

# **NEW YORK STATE ECONOMIC AND REVENUE REPORT**

**FISCAL YEARS 2025-26 AND 2026-27**

February 2026

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## ECONOMIC FORECAST HIGHLIGHTS

### United States

- U.S. economic growth moderated in 2025 under the weight of the uncertainty and volatility driven by tariffs, deportations, and cuts to federal government jobs and outlays. The yearly average level of national output, measured with inflation-adjusted **Gross Domestic Product (GDP)**, increased by an estimated 2.2 percent in 2025, a significant slowdown from 2.8 percent in 2024. Over the forecast period, with employment growth stalling and income growth moderating, U.S. economic growth is projected to remain modest at 2.4 percent in 2026 and 1.9 percent in 2027.
- **Personal consumption spending growth**, adjusted for inflation, is estimated to have moderated to 2.7 percent in 2025, following an increase of 2.9 percent in 2024. The slowdown reflects higher consumer prices, slower wage growth, and a softening labor market. Spending is projected to remain subdued, increasing by 2.1 percent in 2026 and 2.0 percent in 2027, constrained by sluggish income growth, restrictive immigration policies, and provisions of the One Big Beautiful Bill Act (OBBBA) that limit access to medical and food assistance for low-income households. Nevertheless, lower interest rates and continued modest gains in real disposable income are expected to avert an outright contraction in consumer spending.
- **Business capital spending** continued to increase in 2025, driven primarily by sectors linked to the ongoing artificial intelligence (AI) boom. However, outside of AI-related industries, investment activity has weakened amid growing uncertainty over tariffs and a decelerating economic outlook. Following a recovery in 2024 from two consecutive years of decline, **residential investment** contracted again in 2025, as elevated mortgage rates and new tariffs reignited affordability concerns and dampened confidence. Easing credit conditions and the fiscal incentives under the OBBBA will provide support for private investment spending over the forecast period. However, the pace of growth will likely remain moderate, constrained by slowing sales and heightened uncertainty.
- Federal fiscal tightening has significantly restrained overall government spending. Growth in total **government spending** is estimated to have slowed to 1.3 percent in 2025, down from 3.8 percent in 2024 and 3.5 percent in 2023. Federal spending declined sharply in

the first half of 2025, driven primarily by reductions in the federal workforce and cuts to discretionary programs. Over the forecast period, federal expenditures are expected to be concentrated in defense, border protection, and homeland security, while state and local government spending is projected to weaken due to OBBBA-related adjustments and slower revenue growth. As a result, total government spending is projected increase slightly to 1.4 percent in 2026 and decelerate further in 2027.

- Heightened uncertainty surrounding U.S. foreign policy and rising geopolitical tensions are weighing on global economic growth. As a result, **U.S. export growth** slowed to an estimated 1.9 percent in 2025, down from 3.6 percent in 2024. Sluggish growth in personal consumption and private investment also reduced **U.S. import growth**, which eased to an estimated 2.6 percent in 2025 from 5.8 percent in 2024. With the U.S. dollar expected to depreciate over the forecast period, export growth is projected to pick up to 2.1 percent in 2026 and further to 2.4 percent in 2027. Meanwhile, continued weakness in investment and consumption is expected to cause U.S. imports to decline by 1.3 percent in 2026 before rebounding in 2027.
- The U.S. labor market weakened in 2025, with annual growth in **nonfarm payroll employment** decelerating to 0.5 percent from 1.2 percent in 2024 and 2.2 percent in 2023. Employment growth is projected to slow further to 0.3 percent in 2026 before edging up slightly to 0.5 percent in 2027. This deceleration reflects moderating demand for workers, as well as slowing labor force growth driven by federal policies that restrict immigration and involve mass deportations. In addition, technological advancements may displace workers or require significant upskilling and retraining.
- **Personal income** grew an estimated 4.7 percent in 2025, following increases of 5.6 percent in 2024 and 6.5 percent in 2023. This deceleration primarily reflects slower growth in wages and salaries, along with weaker contributions from other income components, including rental income and dividend and interest earnings. In 2026, personal income growth is projected to slow further as labor demand moderates, restraining wage growth, while transfer receipts are also expected to increase more slowly. However, faster growth in dividend and interest income is expected to partially offset weaker wage gains, resulting in projected personal income growth of 4.5 percent in 2026. In 2027, personal income is forecast to grow by 4.8 percent as wages, proprietorship and interest incomes improve.



- **Wages and salaries**, the largest component of personal income, grew an estimated 4.4 percent in 2025, following a robust increase of 5.6 percent in 2024. While inflationary pressures have kept wage growth strong, a weakening labor market is expected to slow down wage growth further. Slower employment growth over the forecast period will also restrain wage growth. As a result, wages and salaries are projected to slow to 4.2 percent in 2026 and then increase by 4.4 percent in 2027.
- Reflecting weaker sales momentum and rising tariff-related cost pressures, **corporate income** gains are likely to moderate over the forecast period, following five consecutive years of strong growth. After accelerating to an estimated 6.4 percent in 2025 from 5.1 percent in 2024, corporate profit growth is projected to slow to 3.6 percent in 2026 and 2.0 percent in 2027. The corporate share of national income peaked at 16.3 percent in the fourth quarter of 2025, marking its highest level since 1947. With earnings growth softening, the corporate share is expected to retreat gradually over the forecast period.
- Despite tariff-driven increases in **consumer prices** for import-dependent goods, year-over-year headline inflation resumed a downward trend in the final months of 2025, supported by continued disinflation in service prices. With this trend expected to persist into 2026, annual consumer price inflation is projected to ease gradually from 2.7 percent in 2025 to 2.6 percent in 2026 and further to 2.5 percent in 2027.
- Despite rising inflation expectations, the **Federal Reserve** resumed rate cuts in September 2025. In response to mounting evidence of labor market weakening, policymakers have since delivered two additional cuts and signaled the likelihood of further easing in the months ahead. The current forecast assumes three additional quarter-percentage-point cuts by mid-2026, which would lower the federal funds rate target range to 3.00–3.25 percent.
- On a yearly average basis, the **yield on 3-month Treasury bills** is forecast to decrease from 4.21 percent in 2025 to 3.28 percent in 2026 and 2.92 percent in 2027, in tandem with the expected cuts in the federal funds rate. The **yield on 10-year Treasury notes** is forecast to decrease to a yearly average of 4.11 percent in 2026 and 4.05 percent in 2027, after averaging 4.29 percent in 2025.
- Despite growing uncertainty and an increasingly unstable global economic environment, **equity markets** have advanced robustly, driven largely by investor enthusiasm surrounding the potential of AI. However, several headwinds persist. These include a slowing economic growth outlook, rising national debt, and equity valuations that remain

stretched relative to earnings. As a result, markets remain vulnerable to external shocks and face a heightened risk of correction over the forecast period. On an annual average basis, growth in the S&P 500 price index is projected to slow to 10.8 percent in 2026 and to a near-flat 0.5 percent in 2027, a marked deceleration from the 14.5 percent gain recorded in 2025.

- A major **risk to the outlook** is that economic growth is increasingly concentrated in a narrow set of drivers. Health care employment continues to prop up the labor market, while consumption growth is largely driven by higher-income households. At the same time, AI-related investment is fueling business spending and equity market gains. This concentration leaves the economy vulnerable: slowing employment growth, potentially overvalued equity markets, and ongoing uncertainty around U.S. trade and immigration policy pose significant downside risks to the forecast. Additional risks include an uncertain path for monetary policy and the possibility of recurring government shutdowns. Consumer sentiment also remains subdued, and any sudden deterioration could trigger a sharper-than-expected pullback in both household and business spending.

## National Forecast Comparisons

- The NYS Assembly Ways and Means Committee projects overall national economic growth of 2.4 percent in 2026. This forecast is the same as the Division of the Budget and the Blue Chip Consensus forecasts, 0.3 percentage points lower than the S&P Global’s projection, and 0.2 percentage points lower than the Moody’s Analytics’ forecast.

| U.S. Real GDP Forecast Comparison |                |                  |                  |                  |
|-----------------------------------|----------------|------------------|------------------|------------------|
|                                   | Actual<br>2024 | Estimate<br>2025 | Forecast<br>2026 | Forecast<br>2027 |
| Ways and Means                    | 2.8            | 2.2              | 2.4              | 1.9              |
| Division of the Budget            | 2.8            | 2.2              | 2.4              | 1.8              |
| Blue Chip Consensus               | 2.8            | N/A              | 2.4              | 2.1              |
| Moody's Analytics                 | 2.8            | 2.2              | 2.6              | 1.5              |
| S&P Global                        | 2.8            | 2.2              | 2.7              | 2.0              |

*Sources: NYS Assembly Ways and Means Committee; NYS Division of the Budget, Governor's Amendments to FY 2027 Executive Budget, February 2026; Blue Chip Economic Indicators, February 2026; Moody's Analytics, January 2026; S&P Global Market Intelligence, February 2026.*

- The Committee projects an overall national economic growth of 1.9 percent in 2027, which is 0.1 percentage points higher than the forecast of the Division of the Budget. This projection is 0.4 percentage points higher than the forecast for Moody’s Analytics, 0.1 percentage points lower than the S&P Global forecast, and 0.2 percentage points below the Blue Chip Consensus forecast.

## New York State

- **Total nonfarm employment** in the State increased by 2.3 percent in State Fiscal Year (SFY) 2024-25, reflecting the continued recovery from the pandemic-induced recession. Employment growth is estimated to slow to 0.5 percent in SFY 2025-26 amid a broader economic slowdown. With economic growth expected to remain subdued, nonfarm employment growth is projected to ease further to 0.4 percent in SFY 2026-27.
- Total nonfarm **wages and salaries** in the State grew solidly at 7.4 percent in SFY 2024-25, driven mainly by an increase in variable wages. As employment growth slows amid broader economic softening, total wage growth is projected to decelerate to 5.8 percent in SFY 2025-26. Then, wage growth is expected to slow further to 4.2 percent in SFY 2026-27, with both base and variable components weakening due to continued economic weakness.
- **Variable wages**, including cash bonuses, increased sharply by 18.1 percent in SFY 2024–25 following two consecutive years of decline, reflecting improved financial market performance. As economic conditions and financial market activity are expected to soften over the forecast period, variable wage growth is projected to slow to 15.6 percent in SFY 2025–26 and decelerate further to 5.1 percent in SFY 2026–27. **Base wage growth** slowed to 4.3 percent in SFY 2025–26 as employment growth moderated and is forecast to ease further to 4.0 percent in SFY 2026–27, reflecting a loosening labor market.
- **Personal income growth** is estimated to slow to 5.1 percent in SFY 2025–26, reflecting weaker growth in wages, property income and proprietor income. With overall economic activity expected to remain sluggish, personal income growth is forecast to decelerate further to 4.3 percent in SFY 2026–27 as wage growth continues to moderate.
- **Risks to the forecast** remain elevated. The current economic environment presents challenges to the State’s economic and revenue outlook, and the key risks affecting the national economy also apply to New York State. Wall Street and the financial markets play a central role in the State’s economy and revenue base. Deterioration in market conditions or heightened volatility could lead to significant declines in variable compensation.

## State Forecast Comparisons

- The NYS Assembly Ways and Means Committee estimates that total nonfarm payroll employment in the State will grow by 0.5 percent in SFY 2025–26, which is 0.1 percentage points higher than the Division of the Budget’s estimate. The Committee projects wage growth of 5.8 percent in SFY 2025–26, the same as the Division of the Budget’s estimate, and personal income growth of 5.1 percent, 0.1 percentage points lower than the Division of the Budget’s estimate.

| New York State Economic Forecast Comparison |                       |                         |                         |
|---|-----------------------|-------------------------|-------------------------|
|   | Actual<br>SFY 2024-25 | Estimate<br>SFY 2025-26 | Forecast<br>SFY 2026-27 |
| <b>Employment</b>                           |                       |                         |                         |
| Ways and Means                              | 2.3                   | 0.5                     | 0.4                     |
| Division of the Budget                      | 2.3                   | 0.4                     | 0.3                     |
| <b>Wages</b>                                |                       |                         |                         |
| Ways and Means                              | 7.4                   | 5.8                     | 4.2                     |
| Division of the Budget                      | 7.3                   | 5.8                     | 3.6                     |
| <b>Personal Income</b>                      |                       |                         |                         |
| Ways and Means                              | 5.4                   | 5.1                     | 4.3                     |
| Division of the Budget                      | 5.3                   | 5.2                     | 3.5                     |

*Sources: NYS Assembly Ways and Means Committee staff; NYS Division of the Budget, Governor’s Amendments to the FY 2027 Executive Budget released on February 19, 2026.*

- The NYS Assembly Ways and Means Committee projects total nonfarm payroll employment to grow by 0.4 percent in SFY 2026–27, 0.1 percentage points above the Division of the Budget’s forecast. The Committee forecasts wage growth of 4.2 percent in SFY 2026–27, 0.6 percentage points higher than the Division of the Budget’s projection, and personal income growth of 4.3 percent is 0.8 percentage points above the Division of the Budget’s forecast.



## REVENUE FORECAST HIGHLIGHTS

### All Funds Tax Receipts State Fiscal Year 2025-26

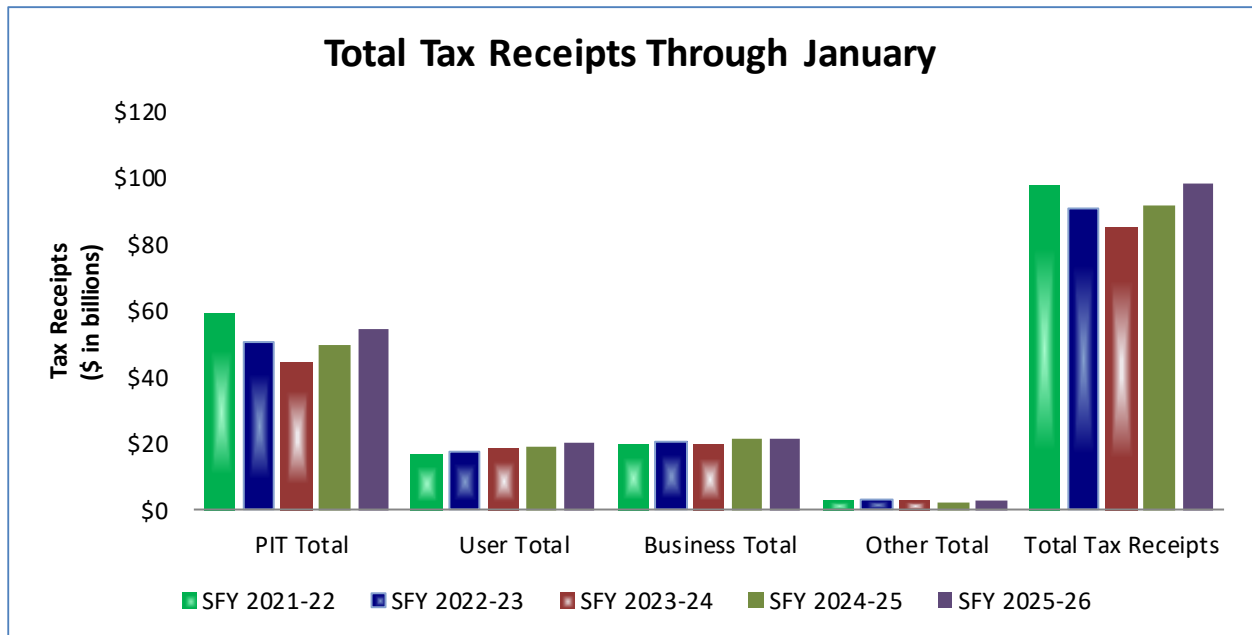
- **All Funds revenues** are estimated to total \$262.4 billion in State Fiscal Year (SFY) 2025-26 for a year-to-year increase of 5.4 percent or an increase of \$13.4 billion, mainly attributed to strong growth in **Miscellaneous Receipts, Personal Income Tax (PIT) collections,** and **Other Tax Collections.**
- The Assembly Ways and Means Committee projection of **All Funds tax revenue** for SFY 2025-26 is \$125.2 billion, representing an increase of 6.6 percent or \$7.7 billion, from SFY 2024-25.
- The increase in overall tax receipts is primarily due to a \$6.7 billion increase in projected **PIT collections** due to strong total wage and non-wage growth, and a \$1.3 billion increase in **Consumption and Use Tax collections** as consumer demand remains strong. This increase is partially offset by a \$682 billion decrease in **Business Tax collections.**
- The Committee's All Funds revenue estimate is \$99 million above the Executive's estimate, primarily due to a \$48 million positive variance in **Miscellaneous Receipts.**

### All Funds Tax Receipts State Fiscal Year 2026-27

- The Committee expects **All Funds revenues** to decrease by 2.2 percent, for a total of \$256.6 billion in SFY 2026-27, which is attributable to a significant \$9.3 billion decrease in **Federal receipts,** a \$2.1 billion decrease in **Business Tax collections,** and a \$597 million decrease in **Miscellaneous Receipts.** This decrease is partially offset by a \$5.3 billion increase **PIT collections,** and a \$827 million increase in **Consumption and Use Tax collections.**
- The Committee expects a 3.3 increase in **All Funds tax receipts** in SFY 2026-27, for a total of \$129.4 billion.
- The Committee's All Funds revenue forecast is \$1.9 billion above the Executive's estimates, mainly due to a \$1.7 billion positive net variance in **All Funds tax receipts.**
- The Committee's forecasts reflect ongoing economic uncertainty at the state and national levels, as well as unpredictability in taxpayer behavior in response to the **Pass-Through Entity Tax (PTET),** which complicates forecasting tax collections.

## Year-To-Date Tax Receipts

- Year-to-date tax receipts through January reflect strong growth compared to the first ten months of SFY 2024-25. However, when compared to the SFY 2021-22 level, this fiscal year’s tax collections indicate a rebound back to the robust growth in overall collections that had occurred prior to the pandemic (see Figure 1 below).

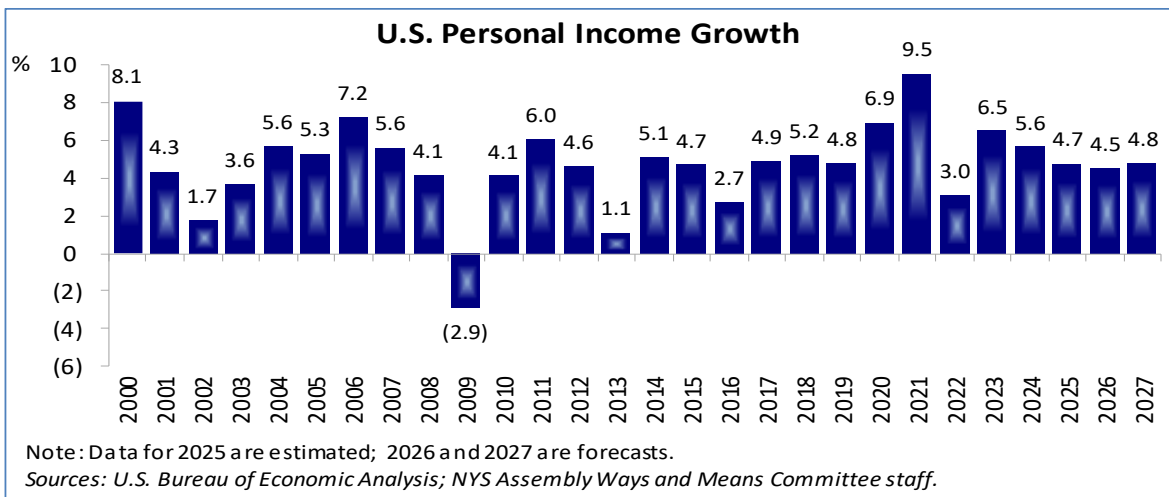
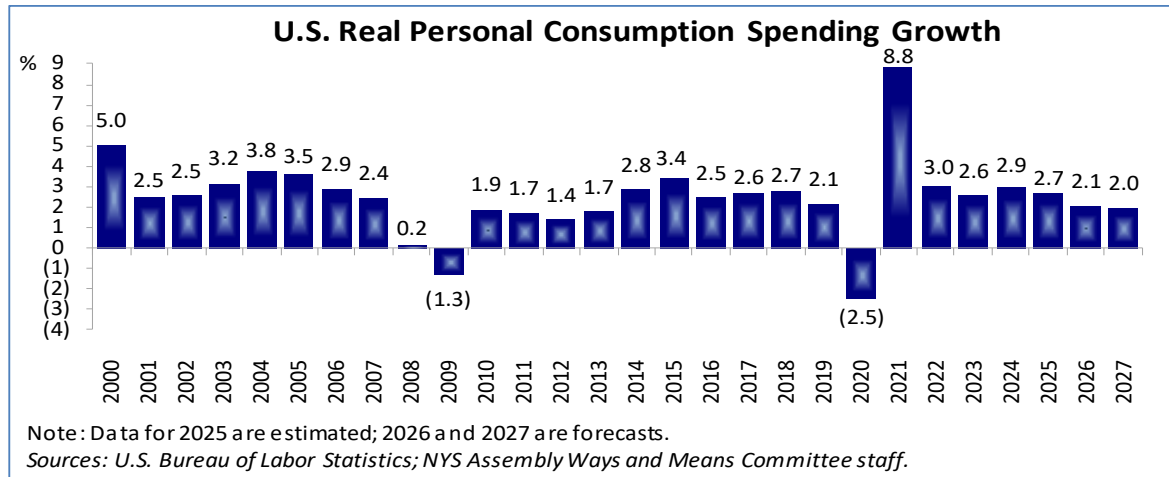
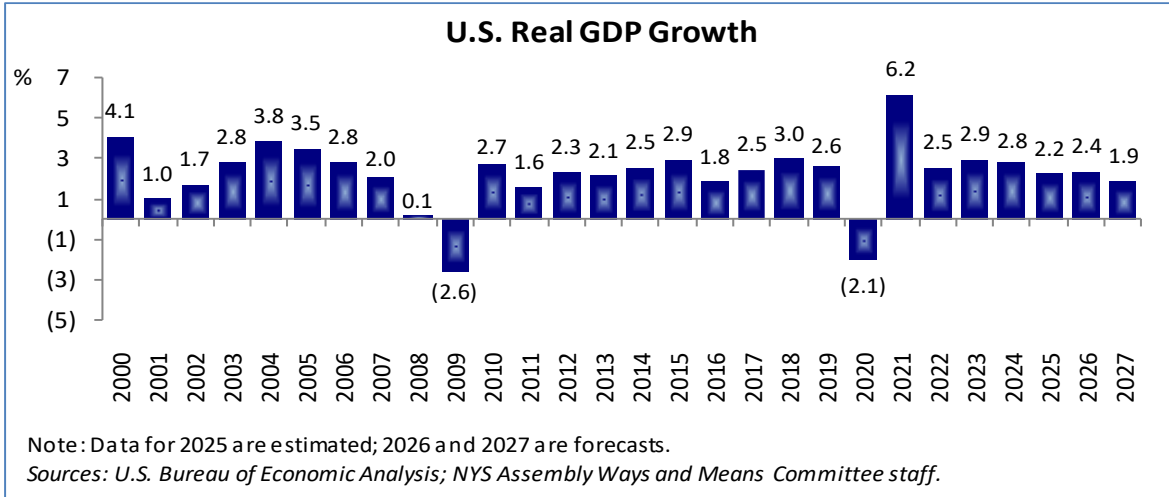


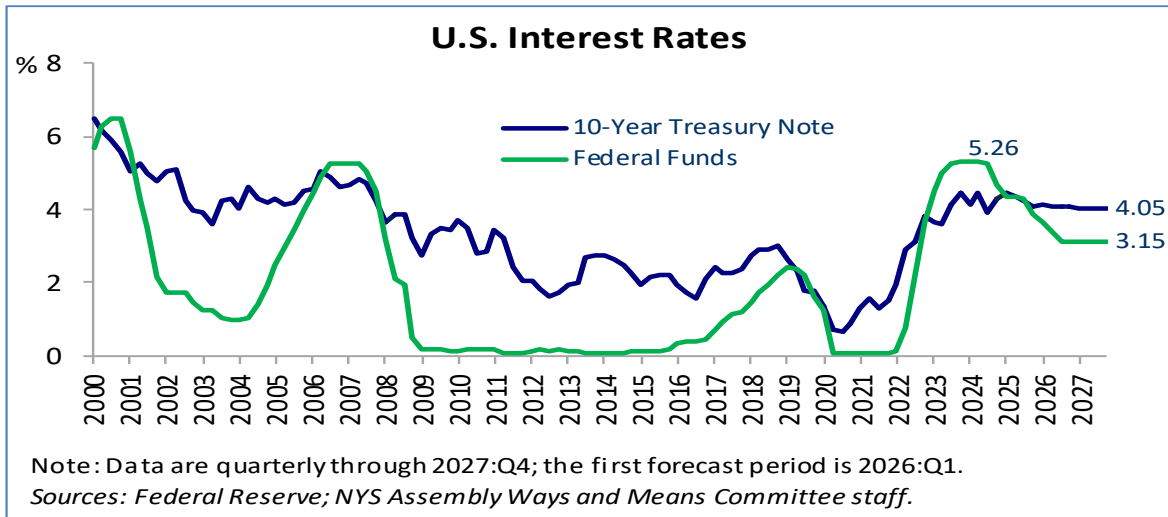
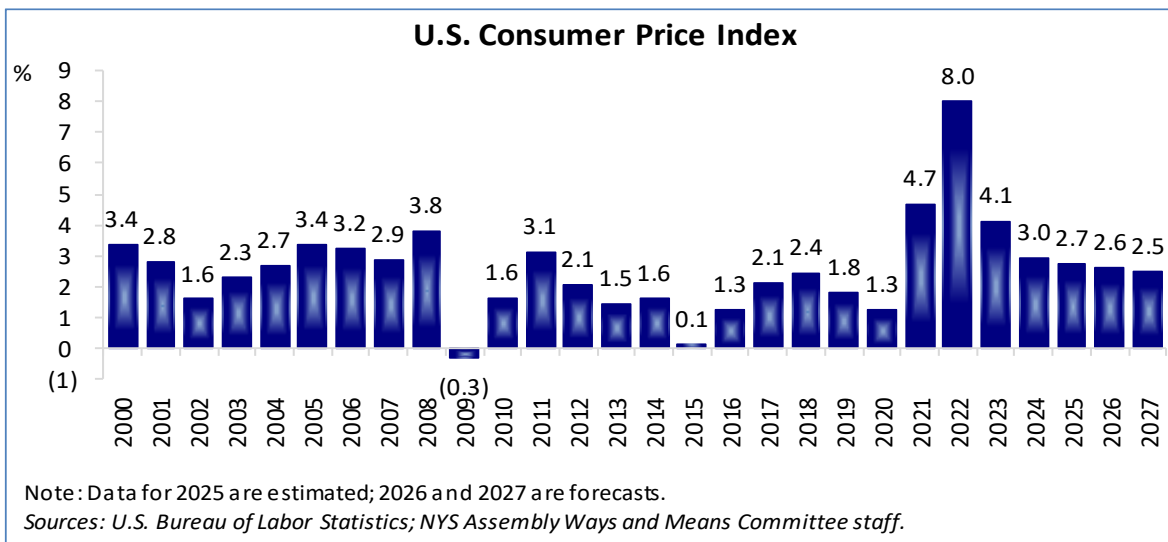
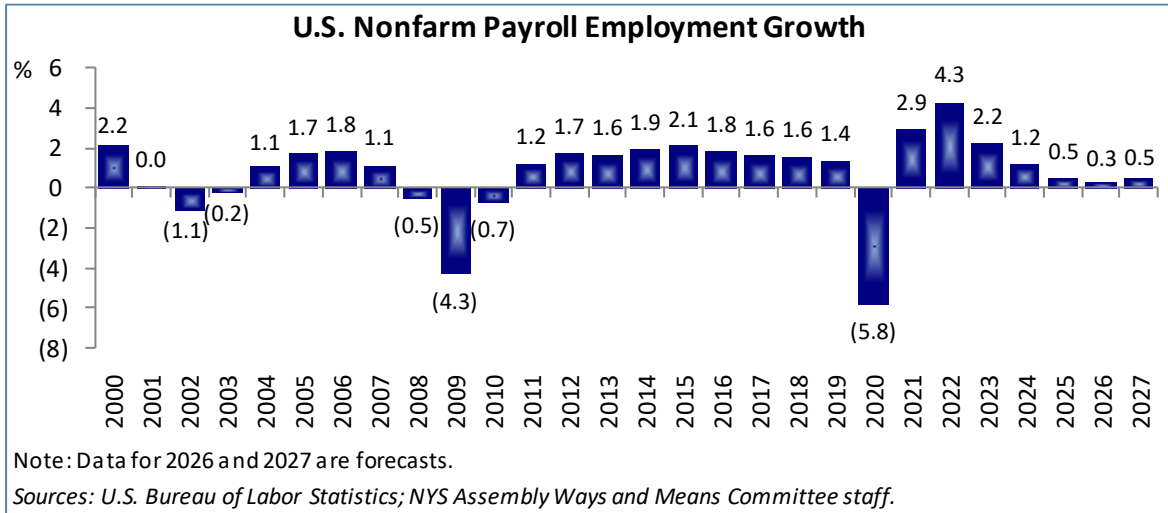
**Figure 1**

- Through January, All Funds tax revenue has increased by 7.1 percent compared to the same period in SFY 2024-25. Furthermore, total tax receipts have increased 0.6 percent over the SFY 2021-22 level, reflecting a return to pre-pandemic collection trends.
- The year-to-date increase in collections has largely been driven by growth in PIT receipts, mainly attributed to moderate-to-strong increases in capital gains income and total wages. The year-to-date increase in overall collections have been partially offset by a significant decrease Corporate Franchise Tax receipts.
- While there is some room for upside growth in overall tax collections, mainly related to sustained growth in total wages (particularly finance and insurance sector bonus wages), non-wage income, and consumer demand, the Committee is cautiously optimistic and will continue to monitor the overall economic uncertainty at the State and national levels.



## U.S. ECONOMIC FORECAST AT A GLANCE





**U.S. Economic Outlook**  
(percent change)

|                               | <b>Actual<br/>2023</b> | <b>Actual<br/>2024</b> | <b>Estimate<br/>2025</b> | <b>Forecast<br/>2026</b> | <b>Forecast<br/>2027</b> |
|-------------------------------|------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| Real GDP                      | 2.9                    | 2.8                    | 2.2                      | 2.4                      | 1.9                      |
| Consumption                   | 2.6                    | 2.9                    | 2.7                      | 2.1                      | 2.0                      |
| Investment                    | 0.8                    | 3.0                    | 1.8                      | 1.7                      | 3.4                      |
| Exports                       | 2.8                    | 3.6                    | 1.9                      | 2.1                      | 2.4                      |
| Imports                       | (0.9)                  | 5.8                    | 2.6                      | (1.3)                    | 2.8                      |
| Government                    | 3.5                    | 3.8                    | 1.3                      | 1.4                      | 0.3                      |
| Federal                       | 3.3                    | 3.8                    | (0.7)                    | 2.3                      | 0.5                      |
| State and Local               | 3.6                    | 3.8                    | 2.5                      | 0.8                      | 0.2                      |
| Personal Income               | 6.5                    | 5.6                    | 4.7                      | 4.5                      | 4.8                      |
| Wages & Salaries              | 5.5                    | 5.6                    | 4.4                      | 4.2                      | 4.4                      |
| Corporate Profits             | 7.6                    | 5.1                    | 6.4                      | 3.6                      | 2.0                      |
| Productivity                  | 2.1                    | 2.7                    | 1.7                      | 2.5                      | 2.2                      |
| Employment                    | 2.2                    | 1.2                    | 0.5                      | 0.3                      | 0.5                      |
| Unemployment Rate*            | 3.6                    | 4.0                    | 4.3                      | 4.5                      | 4.6                      |
| CPI-Urban                     | 4.1                    | 3.0                    | 2.7                      | 2.6                      | 2.5                      |
| S&P 500 Stock Price           | 4.5                    | 26.7                   | 14.5                     | 10.8                     | 0.5                      |
| Treasury Bill Rate (3-month)* | 5.28                   | 5.18                   | 4.21                     | 3.28                     | 2.92                     |
| Treasury Note Rate (10-year)* | 3.96                   | 4.21                   | 4.29                     | 4.11                     | 4.05                     |

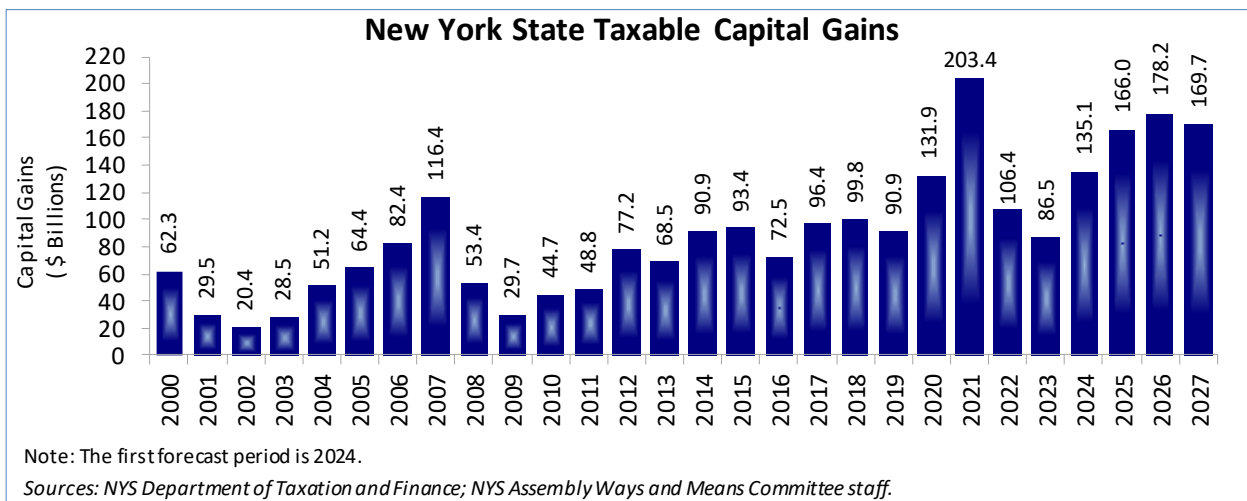
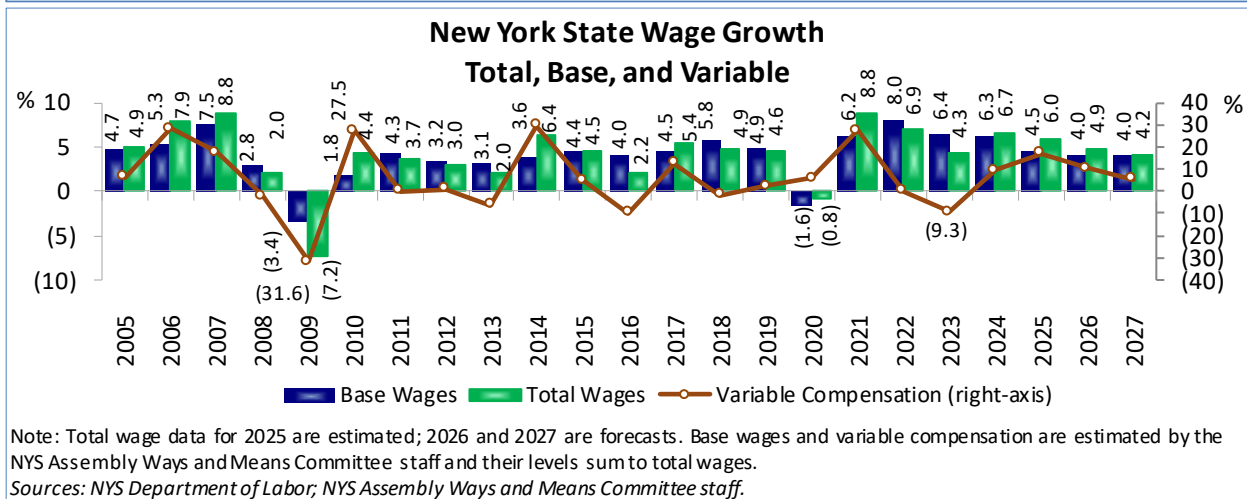
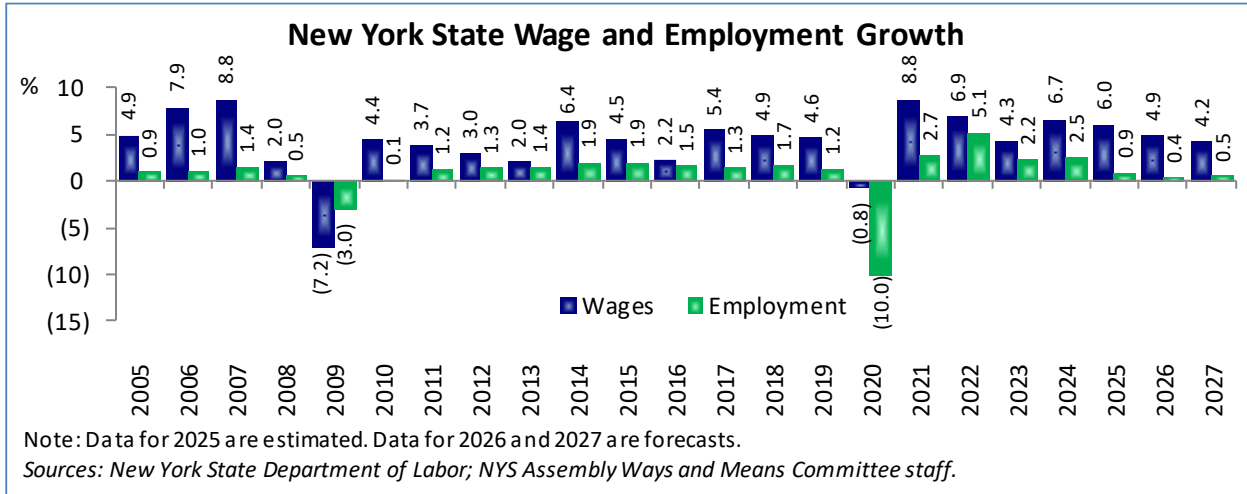
\* Annual average rate.

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

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



## N.Y.S. ECONOMIC FORECAST AT A GLANCE



| <b>New York State Economic Outlook</b> |               |                 |                 |                 |
|--|---------------|-----------------|-----------------|-----------------|
| <b>(percent change)</b>                |               |                 |                 |                 |
|  | <b>Actual</b> | <b>Estimate</b> | <b>Forecast</b> | <b>Forecast</b> |
|  | <b>2024</b>   | <b>2025</b>     | <b>2026</b>     | <b>2027</b>     |
| Employment                             | 2.5           | 0.9             | 0.4             | 0.5             |
| Personal Income                        | 5.5           | 4.9             | 4.7             | 4.4             |
| Total Wages                            | 6.7           | 6.0             | 4.9             | 4.2             |
| Base Wages                             | 6.3           | 4.5             | 4.0             | 4.0             |
| Variable Compensation                  | 9.6           | 17.1            | 10.4            | 5.3             |
| New York Area CPI                      | 3.8           | 3.4             | 3.0             | 2.8             |

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

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

| <b>New York State Economic Outlook</b> |                           |                |                 |                 |                 |
|--|---------------------------|----------------|-----------------|-----------------|-----------------|
| <b>State Fiscal Year</b>               |                           |                |                 |                 |                 |
|  |                           | <b>Actual</b>  | <b>Estimate</b> | <b>Forecast</b> | <b>Forecast</b> |
|  |                           | <b>2024-25</b> | <b>2025-26</b>  | <b>2026-27</b>  | <b>2027-28</b>  |
| Employment                             | Percent Change            | 2.3            | 0.5             | 0.4             | 0.5             |
|  | Level (Thousands)         | 9,716.2        | 9,769.2         | 9,805.2         | 9,856.1         |
| Personal Income                        | Percent Change            | 5.4            | 5.1             | 4.3             | 4.3             |
|  | Level (Billions)          | 1,703.3        | 1,790.6         | 1,867.8         | 1,948.7         |
| Total Wages                            | Percent Change            | 7.4            | 5.8             | 4.2             | 4.2             |
|  | Level (Billions)          | 943.1          | 997.3           | 1,038.8         | 1,082.3         |
| Base Wages                             | Percent Change            | 6.0            | 4.3             | 4.0             | 4.1             |
|  | Level (Billions)          | 823.0          | 858.4           | 892.8           | 929.6           |
| Variable Compensation                  | Percent Change            | 18.1           | 15.6            | 5.1             | 4.6             |
|  | Level (Billions)          | 120.1          | 138.9           | 146.0           | 152.8           |
| New York Area CPI                      | Percent Change            | 4.0            | 3.2             | 3.0             | 2.7             |
|  | Index Level (1982-84=100) | 337.5          | 348.2           | 358.6           | 368.4           |

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

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

## REVENUE FORECAST AT A GLANCE

| <b>SFY 2025-26 All Funds Estimate Summary</b>      |                |                 |               |               |              |
|--|----------------|-----------------|---------------|---------------|--------------|
| (\$ in millions)                                   |                |                 |               |               |              |
|  | <b>2024-25</b> | <b>2025-26</b>  |               |               | <b>Diff.</b> |
|  | <b>Actual</b>  | <b>Estimate</b> | <b>Change</b> | <b>Growth</b> | <b>Exec.</b> |
| Personal Income Tax                                | 61,201         | 67,930          | 6,729         | 11.0%         | 30           |
| User Taxes   | 22,352         | 23,612          | 1,260         | 5.6%          | 51           |
| Business Taxes                                     | 31,373         | 30,691          | (682)         | (2.2%)        | (47)         |
| Other Taxes  | 2,586          | 2,996           | 410           | 15.8%         | (11)         |
| <b>Total Tax Collections</b>                       | <b>117,512</b> | <b>125,228</b>  | <b>7,716</b>  | <b>6.6%</b>   | <b>22</b>    |
| All Funds Miscellaneous Receipts                   | 29,900         | 35,044          | 5,144         | 17.2%         | 48           |
| Gaming   | 4,861          | 5,014           | 153           | 3.2%          | 28           |
| <b>Total w/Miscellaneous Receipts &amp; Gaming</b> | <b>152,273</b> | <b>165,287</b>  | <b>13,014</b> | <b>8.5%</b>   | <b>99</b>    |
| Federal Funds                                      | 96,713         | 97,072          | 359           | 0.4%          | -            |
| <b>Total All Funds Receipts</b>                    | <b>248,986</b> | <b>262,359</b>  | <b>13,373</b> | <b>5.4%</b>   | <b>99</b>    |
| * Totals may not add up due to rounding.           |                |                 |               |               |              |

| <b>SFY 2026-27 All Funds Forecast Summary</b>      |                 |                 |                |               |              |
|--|-----------------|-----------------|----------------|---------------|--------------|
| (\$ in millions)                                   |                 |                 |                |               |              |
|  | <b>2025-26</b>  | <b>2026-27</b>  |                |               | <b>Diff.</b> |
|  | <b>Estimate</b> | <b>Forecast</b> | <b>Change</b>  | <b>Growth</b> | <b>Exec.</b> |
| Personal Income Tax                                | 67,930          | 73,279          | 5,349          | 7.9%          | 1,352        |
| User Taxes   | 23,612          | 24,439          | 827            | 3.5%          | 197          |
| Business Taxes                                     | 30,691          | 28,604          | (2,087)        | (6.8%)        | 141          |
| Other Taxes  | 2,996           | 3,064           | 69             | 2.3%          | 53           |
| <b>Total Tax Collections</b>                       | <b>125,228</b>  | <b>129,386</b>  | <b>4,158</b>   | <b>3.3%</b>   | <b>1,743</b> |
| All Funds Miscellaneous Receipts                   | 35,044          | 34,447          | (597)          | (1.7%)        | 46           |
| Gaming   | 5,014           | 5,065           | 50             | 1.0%          | 98           |
| <b>Total w/Miscellaneous Receipts &amp; Gaming</b> | <b>165,287</b>  | <b>168,898</b>  | <b>3,612</b>   | <b>2.2%</b>   | <b>1,887</b> |
| Federal Funds                                      | 97,072          | 87,735          | (9,337)        | (9.6%)        | -            |
| <b>Total All Funds Receipts</b>                    | <b>262,359</b>  | <b>256,633</b>  | <b>(5,725)</b> | <b>(2.2%)</b> | <b>1,887</b> |
| * Totals may not add up due to rounding.           |                 |                 |                |               |              |



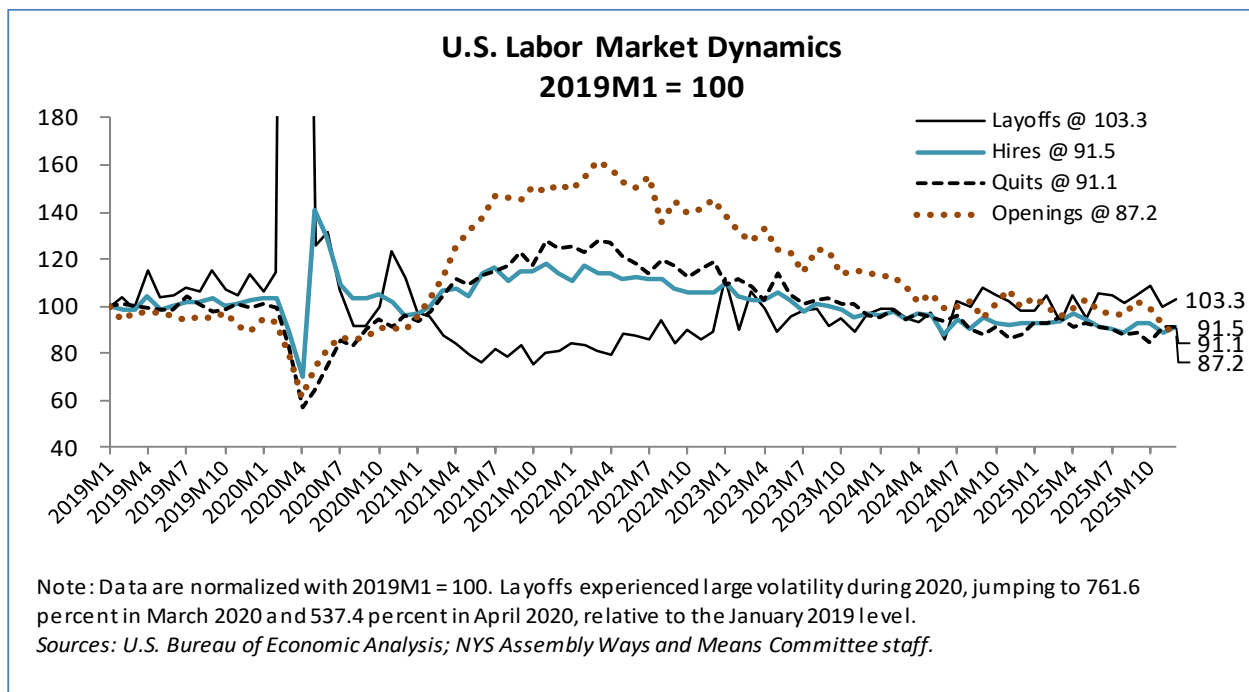


## U.S. ECONOMIC FORECAST ANALYSIS

*The labor market is in a fragile state*

Although large-scale layoffs remain limited, the demand for labor has weakened significantly in recent months, driven by uncertainty surrounding tariffs, restricted immigration, and announced cuts to federal jobs and expenditures. Employers in some sectors are taking a wait-and-see approach amid potential productivity shifts that may be brought on by AI.

Payroll employment growth has slowed to an average of 15,800 jobs per month since April 2025, a stark contrast to the monthly average of 101,800 between January 2024 and April 2025. Job openings and hires, which are demand-side metrics, have also cooled with the December 2025 levels standing at 87.2 percent and 91.5 percent, respectively, of their January 2019 levels (see Figure 2).



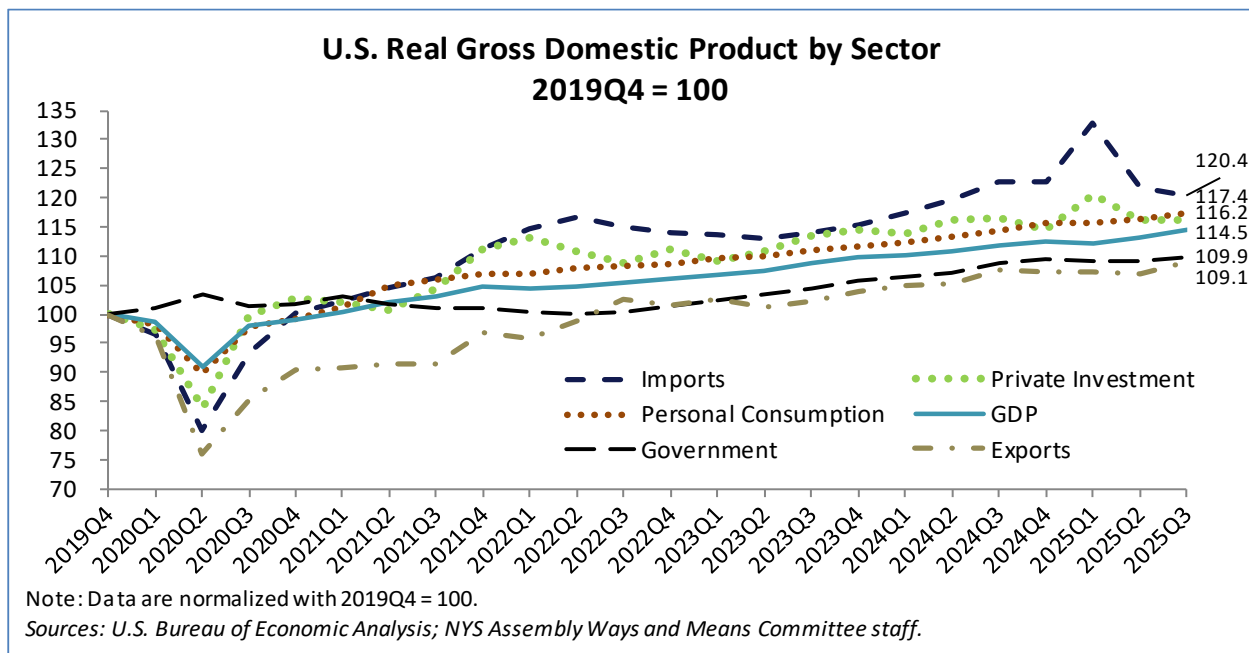
**Figure 2**

Reflecting this weakened labor demand, the unemployment rate rose to 4.3 percent in January 2026, up 0.3 percentage points relative to January 2025. Although this increase has been modest and gradual, it is occurring alongside a decline in labor force participation. As job prospects are dimming elsewhere, workers stay put at their current jobs and thus quits are

trending downward. The U.S. labor market is at a points where any further slowdown in employment growth or an unexpected shock to the economy could trigger a negative cycle of declining income, reduced spending, and weaker hiring.

*Economic growth has slowed*

U.S. national output—measured by inflation-adjusted Gross Domestic Product or real GDP—continues expanding from its pandemic low, exceeding the pre-pandemic peak by 14.5 percent as of the third quarter of 2025 (see Figure 3). The recovery has been supported by both private and public spending, although imports have been a major drag. Because imports represent U.S. spending on goods and services produced abroad, they are subtracted from total domestic spending in the calculation of Gross Domestic Product. Consequently, a reduction in imports mechanically increases measured GDP.



**Figure 3**

The pace of growth in U.S. real GDP edged up to an estimated average quarterly rate of 2.5 percent (annualized) in 2025, from 2.4 percent in 2024. Largely responsible for this modest acceleration is a sharp slowdown in U.S. imports, which shifted from an average quarterly increase of 6.2 percent (annualized) in 2024 to an estimated decline of 2.3 percent per quarter in 2025.

Consumer spending, which accounts for more than two thirds of U.S. real GDP, continued to increase in 2025, but growth decelerated to an estimated average quarterly rate of 2.4 percent in 2025, following 3.4 percent per quarter in 2024. Furthermore, much of the recent gain in overall consumer spending has been carried by high-income earners, with the top 10 percent of earners now accounting for nearly half of total consumption expenditures.<sup>1</sup>

The moderation in consumer spending growth was attributed, in part, to the uncertainty and inflationary pressures created by new tariffs. With inflation rising again, the purchasing power of already slowing household income was hurt. Already depressed consumer sentiment has cooled further in recent months, driven by dimming employment outlook. Banks' willingness to extend loans remain depressed and borrowing costs remain elevated for homes, appliances, and automobiles. The ratio of households' debt to after-tax income has increased above its pre-pandemic levels, as many low-income households are threatened by mounting short-term debts.

Slowing public sector expenditures also contributed to the recent moderation of economic growth. After a decline in 2021, total government spending increased steadily for the past three years, exceeding the fourth-quarter 2019 pre-pandemic level by 9.9 percent in the third quarter of 2025. However, after adjusted for inflation, overall public spending declined at an estimated annualized average rate of 0.6 percent per quarter in 2025, following growth at a rate of 3.6 percent in 2024. Much of the recent deterioration was due to sharp decline in federal government spending. Driven by large cuts to jobs and budget outlays under the new administration, inflation-adjusted federal spending fell by an estimated 4.6 percent between the fourth quarter of 2024 and the fourth quarter of 2025. State and local governments fared better in early 2025, helped by federal funding that had already been received. Nonetheless, inflation-adjusted spending by state and local governments moderated at an estimated annualized average rate of 2.0 percent per quarter in 2025, compared to 3.1 percent in 2024. Over the forecast period, federal expenditure will be supported by defense, border protection, and homeland security, while state and local spending is expected to weaken due to OBBBA-related adjustments and slower revenue growth.

Business capital investment continued increasing in 2025, driven primarily by a large increase in spending on computers, software, and data center construction linked to the ongoing AI boom. However, outside of AI-related industries, investment activity has weakened amid uncertainty over tariffs and a decelerating economic outlook. Following a brief recovery in 2024 from two consecutive years of decline, residential investment contracted again in 2025, as

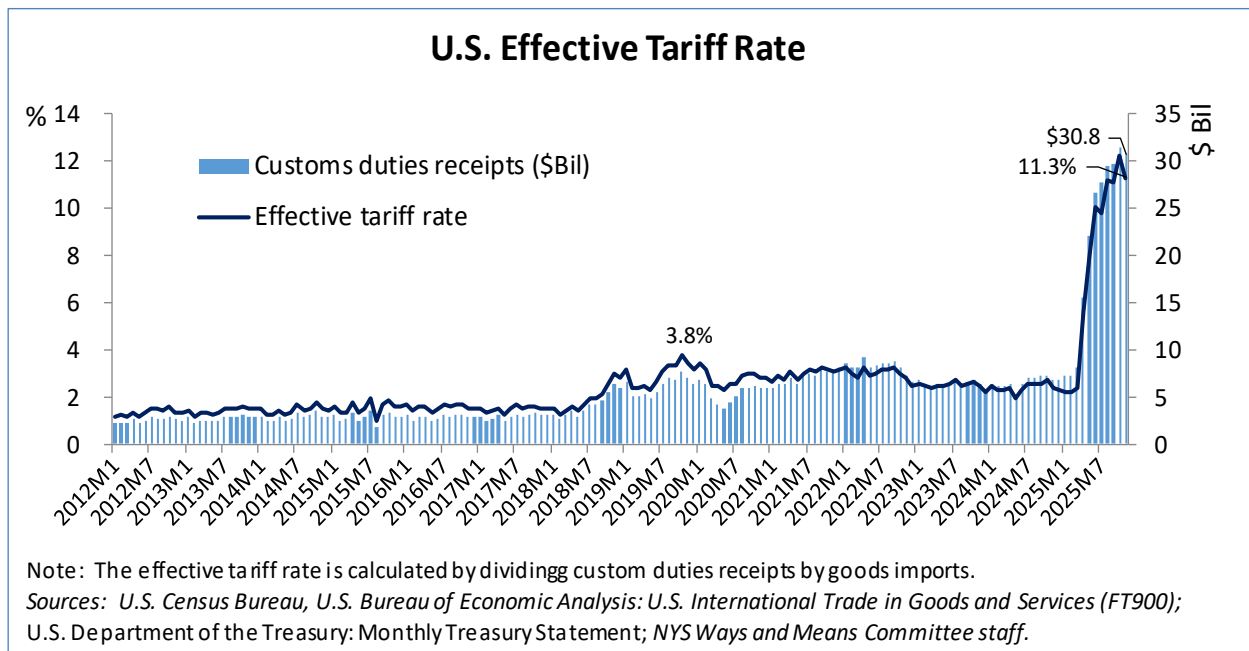
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<sup>1</sup> Rachael Louise Ensign, "Wealthier Consumers Bolster U.S. Economy," Wall Street Journal, February 24, 2025.

elevated mortgage rates and new tariffs reignited affordability concerns and dampened confidence. Easing credit conditions and the fiscal incentives provided under the OBBBA will provide support for private investment spending over the forecast period. However, the pace of growth will likely remain moderate, constrained by slowing sales and heightened uncertainty.

*Tariffs raise inflationary pressures and work as regressive taxes*

After new tariffs took effect in April 2025, the import duties collected by U.S. customs rose sharply from \$8.2 billion in March to \$27.9 billion in December. The annual total for 2025 was \$264.0 billion, a 234.6 percent increase from \$78.9 billion in 2024. Accordingly, the effective tariff rate—federal receipts of custom duties divided by U.S. goods imports—increased from a 2.7 percent average between 2021 and 2024 to 11.3 percent in November 2025 (see Figure 4). As importers pass the duties on to consumers and other businesses, these tariffs are pushing consumer prices higher, especially for import-reliant goods such as fresh produce, meats, and toys—reversing the disinflationary trend of the past two years.



**Figure 4**

On a year-over-year basis, the headline consumer price inflation reaccelerated to 3.0 percent in September 2025 after declining to 2.3 percent in April. Although it has since started relenting, inflation remained elevated at 2.7 percent in December 2025 and 2.5 percent in January 2026. According to an October 2024 study, a one-percentage points increase in the effective tariff rate leads to 0.1 percentage points increase in inflation measured by private

consumption expenditure deflator.<sup>2</sup> This resulting increase in inflation hurts the purchasing power of already slowing personal income, thereby negatively impacting consumer spending growth.

In addition, tariffs not just work as taxes that reduce economic efficiency and thus hinder economic growth but also act as regressive taxes. Thus, tariffs disproportionately hurt low-income households by raising the prices of basic goods.

### *Growth of wages and other incomes has moderated*

Slower growth in employment and output has begun to weigh on wage gains. Wage growth moderated from an annualized average quarterly rate of 5.5 percent in 2024 to an estimated 3.8 percent in 2025. Excluding government transfer receipts—which are estimated to have expanded at a robust average quarterly rate of 8.8 percent in 2025—total personal income rose at an estimated average rate of 3.4 percent per quarter, down from 4.6 percent in 2024. With payroll employment growth expected to decelerate further, this downward trend is likely to persist into the forecast period, although rising inflation and slowing labor force growth should partially offset the moderation in wage and other income growth.

### *Equity prices are overvalued, and recent gains are concentrated in the tech sector*

As of January 2025, the S&P 500 index has risen 86.0 percent from its October 2022 level, following a 20.3 percent correction earlier that year. This robust rally has been driven largely by the information technology (IT) sector, which surged 162.5 percent over the past three years. In contrast, the sectors outside of IT underperformed within the broader index.

Amid growing uncertainty and a weakening global economic environment, equity market momentum has slowed in recent months. The average quarterly gain in the overall S&P 500 index fell to 3.5 percent in 2025, down from 5.5 percent during the prior two-year period. The IT sector also saw a deceleration, with average quarterly growth slowing to 5.7 percent from 9.4 percent.

Equity prices have been rising fast in relation to corporate earnings over the past two years. As a result, the ratio of S&P 500 price to as-reported earnings (P/E) has exceeded 28 lately, well above the 10-year average of 17.9 seen between 2010 and 2019. With growth of corporate earnings softening and expected to be challenged further by slowing sales and rising costs, the P/E ratio will likely increase further, raising the odds of a correction in the coming months.

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<sup>2</sup> The-Budget-Lab-Tariffs-Analysis-2024\_0.pdf, available at [https://www.wita.org/wp-content/uploads/2024/10/The-Budget-Lab-Tariffs-Analysis-2024\\_0.pdf?utm\\_source=chatgpt.com](https://www.wita.org/wp-content/uploads/2024/10/The-Budget-Lab-Tariffs-Analysis-2024_0.pdf?utm_source=chatgpt.com).

*However, the current forecast expects the national economy to avoid a contraction*

With new tariffs and restrictive immigration policies anticipated to persist during the forecast period, the economic growth outlook has dimmed. As increased uncertainty continues weighing on hiring decisions across industries, further slowing of payroll employment growth is expected. Thus, the odds of recession increased, but the current forecast does not call for a recession in 2026 or 2027.

*Demographic trends will likely restrain large layoffs*

The labor supply remains constrained by both restrictive immigration policies and long-term demographic shifts—particularly the ongoing retirement of the baby boomer generation. Thus, businesses are still keen to prioritize the retention of their existing workforce. Consequently, a significant, broad-based decline in payroll employment is unlikely unless AI-driven innovations prove rapidly and widely applicable in practical business operations. A recent Massachusetts Institute of Technology (MIT) report found that about 95 percent of generative AI pilot projects in enterprises are not delivering measurable financial returns.<sup>3</sup>

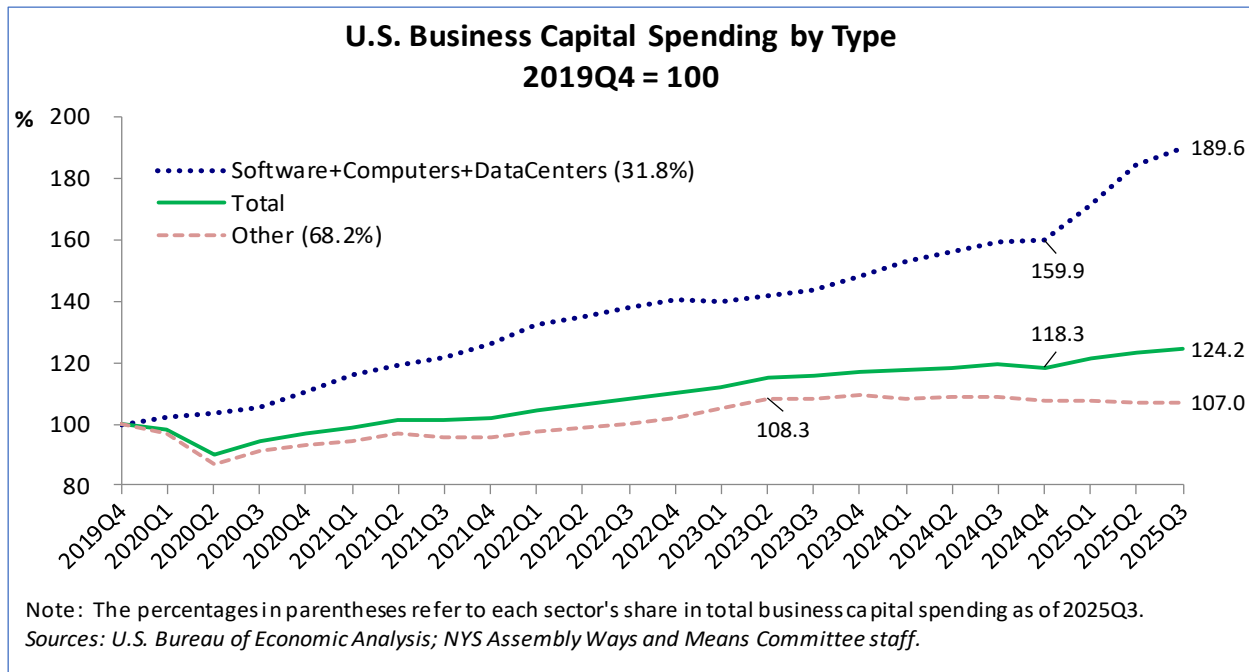
Instead of large-scale layoffs, employers are more likely to respond to softening demand by reducing hours worked and scaling back temporary hires. This trend is already evident as the number of temporary help jobs has steadily declined over the past three years. On an annual average basis, temporary employment dropped from 2.8 million in 2023 to 2.6 million in 2024, and further to 2.5 million in 2025.

*AI boom drives business investment spending*

Business spending on IT—computers, semiconductors, software, and data center construction—has grown rapidly in recent years. By the third quarter of 2025, the IT investment level was 89.6 percent higher than at the end of 2019, and its share of total business investment spending had increased to 31.8 percent by 11 percentage points (see Figure 5). This sharp growth has been largely fueled by a surge in AI-related investment. As global competition accelerates research and development in AI technologies and services, spending in this segment is expected to continue rising throughout the forecast period. This momentum will provide critical support for overall private business investment.

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<sup>3</sup> *The GenAI Divide: State of AI in Business 2025*, MIT Media Lab, Project NANDA, July 2025. Available at: <https://instituteofinterneteconomics.org/mit-study-95-percent-of-organizations-investing-heavily-in-generative-ai-reported-no-measurable-financial-return/>.



**Figure 5**

*Recent gains in productivity can help mitigate the slowing of output growth*

After a yearlong slump in 2022, labor productivity measured by nonfarm output per hour worked returned to growth in the second quarter of 2023 and has since been steadily increasing. It is not clear what is behind the ongoing productivity increases, but productivity may gain further, helped by robust growth in business spending on information technology. An increasing adoption of generative AI may well be an important driver of productivity growth in the future (see the employment section of this Report for more information on this issue). According to a recent estimate by the Federal Reserve Bank-St Louis, generative AI could possibly increase labor productivity by between 0.1 percent and 0.9 percent at current levels of usage.<sup>4</sup>

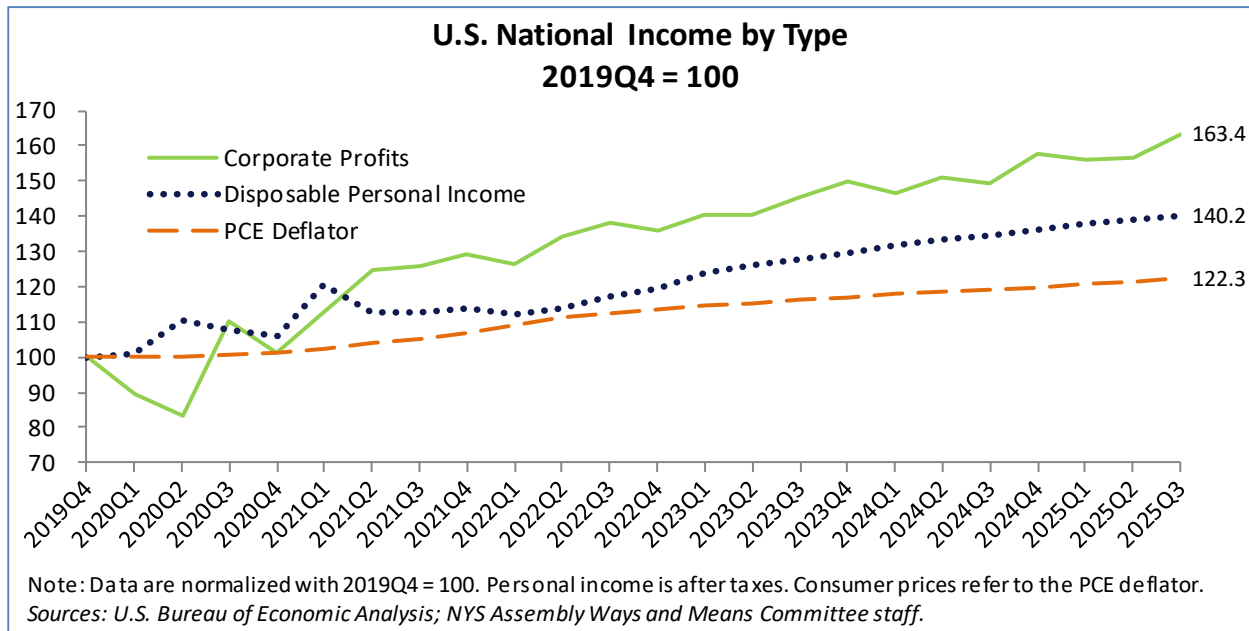
Although many enterprise projects incorporating generative AI failed to realize meaningful financial gains, the authors of the MIT report mentioned earlier argue that these failures are less about the technical quality of the AI itself, and more about organizational

<sup>4</sup> Alexander Bick, Adam Blandin, and David Deming, *The Rapid Adoption of Generative AI*, September 23, 2024. [https://www.stlouisfed.org/on-the-economy/2024/sep/rapid-adoption-generative-ai?utm\\_medium=email&utm\\_campaign=202410%20Research%20Newsletter&utm\\_content=202410%20Research%20Newsletter&utm\\_term=how%20widely%20and%20quickly%20its%20been%20adopted%20at%20work%20and%20at%20home](https://www.stlouisfed.org/on-the-economy/2024/sep/rapid-adoption-generative-ai?utm_medium=email&utm_campaign=202410%20Research%20Newsletter&utm_content=202410%20Research%20Newsletter&utm_term=how%20widely%20and%20quickly%20its%20been%20adopted%20at%20work%20and%20at%20home), accessed on October 23, 2024.

issues—poor integration with existing workflows, lack of alignment to real business problems, and insufficient capability to adapt tools to internal processes.

### *Growth of after-tax personal income continues to outpace inflation*

While the consumer prices measured with the personal consumption expenditure (PCE) deflator increased 22.3 percent between the fourth quarter of 2019 and the third quarter of 2025, after-tax personal income increased by a faster 40.2 percent during the same period (see Figure 6). The pace of growth in this inflation-adjusted disposable personal income moderated in 2025, and elevated inflation will continue eroding the purchasing power of already moderating income growth in the coming months. However, income gains will likely continue outpacing price increases during the forecast period, supported by sustained growth in labor productivity.



**Figure 6**

### *Household finance remains healthy*

Aided by strong growth in personal income in recent years, households’ debt service ratio remains low around the level that prevailed before the pandemic. The ratio is obtained by dividing debt obligations such as loan payments and interests by disposable income, and thus measures households’ ability to pay their debts. Another reason for the debt service ratio to remain low is that most homeowners with mortgages locked in record-low fixed rates during the



post-pandemic housing boom in 2021 and early 2022. For the same reasons, the delinquency rate on residential mortgages is at record lows.

As the excess savings from the pandemic years dissipated, many low-income households accumulated credit card and other personal loan debts to finance their spending. Consequently, the ratio of household debt to disposable income increased in 2022 but has since been on a downward trend and remains below the pre-pandemic five-year average. The delinquency rate on all consumer loans, especially credit cards and auto loans, has been rising in the past two years, to the levels that are well above its pre-pandemic level. But it is still well below the levels leading up to the Great Recession. The Federal Reserve's resumed easing that started in September 2025 will provide more support for households to improve their financial conditions in the next two years.

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

The Federal Reserve resumed cutting rates in September 2025 and have since conducted two more cuts. In light of ongoing labor market weakening, further reductions in interest rates are widely anticipated in the coming months. These rate cuts will provide much-needed support for both households and businesses during the forecast period. Lower mortgage rates should help both buyers and builders in the housing market, which is the sector that is the most sensitive to interest rate changes. A steady decline in mortgage rates will help induce the mortgage rate "unlock," thereby increasing the inventory of homes for sale. The easing of credit conditions will also help bring down homebuilders' cost of capital and improve the availability of bank loans for construction and land development.

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

However, the initial effects of the Federal Reserve's easing on the economy will likely be limited, as monetary policy is known to suffer from lags in its transmission through the economy. In addition, housing affordability remains constrained by elevated mortgage rates and rising home prices. While declining interest rates should support a recovery in housing activity, this support is likely to be limited unless housing supply expands sufficiently to meet pent-up demand

and temper further price increases. Moreover, considerable uncertainty remains regarding how far mortgage rates must fall before a meaningful “mortgage unlock” effect starts to occur.

In the commercial real estate sector, which suffers from the long-term consequences of the pandemic, as well as a secular retreat in the demand for commercial space, the interest rate can be just one of many parameters business decisionmakers take into consideration. Besides, consumer spending on services, which accounts for about two thirds of total consumer spending, or more than half of overall private spending, has slowed but it is known to be more sensitive to changes in income and less sensitive to changes in interest rates than consumer spending on goods, especially durable goods.

### *New fiscal incentives for businesses*

Although Congress chose to keep the corporate marginal tax rate unchanged at 21 percent, the OBBBA includes several provisions designed to encourage business investment. For qualified property, the Act extends first-year full expensing—also known as 100 percent bonus depreciation—through the end of 2029. In addition, OBBBA relaxes interest deduction limits by excluding depreciation, amortization, and depletion from the definition of “adjusted taxable income,” effectively making the taxable income calculation more favorable for capital-intensive firms.

### *Assumptions for the Forecast*

The current forecast incorporates the fiscal policy changes provided under the OBBBA—individual income taxes and credits, corporate incentives and credits, spending cuts and increases. The current forecast also reflects some additional key assumptions. The Federal Reserve will cut rates three more times by the end of 2026, with the federal funds rate target range reaching 3.00-3.25 percent. Each cut is expected to be by 25 basis points.

The forecast assumes that the administration will not aggravate the present tariff policy. The administration’s immigration policy is assumed to remain restrictive throughout the forecast period, with deportations continuing to increase, thus restraining labor force growth and adding to cost pressures.

The Russia–Ukraine war remains at a stalemate. Tensions between the United States and China over the South China Sea and Taiwan also persist, posing risks to the security of key maritime commercial routes. In addition, U.S. threats regarding Greenland and military actions and sanctions involving Venezuela have increased uncertainty surrounding international trade and global oil markets. If these conflicts and tensions were to escalate into broader regional

confrontations, the consequences for the global economy and for energy and other commodity markets would be significant. The current forecast assumes that such escalations will not occur over the next two years and that their impact on global commodity markets will remain limited. Accordingly, global oil prices are assumed to remain stable at current levels throughout the forecast period.

The current forecast assumes that global economic growth will slow to 2.7 percent in 2026 and 2.8 percent in 2027, about the same rate as the four-year average of 2.8 percent in 2022-2025. The U.S. dollar value has come down from its 2022 highs but remains elevated. The current forecast assumes that the dollar will gradually depreciate further by a total of 2.7 percent between the fourth quarter of 2025 and the fourth quarter of 2027.

### *Outlook*

Against this backdrop and under the assumptions described above, U.S. economic growth is projected to remain modest over the forecast period. After decelerating to an estimated 2.2 percent in 2025 from 2.8 percent in 2024, growth of national output is forecast to edge up to 2.4 percent in 2026 before slowing to 1.9 percent in 2027 (see Table 1).

Personal consumption spending is forecast to remain soft—2.1 percent in 2026 and 2.0 percent in 2027. Growth of private investment expenditures is also forecast to decelerate to 1.7 percent in 2026 before improving to 3.4 percent in 2027. After an estimated 0.7 percent decline in 2025, federal government spending is projected to increase 2.3 percent in 2026, driven by defense, border protection, and homeland security. With this boost dissipating, yearly growth of federal government expenditures will decelerate to 0.5 percent in 2027. State and local government spending is projected to decelerate from an estimated 2.5 percent in 2025 to 0.8 percent in 2026 and 0.2 percent in 2027, due to OBBBA-related adjustments and slower revenue growth.

The annual rate of payroll job growth is projected to decline from 0.5 percent in 2025 to 0.3 percent in 2026 before stabilizing at 0.5 percent in 2027. This is a sharp slowdown from 1.2 percent in 2024 and 2.2 percent in 2023. After decelerating to an estimated 4.7 percent in 2025 from 5.6 percent in 2024, personal income growth is projected to moderate further to 4.5 percent in 2026 before improving to 4.8 percent in 2027. This expected moderation in overall personal income growth is largely attributed to slowing wage growth driven by weakening employment growth. However, unless large-scale layoffs start, income growth should stay ahead of inflation, supporting consumer spending and keeping the economy out of recession.

**Table 1**

| <b>U.S. Economic Outlook</b>   |                        |                        |                          |                          |                          |
|--|------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| <b>(percent change)</b>  |                        |                        |                          |                          |                          |
|  | <b>Actual<br/>2023</b> | <b>Actual<br/>2024</b> | <b>Estimate<br/>2025</b> | <b>Forecast<br/>2026</b> | <b>Forecast<br/>2027</b> |
| Real GDP   | 2.9                    | 2.8                    | 2.2                      | 2.4                      | 1.9                      |
| Consumption  | 2.6                    | 2.9                    | 2.7                      | 2.1                      | 2.0                      |
| Investment   | 0.8                    | 3.0                    | 1.8                      | 1.7                      | 3.4                      |
| Exports  | 2.8                    | 3.6                    | 1.9                      | 2.1                      | 2.4                      |
| Imports  | (0.9)                  | 5.8                    | 2.6                      | (1.3)                    | 2.8                      |
| Government   | 3.5                    | 3.8                    | 1.3                      | 1.4                      | 0.3                      |
| Federal  | 3.3                    | 3.8                    | (0.7)                    | 2.3                      | 0.5                      |
| State and Local  | 3.6                    | 3.8                    | 2.5                      | 0.8                      | 0.2                      |
| Personal Income  | 6.5                    | 5.6                    | 4.7                      | 4.5                      | 4.8                      |
| Wages & Salaries   | 5.5                    | 5.6                    | 4.4                      | 4.2                      | 4.4                      |
| Corporate Profits  | 7.6                    | 5.1                    | 6.4                      | 3.6                      | 2.0                      |
| Productivity   | 2.1                    | 2.7                    | 1.7                      | 2.5                      | 2.2                      |
| Employment   | 2.2                    | 1.2                    | 0.5                      | 0.3                      | 0.5                      |
| Unemployment Rate*   | 3.6                    | 4.0                    | 4.3                      | 4.5                      | 4.6                      |
| CPI-Urban  | 4.1                    | 3.0                    | 2.7                      | 2.6                      | 2.5                      |
| S&P 500 Stock Price  | 4.5                    | 26.7                   | 14.5                     | 10.8                     | 0.5                      |
| Treasury Bill Rate (3-month)*  | 5.28                   | 5.18                   | 4.21                     | 3.28                     | 2.92                     |
| Treasury Note Rate (10-year)*  | 3.96                   | 4.21                   | 4.29                     | 4.11                     | 4.05                     |
| * Annual average rate.   |                        |                        |                          |                          |                          |
| Note: Personal income and corporate profits growth rates are based on nominal values.  |                        |                        |                          |                          |                          |
| Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve; Standard & Poor's; NYS Assembly Ways and Means Committee staff. |                        |                        |                          |                          |                          |

With sales growth softening, corporate income gains are likely to moderate over the forecast period, following five consecutive years of strong growth. After accelerating to an estimated 6.9 percent in 2025 from 5.1 percent in 2024, corporate income growth is projected to slow to 3.4 percent in 2026 and further to 1.9 percent in 2027.

With the Federal Reserve widely expected to continue easing monetary policy in the coming months, Treasury yields and other interest rates are likely to move lower in tandem with policy rates. But longer-term interest rates will be challenged by the upward pressure coming from the rising debt burdens of the federal government. On a yearly average basis, the yield on 3-month Treasury bills is forecast to decrease to 3.28 percent in 2026 and 2.92 percent in 2027, from an estimated 4.21 percent in 2025. The 10-year Treasury yield is

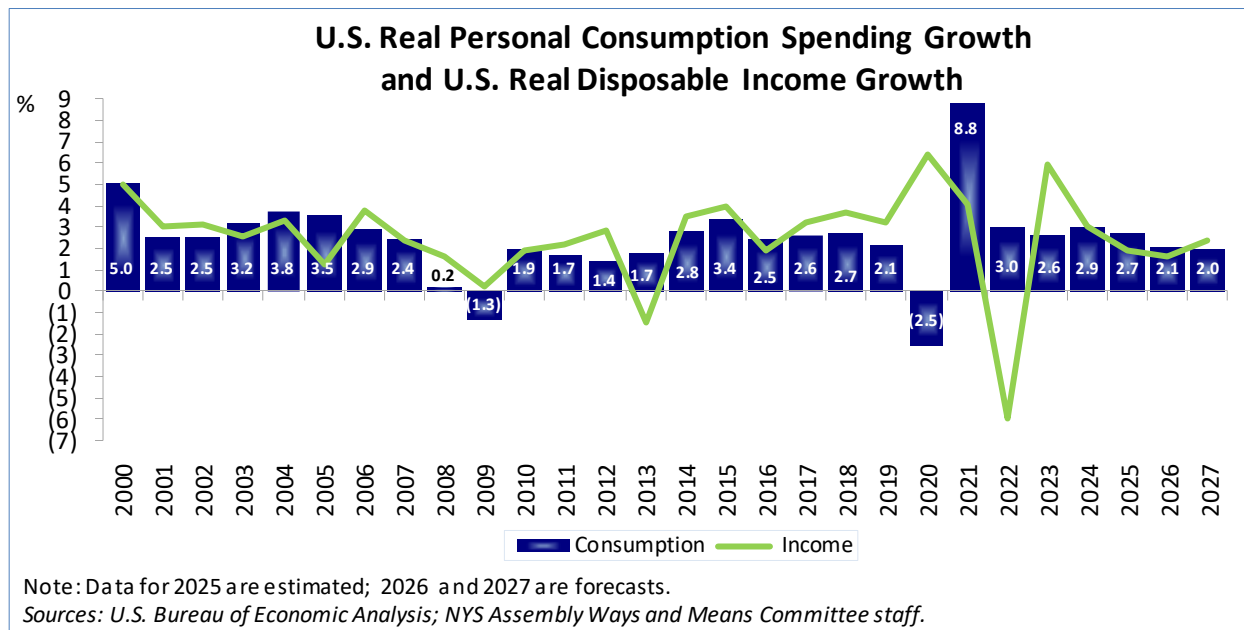
forecast to decline to 4.11 percent in 2026 and 4.05 percent in 2027, after averaging an estimated 4.29 percent in 2025.

Despite tariff-driven increases in consumer prices for import-dependent goods, year-over-year headline inflation resumed a downward trend in the final months of 2025, supported by continued disinflation in service prices. With this trend expected to persist in 2026, annual consumer price inflation is projected to ease gradually from 2.7 percent in 2025 to 2.6 percent in 2026 and further to 2.5 percent in 2027. However, due not only to volatile energy and food prices but also geopolitical uncertainties threatening global supply chain disruptions, the risk of high inflation persisting remains.

### *Risks to the outlook*

A major risk to the outlook is that economic growth is increasingly concentrated in a narrow set of drivers. Health care employment continues to prop up the labor market, while consumption growth is largely driven by higher-income households. At the same time, AI-related investment is fueling business spending and equity market gains. This concentration leaves the economy vulnerable: slowing employment growth; potentially overvalued equity markets; and ongoing uncertainty around U.S. trade and immigration policy pose significant downside risks to the forecast. Additional risks include an uncertain path for monetary policy and the possibility of recurring government shutdowns. Consumer sentiment also remains subdued, and any sudden deterioration could trigger a sharper-than-expected pullback in both household and business spending.

## Consumer Spending



**Figure 7**

### Key Points

- Inflation-adjusted consumer spending growth slowed to an estimated 2.7 percent in 2025, down from 2.9 percent in 2024, reflecting slower income growth, higher consumer prices, and a weakening labor market.
- In 2026, personal consumption growth is projected to decelerate further to 2.1 percent, weighed down by a continued cooling of the labor market, restrictive immigration policies, and federal fiscal measures that limit access to medical and food assistance for low-income households. Nevertheless, lower interest rates and continued modest income gains are expected to prevent an outright contraction in consumer spending.

Consumer spending remained relatively resilient in 2025 despite the numerous challenges faced by households. Heightened uncertainty surrounding federal government policies weighed on consumer and investor confidence, particularly in the first half of the year. Additionally, a weakening labor market, slower wage growth, reaccelerating consumer prices, and rising household debt added to financial strains, prompting many consumers to draw down savings to sustain spending.

Concerns have also emerged regarding shifts in consumer behavior in response to proposed tariffs and their potential impact on future prices. In anticipation of higher costs, particularly for motor vehicles, some consumers accelerated purchases beyond immediate needs. While this front-loading supported near-term consumption, it may dampen spending in subsequent periods.

Despite recent interest rate cuts, borrowing costs remain elevated, continuing to limit housing affordability and suppress spending on home purchases and other interest-sensitive goods. In addition, declining immigration and increased deportations are expected to slow population growth and household formation, weakening income growth and further restraining consumer spending.

Several factors have provided support to consumer spending. Gasoline prices have remained relatively stable, and financial markets have performed well, benefiting higher-income households through rising home values and investment portfolios. Slower growth in the labor supply due to immigration controls may also help prevent sharper wage declines. While hiring has slowed, many employers have retained their existing workforce, and wage growth, though moderating, continues to outpace inflation. As a result, inflation-adjusted consumer spending is estimated to have increased by 2.7 percent in 2025, following a 2.9 percent gain in 2024.

Looking ahead, the OBBBA includes provisions that are expected to place additional strain on lower-income households as they enter 2026. Changes to health care, food assistance programs, and student loan policies may limit access to essential services while increasing required debt repayments.<sup>5</sup> For affected households, the reallocation of income toward medical care, food, and loan obligations is likely to reduce spending on other goods and services. As consumer prices continue to increase, the purchasing power of these families is likely to diminish even further.

Despite these headwinds, the prospect of lower interest rates may offer some support by encouraging spending on interest-sensitive goods, including homes and automobiles. Nevertheless, personal consumption spending growth is projected to slow to 2.1 percent in 2026 and remain subdued at 2.0 percent in 2027, reflecting ongoing economic challenges, financial reallocation pressures, and persistent inflation (see Figure 7).

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<sup>5</sup> The law cuts approximately \$1.3 trillion in Medicaid and the Supplemental Nutrition Assistance Program (SNAP). The law also pauses the cancellation of student loans. See One, Big, Beautiful Bill Act: Public Law 119-21 signed into law on July 4, 2025.

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

The erosion of consumers' purchasing power is evident in the continued slowdown in real disposable income growth, as households contend with higher prices and slower wage gains. After a strong increase of 5.9 percent in 2023, growth decelerated to 3.0 percent in 2024 and is estimated to have slowed further to 1.7 percent in 2025. With limited gains in disposable income, households are increasingly likely to prioritize essential expenditures while reducing discretionary spending.

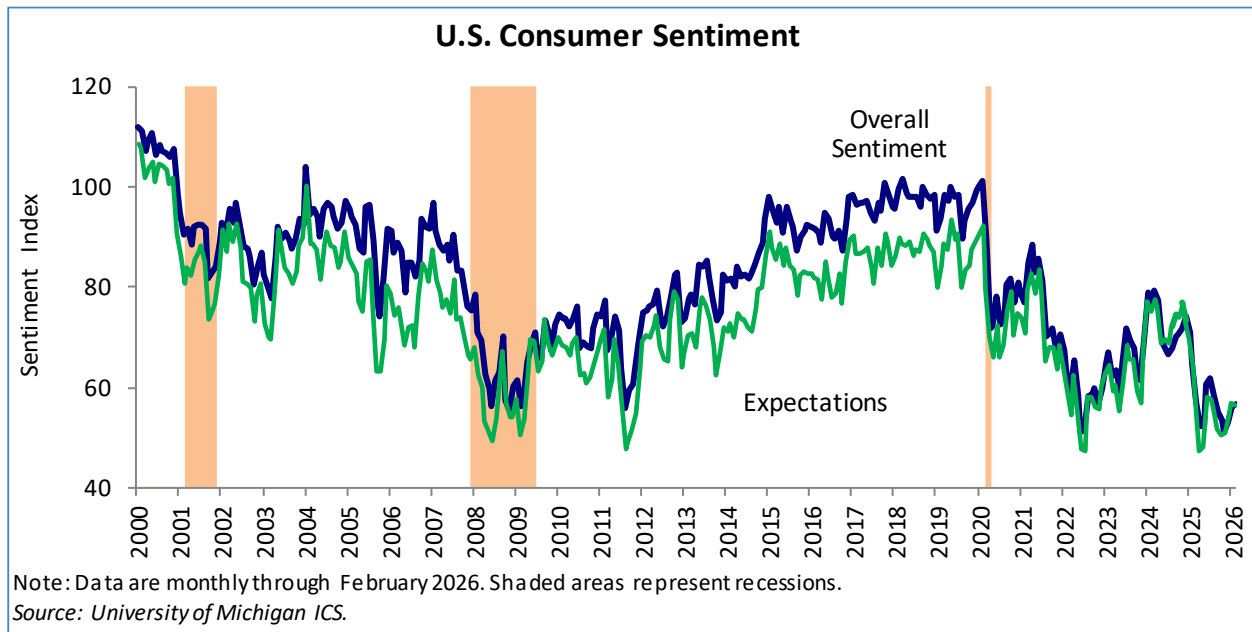
Looking ahead, real disposable income growth is expected to remain subdued in 2026 before improving to 2.6 percent in 2027 as inflationary pressures ease (see Figure 7). Even with this modest rebound, the overall trend points to a cautious outlook for consumer spending, which is projected to remain constrained over the forecast period.

