex. Public Admin	$34,648	17.0	0.3	1.8	0.5

Note: Industries ranked by NAICS two digit code. Data include unclassified. Data for the utilities and educational services sectors are not available due to confidentiality reasons.

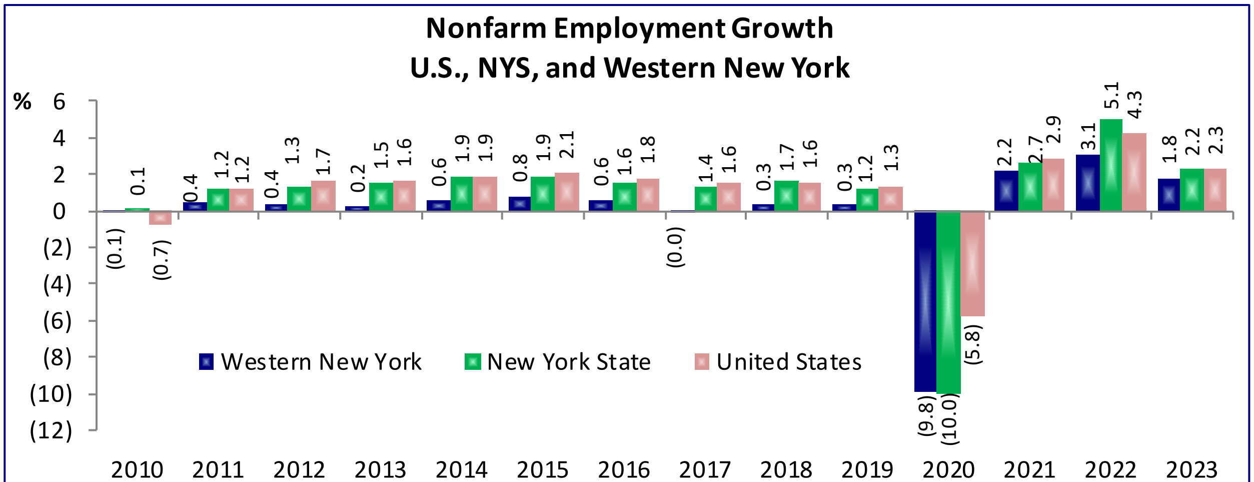
[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

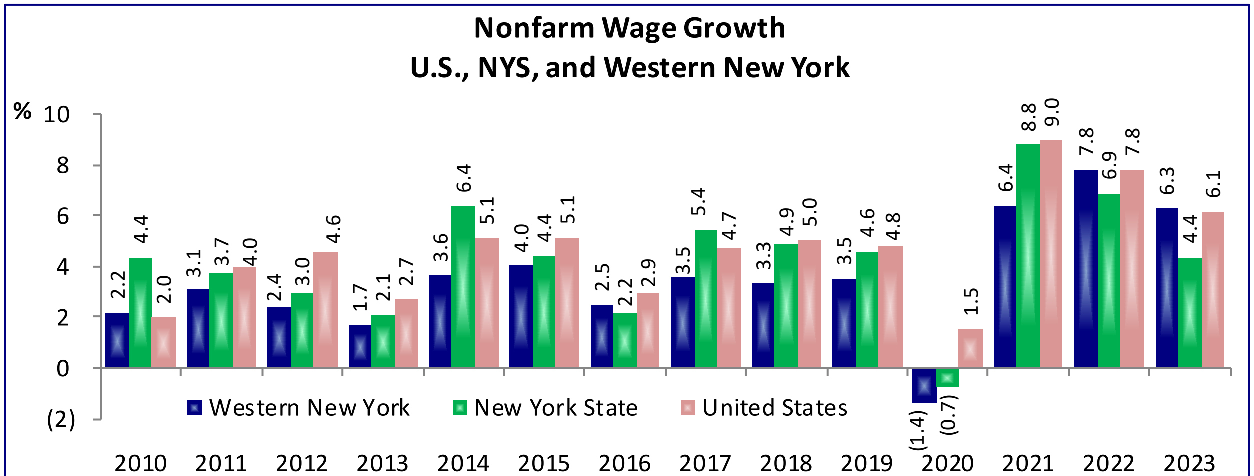
Western New York

Key Economic Indicators 2023			
Employment (million)	0.612	Share of State Personal Income (%)	5.1
Share of State Employment (%)	6.6	Per Capita Personal Income	$58,790
Unemployment Rate (12/2024) (%)	4.0	Population (million)	1.40
Total Wages (billion)	37.7	Share of State Population (%)	7.2
Share of State Wages (%)	4.5	Population Growth (%)	(0.3)
Average Wage	$61,557	Persons in Poverty	141,871
Personal Income (billion)	$82.5	Poverty Rate (%)	14.6

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Western New York

Western New York Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Western New York	**New York State**	**United States**
Total, 16 years and over	**5.2**	**6.3**	**5.2**
By gender:			
Male	5.6	6.6	4.9
Female	4.8	6.0	4.8
By age group:			
16-24	10.1	13.4	9.4
25-34	5.4	6.7	4.4
35-44	4.3	5.1	4.3
45-54	4.0	4.7	3.9
55+	4.0	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	4.8	5.0	4.3
Black or African American, Including Hispanics or Latinos	7.8	9.3	8.7
Asian, Including Hispanics or Latinos	4.8	5.7	4.3
Other Race, Including Hispanics or Latinos	6.7	8.3	6.2
Hispanic or Latino	7.2	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.5	5.4	4.4
Less than high school graduate	9.8	9.1	7.6
High school graduate	6.2	7.0	5.8
Some college or associate's degree	4.8	6.1	4.6
Bachelor's degree or higher	2.6	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.
Sources: New York State Department of Labor; U.S. Census Bureau.

Western New York

Western New York Employment by Sector 2023	Average Wage ($)	Total Employment (Thousands)	Share of Total Employment (%)	Change 2020-2023 (%)	Contribution to Change 2020-2023 (%)
Total Nonfarm	**$61,557**	**611.8**	**100.0**	**7.3**	**100.0**
Government	*$76,365*	*104.8*	*17.1*	*2.3*	*5.8*
Private	*$58,495*	*507.0*	*82.9*	*8.4*	*94.2*
Utilities	$128,661	1.6	0.3	16.0	0.5
Construction	$70,735	23.7	3.9	10.8	5.5
Manufacturing	$74,836	66.1	10.8	8.0	11.7
Wholesale Trade	$83,785	20.5	3.3	1.4	0.7
Retail Trade	$37,478	66.5	10.9	4.4	6.7
Transportation and Warehousing	$48,148	21.3	3.5	20.9	8.9
Information	$76,945	6.0	1.0	(5.8)	(0.9)
Finance and Insurance	$91,032	27.4	4.5	(6.4)	(4.5)
Real Estate and Rental and Leasing	$55,354	7.8	1.3	8.1	1.4
Professional, Scientific, and Technical Services	$80,244	28.7	4.7	4.3	2.8
Management of Companies and	$111,571	12.1	2.0	(0.7)	(0.2)
Administrative and Waste Services	$53,215	33.5	5.5	26.4	16.8
Educational Services[1]	$42,786	16.5	2.7	7.4	2.7
Health Care and Social Assistance	$57,977	86.9	14.2	0.1	0.3
Arts, Entertainment, and Recreation	$76,537	9.3	1.5	49.3	7.4
Accommodation and Food Services	$25,097	55.6	9.1	27.0	28.3
Other Services, Ex. Public Admin	$37,575	21.7	3.5	8.6	4.1

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Western New York

Western New York Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$61,557**	**13.6**	**37.7**	**100.0**	**100.0**
Government	*$76,365*	*20.2*	*8.0*	*21.3*	*22.2*
Private	*$58,495*	*12.1*	*29.7*	*78.7*	*77.8*
Utilities	$128,661	11.8	0.2	0.6	0.7
Construction	$70,735	11.3	1.7	4.4	4.7
Manufacturing	$74,836	10.6	4.9	13.1	11.9
Wholesale Trade	$83,785	11.2	1.7	4.6	2.9
Retail Trade	$37,478	16.1	2.5	6.6	6.5
Transportation and Warehousing	$48,148	7.4	1.0	2.7	3.5
Information	$76,945	8.3	0.5	1.2	0.1
Finance and Insurance	$91,032	18.7	2.5	6.6	3.7
Real Estate and Rental and Leasing	$55,354	10.4	0.4	1.1	1.0
Professional, Scientific, and Technical Services	$80,244	12.3	2.3	6.1	5.0
Management of Companies and	$111,571	22.5	1.4	3.6	3.5
Administrative and Waste Services	$53,215	25.4	1.8	4.7	9.7
Educational Services[1]	$42,786	7.3	0.7	1.9	1.4
Health Care and Social Assistance	$57,977	15.0	5.0	13.4	9.8
Arts, Entertainment, and Recreation	$76,537	(7.1)	0.7	1.9	3.0
Accommodation and Food Services	$25,097	20.3	1.4	3.7	7.1
Other Services, Ex. Public Admin	$37,575	17.5	0.8	2.2	0.5

Note: Industries ranked by NAICS two digit code. Data include unclassified.

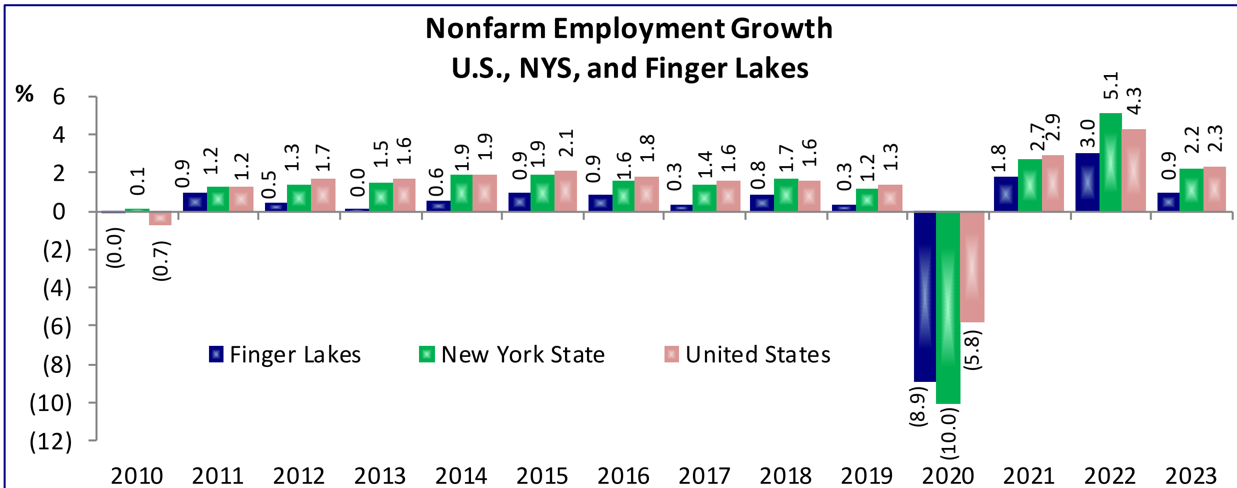
[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

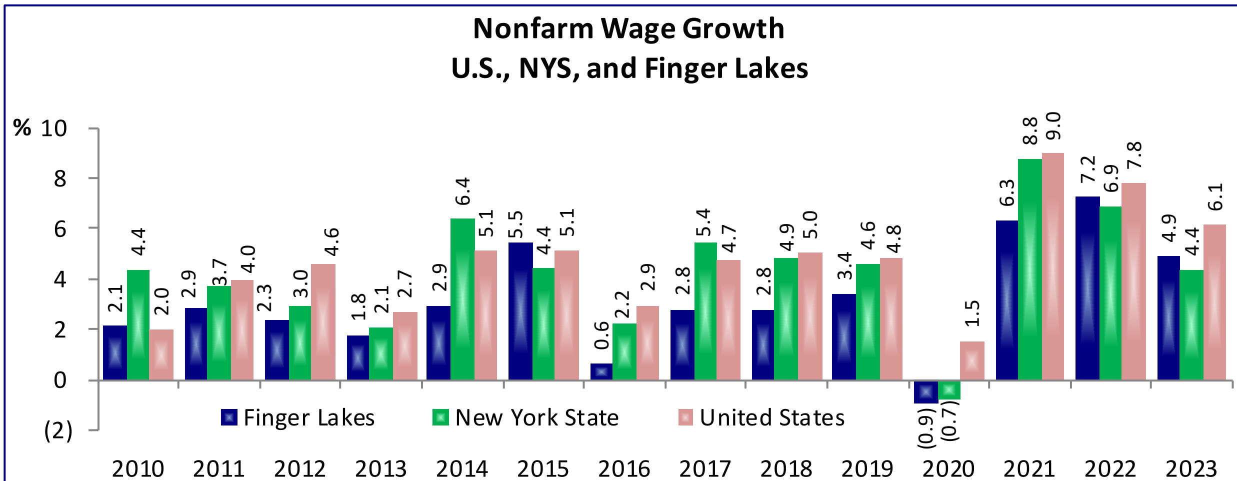
Finger Lakes

Key Economic Indicators 2023			
Employment (million)	0.535	Share of State Personal Income (%)	4.5
Share of State Employment (%)	5.8	Per Capita Personal Income	$60,674
Unemployment Rate (12/2024) (%)	3.5	Population (million)	1.21
Total Wages (billion)	33.4	Share of State Population (%)	6.2
Share of State Wages (%)	4.0	Population Growth (%)	(0.2)
Average Wage	$62,475	Persons in Poverty	141,871
Personal Income (billion)	$73.2	Poverty Rate (%)	12.2

Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.



Sources: New York State Department of Labor, U.S. Bureau of Labor Statistics.

Finger Lakes

Finger Lakes Unemployment Rate (%) 2019-2023 American Community Survey Five-Year Estimate			
	Finger Lakes	**New York State**	**United States**
Total, 16 years and over	**4.8**	**6.3**	**5.2**
By gender:			
Male	5.2	6.6	4.9
Female	4.4	6.0	4.8
By age group:			
16-24	8.8	13.4	9.4
25-34	5.8	6.7	4.4
35-44	4.7	5.1	4.3
45-54	3.0	4.7	3.9
55+	3.2	4.8	2.8
By race or ethnicity:			
White, Including Hispanics or Latinos	3.9	5.0	4.3
Black or African American, Including Hispanics or Latinos	9.2	9.3	8.7
Asian, Including Hispanics or Latinos	4.2	5.7	4.3
Other Race, Including Hispanics or Latinos	8.5	8.3	6.2
Hispanic or Latino	8.9	8.3	6.0
By educational attainment:			
Total (25-64 year olds)	4.1	5.4	4.4
Less than high school graduate	10.0	9.1	7.6
High school graduate	5.4	7.0	5.8
Some college or associate's degree	4.4	6.1	4.6
Bachelor's degree or higher	2.5	3.7	2.8

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

Sources: New York State Department of Labor; U.S. Census Bureau.

Finger Lakes

Finger Lakes Employment by Sector 2023					
	Average Wage ($)	**Total Employment (Thousands)**	**Share of Total Employment (%)**	**Change 2020-2023 (%)**	**Contribution to Change 2020-2023 (%)**
Total Nonfarm	**$62,475**	**534.8**	**100.0**	**5.8**	**100.0**
Government	*$67,885*	*82.5*	*15.4*	*1.6*	*4.4*
Private	*$61,487*	*452.2*	*84.6*	*6.6*	*95.6*
Utilities	$142,815	1.9	0.3	13.5	0.8
Construction	$74,675	24.4	4.6	14.5	10.5
Manufacturing	$73,321	59.9	11.2	(1.1)	(2.2)
Wholesale Trade	$96,932	17.2	3.2	5.5	3.1
Retail Trade	$38,159	56.4	10.6	2.7	5.0
Transportation and Warehousing	$52,086	14.1	2.6	24.8	9.5
Information	$85,283	6.3	1.2	(5.0)	(1.1)
Finance and Insurance	$97,365	15.2	2.8	0.2	0.1
Real Estate and Rental and Leasing	$64,909	7.8	1.4	13.5	3.1
Professional, Scientific, and Technical Services	$88,643	26.1	4.9	(1.6)	(1.5)
Management of Companies and	$106,424	11.2	2.1	15.4	5.1
Administrative and Waste Services	$53,707	25.3	4.7	(3.6)	(3.2)
Educational Services[1]	$78,748	29.4	5.5	6.4	6.0
Health Care and Social Assistance	$56,419	89.2	16.7	4.8	13.9
Arts, Entertainment, and Recreation	$25,463	9.2	1.7	58.1	11.5
Accommodation and Food Services	$25,735	40.9	7.6	25.8	28.6
Other Services, Ex. Public Admin	$40,359	15.9	3.0	6.9	3.5

Note: Industries ranked by NAICS two digit code. Data include unclassified.

[1] Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

Finger Lakes

Finger Lakes Wages by Sector 2023					
	Average		Total		Contribution to Change 2020-2023 (%)
	Level ($)	Change 2020-2023 (%)	Level (Billion $)	Share (%)	
Total Nonfarm	**$62,475**	**13.0**	**33.4**	**100.0**	**100.0**
Government	*$67,885*	*19.3*	*5.6*	*16.8*	*18.0*
Private	*$61,487*	*11.8*	*27.8*	*83.2*	*82.0*
Utilities	$142,815	13.8	0.3	0.8	1.1
Construction	$74,675	13.0	1.8	5.5	7.6
Manufacturing	$73,321	7.1	4.4	13.1	4.6
Wholesale Trade	$96,932	22.2	1.7	5.0	6.8
Retail Trade	$38,159	16.0	2.2	6.4	6.3
Transportation and Warehousing	$52,086	15.5	0.7	2.2	4.1
Information	$85,283	17.4	0.5	1.6	1.0
Finance and Insurance	$97,365	10.1	1.5	4.4	2.5
Real Estate and Rental and Leasing	$64,909	10.2	0.5	1.5	1.8
Professional, Scientific, and Technical Services	$88,643	13.6	2.3	6.9	4.5
Management of Companies and	$106,424	1.5	1.2	3.6	3.2
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Educational Services[1]	$78,748	11.1	2.3	6.9	6.5
Health Care and Social Assistance	$56,419	15.6	5.0	15.1	16.0
Arts, Entertainment, and Recreation	$25,463	4.7	0.2	0.7	1.7
Accommodation and Food Services	$25,735	20.7	1.1	3.1	6.6
Other Services, Ex. Public Admin	$40,359	14.3	0.6	1.9	0.6

Note: Industries ranked by NAICS two digit code. Data include unclassified.
[1] Includes only private employment. Public education and health care employment is included in the government sector.
Source: New York State Department of Labor.

REVENUE FORECAST

Overview – Revenue Summary

State Fiscal Year 2024-25

All Funds Revenues

The NYS Assembly Ways and Means Committee estimates that All Funds revenues will total $247.5 billion in State Fiscal Year (SFY) 2024-25, an increase of 5.6 percent or $13 billion. This increase can be attributed to strong growth in total tax collections and moderate growth in federal funds receipts, partially offset by a moderate decline in miscellaneous receipts.

All Funds Tax Receipts

The NYS Assembly Ways and Means Committee's All Funds tax revenue estimate for SFY 2024-25 is $116.2 billion, representing an increase of 9.2 percent or $9.7 billion from SFY 2023-24 (see Table 16).

Table 16

SFY 2024-25 All Funds Estimate Summary
($ in millions)

	2023-24 Actual	2024-25 Estimate	Change	Growth	Diff. Exec.
Personal Income Tax	53,839	61,407	7,568	14.1%	444
User Taxes	21,865	22,522	657	3.0%	33
Business Taxes	27,695	29,681	1,986	7.2%	312
Other Taxes	3,048	2,578	(470)	(15.4%)	(20)
Total Tax Collections	**106,447**	**116,187**	**9,740**	**9.2%**	**768**
All Funds Miscellaneous Receipts	29,026	27,970	(1,056)	(3.6%)	34
Gaming	4,729	4,834	105	2.2%	15
Total w/Miscellaneous Receipts & Gaming	**140,202**	**148,992**	**8,790**	**6.3%**	**818**
Federal Funds	94,276	98,502	4,226	4.5%	-
Total All Funds Receipts	**234,478**	**247,494**	**13,016**	**5.6%**	**818**

* Totals may not add up due to rounding.

The Committee's All Funds revenue estimate is $818 million above the Executive estimate, with positive variances across all major tax areas.

Personal Income Taxes

The NYS Assembly Ways and Means Committee estimates that Personal Income Tax (PIT) receipts will total $61.4 billion in SFY 2024-25, representing an increase of 14.1 percent or $7.6 billion above last year's level. Gross receipts are expected to increase by 10 percent, or $7.1 billion from SFY 2023-24, including a 14.1 percent or $1.5 billion increase in estimated payments (see Table 17). Total refunds are anticipated to decrease by 2.9 percent or $498 million, primarily related to a $587 million decrease in refunds for tax years previous to 2023, partially offset by a $304 million increase in current refunds.

The SFY 2024-25 estimates reflect continued growth in New York State employment and bonus and non-bonus wages, which has driven increased withholding tax collections. Additionally, capital gains growth, which was depressed in the prior year, rebounded strongly in Tax Year 2024. This growth has contributed to a year-to-date increase of 14.0 percent in estimated tax collections through January.

While the Committee expects PIT receipts to increase, the Pass-Through Entity Tax (PTET) continues to have a significant impact on overall PIT collections. The PTET provides individual partners, members, and shareholders of a pass-through entity with a refundable tax credit on their New York State income tax return equal to the proportionate or pro rata share of taxes paid by the electing entity. These credits are projected to reduce PIT collections by $13.7 billion in SFY 2024-25.

User Taxes

User taxes are estimated to total $22.5 billion in SFY 2024-25, an increase of 3 percent or $657 million from SFY 2023-24 levels. Sales tax revenue is estimated to increase by $581 million or 2.9 percent, primarily due to continued strength in consumer demand.

Business Taxes

Overall, business taxes are estimated to increase by 7.2 percent or $2 billion, for a total of $29.7 billion. This increase is primarily due to an anticipated $2 billion increase in PTET collections, and a $332 million increase in bank tax audit collections, partially offset by a projected $353 million decline in corporate franchise tax collections (see Table 17).

The Committee accepts the Executive assumptions with regard to audit collections.

Other Taxes

Other taxes are estimated to total $2.6 billion, a decrease of $470 million or 15.4 percent below SFY 2023-24 levels. This decrease reflects a $565 million or 30.4 percent decline in estate and gift tax collections.

Gaming

The Committee anticipates an overall fiscal year increase in gaming receipts of $105 million or 2.2 percent, for a total of $4.8 billion. This growth is bolstered by exceptionally strong mobile sports wagering receipts of $1.1 billion, an increase of $239 million or 26.9 percent over prior year collections (see Table 17).

