



February 25, 2026

New York State Senate Democratic Majority 2026 ECONOMIC AND REVENUE REPORT

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Conference Finance
Committee**

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BUDGET AND REVENUE

February 25, 2026

Dear Colleagues:

I am pleased to provide you with the 2026 New York State Senate Finance Committee's Economic and Revenue Report. This report offers a general overview of the status of the national and New York State economies. It also specifies revenue projections for State Fiscal Years (SFY) 2025–26 and 2026–27.

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

The economy has shown great resiliency this past year, however, the State's economy continues to encounter several challenges. We anticipate subdued growth in 2026, with ongoing concerns about inflation, exacerbated by federal tariffs, concerns over federal funding, immigration policy, and the adverse effects of international tensions on both the global and State economies.

The Senate Finance Committee staff projects that All Funds receipts, including federal sources, will total \$262.4 billion in SFY 2025–26, which is \$185.4 million or 0.1 percent above the level estimated by the Executive Budget Financial Plan. For SFY 2026–27, Senate Finance Committee staff forecasts that All Funds receipts, including federal sources, will total \$256.2 billion, which is \$1.5 billion or 0.6 percent higher than the Executive Budget Financial Plan forecast. Over the two-year period, the Senate Finance Committee staff forecast revenues will be \$1.7 billion above Executive levels.

This analysis, prepared by the Senate Finance Committee staff, will support our careful deliberation of the revenue and economic projections contained in the SFY 2026-27 Executive Budget. I look forward to working with you to construct an enacted State Budget that serves the needs of all New Yorkers.

Sincerely,

A handwritten signature in black ink that reads 'Liz Krueger'.

Liz Krueger
Chair
Senate Finance Committee

Senate Finance Committee Democratic Conference Members

Senator Liz Krueger, Chair

Senator Jamaal T. Bailey

Senator Leroy G. Comrie, Jr.

Senator Jeremy A. Cooney

Senator Andrew S. Gounardes

Senator Michelle Hinchey

Senator John C. Liu

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2026 Economic and Revenue Report

Senate Majority Conference Finance Committee

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EXECUTIVE SUMMARY

The Senate Majority Conference Finance Committee has produced this State Fiscal Year (SFY) 2026-27 Economic and Revenue Forecast as part of the revenue and economic consensus process mandated by Chapter 309 of the Laws of 1996.

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

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

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

State Revenue

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

The Senate Majority Conference Finance Committee staff's SFY 2025-26 estimate for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$13 million more than the Executive Budget Financial Plan estimate of \$58.4 billion. The committee staff's SFY 2026-27 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.2 billion more than the Executive Budget Financial Plan estimate of \$61.1 billion. The committee staff's two-year aggregate projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.2 billion more than the Executive Budget Financial Plan projections.

The Committee staff's SFY 2025-26 estimate for All Funds receipts, excluding Federal funding, is \$185.4 million more than the Executive Budget Financial Plan receipts estimate of \$146.7 billion. The committee staff's SFY 2026-27 projection for All Funds receipts is \$1.5 billion above the Executive Budget Financial Plan receipts estimate, excluding Federal funding, of \$152.2 billion. The committee staff's two-year aggregate All Funds receipts projection is \$1.7 billion more than the Executive Budget Financial Plan projections.

U.S. and New York State Economic Outlook

Overall, the economic outlook for the United States and New York is expected to reflect moderate growth, constrained by the ongoing impact of inflation and the Federal Reserve's monetary tightening, as well as the economic policies of the current administration. At the national level, the economy is measured by Gross Domestic Product (GDP), a representation of the combination of goods and services produced and consumed in a year. Prior to the Covid-19 pandemic, the U.S. was in its longest period of economic expansion. In 2020, the impact of Covid-19 caused a widespread economic downturn. In 2021, the economy began showing signs of significant recovery. However, in 2022, faced with high levels of inflation, the Federal Reserve began tightening monetary policy. Inflation remained elevated in 2023 and through 2024 and 2025, but at a slower growth rate than in 2022. Inflation, represented by the Consumer Price Index (CPI), grew at 2.7 percent in Calendar Year (CY) 2025. This rate is expected to increase to 3.1 percent in CY 2026 and then decline to 2.7 percent in CY 2027.

Real GDP in the U.S. is estimated to have increased by 2.3 percent in CY 2025 and is projected to increase to 2.7 percent in CY 2026, reflecting changes in inflationary pressures and policy changes under the new administration. Committee staff estimate an increase in CY 2027 of 1.8 percent, consistent with the Executive estimate. Nominal U.S. wages are estimated to have increased by 4.4 percent in CY 2025. Committee staff expect wages to continue growing, though at a slower pace, by 4.1 percent and 3.9 percent in CY 2026 and CY 2027 correspondingly. The Executive estimates wage growth of 3.5 percent in both CY 2026 and CY 2027.

The Federal Reserve Bank of St. Louis's coincident economic activity index for the United States, which includes indicators of non-farm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries, increased by 2.69 points, or 1.84 percent, to end the year at 148.73. This index's benchmark score of 100 points reflects the state of these economic indicators in 2007. The same measurement for New York State increased by 2.81 points, or 2.03 percent, over that same period.

Changes in personal income are projected to differ between the U.S. and the State in CY 2027. For CY 2026 and 2027, U.S. personal income is expected to grow by 4.4 percent and 4.5 percent, respectively. For CY 2026, New York State personal income is estimated to grow by 4.4 percent, followed by growth of 3.9 percent in CY 2027.

For CY 2025, the U.S. unemployment rate is expected to average 4.3 percent, followed by an increase to 4.5 percent in CY 2026 and a slight decline to 4.4 percent in CY 2027. The State unemployment rate, which averaged 4.2 percent in CY 2025, is expected to average 4.4 percent in CY 2026 and 4.4 percent in CY 2027.

REVENUE FORECAST HIGHLIGHTS

General Fund Receipts SFY 2025-26 and SFY 2026-27

The Senate Majority Conference Finance Committee staff conclude that:

- General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, in SFY 2025-26 will total \$58.4 billion. This estimate represents an increase of \$2.5 billion or 4.6 percent from SFY 2024-25.
- The SFY 2025-26 estimate for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$13 million more than the Executive Budget Financial Plan estimate of \$58.4 billion.
- The SFY 2026-27 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$62.3 billion. This estimate represents an increase of \$3.8 billion or 6.6 percent from the Committee staff's SFY 2025-26 estimate.
- The SFY 2026-27 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.2 billion more than the Executive Budget Financial Plan receipts estimate of \$61.1 billion.

All Funds Receipts SFY 2025-26 and SFY 2026-27

The Senate Majority Conference Finance Committee staff conclude that:

- The SFY 2025-26 estimate for All Funds receipts, excluding federal receipts, is \$146.9 billion. This estimate represents an increase of \$12.4 billion or 9.2 percent from the SFY 2024-25 receipts of \$134.5 billion.
- The SFY 2025-26 estimate for All Funds receipts is \$185.4 million more than the Executive Budget Financial Plan receipts estimate of \$146.7 billion, excluding federal receipts.
- The SFY 2026-27 projection for All Funds receipts, excluding federal receipts, is \$153.7 billion. This estimate represents an increase of \$6.8 billion or 4.6 percent from the committee staff's SFY 2025-26 estimate.
- The SFY 2026-27 projection for All Funds receipts, excluding federal receipts, is \$1.5 billion more than the Executive Budget Financial Plan receipts estimate of \$152.2 billion.

REVENUE TABLES

General Fund Receipts (amounts in millions of dollars)			
Receipts	SFY 2025-26 Estimate		
	DOB	SFC	Difference
Personal Income Tax			
Withholding	65,171	65,107	(64)
Estimated Payments	15,049	14,956	(93)
Final Payments	4,621	4,688	67
Other Payments	2,119	2,119	0
Gross Collections	86,960	86,871	(89)
Refunds/Offsets	(19,060)	(18,944)	116
Reported Collections	67,900	67,926	26
STAR (Dedicated Deposits)	(1,352)	(1,352)	0
RBTF (Dedicated Transfers)	(33,949)	(33,949)	0
Total	32,599	32,625	26
User Taxes and Fees			
Sales and Use	20,150	20,203	53
Cigarette/Tobacco	228	228	0
Vapor Excise Tax	0	0	0
Motor Fuel Tax	0	0	0
Alcoholic Beverage	268	268	0
Opioid Excise Tax	23	23	0
Medical Cannabis Excise Tax	0	0	0
Adult-Use Cannabis Tax	0	0	0
Highway Use Tax	0	0	0
Auto Rental Tax	0	0	0
Peer to Peer Car Sharing Tax	1	1	0
Gross Collections	20,670	20,723	53
LGAC/STBF (Dedicated Transfers)	(10,075)	(10,102)	(27)
Total	10,595	10,622	27
Business Taxes			
Corporation Franchise Tax	6,158	6,110	(48)
Corporation and Utilities Tax	389	418	29
Insurance Taxes	2,581	2,581	0
Bank Tax	72	51	(21)
Petroleum Business Tax	0	0	0
Total	9,200	9,160	(40)
Other Taxes			
Estate Tax	1,588	1,588	0
Real Estate Transfer Tax	1,387	1,467	80
Emp. Comp. Expense Program	18	18	0
Pari-Mutuel Taxes	13	13	0
Other Taxes	1	1	0
Gross Collections	3,007	3,087	80
Real Estate Transfer Tax (Dedicated)	(1,387)	(1,467)	(80)
RBTF (Dedicated Transfers)	(9)	(9)	0
Total	1,611	1,611	0
Total Tax Receipts	54,005	54,018	13
Miscellaneous Receipts	4,391	4,391	0
Total	58,396	58,409	13

General Fund Receipts (amounts in millions of dollars)			
Receipts	SFY 2026-27 Forecast		
	DOB	SFC	Difference
Personal Income Tax			
Withholding	67,395	67,852	457
Estimated Payments	16,646	16,767	121
Final Payments	4,857	4,928	71
Other Payments	2,172	2,172	0
Gross Collections	91,070	91,718	648
Refunds/Offsets	(19,143)	(18,875)	268
Reported Collections	71,927	72,844	917
STAR (Dedicated Deposits)	(1,295)	(1,295)	0
RBTF (Dedicated Transfers)	(35,963)	(35,963)	0
Total	34,669	35,586	917
User Taxes and Fees			
Sales and Use	20,720	20,894	174
Cigarette/Tobacco	239	239	0
Vapor Excise Tax	0	0	0
Motor Fuel Tax	0	0	0
Alcoholic Beverage	267	267	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	0	0	0
Adult-Use Cannabis Tax	0	0	0
Highway Use Tax	0	0	0
Auto Rental Tax	0	0	0
Peer to Peer Car Sharing Tax	1	1	0
Gross Collections	21,247	21,421	174
LGAC/STBF (Dedicated Transfers)	(10,360)	(10,447)	(87)
Total	10,887	10,974	87
Business Taxes			
Corporation Franchise Tax	7,101	7,234	133
Corporation and Utilities Tax	421	452	31
Insurance Taxes	2,724	2,724	0
Bank Tax	0	0	0
Petroleum Business Tax	0	0	0
Total	10,246	10,411	165
Other Taxes			
Estate Tax	1,484	1,484	0
Real Estate Transfer Tax	1,495	1,581	86
Emp. Comp. Expense Program	19	19	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	1	1	0
Gross Collections	3,011	3,097	86
Real Estate Transfer Tax (Dedicated)	(1,495)	(1,581)	(86)
RBTF (Dedicated Transfers)	(10)	(10)	0
Total	1,506	1,506	0
Total Tax Receipts	57,308	58,477	1,169
Miscellaneous Receipts	3,773	3,773	0
Total	61,081	62,250	1,169

All Funds Receipts (amounts in millions of dollars)			
Receipts	SFY 2025-26 Estimate		
	DOB	SFC	Difference
Personal Income Tax			
Withholding	65,171.0	65,106.8	(64.2)
Estimated Payments	15,049.0	14,956.3	(92.7)
Final Payments	4,621.0	4,688.5	67.5
Other Payments	2,119.0	2,119.0	0.0
Gross Collections	86,960.0	86,870.5	(89.5)
Refunds/Offsets	(19,060)	(18,944.2)	115.8
Net Collections	67,900.0	67,926.4	26.4
User Taxes and Fees			
Sales and Use	21,547.0	21,604.0	57.0
Cigarette/Tobacco	737.0	737.0	0.0
Vapor Excise Tax	19.0	19.0	0.0
Motor Fuel Tax	486.0	486.0	0.0
Alcoholic Beverage	268.0	268.0	0.0
Opioid Excise Tax	23.0	23.0	0.0
Medical Cannabis Excise Tax	3.0	3.0	0.0
Adult-Use Cannabis Tax	194.0	217.6	23.6
Highway Use Tax	135.0	135.0	0.0
Auto Rental Tax	148.0	148.0	0.0
Peer to Peer Car Sharing Tax	1.0	1.0	0.0
Total	23,561.0	23,641.6	80.6
Business Taxes			
Corporation Franchise Tax	7,837.0	7,776.3	(60.7)
Corporation and Utilities Tax	503.0	540.4	37.4
Insurance Taxes	2,835.0	2,835.0	0.0
Bank Tax	84.0	59.2	(24.8)
Petroleum Business Tax	1,009.0	1,009.0	0.0
Total	12,268.0	12,219.9	(48.1)
Other Taxes			
Estate Tax	1,588.0	1,588.0	0.0
Real Estate Transfer Tax	1,387.0	1,467.0	80.0
Emp. Comp. Expense Program	18.0	18.0	0.0
Pari-Mutuel	13.0	13.0	0.0
Other (Racing and Combative Sports)	1.0	1.0	0.0
Total	3,007.0	3,087.0	80.0
Total Tax Receipts	106,736.0	106,874.9	138.9
Miscellaneous Receipts	39,982.0	40,028.5	46.5
Total	146,718.0	146,903.4	185.4