### *Consumers have grown increasingly disheartened by economic fundamentals*

Amid heightened and persistent economic uncertainty, consumer confidence has deteriorated markedly. Households are increasingly feeling the effects of tariffs, which have gradually raised prices for food and other essential goods. Additionally, expectations regarding job availability and personal financial conditions have weakened, while purchasing conditions, particularly for durable goods, have worsened.

Consumer pessimism has reached levels not seen even during the 2007–2009 recession. The University of Michigan Consumer Sentiment Index averaged 63.8 in 2008 and 66.3 in 2009. However, the Index fell to an average of 57.5 in 2025, well below pre-pandemic norms (see Figure 8). This pronounced decline underscores deep concerns about financial security, employment prospects, and overall economic well-being.



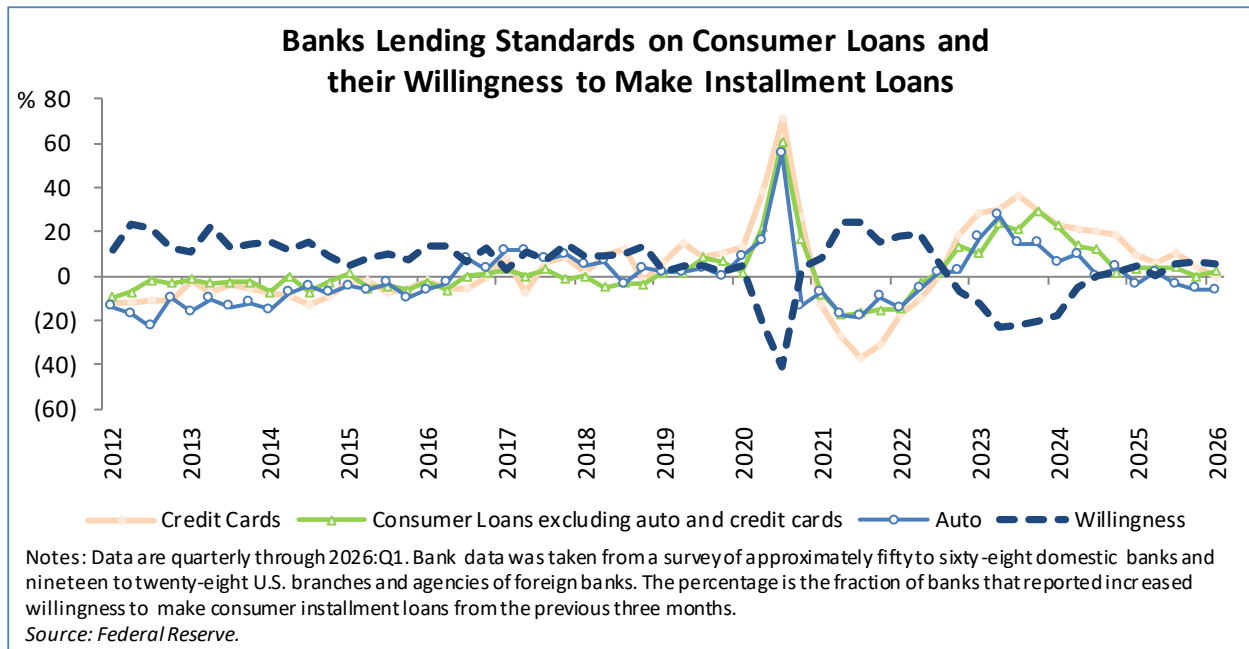


**Figure 8**

*Many potential borrowers face difficulty getting long-term loans*

Although lending standards for consumer loans have eased somewhat, they remain restrictive, with borrowers still required to meet stringent credit criteria. As a result, banks continue to exercise caution, extending credit primarily to applicants with strong credit profiles (see Figure 9). Among major consumer loan categories, auto loans have seen the most accommodative standards. Even so, banks have reported weaker demand for these loans. While some consumers advanced vehicle purchases in anticipation of tariff-related price increases on imported automobiles, elevated borrowing costs contributed to a notable decline in auto loan demand in the fourth quarter of 2025. This pattern suggests that preemptive buying was a temporary strategic response to expected price pressures rather than a sustained increase in demand.

In contrast, lending standards for other long-term consumer loans have largely stabilized, while credit card standards remain tight. At the same time, demand for credit cards has declined as persistently high interest rates discourage households from taking on additional revolving debt. In addition, rising household debt burdens and increasing delinquency rates have prompted banks to scrutinize borrowers' repayment capacity more closely. This heightened caution is likely to reinforce a conservative lending environment, limiting access to credit and further constraining consumer spending and economic growth.



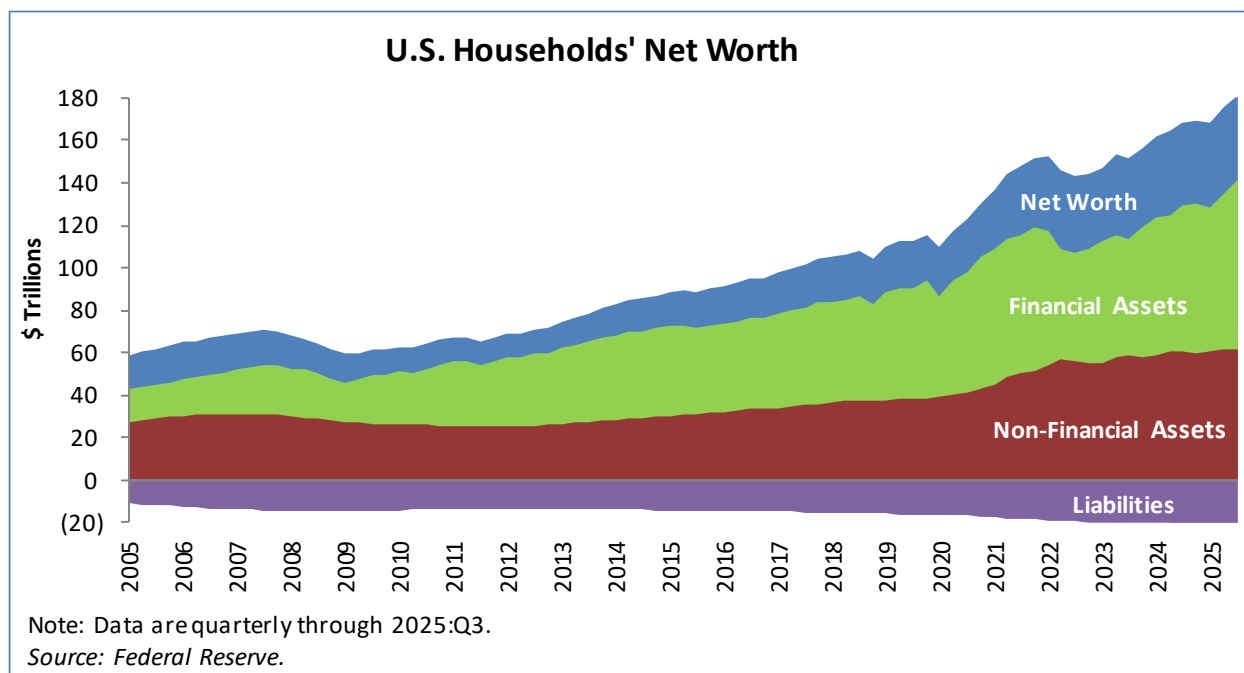
**Figure 9**

*Household net worth will provide some support for consumer spending*

U.S. household net worth has risen significantly, reaching approximately \$181.6 trillion by the third quarter of 2025—more than one and a half times its 2019 level. This growth has been primarily driven by gains in financial assets, particularly corporate equities and pension fund reserves. Real estate, the largest component of non-financial assets, has also made a substantial contribution. In addition, slow growth in household liabilities has further supported the rise in net worth (see Figure 10). Nevertheless, year-over-year net worth growth has begun to moderate, and forward-looking indicators suggest that this deceleration may persist amid weakening economic fundamentals.

The benefits of rising asset prices have been unevenly distributed. High-income households, which hold a disproportionate share of equities and other financial assets, have captured most of the gains from higher equity valuations. As a result, future consumer spending dynamics may increasingly hinge on the extent to which wealthier households choose to monetize these gains through big-ticket purchases. In contrast, lower-income households face mounting financial strain. With limited access to wealth-building assets, many have drawn down savings to sustain consumption in the face of elevated prices. This group is also more exposed to tariff-driven price increases, rising delinquency rates, and other economic pressures, making

them more likely to curb discretionary spending. Consequently, aggregate consumption trends may become increasingly sensitive to the spending behavior of higher-income households.

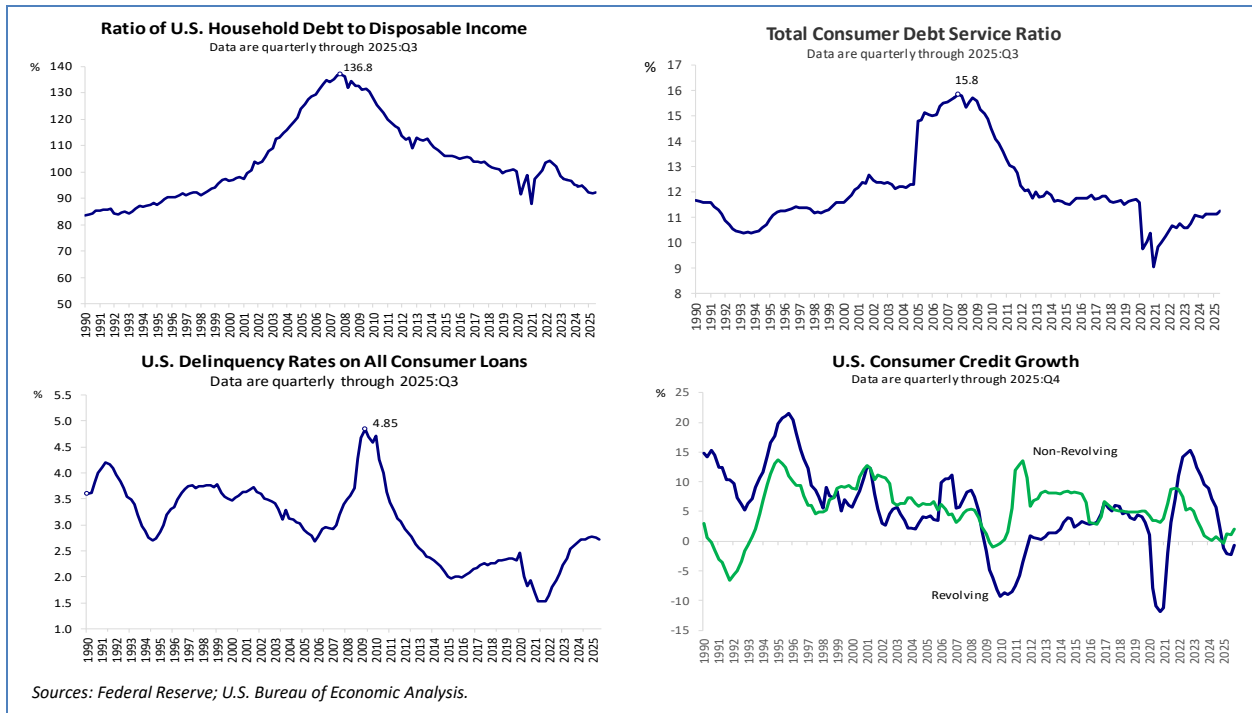


**Figure 10**

*Households' financial position remains stable*

The deceleration in household debt growth, driven largely by persistently high interest rates, signals a notable shift in consumer borrowing behavior. Elevated long-term rates have significantly suppressed demand for long-term credit, particularly mortgages. In 2024, non-revolving credit—which includes auto loans, student loans, and mortgages—expanded by just 0.3 percent, down sharply from increases of 2.9 percent in 2023 and 6.7 percent in 2022. This restraint persisted in 2025, with non-revolving credit increasing by only 1.0 percent.

Borrowing patterns for revolving credit, primarily credit cards, have also softened. After double-digit growth in the prior two years, revolving credit rose by a more modest 6.0 percent in 2024, indicating reduced reliance on short-term borrowing. The slowdown intensified in 2025, with revolving credit declining by 1.6 percent year over year during the first three quarters, underscoring tighter financial conditions and growing consumer caution (see Figure 11).



**Figure 11**

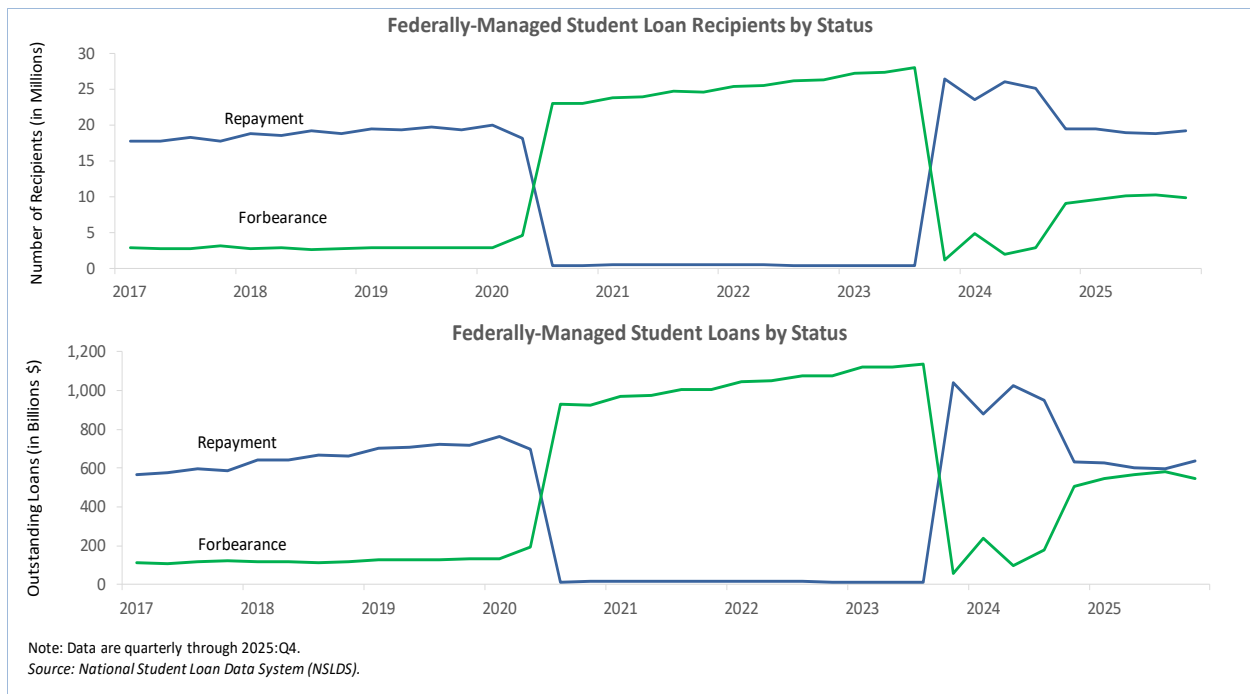
These trends are consistent with the broader slowdown in total U.S. household liabilities, which are now expanding at a more subdued pace than before the pandemic. As the labor market cools and wage growth moderates, slower debt accumulation indicates a more cautious approach to debt-financed consumption, reflecting waning consumer confidence in household financial conditions. Even gradual increases in debt burdens require a portion of disposable income to be allocated toward servicing obligations, particularly if households prioritize repayment. This could have wider macroeconomic implications for consumer spending and financial stability.

At the same time, the decline in the household debt-to-income ratio since the third quarter of 2022 signals an improvement in overall financial resilience, as income growth has outpaced debt accumulation. This trend suggests that households are better positioned to meet their debt obligations. Consistent with this, the household debt service ratio—measuring the share of income devoted to debt payments—remains below pre-pandemic levels, indicating relatively manageable debt servicing conditions. However, it has risen from the pandemic-era

trough of 9.1 percent recorded in the first quarter of 2021, underscoring a gradual normalization of household balance sheets (see Figure 11).<sup>6</sup>

The recent uptick in delinquency rates on consumer loans, while still low by historical standards, may signal emerging financial strain among certain households. Rising delinquencies can constrain access to new credit and increase borrowing costs, limiting households’ ability to smooth consumption through credit. If these pressures persist, they could dampen discretionary spending and heighten credit risk for lenders, particularly in segments already facing tighter financial conditions.

Developments in the student loan market further underscore how policy-driven shifts in debt servicing obligations can influence household spending behavior and credit quality. Prior to the pandemic in 2019, an average of 2.8 million borrowers per quarter were in forbearance, while approximately 19.5 million borrowers were actively repaying student loans (see Figure 12). This repayment structure supported steady debt servicing but also constrained disposable income for a large share of households.



**Figure 12**

<sup>6</sup> The debt service ratio measures the percentage of household required debt payments to disposable income in each period.

Federal policy interventions during the pandemic substantially altered this balance. By 2022, the number of borrowers in forbearance had surged to 25.9 million per quarter, while fewer than 0.5 million borrowers were making payments. The suspension of repayments temporarily boosted disposable income and supported consumer spending, particularly among lower- and middle-income households, while simultaneously suppressing delinquency and default rates.

The reintroduction of repayment requirements under the OBBBA has reversed many of these effects. In 2025, an average of 19.1 million borrowers per quarter returned to repayment, while approximately 10 million remained in forbearance. As student loan payments resumed, disposable income for affected households is being redirected toward debt servicing, potentially crowding out discretionary spending. For borrowers with limited financial buffers, this adjustment increases the risk of missed payments, not only on student loans but also across other forms of consumer credit, contributing to rising delinquency rates and heightened credit risk within the household sector.

### *Consumer Spending Outlook*

Motor vehicle prices continued to decline from their 2022 peak through 2024, though they remained 24.2 percent above 2019 levels. In 2025, prices began to rise again, reflecting a combination of price stickiness and the impact of auto-related tariffs. At the same time, the auto market has faced persistent headwinds from high borrowing costs, elevated interest rates, and rising insurance premiums, all of which have increased the total cost of vehicle ownership. Despite these pressures, vehicle sales strengthened notably in 2025. Sales increased by 4.2 percent in 2025, a sharp acceleration from the 1.9 percent growth recorded in 2024. Tariff-related uncertainty contributed to heightened volatility, as some consumers accelerated purchases ahead of anticipated price increases. In addition, the expiration of the federal electric vehicle tax credit on September 30, 2025, temporarily boosted demand as buyers moved forward purchases to capture the incentive.<sup>7</sup> Evidence also suggests that automakers have increasingly shifted toward higher-end vehicle offerings, catering to wealthier consumers who are better positioned to absorb higher prices and financing costs, thereby supporting vehicle sales and overall consumer spending.<sup>8</sup>

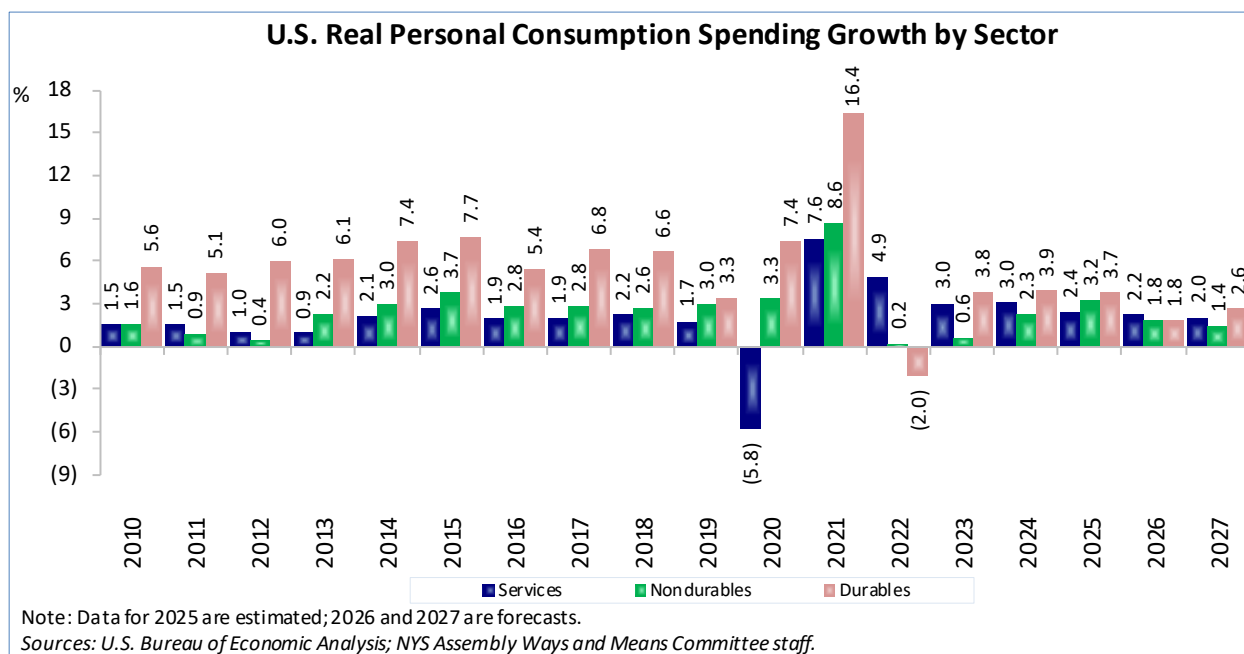
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<sup>7</sup> The federal tax credit was up to \$7,500 for qualifying new “clean vehicles,” and credit up to \$4,000 for used EVs. The initial sunset of the electric vehicle credit was to be in 2032 as passed by the Inflation Reduction Act (IRA) of 2022. However, the One Big Beautiful Bill Act of 2025 repealed the IRA.

<sup>8</sup> According to Cox Automotive, the share of new cars sold over \$50,000 was almost double what it was in 2019, in August 2025. About thirty-three models were for sale with a manufacturer’s suggested retail price above \$100,000

Spending on recreational goods and vehicles remained robust in 2025, growing an estimated 6.2 percent, as their prices fell below pre-pandemic levels. Although spending on other durable goods has been restrained by price stickiness in several categories, overall durable goods spending is estimated to have grown by 3.7 percent in 2025, following a 3.9 percent increase in 2024.

Looking ahead, vehicle sales growth is expected to decline. Pull-forward demand associated with tariff avoidance and expiring tax credits may give way to softer sales as these temporary supports fade. Moreover, as interest rates begin to decline, some consumers may delay purchases in anticipation of more favorable financing conditions, further dampening near-term demand. Consequently, spending on durable goods is projected to slow to 1.8 percent in 2026, reflecting weaker vehicle sales and a more cautious consumer environment. As tariff effects dissipate and interest rates continue their downward trajectory, spending on durable goods is expected to recover, with growth forecast to rebound to 2.6 percent in 2027 (see Figure 13).



**Figure 13**

and eighteen below \$30,000. See Robert Ferris, “Why the Rich Are Propping Up Car Sales,” CNBC, September 18, 2025, <https://www.cnbc.com/2025/09/18/car-sales-rich-vehicles.html>.

While gasoline and other energy prices have fallen sharply since 2022, they remain well above pre-pandemic levels. This persistent inflation in energy prices suggests that consumers may feel continued pressure on their budgets, despite the overall decrease. On the other hand, prices of food and beverages bought for home consumption and other non-durable goods have been on a gradual upward trend since before the pandemic. Spending on clothing and footwear has experienced stronger growth in 2025, attributed to falling prices in this category. Consequently, spending on non-durable goods is estimated to have grown by 3.2 percent in 2025, following increases of 2.3 percent in 2024 and 0.6 percent in 2023.

Over the forecast period, spending on energy is expected to slow as demand for gasoline and other energy products remain stable. Spending on gasoline and other energy products increased by 1.1 percent in 2025 and is projected to slow to 0.8 percent in 2026 and further to 0.7 percent in 2027. Spending on food for at-home consumption is predicted to grow by 1.6 percent in 2025 and 1.2 percent in 2026. As a result, spending on non-durable goods is forecasted to slow to 1.8 percent in 2026 and to 1.4 percent 2027 (see Figure 13).

The outlook for consumer spending on services reveals a marked slowdown in growth, with an expected increase of only 2.4 percent in 2025. This follows a robust period where spending grew by 3.0 percent in both 2023 and 2024. The deceleration can be attributed primarily to a considerable decline in spending on transportation services, which fell from a growth rate of 4.5 percent in 2024 to an estimated 3.3 percent in 2025. Additionally, other key areas such as medical care, recreation, and financial services experienced slower growth rates. The combination of these factors reflects a larger trend of consumers tightening their spending amidst elevated prices across all categories of consumer services, which have remained significantly higher than pre-pandemic levels.

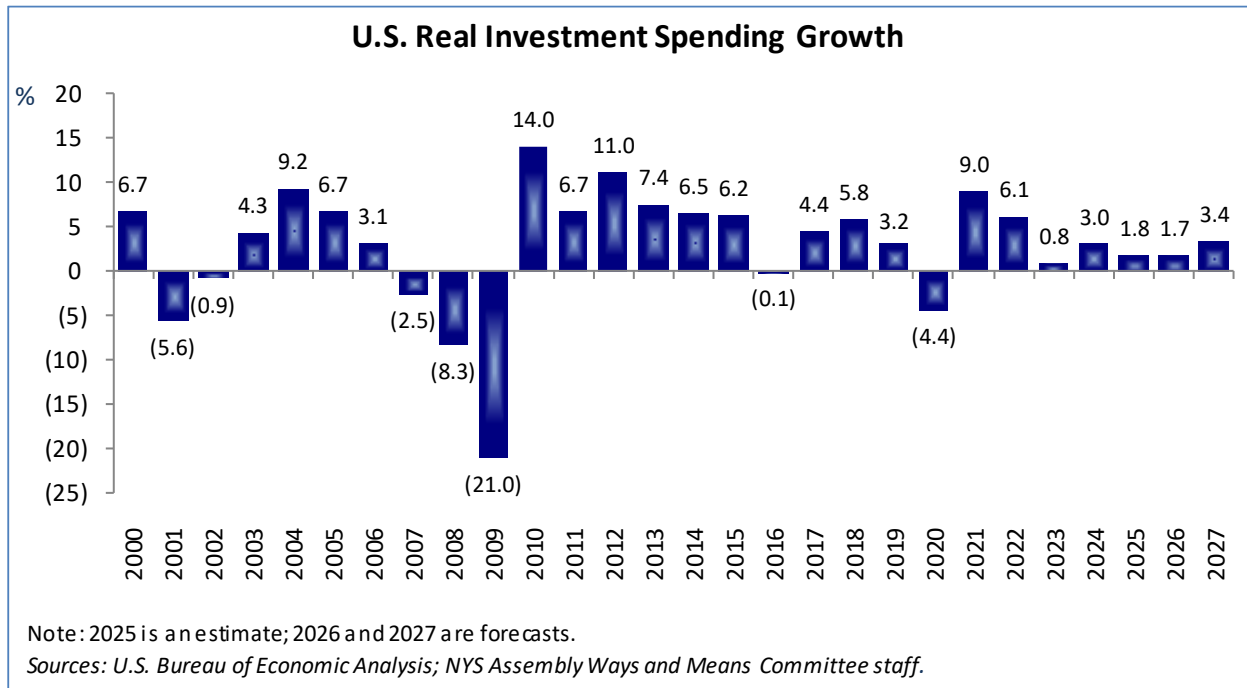
In the medical care sector, the expected deceleration in spending is particularly concerning. Provisions from the OBBBA, aimed at controlling costs, may restrict access to certain medical services. This could lead to reduced use of healthcare systems as consumers adjust their spending habits in response to new limitations. Moreover, the recreational sector, which typically benefits from consumer discretionary spending, is also affected as families prioritize essential purchases over leisure activities. The same trend holds for financial services, where economic uncertainty is leading consumers to be more judicious in their financial decisions.

Over the forecast period, growth in consumer services is projected to slow further, with an expected increase of only 2.2 percent in 2026 and 2.0 percent in 2027 (see Figure 13). This indicates the continued challenge for consumers who may find it increasingly difficult to manage



their budgets due to the persistent prohibitive costs associated with essential services. The overall trend suggests that, while services remain a critical sector of personal consumption, the pressures of inflation and shifting consumer behavior are likely to dampen spending growth in the near term.

## Residential and Business Investment Spending

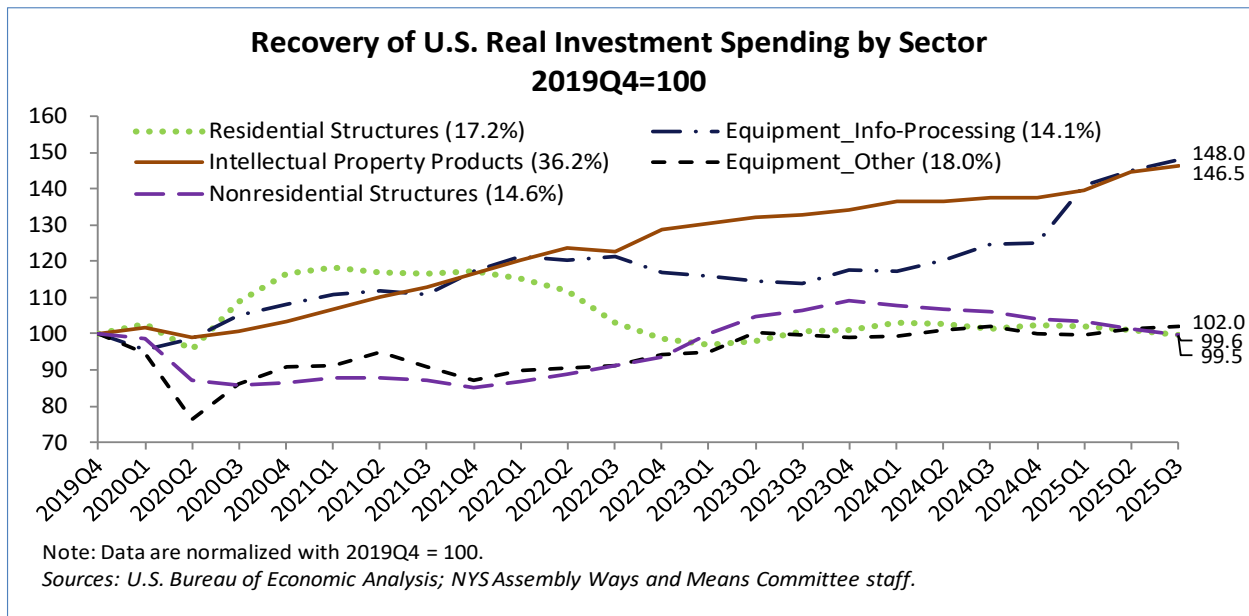


**Figure 14**

### Key Points

- **Business capital spending continued increasing in 2025, driven primarily by sectors linked to the ongoing AI boom. However, outside of AI-related industries, investment activity has weakened amid growing uncertainty over tariffs and a decelerating economic outlook.**
- **Following a brief recovery in 2024 from two consecutive years of decline, residential investment contracted again in 2025, as elevated mortgage rates and new tariffs reignited affordability concerns and dampened confidence.**
- **Easing credit conditions and the fiscal incentives under the OBBBA will provide support for private investment spending over the forecast period. However, the pace of growth will likely remain moderate, constrained by slowing sales and heightened uncertainty.**

In 2024, private investment spending continued recovering from its pandemic low for the fourth consecutive year. Its yearly growth accelerated to 3.0 percent after slowing to 0.8 percent in 2023 (see Figure 14). This acceleration was driven in part by a resurgence in residential investment, which returned to growth following two consecutive years of decline. However, momentum in the residential sector weakened again in 2025, as construction activity fell at an average quarterly rate of 4.4 percent (annualized) from its fourth-quarter 2024 level. The housing market was weighed down by elevated mortgage interest rates and renewed uncertainty tied to tariffs and restrictive immigration policies. By the third quarter of 2025, residential investment spending had declined to 0.4 percent below its pre-pandemic level (see Figure 15).



**Figure 15**

On the non-residential side, private investment spending continued expanding in 2025, marking the fifth consecutive year of post-pandemic recovery. This sustained growth was largely driven by strong gains in information-processing (IP) equipment and intellectual property products (IPP), which surged by 48 percent and 46.5 percent, above their respective pre-pandemic peaks. Until the end of 2023, investment in business structures had been rebounding at a solid pace from its pandemic low, but it has since entered a downward trend, standing 0.5 percent below its fourth-quarter 2019 level. Similarly, spending on business equipment outside the IP segment has stagnated over the past two years following an initial recovery.

As the Federal Reserve resumed rate cuts, easing credit conditions are expected to provide much-needed support for both business capital expenditures and residential investment spending during the forecast period. Business investment will also benefit from fiscal incentives

under the OBBBA. However, overall growth in private investment is likely to remain moderate, constrained by rising uncertainty and slowing sales growth.

### *Residential investment spending has retreated but easing credit conditions will help*

The demand for housing has been severely constrained by historically low affordability since mortgage rates started surging in 2022. The rate on the 30-year fixed mortgage has come down from 7.62 percent in October 2023 to 6.20 percent in December 2025, but the recent level is significantly higher than 2020-2021 average of 2.92 percent. The Moody's Analytics Housing Affordability Index, which gauges the ability of a typical middle-income household to afford a mortgage on a median-priced home, is at its lowest levels since the 1980s, and it would take a lot more than a modest decline in rates to restore housing affordability to its pre-pandemic level.

The heightened economic uncertainty from the trade war and weakening labor market also weighs on housing demand. In 2024, despite elevated mortgage rates, some households were willing to stretch their budgets, buoyed by confidence in the labor market. However, as unemployment rises and job security becomes more uncertain, many prospective buyers delay home purchases. The Home Purchase Sentiment Index from the Fannie Mae National Housing Survey softened to 71.4 in September 2025 from 73.1 in December 2024 and remains significantly depressed relative to its pre-pandemic levels.<sup>9</sup>

On the supply side, builder sentiments are at the lowest levels since early 2023, as home sales struggle and the inventory of new homes are rising. As a result, home builders are cutting prices even as their costs are rising, while existing home prices have fallen in some areas. Deportations and restrictive immigration policies are reducing the supply of workers and pushing wages up, while tariffs are raising the prices of aluminum, lumber, steel, and other construction supplies. Consequently, residential construction has been on a downward trend. Total residential construction put in place declined by 1.6 percent between December 2024 and October 2025, after growing by 3.9 percent between December 2023 and December 2024. The gains seen in 2024 were almost entirely driven by a strong 18.5 percent increase in spending on home improvements, while spending on new multifamily homes declined by 18.2 percent and the new single-family home sector remained flat. But in 2025 new single-family home construction began to weaken while the multifamily sector remained depressed. Even the pace of growth in home improvement spending slowed in 2025, increasing a mere 4 percent between December 2024 and October 2025.

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<sup>9</sup> <https://www.fanniemae.com/data-and-insights/surveys>.

With the Federal Reserve’s resumed easing, housing market conditions are expected to improve in the coming months.<sup>10</sup> A steady decline in mortgage rates, combined with changes in housing needs due, for example, to retirement, relocation, and a change in household size, will induce mortgage rate “unlock”, thereby increasing the inventory of homes for sale. Easing credit conditions will also help bring down homebuilders’ capital costs and improve the availability of bank loans for construction and land development. The resulting increase in the supply of homes will likely be absorbed by the demand for homes that arises from pent-up household formation. According to the Fannie Mae National Housing Survey, the percentage of respondents who say it is a good time to buy rose to 27 percent in September 2025, up 5 percentage points from December 2024.

However, with growth of income and employment expected to slow, the recovery of the housing market over the forecast period will likely be at a measured pace. Additionally, interest rates will unlikely come down to the levels seen during the pandemic years, and the decline will only be gradual, spanning over several quarters. Furthermore, mortgage rates are known to have asymmetric effects on the housing market. The stimulating effects that decreasing mortgage rates have on the housing market tend to be smaller than the restrictive effects of rising mortgage rates. The shortage of buildable lots and construction workers also presents a physical limit to the pace of recovery in the housing market.

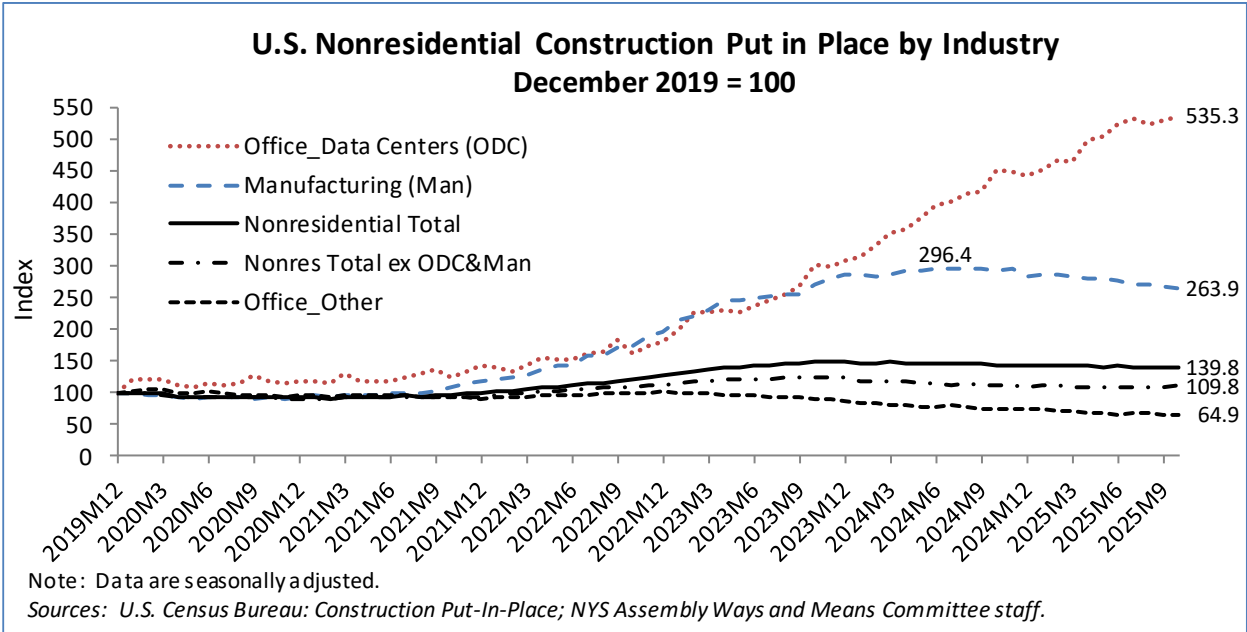
### *Nonresidential structure spending has weakened, despite strength in an AI-related segment*

Overall non-residential construction spending recovered strongly in 2022 and 2023, peaking in the fourth quarter of 2023. The manufacturing sector led the recovery, surging 44.9 percent in 2023, supported by various tax incentives provided under the CHIPS and Science Act of 2022 and the Inflation Reduction Act of 2022.

However, business construction spending declined steadily during 2024, with total construction put in place falling 6 percent by year-end. The weakness was broad-based, with notable declines in warehouses (-25.4 percent), retail commercial (-19.2 percent), transportation (-9.7 percent), power (-6.7 percent), and lodging (-6.0 percent). After peaking in June 2024, even the manufacturing sector started softening, slipping 5 percent by the year end, as the fiscal incentives started fading and financing costs remained elevated in 2024 percent (see Figure 16).

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<sup>10</sup> According to a recent study, credit conditions played an important role, explaining 32 percent to 53 percent of the 2000s housing boom. See *Greenwald, Daniel L. and Adam Guren, "Do Credit Conditions Move House Prices?" American Economic Review, 115 (10): 3559–96, October 2025.*



**Figure 16**

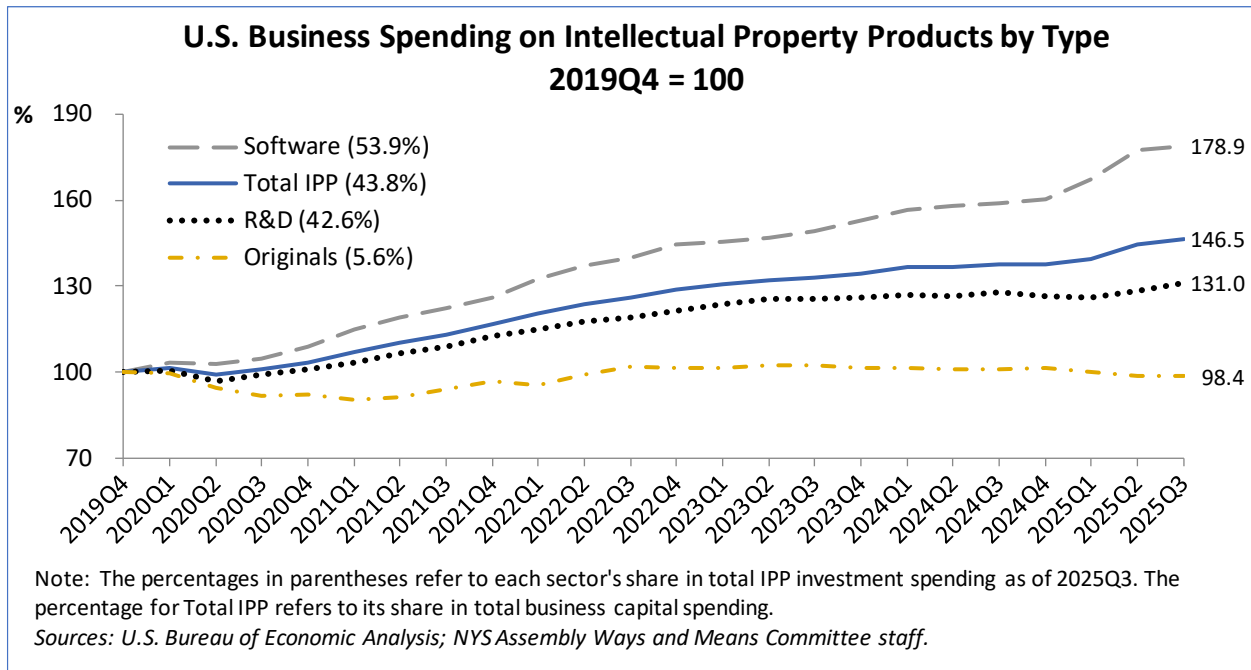
One bright spot was data center construction, which surged 43.1 percent between December 2023 and December 2024 driven by the need to accommodate a rapid increase in AI-related research and service development. By contrast, other office segments remained in decline, decreasing by 15.7 percent following a 13.7 percent drop the year before.

In 2025, data center construction continued to surge, more than quadrupling its December 2019 level by October. Infrastructure construction spending such as power and transportation also began to recover, increasing 3.3 percent and 5.6 percent, respectively, between December 2024 and October 2025. Nonetheless, overall business construction spending remained on a downward trajectory. Total business construction spending fell an additional 0.9 percent between December 2024 and October 2025. Manufacturing construction declined 6.3 percent over the same period, and many categories that weakened in 2024 continued to deteriorate in 2025.

After dropping nearly 50 percent during the first three quarters of 2020, spending on mining exploration, shafts, and wells rebounded strongly through the second quarter of 2023. Since then, it has retreated to below its pre-pandemic peak, largely reflecting declines in crude oil prices.

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

With a renewed surge in demand for up-to-date information technology, business spending on computer software has increased rapidly during the post-pandemic recovery. Over the four-year period ending in the fourth quarter of 2024, business software spending grew by 47.2 percent, or at an annualized average rate of 10.1 percent per quarter. The pace of growth accelerated to an average quarterly rate of 15.9 percent in the first three quarters of 2025, driven by a surge in AI-related investment spending. As a result of this rapid growth, in the third quarter of 2025, software spending exceeded the pre-pandemic peak level by 78.9 percent (see Figure 17). Its share in total IPP spending also increased to 53.9 percent, a 9.7 percentage-point jump from the last quarter before the pandemic.



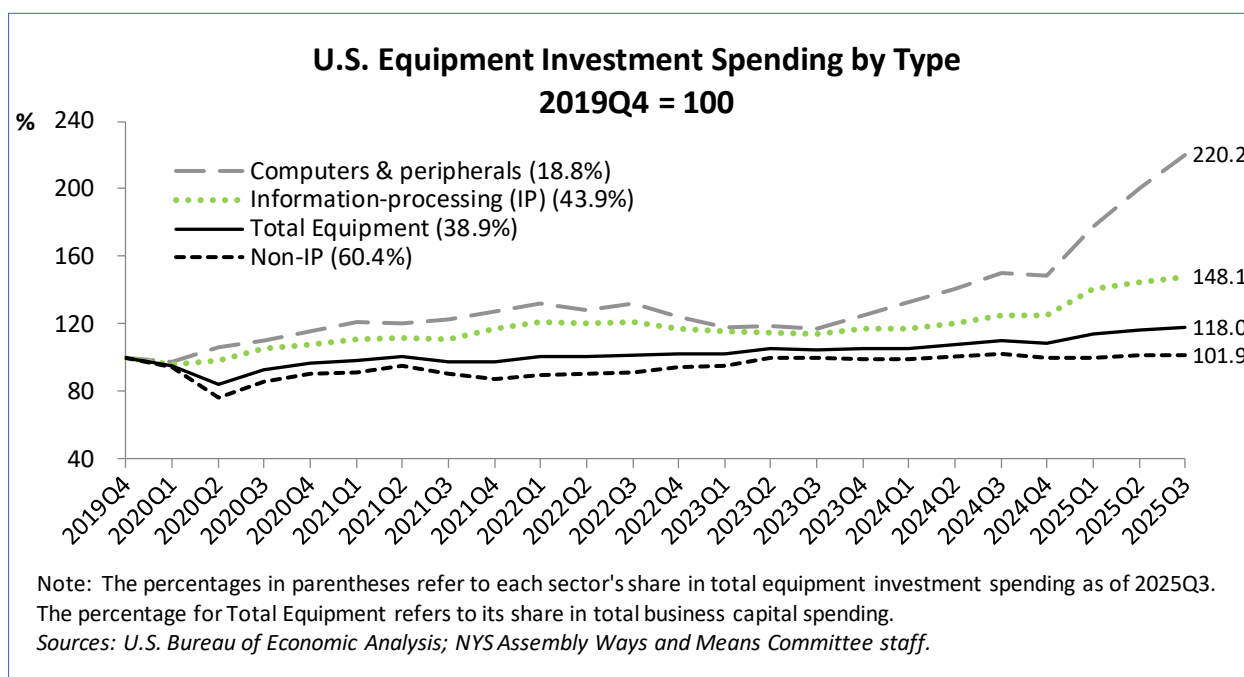
**Figure 17**

Business spending on research and development (R&D) has also expanded steadily during the post-pandemic recovery, although momentum decelerated to a yearly growth of 1.4 percent in 2024 from 9.7 percent during 2022 and 5.9 percent during 2023. But buoyed by a surge in research and development in AI, the pace of growth strengthened to an average rate of 4.9 percent per quarter in the first three quarters of 2025. As of the third quarter of 2025, business R&D spending stood 31.0 percent above its pre-pandemic peak and accounted for 42.6 percent of total IPP spending. Spending on other IPPs, such as entertainment and literary and artistic originals, declined 3.9 percent during the past two-year period ending in the third quarter of 2025.

AI-related research and development will help boost overall IPP spending. But due to the softening outlook on corporate earnings and economic growth, the ongoing moderation in IPP spending growth will likely continue over the forecast period. This will put a damper on the growth of total private investment spending, as the IPP sector represents nearly 43.8 percent of U.S. total business fixed investment spending, as of the third quarter of 2025.

*Business spending on equipment is boosted by an artificial intelligence boom*

As sheltering at home encouraged demand for virtual office spaces, business spending on IP equipment increased rapidly in 2020-2021. Business IP equipment spending then declined for the next six quarters for reasons related, initially, to the global shortage of semiconductor chips and, later, to the tech sector’s correction on earlier overinvestment. Business investment on IP equipment has since recovered at a robust pace, driven largely by a surge in spending on computers and peripherals—especially in 2025. The need to accommodate AI-related research and data center construction is behind the recent surge. As of the third quarter of 2025, business spending on computers and peripherals stood at 120.2 percent above its pre-pandemic peak level and accounted for 18.8 percent of total equipment investment spending (see Figure 18).



**Figure 18**

Business IP equipment spending should get a boost from continued increase in R&D activity on AI, as well as easing credit conditions. Indeed, global semiconductor billings have



increased to record high levels in recent months, pointing to continued recovery in IP equipment spending.

Outside the IP sector, growth in business equipment investment remains sluggish. As travel rebounded from its pandemic-era lows, replacement and pent-up demand for transportation equipment—such as aircraft and rental vehicles—drove a recovery beginning in the second quarter of 2020, when spending had plunged by 42.5 percent. However, by the end of 2024, transportation equipment spending was only 2.5 percent above its fourth-quarter 2019 pre-pandemic level. Although growth accelerated in early 2025, much of this was fueled by a front-loading of imports ahead of anticipated tariffs.

Business spending on industrial equipment has also recovered from its pandemic lows, reflecting broader economic recovery. Yet the initial rebound lost momentum quickly, resulting in relatively flat investment since the first quarter of 2022. Meanwhile, spending in the non-IP segment outside of industrial and transportation equipment has remained subdued. Despite a brief post-pandemic surge, investment in this category was still 1.4 percent below its pre-pandemic level as of the third quarter of 2025.

Looking ahead, business investment in transportation, industrial, and other equipment is expected to benefit from the Federal Reserve’s resumed easing, as well as federal incentives included in the OBBBA—the first-year full expensing extended to the end of 2029 and more generous interest deduction limits. However, with pent-up travel demand fading and the outlook for corporate earnings and economic growth weakening, the pace of equipment investment is likely to moderate over the forecast period.

### *Declining capacity utilization but improving capital goods orders and architecture billings*

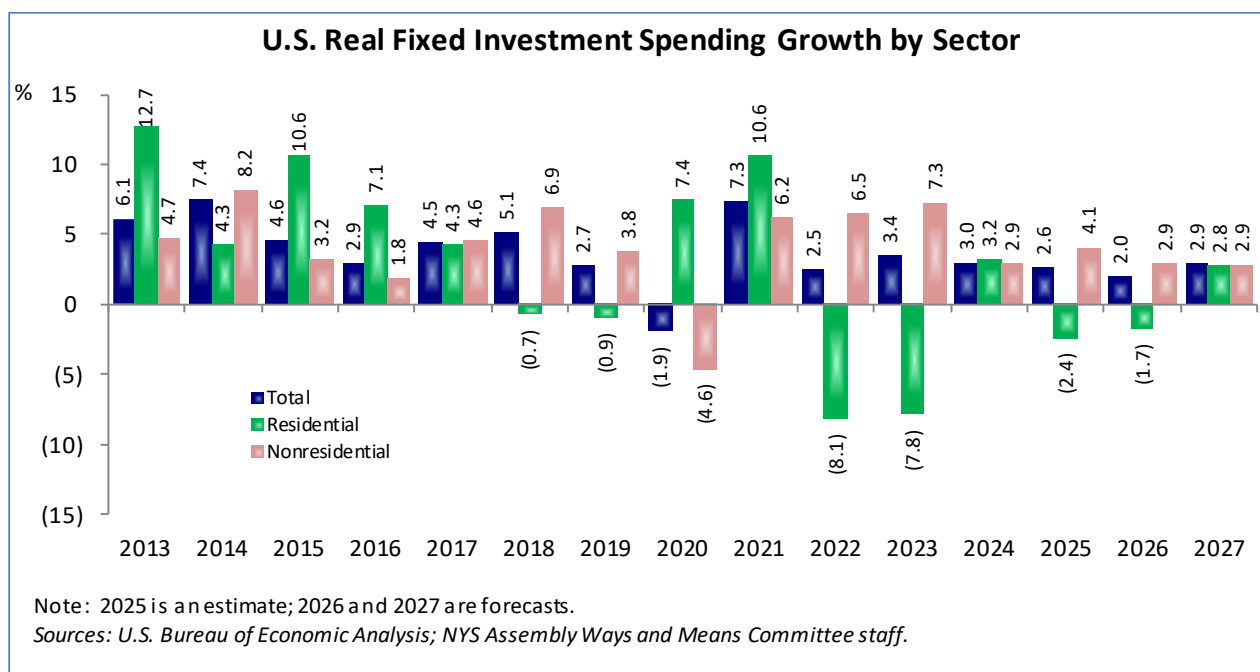
The rate of capacity utilization has remained on a downward trend since September 2022. Since declining utilization generally reduces the need for new equipment and structures, this will put an additional damper on the growth of spending on commercial structures, as well as industrial and transportation equipment.

Excluding the volatile aircraft segment, new orders on non-defense capital goods, a leading indicator of business capital spending, increased in 2025 relative to 2024, and more so in the recent three months ending in October 2025. This signals an improvement in business capital spending in the near term.

## Outlook

Against this backdrop, growth of overall private fixed investment spending is projected to slow, moderating from an estimated 2.6 percent in 2025 to 2.0 percent in 2026, before rebounding to 2.9 percent in 2027.

A key factor behind the 2025 slowdown in overall private fixed investment was an estimated 2.4 percent decline in residential investment spending (see Figure 19). Private residential investment is expected to turn upward over the forecast period following a first-quarter 2026 trough. However, the recovery is projected to proceed only gradually, leaving the 2026 annual average level still 1.7 percent below the 2025 average. The recovery is forecast to strengthen to 2.8 percent growth in 2027.

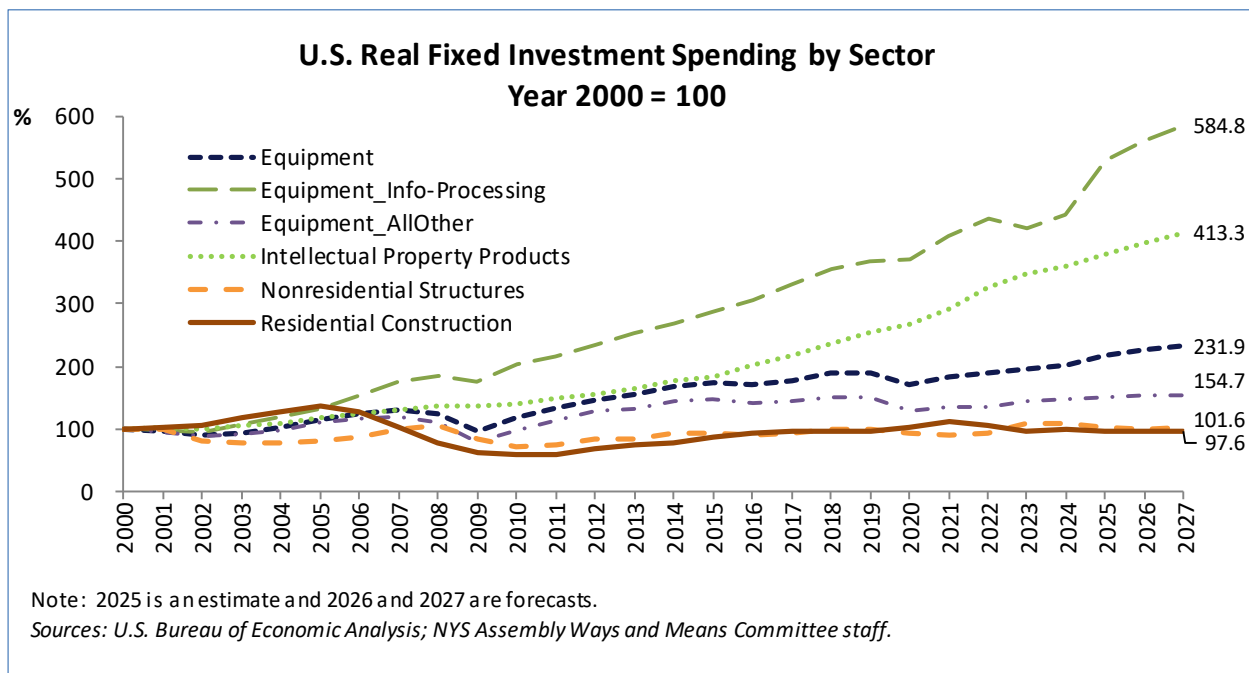


**Figure 19**

In contrast, private business fixed investment spending marked its fifth consecutive year of growth in 2025, with the pace accelerating to an estimated 4.1 percent, up from 2.9 percent in 2024. This improvement is largely attributed to a surge in spending on software, IP equipment, and data center construction—fueled by a booming wave of AI-related investments.

This momentum is expected to persist throughout the forecast period, with total business capital spending continuing to increase. However, growth is projected to slow to 2.9 percent in 2026 and 2027. The deceleration reflects a cooling in IP equipment spending—expected to ease from an estimated, unsustainably strong 19.9 percent increase in 2025—as well as a continued weakness in structures spending.

From a longer perspective, as of 2024, inflation-adjusted business spending on information-processing equipment and intellectual property products has increased almost six-fold and more than four-fold since 2000, respectively, and each is expected to grow further during the current forecast period (see Figure 20). As the stellar growth in this investment spending largely reflects steady, robust growth in spending on R&D, computer software and hardware, and other information-technology equipment, it provides a major source of productivity growth for the U.S. economy.

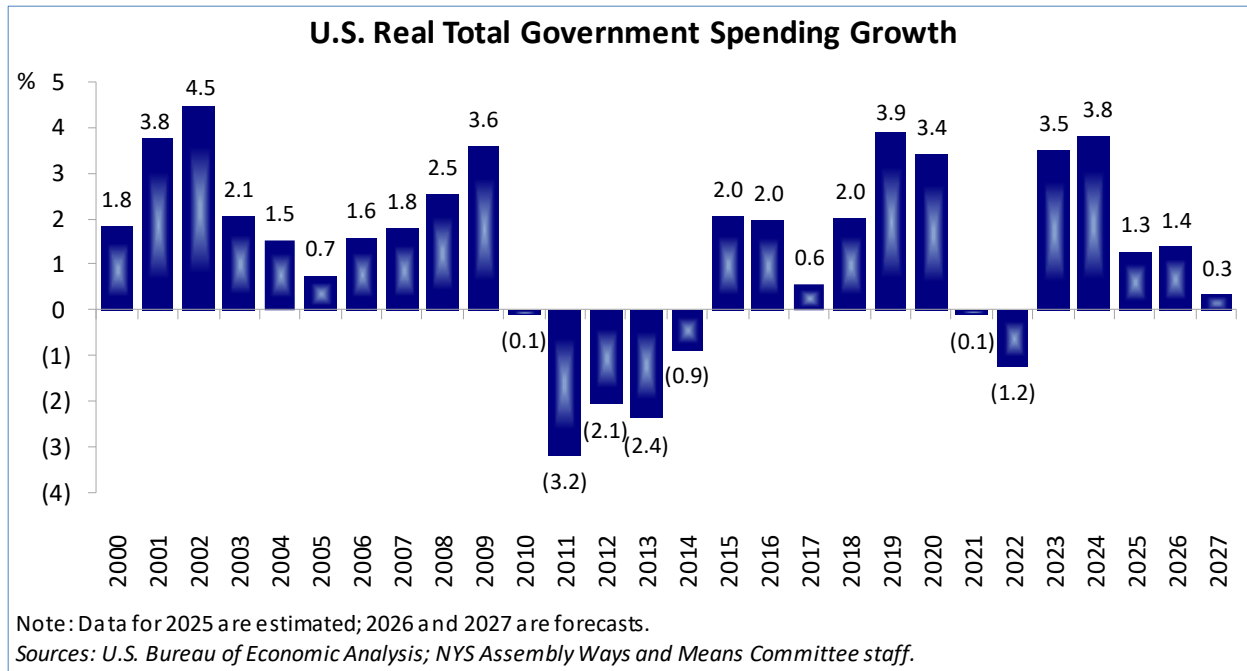


**Figure 20**

In comparison, spending on residential construction has been below or near its 2000 level in the past two and a half decades, except for the housing boom leading up to the Great Recession and a brief strengthening during the recent post-pandemic boom. Spending on non-residential structures has been even more persistently below its 2000 level in the past two and a half decades.

The long-term stagnation in non-residential structure spending reflects various long-term structural changes that have impacted the U.S. economy. For example, the introduction of efficient inventory management technology has enabled businesses to maintain lean inventories and thus reduce the need for warehousing and storage space. The emergence of e-commerce has also reduced the need to build and maintain traditional retail facilities. Increased global competition forced U.S. firms to move their production plants to offshore locations in search of cheaper labor and less regulation. This trend will mostly remain intact, although the reshoring of U.S. manufacturing plants has increased in recent years for strategic and other economic policy reasons.

## Government Spending



**Figure 21**

### Key Points

- In 2025, total government spending weakened significantly due to reductions in the federal workforce and cuts to discretionary programs. Lower allocations for state and local infrastructure projects further contributed to slower overall spending growth.
- Over the forecast period, federal government spending is expected to be supported by higher outlays for defense, border protection, immigration enforcement, and homeland security.
- State and local government spending growth is projected to decline sharply, as changes in federal fiscal policy and slower revenue growth compel more restrained spending.

In 2025, total government spending growth was dragged down by significant reduction in the federal government workforce and cuts to non-defense infrastructure spending. Meanwhile, state and local governments benefitted from healthy tax collections and continued to draw on diminishing funds from the Infrastructure Investment and Jobs Act (IIJA), which previously

provided substantial funding for infrastructure projects.<sup>11</sup> This increase partially offset the decline in federal government spending. As a result, inflation-adjusted total government spending is estimated to have risen by a modest 1.3 percent in 2025, following stronger increases of 3.8 percent in 2024 and 3.5 percent in 2023.

The OBBBA, defense spending, border protection, the expansion of immigration and customs enforcement, and other homeland security measures will dramatically boost federal government spending, particularly in 2026 (see Table 2).<sup>12</sup> However, the OBBBA also includes provisions that are anticipated to limit federal funds to state and local governments. Additionally, the waning impact of the IJA will further contribute to the slowdown in government spending. As federal funds decrease, states and localities will likely find themselves facing tighter budget situations. As states and localities wrestle with making funding adjustments from changes and uncertainties from federal policy, they will have to prioritize essential services and infrastructure maintenance within tighter budget constraints.

Hence, over the forecast period, inflation-adjusted total government spending is projected to increase by 1.4 percent in 2026, as state and local governments undergo a period of fiscal tightening and heightened budgetary pressures, while the federal government expands its spending to meet policy goals. This significant slowdown is expected to continue, with total government spending projected to decelerate further to 0.3 percent in 2027 as all levels of government adapt to more restrained spending levels (see Figure 21).

Risks to the government spending forecast stem mainly from political gridlock. In addition, spending on emergency management, disaster relief, and overseas contingencies remains a persistent risk that could potentially be worsened by fiscal impasses.

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<sup>11</sup> The Infrastructure Investment and Jobs Act includes funds for repairing roads and bridges, ensuring broadband expansion, electrifying vehicles, boosting public transit and freight rail, replacing lead pipes and a host of other provisions. See The Infrastructure Investment and Jobs Act, Public Law 117-58, 117th Congress of the United States, signed into law on November 15, 2021.

<sup>12</sup> See The One Big Beautiful Bill Act, Public Law 119-2, 119<sup>th</sup> Congress of the United States, signed into law on July 4, 2025.

**Table 2**

| <b>Fiscal Effects of the One Big Beautiful Bill Act (FY 2025-34)</b> |                         |
|--|-------------------------|
| <b>(\$ in billions)</b>  |                         |
| <b><u>Provisions</u></b>   | <b><u>As Passed</u></b> |
| Deficit Increasing Provisions  | (\$5,883)               |
| Extend & Expand TCJA Individual Provisions                           | (3,886)                 |
| Revive TCJA Business Provisions                                      | (772)                   |
| New Individual Tax Cuts  | (418)                   |
| New Business Tax Cuts  | (285)                   |
| Immigration & Border Spending  | (176)                   |
| Defense Spending   | (173)                   |
| Other Spending   | (173)                   |
| Deficit Reducing Provisions  | \$2,489                 |
| Health Care Provisions   | 1,102                   |
| Repeal & Reform IRA Credits  | 540                     |
| Other Revenue Increases & Tax Credit Reductions                      | 197                     |
| Education Reforms  | 295                     |
| Other Offsetting Receipts  | 149                     |
| SNAP, Agriculture, & Other Savings                                   | 206                     |
| PRIMARY DEFICIT EFFECT   | (\$3,394)               |
| Interest   | (\$718)                 |
| TOTAL DEFICIT EFFECT   | (\$4,113)               |
| <i>Source: Committee on Responsible Budgeting.</i>                   |                         |

### *Federal Government Spending*

Federal government spending, adjusted for inflation, decreased by an estimated 0.7 percent in 2025, following increases of 3.8 percent in 2024 and 3.3 percent in 2023. The decline in spending is attributed to a sizable reduction in the federal workforce, evidenced by an average monthly decline of 24,850 positions. A fall in federal government employment growth of 3.2 percent compared to an increase of 2.5 percent in 2024, suggests a re-evaluation of staffing needs across various federal agencies as the government tightens resources.

Also, an expected falloff in non-defense spending, particularly in areas such as equipment procurement, and R&D, could further constrain federal spending levels. However, higher

spending on military infrastructure, software, and R&D prevents federal spending from declining further, suggesting the prioritizing of defense-related spending and recommitting to national security over other federal consumption or investment spending.

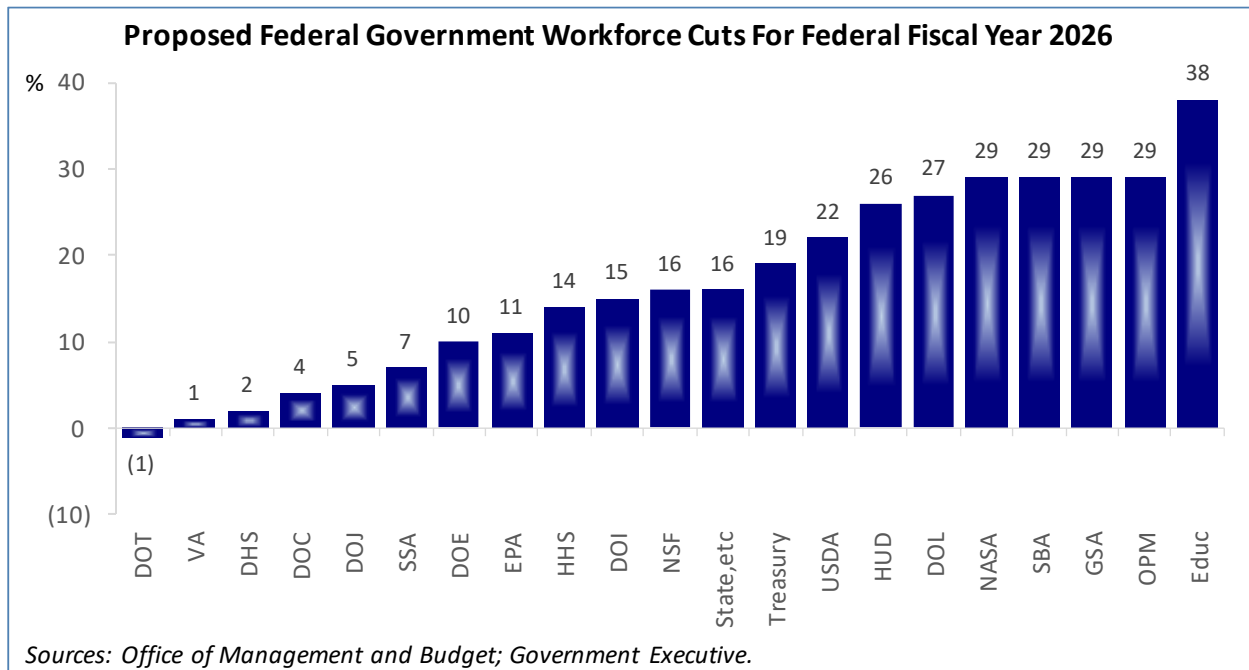
The Inflation Reduction Act of 2022 (IRA) was designed to promote long-term investments in energy efficiency, clean energy, and climate resilience, while also providing immediate fiscal benefits through deficit reduction and healthcare subsidies. Additionally, \$100 billion was allocated to extend healthcare premium credits for three years under the Affordable Care Act (ACA). However, the IRA was repealed in the OBBBA. Provisions in the OBBBA increase spending on immigration and border controls and defense spending. However, other provisions such as the repeal of the IRA, and education and healthcare provisions restrict federal spending (see Table 2). The OBBBA will be the spending compass for the federal government over the next decade, with its largest effect in 2026 and 2027. Still, the budget deficit increases by \$3.4 trillion over the next decade due to the OBBBA, with associated interest payments of over \$700 billion.

The forecast for federal spending presents a picture marked by the ongoing significant reduction in the civilian federal workforce, and targeted increases in defense and homeland security budgets. The Department of Education has already moved to shed more than one-third of its workforce, though there is a court order to stay, pending resolution by the Supreme Court. Other federal agencies that will likely see their workforce reduced substantially include the Office of Personnel Management (OPM), General Services Administration (GSA), Small Business Administration (SBA), and the National Aeronautics and Space Administration (NASA) (see Figure 22).<sup>13</sup> In addition, the departments of Agriculture, Housing and Urban Development (HUD), and Labor anticipate workforce cuts exceeding 20 percent.

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<sup>13</sup> See Eric Katz, “Trump is planning to slash 107,000 federal jobs next year. See where,” Government Executive, June 3, 2025, <https://www.govexec.com/workforce/2025/06/trump-planning-slash-107000-federal-jobs-next-year-see-where/405758/>.



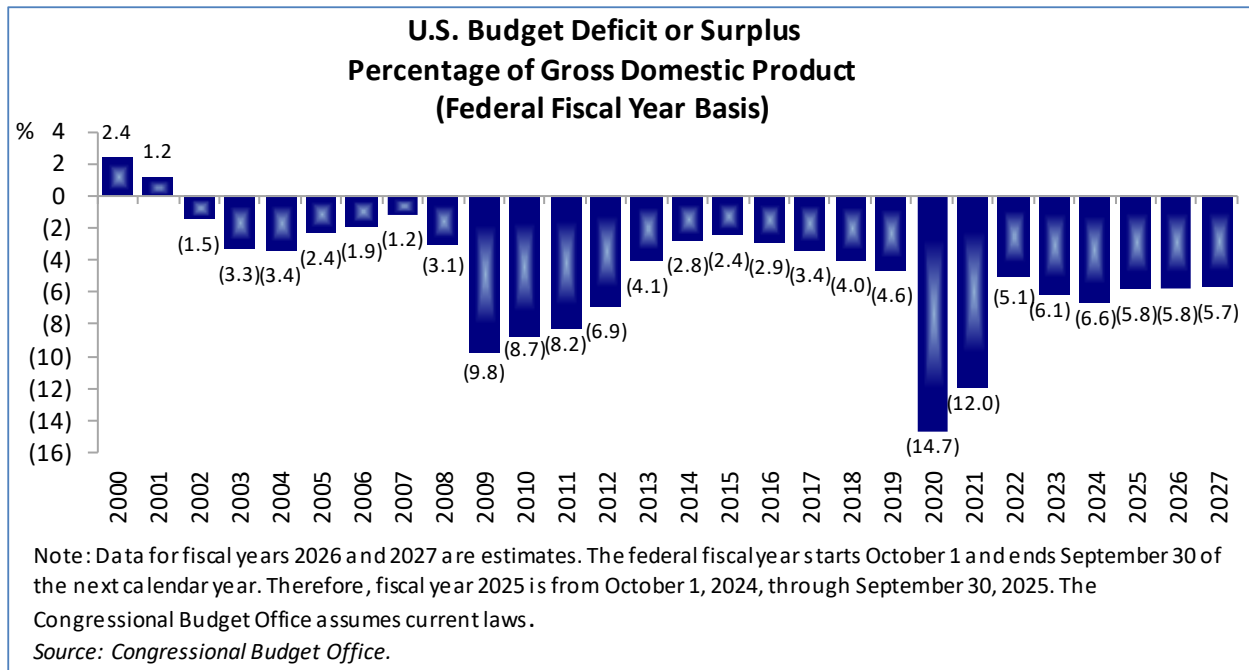


**Figure 22**

Despite these substantial reductions in civilian workforce and payroll spending, defense-related expenditures are anticipated to bolster overall federal spending. Defense spending on infrastructure, R&A, ammunitions, aircraft, and vehicles will increase from spending appropriations designated by the OBBBA. The focus on strengthening homeland and border security has led to increased funding for customs and border protection, as well as an expansion of immigration and customs enforcement measures (see Table 2). Therefore, federal government spending is projected to increase by 2.3 percent in 2026. However, in 2027, spending growth is expected to decelerate significantly to only 0.5 percent. This slowdown primarily reflects cuts in discretionary spending, which will restrict federal government spending (see Figure 22).

For the Federal Fiscal Year (FFY) 2025, the federal deficit was 5.8 percent of GDP or \$1.85 trillion, a decline from 6.6 percent in FFY 2024.<sup>14</sup> Projections indicate that the deficit will be 5.8 percent of GDP in FFY 2026 and 5.7 percent in FFY 2027 (see Figure 23). This primarily reflects expected cuts in discretionary spending and revenue increases from tariffs.

<sup>14</sup> See Final Monthly Treasury Statement, Bureau of Fiscal Service, Department of Treasury, September 2025, <https://fiscaldata.treasury.gov/datasets/monthly-treasury-statement/summary-of-budget-and-off-budget-results-and-financing-of-the-u-s-government>; Congressional Budget Office, *The Budget and Economic 2026-2036*, February 11, 2026, <https://www.cbo.gov/publication/61882>; and Monthly Budget Review: Summary for Fiscal Year 2025, November 10, 2025, <http://www.cbo.gov/publication/61307>.



**Figure 23**

The primary deficit, which excludes net interest payments, is expected to decline from 2.7 percent of GDP in FFY 2025 to 2.3 percent by FFY 2027, reflecting a deceleration in discretionary spending growth. However, mandatory spending, such as Social Security, Medicare, and Medicaid, will continue to rise, compounding the pressure from rising interest costs associated with the federal deficit.

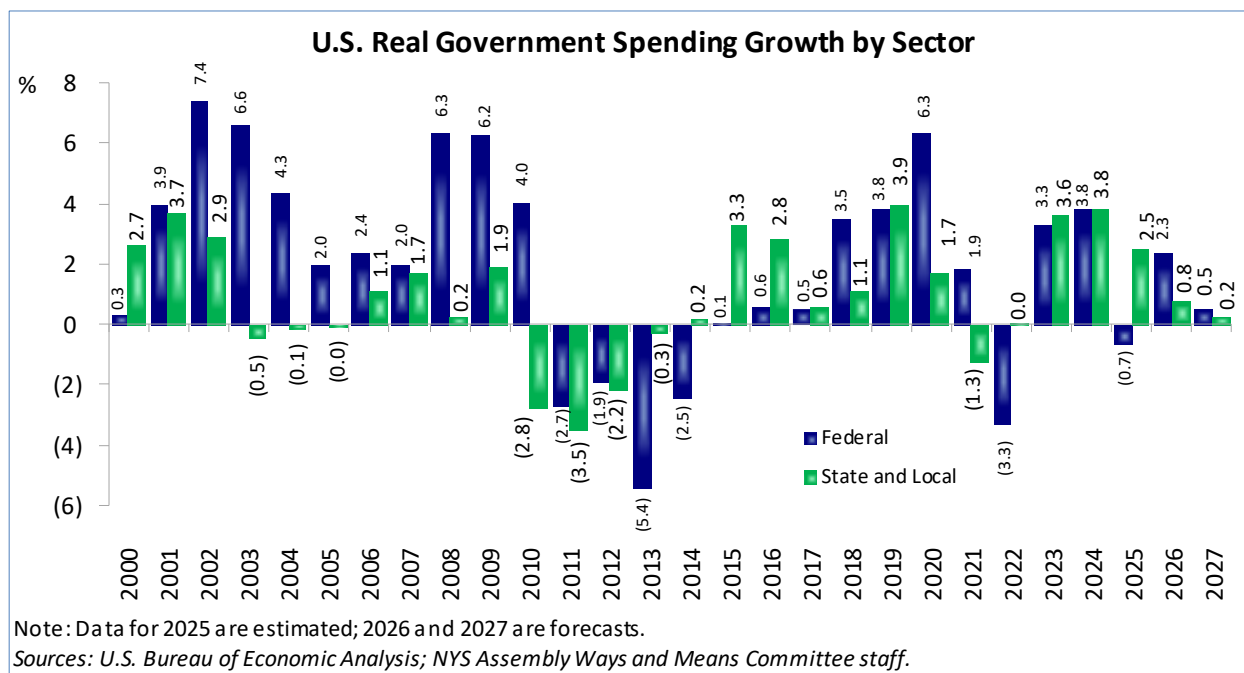
Net interest payments are projected to grow from 3.2 percent of GDP or \$970 billion in FFY 2025 to 3.3 percent or \$1.0 trillion by FFY 2026, with expectations for even higher growth in the following years. This mounting debt burden could contribute to higher inflation and increased borrowing costs. In 2023, the federal government’s interest payments surged to \$659 billion, marking a 38.7 percent increase from the previous fiscal year. By 2024, interest payments had reached \$881 billion, representing about 3.1 percent of GDP.<sup>15</sup>

As the federal government allocates an increasing share of its budget to servicing interest payments, its ability to respond to fiscal emergencies diminishes, making Treasury securities less valuable. This trend raises critical concerns about long-term economic growth and fiscal sustainability.

<sup>15</sup> Ibid 14.

## State and Local Government Spending

State and local government spending, adjusted for inflation, slowed to an estimated 2.5 percent in 2025, following increases of 3.8 percent in 2024 and 3.6 percent in 2023 (see Figure 24). One contributing factor to this slowdown is the diminishing impact of the IJJA, as states have nearly exhausted their financial windfall and are approaching deadlines for utilizing these funds. However, tax collections from sales of goods and services, personal income, and corporate earnings were higher than in 2024, which has helped states and localities maintain spending.



**Figure 24**

The provisions in the OBBBA, especially those related to education, healthcare, and food assistance, are expected to exert significant pressure on state budgets. These provisions included more than \$1.1 trillion in cuts to state allocations for Medicare and Medicaid and impose stricter funding constraints for healthcare related to the ACA funding over a decade. Furthermore, state-administered funding for food assistance programs is facing \$206 billion in cuts (see Table 2). As a result, federal grants-in-aid to states and local governments are projected to decrease, leaving states with the arduous task of closing substantial funding gaps. Many will attempt to mitigate the impact on their most vulnerable populations. However, some states may lack the necessary resources to do so. This scenario is likely to compel state and local governments to implement tighter fiscal controls and reduce their overall spending.

After losing 1.5 million jobs in the early months of the pandemic, state and local government employment took more than three years to recover. The rebound in hiring has supported overall public-sector employment, even as the federal government continues to reduce its workforce. However, a range of economic pressures is prompting a more cautious approach to employment growth at the state and local levels.

Rising pressure to control budgets is leading many state and local governments to delay or limit the filling of existing vacancies. At the same time, signs of a softening labor market, including slower wage growth, are weighing on personal income tax revenues that fund public services. The real estate market is also under strain, with elevated mortgage rates, higher insurance costs, and limited housing supply expected to push national home prices lower. Because property taxes are a key source of revenue for local governments, declining home values could further tighten budgets. Additionally, slower consumer spending amid economic uncertainty is projected to reduce revenues from sales and excise taxes.

Taken together, these factors—alongside lower federal grants-in-aid—are expected to slow growth in state and local government spending, which is projected to rise only 0.8 percent in 2026 and 0.2 percent in 2027 (see Figure 24).

Many states are already accumulating deficits, forcing them to exercise greater spending restraint to close fiscal gaps. One contributing factor to these deficits is the use of non-recurring funds for financing long-term projects, a practice that poses challenges when states must adhere to balanced budget requirements. In response, state governments have had to explore alternative revenue sources, such as borrowing, to cover shortfalls.

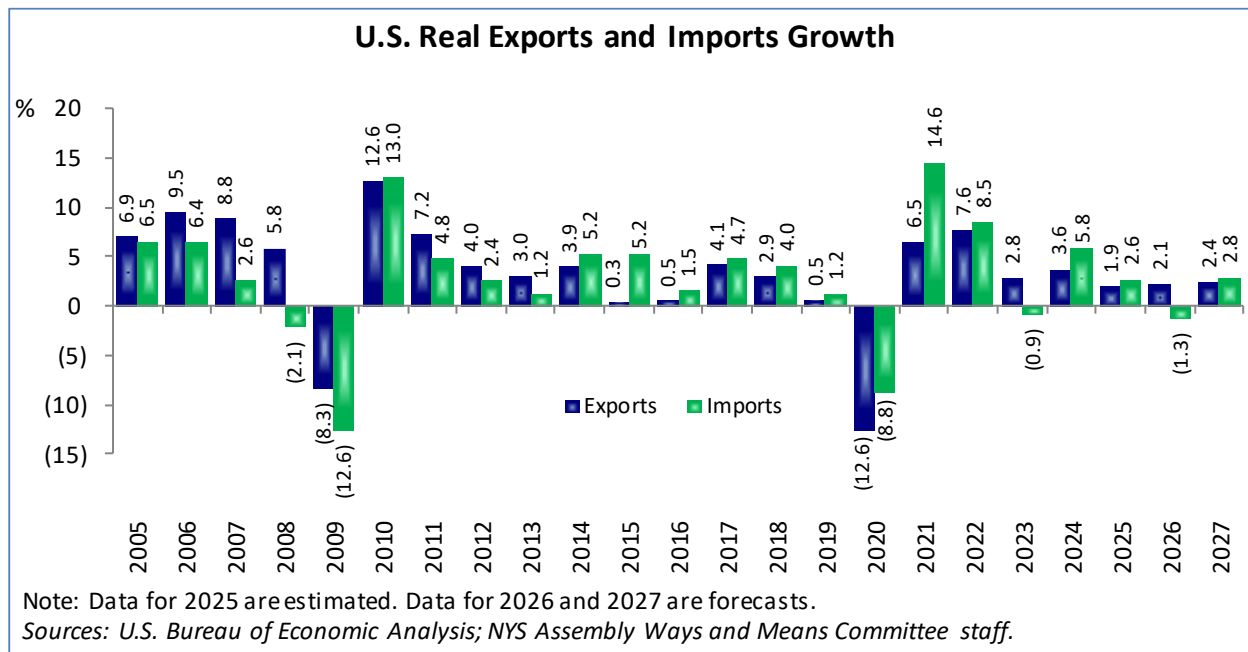
Traditionally, borrowing has been a common strategy to bridge the gap between revenues and expenditures. However, the current economic climate presents significant hurdles, as states and local governments contend with some of the highest interest rates in decades. Elevated interest rates translate to increased borrowing costs. Thus, when these governments issue bonds to fund essential projects, they face higher interest payments, which inflate the overall costs associated with infrastructure development and public services. The financial burden extends to servicing existing debt, where amplified interest payments can further strain state and local government budgets.

This situation mirrors challenges faced at the federal level, where rising interest obligations could hinder fiscal flexibility. However, as interest rates decline in the future,

governments could benefit from reduced borrowing costs, potentially revitalizing investments in public infrastructure that may have previously seemed infeasible.

On a more positive note, many states that had proactively bolstered their “rainy day” funds, which serve as financial buffers during economic downturns or fiscal emergencies, can now use them. These reserves are particularly critical for mandatory spending, helping to safeguard essential services during periods of revenue shortfalls.

## Exports and Imports



**Figure 25**

### Key Points

- **U.S. import growth slowed in 2025 due to moderating private investment and consumer spending, as well as the impact of new tariffs. At the same time, a strong U.S dollar and retaliatory measures from trading partners constrained U.S. exports.**
- **With U.S. consumer and business spending expected to continue moderating, annual growth in imports is projected to turn negative in 2026, while a weakening U.S. dollar is expected to support export growth.**

### *Factors impacting international trade*

The flow of goods and services between countries is influenced by a variety of factors, including economic conditions, government policies, exchange rates, and consumer preferences. Two key drivers of U.S. exports are global economic growth and the value of the U.S. dollar. When the economies of U.S. trading partners expand, their demand for U.S. exports typically rises. Conversely, a stronger U.S. dollar can reduce demand for U.S. goods abroad by making them more expensive for foreign buyers. The demand for imports is similarly shaped by domestic

economic activity. Higher consumer spending increases the demand for imported final goods and inputs, while greater business investment drives demand for imported capital goods, such as machinery and equipment. Beyond these fundamental economic factors, government policies—including tariffs, quotas, and free trade agreements—can also have a significant impact on international trade flows.

### *Impact of U.S. tariffs on international trade and the economy*

As the largest economy in the world, the United States is also the world’s largest importer. In 2024, the U.S. imported approximately \$3.3 trillion worth of goods, representing 13.6 percent of total global imports.<sup>16</sup> Mexico, China, and Canada were the top import partners (see Table 3). Consequently, any changes in U.S. trade policies, such as adjustments to tariffs, trade agreements, or other trade-related measures, can have a significant impact on other countries and the global economy. These changes can influence global trade flows, affect economic growth, and alter the GDP of nations where trade constitutes a substantial share of economic activity.

Tariff policies can disrupt international trade by causing importers to accelerate purchases ahead of implementation, resulting in temporary spikes in import volumes. After tariffs are enforced, import volumes usually decrease as goods become more expensive and less competitive. In addition, when a country imposes tariffs on its trade partners, it can trigger retaliatory measures, potentially escalating into a trade war. Furthermore, affected countries often look for alternative markets for their products or form new economic alliances, both of which can alter global trade patterns, as well as geopolitical dynamics.

In terms of the domestic economy, importers may pass on some or all of the tariff costs to consumers, resulting in higher prices for imported goods and contributing to overall inflation. Even domestically produced items can be affected, as manufacturers often rely on imported materials that become more expensive under tariff regimes. Tariffs may also influence wage levels. According to the U.S. International Trade Commission, export-intensive industries tend to offer higher wages on average than other industries. Therefore, any policy that affects foreign trade could also impact domestic employment and wages.

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<sup>16</sup> World Trade Organization, WTO Stats.

**Table 3**

| <b>U.S. Imports and Tariff Rates by Major Trading Partners</b> |  |   |                              |
|--|--|---|------------------------------|
| <b>Country</b>   | <b>Total Imports<br/>2024<br/>(Millions)</b> | <b>Share of<br/>Total<br/>Imports (%)</b> | <b>Tariffs Rates<br/>(%)</b> |
| <b>Total Imports</b>   | <b>\$3,266,410</b>                           | 100.0                                     | NA                           |
| Mexico <sup>1</sup>  | \$505,523                                    | 15.5                                      | 10, 25                       |
| China  | \$438,742                                    | 13.4                                      | 10.0                         |
| Canada <sup>1</sup>  | \$411,887                                    | 12.6                                      | 10, 35                       |
| Germany (EU)   | \$160,380                                    | 4.9                                       | 15.0                         |
| Japan  | \$148,371                                    | 4.5                                       | 0, 15                        |
| Vietnam  | \$136,501                                    | 4.2                                       | 20, 40 for transshipping     |
| South Korea  | \$131,553                                    | 4.0                                       | 15.0                         |
| Taiwan   | \$116,255                                    | 3.6                                       | 20.0                         |
| Ireland (EU)   | \$103,281                                    | 3.2                                       | 15.0                         |
| India  | \$87,338                                     | 2.7                                       | 25.0                         |
| Italy (EU)   | \$76,344                                     | 2.3                                       | 15.0                         |
| United Kingdom   | \$68,168                                     | 2.1                                       | 10.0                         |
| Thailand   | \$63,350                                     | 1.9                                       | 19.0                         |
| Switzerland  | \$63,326                                     | 1.9                                       | 39.0                         |
| France (EU)  | \$59,783                                     | 1.8                                       | 15.0                         |
| Malaysia   | \$52,488                                     | 1.6                                       | 19.0                         |
| Singapore  | \$43,184                                     | 1.3                                       | 10.0                         |
| Brazil   | \$42,348                                     | 1.3                                       | 10.0                         |
| Netherlands (EU)   | \$34,055                                     | 1.0                                       | 15.0                         |
| Indonesia  | \$28,052                                     | 0.9                                       | 19.0                         |

Note: These rates were prior to February 20, 2026, when the Supreme Court ruled that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs. As a result, all tariffs issued under IEEPA are invalid. The administration has since imposed a 10 percent global tariff under Section 122 of the Trade Act of 1974.