Revenue Table, State Current Fiscal Year 2024-25

Table 17

All Funds Collections SFY 2024-25 ($ in Millions)	2023-24 Actual	2024-25 Estimate	Change	Growth	Diff. Exec.
Personal Income Tax	**53,839**	**61,407**	**7,568**	**14.1%**	**444**
Gross Receipts	**70,999**	**78,069**	**7,070**	**10.0%**	**(129)**
Withholding	54,699	60,149	5,450	10.0%	413
Estimated Payments	10,779	12,298	1,519	14.1%	(609)
Vouchers	6,331	7,450	1,119	17.7%	(617)
IT 370s	4,448	4,847	399	9.0%	7
Final Payments	3,650	3,613	(37)	(1.0%)	42
Delinquencies	1,871	2,009	138	7.4%	25
Total Refunds	**17,160**	**16,662**	**(498)**	**(2.9%)**	**(573)**
Net Collections	**53,839**	**61,407**	**7,568**	**14.1%**	**444**
User Taxes and Fees	**21,865**	**22,522**	**657**	**3.0%**	**33**
Sales and Use Tax	19,903	20,484	581	2.9%	42
Motor Fuel Tax	487	485	(2)	(0.4%)	(3)
Cigarette & Tobacco Tax	842	791	(51)	(6.1%)	(17)
Vapor Tax	24	21	(3)	(12.5%)	-
Highway Use Tax	139	138	(1)	(0.9%)	1
Alcoholic Beverage Tax	275	269	(6)	(2.0%)	(3)
Opioid Tax	22	21	(1)	(4.5%)	1
Medical Cannabis Excise Tax	9	4	(5)	(55.6%)	-
Adult Use Cannabis Tax	33	170	137	413.6%	12
Auto Rental Tax**	131	138	7	5.2%	1
Peer to Peer Car Sharing Tax	0	2	2	100.0%	-
Business Taxes	**27,695**	**29,681**	**1,986**	**7.2%**	**312**
Corporate Franchise Tax	9,262	8,909	(353)	(3.8%)	56
Utility Tax	554	523	(31)	(5.6%)	(28)
Insurance Tax	2,813	2,877	64	2.3%	48
Bank Tax	1	333	332	33180.0%	227
Pass-Through Entity Tax	13,956	15,986	2,030	14.5%	18
Petroleum Business Tax	1,109	1,053	(56)	(5.1%)	(9)
Other Taxes	**3,048**	**2,578**	**(470)**	**(15.4%)**	**(20)**
Estate Tax	1,856	1,291	(565)	(30.4%)	(86)
Real Estate Transfer Tax	1,165	1,258	93	7.9%	66
Employer Compensation Expense Program	14	15	1	7.1%	-
Pari Mutuel Tax	12	12	0	0.0%	-
Other Taxes	1	2	1	100.0%	-
Total All Funds Taxes	**106,447**	**116,187**	**9,740**	**9.2%**	**768**
All Funds Miscellaneous Receipts**	29,026	27,970	(1,056)	(3.6%)	34
Gaming	4,729	4,834	105	2.2%	15
Total Taxes, Miscellaneous Receipts & Gaming	**140,202**	**148,991**	**8,789**	**6.3%**	**818**
Federal Funds	94,276	98,502	4,226	0	0
Total All Funds Receipts	**234,478**	**247,494**	**13,016**	**5.6%**	**818**

* Totals may not add up due to rounding.

**The SFY 2020-21 budget provided a portion of these revenues directly to the MTA.

State Fiscal Year 2025-26

As measured by inflation-adjusted Gross Domestic Product, the Committee estimates that the national economy grew by 2.8 percent in 2024, a slight slowdown from 2.9 percent in 2023. Growth of national output is forecast to slow to an estimated 2.4 percent in 2025 and then decrease to 2.1 percent in 2026 (see the Economic section).

All Funds Revenues

The Committee expects a 0.7 percent or $1.8 billion decrease in All Funds revenues for SFY 2025-26, totaling $245.7 billion. This decrease is driven primarily by a $5.4 billion reduction in federal funds, a $2.5 billion decrease in business tax collections, and a $955 million decrease in PIT collections, which is partially offset by a $6.1 billion increase in miscellaneous receipts (see Table 18).

All Funds Tax Receipts

The Committee expects a 2.2 percent or $2.5 billion decrease in All Funds tax receipts in SFY 2025-26, for a total of $113.7 billion.

The Committee's total All Funds revenue forecast is $1.8 billion above the Executive forecast. The Committee's net PIT forecast is $1.4 million above the Executive forecast.

Table 18

SFY 2025-26 All Funds Forecast Summary
($ in millions)

	2024-25 Estimate	2025-26 Forecast	Change	Growth	Diff. Exec.
Personal Income Tax	61,407	60,452	(955)	(1.6%)	1,392
User Taxes	22,522	23,308	787	3.5%	97
Business Taxes	29,681	27,184	(2,497)	(8.4%)	104
Other Taxes	2,578	2,732	154	6.0%	(15)
Total Tax Collections	**116,187**	**113,676**	**(2,511)**	**(2.2%)**	**1,578**
All Funds Miscellaneous Receipts	27,970	33,923	5,953	21.3%	36
Gaming	4,834	4,994	159	3.3%	141
Total w/Miscellaneous Receipts & Gaming	**148,992**	**152,593**	**3,601**	**2.4%**	**1,755**
Federal Funds	98,502	93,091	(5,411)	(5.5%)	-
Total All Funds Receipts	**247,494**	**245,684**	**(1,810)**	**(0.7%)**	**1,755**

* Totals may not add up due to rounding.

Personal Income Taxes

Overall, net personal income taxes (PIT), the largest component of all tax collections, are forecast to total $60.5 billion, which is $955 million or 1.6 percent, below the SFY 2024-25 estimates.

To maintain comparability with the Executive forecast, the Committee adjusts its PIT forecast down by $4 billion, related to the Executive proposals that would: enact a one-time inflation refund ($3.1 billion); enhance the Empire State Child Credit ($471 million); and provide a middle-class tax cut ($458 million). The projected decline in net PIT collections is almost entirely attributable to these proposed actions, which are partially offset by a projected increase in gross collections, driven by continued growth in total wages and non-wage income.

User Taxes

All Funds user taxes are forecast to total $23.3 billion, which is 3.5 percent above the SFY 2024-25 estimates. This increase in year-over-year user tax growth is consistent with the Committee's projections that inflation will continue to ease, and that consumer spending returns to its long-term trend.

Business Taxes

Business taxes are forecast to total $27.2 billion in SFY 2025-26, a decrease of $2.5 billion or 8.4 percent, from the current year closeout on an All Funds basis. This decrease is primarily related to a $2.5 billion reduction in PTET receipts.

The SFY 2021-22 Enacted Budget increased the corporate tax rate from 6.5 percent to 7.25 percent for corporate franchise taxpayers with net incomes over $5 million, and reinstated the capital base tax at 0.1875 percent for businesses that are not categorized as small businesses (net incomes less than $390,000 and less than 100 employees) or co-operative apartments. These increased rates were further extended for an additional three years, through Tax Year 2026, in the SFY 2023-24 Enacted Budget. At the time of enactment, this action was projected to increase business tax collections by $810 million in SFY 2024-25 and $1.2 billion in SFY 2025-26.

Other Taxes

Other taxes, which consist primarily of the estate tax and real estate transfer taxes, are forecast to increase by $154 million or 6.0 percent, in SFY 2025-26, to a level of $2.7 billion. This increase is due to a projected $57 million increase in estate and gift tax collections, and a projected $95 million increase in real estate transfer tax collections.

Gaming

Gaming receipts are forecast to increase by 3.3 percent or $159 million in SFY 2025-26 for a total of $5 billion. Lottery receipts are expected to decrease by $78 million or 3.2 percent; video lottery terminal revenues are projected to increase by 2.2 percent, to a level of $1.2 billion; and casino revenues are projected to increase by 1.5 percent, to a level of $136 million. Mobile sports wagering receipts are projected to increase by $211 million or 18.7 percent, to a level of $1.3 billion in SFY 2025-26.

Revenue Table, Upcoming Fiscal Year 2025-26

Table 19

All Funds Collections SFY 2025-26 ($ in Millions)	2024-25 Estimate	2025-26 Forecast	Change	Growth	Diff. Exec.
Personal Income Tax	**61,407**	**60,452**	**(955)**	**(1.6%)**	**1,392**
Gross Receipts	**78,069**	**82,030**	**3,961**	**5.1%**	**702**
Withholding	60,149	62,458	2,309	3.8%	517
Estimated Payments	12,298	13,717	1,419	11.5%	131
Vouchers	7,450	8,541	1,091	14.6%	77
IT 370s	4,847	5,176	329	6.8%	54
Final Payments	3,613	3,774	161	4.5%	13
Delinquencies	2,009	2,081	72	3.6%	41
Total Refunds	**16,662**	**21,578**	**4,916**	**29.5%**	**(690)**
Net Collections	**61,407**	**60,452**	**(955)**	**(1.6%)**	**1,392**
User Taxes and Fees	**22,522**	**23,308**	**787**	**3.5%**	**97**
Sales and Use Tax	20,484	21,210	726	3.5%	93
Motor Fuel Tax	485	486	1	0.2%	(3)
Cigarette & Tobacco Tax	791	751	(40)	(5.0%)	(16)
Vapor Tax	21	21	-	0.0%	-
Highway Use Tax	138	139	1	0.7%	1
Alcoholic Beverage Tax	269	269	-	0.0%	(3)
Opioid Tax	21	21	-	0.0%	1
Medical Cannabis Excise Tax	4	3	(1)	(25.0%)	-
Adult Use Cannabis	170	263	94	55.2%	18
Auto Rental Tax	138	144	6	4.2%	7
Peer to Peer Car Sharing Tax	2	2	-	0.0%	-
Business Taxes	**29,681**	**27,184**	**(2,497)**	**(8.4%)**	**104**
Corporate Franchise Tax	8,909	9,062	152	1.7%	65
Utility Tax	523	559	36	6.9%	(2)
Insurance Tax	2,877	2,984	107	3.7%	50
Bank Tax	333	106	(227)	(68.1%)	-
Pass-Through Entity Tax	15,986	13,467	(2,519)	(15.8%)	-
Petroleum Business Tax	1,053	1,006	(47)	(4.4%)	(9)
Other Taxes	**2,578**	**2,732**	**154**	**6.0%**	**(15)**
Estate Tax	1,291	1,348	57	4.4%	(90)
Real Estate Transfer Tax	1,258	1,353	95	7.6%	75
Employer Compensation Expense Program	15	15	-	0.0%	-
Pari Mutuel Tax	12	15	3	25.0%	-
Other Taxes	2	1	(1)	(50.0%)	-
Total All Funds Taxes	**116,187**	**113,676**	**(2,511)**	**(2.2%)**	**1,578**
All Funds Miscellaneous Receipts	27,970	33,923	5,953	21.3%	36
Gaming	4,834	4,994	159	3.3%	141
Total Taxes & Gaming & Miscellaneous Receipts	**148,991**	**152,593**	**3,602**	**2.4%**	**1,755**
Federal Funds	98,502	93,091	(5,411)	(5.5%)	-
Total All Funds Receipts	**247,494**	**245,684**	**(1,810)**	**(0.7%)**	**1,755**

* Totals may not add up due to rounding.

RISKS TO THE REVENUE FORECAST

The current forecast for revenues is predicated on certain key assumptions related to fiscal and monetary policy, as well as global economic and geopolitical fundamentals as enunciated in the economic section of this report.

As with the economic forecast, the Committee's revenue projections are largely dependent on the State's ability to respond to various factors such as the Federal Reserve's change in monetary policy as they continue to address inflationary concerns, international geopolitical conflicts, volatility in the financial markets and key economic indicators, as well as any unpredicted major disruptions to supply chains, which would negatively impact the growth of consumer spending.

In addition, the State has experienced some changes in taxpayer behavior because of the federal tax reforms enacted in December 2017, especially those related to the limitation on State and local tax (SALT) deductions. Many of provisions included the 2017 federal tax reform, including the $10,000 limit on the deductibility of SALT payments, are set to expire at the end of 2017. However, the President and Congressional majorities are discussing various tax policy changes, including extending many of the current provisions set to expire. As specific details are not currently available, our revenue outlook does not incorporate any potential federal tax policy changes, other than assuming taxpayers will continue to utilize the Pass-Through Entity Tax beyond tax year 2025.

EXECUTIVE REVENUE ACTIONS

Personal Income Tax (PIT) Proposals

- **Inflation Refund:** The Executive proposes to create a one-time $3 billion inflation refund credit for certain taxpayers filing jointly with incomes below $300,000, or incomes below $150,000 for single filers. Eligible taxpayers filing jointly would receive a $500 credit, and eligible single filers would receive a $300 credit. The credit would be provided as an advanced payment in the fall of 2025, and would be based on 2023 tax year income.

- **Middle-Class Tax Cut:** The Executive proposes to provide a low- and middle-income tax cut for certain taxpayers with incomes below $323,200. The tax rate reduction would be phased-in over two years, and would provide $1 billion in savings for taxpayers when fully phased-in.

- **Enhanced Empire State Child Credit for Three Years:** The Executive proposes to enhance and expand the Empire Child Tax Credit Program for three years. Specifically, the proposal would:

    - increase the maximum credit to $1,000 for qualifying children under four years old for tax years 2025 through 2027; and
    - increase the maximum credit to $500 for qualifying children aged 4-16 for 2026 and 2027 tax years.

- **Extend the Temporary PIT High Income Surcharge for Five Years:** The Executive proposes to extend the current PIT Surcharge for high-income earners for an additional five years, through the 2032 tax year.

- **Eliminate NYC PIT for Certain Filers:** The Executive proposes to establish a PIT credit for certain low- and middle-income New York City (NYC) taxpayers with at least one dependent. The credit would eliminate NYC PIT liability completely for taxpayers with incomes below the “eligibility threshold”, which would be calculated based on the number of dependents of the taxpayer. For taxpayers who exceed the eligibility threshold by $5,000 or less, who would otherwise apply, the credit amount would be calculated on a sliding scale.

- **Pass-Through Entity Tax (PTET) Flexibility:** The Executive proposes to extend the deadline for entities to elect to pay the PTET from March 15th to September 15th of the applicable tax year, and make conforming changes to estimated payment deadlines.

- **Tax Credit for Organ Donation:** The Executive proposes to replace the existing tax deduction for unreimbursed organ donation expenses not reimbursed by a donor's health insurance with a refundable tax credit of up to $10,000 for such expenses.

- **Extend the Financial Institution Data Match System for Five Years:** The Executive proposes to extend for five years current provisions authorizing the Department of Taxation and Finance to use the financial institution data match system for the State collection of past-due fixed and final tax debts, as well as allows the Department to serve warrantless income executions on individual tax debtors and if necessary, on the employers of such debtors. These present law provisions are otherwise scheduled to expire on April 1, 2025.

- **Extend and Double Low-Income Housing Credits:** The Executive proposes to extend the State's low income housing tax credit for four years, through 2029, and to increase the yearly aggregate amount allocable by $30 million each year beginning in 2025. The proposal would also allow buildings financed by certain refunded bonds to qualify for the credit.

Consumption and Use Tax Proposals

- **Eliminate Duplicative Sales Tax Exemption Reporting Requirement:** The Executive proposes to eliminate the requirement for agents and project operators appointed by Industrial Development Agencies (IDAs) to annually report the value of all state and local sales use taxes exempted during the preceding calendar year. IDAs would still be required to report such information the Authorities Budget Office and the State Comptroller.

- **Extend the Sales Tax Vending Machine Exemption for One Year:** The Executive proposes to extend the existing sales tax exemption for food and drink purchased from a vending machine for one year, certain vending machine purchases for one year, through May 31, 2026.

Business Tax Proposals

- **Amend the State Historic Property Tax Credits:** The Executive proposes to amend the State Historic Property Tax Credit to allow for the transferability of credits if approved by the NYS Office of Parks, Recreation, and Historic Preservation. The proposal would also exempt certain affordable housing projects from current geographic limitations under the program.

- **Establish the Companies Attracting Talent to Advance Leading Innovations and Scale Technologies "CATALIST" NY Program:** The Executive proposes to establish the CATALIST NY Program, which would allow certain small businesses that have completed a NYS incubator program to provide a PIT benefit for up to eight newly hired full time employees. Through the program, the wages of such employees would be exempt from NYS PIT.

- **Extend and Amend the Excelsior Jobs Program:** The Executive proposes to extend the Excelsior Jobs program for ten years, from 2029 to 2039, and to enhance and expand eligibility under the program to include certain Semiconductor Supply Chain Projects. The proposal would also:

  - create a new Semiconductor Research and Development Project program, which would provide a tax credit for certain large scale semiconductor R&D projects;
  - sunset the current Employee Training Incentive Program (ETIP) on December 31, 2028;
  - establish a new Semiconductor Manufacturing Workforce Training program, which would a provide a tax credit for non-semiconductor manufacturing businesses, and an enhanced tax credit for certain semiconductor manufacturing businesses; and
  - enhance the Jobs Retention Tax Credit Program, and expand the program to include certain emergency-impacted small businesses.

- **Extend and Amend the Film Tax Credit:** The Executive proposes to extend the Empire State Film Production and Post-production Credits for an additional two years, through 2036; remove the tiered payout structure for new applicants; enhance the post-production tax credit program; provide an additional ten percent tax credit for certain recurring productions; remove certain restrictions on above-the-line qualified costs; and create a new $100 million Empire State Independent Film Production program.

- **Make a Technical Change to the Newspaper and Broadcast Media Jobs Program:** The Executive proposes to make a technical amendment to the Newspaper and Broadcast Media Jobs Tax Credit program, to clarify that the $300,000 credit cap applies to each eligible subsidiary or affiliate of a parent company, and not the parent company and its subsidiaries or affiliates combined.

- **Amend the Digital Gaming Media Production Credit Program:** The Executive proposes to allow the unused portion of the current $5 million aggregate annual cap of tax credits allowed under the Digital Gaming Media Production Credit Program, to be carried forward and added to the aggregate amount of credits available in future years.

- **Extend the New York City Musical and Theatrical Production Credit for Two Years:** The Executive proposes to increase the aggregate annual cap on the New York City Musical and Theatrical Production Tax Credit, from $300 million to $400 million, and to extend the initial application deadline for two years, through 2027.

- **Increase the Article 9-A Estimated Tax Threshold:** The Executive proposes to increase the threshold at which corporation tax filers are required to make estimated tax payments, from $1,000 to $5,000.

- **Expand the Credit for Employment of Persons with Disabilities:** The Executive proposes to increase the maximum credit allowed under the Employment of Persons with Disabilities program from $2,100 to $5,000 per qualified employee.

- **Reporting of Federal Partnership Adjustments:** The Executive proposes to establish reporting requirements for partnerships that were subject to federal partnership audit changes or administrative adjustment requests, and require the payment of any resulting tax due to the State.

- **Amend the NYC Relocation and Employment Assistance Program:** The Executive proposes to extend the New York City Relocation and Employment Assistance Program (REAP) for five years, until July 1, 2030. The proposal also establishes the Relocation Assistance Credit Per Employee (RACE) program, which would be a new New York City pilot program to provide tax credits to certain out-of-state businesses that relocate to eligible buildings by July 1, 2028.

- **Extend the Clean Heating Fuel Credit for Three Years:** The Executive proposes to extend the expiration dates for corporate and personal income tax credits available for purchasing bio-heating fuel for residential purposes for three years, from January 1, 2026, to January 1, 2029**.**

- **Extend the Alternative Fuels and Electric Vehicle Recharging Property Credit for Three Years:** The Executive proposes to extend the alternative fuels and electric vehicle recharging property credit for three years, from January 1, 2026, to January 1, 2029.

- **Extend the Workers with Disabilities Tax Credit for Three Years:** The Executive proposes to extend the Workers with Disabilities Tax Credit for an additional three years, through 2028.

- **Extend the Hire a Vet Credit for Three Years:** The Executive proposes to extend the Hire-A-Vet Credit for an additional three years, through 2028.

- **Extend the Musical and Theatrical Production Credit for Four Years:** The Executive proposes to extend the Musical and Theatrical Production credit for regions outside of New York City, for an additional four years, until January 1, 2030.

Real Property Tax/STAR Proposals

- **Simplify the STAR Income Definition:** The Executive proposes to make various changes to the income and age eligibility rules for the STAR Program, including proposals to:

    - require only one of the residents of a property to be 65 years or older to qualify for Enhanced STAR, if otherwise eligible;
    - clarify income eligibility rules so only the income of the owners who primarily reside on the property is considered;
    - allow property owners who are not required to file income tax returns to maintain their benefit without the need to file income verification worksheets, if they were eligible based on such worksheets for three consecutive years;

- set July 1st as the residency date for STAR credit income eligibility purposes, instead December 31st under current law; and
- clarify the eligibility determination process and protest provisions so they conform for all variations of the STAR program.

- **Create an Affordable Homebuyer Tax Exemption:** The Executive proposes to establish a partial real property tax exemption for certain residential properties that are built with the help of nonprofits, community land trusts, land banks, or governmental entities and sold or leased to qualified low-income households. The exemption would be at local option, and the property would be required to be used as the primary residence for households with incomes of up to 80 percent of Area Median Income.

- **Reduce Shelter Rent Taxes for Mitchell-Lama Residents:** The Executive proposes to enhance the current real property tax abatement for Mitchell-Lama developments, by reducing the property taxes owed for qualified developments from ten percent of the annual shelter rate to no more than five percent of the annual shelter rate. The reduced rate would apply to qualified Mitchell-Lama developments located in New York City, and would be at local option for municipalities located outside of New York City.

- **Expand Availability of Redevelopment Inhibited Property Exemption:** The Executive proposes to authorize municipalities across the State to opt-in to the current Redevelopment of Inhibited Property Tax Exemption, for the redevelopment of certain vacant, abandoned, or blighted residential properties. The proposal would also amend the current exemption, to allow certain one- to four-unit buildings to be eligible for the exemption.

- **Amend the New York City Industrial and Commercial Abatement Program:** The Executive proposes to remove parking facilities from eligibility under the New York City Industrial and Commercial Abatement Program (ICAP), designate Governor's Island as a special commercial abatement area under the program, and decouple the ICAP program from the energy rates demand curve reset period.

Gaming Proposals

- **Amend and Simplify the Pari-Mutuel Tax (PMT) Rate Structure:** The Executive proposes to replace the existing pari-mutuel tax structure with a simplified flat tax rate on the live racing handle; allow potential future agreements between racing entities on the distribution of revenues to supersede existing provisions of law; establish that winning bets will be rounded to the nearest penny; and permanently extend certain PMT provisions.