All Funds Receipts (amounts in millions of dollars)			
Receipts	SFY 2026-27 Forecast		
	DOB	SFC	Difference
Personal Income Tax			
Withholding	67,395.0	67,851.9	456.9
Estimated Payments	16,646.0	16,766.6	120.6
Final Payments	4,857.0	4,927.9	70.9
Other Payments	2,172.0	2,172.0	0.0
Gross Collections	91,070.0	91,718.5	648.5
Refunds/Offsets	(19,143.0)	(18,874.6)	268.4
Net Collections	71,927.0	72,843.9	916.9
User Taxes and Fees			
Sales and Use	22,155.0	22,341.0	186.0
Cigarette/Tobacco	717.0	717.0	0.0
Vapor Excise Tax	19.0	19.0	0.0
Motor Fuel Tax	487.0	487.0	0.0
Alcoholic Beverage	267.0	267.0	0.0
Opioid Excise Tax	20.0	20.0	0.0
Medical Cannabis Excise Tax	3.0	3.0	0.0
Adult-Use Cannabis Tax	284.0	318.6	34.6
Highway Use Tax	136.0	136.0	0.0
Auto Rental Tax	153.0	153.0	0.0
Peer to Peer Car Sharing Tax	1.0	1.0	0.0
Total	24,242.0	24,462.6	220.6
Business Taxes			
Corporation Franchise Tax	9,141.0	9,312.8	171.8
Corporation and Utilities Tax	534.0	573.7	39.7
Insurance Taxes	3,026.0	3,026.0	0.0
Bank Tax	0.0	0.0	0.0
Petroleum Business Tax	962.0	962.0	0.0
Total	13,663.0	13,874.5	211.5
Other Taxes			
Estate Tax	1,484.0	1,484.0	0.0
Real Estate Transfer Tax	1,495.0	1,581.3	86.3
Emp. Comp. Expense Program	19.0	19.0	0.0
Pari-Mutuel	12.0	12.0	0.0
Other (Racing and Combative Sports)	1.0	1.0	0.0
Total	3,011.0	3,097.3	86.3
Total Tax Receipts	112,843.0	114,278.3	1,435.2
Miscellaneous Receipts	39,368.0	39,433.7	65.7
Total	152,211.0	153,712.0	1,500.9

ECONOMIC OUTLOOK

Economic Highlights

The Senate Majority Conference Finance Committee staff believes that:

- The U.S. economy expanded by an estimated 2.3 percent in CY 2025, is expected to continue to grow by 2.7 percent in CY 2026, and grow at a slower rate of 1.8 percent in CY 2027.
- The U.S. unemployment rate, which averaged 4.0 percent in CY 2024, is estimated to grow by 4.3 percent in CY 2025. The rate is expected to increase slightly to 4.5 percent in CY 2026, and to 4.4 percent in CY 2027.
- U.S. Personal Income grew by 4.7 percent in CY 2025, expected to grow at a slower rate of 4.4 percent growth in CY 2026, and grow by 4.5 percent in CY 2027.

U.S. Gross Domestic Product

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

Consumers are the major driving force in the U.S. economy. Private consumption accounts for approximately 70 percent of U.S. GDP. Although businesses account for a relatively small share of GDP, it is still an important contributor to the economy as it directly supports aggregate employment and wages, which engender consumer spending. Government, through various spending and monetary policies, also plays a significant role in the economy. In the last quarter of 2025, U.S. GDP increased at an annual rate of 1.4 percent, according to the advance estimate released by the Bureau of Economic Analysis. The increase in real GDP reflected increases in consumer spending and investment, offset by a decrease in government spending and exports. Imports, which is a subtraction in the GDP calculation, decreased.

Consumer spending and investment were the leading contributors to GDP growth in the fourth quarter of 2025. The increase in consumer spending reflects growth in services, which was partly offset by a decline in goods. Within services, health care led with increases in outpatient services, hospital, and nursing home services. International travel also increased within services. Within investment, intellectual property led with research and development (R&D) increasing. Private inventory investment also increased, led by wholesale trade and manufacturing, though this was partly offset by a decline in retail trade. Equipment also increased within investment, led by information processing equipment. The decline in government spending was led by a decrease in federal government spending. The decrease in exports was led by a decline in exports of

industrial supplies and materials. While the overall real GDP increased, growth in the fourth quarter of 2025 slowed compared to the previous quarters.

NEW YORK AND U.S. ECONOMIC TRENDS

2025 New York State Trends

Overview

Employment and Wages

The Federal Reserve reports that employment has continued its gradual decline, while wages saw modest growth. Labor demand continues to fall behind labor supply in part due to businesses' current reluctance to hire. Wage growth has been highest in the healthcare sector, with very mild increases in the business services, education, and finance sectors. Despite low wage growth, it was reported that finance and sales professionals are in high demand. Demand for marketing professionals has decreased in part due to the introduction of AI. Workers with AI skills are reportedly in demand, while demand for tech workers continues to wane. The Fed reports that its contacts expect increased wage growth in the coming months despite the current state of the labor market.

Prices

The Fed reported a slight rise in inflation, but noted that levels remain moderate. Input prices have seen increased inflation, except among manufacturers where levels were high to begin with. Contacts reported that price pressures from tariffs were driving up selling prices, damaging profits, and creating uncertainty limiting their ability for both long-term planning and setting prices. In markets where tariffs have been eased, firms are still forced to sell at higher prices to recoup the loss from purchasing input goods under tariffs. In markets where tariffs persist, firms have been forced to pass price increases on to consumers as well. Firms noted substantial increases in Upstate electricity prices. Firms anticipate higher inflation in the months ahead.

Consumer Spending

Consumer spending was slightly up over the holiday season, primarily driven by high-income consumers. Mid-to-lower end goods saw decreased sales, while the luxury goods market remained strong. Auto dealers in Upstate cited a decline in sales since the Fed's last report and used car sales were reportedly sluggish. Smaller retailers saw significant ongoing decreases in activity. A New Jersey retailer noted demand for apparel was flat while demand for home-related products, building materials and furniture, was up.

Manufacturing and Distribution

Manufacturing activity saw a slight decline. New orders flatlined and a slight decrease was observed in shipments. Increased health insurance costs paired with uncertainty from tariffs continue to challenge manufacturers. Supply availability has slightly worsened, with one firm noting that shortages in the semiconductor industry impacted their supply chain. Activity amongst wholesale and distribution firms continued to decline, although the Fed noted a shipping contact had remarked on continued strong activity in their sector due to declining fuel prices.

Services

Services sector activity has continued to moderately decline, continuing its year-long trend. The personal services, leisure, and hospitality services sectors have been hit particularly hard. Education and information firms have only seen mild declines. Business services and healthcare services have held steady. A residential services contract in Northern New Jersey told the Fed that customers are holding back on nonessential purchases.

The New York City tourism sector was strong during the holiday season, in contrast to the prior period's lull. Hotel bookings are up year-over-year, and rates continue to increase. Activity at attractions was mixed. Mid-tier and family attractions reported weaker visitation, while flagship art museums and cultural institutions had a strong holiday season. Going forward, the Fed's tourism contacts are reportedly optimistic in part due to group travel bookings related to the World Cup.

Real Estate and Construction

Housing market activity in New York picked up to close out the year. Strong demand in New York City resulted in higher sales, lower inventories, and higher prices. A persistent lack of inventory continued to restrain activity across upstate New York and suburban areas surrounding New York City. Demand remained strong, leading to continued prevalence of bidding wars, cash deals, and higher prices.

Rents in New York City reached another new all-time high, with high-end apartments seeing the most drastic increases in rents.

Commercial real estate markets generally continued to improve. In New York City, office rents edged upwards and vacancy rates declined as the market continued to recover. Retail markets saw rents rising and demand edging up. Industrial markets noted sluggish rent growth and declines in demand. Construction activity remained weak across the District.

Banking and Finance

The broader finance sector activity declined modestly in the most recent reporting period. Small-to-medium sized banks highlighted declines in loan demand, driven primarily by consumer loans and residential mortgages. Across all loan types, credit standards tightened. Deposit rates continued to move lower. Delinquencies remained elevated, including increasing rates of auto loan delinquencies.

2025 NATIONAL TRENDS

Overview

According to the Beige Book, economic activity across the Federal Reserve Districts varied, with eight of the twelve reporting modest increases, three reporting no change, and one district reporting a modest decline. Consumer spending saw slight- to modest growth, largely attributed to the holiday shopping season. Growth in spending among higher-income consumers was highlighted in several Districts. In contrast, elevated price sensitivity and hesitancy to spend on nonessentials by low- to moderate-income consumers was also noted. Auto sales were little changed to down across most Districts. Manufacturing activity was split – six Districts reported contractions while five saw growth. Non-financial services demand remained steady or increased slightly. Banking conditions were seen as stable or improving on the back of increased demand in consumer and commercial credit markets. Most Districts noted declines in residential real estate sales, construction and lending activity. While the Atlanta District reported a modest decline in agriculture conditions based on weaker demand for exported commodities, other Districts signaled similar conditions to prior reports. Energy demand production was flat to down slightly. Looking forward, Districts reported a mildly optimistic outlook for future activity in the coming months.

Employment and Wages

Eight of the twelve Districts reported no changes in overall hiring. Several Districts, however, noted an increase in the usage of temporary workers, with contacts citing the need for flexibility considering widespread uncertainty. Hiring was concentrated on the backfilling of vacancies rather than in newly created positions. Several industries, including engineering, health care, and trades, noted difficulties in acquiring skilled labor. While contacts reported ongoing efforts to explore AI implementation for productivity enhancements, the current impact of AI on employment was seen as limited. Significant effects from AI were anticipated in the coming years. Wages grew at a moderate pace.

Prices

All Districts reported growth in prices, with two Districts reporting slight growth, and the rest reporting moderate growth. Cost pressures due to tariffs were highlighted across all Districts, with several contacts noting that tariff-related costs were beginning to be passed along to customers more substantially. In contrast, contacts in certain industries such as retail and restaurants reported a reluctance to pass these costs along. Energy and insurance costs were highlighted as a significant strain. While firms generally expected price growth to moderate in the future, they also anticipated prices to remain elevated.

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

U.S. and New York State Economies Calendar Year (CY)			
U.S. Economy	2025 Estimate	2026 Forecast	2027 Forecast
Real GDP	2.3	2.7	1.8
Personal Income	4.7	4.4	4.5
Non-Farm Employment	0.6	0.3	0.5
Consumer Price Index (CPI)	2.7	3.1	2.7
Wages	4.4	4.1	3.9
Unemployment Rate (Percent)	4.3	4.5	4.4
10-Year Treasury Yield	4.3	4.2	4.3
Corporate Profits	5.5	3.0	4.3
Government Spending	1.2	0.1	0.3
New York State Economy			
Non-Farm Employment (Total)	0.9	0.2	0.5
Wages (Total)	5.8	5.0	3.9
Personal Income	4.9	4.4	3.9
Unemployment Rate (Percent)	4.2	4.4	4.4
Composite CPI of New York	3.4	3.4	3.0

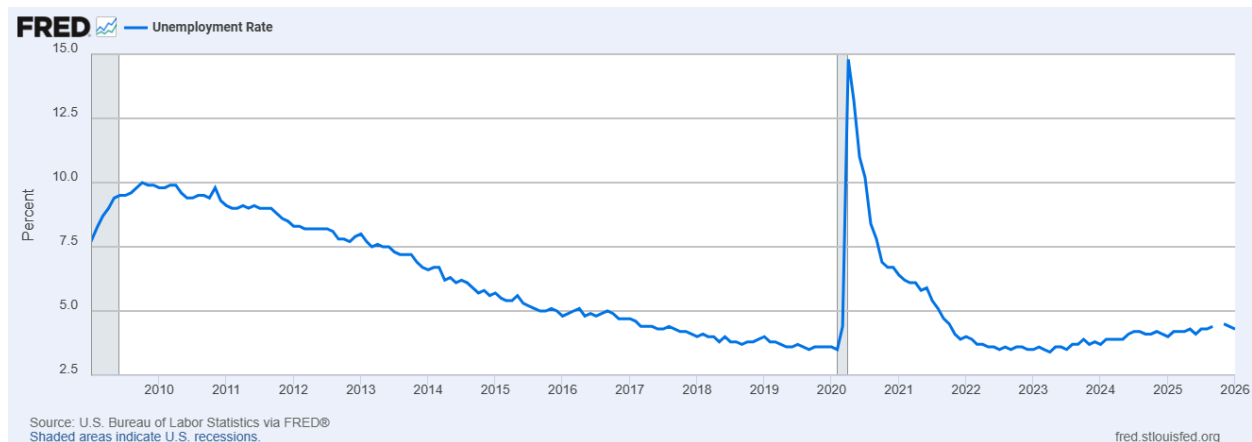
Sources: Moody’s Analytics, New York State Division of Budget, Senate Majority Finance Committee staff calculations

The Covid-19 pandemic has rapidly and drastically shifted the economic landscape both nationally and in New York. Prior to the resulting economic downturn, the U.S. was in its longest period of economic expansion, with some signs of slowing down. However, the actions taken to abate the spread of Covid-19, including the shuttering of entire industries, resulted in a changed economic picture. 2022 was marred with concerns over growing inflation and the monetary policy meant to curb such increases. Inflation, represented by the Consumer Price Index (CPI), increased by 8 percent in 2022, the highest level in the U.S. in over 40 years. Inflation, represented by the CPI, increased by 2.7 percent in 2025, still above the Federal Reserve’s two percent target.

Wage growth in New York State was stronger than the U.S., with CY 2025 estimates at 5.8 percent in the State compared to 4.4 percent for the U.S. on a national level. Nonfarm employment has seen slow growth in CY 2025 for both the U.S. and the State. CY 2025 is forecast to have continued growth albeit at a slower rate. The softening of the labor market is largely driven by businesses hesitating to hire. While finance, sales, and AI-related roles remained in demand, broader hiring for tech and marketing positions softened, partly due to AI-driven efficiencies. Layoffs at several major employers in upstate New York and New York City further dampened job growth. Labor demand in New York State increased slightly but was still outpaced by labor supply. Finally, the unemployment rate, which increased almost threefold because of the Covid-19 pandemic, has returned to pre-pandemic levels for the U.S. and New York State.