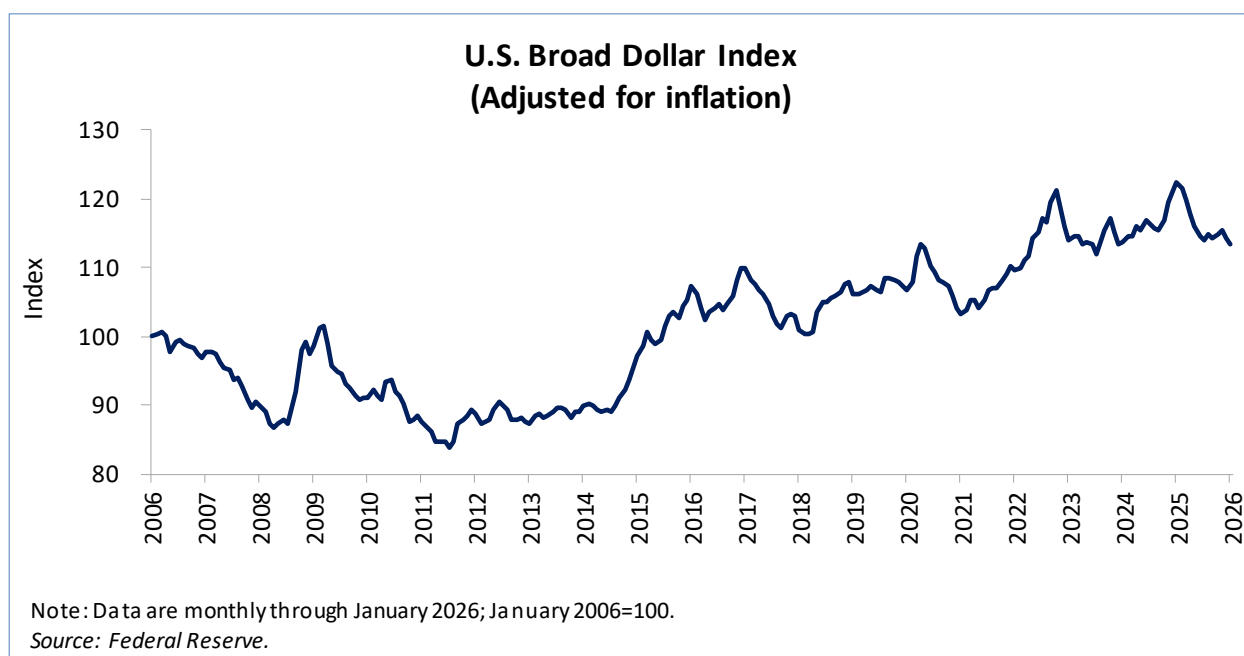
Sources: U.S. Department of Commerce; The White House; Holland & Knight LLP.



### *U.S. dollar has depreciated but remains elevated*

In addition to fundamental economic factors, the value of the U.S. dollar is also influenced by global events. The U.S. dollar has long been considered a safe-haven currency, especially during periods of global turmoil. As a result, the dollar tends to strengthen during periods of geopolitical conflict and financial uncertainty. When uncertainty escalates, investors reallocate their portfolios toward U.S. dollar-denominated assets, which are perceived as more secure. Consequently, the demand for the U.S. dollar generally increases during a crisis, leading to its value to appreciate. This demand drove the dollar to its highest level in over three decades during the early stages of the Ukraine-Russia War, before it began to trend downward.

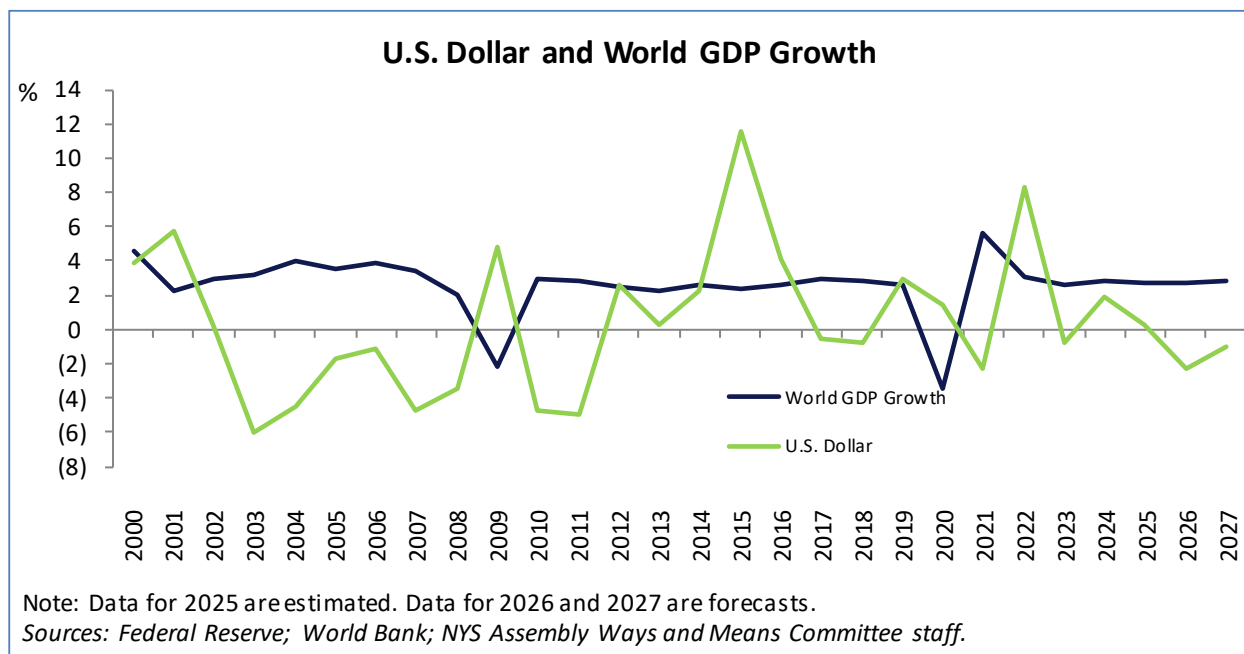
The U.S. dollar strengthened following the 2024 election, as many proposed policies were expected to boost near-term domestic economic growth, pushing the dollar to a new high in January 2025. Since then, however, it has declined and remains subdued, reflecting international investors' more cautious assessment of the U.S. economic and political outlook amid the announcement of tariffs and other policies. Despite this post-peak decline, the dollar remains elevated relative to historical levels (see Figure 26).



**Figure 26**

Ongoing policy uncertainty, combined with signs of slowing U.S. economic growth, is expected to continue weighing on the dollar. After appreciating 1.9 percent in 2024 and

0.2 percent in 2025, the U.S. dollar is projected to decline over the forecast period (see Figure 27).



**Figure 27**

### *Uncertainty over U.S. policies dampens global growth prospects*

Global economic growth slowed from 3.1 percent in 2022 to 2.6 percent in 2023, primarily reflecting tight monetary policies and increasingly restrictive credit conditions. As some of these headwinds eased and overall economic conditions improved, growth accelerated to 2.8 percent in 2024, led largely by emerging market economies.

Despite trade tensions and policy uncertainty, the global economy has remained resilient. Global growth is estimated to have held steady at 2.8 percent in 2025, supported by a surge in trade in anticipation of policy changes and adjustments in global supply chains. According to the United Nations Conference on Trade and Development, global trade in goods and services could reach a record high of over \$35 trillion in 2025.<sup>17</sup> However, these boosts are expected to fade in 2026, as rising debt, higher trade costs, softening domestic demand, and continued uncertainty weigh on trade flows. As a result, global growth is projected to slow from 2.8 percent in 2025 to

<sup>17</sup> United Nations Conference on Trade and Development, Global Trade Update (December 2025): Global trade poised for a record-breaking 2025 as flows expected to surge past \$35 trillion, <https://unctad.org/publication/global-trade-update-december-2025-global-trade-poised-record-breaking-2025-flows>.

2.7 percent in 2026. Growth is expected to improve again in 2027, as most economies are projected to grow at a faster pace than they did in 2026 (see Figure 27).

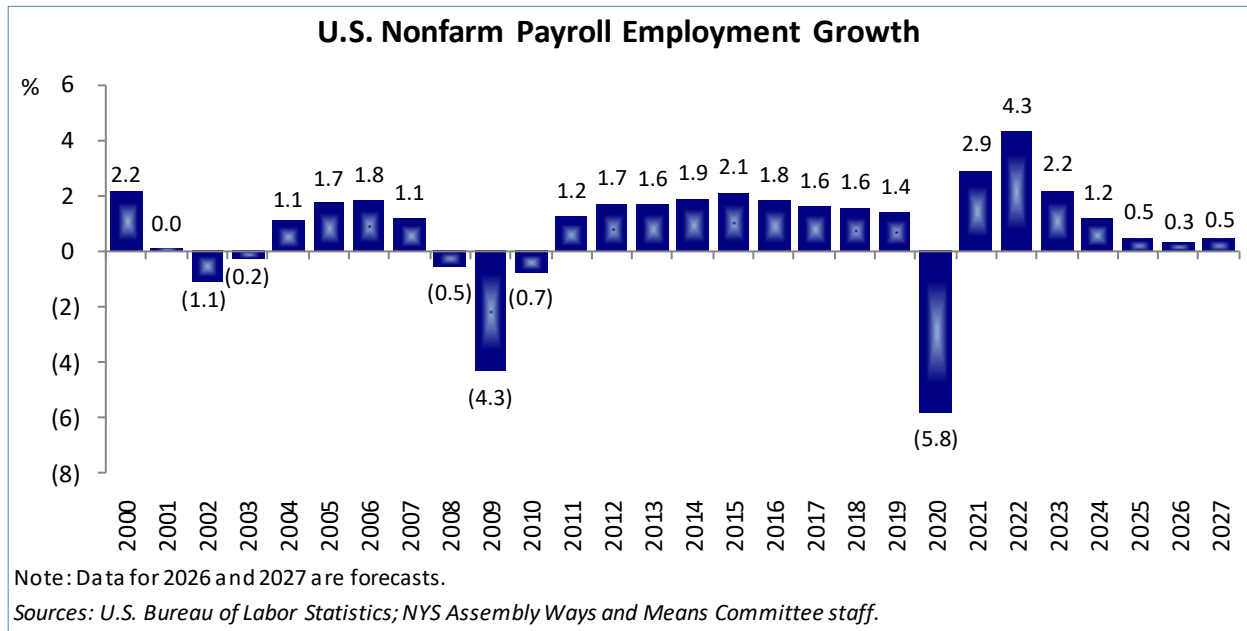
### *U.S. trade outlook*

After declining by 0.9 percent in 2023, imports rebounded solidly with a 5.8 percent increase in 2024, driven by strong gains in business investment and solid consumer spending. Similarly, exports rose by 3.6 percent in 2024, up from 2.8 percent growth in the previous year, supported by an improvement in global economic conditions.

The uncertainty surrounding tariff rates and U.S. trade policy caused significant trade volatility in 2025, leading firms to adjust their import strategies in response to an unpredictable policy environment. The lack of clear regulatory guidance posed challenges for both importers and exporters, constraining U.S. trade volumes. Additionally, weakening economic growth, coupled with slower business investment and private consumption growth, dampened U.S. import demand. The elevated value of the dollar and retaliatory measures by trading partners also put downward pressure on U.S. exports.

As a result, U.S. import growth is estimated to have slowed from 5.8 percent in 2024 to 2.6 percent in 2025. Imports are forecast to decline by 1.3 percent in 2026 as business investment and private consumption weaken further, before rebounding with a 2.8 percent increase in 2027. Similarly, after rising by 3.6 percent in 2024, export growth is estimated to have slowed to 1.9 percent in 2025 before rebounding slightly to 2.1 percent in 2026 and 2.4 percent in 2027 (see Figure 25).

## Employment



**Figure 28**

### Key Points

- **U.S. labor market conditions have weakened. The unemployment rate has been gradually rising, while the labor force participation rate has declined. Hiring has slowed, quit rates have fallen, and employers—at least temporarily—are restraining layoffs amid heightened uncertainty.**
- **Moderating economic growth and slowing labor force growth will further curb employment growth.**
- **Payroll employment growth over the forecast period will be determined mainly by the continued, though slowing, job gains in service-providing industries.**

The labor market significantly weakened in 2025, with average monthly job gains slowing to 15,000. This is a stark contrast from the 122,000 monthly average in 2024 and 210,000 in 2023. The benchmark revisions by the Bureau of Labor Statistics (BLS) for payroll jobs suggest that job growth was weaker than anticipated. The revised employment figures were 898,000 jobs lower

for the 12-month period ending in March 2025, indicating a more sobering reality for recent labor market conditions.<sup>18</sup>

In 2025, monthly job gains cooled sharply after April. Payroll employment gains averaged only 26,000 per month from May to September, compared to an average of 42,000 jobs per month from January to April. From October to December, the U.S. economy lost on average 17,000 jobs per month. The goods-producing sector was hit especially hard, with an average of 10,500 jobs lost per month in 2025, compared to an average loss of 1,600 jobs per month in 2024. The contraction in employment growth in this sector, which includes construction and manufacturing, was affected by trade and stricter immigration policies. As a result, most of the employment growth in 2025 was concentrated in the service-providing sector, especially in education and health care, as well as state and local government, signaling a broad-based weakness in the labor market. Job loss in October 2025 was 140,000, driven mainly by federal workforce reduction.

In 2025, the unemployment rate increased to 4.3 percent from 4.0 percent in 2024. This reflected a weakening job market, exacerbated by a decrease in job vacancies and slow hiring processes. The labor force participation rate also declined, remaining below pre-pandemic levels, indicating a shrinking pool of individuals actively engaged in the labor market relative to the total working-age population. The mismatch of skills between job vacancies and available workers, particularly due to the implementation of AI, hinder employment growth, at least in the short term.

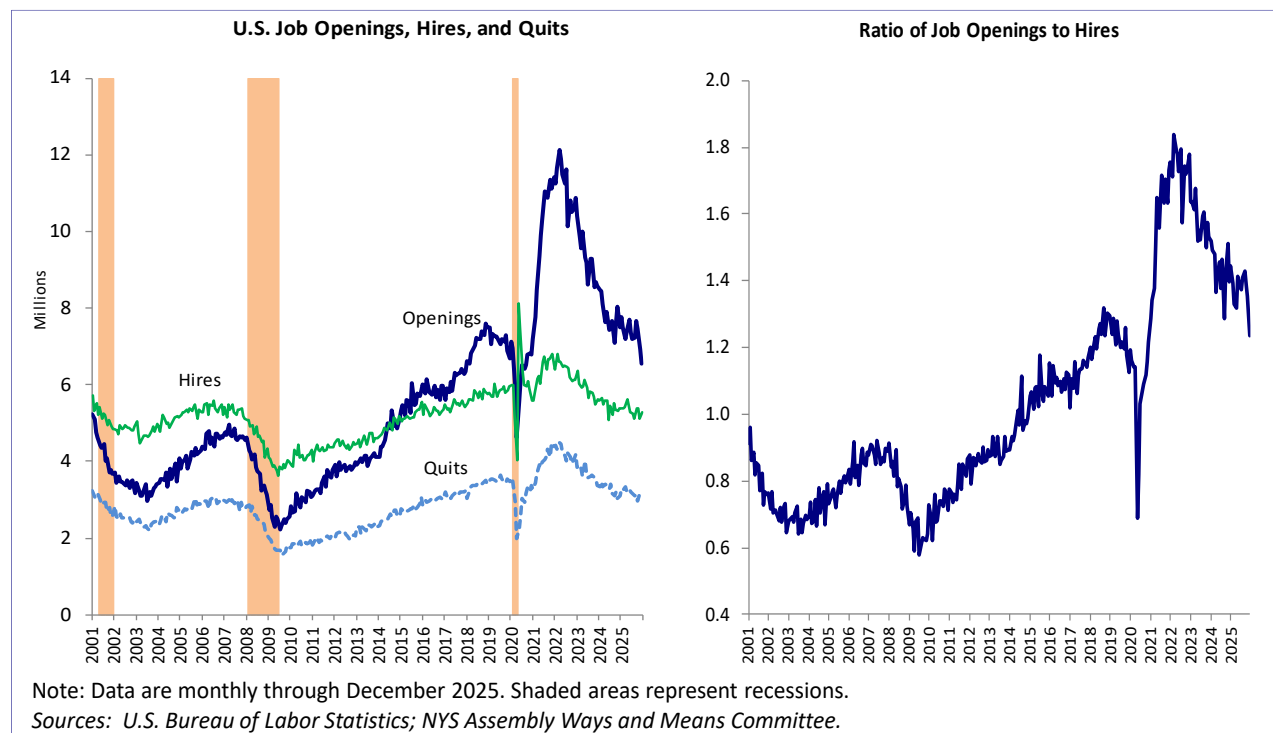
Challenges to the labor supply further complicate the situation, due to immigration restrictions and deportations, effectively limiting the available workforce. Given these trends, projected payroll employment growth for the coming years appears pessimistic, with a mere 0.5 percent increase in 2025, followed by an even more modest projection of 0.3 percent in 2026 and 0.5 percent in 2027 (see Figure 28). This projected deceleration contrasts sharply with previous years, which saw increases of 1.2 percent in 2024 and 2.2 percent in 2023, indicating a sustained weakness in labor market conditions moving forward.

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<sup>18</sup> See *The Employment Situation – January 2026*, News Release, U.S. Bureau of Labor Statistics, February 11, 2026, 2025, <https://www.bls.gov/news.release/pdf/empisit.pdf>.

## The labor market will continue to loosen

The current labor market trends present an evolving employment picture characterized by lackluster job growth. Specifically, the downward trends in job openings, hires, and quits signal shifts in employment dynamics (see Figure 29). This trend implies that workers are encountering greater difficulties in finding new job opportunities, resulting in a decline in both voluntary quits and new hires. Uncertainties surrounding trade policies related primarily to tariffs and stricter immigration policies caused employers to adopt a wait-and-see approach to hiring in 2025.



**Figure 29**

Federal funding cuts are also influencing hiring decisions for companies that rely on this source of revenue for their operations. Large scale layoffs, both announced and ongoing, by the federal government will further weaken labor demand. Recently, some companies have started announcing job cuts, although the numbers have not yet been reflected in the employment data. Additionally, the integration of AI in certain sectors is expected to replace jobs that can be easily automated, thus putting pressure on employment growth. Deportations are also straining the availability of labor in industries heavily reliant on undocumented and other low-skilled workers.

The job openings to hires ratio demonstrates the shift toward more slack in the labor market. The ratio fell from an average of 1.75 in 2022 to 1.43 in 2024 and further decreased to

1.37 in 2025, indicating a significant easing of a tight labor market (see Figure 29). This suggests that job availability is diminishing, making it more difficult for workers to transition between positions.<sup>19</sup>

The stability of layoffs and discharges underlies employers' cautious approach to workforce management. With ongoing uncertainties in the post-pandemic hiring environment, employers may be reluctant to part ways with skilled employees, fearing challenges in replacing them later. However, the possibility of economic growth slowing down suggests that employers will reassess their workforce needs as businesses look for ways to manage costs.

For the first time since April 2021, the number of unemployed individuals exceeded the number of available jobs in July 2025.<sup>20</sup> In 2022, as the U.S. economy was recovering from the pandemic, there were nearly two job openings for every unemployed person, with the ratio peaking at 2.01 in July 2022. By December 2025, the ratio had fallen to 0.87, well below the 1.2 ratio recorded in February 2020, just prior to the pandemic.

The upward trajectory of the duration of unemployment suggests that prospective employees are having a harder time finding jobs. Over 1.8 million individuals reported that they were unemployed for 27 weeks or longer as of January 2026. Furthermore, the average duration of unemployment reached 25.0 weeks, which is an increase of 3.9 weeks compared to the previous year. This indicator highlights a troubling reality: more individuals are remaining on unemployment insurance rolls for longer periods, suggesting challenges in securing new employment opportunities.

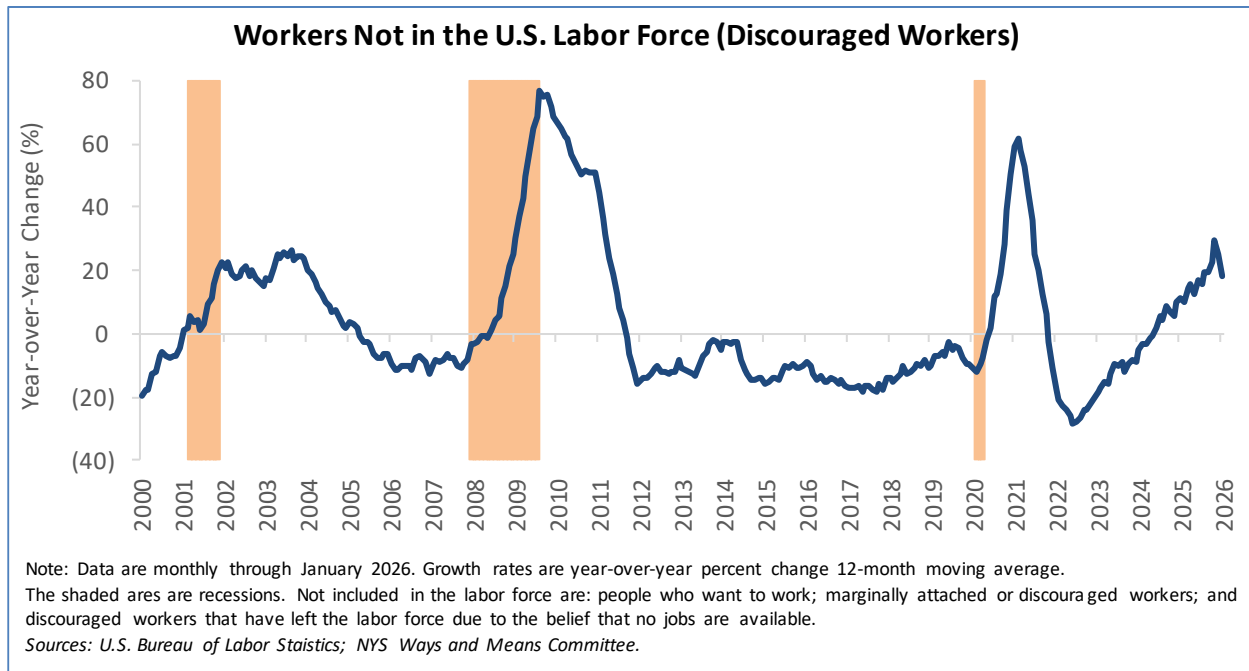
Additionally, the extended time required for potential workers to find suitable positions raises concerns about labor market participation. As job seekers face prolonged unemployment, they may become discouraged, leading to them leaving the labor force and thus pushing down overall labor force participation. Since 2022, there has been a notable rise in the number of individuals exiting the labor force (see Figure 30). In 2025, this trend escalated, with an average monthly increase of 17.7 percent, equating to approximately 462,000 workers leaving the labor

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<sup>19</sup> When the job openings to hire ratio is greater than one, this implies labor market tightness, that is, employers are having difficulty filling jobs. Conversely, when the ratio is below one, prospective workers are having a tough time finding a job, that is, labor market slackness.

<sup>20</sup> When the ratio of job openings to the number of unemployed persons is one, then there is one job for each unemployed person. If the ratio is higher than one, then there is more than one job opening per unemployed person.

market each month. This is an average of about 70,000 more workers per month than in 2024 and 47,800 workers more per month pre-pandemic.

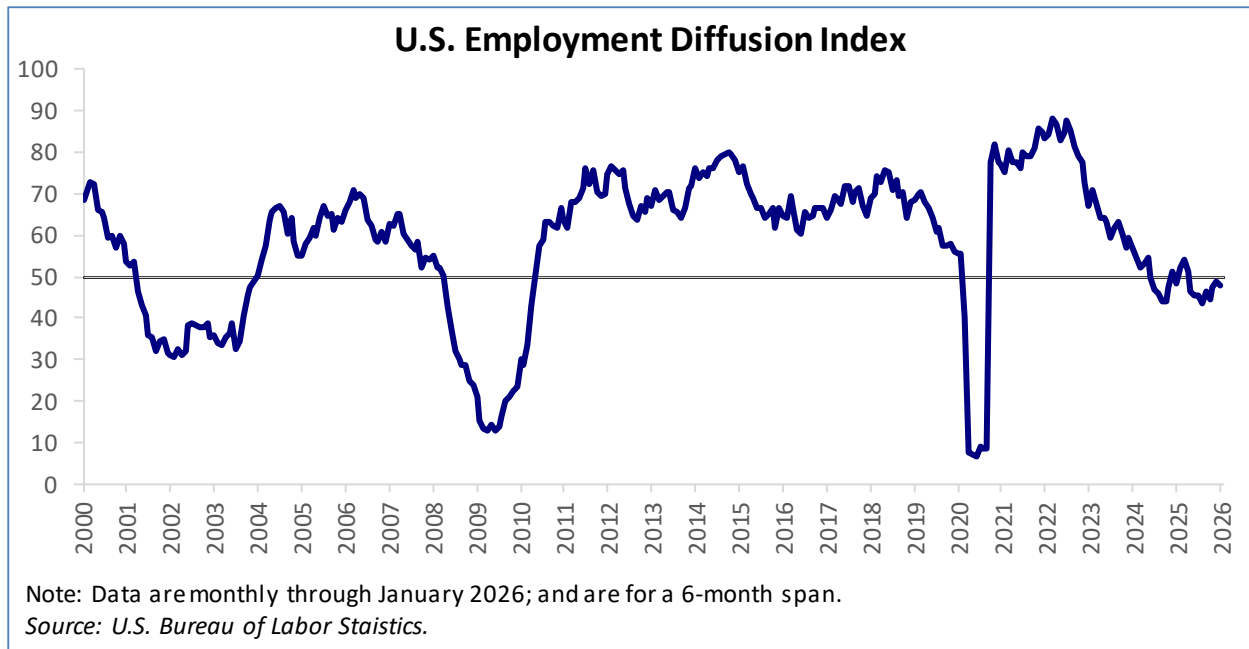


**Figure 30**

Other indicators point to an even more concerning employment situation. The U.S. Employment Diffusion Index has been below 50 since May 2025, highlighting a broader cooling trend across multiple industries (see Figure 31). The Index ranges from 0 to 100 and a value lower than 50 indicates more industries are experiencing employment losses than gains. The Institute for Supply Management (ISM) Manufacturing Employment Index showed that employment in the sector had contracted for twenty-eight consecutive months as of January, raising concerns about its overall health. Similarly, the ISM Services Employment Index indicated five months of consecutive contraction in the services sector through November 2025, followed by a modest uptick since December, highlighting broader employment challenges across industries.<sup>21</sup>

<sup>21</sup> See January 2026 Services ISM Report on Business, and January 2026 Manufacturing ISM Report on Business, Institute for Supply and Management, January 2026, <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-pmi-reports/>.



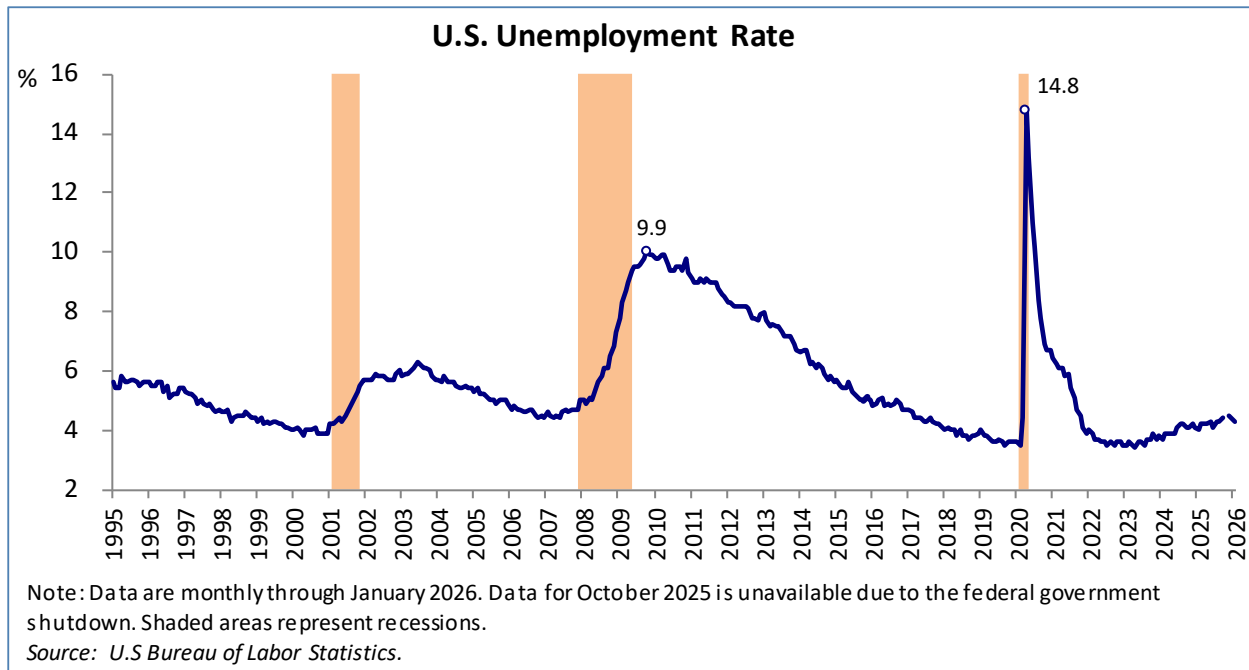


**Figure 31**

*The structural changes in the labor market suggest slower employment growth*

The unemployment rate, a key indicator of labor market health, has remained relatively stable despite various economic shifts. On an annual average basis, the unemployment rate was 3.6 percent in 2022 and 3.7 percent in 2023, reflecting a strong labor market during that period. The rate rose to 4.0 percent in 2024 and 4.3 percent in 2025 (see Figure 32). Historically, unemployment in the low 4.0 percent range is still considered modest and generally consistent with a healthy economy.

However, recent changes in immigration policy, including stricter regulations and increased deportations, are expected to constrain labor force growth by reducing the available workforce. At the same time, ongoing federal workforce downsizing and announced job cuts are likely to exert additional upward pressure on unemployment. As a result, the unemployment rate is projected to rise to 4.5 percent in 2026 and 4.6 percent in 2027.

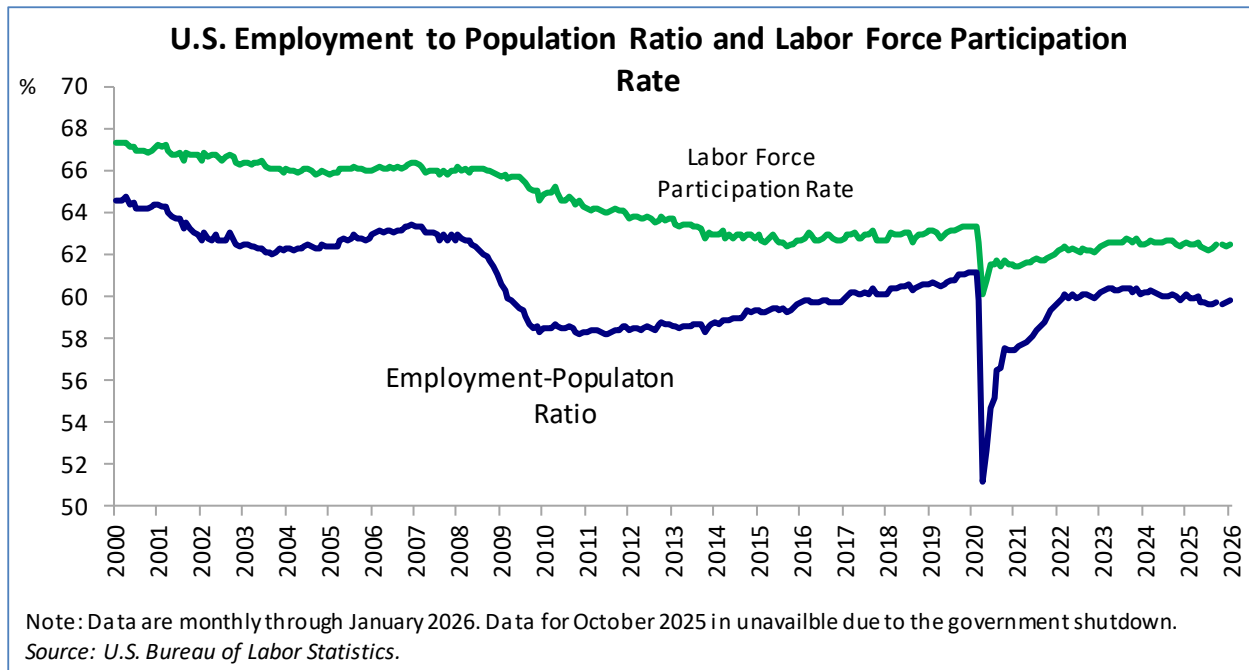


**Figure 32**

The employment-to-population ratio and labor force participation rate have both shown downward trends.<sup>22</sup> The ratio averaged at 59.8 percent in 2025, below its pre-pandemic average of 60.8 percent in 2019 and the 2024 average of 60.1 percent. The labor force participation rate averaged 62.4 percent in 2025, slightly down from 62.6 percent in both 2024 and 2023, and lower than the 2019 average of 63.1 percent (see Figure 33). Excluding the pandemic year, the decline in the labor force participation rate was the first since 2015.

Several factors are contributing to these declines. The aging U.S. population is a key driver, as many baby boomers retire, reducing the share of working-age individuals in the labor force. Immigration restrictions are further limiting population growth, while younger individuals increasingly prioritize higher education over early workforce entry, delaying labor market participation. Additional challenges—including skill mismatches, geographic mobility constraints, and other barriers—also affect individuals’ ability to enter or remain in the labor market.

<sup>22</sup> Employment-to-population ratio is defined as the number of employed civilians divided by the entire working-age population. Labor force participation rate is defined as the number of civilians in the labor force divided by the total working-age population.



**Figure 33**

The rise of AI is reshaping the employment landscape, creating both challenges and opportunities. AI automation is displacing jobs in lower-skilled sectors while generating demand in higher-skilled industries, such as technology and healthcare, where specialized knowledge is required. As traditional roles evolve or disappear, the need for workers with advanced skills is growing, prompting many to pursue upskilling or reskilling through education and training programs. Research indicates that AI is having a particularly significant and disproportionate impact on entry-level positions in the U.S. labor market.<sup>23</sup>

### *Sectoral allocation of jobs provides insights into the future labor market*

Employment growth slowed in almost all major industries in 2025 (see Table 4). Real estate, rental and leasing, and finance and insurance were exceptions, performing better in 2025. However, sectors such as retail trade, wholesale trade, information, administrative support and waste management, manufacturing, and mining are projected to see continued declines in employment over the forecast period. Factors such as low labor force participation and increased automation are expected to negatively affect job growth in certain industries. The overall slowing of economic activity and easing conditions in the labor market will also contribute to this trend.

<sup>23</sup> Erik Brynjolfsson, Bharat Chandar, and Ruyu Chen, “Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence,” Stanford University Digital Economy Lab, August 26, 2025, <https://digitaleconomy.stanford.edu/publications/canaries-in-the-coal-mine/>.

**Table 4**

| <b>U.S. Nonfarm Employment by Sector<br/>(percent change)</b> |                        |                        |                        |                        |                          |                          |
|---|------------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|
|   | <b>Actual<br/>2022</b> | <b>Actual<br/>2023</b> | <b>Actual<br/>2024</b> | <b>Actual<br/>2025</b> | <b>Forecast<br/>2026</b> | <b>Forecast<br/>2027</b> |
| <b>Total</b>  | <b>4.3</b>             | <b>2.2</b>             | <b>1.2</b>             | <b>0.5</b>             | <b>0.3</b>               | <b>0.5</b>               |
| Education and Health Care                                     | 2.9                    | 4.3                    | 4.4                    | 3.2                    | 2.5                      | 2.1                      |
| Health Care and Social Assistance                             | 2.6                    | 4.7                    | 4.5                    | 3.5                    | 2.9                      | 2.4                      |
| Educational Services <sup>1</sup>                             | 4.9                    | 2.4                    | 3.5                    | 1.7                    | 0.2                      | 0.3                      |
| Other Services  | 4.3                    | 2.6                    | 1.9                    | 0.7                    | 0.8                      | 0.6                      |
| Construction  | 4.4                    | 3.2                    | 2.5                    | 0.7                    | 0.9                      | 1.0                      |
| Leisure & Hospitality   | 11.9                   | 4.7                    | 1.2                    | 0.6                    | 0.8                      | 0.4                      |
| Accommodation and Food Services                               | 11.1                   | 4.0                    | 0.6                    | 0.3                    | 1.2                      | 0.6                      |
| Arts, Entertainment, and Recreation                           | 16.9                   | 8.4                    | 4.5                    | 2.3                    | (1.1)                    | (0.7)                    |
| Government  | 1.1                    | 2.7                    | 2.5                    | 0.6                    | (0.7)                    | 0.3                      |
| Federal   | (0.6)                  | 2.0                    | 2.5                    | (3.2)                  | (7.1)                    | 0.1                      |
| State and Local   | 1.3                    | 2.8                    | 2.5                    | 1.2                    | 0.2                      | 0.3                      |
| Finance & Insurance   | 2.0                    | 0.6                    | (0.2)                  | 0.5                    | (0.1)                    | (0.0)                    |
| Management of Companies                                       | 3.6                    | 2.4                    | 0.3                    | 0.3                    | 0.0                      | 0.1                      |
| Transportation & Utilities                                    | 7.2                    | (0.0)                  | 0.9                    | 0.2                    | (1.5)                    | (0.4)                    |
| Transportation and Warehousing                                | 7.6                    | (0.3)                  | 0.7                    | 0.1                    | (1.7)                    | (0.5)                    |
| Utilities   | 2.6                    | 3.0                    | 2.9                    | 1.5                    | 1.1                      | 0.9                      |
| Real Estate, Rental, & Leasing                                | 5.4                    | 3.1                    | (0.0)                  | 0.0                    | (0.5)                    | 0.0                      |
| Professional, Scientific, and Technical Services              | 6.0                    | 2.5                    | 0.3                    | (0.2)                  | 0.6                      | 0.5                      |
| Retail Trade  | 1.5                    | 0.3                    | (0.4)                  | (0.3)                  | (0.4)                    | (0.3)                    |
| Wholesale Trade   | 4.7                    | 2.1                    | 0.0                    | (0.8)                  | (0.3)                    | (0.2)                    |
| Manufacturing   | 3.7                    | 0.8                    | (0.7)                  | (1.2)                  | (0.5)                    | (0.1)                    |
| Administrative and Support and Waste Management               | 5.2                    | (1.5)                  | (2.5)                  | (1.6)                  | (0.4)                    | (0.3)                    |
| Information   | 7.2                    | (1.8)                  | (2.8)                  | (2.1)                  | (1.4)                    | (1.0)                    |
| Mining  | 9.1                    | 5.8                    | (1.4)                  | (2.0)                  | (1.5)                    | (0.6)                    |

Notes: Data are ranked by 2025 growth rates.  
<sup>1</sup> Includes only private employment. Public education and health care employment is included in the government sector.  
Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

The private education and health services sector has been crucial for job growth in 2025. Its gains have helped balance employment losses in other industries, allowing overall employment to remain positive. The robust growth in this sector was due to rising demand for healthcare and social assistance services, leading to significant job creation in healthcare settings. Hospitals, nursing and residential care facilities, and physicians continued to see high demand for workers. Additionally, roles in individual and family services, as well as childcare, were driving robust job gains in social assistance services.

On the other hand, while education is a vital part of the sector, it accounts for a smaller share of the private education and health services sector. Hence, employment variations in private education have a less pronounced impact on the overall sector. Nevertheless, current trends show a slowdown in job growth within this area, particularly in private elementary and secondary schools, as well as private colleges and universities. Employment growth for the education and healthcare sector grew by 3.2 percent in 2025, down from 4.4 percent in 2024.

This is reflective of a 3.5 percent growth in the healthcare and social assistance services sector and a 1.7 percent increase in the education services sector. Over the forecast period, employment in the education and health care sector is projected to slow to 2.5 percent in 2026 and 2.1 percent in 2027 (see Table 4).

The leisure and hospitality sector has experienced robust growth in employment, fueled by a resurgence in travel and increased consumer spending on recreational activities since the pandemic. As air travel has rebounded and hotel occupancy rates have risen, the demand for labor within this sector has concurrently escalated. Participation in arts, entertainment, and various recreational pursuits has further bolstered job gains, highlighting the sector's post-pandemic recovery and its evolution to meet changing consumer preferences. In addition, the sector will also have to grapple with the adoption of technology, particularly in the accommodations and food services industry, where certain roles like check-in processes at hotels and airports and meal ordering have already been automated.

Despite this growth, employment in the sector slowed, growing by only 0.6 percent in 2025, from 1.2 percent in 2024. As the labor market continues to ease and higher prices curb purchasing power, discretionary spending on services in the leisure and hospitality sector is anticipated to slow further. As a result, labor demand will also be more subdued as businesses within the industry navigate these challenges. Hence, employment growth is expected to remain subdued, growing 0.8 percent in 2026 and 0.4 percent in 2027.

Employment in the transportation and utilities sector grew by 0.2 percent in 2025, following a 0.9 percent increase in 2024. This sector, particularly the transportation and warehousing industry, experienced substantial growth during the pandemic as consumer preference significantly shifted towards online shopping. This transformation heightened demand for warehousing capabilities and ground transportation services essential for delivery needs. However, following a peak in employment in July 2022, the sector began to decline, suggesting that the initial surge was a response to temporary extraordinary circumstances linked to the pandemic. The sharp drop in trucking transportation employment was offset by growth in warehousing and storage jobs throughout 2024. The transportation segment showed signs of improvement in 2025, with increased demand for ground or air travel. The surge in employment for couriers and messengers reflects a sustained need for delivery services, which have become an integral part of the economy, especially with the growing trend of e-commerce. Despite these positive trends, employment in the transportation industry is expected to continue falling, as the economy slows and consumer spending patterns change. Similarly, the pace of growth in warehousing and storage employment is expected to decelerate. Consequently, the overall

growth trajectory for the transportation and utilities sector is projected to experience a decline over the forecast period (see Table 4).

The outlook for government employment reveals a landscape in which state and local governments are poised to drive growth, despite the concerning trend of declining federal government employment. In 2025, state and local government employment increased by 1.2 percent as they continued to restore their workforce after significant reductions experienced during the pandemic. In contrast, the federal workforce, which peaked at over three million employees in October 2024, began shedding jobs following the implementation of buyout programs and layoffs. Since January 2025, the federal government has shed 324,000 jobs through January 2026. Consequently, total government employment grew 0.6 percent in 2025, a stark contrast to growth rates of 2.5 percent in 2024 and 2.7 percent in 2023.

As states and localities face tighter budget constraints, their pace of hiring is expected to slow further, requiring a careful balance between delivering critical services and managing limited resources. Consequently, employment growth in state and local government is projected to continue to slow over the forecast period. Meanwhile, after large layoffs in 2025, federal government employment is projected to stabilize at a reduced level in 2026, with the annual average level falling 7.1 percent relative to the 2025 level. Overall, total government employment is projected to fall by 0.7 percent in 2026, before improving in 2027.

The finance and insurance industry is undergoing significant transformation driven by technological advancements, which have reshaped its employment landscape. A reliance on innovative technologies that automated various processes led to a decline in employment growth in 2024. This transition has created a heightened demand for workers with specific technical skills within the industry. Additionally, many companies are now implementing policies that require employees to return to physical workplaces, reversing the trend of remote work that became prevalent during the pandemic. This shift may pose challenges for employment levels, as some workers may prefer the flexibility of remote arrangements, potentially impacting workforce participation.

The finance and insurance sector recovered slightly in 2025 with an increase in employment by 0.5 percent. However, the sector is projected to undergo a 0.1 percent decline in 2026 before remaining flat in 2027, as the industry continues to navigate the dual pressures of ongoing technological adaptation and evolving workplace norms (see Table 4). This means that while there may be a short-term uptick in job growth, longer-term trends indicate a continued recalibration of workforce needs and the nature of employment in the sector.

Correspondingly, the professional, scientific, and technical services sector is the largest industry within professional and business services. This sector also transitioned employees into virtual work environments during the pandemic and has similar return-to-work policies as the finance and insurance industry. They are also grappling with the implications of these changes in workforce dynamics and employee preferences. This industry covers a diverse range of services, including advertising and public relations, accounting and tax preparation, computer systems design, architectural and engineering services, and more. Despite initially showing resilience in the aftermath of the pandemic, the sector began to experience a downturn in employment in 2025, averaging 2,150 job losses per month for the year. Key contributors to this decline include a slowdown in accounting and tax services, computer designs and related systems, as well as challenges in scientific research and development services.

Employment growth in the professional, scientific, and technical services sector is projected to increase in 2026. The sector experiences a rebound in employment over the forecast period, increasing 0.6 percent in 2026 and 0.5 percent in 2027 (see Table 4). Factors influencing this adjustment will include the continued evolution of service delivery models, the integration of technology, and the industry's ability to attract and retain talent in a competitive labor market.

The wholesale and retail trade sectors are facing significant challenges that have led to a decline in employment growth. This trend is a result of several factors, including changes in consumer buying habits, economic fluctuations, and advancements in technology. In the wholesale trade sector, employment growth is expected to slow down considerably. Following growth of 2.1 percent in 2023, employment remained flat in 2024 and then declined by 0.8 percent in 2025. Employment in the wholesale sector is projected to decrease further over the forecast period, by 0.3 percent in 2026 and 0.2 percent in 2027. This contraction in growth is attributed to tariffs, which are impacting sales and subsequently reducing the demand for labor.

Similarly, employment growth in the retail trade industry is projected to continue to contract in 2026 and 2027, following a 0.3 percent decrease in 2025. The employment pattern in the retail trade sector reflects broader economic pressures such as increased reliance on e-commerce, the closure of numerous large retail stores, and automation trends that reduce the need for sales personnel.

Despite these challenges, certain segments within the retail sector experienced temporary spikes in demand for sales staff in 2025, including motor vehicle and parts dealers, and food and beverage retailers. Additionally, the slowdown in consumer spending over the

forecast period is projected to lead to a 0.4 percent decline in retail trade employment in 2026 and 0.3 percent in 2027 (see Table 4).

Employment in the administrative and support and waste management (ASW) sector post-pandemic peak was in March 2022. Since then, the sector had lost about 575,000 jobs through January 2026. The downturn is primarily driven by a significant decline in temporary help services, a leading indicator of overall employment growth. This downward trend may indicate structural changes in the ASW sector. Employers are increasingly moving away from a reliance on temporary staffing solutions, which may reflect a shift in hiring practices or a reassessment of workforce needs in a post-pandemic environment. As a result, employment growth in the ASW sector declined for the third consecutive year in 2025. This declining trend is projected to persist throughout the forecast period, indicating a prolonged period of contraction and adaptation for the sector.

Steady, albeit slowing, employment growth in the repair and maintenance, as well as personal and laundry services industries has helped support overall employment in the other services sector. Employment in religious, grantmaking, civic, professional, and similar organizations, which accounts for over 40 percent of the other services' employment, continued to grow but remained 67,100 jobs below its pre-pandemic peak. Despite this support, employment growth in the other services sector slowed to 0.7 percent in 2025, down from 1.9 percent in 2024 and 2.6 percent in 2023. The sector is projected to experience a modest increase in employment growth to 0.8 percent in 2026 and then fall 0.6 percent in 2027.

The goods-producing sector is facing significant employment challenges in 2025, as reflected by an average monthly loss of about 10,500 jobs during the year. The primary contributors to this decline were the manufacturing and mining industries, which have struggled to maintain stable employment levels. Conversely, the construction sector is anticipated to experience modest growth despite the overall downturn in the goods-producing sector. Construction employment rose by 0.7 percent in 2025, following more robust growth rates of 2.5 percent in 2024 and 3.2 percent in 2023. This growth is expected to improve further in 2026 and 2027 (see Table 4).

One of the factors affecting the subdued employment outlook in the construction sector is the rescinding of funds for specific infrastructure spending due to recent federal policy



changes.<sup>24</sup> This decrease in infrastructure spending may affect the long-term potential for growth in construction employment. Stricter immigration policies and increased deportations are also affecting this industry due to its concentration of undocumented and low-skilled workers. In contrast, manufacturing employment is projected to decline over the forecast period. The ongoing automation trend in manufacturing processes is likely to reduce job availability, as advancements in technology continue to replace certain tasks traditionally performed by human workers.

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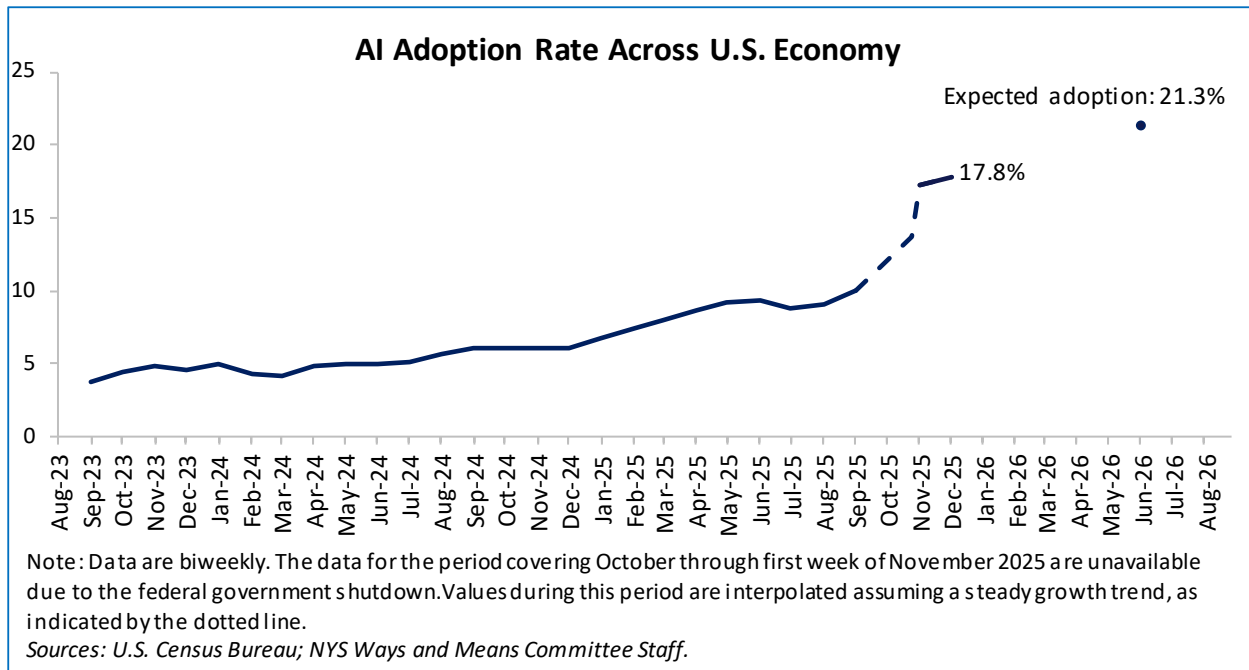
<sup>24</sup> Segments of The Inflation Reduction Act of 2022 that appropriated funds for climate and clean energy infrastructure were repealed. See The One Big Beautiful Bill, Public Law 119-21, 119<sup>th</sup> Congress of the United States, signed into law July 4, 2025; and also see The Infrastructure and Investment Act, Public Law, 117-58, 117<sup>th</sup> Congress of the United States, signed into law November 15, 2021; Inflation Reduction Act of 2022, Public Law 117-169, 117<sup>th</sup> Congress of the United States, signed into Law August 16, 2022.

## AI Adoption and Impact on Labor Market

Since the emergence of generative AI tools in 2022, their use has expanded across a wide range of occupations and industries. Between 2022 and 2025, the share of industries reporting some level of AI use increased by approximately 14 percent. This growth reflects both the increasing availability of systems capable of generating text, images, video, and code, as well as the increasing use of AI to support analytical and decision-making tasks. As these tools become more accessible, they are being incorporated into existing workflows across sectors, reshaping how certain tasks are performed without necessarily displacing entire occupations. These adoption trends provide important context for understanding how AI is influencing labor demand, employment patterns, and productivity.

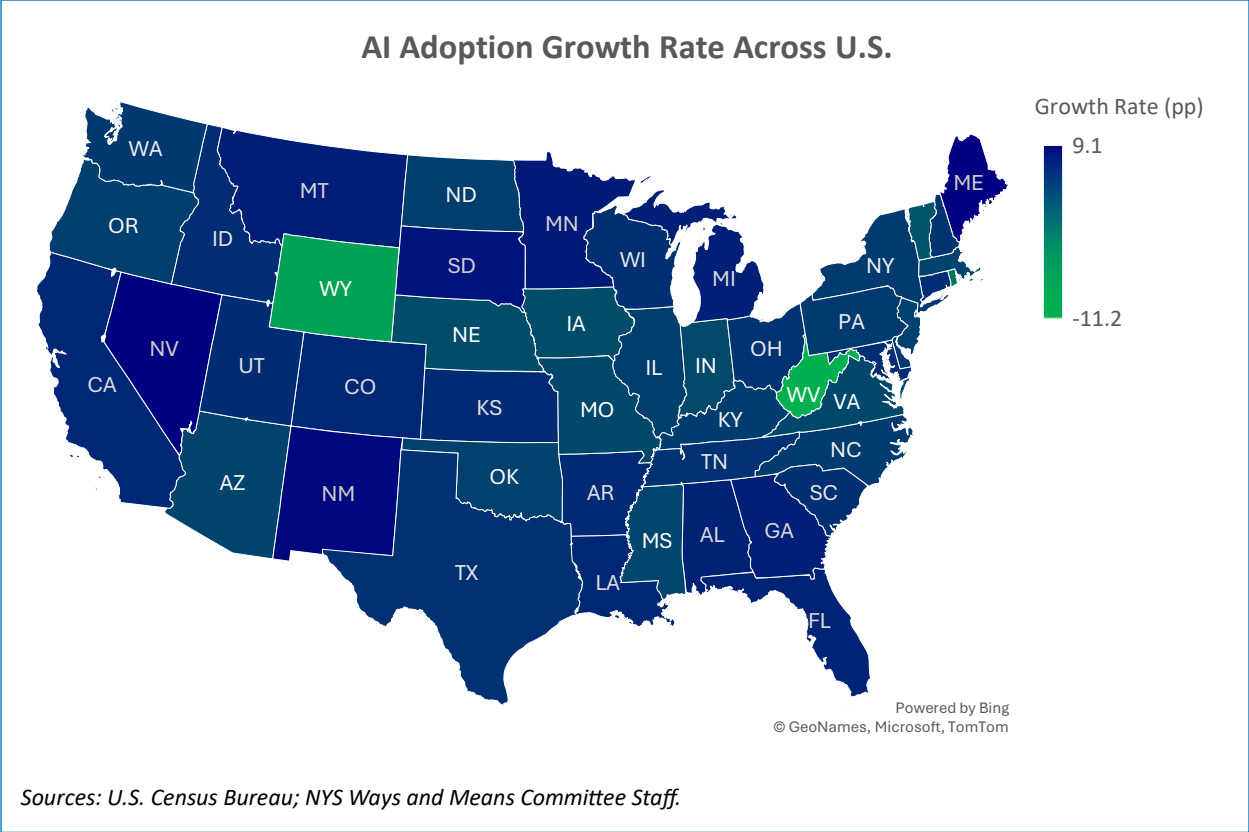
### *AI adoption increased with widespread expected growth*

In September 2023, the U.S. Census Bureau introduced two survey questions to measure AI use, providing new insight into adoption patterns across industries and states. Reported AI adoption has trended upward since then, with a particularly notable increase toward the end of 2025 (see Figure 34). This acceleration coincides with the maturation of generative AI systems and their integration into widely used platforms such as Meta AI, Google AI Overviews, and Microsoft 365 Copilot, which have increased routine exposure to AI in both consumer and workplace settings. Greater familiarity with these tools, along with improvements in measurement and reporting, may also have contributed to higher observed adoption rates over time. Across industries, information and educational services exhibit the highest expected growth in AI adoption. This pattern reflects the close alignment between current AI capabilities and knowledge-intensive tasks such as information processing, content creation, and instructional support. More broadly, it suggests that AI diffusion is occurring more rapidly in sectors where technological feasibility and operational fit are strongest.



**Figure 34**

State-level patterns similarly show widespread expected growth in AI adoption nationwide. Maine, New Mexico, and Nevada are projected to see the largest increases, while Wyoming, West Virginia, and Rhode Island show relatively low or declining expected growth. These differences do not necessarily imply limited AI engagement in lower-growth states. Instead, they may reflect earlier adoption, sectoral composition, institutional usage, or infrastructure investment, resulting in slower measured growth as adoption matures. New York State is expected to experience a 2.3 percentage-point increase in AI adoption growth, reflecting steady diffusion in a state already exposed to AI-enabled industries and public-sector applications (see Figure 35). Overall, these patterns suggest widespread AI adoption across the U.S., with variations across states driven by differences in timing, economic structure, and implementation strategies.



**Figure 35**

*Rising demand for AI-related employment*

Alongside rising AI adoption, labor demand has increasingly shifted toward AI-related skills. Job-posting data show a clear upward trend in openings that require AI expertise, consistent with the rapid diffusion of advanced AI systems, including generative tools, across firms and industries. As organizations integrate AI into core business operations, demand has increased for workers with technical and implementation-oriented AI skills.

According to an Economic Graph Research Institute report,<sup>25</sup> AI engineering jobs grew by more than 25 percent year-over-year in 2025. Notably, AI-related recruitment is no longer concentrated solely within the technology sector. Industries such as financial services and utilities have also expanded their share of AI-intensive hiring, reflecting broader cross-sector adoption. Overall, job postings requiring AI skills have grown by more than 70 percent year-over-year,

<sup>25</sup> Economic Graph Research Institute, LinkedIn, AI Labor Market Update, September 5, 2025  
<https://economicgraph.linkedin.com/content/dam/me/economicgraph/en-us/PDF/ai-labor-market-update-header-sept-2025.pdf> (Accessed on January 22, 2026).

indicating that AI diffusion is reshaping skill demand across a wide range of industries rather than being confined to a narrow set of firms or occupations.

### *Employment effects of AI adoption*

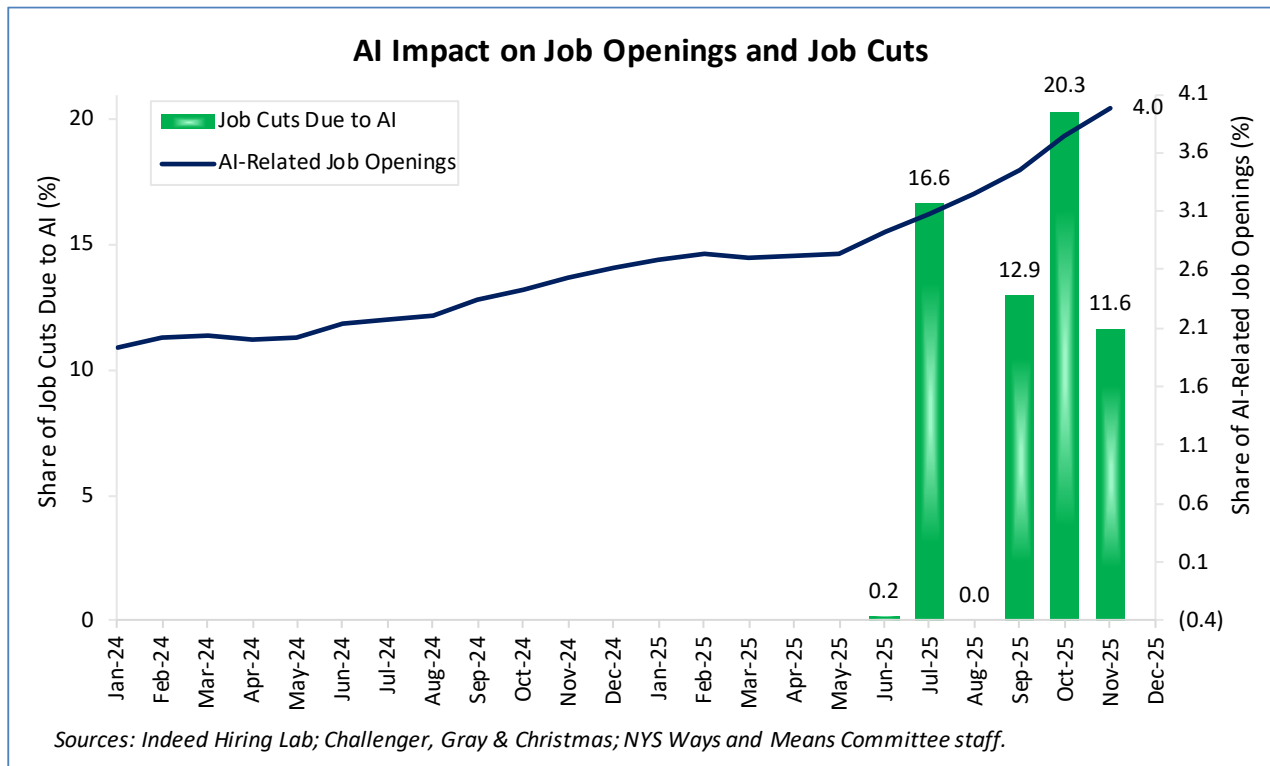
Despite growing demand for AI-related skills, recent data also shows an increase in reported job losses attributed to AI. As of December 2025, AI-related job postings account for approximately 4.0 percent of total job openings on Indeed. At the same time, AI-related job cuts rose sharply, comprising about 20.3 percent of reported layoffs in the final quarter of 2025 (see Figure 36). These figures, however, should be interpreted with caution. The timing of these reports coincides with a broader cooling of labor-market conditions, suggesting that observed job losses may reflect generalized hiring slowdowns rather than AI-driven displacement alone. Employment declines have been most pronounced in AI-exposed, entry-level occupations, including software development and customer service, particularly among early-career workers following the widespread diffusion of generative AI tools after late 2022.<sup>26</sup> However, existing evidence remains largely observational and does not yet permit definitive causal attribution to AI adoption, as sector-specific adjustments, firm-level hiring strategies, and macroeconomic conditions likely also play important roles.

Recent academic research supports a more nuanced interpretation of AI's labor-market effects. Studies find that AI is not uniformly job-displacing. Instead, its impact depends on how AI is adopted and integrated into workplace tasks.<sup>27</sup> While AI can substitute for labor in specific tasks, this does not necessarily translate into net job losses at the occupation or firm level. Employment outcomes reflect a dynamic balance among task-level substitution, worker reallocation toward complementary or higher-value activities, and productivity gains that support firm expansion. Although AI adoption may reduce demand for certain skills, these effects are often offset by increased productivity, business expansion, and internal task reorganization, resulting in limited aggregate employment impacts. Taken together, these findings suggest that AI is reshaping labor markets primarily through task reallocation rather than widespread displacement (see Figure 36).

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<sup>26</sup> Mary Hayes, Ph.D, Jared Northup, "AI isn't just changing work. It might be changing workers," ADP Research, October 15, 2025, <https://www.adpresearch.com/ai-isnt-just-changing-work-it-might-be-changing-workers/> (Accessed on January 22, 2026).

<sup>27</sup> Menaka Hampole, Dimitris Papanikolaou, Lawrence D.W. Schmidt, and Bryan Seegmiller, "Artificial Intelligence and the Labor Market," NBER Working Paper 33509 (2025), <https://doi.org/10.3386/w33509> (Accessed on January 22, 2026).

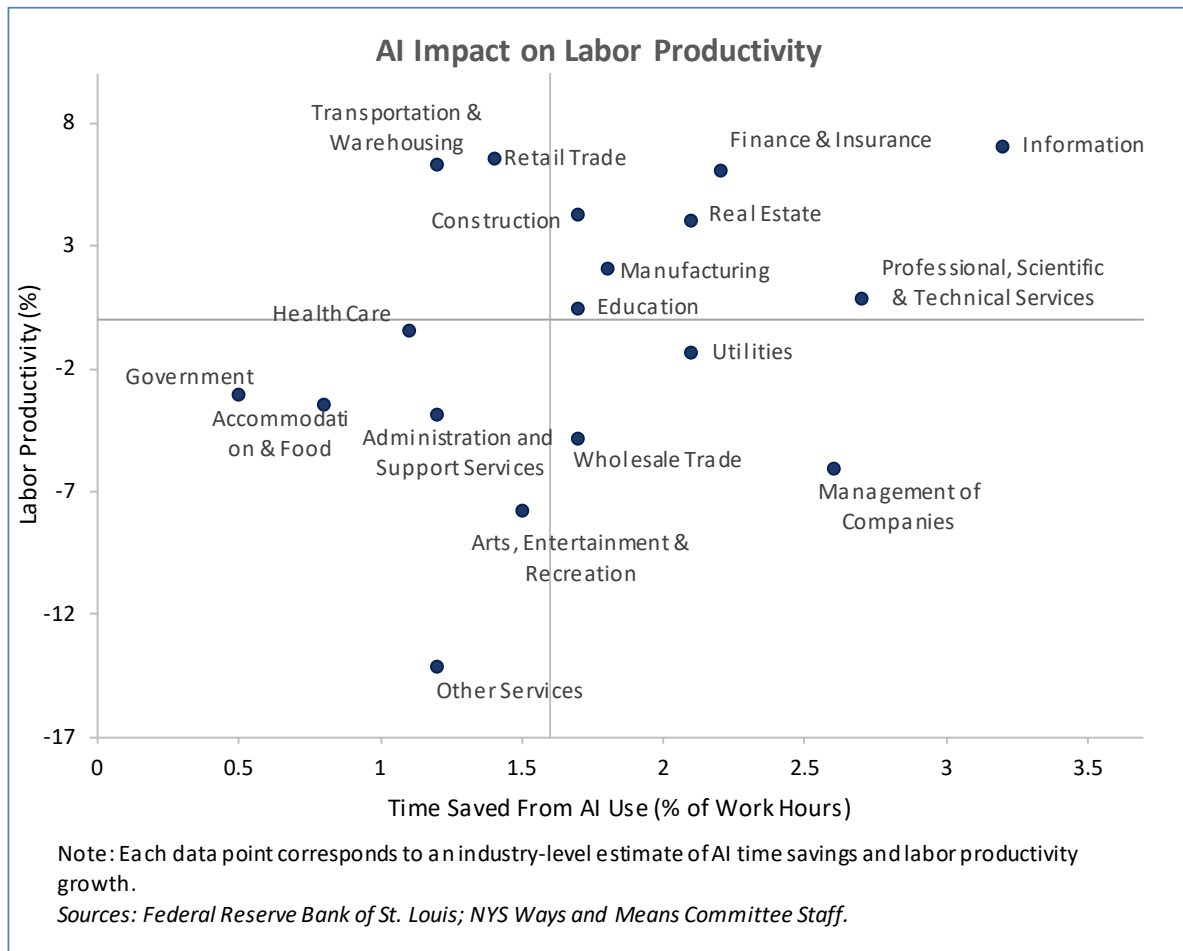


**Figure 36**

*AI adoption shows signs of increased labor productivity, though evidence remains inconclusive*

With the growing adoption of AI, an important question is whether these technologies are translating into meaningful gains in labor productivity. Emerging research suggests that labor productivity may have increased by as much as 1.3 percent since the introduction of ChatGPT.<sup>28</sup> For context, productivity grew at an average annual rate of 1.4 percent between 2015 and 2019, prior to the COVID-19 pandemic. By contrast, from the fourth quarter of 2022 through the second quarter of 2025, aggregate labor productivity increased at a faster annualized rate of 2.2 percent. Industry-level evidence further supports a potential link between AI use and productivity growth. Industries reporting a one-percentage-point increase in time savings associated with AI adoption experienced, on average, a 2.7 percentage points increase in labor productivity growth (see Figure 37).

<sup>28</sup> Alexander Bick, Adam Blandin, David Deming, “The State of Generative AI Adoption in 2025”, Federal Reserve Bank of St. Louis, November 13, 2025, <https://www.stlouisfed.org/on-the-economy/2025/nov/state-generative-ai-adoption-2025> (Accessed on January 22, 2026).



**Figure 37**

Industries such as information and professional, scientific, and technical services fall into the high-productivity, high-time-savings quadrant, representing the most efficient use of AI. Other industries, such as retail trade, show productivity gains despite relatively modest time savings, suggesting that AI may improve output through channels beyond direct time reduction, including improved forecasting, inventory management, or decision support. In contrast, industries such as management of companies report substantial time savings but declining productivity, potentially reflecting transitional adjustment costs in which time savings accrue primarily to administrative or coordination tasks that do not immediately translate into higher output. Several critical sectors, including health care and government, experience productivity declines despite minimal time savings from AI adoption, likely due to regulatory requirements, implementation frictions, and the continued need for human oversight, which can limit near-term efficiency gains.

While this relationship is correlational rather than causal, given that labor productivity is influenced by a wide range of factors, it nonetheless suggests that generative AI may already be exerting a measurable influence on productivity outcomes at the industry level.

### *AI mirrors the internet in diffusion, but impacts different types of work*

The diffusion of AI has prompted comparisons to earlier general-purpose technologies, most notably the rise of the internet in the late 1990s. Research on the adoption of computers and the internet technologies shows that, while these innovations displaced some routine tasks, their primary effects were to reshape job roles, raise productivity, and support employment growth through task reallocation and the creation of new occupations. As a result, labor-demand adjustments occurred gradually rather than through widespread displacement.<sup>29</sup> The impacts of internet adoption were most pronounced in routine-intensive clerical, administrative, and manufacturing occupations, while workers in higher-skill, technology-complementary roles experienced relative gains.

Emerging evidence suggests that AI may be following a similar task-based adjustment pattern, with labor market outcomes depending on how AI systems are deployed within firms and occupations.<sup>30</sup> To date, AI-related impacts appear most concentrated among knowledge-intensive and white-collar occupations involving information processing, content creation, and customer interaction. Because generative AI can automate a broader range of cognitive and professional tasks than earlier digital technologies, its labor-market effects may materialize more rapidly and unevenly across industries. This dynamic underscores the importance of continued monitoring and targeted policy attention. Taken together, these historical parallels suggest that policy responses should focus on supporting workforce adjustment and skill development, rather than anticipating immediate, large-scale displacement.

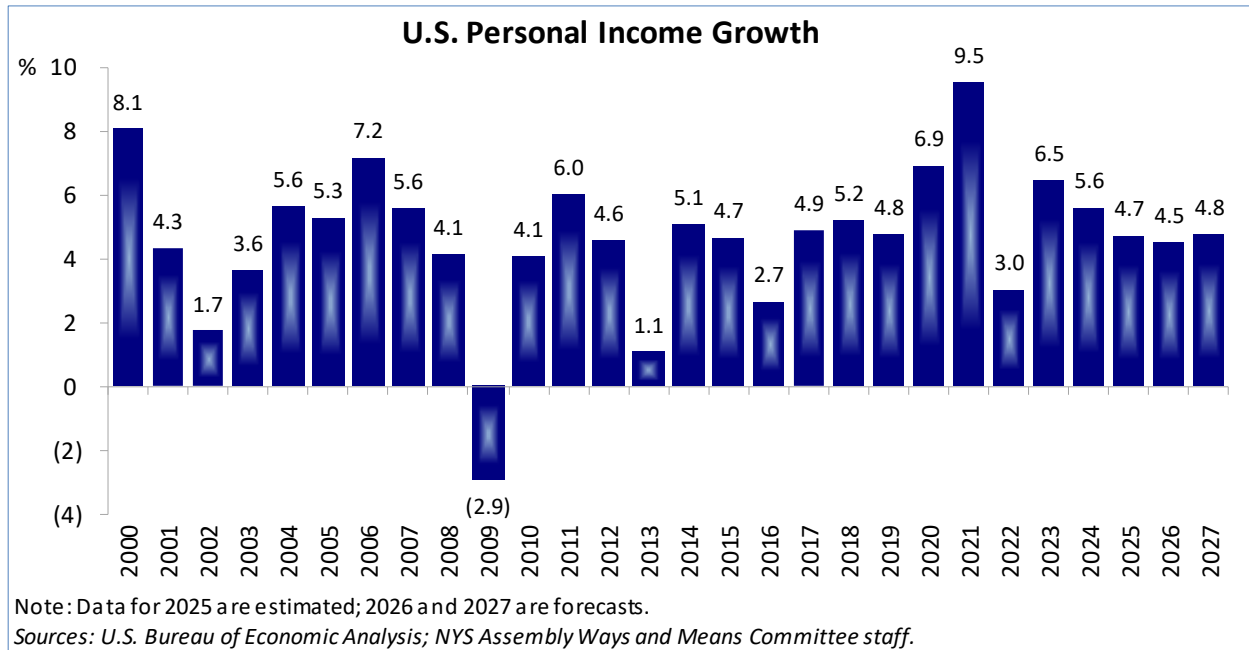
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<sup>29</sup> Autor, David H., "Why Are There Still So Many Jobs? The History and Future of Workplace Automation," *Journal of Economic Perspectives* 29 (3): 3–30, 2015. DOI: 10.1257/jep.29.3.3 (Accessed on January 22, 2026).

<sup>30</sup> Menaka Hampole, Dimitris Papanikolaou, Lawrence D.W. Schmidt, and Bryan Seegmiller, "Artificial Intelligence and the Labor Market," NBER Working Paper 33509 (2025), <https://doi.org/10.3386/w33509> (Accessed on January 22, 2026).



## Personal Income



**Figure 38**

### Key Point

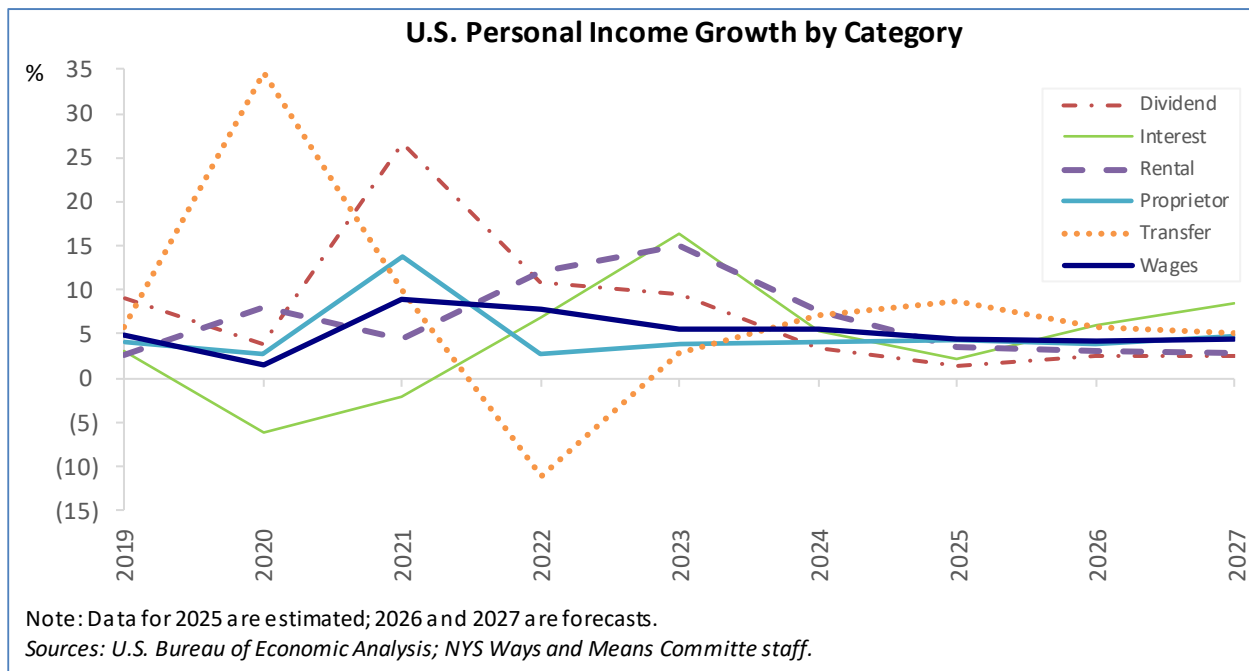
- **Increases in personal income are projected to decelerate primarily due to slower growth in wages and salaries. This slowdown is influenced by sluggish employment growth exerting downward pressure on wage levels.**

Personal income grew an estimated 4.7 percent in 2025, following increases of 5.6 percent in 2024 and 6.5 percent in 2023 (see Figure 38). This slowdown primarily reflected weaker growth in wages and salaries, which make up the largest share of personal income. Slower increases in rent and income from assets also contributed to the deceleration. This effect was partly offset by gains in proprietorship income and transfer receipts. Excluding transfer receipts, personal income is estimated to have grown by only 3.8 percent in 2025.

Looking ahead, personal income growth is projected to moderate to 4.5 percent in 2026 as slower labor demand restrains wage growth and the expansion of transfer receipts eases. However, stronger income growth from dividends and interest is expected to provide support. Personal income is projected to rise 4.8 percent in 2027, reflecting modest wage growth and continued increases in income from assets and proprietor's income.

Wages and salaries are estimated to have slowed to 4.4 percent growth in 2025, following a robust 5.6 percent increase in 2024. Weakening labor market conditions contributed to modest employment gains, putting downward pressure on wages. Average hourly earnings in the business sector moderated, while average weekly hours worked declined. Furthermore, recent payroll employment gains were concentrated in lower-paying sectors, including leisure and hospitality, education and health care, and state and local governments. However, wage growth was partially supported by labor market dynamics: many workers chose to remain in their positions, and employers were generally hesitant to implement layoffs, preventing a sharper deceleration in wages and salaries. In addition, the recent uptick in inflation exerted some upward pressure on wage growth.

With the unemployment rate projected to rise and labor demand easing, job growth is expected to soften further. Announced job cuts have accelerated as trade policy and other economic uncertainties weigh on employers' bottom lines. This overall slowdown in employment is likely to put additional downward pressure on wage growth. As a result, wages and salaries are projected to increase 4.2 percent in 2026, with a modest rebound to 4.4 percent in 2027 (see Figure 39).



**Figure 39**

Personal transfer receipts are in-kind payments provided by government entities and businesses directly to individuals. These payments include Social Security benefits,

unemployment benefits, public assistance, and other forms of government assistance. They play a crucial role in providing financial stability and support to vulnerable populations, especially during economic downturns or periods of increased need. In 2020, personal income grew 6.9 percent when billions in fiscal stimuli were given to households; it fell to 1.2 percent with those transfer receipts excluded. In 2025, personal income is estimated to have grown 0.9 percentage points higher with transfer receipts.

Transfer income grew significantly by an estimated 8.8 percent in 2025, following increases of 7.0 percent in 2024 and 2.8 percent in 2023. This growth was partially driven by annual cost-of-living adjustments (COLA) to Social Security benefits and Supplemental Security Income, aimed at maintaining the purchasing power of beneficiaries amid inflation. Payouts from Social Security, Medicare, and veteran benefits saw a sharp rise in the first half of the year, likely due to an increase in the number of veterans, retirees, and their dependents being added to the benefit rolls.

The aging U.S. population significantly influences the demand for Social Security benefits and healthcare-related transfer payments to individuals. As this demographic trend continues, the need for these benefits will increase. However, growth of personal transfer income is projected to slow to 5.7 percent in 2026 and then to 5.1 percent in 2027. This deceleration is likely influenced by policy changes under the OBBBA that are anticipated to exert downward pressure on personal transfer receipts, especially affecting Medicaid, Supplemental Nutrition Assistance Program (SNAP) and other government support programs. On average, the federal share of Medicaid spending ranges from 69 to 71 percent, while wealthier states receive the statutory minimum federal match of 50 percent. The Social Security Administration has set the COLA at 2.8 percent for 2026, but it is expected to decrease in 2027 as inflationary pressures ease.

Dividend income is estimated to have slowed to 1.3 percent in 2025, following more robust increases of 3.3 percent in 2024 and 9.5 percent in 2023. This deceleration was attributed to corporations prioritizing stock buybacks, capital investments, and building cash reserves rather than focusing on dividend distributions. Despite this trend, a shift in corporate strategies is expected as companies begin to reprioritize dividend payouts using their accumulated cash flow. A lower interest rate environment is likely to encourage investment in the stock market, making dividend-paying stocks more attractive to investors.

The current landscape of economic uncertainties, particularly those arising from public policy changes, may lead investors to gravitate towards companies that offer stable cash flows or belong to sectors known for rich dividend yields. As a result, dividend income is projected to

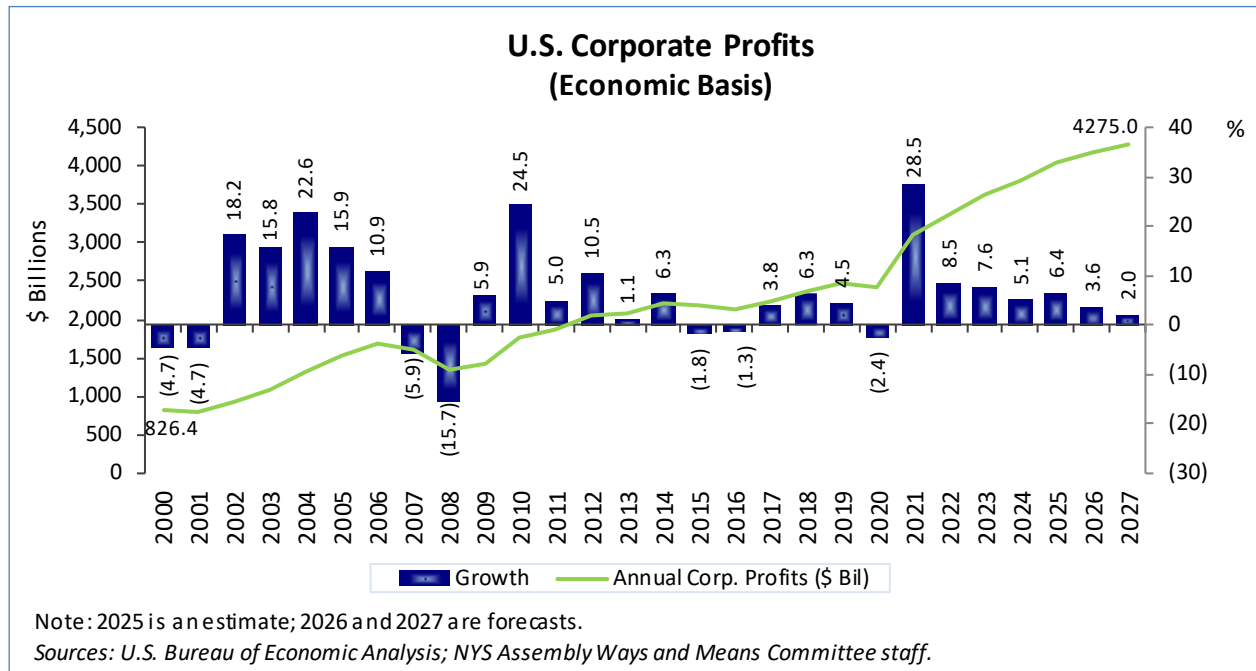
rebound, growing by 2.5 percent in 2026 and 2.4 percent in 2027, supported by improving corporate profitability and a renewed emphasis on returning value to shareholders.

Interest income is estimated to have slowed to 2.2 percent in 2025, following growth of 5.3 percent in 2024 and a robust 16.3 percent in 2023 (see Figure 39). This deceleration primarily reflects a sharp decline in federal interest payments to individuals, as the federal budget deficit narrowed. Despite expectations for lower short- and long-term interest rates, interest income is projected to rebound, rising 6.0 percent in 2026 and 8.6 percent in 2027. This recovery is driven by an upswing in net interest payments from both financial and non-financial institutions, as lower rates encourage increased debt financing.

Rental income has experienced significant growth over the past few years, particularly in 2023, due to rising interest rates that made homeownership less accessible for many individuals. This shift led to an increased demand for rental properties, resulting in higher rental prices. As a result, rental income rose by 7.5 percent in 2024. However, with interest rates predicted to decline further and home price growth to slow, annual growth in rental income moderated to an estimated 3.6 percent in 2025, followed by a projected 3.0 percent in 2026 and 2.9 percent in 2027.

The post-pandemic landscape has seen a surge in small businesses, with many proprietors preparing for potential revenue declines as the economy is projected to slow in the upcoming years. To navigate these challenges, proprietors are expected to adopt more cost-effective measures and enhance operational efficiency to support profitability. Consequently, proprietors' income is projected to align closely with its trend growth, with an estimated increase of 4.4 percent in 2025, before growing 3.9 percent in 2026 and 4.8 percent in 2027.

## Corporate Profits



**Figure 40**

### Key Points

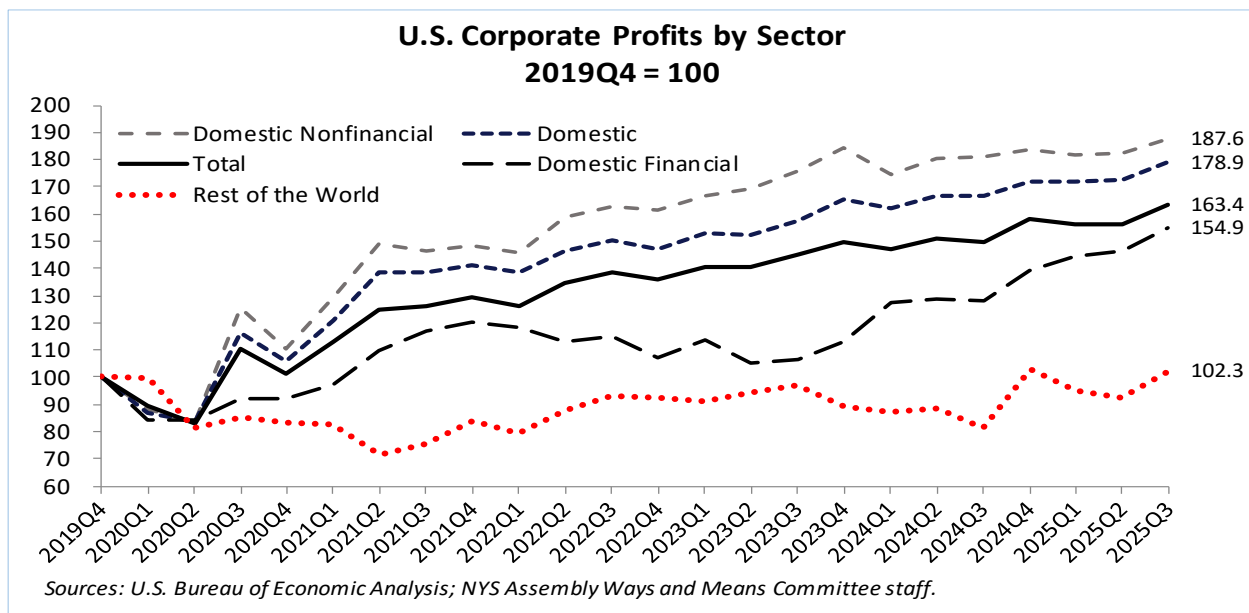
- Reflecting weaker sales momentum and rising tariff-related cost pressures, corporate income gains are likely to moderate over the forecast period, following five consecutive years of strong growth. After accelerating to an estimated 6.4 percent in 2025 from 5.1 percent in 2024, corporate profit growth is projected to slow to 3.6 percent in 2026 and 2.0 percent in 2027.
- The corporate share of national income peaked at 16.3 percent in the fourth quarter of 2025, marking its highest level since 1947. With earnings growth softening, the corporate share is expected to retreat gradually over the forecast period.

After declining 2.4 percent in 2020 due to the COVID-19 pandemic, corporate profits rebounded strongly between 2021 and 2024, supported by robust sales growth and sustained pricing power (see Figure 40). Federal subsidies also played a role in boosting corporate earnings during the early stages of the recovery.

In 2025, corporate profit growth remained robust despite slowing economic activity and rising cost pressures from ongoing tariffs, supported by a sharp deceleration in payroll and labor cost growth. Annual corporate profit growth is projected to slow from an estimated 6.4 percent in 2025 to 3.6 percent in 2026 and 2.0 percent in 2027.

Customs duties collected by the U.S. Treasury have surged, more than tripling from \$8.2 billion in March 2025 to \$30.8 billion in November 2025. Since these duties are paid by U.S. importers, corporate profit margins are reduced by a comparable amount unless companies are able to fully pass the costs on to consumers or other businesses.

As of the third quarter of 2025, total U.S. corporate profits were 63.4 percent higher than in the fourth quarter of 2019 (see Figure 41). This increase over the past five years was driven primarily by domestic operations rather than overseas activity. U.S. domestic corporate earnings rose 78.9 percent compared to the fourth quarter of 2019, while overseas earnings increased by a mere 2.3 percent over the same period.