- **Temporarily Extend the Lowered Casino Tax Rates:** The Executive proposes to extend the lowered tax rate on slot machine gross gaming revenues from April 1, 2026, through June 30, 2028, for commercial casinos in Zone Two, provided that certain conditions are met.

- **Extend Authorized Use of Capital Funds by a Certain Off-Track Betting Corporation for One Year:** The Executive proposes to extend Capital Off-Track Betting Corporation's authorization to use Capital Acquisition Funds to accept authorized wagers and meet statutory and contractual obligations by one year.

- **Conduct a Study of the Thoroughbred Fetlock Joint Injury Detection Through Advanced Imaging:** The Executive proposes to fund a study by the Cornell University College of Veterinary Medicine of the thoroughbred fetlock joint through advanced imaging, utilizing $2 million from the New York Racing Association and an additional one percent market origin fee imposed on out-of-state advance deposit wagering providers.

Other Tax Proposals

- **Waiting Period Restriction and Limit Deductions on Institutional Real Estate Investors:** The Executive proposes to disallow the sale of single- and two-family homes to certain covered entities, including institutional investors, unless the property has been on the market for at least 75 days. The proposal would also require such entities seeking to purchase these properties to provide sellers with a form identifying themselves as covered entities and establish penalties for violating either the waiting period requirement or the notification requirement. Finally, the proposal would prohibit depreciation tax and interest tax deductions from such homes, if purchased by covered entities.

- **Clarify Taxpayer Notification and Protest Rights:** The Executive proposes to establish that the use of the Department's Online Services System (OLS) by a taxpayer to access tax information related to them does not confer protest rights before the Division of Tax Appeals (DTA). The proposal would also establish that notices through the OLS system related to past-due fixed and final liabilities do not confer hearing rights before the DTA.

- **Improve the Tax Warrant Process:** The Executive proposes to establish that the filing of a tax warrant at the Department of State by the Department of Taxation and Finance (DTF) establishes the State's lien priority, instead of the filing of a tax warrant at the county clerk where tax debtor owns real property. DTF would still be required to file a copy of such warrant with the clerk of the county named in the warrant.

- **Amend and Simplify the Pari-Mutuel Tax (PMT) Rate Structure:** The Executive proposes to replace the existing pari-mutuel tax structure with a simplified flat tax rate on the live racing handle; allow potential future agreements between racing entities on the distribution of revenues to supersede existing provisions of law; establish that winning bets will be rounded to the nearest penny; and permanently extend certain PMT provisions.

- **Make Permanent the Estate Tax Three-Year Gift Addback Rule:** The Executive proposes to make permanent the requirement that gifts that are taxable for federal gift tax purposes and that are made within three years of death, are taxable for State purposes. This provision is currently set to expire on January 1, 2026.

Table 20

SFY 2025-26: Tax and Other Revenue Actions ($ in Millions)	General Fund		All Funds	
	FY2026	FY2027	FY2026	FY2027
Personal Income Tax	(4,009)	(1,950)	(4,009)	(1,950)
Enact a One-Time Inflation Refund	(3,080)	-	(3,080)	-
Provide a Middle-Class Tax Cut and Extend Temporary PIT High Income Surcharge for Five Years	(458)	(1,115)	(458)	(1,115)
Enhance the Empire State Child Credit for Three Years	(471)	(825)	(471)	(825)
Establish the Catalist NY Program	-	-	-	-
Establish a Tax Credit for Organ Donation	-	(1)	-	(1)
Simplify the STAR Income Definition	-	(9)	-	(9)
Reporting of Federal Partnership Adjustments	-	-	-	-
Extend the Clean Heating Fuel Credit for Three Years	-	-	-	-
Extend the Alternative Fuels and and Electric Vehicle Recharging Property Credit for Three Years	-	-	-	-
Extend the Financial Institution Data Match System for Five Years	-	-	-	-
Business Taxes	(3,129)	(266)	(3,129)	(266)
Extend and Amend the Excelsior Jobs Program	-	-	-	-
Extend and Amend the Film Tax Credit	-	(111)	-	(111)
Expand the Credit for the Employment of Persons with Disabilities	-	(2)	-	(2)
Amend the State Historic Property Tax Credits	-	-	-	-
Extend and Double the Low Income Housing Credits	-	(15)	-	(15)
Impose Waiting Period Restriction and Limit Deductions on Institutional Real Estate Investors	-	6	-	6
Enact PTET Flexibility*	(3,045)	-	(3,045)	-
Increase the Article 9A Estimated Payment Threshold	(84)	(144)	(84)	(144)
Amend the Digital Gaming Media Production Program	-	-	-	-
Make a Technical Change to the Newspaper and Broadcast Media Jobs Program	-	-	-	-
Extend the Musical and Theatrical Production Credit for Four Years	-	-	-	-
Extend the Workers with Disabilities Tax Credit for Three Years	-	-	-	-
Extend the Hire a Vet Credit for Three Years	-	-	-	-
Extend the New York City Musical and Theatrical Production Tax Credit for Two Years	-	-	-	-
Consumption/Use Taxes	(8)	(2)	(8)	(2)
Eliminate Duplicative IDA SUT Exemption Reporting	-	-	-	-
Extend the Sales Tax Vending Machine Exemption for One Year	(8)	(2)	(8)	(2)
Other Actions	0	0	0	0
Make Permanent the Estate Tax Three Year Gift Addback Rule	-	-	-	-
Improve the Tax Warrant Process	-	-	-	-
Clarify Taxpayer Notification and Protest Rights	-	-	-	-
Gaming Initiatives	0	0	3	(43)
Conduct a Study of Thoroughbred Fetlock Joint Injury Detection Through Advanced Imaging	-	-	-	-
Temporarily Extend the Lowered Casino Slot Tax Rates	-	-	3	6
Amend and Simplify the Pari-Mutuel Tax Rate Structure	-	-	-	(49)
Extend the Authorized Use of Capital Funds by a Certain Off-Track Betting Corporation for One	-	-	-	-
TOTAL REVENUE ACTIONS	(7,146)	(2,218)	(7,143)	(2,261)

**Proposal is Financial Plan Neutral*

TAX ANALYSIS

Personal Income Tax

Table 21

Personal Income Tax Collections Forecasts by State Fiscal Year ($ in Millions)						
	2024-25			2025-26		
	WAM Estimate	Percent Growth	Diff. Exec	WAM Forecast	Percent Growth	Diff. Exec.
Personal Income Tax	**$61,407**	**14.1%**	**$444**	**$60,452**	**(1.6%)**	**$1,392**
Gross Receipts	**78,069**	**10.0%**	**(129)**	**82,030**	**5.1%**	**702**
Withholding	60,149	10.0%	413	62,458	3.8%	517
Estimated Payments	12,298	14.1%	(609)	13,717	11.5%	131
Vouchers	7,450	17.7%	(617)	8,541	14.6%	77
IT 370s	4,847	9.0%	7	5,176	6.8%	54
Final Payments	3,613	(1.0%)	42	3,774	4.5%	13
Delinquencies	2,009	7.4%	25	2,081	3.6%	41
Total Refunds	**16,662**	**(2.9%)**	**(573)**	**21,578**	**29.5%**	**(690)**
Prior Year Refunds	9,712	(3.0%)	(42)	10,775	11.0%	(134)
Current Refunds	3,500	9.5%	-	3,971	13.5%	-
Advance Credit Payments	807	(1.8%)	(46)	3,966	391.7%	(56)
Previous Refunds	1,292	(31.3%)	(484)	1,314	1.8%	(501)
State/City Offsets	1,352	7.9%	-	1,551	14.7%	-
Collections	**61,407**	**14.1%**	**444**	**60,452**	**(1.6%)**	**1,392**
Transfers to STAR	(1,453)	(9.6%)	-	(1,397)	(3.9%)	-
Transfers to DRRF/RBTF	(30,703)	14.1%	(221)	(30,226)	(1.6%)	(697)
General Fund PIT Collections	**$29,250**	**15.6%**	**$222**	**$28,829**	**(1.4%)**	**$695**

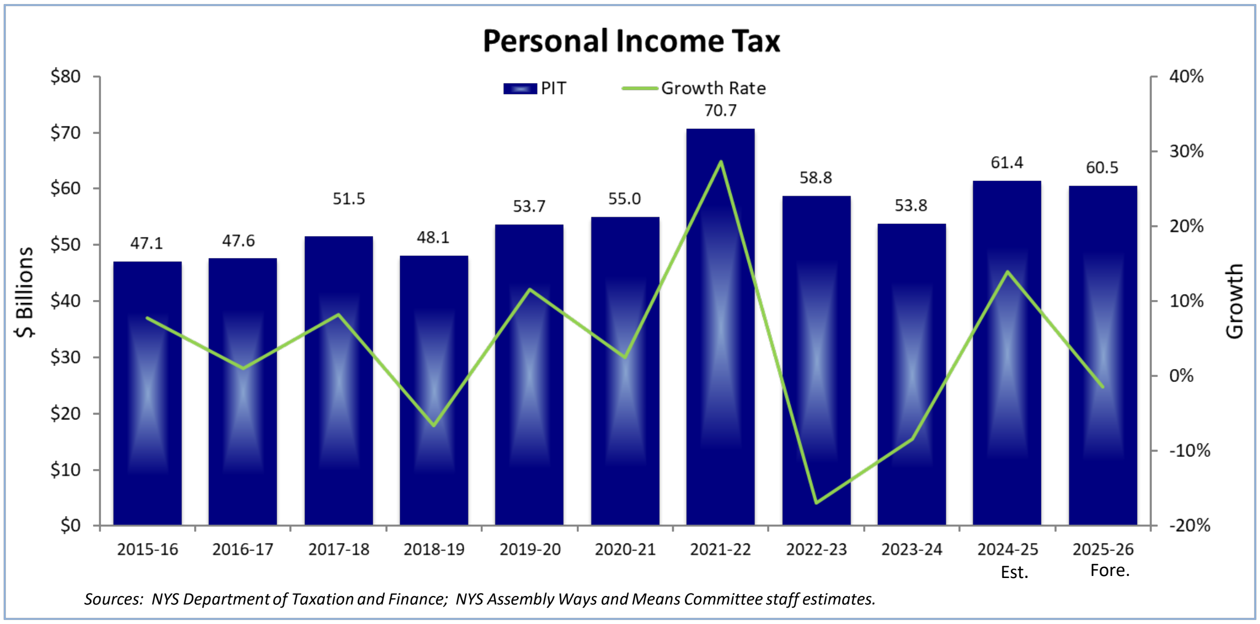


Figure 65

Article 22 of the Tax Law imposes a tax on the income of individuals, estates and trusts residing or located in New York State. In SFY 2023-24, Personal Income Tax (PIT) receipts contributed approximately 41 percent of all tax collections deposited into the General Fund. PIT receipts are received through employee withholdings, estimated tax payments, payments accompanying annual tax returns, late payments, and audits and assessments. Withholding is the single largest component, comprising approximately 77 percent of gross PIT receipts.

New York's definition of income closely follows federal rules, which include wages, salaries, capital gains, unemployment compensation, as well as interest and dividend income. For residents, these components equal the federal adjusted gross income (AGI). AGI is calculated starting with the federal AGI as a base and then modifying it with certain subtractions or additions as permitted or required under State law. Additions include tax-exempt bonds issued outside of New York. Social security benefits, pension, and annuity income are generally excluded. A taxpayer's AGI is then reduced by subtracting the New York standard deduction, which varies according to the taxpayer's filing status, or New York itemized deductions.

Taxpayers may itemize their deductions on their New York State returns if the aggregate of such deductions, minus state and local income taxes and certain other modifications, exceed the New York standard deduction. However, the availability of itemized deductions is limited for certain high-income taxpayers. The high-income deduction limitation begins at different levels depending upon the taxpayer's taxable income. A 25 percent reduction begins to phase in for income exceeding $100,000 of AGI for single filers, above $200,000 for married filers, and $250,000 for head of household filers. A 50 percent limitation on itemized deductions begins to phase in for all filers at $475,000.

For New York taxpayers whose AGI exceeds $1 million, itemized deductions are fully excluded, and only 50 percent of charitable contributions may be deducted for the purposes of calculating tax liability. For taxpayers with AGI over $10 million, the charitable contributions deduction is limited to 25 percent.

Either the State standard deduction or itemized deductions, in addition to exemptions claimed on New York taxes, are subtracted from NYAGI to arrive at New York taxable income. Taxable income is then multiplied by the appropriate tax rate. A taxpayer's tax rate is partially determined by their filing status. The tax rate is then determined by the level of taxable income.

The SFY 2021-22 Enacted Budget established a new Pass-Through Entity Tax (PTET), which was expected to have substantial impact on anticipated PIT collections. Under the PTET, certain partnerships and S corporations have the option of electing to pay an entity level tax on their New York sourced income. The individual partners, members, and shareholders of an electing pass-through entity would be eligible for a refundable tax credit on their New York State income tax return equal to the proportionate or pro rata share of taxes paid by the electing entity.

The SFY 2021-22 Enacted Budget also established a new progressive PIT surcharge on taxpayers with incomes over $5 million, by increasing the previous 8.82 percent rate to 9.65 percent and establishing two new brackets as follows: 10.3 percent for taxpayers between $5 million and $25 million and 10.9 percent for taxpayers over $25 million. As part of the SFY 2025-26 Executive Budget, the Executive proposes to extend the PIT surcharge, which is set to expire beginning in Tax Year 2028, for an additional five years, through Tax Year 2032.

Net Collections

Year-to-Date (YTD) Through January 2025

Through January, net personal income tax collections have increased by 12.0 percent, or $5.3 billion, with gross collections increasing by 8.1 percent or $4.7 billion year-to-date (see Table 22).

Table 22

Net Collections ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$49,843	12.0%	$61,407	14.1%	$60,963	$444
2025-26			$60,452	(1.6%)	$59,060	$1,392

State Fiscal Year 2024-25

Net personal income tax collections in SFY 2024-25 are estimated to total $61.4 billion, which represents an increase of $7.6 billion or 14.1 percent, from the prior fiscal year. Gross collections are expected to increase by 10.0 percent and the Committee anticipates a 2.9 percent decrease in total refunds.

This increase in net collections reflects projected growth in most major gross receipts components, driven primarily by continued growth in New York State employment, total wages and non-wage income in Tax Year 2024, partially offset by taxpayer behavior related to the Pass-Through Entity Tax (PTET). Established in the SFY 2021-22 Enacted Budget, PTET is an optional tax on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Qualifying entities who elect to pay PTET will pay a progressive tax of up to 10.9 percent of their taxable income at the partnership or corporation level, with individual partners, members, and shareholders receiving a refundable New York State personal income tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity.

The decrease in total refunds is primarily due to a decline in prior year refunds, driven by lower PTET-related refunds for collections received in Tax Year 2022, and a decline in refunds for tax years previous to 2023. The decrease in total refunds is partially offset by one-time supplemental Empire State Child Credit payments, which were continued in the SFY 2024-25 Enacted Budget.

The Committee's net PIT collections estimate is $444 million above the Executive estimate.

State Fiscal Year 2025-26

Net personal income tax collections in SFY 2025-26 are forecast to total $60.5 billion, a decrease of $955 million or 1.6 percent, from the SFY 2024-25 estimates. Gross collections are forecast to increase by $4 billion, an increase of 5.1 percent, with an increase in total refunds of $4.9 billion, or 29.5 percent.

To maintain comparability with the Executive forecast, the committee adjusts its PIT forecast down by $4 billion, related to the Executive Budget proposals that would: enact a one-time inflation refund ($3.1 billion); enhance the Empire State Child Credit ($471 million); and provide a middle-class tax cut ($458 million). The projected decline in net PIT collections, and significant increase in projected total refunds, is almost entirely attributable to these proposed actions, along with an expected increase in PTET-related refunds. The increase in total refunds is partially offset by the increase in gross collections noted above, which are driven by continued growth in total wages and non-wage income.

The Committee's net collections forecast is $1.4 billion above the Executive forecast.

Withholding

Employers are required to withhold an amount from employees' paychecks, which is used at the end of the year to help settle taxpayer liability. Withholding has a slight lag from the period in which it is withheld to the time the State receives the payment from the employer, but is closely correlated to wages and salaries received during any given quarter. In addition, individuals receiving unemployment insurance payments can elect to have taxes withheld.

YTD through ***January 2025***

Through January, withholding collections are up $3.2 billion or 7.6 percent compared to the prior year (see Table 23). This increase in year-to-date collections is mainly attributed to the continued growth in New York State employment and total wages.

Table 23

Withholding ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$45,615	7.6%	$60,149	10.0%	$59,736	$413
2025-26			$62,458	3.8%	$61,941	$517

State Fiscal Year 2024-25

The Committee estimates withholding collections will total $60.1 billion, an increase of $5.5 billion or 10 percent from the prior fiscal year. Withholding collections are projected to increase 18.1 percent over the remainder of the fiscal year, primarily due to an expected substantial growth in bonus wages. The Committee estimate is $413 million above the Executive estimate.

State Fiscal Year 2025-26

Withholding collections are projected to increase by 3.8 percent or $2.3 billion in SFY 2025-26, for a total of $62.5 billion. This forecast is $517 million above the Executive forecast and is premised on sustained total wage and employment growth.

Quarterly Estimated Payments

Individuals 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 (self-employment income, interest, dividends, or capital gains) generally make these quarterly payments. Estimated tax payments are usually due on the 15th of April, June, September, and January.

YTD through January 2025

Through January, estimated payments, excluding extensions, have increased by 17.6 percent or $1.1 billion compared to the prior fiscal year (see Table 24). Through the same period, prior year estimated payments have increased by 9.0 percent compared to SFY 2023-24 (see Table 25). The substantial growth in current year quarterly estimated payments primarily reflects an increase in Tax Year 2024 non-wage income (i.e., capital gains), and the growth in prior year estimated payments (i.e., extensions) can be attributed to increased settlement payments in SFY 2024-25, due to a steep decline in SFY 2023-24 (Tax Year 2023) current estimated payments, which were disproportionate to actual liability.

Table 24

Quarterly Estimated Payments ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$7,247	17.6%	$7,450	17.7%	$8,067	($617)
2025-26			$8,541	14.6%	$8,464	$77

Table 25

Prior Year Estimated Payments ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$4,818	9.0%	$4,847	9.0%	$4,840	$7
2025-26			$5,176	6.8%	$5,122	$54

Table 26

Total Estimated Payments ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$12,064	14.0%	$12,298	14.1%	$12,907	($609)
2025-26			$13,717	11.5%	$13,586	$131

State Fiscal Year 2024-25

The Committee estimates that estimated payments will total $12.3 billion, an increase of 14.1 percent or $1.5 billion from SFY 2023-24. The Committee's estimate is $609 million below the Executive estimate (see Table 26).

State Fiscal Year 2025-26

Estimated payment collections are forecast to increase 11.5 percent or $1.4 billion in SFY 2025-26, for a total of $13.7 billion. This forecast is predicated on the expectation that there is continued growth in capital gains income within the forecast year.

Realized capital gains are expected to increase 20.8 percent in tax year 2024, followed by a projected increase of 22.0 percent in tax year 2025, and a 0.17 percent increase in tax year 2026.

Refunds

YTD through January 2025

Prior year refunds are issued by the State between April 1st and December 31st. These refunds are associated with the most recently completed calendar year liability. Previous year refunds are refunds issued for liability years prior to the year most recently completed. This component, like delinquencies, cannot be specifically connected to a particular liability year.

Year-to-date, prior year refunds have decreased by 3.0 percent (see Table 27), while previous year refunds have decreased by 32.9 percent (see Table 28). Total refunds, including State/City offsets, have decreased 4.8 percent year-to-date, relative to the same period of last fiscal year.

Table 27

Prior Year Refunds ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$9,637	(3.0%)	$9,712	(3.0%)	$9,754	($42)
2025-26			$10,775	11.0%	$10,909	($134)

Table 28

Previous Year Refunds ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$1,011	(32.9%)	$1,292	(31.3%)	$1,776	($484)
2025-26			$1,314	1.8%	$1,815	($501)

State Fiscal Year 2024-25

The Committee anticipates that SFY 2024-25 will conclude with $9.7 billion in prior year refunds and $1.3 billion in previous year refund distributions. The Committee's estimate for prior year refunds is $42 million below the Executive estimate and reflects a 3.0 percent decrease from SFY 2023-24, and is driven by less PTET-related refunds associated with Tax Year 2022.

The closeout for previous year refunds represents a 31.3 percent decrease relative to the last State Fiscal Year (see Table 28). The Committee's estimate is $484 million below the Executive estimate.

Total refunds are projected at $16.7 billion, a decrease of 2.9 percent or $498 million from SFY 2023-24.

State Fiscal Year 2025-26

The Committee projects a prior year refund total of $10.8 billion, an increase of 11.0 percent or $1.1 billion from the SFY 2024-25 estimates. This increase is partly due to an expected growth in PTET-related credits associated with Tax Year 2024. The Committee's forecast is $134 million below the Executive forecast.

Previous refunds are forecast to total $1.3 billion, representing an increase of 1.8 percent or $23 million above SFY 2024-25.

Advanced credit payments are expected to total $4.0 billion, an increase of $3.2 billion or 391.7 percent above SFY 2024-25. This significant increase is almost entirely attributable to the one-time inflation refund rebates proposed in the Executive Budget.

Total refunds are projected at $21.6 billion, an increase of 29.5 percent or $4.9 billion from SFY 2024-25. The committee's forecast is $690 million below the Executive forecast.

Fund Distribution

Table 29

Personal Income Tax Fund Distribution ($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$29,250	$1,453	$30,703	-	$61,407
2025-26	$28,829	$1,397	$30,226	-	$60,452

The Committee estimates General Fund personal income tax receipts of $29.3 billion in SFY 2024-25. In SFY 2025-26, General Fund collections are forecast to total $28.8 billion.

A statutory amount of 50 percent of net personal income tax collections is allocated to the Revenue Bond Tax Fund (RBTF). Starting with SFY 2018-19 budget, the contribution to this fund was increased this amount from 25 percent to 50 percent.

Revenue used for the School Tax Relief (STAR) Program is distributed to a special revenue fund. These funds are used to reimburse school districts for STAR school property exemptions, as well as New York City for their STAR personal income tax rate reduction. The Executive estimates that the special revenue fund for the STAR program will require $1.5 billion in funding in SFY 2024-25 and $1.4 billion in SFY 2025-26.