U.S. LABOR MARKET AND INCOME

U.S. Employment



Source: Federal Reserve Bank of St. Louis

According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate decreased to 4.3 percent, and the number of unemployed persons changed slightly in January 2026. Total nonfarm payroll employment increased by 130,000 in January 2026. Employment continued to trend upward in health care, social assistance and construction. The number of unemployed persons in January 2026 was 7.4 million. The labor market has slowed as unemployment has exceeded pre-pandemic levels of 3.5 percent and 5.7 million unemployed persons.

Among the unemployed, the number of persons on temporary layoff decreased slightly in January 2026 to 846,000. This measure is up 9,000 over the course of the year.

In January, the number of unemployed persons who were:

- Jobless less than five weeks: decreased by 134,000 from the previous month to 2.2 million.
- Jobless five to 14 weeks: increased by 81,000 from the previous month to 2.2 million.
- Jobless 15 to 26 weeks: decreased by 2,000 from the previous month to 1.2 million.
- Jobless 27 weeks or more: decreased by 113,000 from the previous month to 1.8 million.

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

- 3.7 percent for White persons, which represented little change over the month.
- 3.8 percent for adult men, which represented little change over the month.
- 4.0 percent for adult women, which represented little change over the month.
- 4.1 percent for Asian persons, which represented little change over the month.
- 4.7 percent for Hispanics, which represented little change over the month.
- 7.2 percent for Black persons, which represented little change over the month.
- 13.6 percent for teenagers, which represented little change over the month.

The labor force participation rate shows little change in January 2026 from the prior month at 62.5 percent. The employment to population ratio also shows little change from the prior month at 59.8.

In January 2026, the number of persons employed part-time for economic reasons decreased by 453,000 from the prior month to 4.9 million.

The number of persons not in the labor force who are seeking employment decreased in January 2026 by 399,000 to 5.8 million. These individuals were not counted as unemployed because they were not actively looking for work during the last four weeks or were unavailable to take a job.

Among those who are not in the labor force currently seeking a job, the number of persons marginally attached to the labor force is 1.7 million, and changed little in January. These individuals are defined as those who were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months but have not looked for work in the 4 weeks preceding the survey. The number of discouraged workers, a subset of the marginally attached who believe that no jobs were available to them, changed little to 475,000 in January from the previous month.

**New
York State Workforce Trends**

Overall private sector and government jobs increased in both New York State and at the national level. However, there are still sectors in New York State, such as leisure and hospitality, financial activities, and construction that are struggling and have seen a decline in jobs. The following table compares the year-over-year change in total non-farm and private sector jobs that occurred in the United States, New York State, certain metropolitan areas, and non-metro areas in the State between December 2024 and December 2025.

Change in Total Nonfarm and Private Sector Jobs by Area¹ December 2024 - December 2025				
	Total Nonfarm Jobs: (private sector + government)		Private Sector Jobs:	
	Net	Percent	Net	Percent
United States	181,000	0.1	367,000	0.3
New York State	77,600	0.8	67,900	0.8
Albany-Schenectady-Troy	4,000	0.8	1500	0.4
Binghamton	900	0.9	700	0.9
Buffalo-Cheektowaga	4,800	0.9	3,500	0.7
Elmira	100	0.3	100	0.3
Glens Falls	-200	-0.4	400	0.9
Ithaca	200	0.4	100	0.2
Kingston	0	0.0	-200	-0.7
Kiryas Joel-Poughkeepsie-Newburgh	-600	-0.2	-1,000	-0.4
Nassau-Suffolk	-300	0.0	600	0.1
New York City	30,100	0.6	33,400	0.8
Rochester	-700	-0.1	-100	0.0
Syracuse	1,200	0.4	1,000	0.4
Utica-Rome	800	0.6	-200	-0.2
Watertown-Fort Drum	100	0.2	200	0.7
Non-metropolitan counties	1,100	0.1	2,200	0.2

Note: The sum of sub-state area job estimates will usually differ from the New York State total. This is because the State total is calculated separately from the sub-state areas and is estimated based on an independent sample.

Source: New York State Department of Labor

Change in Jobs by Major Industry Sector: December 2024 to December 2025

The table below lists the change in jobs by major industry sector in New York State, occurring between December 2024 and December 2025.

Change in Jobs by Major Industry Sector in New York State December 2024 - December 2025	
Sectors:	
Leisure and Hospitality	-10,800
Professional and Business Services	1,100
Educational and Health Services ¹	122,500
Trade, Transportation, and Utilities	-3,400
Information	-100
Manufacturing	-7,600
Government ²	9,700
Mining and Logging	100
Financial Activities	-13,400
Construction	-16,600
Other Services	-3,900
¹ Educational and health services is in the private sector. ² Government includes public education and public health services.	
Note: The data is not seasonally adjusted.	

Source: New York State Department of Labor

Unemployment Rates

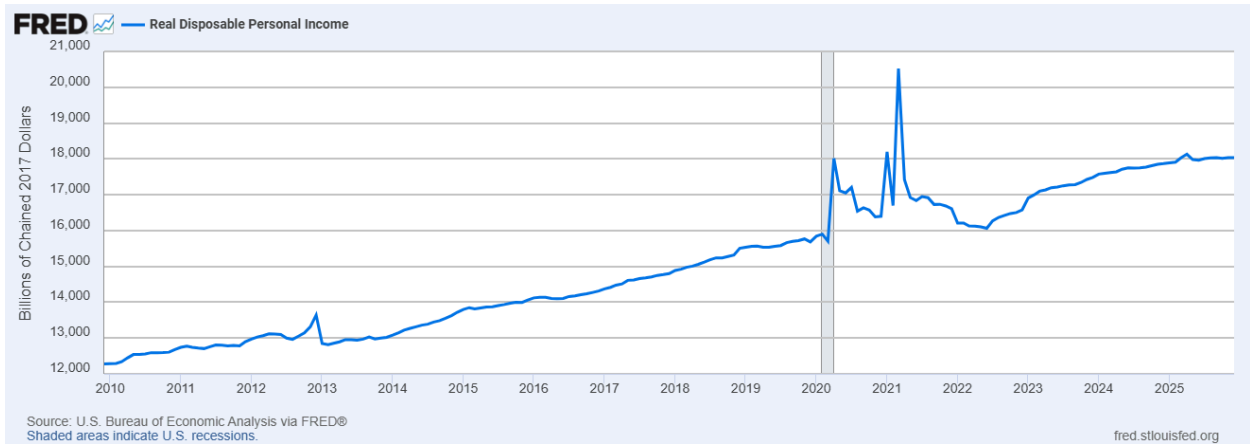
The U.S. Bureau of Labor Statistics utilizes a statistical regression model that primarily uses the results of a monthly telephone survey of households in New York State to calculate the State's unemployment rate. In December 2025, the statewide seasonally adjusted unemployment rate was 4.4 percent, a slight decrease from the previous month. New York City's unemployment rate decreased over the month to 5.4 percent from 5.5 percent. Outside of New York City, the unemployment rate decreased to 3.5 percent from 3.6 percent. The number of unemployed New Yorkers increased over the year by 27,700 from 407,700 in December 2024 to 435,400 in December 2025.

Unemployment Rates (%) ¹			
	December 2025	November 2025	December 2024
United States	4.1	4.3	3.8
New York State	4.4	4.5	4.2
New York City	5.4	5.5	5.2
NYS, outside of NYC	3.5	3.6	3.3
¹ Data is seasonally adjusted and are preliminary and subject to change			
Source: New York State Department of Labor			

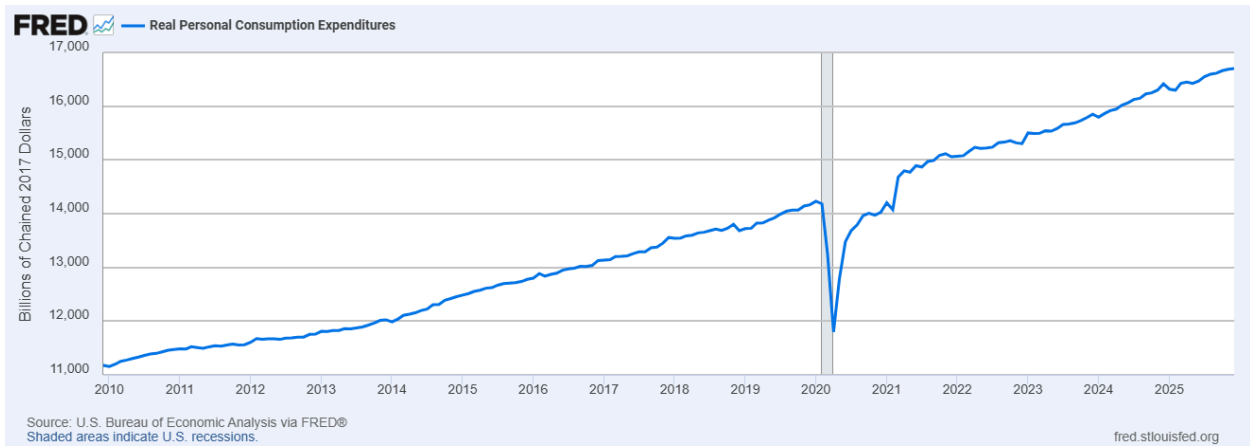
Personal Income

According to the U.S. Bureau of Economic Analysis (BEA), personal income increased by \$86.2 billion or 0.3 percent, and disposable personal income (DPI) increased by \$75.7 billion or 0.3 percent in the fourth quarter of 2025. Personal consumption expenditures (PCE) increased by \$91.0 billion or 0.4 percent in December 2025.

The increase in personal income in December reflects growth in personal current transfer receipts and compensation. Within personal current transfer, the changes include increases in current transfer receipts and in government social benefits to persons. Within compensation, the change includes increases in private wages and salaries and increases in government wages and salaries. The change in consumer spending reflects increases in spendings for services and decreases in spending on goods. The increase in spending for services was led by housing and utilities, recreation services, and health care. The decrease in spendings for goods was led by motor vehicles and parts, other nondurable goods, and clothing and footwear.



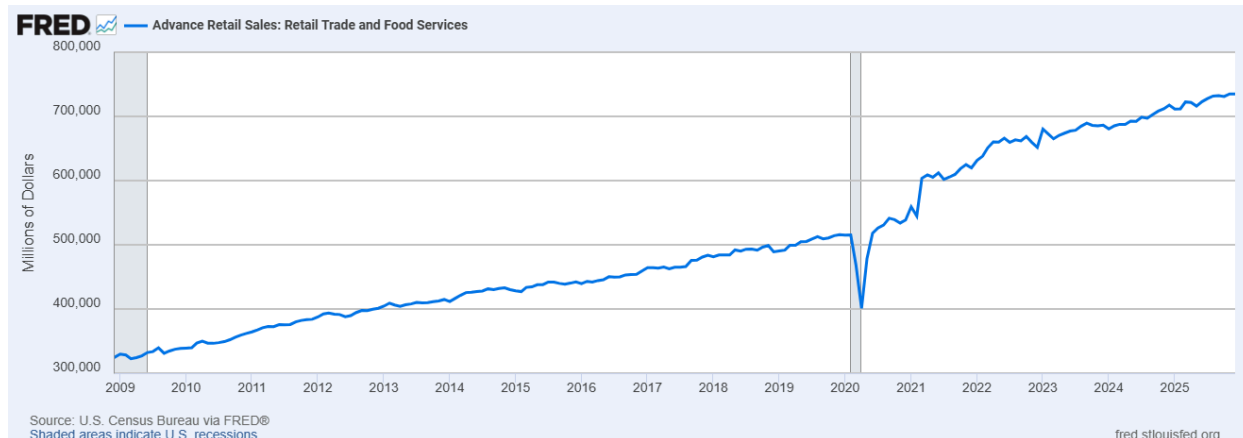
Source: Federal Reserve Bank of St. Louis



Source: Federal Reserve Bank of St. Louis

Personal outlays increased \$90.2 billion in December 2025. Personal savings were \$830.8 billion in December 2025 and the personal saving rate was 3.6 percent in December 2025, compared to 3.7 percent in November 2025. The personal saving rate is personal savings as a percentage of disposable personal income.

Retail Sales



Source: Federal Reserve Bank of St. Louis

According to the U.S. Census Bureau, the advance estimate of U.S. retail and food services sales for December 2025 was \$735 billion, which is unchanged from November 2025, and an increase of 2.4 percent from December 2024. This figure adjusts for seasonal variation, holiday and trading-day differences but not for price changes.

Total sales for 2025 were up 3.7 percent from 2024. Total sales for October 2025 through December 2025 were up 3.0 percent from the same period last year. Retail trade sales from November 2025 were unchanged in December 2025 and up 2.1 percent from the previous year. Food service and drinking places were up 4.7 percent from last year, and nonstore retailers were up 5.3 percent from last year. Data for January 2026 was not available at the time of writing this report.

Consumer Price Index (CPI)

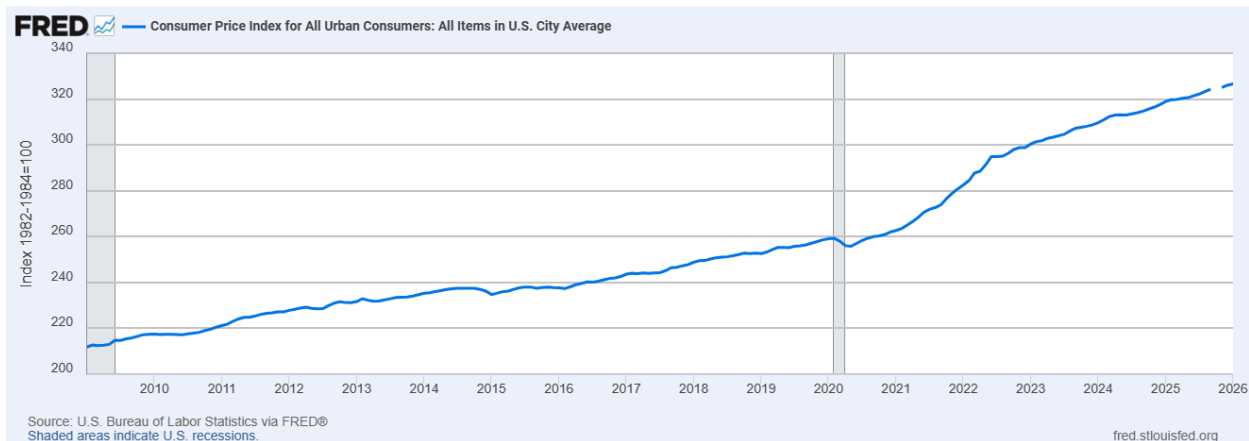
According to the U.S. Bureau of Labor Statistics (BLS), the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.2 percent in January 2026 over the previous month on a seasonally adjusted basis. Over the last 12 months, the all items index, increased 2.4 percent before seasonal adjustment.