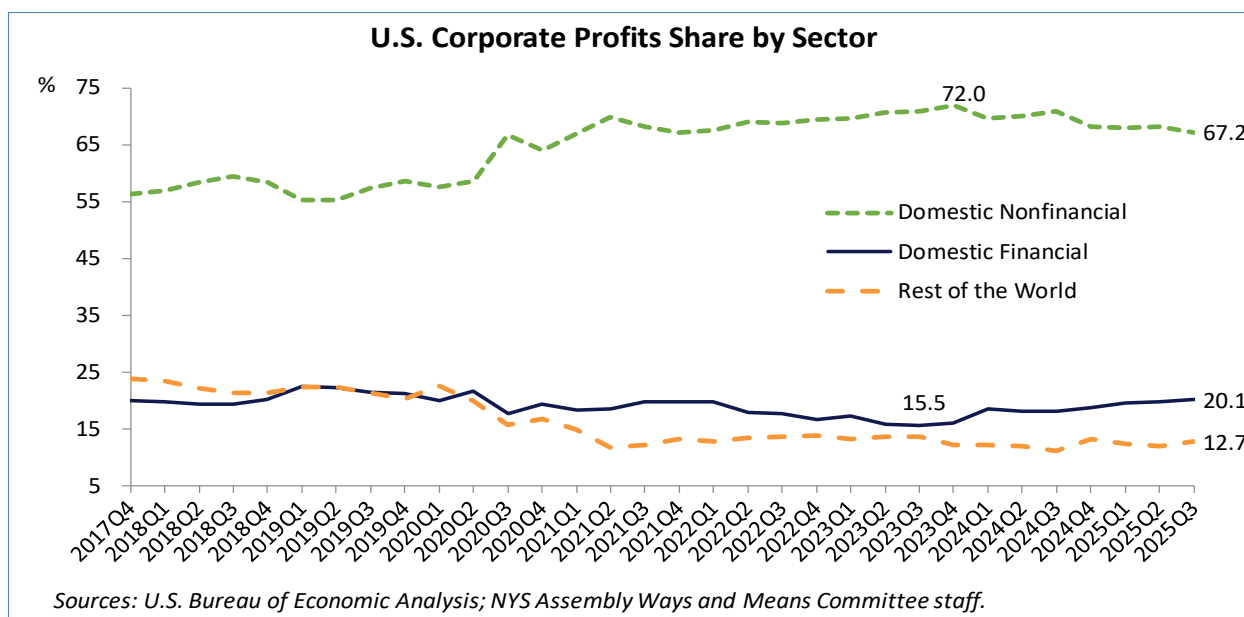


**Figure 41**

Within the domestic sector, non-financial corporations outperformed their financial counterparts, with profits rising 87.6 percent versus 54.9 percent, respectively. However, the gap between the two sectors has narrowed over the past two years. Financial sector profits rebounded strongly—up 47.3 percent between the second quarter of 2023 and the third quarter of 2025—after having declined 6.3 percent from the fourth quarter of 2019 levels. In contrast, profit growth in the non-financial sector slowed considerably, from 66.9 percent to just 10.7 percent over the same period.

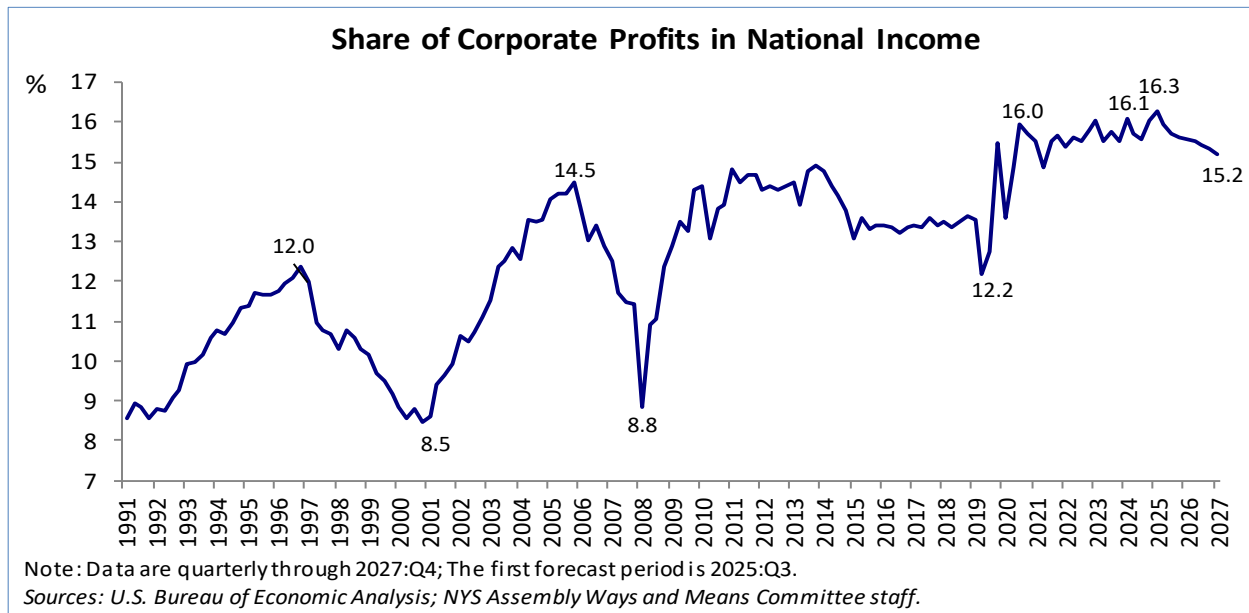
The financial sector’s earlier underperformance from 2020 to 2023 largely reflected its exposure to the sharp financial market correction in 2022 and the rapid rise in interest rates during 2022–2023. Meanwhile, the non-financial sector benefited from the robust post-pandemic recovery and increased pricing power. Since 2023, however, nonfinancial earnings growth has moderated due to slower sales growth and waning pricing power, while the financial sector has gained from a strong rally in equity markets.

The nonfinancial sector’s share in total U.S. corporate earnings increased from the 55.3 percent in the second quarter of 2019, which was the lowest since 2010, to 72 percent in the fourth quarter of 2023. It has since decreased to 67.2 percent as of the third quarter of 2025 (see Figure 42). In contrast, the financial sector’s share steadily increased to 20.1 percent in the third quarter of 2025, after falling to a 17-year low of 15.5 percent in the third quarter of 2023. Despite the recent gain, however, the financial sector’s corporate income share is still much lower than the 31.6 percent recorded in the second quarter of 2002. This secular decline in the financial sector’s profitability does not bode well for New York State, as its dependence on the financial sector for its revenue remains high.



**Figure 42**

The share of corporate profits in national income trended upward after 1990, quickly regaining ground after each recession. After reaching a plateau of a ten-year average of 13.9 percent between 2010 and 2019, the corporate income share briefly retreated to an eleven-year low of 12.2 percent in the first quarter of 2020 (see Figure 43).



**Figure 43**

However, the share jumped back up to an even higher plateau during the post-pandemic economic boom. The corporate profits’ share averaged 15.7 percent during the recent four-year period ending in the the third quarter of 2025. Over the forecast period, the share is projected to decline from the fourth-quarter 2025 peak of 16.3 percent, reflecting a moderating sales growth and profitability outlook.



## Consumer Prices

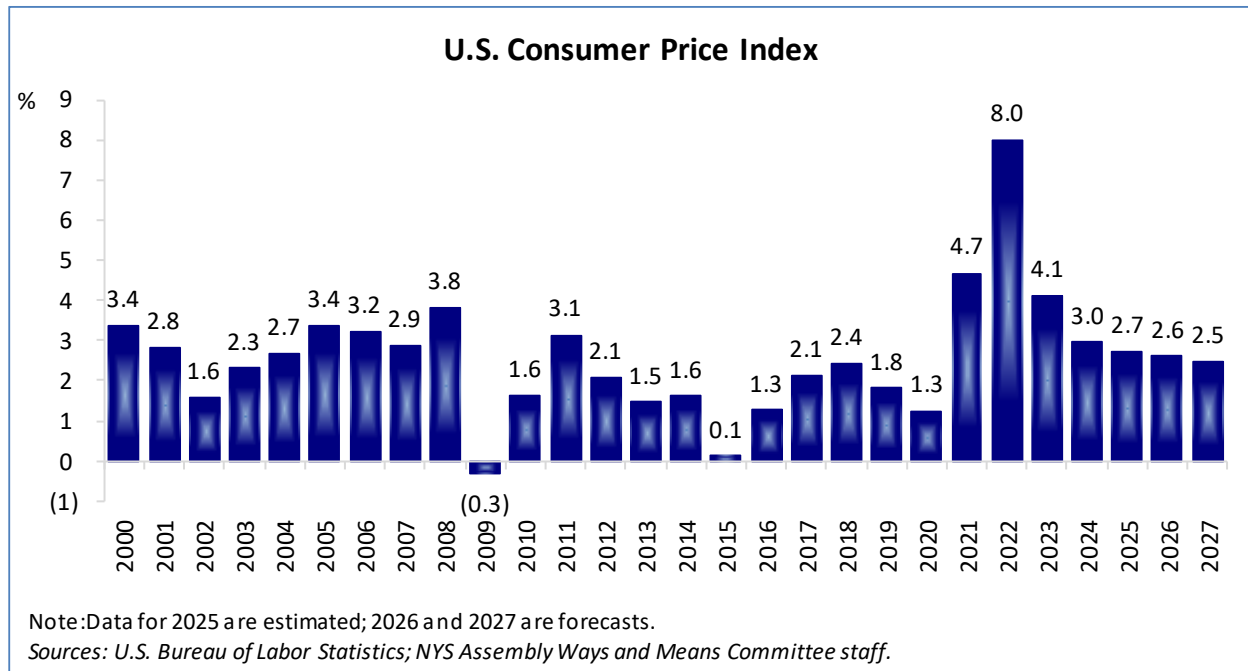


Figure 44

### Key Points

- In mid-2025, as import duties started being passed on to consumers, the consumer prices of import-reliant goods accelerated, pushing headline inflation higher. However, supported by continued disinflation in services prices, year-over-year headline inflation has returned to a downward trajectory over the past three months.
- With the recent downward trend expected to persist in 2026, annual consumer price inflation is projected to ease gradually from 2.7 percent in 2025 to 2.6 percent in 2026 and further to 2.5 percent in 2027.

Fueled by strong post-pandemic economic recovery coupled with global supply shortages, the Consumer Price Index (CPI) advanced rapidly in 2021 and 2022. The yearly average rate of inflation reached a decades-high 8 percent in 2022 (see Figure 44). Since then, inflation had improved steadily, falling to 4.1 percent in 2023 and further down to 3.0 percent in 2024.

However, in 2025, inflationary expectations resurfaced as the new administration announced a series of new tariffs against many U.S. trade partners. As a result, year-over-year headline CPI inflation increased from 2.3 percent in April 2025 to 3.0 percent in September, before easing to 2.7 percent in December (see Figure 45). Core CPI, which excludes volatile food and energy prices, also reaccelerated between May and September 2025, reversing a two-year downward trend. Since then, core inflation has resumed its decline, supported by continued disinflation in services prices.

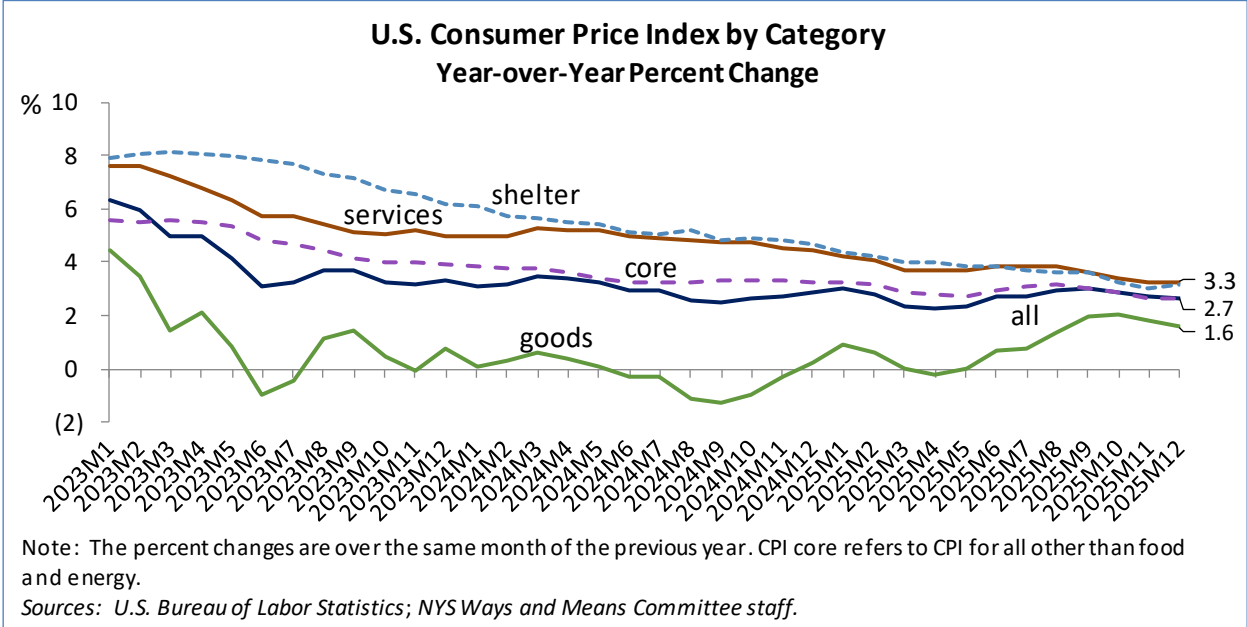


Figure 45

Within services, the shelter component—previously a key driver of post-pandemic inflation—is no longer accelerating. Shelter prices, which include rent of primary residences, owners’ equivalent rent, lodging away from home, and tenants’ and renters’ insurance, account for 34.8 percent of the total CPI basket. Year-over-year shelter inflation stood at 3.3 percent in December, down sharply from 7.9 percent in January 2023.

Consumer prices for import-dependent goods have surged in recent months, following the administration’s announcement of large-scale tariffs in April 2025. Coffee prices spiked at an average annualized rate of 22.9 percent per month, a sharp acceleration from the average monthly increase of 5.1 percent in 2024 and early 2025 (see Table 5). Fresh vegetables, which had been declining by 9.4 percent per month on average from January 2024 through March 2025, reversed course and jumped by 4.1 percent per month. Similar trends were seen across other import-reliant categories: meat prices spiked 9.3 percent per month on average, sports vehicles increased 8.4 percent, household furnishings climbed 5.1 percent, outdoor equipment and

supplies increased 5.6 percent, tires climbed 4.2 percent, toys and sporting goods advanced 4.1 percent. These broad-based increases highlight how the new tariffs have significantly intensified inflationary pressures on goods heavily dependent on imports.

In contrast, prices for some goods and services that had surged over the past two years have shown more stability recently. These items are less directly affected by tariff-related cost pressures and have benefited from easing supply chain disruptions. For example, the price of eggs has declined by an average of 50.8 percent per month since April 2025, after rising at an average monthly rate of 60.2 percent in 2024 and early 2025. By contrast, electricity prices have accelerated in recent months, driven by rising demand from data centers nationwide, increasing at an average annualized rate of 6.2 percent since March 2025.

**Table 5**

| <b>U.S. Average Monthly Inflation by Category</b>  |                     |                         |                  |
|--|---------------------|-------------------------|------------------|
|  | Weight in Total CPI | January 2024-March 2025 | Since March 2025 |
| Coffee   | 0.1                 | 5.1                     | 22.9             |
| Meats  | 1.0                 | 3.9                     | 9.2              |
| Sports vehicles including bicycles   | 0.2                 | (5.6)                   | 8.4              |
| Electricity  | 2.5                 | 3.9                     | 6.2              |
| Outdoor equipment and supplies   | 0.4                 | (0.7)                   | 5.6              |
| Household furnishings and operations   | 3.4                 | 0.7                     | 5.1              |
| Tires  | 0.3                 | 1.4                     | 4.2              |
| Fresh Vegetables   | 0.5                 | (9.4)                   | 4.1              |
| Toys   | 0.3                 | (3.7)                   | 4.1              |
| Sporting Goods   | 0.5                 | (3.7)                   | 4.1              |
| All Services   | 64.5                | 4.3                     | 3.0              |
| All Goods and Services   | 100.0               | 2.8                     | 2.7              |
| All excl Food & Energy   | 79.8                | 3.2                     | 2.5              |
| Fresh fruits   | 0.6                 | (1.1)                   | 2.0              |
| All Goods  | 35.6                | 0.2                     | 2.0              |
| Apparel  | 2.5                 | 0.8                     | 1.3              |
| Appliances   | 0.2                 | (2.8)                   | (2.0)            |
| Personal computers and peripheral equipment  | 0.3                 | (2.8)                   | (3.1)            |
| Eggs   | 0.1                 | 60.2                    | (50.8)           |
| Note: The weights are as of December 2025. The monthly average inflation is at an annualized rate. The latest data point for CPI is December 2025.<br>Source: U.S. Bureau of Labor Statistics; NYS Ways and Means Committee staff. |                     |                         |                  |

In general, tariffs function as taxes that reduce economic efficiency and hinder growth. They also tend to be regressive, disproportionately affecting lower-income households. This is because tariff-driven increases in consumer prices place a greater burden on households with limited disposable income, tightening their financial constraints more severely than for wealthier groups.

Over the forecast period, inflation will be influenced by two opposing forces. On one hand, ongoing deportations and restrictive immigration policies are constraining the labor supply, placing upward pressure on wages. On the other hand, slowing economic growth and a weakening labor market are expected to dampen demand and ease wage pressures.

Overall, following a moderation to 2.7 percent in 2025 from 3.0 percent in 2024, annual consumer price inflation is projected to ease further to 2.6 percent in 2026 and 2.5 percent in 2027. However, heightened volatility in energy and food prices—driven by climate change and ongoing geopolitical tensions—might aggravate inflation over the forecast horizon.

## Equity Markets

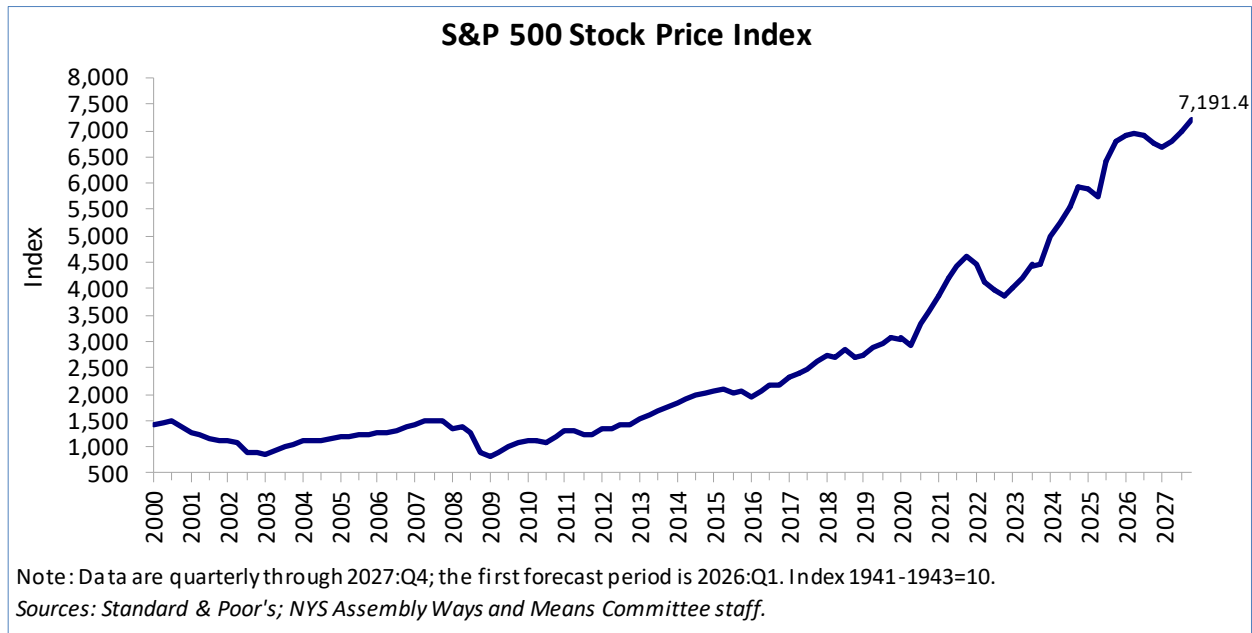


Figure 46

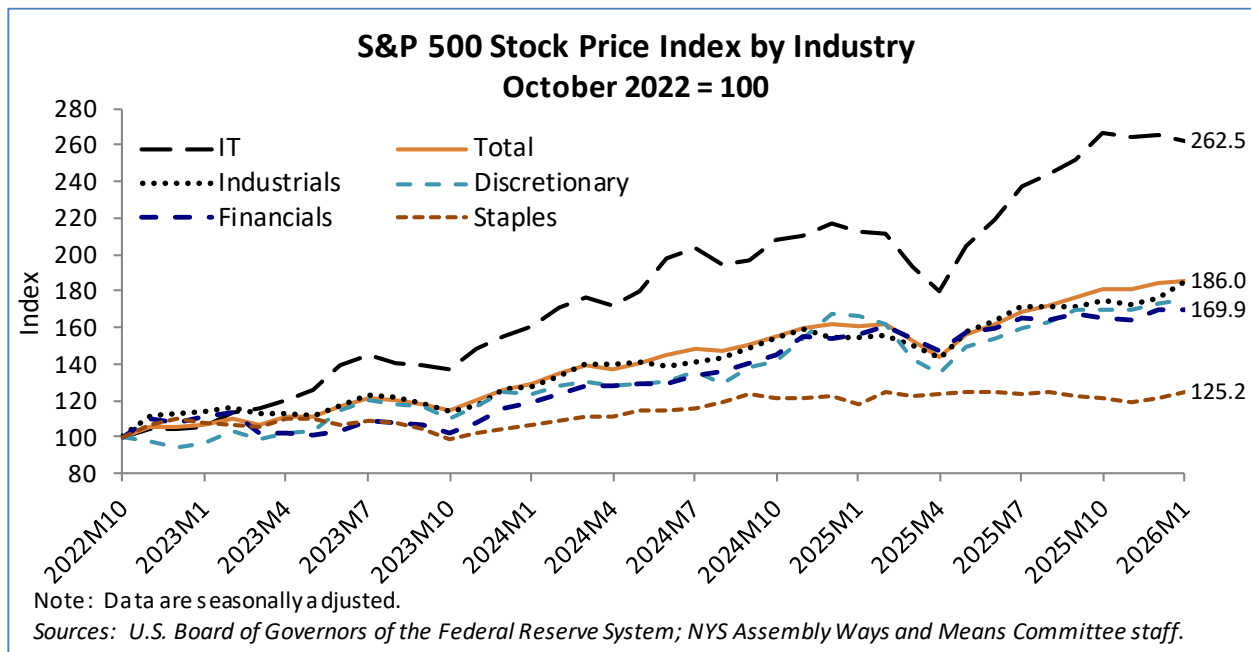
### Key Points

- Despite growing uncertainty and an increasingly unstable global economic environment, equity markets have advanced robustly, driven largely by investor enthusiasm surrounding the potential of AI and the corporate investment incentives enacted under the OBBBA.
- Several headwinds persist, including a slowing economic growth outlook, rising national debt, and equity valuations that remain stretched relative to earnings. As a result, markets remain vulnerable to external shocks and face a heightened risk of correction over the forecast period.
- On an annual average basis, growth in the S&P 500 price index is projected to slow to 10.8 percent in 2026 and to a near-flat 0.5 percent in 2027, a marked deceleration from the 14.5 percent gain recorded in 2025.

In the early spring of 2025, the new administration announced tariffs against many U.S. trade partners. Global financial markets were rattled, causing the yields on U.S. Treasury

securities to soar and equity market indexes to fall by double-digit percentages. However, as negotiations led to reductions or postponements of the initially announced tariffs, the market returned to calm and regained ground. Helped by talks of corporate income tax cuts and various corporate investment incentives provided in OBBBA, the S&P 500 Composite Index has climbed to record high levels (see Figure 46).

As of January 2026, the S&P 500 Composite Price Index rose 86.0 percent from its October 2022 level, following a 20.3 percent correction earlier that year (see Figure 47). This robust rally has been driven largely by the IT sector, which surged 162.5 percent over the past three years, fueled by investor enthusiasm around the potential of AI. In contrast, the sectors outside of IT underperformed the broader index. Notably, the consumer staples sector posted a modest gain of 25.2 percent over the same period.



**Figure 47**

Amid growing uncertainty and a weakening global economic environment, equity market momentum has slowed in recent months. The average monthly gain in the overall S&P 500 Index fell to 1.1 percent in 2025, down from 1.9 percent during 2024. The IT sector also saw a deceleration, with average monthly growth slowing to 1.8 percent from 2.6 percent. Even the consumer discretionary sector, which had averaged 2.6 percent growth per month in 2024, slowed significantly to 0.3 percent per month in 2025.

Equity prices have been rising fast in relation to corporate earnings over the past two years. As a result, the ratio of S&P 500 price to as-reported earnings (P/E) is hovering around 28, well above the 10-year average of 17.9 seen between 2010 and 2019. With growth of corporate earnings softening and expected to be challenged further by slowing sales and rising costs, the P/E ratio will likely increase further, raising the odds of a price correction in the coming months.

Tech giants are pouring billions of dollars—much of it borrowed—into the AI race this year, investing heavily in data centers, chips, and cloud infrastructure.<sup>31</sup> While supporters predict a transformative boost in productivity, current revenues are still modest, sparking concerns about potential overbuilding and drawing comparisons to previous tech bubbles.<sup>32</sup>

The Federal Reserve resumed cutting rates in September 2025, lowering the target range for the federal funds rate by a total of 75 basis points by December. More cuts are widely expected in the coming months, as the Federal Reserve deems a deteriorating job market as a near-term challenge to economic outlook. In general, rate cuts are welcomed as good news by equity market investors. But market participants take the anticipated rate reductions with caution as the policy change comes amid inflation worries rekindled by tariff-induced cost pressures.

Following a strong three-year rally, equity markets are expected to experience heightened volatility and a potential correction over the forecast period. On an annual average basis, growth in the S&P 500 price index is projected to slow to 10.8 percent in 2026 and to a near-flat 0.5 percent in 2027, a marked deceleration from the 14.5 percent gain recorded in 2025. This moderation reflects both elevated equity valuations relative to underlying earnings and an anticipated slowdown in corporate profit growth over the period. In addition, the equity market faces several headwinds including a slowing economic growth outlook, possible missteps in monetary policy, and rising national debt. Intensifying geopolitical tensions, as well as uncertainties surrounding a destabilizing global economic order, also pose challenges to the equity market and add to the volatility of equity prices.

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<sup>31</sup> Bloomberg, Big Tech’s Costly AI Pace Is Fueling Hundreds of Billions of Dollars in Debt Deals, September 25, 2025, <https://www.bloomberg.com/news/articles/2025-09-25/ai-race-tech-giants-orcl-googl-raise-170-billion-in-debt-to-fund-ambitions>.

<sup>32</sup> Eliot Brown and Robie Whelan, “Spending on AI is at Epic Levels. Will It Ever Pay Off?” *Wall Street Journal*, September 25, 2025, <https://www.wsj.com/tech/ai/ai-bubble-building-spree-55ee6128>.

## Interest Rates and Monetary Policy

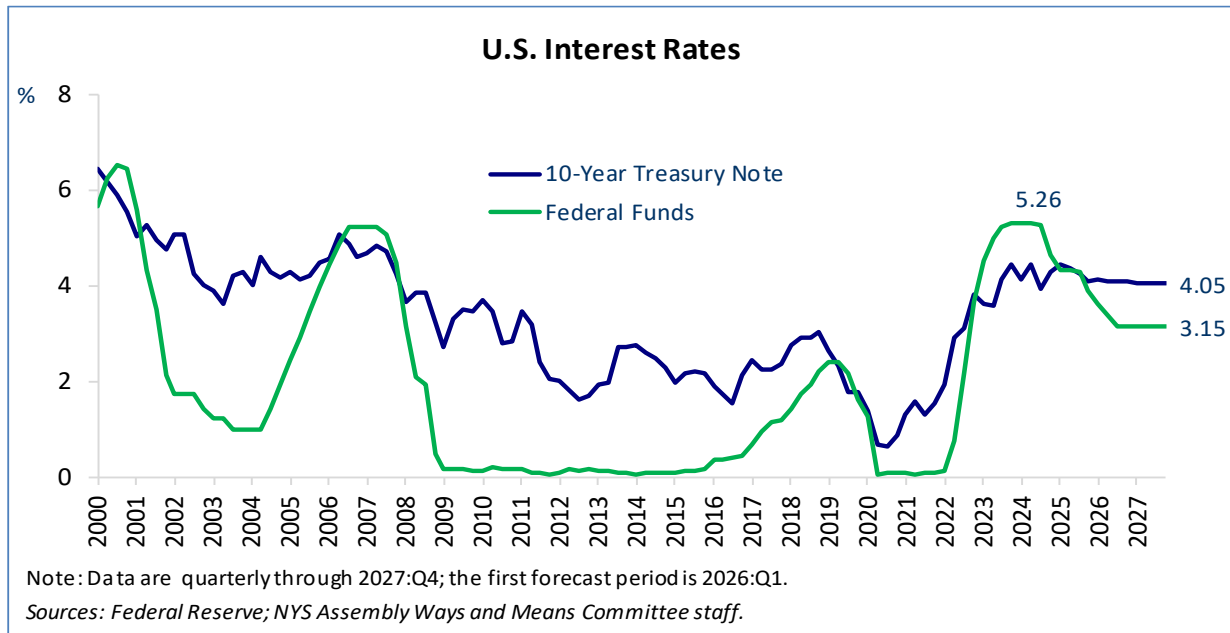


Figure 48

### Key Points

- Despite inflation expectations rising due to tariffs, the Federal Reserve resumed lowering rates in September 2025. The Fed has since cut two more times, by a total of 75 basis points in 2025. Faced with mounting evidence of a weakening labor market, policy makers signaled the potential of additional cuts in the coming months.
- The current forecast assumes that the Federal Reserve will continue to cut rates until the last quarter of 2026 when its target range falls to 3.00-3.25 percent.

The Federal Reserve is mandated by Congress to promote price stability and maximum employment. Inflation remains elevated, hovering in the upper 2.0 percent range—well above the Federal Reserve’s 2.0 percent target—and could rise further as importers pass tariff-related costs on to consumers. Developments on the inflation front alone argue against a policy shift. On the employment side, however, labor market conditions have deteriorated markedly in recent months, with average monthly payroll gains slowing to just 15,800 since April 2025. The unemployment rate has also been edging higher.



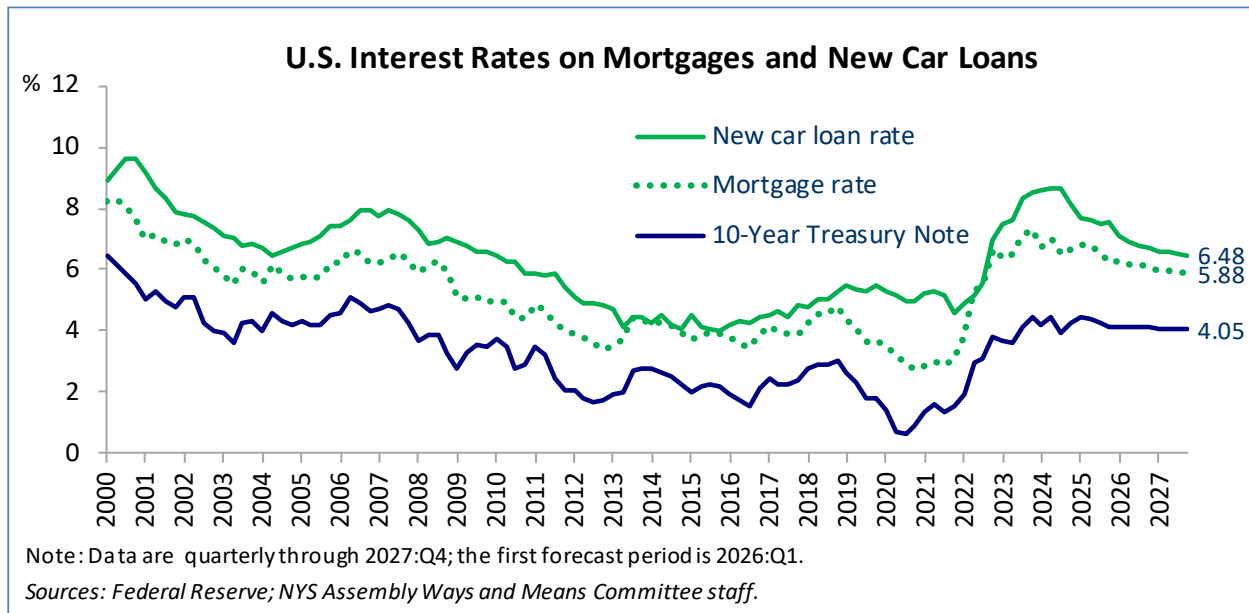
Despite inflation expectations rising due to tariffs, the Federal Reserve resumed lowering rates in September 2025 to preempt any further deterioration of the labor market condition. That was its first cut since December 2024 (see Figure 48). Faced with mounting evidence of a weakening labor market, policymakers cut by a total of 75 basis points by December 2025 and signaled the potential of additional easing in the coming months. The current forecast assumes three more cuts – each by 25 basis points – through 2026. At the end of this easing cycle, the target range for the federal funds rate will reach 3.00-3.25 percent, close to the market consensus of an optimal 3.0 percent. In theory, the optimal federal funds rate is the level at which economic growth is neither inflationary nor deflationary.

These expected cuts in the policy rates will cascade into short-term Treasury yields and put downward pressure on longer-term Treasury yields and mortgage interest rates, thereby reducing the costs of credit for households and businesses. In general, when the Federal Reserve cuts its short-term policy rates and signals further cuts down the road, longer-term rates fall in tandem, helping facilitate credit flows and loans for homes, cars, credit cards, and business projects.

On a yearly average basis, the yield on 3-month Treasury bills is forecast to decrease from 4.21 percent in 2025 to 3.28 percent in 2026 and 2.92 percent in 2027, in tandem with the expected cuts in the federal funds rate. The yield on 10-year Treasury notes is forecast to decrease to a yearly average of 4.11 percent in 2026 and 4.05 percent in 2027, after averaging 4.29 percent in 2025.

The slow pace of decline in the 10-year Treasury yields over the forecast period reflects various factors – other than the market’s expectations of future short-term rates – that affect longer-term market interest rates. The examples include the U.S. government’s fiscal outlook and the safe-haven status of U.S. assets. The continued increases in the issuance of new Treasury securities to deal with rising federal debt put upward pressure on longer-term Treasury yields. At the same time, if the Treasury shifts to shorter-term bonds in a monetary easing environment, that shift could drive a reduction in the supply of long-term bonds and thus a decrease in long-term yields. When global uncertainties rise, the market’s demand for safe assets increases, exerting downward pressure on longer-term Treasury yields. However, despite heightened uncertainty stemming from recent tariffs, global demand for U.S. Treasury securities is weakening. Major holders like China and Japan have begun reducing their dollar reserves and selling off Treasuries, contributing to upward pressure on yields.

As the 10-year Treasury yield, which is a benchmark for many long-term loans, remains sticky at elevated levels, it is unlikely that interest rates on mortgages and car loans will come back down to the levels seen before the pandemic any time soon. Nonetheless, as the spread gradually shrinks, the mortgage interest rate, measured by the Freddie Mac 30-year fixed rate, is forecast to decrease to a yearly average of 6.17 percent in 2026 and 5.94 percent in 2027 from 6.60 percent in 2025 (see Figure 49). The new-car loan interest rate with a 48-month term is also forecast to decrease over the forecast period from a yearly average of 7.59 percent in 2025 to 6.87 percent in 2026 and 6.54 percent in 2027.



**Figure 49**

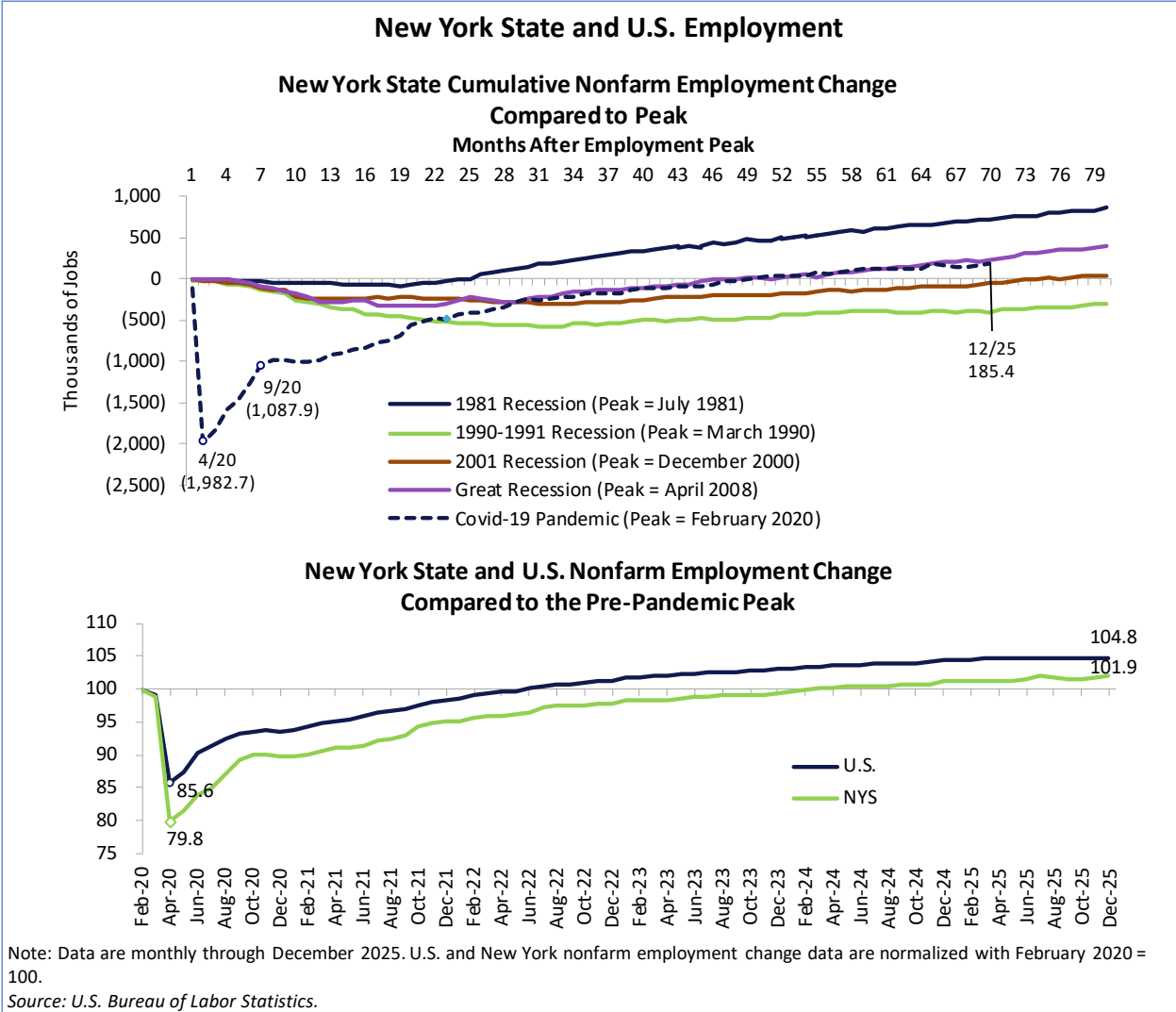
## NEW YORK STATE ECONOMIC FORECAST ANALYSIS

With a population of over 19.8 million and nonfarm payroll employment of approximately 9.7 million, New York State accounted for 5.8 percent of the U.S. population and 6.2 percent of national employment in 2024. The State ranked fourth nationally in both population and employment, behind California, Texas, and Florida. Despite representing about six percent of the nation's population and employment, New York's contribution to national economic output and wages was disproportionately larger, at 7.9 percent. In terms of Gross Domestic Product, New York was the third-largest state economy, generating \$1.8 trillion in GDP, trailing only California and Texas.

New York State's economy is closely tied to national economic conditions and the broader business cycle. While recessions affect both employment and wages, their impact on employment tends to be deeper and more persistent, as prolonged unemployment can create lasting barriers to labor force reentry. The severity and duration of these impacts vary across downturns. Although it officially lasted only two months, the shortest recession in U.S. history, the pandemic-induced downturn of 2020 was the deepest since the Great Depression. During this period, New York State lost nearly two million jobs, or 10.0 percent of its total nonfarm employment (see Figure 50).

The recovery following the pandemic, however, has been relatively fast compared to previous recoveries. It took 49 months for the State to regain all the jobs lost during the pandemic. In contrast, although fewer jobs were lost during earlier recessions, it took 52 months after the Great Recession and 73 months following the 2001 recession for the State's employment to reclaim its respective pre-recession level. The employment recovery following the 1990-1991 recession was even slower; after 80 months, nonfarm employment in the State was still below its previous peak.

Although New York State experienced a significantly higher rate of employment loss than the national average during the pandemic, its recovery has lagged the nation. As of December 2025, 70 months into the recovery, nonfarm employment in the State was only 185,400 or 1.9 percent above its February 2020 peak, compared to 4.8 percent for the nation (see Figure 50).



**Figure 50**

Historically, New York State has lagged the nation in terms of employment and population growth. However, this trend in employment reversed in 2022. After falling behind the national average in 14 of the previous 20 years, the State’s employment rose by 5.1 percent in 2022, outpacing the national growth rate of 4.3 percent. This growth was largely driven by significant employment gains in the State’s large sectors such as accommodation and food services, administrative and waste services, and professional and technical services. New York continued to exceed national employment growth through 2025.

Employment growth in New York State is estimated to be significantly higher than the national average in 2024, at 2.5 percent compared to 1.2 percent nationwide. However, this difference is primarily attributed to a revision in the data starting in 2024. Without the revision, New York State’s employment growth would be 1.6 percent, still above the national rate.

Similar to the national trend, New York State's labor market has loosened. The ratio of job openings to hires, a key indicator of labor market condition, reached its peak at 2.1 in November 2021, marking the highest level in over two decades. By December 2025, the ratio had declined to 1.0, slightly below historical norms.

Wages typically grow faster than employment, reflecting not only changes in hiring but also factors such as inflation and broader labor market conditions. As a result, wage growth can persist even during recessions, when employment is declining. Like employment trends, wage growth in New York State generally lags the national average. In 2023, total wages in New York State increased by 4.3 percent, compared with 5.5 percent nationwide. After lagging the national pace from 2018 through 2023, New York's wage growth surpassed the U.S. average in 2024 and 2025. This improvement reflects strong gains in variable wages, as well as the impact of revisions to the State's employment and wage data. In 2025, total wages in New York are estimated to have increased 6.0 percent, outpacing the national estimate of 4.4 percent, driven by continued solid growth in variable compensation. Because wages constitute the largest component of personal income, trends in personal income generally mirror wage growth. Nonetheless, personal income growth in New York State has historically trailed the national average.

Following a moderate pace of 2.5 percent in 2024, employment growth in New York State is estimated to have slowed to 0.9 percent in 2025 and is projected to decelerate further to 0.4 percent in 2026 and 0.5 percent in 2027. This trajectory mirrors the national outlook, as the broader economy is expected to soften amid weakening business investment and personal consumption expenditures. As a result, growth in personal income and total wages is also expected to moderate over the forecast period. Personal income in New York State is projected to rise by 4.7 percent in 2026 and 4.4 percent in 2027, while wage growth is expected to slow to 4.9 percent and 4.2 percent, respectively (see Table 6).

**Table 6**

| <b>U.S. and New York State Economic Outlook</b> |             |             |             |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>(percent change)</b>                         |             |             |             |             |             |             |             |             |             |             |
|   | <b>2023</b> |             | <b>2024</b> |             | <b>2025</b> |             | <b>2026</b> |             | <b>2027</b> |             |
|   | <b>NYS</b>  | <b>U.S.</b> | <b>NYS</b>  | <b>U.S.</b> | <b>NYS</b>  | <b>U.S.</b> | <b>NYS</b>  | <b>U.S.</b> | <b>NYS</b>  | <b>U.S.</b> |
| Employment                                      | 2.2         | 2.2         | 2.5         | 1.2         | 0.9         | 0.5         | 0.4         | 0.3         | 0.5         | 0.5         |
| Personal Income                                 | 5.8         | 6.5         | 5.5         | 5.6         | 4.9         | 4.7         | 4.7         | 4.5         | 4.4         | 4.8         |
| Total Wages                                     | 4.3         | 5.5         | 6.7         | 5.6         | 6.0         | 4.4         | 4.9         | 4.2         | 4.2         | 4.4         |
| CPI   | 3.8         | 4.1         | 3.8         | 3.0         | 3.4         | 2.7         | 3.0         | 2.6         | 2.8         | 2.5         |
| Unemployment Rate                               | 4.0         | 3.6         | 4.3         | 4.0         | 4.2         | 4.3         | 4.7         | 4.5         | 4.7         | 4.6         |

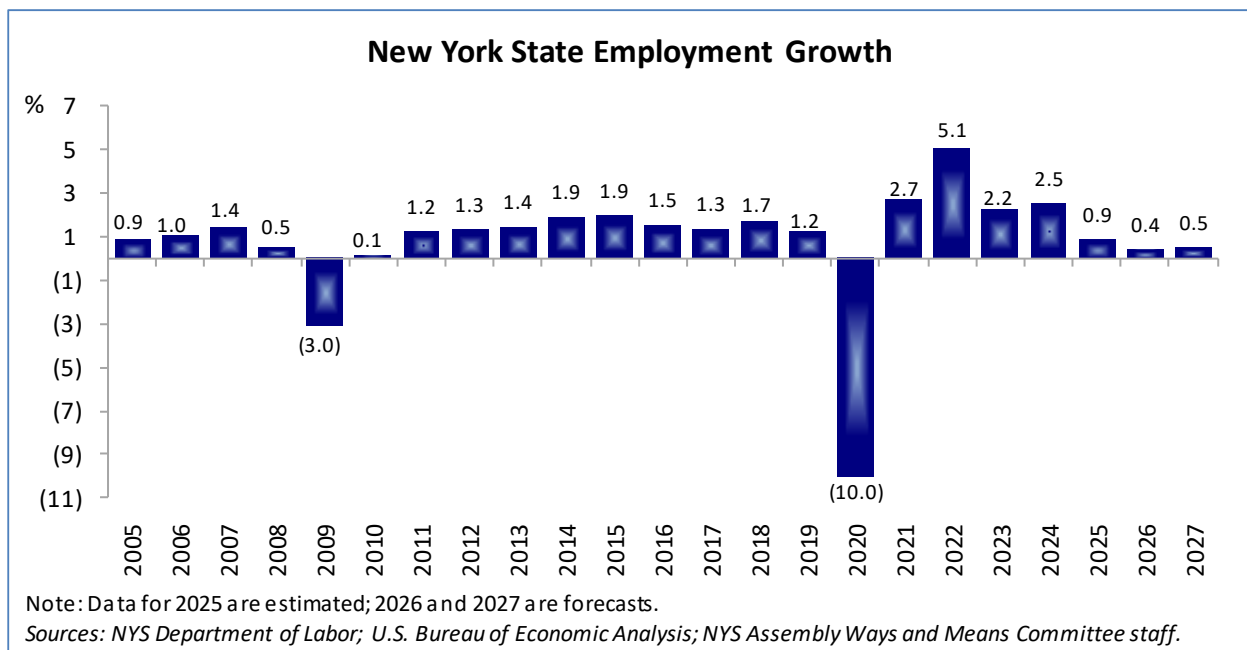
Note: CPI for New York State is based on the New York-Northern NJ-Long Island, NY-NJ-CT-PA CPI-U series from the U.S. Bureau of Labor Statistics. Unemployment rate is in percent.

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

## Employment

New York State employment grew at a slow and steady rate of about 1 to 2 percent annually over the two decades leading up to the pandemic, except during economic recessions. This sluggish growth largely reflected the State’s slow population growth. In 2024, employment grew by 2.5 percent, driven primarily by data revisions, as well as a rebound in overall economic growth. Employment growth would have been about 1.6 percent in the absence of the revision.<sup>33</sup>

Employment growth in the State has moderated since 2023. Growth of nonfarm employment is estimated to have decelerated to 0.9 percent in 2025, reflecting significant softening in the overall economy. Employment growth is forecast to slow further to 0.4 percent in 2026 and 0.5 percent in 2027, driven by declining employment in large sectors, such as the retail trade, other services, and manufacturing as the overall economy soften further (see Figure 51).



**Figure 51**

<sup>33</sup> The revision resulted from including ride-sharing services workers in the State’s unemployment insurance program starting from the first quarter of 2024.

## *State Labor Market Condition*

The labor market operates on the fundamental principles of supply and demand. When there are more job seekers (supply) than available positions (demand), the market is considered “loose”. On the other hand, a “tight” labor market occurs when job openings exceed the number of unemployed individuals. In this tight market condition, competition for talent intensifies. To attract and retain workers, employers may need to offer higher wages and increase benefits, putting upward pressure on wages. However, when the labor market is tight, growth of employment is constrained by the lack of available workers to hire.

## *Labor Supply*

The civilian labor force, which includes individuals who are either employed or unemployed but actively seeking employment, represents the total labor supply.<sup>34</sup> The labor force is influenced by population growth. Generally, as the population increases, the labor force also tends to grow. However, population growth does not necessarily lead to a larger labor force. If population growth is concentrated among individuals not actively participating in the workforce, such as students or retirees, the labor force may grow at a slower pace or even decline.

New York State experienced sluggish population growth in the decades leading up to the pandemic, which contributed to a slow expansion of its labor force. The onset of the pandemic accelerated this trend, leading to a population decline and a sharp contraction in the labor force, as many discouraged workers exited the job market. This impact was especially severe in New York City, where the labor force fell by 13.6 percent between February and April 2020, compared to a 3.5 percent decline across the rest of the State. Although the labor force has gradually rebounded, the recovery has been concentrated in the New York City area. As of December 2025, New York City's labor force was 2.1 percent above its February 2020 level, while the rest of the State continued to lag behind pre-pandemic levels (see Figure 52). Looking forward, as international migration accounts for a large part of the State's population change (see New York State Economy By Region and Demographics for more detail), stricter visa and immigration policies are likely to have a negative impact on population growth, and therefore, labor force growth.

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<sup>34</sup> Civilian labor force includes all individuals who worked at least one hour for a wage or salary, or were self-employed, or were working at least 15 unpaid hours in a family business or on a family farm, during the week including the 12th of the month that not members of the armed services and are not in institutions such as prisons, mental hospitals, or nursing homes. Those who were on vacation, other kinds of leave, or involved in a labor dispute, were also counted as employed.



The labor force participation rate, defined as the percentage of the civilian population aged 16 and older who are employed or actively seeking work, has been lower in New York State compared to the national average for the past decade. Various factors can impact the labor force participation rate, including demographic and economic trends. The aging workforce, with more individuals retiring, rising educational attainment leading people to remain in school longer, as well as illness and disability, can all contribute to a decline in participation. On the other hand, improvements in overall health or increased financial pressures may encourage individuals to remain in the workforce longer, thereby boosting the labor force participation rate.

In February 2020, prior to the pandemic, the labor force participation rate in the State for the population aged 16 and over was 60.9 percent, compared to 63.3 percent nationally. The labor force participation rate fell for both the State and the nation during the pandemic as workers became discouraged and dropped out of the labor force after losing their jobs for a long period of time. As of December 2025, the labor force participation in the State was 61.5 percent, slightly higher than its pre-pandemic level.

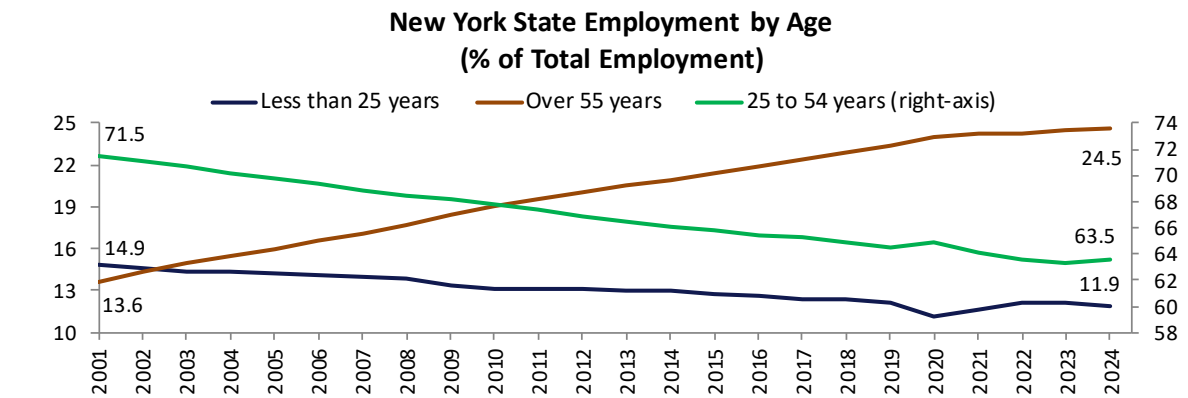
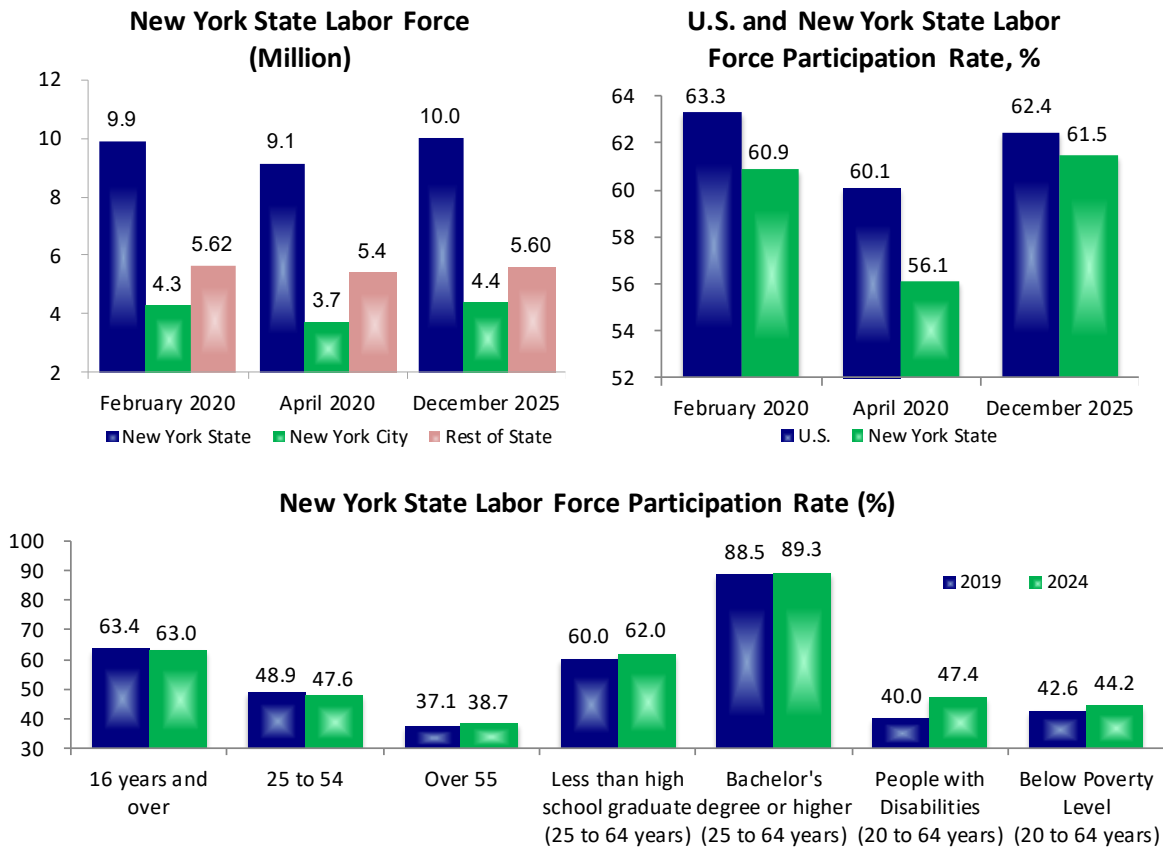
On an annual average basis, the labor force participation rates varied across demographic groups. While the labor force participation rate for prime-working-age workers<sup>35</sup> fell from 48.9 percent in 2019 to 47.6 percent in 2024, it was rising among aging workers. The most notable increase in the labor force participation rate was seen in those with disabilities and individuals with less than a high school diploma, where the rates increased by 7.4 percent and 2.0 percent, respectively.

The proportion of younger and prime-working-age workers in New York State has been declining over the past decades, while the share of older workers has been steadily increasing. In 2001, workers younger than 25 years old accounted for 14.8 percent of the State's labor force. By 2024, this share decreased to 11.9 percent. Similarly, the percentage of workers in their prime working years, aged 25 to 54, fell from 71.5 percent in 2001 to 63.5 percent in 2024. In contrast, the share of aging workers, those aged 55 years or older, rose from 13.6 percent to 24.5 percent as the population became older and many chose to remain in the labor force longer, either out of necessity or desire (see Figure 52).

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<sup>35</sup> A "prime-working-age worker" refers to an individual between the ages of 25 and 54.

## New York State Employment and Labor Force



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

Figure 52

## *Labor Demand*

The number of job vacancies can be considered an indicator of labor demand. Although openings have remained elevated compared to historical levels, they have declined in recent months, while hiring has remained relatively stable. As a result, the ratio of job openings to hires, a measure of labor market tightness, fell from a peak at 2.1 in November 2021 to 1.0 in December 2025, indicating a cooling in the labor market.

In December 2025, the number of unemployed persons per job opening in the State was 1.2, indicating more than one unemployed individual for each available job. Although it may seem like there is almost no gap between job seekers and available jobs, not every job seeker has the right skills for the job. The mismatch of skills can cause the market to remain competitive. This number is also much lower than the long-term average of over 2.0. As of December 2025, the employment-to-population ratio, which measures the proportion of the working-age population that is employed, stood at 58.7 percent, slightly higher than February 2020 level at 58.4, just before the pandemic (see Figure 53).

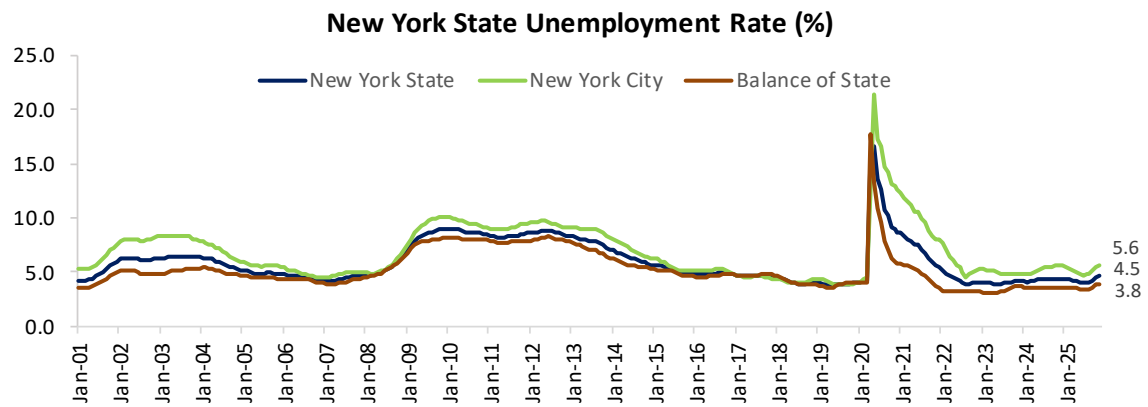
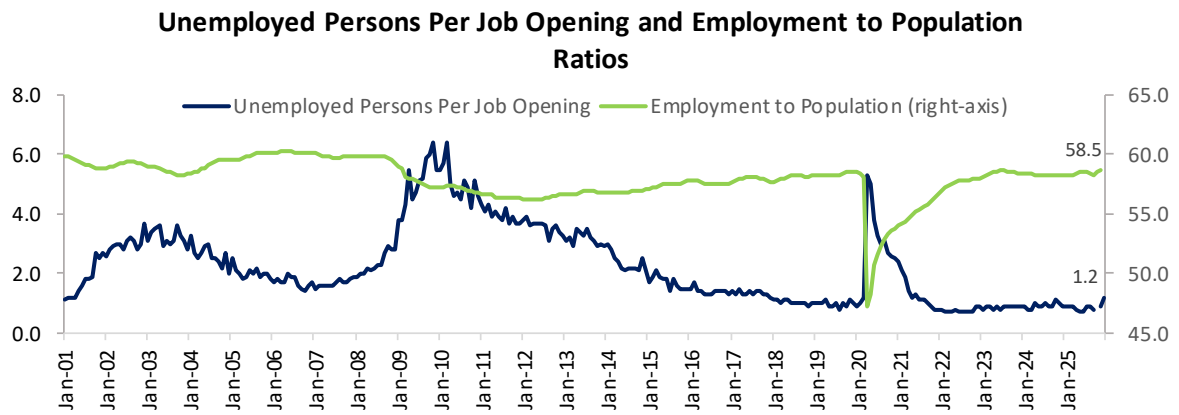
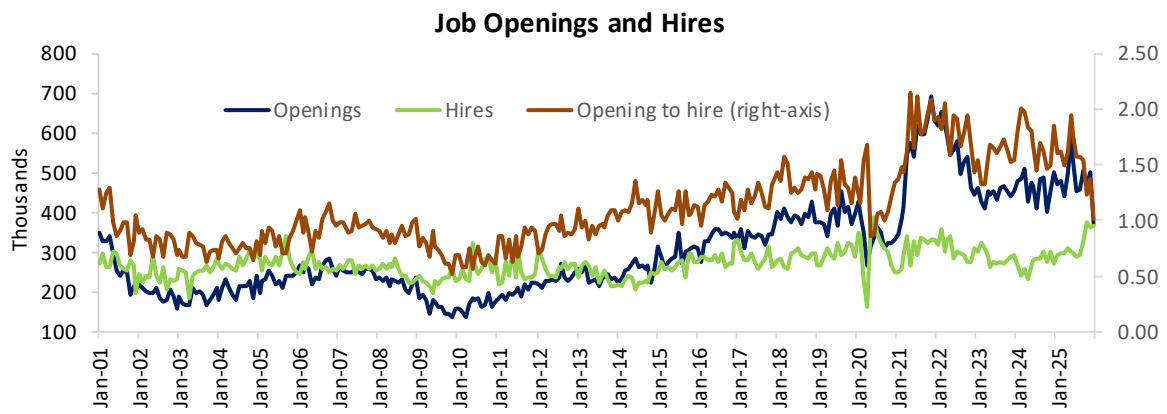
Despite signs of a still healthy job market, the outlook for the labor market has weakened. Slow overall economic growth, federal budget cuts and layoffs of government employees are suppressing labor demand. In addition, the growing accessibility and widespread adoption of AI technologies are likely to further reduce the demand for labor. According to the New York Federal Reserve Bank's December 2025 Survey of Consumer Expectations, the average respondent's perceived likelihood of finding a new job after losing their current one stood at 43.1 percent, the lowest since the survey began in 2013.<sup>36</sup> It improved in January but remained elevated relative to the historical norm. Furthermore, companies have announced 1.2 million job cuts in 2025, the highest since 2020. Meanwhile, employers' hiring plans declined by 34 percent year over year.<sup>37</sup>

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<sup>36</sup> Federal Reserve Bank of New York, Survey of Consumer Expectations, January 08, 2026, <https://www.newyorkfed.org/newsevents/news/research/2026/20260108>.

<sup>37</sup> Challenger, Gray & Christmas, CHALLENGER REPORT, September 2025, <https://www.challengergray.com/wp-content/uploads/2026/01/Challenger-Report-December-2025.pdf>.

## New York State Labor Market Indicators



Note: Data are monthly from January 2001 to December 2025.  
Sources: U.S. Bureau of Labor Statistics; New York State Department of Labor.

**Figure 53**

## *Sectoral Employment*

Although overall employment in New York State has surpassed its pre-pandemic level, the recovery was not distributed equally across sectors. While some sectors rebounded strongly after the pandemic, others experienced slower employment growth due to structural changes that emerged during that period. Employment in the sectors that can effectively utilize machines and technology to serve customers, such as retail trade and accommodation and food services, remains depressed and is not expected to fully recover during the forecast period.

Employment in the health care and social services sector, the largest sector in the State, has been steadily increasing for several decades even through recessions, except during the pandemic. Employment in this sector rebounded strongly following the pandemic, regaining all of its losses in 2022 and maintaining steady growth thereafter. The expansion of insurance coverage, the increasing aging population, and the rising prevalence of chronic conditions following the pandemic have all led to a higher demand for health care.<sup>38</sup> As a result, employment in the health care and social assistance sector is estimated to have grown by 3.4 percent in 2025 and is forecast to continue growing throughout the forecast period, albeit at a slower pace due to the federal budget cut.

In 2023, New York lawmakers passed the Build Public Renewables Act which allowed the New York Power Authority, a state-owned public power utility, to build and own clean energy projects to meet the target of 70 percent renewable electricity under the Climate Leadership and Community Protection Act passed in 2019. The State also offers various solar incentives to qualified homeowners. As a result, employment in the utilities sector grew solidly by 6.2 percent in 2023 and another 4.0 percent in 2024. Employment in this sector is estimated to have grown 3.8 percent in 2025 and is expected to continue growing during the forecast period as the State moves to achieve 70 percent of electricity from renewable sources by 2030.

The leisure and hospitality sector, which includes arts, entertainment and recreation as well as accommodations and food services, led job growth following the pandemic as travel and tourism activities resumed. After a sharp decline in 2020, the total number of passengers traveling through TSA checkpoints rebounded and exceeded pre-pandemic level in 2023.<sup>39</sup>

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<sup>38</sup> National Center for Chronic Disease Prevention and Health Promotion, COVID-19 and Chronic Disease Prevention and Interventions, <https://www.cdc.gov/nccdphp/priorities/covid-19.html>.

<sup>39</sup> U.S. Department of Homeland Security, TSA checkpoint travel numbers, <https://www.tsa.gov/travel/passenger-volumes>.

Consequently, employment in both the arts, entertainment and recreation, as well as the accommodations and food services sectors grew solidly during this period. Employment in the arts, entertainment and recreation sector is estimated to have increased by 1.0 percent in 2025 but is expected to decline throughout the forecast period. Employment in the accommodations and food services sector has been increasing at a slower pace. This may be partly due to the adoption of technologies such as self-service kiosks, as well as the rising popularity of alternative accommodations like vacation rentals.<sup>40</sup> These types of rentals often accommodate more guests than traditional hotel rooms, offer amenities such as kitchens, and typically feature self-check-in without a front desk. Consequently, despite the surge in travel activities, employment in the accommodations and food services sector is estimated to have declined by 0.1 percent in 2025 and is forecast to be relatively flat in 2026 and 2027. As a result, employment in accommodations and food services is not anticipated to reach its pre-pandemic level during the forecast period (see Table 7).

After solid growth in 2021 and 2022, driven by increased demand for transportation and warehousing services fueled by online shopping and the recovery of the tourism industry, employment in this sector slowed to 1.4 percent growth in 2023. This deceleration was mainly caused by declining sales and inventory adjustments by businesses, leading to reduced need for transportation and storage services. Employment growth in this sector was unusually high in 2024, primarily due to a data revision reflecting the inclusion of transportation network companies in the State's Quarterly Census of Employment and Wages. However, growth is expected to return to its normal trend in 2025, with an estimated increase of 1.5 percent. As economic growth and consumer spending are predicted to slow down in 2026, employment in transportation and warehousing is forecast to grow at a slow pace throughout the forecast period.

Employment in the information sector declined by 5.0 percent in 2023, the steepest drop among all sectors. This decline was primarily driven by significant losses in the motion picture and sound recording industry, as a result of the screenwriters' strike, and in the publishing industry (excluding internet publishing), which together represent roughly half of the sector's workforce. Employment in the information sector is expected to continue falling in 2025 and during the forecast period due to the growing adoption of advanced technologies, such as AI and computer-generated imagery, which reduces demand for labor.

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<sup>40</sup> According to the Persistence Market Research, the global market for alternative accommodation grew at a compound annual growth rate of 11.3 percent from 2019 to 2023, <https://www.persistencemarketresearch.com/market-research/alternative-accommodation-market.asp>.

The finance and insurance sector, which has the highest average wage and contributes a significant portion of the total State tax revenue, experienced sluggish employment growth of just 0.1 percent in 2024, primarily due to over-hiring in previous years. In 2025, employment in this sector is estimated to have strengthened, growing by 1.6 percent, supported by increased activity in financial markets. However, growth is projected to slow over the forecast period, as financial markets will likely undergo some corrections.

**Table 7**

| <b>New York State Nonfarm Employment by Sector<br/>(percent change)</b> |                  |               |                  |                 |                 |
|---|------------------|---------------|------------------|-----------------|-----------------|
|   | <b>Recession</b> | <b>Actual</b> | <b>Estimated</b> | <b>Forecast</b> | <b>Forecast</b> |
|   | <b>2020</b>      | <b>2024</b>   | <b>2025</b>      | <b>2026</b>     | <b>2027</b>     |
| <b>Total</b>  | <b>(10.0)</b>    | <b>2.5</b>    | <b>0.9</b>       | <b>0.4</b>      | <b>0.5</b>      |
| Utilities   | (2.3)            | 4.0           | 3.8              | 3.3             | 3.2             |
| Health Care and Social Assistance                                       | (4.9)            | 5.9           | 3.4              | 2.3             | 2.1             |
| Government  | (3.0)            | 2.1           | 1.8              | 0.8             | 0.8             |
| Finance & Insurance   | (1.5)            | 0.1           | 1.6              | 1.1             | 0.9             |
| Transportation & Warehousing  | (11.5)           | 31.0          | 1.5              | 0.6             | 0.5             |
| Management of Companies   | (9.8)            | 3.2           | 1.2              | 0.3             | 0.3             |
| Arts, Entertainment and Recreation                                      | (37.7)           | 4.4           | 1.0              | (0.4)           | (0.2)           |
| Educational Services <sup>1</sup>                                       | (8.1)            | 1.4           | 0.6              | 0.5             | 0.5             |
| Accommodations and Food Services  | (32.9)           | 1.4           | (0.1)            | 0.0             | 0.3             |
| Retail Trade  | (12.4)           | (0.9)         | (0.4)            | (0.6)           | (0.4)           |
| Administrative Support and Waste Management                             | (16.7)           | 1.1           | (0.6)            | (0.9)           | 0.2             |
| Services  | (3.4)            | 0.2           | (0.8)            | (0.9)           | (0.8)           |
| Real Estate and Rental and Leasing                                      | (6.7)            | 0.1           | (1.1)            | (0.5)           | 0.3             |
| Construction  | (10.8)           | (0.4)         | (1.2)            | (1.3)           | (0.5)           |
| Wholesale Trade   | (9.6)            | (0.5)         | (1.3)            | (1.6)           | (0.2)           |
| Mining & Logging  | (4.2)            | 0.6           | (1.5)            | (0.9)           | (0.1)           |
| Other Services  | (17.3)           | 0.8           | (2.0)            | (1.4)           | (0.3)           |
| Manufacturing   | (8.6)            | (0.9)         | (2.1)            | (1.8)           | (1.3)           |
| Information   | (3.5)            | (0.7)         | (3.5)            | (0.8)           | (0.3)           |

Note: Industries are ranked by 2025 employment growth; rankings are based on two decimal places. The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

<sup>1</sup> Includes only private employment. Public education and health care employment is included in the government sector.

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

Employment in the retail trade sector has been declining since 2018, largely due to the rise of online sales, a trend accelerated by the pandemic. Many stores have adopted automation to assist customers and continue to do so, reducing staffing needs. Because e-commerce requires less labor than traditional retail stores, its growth has had a net negative impact on employment. As a result, despite a sharp decline during the pandemic, retail trade employment has not recovered as strongly as the leisure and hospitality sector. Although overall consumer spending improved in 2024, the number of retail trade establishments in New York State dropped by more than 2,000, compared to the prior year.<sup>41</sup> Consequently, employment in the retail trade sector fell by 0.9 percent in 2024. As the number of retail trade establishments continues to decline and growth in personal consumption weakens, employment in this sector is expected to continue falling in 2025 and throughout the forecast period. Therefore, employment in this sector is not expected to return to its pre-pandemic level in the near future.

After three years of positive growth following the pandemic, construction employment declined by 0.4 percent in 2024. The shift to hybrid work reduced demand for office space, slowing commercial construction activity. Additionally, rising construction costs and weakened housing demand, driven by high home prices and mortgage rates, further contributed to the slow residential construction. Housing permits in the State declined in 2023 and 2024 and the downward trend continued into 2025. Since standard building permits in the State are typically valid for 24 months, construction activity is likely to remain sluggish in the near term. With home prices continuing to rise and mortgage rates staying elevated, housing affordability has remained tight. Moreover, since immigrants make up a significant portion of the construction workforce, stricter immigration policies are likely to exert downward pressure on employment in the sector. As a result, construction employment is estimated to have declined by 1.2 percent in 2025 and is expected to continue falling throughout the forecast period.

### *New York State and National Employment*

New York State has historically trailed the nation in employment growth over the past few decades. However, this trend has recently reversed. According to the U.S. Bureau of Labor Statistics, New York State was ranked 31<sup>st</sup> in employment growth among the 50 states and the District of Columbia in 2021. This ranking jumped to 8<sup>th</sup> in 2022, driven by strong growth in the accommodation and food services and other services sectors. In 2023, the State's employment growth ranking dropped to 23<sup>rd</sup> due to sluggish growth in the accommodation and food services

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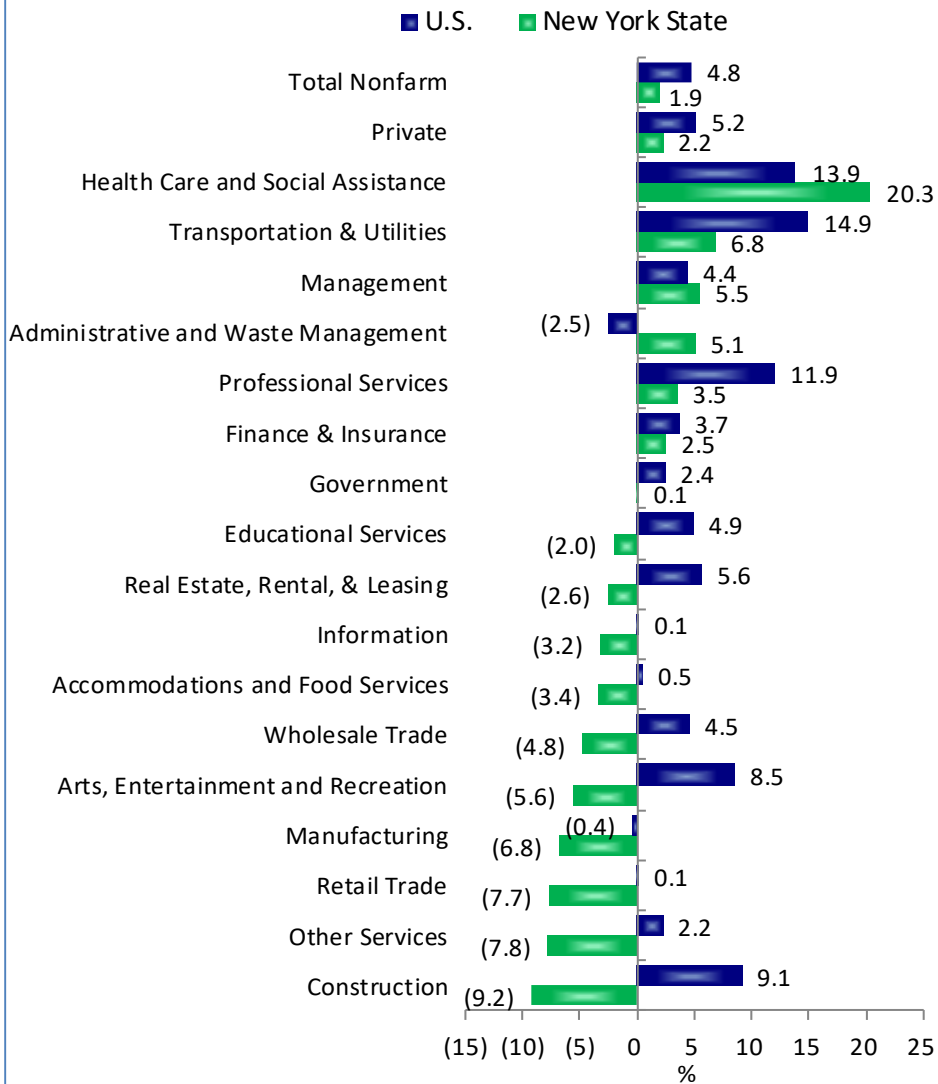
<sup>41</sup> According to the Quarterly Census of Employment and Wages, there were 69,015 establishments in the retail trade sector in 2024, compared to 71,235 in 2023.



and professional, technical, and scientific services sectors. Employment in New York State grew the fastest in the nation in 2024 at 2.5 percent. However, this was due in part to the revisions to the data. Without such revisions, the State's employment growth would have ranked 13<sup>th</sup> in 2024. Employment growth in the State remained strong in the first quarter of 2025, rising 1.7 percent and ranking third nationally. Growth slowed in the second quarter, increasing just 0.7 percent and falling to 16th place.

As a result, after lagging behind the nation from 2019 to 2021, nonfarm employment growth in New York State outpaced the national average during 2022 to 2025. Despite these recent improvements, employment in the State remains below its pre-pandemic peaks in many sectors, while national employment has surpassed its previous peak in nearly all areas except for the administrative and waste management and remediation services and manufacturing sectors (see Figure 54). This is because New York experienced a significantly higher rate of job loss during the pandemic, coupled with a slower initial recovery.

### New York State and U.S. Employment Change February 2020 to December 2025



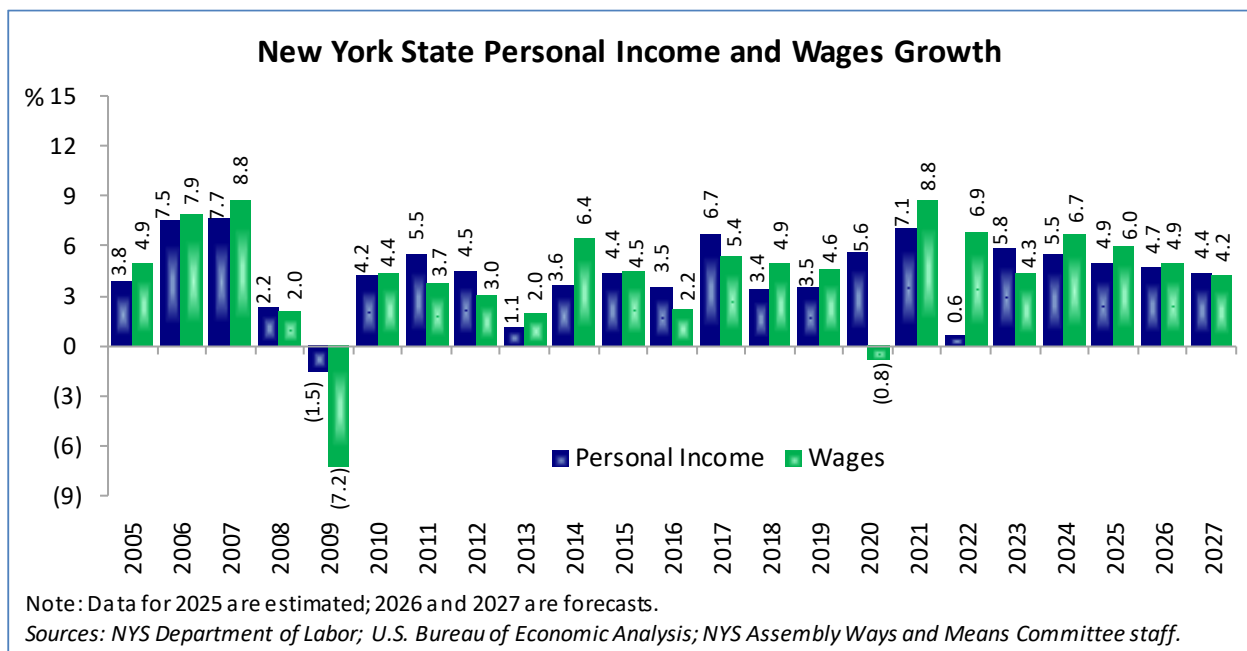
Source: Bureau of Labor Statistics.

**Figure 54**

## Personal Income and Wages

Personal income, which includes wages and salaries, property income, proprietors' income, and transfer income, is primarily driven by wages and salaries as they represent the largest component. However, it can be significantly influenced by transfer receipts, particularly during recessions when the federal government implements stimulus policies. Consequently, personal income often exhibits abnormal patterns during and shortly after recessions.

Following fluctuations during and shortly after the pandemic, personal income growth returned to a more normal trend in 2023. In 2024, personal income rose by 5.5 percent, driven by an increase in variable wages amid strong financial market activity, along with gains in other income sources. Personal income growth is estimated to have decelerated to 4.9 percent in 2025, due to weaker growth in wages and other income sources. It is forecast to moderate further, growing by 4.7 percent in 2026 and 4.4 percent in 2027. This reflects a slowdown in wages growth consistent with broader economic conditions, and financial market activity (see Figure 55).



**Figure 55**

## *Wages*

Wages and salaries income, which includes base wages and variable wages, is the largest component of New York State's personal income, accounting for more than half of total personal income in 2024. As such, they play a crucial role in shaping the State's economic and fiscal outlook. Base wages are a predetermined amount that an employee earns regularly. Therefore, base wages tend to be stable and guaranteed. The growth of base wages is generally related to employment growth and inflation. On the other hand, variable wages are performance-based and can vary significantly from year to year, depending on both employees' performance and firms' profits.

As employment increases, total wages also increase. In addition to employment, growth in overall wages is primarily influenced by two factors, labor market conditions and inflation. In a tight labor market, where job openings outnumber unemployed workers, firms may need to offer higher pay to retain or attract workers. Similarly, when the inflation rate increases, the cost of living goes up, leading to a decrease in purchasing power. As a result, workers may demand higher compensation to maintain their standard of living. Thus, wages typically respond to inflationary pressures and generally grow at a faster rate than employment.

Overall wage growth is also shaped by the composition of employment changes. Total wages can decline faster or slower than employment depending on which sectors gain or lose jobs. For example, during the Great Recession, employment losses were concentrated in the finance and insurance sector, which has the highest average wages. As a result, total nonfarm wages in the State fell sharply by 7.2 percent in 2009, outpacing the 3.0 percent decline in employment. In contrast, during the pandemic, job losses were much larger than during the Great Recession, but they occurred mainly in the leisure and hospitality and retail trade sectors, which are among the lowest in average wages. Consequently, despite a steep 10.0 percent drop in employment, overall wages declined by only 0.8 percent.

Total wages in the State grew solidly following the pandemic as the economy recovered from the recession and more people returned to work. Total nonfarm wages increased by 6.7 percent in 2024, driven by robust growth in base wages and a strong rebound in variable wages following large declines in 2023. With employment estimated to have grown more slowly in 2025, total wage growth is also estimated to have moderated to 6.0 percent. This is due to a deceleration in base wage growth. Employment growth is expected to continue slowing, while the overall softening of the economy keeps inflation in check, and the labor market loosens,

resulting in continued easing in both base and variable wage growth. Consequently, wages are forecast to grow moderately at 4.9 percent in 2026 and 4.2 percent in 2027.

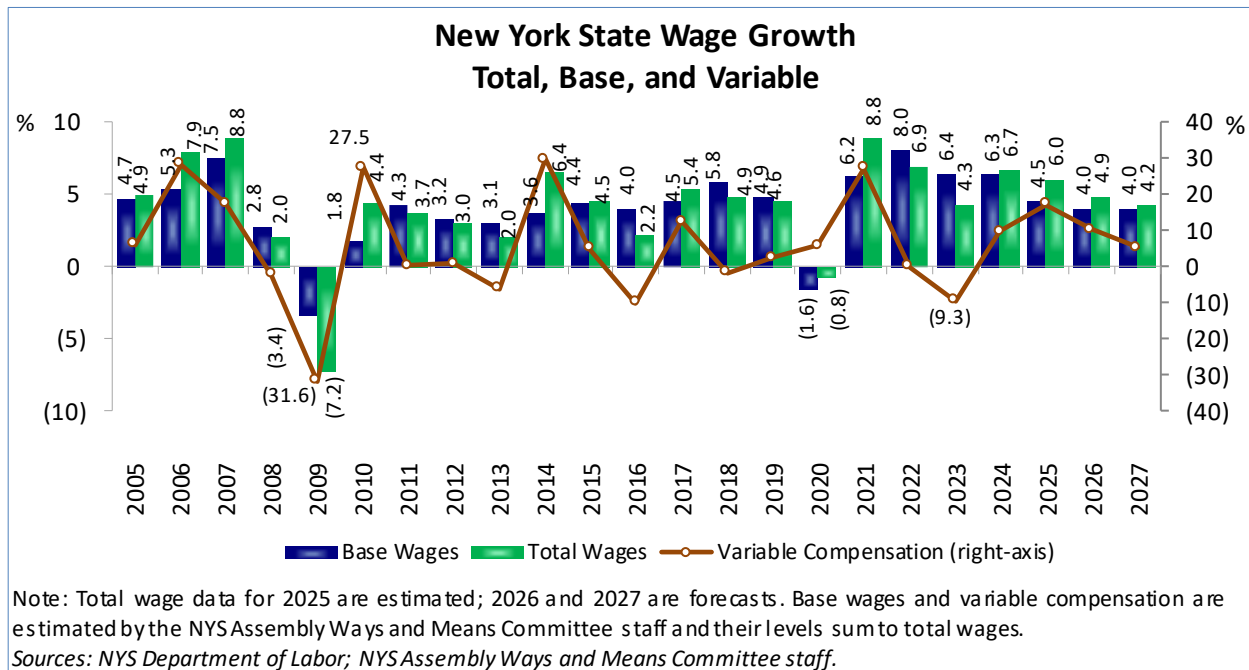
A significant portion of New York State’s variable compensation is concentrated in the financial sector, particularly within the securities industry. Consequently, the State’s total variable compensation depends heavily on the performance of the financial market. After two years of sluggish activity, the financial market rebounded solidly in 2024. This led to a record high of \$47.5 billion in total bonuses within the securities industry, averaging \$244,700 per person, a 31.5 percent increase from the previous year.<sup>42</sup> As a result, after declining by 9.3 percent in 2023, total variable wages in New York State rebounded and grew 9.6 percent in 2024. Financial industry profits remained robust in the first three quarters of 2025, with New York Stock Exchange (NYSE) member firms reporting pretax earnings of \$47.7 billion, 34.0 percent higher than the same period in 2024.<sup>43</sup> As a result, variable wages are estimated to have increased solidly by 17.1 percent in 2025.

As employment growth is projected to slow during the forecast period, alongside a looser labor market, base wage growth is expected to moderate. Base wages are forecast to grow modestly at 4.0 percent in 2026 and 2027. Meanwhile, variable wages are also expected to grow more slowly during the forecast period, as softening economic activity reduces demand for financial services (see Figure 56).

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<sup>42</sup> New York State Comptroller, 2024 Wall Street Bonuses, March 2025, <https://www.osc.ny.gov/press/releases/2025/03/draft-dinapoli-wall-street-bonus-pool-reaches-record-high-475-billion-2024>.

<sup>43</sup> New York State Comptroller, New York City Industry Sector Dashboards, Securities Sector Industry Dashboard, <https://www.osc.ny.gov/osdc/reports/nyc-sectors/securities-sector>.