Property Tax Relief Programs

The SFY 2021-22 Enacted Budget established a property tax circuit breaker program, which provides a PIT credit to taxpayers with incomes under $250,000 that have property tax burdens that exceed six percent of their income. These benefits will be provided on a sliding scale, which will be based on a taxpayer's income, and will be capped at a maximum of $350 per year. At the time of enactment, this action was projected to reduce PIT collections by $403 million in SFY 2023-24, and $411 million in SFY 2024-25.

Sales and Use Tax

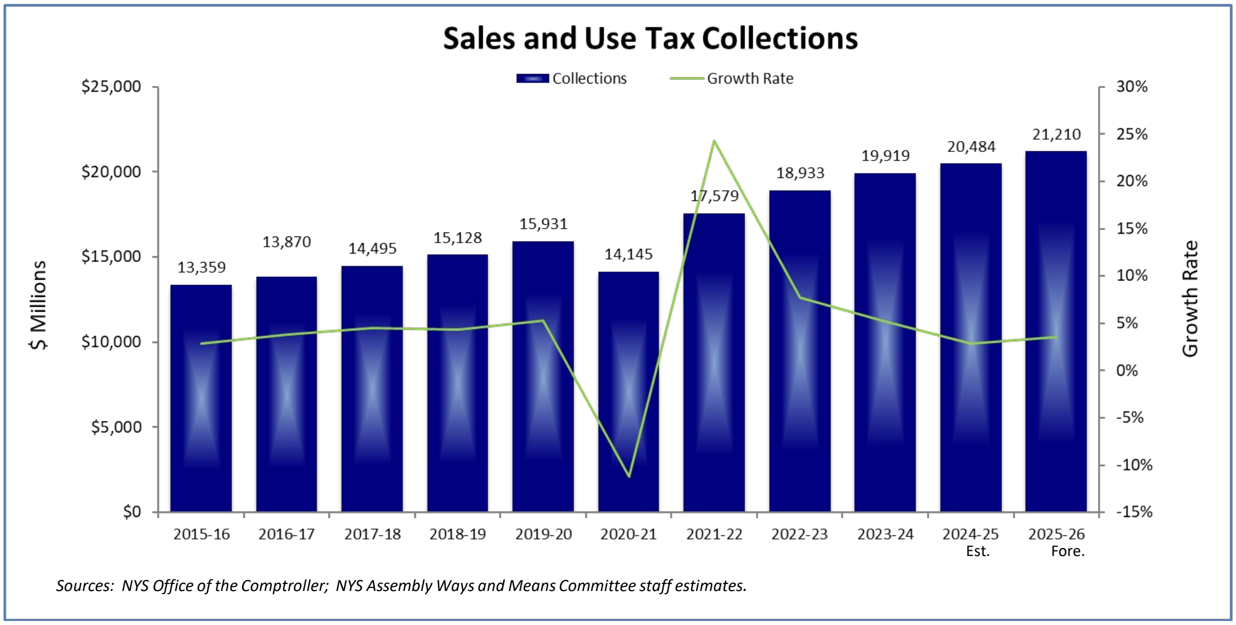


Figure 66

The sales and compensating use tax, imposed by Article 28 of the Tax Law, is a four percent broad-based consumption tax levied on the sale of tangible personal property, excluding items such as food, medicine, products used in manufacturing, and items purchased for resale. A limited number of services such as cleaning, parking, and interior design are also subject to this tax. Non-profit and charitable organizations are exempt from paying sales tax on purchases. Sales taxes are generally paid to, and collected by, the vendor at the time of purchase. Vendors remit sales tax collections annually, quarterly, or monthly depending upon their level of taxable sales. Vendors are required to remit their sales tax liability electronically to the State if they are able.

Sales tax collections are deposited into the General Fund, the Mass Transportation Operating Assistance Fund (MTOAF), and the Sales Tax Revenue Bond Fund (STBF). In 1981, the MTOAF was created to help finance the State's public transportation system. A portion of the MTOAF revenue is derived from a separate sales tax rate of three-eighths of one percent that is imposed in the Metropolitan Commuter Transportation District (MCTD). The MCTD encompasses all the counties served by the Metropolitan Transportation Authority: counties in the city of New York – Manhattan, Bronx, Queens, Kings, and Richmond – and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

The Sales Tax Revenue Bond Fund (STBF) became effective April 1, 2013. One-half of the State's sales tax collections are directed to this fund. All receipts that exceed the STBF debt service requirements will be transferred to the General Fund.

Table 30

Quarterly Sales Tax Growth

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Western NY	6.0%	2.8%	3.1%	1.7%	(4.9%)	2.6%	1.5%	0.1%
Finger Lakes	4.9%	0.5%	6.3%	(3.2%)	(3.2%)	2.1%	(2.3%)	3.1%
Southern Tier	2.4%	7.2%	2.6%	0.3%	(2.7%)	2.1%	0.8%	1.6%
Central NY	5.0%	6.0%	3.9%	4.4%	1.3%	1.7%	1.5%	0.3%
Mohawk Valley	6.3%	4.2%	5.4%	3.7%	0.4%	4.4%	(1.0%)	(0.8%)
North Country	6.7%	4.5%	(0.3%)	0.8%	(2.7%)	6.4%	0.6%	0.2%
Capital Region	7.1%	(0.4%)	5.3%	1.5%	1.5%	3.5%	1.2%	(3.6%)
Mid-Hudson	(1.8%)	2.4%	1.5%	3.3%	6.7%	0.1%	3.8%	(3.6%)
NYC	11.3%	3.7%	4.9%	4.4%	3.2%	3.3%	1.1%	3.6%
Long Island	3.4%	1.6%	0.5%	1.8%	(1.7%)	0.1%	1.7%	(1.1%)

Note: Growth rates shown represent the growth of the quarter over the same quarter in the previous year.
Sources: NYS Department of Taxation and Finance; NYS Assembly Ways and Means Committee staff.

Growth in regional sales tax collections for the first quarter of 2023 through the fourth quarter of 2024 are shown above. Historically, New York City accounts for the largest portion of collections each quarter, with approximately half of total collections coming from the City due to its large population and popularity as a tourism destination. As a result of this dependence on tourism, the City saw a disproportionately large impact from the COVID-19 pandemic, as shutdown orders and travel restrictions severely impacted its economy. The significant growth seen in all regions of the State, particularly during 2021, 2022, and the beginning part of 2023, reflect an increase in consumer spending coupled with an increase in the nominal prices of goods and services due to high levels of inflation.

Sales tax collections have benefitted from language included in the SFY 2019-20 Enacted Budget to tax additional internet sales. At the time of enactment, it was forecasted that this change would result in approximately $170 million in additional State sales tax collections each quarter, with a commensurate amount for local governments.

YTD through January 2025

Statewide collections through January have increased by 2.6 percent from SFY 2023-24, for a year-to-date total of $17.2 billion (see Table 31).

Table 31

Sales Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$17,163	2.6%	$20,484	2.9%	$20,442	$42
2025-26			$21,210	3.5%	$21,117	$93

State Fiscal Year 2024-25

The Committee estimates sales tax receipts will total $20.5 billion in SFY 2024-25, for moderate growth of 2.9 percent or $581 million from SFY 2023-24. In the years leading up to the pandemic, sales tax collections had shown increased growth, driven by the expansion of the sales tax base to include most internet marketplace sales. Although beginning to moderate, post pandemic sales taxes have rebounded, supported by sustained consumer spending growth and an increase in nominal prices.

The Committee's estimate is $42 million above the Executive estimate.

State Fiscal Year 2025-26

The Committee forecasts that sales tax receipts will total $21.2 billion, an increase of 3.5 percent or $726 million over SFY 2024-25 estimates. Sales tax growth is projected to increase due to sustained strength in consumer spending leading to an increase in taxable consumption. The Committee's forecast is $93 million above the Executive forecast.

Fund Distribution

Table 32

Sales Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$9,584	$1,317	$9,584	-	$20,484
2025-26	$9,927	$1,356	$9,927	-	$21,210

With the remaining Local Government Assistance Corporation (LGAC) debt fully retired on April 1, 2021, there was a statutorily required change in the distribution of sales tax's collections. In SFY 2022-23, and annually thereafter, the 25 percent share of sales tax receipts that was initially deposited into the LGAC Fund will be eliminated. The portion deposited into the STRBF will remain at 50 percent and the portion deposited in the General Fund will revert to 50 percent.

Excess receipts above the debt service requirements of these funds and the local assistance payments to New York City, or its assignee, are subsequently transferred to the General Fund.

Medical Cannabis Excise Tax

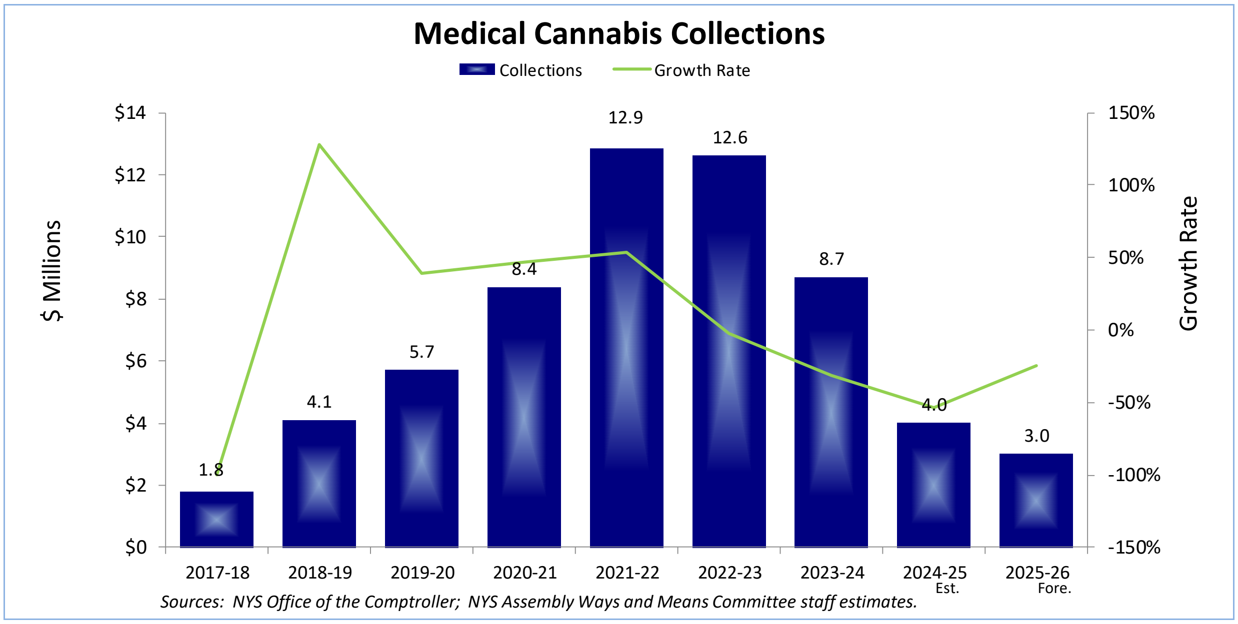


Figure 67

Pursuant to Article 20-B of the Tax Law, the State imposes an excise tax on medical cannabis, which is prescribed for the treatment of a variety of conditions. Patients were first able to purchase medical cannabis in the State in January 2016. In mid-June of 2018, the Department of Health expanded the Medical Cannabis Program to include opioid use as a qualifying condition. There has also been an expansion of the conditions that are eligible for medical marihuana prescriptions to include post-traumatic stress disorder (PTSD), substance use disorder, and as an alternative to opioid treatment. On September 22, 2021, the Cannabis Control Board expanded the list of who can prescribe medical marijuana and allowed medical marijuana dispensaries to sell flower.

Originally, upon the sale of the product from a New York State licensed dispensary to a patient or designated caregiver, a seven percent excise tax was levied and remitted by the dispensary. Of the revenues received from the State medical cannabis excise tax, 45 percent was dedicated to the Medical Cannabis Trust Fund and the remaining 55 percent was allocated in the following manner:

- 22.5 percent was remitted to the counties in which a medical cannabis manufacturer is based, in proportion to the gross sales in each county;

- 22.5 percent was remitted to the counties in which the medical cannabis was dispensed, in proportion to the gross sales in each county;

- 5 percent was remitted to the Office of Alcoholism and Substance Abuse Services for the purposes of drug abuse prevention, counseling, and treatment services; and

- 5 percent was remitted to the Division of Criminal Justice Services to provide discretionary grants to State and local law enforcement agencies.

As part of the SFY 2024-25 Enacted Budget, the excise tax was lowered from 7 percent to 3.15 percent. The revenue collected will now be evenly split between the manufacturing county and the distributing county.

Currently, 10 registered organizations are authorized to manufacture and dispense medical cannabis. As of January 1, 2025, there are 4,480 certified practitioners and 100,248 patients in the New York State Medical Cannabis Program.

YTD through January 2025

Through January, medical cannabis excise tax collections have totaled $3.2 million, a decrease of 57.3 percent from the same period of SFY 2023-24. This decrease can be attributed to the decrease in the excise tax rate as noted above, and the shift of consumers away from the medical market to the legal adult-use market.

State Fiscal Year 2024-25

The Committee estimates that revenues from the medical marihuana excise tax will total $4 million in SFY 2024-25, a decrease of 55.6 percent from SFY 2023-24. The Committee's estimate is equivalent to the Executive projection.

State Fiscal Year 2025-26

For SFY 2025-26, the Committee forecasts that collections will total $3 million. The Committee's forecast is equivalent to the Executive forecast.

Adult-Use Cannabis Tax

The Marihuana Regulation & Taxation Act (MRTA) was signed into law on March 31, 2021, (Chapter 92 of the Laws of 2021) and legalized the adult-use of cannabis (also known as marihuana) in New York State. The legislation created an Office of Cannabis Management (OCM) governed by a Cannabis Control Board (CCB) to regulate adult-use, medical, and hemp cannabis. The OCM issues licenses and develops regulations outlining how and when businesses can participate in the cannabis industry. New York's first retail dispensaries opened in late 2022.

The MRTA had originally established a three-tier tax structure for adult-use cannabis. There was a tax on the sale from a wholesaler to a retail dispensary, based on the milligrams (mg) of total Tetrahydrocannabinol (THC) in the cannabis product. The tax rate was based on the type of product, as follows:

- edibles (i.e., food and beverages) are taxed at $0.03 per mg of THC;
- concentrates (i.e., vaporization oil, wax, shatter, and resin) are taxed at $0.008 per mg of THC; and
- cannabis flower (i.e., loose flower, pre-rolls, or shake) are taxed at $0.005 per mg of THC.

There was also a State and Local tax imposed on the retail sale of cannabis by a dispensary to the consumer, as follows:

- a 9 percent State excise tax; and
- a 4 percent local excise tax, of which 1 percent was retained by the county of sale and 3 percent was distributed to the town, village, or city where the sale occurs.

All State cannabis taxes are deposited into the New York State Cannabis Revenue Fund, and supports the reasonable costs to administer the program. The remaining funding is distributed as follows:

- 40 percent to the State Lottery Fund to support additional grants to school districts;
- 40 percent to a Community Grants Reinvestment Fund; and
- 20 percent to a Drug Treatment and Public Education Fund.

However, the SFY 2024-25 Enacted Budget repealed the wholesale THC potency tax and replaced it with a single wholesale excise tax of 9 percent. At the time of enactment, this action was expected to be revenue neutral, and became effective on June 1, 2024. The existing State and local retail excise taxes remain unchanged at 9 and 4 percent, respectively.

YTD through January 2025

Through January, adult-use cannabis excise tax collections have totaled $106.4 million, an increase of $81.5 million from the same period of SFY 2023-24 (see Table 33). The strength of this growth reflects increased sales due to more licensed retail shops opening in the State during the past ten months.

Table 33

Adult-Use Cannabis Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$106	328.2%	$170	413.6%	$158	$12
2025-26			$263	55.2%	$245	$18

State Fiscal Year 2024-25

The Committee estimates that collections in SFY 2024-25 will total $170 million, an increase of 413.6 percent from the previous fiscal year. This estimate is $12 million above the Executive projection of $158 million.

State Fiscal Year 2025-26

The Committee forecasts that collections for SFY 2025-26 will increase by 55.2 percent, to $263 million. This estimate is $18 million over the Executive forecast of $245 million.

Opioid Excise Tax

The SFY 2019-20 Budget enacted an Opioid Excise Tax that would be imposed on the first sale of an opioid unit by a registrant. A first sale is any transfer of title to an opioid unit for consideration where actual or constructive possession of such opioid unit is transferred by a registrant holding title to such opioid unit to a purchaser or its designee in New York State, for the first time. A qualifying sale does not include the dispensing of an opioid unit pursuant to a prescription to an ultimate consumer, or the transfer of title to an opioid unit from a manufacturer in the State to a purchaser outside of the state when such opioid unit will be used or consumed outside New York. It is presumed that every sale by a registrant in this State is the first sale unless it is established otherwise, and the burden of proving that a sale does not qualify as a first sale is on the registrant.

The Tax Law establishes two tax rates:

- a $0.0025 on each morphine milligram equivalent with a wholesale acquisition cost of less than $0.50 per unit; and

- a $0.015 on each morphine milligram equivalent with a wholesale acquisition cost of $0.50 or more per unit.

YTD through January 2025

Year-to-date, opioid excise tax receipts total $20.3 million, a 7.3 percent decrease from the same period in SFY 2023-24 (see Table 34).

Table 34

Opioid Excise Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$20	(7.3%)	$21	(4.5%)	$20	$1
2025-26			$21	0.0%	$20	$1

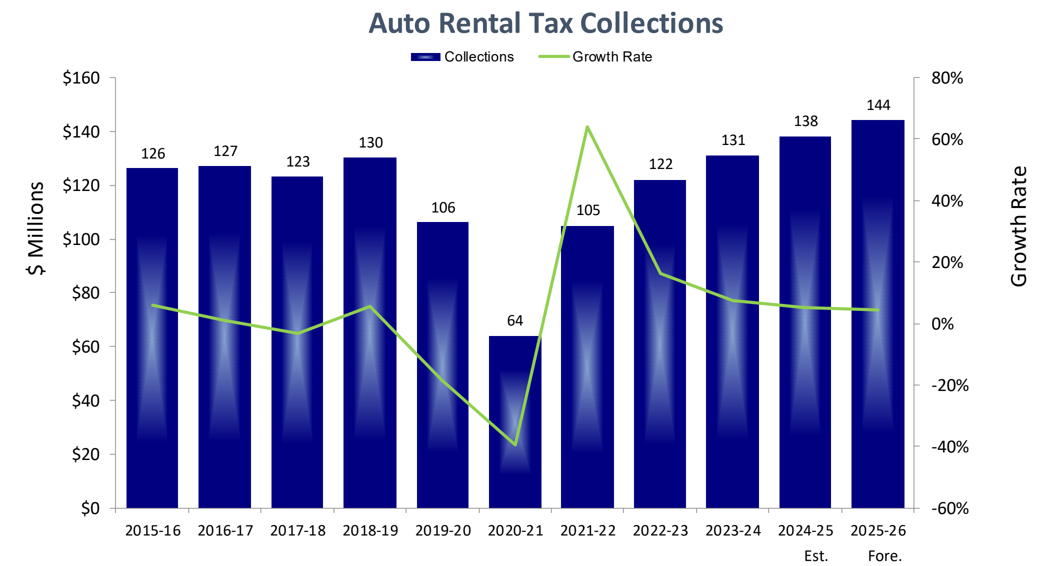
State Fiscal Year 2024-25

The Committee estimates that statewide collections for SFY 2024-25 will total $21 million, a decrease of 4.5 percent from the previous fiscal year. This estimate is $1 million above the Executive projection.

State Fiscal Year 2025-26

The Committee forecasts collects of $21 million for SFY 2025-26, equivalent to SFY 2024-25. The Committee's forecast is $1 million above the Executive forecast.

Auto Rental Tax



Sources: NYS Office of the Comptroller; NYS Assembly Ways and Means Committee staff estimates.

Figure 68

The auto rental tax, imposed by Article 28-A of the Tax Law, applies to the rental of any passenger car with a gross vehicle weight of 9,000 pounds or less that can seat a maximum of nine passengers. The statewide auto rental tax is imposed at a rate of six percent.

On June 1, 2019, the supplemental surcharge tax of five percent imposed on auto rental sales made within the Metropolitan Commuter Transportation District (MCTD) was increased to six percent and expanded to apply to auto rentals made in the rest of the State. However, revenue previously received from the MCTD supplemental surcharge will now be remitted directly to the Metropolitan Transportation Authority (MTA). Revenue from the upstate supplemental surcharge is used to fund upstate transportation systems. The taxes do not apply to leases of one year or more. The upstate supplemental surcharge is expected to raise State revenue by $35.2 million in SFY 2024-25, and $36.2 million in SFY 2025-26. The Committee and the Executive only report revenues received from the statewide base rate and the upstate supplemental surcharge.

YTD through January 2025

Year-to-date, auto rental tax collections are $118.3 million, representing an increase of 4.7 percent compared to the same period in SFY 2023-24 (see Table 35).

Table 35

Auto Rental Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$118	4.7%	$138	5.2%	$137	$1
2025-26			$144	4.2%	$137	$7

State Fiscal Year 2024-25

The Committee estimates auto rental tax collections will total $137.9 million in SFY 2024-25, representing an increase of 5.2 percent from SFY 2023-24. The Committee's estimate is $1 million above the Executive estimate of $137 million.

State Fiscal Year 2025-26

The Committee forecasts auto rental tax collections will total $143.6 million in SFY 2025-26, representing an increase of 4.2 percent from SFY 2024-25 estimates. The Committee's forecast is $6.6 million above the Executive forecast of $137 million.