The driving force behind the increase of the all items index was the 0.2 percent increase in the shelter index. The food index increased by 0.2 percent in January, as the food at home and the food away from home indices increased by 0.2 percent and 0.1 percent respectively. The energy index decreased in January by 1.5 percent.

The index for all items other than food and energy increased 0.3 percent in January after rising 0.2 percent in December. The indices for personal care, recreation, medical care, communication, and airline fares all rose in January. The indices for used cars and trucks, household furnishings and operations, and motor vehicle insurance were among those to decline over the month.

The

all items index rose 2.4 percent for the 12 months ending in January, which represented a slightly lower increase than the 2.7 percent increase for the 12 months ending December. The index for all items less food and energy rose 2.5 percent over the last 12 months, which was slightly lower than the increase of 2.6 percent over the 12 months ending December. The food index rose 2.9 percent over the last year, while the energy index decreased by 0.1 percent for the 12 months ending January.



Source: Federal Reserve Bank of St. Louis

U.S. Gross Domestic Product, Fourth Quarter and Year 2025 (Advance Estimate)

According to the U.S. Bureau of Economic Analysis (BEA) advance estimate, the real GDP increased at an annualized rate of 1.4 percent in the fourth quarter of 2025. In the third quarter, real GDP increased 4.4 percent, the same increase as the third quarter updated estimate. The increase in real GDP reflected increases in consumer spending and investment.

GDP rose 5.1 percent or \$392.1 billion in the fourth quarter to a level of \$31.5 trillion. In the third quarter, GDP increased 8.3 percent or \$612.3 billion.

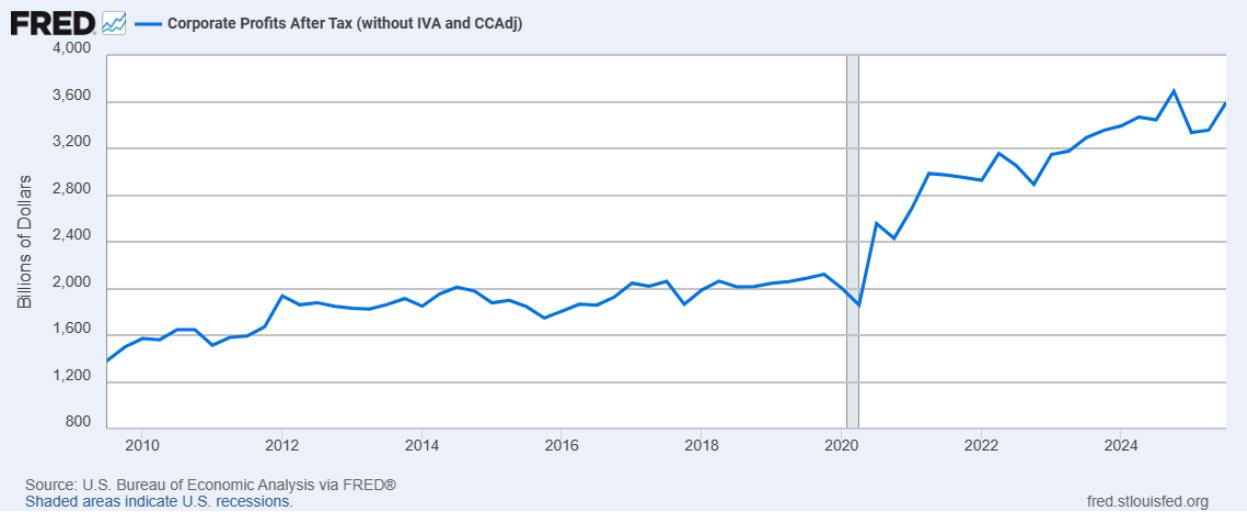
U.S. Corporate Profits (Third Quarter Estimate)

According to the Bureau of Economic Analysis (BEA), profits from current production (corporate profits) with inventory valuation adjustment (IVA) and capital consumption adjustment (CCA) increased \$175.6 billion in the third quarter, an upward revision of \$9.5 billion compared to the previous estimate.

Profits of domestic financial corporations increased \$47.3 billion in the third quarter, a downward revision of \$200 million. Profits of domestic nonfinancial corporations increased \$77.9 billion, an upward revision of \$9.6 billion.

The rest-of-the-world component of profits increased \$50.4 billion, an upward revision of \$200 million. In the third quarter, receipts increased \$45.4 billion, and payments increased \$5 billion.

The rest-of-the-world component of profits is the difference between receipts from the rest of the world and payments to the rest of the world.



Source: Federal Reserve Bank of St. Louis

FINANCIAL MARKETS

Standard & Poor's 500 Index

The Standard & Poor's 500 stock index (S&P 500) finished 2025 at 6,845.50 points, an increase of 16.4 percent from the 2024 year-end close at 5,881.63 points. 2025 saw the S&P 500 continue its overall recovery from the 2022 lows despite significant headwinds in the first half of the year driven by federal policy changes, namely tariffs. After closing 2025 near all-time highs, the S&P index has continued higher into 2026, reaching a new high of 6,978.60 points on January 27, 2026. As of Friday, February 13, 2026, the index stood at 6,836.17 points.



Source: Federal Reserve Bank of St. Louis

Dow Jones Industrial Average

For 2025, the Dow Jones Industrial Average (DJIA) ended at 48,063.29 points, an increase of 13.0 percent from its 2024 close of 42,544.22 points. The most recent all-time high closing price of 50,188.14 points was set on February 10, 2026. As of Friday, February 13, 2026, the index stood at 49,500.93 points.



Source: Federal Reserve Bank of St. Louis

NASDAQ Composite

The NASDAQ Composite finished 2025 at 23,241.99 points, an increase of 20.4 percent from the prior year, when it closed at 19,310.79 points. On October 29, 2025, the index reached a new all-time high of 23,958.47 points. Since then, the index has traded slightly down, closing on February 13, 2026 at 22,546.67 points.



Source: Federal Reserve Bank of St. Louis

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

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

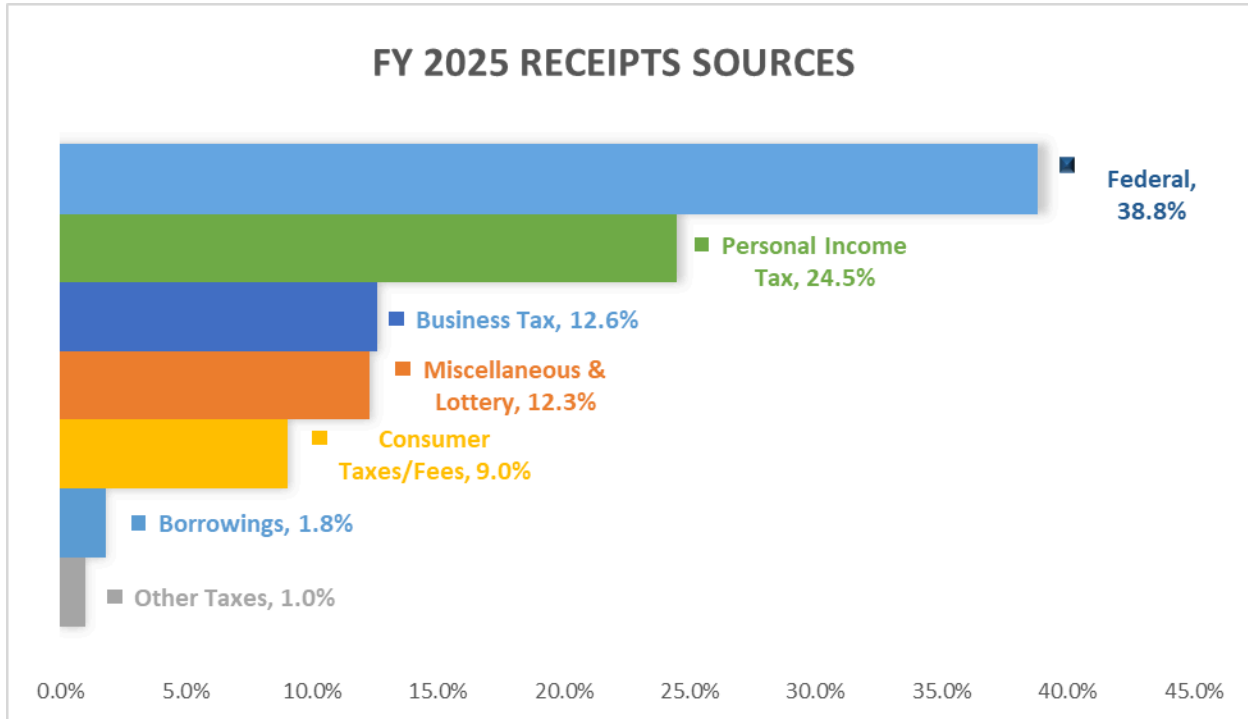
Inflation and the policy actions taken by the Federal Reserve to curb its impact remain a risk to both the U.S. and New York State forecasts. Although inflation is below its 9.1 percent peak in June 2022, the rate remains above the Federal Reserve's 2 percent target, with recent inflation readings near 3 percent in late 2025. With continued inflationary pressures and evolving federal policies, it is uncertain whether the Central Bank will implement interest rate cuts in the near term. This is especially concerning for New York State given the financial sector's significant role in the State economy.

Furthermore, federal policy changes continue to pose risks to both the U.S. and New York State forecasts. Changes in the current administration's priorities, including proposals affecting tariffs, federal funding allocations to the State, immigration enforcement, and tax policy, introduce unusual uncertainty. Moreover, the extension and modification of federal programs, such as the State and Local Tax (SALT) deduction cap and other provisions of H.R. 1, could affect state and local revenue streams. These policy uncertainties contribute to a wide range of possible economic outcomes in both the U.S. and New York State.

Finally, the global economic outlook continues to be a concern. The global economy is expected to grow at a moderate pace in the upcoming year. However, geopolitical tensions, elevated trade barriers, shifts in international trade flows and the continued realignment of global supply chains remain ongoing challenges.

REVENUE OUTLOOK

Revenues are primarily affected by economic changes and changes in Federal and State tax policies. The tax base is a measure of the State's ability to generate revenue. Personal income tax receipts make up the largest share of total tax receipts (24.5 percent), followed by business taxes (12.6 percent), consumer taxes/fees (9.0 percent) and other taxes (1.0 percent). Of the non-tax categories of receipts, federal receipts make up the largest share of total receipts (38.8 percent), followed by miscellaneous and lottery receipts (12.3 percent), and borrowings (1.8 percent).



Source: Office of New York State Comptroller – 2025 Financial Condition Report

Senate Majority Finance Committee Staff Receipts Projections

The committee staff's SFY 2025-26 estimate for All Funds receipts, excluding federal receipts, is \$185.4 million over the Executive Budget Financial Plan receipts estimate of \$146.7 billion. The committee staff's SFY 2026-27 projection for All Funds receipts, excluding federal receipts, is \$1.5 billion above the Executive Budget Financial Plan receipts estimate of \$152.2 billion.

The committee staff's SFY 2025-26 estimate for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$13 million over the Executive Budget Financial Plan estimate of \$58.4 billion. The committee staff's SFY 2026-27 projection for General Fund receipts, inclusive of miscellaneous receipts and dedicated transfers, is \$1.2 billion over the Executive Budget Financial Plan receipts estimate of \$61.1 billion.

PERSONAL INCOME TAX



*2025-26 is estimated **2026-27 is projected.

Source: Senate Majority Conference Finance Committee staff

Article 22 of the Tax Law establishes a tax on the income of individuals, estates and trusts. Personal Income Tax (PIT) receipts contributed approximately 60.5 percent of all tax collections deposited into the General Fund in SFY 2025-26. New York’s definition of income closely follows Federal law, which includes wages, salaries, capital gains, unemployment compensation, and interest and dividend income. Those components comprise the Federal Adjusted Gross Income (FAGI). The New York State adjusted gross income (NYSAGI) is calculated by FAGI, from which certain income items are then added or subtracted. The New York standard deduction or itemized deductions are subtracted from NYSAGI to arrive at New York State taxable income. Finally, certain credits are then subtracted from the calculated tax to determine total personal income tax liability.

PIT is paid by the withholding of wages and other income payments, the payment of estimated taxes, the payment of unpaid taxes through final returns, and the payment of overdue taxes known as delinquencies through assessments. Any overpayment of PIT is refunded to the taxpayer. The manner of payment determines the income year to which the tax applies. For example, withholding is paid when the income is earned. Therefore, 2026 wages would be reflected in 2026 withholding. However, tax payments made with the final returns are based on the prior year’s income. As a result, final payments made in 2026 reflect income earned in 2025. The same pattern holds true for refunds.

For SFY 2025-26, the committee staff estimate All Funds net PIT receipts to total \$67.9 billion, which is an increase of \$6.7 billion or 11.0 percent from SFY 2024-25. For SFY 2026-27, committee staff project All Funds net PIT receipts to total \$72.8 billion, which is an increase of \$4.9 billion or 7.2 percent from SFY 2025-26.

For SFY 2025-26, the committee staff projects General Fund net PIT receipts to total \$32.6 billion, reflecting an increase of \$3.5 billion or 11.9 percent from SFY 2024-25. For SFY 2026-27 General Fund net PIT receipts are projected at \$35.6 billion, which is \$3.0 billion or 9.1 percent higher than the prior year.