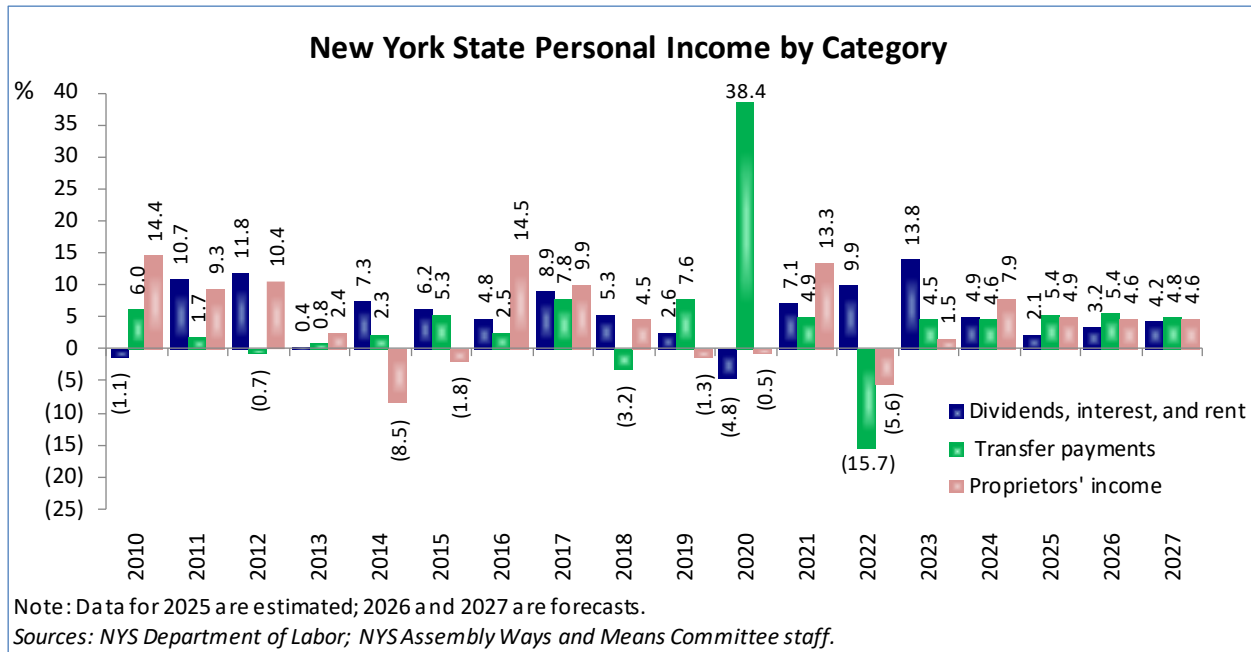
**Figure 56**

### Other Incomes

Transfer income, which refers to payments from government programs to individuals without requiring goods or services in return, can fluctuate significantly during economic turmoil due to various assistance programs. After exhibiting irregular patterns from 2020 to 2022 due to the impact of fiscal stimulus, personal transfer receipts from governments and businesses returned to a more normal growth in 2023. As the aging population increases (see New York State Economy By Region and Demographics for more details), transfer income through Medicare and Social Security, which accounts for half of all transfer income, is also rising. Additionally, as the economy softens and employment growth slows, unemployment insurance claims are expected to increase, leading to higher transfer receipts through unemployment benefits. Consequently, transfer income is projected to continue expanding throughout the forecast period after growing an estimated 5.4 percent in 2025.

Property income, which includes dividend, interest, and rental income, is the second largest component of personal income, accounting for approximately 20.4 percent of total personal income in 2024. After growing by 4.9 percent in 2024, property income growth is estimated to have slowed to 2.1 percent in 2025, due to slower growth in the overall economy. Property income is forecast to grow by 3.2 percent in 2026 and projected to continue growing throughout the forecast period supported by rising rental prices and increased dividend income.

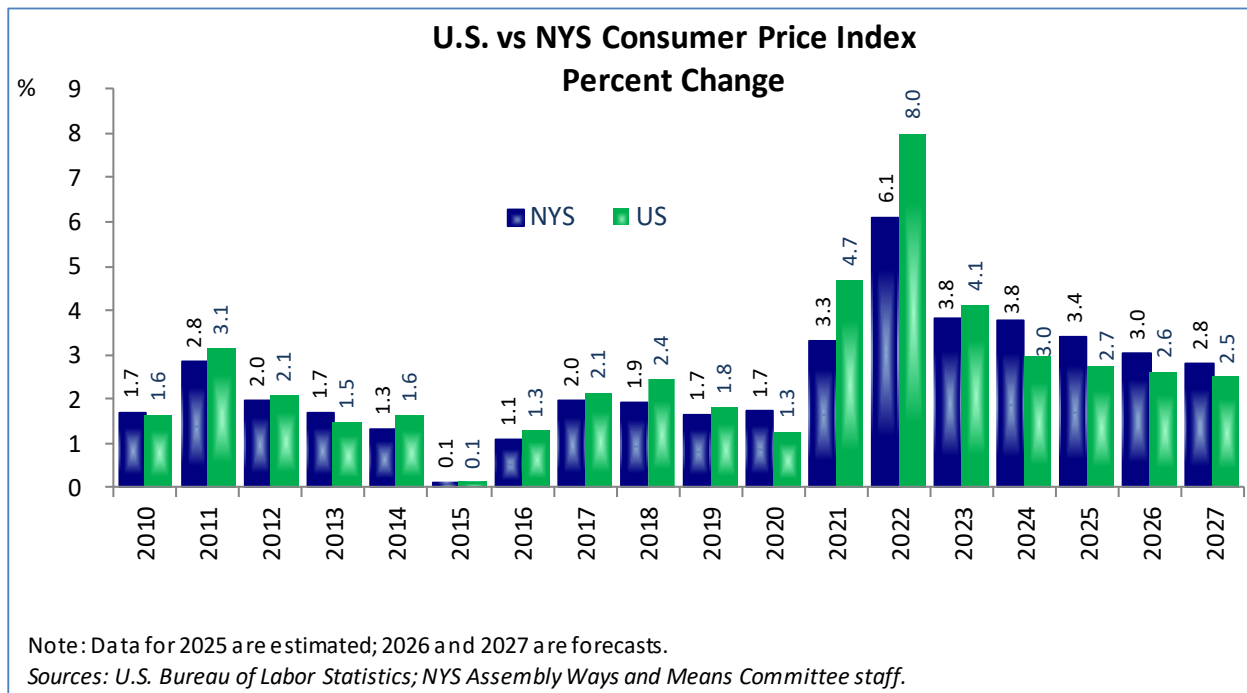
Proprietors' income, which represents earnings from businesses owned and operated by sole proprietors or partners in unincorporated ventures, grew by 7.9 percent in 2024, supported by strong personal consumption and private business spending. As the overall economy softens, proprietors' income is estimated to have risen more slowly at 4.9 percent in 2025. Growth is projected to slow to 4.6 percent in both 2026 and 2027, reflecting broader economic conditions and moderated business activity (see Figure 57).



**Figure 57**

## Consumer Prices

During the post-pandemic recovery, consumer prices in New York State rose sharply, reflecting broader national trends. Inflation in the State reached 3.3 percent in 2021 and surged to 6.1 percent in 2022, the fastest annual increase since 1990 (see Figure 58).<sup>44</sup> Despite these spikes, New York generally experienced lower inflation than the national average throughout most of the years between 2014 and 2019. This pattern continued in 2023, with State inflation slowing to 3.8 percent, compared to 4.1 percent nationally. However, the relationship reversed in 2024 and has continued into 2025, with New York now experiencing higher inflation than in the U.S. overall.



**Figure 58**

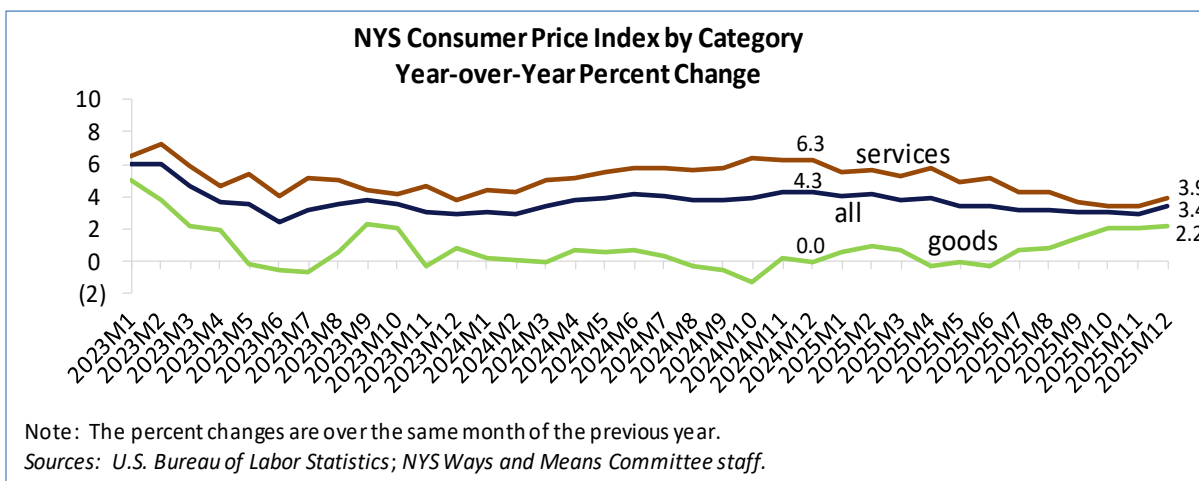
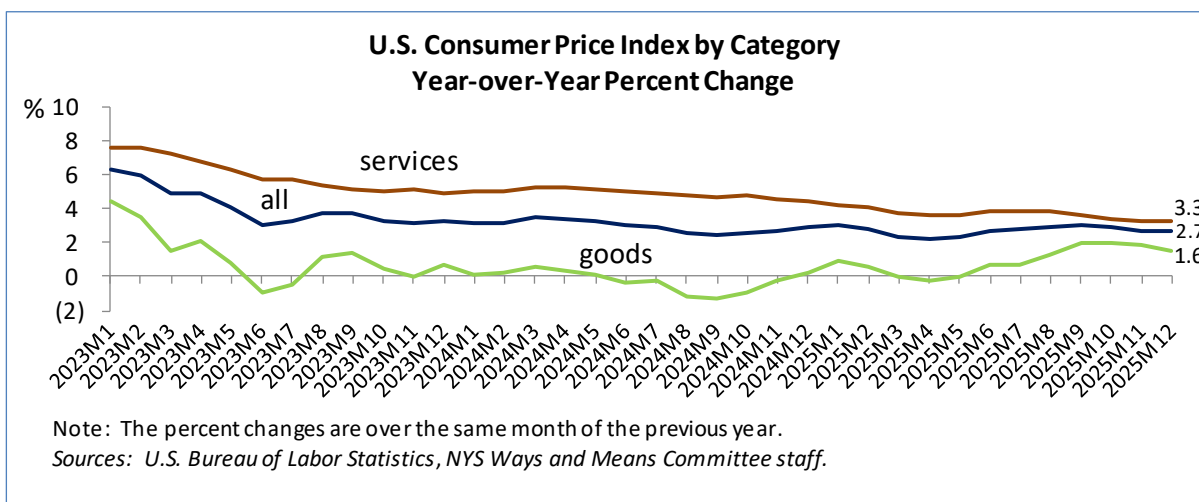
On a yearly average basis, national inflation has been trending downward from the 2022 peak, falling to 4.1 percent in 2023, 3.0 percent in 2024, and 2.7 percent in 2025. However, New York State has followed a different path. The State’s inflation declined to 3.8 percent in 2023 and

<sup>44</sup> The U.S. Bureau of Labor Statistics does not publish Consumer Price Index (CPI) data for New York State but for the New York-Newark-Jersey City, NY-NJ-PA, Metropolitan Statistical Area. For this reason, this MSA CPI is referred to as New York State CPI in this Report.



remained stable at that level in 2024. It eased to 3.4 percent in 2025, yet this was 0.7 percentage points above the national average.

The primary driver of this inflation reversal between the State and the nation in 2024 was a reacceleration of service price inflation in the State. In December 2024, service prices in the State increased 6.3 percent year over year, nearly matching the January 2023 rate of 6.5 percent (see Figure 59). In contrast, national service price inflation continued trending downward, from 7.6 percent in January 2023 to 4.4 percent in December 2024.



**Figure 59**

Monthly inflation dynamics began to shift in late 2024. Although goods price inflation rose steadily from June 2025 onward, year-over-year headline inflation declined from 4.3 percent in December 2024 to 3.4 percent in December 2025. This moderation was driven primarily by a

sustained slowdown in service price inflation, which had been easing since October 2024. The recent decline in both service and headline inflation in the State was supported by notable reductions in shelter and transportation inflation, which fell by 1.5 percentage points and 4.3 percentage points, respectively, between December 2024 and December 2025.

However, despite this recent change in dynamics favorable to New York State, inflation in the State remains elevated relative to the national average. This divergence indicates that New York's inflation pressures are more entrenched, particularly within service categories that are locally driven and less sensitive to national policy shifts.

Looking ahead, the downward pressure on inflation is anticipated in both New York State and nationwide, driven by slowing economic growth and cooling labor demand. However, the recent tariffs on U.S. imports – particularly on consumer goods and industrial inputs – are expected to offset some of the disinflationary effects. As a result, New York State's overall inflation is projected to remain elevated above the national average throughout the forecast period, at 3.0 percent in 2026 and 2.8 percent in 2027 compared to the nation's 2.6 percent in 2026 and 2.5 percent in 2027.

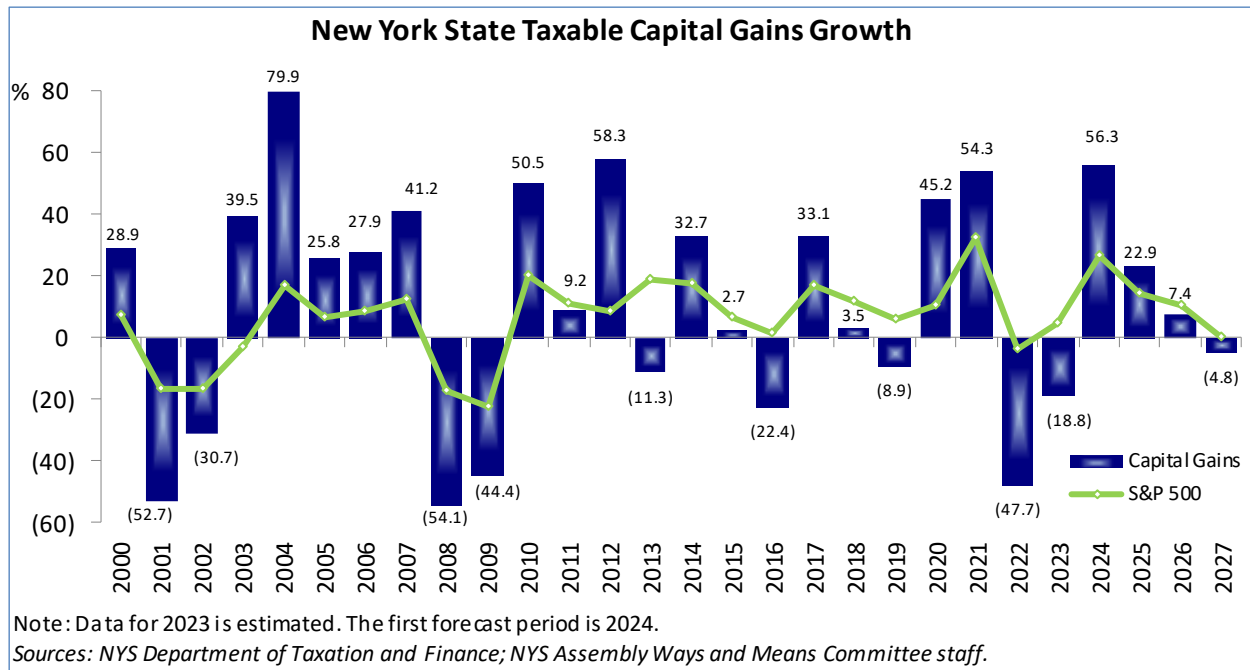
## Capital Gains

The dynamics of capital gains are closely tied to market conditions and household financial decision-making. Gains are realized when assets, such as real estate, stocks, bonds, mutual funds, or privately owned businesses, are sold for more than their original purchase price. Tax implications play a significant role in these decisions, as households may face capital gains taxes on realized gains or be able to claim deductions for losses incurred.

Economic expectations also influence the timing of asset sales. For instance, households may accelerate sales if higher capital gains taxes are anticipated, or delay sales if lower rates are expected, seeking to optimize after-tax returns.

In 2023, significant fluctuations in the market impacted household capital gains. In the first quarter, household corporate equity holdings decreased by 9.4 percent, reflecting a 10.4 percent decline in stock prices from the previous year. Even as equity prices rebounded later in the year due to easing recession fears and a more tempered approach from the Federal Reserve regarding interest rate hikes, overall trading volume suffered a notable drop of 13.4 percent compared to 2022. As a result, estimated realized capital gains fell sharply by 18.8 percent in 2023, following an even steeper decline of 47.7 percent in 2022.

The S&P 500 Stock Price Index grew 26.7 percent in 2024, driving a projected 56.3 percent increase in realized capital gains. This reflects a robust market environment, where investors captured substantial gains from rising equity prices. Building on this momentum, realized capital gains are estimated to have increased 22.9 percent in 2025, supported by continued strength in equity prices (see Figure 60). This trend suggests that investors remain confident in the market and are actively capitalizing on favorable conditions.



**Figure 60**

Investors are expected to continue realizing gains in 2026, but annual growth is projected to moderate to 7.4 percent, reflecting a slowdown in equity price appreciation in 2026. Following a solid 6.0 percent increase in 2025, home price growth is also expected to slow markedly over the forecast period, as high mortgage rates and limited housing inventory are likely to constrain market activity.<sup>45</sup>

The outlook for 2027 is less optimistic, with realized capital gains projected to decline 4.8 percent, in line with a sharp slowdown in equity price growth. The S&P 500 Index is projected to rise just 0.5 percent in 2027, following 10.8 percent growth in 2026, signaling a maturing market and increasing investor caution. Slower growth in home values is also expected to limit potential capital gains, contributing to the overall decline.

In general, capital gains or losses are mainly earned by the wealthiest households, who usually have a larger share of their assets invested in stocks. Data from the Federal Reserve shows that in the second quarter of 2025, the top ten percent of U.S. households owned more than

<sup>45</sup> The growth in home prices is as measured by Freddie Mac House Price Index (FMPI). The FMHPI is estimated with data including transactions on single-family detached, planned unit developments (PUDs), and condominium properties serving as collateral on loans originated between January 1, 1975, and the end of the most recent index month, where the loan has been purchased by Freddie Mac or Fannie Mae. See technical notes from <https://www.freddiemac.com/research/indices/house-price-index>.

87.0 percent of all stocks. Consequently, these households make significant contributions to the tax revenue generated from capital gains. However, these households have also been increasingly more mobile across states in recent years, posing risks to the State’s capital gains tax revenue.<sup>46</sup>

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<sup>46</sup> See Meyers, Joshua, “Follow the Money: How Wealth and People are Relocating Around the US,” American Legislative Exchange Council, July 2024, <https://alec.org/article/follow-the-money-how-wealth-and-people-are-relocating-around-the-us/>; and also NYS Assembly Ways and Means Committee, *Economic and Revenue Report*, Migration Section, February 2026.

## Finance and Insurance Sector

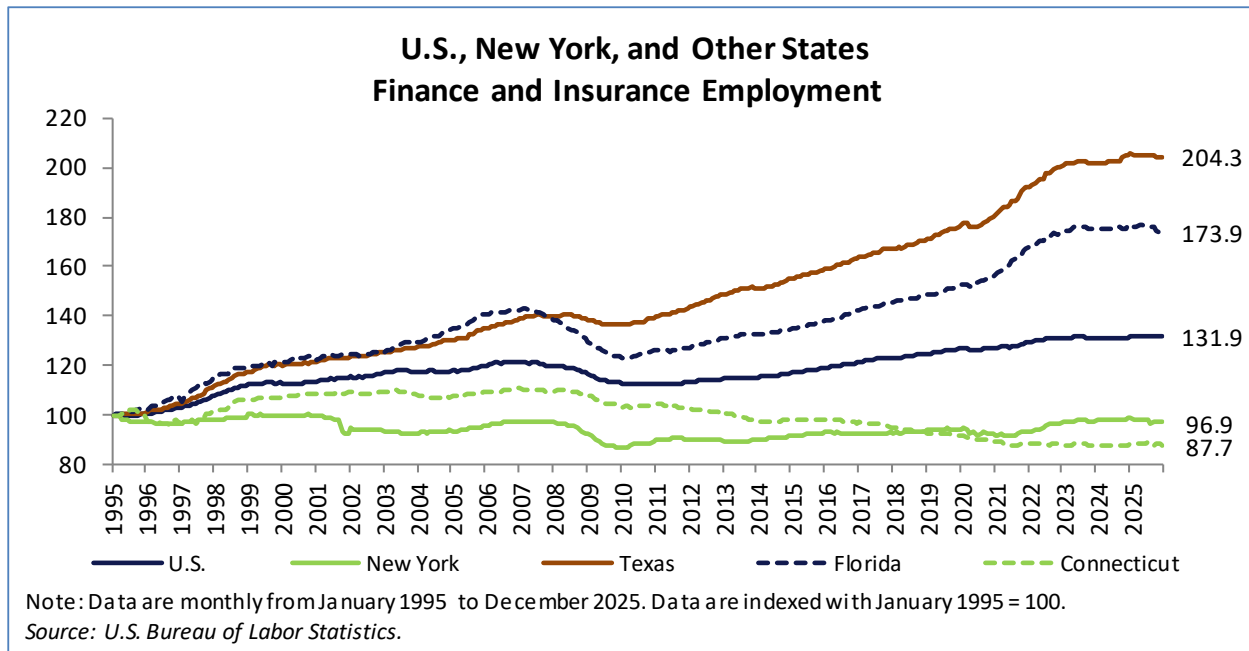
New York City has long been regarded as the financial capital of the world due to its high concentration of financial institutions and activities. In 1990, New York State led the nation in finance and insurance employment, accounting for 12.6 percent of the U.S. total, with most of these jobs concentrated in New York City. Although employment in New York State's finance and insurance sector has remained relatively stable over the past few decades, the industry continues to play a vital role in the State's economy due to its exceptionally high wages. In 2024, the average wage in this sector exceeded \$300,000, making it the highest among all industries and more than three times the State's overall average nonfarm wage of approximately \$95,000. As a result, while representing only 5.5 percent of the State's nonfarm payroll employment, the sector accounted for 17.5 percent of the State's total wages and 52.6 percent of variable wages in 2024.

Nationally, employment in the finance and insurance sector has trended modestly upward over the past few decades, though growth has varied considerably by state. States such as Texas and Florida have experienced notable increases in finance and insurance jobs, while others, including Connecticut, have seen declines. In New York State, the sector's employment has remained relatively stable, with downturns occurring during recessionary periods (see Figure 61). As a result of these divergent trends, Texas surpassed New York State in 2015 to become the state with the largest finance and insurance workforce. Texas' share of national finance and insurance employment increased from 6.6 percent in 1990 to 10.0 percent in 2024, while New York State's share declined from 12.6 percent to 8.2 percent.

New technologies, such as machine learning algorithms, blockchain, data science, app-based services, and AI have significantly reduced the need for in-person financial services. Although many firms are transitioning back to in-office work and the overall number of remote workers has been gradually declining, remote work remains notably more prevalent in the finance and insurance sector. In December 2025, approximately 27.0 percent of paid workdays in the U.S. were performed remotely. Employees in the finance and insurance sector, however, had a disproportionately higher rate, averaging 2.2 remote workdays per week, highlighting the sector's continued reliance on flexible work arrangements.<sup>47</sup>

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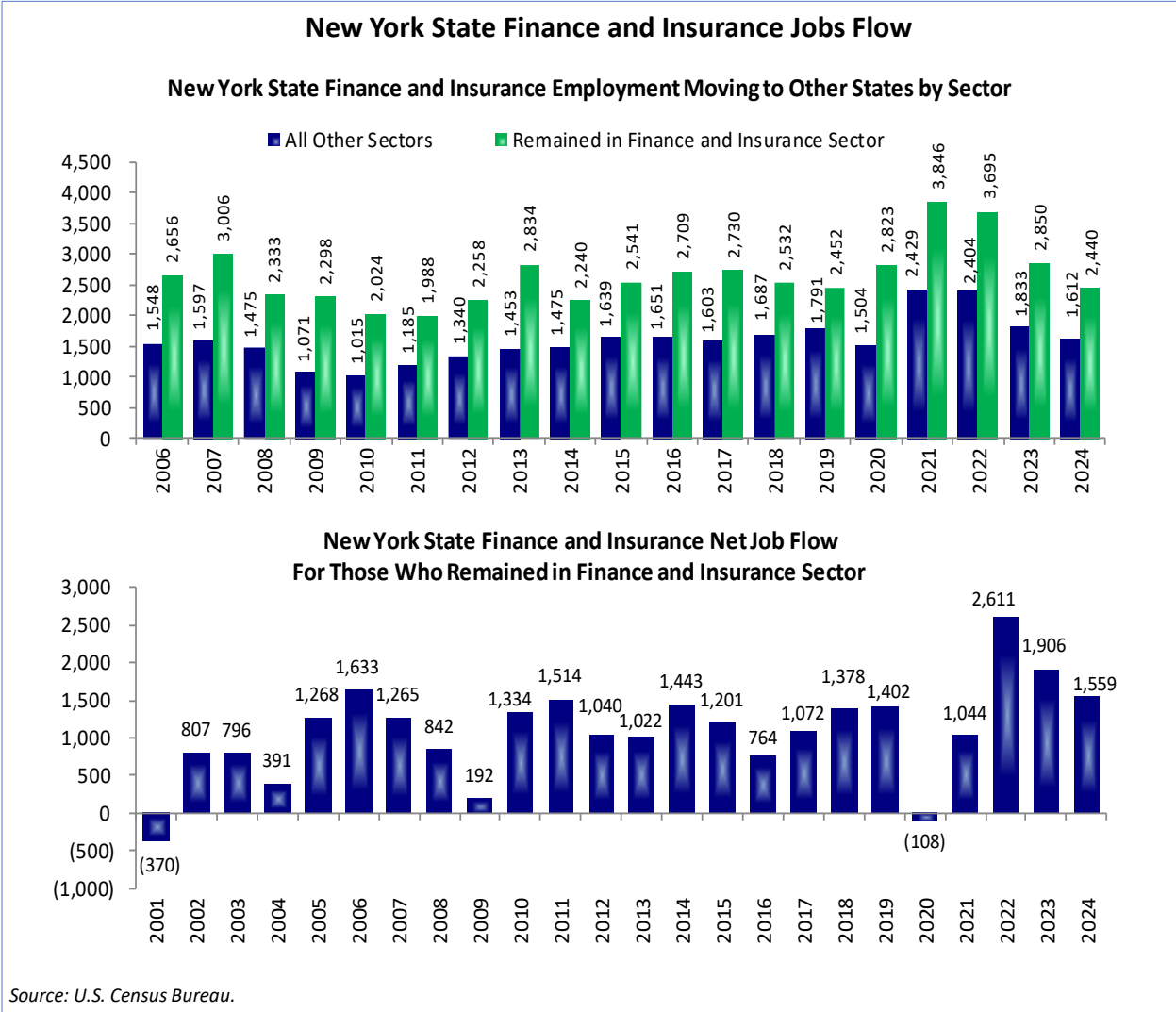
<sup>47</sup> WFH Research, U.S. Survey of Working Arrangements and Attitudes December 2025 Updates, [https://wfhresearch.com/wp-content/uploads/2026/01/WFHResearch\\_updates\\_January2026.pdf](https://wfhresearch.com/wp-content/uploads/2026/01/WFHResearch_updates_January2026.pdf).



**Figure 61**

Although thousands of finance and insurance workers leave New York State for jobs elsewhere each year, the data suggest that this outflow is not all driven by the relocation of finance and insurance positions to other states. According to the Longitudinal Employer-Household Dynamics (LEHD) data, many of the workers who left the State’s finance and insurance sector for other states transitioned into roles in other industries (see Figure 62). From 2001 to 2024, except during recessions, New York State experienced a positive net inflow of finance and insurance jobs despite the lack of job growth.<sup>48</sup> Regardless of the underlying cause, the finance and insurance sector represents a substantial portion of New York State’s total wage base. Consequently, stagnant employment growth in this industry could impact the State’s fiscal condition.

<sup>48</sup> The net flow of finance and insurance jobs is defined as the number of workers hired into New York State’s finance and insurance sector from other states, minus the number of workers who leave New York State employers in the sector to work in finance and insurance jobs in other states.

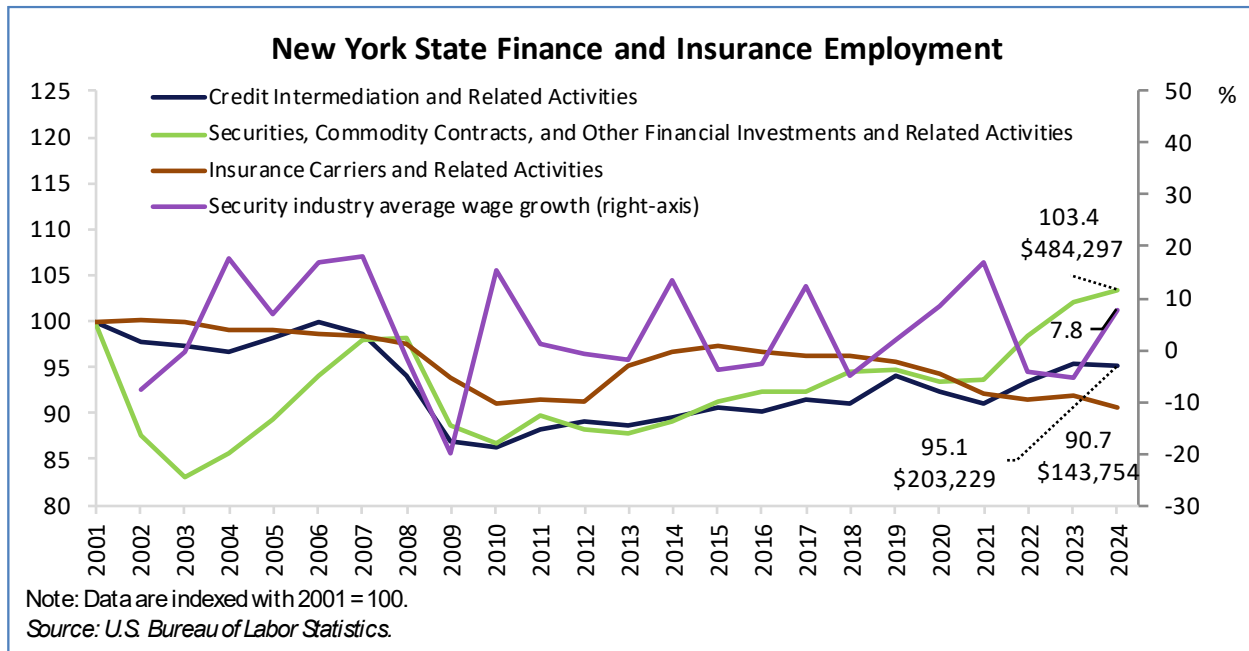


**Figure 62**

*Security Industry*

Employment trends within the finance and insurance sector vary widely across subsectors. Therefore, a decrease in overall employment may not accurately represent the industry. Some areas, such as credit intermediation and related activities, as well as insurance carriers and related services, have experienced job losses. On the other hand, the securities, commodity contracts, and other financial investments and related activities subsectors (referred to as “the securities industry”) have seen growth (see Figure 63). This disparity can be attributed to shifting market dynamics, structural changes, and evolving consumer preferences.





**Figure 63**

Although overall employment in the finance and insurance sector has slightly declined over the past few decades, the securities industry, the largest subsector accounting for 40.9 percent of total industry employment in 2024, has seen a slight increase. From 2001 to 2024, employment in the securities industry grew by 3.4 percent, reaching a recent high of 217,800 employees. However, as national employment growth outpaced that of New York State, the State’s share of U.S. securities industry employment fell from 25.3 percent in 2001 to 20.1 percent in 2024. Despite this decline, New York State continues to lead the nation in securities industry employment.

While employment in the securities industry has been relatively stable over the years, wages have fluctuated significantly from year to year, largely reflecting the performance of financial markets. After two years of poor performance due to weak financial market conditions, the average wage in the securities industry rose by 7.8 percent in 2024, reaching a record high of \$484,300, driven by strong industry profits. This marks the highest average wage among all subsectors within the finance and insurance industry, as well as across all industries in the State.

## *Finance and Insurance Sector Outlook*

Financial markets rebounded strongly in 2024 following two sluggish years, with activity in both the equity capital markets and mergers and acquisitions (M&A) increasing by double digits. As a result, global investment banking fees rose by 14.0 percent, reaching \$117.4 billion. The improvement in financial market activities in 2024 was evident in the member firms of the NYSE, as their pre-tax profits increased by 90.0 percent compared to 2023. Consequently, according to the New York State Assembly Ways and Means Committee's estimate, Wall Street's bonus pool climbed to a record high of \$51.6 billion in SFY 2024-25.

The financial market continued to perform well in 2025, with activities in both M&A and equity capital markets rising from 2024. Global initial public offering rose 29.0 percent to a three-year high of \$146.1 billion in 2025. Similarly, worldwide M&A activity increased by 49.0 percent, reaching a four-year high of \$4.6 trillion. Consequently, global investment banking fees increased by 11.0 percent. NYSE member firms also posted strong performance during the first three quarters of 2025, with pre-tax profits surging by 34 percent year over year.<sup>49</sup>

Because employment in New York State's finance and insurance sector is closely tied to NYSE activity, the profitability of NYSE member firms serves as a key indicator of the securities industry's overall performance. While the market remains highly sensitive to changes in economic conditions, the strong profit growth among NYSE firms suggests a cautiously optimistic short-term outlook for the industry and for variable compensation across the State.

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<sup>49</sup> New York State Comptroller, 2024 Wall Street Bonuses, March 2025, <https://www.osc.ny.gov/press/releases/2025/03/dinapoli-wall-street-bonus-pool-reaches-record-high-475-billion-2024>.

## RISKS TO THE ECONOMIC FORECAST

A major risk to the outlook is that economic growth is increasingly concentrated in a narrow set of drivers. Health care employment continues to prop up the labor market, while consumption growth is largely driven by higher-income households that also hold a disproportionately large share of wealth. At the same time, AI-related investment is fueling business spending and equity market gains. This concentration leaves the economy vulnerable.

Employers have refrained from large layoffs so far, but this could change quickly as businesses have already cut back on hiring and temporary help services. Should labor demand weaken further, large layoffs and discharges would follow. According to a New York Times report, the biggest U.S. companies are on a hiring spree in India, building hundreds of overseas office parks.<sup>50</sup> If this trend should continue, the jobless rate would rise faster than expected in the current forecast and a contraction in household income and spending would ensue.

A large part of the recent gain in equity prices is attributed to the information technology segment buoyed by investors' excitement over the promise of AI. As equity values remain overly elevated in relation to corporate earnings, the equity market will likely undergo a correction. If the magnitude of the correction should turn out to be much larger than called for in the current forecast, that could have a significant negative impact on private spending and hiring, thereby causing a recession.

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

A sharp weakening in the labor market was a major driver of the Federal Reserve's recent decision to resume easing despite tariff-induced inflationary pressures. Should inflationary pressures reaccelerate, that could complicate the Federal Reserve's policy path, consequently raising the chance of monetary policy missteps and jeopardizing the already fragile economic outlook.

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<sup>50</sup> Alex Travelli and Hari Kumar, "India is on a hiring binge," New York Times, April 7, 2025.

Ongoing uncertainty surrounding the administration’s immigration controls and trade policy—particularly, its decision to reimpose tariffs under the Trade Act of 1974 immediately following the U.S. Supreme Court’s February 20, 2026 ruling—continues to weigh on business investment and hiring plans, as well as household decision-making.

Due to a series of massive fiscal stimulus programs during the pandemic years, the U.S. federal government recorded a \$3.1 trillion budget deficit, or 14.9 percent of U.S. GDP, in FFY 2020. The size of deficit declined in the following years, to \$1.9 trillion, or 6.6 percent of national output, in FFY 2024. However, according to the recent projection from the Congressional Budget Office, federal debt is projected to continue swelling in the next ten years, as increases in mandatory spending and interest costs outpace growth in revenues. Federal debt held by the public will rise from 99.4 percent of GDP in FFY 2025 to 120.2 percent in FFY 2036, surpassing its previous high of 106 percent of GDP in 1946. This deteriorating fiscal position of the U.S. government could not only limit policy options for future crises, but also lead to a downgrade of U.S. Treasury securities, as already seen on May 16, 2025, when Moody’s Ratings ranked U.S. creditworthiness at Aa1, one notch lower from Aaa.<sup>51</sup> Concern would increase among investors and put upward pressure on long-term Treasury yields, thereby hampering any stimulating effects of the Federal Reserve’s resumed monetary easing.

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<sup>51</sup> Fitch Ratings and S&P lowered their credit ratings for U.S. debt in 2023 and 2011, respectively.

## IMPACT OF FEDERAL POLICY ON NEW YORK STATE

Federal government policies can have significant impacts on the economy at local, national, and international levels. Federal government spending plays a crucial role in shaping state economies and budgets by providing grants, funding allocations, and assistance programs, while also influencing state tax revenues. Federal funding constitutes a substantial share of New York State revenues and is essential for sustaining key programs such as Medicaid, income security, infrastructure development, and education. Changes in federal policies, such as tax regulations, adjustments to programs like Medicaid and the Supplemental Nutrition Assistance Program (SNAP), or layoffs can directly affect State and local revenues. This, in turn, can impact the State’s fiscal condition and ability to provide essential services (see Table 8).

**Table 8**

| Potential Impact of Federal Budget on New York State   |   |   |
|--|---|---|
| Area   | Budget Action   | Potential Impact  |
| State Budget   | <p><b>Medicaid and ACA:</b> Reduces federal funding and increases state responsibility for Medicaid and the Affordable Care Act (ACA). Imposes caps on state-directed payments for both expansion and non-expansion populations. Lowers federal matching rates for states that cover immigrants using state-only funds. Enforces stricter limitations on the use of provider taxes.</p> <p><b>Supplemental Nutrition Assistance Program (SNAP):</b> Introduces a state cost-sharing of 5 to 15 percent for states with error rates above 6 percent beginning in Fiscal Year (FY) 2028. Reduces the federal reimbursement rate for SNAP administrative costs from 50 percent to 25 percent, starting in FY 2027.</p> | Increases the financial burden on the state to maintain current levels of public service provision. |
| Medicaid and Health Care   | Imposes stricter eligibility criteria, including work requirements for many recipients between the ages of 19 and 64. Health care provider tax cuts.  | More individuals are expected to lose access to benefits.   |
| Public Welfare   | Expanding work requirements for SNAP recipients to include individuals aged 55–64 and parents of children aged 14 and older. Eliminating SNAP eligibility for certain non-citizens. Shifting administrative costs to states.  |   |
| Education  | Implements changes to federal student loan and repayment programs, including capping borrowing for students and parents. Also increases taxes on college and university endowments.   | Education becomes less affordable.  |
| Infrastructure   | Phasing out clean energy tax credits, while providing favorable treatment for oil and gas infrastructure investments  | Reduces investment in renewable energy initiatives.   |
| <p><i>Sources: Committee for a Responsible Federal Budget; Association of State and Territorial Health Officials; National Conference of State Legislatures.</i></p> |   |   |

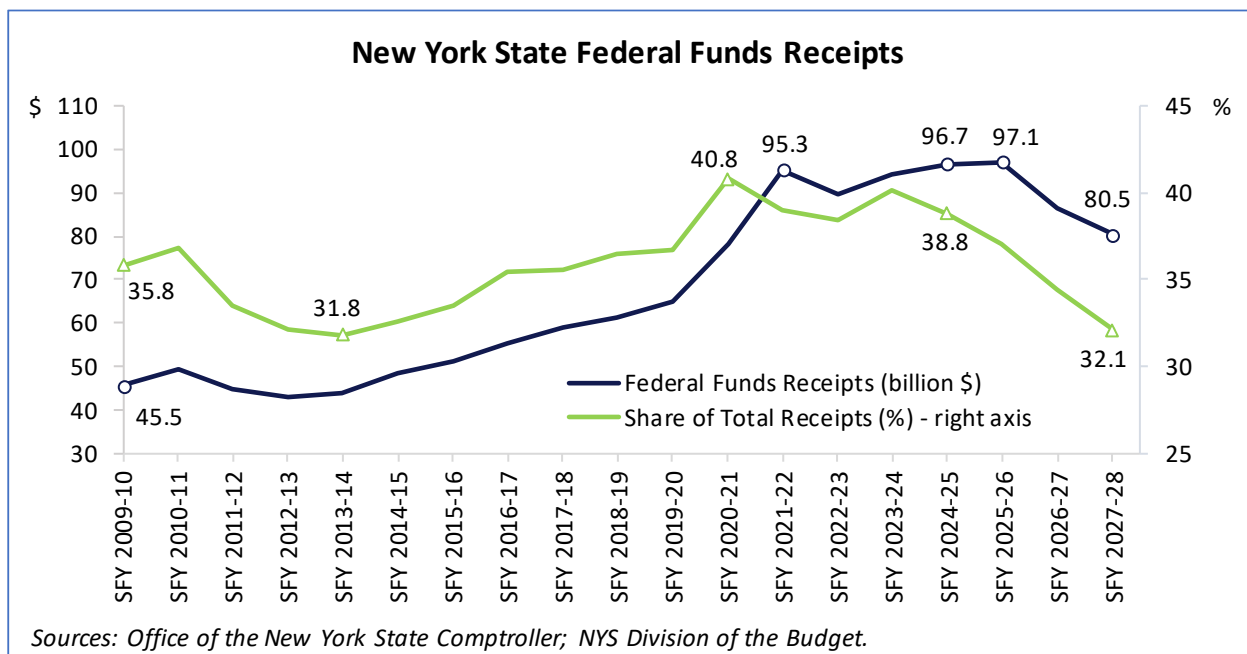
In 2024, there were approximately 116,000 federal workers located in New York State, accounting for 1.2 percent of the State's total nonfarm employment, slightly below the national average of 1.9 percent. These employees earned a combined \$11.2 billion in wages. Jefferson

County had the highest concentration of federal employment, with 3,273 workers representing 11.4 percent of the county's nonfarm workforce, largely due to the presence of Fort Drum. Other counties with notable federal employment shares included Steuben County (3.8 percent), Genesee County (3.5 percent), and Orange County (3.5 percent).

This section examines the potential impact of the current federal budget, known as the OBBBA, on New York State's residents, economy, as well as public resources and services.

## State Budget

New York State has become increasingly reliant on federal funding in recent years, particularly during and following the pandemic. Federal fund receipts rose sharply during this period. According to the Office of the New York State Comptroller, federal receipts increased from \$61.3 billion (36.5 percent of total receipts) in SFY 2018–19, before the pandemic, to \$95.3 billion (39 percent) in SFY 2021–22. This increase was due to increased funding of various assistance programs, as New York was one of the states most severely affected. In SFY 2024–25, New York State received \$96.7 billion in federal funds, accounting for 38.8 percent of total receipts. The proposed federal budget cut will lead to a reduction in the State’s federal funds receipts starting in 2026. As a result, New York State’s federal receipts are expected to decrease from \$97.1 billion in SFY 2025-26 to \$80.5 billion in SFY 2027-28 (see Figure 64).<sup>52</sup>



**Figure 64**

Given this growing reliance, changes in federal policies could have a significant adverse impact on the State’s financial health and stability. Many of the federal budget cuts are expected to impact New York State, particularly those targeting Medicaid and social welfare programs, as the State receives significant federal funding in these areas. Although federal funding for some programs in New York State has decreased in recent years, support for the Medicaid program

<sup>52</sup> Office of the New York State Comptroller, State of New York Financial Condition Report for Fiscal Year Ended March 31, 2025.

has continued to grow. Additionally, federal funding for health and mental health services has risen sharply since the pandemic, more than doubling from \$6.5 billion in SFY 2019-20 to \$16.6 billion in SFY 2024-25 (see Table 9). According to the Office of the New York State Comptroller, Medicaid spending in SFY 2024-25 totaled \$100 billion, accounting for 41.4 percent of total State spending, with \$53 billion of that amount provided by the federal government. Therefore, any decrease in federal funding to these programs will have a detrimental impact on the State’s fiscal health, especially for those who need medical care.

**Table 9**

| <b>New York State Federal Funds Spending</b> |                |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>\$ in million</b>                         |                |                |                |                |                |                |                |                |                |
|  | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     | <b>SFY</b>     |
|  | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Total</b>                                 | <b>52,985</b>  | <b>56,806</b>  | <b>60,417</b>  | <b>60,687</b>  | <b>71,686</b>  | <b>79,480</b>  | <b>84,914</b>  | <b>94,517</b>  | <b>93,456</b>  |
| Education                                    | 4,036          | 3,695          | 4,365          | 4,053          | 3,642          | 7,464          | 9,252          | 9,036          | 9,323          |
| Public Health                                | 40,042         | 44,343         | 46,785         | 47,339         | 51,827         | 56,346         | 61,937         | 69,598         | 69,526         |
| Health and Mental Health Services            | 5,658          | 6,831          | 6,805          | 6,495          | 6,976          | 8,261          | 8,853          | 12,545         | 16,596         |
| Medicaid                                     | 34,384         | 37,512         | 39,980         | 40,844         | 44,851         | 48,085         | 53,078         | 57,053         | 52,930         |
| Public Welfare                               | 4,622          | 4,837          | 5,436          | 5,379          | 9,082          | 8,540          | 7,163          | 6,862          | 6,435          |
| Public Safety                                | 1,744          | 1,725          | 1,360          | 1,578          | 3,765          | 3,031          | 3,425          | 5,563          | 4,844          |
| Transportation                               | 1,901          | 1,543          | 1,646          | 1,621          | 1,677          | 1,971          | 1,854          | 2,104          | 2,161          |
| General Government                           | 400            | 432            | 548            | 457            | 1,502          | 1,875          | 961            | 573            | 570            |
| Others                                       | 237            | 231            | 268            | 260            | 191            | 253            | 322            | 781            | 597            |

*Source: Office of the New York State Comptroller.*

In addition to direct budget cuts, new administrative and eligibility requirements, along with changes to financial mechanisms, are expected to place additional strain on the State’s budget. The bill includes a provision to restrict the provider tax rate that states can charge under the Medicaid program. In Medicaid expansion states like New York, provider taxes will be gradually reduced by 0.5 percentage points annually, from 6.0 percent to 3.5 percent, starting in 2028. This change will affect how states raise revenue to fund their share of Medicaid costs. As a result, more individuals may lose eligibility for benefits, or the financial burden may shift from the federal government to New York State.

Furthermore, changes in tax laws in the OBBBA could also impact states’ tax revenue. Many of the OBBBA’s tax breaks such as deductions for tips and overtime pay, or expensing of corporate investments, reduce taxable income. As a result, states that conform their tax codes to federal definitions may experience substantial revenue losses. As a “rolling conformity” state, New York automatically incorporates federal tax changes into its own tax code unless it takes



legislative action to decouple. This gives the State the flexibility to selectively disengage from specific federal provisions that could negatively impact its fiscal stability. A study by the Tax Foundation suggests that, without decoupling, New York State could lose \$1.7 billion in revenue in 2026 from the personal income tax alone.<sup>53</sup>

While the exact impact of federal budget cuts on federal funding to New York State remains uncertain, multiple sources project that the reductions will be substantial. According to an estimate by the KFF (formerly known as Kaiser Family Foundation), federal funding cuts related to the Medicaid program could total an average of \$102 billion over the next ten years, with potential reductions reaching as high as \$128 billion.<sup>54</sup>

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<sup>53</sup> Tax Foundation, State Tax Implications of the One Big Beautiful Bill Act, July 31, 2025, <https://taxfoundation.org/research/all/state/big-beautiful-bill-state-tax-impact/>.

<sup>54</sup> KFF, Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Bill, July 23, 2025, <https://www.kff.org/medicaid/issue-brief/allocating-cbos-estimates-of-federal-medicaid-spending-reductions-across-the-states-enacted-reconciliation-package>.

## Medicaid and Healthcare

Medicaid stands to take the biggest hit from the federal budget cuts as it is the largest safety net program in the State, accounting for over 40.0 percent of New York State's overall spending. Medicaid spending in the State was \$100 billion in SFY 2024-25, of which the federal government paid \$52.9 billion, the State contributed \$38.4 billion and localities paid \$8.6 billion.<sup>55</sup> The current federal budget includes significant changes to the Medicaid program, such as stricter work and verification requirements and more restrictive eligibility criteria. Starting in 2027, adults aged 19 to 64 must meet specific work or education thresholds to qualify. Effective October 1, 2026, Medicaid eligibility will be terminated for qualified aliens who are humanitarian entrants, including refugees, asylees, and humanitarian parolees.

Medicaid enrollment in New York State significantly increased during the pandemic, rising from 6.1 million prior to the pandemic to a peak of over 8 million in June 2023.<sup>56</sup> As of December 2025, enrollment has declined to approximately 6.8 million.

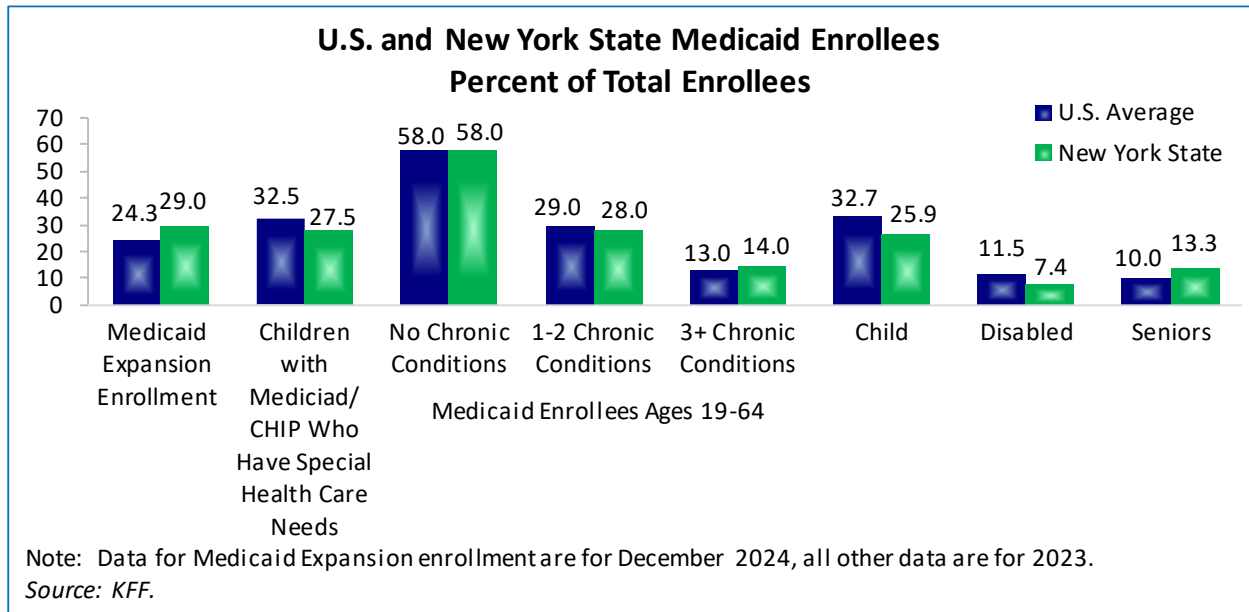
While most individual aged 65 and over (seniors) are covered by Medicare, many also live in poverty, qualifying them for dual enrollment in both Medicare and Medicaid. In 2023, approximately 482,289 individuals aged 65 or over in New York State, about 14.3 percent of that age group, were living below the poverty line. This rate is significantly higher than the national average of 11.3 percent. As a result, New York State has a higher share of seniors enrolled in the Medicaid program at 13.3 percent of total Medicaid enrollment in 2023, compared to the national average of 10 percent. The State also has a larger proportion of its population enrolled in the Medicaid expansion program under the ACA, with over two million individuals, or 29 percent of total enrollment, compared to 24.3 percent nationwide (see Figure 65). This disparity is due to the fact that some states did not adopt Medicaid expansion provisions.

New York also has a higher proportion of its population enrolled in Medicaid and the Children's Health Insurance Program (CHIP) compared to the national average. As of June 2025, approximately 33.1 percent of New York residents were enrolled in these programs, compared to 22.9 percent nationwide. Therefore, any changes to Medicaid policy or funding could have a significant impact on New Yorkers, particularly those most vulnerable.

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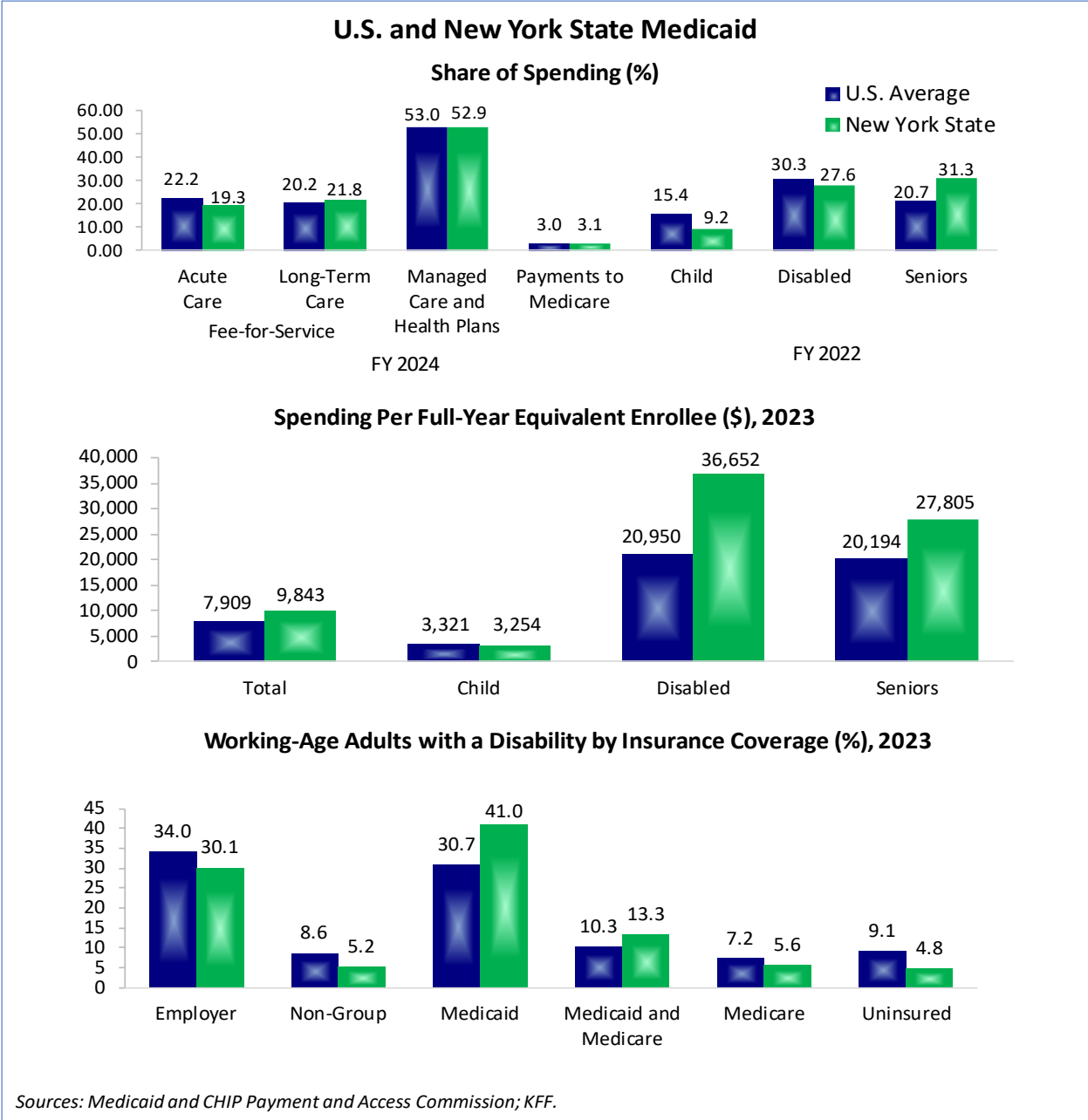
<sup>55</sup> Ibid 52.

<sup>56</sup> New York State Department of Health, NYS Medicaid Enrollment Databook.



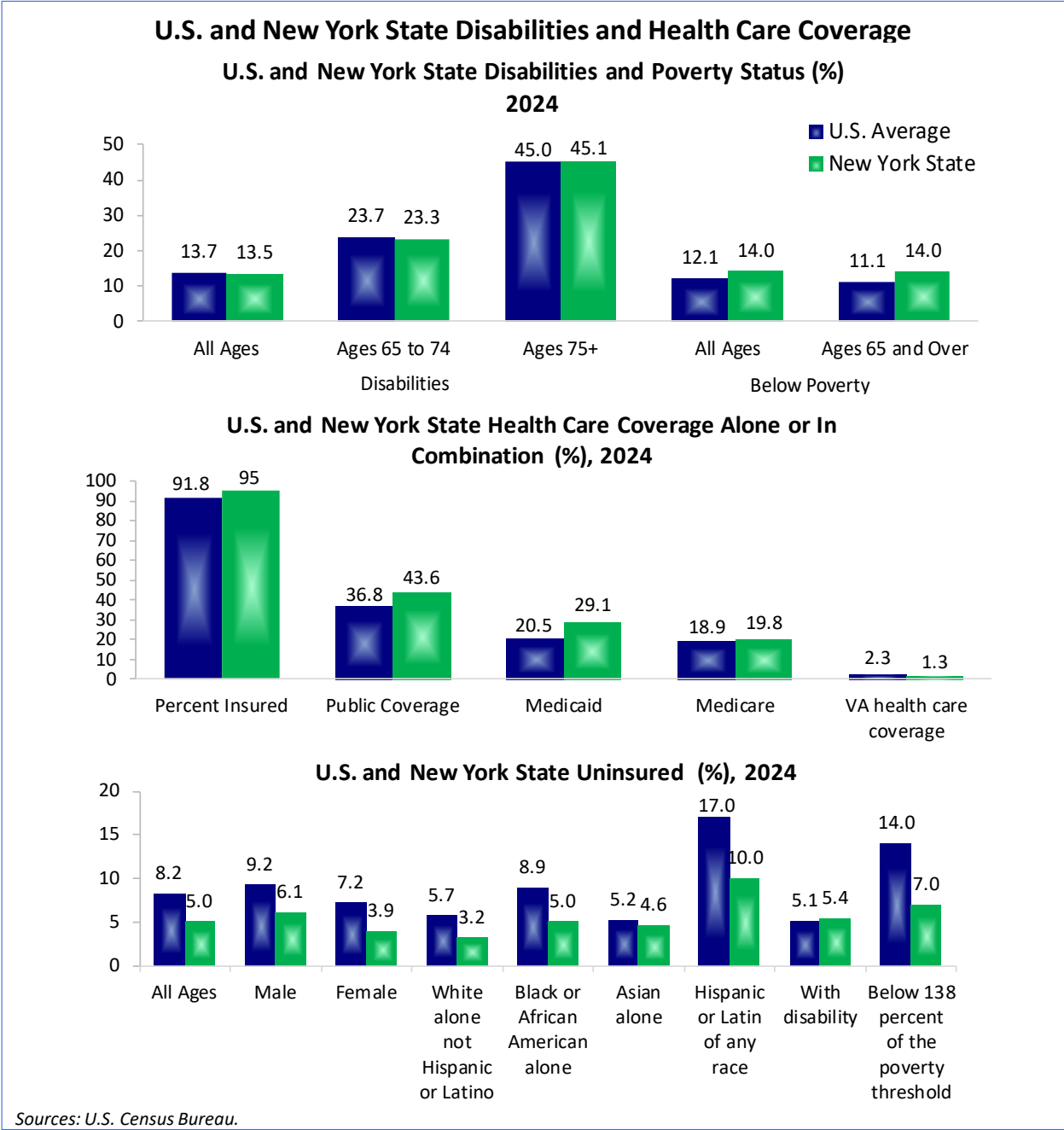
**Figure 65**

Average Medicaid spending per enrollee is significantly higher for seniors, as well as for those with disabilities, due to their greater need for complex acute care and long-term services. In 2023, the average spending per full-year equivalent senior enrollee in New York State was \$27,805, compared to the national average of \$20,194. Similarly, the average spending per disabled enrollee in New York was \$36,652, while the national average stood at \$20,950. As a result, although individuals with disabilities accounted for less than 10 percent of Medicaid enrollment, they represented 27.6 percent of total State Medicaid spending in FFY 2022 (the latest year for which data are available). Similarly, senior enrollees made up just 11.6 percent of enrollment but represented 31.3 percent of total State Medicaid expenditures. Medicaid serves as a vital healthcare safety net for a large number of working-age adults with disabilities in New York State, providing coverage to 41.0 percent of individuals in this group. Therefore, any budget cuts affecting Medicaid could disproportionately impact this vulnerable population (see Figure 66).



**Figure 66**

New York State offers broader income eligibility for certain groups such as children and pregnant women under its Medicaid program. This has resulted in higher enrollment and lower rates of uninsured residents. In 2024, only 5.0 percent of New Yorkers were uninsured, compared to 8.2 percent nationwide. Across all demographic groups, New York consistently reports higher rates of health insurance coverage than the national average (see Figure 67).



**Figure 67**

As of December 2025, approximately 34.3 percent of New York State residents were enrolled in the Medicaid program. However, enrollment rates varied widely across the State. The proportion of the population enrolled in the Medicaid program ranged from a low of 14.1 percent in Hamilton County to a high of 65.3 percent in Bronx County. The five counties with the highest Medicaid enrollment rates were Bronx (65.3 percent), Kings (48.3 percent), Queens (46.3 percent), Rockland (44.8 percent), and Montgomery (37.8 percent). Overall, downstate

counties tend to have a higher proportion of residents enrolled in the Medicaid program compared to upstate areas (see Table 10).

**Table 10**

| <b>New York State Medicaid Enrollment by County</b> |  |                              |                |  |                              |
|---|--|------------------------------|----------------|--|------------------------------|
| <b>County</b>                                       | <b>Medicaid Enrollment December 2025</b> | <b>Percent of Population</b> | <b>County</b>  | <b>Medicaid Enrollment December 2025</b> | <b>Percent of Population</b> |
| <b>New York</b>                                     | <b>6,805,141</b>                         | <b>34.3</b>                  | NIAGARA        | 54,268                                   | 25.9                         |
| ALBANY  | 71,031                                   | 22.2                         | ONEIDA         | 71,034                                   | 31.1                         |
| ALLEGANY  | 12,774                                   | 27.0                         | ONONDAGA       | 119,106                                  | 25.4                         |
| BRONX   | 904,682                                  | 65.3                         | ONTARIO        | 22,701                                   | 20.1                         |
| BROOME  | 55,162                                   | 28.1                         | ORANGE         | 129,531                                  | 31.5                         |
| CATTARAUGUS   | 21,717                                   | 28.8                         | ORLEANS        | 11,308                                   | 28.5                         |
| CAYUGA  | 19,961                                   | 26.8                         | OSWEGO         | 33,661                                   | 28.5                         |
| CHAUTAUQUA  | 39,348                                   | 31.7                         | OTSEGO         | 13,303                                   | 22.0                         |
| CHEMUNG   | 29,923                                   | 36.9                         | PUTNAM         | 17,927                                   | 18.2                         |
| CHENANGO  | 14,346                                   | 31.3                         | QUEENS         | 1,072,274                                | 46.3                         |
| CLINTON   | 20,123                                   | 25.8                         | RENSELAER      | 36,335                                   | 22.6                         |
| COLUMBIA  | 14,355                                   | 23.8                         | RICHMOND       | 181,036                                  | 36.3                         |
| CORTLAND  | 12,052                                   | 26.2                         | ROCKLAND       | 156,126                                  | 44.8                         |
| DELAWARE  | 10,457                                   | 23.7                         | SAINT LAWRENCE | 28,889                                   | 27.2                         |
| DUTCHESS  | 61,883                                   | 20.6                         | SARATOGA       | 37,127                                   | 15.4                         |
| ERIE  | 252,602                                  | 26.6                         | SCHENECTADY    | 47,618                                   | 29.3                         |
| ESSEX   | 8,163                                    | 22.2                         | SCHOHARIE      | 7,250                                    | 24.0                         |
| FRANKLIN  | 15,038                                   | 31.9                         | SCHUYLER       | 3,494                                    | 20.4                         |
| FULTON  | 15,068                                   | 28.9                         | SENECA         | 7,932                                    | 24.3                         |
| GENESEE   | 13,000                                   | 22.6                         | STEUBEN        | 26,657                                   | 29.0                         |
| GREENE  | 12,325                                   | 26.3                         | SUFFOLK        | 366,121                                  | 23.8                         |
| HAMILTON  | 716                                      | 14.1                         | SULLIVAN       | 28,424                                   | 35.3                         |
| HERKIMER  | 16,715                                   | 28.1                         | TIOGA          | 12,214                                   | 25.7                         |
| JEFFERSON   | 29,164                                   | 25.8                         | TOMPKINS       | 16,477                                   | 15.6                         |
| KINGS   | 1,264,789                                | 48.3                         | ULSTER         | 48,896                                   | 26.7                         |
| LEWIS   | 5,265                                    | 19.8                         | WARREN         | 15,632                                   | 23.9                         |
| LIVINGSTON  | 11,892                                   | 19.3                         | WASHINGTON     | 16,620                                   | 27.8                         |
| MADISON   | 16,027                                   | 23.9                         | WAYNE          | 21,475                                   | 23.7                         |
| MONROE  | 200,642                                  | 26.7                         | WESTCHESTER    | 237,062                                  | 23.6                         |
| MONTGOMERY  | 18,748                                   | 37.8                         | WYOMING        | 8,930                                    | 22.6                         |
| NASSAU  | 305,867                                  | 22.0                         | YATES          | 4,986                                    | 20.4                         |
| NEW YORK (MAN)                                      | 452,722                                  | 27.3                         | OTHER          | 24,170                                   | NA                           |

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

Although the exact number of individuals affected by the current budget cuts remains uncertain, it is clear that a substantial portion of the population will be impacted. Several studies have attempted to estimate the effects of federal reductions on state programs, suggesting that

between 800,000 and one million people in New York State could lose their Medicaid coverage by 2034 (see Table 11).

**Table 11**

| <b>Impact of Federal Medicaid Cut on New York State<br/>2025-2034</b>   |             |  |                                       |
|---|-------------|--|---------------------------------------|
| <b>Organization</b>   | <b>Date</b> | <b>Individual Impact<br/>(Coverage Loss)</b> | <b>Fiscal Impact<br/>(Billion \$)</b> |
| Congressional Budget Office (U.S. Total)  | 06/25       | 9,100,000                                    |                                       |
| Medicaid  |             | 7,800,000                                    |                                       |
| Affordable Care Act   |             | 1,300,000                                    |                                       |
| American Cancer Society   | 06/25       | 816,541                                      | 84.8                                  |
| Children  |             | 39,506                                       |                                       |
| Disabled  |             | 7,350  |                                       |
| Aged  |             | 19,921                                       |                                       |
| Joint Economic Committee Democrats  | 06/25       | 1,019,121                                    |                                       |
| American Hospital Association (rural hospitals)   | 06/25       | 70,900                                       | 1.1                                   |
| Joint Economic Committee Minority   | 05/25       | 889,066                                      |                                       |
| Medicaid  |             | 831,625                                      |                                       |
| Affordable Care Act   |             | 57,441                                       |                                       |
| Fiscal Policy Institute   | 07/25       | 1,425,000                                    | 8.4 annually                          |
| Medicaid  |             | 1,200,000                                    |                                       |
| Affordable Care Act   |             | 225,000                                      |                                       |
| State Health and Value Strategies (Senate Bill)   | 07/25       | 817,000                                      | 107.4                                 |
| New York State Association of Counties  | 07/25       | 1,500,000                                    | 100.0                                 |
| <i>Sources: Congressional Budget Office; American Cancer Society; Joint Economic Committee Democrats; American Hospital Association; Joint Economic Committee Minority; Fiscal Policy Institute; State Health and Value Strategies; New York State Association of Counties.</i> |             |  |                                       |

## Public Welfare

Public welfare is the third-largest in federal funding received by New York State, following Medicaid and education. In SFY 2024–25, the State received \$5.8 billion in federal funds for public welfare programs. However, unlike Medicaid, federal funding for public welfare has been declining since its peak in SFY 2020–21, during the height of the pandemic.

Public welfare in New York primarily consists of public assistance and SNAP. Public assistance includes Family Assistance (FA) and Safety Net Assistance (SNA), both of which have been increasing in recent years. FA provides up to 60 months of cash assistance to eligible low-income families and is largely funded by the federal government. SNA, which accounts for 76 percent of public assistance expenditures, offers cash or non-cash support to eligible single adults, childless couples, individuals who have exceeded the 60-month FA limit, children living apart from adult relatives, and certain other groups. Unlike FA, SNA is primarily funded by the State and counties.

SNAP, also known as the Food Stamp Program, is a federally funded program that provides financial assistance to low-income households, helping individuals and families afford nutritious food. State expenditures on SNAP totaled \$7.8 billion in SFY 2024–25. During 2020 to 2024, over one million households in New York State, representing 15.6 percent of all households, received SNAP benefits, a rate significantly higher than the national average of 12.1 percent. Similar to Medicaid, SNAP enrollment rates vary widely across the State, ranging from a low of 3.2 percent in Putnam County to a high of 38.6 percent in Bronx County. The five counties with the highest SNAP enrollment rates during 2019 to 2023 were Bronx (38.6 percent), Kings (22.9 percent), Chautauqua (19.9 percent), Cattaraugus (18.0 percent), and Franklin (17.5 percent) (see Table 12).

Although fewer people are enrolled in SNAP compared to Medicaid, any cuts to the federal budget related to SNAP could still have a substantial impact on the quality of life for many, especially the most vulnerable individuals. The New York State Association of Counties estimates that up to 300,000 households across New York State could lose some or all of their SNAP benefits.<sup>57</sup>

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<sup>57</sup> New York State Association of Counties, One Big Beautiful Bill Act (OBBBA) Impact on New York Counties, July 2025, <https://www.nysac.org/media/olth4cpo/obbba-explainer-impact-report.pdf>.



**Table 12**

**New York State Supplemental Nutrition Assistance Program Recipients by County  
2020-2024**

| <b>County</b>     | <b>Households<br/>Receiving Food<br/>Stamps/SNAP</b> | <b>Percent<br/>Households<br/>Receiving<br/>Food<br/>Stamps/SNAP</b> | <b>County</b> | <b>Households<br/>Receiving Food<br/>Stamps/SNAP</b> | <b>Percent<br/>Households<br/>Receiving<br/>Food<br/>Stamps/SNAP</b> |
|-------------------|--|--|---------------|--|--|
| <b>U.S. Total</b> | 15,572,114   | 12.1   | New York      | 112,139  | 14.4   |
| <b>New York</b>   | 1,204,048  | 15.6   | Niagara       | 13,529   | 14.7   |
| Albany            | 14,841   | 11.0   | Oneida        | 15,855   | 16.7   |
| Allegany          | 2,813  | 15.9   | Onondaga      | 28,395   | 14.4   |
| Bronx             | 206,275  | 38.6   | Ontario       | 4,174  | 8.6  |
| Broome            | 12,589   | 15.4   | Orange        | 14,898   | 10.7   |
| Cattaraugus       | 5,729  | 18.0   | Orleans       | 2,498  | 15.4   |
| Cayuga            | 4,663  | 14.8   | Oswego        | 7,542  | 16.0   |
| Chautauqua        | 10,617   | 19.9   | Otsego        | 2,285  | 9.9  |
| Chemung           | 5,824  | 16.5   | Putnam        | 1,152  | 3.2  |
| Chenango          | 2,874  | 14.4   | Queens        | 133,891  | 15.9   |
| Clinton           | 5,663  | 16.9   | Rensselaer    | 7,264  | 10.9   |
| Columbia          | 2,592  | 9.7  | Richmond      | 22,803   | 13.4   |
| Cortland          | 2,947  | 15.5   | Rockland      | 12,398   | 11.9   |
| Delaware          | 2,390  | 12.4   | St Lawrence   | 6,467  | 15.5   |
| Dutchess          | 9,145  | 7.9  | Saratoga      | 6,660  | 6.5  |
| Erie              | 63,474   | 15.5   | Schenectady   | 9,338  | 14.0   |
| Essex             | 1,711  | 10.5   | Schoharie     | 1,764  | 13.7   |
| Franklin          | 3,410  | 17.5   | Schuyler      | 1,111  | 15.1   |
| Fulton            | 3,521  | 15.4   | Seneca        | 1,637  | 12.0   |
| Genesee           | 3,374  | 13.6   | Steuben       | 4,761  | 12.1   |
| Greene            | 1,477  | 7.9  | Suffolk       | 36,965   | 7.2  |
| Hamilton          | 119  | 4.9  | Sullivan      | 5,383  | 17.1   |
| Herkimer          | 3,806  | 14.8   | Tioga         | 2,730  | 13.4   |
| Jefferson         | 7,529  | 15.8   | Tompkins      | 3,869  | 8.9  |
| Kings             | 231,177  | 22.9   | Ulster        | 7,262  | 9.8  |
| Lewis             | 1,394  | 12.5   | Warren        | 2,940  | 9.8  |
| Livingston        | 2,552  | 10.4   | Washington    | 2,955  | 12.1   |
| Madison           | 3,056  | 11.6   | Wayne         | 4,368  | 11.4   |
| Monroe            | 47,855   | 15.0   | Westchester   | 34,921   | 9.4  |
| Montgomery        | 3,014  | 15.4   | Wyoming       | 1,816  | 11.0   |
| Nassau            | 22,835   | 5.0  | Yates         | 1012   | 10.7   |

Source: U.S. Census Bureau.

## Education

The current federal budget implements several significant changes to education, particularly in financial aid. The enacted budget repeals multiple income-driven repayment plans, establishes a new repayment option, and reduces or eliminates certain federal student loan programs. These changes could have widespread effects on students and families across the country.

The OBBBA eliminates the Graduate PLUS loan program and imposes new caps on Parent PLUS loans for undergraduate students. Additionally, the new budget establishes limits on the amount graduate and professional students can borrow through federal student loan programs, who were previously allowed to borrow up to the full cost of attendance through federal loan programs (see Table 13). These changes significantly reduce access to federal borrowing for higher education and could disproportionately affect those pursuing advanced degrees in high-cost fields such as law, medicine, and engineering.

**Table 13**

| Federal Student Loan Changes   |   |   |
|--|---|---|
|  | Prior to OBBBA  | Under OBBBA   |
| Graduate student borrowing through the unsubsidized Direct Loan and Graduate Plus loan program | Grad loans: Up to \$20,500 annually in Direct Unsubsidized Loans<br><br>Grad PLUS loans: Up to full cost of attendance  | Up to \$20,500 annually in Direct Unsubsidized Loans, with an aggregate limit of \$100,000<br><br>\$50,000 per year for professional students, with an aggregate limit of \$200,000<br><br>These are Direct Unsubsidized Loans Only |
| Lifetime Federal Student Loan borrowing cap (excluding Parent Plus loans)                      | No lifetime limit existed across loan program   | \$257,500 lifetime  |
| Parent Plus Loans  | No cap  | \$20,000 per year, per student; up to \$65,000 total per student  |
| Repayment Plan   | Income-driven repayment:<br>Income-Based Repayment (IBR);<br>Income-Contingent Repayment (ICR);<br>Pay As You Earn (PAYE) Repayment;<br>Saving on a Valuable Education (SAVE) | Fixed Repayment Term based on Loan Balance:<br>Less than \$25,000 - 10 years<br>\$25,000 - \$49,000 - 15 years<br>\$50,000-\$99,999 - 20 years<br>\$100,000 or more - 25 years  |
| <i>Sources: The Office of Federal Student Aid, Kitces.com.</i>                                 |   |   |

The OBBBA introduces new federal student loan repayment plans while phasing out several existing income-driven options, potentially increasing the financial burden for borrowers,

especially for those with high levels of debt. It also eliminates key safety nets such as forbearance and deferment provisions for individuals facing unemployment or financial hardship.

These changes could significantly undermine the affordability of education by increasing out-of-pocket costs for students and families, potentially limiting enrollment. As a result, many may be deterred from studying or forced to rely on private loans, which often carry higher interest rates and less flexible repayment options. This could be especially detrimental, for low- and middle-income individuals who depend on federal support to access and pursue their education, exacerbating existing disparities in educational attainment and long term economic opportunity.

The new budget could potentially have a significant impact on private universities, primarily by imposing higher taxes on large endowments, which could strain financial resources and hinder institutional growth. Moreover, the changes to student loans could result in a decrease in enrollment, as prospective students may struggle to attend private college without affordable borrowing options. According to enrollment data from the New York State Education Department, there were over 140 private colleges in New York State in the fall of 2023, collectively enrolling approximately 500,000 students during the 2024–2025 academic year.<sup>58</sup> Furthermore, the Commission on Independent Colleges and Universities estimated that in 2022–23, 193 independent colleges and universities employed approximately 196,000 people and contributed \$96.9 billion to the State’s economy.<sup>59</sup> Therefore, these changes could have broader economic impact on New York State.

In addition to student loan policies, other measures, such as stricter visa regulations, can also impact educational institutions and the broader State economy. These policies may discourage international students from pursuing studies in the U.S. This is evidenced by a 17.0 percent drop in new international student enrollment between Fall 2024 and Fall 2025, driven largely by a 14.5 percent decline in graduate enrollment.<sup>60</sup> According to NAFSA: Association of International Educators, this decline could translate into more than \$1.1 billion in

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<sup>58</sup> New York State Education Department, NY STATE HIGHER EDUCATION ENROLLMENT (2023 - 24), <https://data.nysed.gov/highered-enrollment.php?year=2024&state=yes> and Fall Degree-Credit Enrollment, <https://www.nysed.gov/information-reporting-services/higher-education-reports>.

<sup>59</sup> Commission on Independent Colleges and Universities, *Economic Impact of New York's Independent Colleges and Universities in 2022-23*, <https://www.cicu.org/economic-impact>.

<sup>60</sup> Institute of International Education, International Students, <https://opendoorsdata.org/annual-release/international-students/>.

lost revenue and nearly 23,000 fewer jobs, with \$152.5 million of the economic impact occurring in New York State.<sup>61</sup>

International students typically pay the full cost of their education and often pay significantly more than domestic students. They also contribute to the economy through their spending. It is estimated that for every three international students, one job is created.<sup>62</sup> During the 2024–25 academic year, international students are estimated to have supported 46,562 jobs and contributed \$5.9 billion to the New York State economy.<sup>63</sup>

In the 2024–25 academic year, New York State hosted the second largest population of international students in the nation, with 137,800 students, behind California.<sup>64</sup> Since the majority of these students are enrolled in private institutions (see Table 14), these institutions are likely to face challenges due to a decline in enrollment from both domestic and international students as a result of federal policies. Such a trend could pose significant financial and operational challenges for private colleges and universities across the State.

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<sup>61</sup> NAFSA: Association of International Educators , Fall 2025 International Student Enrollment Snapshot & Economic Impact, <https://www.nafsa.org/fall-2025-international-student-enrollment-snapshot-economic-impact>.

<sup>62</sup> NAFSA, New York: Benefits from International Students, <https://www.nafsa.org/isev/reports/state?state=NY&year=2023>.

<sup>63</sup> NAFSA, Economic Value Statistics, New York, [www.nafsa.org/isev/reports/state?state=NY&year=2024](http://www.nafsa.org/isev/reports/state?state=NY&year=2024).

<sup>64</sup> Ibid 58.

**Table 14**

| <b>Top 10 Universities in New York State with the Most International Students<br/>Academic Year 2024-25</b> |  |  |                           |
|---|--|--|---------------------------|
| <b>Institution</b>  | <b>International<br/>students<br/>(2024)</b> | <b>Economic<br/>Impact<br/>(\$ in million)</b> | <b>Jobs<br/>Supported</b> |
| New York University   | 33,524                                       | 14,000.0                                       | 12,108                    |
| Columbia University   | 24,042                                       | 859.0  | 8,273                     |
| Cornell University  | 10,895                                       | 335.7  | 2,914                     |
| SUNY at Buffalo   | 9,415  | 213.3  | 1,801                     |
| The New School  | 5,899  | 287.6  | 2,418                     |
| University of Rochester   | 5,841  | 242.0  | 2,301                     |
| Syracuse University   | 5,780  | 232.2  | 2,197                     |
| SUNY at Stony Brook   | 5,415  | 183.5  | 1,524                     |
| Pace University-New York City Campus  | 4,211  | 153.8  | 1,179                     |
| School of Visual Arts   | 3,337  | 161.9  | 672                       |

*Sources: NAFSA: Association of International Educators; U.S. Immigration and Customs Enforcement.*



## NEW YORK STATE ECONOMY BY REGION AND DEMOGRAPHICS

New York State comprises 62 counties organized into ten economic development regions: New York City, Long Island, Hudson Valley, Capital District, Mohawk Valley, North Country, Central New York, Southern Tier, Western New York, and Finger Lakes. These regions are commonly grouped into two broad areas: downstate (New York City, Long Island, and Hudson Valley) and upstate (all remaining regions). Economic conditions vary widely across the State, with substantial regional differences in population size, industry composition, and other structural characteristics. As a result, certain industries are more geographically concentrated than others.

In 2024, the State employed over nine million workers across a wide range of sectors, with healthcare and social assistance, retail trade, and manufacturing accounting for the largest share of employment. Over the past two decades, the employment structure has shifted markedly. Manufacturing's share in total employment declined from 9.6 percent in 2001 to 4.6 percent in 2024, while health care and social assistance expanded significantly, accounting for 20.8 percent of total employment by 2024. Employment growth has also been uneven across regions, with job gains concentrated more heavily in downstate areas than in upstate regions. The State also exhibits significant diversity in housing markets. Housing affordability varies sharply by region: most upstate metropolitan areas remain among the most affordable in the nation, while housing costs in downstate areas are substantially higher.

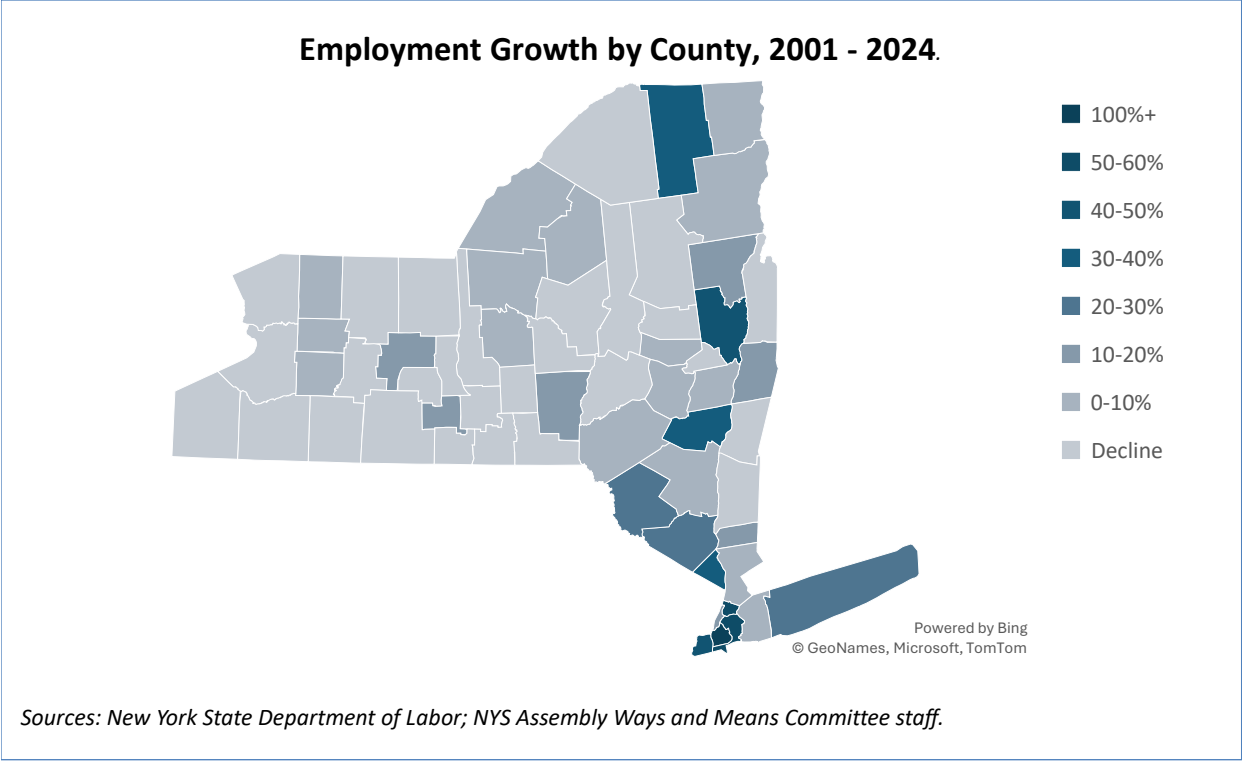
Population trends have shifted notably in recent years. After slowing over the past decade, The State's population declined in 2021 and 2022 following the pandemic. Growth subsequently rebounded, reaching 1.1 percent in 2024. Migration has been a key driver of these changes. Persistent net domestic out-migration over much of the past decade has been partially offset by increased international migration. As international migration declined sharply in 2025, population growth in the State was muted, and the State's total population remains below its pre-pandemic peak. This section discusses these regional employment, demographic, housing, and migration patterns in greater detail.

## Long-Term Trends in Employment by County

### *Long-term changes in employment – Downstate versus Upstate*

Employment growth across New York State between 2001 and 2024 reveals a clear regional divide (see Figure 68). Over this period, the State added approximately 1.36 million jobs, with most of those new positions located in downstate regions. While downstate counties recorded an average growth rate of 27.9 percent, upstate counties experienced a comparatively modest 0.3 percent growth. Counties that experienced 50 percent or higher employment growth are largely concentrated in the New York City region in the downstate counties, where strong population gains and expanding service-based industries drove substantial job creation. In contrast, most upstate counties recorded comparatively modest growth of 43 percent or less. Meanwhile, counties that experienced declines of 10 percent or more are predominantly located in Western New York and the Southern Tier in the upstate counties, areas historically dependent on manufacturing and facing slower demographic and economic expansion. Cattaraugus County, for example, saw a decline of 29 percent. This pattern underscores New York's broader structural shift from manufacturing toward service-oriented employment, with growth increasingly concentrated in metropolitan and knowledge-driven regions.





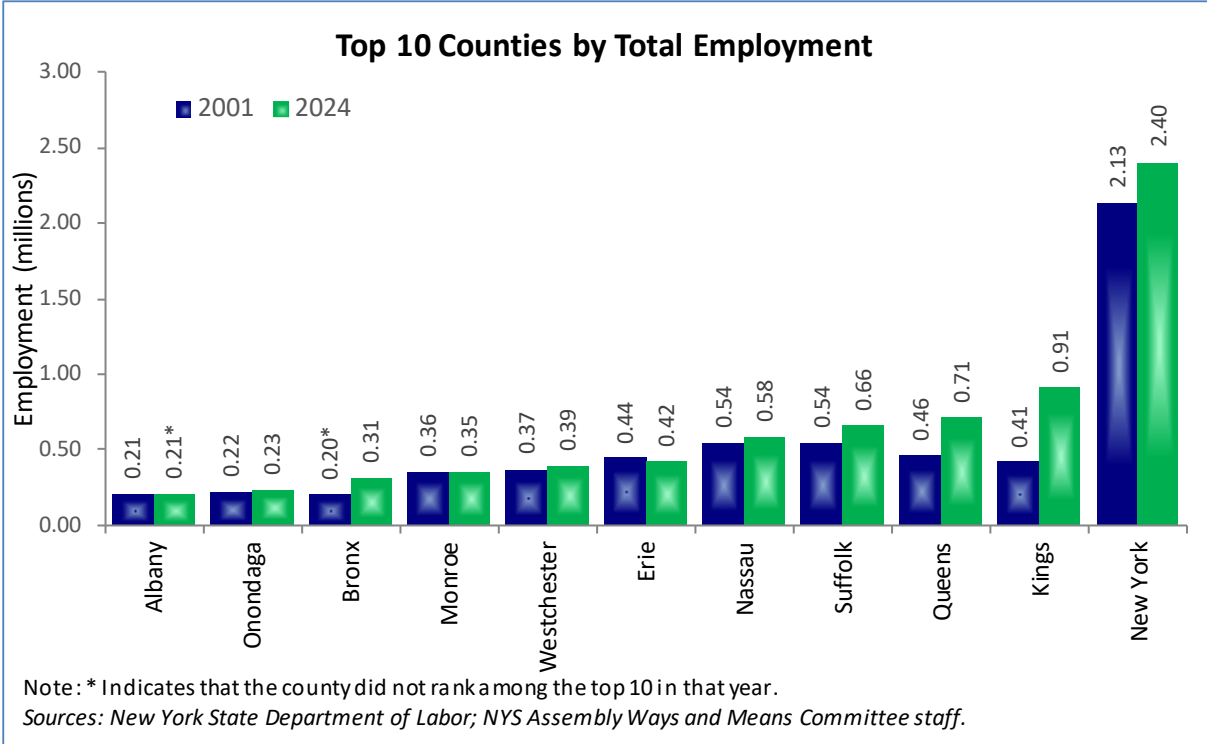
**Figure 68**

*Brooklyn and Queens drive New York’s employment growth*

Between 2001 and 2024, the ranking of New York State’s largest employment counties remained broadly consistent, but Brooklyn (Kings County) and Queens recorded the strongest gains (see Figure 69). Bronx also experienced a substantial increase in employment, rising into the top 10 counties statewide. Together, Kings, Queens, and Bronx accounted for 62.7 percent of statewide job growth within New York City, reflecting a continued geographic broadening of the City’s employment base beyond Manhattan. Nassau, Suffolk, and Westchester maintained steady but moderate growth as mature suburban economies, while Erie, Monroe, and Onondaga—traditionally industrial centers—were constrained by manufacturing decline and relied increasingly on health care, education, and public services to sustain employment.