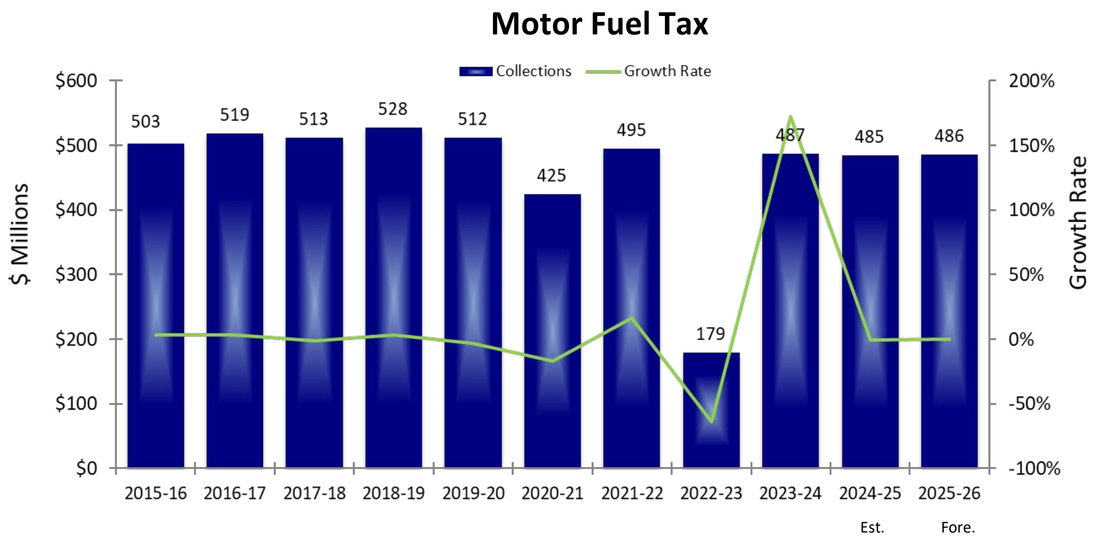
Fund Distribution

Table 36

Auto Rental Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	-	$33	-	$105	$138
2025-26	-	$36	-	$108	$144

Auto Rental tax collections from the base tax are deposited into the Dedicated Highway Bridge and Trust Fund (DHBTF) for Capital Projects, while the Upstate supplemental tax collections are deposited into the Public Transformation Systems Operating Assistance (PTSOA) Special Revenue Fund. The supplemental tax collected within the Metropolitan Commuter Transportation District (MCTD) is directed to the MTA.

Motor Fuel Tax



Sources: NYS Office of the Comptroller; NYS Assembly Ways and Means Committee staff estimates.

Figure 69

Article 12-A of the Tax Law imposes an eight-cents-per-gallon tax on motor and diesel fuel upon importation into New York or production within the State. The motor fuel tax has three components: a regular tax of four cents per gallon, an additional tax of three cents per gallon, and a supplemental tax of one cent per gallon. Motor fuel receipts are split between the Dedicated Highway and Bridge Trust Fund (81.5 percent) and the Dedicated Mass Transportation Trust Fund (18.5 percent). Diesel receipts are split between the Dedicated Highway and Bridge Trust fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent).

YTD through January 2025

Through January, motor fuel tax collections have decreased by 1.6 percent compared to last fiscal year, totaling $408.7 million (see Table 37).

Table 37

Motor Fuel Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$409	(1.6%)	$485	(0.4%)	$488	($3)
2025-26			$486	0.2%	$489	($3)

State Fiscal Year 2024-25

The Committee estimates that motor fuel tax collections will total $485 million in SFY 2024-25, representing a decrease of 0.4 percent from SFY 2023-24. Gasoline tax collections are expected to decrease by 0.3 percent in SFY 2024-25, while diesel tax collections are expected to decrease by 3.5 percent. The Committee's estimate is $3 million below to the Executive estimate of $488 million.

State Fiscal Year 2025-26

The Committee forecasts revenue of $486 million in motor fuel tax receipts in SFY 2025-26, which reflects an increase of 0.2 percent from the previous year. The Committee's forecast is $3 million below to the Executive forecast of $489 million.

Fund Distribution

Table 38

Motor Fuel Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	-	$103	-	$382	$485
2025-26	-	$103	-	$383	$486

Motor fuel receipts are split between the Dedicated Highway and Bridge Trust Fund (81.5 percent) and the Dedicated Mass Transportation Trust Fund (18.5 percent). Diesel receipts are split between the Dedicated Highway and Bridge Trust fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent).

Highway Use Tax

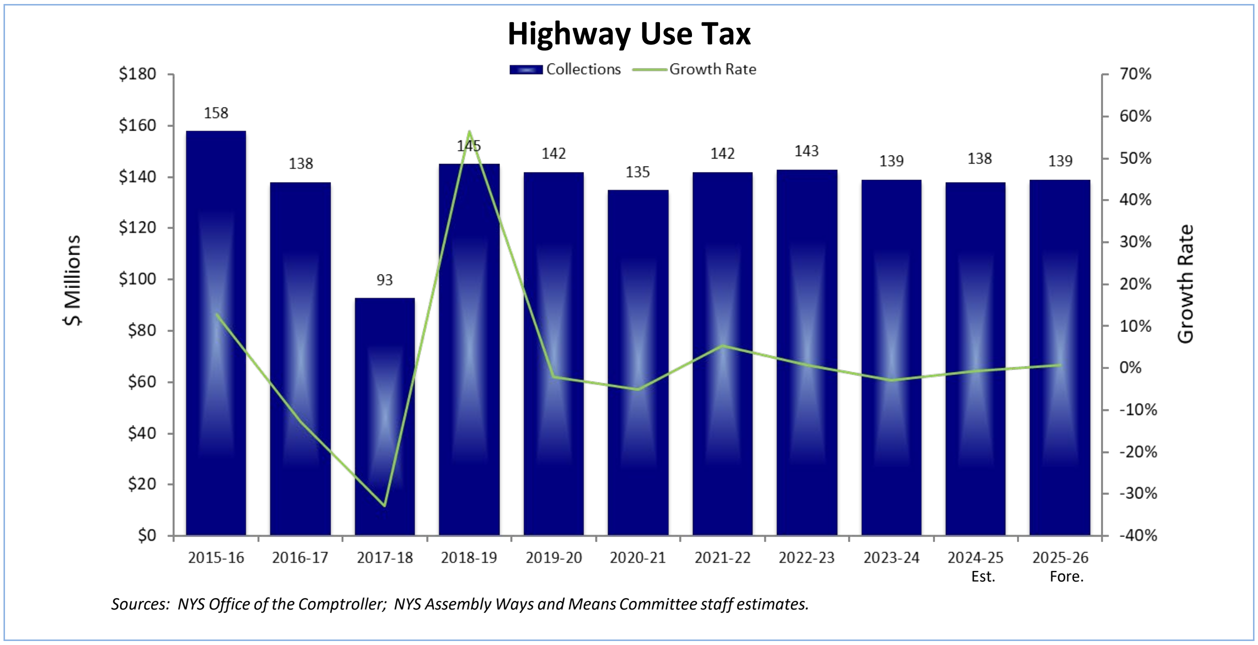


Figure 70

Articles 21 and 21-A of the Tax Law impose a Highway Use Tax (HUT) on truck mileage and fuel use, respectively, for the privilege of operating a commercial vehicle on public highways. Additionally, there is a permit fee collected from taxpayers required to pay the tax.

The truck mileage tax is levied on commercial vehicles having a loaded gross weight of more than 18,000 pounds, or an unloaded weight over 8,000 pounds for trucks and 4,000 pounds for tractors. The tax is calculated by multiplying the number of miles operated on New York State public highways, excluding miles on New York Thruways, by the appropriate graduated rate. Rates are determined according to the gross, laden or un-laden weight.

Highway use permits are mandatory for owners of vehicles subject to the HUT. Beginning December 1, 2013, vehicles subject to the HUT are required to display a decal indicating ownership of a highway use permit. The fee, due every three years, for the registration and decal combined is $1.50. This change was made after a 2015 New York Supreme Court case ruled the previous $19 combined fee unconstitutional.

The fuel use tax applies to commercial vehicles that purchase fuel outside New York State, but consume the fuel while traveling on New York highways. The International Fuel Tax

Agreement (IFTA) is used to simplify fuel use reporting for motor carriers. A carrier will report and pay in its home jurisdiction all fuel taxes owed to IFTA members; IFTA then distributes the payments to its members' jurisdictions. The aggregate fuel use tax rate is the sum of the motor fuel tax rate and the sales tax rate. The sales tax rate has two components: the state sales tax rate, four percent, and the lowest county sales tax rate at the time, currently three percent. The sales tax rates are applied to the capped price of $2 per gallon. All HUT receipts are dedicated to the Dedicated Highway and Bridge Trust Fund.

YTD through January 2025

Through January, collections have totaled $118 million, a decrease of 1.0 percent from the same period last fiscal year (see Table 39).

Table 39

Highway Use Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$118	(1.0%)	$138	(0.9%)	$137	$1
2025-26			$139	0.7%	$138	$1

State Fiscal Year 2024-25

Collections are estimated to total $138 million, a decrease of 0.9 percent compared to the previous fiscal year. This is $1 million above the Executive estimate of $137 million.

State Fiscal Year 2025-26

Highway use tax collections are expected to increase by 0.7 percent, to $139 million, in SFY 2025-26. This is $1 million above the Executive forecast of $138 million.

Cigarette and Tobacco Taxes

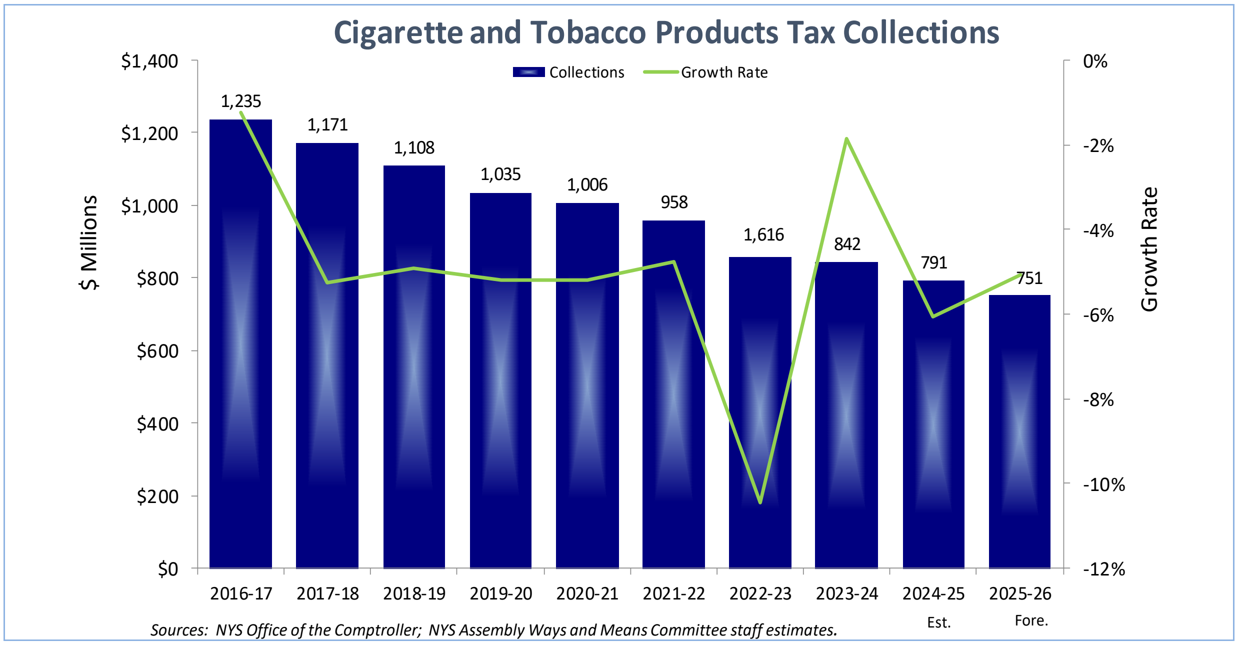


Figure 71

The State cigarette excise tax has been imposed by Article 20 of the Tax Law since 1939. Prior to September 1, 2023 the rate was $4.35 for a package of 20 cigarettes. However, as part of the SFY 2023-24 Enacted Budget, the rate was increased by $1.00, to $5.35 for a package of 20 cigarettes, beginning September 1, 2023. The Commissioner of Taxation and Finance is authorized to make provisions for the sale of tax stamps and currently licenses agents to sell stamps for the payment of tax on cigarettes. The agent retains some of the revenues from the sale as commission according to guidelines established by the Tax Commissioner. The Commissioner is also authorized to prescribe a schedule of commissions, not exceeding five percent, to agents for buying and affixing stamps. The schedule shall be uniform with respect to the different types of stamps used, and may be on a graduated scale with respect to the number of stamps purchased. The City of New York applies an additional excise tax of $1.50 per package of 20 cigarettes.

The State also imposes a tax on tobacco products at a rate of 75 percent of the wholesale price of cigars and tobacco products other than little cigars and snuff. Little cigars are taxed at the same rate as cigarettes, $5.35 for a package of 20. One package of snuff which weighs an ounce or less is taxed at $2 per container, for packages weighing more than one ounce a proportional amount is levied on the snuff in excess of one ounce.

YTD through January 2025

Through January, cigarette and tobacco products tax collections totaled $716.6 million, for a decrease of 6.3 percent from the same period in SFY 2023-24 (see Table 40).

Table 40

Cigarette and Tobacco Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$717	(6.3%)	$791	(6.1%)	$808	($17)
2025-26			$751	(5.0%)	$767	($16)

State Fiscal Year 2024-25

The Committee estimates SFY 2024-25 collections for cigarette and tobacco taxes will total $791 million, a decline of 6.1 percent from SFY 2023-24 collections. This estimate is based on year-to-date collections and historical collection patterns. The Committee's estimate is $17 million below the Executive projection.

State Fiscal Year 2025-26

The Committee's cigarette and tobacco tax collections forecast for SFY 2025-26 is $751 million, a decline of 5.0 percent from SFY 2024-25. The Committee's forecast is $16 million below the Executive forecast of $767 million.

Fund Distribution

Approximately 70 percent of cigarette and tobacco taxes are distributed to the Health Care Reform Act (HCRA) revenue pool which offsets State Medicaid spending (see Table 41).

Table 41

Cigarette and Tobacco Taxes Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$245	$546	-	-	$791
2025-26	$236	$515	-	-	$751

Vapor Excise Tax

Pursuant to Article 28-C, effective December 1, 2019, a 20 percent excise tax is applied to the retail sale of vapor products in New York. A vapor product is a noncombustible liquid and/or gel (with or without nicotine) manufactured into a finished product for use in an electronic cigarette, cigar, cigarillo, or pipe, vaping or hookah pen, or similar device. Vapor products do not include any product approved by the United States Food and Drug Administration as a drug or medical device, or manufactured and dispensed as medical marijuana.[48] The tax is imposed on the purchaser and collected by the vapor products dealer.

YTD through January 2025

Through January, vapor product tax collections totaled $15.9 million, a decrease of 16.3 percent or $3.1 million from the same period in SFY 2023-24 (see Table 42).

Table 42

Vapor Excise Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$16	(16.3%)	$21	(12.5%)	$21	$0
2025-26			$21	0.0%	$21	$0

State Fiscal Year 2024-25

The Committee estimates that vapor tax collections in SFY 2024-25 will total $21 million, a decrease of 12.5 percent or $3 million below the SFY 2023-24 level. The Committee's estimate is equivalent to the Executive projection.

[48] Public Health Law, Article 33, Title 5-A

State Fiscal Year 2025-26

The Committee forecasts that collections for SFY 2025-26 will total $21 million, reflecting no growth from the SFY 2024-25 level. The Committee's estimate is equivalent to the Executive forecast.

Alcoholic Beverage Control License Fees

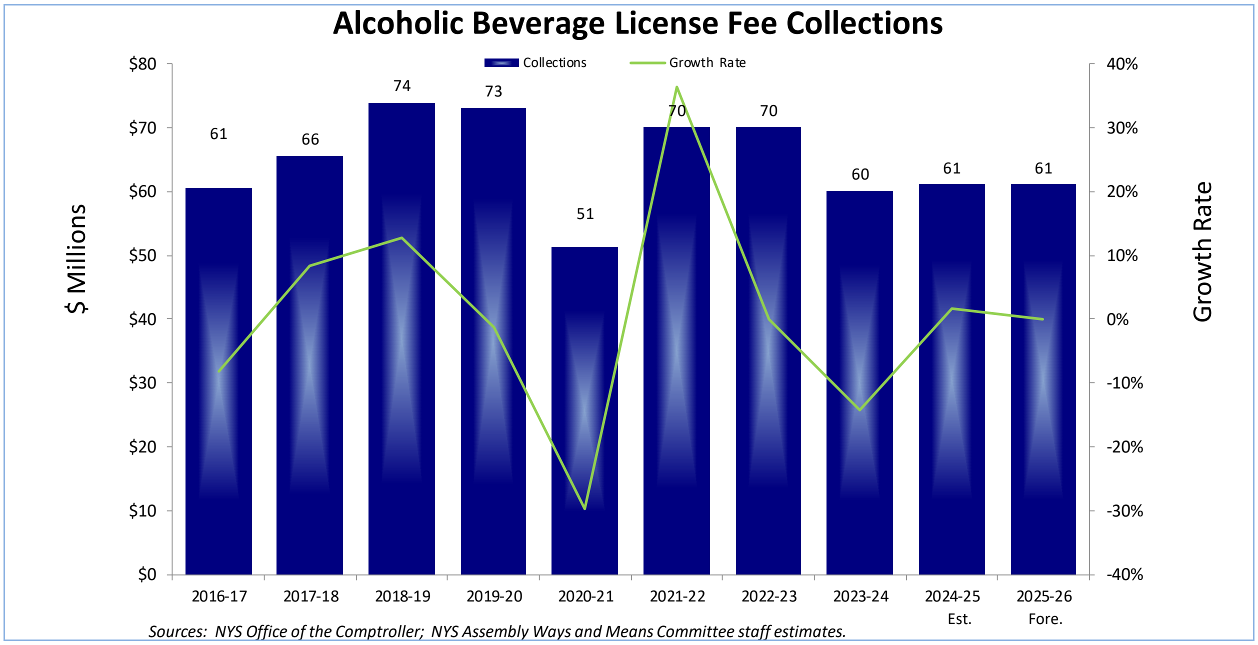


Figure 72

The New York State Alcoholic Beverage Control Law imposes permit fees on licenses for alcohol manufactures like distillers, brewers, wineries, as well as wholesalers and retailers. License fees vary according to three major factors: (1) the type of license which is issued; (2) the population of the locality where the establishment is located (for retail licenses only); and (3) the class of beverage for which the license is issued, namely liquor, beer, and wine. The State Liquor Authority oversees nearly 70,000 licenses and permits Statewide each year. The most expensive licenses are for distillers.

On September 7, 2016, a new law took effect allowing holders of on premise consumption licenses to serve alcoholic beverages starting at 10 a.m. on Sundays. Prior to the law, alcoholic beverages could not be served for on-premises consumption until noon on Sundays.

Recent legislation enacted in October 2023 further expended Sunday alcohol sales for liquor store businesses, allowing such stores to open as early as 10 a.m. Prior to the law, liquor store licensees could not open until at least 12 p.m., noon on Sundays.

YTD through January 2025

Year-to-date, Alcoholic Beverage Control License Fees collections are $49.5 million, a 1.2 percent decrease from the same period in SFY 2023-24 (see Table 43).

Table 43

Alcoholic Beverage Control License Fees ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$50	(1.2%)	$61	(13.6%)	$60	$1
2025-26			$61	0.6%	$60	$1

State Fiscal Year 2024-25

The Committee estimates revenues from Alcoholic Beverage Control License Fees will total $61 million in SFY 2024-25, a 13.6 percent decrease from the previous year. The Committee's estimate is $1 million above the Executive estimate of $60 million.

State Fiscal Year 2025-26

The Committee forecasts collections of $61 million, an increase of 0.6 percent compared to SFY 2024-25 collections. The Committee's forecast is $1 million above the Executive forecast.

Alcoholic Beverage Tax

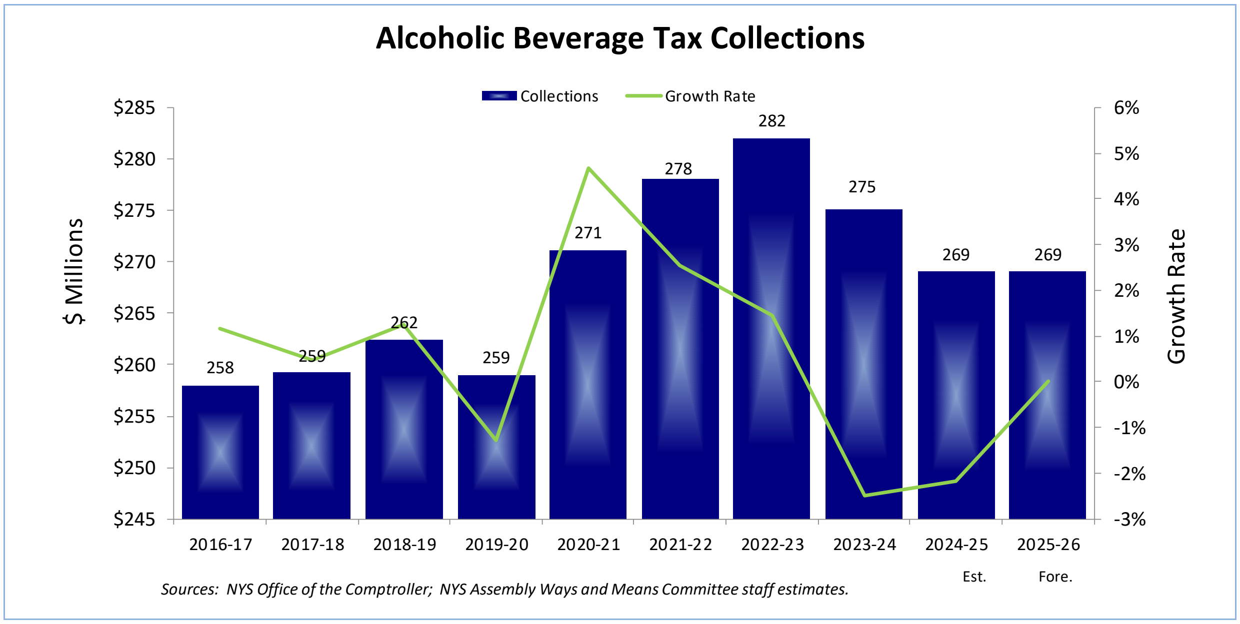


Figure 73

Article 18 of the New York State Tax Law levies a tax on alcoholic beverages at different rates based on the content of alcohol by volume and the type of beverage. The tax is imposed on the distributor or non-commercial importer of alcoholic beverages. The table below illustrates the current State rates, as well as the alcoholic beverage taxes imposed by New York City (see Table 44).

Table 44

New York State and New York City Alcoholic Beverage Tax Rates (dollars per unit of measure)		
	New York State	New York City
Beer and other similar fermented malt beverages	$0.14 per gallon	$0.12 per gallon
Cider	0.0379 per gallon	None
Natural and artificially carbonated sparkling wine	0.30 per gallon	None
Still wine, including wine coolers	0.30 per gallon	None
Liquor containing more than 24 percent alcohol by volume	1.70 per liter	0.264 per liter
Liquor containing more than 2 percent but not more than 24 percent alcohol by volume	0.67 per liter	None
Liquor containing 2 percent or less alcohol by volume	None	None

YTD through January 2025

Year-to-date, alcoholic beverage tax receipts are $236.4 million, a 2.2 percent decrease from the same period in SFY 2023-24 (see Table 45).