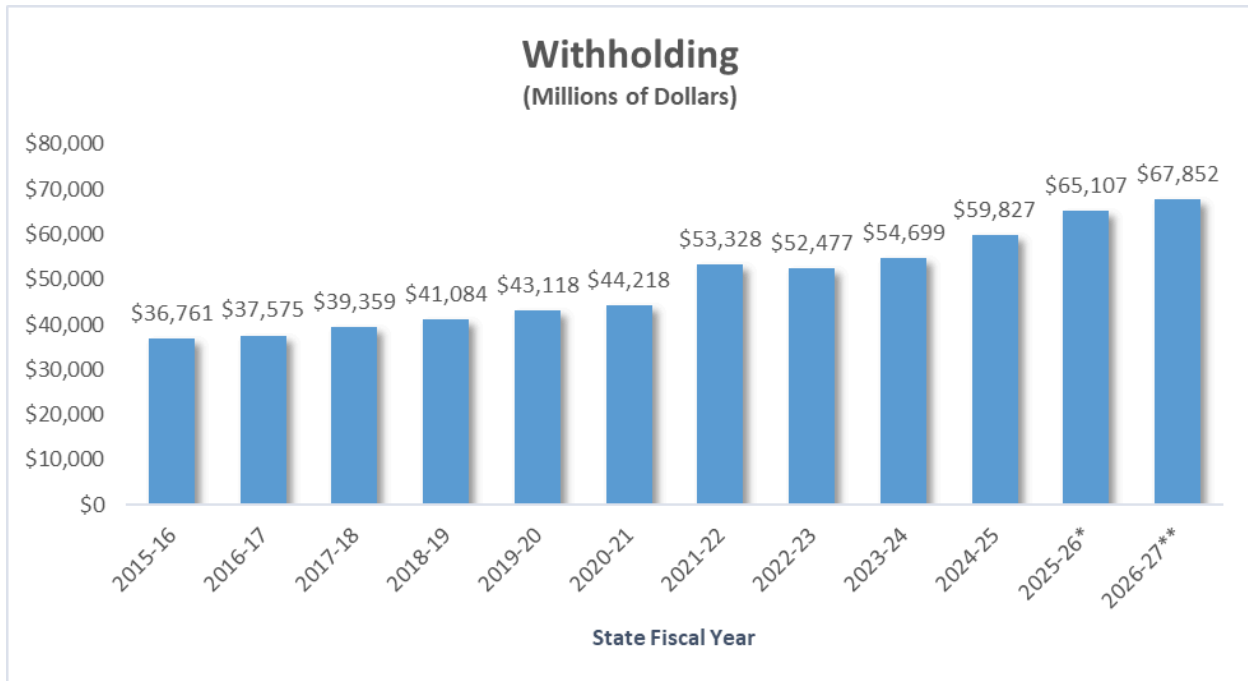
The SFY 2021-22 Enacted Budget contained a high-income personal income tax surcharge. The effects of this surcharge are included in the staff projection for SFY 2026-27. The high-income surcharge added \$7.2 billion in new receipts in SFY 2025-26 and will add approximately \$9.1 billion in new receipts in SFY 2026-27.

The Executive Budget Financial Plan projects the Pass-Through Entity Tax (PTET) enacted in 2021-22 to be revenue neutral for the State over the duration of the tax but it will not appear neutral within each fiscal year. The Executive Budget Financial Plan projects PTET to reduce PIT receipts by \$16.8 billion in SFY 2025-26.

The Executive Budget Financial Plan estimates net All Funds PIT receipts for SFY 2025-26 to total \$67.9 billion, which is an increase of \$6.7 billion or 10.9 percent from SFY 2024-25. The Executive Budget Financial Plan projects All Funds net PIT receipts for SFY 2026-27 to total \$71.9 billion, reflecting an increase of \$4.0 billion or 5.9 percent from its SFY 2025-26 projections.

The Executive Budget Financial Plan estimates net General Fund PIT receipts for SFY 2025-26 to total \$32.6 billion which is \$3.4 billion more than SFY 2024-25 or an increase of 11.8 percent. Net General Fund PIT receipts for SFY 2026-27, are projected at \$34.7 billion which is \$2.1 billion or 6.3 percent more than what is projected for SFY 2025-26.

WITHHOLDING



*2025-26 is estimated **2026-27 is projected.

Source: Senate Majority Conference Finance Committee staff

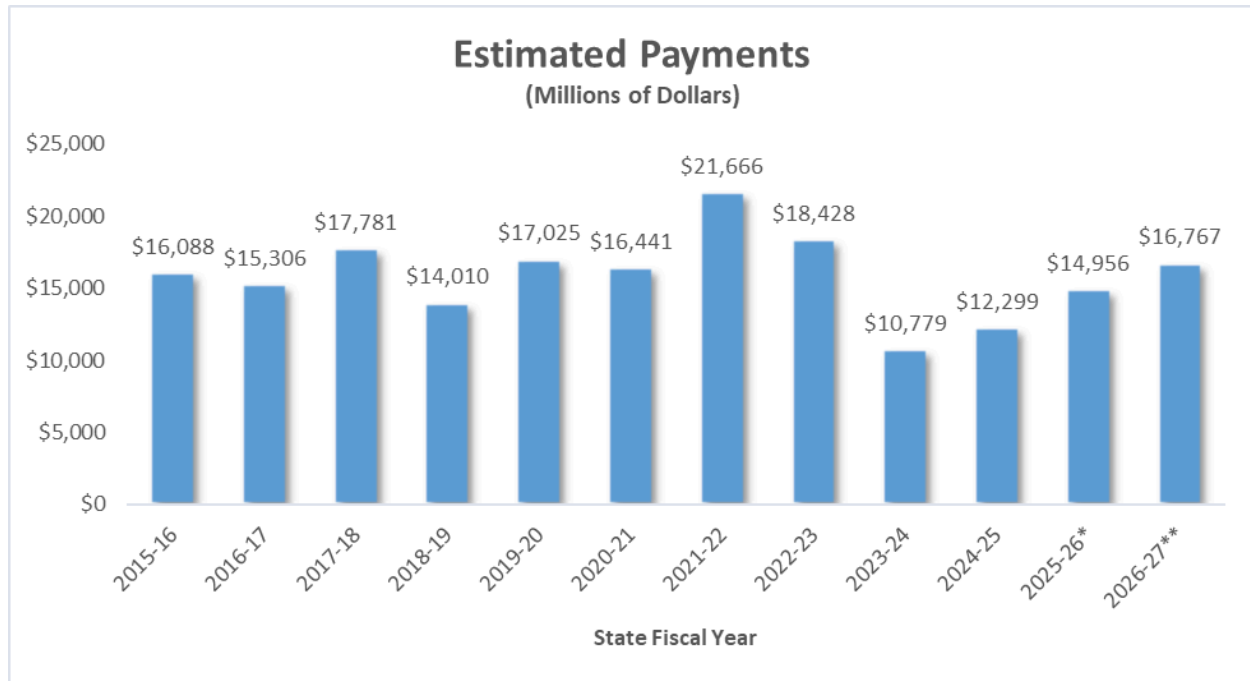
Employers are required to withhold a portion of employees' tax liability from their earnings to spread the payment of PIT over the tax year. Withholding has a slight lag from the period in which it is withheld to the time the State receives the payment from the employer. Withholding is closely correlated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

The SFY 2020-21 Enacted Budget contained a high-income personal income tax surcharge. The high-income surcharge added \$3.1 billion in new receipts impacting withholding in SFY 2025-26 and will add approximately \$3.4 billion in new receipts impacting withholding in SFY 2026-27.

For SFY 2025-26, committee staff estimates All Funds withholding payments to total \$65.1 billion, which is an increase of \$5.3 billion or 8.8 percent from SFY 2024-25. This projection is \$64.2 million or 0.1 percent below the Executive estimate of \$65.2 billion.

For SFY 2026-27, committee staff projects the All Funds withholding component of PIT to increase to \$67.9 billion, which is an increase of \$2.7 billion or 4.2 percent from SFY 2025-26. This projection is \$456.9 million or 0.7 percent above the Executive estimate of \$67.4 billion.

ESTIMATED PAYMENTS



*2025-26 is estimated **2026-27 is projected.

Source: Senate Majority Conference Finance Committee staff

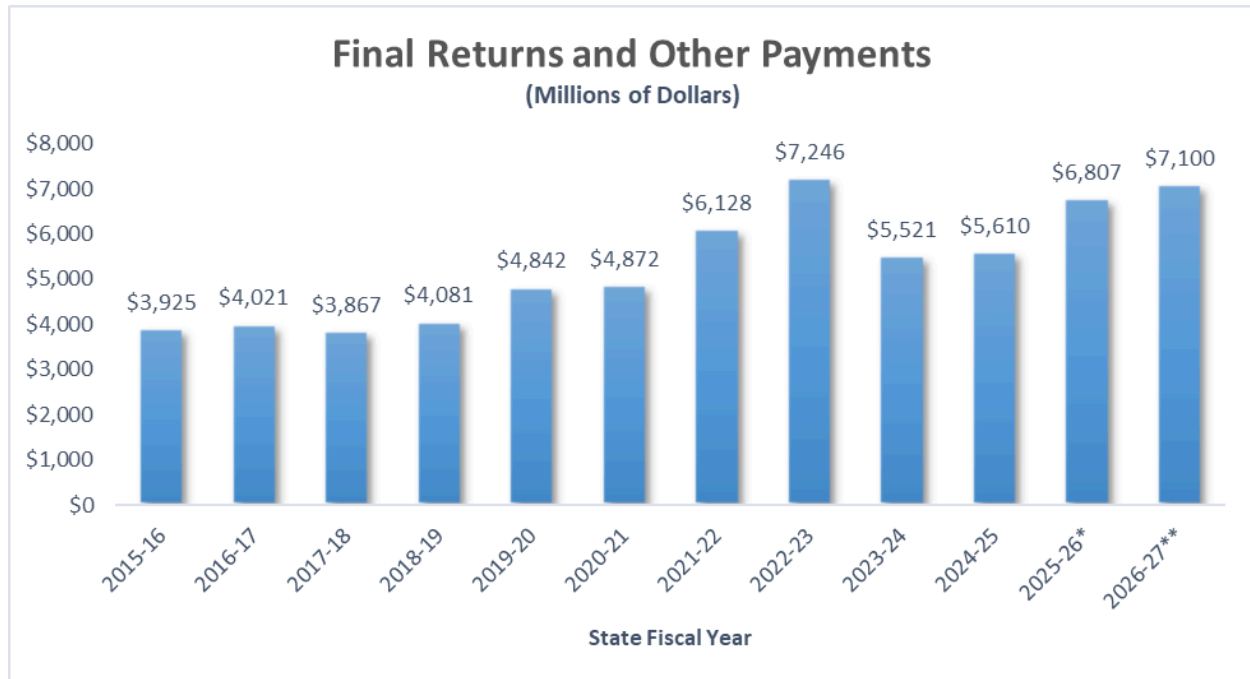
Individuals typically make estimated payments if the tax they will owe for the year is significantly more than the amount of tax being withheld from their wages. Individuals who have large amounts of non-wage income (e.g., self-employment income, interest, dividends or capital gains) make these as quarterly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

The high-income surcharge added \$2.9 billion to estimated payments new receipts in SFY 2025-26 and will add approximately \$3.1 billion to estimated payments new receipts in SFY 2026-27.

For SFY 2025-26, committee staff estimates All Funds estimated payments to total \$15.0 billion, which is an increase of \$2.7 billion or 21.6 percent from SFY 2024-25. This projection is \$92.7 million or 0.6 percent lower than the Executive estimate of \$15.0 billion.

For SFY 2026-27, committee staff projects the All Funds estimated payments component of PIT to increase to \$16.8 billion, which is an increase of \$1.8 billion or 12.1 percent from SFY 2025-26. This projection is \$120.6 million or 0.7 percent higher than the Executive estimate of \$16.6 billion.

FINAL RETURNS AND OTHER PAYMENTS



*2025-26 is estimated **2026-27 is projected.

Source: Senate Majority Conference Finance Committee staff

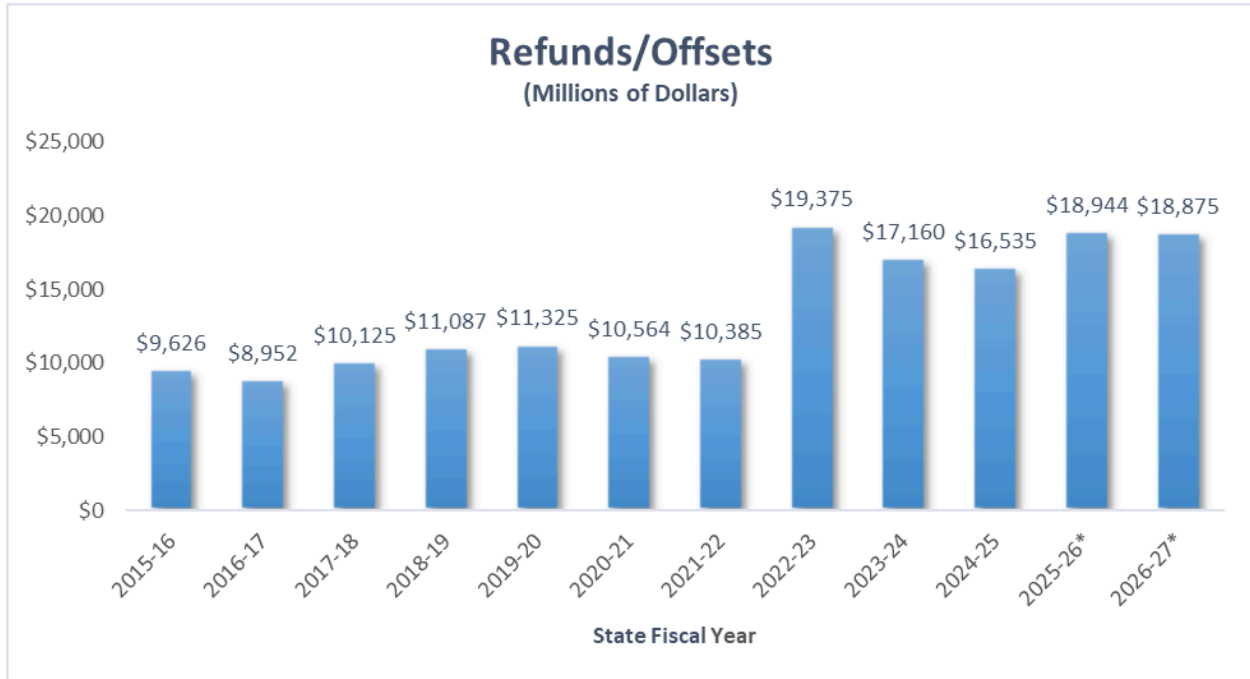
Final returns are usually due on April 15 of every year. The final return is a reconciliation between a taxpayer's withholding and estimated payments, and the tax liability calculated on the total personal income received throughout the tax year. Payment is due when the combination of withholding and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

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

For SFY 2025-26, committee staff estimates All Funds final returns and other payments to total \$6.8 billion, which is an increase of \$1.2 billion or 21.3 percent from SFY 2024-25. This projection is \$67.5 million or 1.0 percent higher than the Executive estimate of \$6.7 billion.