The county-level dynamics of the New York City boroughs are further illustrated in the employment growth map which shows the strong concentration of job expansion in and around the New York City metropolitan area (see Figure 68). Kings, Queens, and neighboring downstate counties experienced the fastest employment gains, while much of upstate saw only modest increases or outright declines. This divergence underscores the persistent economic polarization

within the State, where downstate job creation continues to outpace upstate recovery, driven by population growth, urban redevelopment, and service-sector expansion.



**Figure 69**

*Saratoga County shows remarkable growth among upstate counties*

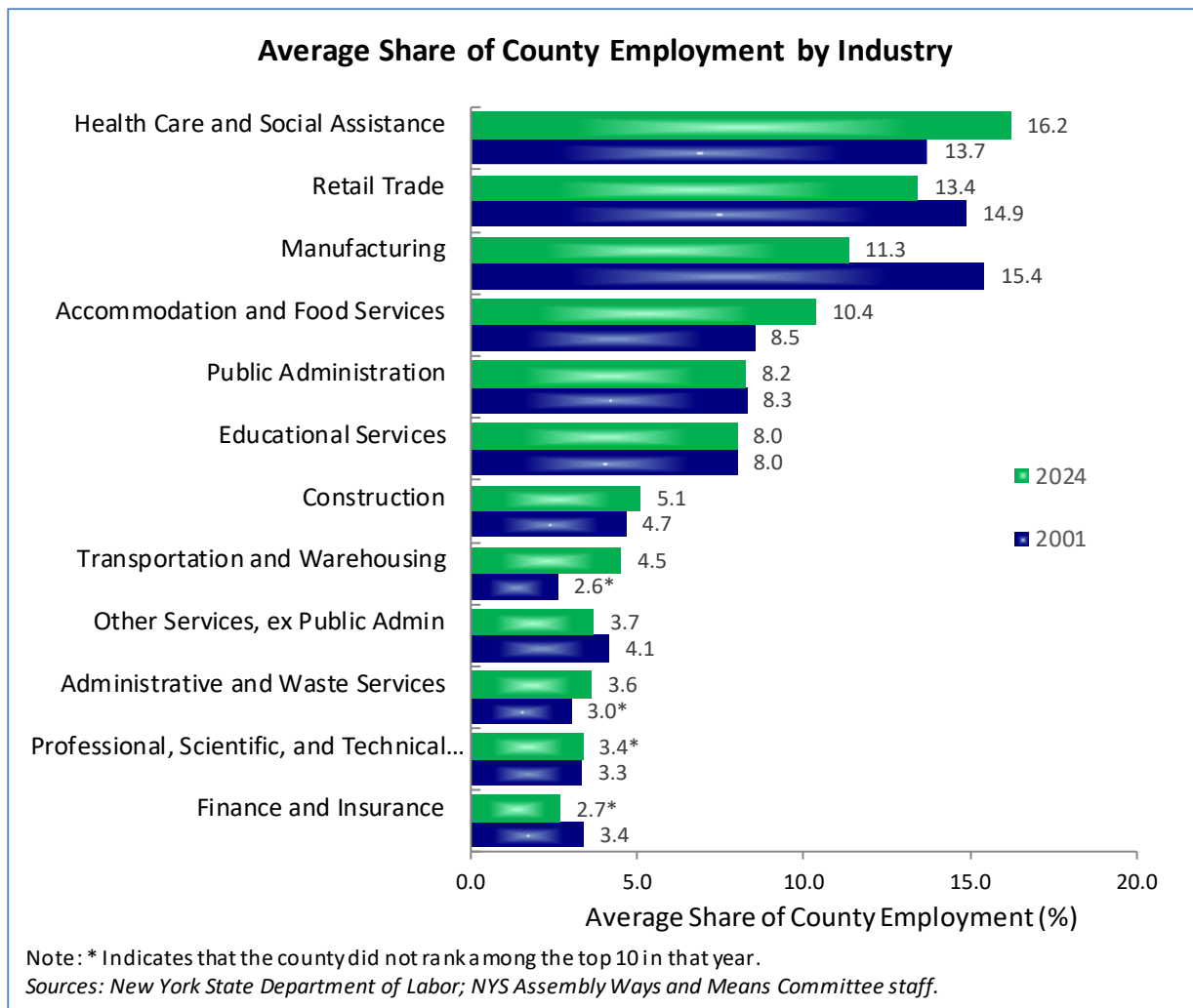
Another observation is the growth of Saratoga County, which stands out on the map with employment gains of nearly 43 percent (see Figure 68). This expansion reflects a combination of population inflows, suburban development, and diversification into professional, educational, and health care services. Most service-oriented industries more than doubled their employment between 2001 and 2024, while manufacturing, public administration, and agriculture stagnated or declined. The strongest gains occurred in management of companies, highlighting Saratoga’s rise as a regional business hub. Growth in education and health care reflects expanding suburban populations and rising local demand for schools and medical facilities. Supporting this service-led expansion, construction and transportation also grew, driven by housing, infrastructure, and logistics development linked to suburban growth and the County’s emerging high-tech corridor.

### *Western New York has shown a decline in employment since 2001*

In contrast, employment in the Western New York Region has declined since 2001. These decreases, evident across many counties, reflect enduring industrial contraction and limited demographic growth. Even Erie County, the Region's largest employment center, posted a 4.2 percent decrease in employment. The Region's overall decline is primarily attributable to steep losses in manufacturing, which fell by 34 percent over the period. Once a cornerstone of the Buffalo-area economy, the sector's decline, driven by factory closures, automation, and industrial relocation, illustrates the broader deindustrialization trend that shaped Western New York's economic trajectory. Neighboring counties, including Cattaraugus and Chautauqua, also experienced declines exceeding 18 percent.

### *Major structural shift took place in New York State employment*

Over the past three decades, New York State's economy underwent a profound transformation from a goods-producing base to a service-oriented, knowledge-driven structure. Employment growth was concentrated in health care and social assistance, education, and professional services, while manufacturing, wholesale trade, and finance have steadily declined (see Figure 70). This shift reflects the State's long-term transition toward high-skill, knowledge- and service-oriented industries. Globalization, automation, and trade liberalization reduced industrial employment, while demographic change and technological innovation fueled demand for health care, education, and professional expertise. By 2024, the State's labor market became centered on knowledge, care, and logistics, marking one of the most significant structural transformations in its modern economic history.



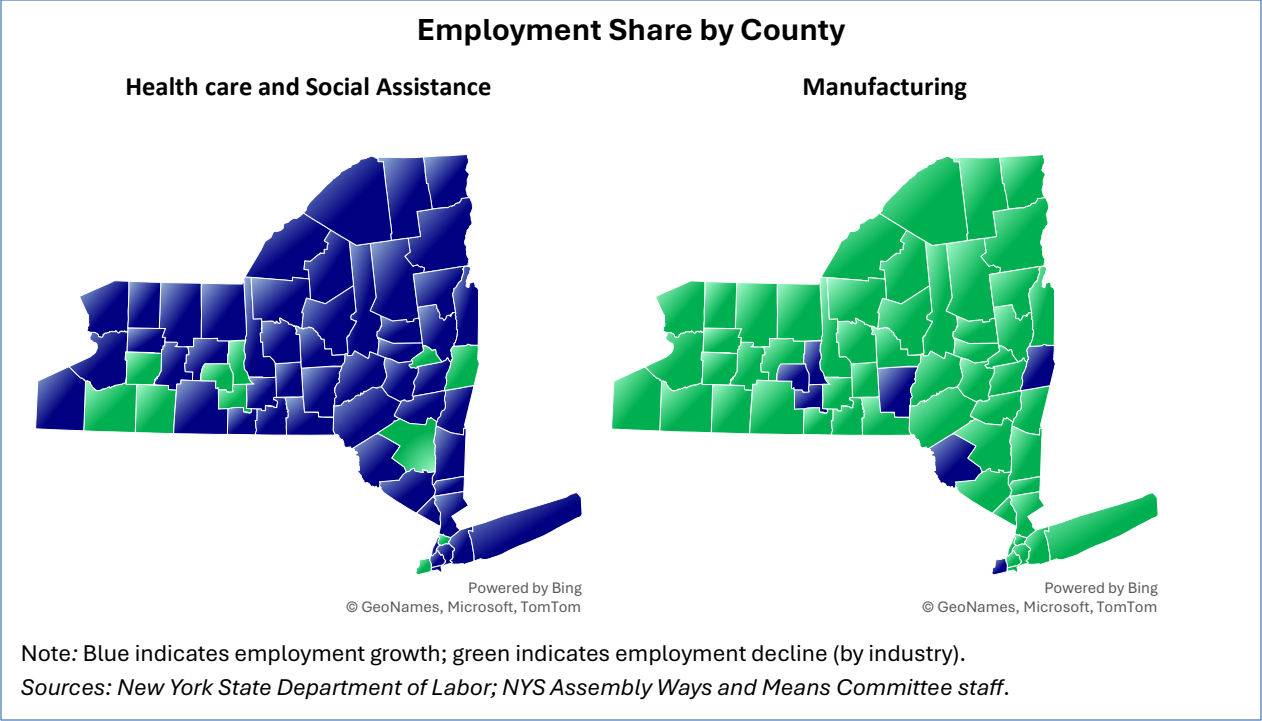
**Figure 70**

### *Health care expands statewide as manufacturing footprint contracts*

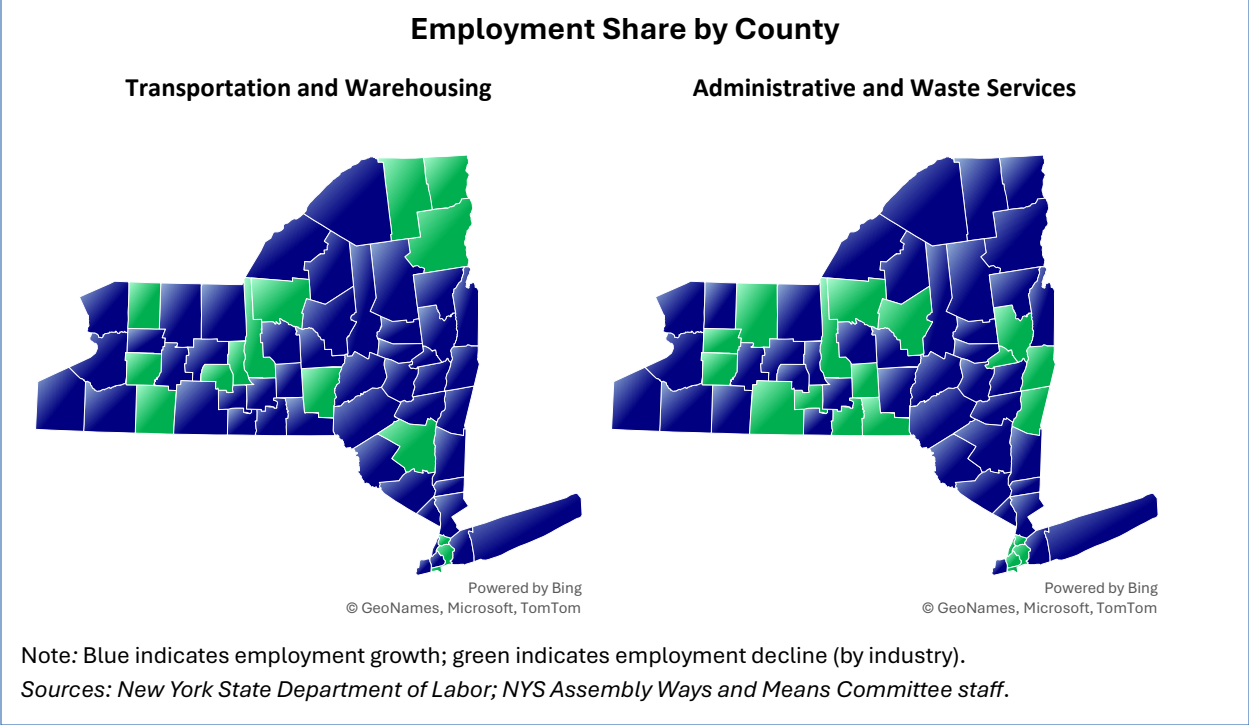
The geographic pattern of this transformation is evident (see Figure 71). Downstate counties, including New York City, Nassau, Suffolk, and Westchester, show the highest health care employment shares, supported by dense populations, hospital networks, and service-oriented growth. Upstate regions, though less concentrated, also saw steady expansion in health care and education, which now serve as primary anchors of local employment following manufacturing’s decline. This widespread expansion indicates that health care evolved from an urban-centered sector into a statewide stabilizing force.

Manufacturing’s footprint contracted sharply across nearly all New York State counties. In 2001, the sector accounted for 20 - 40 percent of employment in the most industrialized upstate

counties and averaged about 15 percent statewide (see Figure 71). By 2024, those shares dropped below 15 percent in three-quarters of counties, averaging only 11 percent overall. The remaining concentrations are limited to parts of central and western regions of the State, where legacy industries persist at modest levels, underscoring the State's long-term shift from goods production to service-based, logistics, and knowledge-driven employment.



**Figure 71**



**Figure 72**

### *Expansion of transportation and warehousing and administrative and support services*

The transportation and warehousing industry expanded rapidly between 2001 and 2024, fueled by the rise of e-commerce, logistics, and regional distribution networks. Employment in the sector grew by 96.7 percent statewide, with the most significant gains in downstate counties and emerging clusters in the Capital and Mohawk Valley Region (see Figure 72). In 2001, the sector accounted for 2.7 percent of total employment; by 2024, its share rose to 4.5 percent. The 2024 map reveals notable concentrations along major highways and freight corridors, underscoring the sector's role in connecting production, warehousing, and last-mile delivery systems.

The administrative and support services sector also experienced broad and sustained growth. Between 2001 and 2024, employment increased by 19.6 percent, reflecting expansion in contract work, staffing, facilities management, and outsourced business operations. The sector's share of total statewide employment rose from 5.4 percent to 5.5 percent, with particularly strong gains in upstate and suburban counties (see Figure 72). This growth reflects a broader shift toward flexible, service-based support functions that complement the State's modern logistics economy.

### *Decline of finance and insurance*

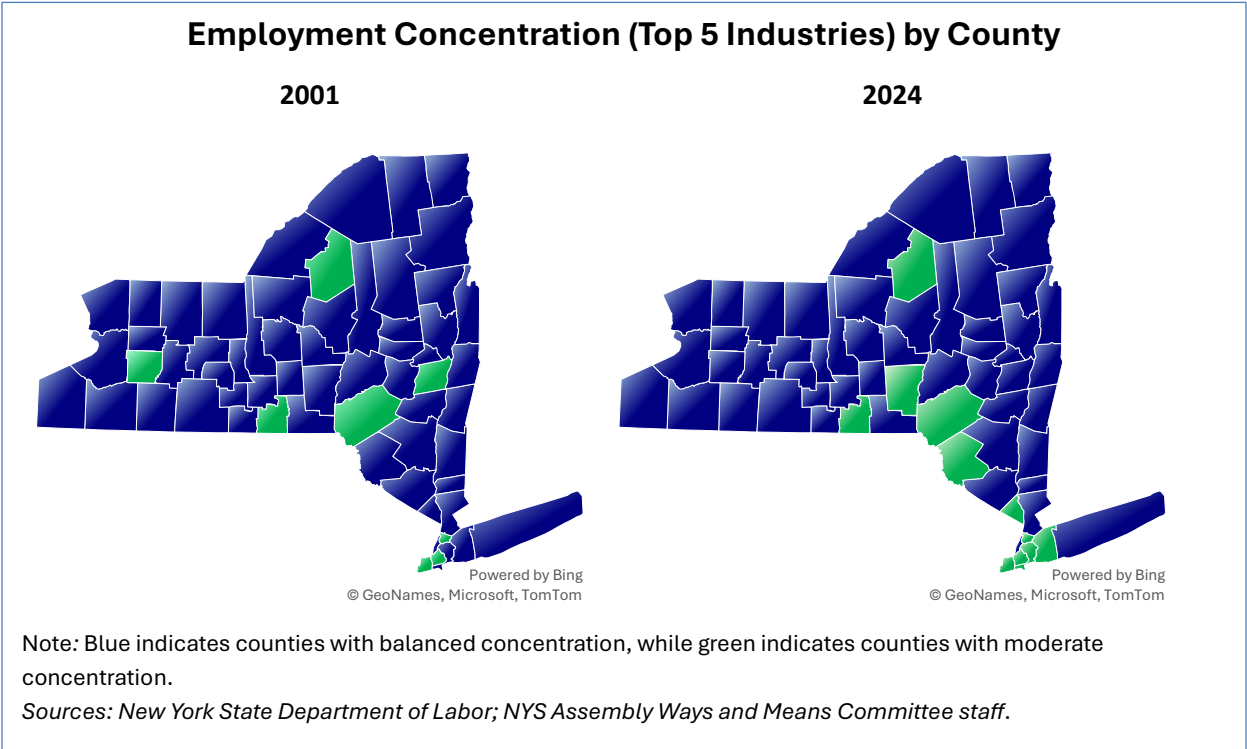
While modern service and transportation industries expanded, several traditional sectors moved in the opposite direction. The growth of e-commerce, automation, and digital operations reduced the need for middle-layer functions in finance, leading to significant declines in finance and insurance, once central pillars of the State's mid-century commercial economy.

Finance and insurance experienced a decline, with employment contracting across nearly all New York State counties. Although activity remains concentrated in New York City and its surrounding metropolitan area, the sector's employment share in the City itself fell sharply—from 11.1 percent in 2001 to 7.9 percent in 2024. In 2001, several upstate counties maintained moderate levels of finance-related employment, but those shares since declined sharply. Statewide, finance and insurance employment fell by 7 percent, with its overall share dropping from 7.3 percent in 2001 to 5.7 percent in 2024.

These trends illustrate how technological change, digitalization, and market restructuring reshaped the State's employment composition, reduced the footprint of intermediary sectors and shifted growth toward logistics, administrative services, and information-driven industries.

*Employment concentration increased in downstate counties*

The structural transformation of the New York State economy reshaped not only the composition of industries but also the spatial distribution of employment across its 62 counties. As manufacturing and wholesale trade declined and service-oriented sectors expanded, local economies diverged in their degree of specialization (see Figure 73).



**Figure 73**

Balanced local economies tend to be more resilient to sector-specific downturns and provide steadier employment opportunities, helping regions absorb shocks such as automation or business closures more effectively. Between 2001 and 2024, the average county concentration index slightly increased, while the number of balanced counties, those with diversified employment bases, decreased from 54 to 50, and the moderately concentrated counties increased from 8 to 12.

Downstate regions, however, became more concentrated, with employment increasingly dominated by health care, retail, and education, which together accounted for nearly 37 percent of total downstate employment in 2024. In contrast, most upstate counties experienced little change in their overall employment concentration. A handful of moderately concentrated



counties remain in parts of the Hudson Valley, Southern Tier, and North Country regions. Counties in the Southern Tier and North Country remain more dependent on manufacturing, where it still represents over one-quarter of total employment, while the Hudson Valley relies more heavily on health care, which accounts for 27.7 percent of its total employment.

## Population

Before the onset of the pandemic, population growth had already been slowing across both New York State and the nation. However, New York State was hit particularly hard by the pandemic. In 2021, New York State’s population declined sharply by 1.4 percent. In contrast, the U.S. population grew by 0.2 percent in the same year, although that was the slowest rate since 1945, when the population declined by 0.5 percent.

Nationally, population growth began to rebound after 2021, increasing to 0.6 percent in 2022 and 0.8 percent in 2023. New York’s population, however, continued to decline by 0.6 percent in 2022 before reversing course with a 0.4 percent gain in 2023 (see Figure 75).

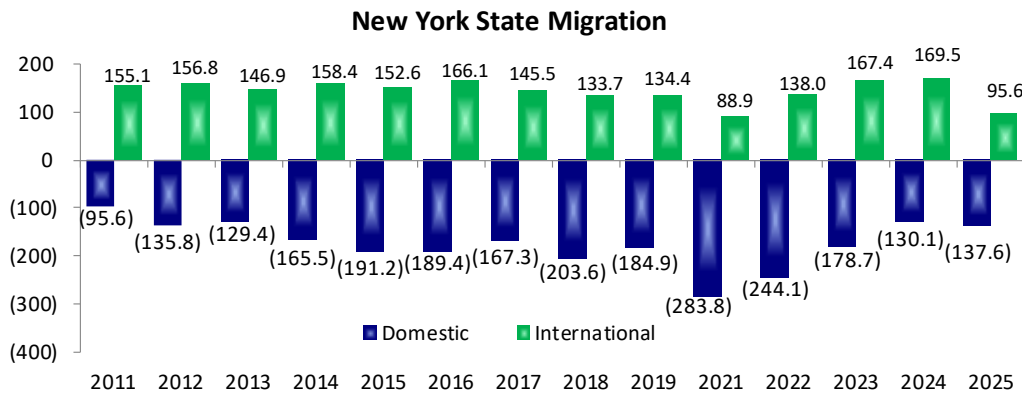
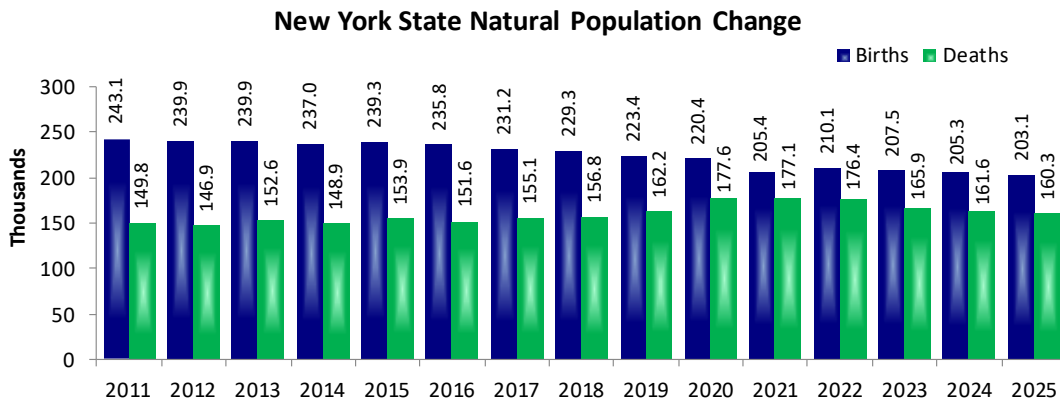
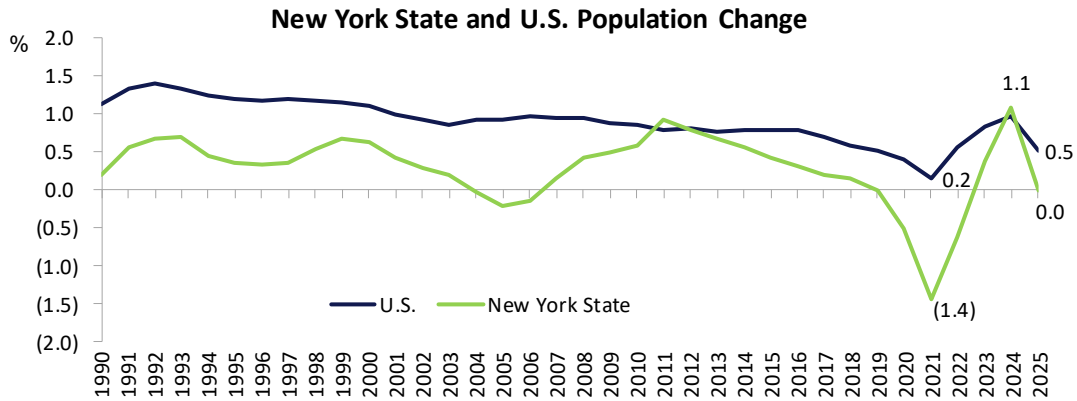
Population declines during 2021 and 2022 were not unique to New York; thirteen states saw population losses in 2021, and eleven states in 2022. In 2021, New York ranked last in the nation in population growth. The State’s ranking improved in 2023, but remained in 35<sup>th</sup> place.

Population change is shaped by three main factors: birth rates, death rates, and migration. In New York State, the primary cause of slowing population growth or even declines in recent years has been rising net out-migration. Out-migration from the State exceeded in-migration in 2014-2023 (see Figure 75). Even natural population growth—births minus deaths—shrank in 2020-2021, largely due to increased deaths from COVID-19. Since 2021, natural population growth has been rebounding, supporting overall population recovery.

In 2024, New York State’s population growth ranking improved further to 16<sup>th</sup> as international migration to New York reached a record high, and domestic out-migration fell to its lowest level in a decade (see the Migration section for more detail). As a result, State population growth outpaced the nation, rising 1.1 percent compared with 1.0 percent nationwide.

Given the significant role that international migration plays in the State’s population growth, any tightening of visa or immigration policies could have an outsized impact on the State. This was evident in 2025, when New York State’s population remained near flat (ranked 46<sup>th</sup>) while the national population grew 0.5 percent, driven largely by a historic decline in net international migration into the U.S. (see Figure 74).

# New York State Population and Migration



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

Figure 74

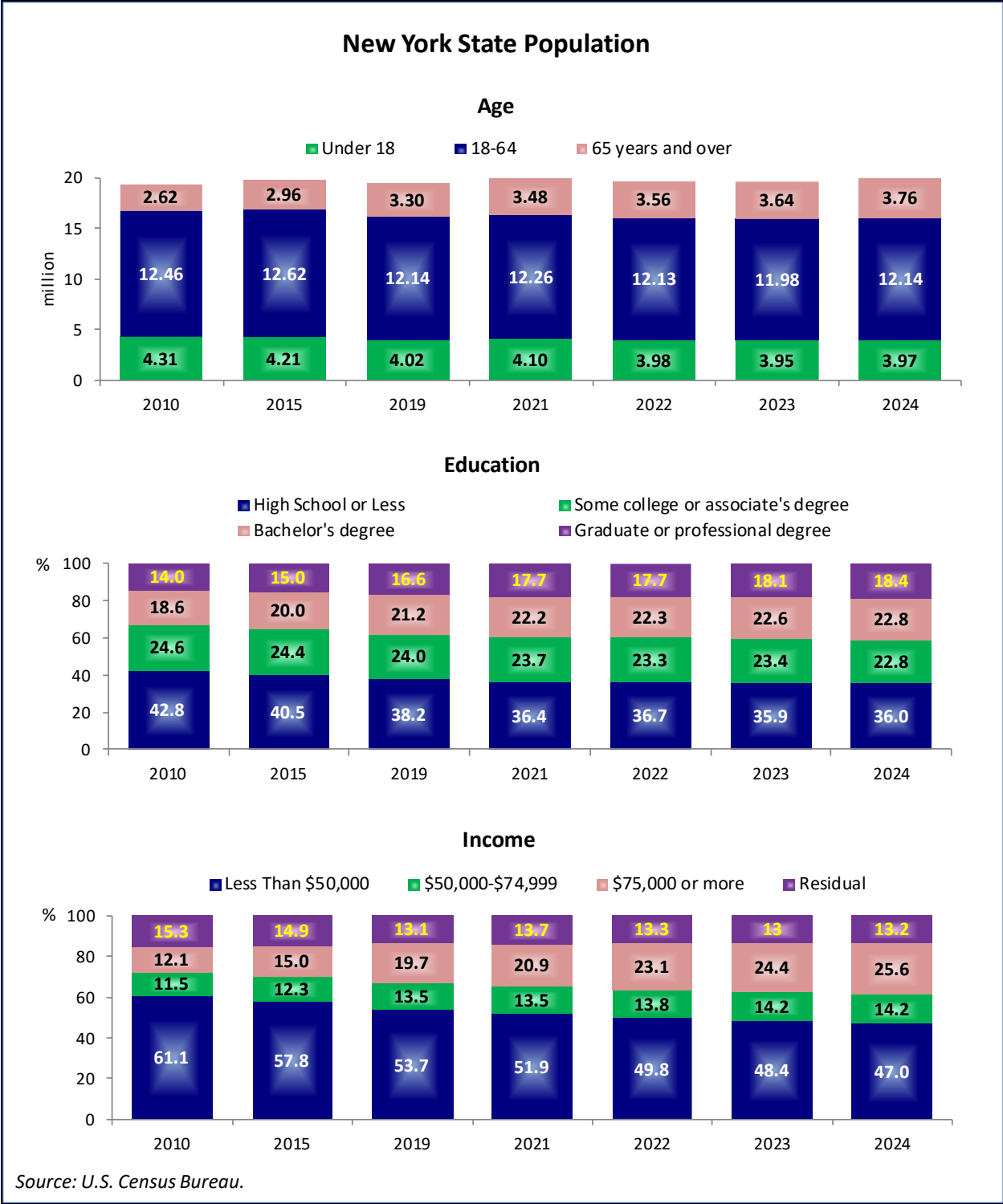
The total population in New York State has been growing slowly over the past few decades. However, the proportion of older individuals has been increasing, while the proportion of young individuals has been falling. In 2010, there were 2.62 million people over the age of 65 in New York State, accounting for 13.5 percent of the total State population. By 2024, the number of aging individuals had grown to 3.76 million, representing 18.9 percent of the total State’s population. In contrast, the proportion of individuals aged 18 to 65 fell from 64.2 percent to 61.1 percent during this period.

The percentage of New York State’s population with a bachelor’s degree or higher has been steadily increasing. It rose from 32.6 percent in 2010 to 41.2 percent in 2024. In contrast, the percentage of the population with education level less than a bachelor’s degree decreased from 67.4 percent to 58.8 percent during the same period.

The proportion of New Yorkers earning more than \$75,000 annually has significantly increased over the last decade and continued to rise through the pandemic. In 2010, 12.1 percent of the State’s population earned over \$75,000. This proportion rose to 19.7 percent in 2019, prior to the pandemic, and further increased to 25.6 percent in 2024 (see Figure 75).

The proportion of the aging population in New York State has consistently been higher than the national average. As a result, the median age of the population in New York State is also higher and continues to increase.

Population change is shaped by three main factors: births, deaths, and migration. In New York State, slowing population growth—and in some years population decline—has been driven primarily by rising net out-migration. From 2014 through 2023, out-migration consistently exceeded in-migration (see Figure 75). In 2024, the State’s population growth ranking improved to 16th nationally, reflecting record-high international migration and domestic out-migration at its lowest level in a decade (see the Migration section for additional detail).



**Figure 75**

## Migration

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

Data indicate that people tend to relocate to nearby states or those with warmer climates like Florida, Texas, and Arizona. This pattern is not unique to New York State and persists even when considering states that are more affordable such as South Dakota, Iowa, North Dakota, West Virginia, Nebraska, and Ohio, or states with lower tax burdens, defined as the share of total state and local taxes per capita to per capita income, such as Alaska, Wyoming, South Dakota, North Dakota, and Michigan.

New York State has been experiencing population loss due to migration across all age groups, particularly among prime-aged workers. According to Census data, the net out-migration of individuals aged 25 to 59 years has been the highest among all age groups since 2015. New York State generally loses more people with education level less than a bachelor's degree compared to those with a bachelor's degree or higher. However, in 2021, there was a rapid increase in the net out-migration of individuals with a bachelor's degree or higher, surpassing all other educational attainment groups. This trend has since reversed, and the out-migration of individuals with a bachelor's degree or higher has significantly decreased, returning to pre-pandemic levels. Additionally, those who moved out of New York State tend to be older than those who have moved in (see Table 15).

**Table 15**

| <b>New York State Net Domestic Migration</b>  |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
| <b>Overall</b>  |             |             |             |             |             |             |             |
| Domestic  | (167,328)   | (203,567)   | (184,902)   | (283,792)   | (244,137)   | (178,709)   | (130,145)   |
| International (In-migration only)   | 145,486     | 133,684     | 134,362     | 88,868      | 138,045     | 167,420     | 169,541     |
| <b>Age (population 1 year and over)</b>   |             |             |             |             |             |             |             |
| Under 25 years old  | (57,639)    | (51,008)    | (50,528)    | (57,995)    | (64,037)    | (53,339)    | (24,571)    |
| 25-59 years old   | (112,127)   | (128,965)   | (112,974)   | (191,335)   | (149,952)   | (105,978)   | (72,482)    |
| 60 years old and over   | (26,526)    | (23,594)    | (21,400)    | (34,462)    | (30,148)    | (19,392)    | (33,092)    |
| <b>Median Age</b>   |             |             |             |             |             |             |             |
| Out-Migration   | 28.7        | 29.7        | 29.6        | 30.6        | 30.6        | 29.6        | 30.7        |
| In-Migration  | 27.1        | 26.5        | 26.6        | 25.8        | 26.5        | 27.3        | 27.5        |
| <b>Educational Attainment (population 25 years and over)</b>  |             |             |             |             |             |             |             |
| Less than high school graduate  | (8,899)     | (15,361)    | (12,148)    | (15,829)    | (18,796)    | (9,880)     | (10,020)    |
| High school graduate  | (34,701)    | (29,990)    | (27,843)    | (47,591)    | (39,858)    | (29,047)    | (22,794)    |
| Some college or associate's degree  | (35,305)    | (44,277)    | (38,022)    | (49,349)    | (49,471)    | (31,862)    | (31,167)    |
| Bachelor's degree   | (28,731)    | (31,656)    | (32,246)    | (62,949)    | (44,092)    | (31,736)    | (22,124)    |
| Graduate or professional degree   | (19,396)    | (31,275)    | (24,115)    | (50,079)    | (27,883)    | (22,845)    | (19,469)    |
| <b>Income (inflation-adjusted dollars, population 15 years and over)</b>  |             |             |             |             |             |             |             |
| No Income   | (11,995)    | (15,288)    | (8,361)     | (16,737)    | (19,453)    | (12,917)    | (1,736)     |
| less than \$50,000  | (84,950)    | (102,860)   | (80,342)    | (104,061)   | (108,357)   | (72,117)    | (64,124)    |
| \$50,000 to \$74,999  | (14,184)    | (16,756)    | (21,083)    | (33,641)    | (25,680)    | (19,642)    | (16,396)    |
| \$75,000 or more  | (24,415)    | (32,611)    | (27,914)    | (73,115)    | (46,416)    | (34,746)    | (22,813)    |
| <b>Median Income</b>  |             |             |             |             |             |             |             |
| Out-Migration   | \$ 30,177   | \$30,617    | \$33,785    | \$40,910    | \$38,833    | \$41,089    | \$42,234    |
| In-Migration  | \$ 27,169   | \$25,596    | \$33,199    | \$32,324    | \$39,881    | \$41,385    | \$46,228    |
| <b>Poverty Level (population 1 year and over)</b>   |             |             |             |             |             |             |             |
| Below 149 percent of poverty  | (25,227)    | (24,775)    | (29,589)    | (31,419)    | (25,414)    | (23,231)    | (13,707)    |
| 100 to 149 percent of the poverty   | (14,155)    | (19,902)    | (16,643)    | (26,975)    | (23,784)    | (14,914)    | (7,313)     |
| 150 percent of poverty or more  | (130,793)   | (157,933)   | (144,143)   | (237,057)   | (197,574)   | (147,718)   | (116,656)   |
| <b>Housing Tenure (population 1 year and over)</b>  |             |             |             |             |             |             |             |
| Owners  | (92,796)    | (91,919)    | (99,963)    | (168,870)   | (151,940)   | (110,325)   | (92,654)    |
| Renters   | (79,153)    | (114,539)   | (96,311)    | (127,020)   | (97,882)    | (80,132)    | (54,520)    |
| Note: Due to the impacts of the COVID-19 pandemic on data collection, the U.S. Census Bureau did not release the American Community Survey one-year estimates for 2020. |             |             |             |             |             |             |             |
| Source: U.S. Census Bureau.   |             |             |             |             |             |             |             |

New York State has consistently been among the top destinations for international migrants.<sup>65</sup> In 2024, New York State had the fourth largest number of immigrants in the nation at 4.6 million, behind California (10.9 million), Texas (5.8 million), and Florida (5.4 million). As a percentage of the State’s total population, New York State ranked third at 23.3 percent, following California at 27.6 percent and New Jersey at 25 percent, which is much higher than the national average of 14.7 percent. At the metropolitan statistical areas level, the New York City metropolitan area was home to the most international migrants in 2024 with 6.1 million, followed by Los Angeles-Long Beach-Anaheim (4.2 million), Miami (2.8 million), and Houston (2 million). The areas with the highest concentration of international migrants in 2023 were Miami-Fort Lauderdale-West Palm Beach at 43.6 percent, followed by Los Angeles-Long Beach-Anaheim (33.4 percent), San Francisco-Oakland-Fremont (32.4 percent), and New York-Newark-Jersey City (30.8 percent).<sup>66</sup>

The pattern of international migration into New York State has remained relatively consistent both before and after the pandemic. International migrants tend to be younger than the overall State population and are more likely to have at least some college education or an associate degree. Although the majority of migrants entering the State had no income or earned less than \$50,000, most of them were not living in poverty (see Table 16).

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<sup>65</sup> International migrants or Immigrants are individuals who were born in a foreign country and are not U.S. citizens at birth but are currently residing in the United States.

<sup>66</sup> U.S. Census Bureau, 2010-2023 American Community Surveys, various years.



**Table 16**

| New York State International In-Migration                                |          |          |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|----------|----------|
|  | 2017     | 2018     | 2019     | 2021     | 2022     | 2023     | 2024     |
| <b>Total</b>   | 145,486  | 133,684  | 134,362  | 88,868   | 138,045  | 167,420  | 169,541  |
| <b>Age (population 1 year and over)</b>                                  |          |          |          |          |          |          |          |
| Under 25 years old   | 55,197   | 52,684   | 56,898   | 32,579   | 56,872   | 61,125   | 70,700   |
| 25-59 years old  | 74,182   | 64,351   | 65,359   | 44,715   | 66,919   | 86,465   | 81,659   |
| 60 years old and over  | 16,107   | 16,649   | 12,105   | 11,574   | 14,254   | 19,830   | 17,182   |
| <b>Median Age</b>  | 29.4     | 28.1     | 27.5     | 29.2     | 27.9     | 29.6     | 28.3     |
| <b>Educational Attainment (population 25 years and over)</b>             |          |          |          |          |          |          |          |
| Less than high school graduate   | 16,553   | 14,891   | 8,041    | 7,709    | 13,435   | 14,365   | 20,045   |
| High school graduate   | 14,815   | 16,204   | 12,685   | 10,705   | 14,347   | 24,596   | 20,480   |
| Some college or associate's degree                                       | 11,291   | 11,249   | 11,801   | 7,668    | 10,621   | 15,184   | 14,375   |
| Bachelor's degree  | 25,184   | 19,970   | 24,640   | 16,186   | 22,670   | 24,912   | 26,624   |
| Graduate or professional degree  | 22,446   | 18,686   | 20,297   | 14,021   | 20,100   | 27,238   | 17,317   |
| <b>Income (inflation-adjusted dollars, population 15 years and over)</b> |          |          |          |          |          |          |          |
| No Income  | 45,752   | 43,422   | 40,246   | 25,183   | 41,514   | 44,153   | 51,919   |
| less than \$50,000   | 58,084   | 54,254   | 50,152   | 37,002   | 51,861   | 68,410   | 62,780   |
| \$50,000 to \$74,999   | 9,193    | 6,817    | 8,228    | 5,158    | 9,391    | 11,656   | 10,165   |
| \$75,000 or more   | 11,948   | 13,143   | 14,773   | 10,872   | 16,722   | 19,572   | 16,679   |
| <b>Median Income</b>   | \$17,731 | \$18,858 | \$25,981 | \$21,161 | \$27,731 | \$21,745 | \$26,269 |
| <b>Poverty Level (population 1 year and over)</b>                        |          |          |          |          |          |          |          |
| Below 100 percent of poverty   | 41,157   | 41,817   | 32,564   | 24,169   | 35,860   | 53,064   | 52,555   |
| 100 to 149 percent of the poverty  | 14,400   | 9,884    | 9,114    | 3,845    | 10,017   | 10,828   | 9,299    |
| 150 percent of poverty or more   | 78,118   | 69,780   | 77,780   | 51,554   | 78,300   | 89,340   | 93,266   |
| <b>Housing Tenure (population 1 year and over)</b>                       |          |          |          |          |          |          |          |
| Owners   | 31,590   | 27,835   | 30,028   | 23,640   | 34,180   | 40,824   | 39,138   |
| Renters  | 102,051  | 91,463   | 89,568   | 54,813   | 86,993   | 106,942  | 106,600  |

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

Source: U.S. Census Bureau.

According to United Van Lines, the primary reasons for people moving out of New York State in 2025 were to be closer to family (23.6 percent), retirement (19.0 percent), new jobs or company transfer (18.6 percent), lifestyle change (14.8 percent), improved cost of living (5.2 percent), and health related reasons (4.9 percent). The proportion of individuals moving into the State has increased in recent years. From 2014 to 2019, approximately 62.7 percent of people who used United Van Lines for their move were moving out of New York State. This proportion fell to 60.0 percent from 2022 to 2025 (see Table 17).

**Table 17**

| New York State Mover Characteristics (% of Total Movers)  |      |      |      |      |      |      |       |      |       |      |       |      |       |      |       |      |
|---|------|------|------|------|------|------|-------|------|-------|------|-------|------|-------|------|-------|------|
|   | 2014 |      | 2016 |      | 2018 |      | 2020  |      | 2022  |      | 2023  |      | 2024  |      | 2025  |      |
|   | In   | Out  | In   | Out  | In   | Out  | In    | Out  | In    | Out  | In    | Out  | In    | Out  | In    | Out  |
| <b>Total Shipments</b>  |      |      |      |      |      |      | 3,525 |      | 7,336 |      | 6,317 |      | 6,251 |      | 6,251 |      |
| <b>Share</b>  | 35.9 | 64.1 | 37.2 | 62.8 | 38.5 | 61.5 | 33.1  | 66.9 | 38.1  | 61.9 | 40.0  | 60.0 | 41.0  | 59.0 | 41.0  | 59.0 |
| <b>Primary Reason for Moving</b>  |      |      |      |      |      |      |       |      |       |      |       |      |       |      |       |      |
| Retirement  | 10.7 | 33.2 | 6.3  | 24.3 | 11.0 | 26.1 | 9.1   | 25.3 | 9.5   | 31.2 | 4.1   | 21.9 | 3.9   | 20.8 | 3.8   | 19.0 |
| Health  | 10.2 | 11.5 | 4.1  | 6.5  | 5.5  | 6.5  | 6.2   | 5.2  | 8.3   | 8.8  | 4.5   | 3.7  | 4.3   | 3.2  | 4.2   | 4.9  |
| Closer to Family  | 0.6  | 0.5  | 20.6 | 21.3 | 22.0 | 19.0 | 35.4  | 22.7 | 38.9  | 28.5 | 32.3  | 24.8 | 32.0  | 25.9 | 32.8  | 23.6 |
| Lifestyle Change  | 14.7 | 0.2  | 11.8 | 17.7 | 10.4 | 17.3 | 8.6   | 18.0 | 17.1  | 28.8 | 8.9   | 14.5 | 14.5  | 12.4 | 13.0  | 14.8 |
| New Job or Company Transfer   | 66.0 | 49.1 | 57.4 | 46.6 | 60.5 | 44.4 | 40.7  | 34.2 | 35.3  | 23.0 | 10.9  | 19.3 | 27.0  | 15.7 | 23.5  | 18.6 |
| Improved Cost of Living   | NA   | NA   | NA   | NA   | NA   | NA   | NA    | NA   | 3.2   | 14.9 | 1.7   | 4.8  | 0.8   | 7.5  | 0.8   | 5.2  |
| <b>Age Ranges</b>   |      |      |      |      |      |      |       |      |       |      |       |      |       |      |       |      |
| 18 < to 34  | 28.8 | 17.4 | 26.7 | 18.5 | 29.6 | 17.8 | 15.8  | 14.4 | 17.6  | 11.2 | 20.0  | 11.5 | 15.8  | 8.2  | 14.1  | 10.2 |
| 35 to 44  | 18.9 | 17.4 | 18.5 | 15.8 | 19.9 | 15.9 | 15.3  | 14.6 | 18.7  | 11.8 | 20.4  | 10.9 | 21.2  | 8.2  | 16.2  | 14.8 |
| 45 to 54  | 20.1 | 18.8 | 14.7 | 14.3 | 10.5 | 14.6 | 19.7  | 12.4 | 12.4  | 14.2 | 13.3  | 11.4 | 7.9   | 13.9 | 14.1  | 13.6 |
| 55 to 64  | 18.9 | 24.6 | 19.9 | 25.3 | 21.3 | 26.7 | 24.6  | 31.2 | 20.7  | 25.7 | 17.8  | 28.1 | 20.2  | 30.0 | 22.0  | 25.5 |
| 65 or older   | 13.2 | 21.9 | 20.2 | 26.0 | 18.8 | 25.0 | 24.6  | 27.4 | 30.6  | 36.9 | 28.4  | 37.9 | 35.0  | 39.7 | 33.5  | 35.8 |
| <b>Income</b>   |      |      |      |      |      |      |       |      |       |      |       |      |       |      |       |      |
| \$0 to \$49,999   | 6.4  | 11.0 | 8.8  | 10.0 | 4.2  | 8.4  | 13.2  | 6.7  | 8.1   | 6.9  | 6.2   | 6.4  | 6.2   | 6.8  | 7.0   | 3.6  |
| \$50,000 to \$74,999  | 13.4 | 17.4 | 14.3 | 13.7 | 14.2 | 12.8 | 13.9  | 14.2 | 11.9  | 11.1 | 12.4  | 9.8  | 7.5   | 9.8  | 10.6  | 7.6  |
| \$75,000 to \$99,999  | 19.1 | 15.3 | 13.6 | 18.0 | 14.2 | 15.3 | 13.9  | 12.3 | 13.8  | 13.3 | 12.4  | 15.3 | 11.8  | 13.1 | 16.2  | 13.7 |
| \$100,000 to \$149,999  | 25.5 | 22.4 | 21.5 | 19.7 | 21.2 | 22.1 | 19.2  | 21.7 | 18.8  | 19.9 | 19.1  | 20.6 | 21.7  | 23.7 | 12.7  | 21.0 |
| \$150,000 or more   | 35.7 | 33.9 | 41.8 | 38.6 | 46.2 | 41.5 | 39.7  | 45.0 | 47.5  | 48.8 | 50.0  | 47.8 | 52.8  | 46.6 | 53.5  | 54.2 |
| The percentage may not added up to 100 percent due to the fact that respondents can select more than one reason. The factor "Cost" was not available prior to 2021. |      |      |      |      |      |      |       |      |       |      |       |      |       |      |       |      |
| <i>Source: United Van Lines.</i>  |      |      |      |      |      |      |       |      |       |      |       |      |       |      |       |      |

## High Income Earners

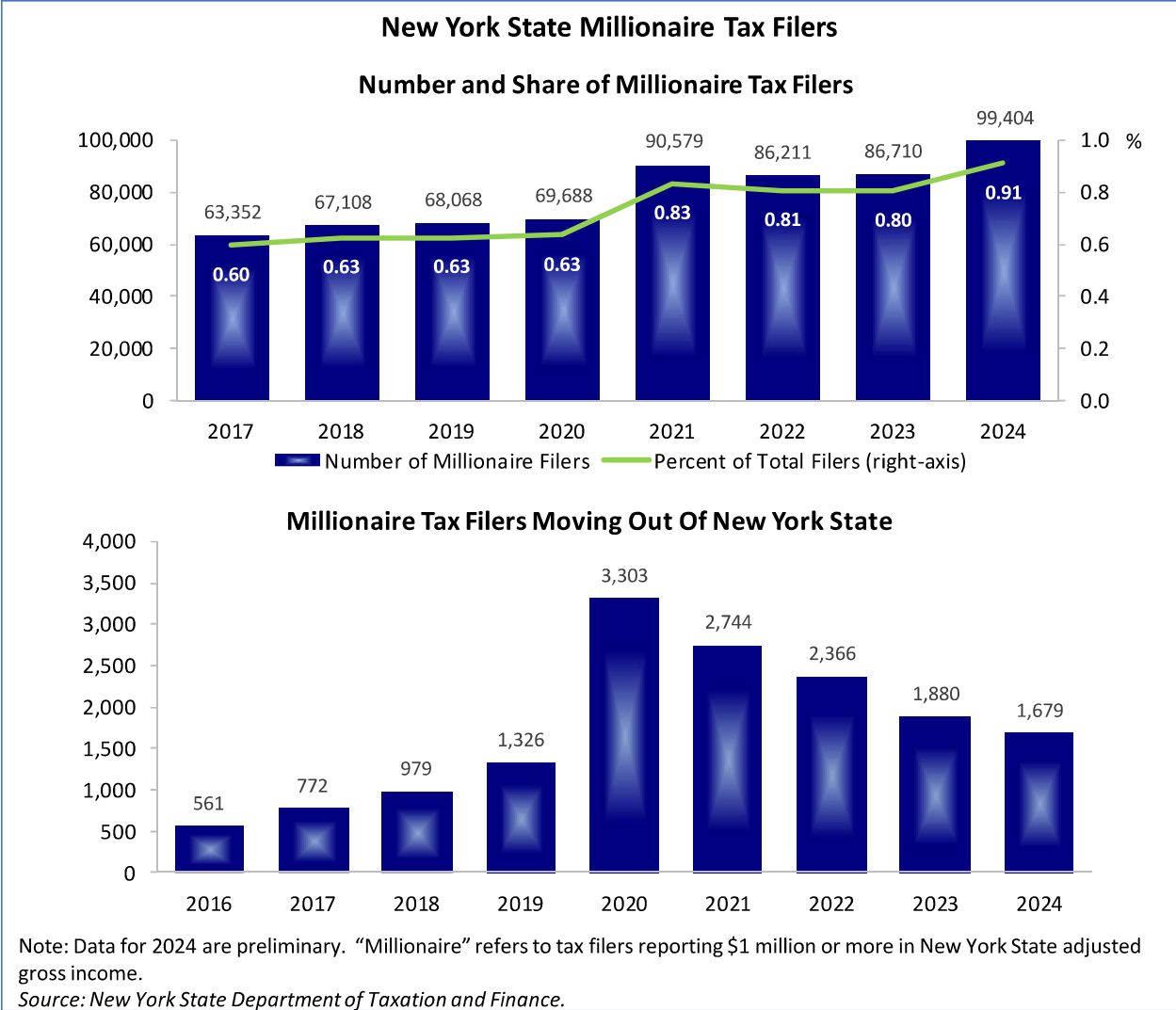
The number of tax filers reporting income of \$1 million or more, or “millionaire” filers, in New York State remained relatively stable from 2018 to 2020, at approximately 70,000 filers, or about 0.63 percent of total tax filers. Despite an increase in the personal income tax rate and a large number of out-migrations, the number and share of millionaire filers increased in 2021. The number of filers with taxable income of at least \$1 million rose by 21.1 percent, from 69,688 in 2020 to 90,579 in 2021, marking the highest number in recent state history.<sup>67</sup> Similarly, the share of millionaire filers increased from 0.63 percent in 2020 to 0.83 percent in 2021. After declining in 2022, the number of millionaire filers started to increase again in 2023, reaching an eight-year high of 99,404 in 2024 (see Figure 76).

Data from the Department of Taxation and Finance indicated that in 2017, 772 millionaires, or 1.7 percent of all millionaires, changed addresses to other states. This number increased to 1,326 (2.5 percent) in 2019 and jumped to 3,303 (6.1 percent) during the pandemic in 2020 before falling from 2021 to 2024 approaching the level seen prior to the pandemic (see Figure 76). Although the out-migration of millionaires has been declining since 2020, the data show that the wealthiest ones, those with incomes greater than \$25 million, have relocated at a higher rate. There is no data on millionaires who might have moved into New York State, thus, no information is available on the net migration of millionaires.

According to Forbes, New York State ranked second on the 2025 “400 Richest People in America” list, with 57 individuals featured, an increase from 54 the previous year. California topped the list with 85 individuals. The combined wealth of New Yorkers on the list reached \$691 billion, up from \$615.5 billion last year. The minimum individual net worth was \$3.8 billion, a decrease from \$5 billion the year before.

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<sup>67</sup> Department of Taxation and Finance, Tax Facts: Personal income tax, last reviewed or updated February 25, 2026. <https://www.tax.ny.gov/data/stats/taxfacts/personal-income-tax.htm>.



**Figure 76**

At the county level, the majority of millionaires in New York State resided in the downstate areas in 2023, the most recent year for which data are available. New York County had the highest number with 26,961 millionaires, followed by Westchester (11,411), Nassau (8,336), Kings (5,712), and Suffolk (5,103) counties. Every county in the State had millionaires except for Hamilton, Lewis, and Schuyler. Since 2017, there have been over 50,000 resident millionaires in New York State. However, the number of nonresident millionaires has consistently been much higher than that of resident millionaires for every year. With the exception of counties that reported no millionaires, every county in the State saw an increase in the number of millionaires from 2015 to 2023 (see Table 18). In 2023, states with the highest number of New York State non-resident millionaire tax-filers were New Jersey with 15,683, followed by California (14,494), Florida (9,934), Connecticut (8,312), and Massachusetts (5,004).

**Table 18**

| <b>New York State Tax Returns with Adjusted Gross Income of \$1,000,000 and Over</b> |                |                |                |                |                |                |                |                |                |                               |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| <b>County</b>  | <b>2015</b>    | <b>2016</b>    | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021</b>    | <b>2022</b>    | <b>2023</b>    | <b>Change<br/>2015 - 2023</b> |
| <b>Total</b>   | <b>103,178</b> | <b>100,064</b> | <b>113,040</b> | <b>121,943</b> | <b>125,498</b> | <b>128,699</b> | <b>169,102</b> | <b>164,530</b> | <b>167,745</b> | <b>64,567</b>                 |
| Full-Year Nonresident  | 54,417         | 52,397         | 59,979         | 65,563         | 68,307         | 70,135         | 93,604         | 94,547         | 96,820         | 42,403                        |
| Part-Year Resident   | 1,554          | 1,545          | 1,761          | 1,851          | 1,915          | 3,754          | 4,076          | 2,806          | 2,364          | 810                           |
| Full-Year Resident   | 47,207         | 46,122         | 51,300         | 54,529         | 55,276         | 54,810         | 71,422         | 67,177         | 68,561         | 21,354                        |
| Albany   | 322            | 331            | 353            | 371            | 352            | 396            | 542            | 499            | 521            | 199                           |
| Allegany   | 12             | 12             | 11             | 18             | 10             | 20             | 15             | 11             | 13             | 1                             |
| Bronx  | 147            | 157            | 173            | 202            | 217            | 184            | 223            | 235            | 249            | 102                           |
| Broome   | 92             | 84             | 97             | 112            | 113            | 140            | 168            | 142            | 174            | 82                            |
| Cattaraugus  | 26             | 22             | 25             | 25             | 28             | 33             | 45             | 40             | 42             | 16                            |
| Cayuga   | 34             | 29             | 35             | 38             | 29             | 43             | 51             | 50             | 52             | 18                            |
| Chautauqua   | 29             | 34             | 37             | 48             | 41             | 42             | 59             | 64             | 57             | 28                            |
| Chemung  | 29             | 22             | 35             | 35             | 39             | 36             | 67             | 80             | 58             | 29                            |
| Chenango   | 12             | 11             | 13             | 0              | 10             | 10             | 15             | 0              | 12             | 0                             |
| Clinton  | 11             | 12             | 12             | 17             | 21             | 34             | 38             | 36             | 36             | 25                            |
| Columbia   | 75             | 69             | 94             | 88             | 121            | 140            | 214            | 187            | 188            | 113                           |
| Cortland   | 12             | 11             | 15             | 10             | 0              | 13             | 24             | 24             | 22             | 10                            |
| Delaware   | 15             | 19             | 20             | 15             | 18             | 22             | 35             | 29             | 24             | 9                             |
| Dutchess   | 262            | 264            | 325            | 343            | 373            | 520            | 628            | 576            | 640            | 378                           |
| Erie   | 731            | 749            | 818            | 879            | 901            | 970            | 1,353          | 1,207          | 1,280          | 549                           |
| Essex  | 19             | 18             | 23             | 25             | 25             | 34             | 45             | 41             | 30             | 11                            |
| Franklin   | 13             | 13             | 11             | 14             | 10             | 15             | 15             | 15             | 14             | 1                             |
| Fulton   | 11             | 15             | 17             | 12             | 14             | 14             | 25             | 29             | 26             | 15                            |
| Genesee  | 20             | 11             | 15             | 20             | 18             | 21             | 27             | 43             | 37             | 17                            |
| Greene   | 27             | 39             | 24             | 28             | 29             | 40             | 57             | 61             | 56             | 29                            |
| Hamilton   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0                             |
| Herkimer   | 15             | 13             | 17             | 19             | 19             | 16             | 29             | 28             | 26             | 11                            |
| Jefferson  | 40             | 29             | 34             | 36             | 35             | 39             | 53             | 38             | 48             | 8                             |
| Kings  | 2,772          | 2,860          | 3,245          | 3,616          | 3,826          | 4,019          | 5,727          | 5,444          | 5,712          | 2,940                         |
| Lewis  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 10             | 0              | 0                             |
| Livingston   | 20             | 16             | 21             | 22             | 25             | 29             | 38             | 34             | 32             | 12                            |
| Madison  | 38             | 46             | 39             | 37             | 51             | 45             | 65             | 59             | 72             | 34                            |
| New York   | 21,937         | 21,098         | 23,695         | 24,894         | 25,109         | 22,716         | 28,077         | 26,768         | 26,961         | 5,024                         |
| Monroe   | 662            | 541            | 707            | 677            | 694            | 769            | 1,092          | 949            | 987            | 325                           |
| Montgomery   | 11             | 10             | 10             | 12             | 10             | 14             | 13             | 14             | 21             | 10                            |
| Nassau   | 5,649          | 5,680          | 6,076          | 6,584          | 6,607          | 6,594          | 8,855          | 8,249          | 8,336          | 2,687                         |
| Niagara  | 74             | 66             | 84             | 80             | 88             | 92             | 132            | 113            | 120            | 46                            |
| Oneida   | 101            | 85             | 96             | 115            | 113            | 135            | 166            | 157            | 156            | 55                            |
| Onondaga   | 385            | 407            | 418            | 446            | 425            | 460            | 656            | 591            | 639            | 254                           |
| Ontario  | 105            | 102            | 118            | 106            | 114            | 112            | 194            | 173            | 167            | 62                            |
| Orange   | 245            | 248            | 260            | 301            | 318            | 326            | 525            | 464            | 539            | 294                           |
| Orleans  | 0              | 0              | 0              | 0              | 10             | 10             | 17             | 12             | 16             | 16                            |
| Oswego   | 11             | 21             | 16             | 25             | 22             | 30             | 35             | 45             | 36             | 25                            |
| Otsego   | 13             | 14             | 19             | 17             | 18             | 23             | 34             | 26             | 32             | 19                            |
| Putnam   | 153            | 142            | 173            | 175            | 181            | 209            | 284            | 262            | 272            | 119                           |
| Queens   | 694            | 698            | 798            | 900            | 889            | 913            | 1,349          | 1,221          | 1,315          | 621                           |
| Rensselaer   | 57             | 57             | 71             | 65             | 75             | 95             | 125            | 109            | 127            | 70                            |
| Richmond   | 301            | 315            | 329            | 388            | 380            | 368            | 505            | 459            | 456            | 155                           |
| Rockland   | 609            | 604            | 653            | 709            | 682            | 707            | 933            | 838            | 920            | 311                           |
| Saratoga   | 212            | 242            | 268            | 296            | 293            | 357            | 505            | 474            | 471            | 259                           |
| Schenectady  | 63             | 61             | 67             | 81             | 74             | 87             | 136            | 103            | 127            | 64                            |
| Schoharie  | 0              | 0              | 0              | 0              | 0              | 11             | 13             | 13             | 15             | 15                            |
| Schuyler   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 11             | 0              | 0                             |
| Seneca   | 0              | 0              | 0              | 0              | 0              | 19             | 23             | 24             | 23             | 23                            |
| St. Lawrence   | 18             | 12             | 16             | 18             | 14             | 14             | 26             | 38             | 26             | 8                             |
| Steuben  | 60             | 53             | 56             | 62             | 52             | 52             | 68             | 69             | 90             | 30                            |
| Suffolk  | 2,777          | 2,787          | 3,011          | 3,253          | 3,388          | 4,110          | 5,678          | 5,198          | 5,103          | 2,326                         |
| Sullivan   | 45             | 42             | 36             | 41             | 46             | 63             | 98             | 77             | 84             | 39                            |
| Tioga  | 0              | 15             | 14             | 15             | 18             | 16             | 17             | 13             | 17             | 17                            |
| Tompkins   | 62             | 65             | 66             | 69             | 88             | 88             | 121            | 84             | 99             | 37                            |
| Ulster   | 106            | 108            | 107            | 158            | 153            | 235            | 349            | 334            | 298            | 192                           |
| Warren   | 54             | 53             | 55             | 55             | 52             | 59             | 94             | 101            | 95             | 41                            |
| Washington   | 14             | 12             | 0              | 12             | 11             | 17             | 29             | 19             | 19             | 5                             |
| Wayne  | 12             | 17             | 20             | 21             | 29             | 27             | 38             | 36             | 38             | 26                            |
| Westchester  | 7,922          | 7,583          | 8,443          | 8,816          | 8,851          | 9,084          | 11,568         | 11,043         | 11,411         | 3,489                         |
| Wyoming  | 0              | 0              | 10             | 11             | 10             | 12             | 14             | 20             | 19             | 19                            |
| Yates  | 0              | 11             | 11             | 11             | 17             | 19             | 21             | 27             | 28             | 28                            |
| Other Places- NYS Resident   | 71             | 87             | 88             | 86             | 120            | 92             | 74             | 61             | 77             | 6                             |

Source: New York State Department of Taxation and Finance.

## Real Estate Market

### *Housing Market*

Housing affordability has become a pressing issue for many Americans in recent years. As home prices continue to rise faster than income, homeownership has become out of reach for many individuals and families. The shortage of affordable housing options has led to higher rent burdens, overcrowding, and even homelessness. Contributing factors such as limited housing supply, elevated interest rates, and stagnant income growth have compounded the crisis, leaving many households struggling to secure stable and adequate living arrangements.

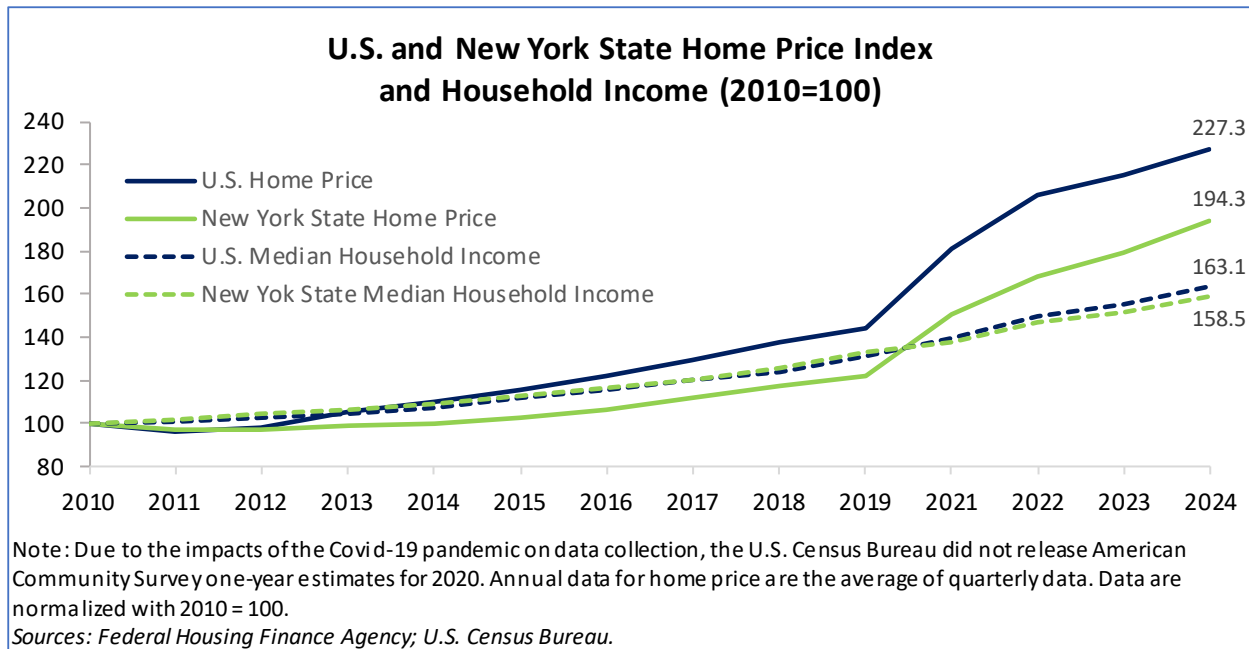
Home prices in the United States, including New York State, have been steadily increasing for more than a decade since the Great Recession, with a sharper surge following the pandemic. According to the federal Housing Finance Agency House Price Index (FHFA HPI), national home prices rose by 127.3 percent from 2010 to 2024. Similarly, New York State experienced a 94.3 percent increase over the same period. In contrast, median household income grew at a much slower pace at 63.1 percent nationally and 58.5 percent in New York State (see Figure 77). Elevated home prices, coupled with high mortgage rates, have significantly cooled both the State and national housing markets in recent years. As a result, total home sales in New York State declined by 1.6 percent in 2024 and by another 0.1 percent in 2025.<sup>68</sup> Despite the drop in sales, home prices have continued to climb due to persistently low inventory. The median sale price of homes in New York State rose by 7.3 percent in 2024 and an additional 4.1 percent in 2025.

As home prices have increased much faster than household incomes, housing has become less affordable. Rising home prices have also put upward pressure on rental prices, increasing the housing cost burden for households nationwide.<sup>69</sup> The proportion of both homeowners and renters in New York State, as well as across the nation, who spend more than 30 percent of their income on housing costs has been rising. However, the proportion of households in New York State paying more than 30 percent of their income on housing tends to be higher than the national average.

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<sup>68</sup> New York State Association of REALTORS, Housing Market Reports.

<sup>69</sup> Housing cost burden is defined following the U.S. Department of Housing and Urban Development definition as those who pay more than 30 percent of their income for housing.



**Figure 77**

As the economy slows and home prices continue to rise, many homeowners are struggling to keep their properties. In December of 2025, foreclosure filings rose 57.0 percent nationwide compared to the previous year with one in every 3,163 housing units had a foreclosure filing. New Jersey had the highest foreclosure rate, with one in every 1,734 housing units affected, followed by South Carolina (1 in 1,917) and Maryland (1 in 1,961). In New York State, the foreclosure rate was one in every 3,423 housing units, ranking 20<sup>th</sup> nationwide.<sup>70</sup>

Similar to the national trend, renters in New York State are more likely to face a housing cost burden than homeowners. Nationwide, the proportion of homeowners who spent more than 30 percent of their income on housing expenses increased from 21.1 percent in 2019 to 23.4 percent in 2024. In New York State, this proportion rose from 25.8 percent in 2019, the sixth highest among the 50 states and the District of Columbia, to 27.6 percent in 2024, remained sixth (see Table 19). California had the highest proportion of homeowners paying more than 30 percent of their income on housing in 2024 at 31.9 percent, followed by Hawaii, Florida, and New Jersey.

The proportion of renters who spend more than 30 percent of their income on housing has consistently been much higher than that of homeowners. In 2019, approximately 45.1 percent of renters nationwide paid more than 30 percent of their income on housing,

<sup>70</sup> ATTOM, U.S. Foreclosure Rates by State, December 2025, January 16, 2026.

compared to 47.3 percent in New York State, which was the 8th highest in the nation. By 2024, this ratio increased to 48.2 percent nationwide and 48.5 percent in New York State. In 2024, the housing cost burden for renters in New York State ranked 13<sup>th</sup> in the nation, behind states such as Florida, Nevada, Arizona, and Texas. Florida had the highest proportion of renters paying more than 30 percent of their income on housing at 58.1 percent, followed by Nevada, California, Connecticut, and Hawaii.

The housing market is highly regional and varies widely across the State. Historically, upstate New York has been more affordable than downstate, and many areas in upstate New York remain among the most affordable in the nation. In 2024, 5 out of the 13 metropolitan areas in the State were among the metro areas with the top 100 highest proportion of homeowners spending over 30 percent of their household income on housing costs out of 393 metros nationwide, while three did so for renters. The Cost of Housing Index also supports these findings (see Table 19). High housing costs in some areas, especially downstate, may lead to increased economic inequality, rising homelessness, and the relocation of middle-income and low-income households out of these areas.

**Table 19**

| New York State Housing Cost       |                            |                 |                             |                  |   |               |             |               |
|-----------------------------------|----------------------------|-----------------|-----------------------------|------------------|---|---------------|-------------|---------------|
| Metropolitan Statistical Area     | Owners Housing Cost Burden |                 | Renters Housing Cost Burden |                  | Cost of Housing Index for Existing Homes 2025Q2 |               |             |               |
|                                   | 2019                       | 2024            | 2019                        | 2024             | Median  | National Rank | Low-Income  | National Rank |
|                                   |                            |                 |                             |                  | Income Household                                |               | Household   |               |
| Albany-Schenectady-Troy           | 17.9                       | 18.9            | 41.1                        | 47.1             | 28  | 113           | 26          | 114           |
| Binghamton                        | 18.4                       | 16.6            | 48.3                        | 49.8             | 19  | 171           | 38          | 171           |
| Buffalo-Cheektowaga               | 17.0                       | 19.4            | 44.6                        | 45.2             | 26  | 133           | 53          | 132           |
| Elmira                            | 25.8                       | 15.6            | 42.4                        | 41.6             | 18  | 174           | 36          | 174           |
| Glens Falls                       | 21.1                       | 25.1            | 42.1                        | 50.1             | 28  | 116           | 56          | 116           |
| Ithaca                            | 17.8                       | 21.7            | 55.0                        | 52.8             | NA  | NA            | NA          | NA            |
| Kingston                          | 26.6                       | 25.6            | 49.7                        | 52.3             | 34  | 65            | 69          | 63            |
| New York-Newark-Jersey City       | 30.9                       | 31.7            | 47.5                        | 49.3             | 54  | 8             | 108         | 8             |
| Rochester                         | 20.5                       | 20.5            | 47.6                        | 46.8             | 28  | 119           | 55          | 120           |
| Syracuse                          | 19.1                       | 19.1            | 45.4                        | 45.7             | 24  | 154           | 48          | 151           |
| Utica-Rome                        | 17.1                       | 19.2            | 40.2                        | 43.6             | NA  | NA            | NA          | NA            |
| Watertown-Fort Drum               | 21.9                       | 17.5            | 39.7                        | 45.9             | NA  | NA            | NA          | NA            |
| <b>New York State<sup>1</sup></b> | <b>25.8 (6)</b>            | <b>27.6 (6)</b> | <b>47.3 (8)</b>             | <b>48.5 (13)</b> | NA  | NA            | NA          | NA            |
| <b>United State</b>               | <b>21.1</b>                | <b>23.4</b>     | <b>45.1</b>                 | <b>48.2</b>      | <b>36.0</b>                                     |               | <b>71.0</b> |               |

Note: <sup>1</sup> The numbers in parentheses are the national rank.

The Cost of Housing Index (CHI) is defined as the share of typical family's income needed for mortgage payment. The CHI is calculated as the ratio of mortgage payment over median family income. The mortgage payment (numerator) is calculated by taking the median home price (assuming a 10% down payment) and adding taxes, homeowner's insurance and private mortgage insurance (PMI). Low-Income defined as 50 percent of area median income. The ranking was out of 176 metros.

Sources: U.S. Census Bureau; National Association of Home Builders.



## *Office Market*

As firms increasingly mandate a return to office work, leasing activity has picked up in major commercial real estate markets across the country. This shift has resulted in a noticeable increase in demand for office leases. Consequently, leasing volumes have begun to recover, signaling cautious optimism in the commercial real estate sector.

With over 400 million square feet of office space in the fourth quarter of 2025, Manhattan is the largest office market in the nation and plays an important role in New York City's economy. Historically, Manhattan's office market has tended to outperform the national average with higher rental prices and lower vacancy rates.

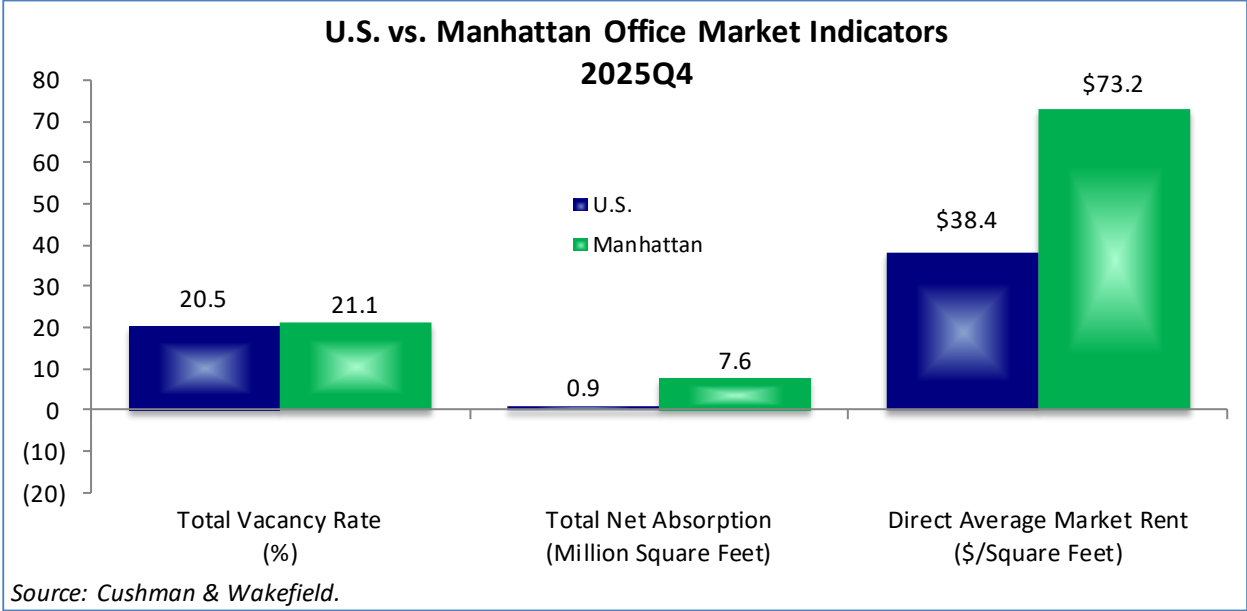
Although employment in most office-using sectors has grown since the pandemic, it has offered limited relief to the office market, as many firms continue to allow employees to work remotely at least part of the time. However, a recent surge in corporate mandates for returning to in-office work has led to a noticeable increase in leasing activity. Across the country, absorption has been positive in 50 of 92 U.S. markets in 2025, according to Cushman and Wakefield, with Midtown Manhattan registered with 26.1 million square feet (MSF) of net absorption.<sup>71</sup>

Driven by these factors, tenant demand in Manhattan continued to rise. New leasing activity totaled nearly 31.0 MSF in 2025, a 32.3 percent increase from 2024 and the highest annual leasing volume since 2019.<sup>72</sup> The overall vacancy rate fell by 90 basis points in the fourth quarter of 2025 to 21.1 percent, while the direct average market rent remained relatively stable (see Figure 78).

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<sup>71</sup> Net absorption is defined as the sum of square feet that become occupied minus the sum of square feet that become vacant during a specific period.

<sup>72</sup> Cushman & Wakefield, Market Beat: Manhattan Office Q42025.