Table 45

Alcoholic Beverage Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$236	(2.2%)	$269	(2.0%)	$272	($3)
2025-26			$269	0.0%	$272	($3)

State Fiscal Year 2024-25

The Committee estimates alcoholic beverage tax receipts will total $269 million in SFY 2024-25, a decrease of 2.0 percent from SFY 2023-24. The Committee's estimate is $3 million below the Executive projection.

State Fiscal Year 2025-26

The Committee forecasts alcoholic beverage tax collections to total $269 million, equivalent to SFY 2024-25 collections. The Committee's forecast is $3 million below the Executive forecast of $272 million.

Peer-to-Peer Car Sharing Tax

The statewide peer-to-peer car sharing tax is imposed at a rate of three percent. Additionally, transactions that occur in the Metropolitan Commuter Transportation District (MCTD) are subject to a supplemental three percent tax. Transactions taking place outside of the MCTD are subject to a regional supplemental tax of their own, also a three percent rate.

Revenues collected from the statewide peer-to-peer car sharing tax are deposited into the General Fund of the State, while revenues collected from the supplemental tax imposed in the MCTD are distributed to the Metropolitan Transportation Authority Special Assistance Fund. Revenues collected from the supplemental tax outside of the MCTD are deposited to the Public Transportation Systems Operating Assistance Account.

State Fiscal Year 2024-25

Due to the relatively new concept of peer-to-peer car sharing, the Committee estimates that peer-to-peer car sharing tax collections will be $2 million in SFY 2024-25. The Committee's estimate is equivalent to the Executive projection.

State Fiscal Year 2025-26

The Committee estimates peer-to-peer car sharing tax collections of $2 million in SFY 2025-26, which represents flat growth from SFY 2024-25. The Committee's estimate is equivalent to the Executive forecast.

Business Taxes

Table 46

Business Taxes Forecasts by State Fiscal Year ($ in Millions)						
	SFY 2024-25	**Growth**	**Diff. Exec.**	**SFY 2025-26**	**Growth**	**Diff. Exec.**
Business Taxes	**$29,681**	**7.2%**	**$312**	**$27,184**	**(8.4%)**	**$104**
Corporate Franchise	8,909	(3.8%)	56	9,062	1.7%	65
Utility Tax	523	(5.6%)	(28)	559	6.9%	(2)
Insurance Tax	2,877	2.3%	48	2,984	3.7%	50
Bank Tax	333	33180.0%	227	106	(68.1%)	-
Pass-Through Entity Tax	15,986	14.5%	18	13,467	(15.8%)	-
Petroleum Business Tax	1,053	(5.1%)	(9)	1,006	(4.4%)	(9)

Corporate Franchise Tax

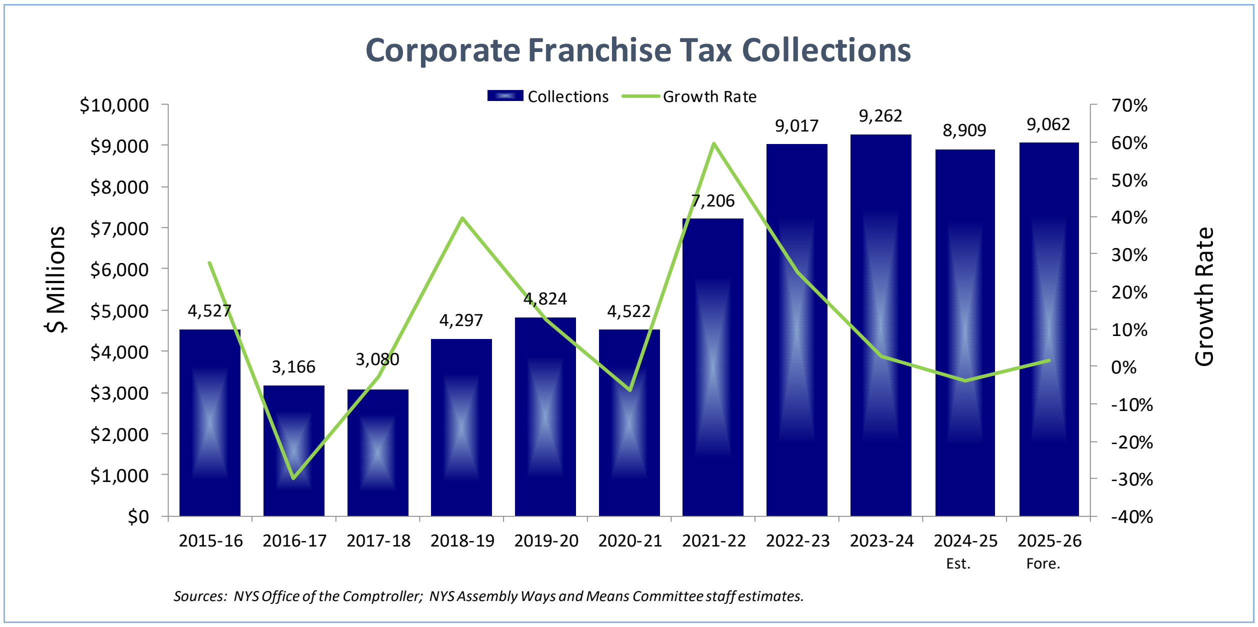


Figure 74

Taxes are imposed on every domestic or foreign corporation, under Article 9-A of the Tax Law, "for the privilege of exercising its corporate franchise, or of doing business, or of employing capital, or of owning or leasing property in a corporate or organized capacity, or of maintaining an office in this state."

The SFY 2021-22 Enacted Budget increased the corporate tax rate from 6.5 percent to 7.25 percent for corporate franchise taxpayers with net incomes over $5 million and reinstated the capital base tax at 0.1875 percent for businesses that are not categorized as small businesses (net incomes less than $390,000 and less than 100 employees) or co-operative apartments. The SFY 2023-24 Enacted Budget extended these increased rates for an additional three years, through Tax Year 2026, which is expected to increase corporate franchise tax collections by $810 million in SFY 2024-25 and $1.2 billion in SFY 2025-26.

YTD through January 2025

All Funds cumulative collections through January were $6.4 billion, a decrease of 8.8 percent or $622.9 million from prior year collections (see Table 47). This decrease in collections is driven primarily by a significant increase in refunds year-to-date, and a moderate decrease in audit collections year-to-date.

Table 47

Corporate Franchise Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$6,431	(8.8%)	$8,909	(3.8%)	$8,853	$56
2025-26			$9,062	1.7%	$8,997	$65

Audit collections through January totaled $323.5 million, a decrease of $27 million or 7.5 percent compared to the previous fiscal year. Refunds through January totaled $1.4 billion, an increase of $576.4 million or 69.3 percent compared to the previous fiscal year.

When excluding audit receipts and refunds, year-to-date corporate franchise tax collections have decreased 0.3 percent compared to the same period in SFY 2023-24.

State Fiscal Year 2024-25

The Committee estimates SFY 2024-25 corporate franchise tax collections to total $8.9 billion, a decrease of 3.8 percent or $353 million from the previous fiscal year. Collections are expected to increase 12.2 percent over the remainder of the fiscal year, compared to the same period in SFY 2023-24. The Committee 's estimate is $56.1 million above the Executive projection of $8.9 billion.

State Fiscal Year 2025-26

The Committee forecasts corporate tax receipts to increase by 1.7 percent or $153 million, for a total of $9.1 billion in SFY 2025-26. This estimate is $65 million above the Executive forecast of $9.0 billion.

Fund Distribution

All corporate franchise tax receipts are deposited into the General Fund except for the Metropolitan Commuter Transportation District (MCTD) surcharge, which is deposited into the Mass Transportation Operating Assistance Fund (MTOAF) Special Revenue Fund. In SFY 2024-25, the Committee expects General Fund receipts to total $7 billion (see Table 48).

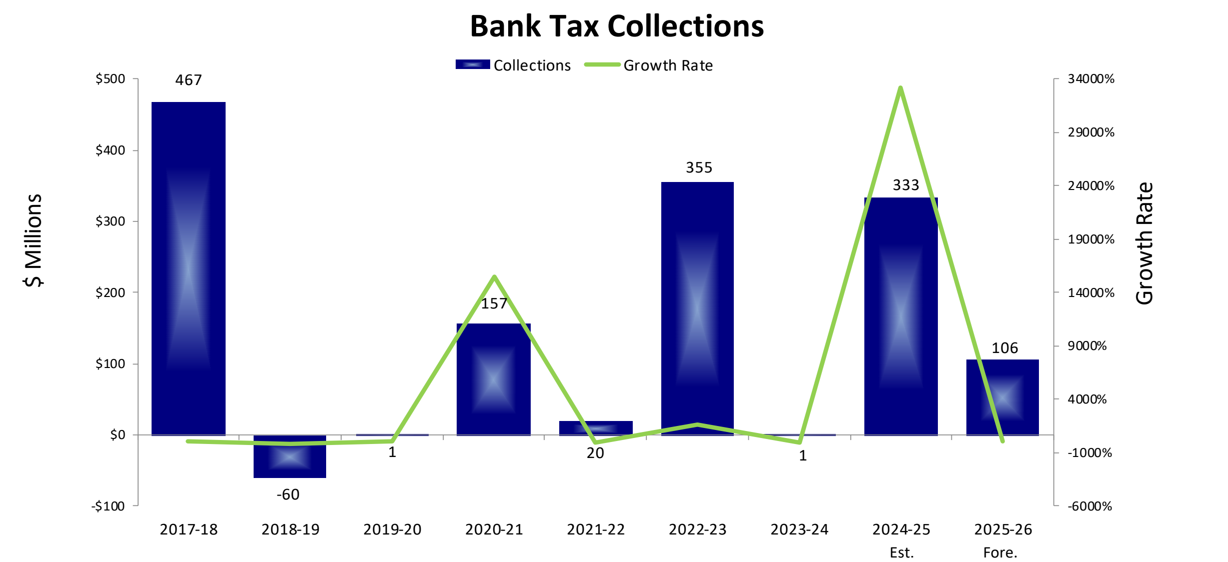
In SFY 2025-26, the Committee's forecasts an increase of 5.1 percent in the General Fund with collections of $7.1 billion.

Table 48

Corporate Franchise Tax Fund Distribution ($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$7,000	$1,909	-	-	$8,909
2025-26	$7,088	$1,974	-	-	$9,062

Bank Tax



Sources: NYS Office of the Comptroller; NYS Assembly Ways and Means Committee staff estimates.

Figure 75

As of January 1, 2015, the Bank Tax has been merged with the Corporate Tax pursuant to the 2014 corporate tax reform. Current collections from this tax arise from audits and other related activity in tax years prior to corporate tax reform.

YTD through January 2025

Year-to-date, Bank Tax collections total $332.8 million, due to a large audit collection received in January (see Table 49).

Table 49

Bank Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$333	33180.0%	$333	33180.0%	$106	$227
2025-26			$106	(68.1%)	$106	$0

State Fiscal Year 2024-25

The Committee expects bank tax collections to total $332.8 million this fiscal year, an increase of $331.9 million from the prior year. This increase $226.8 million above the Executive estimate of $106 million. This estimate is equivalent to the Executive estimate.

State Fiscal Year 2025-26

The Committee expects bank tax collections to total $106 million in SFY 2025-26, with the anticipation that audit collections will decline compared to SFY 2024-25. The Committee's forecast is equivalent to the Executive forecast.

Fund Distribution

All bank tax receipts are deposited into the General Fund except for the Metropolitan Commuter Transportation District (MCTD) surcharge, which is deposited into the Metropolitan Transportation Operating Assistance Fund (MTOAF).

In SFY 2024-25, the Committee expects General Fund receipts of $283 million. In SFY 2025-26 the Committee expects $90 million in General Fund receipts (see Table 50).

Table 50

Bank Tax Fund Distribution
($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$283	$50	-	-	$333
2025-26	$90	$16	-	-	$106

Insurance Tax

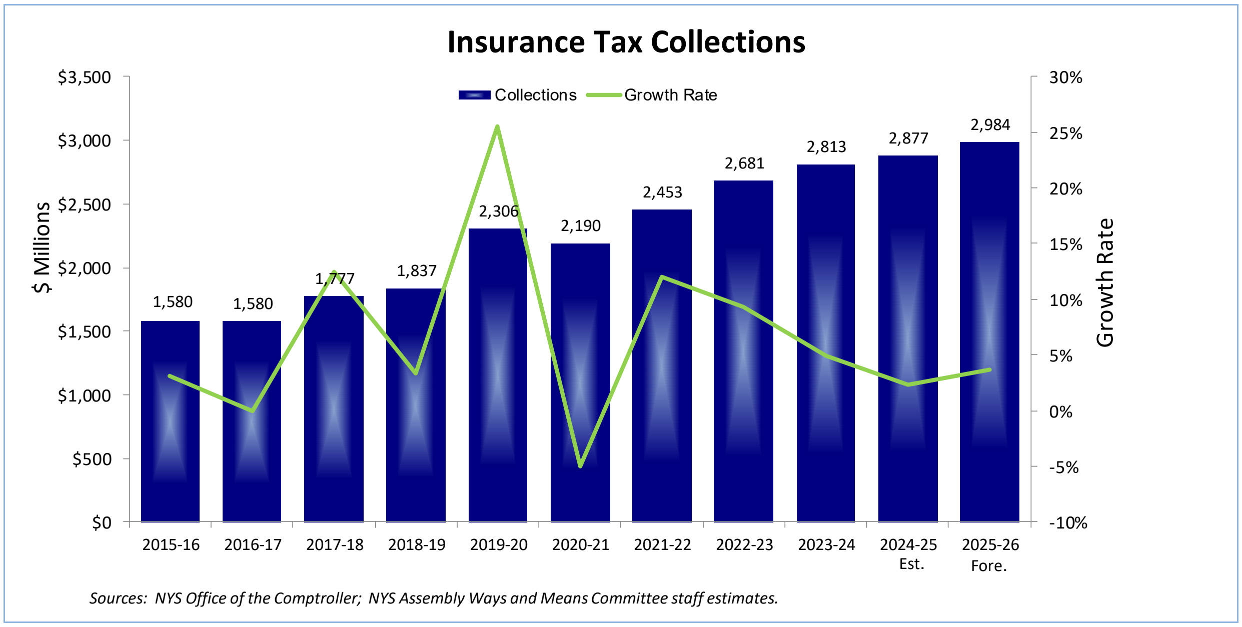


Figure 76

Taxes on insurance companies in New York State are administered by two separate agencies, the Department of Taxation and Finance and the Department of Financial Services. Pursuant to Article 33 of the Tax Law, the Department of Taxation and Finance administers income and or premiums taxes on insurance companies. The Department of Financial Services administers taxes on insurance companies' premiums pursuant to Articles 11 and 21 of the Insurance Law.

YTD through January 2025

Year-to-date insurance tax collections are $1.8 billion, an increase of $22.5 million or 1.3 percent from the prior fiscal year (see Table 51).

Table 51

Insurance Tax ($ in Millions)						
	Year to Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$1,792	1.3%	$2,877	2.3%	$2,829	$48
2025-26			$2,984	3.7%	$2,934	$50

State Fiscal Year 2024-25

The Committee expects collections to total $2.9 billion in SFY 2024-25, an increase of $63.8 million or 2.3 percent over the prior fiscal year. This increase is primarily driven by continued growth in insurance tax premiums, and collections are expected to increase by 4 percent over the remainder of the fiscal year compared to the previous year. The Committee's estimate is $47.9 million above the Executive estimate of $2.8 billion.

State Fiscal Year 2025-26

The Committee forecasts insurance collections to total $3.0 billion in SFY 2025-26, an increase of $107 million or 3.7 percent above the current fiscal year. The Committee's forecast is $49.7 million above the Executive forecast.

Fund Distribution

All insurance tax receipts are deposited into the General Fund except for the Metropolitan Commuter Transportation District (MCTD) surcharge, which is deposited into the Metropolitan Transportation Operating Assistance Fund (MTOAF).

In SFY 2024-25, the Committee projects General Fund receipts to reach $2.6 billion (see Table 52). In SFY 2025-26 the Committee projects the General Fund to increase $93 million to $2.7 billion.

Table 52

Insurance Tax Fund Distribution ($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$2,568	$309	-	-	$2,877
2025-26	$2,660	$324	-	-	$2,984

Corporate Utility Tax

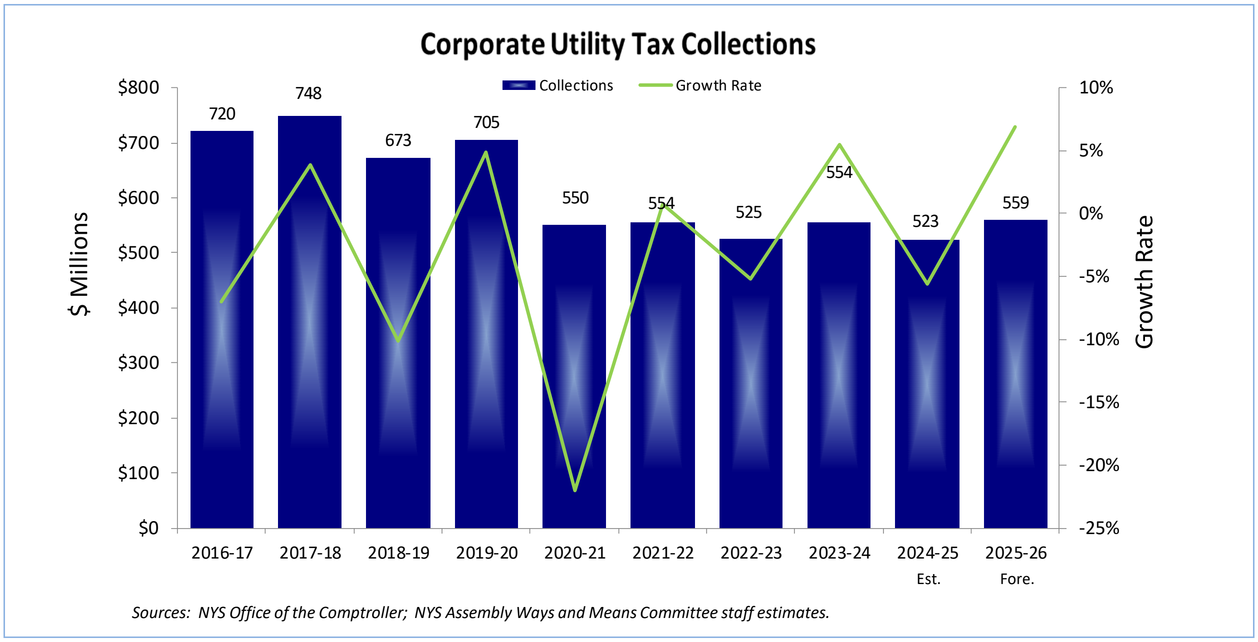


Figure 77

All transportation and transmission companies exercising their corporate franchise, doing business, employing capital, owning or leasing property in the State in a corporate or organized capacity, or maintaining an office in New York are subject to a franchise tax under Article 9 of the Tax Law.

Transportation and transmission companies pay a tax of the greater of:

1. $75;
2. 1.5 mills per dollar of net value of issued capital stock; or
3. if dividends are paid on the par value of any stock during any calendar year amount to six percent or more, 0.375 mills per dollar for each 1 percent of dividends paid, computed at par value of the stock.

The excise tax on the sale of telecommunication services is imposed at the rate of 2.5 percent of gross receipts from:

1. intrastate telecommunication services;
2. interstate and international telecommunication services (other than interstate and international private telecommunication services) that originate or terminate

in New York State and that are charged to a service address in New York State; and

3. interstate and international private telecommunication services.

YTD through January 2025

Through January, cumulative Utility Tax collections are $324.5 million, representing a decrease of $50.6 million or 13.5 percent from the prior fiscal year (see Table 53).

Table 53

Corporate Utility Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$325	(13.5%)	$523	(5.6%)	$551	($28)
2025-26			$559	6.9%	$561	($2)

State Fiscal Year 2024-25

The Committee expects collections for SFY 2024-25 to be $523.2 million, a decrease of 5.6 percent or $30.8 million from the previous fiscal year. This decrease can primarily be attributed to a decrease in audits and an increase in refunds, partially offset by an increase in gross receipts as utilization of the COVID-19 Utility Debt Relief Tax Credit continues to wane. However, collections are expected to increase by 11.1 percent over the remainder of the fiscal year, compared to the same period in SFY 2023-24. The Committee's estimate is $27.8 million below the Executive estimate of $551 million.

State Fiscal Year 2025-26

Primarily due to a projected increase in audits, the Committee expects utility tax collections to increase by $36.2 million or 6.9 percent, to a level of $559.4 million in SFY 2025-26. The Executive is expecting an increase of 1.8 percent, for a total of $561 million in collections in the next fiscal year. The Committee's estimate is $1.6 million below the Executive forecast.

Fund Distribution

Eighty percent of the tax receipts from sections 183 and 184 of the Tax Law are deposited into the Mass Transportation Operating Assistance Fund (MTOAF) and the remainder is deposited into the Dedicated Highway Bridge and Trust Fund (DHBTF).

The Metropolitan Commuter Transportation District (MCTD) surcharge of 17 percent on a company's liability attributable to the MCTD is deposited into the MTOAF.

For SFY 2024-25, the Committee expect General Funds to total $402 million and Special Revenue Funds to be $111 million (see Table 54). Capital Projects Funds are estimated to total $10 million.

Table 54

Corporate Utililty Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	$402	$111	-	$10	$523
2025-26	$431	$118	-	$11	$559

For SFY 2025-26, the Committee expect General Funds to increase to $431 million and Special Revenue Funds to increase to $118 million. Capital Projects Funds are forecast to be $11 million.

Pass-Through Entity Tax

In response to Federal tax law changes that limit the deductibility of state and local taxes from federal personal income taxes (PIT), the SFY 2021-22 budget enacted an optional pass-through entity tax (PTET) on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. The Committee expects that the PTET will be revenue-neutral for the State over the multi-year State Financial Plan, although the timing of certain payments could result individual fiscal years experiencing revenue gains or losses.