For SFY 2026-27, committee staff projects the All Funds final returns and other payments components of PIT to increase to \$7.1 billion, which is an increase of \$292.4 million or 4.3 percent from SFY 2025-26. This projection is \$70.9 million or 1.0 percent above the Executive estimate of \$7.0 billion.

REFUNDS/OFFSETS



*2025-26 is estimated **2026-27 is projected.
 Source: Senate Majority Conference Finance Committee staff

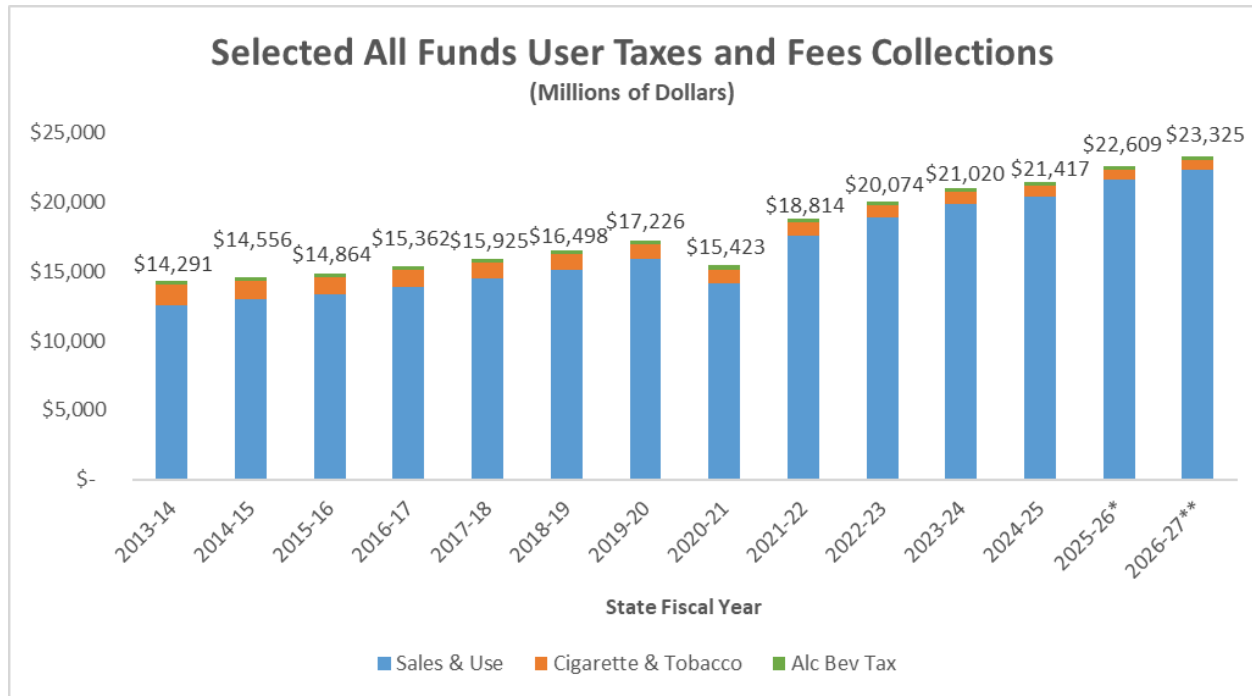
A refund occurs when a taxpayer overpays their personal income tax. This happens by either over-withholding or remitting excess estimated payments. Similar to payments made with final returns, refunds are a result of filing an annual return.

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

For SFY 2025-26, committee staff estimates All Funds refunds and offsets to total \$18.9 billion, which is an increase of \$2.4 billion or 14.6 percent from SFY 2024-25. This projection is \$115.8 million or 0.6 percent lower than the Executive estimate of \$19.1 billion.

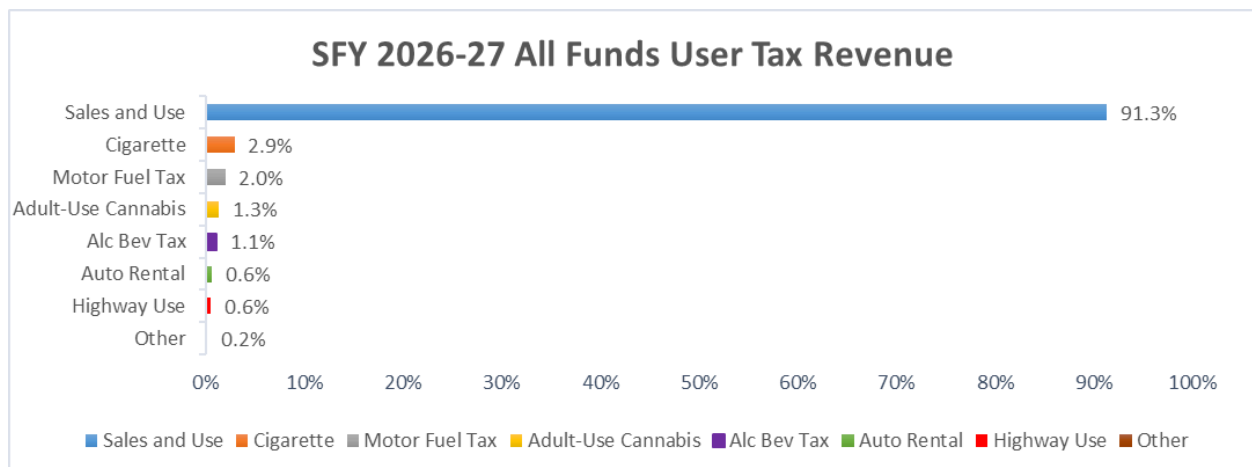
For SFY 2026-27, committee staff projects the All Funds refunds and offsets components of PIT to increase to \$18.9 billion, which is a decrease of \$69.6 million or 0.4 percent from SFY 2025-26. This projection is \$268.4 million or 1.4 percent lower than the Executive estimate of \$19.1 billion.

CONSUMPTION AND USE TAXES



*2025-26 is estimated **2026-27 is projected.
Senate Majority Conference Finance Committee Staff

Consumption and use taxes in New York are primarily comprised of seven separate taxes: Sales and Use Tax, Cigarette and Tobacco Tax, Motor Fuel Tax, Alcoholic Beverage Tax, Highway Use Tax, Auto Rental Tax, and Adult-Use Cannabis Tax. Other taxes in total account for 0.2 percent of Consumption and Use Tax revenue.

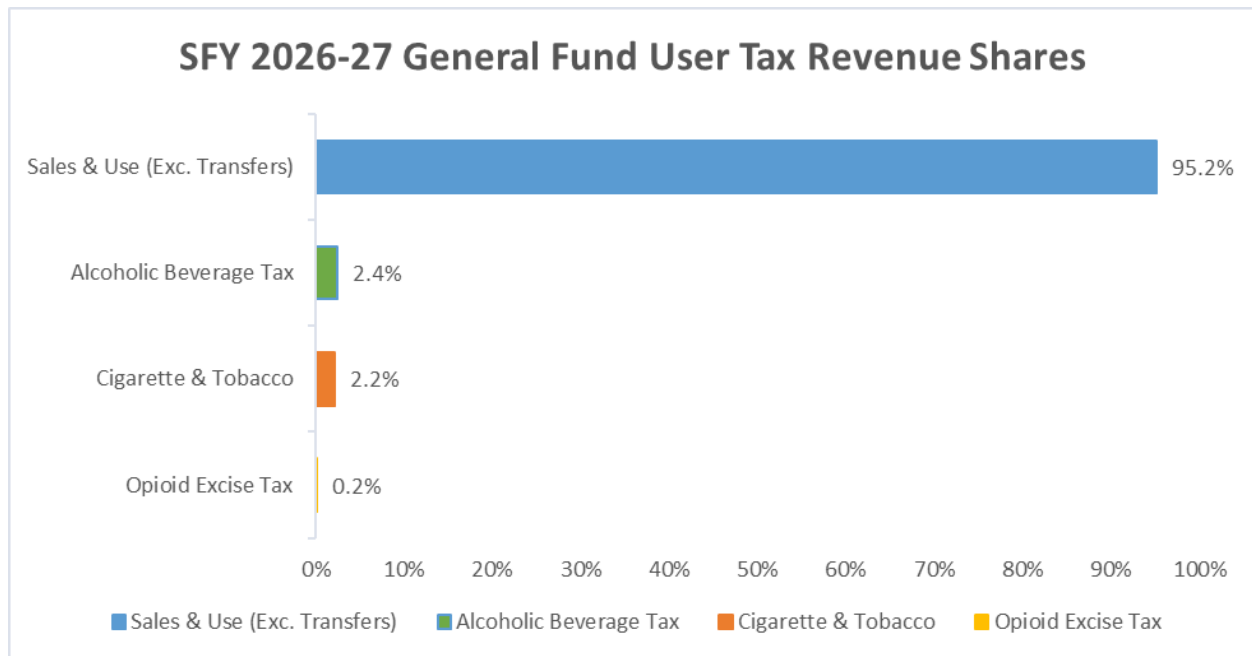


Source: Senate Majority Conference Finance Committee Staff Estimates

Sales and Use Tax dominates consumption and use tax collections with 91.3 percent of total user tax collections in SFY 2026-27.

For SFY 2025-26, committee staff estimates that All Funds consumption and use tax receipts will total \$23.6 billion, which is an increase of \$1.3 billion or 5.8 percent from SFY 2024-25 actuals. This is \$81 million above the Executive’s estimate of \$23.6 billion.

For SFY 2026-27, the committee staff projects All Funds consumption and use tax receipts to total \$24.5 billion, which is an increase of \$821 million or 3.5 percent from the staff’s SFY 2025-26 estimate. This is \$221 million above the Executive’s projection of \$24.2 billion.



Source: Senate Majority Conference Finance Committee Staff

General Fund revenue from user taxes and fees are composed of Sales and Use Tax, Cigarette and Tobacco taxes, Alcoholic Beverage Tax, and Opioid Excise Tax. The Sales and Use Tax is the primary source of collections in this category, accounting for approximately 95.2 percent of such receipts.

For SFY 2025-26, the committee staff estimates net General Fund consumption and use tax receipts to be \$10.6 billion, this is an increase of \$565 million or 5.6 percent from SFY 2024-25. This is \$27 million above the Executive’s estimate of \$10.6 billion.

For SFY 2026-27, the committee staff projects net General Fund consumption and use tax receipts to be \$11.0 billion, which is an increase of \$352 million or 3.3 percent from the estimate for SFY 2025-26. This is \$87 million above the Executive’s projection of \$10.9 billion.

SALES AND USE TAX

The Sales and Use tax is the second largest tax revenue source for the State. In general, the sales of all tangible personal property are taxable unless statutorily exempt, but services are taxed only

if

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

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

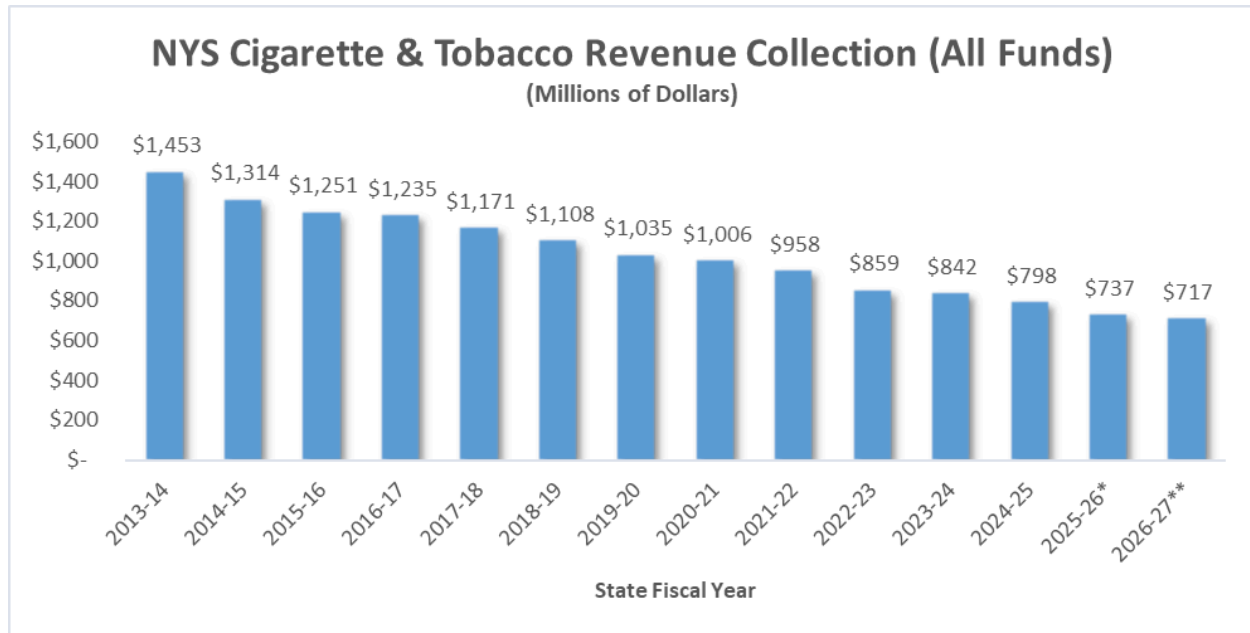
For SFY 2025-26, committee staff estimates All Funds Sales and Use Tax receipts at \$21.6 billion, which is an increase of \$1.25 billion or 6.2 percent from SFY 2024-25. This is \$57 million or 0.3 percent over the Executive's estimate of \$21.5 billion.