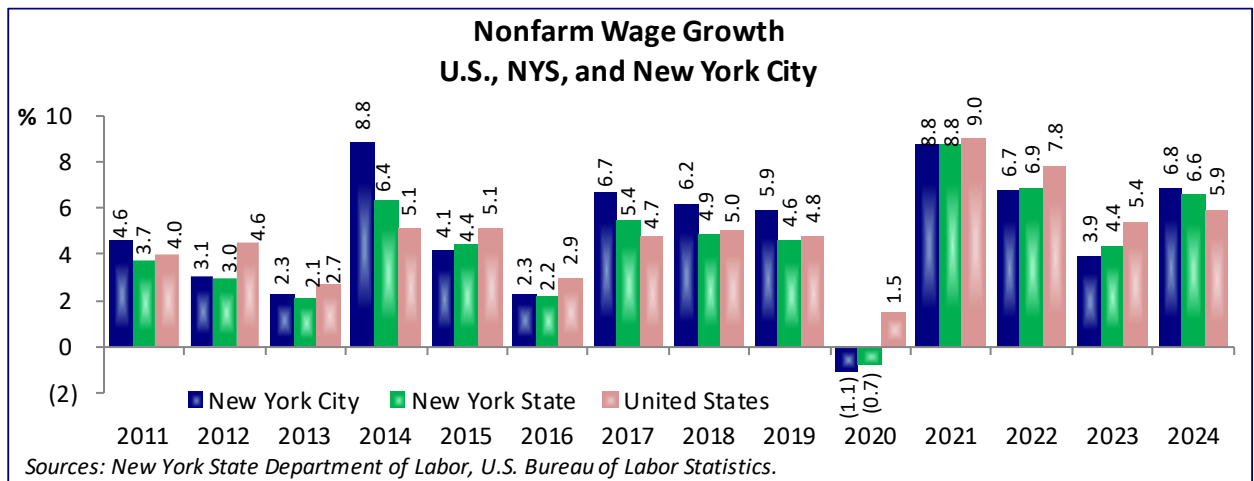
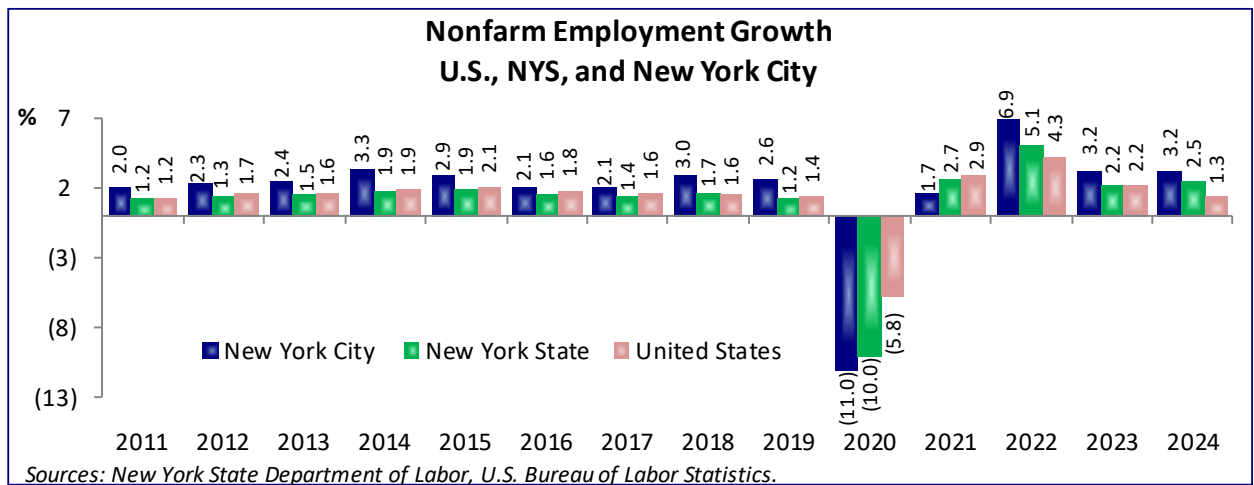
**Figure 78**

# NEW YORK STATE REGIONAL SNAPSHOTS

## New York City

| Key Economic Indicators<br>2024       |           |  |           |
|---------------------------------------|-----------|--|-----------|
| Employment (million) .....            | 4.630     | Share of State Personal Income (%) ..... | 46.2      |
| Share of State Employment (%) .....   | 47.8      | Per Capita Personal Income .....         | \$92,674  |
| Unemployment Rate (12/2025) (%) ..... | 5.4       | Population (million) .....               | 8.48      |
| Total Wages (billion) .....           | 547.6     | Share of State Population (%) .....      | 42.7      |
| Share of State Wages (%) .....        | 59.4      | Population Growth (%) .....              | 1.0       |
| Average Wage .....                    | \$118,287 | Persons in Poverty .....                 | 1,501,749 |
| Personal Income (billion) .....       | \$785.7   | Poverty Rate (%) .....                   | 18.0      |

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



## New York City

| <b>New York City Unemployment Rate (%)</b>  |                      |                       |                      |
|---|----------------------|-----------------------|----------------------|
| <b>2024</b>   |                      |                       |                      |
|   | <b>New York City</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>6.9</b>           | <b>5.3</b>            | <b>4.6</b>           |
| <b>By gender:</b>   |                      |                       |                      |
| Male  | 7.2                  | 5.0                   | 4.4                  |
| Female  | 6.5                  | 5.6                   | 4.2                  |
| <b>By age group:</b>  |                      |                       |                      |
| 16-24   | 15.5                 | 11.9                  | 11.0                 |
| 25-34   | 7.0                  | 5.8                   | 4.7                  |
| 35-54   | 6.0                  | 4.4                   | 3.5                  |
| 55-64   | 4.5                  | 3.4                   | 3.2                  |
| 65+   | 4.4                  | 3.3                   | 3.1                  |
| <b>By race or ethnicity (2019-2023):</b>  |                      |                       |                      |
| White, Including Hispanics or Latinos   | 6.0                  | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos   | 10.1                 | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | 6.3                  | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 9.6                  | 8.3                   | 6.2                  |
| Hispanic or Latino  | 9.6                  | 8.3                   | 6.0                  |
| <b>By educational attainment (2019-2023):</b>   |                      |                       |                      |
| Total (25-64 year olds)   | 6.9                  | 5.4                   | 4.4                  |
| Less than high school graduate  | 10.4                 | 9.1                   | 7.6                  |
| High school graduate  | 8.8                  | 7.0                   | 5.8                  |
| Some college or associate's degree  | 8.6                  | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 4.7                  | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                      |                       |                      |

## New York City

| <b>New York City Employment by Sector<br/>2024</b>  |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$118,287</b>                 | <b>4,629.7</b>                              | <b>100.0</b>                                     | <b>15.8</b>                         | <b>100.0</b>  |
| <i>Government</i>   | \$98,866                         | 566.6                                       | 12.2   | (1.7)                               | (1.5)   |
| <i>Private</i>  | \$120,995                        | 4,063.1                                     | 87.8   | 18.8                                | 101.5   |
| Utilities   | \$157,487                        | 16.0  | 0.3  | 9.4                                 | 0.2   |
| Construction  | \$95,753                         | 139.4                                       | 3.0  | 3.3                                 | 0.7   |
| Manufacturing   | \$79,411                         | 54.4  | 1.2  | 3.0                                 | 0.3   |
| Wholesale Trade   | \$123,832                        | 122.4                                       | 2.6  | 7.0                                 | 1.3   |
| Retail Trade  | \$57,914                         | 294.9                                       | 6.4  | 3.6                                 | 1.6   |
| Transportation and Warehousing <sup>1</sup>   | \$72,265                         | 173.4                                       | 3.7  | 55.1                                | 9.7   |
| Information   | \$215,222                        | 216.3                                       | 4.7  | 7.4                                 | 2.3   |
| Finance and Insurance   | \$387,670                        | 352.4                                       | 7.6  | 5.6                                 | 2.9   |
| Real Estate and Rental and Leasing  | \$100,262                        | 130.8                                       | 2.8  | 3.5                                 | 0.7   |
| Professional, Scientific, and Technical Services  | \$182,766                        | 437.0                                       | 9.4  | 8.1                                 | 5.2   |
| Management of Companies   | \$210,660                        | 73.8  | 1.6  | 15.7                                | 1.6   |
| Administrative and Waste Services   | \$73,975                         | 240.9                                       | 5.2  | 14.1                                | 4.7   |
| Educational Services <sup>2</sup>   | \$98,096                         | 197.4                                       | 4.3  | 12.8                                | 3.5   |
| Health Care and Social Assistance   | \$60,371                         | 984.5                                       | 21.3   | 29.2                                | 35.2  |
| Arts, Entertainment, and Recreation   | \$102,263                        | 88.3  | 1.9  | 53.3                                | 4.9   |
| Accommodation and Food Services   | \$46,882                         | 354.3                                       | 7.7  | 63.7                                | 21.8  |
| Other Services, Ex. Public Admin  | \$67,135                         | 166.4                                       | 3.6  | 13.8                                | 3.2   |
| Note: Industries ranked by NAICS two digit code. Data include unclassified.   |                                  |   |  |                                     |   |
| <sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1. |                                  |   |  |                                     |   |
| <sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.  |                                  |   |  |                                     |   |
| Source: New York State Department of Labor.   |                                  |   |  |                                     |   |

## New York City

| <b>New York City Wages by Sector<br/>2024</b>    |                  |                            |                       |              |                            |  |
|--|------------------|----------------------------|-----------------------|--------------|----------------------------|--|
|  | Average          |                            | Total                 |              |                            | Contribution<br>to Change<br>2020-2024 |
|  | Level<br>(\$)    | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) | Change<br>2020-2024<br>(%) |  |
| <b>Total Nonfarm</b>                             | <b>\$118,311</b> | <b>11.3</b>                | <b>547.7</b>          | <b>100.0</b> | <b>28.9</b>                | <b>100.0</b>                           |
| <i>Government</i>                                | \$98,858         | 18.5                       | 56.0                  | 10.2         | 16.5                       | 6.5                                    |
| <i>Private</i>                                   | \$121,024        | 9.9                        | 491.7                 | 89.8         | 30.5                       | 93.5                                   |
| Utilities  | \$157,412        | 16.5                       | 2.5                   | 0.5          | 27.5                       | 0.4                                    |
| Construction                                     | \$95,775         | 10.0                       | 13.3                  | 2.4          | 13.6                       | 1.3                                    |
| Manufacturing                                    | \$79,415         | 17.1                       | 4.3                   | 0.8          | 20.6                       | 0.6                                    |
| Wholesale Trade                                  | \$123,835        | 17.5                       | 15.2                  | 2.8          | 25.7                       | 2.5                                    |
| Retail Trade                                     | \$58,400         | 14.8                       | 17.2                  | 3.1          | 19.0                       | 2.2                                    |
| Transportation and Warehousing <sup>1</sup>      | \$72,267         | 19.1                       | 12.5                  | 2.3          | 84.7                       | 4.7                                    |
| Information                                      | \$215,232        | 23.1                       | 46.6                  | 8.5          | 32.2                       | 9.2                                    |
| Finance and Insurance                            | \$387,694        | 19.1                       | 136.6                 | 24.9         | 25.8                       | 22.8                                   |
| Real Estate and Rental and Leasing               | \$100,229        | 11.2                       | 13.1                  | 2.4          | 15.1                       | 1.4                                    |
| Professional, Scientific, and Technical Services | \$182,751        | 21.1                       | 79.9                  | 14.6         | 30.9                       | 15.3                                   |
| Management of Companies                          | \$210,534        | (1.9)                      | 15.5                  | 2.8          | 13.6                       | 1.5                                    |
| Administrative and Waste Services                | \$73,988         | (5.4)                      | 17.8                  | 3.3          | 7.9                        | 1.1                                    |
| Educational Services <sup>1</sup>                | \$98,096         | 18.2                       | 19.4                  | 3.5          | 33.3                       | 3.9                                    |
| Health Care and Social Assistance                | \$60,372         | 9.0                        | 59.4                  | 10.9         | 40.8                       | 14.0                                   |
| Arts, Entertainment, and Recreation              | \$102,316        | 10.6                       | 9.0                   | 1.6          | 69.6                       | 3.0                                    |
| Accommodation and Food Services                  | \$46,901         | 25.1                       | 16.6                  | 3.0          | 104.9                      | 6.9                                    |
| Other Services, Ex. Public Admin                 | \$67,062         | 9.3                        | 11.2                  | 2.0          | 24.4                       | 0.7                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

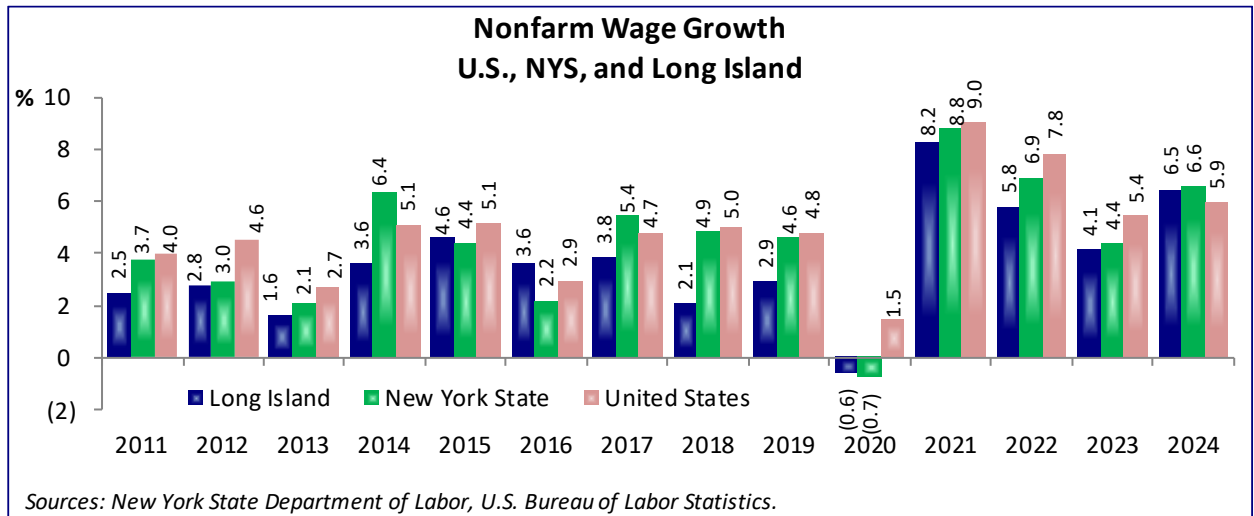
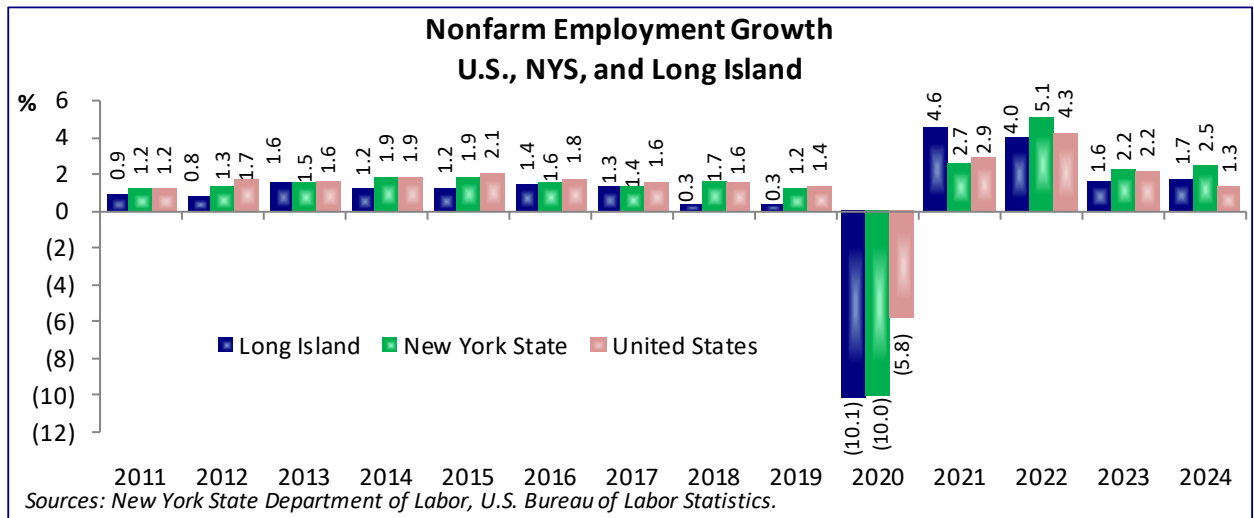
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Long Island

| Key Economic Indicators<br>2024     |          |  |           |
|-------------------------------------|----------|--|-----------|
| Employment (million) .....          | 1.309    | Share of State Personal Income (%) ..... | 17.3      |
| Share of State Employment (%) ..... | 13.5     | Per Capita Personal Income .....         | \$100,333 |
| Unemployment Rate (12/2025) (%)     | 3.2      | Population (million) .....               | 2.93      |
| Total Wages (billion) .....         | 102.6    | Share of State Population (%) .....      | 14.7      |
| Share of State Wages (%) .....      | 11.1     | Population Growth (%) .....              | 0.5       |
| Average Wage .....                  | \$78,378 | Persons in Poverty .....                 | 182,222   |
| Personal Income (billion) .....     | \$293.8  | Poverty Rate (%) .....                   | 6.3       |

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



## Long Island

| <b>Long Island Unemployment Rate (%)</b>  |                    |                       |                      |
|---|--------------------|-----------------------|----------------------|
| <b>2024</b>   |                    |                       |                      |
|   | <b>Long Island</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>3.9</b>         | <b>5.3</b>            | <b>4.6</b>           |
| <b>By gender:</b>   |                    |                       |                      |
| Male  | 4.2                | 5.0                   | 4.4                  |
| Female  | 3.6                | 5.6                   | 4.2                  |
| <b>By age group:</b>  |                    |                       |                      |
| 16-24   | 9.3                | 11.9                  | 11.0                 |
| 25-34   | 4.9                | 5.8                   | 4.7                  |
| 35-54   | 2.8                | 4.4                   | 3.5                  |
| 55-64   | 2.7                | 3.4                   | 3.2                  |
| 65+   | 2.6                | 3.3                   | 3.1                  |
| <b>By race or ethnicity (2019-2023):</b>  |                    |                       |                      |
| White, Including Hispanics or Latinos   | 4.4                | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos   | 6.1                | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | 3.7                | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 5.2                | 8.3                   | 6.2                  |
| Hispanic or Latino  | 4.8                | 8.3                   | 6.0                  |
| <b>By educational attainment (2019-2023):</b>   |                    |                       |                      |
| Total (25-64 year olds)   | 3.7                | 5.4                   | 4.4                  |
| Less than high school graduate  | 4.8                | 9.1                   | 7.6                  |
| High school graduate  | 5.0                | 7.0                   | 5.8                  |
| Some college or associate's degree  | 4.4                | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 2.7                | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                    |                       |                      |



## Long Island

| <b>Long Island Employment by Sector<br/>2024</b>  |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$78,378</b>                  | <b>1,308.5</b>                              | <b>100.0</b>                                     | <b>12.4</b>                         | <b>100.0</b>  |
| <i>Government</i>   | \$95,829                         | 186.3                                       | 14.2   | 6.4                                 | 7.8   |
| <i>Private</i>  | \$75,481                         | 1,122.2                                     | 85.8   | 13.4                                | 92.2  |
| Utilities   | \$153,802                        | 5.3   | 0.4  | 16.1                                | 0.5   |
| Construction  | \$91,302                         | 79.7  | 6.1  | 9.9                                 | 5.0   |
| Manufacturing   | \$85,136                         | 67.8  | 5.2  | 4.1                                 | 1.9   |
| Wholesale Trade   | \$99,515                         | 56.8  | 4.3  | 0.5                                 | 0.2   |
| Retail Trade  | \$48,893                         | 143.0                                       | 10.9   | 4.8                                 | 4.5   |
| Transportation and Warehousing <sup>1</sup>   | \$61,077                         | 50.1  | 3.8  | 53.8                                | 12.2  |
| Information   | \$121,639                        | 13.4  | 1.0  | (4.1)                               | (0.4)   |
| Finance and Insurance   | \$179,210                        | 45.3  | 3.5  | (4.9)                               | (1.6)   |
| Real Estate and Rental and Leasing  | \$87,733                         | 18.8  | 1.4  | 12.0                                | 1.4   |
| Professional, Scientific, and Technical Services  | \$105,237                        | 77.6  | 5.9  | 8.2                                 | 4.1   |
| Management of Companies and Administrative and Waste Services   | \$126,840                        | 13.4  | 1.0  | 3.8                                 | 0.3   |
| Educational Services <sup>2</sup>   | \$66,969                         | 85.1  | 6.5  | 29.6                                | 13.5  |
| Health Care and Social Assistance   | \$50,939                         | 28.8  | 2.2  | 15.4                                | 2.7   |
| Arts, Entertainment, and Recreation   | \$77,967                         | 244.1                                       | 18.7   | 9.4                                 | 14.5  |
| Accommodation and Food Services   | \$46,779                         | 25.0  | 1.9  | 60.0                                | 6.5   |
| Other Services, Ex. Public Admin  | \$34,203                         | 107.8                                       | 8.2  | 33.8                                | 18.9  |
|   | \$44,768                         | 53.0  | 4.1  | 17.7                                | 5.5   |
| Note: Industries ranked by NAICS two digit code. Data include unclassified.   |                                  |   |  |                                     |   |
| <sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1. |                                  |   |  |                                     |   |
| <sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.  |                                  |   |  |                                     |   |
| Source: New York State Department of Labor.   |                                  |   |  |                                     |   |

## Long Island

| <b>Long Island Wages by Sector<br/>2024</b>                   |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              | Change<br>2020-2024<br>(%) | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) |                            |  |
| <b>Total Nonfarm</b>  | <b>\$78,376</b> | <b>13.0</b>                | <b>102.6</b>          | <b>100.0</b> | <b>27.0</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$95,814        | 17.2                       | 17.9                  | 17.4         | 24.7                       | 16.2                                   |
| <i>Private</i>  | \$75,481        | 12.3                       | 84.7                  | 82.6         | 27.4                       | 83.8                                   |
| Utilities   | \$153,802       | 8.6                        | 0.8                   | 0.8          | 26.0                       | 0.8                                    |
| Construction  | \$91,317        | 15.8                       | 7.3                   | 7.1          | 27.3                       | 7.2                                    |
| Manufacturing   | \$85,136        | 16.3                       | 5.8                   | 5.6          | 21.0                       | 4.6                                    |
| Wholesale Trade   | \$99,507        | 13.4                       | 5.6                   | 5.5          | 13.9                       | 3.2                                    |
| Retail Trade  | \$48,898        | 17.7                       | 7.0                   | 6.8          | 23.3                       | 6.1                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$61,081        | 12.2                       | 3.1                   | 3.0          | 72.6                       | 5.9                                    |
| Information   | \$121,667       | 13.7                       | 1.6                   | 1.6          | 9.1                        | 0.6                                    |
| Finance and Insurance   | \$179,235       | 14.7                       | 8.1                   | 7.9          | 9.1                        | 3.1                                    |
| Real Estate and Rental and Leasing                            | \$87,736        | 15.3                       | 1.6                   | 1.6          | 29.1                       | 1.7                                    |
| Professional, Scientific, and Technical Services              | \$105,262       | 20.1                       | 8.2                   | 8.0          | 30.0                       | 8.6                                    |
| Management of Companies and Administrative and Waste Services | \$126,868       | (1.5)                      | 1.7                   | 1.7          | 2.3                        | 0.2                                    |
| Educational Services <sup>1</sup>                             | \$66,975        | 20.7                       | 5.7                   | 5.6          | 56.5                       | 9.4                                    |
| Health Care and Social Assistance                             | \$50,939        | 4.5                        | 1.5                   | 1.4          | 20.5                       | 1.1                                    |
| Arts, Entertainment, and Recreation                           | \$77,968        | 16.1                       | 19.0                  | 18.6         | 27.0                       | 18.6                                   |
| Accommodation and Food Services                               | \$46,780        | (0.1)                      | 1.2                   | 1.1          | 59.9                       | 2.0                                    |
| Other Services, Ex. Public Admin                              | \$34,207        | 23.0                       | 3.7                   | 3.6          | 64.6                       | 6.7                                    |
|   | \$44,777        | 16.5                       | 2.4                   | 2.3          | 37.1                       | 1.0                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

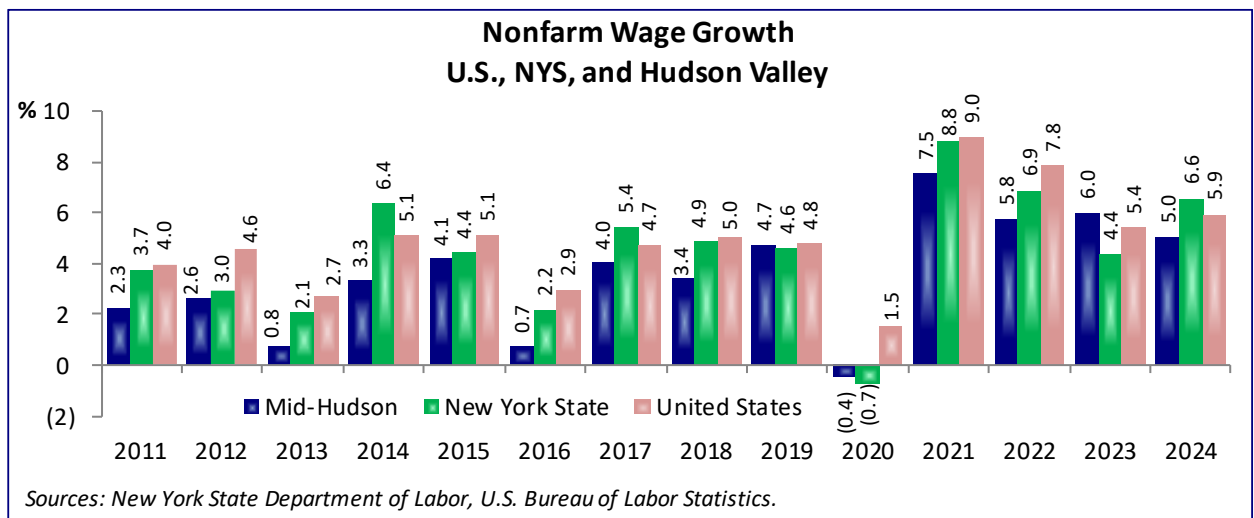
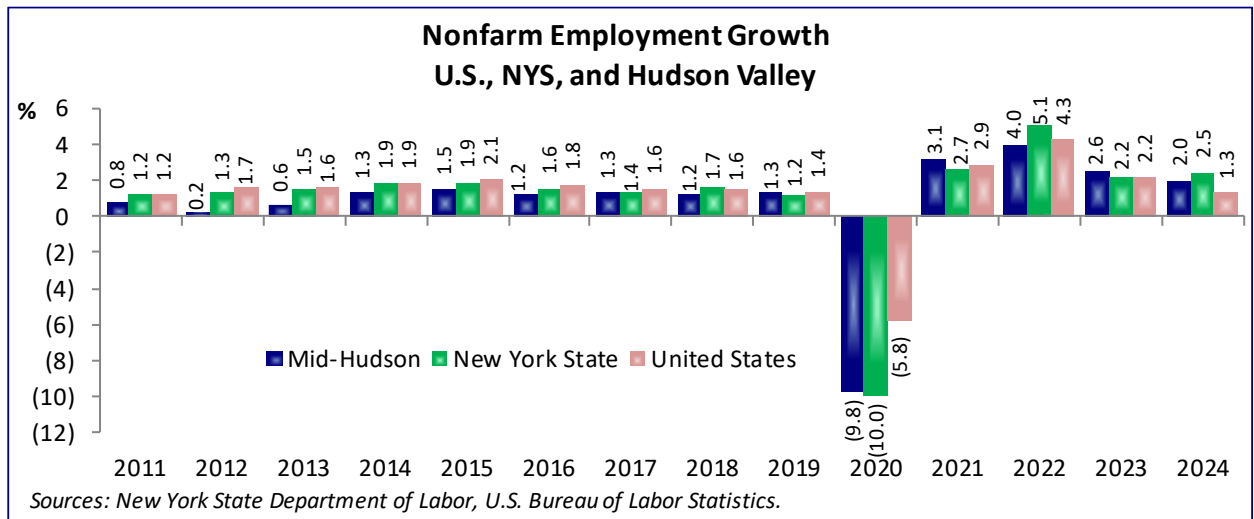
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Hudson Valley

| Key Economic Indicators<br>2024     |          |  |          |
|-------------------------------------|----------|--|----------|
| Employment (million) .....          | 0.949    | Share of State Personal Income (%) ..... | 14.0     |
| Share of State Employment (%) ..... | 9.8      | Per Capita Personal Income .....         | \$97,799 |
| Unemployment Rate (12/2025) (%)     | 3.2      | Population (million) .....               | 2.43     |
| Total Wages (billion) .....         | 74.3     | Share of State Population (%) .....      | 12.2     |
| Share of State Wages (%) .....      | 8.1      | Population Growth (%) .....              | 0.8      |
| Average Wage .....                  | \$78,291 | Persons in Poverty .....                 | 252,597  |
| Personal Income (billion) .....     | \$237.5  | Poverty Rate (%) .....                   | 10.7     |

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



## Hudson Valley

| <b>Hudson Valley Unemployment Rate (%)</b>   |                      |                       |                      |
|--|----------------------|-----------------------|----------------------|
| <b>2024</b>  |                      |                       |                      |
|  | <b>Hudson Valley</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>  | <b>4.8</b>           | <b>5.3</b>            | <b>4.6</b>           |
| <b>By gender:</b>  |                      |                       |                      |
| Male   | 4.8                  | 5.0                   | 4.4                  |
| Female   | 4.8                  | 5.6                   | 4.2                  |
| <b>By age group:</b>   |                      |                       |                      |
| 16-24  | 11.9                 | 11.9                  | 11.0                 |
| 25-34  | 5.1                  | 5.8                   | 4.7                  |
| 35-54  | 3.8                  | 4.4                   | 3.5                  |
| 55-64  | 3.0                  | 3.4                   | 3.2                  |
| 65+  | 2.8                  | 3.3                   | 3.1                  |
| <b>By race or ethnicity (2019-2023):</b>   |                      |                       |                      |
| White, Including Hispanics or Latinos  | 4.9                  | 5.0                   | 4.3                  |
| Black or African American, Including<br>Hispanics or Latinos   | 7.2                  | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos  | 4.5                  | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos   | 6.4                  | 8.3                   | 6.2                  |
| Hispanic or Latino   | 6.8                  | 8.3                   | 6.0                  |
| <b>By educational attainment (2019-2023):</b>  |                      |                       |                      |
| Total (25-64 year olds)  | 4.5                  | 5.4                   | 4.4                  |
| Less than high school graduate   | 6.2                  | 9.1                   | 7.6                  |
| High school graduate   | 5.7                  | 7.0                   | 5.8                  |
| Some college or associate's degree   | 5.5                  | 6.1                   | 4.6                  |
| Bachelor's degree or higher  | 3.3                  | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: <i>New York State Department of Labor; U.S. Census Bureau.</i></p> |                      |                       |                      |

## Hudson Valley

| <b>Hudson Valley Employment by Sector<br/>2024</b>            |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$78,291</b>                  | <b>948.5</b>                                | <b>100.0</b>                                     | <b>12.2</b>                         | <b>100.0</b>  |
| <i>Government</i>   | \$95,551                         | 146.1                                       | 15.4   | 3.2                                 | 4.5   |
| <i>Private</i>  | \$75,147                         | 802.4                                       | 84.6   | 14.0                                | 95.5  |
| Utilities   | \$148,710                        | 5.2   | 0.5  | (2.6)                               | (0.1)   |
| Construction  | \$84,417                         | 57.1  | 6.0  | 12.8                                | 6.3   |
| Manufacturing   | \$102,015                        | 40.1  | 4.2  | (0.7)                               | (0.3)   |
| Wholesale Trade   | \$94,609                         | 29.4  | 3.1  | 1.3                                 | 0.4   |
| Retail Trade  | \$46,014                         | 107.3                                       | 11.3   | 6.4                                 | 6.2   |
| Transportation and Warehousing <sup>1</sup>                   | \$61,495                         | 40.2  | 4.2  | 77.7                                | 17.1  |
| Information   | \$125,962                        | 12.4  | 1.3  | (5.7)                               | (0.7)   |
| Finance and Insurance   | \$179,479                        | 27.1  | 2.9  | (0.7)                               | (0.2)   |
| Real Estate and Rental and Leasing                            | \$78,570                         | 17.0  | 1.8  | 9.0                                 | 1.4   |
| Professional, Scientific, and Technical Services              | \$149,980                        | 51.4  | 5.4  | 15.5                                | 6.7   |
| Management of Companies and Administrative and Waste Services | \$181,469                        | 13.2  | 1.4  | 7.0                                 | 0.8   |
| Administrative and Waste Services                             | \$57,461                         | 48.6  | 5.1  | 7.2                                 | 3.2   |
| Educational Services <sup>2</sup>                             | \$51,720                         | 34.8  | 3.7  | 12.6                                | 3.8   |
| Health Care and Social Assistance                             | \$68,941                         | 178.2                                       | 18.8   | 11.1                                | 17.3  |
| Arts, Entertainment, and Recreation                           | \$44,969                         | 19.9  | 2.1  | 61.3                                | 7.4   |
| Accommodation and Food Services                               | \$33,886                         | 73.3  | 7.7  | 32.5                                | 17.5  |
| Other Services, Ex. Public Admin                              | \$45,886                         | 41.3  | 4.4  | 17.4                                | 5.9   |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Hudson Valley

| Hudson Valley Wages by Sector<br>2024                            |                 |                            |                       |              |                            |  |
|--|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|  | Average         |                            | Total                 |              |                            | Contribution<br>to Change<br>2020-2024 |
|  | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) | Change<br>2020-2024<br>(%) |  |
| <b>Total Nonfarm</b>   | <b>\$78,285</b> | <b>12.9</b>                | <b>74.3</b>           | <b>100.0</b> | <b>26.6</b>                | <b>100.0</b>                           |
| <i>Government</i>  | \$95,551        | 21.0                       | 14.0                  | 18.8         | 24.9                       | 17.8                                   |
| <i>Private</i>   | \$75,140        | 11.4                       | 60.3                  | 81.2         | 27.0                       | 82.2                                   |
| Utilities  | \$148,710       | 6.6                        | 0.8                   | 1.0          | 3.9                        | 0.2                                    |
| Construction   | \$84,428        | 14.2                       | 4.8                   | 6.5          | 28.8                       | 6.9                                    |
| Manufacturing  | \$102,024       | 14.9                       | 4.1                   | 5.5          | 14.0                       | 3.2                                    |
| Wholesale Trade  | \$94,603        | 13.0                       | 2.8                   | 3.7          | 14.4                       | 2.2                                    |
| Retail Trade   | \$46,016        | 18.2                       | 4.9                   | 6.6          | 25.7                       | 6.5                                    |
| Transportation and Warehousing <sup>1</sup>                      | \$61,496        | 13.3                       | 2.5                   | 3.3          | 101.4                      | 8.0                                    |
| Information  | \$125,985       | 33.2                       | 1.6                   | 2.1          | 25.6                       | 2.1                                    |
| Finance and Insurance  | \$179,454       | 16.1                       | 4.9                   | 6.5          | 15.4                       | 4.2                                    |
| Real Estate and Rental and Leasing                               | \$78,582        | 8.4                        | 1.3                   | 1.8          | 18.2                       | 1.3                                    |
| Professional, Scientific, and Technical<br>Services              | \$149,929       | 7.0                        | 7.7                   | 10.4         | 23.7                       | 9.5                                    |
| Management of Companies and<br>Administrative and Waste Services | \$181,467       | 10.6                       | 2.4                   | 3.2          | 18.3                       | 2.4                                    |
| Administrative and Waste Services                                | \$57,477        | 16.4                       | 2.8                   | 3.8          | 24.7                       | 3.6                                    |
| Educational Services <sup>1</sup>                                | \$51,720        | 8.7                        | 1.8                   | 2.4          | 22.3                       | 2.1                                    |
| Health Care and Social Assistance                                | \$68,945        | 15.1                       | 12.3                  | 16.5         | 27.9                       | 17.2                                   |
| Arts, Entertainment, and Recreation                              | \$44,971        | 7.8                        | 0.9                   | 1.2          | 74.0                       | 2.4                                    |
| Accommodation and Food Services                                  | \$33,865        | 22.2                       | 2.5                   | 3.3          | 62.0                       | 6.1                                    |
| Other Services, Ex. Public Admin                                 | \$45,901        | 12.9                       | 1.9                   | 2.6          | 32.5                       | 1.3                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

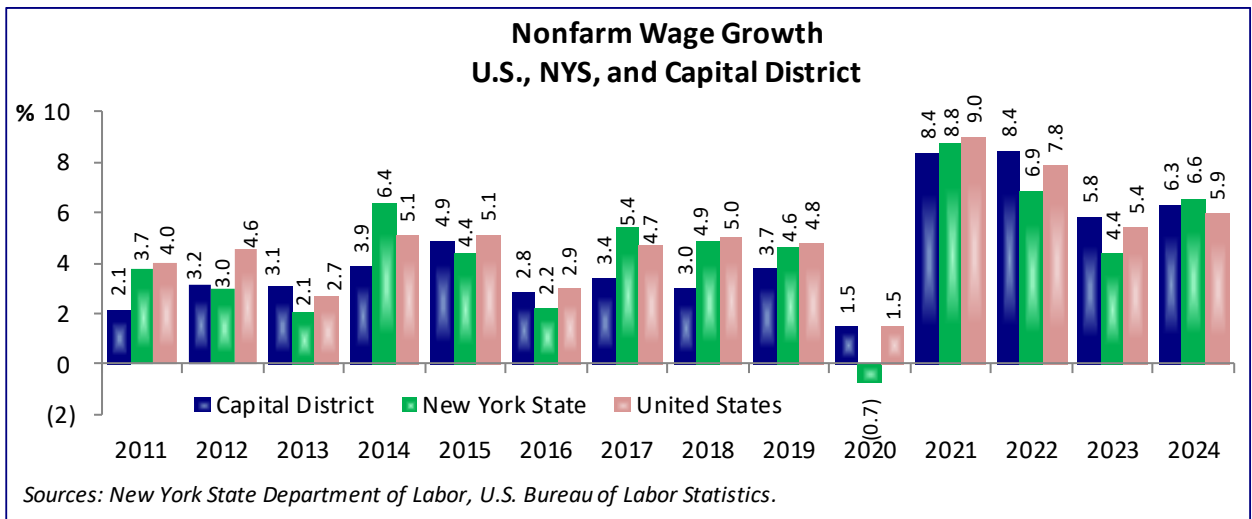
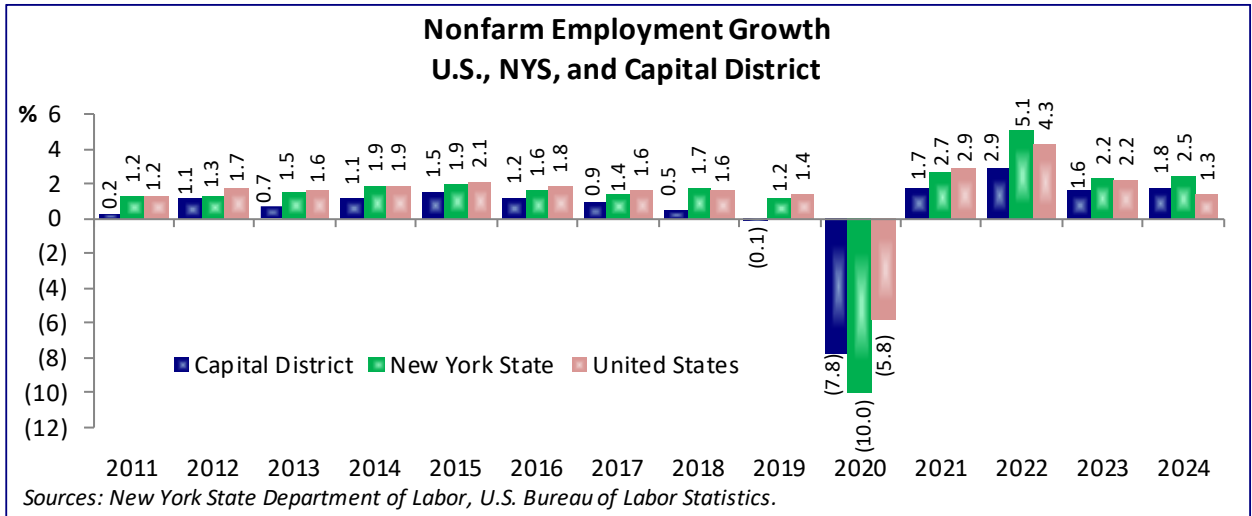
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Capital District

| Key Economic Indicators<br>2024     |          |  |          |
|-------------------------------------|----------|--|----------|
| Employment (million) .....          | 0.525    | Share of State Personal Income (%) ..... | 4.9      |
| Share of State Employment (%) ..... | 5.4      | Per Capita Personal Income .....         | \$75,208 |
| Unemployment Rate (12/2025) (%)     | 3.3      | Population (million) .....               | 1.12     |
| Total Wages (billion) .....         | 39.3     | Share of State Population (%) .....      | 5.6      |
| Share of State Wages (%) .....      | 4.3      | Population Growth (%) .....              | 0.5      |
| Average Wage .....                  | \$74,863 | Persons in Poverty .....                 | 118,187  |
| Personal Income (billion) .....     | \$83.9   | Poverty Rate (%) .....                   | 11.0     |

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



## Capital District

| <b>Capital District Unemployment Rate (%)</b>  |                         |                       |                      |
|--|-------------------------|-----------------------|----------------------|
| <b>2019-2023 American Community Survey Five-Year Estimate</b>  |                         |                       |                      |
|  | <b>Capital District</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>  | <b>4.9</b>              | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>  |                         |                       |                      |
| Male   | 5.1                     | 6.6                   | 4.9                  |
| Female   | 4.6                     | 6.0                   | 4.8                  |
| <b>By age group:</b>   |                         |                       |                      |
| 16-24  | 11.1                    | 13.4                  | 9.4                  |
| 25-34  | 5.4                     | 6.7                   | 4.4                  |
| 35-44  | 3.9                     | 5.1                   | 4.3                  |
| 45-54  | 2.6                     | 4.7                   | 3.9                  |
| 55+  | 3.5                     | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>   |                         |                       |                      |
| White, Including Hispanics or Latinos  | 4.1                     | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos  | 11.2                    | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos  | 3.6                     | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos   | 8.4                     | 8.3                   | 6.2                  |
| Hispanic or Latino   | 9.1                     | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>  |                         |                       |                      |
| Total (25-64 year olds)  | 3.9                     | 5.4                   | 4.4                  |
| Less than high school graduate   | 10.1                    | 9.1                   | 7.6                  |
| High school graduate   | 5.3                     | 7.0                   | 5.8                  |
| Some college or associate's degree   | 4.4                     | 6.1                   | 4.6                  |
| Bachelor's degree or higher  | 2.4                     | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: <i>New York State Department of Labor; U.S. Census Bureau.</i></p> |                         |                       |                      |



## Capital District

| <b>Capital District Employment by Sector<br/>2024</b>   |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$74,863</b>                  | <b>525.3</b>                                | <b>100.0</b>                                     | <b>8.2</b>                          | <b>100.0</b>  |
| <i>Government</i>   | \$92,532                         | 112.4                                       | 21.4   | 3.3                                 | 9.0   |
| <i>Private</i>  | \$70,052                         | 412.9                                       | 78.6   | 9.6                                 | 91.0  |
| Utilities   | \$168,523                        | 2.5   | 0.5  | 33.5                                | 1.5   |
| Construction  | \$87,648                         | 23.0  | 4.4  | 8.8                                 | 4.7   |
| Manufacturing   | \$104,903                        | 35.1  | 6.7  | 6.0                                 | 5.0   |
| Wholesale Trade   | \$97,858                         | 15.4  | 2.9  | 6.1                                 | 2.2   |
| Retail Trade  | \$42,236                         | 56.2  | 10.7   | 6.4                                 | 8.5   |
| Transportation and Warehousing <sup>1</sup>   | \$57,664                         | 20.4  | 3.9  | 61.4                                | 19.4  |
| Information   | \$100,201                        | 7.9   | 1.5  | (8.3)                               | (1.8)   |
| Finance and Insurance   | \$120,958                        | 19.0  | 3.6  | (11.4)                              | (6.1)   |
| Real Estate and Rental and Leasing  | \$63,746                         | 6.4   | 1.2  | 5.5                                 | 0.8   |
| Professional, Scientific, and Technical Services  | \$113,643                        | 33.9  | 6.5  | 8.3                                 | 6.5   |
| Management of Companies and Administrative and Waste Services   | \$96,064                         | 7.7   | 1.5  | 9.5                                 | 1.7   |
| Administrative and Waste Services   | \$51,926                         | 21.8  | 4.2  | 14.9                                | 7.1   |
| Educational Services <sup>2</sup>   | \$66,870                         | 16.7  | 3.2  | (5.5)                               | (2.4)   |
| Health Care and Social Assistance   | \$62,836                         | 76.1  | 14.5   | 1.7                                 | 3.2   |
| Arts, Entertainment, and Recreation   | \$31,447                         | 8.2   | 1.6  | 64.8                                | 8.1   |
| Accommodation and Food Services   | \$31,508                         | 42.1  | 8.0  | 30.8                                | 24.8  |
| Other Services, Ex. Public Admin  | \$47,591                         | 17.7  | 3.4  | 11.6                                | 4.6   |
| Note: Industries ranked by NAICS two digit code. Data include unclassified.   |                                  |   |  |                                     |   |
| <sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1. |                                  |   |  |                                     |   |
| <sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.  |                                  |   |  |                                     |   |
| Source: New York State Department of Labor.   |                                  |   |  |                                     |   |

## Capital District

| <b>Capital District Wages by Sector<br/>2024</b>              |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              |                            | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) | Change<br>2020-2024<br>(%) |  |
| <b>Total Nonfarm</b>  | <b>\$74,855</b> | <b>22.2</b>                | <b>39.3</b>           | <b>100.0</b> | <b>32.2</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$92,511        | 43.1                       | 10.4                  | 26.4         | 47.8                       | 35.1                                   |
| <i>Private</i>  | \$70,048        | 16.2                       | 28.9                  | 73.6         | 27.4                       | 64.9                                   |
| Utilities   | \$168,523       | 17.6                       | 0.4                   | 1.1          | 57.1                       | 1.6                                    |
| Construction  | \$87,656        | 20.4                       | 2.0                   | 5.1          | 31.0                       | 5.0                                    |
| Manufacturing   | \$104,903       | 14.4                       | 3.7                   | 9.4          | 21.2                       | 6.7                                    |
| Wholesale Trade   | \$97,844        | 20.5                       | 1.5                   | 3.8          | 27.9                       | 3.4                                    |
| Retail Trade  | \$42,223        | 18.3                       | 2.4                   | 6.0          | 25.9                       | 5.1                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$57,664        | 17.1                       | 1.2                   | 3.0          | 89.0                       | 5.8                                    |
| Information   | \$100,189       | 19.8                       | 0.8                   | 2.0          | 9.8                        | 0.7                                    |
| Finance and Insurance   | \$120,958       | 23.3                       | 2.3                   | 5.9          | 9.3                        | 2.0                                    |
| Real Estate and Rental and Leasing                            | \$63,774        | 13.1                       | 0.4                   | 1.0          | 19.2                       | 0.7                                    |
| Professional, Scientific, and Technical Services              | \$113,622       | 22.5                       | 3.9                   | 9.8          | 32.7                       | 9.9                                    |
| Management of Companies and Administrative and Waste Services | \$96,064        | 4.1                        | 0.7                   | 1.9          | 14.0                       | 0.9                                    |
| Educational Services <sup>1</sup>                             | \$51,936        | 18.3                       | 1.1                   | 2.9          | 35.9                       | 3.1                                    |
| Health Care and Social Assistance                             | \$66,867        | 16.1                       | 1.1                   | 2.8          | 9.7                        | 1.0                                    |
| Arts, Entertainment, and Recreation                           | \$62,838        | 19.7                       | 4.8                   | 12.2         | 21.7                       | 8.9                                    |
| Accommodation and Food Services                               | \$31,450        | 12.6                       | 0.3                   | 0.7          | 85.5                       | 1.2                                    |
| Other Services, Ex. Public Admin                              | \$31,512        | 28.9                       | 1.3                   | 3.4          | 68.7                       | 5.6                                    |
| \$47,602  | 15.1            | 0.8                        | 2.1                   | 28.5         | 0.6                        |  |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

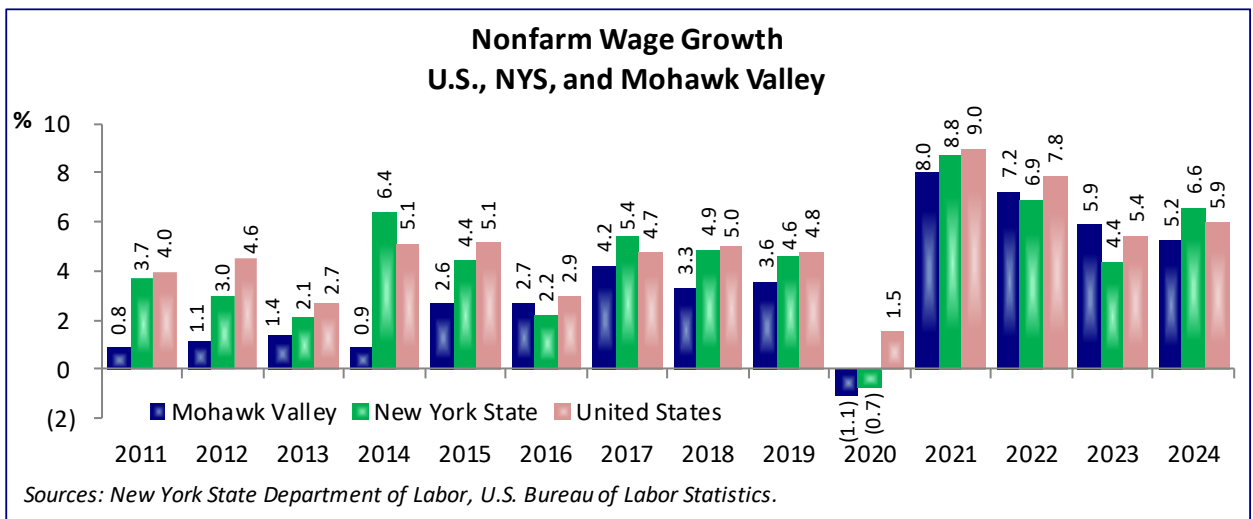
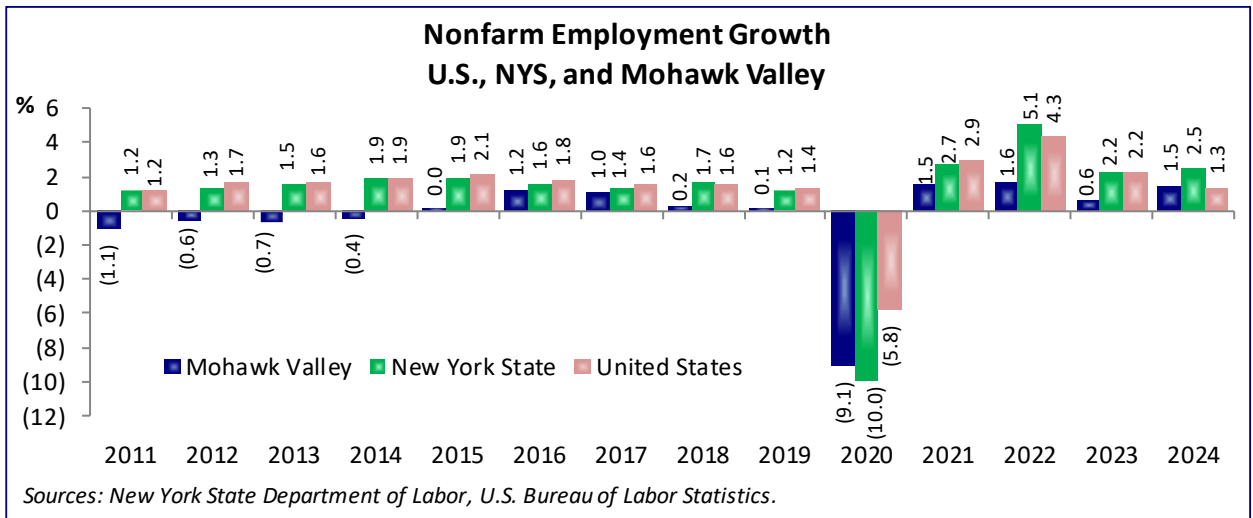
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

# Mohawk Valley

| Key Economic Indicators             |          |  |          |
|-------------------------------------|----------|--|----------|
| 2024                                |          |  |          |
| Employment (million) .....          | 0.182    | Share of State Personal Income (%) ..... | 1.6      |
| Share of State Employment (%) ..... | 1.9      | Per Capita Personal Income .....         | \$56,901 |
| Unemployment Rate (12/2025) (%)     | 4.1      | Population (million) .....               | 0.48     |
| Total Wages (billion) .....         | 10.7     | Share of State Population (%) .....      | 2.4      |
| Share of State Wages (%) .....      | 1.2      | Population Growth (%) .....              | 0.1      |
| Average Wage .....                  | \$58,711 | Persons in Poverty .....                 | 69,923   |
| Personal Income (billion) .....     | \$27.3   | Poverty Rate (%) .....                   | 15.3     |

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



## Mohawk Valley

| <b>Mohawk Valley Unemployment Rate (%)</b>  |                      |                       |                      |
|---|----------------------|-----------------------|----------------------|
| <b>2019-2023 American Community Survey Five-Year Estimate</b>   |                      |                       |                      |
|   | <b>Mohawk Valley</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>4.8</b>           | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>   |                      |                       |                      |
| Male  | 4.9                  | 6.6                   | 4.9                  |
| Female  | 4.7                  | 6.0                   | 4.8                  |
| <b>By age group:</b>  |                      |                       |                      |
| 16-24   | 10.0                 | 13.4                  | 9.4                  |
| 25-34   | 5.5                  | 6.7                   | 4.4                  |
| 35-44   | 4.0                  | 5.1                   | 4.3                  |
| 45-54   | 3.0                  | 4.7                   | 3.9                  |
| 55+   | 3.4                  | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>  |                      |                       |                      |
| White, Including Hispanics or Latinos   | 4.6                  | 5.0                   | 4.3                  |
| Black or African American, Including<br>Hispanics or Latinos  | 9.6                  | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | 3.9                  | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 6.2                  | 8.3                   | 6.2                  |
| Hispanic or Latino  | 8.4                  | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>   |                      |                       |                      |
| Total (25-64 year olds)   | 4.0                  | 5.4                   | 4.4                  |
| Less than high school graduate  | 6.8                  | 9.1                   | 7.6                  |
| High school graduate  | 6.4                  | 7.0                   | 5.8                  |
| Some college or associate's degree  | 3.5                  | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 1.9                  | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                      |                       |                      |

## Mohawk Valley

| <b>Mohawk Valley Employment by Sector<br/>2024</b>            |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$58,711</b>                  | <b>182.5</b>                                | <b>100.0</b>                                     | <b>5.3</b>                          | <b>100.0</b>  |
| <i>Government</i>   | \$71,626                         | 41.9  | 23.0   | 2.7                                 | 12.0  |
| <i>Private</i>  | \$54,862                         | 140.6                                       | 77.0   | 6.1                                 | 88.0  |
| Utilities   | \$145,005                        | 0.7   | 0.4  | 35.4                                | 2.0   |
| Construction  | \$69,880                         | 5.0   | 2.7  | 1.8                                 | 0.9   |
| Manufacturing   | \$65,815                         | 17.1  | 9.4  | 9.2                                 | 15.6  |
| Wholesale Trade   | \$69,987                         | 4.1   | 2.2  | 7.1                                 | 2.9   |
| Retail Trade  | \$37,881                         | 21.6  | 11.8   | 1.2                                 | 2.9   |
| Transportation and Warehousing <sup>1</sup>                   | \$56,479                         | 10.3  | 5.6  | 34.2                                | 28.5  |
| Information   | \$62,699                         | 1.2   | 0.7  | (15.7)                              | (2.4)   |
| Finance and Insurance   | \$83,984                         | 7.4   | 4.0  | (8.1)                               | (7.0)   |
| Real Estate and Rental and Leasing                            | \$45,461                         | 1.1   | 0.6  | 14.4                                | 1.5   |
| Professional, Scientific, and Technical Services              | \$80,364                         | 4.9   | 2.7  | 1.5                                 | 0.8   |
| Management of Companies and Administrative and Waste Services | \$103,040                        | 1.1   | 0.6  | 10.6                                | 1.1   |
| Administrative and Waste Services                             | \$54,118                         | 4.8   | 2.7  | 23.2                                | 9.9   |
| Educational Services <sup>2</sup>                             | \$48,141                         | 4.2   | 2.3  | 14.6                                | 5.8   |
| Health Care and Social Assistance                             | \$59,357                         | 35.4  | 19.4   | (2.8)                               | (11.1)  |
| Arts, Entertainment, and Recreation                           | \$27,700                         | 2.3   | 1.3  | 39.3                                | 7.2   |
| Accommodation and Food Services                               | \$25,362                         | 13.8  | 7.5  | 19.3                                | 24.3  |
| Other Services, Ex. Public Admin                              | \$39,228                         | 5.0   | 2.7  | 3.1                                 | 1.7   |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Mohawk Valley

| <b>Mohawk Valley Wages by Sector<br/>2024</b>                 |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              |                            | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) | Change<br>2020-2024<br>(%) |  |
| <b>Total Nonfarm</b>  | <b>\$58,710</b> | <b>22.5</b>                | <b>10.7</b>           | <b>100.0</b> | <b>29.0</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$71,626        | 32.9                       | 3.0                   | 28.0         | 36.5                       | 33.3                                   |
| <i>Private</i>  | \$54,861        | 19.0                       | 7.7                   | 72.0         | 26.3                       | 66.7                                   |
| Utilities   | \$145,005       | 17.7                       | 0.1                   | 0.9          | 59.3                       | 1.5                                    |
| Construction  | \$69,933        | 18.8                       | 0.3                   | 3.2          | 20.9                       | 2.5                                    |
| Manufacturing   | \$65,815        | 18.0                       | 1.1                   | 10.5         | 28.8                       | 10.4                                   |
| Wholesale Trade   | \$69,974        | 24.3                       | 0.3                   | 2.7          | 33.2                       | 2.9                                    |
| Retail Trade  | \$37,882        | 16.4                       | 0.8                   | 7.6          | 17.9                       | 5.1                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$56,479        | 12.6                       | 0.6                   | 5.4          | 51.1                       | 8.1                                    |
| Information   | \$62,699        | 17.1                       | 0.1                   | 0.7          | (1.3)                      | 0.0                                    |
| Finance and Insurance   | \$83,984        | 24.1                       | 0.6                   | 5.8          | 14.1                       | 3.2                                    |
| Real Estate and Rental and Leasing                            | \$45,529        | 16.1                       | 0.1                   | 0.5          | 32.8                       | 0.5                                    |
| Professional, Scientific, and Technical Services              | \$80,382        | 24.8                       | 0.4                   | 3.7          | 26.7                       | 3.4                                    |
| Management of Companies and Administrative and Waste Services | \$103,040       | 43.4                       | 0.1                   | 1.0          | 58.7                       | 1.7                                    |
| Administrative and Waste Services                             | \$54,118        | 35.0                       | 0.3                   | 2.4          | 66.4                       | 4.3                                    |
| Educational Services <sup>1</sup>                             | \$48,141        | 4.6                        | 0.2                   | 1.9          | 19.9                       | 1.4                                    |
| Health Care and Social Assistance                             | \$59,357        | 21.9                       | 2.1                   | 19.6         | 18.4                       | 13.6                                   |
| Arts, Entertainment, and Recreation                           | \$27,704        | (6.4)                      | 0.1                   | 0.6          | 30.3                       | 0.6                                    |
| Accommodation and Food Services                               | \$25,358        | 20.8                       | 0.3                   | 3.3          | 44.1                       | 4.4                                    |
| Other Services, Ex. Public Admin                              | \$39,229        | 34.8                       | 0.2                   | 1.8          | 39.1                       | 0.6                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

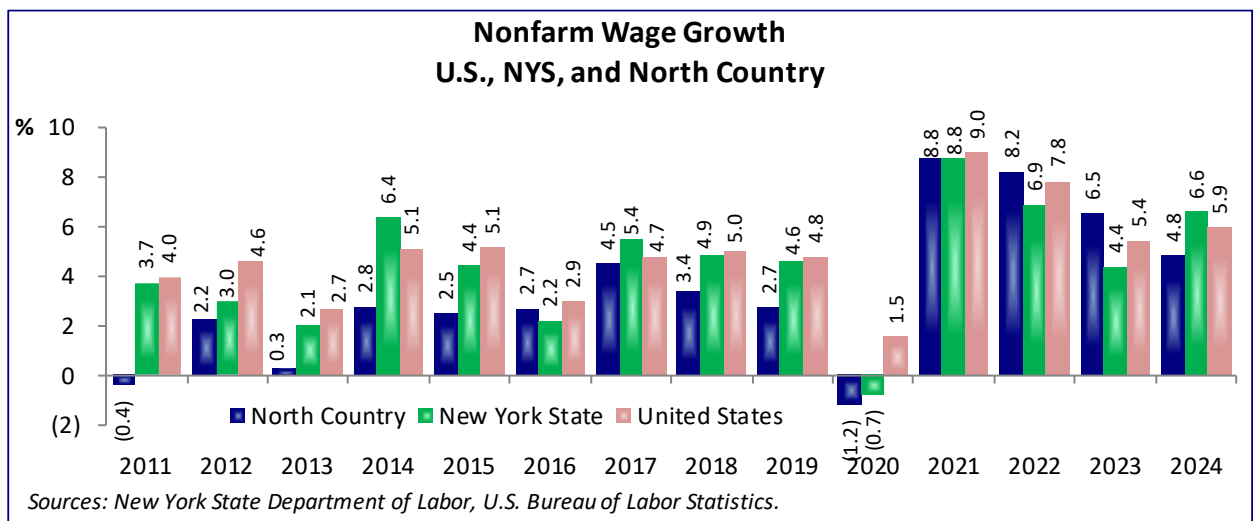
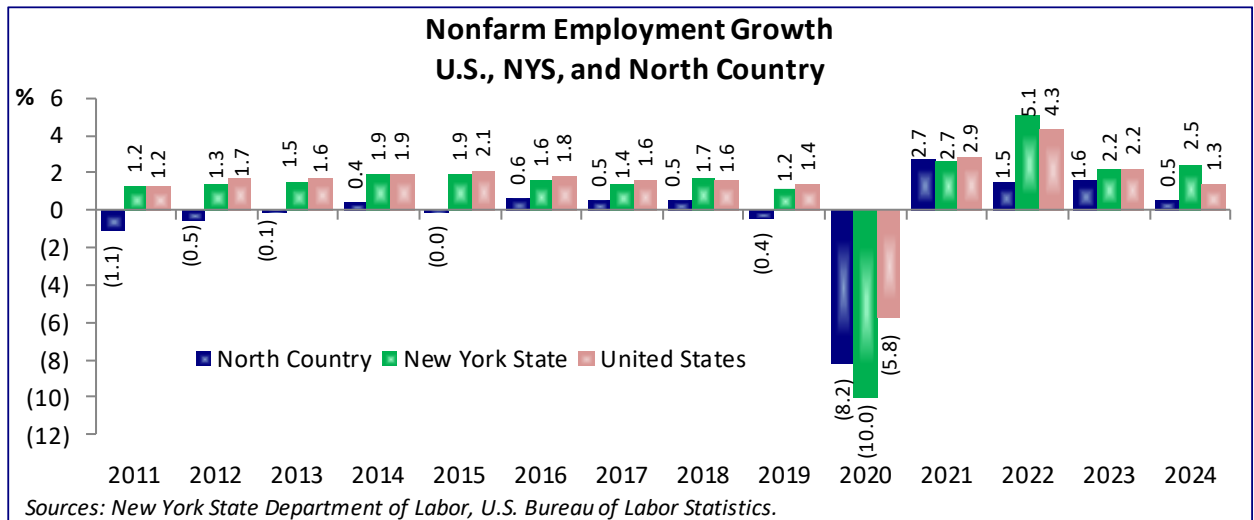
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## North Country

| Key Economic Indicators             |          |  |          |
|-------------------------------------|----------|--|----------|
| 2024                                |          |  |          |
| Employment (million) .....          | 0.145    | Share of State Personal Income (%) ..... | 1.4      |
| Share of State Employment (%) ..... | 1.5      | Per Capita Personal Income .....         | \$56,360 |
| Unemployment Rate (12/2025) (%)     | 4.5      | Population (million) .....               | 0.41     |
| Total Wages (billion) .....         | 8.7      | Share of State Population (%) .....      | 2.1      |
| Share of State Wages (%) .....      | 0.9      | Population Growth (%) .....              | (0.1)    |
| Average Wage .....                  | \$59,914 | Persons in Poverty .....                 | 56,171   |
| Personal Income (billion) .....     | \$23.3   | Poverty Rate (%) .....                   | 14.5     |

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



## North Country

| <b>North Country Unemployment Rate (%)</b><br><b>2019-2023 American Community Survey Five-Year Estimate</b>   |                      |                       |                      |
|---|----------------------|-----------------------|----------------------|
|   | <b>North Country</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>5.2</b>           | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>   |                      |                       |                      |
| Male  | 5.5                  | 6.6                   | 4.9                  |
| Female  | 4.9                  | 6.0                   | 4.8                  |
| <b>By age group:</b>  |                      |                       |                      |
| 16-24   | 9.8                  | 13.4                  | 9.4                  |
| 25-34   | 6.7                  | 6.7                   | 4.4                  |
| 35-44   | 3.9                  | 5.1                   | 4.3                  |
| 45-54   | 3.0                  | 4.7                   | 3.9                  |
| 55+   | 3.8                  | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>  |                      |                       |                      |
| White, Including Hispanics or Latinos   | 5.1                  | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos   | 10.8                 | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | NA                   | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 6.5                  | 8.3                   | 6.2                  |
| Hispanic or Latino  | 6.8                  | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>   |                      |                       |                      |
| Total (25-64 year olds)   | 4.5                  | 5.4                   | 4.4                  |
| Less than high school graduate  | 8.7                  | 9.1                   | 7.6                  |
| High school graduate  | 6.4                  | 7.0                   | 5.8                  |
| Some college or associate's degree  | 3.5                  | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 2.9                  | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                      |                       |                      |



## North Country

| <b>North Country Employment by Sector<br/>2024</b>   |                                  |   |  |                                     |   |
|--|----------------------------------|---|--|-------------------------------------|---|
|  | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>   | <b>\$59,914</b>                  | <b>145.4</b>                                | <b>100.0</b>                                     | <b>6.4</b>                          | <b>100.0</b>  |
| <i>Government</i>  | <i>\$74,827</i>                  | <i>42.6</i>                                 | <i>29.3</i>                                      | <i>0.8</i>                          | <i>4.1</i>  |
| <i>Private</i>   | <i>\$53,738</i>                  | <i>102.8</i>                                | <i>70.7</i>                                      | <i>8.9</i>                          | <i>95.9</i>   |
| Utilities  | \$137,426                        | 0.7   | 0.5  | 28.2                                | 1.8   |
| Construction   | \$72,815                         | 6.2   | 4.2  | 11.8                                | 7.4   |
| Manufacturing  | \$69,499                         | 9.5   | 6.6  | 4.3                                 | 4.5   |
| Wholesale Trade  | \$72,409                         | 2.6   | 1.8  | 10.9                                | 3.0   |
| Retail Trade   | \$37,790                         | 19.8  | 13.6   | 4.1                                 | 9.0   |
| Transportation and Warehousing <sup>1</sup>  | \$52,288                         | 4.0   | 2.8  | 23.6                                | 8.8   |
| Information  | \$64,496                         | 1.3   | 0.9  | (6.6)                               | (1.1)   |
| Finance and Insurance  | \$73,946                         | 2.2   | 1.5  | (5.3)                               | (1.4)   |
| Real Estate and Rental and Leasing   | \$46,513                         | 1.5   | 1.0  | 15.3                                | 2.3   |
| Professional, Scientific, and Technical Services   | \$66,076                         | 3.4   | 2.4  | 16.8                                | 5.6   |
| Management of Companies and Administrative and Waste Services  | \$81,764                         | 1.2   | 0.8  | 9.1                                 | 1.1   |
|  | \$56,618                         | 3.7   | 2.5  | 20.4                                | 7.0   |
| Educational Services <sup>2</sup>  | \$54,603                         | 3.1   | 2.1  | 1.3                                 | 0.4   |
| Health Care and Social Assistance  | \$65,116                         | 23.5  | 16.2   | 1.7                                 | 4.6   |
| Arts, Entertainment, and Recreation  | \$34,265                         | 1.6   | 1.1  | 36.1                                | 4.9   |
| Accommodation and Food Services  | \$27,446                         | 13.8  | 9.5  | 24.9                                | 31.2  |
| Other Services, Ex. Public Admin   | \$37,054                         | 4.1   | 2.8  | 7.5                                 | 3.3   |
| <p>Note: Industries ranked by NAICS two digit code. Data include unclassified.</p> <p><sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.</p> <p><sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.</p> <p>Source: New York State Department of Labor.</p> |                                  |   |  |                                     |   |

## North Country

| <b>North Country Wages by Sector<br/>2024</b>                 |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              | Change<br>2020-2024<br>(%) | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) |                            |  |
| <b>Total Nonfarm</b>  | <b>\$59,914</b> | <b>23.4</b>                | <b>8.7</b>            | <b>100.0</b> | <b>31.3</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$74,827        | 31.8                       | 3.2                   | 36.6         | 32.9                       | 37.9                                   |
| <i>Private</i>  | \$53,738        | 19.8                       | 5.5                   | 63.4         | 30.5                       | 62.1                                   |
| Utilities   | \$137,426       | 20.6                       | 0.1                   | 1.1          | 54.6                       | 1.7                                    |
| Construction  | \$72,854        | 14.7                       | 0.4                   | 5.1          | 28.2                       | 4.7                                    |
| Manufacturing   | \$69,499        | 17.7                       | 0.7                   | 7.6          | 22.8                       | 5.9                                    |
| Wholesale Trade   | \$72,409        | 35.4                       | 0.2                   | 2.2          | 50.2                       | 3.1                                    |
| Retail Trade  | \$37,790        | 16.6                       | 0.7                   | 8.6          | 21.4                       | 6.3                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$52,288        | 24.9                       | 0.2                   | 2.4          | 54.4                       | 3.6                                    |
| Information   | \$64,496        | 19.3                       | 0.1                   | 1.0          | 11.4                       | 0.4                                    |
| Finance and Insurance   | \$73,946        | 18.8                       | 0.2                   | 1.9          | 12.6                       | 0.9                                    |
| Real Estate and Rental and Leasing                            | \$46,513        | 26.7                       | 0.1                   | 0.8          | 46.1                       | 1.1                                    |
| Professional, Scientific, and Technical Services              | \$66,079        | 25.1                       | 0.2                   | 2.6          | 46.1                       | 3.5                                    |
| Management of Companies and Administrative and Waste Services | \$81,764        | 26.7                       | 0.1                   | 1.1          | 38.2                       | 1.3                                    |
| Educational Services <sup>1</sup>                             | \$56,618        | 37.3                       | 0.2                   | 2.4          | 65.2                       | 3.9                                    |
| Health Care and Social Assistance                             | \$54,603        | 9.5                        | 0.2                   | 1.9          | 10.9                       | 0.8                                    |
| Arts, Entertainment, and Recreation                           | \$65,119        | 23.5                       | 1.5                   | 17.6         | 25.7                       | 15.0                                   |
| Accommodation and Food Services                               | \$34,265        | 10.9                       | 0.1                   | 0.6          | 51.0                       | 0.9                                    |
| Other Services, Ex. Public Admin                              | \$27,444        | 24.9                       | 0.4                   | 4.3          | 56.0                       | 6.5                                    |
|   | \$37,057        | 21.8                       | 0.2                   | 1.7          | 31.0                       | 0.5                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

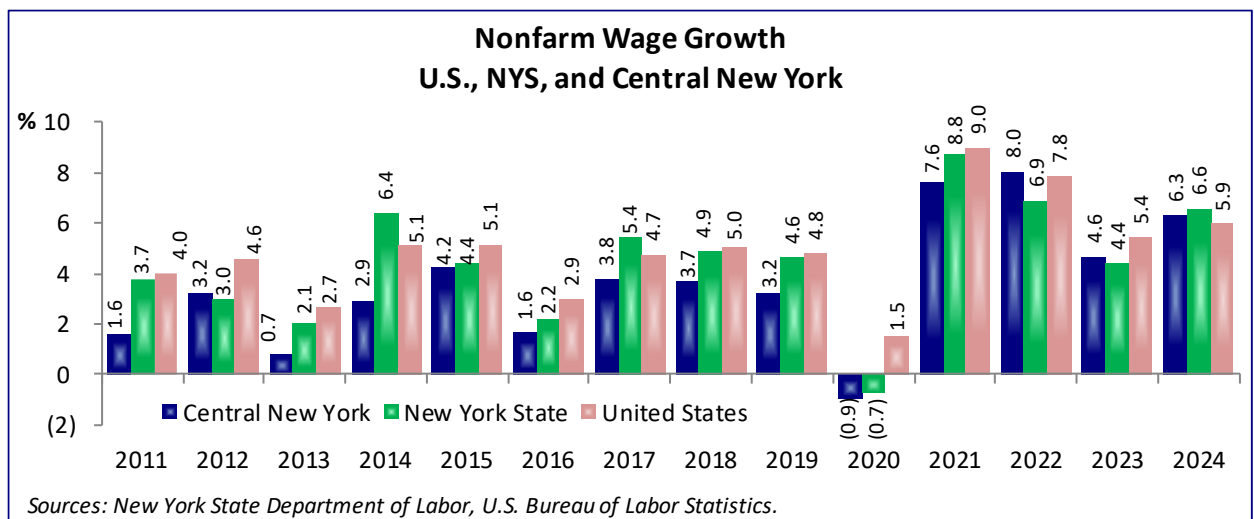
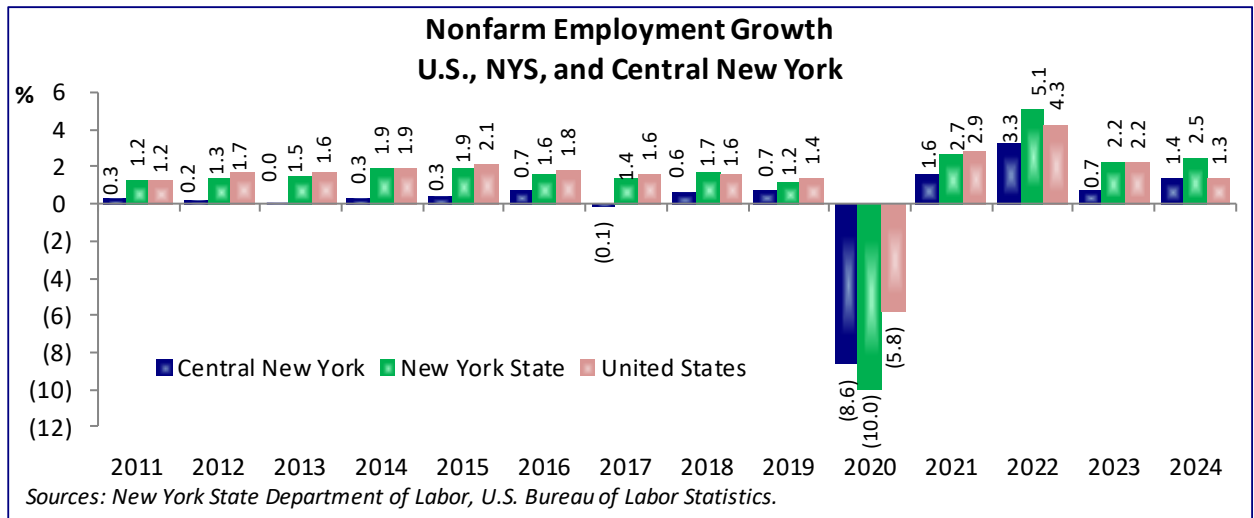
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Central New York

| Key Economic Indicators<br>2024     |          |  |          |
|-------------------------------------|----------|--|----------|
| Employment (million) .....          | 0.337    | Share of State Personal Income (%) ..... | 2.9      |
| Share of State Employment (%) ..... | 3.5      | Per Capita Personal Income .....         | \$62,547 |
| Unemployment Rate (12/2025) (%)     | 3.8      | Population (million) .....               | 0.78     |
| Total Wages (billion) .....         | 22.5     | Share of State Population (%) .....      | 3.9      |
| Share of State Wages (%) .....      | 2.4      | Population Growth (%) .....              | 0.1      |
| Average Wage .....                  | \$66,944 | Persons in Poverty .....                 | 96,571   |
| Personal Income (billion) .....     | \$48.5   | Poverty Rate (%) .....                   | 13.1     |

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



## Central New York

| <b>Central New York Unemployment Rate (%)</b><br><b>2019-2023 American Community Survey Five-Year Estimate</b>  |                         |                       |                      |
|---|-------------------------|-----------------------|----------------------|
|   | <b>Central New York</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>5.4</b>              | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>   |                         |                       |                      |
| Male  | 5.5                     | 6.6                   | 4.9                  |
| Female  | 5.2                     | 6.0                   | 4.8                  |
| <b>By age group:</b>  |                         |                       |                      |
| 16-24   | 11.4                    | 13.4                  | 9.4                  |
| 25-34   | 4.8                     | 6.7                   | 4.4                  |
| 35-44   | 5.0                     | 5.1                   | 4.3                  |
| 45-54   | 3.8                     | 4.7                   | 3.9                  |
| 55+   | 3.9                     | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>  |                         |                       |                      |
| White, Including Hispanics or Latinos   | 4.8                     | 5.0                   | 4.3                  |
| Black or African American, Including<br>Hispanics or Latinos  | 10.1                    | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | 7.3                     | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 6.8                     | 8.3                   | 6.2                  |
| Hispanic or Latino  | 8.3                     | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>   |                         |                       |                      |
| Total (25-64 year olds)   | 4.4                     | 5.4                   | 4.4                  |
| Less than high school graduate  | 10.9                    | 9.1                   | 7.6                  |
| High school graduate  | 6.1                     | 7.0                   | 5.8                  |
| Some college or associate's degree  | 4.4                     | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 2.4                     | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                         |                       |                      |

## Central New York

| <b>Central New York Employment by Sector<br/>2024</b>   |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$66,944</b>                  | <b>336.8</b>                                | <b>100.0</b>                                     | <b>7.0</b>                          | <b>100.0</b>  |
| <i>Government</i>   | \$82,734                         | 63.8  | 18.9   | 4.8                                 | 13.2  |
| <i>Private</i>  | \$63,255                         | 273.0                                       | 81.1   | 7.6                                 | 86.8  |
| Utilities   | \$153,794                        | 3.8   | 1.1  | (6.8)                               | (1.3)   |
| Construction  | \$82,516                         | 13.9  | 4.1  | 3.4                                 | 2.0   |
| Manufacturing   | \$82,836                         | 30.4  | 9.0  | 2.4                                 | 3.3   |
| Wholesale Trade   | \$88,535                         | 13.7  | 4.1  | 12.4                                | 6.8   |
| Retail Trade  | \$39,998                         | 36.6  | 10.9   | 2.7                                 | 4.3   |
| Transportation and Warehousing <sup>1</sup>   | \$48,934                         | 16.5  | 4.9  | 64.7                                | 29.3  |
| Information   | \$74,351                         | 3.1   | 0.9  | (19.2)                              | (3.3)   |
| Finance and Insurance   | \$100,955                        | 9.3   | 2.8  | (12.2)                              | (5.8)   |
| Real Estate and Rental and Leasing  | \$59,166                         | 4.1   | 1.2  | 8.4                                 | 1.4   |
| Professional, Scientific, and Technical Services  | \$91,857                         | 16.5  | 4.9  | 0.5                                 | 0.4   |
| Management of Companies and Administrative and Waste Services   | \$105,224                        | 4.3   | 1.3  | (9.0)                               | (1.9)   |
| Administrative and Waste Services   | \$58,651                         | 16.9  | 5.0  | 21.5                                | 13.6  |
| Educational Services <sup>2</sup>   | \$64,848                         | 11.6  | 3.4  | (4.9)                               | (2.7)   |
| Health Care and Social Assistance   | \$62,745                         | 48.4  | 14.4   | 1.6                                 | 3.5   |
| Arts, Entertainment, and Recreation   | \$26,770                         | 5.1   | 1.5  | 63.6                                | 8.9   |
| Accommodation and Food Services   | \$26,966                         | 27.0  | 8.0  | 22.9                                | 22.7  |
| Other Services, Ex. Public Admin  | \$42,328                         | 10.8  | 3.2  | 6.5                                 | 3.0   |
| Note: Industries ranked by NAICS two digit code. Data include unclassified.   |                                  |   |  |                                     |   |
| <sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1. |                                  |   |  |                                     |   |
| <sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.  |                                  |   |  |                                     |   |
| Source: New York State Department of Labor.   |                                  |   |  |                                     |   |

## Central New York

| Central New York Wages by Sector<br>2024                      |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              | Change<br>2020-2024<br>(%) | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) |                            |  |
| <b>Total Nonfarm</b>  | <b>\$66,949</b> | <b>20.8</b>                | <b>22.6</b>           | <b>100.0</b> | <b>29.3</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$82,743        | 36.8                       | 5.3                   | 23.4         | 43.3                       | 31.2                                   |
| <i>Private</i>  | \$63,259        | 16.7                       | 17.3                  | 76.6         | 25.6                       | 68.8                                   |
| Utilities   | \$153,794       | 22.1                       | 0.6                   | 2.6          | 13.7                       | 1.4                                    |
| Construction  | \$82,522        | 25.5                       | 1.1                   | 5.1          | 29.8                       | 5.2                                    |
| Manufacturing   | \$82,836        | 17.6                       | 2.5                   | 11.2         | 20.5                       | 8.4                                    |
| Wholesale Trade   | \$88,538        | 22.8                       | 1.2                   | 5.4          | 38.0                       | 6.5                                    |
| Retail Trade  | \$40,001        | 18.6                       | 1.5                   | 6.5          | 21.7                       | 5.1                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$48,966        | (3.2)                      | 0.8                   | 3.6          | 59.5                       | 5.9                                    |
| Information   | \$74,351        | 17.9                       | 0.2                   | 1.0          | (4.8)                      | (0.2)                                  |
| Finance and Insurance   | \$100,955       | 15.8                       | 0.9                   | 4.2          | 1.7                        | 0.3                                    |
| Real Estate and Rental and Leasing                            | \$59,180        | 23.0                       | 0.2                   | 1.1          | 33.3                       | 1.2                                    |
| Professional, Scientific, and Technical Services              | \$91,879        | 20.3                       | 1.5                   | 6.7          | 20.9                       | 5.1                                    |
| Management of Companies and Administrative and Waste Services | \$105,224       | 11.5                       | 0.5                   | 2.0          | 1.5                        | 0.1                                    |
| Educational Services <sup>1</sup>                             | \$58,661        | 41.7                       | 1.0                   | 4.4          | 72.2                       | 8.1                                    |
| Health Care and Social Assistance                             | \$64,858        | 20.3                       | 0.8                   | 3.3          | 14.4                       | 1.8                                    |
| Arts, Entertainment, and Recreation                           | \$62,746        | 21.2                       | 3.0                   | 13.5         | 23.1                       | 11.2                                   |
| Accommodation and Food Services                               | \$26,770        | 15.0                       | 0.1                   | 0.6          | 88.2                       | 1.2                                    |
| Other Services, Ex. Public Admin                              | \$26,967        | 25.3                       | 0.7                   | 3.2          | 54.0                       | 5.0                                    |
|   | \$42,336        | 18.2                       | 0.5                   | 2.0          | 26.0                       | 0.5                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

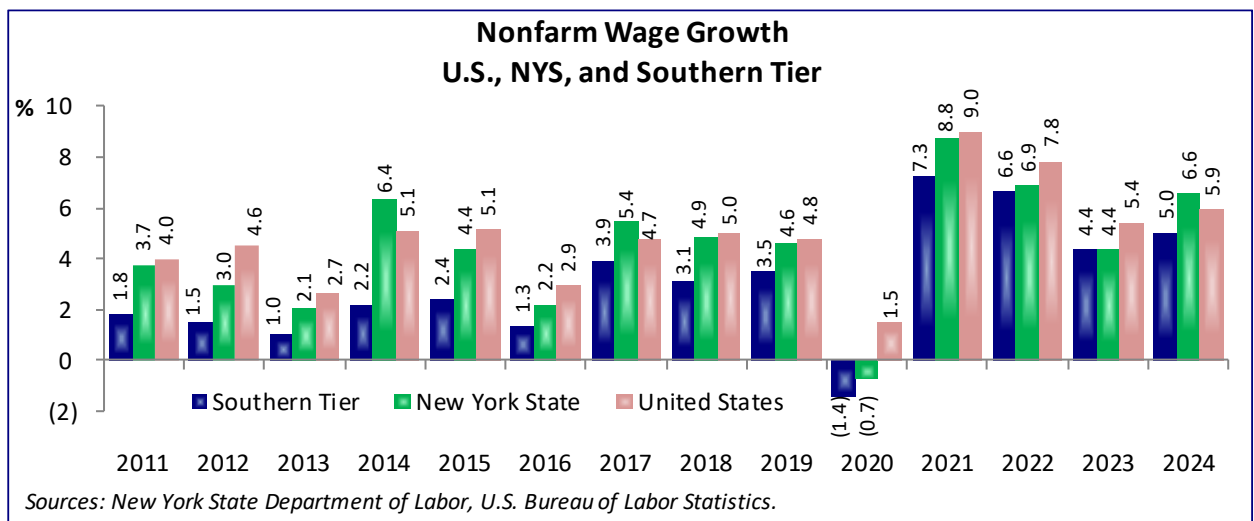
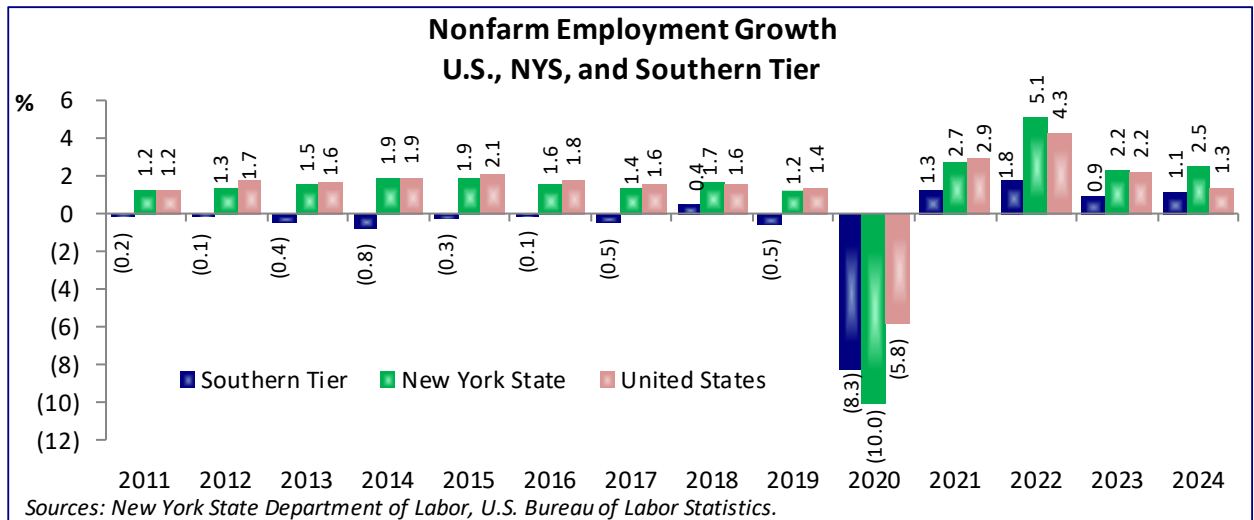
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Southern Tier

| Key Economic Indicators             |          |  |          |
|-------------------------------------|----------|--|----------|
| 2024                                |          |  |          |
| Employment (million) .....          | 0.247    | Share of State Personal Income (%) ..... | 2.1      |
| Share of State Employment (%) ..... | 2.6      | Per Capita Personal Income .....         | \$56,541 |
| Unemployment Rate (12/2025) (%)     | 4.0      | Population (million) .....               | 0.63     |
| Total Wages (billion) .....         | 16.1     | Share of State Population (%) .....      | 3.2      |
| Share of State Wages (%) .....      | 1.7      | Population Growth (%) .....              | (0.1)    |
| Average Wage .....                  | \$65,259 | Persons in Poverty .....                 | 87,365   |
| Personal Income (billion) .....     | \$35.6   | Poverty Rate (%) .....                   | 14.7     |

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



## Southern Tier

| <b>Southern Tier Unemployment Rate (%)</b><br><b>2019-2023 American Community Survey Five-Year Estimate</b>   |                      |                       |                      |
|---|----------------------|-----------------------|----------------------|
|   | <b>Southern Tier</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>5.9</b>           | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>   |                      |                       |                      |
| Male  | 6.7                  | 6.6                   | 4.9                  |
| Female  | 5.1                  | 6.0                   | 4.8                  |
| <b>By age group:</b>  |                      |                       |                      |
| 16-24   | 11.5                 | 13.4                  | 9.4                  |
| 25-34   | 6.3                  | 6.7                   | 4.4                  |
| 35-44   | 5.0                  | 5.1                   | 4.3                  |
| 45-54   | 4.2                  | 4.7                   | 3.9                  |
| 55+   | 4.0                  | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>  |                      |                       |                      |
| White, Including Hispanics or Latinos   | 5.5                  | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos   | 14.3                 | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | 5.3                  | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 8.3                  | 8.3                   | 6.2                  |
| Hispanic or Latino  | 7.9                  | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>   |                      |                       |                      |
| Total (25-64 year olds)   | 4.9                  | 5.4                   | 4.4                  |
| Less than high school graduate  | 9.8                  | 9.1                   | 7.6                  |
| High school graduate  | 7.4                  | 7.0                   | 5.8                  |
| Some college or associate's degree  | 4.4                  | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 2.9                  | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                      |                       |                      |



## Southern Tier

| Southern Tier Employment by Sector<br>2024                    |                         |                                    |  |                            |   |
|---|-------------------------|------------------------------------|--|----------------------------|---|
|   | Average<br>Wage<br>(\$) | Total<br>Employment<br>(Thousands) | Share of<br>Total<br>Employment<br>(%) | Change<br>2020-2024<br>(%) | Contribution<br>to Change<br>2020-2024<br>(%) |
| <b>Total Nonfarm</b>  | <b>\$65,259</b>         | <b>246.9</b>                       | <b>100.0</b>                           | <b>5.2</b>                 | <b>100.0</b>                                  |
| <i>Government</i>   | <i>\$70,001</i>         | <i>48.2</i>                        | <i>19.5</i>                            | <i>2.8</i>                 | <i>10.9</i>                                   |
| <i>Private</i>  | <i>\$64,109</i>         | <i>198.7</i>                       | <i>80.5</i>                            | <i>5.8</i>                 | <i>89.1</i>                                   |
| Utilities   | \$131,674               | 1.4                                | 0.6                                    | NA                         | NA  |
| Construction  | \$73,749                | 8.4                                | 3.4                                    | 12.9                       | 7.9   |
| Manufacturing   | \$86,285                | 31.1                               | 12.6                                   | 1.1                        | 2.8   |
| Wholesale Trade   | \$77,410                | 5.8                                | 2.4                                    | 0.9                        | 0.4   |
| Retail Trade  | \$37,408                | 26.9                               | 10.9                                   | (0.3)                      | (0.7)   |
| Transportation and Warehousing <sup>1</sup>                   | \$51,596                | 8.0                                | 3.2                                    | 49.7                       | 21.8  |
| Information   | \$64,460                | 2.7                                | 1.1                                    | (12.7)                     | (3.3)   |
| Finance and Insurance   | \$85,355                | 5.9                                | 2.4                                    | (7.0)                      | (3.6)   |
| Real Estate and Rental and Leasing                            | \$53,051                | 2.2                                | 0.9                                    | 3.9                        | 0.7   |
| Professional, Scientific, and Technical Services              | \$104,056               | 9.9                                | 4.0                                    | (0.8)                      | (0.6)   |
| Management of Companies and Administrative and Waste Services | \$154,030               | 3.1                                | 1.3                                    | 15.0                       | 3.4   |
| Administrative and Waste Services                             | \$49,920                | 6.6                                | 2.7                                    | 0.1                        | 0.1   |
| Educational Services <sup>2</sup>                             | NA                      | NA                                 | NA                                     | NA                         | NA  |
| Health Care and Social Assistance                             | \$63,021                | 38.1                               | 15.4                                   | 4.6                        | 13.9  |
| Arts, Entertainment, and Recreation                           | \$32,850                | 2.8                                | 1.1                                    | 48.5                       | 7.6   |
| Accommodation and Food Services                               | \$25,921                | 20.5                               | 8.3                                    | 28.2                       | 37.2  |
| Other Services, Ex. Public Admin                              | \$36,268                | 8.0                                | 3.2                                    | 7.1                        | 4.3   |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Southern Tier

| <b>Southern Tier Wages by Sector<br/>2024</b>                 |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              |                            | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) | Change<br>2020-2024<br>(%) |  |
| <b>Total Nonfarm</b>  | <b>\$65,251</b> | <b>19.2</b>                | <b>16.1</b>           | <b>100.0</b> | <b>25.3</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$70,001        | 29.2                       | 3.4                   | 20.9         | 32.8                       | 25.6                                   |
| <i>Private</i>  | \$64,099        | 16.8                       | 12.7                  | 79.1         | 23.5                       | 74.4                                   |
| Utilities   | \$131,674       | NA                         | 0.2                   | 1.1          | NA                         | NA                                     |
| Construction  | \$73,752        | 21.4                       | 0.6                   | 3.9          | 37.0                       | 5.1                                    |
| Manufacturing   | \$86,287        | 16.6                       | 2.7                   | 16.7         | 17.9                       | 12.5                                   |
| Wholesale Trade   | \$77,410        | 25.6                       | 0.5                   | 2.8          | 26.7                       | 2.9                                    |
| Retail Trade  | \$37,410        | 18.3                       | 1.0                   | 6.2          | 18.0                       | 4.7                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$51,596        | 12.2                       | 0.4                   | 2.6          | 67.9                       | 5.1                                    |
| Information   | \$64,466        | 20.9                       | 0.2                   | 1.1          | 5.5                        | 0.3                                    |
| Finance and Insurance   | \$85,355        | 16.6                       | 0.5                   | 3.1          | 8.5                        | 1.2                                    |
| Real Estate and Rental and Leasing                            | \$53,051        | 27.4                       | 0.1                   | 0.7          | 32.4                       | 0.9                                    |
| Professional, Scientific, and Technical Services              | \$103,859       | 17.1                       | 1.0                   | 6.4          | 16.2                       | 4.4                                    |
| Management of Companies and Administrative and Waste Services | \$154,030       | 23.6                       | 0.5                   | 3.0          | 42.2                       | 4.4                                    |
|   | \$49,920        | 22.3                       | 0.3                   | 2.0          | 22.4                       | 1.9                                    |
| Educational Services <sup>1</sup>                             | NA              | NA                         | NA                    | NA           | NA                         | NA                                     |
| Health Care and Social Assistance                             | \$63,021        | 21.2                       | 2.4                   | 14.9         | 26.8                       | 15.6                                   |
| Arts, Entertainment, and Recreation                           | \$32,875        | (2.2)                      | 0.1                   | 0.6          | 45.3                       | 0.9                                    |
| Accommodation and Food Services                               | \$25,924        | 25.2                       | 0.5                   | 3.3          | 60.6                       | 6.2                                    |
| Other Services, Ex. Public Admin                              | \$36,269        | 22.4                       | 0.3                   | 1.8          | 31.1                       | 0.5                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

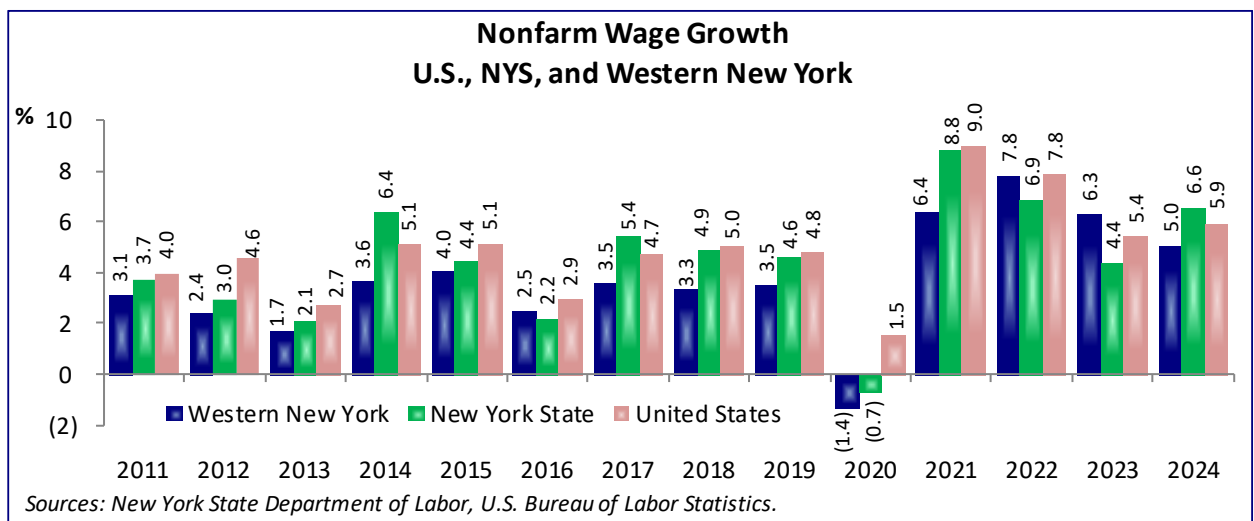
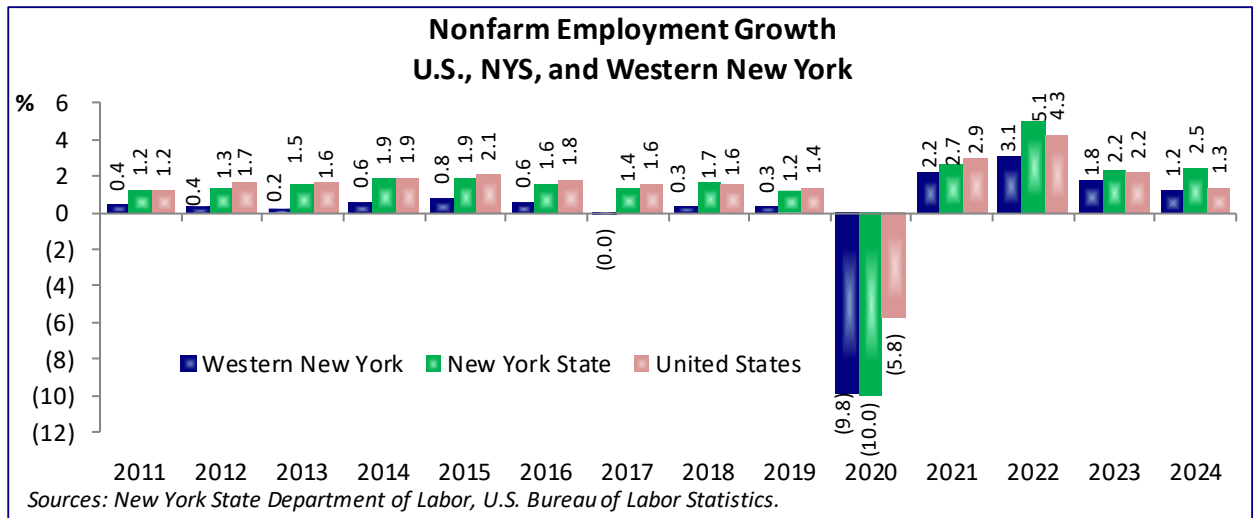
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Western New York

| Key Economic Indicators             |          |  |          |
|-------------------------------------|----------|--|----------|
| 2024                                |          |  |          |
| Employment (million) .....          | 0.619    | Share of State Personal Income (%) ..... | 5.1      |
| Share of State Employment (%) ..... | 6.4      | Per Capita Personal Income .....         | \$61,464 |
| Unemployment Rate (12/2025) (%)     | 4.1      | Population (million) .....               | 1.41     |
| Total Wages (billion) .....         | 39.6     | Share of State Population (%) .....      | 7.1      |
| Share of State Wages (%) .....      | 4.3      | Population Growth (%) .....              | 0.1      |
| Average Wage .....                  | \$63,901 | Persons in Poverty .....                 | 188,131  |
| Personal Income (billion) .....     | \$86.5   | Poverty Rate (%) .....                   | 13.8     |