For each tax year beginning on or after January 1, 2021, the PTET is imposed on each electing entity's PTE taxable income. The tax is in addition to any other taxes imposed on the entity under the Tax Law and is determined as follows:

Table 55

PASS-THROUGH ENTITY TAX RATES	
If the PTE taxable income is:	**then the PTET due is:**
$2 million or less	6.85% of PTE taxable income
greater than $2 million but less than or equal to $5 million	$137,000 plus 9.65% of the excess of PTE taxable income greater than $2 million
greater than $5 million but less than or equal to $25 million	$426,500 plus 10.30% of the excess of PTE taxable income greater than $5 million
Greater than $25 million	$2,486,500 plus 10.90% of the excess of PTE taxable income greater than $25 million

Beginning January 1, 2021, qualifying entities that elect to pay PTET will pay a progressive tax rate of up 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders who are subject to tax under Article 22 may receive a refundable tax credit on their New York State income tax return equal to the proportionate or pro rata share of taxes paid by the electing entity. The program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes.

For tax years beginning on January 1, 2022, and thereafter, qualifying entities may opt into the PTET on or after January 1 but not later than March 15 for each tax year, and the election to opt in is required to be made online on an annual basis and will be irrevocable. Electing entities must make quarterly tax payments in an amount equal to at least 25 percent of their required annual payment for the taxable year. The required annual payment is the lesser of:

- 90 percent of the PTET required to be shown on the return of the electing entity for the taxable year; or

- 100 percent of the of the PTET shown on the return of the electing entity for the preceding PTET taxable year.

As part of the SFY 2025-26 Executive Budget, the Executive proposes to extend the deadline for entities to elect in the Pass-Through-Entity-Tax (PTET) from March 15 to September 15 of the applicable tax year and make conforming changes to estimated payment deadlines. This action would reduce tax collections by around $3 billion in SFY 2025-26. However, since PTET was first enacted, PTET collections have been set aside in the PTET reserve to cover PIT credits in subsequent years. The use of these reserves will make the proposed action neutral on a Financial Plan basis.

State Fiscal Year 2024-25

The Committee estimates that collections for SFY 2024-25 will total $16.0 billion. This estimate is equivalent to the Executive forecast.

State Fiscal Year 2025-26

The Committee forecasts that collections for SFY 2025-26 will total $13.5 billion, which is equivalent to the Executive forecast.

Petroleum Business Tax

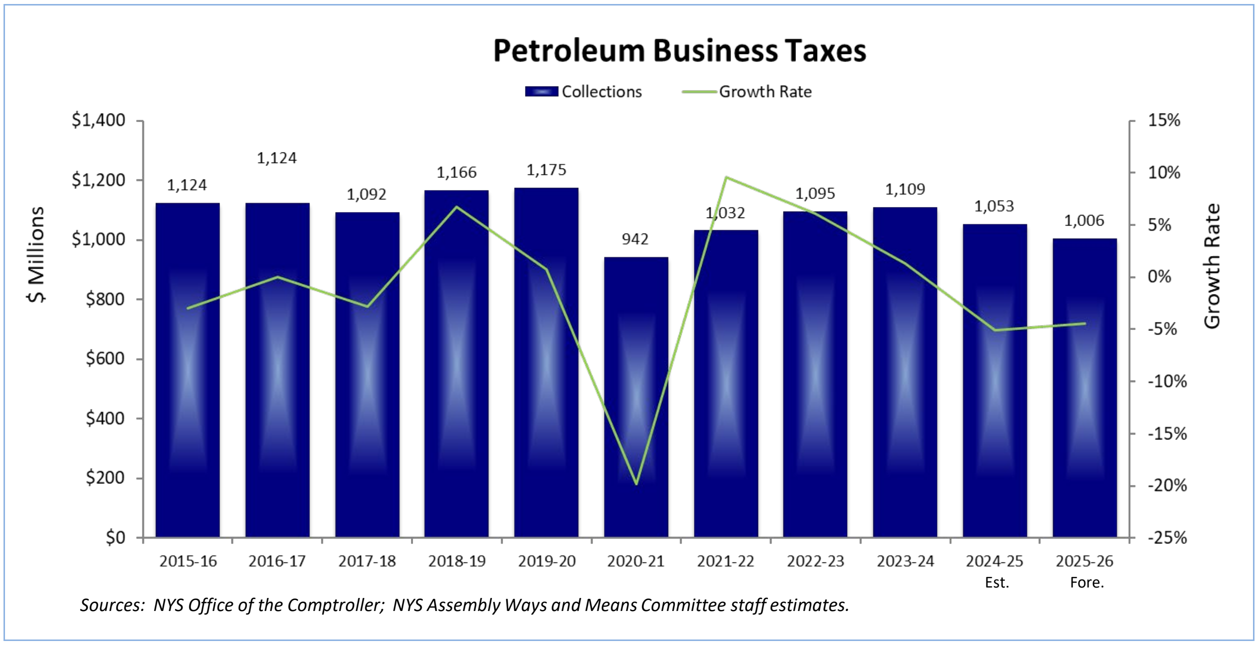


Figure 78

Article 13-A of the Tax Law imposes the Petroleum Business Tax on every petroleum business for the privilege of engaging in business, employing capital, owning or leasing property, or maintaining an office in the State. Gasoline is subject to tax at the time it is imported, while diesel is taxable upon the first sale. The Petroleum Business Tax also applies to the fuel that motor carriers purchase outside of New York State, but consume within the State.

Petroleum Business Tax rates are subject to annual adjustments on the first of January each year to reflect the change in the Producer Price Index (PPI) for refined petroleum products for the twelve months ending August 31st of the immediately preceding year. The petroleum PPI is published by the U.S. Bureau of Labor Statistics. The rates of tax are rounded to the nearest tenth of one cent and limited to a five percent annual change.

The Petroleum Business Tax consists of a base tax, a supplemental tax, and a tax on carriers. All revenues from the base tax are dedicated as follows: 19.7 percent to the Mass Transportation Operating Assistance Fund; and 80.3 percent to a dedicated funds pool. The supplemental tax and the tax on carriers are deposited entirely into that dedicated fund pool. The dedicated funds pool is split between the Dedicated Mass Transportation Trust Fund, (34 percent), the Dedicated Highway and Bridge Trust Fund (63 percent), and non-MTA transit systems statewide (3 percent).

YTD through January 2025

Through January, petroleum business tax (PBT) collections have decreased by 5.1 percent from last fiscal year, for a total of $900.9 million year-to-date (see Table 56).

Table 56

Petroleum Business Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$901	(5.1%)	$1,053	(5.1%)	$1,062	($9)
2025-26			$1,006	(4.4%)	$1,015	($9)

State Fiscal Year 2024-25

The Committee expects collections for SFY 2024-25 to total $1.1 billion, a decrease of 5.1 percent or $56 million from the previous fiscal year. The Committee expects collections for the remainder of the year to decrease by 5 percent compared to SFY 2023-24. The decrease is mainly attributed to the net impact of the reduced PBT rate effective January 1, 2024 and January 1, 2025. The Committee's estimate is $9 million below the Executive estimate of $1.1 billion.

State Fiscal Year 2025-26

The Committee forecasts PBT collections to decrease by 4.4 percent, to a level of $1.0 billion in SFY 2025-26, due to the net impact of the rate decrease effective January 1, 2025, and another projected rate decrease effective January 1, 2026. The Executive is forecasting $1.0 billion in collections for the next fiscal year. The Committee's forecast is $9 million below the Executive projection.

Fund Distribution

Table 57

Petroleum Business Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	-	$463	-	$590	$1,053
2025-26	-	$442	-	$564	$1,006

The Petroleum Business Tax consists of a base tax, a supplemental tax, and a tax on carriers. All revenues from the base tax are dedicated as follows: 19.7 percent to the Mass Transportation Operating Assistance Fund; and 80.3 percent to a dedicated funds pool. The supplemental tax and the tax on carriers are deposited entirely into that dedicated fund pool. The dedicated funds pool is split between the Dedicated Mass Transportation Trust Fund, (34 percent), the Dedicated Highway and Bridge Trust Fund (63 percent), and non-MTA transit systems statewide (3 percent).

Other Taxes

Table 58

Other Taxes Forecasts by State Fiscal Year ($ in Millions)						
	SFY 2024-25	**Growth**	**Diff. Exec.**	**SFY 2025-26**	**Growth**	**Diff. Exec.**
Other	**$2,578**	**(15.4%)**	**($20)**	**$2,732**	**6.0%**	**($15)**
Estate Tax	1,291	(30.4%)	(86)	1,348	4.4%	(90)
Real Estate Transfer Tax	1,258	7.9%	66	1,353	7.6%	75
Employer Compensation Expense Program	15	7.1%	0	15	0.0%	0
Pari Mutuel	12	0.0%	0	15	25.0%	0
Other	2	100.0%	0	1	(50.0%)	0

Estate Tax

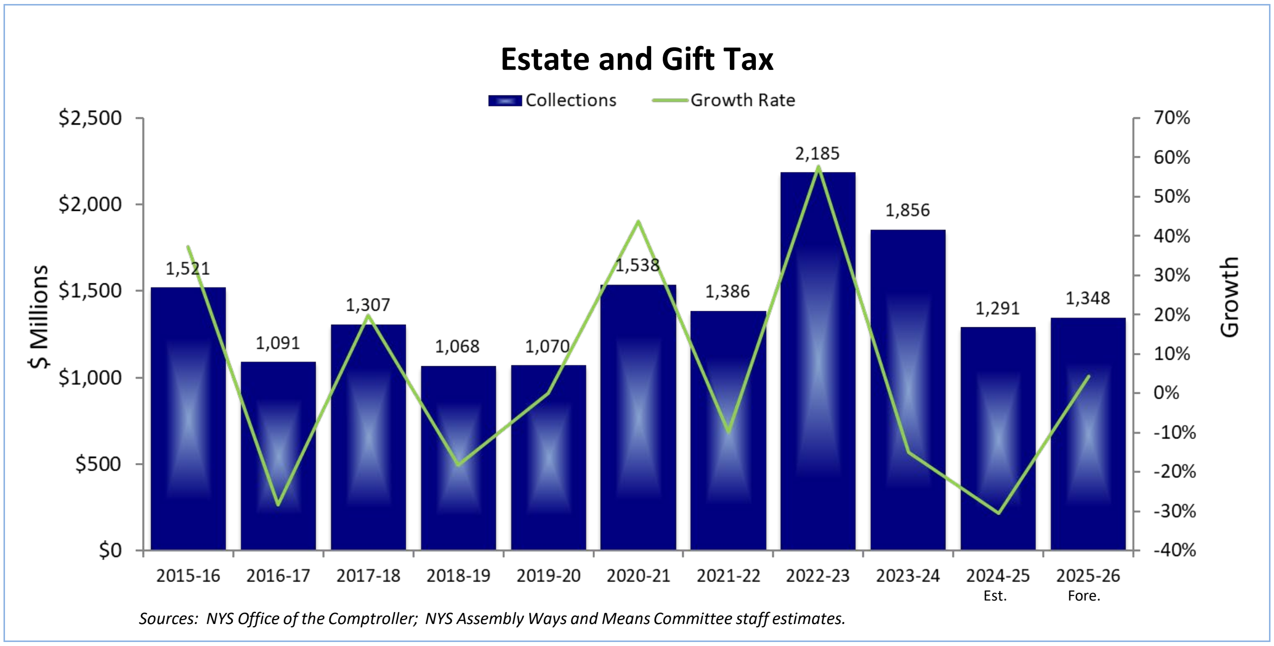


Figure 79

Article 26 of the Tax Law imposes a tax on the transfer of deceased individual's property known as the estate tax for residents of the State. For Tax Year 2025, the estate tax is applied to an estate whose value exceeds an exemption level of $7.16 million for single filers and $14.32 million for couples. The tax applies to non-charitable transfers made by people who own real estate or tangible personal property located in New York, as well as intangible property upon death. Nonresidents are subject to the tax if the transfer real estate or tangible personal property is located within the State. Estate taxes must be filed within nine months of the decedent's death.

YTD through December 2024

Year-to-date, estate and gift tax collections are $1.1 billion, a 34.8 percent decrease from the same period in SFY 2023-24 (see Table 59). This decrease primarily reflects a reduced amount of super-large estate tax payments in excess of $100 million, after an unusually large number of such payments in SFY 2023-24.

Table 59

Estate and Gift Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$1,116	(34.8%)	$1,291	(30.4%)	$1,377	($86)
2025-26			$1,348	4.4%	$1,438	($90)

State Fiscal Year 2024-2025

The Committee estimates estate and gift tax collections will total $1.3 billion in SFY 2024-25, or a 30.4 percent decrease from SFY 2023-24, due to the reduced number of super-large payments noted above. The Committee's estimate is $86 million below the Executive estimate.

State Fiscal Year 2025-26

The Committee projects estate and gift tax collections to increase by 4.4 percent or $57 million in SFY 2025-26, for a total of $1.3 billion. The Committee's forecast is $90 million below the Executive forecast.

Real Estate Transfer Tax

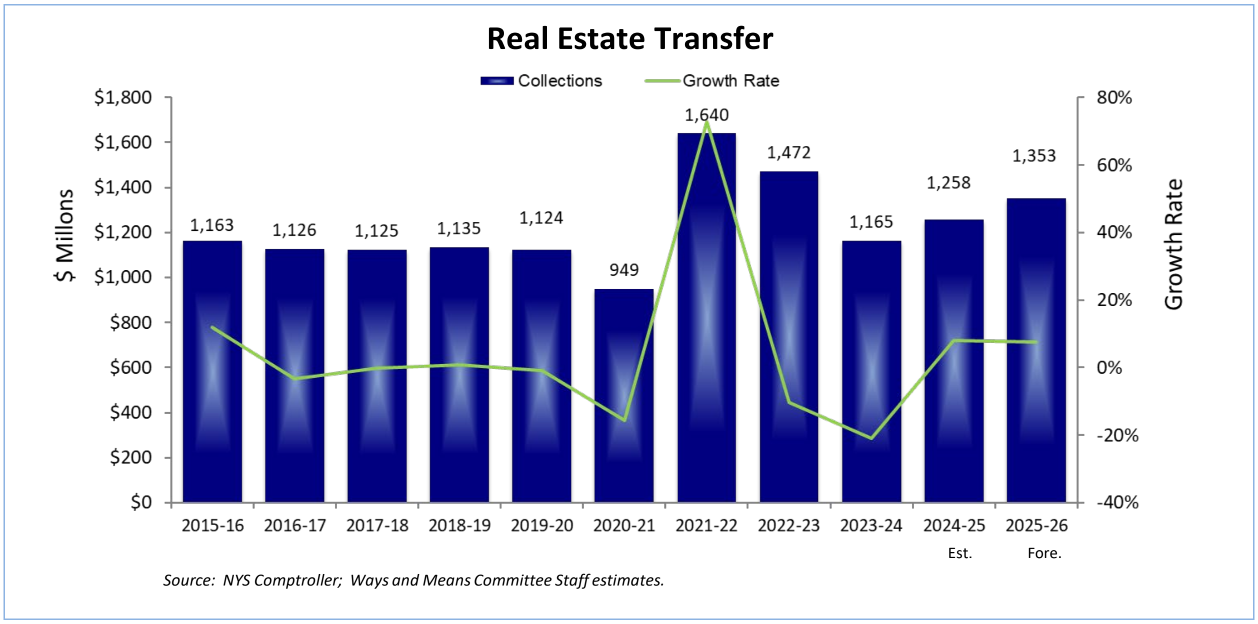


Figure 80

The real property transfer tax is administered pursuant to Article 31 of the New York State Tax Law, and it is levied on real property transfers where the value of the interest conveyed exceeds $500. The tax is paid by the grantor, the party selling the property, and is imposed on the conveyance of real property, either by deed or economic interest, at a rate of $2 for each $500 of sales price. An additional state tax of one percent is applied to residential transfers when the value of the property is over $1 million; this additional tax is commonly called the mansion tax. This additional tax is paid by the grantee, the party purchasing the property.

Real estate transfer tax (RETT) receipts rely on the climate of the housing market in New York State, and especially in New York City. Historically, New York City accounts for over 50 percent of total RETT receipts, while Long Island accounts for around 15 percent of receipts.

The SFY 2019-20 budget established two additional RETT provisions on transfers occurring in New York City, which will support the MTA, including an expansion of the existing transfer tax, which implemented a progressive rate structure ranging from 1.25 percent on transfers valued at $2 million to 3.9 percent on sales valued over $25 million; and an additional 0.25 percent RETT on residential transactions valued over $3 million and commercial transactions valued over $2 million. Since these taxes are remitted to the Central Business District Tolling Capital Lockbox, they are not reflected in the Committee's projections of State receipts.

YTD through January 2025

Through January, RETT collections are $1.1 billion, which represents a 6.7 percent increase from the same period in SFY 2023-24 (see Table 60).

Table 60

Real Estate Transfer Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$1,056	6.7%	$1,258	7.9%	$1,192	$66
2025-26			$1,353	7.6%	$1,278	$75

State Fiscal Year 2024-2025

The Committee estimates that RETT receipts will total $1.3 billion in SFY 2024-25 for an increase of 7.9 percent from SFY 2023-24. This increase can primarily be attributed to a moderate increase in housing market activity, partly due to a slight decrease in mortgage interest rates. The Committee's estimate is $66 million above the Executive estimate of $1.2 billion in collections.

State Fiscal Year 2025-26

The Committee anticipates RETT receipts will total $1.4 billion in SFY 2025-26 for a year-over-year increase of 7.6 percent. This increase is primarily attributed to the reasons noted above, and the expectation that the Federal Reserve continues to ease monetary policy. The Committee's forecast is $75 million above the Executive forecast.

Fund Distribution

Table 61

Real Estate Transfer Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2024-25	-	-	$1,001	$257	$1,258
2025-26	-	-	$1,096	$257	$1,353

A statutory amount of $257 million, increased from $119 million as part of the SFY 2022-23 Enacted Budged, is deposited into the Environmental Protection Fund (EPF) from RETT collections, and the remaining is deposited into the Clean Water/Clean Air Fund (CW/CA) for Debt Service. When the CW/CA obligation is paid, the excess revenue is transferred to the General Fund.

Pari-Mutuel

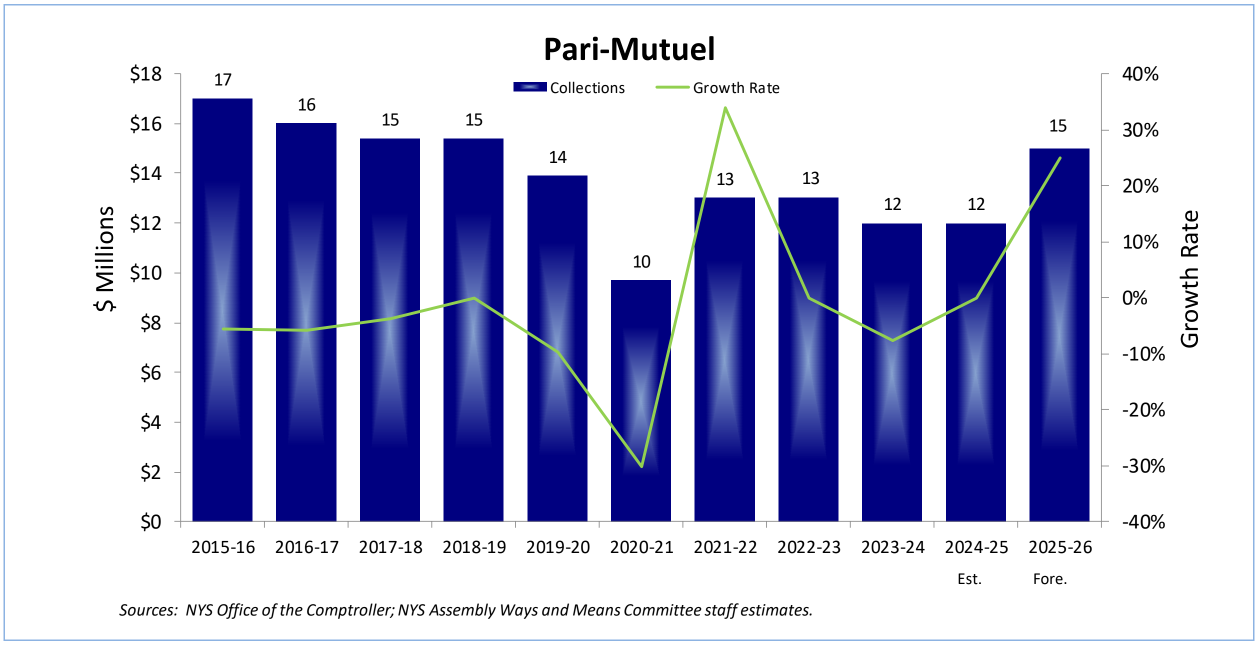


Figure 81

Under the Racing, Pari-Mutuel Wagering and Breeding Law, a tax is imposed on horseracing pari-mutuel bets placed at racetracks, simulcast theaters and Off-Track Betting (OTB) facilities. Pari-mutuel betting, also known as pool betting, is a unique form of betting. Instead of placing wagers against a bookmaker, one places wagers against other bettors who have placed wagers on the same event.

Horse racing businesses that are authorized to conduct pari-mutuel betting must deposit net betting revenue into a pari-mutuel pool. These pools are taxed at rates between 14 and 20 percent for regular on-track bets, 16 percent and 22 percent for multiple on-track bets, 20 percent and 30 percent for exotic on-track bets, 20 percent and 36 percent for super exotic on-track bets, while the breaks are taxed at 55 percent. The breaks are the odd cents or dollars in a payoff, over a scaled rounded value. For example, for a payoff of $1.67, the break would be two cents, but for a payoff of $270 the break would be $20.

In addition to the pool taxes, businesses must pay a tax on the amount that is retained by the business. These rates vary based on the type of bet the revenue originates from. The rates are as follows: 1 percent for revenue from regular bets, 1.5 percent for multiple bets, 6.75 percent for exotic bets, and 7.75 percent for super exotic bets. The above rates will be increased by 0.25 percent on all on-track bets for racing corporations that did not expend at least 0.5 percent of its on-track bets during the following calendar year for enhancements, repairs, structures and equipment used in its operations.

These businesses will receive a credit, against the tax imposed, in an amount equal to 0.4 percent of total daily pools resulting from the simulcasting of events under the condition that 60 percent of the credit be used for increasing purses for overnight races conducted by such organizations.

The horse racing business must also pay the Gaming Commission a regulatory fee of 0.6 percent of the total daily on-track pari-mutuel pools.

As part of the SFY 2025-26 Executive Budget, the Executive proposes to authorize and fund a study by the Cornell University College of Veterinary Medicine of the thoroughbred fetlock joint injury detection through advanced imaging, utilizing $2 million from the New York Racing Association and an additional 1 percent market origin fee imposed on out-of-state advance deposit wagering providers (ADW), starting September 1, 2025 through August 31, 2028. In addition, the Executive proposes to replace the existing pari-mutuel tax structure with a simplified flat tax rate on the live racing handle. A 1.1 percent tax rate on handle would be imposed on thoroughbred racetracks, 1 percent on harness racetracks, and 0.6 percent on OTBs. The proposal would also establish that winning bets would be rounded to the nearest penny, and authorize that if racing entities agree on the distribution of revenues, it would supersede existing provisions of law.