For SFY 2026-27, the committee staff projects All Funds Sales and Use Tax collections will be \$22.3 billion which is an increase of \$737 million or 3.4 percent from the staff's SFY 2025-26 estimate. This is \$186 million or 0.6 percent over the Executive's projection of \$22.2 billion.

For SFY 2025-26, the committee staff estimates General Fund Sales and Use Tax collections to total \$20.2 billion, which is an increase of \$1.2 billion or 6.1 percent from SFY 2024-25. This is \$53 million or 0.2 percent over the Executive estimate of \$20.2 billion.

For SFY 2026-27, the committee staff projects General Fund Sales and Use Tax collections at \$21.0 billion, which is an increase of \$691 million or 3.4 percent from the staff's SFY 2025-26 estimate. This is \$174 million or 0.6 percent over the Executive's projection of \$20.7 billion.

CIGARETTE AND TOBACCO TAXES



*2025-26 is estimated. **2026-27 is projected

Source: Senate Majority Conference Finance Committee Staff

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

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

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds cigarette and tobacco tax receipts to be \$737.0 million, which is a decrease of \$60.9 million or 7.6 percent

from

SFY 2024-25. The Financial Plan estimates SFY 2025-26 General Fund collections at \$228 million in SFY 2025-26, which is a decrease of \$16.9 million or 6.9 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds cigarette and tobacco tax receipts to be \$717.0 million, which is a decrease of \$20.0 million or 2.7 percent from the SFY 2025-26 estimate. The Executive Budget Financial Plan projects SFY 2026-27 General Fund cigarette and tobacco tax receipts at \$239.0 million, an increase of \$11.0 million or 4.8 percent from the Executive's SFY 2025-26 estimate.

MOTOR FUEL TAX

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

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

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds receipts from the State Motor Fuel Tax at \$486.0 million, a decrease of \$0.5 million or 0.1 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds receipts from the State Motor Fuel Tax at \$487.0 million, an increase of \$1.0 million, or 0.2 percent from the Executive's SFY 2025-26 estimate.

ALCOHOLIC BEVERAGE TAX

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds Alcoholic Beverage Tax collections to be \$268.0 million, which is a decrease of \$1.4 million or 0.5 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds Alcoholic Beverage Tax collections to be \$267.0 million, which is a decrease of \$1.0 million or 0.4 percent from SFY 2025-26 estimates.

AUTO RENTAL TAX

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

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates for All Funds Auto Rental tax receipts to total \$148.0 million, an increase of \$11.0 million or 8.0 percent over SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projection for All Funds Auto Rental tax receipts to increase to \$153.0 million, an increase of \$5.0 million or 3.4 percent from SFY 2025-26 estimates.

HIGHWAY USE TAX

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

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds collections from the HUT at \$135.0 million, which is a decrease of \$2.8 million or 2.0 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds HUT collections at \$136.0 million, which is an increase of \$1.0 million or 0.7 percent from the Executive's SFY 2024-25 estimates.

MEDICAL CANNABIS TAX

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

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds receipts from the Medical Cannabis Excise Tax to total \$2.5 million, a decrease of \$1.3 million or 34.1 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds Medical Cannabis Excise Tax receipts to increase to \$3.0 million, an increase of \$0.5 million or 20.0 percent, from SFY 2025-26 estimates.

ADULT-USE CANNABIS TAX

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

the adult-use cannabis wholesale THC potency tax with a flat excise tax of 9 percent. This is the fourth year, and third full year of Adult-Use Cannabis Tax receipts being collected.

For SFY 2025-26, committee staff estimates that All Funds receipts from the Adult-Use Cannabis Tax to total \$217.6 million, which is an increase of \$92.3 million, or 74.1 percent from SFY 2024-25. This is \$23.6 million above the Executive's estimate of \$194 million.

For SFY 2026-27, committee staff projects All Funds receipts from the Adult-Use Cannabis Tax to total \$318.6 million, which is an increase of \$101 million or 46.4 percent from the staff's SFY 2025-26 estimate. Executive's SFY 2024-25 estimates. This is \$34.6 million above the Executive's projection of \$284 million.

OPIOID EXCISE TAX

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds receipts from the Opioid Excise Tax to total \$22.5 million, which reflects an increase of \$1.9 million or 9.4 percent from SFY 2024-25.

For SFY 2026-27, The Executive Budget Financial Plan projects All Funds receipts from the Opioid Excise Tax to total \$20.0 million, which reflects a decrease of \$2.5 million or 11.1 percent from SFY 2025-26 estimates.

VAPOR EXCISE TAX

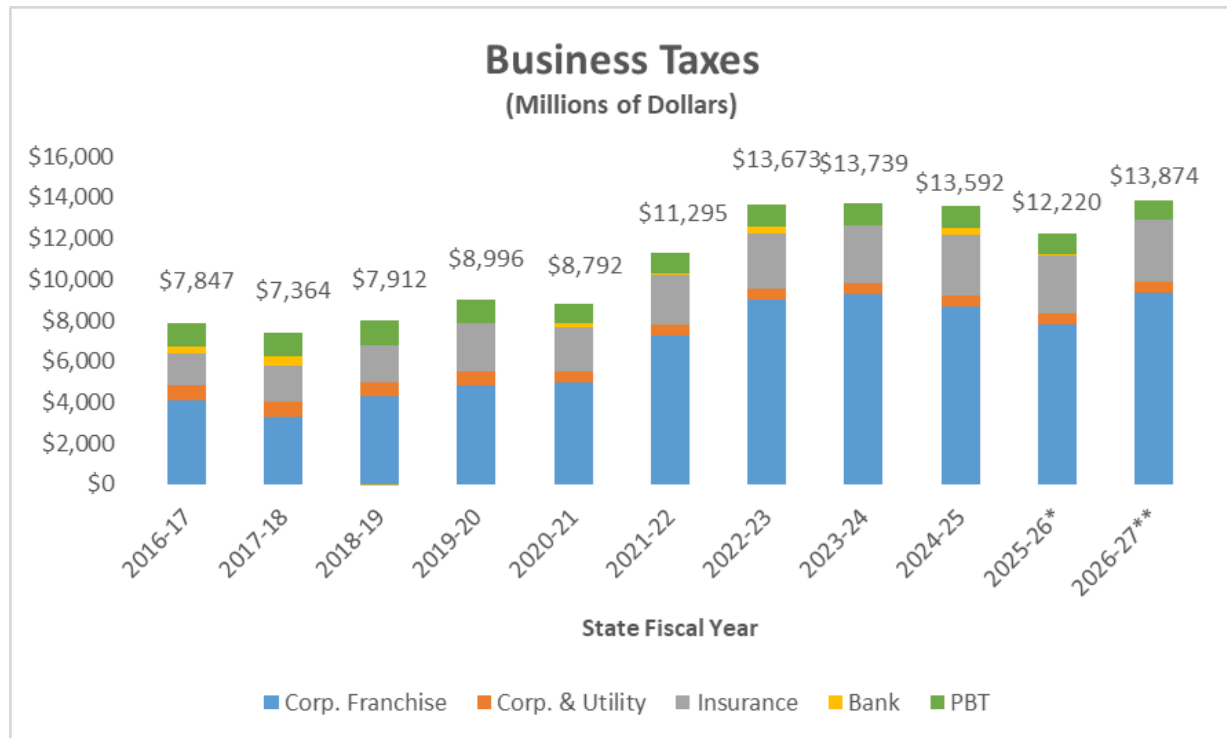
The SFY 2019-20 Enacted Budget imposed an excise tax of 20 percent on the retail sales of vapor products. Revenues from this excise tax are deposited into the Health Care Reform Act account.

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds receipts from the Vapor Products Tax at \$19.0 million, which is a decline of \$2.1 million or 10.0 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projections for Vapor Excise Tax receipts remains unchanged at \$19 million from SFY 2025-26 estimates.

BUSINESS TAXES



*2025-26 is estimated **2026-27 is projected

Source: Senate Majority Conference Finance Committee staff

For SFY 2025-26, committee staff estimates All Funds aggregate business tax receipts to total \$12.2 billion, which reflects a decrease of \$1.4 billion or 10.1 percent from SFY 2024-25. For SFY 2025-26, the committee staff estimates General Fund aggregate business tax receipts to total \$9.2 billion, which reflects a decrease of \$1 billion or 9.9 percent from SFY 2024-25.

For SFY 2026-27, the committee staff projects All Funds aggregate business tax receipts to total \$13.9 billion which is an increase of \$1.7 billion or 13.5 percent from SFY 2025-26 estimates. The committee staff projects General Fund aggregate business tax receipts for SFY 2026-27 at \$10.4 billion, which reflects an increase of \$1.3 billion or 13.7 percent from SFY 2025-26.

The Executive Budget Financial Plan estimates All Funds aggregate business tax receipts, excluding the PTET impact to total \$12.3 billion for SFY 2025-26, reflecting a decrease of \$1.3 billion or 9.7 percent from SFY 2024-25. With the PTET impact, All Funds aggregate business tax receipts are estimated at \$30.7 billion, reflecting an increase of \$635 million or 2 percent from SFY 2024-25.

The Financial Plan estimates SFY 2025-26 General Fund aggregate business tax collections, excluding the PTET impact to total \$9.2 billion, representing a decrease of \$968 million or 9.5 percent from SFY 2024-25.

The

Financial Plan estimates SFY 2026-27 All Funds aggregate business tax receipts, excluding the PTET impact to total \$13.7 billion, reflecting an increase of \$1.4 billion or 11.4 percent from SFY 2025-26. With the PTET impact, All Funds aggregate business tax receipts are estimated at \$28.5 billion, reflecting a decrease of \$2.3 billion or 7.4 percent from SFY 2025-26.

The Financial Plan estimates SFY 2026-27 General Fund aggregate business tax collections, excluding the PTET impact to total \$10.3 billion, an increase of \$1 billion or 11.4 percent from SFY 2025-26. With the PTET impact, General Fund aggregate business tax collections are estimated at \$17.6 billion which is a decrease of \$789 million or 4.3 percent from SFY 2025-26.

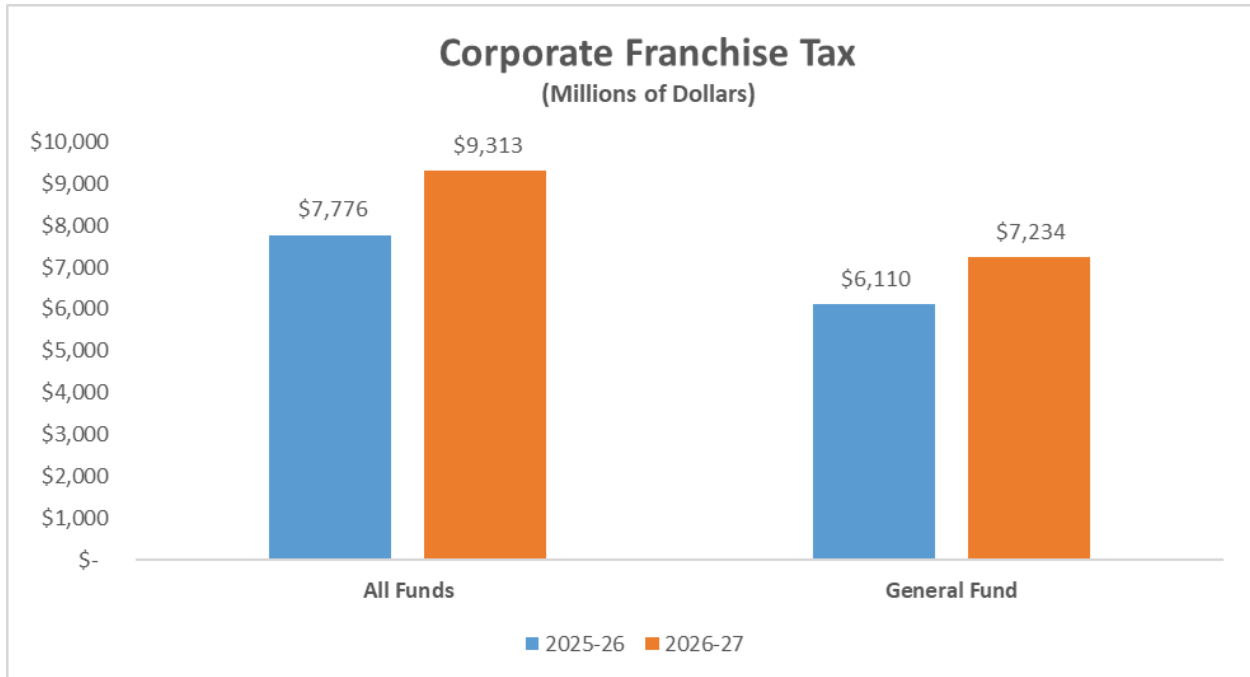
CORPORATION FRANCHISE TAX

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

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

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

Finally, C-Corporations conducting business in the Metropolitan Commuter Transportation District (MCTD) are subject to an additional surcharge of 30 percent on the portion of the total State tax liability allocated to the MCTD region. All collections from this surcharge are deposited into the Mass Transportation Operating Assistance Fund.



Source: Senate Majority Conference Finance Committee staff

For SFY 2025-26, committee staff estimate All Funds Corporate Franchise Tax receipts to total \$7.8 billion, which is a decrease of \$900 million or 10.4 percent from SFY 2024-25. This estimate is a decrease of \$60.7 million or 0.8 percent under the Executive’s estimate of \$7.8 billion.

In SFY 2026-27, committee staff projects All Funds Corporate Franchise Tax receipts to total \$9.3 billion, which is an increase of \$1.5 billion or 19.8 percent from SFY 2025-26. This estimate is an increase of \$171.8 million or 1.9 percent over the Executive’s estimate of \$9.1 billion.

CORPORATION AND UTILITIES TAX

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

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

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

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

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

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

For SFY 2025-26, committee staff estimate All Funds Corporation and Utilities Tax receipts to total \$540.4 million, which is an increase of \$24.4 million or 4.7 percent from SFY 2024-25. This estimate is an increase of \$37.4 million or 7.4 percent under the Executive's estimate of \$503 million.