YTD through January 2025

Year-to-date, pari-mutuel tax receipts are currently $10.9 million, a 4.4 percent decrease from the same period in SFY 2023-24 (see Table 62). This decrease reflects less people attending pari-mutuel betting facilities compared to same period last fiscal year.

Table 62

Pari-Mutuel Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$11	(4.4%)	$12	0.0%	$12	$0
2025-26			$15	25.0%	$15	$0

State Fiscal Year 2024-25

The Committee estimates pari-mutuel receipts will total $12 million in SFY 2024-25. The Committee's estimate is equivalent to the Executive projection.

State Fiscal Year 2025-26

The Committee's forecast for SFY 2025-26 is $15 million, which is a 25 percent increase from SFY 2024-25 level. This increase is entirely due to the Executive proposal related to a temporary 1 percent market origin fee on out-of-state Advance-Deposit Wagering (ADW) providers noted above, and the Committee's forecast is equal to the Executive forecast.

Gaming

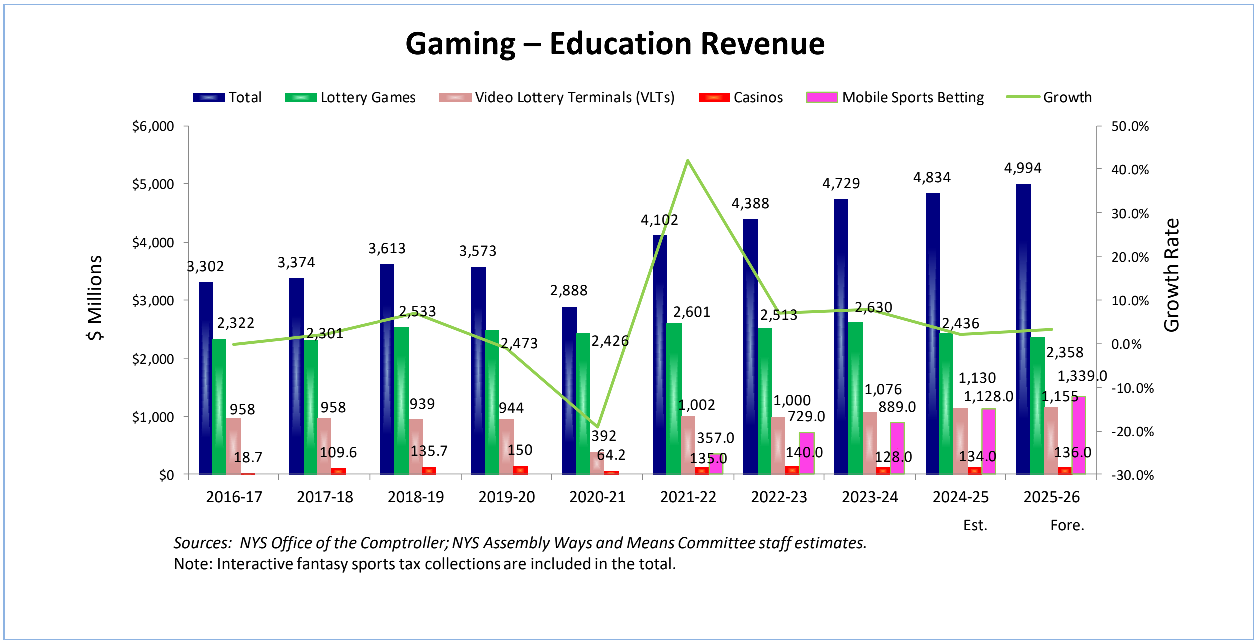


Figure 82

The New York State Lottery was established by a Constitutional Amendment in 1966 for the express purpose of raising revenues for education. The New York State Gaming Commission operates a number of lottery games like jackpot games, and instant scratch-off games. A predetermined percentage of sales from each game is dedicated to fund education. Depending on the type of the lottery game, between 10 to 45 percent of sales are dedicated to education funding. Daily games contribute an average of 33 percent, jackpot games contribute an average of 35 percent, and instant scratch-off games contribute an average of 15 percent.

Video lottery terminal (VLT) facilities began operating in New York State in 2004, and ten video lottery terminals (VLTs) facilities exist today, including Resorts World Hudson Valley Casino which began operations in December 2022. These facilities contributed $1.0 billion in revenue to education in SFY 2023-24. On average, VLTs contributed 45 percent of their Net Machine Income to education in SFY 2023-24.[49]

[49]https://gaming.ny.gov/gaming/index.php?ID=1.

The law permitting the licensing, regulation and taxation of non-tribal casinos was enacted in 2013. There are currently four commercial gaming facilities in operation: Tioga Downs, Del Lago Resort, Rivers Casino and Resort, and Resorts World.

All commercial casinos must pay a tax of 10 percent on the gross table game revenue, but the tax rate varies for revenue from electronic table games (ETGs) and slot machines based on the region in which the casino is located. Additionally, the SFY 2021-22 Enacted Budget enabled commercial casinos to petition for a temporarily reduced slot tax rate of no lower than 30 percent, pursuant to them fulfilling certain conditions. As of October 2023, all four commercial casinos have been granted a lower slot machine tax rate for Fiscal Years 2024 through 2026. The tax rates on these receipts are as follows: 30 percent at Resorts World; 30 percent at Rivers; 30 percent at Del Lago; and 30 percent at Tioga. This tax is distributed in the following manner: 80 percent to education and property tax relief, 10 percent split equally between the host municipality and the host county, and 10 percent split among non-host counties within the region on a per capita basis. Facilities must also pay an annual license fee of $500 for each slot machine and table game that the Gaming Commission approves for use at the facility.

There are three unawarded commercial casino licenses remaining in New York State and an agreement between the Legislature and the Executive was reached as part of the SFY 2022-23 Enacted Budget to allow the Gaming Facility Location Board to issue a request for applications (RFA) no later than January 2023. However, before the Board may consider any application, the applicant would have to be approved by a Local Community Advisory Committee, as well as comply with all applicable local zoning requirements. The additional casino facilities will be allowed statewide, however, no more than three casinos could be located in the downstate zone (New York City, Nassau, Suffolk, Putnam, Rockland, and Westchester counties). The license fee and tax rates will ultimately be determined pursuant to the open-bidding process, and no license is expected to be awarded until sometime in 2025 at the earliest.

In addition, the SFY 2023-24 Enacted Budget took substantial steps to provide financial relief to the Metropolitan Transportation Authority (MTA). These actions included directing 100 percent of any future license fee revenue to the MTA, and directing a portion of future recurring revenues from newly licensed casinos to the MTA.

Legislation to permit, regulate and tax interactive fantasy sports was enacted in 2016. The tax is a 15 percent rate on gross revenue, as well as an additional 0.5 percent tax that is not to exceed $50,000 dollars annually.

As part of the SFY 2021-22 Enacted Budget, mobile sports betting was authorized throughout the State. Mobile Sports Betting generated $889 million in SFY 2023-24, and is estimated to increase gaming revenue to $1.1 billion in SFY 2024-25.

As part of the SFY 2025-26 Executive Budget, the Executive proposes to extend the reduced tax rate on slot machine gross gaming revenues from April 1, 2026, through June 30, 2028, for commercial casinos in Zone Two, provided that certain conditions are met. The current reduced tax rate is 30 percent for each of them, and is set to expire March 31, 2026. This action would reduce All Funds revenues by $49 million in SFY 2026-27 and SFY 2027-28.

YTD through January 2025

Year-to-date, gaming revenue totaled $3.8 billion, a 4.2 percent increase over the same period in SFY 2023-24 (see Table 63). This increase is primarily attributed to significant growth in mobile sports betting collections.

Table 63

Gaming
($ in Millions)

	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2024-25	$3,800	4.2%	$4,834	2.2%	$4,819	$15
2025-26			$4,994	3.3%	$4,853	$141

State Fiscal Year 2024-25

The Committee estimates total gaming receipts of $4.8 billion, an increase of 2.2 percent or $105 million over SFY 2023-24 collections. The Committee's estimate is $15 million above the Executive estimate of $4.8 billion.

The Committee estimates lottery games receipts will total $2.4 billion for a decrease of 7.4 percent from SFY 2023-2024.

The Committee estimates that VLT receipts will total $1.1 billion, an increase of 5.0 percent from SFY 2023-24. The Committee estimates that casino receipts will total $134 million, an increase of 4.8 percent from SFY 2023-24.

The Committee estimates mobile sports betting receipts will total $1.1 billion, an increase of 26.9 percent or $239 million over SFY 2023-24. Of this revenue, $6 million will be directed to problem gambling education and treatment services, and $5 million will be directed to youth sports funding.

The Committee estimates that interactive fantasy sports tax receipts will total $6.0 million, representing no change from the SFY 2023-24 level.

State Fiscal Year 2025-26

The Committee projects that combined gaming revenue will total $5.0 billion in SFY 2025-26. This represents an increase of 3.3 percent or $159 million from SFY 2024-25 collections. This estimate is $141 million above the Executive forecast of $4.9 billion, primarily due to a significant positive variance in projected mobile sports wagering collection compared to the Executive.

The Committee forecasts that lottery game revenue receipts will total $2.4 billion, a decrease of 3.2 percent from SFY 2024-25. This decrease all lottery games collections is partially offset by a projected increase in Mega Millions-related collections due to various enhancements the game will be implementing, beginning in April 2025.

VLT receipts are expected to total $1.2 billion, an increase of 2.2 percent from SFY 2024-25.

Casino receipts are forecast to total $136 million, an increase of 1.5 percent from SFY 2024-2025.

Mobile sports betting receipts are forecast to total $1.3 billion, an increase of 18.7 percent or $211 million over SFY 2024-25. Of this revenue $6 million will be directed to problem gambling education and treatment services, and $5 million will be directed to youth sports funding.

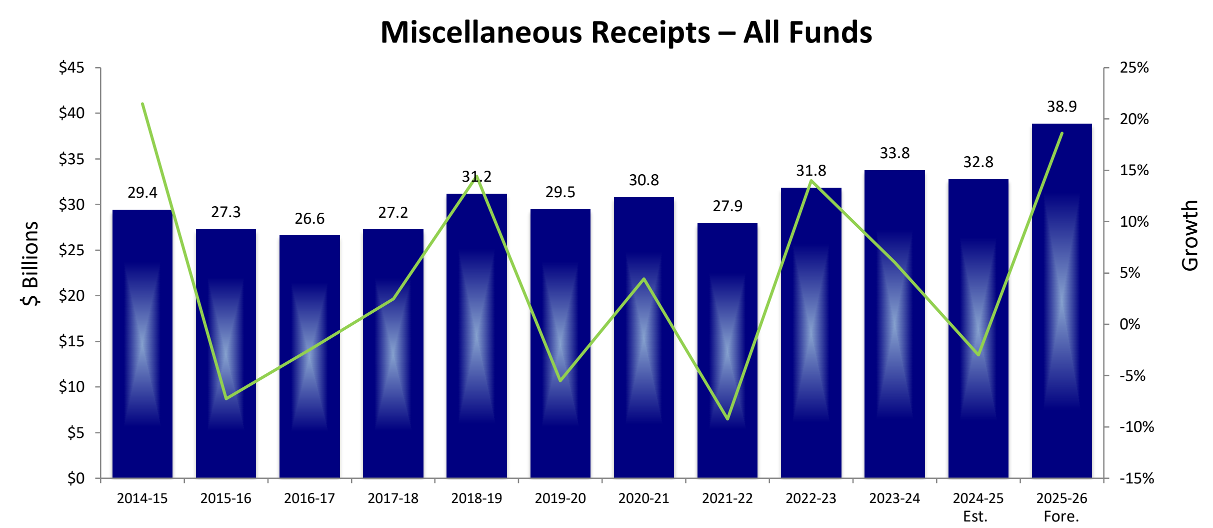
Fantasy sports betting receipts are forecast to total $5 million, a decrease of 16.7 percent or $1 million from the previous fiscal year.

Miscellaneous Receipts

Miscellaneous Receipts – All Funds

All Funds Miscellaneous Receipts consist of funds received from Health Care Reform Act (HCRA) financing sources, State University of New York (SUNY) tuition and patient income, lottery receipts for education, assessments on regulated industries, motor vehicles fees and a variety of fees and licenses.

On an All Funds basis, Miscellaneous Receipts are estimated to decrease to $32.8 billion in SFY 2024-25 then rebounding to $38.9 billion in SFY 2025-26 (see Figure 83).



Sources: NYS Office of the Comptroller; Ways and Means Committee Staff estimates.

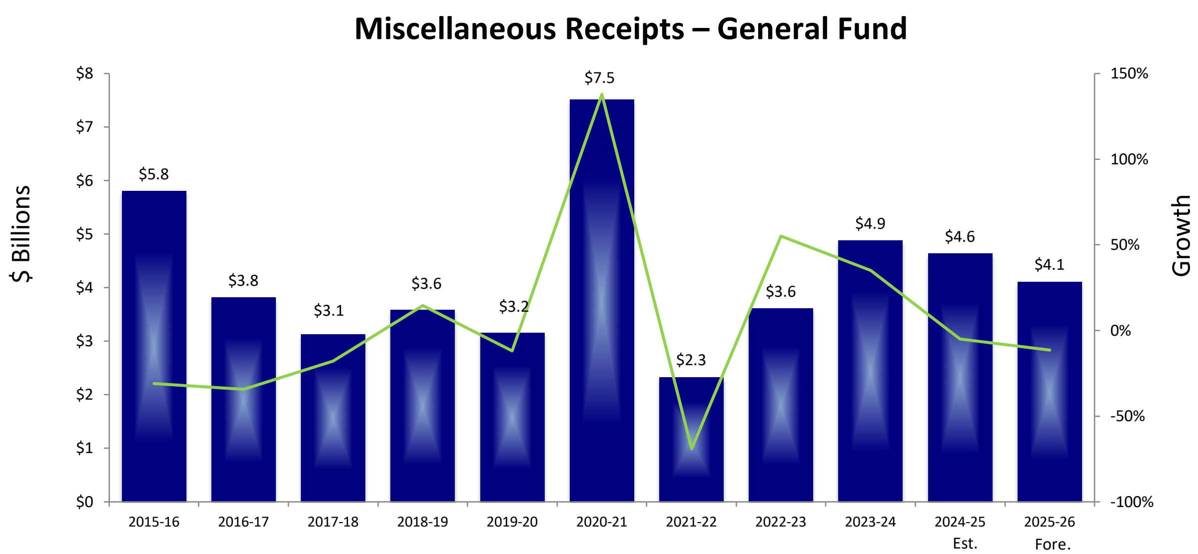
Figure 83

Miscellaneous Receipts – General Fund

General Fund collections are more volatile as a result of one-time deposits and settlements, which peaked in SFY 2014-15 and have trended lower thereafter. In addition, there was a substantial increase in SFY 2020-21 receipts that was related to extraordinary bond proceeds, authorized in response to the COVID-19 pandemic.

State Fiscal Years 2024-25 and 2025-26

General Fund Miscellaneous Receipts totaled $4.9 billion in SFY 2023-24 and are estimated to decrease to $4.6 billion in SFY 2024-25, then decrease again to $4.1 billion in SFY 2025-26 (see Figure 84).



Sources: NYS Office of the Comptroller; Ways and Means Committee Staff estimates.

Figure 84

Key Components

General Fund Miscellaneous Receipts contain revenues from multitude of sources (see Table 64). They include:

- licenses and fees;
- abandoned property;
- reimbursements;

- investment income;
- alcoholic beverage control license fees; and
- motor vehicle fees.

Table 64

Miscellaneous Receipts - General Fund ($ in Millions)					
	2023-24 Actual	**2024-25 Estimated**	**2025-26 Projected**	**Change**	**Percent Change**
Licenses, Fees	684	780	781	1	0.1%
Abandoned Property	783	550	450	(100)	(18.2%)
Reimbursements	198	216	216	0	-
Investment Income	2,455	2,550	2,100	(450)	(17.6%)
ABC License	60	61	61	0	-
Motor Vehicles Fees	258	276	323	47	17.0%
Extraordinary Settlements	63	0	0	0	-
Other Transactions	377	209	188	(21)	(10.0%)
Total	**4,878**	**4,642**	**4,119**	**(523)**	**(11.3%)**

Sources: Executive Budget; NYS Assembly Ways and Means Committee staff.

Other transactions include but are not limited to: temporary utility assessment, extraordinary settlements, the medical provider assessment, settlement proceeds from state regulatory agencies and District Attorney's offices, Bottle Bill proceeds, bond issuance charges, the State of New York Mortgage Authority supplemental wireless surcharge, New York Power Authority, civil recoveries, short term interest on bank accounts, Housing Finance Agency receipts, and released State Insurance Fund Reserves.

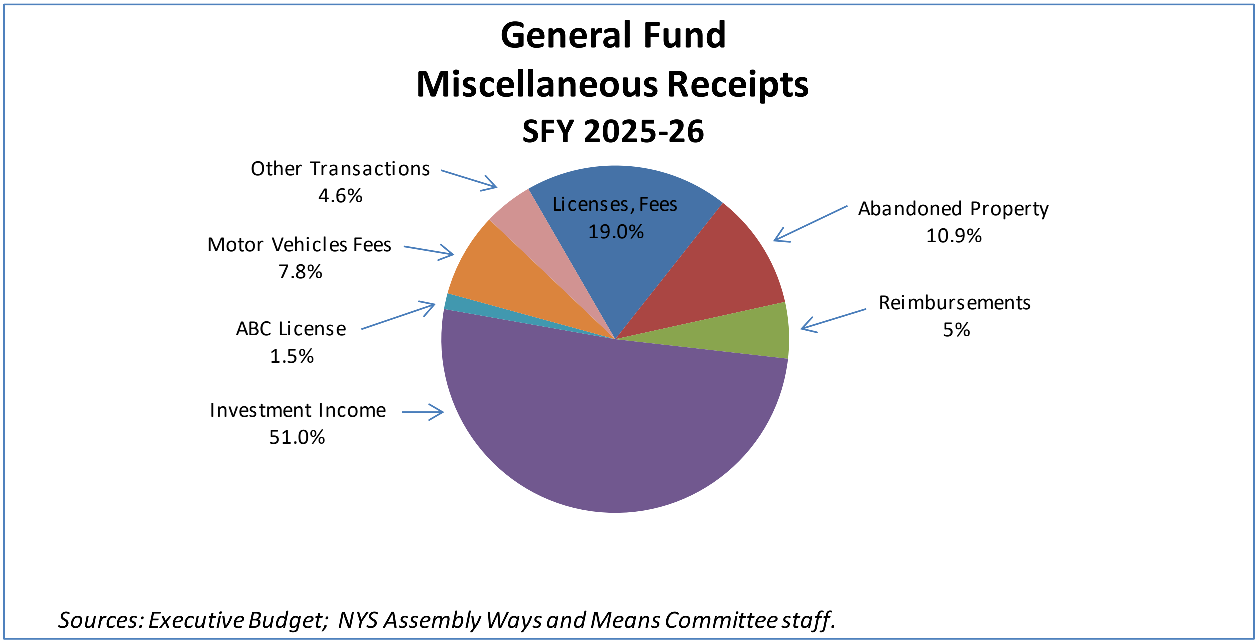


Figure 85

Miscellaneous Receipts – Special Revenue Funds

SFY 2024-25

The Committee estimates Special Revenue funds to total $20.4 billion in SFY 2024-25, whereas Capital Projects are expected to total $6.6 billion, and Debt Service is anticipated to receive $1.3 billion in receipts.

SFY 2025-26

The Committee estimates Special Revenue funds to total $22.8 billion in SFY 2025-26, with Capital Projects expected to total $11.6 billion and Debt Service anticipated to receive $417 million in receipts.

Key Components

State Funds Miscellaneous Receipts consist of Special Revenue Funds, Capital Projects, and Debt Services. Special Revenue receipts are comprised of the following:

Health Care Reform Act (HCRA)

Receipts include surcharges, assessments on hospitals and assessments on certain insurance providers, a portion of cigarette tax revenues, and other dedicated proceeds.

HCRA receipts are used to finance New York's Medicaid program, Family Health Plus, workforce recruitment and retention, the Elderly Pharmaceutical Insurance Coverage, Child Health Plus, Graduate Medical Education, AIDS programs, and other public health initiatives.

Medicaid

State Medicaid costs are financed by the General Fund and other various Special Revenue funds. The key contributions are partially-reimbursable assessments to nursing home, hospital, and home care revenues.

State University Income

Receipts into the State University Income Fund are from the operation of SUNY from tuition, patient revenue, and user fees. Tuition is sourced from the sixty-four SUNY campuses while patient revenues come from SUNY's teaching hospitals at Brooklyn, Stony Brook, Syracuse, as well as the Long Island Veterans' Home. SUNY user fees, interest earning, and fringe benefits account for the remaining collections.

Lottery

Sale of lottery tickets and Video Lottery Terminals (VLTs) are used to support public education and Lottery administrative operating costs.

Motor Vehicle Fees

Motor vehicle fees are derived from a list of fees imposed by the Vehicle Traffic Law. License fees, registration revenue, inspection fees, emission stickers, repair shop certificates, as well as insurance civil penalties all contribute to motor vehicle fees. Such revenues are dedicated to various trust funds which cover infrastructure funding and administrative costs.

Capital Projects

Capital Projects spending is funded from two sources: authority bond proceeds which support spending financed through Public Authority Bonds; and Miscellaneous Receipts which finance state pay-as-you-go spending to support the State Capital Plan.

Debt Service

Miscellaneous Receipts in the Debt Service Fund are comprised of Mental Hygiene service providers that receive payments from Medicare and insurance companies; dormitory room rental fees and associated fees from SUNY students; and from patient care revenues of hospitals and certain veterans' homes from payments of Medicaid, Medicare, insurance, and individuals.

Industry Assessments and All Other

Receipts comprising Industry Assessments and All Other are from reimbursements of regulated industries to fund the administrative costs of the state agencies. Receipts may consist of fees, licenses, and assessments. The Department of Financial Services, the Department of Public Service, and the Workers' Compensation Board are all fully funded by assessments of their respective regulated industry. The following agencies account for the largest collections in this category: Health; Environmental Conservation; Tribal State Compact; State Police; Higher Education Service Corporation; Education; City University of New York (CUNY); Children and Family Services; Homeland Security and Emergency Services.