In SFY 2026-27, committee staff projects All Funds Corporation and Utilities Tax receipts to total \$573.7 million, which is an increase of \$33.3 million or 6.2 percent from SFY 2025-26. This estimate is an increase of \$39.7 million or 7.4 percent over the Executive's estimate of \$534 million.

INSURANCE TAX

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

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

Insurance Brokers

Non-life insurers are subject to a premiums-based tax. Accident and health premiums received by non-life insurers are taxed at the rate of 1.75 percent. All other premiums received by non-life insurers are taxed at the rate of two percent. A \$250 minimum tax applies to all non-life insurers.

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

Other Taxes on Insurers

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

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

For SFY 2025-26, Executive Financial Plan estimates All Funds Insurance Tax receipts to total \$2.8 billion, which is a decrease of \$171 million or 5.7 percent from the SFY 2024-25. The Executive Budget Financial Plan estimates SFY 2025-26 General Fund Insurance Tax receipts at \$2.6 billion, reflecting an increase of \$116 million or 4.3 percent from SFY 2024-25.

For SFY 2026-27, the Financial Plan estimates All Funds Insurance Tax receipts to total \$3 billion, which is an increase of \$191 million or 6.7 percent from the SFY 2025-26 estimate. The Executive Budget Financial Plan estimates SFY 2026-27 General Fund Insurance Tax receipts at \$2.7 billion, reflecting an increase of \$143 million or 5.5 percent from SFY 2025-26.

BANK TAX

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

For SFY 2025-26, committee staff estimate All Funds Bank Tax receipts to total \$59.2 million. This is a decrease of \$24.8 million or 29.5 percent over the Executive's estimates of \$84 million.

For SFY 2026-27, committee staff concurs with the Executive Budget Financial Plan projection for All Funds Bank Tax receipts at \$0 million, which is a decrease of \$59.2 million or 100 percent from the committee staff's SFY 2025-26 estimate.

PETROLEUM BUSINESS TAX

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

Tax

rates are indexed with annual adjustments made on January 1 of each year to the base and supplemental tax rates to reflect the percent change in the producer price index (PPI) for refined petroleum products for 12 months ending August 31 of the preceding year. Tax rates cannot increase or decrease by more than 5 percent per year. This is done to prevent significant changes in tax rates resulting from large changes in the petroleum PPI.

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds Petroleum Business Tax receipts to total \$1 billion, which is a decrease of \$52 million or 4.9 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds Petroleum Business Tax receipts at \$962 million, which is a decrease of \$47 million or 4.7 percent from the SFY 2025-26 estimate.

PASS-THROUGH ENTITY TAX

The SFY 2022-23 Enacted Budget created an optional pass-through entity tax (PTET) for partnerships, LLCs, and S-Corporations to pay a new State tax at 6.85 percent at the entity level in exchange for a personal income tax credit for the partners, members, and shareholders equal to 100 percent of the tax paid. The new pass-through entity tax authorizes partners, members, and shareholders of electing entities to deduct this State tax paid from their federal returns, to circumnavigate the current State and Local Tax (SALT) cap, resulting in savings on their federal taxes. This applies to tax years beginning on or after January 1, 2022.

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

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

For the SFY 2025-26 Financial Plan estimates All Funds Pass-Through Entity Tax (PTET) receipts to total \$18.5 billion, which represents an increase of \$689 million or 3.9 percent from the SFY 2024-25 estimate.

For the SFY 2026-27 Financial Plan estimates All Funds Pass-Through Entity Tax (PTET) receipts to total \$14.8 billion, which represents a decrease of \$3.7 billion or 19.9 percent from the SFY 2025-26 estimate.

OTHER TAXES

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

ESTATE TAX

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

In 2014, a “stand alone” New York State Estate Tax was created, with a basic threshold amount that increased over four years, which equaled the Federal basic exemption amount (pursuant to Federal Law as it existed on December 1, 2017) beginning January 1, 2019. The basic threshold amount, which is indexed to inflation on an annual basis, is \$7.35million for the deceased dying on or after January 1, 2026. The entirety of the proceeds from the Estate Tax is deposited into the General Fund.

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

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

For the SFY 2025-26 Financial Plan estimates All Funds Estate receipts to total \$1.6 billion, which represents an increase of \$287.0 million or 22.1 percent from the SFY 2024-25 estimate.

For the SFY 2026-27 Financial Plan estimates All Funds Estate Tax receipts to total \$1.5 billion, which represents a decrease of \$104.0 million or 6.6 percent from the SFY 2025-26 estimate.

REAL ESTATE TRANSFER TAX

Article 31 of the State Tax Law imposes a Real Estate Transfer Tax (RETT) on each conveyance of real property or interest therein, at a rate of 0.4 percent when the price is \$500 or greater. An additional one percent tax (also known as the “Mansion Tax”) is imposed on conveyances of

residential real property when the consideration is \$1 million and above. The tax rate for conveyance of real property to existing real estate investment trusts is 0.2 percent.

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

For SFY 2025-26, committee staff estimate All Funds RETT receipts to total, \$1.5 billion, which is an increase of \$210.0 million or 16.7 percent from the SFY 2024-25. This projection is an increase of \$80.0 million or 5.8 percent over the Executive's estimate of \$1.4 billion.

For SFY 2026-27, the committee staff projects All Funds RETT receipts to total \$1.6 billion, which reflects an increase of \$114.2 million or 7.8 percent from the SFY 2025-26 estimate. This projection is \$86.3 million or 5.8 percent above the Executive's estimate of \$1.5 billion.

EMPLOYER COMPENSATION EXPENSE PROGRAM

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

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

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

For SFY 2025-26, the Executive Budget Financial Plan estimates All Funds receipts from the ECEP to total \$18 million, which reflects an increase of \$3.0 million or 20.0 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects All Funds receipts from the ECEP at \$19 million, which reflects an increase of \$1.0 million or 5.6 percent, from SFY 2025-26 estimates.

PARI-MUTUEL TAX

The Pari-Mutuel Tax (PMT) is a tax that is levied on pari-mutuel wagers on horse racing that are placed in-State. These are bets that are placed at New York State racetracks, Off-Track Betting (OTB) facilities, or through a racetrack or OTB facility's app or online platform. If a bettor located within New York State places a simulcast wager using an out-of-State Advanced Deposit Wagering (ADW) platform, a market origin fee equal to 5.45 percent of handle is imposed, which directs a portion of fee to the PMT, a portion to the Gaming Commission, and remaining portion to the industry. If a bettor located outside of New York State places a wager on any race, the State does not collect PMT or the market origin fee on these races. This tax is collected from:

- The four thoroughbred flat tracks, including the three New York Racing Association tracks (Aqueduct, Belmont, and Saratoga) and one track located in Finger Lakes;
- The seven harness tracks located in Batavia, Buffalo, Monticello, Saratoga, Tioga, Vernon and Yonkers; and
- The OTB facilities located in four New York State regions including the Capital District, Nassau, Suffolk and Western. Catskill OTB ceased accepting wagers effective November 20th, 2024 and moved its accounts to Suffolk OTB's ADW platform.

The Gaming Commission regulates all horse racing and pari-mutuel wagering in New York State. Racetracks and OTBs calculate the tax amount owed to New York State and remit the taxes on a monthly basis to the Department of Taxation and Finance (DTF).

Chapter 59 of the Laws of 2025, effective September 1, 2025, changed the PMT rate structure to a 0.7 percent excise tax imposed on the total amount wagered through any racing association, corporation, or OTB corporation that is authorized to conduct pari-mutuel wagering through their operations. The law also imposed an additional one percent fee on out-of-State ADWs, which is directed to the PMT. The law also prohibits breakage or breaks unless required by a jurisdiction in another state or foreign country, although tracks have the option to do nickel breakage for on-track wagers and direct it to support racehorse aftercare.

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

In 2025-26, The Executive Budget Financial Plan estimates All Funds Pari-Mutuel Tax collections at \$13.4 million, which reflects an increase of \$1.7 million or 14.6 percent from SFY 2024-25.

In SFY 2026-27, the Executive Budget Financial Plan projects All Funds Pari-Mutuel Tax collections at \$12 million, which reflects a decrease of \$1.4 million or 10.4 percent from SFY 2025-26 estimates.

OTHER TAXES

Other Taxes include the Authorized Combative Sports Tax and Racing Admissions. Chapter 56 of the Laws of 2024, effective December 1, 2024, reduced the tax on gross receipts from ticket sales of kick boxing, single discipline martial arts, and mixed martial arts events from 8.5 percent to 3 percent.

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

For SFY 2025-26, the Financial Plan estimates All Funds receipts from Other Taxes to total \$1.0 million, which reflects a decrease of \$1.1 million or 53.2 percent from SFY 2024-25.

For SFY 2026-27, the Financial Plan projects All Funds receipts from Other Taxes to total \$1 million, which remains unchanged from SFY 2025-26 estimates.

GAMING AND WAGERING TAXES

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

GAMING RECEIPTS (\$ in millions)									
	FY 2025	DOB	SFC			DOB	SFC		
	Actuals	FY 2026	FY 2026	Difference	Percent	FY 2027	FY 2027	Difference	Percent
		Estimated	Estimated		Difference	Projected	Projected		Difference
TOTAL RECEIPTS	\$5,009	\$5,431	\$5,478	47	0.86%	\$5,245	\$5,312	66	1.25%
EDUCATION	\$4,861	\$4,986	\$5,032	46	0.92%	\$4,967	\$5,033	65	1.30%
Traditional Lottery	\$2,523	\$2,442	\$2,437	(5)	-0.21%	\$2,378	\$2,386	8	0.32%
VLT Gaming	\$1,080	\$1,108	\$1,109	1	0.09%	\$1,092	\$1,097	5	0.42%
Mobile Sports Wagering	\$1,118	\$1,292	\$1,338	46	3.44%	\$1,352	\$1,400	48	3.43%
Commercial Gaming (School Aid)	\$133	\$134	\$138	4	2.96%	\$134	\$140	5	3.66%
Interactive Fantasy Sports	\$6	\$10	\$10	0	0.00%	\$11	\$11	0	
All Other	\$148	\$445	\$446	1	0.22%	\$278	\$279	1	0.32%
Tribal State Compact	\$104	\$400	\$400	0		\$227	\$227	0	
Commercial Gaming (Local)	\$33	\$34	\$35	1	2.89%	\$34	\$35	1	2.58%
Mobile Sports Wagering (Youth Sports)	\$5	\$5	\$5	0		\$5	\$5	0	
Mobile Sports Wagering (Problem Gambling)	\$6	\$6	\$6	0		\$12	\$12	0	

For SFY 2025-26, the committee staff estimates All Funds receipts from Gaming to total \$5.5 billion, reflecting an increase of \$469.3 million or 9.4 percent from SFY 2024-25. This estimate is a \$46.5 million increase, or 0.9 percent above the Executive's estimate of \$5.4 billion.

For SFY 2026-27, committee staff projects All Funds receipts for Gaming to total \$5.3 billion, which is a decrease of \$165 million or 3.0 percent above the SFY 2025-26 estimate. This projection is \$65.7 million, or 1.3 percent above the Executive's projection of \$5.2 billion.

Chapter 56 of the Laws of 2022 established the process to award three additional casino licenses in New York State. Furthermore, in March 2024, the Gaming Commission established a potential timeline for the three additional casino licenses, with licenses scheduled to be awarded by late-2025 or early 2026. On December 15, 2025, the Gaming Commission unanimously voted to

license three new commercial casinos as part of this process; Bally's Bronx located at Ferry Point in Bronx, Hard Rock Metropolitan Park located at Willets Point in Queens, and Resorts World New York City, located at the Aqueduct Racetrack in Queens.

Two of the three newly licenses casinos, Hard Rock Metropolitan Park and Bally's Bronx, are not slated to open until mid-2030, as disclosed during the Gaming Facility Location Board selection process. Resorts World New York City, located at the Aqueduct Racetrack in Queens, said they expect the "converted facility to open in March 2026", with completion of their fully planned expansion in 2029, and project completion in 2031. Although Resorts World New York City is slated to open in March 2026, the facility would be a phased opening, with renovations and work continuing until project completion in 2031. Without knowing the full extent of the facility's phased opening, the impact of the new casino's opening towards Commercial Casino receipts was not determined at this time for the committee staff's SFY 2025-26 estimate and SFY 2026-27 projections. Depending on the success and revenues generated from the phased opening of Resorts World New York City as a commercial casino, Commercial Casino receipts might be impacted as soon as SFY 2026-27.

GENERAL FUND MISCELLANEOUS RECEIPTS

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

General Fund miscellaneous receipts in SFY 2025-26 are projected to decrease from SFY 2024-25 results, due to reduced receipts from licenses, fines, and fees, abandoned property, motor vehicle fees, alcoholic beverage license fees, and investment income, which is partially offset by increased receipts from reimbursements, and other transactions.

Miscellaneous Receipts General Fund (\$ in millions)			
	SFY 2024-25 (Actuals)	SFY 2025-26 (Estimate)	SFY 2026-27 (Projected)
Licenses, Fines, and Fees	\$904	\$681	\$680
Abandoned Property	\$899	\$700	\$550
Moter Vehicle Fees	\$343	\$297	\$326
Alcoholic Beverage License Fees	\$61	\$60	\$60
Reimbursements	\$249	\$316	\$333
Investment Income	\$2,556	\$2,109	\$1,623
Extraordinary Settlements	\$0	\$0	\$0
Other Transactions	\$156	\$228	\$201
Total Miscellaneous Receipts	\$5,168	\$4,391	\$3,773
Source: Executive Budget Financial Plan, Senate Majority Finance Committee staff calculations			

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

For SFY 2025-26, the Executive Budget Financial Plan estimates for General Fund miscellaneous receipts to total \$4.4 billion, which is a decrease of \$777 million or 15.0 percent from SFY 2024-25.

For SFY 2026-27, the Executive Budget Financial Plan projects General Fund miscellaneous receipts to total \$3.8 billion, which is a decrease of \$618 million or 14.1 percent from SFY 2025-26 estimates.