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



## Western New York

| <b>Western New York Unemployment Rate (%)</b>   |                         |                       |                      |
|---|-------------------------|-----------------------|----------------------|
| <b>2019-2023 American Community Survey Five-Year Estimate</b>   |                         |                       |                      |
|   | <b>Western New York</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>   | <b>5.2</b>              | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>   |                         |                       |                      |
| Male  | 5.6                     | 6.6                   | 4.9                  |
| Female  | 4.8                     | 6.0                   | 4.8                  |
| <b>By age group:</b>  |                         |                       |                      |
| 16-24   | 10.1                    | 13.4                  | 9.4                  |
| 25-34   | 5.4                     | 6.7                   | 4.4                  |
| 35-44   | 4.3                     | 5.1                   | 4.3                  |
| 45-54   | 4.0                     | 4.7                   | 3.9                  |
| 55+   | 4.0                     | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>  |                         |                       |                      |
| White, Including Hispanics or Latinos   | 4.8                     | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos   | 7.8                     | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos   | 4.8                     | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos  | 6.7                     | 8.3                   | 6.2                  |
| Hispanic or Latino  | 7.2                     | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>   |                         |                       |                      |
| Total (25-64 year olds)   | 4.5                     | 5.4                   | 4.4                  |
| Less than high school graduate  | 9.8                     | 9.1                   | 7.6                  |
| High school graduate  | 6.2                     | 7.0                   | 5.8                  |
| Some college or associate's degree  | 4.8                     | 6.1                   | 4.6                  |
| Bachelor's degree or higher   | 2.6                     | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: New York State Department of Labor; U.S. Census Bureau.</p> |                         |                       |                      |

## Western New York

| <b>Western New York Employment by Sector<br/>2024</b>         |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$63,901</b>                  | <b>619.1</b>                                | <b>100.0</b>                                     | <b>8.6</b>                          | <b>100.0</b>  |
| <i>Government</i>   | \$79,667                         | 107.0                                       | 17.3   | 4.4                                 | 9.3   |
| <i>Private</i>  | \$60,608                         | 512.1                                       | 82.7   | 9.5                                 | 90.7  |
| Utilities   | \$135,099                        | 1.7   | 0.3  | 24.2                                | 0.7   |
| Construction  | \$76,062                         | 23.6  | 3.8  | 10.6                                | 4.6   |
| Manufacturing   | \$78,592                         | 65.2  | 10.5   | 6.6                                 | 8.2   |
| Wholesale Trade   | \$90,011                         | 20.2  | 3.3  | 0.2                                 | 0.1   |
| Retail Trade  | \$38,335                         | 67.6  | 10.9   | 6.2                                 | 8.0   |
| Transportation and Warehousing <sup>1</sup>                   | \$50,351                         | 26.4  | 4.3  | 49.8                                | 17.9  |
| Information   | \$76,644                         | 5.9   | 0.9  | (8.5)                               | (1.1)   |
| Finance and Insurance   | \$96,441                         | 26.2  | 4.2  | (10.7)                              | (6.4)   |
| Real Estate and Rental and Leasing                            | \$56,970                         | 7.8   | 1.3  | 7.6                                 | 1.1   |
| Professional, Scientific, and Technical Services              | \$85,385                         | 27.6  | 4.5  | 0.2                                 | 0.1   |
| Management of Companies and Administrative and Waste Services | \$108,336                        | 12.4  | 2.0  | 1.3                                 | 0.3   |
| Administrative and Waste Services                             | \$54,961                         | 33.0  | 5.3  | 24.4                                | 13.2  |
| Educational Services <sup>2</sup>                             | \$43,546                         | 16.6  | 2.7  | 8.5                                 | 2.7   |
| Health Care and Social Assistance                             | \$60,369                         | 90.2  | 14.6   | 4.0                                 | 7.0   |
| Arts, Entertainment, and Recreation                           | \$73,367                         | 9.4   | 1.5  | 50.8                                | 6.5   |
| Accommodation and Food Services                               | \$26,031                         | 55.4  | 8.9  | 26.6                                | 23.8  |
| Other Services, Ex. Public Admin                              | \$38,093                         | 20.8  | 3.4  | 4.3                                 | 1.7   |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Western New York

| <b>Western New York Wages by Sector<br/>2024</b>              |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              |                            | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) | Change<br>2020-2024<br>(%) |  |
| <b>Total Nonfarm</b>  | <b>\$63,902</b> | <b>17.9</b>                | <b>39.6</b>           | <b>100.0</b> | <b>28.0</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$79,667        | 25.4                       | 8.5                   | 21.5         | 31.0                       | 23.3                                   |
| <i>Private</i>  | \$60,609        | 16.2                       | 31.0                  | 78.5         | 27.2                       | 76.7                                   |
| Utilities   | \$135,099       | 17.4                       | 0.2                   | 0.6          | 45.8                       | 0.9                                    |
| Construction  | \$76,065        | 19.7                       | 1.8                   | 4.5          | 32.3                       | 5.1                                    |
| Manufacturing   | \$78,601        | 16.2                       | 5.1                   | 13.0         | 23.8                       | 11.4                                   |
| Wholesale Trade   | \$90,017        | 19.5                       | 1.8                   | 4.6          | 19.8                       | 3.5                                    |
| Retail Trade  | \$38,337        | 18.8                       | 2.6                   | 6.6          | 26.1                       | 6.2                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$50,354        | 12.3                       | 1.3                   | 3.4          | 68.3                       | 6.2                                    |
| Information   | \$76,658        | 7.9                        | 0.4                   | 1.1          | (1.3)                      | (0.1)                                  |
| Finance and Insurance   | \$96,441        | 25.7                       | 2.5                   | 6.4          | 12.3                       | 3.2                                    |
| Real Estate and Rental and Leasing                            | \$56,970        | 13.6                       | 0.4                   | 1.1          | 22.2                       | 0.9                                    |
| Professional, Scientific, and Technical Services              | \$85,386        | 19.5                       | 2.4                   | 6.0          | 19.7                       | 4.5                                    |
| Management of Companies and Administrative and Waste Services | \$108,336       | 18.9                       | 1.3                   | 3.4          | 20.4                       | 2.6                                    |
| Educational Services <sup>1</sup>                             | \$54,959        | 29.5                       | 1.8                   | 4.6          | 61.1                       | 8.0                                    |
| Health Care and Social Assistance                             | \$43,546        | 9.2                        | 0.7                   | 1.8          | 18.5                       | 1.3                                    |
| Arts, Entertainment, and Recreation                           | \$60,371        | 19.7                       | 5.4                   | 13.8         | 24.5                       | 12.4                                   |
| Accommodation and Food Services                               | \$73,369        | (10.9)                     | 0.7                   | 1.7          | 34.3                       | 2.0                                    |
| Other Services, Ex. Public Admin                              | \$26,039        | 24.8                       | 1.4                   | 3.6          | 58.0                       | 6.1                                    |
|   | \$38,093        | 19.2                       | 0.8                   | 2.0          | 24.2                       | 0.6                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

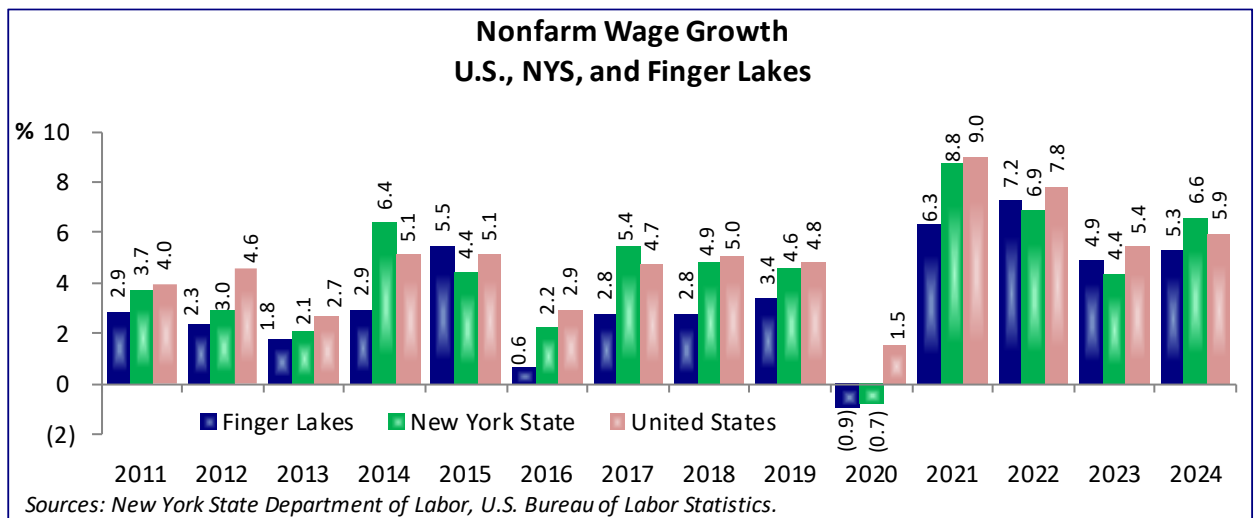
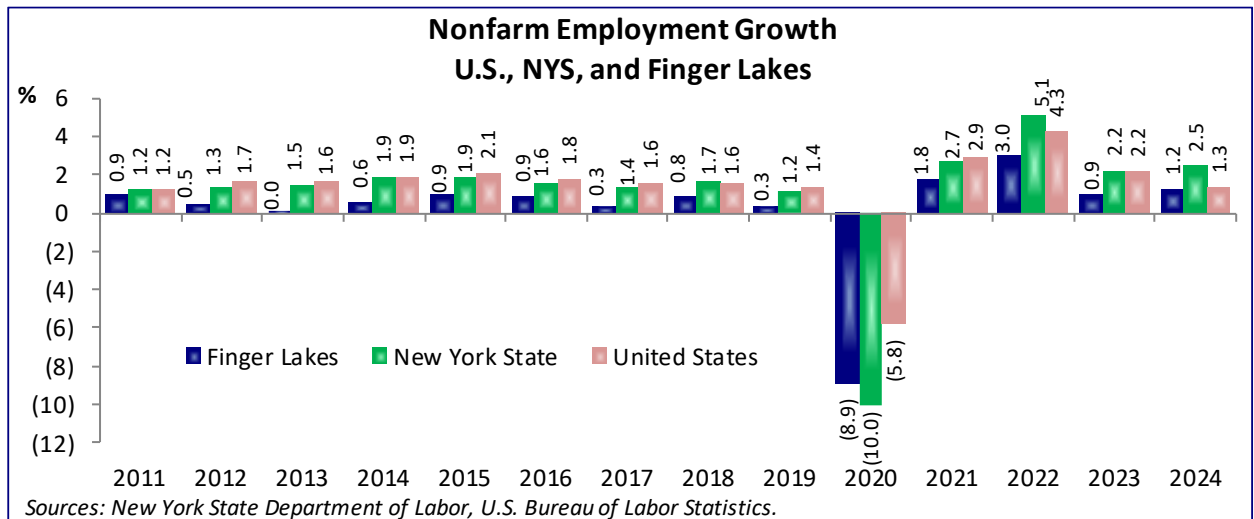
<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## Finger Lakes

| Key Economic Indicators<br>2024     |          |  |          |
|-------------------------------------|----------|--|----------|
| Employment (million) .....          | 0.541    | Share of State Personal Income (%) ..... | 4.6      |
| Share of State Employment (%) ..... | 5.6      | Per Capita Personal Income .....         | \$64,048 |
| Unemployment Rate (12/2025) (%)     | 3.7      | Population (million) .....               | 1.21     |
| Total Wages (billion) .....         | 35.2     | Share of State Population (%) .....      | 6.1      |
| Share of State Wages (%) .....      | 3.8      | Population Growth (%) .....              | 0.2      |
| Average Wage .....                  | \$64,972 | Persons in Poverty .....                 | 149,166  |
| Personal Income (billion) .....     | \$77.6   | Poverty Rate (%) .....                   | 12.8     |

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



## Finger Lakes

| <b>Finger Lakes Unemployment Rate (%)</b>  |                     |                       |                      |
|--|---------------------|-----------------------|----------------------|
| <b>2019-2023 American Community Survey Five-Year Estimate</b>  |                     |                       |                      |
|  | <b>Finger Lakes</b> | <b>New York State</b> | <b>United States</b> |
| <b>Total, 16 years and over</b>  | <b>4.8</b>          | <b>6.3</b>            | <b>5.2</b>           |
| <b>By gender:</b>  |                     |                       |                      |
| Male   | 5.2                 | 6.6                   | 4.9                  |
| Female   | 4.4                 | 6.0                   | 4.8                  |
| <b>By age group:</b>   |                     |                       |                      |
| 16-24  | 8.8                 | 13.4                  | 9.4                  |
| 25-34  | 5.8                 | 6.7                   | 4.4                  |
| 35-44  | 4.7                 | 5.1                   | 4.3                  |
| 45-54  | 3.0                 | 4.7                   | 3.9                  |
| 55+  | 3.2                 | 4.8                   | 2.8                  |
| <b>By race or ethnicity:</b>   |                     |                       |                      |
| White, Including Hispanics or Latinos  | 3.9                 | 5.0                   | 4.3                  |
| Black or African American, Including Hispanics or Latinos  | 9.2                 | 9.3                   | 8.7                  |
| Asian, Including Hispanics or Latinos  | 4.2                 | 5.7                   | 4.3                  |
| Other Race, Including Hispanics or Latinos   | 8.5                 | 8.3                   | 6.2                  |
| Hispanic or Latino   | 8.9                 | 8.3                   | 6.0                  |
| <b>By educational attainment:</b>  |                     |                       |                      |
| Total (25-64 year olds)  | 4.1                 | 5.4                   | 4.4                  |
| Less than high school graduate   | 10.0                | 9.1                   | 7.6                  |
| High school graduate   | 5.4                 | 7.0                   | 5.8                  |
| Some college or associate's degree   | 4.4                 | 6.1                   | 4.6                  |
| Bachelor's degree or higher  | 2.5                 | 3.7                   | 2.8                  |
| <p>Note: The above estimates are based on survey data collected over a rolling five-year period, from 2019-2023. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.</p> <p>Sources: <i>New York State Department of Labor; U.S. Census Bureau.</i></p> |                     |                       |                      |



## Finger Lakes

| <b>Finger Lakes Employment by Sector<br/>2024</b>   |                                  |   |  |                                     |   |
|---|----------------------------------|---|--|-------------------------------------|---|
|   | <b>Average<br/>Wage<br/>(\$)</b> | <b>Total<br/>Employment<br/>(Thousands)</b> | <b>Share of<br/>Total<br/>Employment<br/>(%)</b> | <b>Change<br/>2020-2024<br/>(%)</b> | <b>Contribution<br/>to Change<br/>2020-2024<br/>(%)</b> |
| <b>Total Nonfarm</b>  | <b>\$64,972</b>                  | <b>541.4</b>                                | <b>100.0</b>                                     | <b>7.1</b>                          | <b>100.0</b>  |
| <i>Government</i>   | \$70,541                         | 84.0  | 15.5   | 3.4                                 | 7.6   |
| <i>Private</i>  | \$63,949                         | 457.4                                       | 84.5   | 7.8                                 | 92.4  |
| Utilities   | \$161,128                        | 2.0   | 0.4  | 21.5                                | 1.0   |
| Construction  | \$79,271                         | 24.6  | 4.5  | 15.1                                | 9.0   |
| Manufacturing   | \$77,090                         | 57.6  | 10.6   | (4.8)                               | (8.1)   |
| Wholesale Trade   | \$98,745                         | 17.0  | 3.1  | 4.5                                 | 2.0   |
| Retail Trade  | \$39,483                         | 56.0  | 10.3   | 1.8                                 | 2.8   |
| Transportation and Warehousing <sup>1</sup>   | \$55,018                         | 19.3  | 3.6  | 71.3                                | 22.3  |
| Information   | \$88,746                         | 5.8   | 1.1  | (12.1)                              | (2.2)   |
| Finance and Insurance   | \$103,531                        | 14.6  | 2.7  | (3.7)                               | (1.5)   |
| Real Estate and Rental and Leasing  | \$68,136                         | 7.6   | 1.4  | 11.6                                | 2.2   |
| Professional, Scientific, and Technical Services  | \$91,521                         | 25.4  | 4.7  | (4.4)                               | (3.3)   |
| Management of Companies and Administrative and Waste Services   | \$111,787                        | 10.9  | 2.0  | 11.8                                | 3.2   |
| Educational Services <sup>2</sup>   | \$58,980                         | 25.9  | 4.8  | (1.3)                               | (1.0)   |
| Health Care and Social Assistance   | \$82,465                         | 30.1  | 5.6  | 8.9                                 | 6.8   |
| Arts, Entertainment, and Recreation   | \$58,272                         | 92.4  | 17.1   | 8.5                                 | 20.1  |
| Accommodation and Food Services   | \$25,899                         | 9.5   | 1.7  | 63.2                                | 10.2  |
| Other Services, Ex. Public Admin  | \$26,529                         | 41.2  | 7.6  | 26.9                                | 24.2  |
|   | \$42,183                         | 15.6  | 2.9  | 5.1                                 | 2.1   |
| Note: Industries ranked by NAICS two digit code. Data include unclassified.   |                                  |   |  |                                     |   |
| <sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1. |                                  |   |  |                                     |   |
| <sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.  |                                  |   |  |                                     |   |
| Source: New York State Department of Labor.   |                                  |   |  |                                     |   |

## Finger Lakes

| <b>Finger Lakes Wages by Sector<br/>2024</b>                  |                 |                            |                       |              |                            |  |
|---|-----------------|----------------------------|-----------------------|--------------|----------------------------|--|
|   | Average         |                            | Total                 |              | Change<br>2020-2024<br>(%) | Contribution<br>to Change<br>2020-2024 |
|   | Level<br>(\$)   | Change<br>2020-2024<br>(%) | Level<br>(Billion \$) | Share<br>(%) |                            |  |
| <b>Total Nonfarm</b>  | <b>\$64,969</b> | <b>17.5</b>                | <b>35.2</b>           | <b>100.0</b> | <b>25.9</b>                | <b>100.0</b>                           |
| <i>Government</i>   | \$70,541        | 24.0                       | 5.9                   | 16.8         | 28.2                       | 18.0                                   |
| <i>Private</i>  | \$63,946        | 16.3                       | 29.3                  | 83.2         | 25.4                       | 82.0                                   |
| Utilities   | \$161,128       | 28.4                       | 0.3                   | 0.9          | 56.1                       | 1.6                                    |
| Construction  | \$79,281        | 20.0                       | 1.9                   | 5.5          | 38.1                       | 7.4                                    |
| Manufacturing   | \$77,090        | 12.7                       | 4.4                   | 12.6         | 7.2                        | 4.1                                    |
| Wholesale Trade   | \$98,761        | 24.5                       | 1.7                   | 4.8          | 30.0                       | 5.4                                    |
| Retail Trade  | \$39,483        | 20.1                       | 2.2                   | 6.3          | 22.2                       | 5.6                                    |
| Transportation and Warehousing <sup>1</sup>                   | \$55,018        | 22.0                       | 1.1                   | 3.0          | 109.0                      | 7.7                                    |
| Information   | \$88,789        | 22.2                       | 0.5                   | 1.5          | 7.4                        | 0.5                                    |
| Finance and Insurance   | \$103,561       | 17.1                       | 1.5                   | 4.3          | 12.9                       | 2.4                                    |
| Real Estate and Rental and Leasing                            | \$68,136        | 15.7                       | 0.5                   | 1.5          | 29.1                       | 1.6                                    |
| Professional, Scientific, and Technical Services              | \$91,493        | 17.3                       | 2.3                   | 6.6          | 12.1                       | 3.5                                    |
| Management of Companies and Administrative and Waste Services | \$111,814       | 6.6                        | 1.2                   | 3.5          | 19.2                       | 2.7                                    |
| Educational Services <sup>1</sup>                             | \$58,980        | 39.9                       | 1.5                   | 4.3          | 38.0                       | 5.8                                    |
| Health Care and Social Assistance                             | \$82,465        | 16.4                       | 2.5                   | 7.1          | 26.8                       | 7.2                                    |
| Arts, Entertainment, and Recreation                           | \$58,270        | 19.4                       | 5.4                   | 15.3         | 29.5                       | 16.9                                   |
| Accommodation and Food Services                               | \$25,919        | 6.6                        | 0.2                   | 0.7          | 73.9                       | 1.4                                    |
| Other Services, Ex. Public Admin                              | \$26,515        | 24.4                       | 1.1                   | 3.1          | 57.8                       | 5.5                                    |
|   | \$42,183        | 19.4                       | 0.7                   | 1.9          | 25.5                       | 0.6                                    |

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

<sup>1</sup> The significant growth in the transportation and warehousing sector is attributed to data revisions starting 2024Q1.

<sup>2</sup> Includes only private employment. Public education and health care employment is included in the government sector.

Source: New York State Department of Labor.

## REVENUE FORECAST

### Overview – Revenue Summary

#### State Fiscal Year 2025-26

##### *All Funds Revenues*

The NYS Assembly Ways and Means Committee estimates that All Funds revenues will total \$262.4 billion in SFY 2025-26, an increase of 5.4 percent or \$13.4 billion. This increase can be attributed to strong growth in total tax collections and miscellaneous receipts, along with marginal growth in federal funds receipts.

##### *All Funds Tax Receipts*

The NYS Assembly Ways and Means Committee’s All Funds tax revenue estimate for SFY 2025-26 is \$125.2 billion, representing an increase of 6.6 percent or \$7.7 billion from SFY 2024-25 (see Table 20).

**Table 20**

| <b>SFY 2025-26 All Funds Estimate Summary</b>      |                |                 |               |               |              |
|--|----------------|-----------------|---------------|---------------|--------------|
| (\$ in millions)                                   |                |                 |               |               |              |
|  | <b>2024-25</b> | <b>2025-26</b>  |               |               | <b>Diff.</b> |
|  | <b>Actual</b>  | <b>Estimate</b> | <b>Change</b> | <b>Growth</b> | <b>Exec.</b> |
| Personal Income Tax                                | 61,201         | 67,930          | 6,729         | 11.0%         | 30           |
| User Taxes   | 22,352         | 23,612          | 1,260         | 5.6%          | 51           |
| Business Taxes                                     | 31,373         | 30,691          | (682)         | (2.2%)        | (47)         |
| Other Taxes  | 2,586          | 2,996           | 410           | 15.8%         | (11)         |
| <b>Total Tax Collections</b>                       | <b>117,512</b> | <b>125,228</b>  | <b>7,716</b>  | <b>6.6%</b>   | <b>22</b>    |
| All Funds Miscellaneous Receipts                   | 29,900         | 35,044          | 5,144         | 17.2%         | 48           |
| Gaming   | 4,861          | 5,014           | 153           | 3.2%          | 28           |
| <b>Total w/Miscellaneous Receipts &amp; Gaming</b> | <b>152,273</b> | <b>165,287</b>  | <b>13,014</b> | <b>8.5%</b>   | <b>99</b>    |
| Federal Funds                                      | 96,713         | 97,072          | 359           | 0.4%          | -            |
| <b>Total All Funds Receipts</b>                    | <b>248,986</b> | <b>262,359</b>  | <b>13,373</b> | <b>5.4%</b>   | <b>99</b>    |

\* Totals may not add up due to rounding.

The Committee’s All Funds revenue estimate is \$99 million above the Executive estimate, primarily due to a \$48 million positive variance in miscellaneous receipts.

## Personal Income Taxes

The NYS Assembly Ways and Means Committee estimates that PIT receipts will total \$67.9 billion in SFY 2025-26, representing an increase of 11 percent or \$6.7 billion above last year's level. Gross receipts are expected to increase by 11.6 percent, or \$9 billion from SFY 2024-25, including a 20.9 percent or \$2.6 billion increase in estimated payments, and a 8.7 percent or \$5.2 billion increase in withholding collections (see Table 21). Total refunds are anticipated to increase by 13.6 percent or \$2.3 billion, primarily related to a \$1.9 billion increase in prior year refunds. This sharp increase in prior year refunds is attributable to the one-time \$2 billion Inflation Refund Credit included as part of the SFY 2025-26 Enacted Budget.

The SFY 2025-26 estimates reflect continued growth in New York State employment, as well as bonus and non-bonus wages, which has driven increased withholding tax collections. Additionally, capital gains growth, which was particularly strong in tax year 2024, has maintained strong growth in tax year 2025. This has contributed to a year-to-date increase of 20.9 percent in estimated tax collections through January.

While the Committee expects PIT receipts to increase, the PTET continues to have a significant impact on overall PIT collections. The PTET provides individual partners, members, and shareholders of a pass-through entity with a refundable tax credit on their New York State income tax return equal to the proportionate or pro rata share of taxes paid by the electing entity. These credits are projected to reduce PIT collections by \$16.8 billion in SFY 2025-26.

## User Taxes

User taxes are estimated to total \$23.6 billion in SFY 2025-26, an increase of 5.6 percent or \$1.3 billion from SFY 2024-25 levels. Sales tax revenue is estimated to increase by \$1.2 billion or 6.1 percent, primarily due to continued strength in consumer demand and sustained elevated nominal prices of various goods and services.

## Business Taxes

Overall, business taxes are estimated to decrease by 2.2 percent or \$682 million, for a total of \$30.7 billion. This decrease reflects an anticipated decrease in almost all major business tax components, including a \$876 million decrease in corporate franchise tax collections. This decrease is partially offset by a \$689 increase in PTET collections (see Table 21). The Committee accepts the Executive assumptions with regard to audit collections.

## Other Taxes

Other taxes are estimated to total \$3 billion, an increase of \$410 million or 15.8 percent above SFY 2024-25 levels. This increase primarily reflects a \$208 million increase in estate and gift tax collections and a \$200 million increase in real estate transfer tax collections.

## Gaming

The Committee anticipates an overall fiscal year increase in gaming receipts of \$153 million or 3.2 percent, for a total of \$5 billion. This growth is bolstered by strong mobile sports wagering receipts of \$1.3 billion, an increase of \$193 million or 17.3 percent over prior year collections (see Table 21).

## Revenue Table, State Current Fiscal Year 2025-26

**Table 21**

| All Funds Collections SFY 2025-26<br>(\$ in millions)   |                |                |               |               |              |
|---|----------------|----------------|---------------|---------------|--------------|
|   | 2024-25        | 2025-26        |               |               | Diff.        |
|   | Actual         | Estimate       | Change        | Growth        | Exec.        |
| <b>Personal Income Tax</b>                              | <b>61,201</b>  | <b>67,930</b>  | <b>6,729</b>  | <b>11.0%</b>  | <b>30</b>    |
| <b>Gross Receipts</b>                                   | <b>77,736</b>  | <b>86,720</b>  | <b>8,984</b>  | <b>11.6%</b>  | <b>(240)</b> |
| Withholding   | 59,827         | 65,037         | 5,210         | 8.7%          | (134)        |
| Estimated Payments                                      | 12,299         | 14,872         | 2,573         | 20.9%         | (177)        |
| Vouchers  | 7,444          | 9,016          | 1,572         | 21.1%         | (176)        |
| IT 370s   | 4,855          | 5,857          | 1,002         | 20.6%         | (0)          |
| Final Payments  | 3,661          | 4,696          | 1,035         | 28.3%         | 75           |
| Delinquencies   | 1,949          | 2,115          | 166           | 8.5%          | (4)          |
| <b>Total Refunds</b>                                    | <b>16,535</b>  | <b>18,791</b>  | <b>2,256</b>  | <b>13.6%</b>  | <b>(269)</b> |
| <b>Net Collections</b>                                  | <b>61,201</b>  | <b>67,930</b>  | <b>6,729</b>  | <b>11.0%</b>  | <b>30</b>    |
| <b>User Taxes and Fees</b>                              | <b>22,352</b>  | <b>23,612</b>  | <b>1,260</b>  | <b>5.6%</b>   | <b>51</b>    |
| Sales and Use Tax                                       | 20,350         | 21,583         | 1,233         | 6.1%          | 36           |
| Motor Fuel Tax  | 487            | 491            | 4             | 0.9%          | 5            |
| Cigarette & Tobacco Tax                                 | 798            | 735            | (63)          | (7.9%)        | (2)          |
| Vapor Tax   | 21             | 20             | (1)           | (5.7%)        | 1            |
| Highway Use Tax   | 138            | 131            | (7)           | (4.8%)        | (4)          |
| Alcoholic Beverage Tax                                  | 269            | 268            | (1)           | (0.2%)        | 0            |
| Opioid Tax  | 21             | 22             | 1             | 7.1%          | (1)          |
| Medical Cannabis Excise Tax                             | 4              | 2              | (2)           | (39.2%)       | (1)          |
| Adult-Use Cannabis Tax                                  | 125            | 209            | 84            | 67.2%         | 15           |
| Auto Rental Tax**                                       | 137            | 148            | 11            | 8.0%          | 0            |
| Peer to Peer Car Sharing Tax                            | 2              | 1              | (1)           | (50.0%)       | 0            |
| <b>Business Taxes</b>                                   | <b>31,373</b>  | <b>30,691</b>  | <b>(682)</b>  | <b>(2.2%)</b> | <b>(47)</b>  |
| Corporate Franchise Tax                                 | 8,676          | 7,800          | (876)         | (10.1%)       | (37)         |
| Utility Tax   | 516            | 532            | 16            | 3.1%          | 29           |
| Insurance Tax   | 3,006          | 2,794          | (212)         | (7.1%)        | (41)         |
| Bank Tax  | 333            | 84             | (249)         | (74.8%)       | 0            |
| Pass-Through Entity Tax                                 | 17,781         | 18,470         | 689           | 3.9%          | 0            |
| Petroleum Business Tax                                  | 1,061          | 1,011          | (50)          | (4.7%)        | 2            |
| <b>Other Taxes</b>                                      | <b>2,586</b>   | <b>2,996</b>   | <b>410</b>    | <b>15.8%</b>  | <b>(11)</b>  |
| Estate Tax  | 1,301          | 1,509          | 208           | 16.0%         | (79)         |
| Real Estate Transfer Tax                                | 1,257          | 1,457          | 200           | 15.9%         | 70           |
| Employer Compensation Expense Program                   | 15             | 17             | 2             | 13.2%         | (1)          |
| Pari Mutuel Tax   | 11             | 12             | 1             | 13.2%         | (1)          |
| Other Taxes   | 2              | 1              | (1)           | (50.0%)       | 0            |
| <b>Total All Funds Taxes</b>                            | <b>117,512</b> | <b>125,228</b> | <b>7,716</b>  | <b>6.6%</b>   | <b>22</b>    |
| All Funds Miscellaneous Receipts**                      | 29,900         | 35,044         | 5,144         | 17.2%         | 48           |
| Gaming  | 4,861          | 5,014          | 153           | 3.2%          | 28           |
| <b>Total Taxes, Miscellaneous Receipts &amp; Gaming</b> | <b>152,273</b> | <b>165,287</b> | <b>13,014</b> | <b>8.5%</b>   | <b>99</b>    |
| Federal Funds   | 96,713         | 97,072         | 359           | 0             | 0            |
| <b>Total All Funds Receipts</b>                         | <b>248,986</b> | <b>262,359</b> | <b>13,373</b> | <b>5.4%</b>   | <b>99</b>    |

\* Totals may not add up due to rounding.

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

## State Fiscal Year 2026-27

As measured by inflation-adjusted GDP, the Committee estimates that the national economy grew by 2.2 percent in 2025, a moderate slowdown from 2.8 percent in 2024. Growth of national output is forecast to increase slightly to an estimated 2.4 percent in 2026 and slow to 1.9 percent in 2027 (see the Economic section).

### All Funds Revenues

The Committee expects a 2.2 percent or \$5.7 billion decrease in All Funds revenues for SFY 2026-27, totaling \$256.6 billion. This decrease is attributable to a sharp \$9.3 billion decrease in federal funds, and a \$2.1 billion decrease in business tax collections. This is partially offset by a projected \$5.3 billion increase in PIT collections and a \$827 million increase in user tax collections (see Table 22).

### All Funds Tax Receipts

The Committee expects a 3.3 percent or \$4.2 billion increase in All Funds tax receipts in SFY 2026-27, for a total of \$129.4 billion.

The Committee's total All Funds revenue forecast is \$1.9 billion above the Executive forecast. The Committee's net PIT forecast is \$1.4 billion above the Executive forecast.

**Table 22**

| <b>SFY 2026-27 All Funds Forecast Summary</b>      |                 |                 |                |               |              |
|--|-----------------|-----------------|----------------|---------------|--------------|
| <b>(\$ in millions)</b>                            |                 |                 |                |               |              |
|  | <b>2025-26</b>  | <b>2026-27</b>  |                |               | <b>Diff.</b> |
|  | <b>Estimate</b> | <b>Forecast</b> | <b>Change</b>  | <b>Growth</b> | <b>Exec.</b> |
| Personal Income Tax                                | 67,930          | 73,279          | 5,349          | 7.9%          | 1,352        |
| User Taxes   | 23,612          | 24,439          | 827            | 3.5%          | 197          |
| Business Taxes                                     | 30,691          | 28,604          | (2,087)        | (6.8%)        | 141          |
| Other Taxes  | 2,996           | 3,064           | 69             | 2.3%          | 53           |
| <b>Total Tax Collections</b>                       | <b>125,228</b>  | <b>129,386</b>  | <b>4,158</b>   | <b>3.3%</b>   | <b>1,743</b> |
| All Funds Miscellaneous Receipts                   | 35,044          | 34,447          | (597)          | (1.7%)        | 46           |
| Gaming   | 5,014           | 5,065           | 50             | 1.0%          | 98           |
| <b>Total w/Miscellaneous Receipts &amp; Gaming</b> | <b>165,287</b>  | <b>168,898</b>  | <b>3,612</b>   | <b>2.2%</b>   | <b>1,887</b> |
| Federal Funds                                      | 97,072          | 87,735          | (9,337)        | (9.6%)        | -            |
| <b>Total All Funds Receipts</b>                    | <b>262,359</b>  | <b>256,633</b>  | <b>(5,725)</b> | <b>(2.2%)</b> | <b>1,887</b> |

\* Totals may not add up due to rounding.

## Personal Income Taxes

Overall, net PIT are forecast to total \$73.3 billion, which is \$5.3 billion or 7.9 percent, above the SFY 2025-26 estimates.

The projected year-to-year increase primarily reflects moderate growth in withholding collections, the overwhelmingly largest component of PIT collections, and strong growth in estimated payment collections. These collections are driven by continued growth in total wages and non-wage income.

Total refunds are projected to decrease moderately by 1.1 percent or \$202 million. The expiration of the one-time \$2 billion Inflation Refund Credit mentioned previously will lead to a significant decrease in prior year refunds, which contributes to the projected year-over-year increase in net PIT collections.

Despite the projected increase in overall PIT collections, actions effectuated as part of the SFY 2025-26 Enacted Budget, such as the middle-class tax cuts (\$542 million) and the first year of the temporarily enhanced Empire State Child Credit (\$471 million), will negatively impact PIT collections in SFY 2026-27.

## User Taxes

All Funds user taxes are forecast to total \$24.4 billion, which is 3.5 percent or \$827 million, above the SFY 2025-26 estimates. This moderate increase in year-over-year user tax growth is consistent with the Committee's projections that inflation will level off over the forecast period, and that consumer spending returns to its long-term trend.

## Business Taxes

Business taxes are forecast to total \$28.6 billion in SFY 2026-27, a decrease of \$2.1 billion or 6.8 percent, from the current year closeout on an All Funds basis. This decrease primarily reflects a \$3.7 billion reduction in PTET collections, partially offset by a \$1.5 billion increase in corporate franchise tax collections.

To maintain comparability with the Executive forecast, the committee adjusts its overall business taxes forecast to reflect actions proposed in the SFY 2026-27 Executive Budget. This includes a proposal to extend the deadline for entities to elect in the PTET from March 15<sup>th</sup> to



September 15<sup>th</sup> which would reduce net business tax collections by \$4 billion in SFY 2026-27, and a proposal to decouple New York State from certain H.R. 1 provisions which would increase net business tax collections by \$1.7 billion in SFY 2026-27.

The SFY 2021-22 Enacted Budget increased the corporate tax rate from 6.5 percent to 7.25 percent for corporate franchise taxpayers with net incomes over \$5 million, and reinstated the capital base tax at 0.1875 percent for businesses that are not categorized as small businesses (net incomes less than \$390,000 and less than 100 employees) or co-operative apartments. Also included as part of the SFY 2026-27 Executive Budget, the Executive proposes to temporarily extend these increased rates for an additional three years, through tax year 2029. This would increase business tax collections by \$1.3 billion in SFY 2027-28 and \$1.9 billion in SFY 2028-29.

### Other Taxes

Other taxes, which consist primarily of the Estate Tax and Real Estate Transfer Taxes, are forecast to increase by \$69 million or 2.3 percent, in SFY 2026-27, to a level of \$3.1 billion. This increase is due to a projected \$153 million increase in real estate transfer tax collections, partially offset by a projected \$85 million decrease in estate and gift tax collections.

### Gaming

Gaming receipts are forecast to increase by 1 percent or \$50 million in SFY 2026-27 for a total of \$5.1 billion. Lottery receipts are expected to decrease by \$60 million or 2.4 percent; video lottery terminal revenues are projected to increase by 1.5 percent, to a level of \$1.1 billion. Casino revenues are projected to increase by 0.8 percent, to a level of \$142 million. Mobile sports wagering receipts are projected to increase by \$92 million or 7 percent, to a level of \$1.4 billion in SFY 2026-27.

## Revenue Table, Upcoming Fiscal Year 2026-27

**Table 23**

| All Funds Collections SFY 2026-27                            |                |                |                |               |              |
|--|----------------|----------------|----------------|---------------|--------------|
| (\$ in millions)   |                |                |                |               |              |
|  | 2025-26        | 2026-27        |                |               | Diff.        |
|  | Estimate       | Forecast       | Change         | Growth        | Exec.        |
| <b>Personal Income Tax</b>                                   | <b>67,930</b>  | <b>73,279</b>  | <b>5,349</b>   | <b>7.9%</b>   | <b>1,352</b> |
| <b>Gross Receipts</b>  | <b>86,720</b>  | <b>91,868</b>  | <b>5,147</b>   | <b>5.9%</b>   | <b>798</b>   |
| Withholding  | 65,037         | 67,913         | 2,876          | 4.4%          | 518          |
| Estimated Payments   | 14,872         | 16,832         | 1,959          | 13.2%         | 186          |
| Vouchers   | 9,016          | 9,732          | 716            | 7.9%          | 97           |
| IT 370s  | 5,857          | 7,100          | 1,243          | 21.2%         | 89           |
| Final Payments   | 4,696          | 4,923          | 227            | 4.8%          | 66           |
| Delinquencies  | 2,115          | 2,200          | 85             | 4.0%          | 28           |
| <b>Total Refunds</b>   | <b>18,791</b>  | <b>18,589</b>  | <b>(202)</b>   | <b>(1.1%)</b> | <b>(554)</b> |
| <b>Net Collections</b>                                       | <b>67,930</b>  | <b>73,279</b>  | <b>5,349</b>   | <b>7.9%</b>   | <b>1,352</b> |
| <b>User Taxes and Fees</b>                                   | <b>23,612</b>  | <b>24,439</b>  | <b>827</b>     | <b>3.5%</b>   | <b>197</b>   |
| Sales and Use Tax  | 21,583         | 22,325         | 742            | 3.4%          | 170          |
| Motor Fuel Tax   | 491            | 492            | 1              | 0.2%          | 5            |
| Cigarette & Tobacco Tax                                      | 735            | 710            | (25)           | (3.4%)        | (7)          |
| Vapor Tax  | 20             | 20             | 0              | 0.0%          | 1            |
| Highway Use Tax  | 131            | 132            | 1              | 0.7%          | (4)          |
| Alcoholic Beverage Tax                                       | 268            | 267            | (1)            | (0.4%)        | 0            |
| Opioid Tax   | 22             | 21             | (1)            | (5.2%)        | 1            |
| Medical Cannabis Excise Tax                                  | 2              | 1              | (1)            | (58.9%)       | (2)          |
| Adult-Use Cannabis   | 209            | 316            | 107            | 51.3%         | 32           |
| Auto Rental Tax  | 148            | 153            | 5              | 3.4%          | 0            |
| Peer to Peer Car Sharing Tax                                 | 1              | 1              | 0              | 0.0%          | 0            |
| <b>Business Taxes</b>  | <b>30,691</b>  | <b>28,604</b>  | <b>(2,087)</b> | <b>(6.8%)</b> | <b>141</b>   |
| Corporate Franchise Tax                                      | 7,800          | 9,276          | 1,476          | 18.9%         | 135          |
| Utility Tax  | 532            | 557            | 24             | 4.6%          | 23           |
| Insurance Tax  | 2,794          | 3,001          | 207            | 7.4%          | (25)         |
| Bank Tax   | 84             | 0              | (84)           | (100.0%)      | 0            |
| Pass-Through Entity Tax                                      | 18,470         | 14,800         | (3,670)        | (19.9%)       | 0            |
| Petroleum Business Tax                                       | 1,011          | 970            | (41)           | (4.1%)        | 8            |
| <b>Other Taxes</b>   | <b>2,996</b>   | <b>3,064</b>   | <b>69</b>      | <b>2.3%</b>   | <b>53</b>    |
| Estate Tax   | 1,509          | 1,423          | (85)           | (5.7%)        | (61)         |
| Real Estate Transfer Tax                                     | 1,457          | 1,610          | 153            | 10.5%         | 115          |
| Employer Compensation Expense Program                        | 17             | 18             | 1              | 5.6%          | (1)          |
| Pari Mutuel Tax  | 12             | 12             | 0              | 0.0%          | 0            |
| Other Taxes  | 1              | 1              | 0              | 0.0%          | 0            |
| <b>Total All Funds Taxes</b>                                 | <b>125,228</b> | <b>129,386</b> | <b>4,158</b>   | <b>3.3%</b>   | <b>1,743</b> |
| All Funds Miscellaneous Receipts                             | 35,044         | 34,447         | (597)          | (1.7%)        | 46           |
| Gaming   | 5,014          | 5,065          | 50             | 1.0%          | 98           |
| <b>Total Taxes &amp; Gaming &amp; Miscellaneous Receipts</b> | <b>165,287</b> | <b>168,898</b> | <b>3,611</b>   | <b>2.2%</b>   | <b>1,887</b> |
| Federal Funds  | 97,072         | 87,735         | (9,337)        | (9.6%)        | 0            |
| <b>Total All Funds Receipts</b>                              | <b>262,359</b> | <b>256,633</b> | <b>(5,726)</b> | <b>(2.2%)</b> | <b>1,887</b> |
| * Totals may not add up due to rounding.                     |                |                |                |               |              |

## RISKS TO THE REVENUE FORECAST

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

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

The State has also experienced changes in taxpayer behavior because of the federal tax reforms enacted in December 2017, especially those related to the limitation on State and Local Tax (SALT) deductions. Many of the provisions included in the 2017 federal tax reform, including the \$10,000 limit on the deductibility of SALT payments and the lower federal individual income tax rates and brackets, were set to expire at the end of 2025.

Instead, on July 4, 2025, the President signed into law H.R. 1, which permanently extended the reduced individual income tax rates and brackets established as part of the 2017 Tax Cuts and Jobs Act (TCJA), and temporarily increased the \$10,000 SALT cap to \$40,000 for certain taxpayers with incomes below \$500,000. The increased \$40,000 SALT cap will revert to \$10,000 for all taxpayers after Tax Year 2029. H.R. 1 also included various other individual tax provisions, including a new tax deduction up to \$25,000 of tip income for certain taxpayers, and a new tax deduction of up to \$12,500 on overtime income for certain taxpayers, among other actions. Unless the State takes actions to mirror the federal changes, most of these provisions are not expected to have a "direct" impact on State revenues, but they will lead to further changes in taxpayer behavior that may impact year-to-year State tax collections, particularly as it relates to the temporarily increased SALT cap.

H.R. 1 also included a number of changes for corporate filers that will flow through and impact New York State Corporate Franchise Tax collections. Such actions include updated rules for business expenses and depreciation. Businesses will now be able to deduct more costs—such as research and development, production property depreciation, and small business expenses—

earlier, lowering short-term tax bills. However, as part of the SFY 2026-27 Executive Budget, the Executive includes a proposal to decouple New York State law from the some of these federal changes, primarily the provisions relating to research and development and production property depreciation. This proposal would shield the State from some of the larger adverse impacts from H.R. 1 on State revenues.

## EXECUTIVE REVENUE ACTIONS

### Personal Income Tax Proposals

- **Enhance and Reform the Child and Dependent Care Credit:** The Executive proposes to make various reforms to the State’s Child and Dependent Care Tax Credit by decoupling from the federal credit and replacing it with a standalone and simplified credit beginning in tax year 2026. The reformed structure would enhance the overall benefit and increase the credit’s progressivity. However, eligibility would be limited to full-year residents.
- **Eliminate Income Taxes on Tipped Wages:** The Executive proposes to exclude up to \$25,000 of qualified tips from New York adjusted gross income for certain taxpayers with incomes below \$150,000 (\$300,000 for joint filers), beginning in tax year 2026. For taxpayers who exceed the income threshold by \$250,000 or less, the deduction amount would be calculated on a sliding scale. This change would align New York with recently enacted federal tax changes included in H.R. 1.
- **Enact Pass-Through Entity Tax (PTET) Flexibility:** The Executive proposes to extend the deadline for entities to elect in the PTET from March 15<sup>th</sup> to September 15<sup>th</sup> of the applicable tax year, and make conforming changes to estimated payment deadlines.
- **Retain Deductibility of Certain Charitable Contributions:** In response to recent federal actions, the Executive proposes to ensure contributions made to certain institutions that have lost their federal tax-exempt status, but maintain New York State tax-exempt status, remain tax-deductible for New York State purposes.

### Consumption and Use Tax Proposals

- **Impose Tax on Nicotine Products:** The Executive proposes to define and include “alternative nicotine product” within the definition of tobacco products, and impose the existing 75 percent wholesale tax on certain tobacco products on such “alternative nicotine products.” These products would include non-combustible products, other than vapor products, which contain nicotine but not tobacco and are intended for human consumption. Additionally, the proposal would direct an additional \$50 million in tobacco products tax revenue to the Health Care Reform Act (HCRA) beginning in SFY 2027-28.

- **Amend Vapor Products Taxation and Enhance Flavor Ban Enforcement:** The Executive proposes to impose a tax of \$0.55 per unit of vapor imported to or manufactured in the State by a vapor products distributor, in addition to the existing 20 percent tax imposed on the retail sale of vapor products. The proposal would authorize the Department of Taxation and Finance to create a registry of vapor products that may be sold in the State, and require vapor product manufacturers to apply annually to have their products listed. In addition, the proposal would establish a new \$300 certification of registration fee for vapor product distributors, which would need to be renewed annually. Finally, the proposal would expand civil and criminal penalties for vapor product tax violations.
- **Modify the Vendor Registration Program:** The Executive proposes to authorize the Department of Taxation and Finance to begin a sales tax vendor re-registration program, which would be conducted in phases over four years and be completed by December 31, 2030. Additionally, the proposal would establish a sales and use tax penalty and interest discount program to incentivize sales tax vendors with outstanding debts to pay off their liabilities before the re-registration program begins. The program would grant a full penalty abatement and a 50 percent reduction to accrued interest for sales tax vendors who pay off their liabilities in full by December 31, 2026.
- **Establish a Sales Tax Exemption for Electric Vehicle (EV) Charging Stations:** The Executive proposes to exempt from sales tax the retail sale of electricity sold to end users from commercial EV charging stations. Additionally, the proposal would clarify that the wholesale purchase of electricity by an operator of a commercial EV charging station will be subject to sales tax.
- **Extend the Sales Tax Vending Machine Exemption for Three Years:** The Executive proposes to extend the existing sales tax exemption for certain food and drink purchased from a vending machine for three years, through May 31, 2029.
- **Extend the Residential Energy Storage Exemption for Two Years:** The Executive proposes to extend the existing residential energy storage tax exemption for two years, until June 1, 2028.

## Business Tax Proposals

- **Standardize the Definition of Farmer for Certain Tax Credits:** The Executive proposes to amend the Tax Law to create a uniform definition of “eligible farmer” for purposes of determining eligibility under the various farm-related tax credits, including: the Agricultural Property Tax Credit; the Farm Workforce Retention Credit; the Farm Employer Overtime Credit; and the Farm Donations to Food Pantries Credit.
- **Extend the Temporary Article 9-A Tax Rates for Three Years:** The Executive proposes to extend the current 7.25 percent business income tax rate for corporate franchises with a business income base over \$5 million and the capital base tax of 0.1875 percent for businesses not categorized as small businesses for three years, through tax year 2029.
- **Decouple New York State from Certain H.R. 1 Provisions:** The Executive proposes to decouple New York State law from certain recently enacted federal tax law provisions relating to the tax treatment of research and experimental expenditures and the immediate expensing of certain qualified production property. This proposal would retroactively apply to tax years beginning on or after January 1, 2025, and would maintain \$1.7 billion in revenue during SFY 2026-27.
- **Decouple New York City from Certain H.R. 1 Provisions:** The Executive proposes to decouple the New York City Administrative Code from recently enacted federal tax law provisions relating to the tax treatment of research and experimental expenditures, the immediate expensing of certain qualified production property, certain business interest limitations, and certain equipment expensing limits. This proposal would retroactively apply to tax years beginning on or after January 1, 2025, and would maintain New York City’s business tax base.
- **Extend the Commercial Security Tax Credit for Three Years:** The Executive proposes to extend the Commercial Security Tax Credit for an additional three years, through 2028.
- **Enhance the New York City Musical and Theatrical Production Tax Credit:** The Executive proposes to increase the aggregate amount available for the New York City Musical and Theatrical Production Tax Credit by \$150 million for productions with initial performances on or after December 1, 2025. This increase is necessary to accommodate new applicants since the current pool of \$400 million is fully committed.

- **Amend the Petroleum Business Tax (PBT) Filing Deadline:** The Executive proposes to require certain commercial vessel operators to file PBT returns on an annual basis, instead of monthly under current law.
- **Extend Refundability of the Investment Tax Credit for Farmers:** The Executive proposes to maintain full refundability for eligible farmers under the Investment Tax Credit program for an additional five years, through 2032.

## Real Property Tax/STAR Proposals

- **Simplify the STAR Income Definition:** The Executive proposes to make various technical changes to improve and streamline the administration of STAR exemptions and credits.
- **Extend the Telecommunications Assessment Ceiling Program:** The Executive proposes to extend the statewide telecommunications assessment ceiling program for four years.
- **Expand and Extend the Rent Increase Exemption for Senior Citizens and People with Disabilities:** The Executive proposes to extend the Senior Citizen Rent Increase Exemption (SCRIE) and the Disability Rent Increase Exemption (DRIE) programs for an additional two years, increase the maximum income eligibility thresholds for each program from \$50,000 to \$75,000 in New York City, and authorize increased income eligibility thresholds outside New York City at local option.
- **Preserve and Improve More Rent Regulated Housing:** The Executive proposes to re-establish and modify the J-51 program to provide a real property tax abatement for 100 percent of the certified reasonable costs of alterations and improvements made to certain rental and owner-occupied buildings located in New York City. Alterations and improvements made to eligible properties completed between June 30, 2026 and June 30, 2036 would be eligible for the abatement for a period of not more than 20 years. Additionally, the proposal would include certain rent stabilization, anti-harassment, and reporting requirements.



## Gaming Proposals

- **Make Technical Amendments to Pari-Mutuel Tax Reform:** The Executive proposes to modify the existing pari-mutuel tax rate structure in New York State.
- **Extend Authorized Use of Capital Funds by a Certain Off-Track Betting (OTB) Corporation for One Year:** The Executive proposes to extend Capital District OTB's authorization to use capital acquisition funds for one year.
- **Permanently Extend Certain Pari-Mutuel Tax and Simulcasting Provisions:** The Executive proposes to make various provisions relating to pari-mutuel simulcasting permanent.
- **Extend Certain Seasonal Employee Licensing Requirements:** The Executive proposes to extend certain licensing exemptions for workers at the Belmont Stakes held in Saratoga for one year.

## Other Tax Proposals

- **Extend Reduced Transfer Tax Rates for Qualifying Real Estate Investment Trusts (REITs) for Three Years:** The Executive proposes to extend the tax rate reductions for REITs under the New York State and New York City real estate transfer taxes for three years, from September 1, 2026 to September 1, 2029.

**Table 24**

| <b>SFY 2026-27: Tax and Other Revenue Actions</b>  |                     |               |                  |               |
|--|---------------------|---------------|------------------|---------------|
| <b>(\$ in Millions)</b>  |                     |               |                  |               |
|  | <b>General Fund</b> |               | <b>All Funds</b> |               |
|  | <b>FY2027</b>       | <b>FY2028</b> | <b>FY2027</b>    | <b>FY2028</b> |
| <b>Personal Income Tax</b>   | (52)                | (134)         | (52)             | (134)         |
| Enhance and Reform the Child and Dependent Care Credit   | -                   | (65)          | -                | (65)          |
| Eliminate Income Taxes on Tipped Wages   | (52)                | (69)          | (52)             | (69)          |
| Retain Deductibility of Certain Charitable Contributions                                       | -                   | -             | -                | -             |
| Standardize the Definition of Farmer for Certain Tax Credits                                   | -                   | -             | -                | -             |
| Extending the Refundability of Investment Tax Credit for Farmers                               | -                   | -             | -                | -             |
| <b>Business Taxes</b>  | (2,320)             | 2,085         | (2,320)          | 2,085         |
| Extend the Temporary Article 9-A Tax Rates for Three Years                                     | -                   | 1,320         | -                | 1,320         |
| Decouple from Certain H.R.1 Provisions   | 1,680               | 770           | 1,680            | 770           |
| Enact PTET Flexibility*  | (4,000)             | -             | (4,000)          | -             |
| Enhance the NYC Musical and Theatrical Production Tax Credit                                   | -                   | -             | -                | -             |
| Amend the Petroleum Business Tax (PBT) Filing Deadline for Commercial Vessel Operators         | -                   | -             | -                | -             |
| Extend the Commercial Security Tax Credit for Three Years                                      | -                   | (5)           | -                | (5)           |
| <b>Consumption/Use Taxes</b>   | 16                  | 37            | 16               | 37            |
| Impose Tax on Alternative Nicotine Products  | 18                  | 44            | 18               | 44            |
| Amend Vapor Products Taxation and Enhance Flavor Ban Enforcement                               | -                   | -             | -                | -             |
| Modify the Vendor Registration Program   | 6                   | 6             | 6                | 6             |
| Establish a Sales Tax Exemption for EV Charging Stations                                       | -                   | -             | -                | -             |
| Extend the Sales and Use Tax Vending Machine Exemption for Three Years                         | (8)                 | (10)          | (8)              | (10)          |
| Extend the Sales and Use Tax Exemption for Residential Energy Storage for Two Years            | -                   | -             | -                | -             |
| Extend the Alternative Fuels Exemption for Five Years  | -                   | (3)           | -                | (3)           |
| <b>Other Actions</b>   | 1                   | 2             | 1                | 2             |
| Enact STAR Program Technical Corrections   | -                   | -             | -                | -             |
| Extend Reduced Transfer Tax Rates for Qualifying Real Estate Investment Trusts for Three Years | -                   | -             | -                | -             |
| Expanding the Rent Increase Exemption for Senior Citizens and Persons with Disabilities        | -                   | -             | -                | -             |
| Extend the Telecom Assessment Ceiling Program for Four Years                                   | -                   | -             | -                | -             |
| Impose Penalties on Ethics Training Non-Compliance   | 1                   | 1             | 1                | 1             |
| Increase the Lobbyist Registration Fee   | -                   | 1             | -                | 1             |
| <b>Gaming Initiatives</b>  | 0                   | 0             | 0                | 0             |
| Make Technical Amendments to Pari-Mutuel Reform  | -                   | -             | -                | -             |
| Extend Authorized Use of Capital Funds by a Certain Off-track Betting Corporation for One Year | -                   | -             | -                | -             |
| Permanently Extend Certain Pari-Mutuel Tax and Simulcasting Provisions                         | -                   | -             | -                | -             |
| Extend Certain Horse Racing Seasonal Employee Licensing Requirements                           | -                   | -             | -                | -             |
| <b>TOTAL REVENUE ACTIONS</b>   | (2,355)             | 1,990         | (2,355)          | 1,990         |

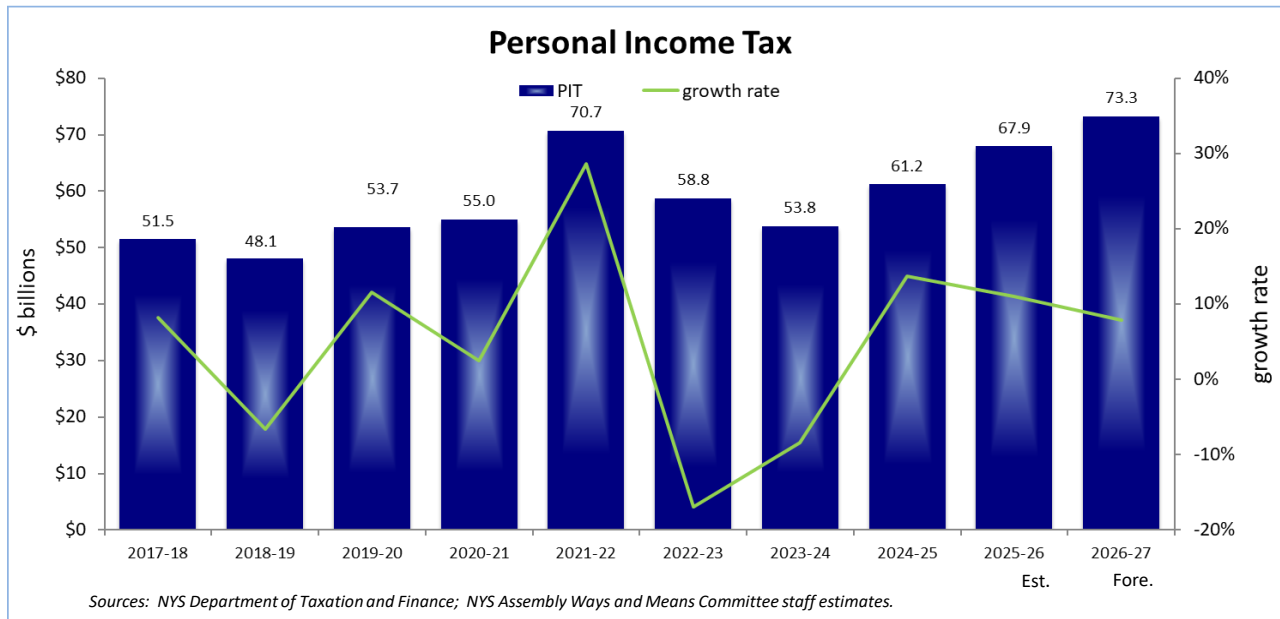
\*Proposal is Financial Plan neutral.

## TAX ANALYSIS

### Personal Income Tax

**Table 25**

| Personal Income Tax Collections<br>Forecasts by State Fiscal Year<br>(\$ in millions) |                 |                   |               |                 |                   |                |
|---|-----------------|-------------------|---------------|-----------------|-------------------|----------------|
|   | 2025-26         |                   |               | 2026-27         |                   |                |
|   | WAM<br>Estimate | Percent<br>Growth | Diff.<br>Exec | WAM<br>Forecast | Percent<br>Growth | Diff.<br>Exec. |
| <b>Personal Income Tax</b>  | <b>\$67,930</b> | <b>11.0%</b>      | <b>\$30</b>   | <b>\$73,279</b> | <b>7.9%</b>       | <b>\$1,352</b> |
| <b>Gross Receipts</b>   | <b>86,720</b>   | <b>11.6%</b>      | <b>(240)</b>  | <b>91,868</b>   | <b>5.9%</b>       | <b>798</b>     |
| Withholding   | 65,037          | 8.7%              | (134)         | 67,913          | 4.4%              | 518            |
| Estimated Payments  | 14,872          | 20.9%             | (177)         | 16,832          | 13.2%             | 186            |
| Vouchers  | 9,016           | 21.1%             | (176)         | 9,732           | 7.9%              | 97             |
| IT 370s   | 5,857           | 20.6%             | (0)           | 7,100           | 21.2%             | 89             |
| Final Payments  | 4,696           | 28.3%             | 75            | 4,923           | 4.8%              | 66             |
| Delinquencies   | 2,115           | 8.5%              | (4)           | 2,200           | 4.0%              | 28             |
| <b>Total Refunds</b>  | <b>18,791</b>   | <b>13.6%</b>      | <b>(269)</b>  | <b>18,589</b>   | <b>(1.1%)</b>     | <b>(554)</b>   |
| Prior Year Refunds  | 11,618          | 19.7%             | (19)          | 11,071          | (4.7%)            | (360)          |
| Current Refunds   | 3,500           | 3.1%              | -             | 3,500           | 0.0%              | -              |
| Advance Credit Payments   | 834             | 3.9%              | (43)          | 1,073           | 28.6%             | -              |
| Previous Refunds  | 1,287           | 1.9%              | (208)         | 1,205           | (6.4%)            | (195)          |
| State/City Offsets  | 1,551           | 13.2%             | -             | 1,739           | 12.1%             | -              |
| <b>Collections</b>  | <b>67,930</b>   | <b>11.0%</b>      | <b>30</b>     | <b>73,279</b>   | <b>7.9%</b>       | <b>1,352</b>   |
| Transfers to STAR   | (1,352)         | (6.6%)            | -             | (1,295)         | (4.2%)            | -              |
| Transfers to DRRF/RBTF  | (33,965)        | 11.0%             | (16)          | (36,640)        | 7.9%              | (677)          |
| <b>General Fund PIT Collections</b>   | <b>\$32,613</b> | <b>11.9%</b>      | <b>\$14</b>   | <b>\$35,345</b> | <b>8.4%</b>       | <b>\$676</b>   |



**Figure 79**

Article 22 of the Tax Law imposes a tax on the income of individuals, estates and trusts residing or located in New York State. In SFY 2024-25, PIT receipts contributed approximately 49 percent of all tax collections deposited into the General Fund. PIT receipts are received through employee withholdings, estimated tax payments, payments accompanying annual tax returns, late payments, and audits and assessments. Withholding is the single largest component, comprising approximately 78 percent of gross PIT receipts.

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

Taxpayers may itemize their deductions on their New York State returns if the aggregate of such deductions, minus State and local income taxes and certain other modifications, exceed the New York standard deduction. However, the availability of itemized deductions is limited for

certain high-income taxpayers. The high-income deduction limitation begins at different levels depending upon the taxpayer's taxable income. A 25 percent reduction begins to phase in for income exceeding \$100,000 of AGI for single filers, above \$200,000 for married filers, and \$250,000 for head of household filers. A 50 percent limitation on itemized deductions begins to phase in for all filers at \$475,000.

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

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

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

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

Additionally, the SFY 2025-26 Enacted Budget provided a 0.2 percentage point rate cut, phased-in over two years, for certain middle-class taxpayers with incomes between \$13,900 and \$323,200, depending on filing status. An initial 0.1 rate reduction will take effect January 1, 2026, followed by the fully phased-in 0.2 rate reduction effective January 1, 2027. This action is expected to reduce All Funds revenue by \$103 million in SFY 2025-26 and \$542 million in SFY 2026-27.

## Net Collections

### *Year-to-Date (YTD) Through January 2026*

Through January, net PIT collections have increased by 10 percent, or \$5 billion, with gross collections increasing by 11.3 percent or \$6.9 billion year-to-date (see Table 26).

**Table 26**

| Net Collections<br>(\$ in millions) |              |            |                    |        |           |            |
|-------------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                                     | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                             | \$54,803     | 10.0%      | \$67,930           | 11.0%  | \$67,900  | \$30       |
| 2026-27                             |              |            | \$73,279           | 7.9%   | \$71,927  | \$1,352    |

### *State Fiscal Year 2025-26*

Net PIT collections in SFY 2025-26 are estimated to total \$67.9 billion, which represents an increase of \$6.7 billion or 11 percent, from the prior fiscal year. Gross collections are expected to increase by 11.6 percent, and the Committee anticipates a 13.6 percent increase in total refunds.

This increase in net collections reflects substantial projected growth in all gross receipts components, driven primarily by continued growth in total wages and non-wage income in tax year 2025, despite significant growth in total refunds, including taxpayer behavior related to PTET. Established in the SFY 2021-22 Enacted Budget, PTET is an optional tax on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Qualifying entities who elect to pay PTET will pay a progressive tax of up to 10.9 percent of their taxable income at the partnership or corporation level, with individual partners, members, and shareholders receiving a refundable New York State PIT credit equal to the proportionate or pro rata share of taxes paid by the electing entity.

The sharp growth in refunds is almost entirely due to the one-time \$2 billion Inflation Refund Credit, included in the SFY 2025-26 Enacted Budget. These refund checks were remitted

to eligible taxpayers in the Fall of 2025. The growth in total refunds is also driven, in part, by PTET-related refunds for tax year 2024 (i.e., prior year refunds) and tax years before 2024 (i.e., previous year refunds).

The Committee's net PIT collections estimate is \$30 million above the Executive estimate.

### *State Fiscal Year 2026-27*

Net PIT collections in SFY 2026-27 are forecast to total \$73.3 billion, an increase of \$5.3 billion or 7.9 percent, from the SFY 2025-26 estimates. Gross collections are forecast to increase by \$5.1 billion, an increase of 5.9 percent, with a decrease in total refunds of \$202 million or 1.1 percent.

The increase in net collections is mainly due to moderate growth in withholding collections and strong growth in estimated payment collections, reflecting the committee's expectation of continued growth in total wages and non-wage income. The expiration of the one-time \$2 billion Inflation Refund Credit mentioned previously is expected to lead to a decrease in total refunds, increasing net PIT collections. This decline in total refunds is partially offset by the first year of the temporarily Enhanced State Child Credit included as part of the SFY 2025-26 Enacted Budget and taxpayer behavior related to the PTET.

Additionally, to maintain comparability with the Executive, the Committee adjusts its PIT forecast down by \$52 million in SFY 2026-27 to reflect the Executive Budget proposal to eliminate up to \$25,000 of qualified tips from New York AGI for certain taxpayers with incomes below \$150,000 (\$300,000 for joint filers). This change would align New York with recently enacted federal tax changes included in H.R. 1.

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

### **Withholding**

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

*YTD through January 2026*

Through January, withholding collections are up \$3.5 billion or 7.7 percent compared to the prior year (see Table 27). This increase in year-to-date collections is mainly attributed to the continued growth in New York State employment and total wages.

**Table 27**

| Withholding<br>(\$ in millions) |                    |               |                       |        |           |            |
|---------------------------------|--------------------|---------------|-----------------------|--------|-----------|------------|
|                                 | Year<br>To<br>Date | YTD<br>Growth | Closeout/<br>Forecast | Growth | Executive | Difference |
| 2025-26                         | \$49,114           | 7.7%          | \$65,037              | 8.7%   | \$65,171  | (\$134)    |
| 2026-27                         |                    |               | \$67,913              | 4.4%   | \$67,395  | \$518      |

*State Fiscal Year 2025-26*

The Committee estimates withholding collections will total \$65 billion, an increase of \$5.2 billion or 8.7 percent from the prior fiscal year. Withholding collections are projected to increase 12 percent over the remainder of the fiscal year, primarily due to strong growth in total wages, particularly bonus wages. However, the growth in total wages will be partially offset by the cost of the Middle-Class Tax Cut (MCTC) included as part of the SFY 2025-26 Enacted Budget, which takes effect January 1, 2026.

The Committee estimate is \$134 million below the Executive estimate.

*State Fiscal Year 2026-27*

Withholding collections are projected to increase by 4.4 percent or \$2.9 billion in SFY 2026-27, for a total of \$67.9 billion. This forecast is \$518 billion above the Executive forecast and is premised on moderate, although weakening, total wage and employment growth. Additionally, the MCTC mentioned previously will be fully phased-in January 1, 2027, and will continue to partially offset wage and employment growth.



## Quarterly Estimated Payments

Individuals make estimated payments if the tax they will owe for the year is significantly more than the amount of tax being withheld from their wages. Individuals who have large amounts of non-wage income (self-employment income, interest, dividends, or capital gains) generally make these quarterly payments. Estimated tax payments are usually due on the 15<sup>th</sup> of April, June, September, and January.

### *YTD through January 2026*

Through January, estimated payments, excluding extensions, have increased by 21.1 percent or \$1.5 billion compared to the prior fiscal year (see Table 28). Through the same period, prior year estimated payments have increased by 20.5 percent compared to SFY 2024-25 (see Table 29). The substantial growth in current year quarterly estimated payments primarily reflects an increase in tax year 2025 non-wage income (i.e., capital gains), and the growth in prior year estimated payments (i.e., extensions) can be attributed to increased settlement payments in SFY 2025-26. Taxpayer behavior related to overall economic uncertainty and PTET is expected to continue to significantly impact estimated payment collections, particularly current year quarterly estimated payments.

**Table 28**

| Quarterly Estimated Payments<br>(\$ in millions) |                    |               |                       |        |           |            |
|--|--------------------|---------------|-----------------------|--------|-----------|------------|
|  | Year<br>To<br>Date | YTD<br>Growth | Closeout/<br>Forecast | Growth | Executive | Difference |
| 2025-26  | \$8,775            | 21.1%         | \$9,016               | 21.1%  | \$9,192   | (\$176)    |
| 2026-27  |                    |               | \$9,732               | 7.9%   | \$9,635   | \$97       |

**Table 29**

| Prior Year Estimated Payments<br>(\$ in millions) |              |            |                    |        |           |            |
|---|--------------|------------|--------------------|--------|-----------|------------|
|   | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26   | \$5,805      | 20.5%      | \$5,857            | 20.6%  | \$5,857   | (\$0)      |
| 2026-27   |              |            | \$7,100            | 21.2%  | \$7,011   | \$89       |

**Table 30**

| Total Estimated Payments<br>(\$ in millions) |              |            |                    |        |           |            |
|--|--------------|------------|--------------------|--------|-----------|------------|
|  | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                      | \$14,580     | 20.9%      | \$14,872           | 20.9%  | \$15,049  | (\$177)    |
| 2026-27                                      |              |            | \$16,832           | 13.2%  | \$16,646  | \$186      |

*State Fiscal Year 2025-26*

The Committee estimates that estimated payments will total \$14.9 billion, an increase of 20.9 percent or \$2.6 billion from SFY 2024-25. The Committee's estimate is \$177 million below the Executive estimate (see Table 30).

*State Fiscal Year 2026-27*

Estimated payment collections are forecast to increase 13.2 percent or \$2 billion in SFY 2026-27, for a total of \$16.8 billion, due to a projected \$1.2 billion increase in prior year estimated payments and \$716 million increase in current year estimated payments. The Committee's estimate is \$186 million above the Executive estimate and is premised on an expected increase in capital gains income within most of the forecast year.

Realized capital gains are expected to increase 22.9 percent in tax year 2025, followed by a projected increase of 7.4 percent in tax year 2026, and a 4.8 percent decrease in tax year 2027.

## Refunds

*YTD through January 2026*

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

Year-to-date, prior year refunds have increased by 20.1 percent (see Table 31), while previous year refunds have increased by 1.9 percent (see Table 32). Total refunds, including State/City offsets, have increased 16.8 percent year-to-date, relative to the same period of last fiscal year.

**Table 31**

| Prior Year Refunds<br>(\$ in millions) |              |            |                    |        |           |            |
|--|--------------|------------|--------------------|--------|-----------|------------|
|  | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                | \$11,569     | 20.1%      | \$11,618           | 19.7%  | \$11,637  | (\$19)     |
| 2026-27                                |              |            | \$11,071           | (4.7%) | \$11,431  | (\$360)    |

**Table 32**

| Previous Year Refunds<br>(\$ in millions) |              |            |                    |        |           |            |
|---|--------------|------------|--------------------|--------|-----------|------------|
|   | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                   | \$1,031      | 1.9%       | \$1,287            | 1.9%   | \$1,495   | (\$208)    |
| 2026-27                                   |              |            | \$1,205            | (6.4%) | \$1,400   | (\$195)    |

### *State Fiscal Year 2025-26*

The Committee anticipates that SFY 2025-26 will conclude with \$11.6 billion in prior year refunds and \$1.3 billion in previous year refund distributions. The Committee's estimate for prior year refunds is \$19 million below the Executive estimate and reflects a 19.7 percent increase from SFY 2024-25 and is driven almost entirely by the previously mentioned one-time \$2 billion Inflation Refund Credit included in the SFY 2025-26 Enacted Budget.

The closeout for previous year refunds represents an 1.9 percent increase relative to the prior year (see Table 32). The Committee's estimate is \$208 million below the Executive estimate.

Total refunds are projected at \$18.8 billion, an increase of 13.6 percent or \$2.3 billion from SFY 2024-25, largely due to the growth in prior year refunds.

### *State Fiscal Year 2026-27*

The Committee projects a prior year refund total of \$11.1 billion, a decrease of 4.7 percent or \$547 million from the SFY 2025-26 estimates. This decrease is primarily due to the expiration of the one-time Inflation Refund Credit provided through the SFY 2025-26 Enacted Budget, which is partially offset by the first year of the previously mentioned temporarily Enhanced Empire State Child Credit included in the SFY 2025-26 Enacted Budget, and PTET-related refunds associated with tax year 2025. The Committee's forecast is \$360 million below the Executive forecast.

Previous refunds are forecast to total \$1.2 billion, representing a decrease of 6.4 percent or \$82 million below SFY 2025-26.

Advanced credit payments are expected to total \$1.1 billion, an increase of \$239 million or 28.6 percent above SFY 2025-26. This increase is partially due to continued growth in the School Tax Relief (STAR) credit program.

Total refunds are projected at \$18.6 billion, a decrease of 1.1 percent or \$202 million from SFY 2025-26. The Committee's forecast is \$554 million below the Executive forecast.

## Fund Distribution

**Table 33**

| Personal Income Tax Fund Distribution<br>(\$ in millions) |                 |                    |              |                     |           |
|---|-----------------|--------------------|--------------|---------------------|-----------|
|   | General<br>Fund | Special<br>Revenue | Debt Service | Capital<br>Projects | All Funds |
| 2025-26   | \$32,613        | \$1,352            | \$33,965     | -                   | \$67,930  |
| 2026-27   | \$35,345        | \$1,295            | \$36,640     | -                   | \$73,279  |

The Committee estimates General Fund Personal Income Tax receipts of \$32.6 billion in SFY 2025-26. In SFY 2026-27, General Fund collections are forecast to total \$35.3 billion.

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

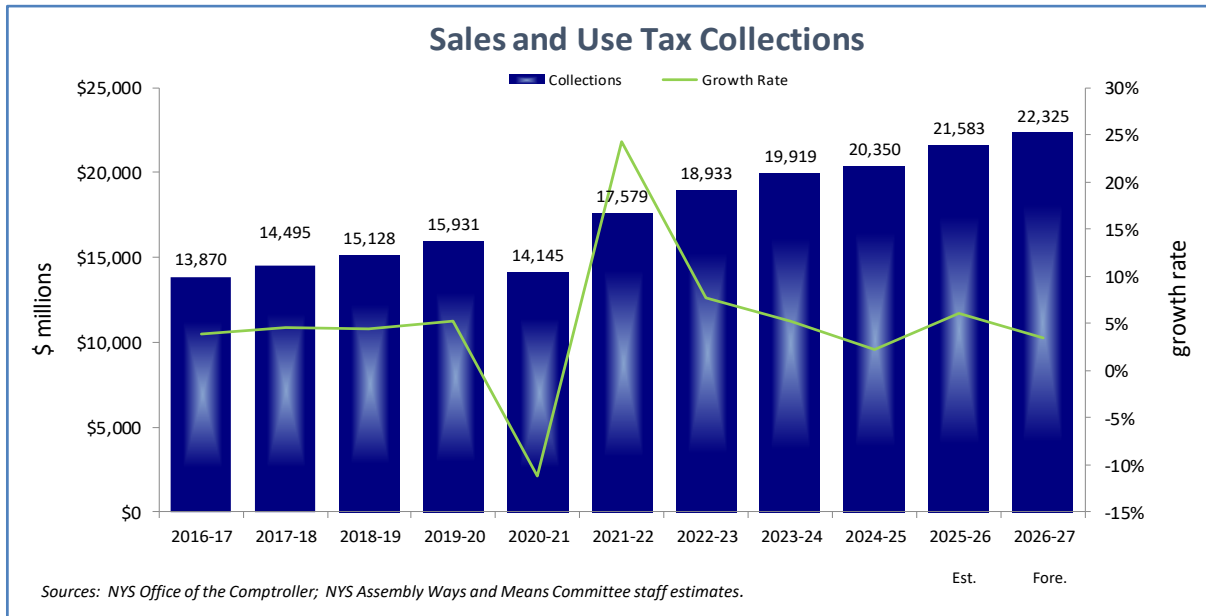
Revenue used for the School Tax Relief (STAR) Program is distributed to a special revenue fund. These funds are used to reimburse school districts for STAR school property exemptions, as well as New York City for their STAR Personal Income Tax rate reduction. The Executive estimates that the Special Revenue Fund for the STAR program will require \$1.4 billion in funding in SFY 2025-26 and \$1.3 billion in SFY 2026-27.

### *Property Tax Relief Programs*

The SFY 2021-22 Enacted Budget established a property tax circuit breaker program, which provides a PIT credit to taxpayers with incomes under \$250,000 that have property tax burdens that exceed 6 percent of their income. These benefits will be provided on a sliding scale, which will be based on a taxpayer's income, and will be capped at a maximum of \$350 per year. At the time of enactment, this action was projected to reduce PIT collections by approximately \$400 million per year.

Additionally, the SFY 2025-26 Enacted Budget simplified the credit computation for eligible taxpayers under a separate property tax circuit breaker program for certain taxpayers with incomes below \$18,000. This action is expected to reduce All Funds revenue by approximately \$11 million annually.

## Sales and Use Tax



**Figure 80**

The sales and compensating use tax, imposed by Article 28 of the Tax Law, is a 4 percent broad-based consumption tax levied on the sale of tangible personal property, excluding items such as food, medicine, products used in manufacturing, and items purchased for resale. A limited number of services such as cleaning, parking, and interior design are also subject to this tax. Non-profit and charitable organizations are exempt from paying sales tax on purchases. Sales taxes are generally paid to, and collected by, the vendor at the time of purchase. Vendors remit sales tax collections annually, quarterly, or monthly depending upon their level of taxable sales. Vendors are required to remit their sales tax liability electronically to the State if they are able.

Sales tax collections are deposited into the General Fund, the Mass Transportation Operating Assistance Fund (MTOAF), and the Sales Tax Revenue Bond Fund (STRBF). In 1981, the MTOAF was created to help finance the State’s public transportation system. A portion of the MTOAF revenue is derived from a separate sales tax rate of 0.375 percent that is imposed in the Metropolitan Commuter Transportation District (MCTD). The MCTD encompasses all the counties served by the Metropolitan Transportation Authority: counties in the city of New York – Manhattan, Bronx, Queens, Kings, and Richmond – and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

The STRBF became effective April 1, 2013. One-half of the State’s Sales Tax collections are directed to this fund. All receipts that exceed the STRBF debt service requirements will be transferred to the General Fund.

**Table 34**

| <b>Quarterly Sales Tax Growth</b> |                |                |                |                |                |                |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                   | <b>2024 Q1</b> | <b>2024 Q2</b> | <b>2024 Q3</b> | <b>2024 Q4</b> | <b>2025 Q1</b> | <b>2025 Q2</b> | <b>2025 Q3</b> | <b>2025 Q4</b> |
| Western NY                        | (4.9%)         | 2.6%           | 1.5%           | 0.1%           | 6.4%           | 2.7%           | 4.1%           | 8.5%           |
| Finger Lakes                      | (3.2%)         | 2.1%           | (2.3%)         | 3.1%           | 2.9%           | 3.3%           | 4.3%           | 9.4%           |
| Southern Tier                     | (2.7%)         | 2.1%           | 0.8%           | 1.6%           | 7.0%           | 2.4%           | 3.0%           | 5.2%           |
| Central NY                        | 1.3%           | 1.7%           | 1.5%           | 0.3%           | 0.9%           | 4.5%           | 1.3%           | 5.9%           |
| Mohawk Valley                     | 0.4%           | 4.4%           | (1.0%)         | (0.8%)         | 2.7%           | 0.1%           | (0.7%)         | 4.8%           |
| North Country                     | (2.7%)         | 6.4%           | 0.6%           | 0.2%           | 5.6%           | (1.5%)         | 3.7%           | 4.9%           |
| Capital Region                    | 1.5%           | 3.5%           | 1.2%           | 0.3%           | 2.1%           | 4.4%           | 4.4%           | 5.6%           |
| Mid-Hudson                        | 6.7%           | 0.1%           | 3.8%           | (3.6%)         | 0.3%           | 4.3%           | 1.8%           | 7.3%           |
| NYC                               | 3.2%           | 3.3%           | 1.1%           | 3.6%           | 4.0%           | 5.4%           | 7.8%           | 2.9%           |
| Long Island                       | (1.7%)         | 0.1%           | 1.7%           | (1.1%)         | 1.9%           | 2.5%           | 4.5%           | 6.2%           |

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

Growth in regional sales tax collections for the fourth quarter of 2023 through the third quarter of 2025 are shown above. Historically, New York City accounts for the largest portion of collections each quarter, and approximately half of total collections due to its large population and popularity as a tourism destination. As a result of this dependence on tourism, New York City saw a disproportionately large impact from the COVID-19 pandemic, as shutdown orders and travel restrictions severely impacted its economy. The significant growth seen in all regions of the State, particularly during 2021, 2022, and the beginning part of 2023, reflect an increase in consumer spending coupled with an increase in the nominal prices of goods and services due to high levels of inflation. From the middle part of 2023 through the end of 2024, increases in sales tax revenue were more modest. However, as shown above, beginning in the first quarter of 2025 growth in regional sales tax collections have been strong, with New York City representing some of the highest growth in the State for most of the year.

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

*YTD through January 2026*

Statewide collections through January have increased by 6.0 percent from SFY 2025-26, for a year-to-date total of \$18.2 billion (see Table 35).

**Table 35**

| Sales Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|-------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                               | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                       | \$18,195     | 6.0%       | \$21,583           | 6.1%   | \$21,547  | \$36       |
| 2026-27                       |              |            | \$22,325           | 3.4%   | \$22,155  | \$170      |

*State Fiscal Year 2025-26*

The Committee estimates sales tax receipts will total \$21.6 billion in SFY 2025-26, for strong growth of 6.1 percent or \$1.2 billion, from SFY 2024-25. In the years leading up to the pandemic, sales tax collections had shown increased growth, driven by the expansion of the sales tax base to include most internet marketplace sales. Post pandemic sales taxes have rebounded, supported by sustained consumer spending growth and an increase in nominal prices.

The Committee’s estimate is \$36 million above the Executive estimate.

*State Fiscal Year 2026-27*

The Committee forecasts that sales tax receipts will total \$22.3 billion, an increase of 3.4 percent or \$742 million, over SFY 2025-26 estimates. Sales tax growth is projected to persist due to sustained strength in consumer spending and continued growth in nominal prices of goods, leading to an increase in taxable consumption.

The Committee’s forecast is \$170 million above the Executive forecast.



## Fund Distribution

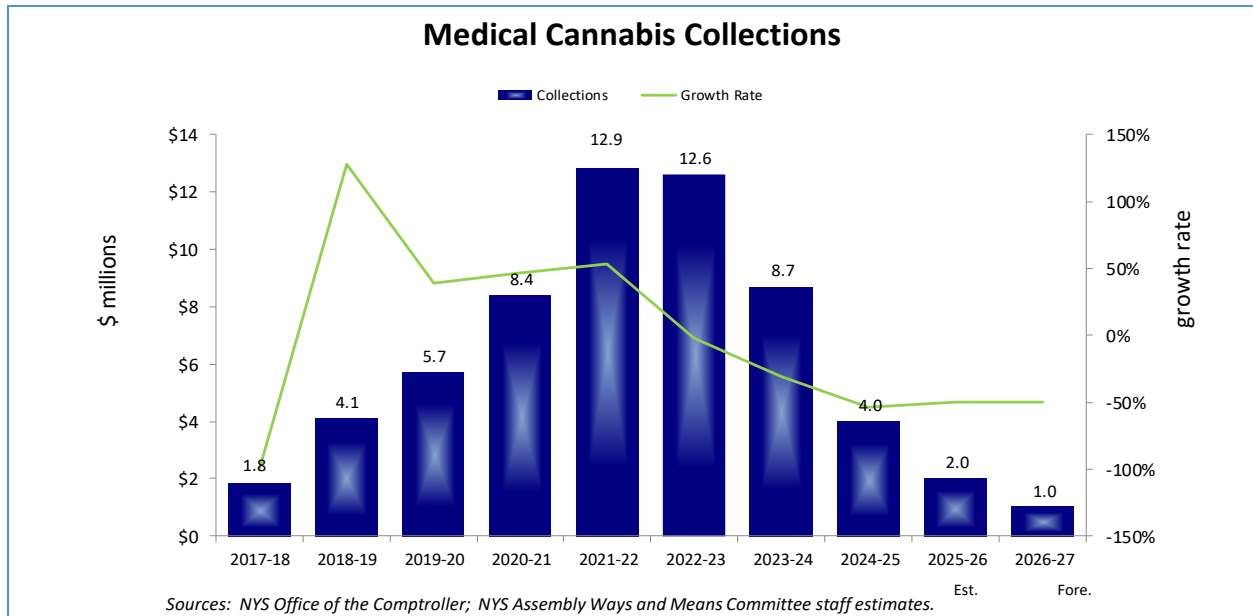
**Table 36**

|         | <b>Sales Tax Fund Distribution</b> |                 |              |                  |           |
|---------|------------------------------------|-----------------|--------------|------------------|-----------|
|         | <b>(\$ in millions)</b>            |                 |              |                  |           |
|         | General Fund                       | Special Revenue | Debt Service | Capital Projects | All Funds |
| 2025-26 | \$10,092                           | \$1,399         | \$10,092     | -                | \$21,583  |
| 2026-27 | \$10,439                           | \$1,446         | \$10,439     | -                | \$22,325  |

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

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

## Medical Cannabis Excise Tax



**Figure 81**

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

Originally, upon the sale of the product from a New York State licensed dispensary to a patient or designated caregiver, a 7 percent excise tax was levied and remitted by the dispensary. Of the revenues received from the State medical cannabis excise tax, 45 percent was dedicated to the Medical Cannabis Trust Fund and the remaining 55 percent was allocated in the following manner:

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

- 22.5 percent was remitted to the counties in which the medical cannabis was dispensed, in proportion to the gross sales in each county;
- 5 percent was remitted to the Office of Alcoholism and Substance Abuse Services for the purposes of drug abuse prevention, counseling, and treatment services; and
- 5 percent was remitted to the Division of Criminal Justice Services to provide discretionary grants to State and local law enforcement agencies.

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

Currently, ten registered organizations are authorized to manufacture and dispense medical cannabis. As of January 1, 2026, there are 4,693 certified practitioners and 79,033 patients in the New York State Medical Cannabis Program.<sup>73</sup>

#### *YTD through January 2026*

Through January, medical cannabis excise tax collections have totaled \$2.2 million, a decrease of 35.8 percent from the same period of SFY 2024-25. This decrease can be attributed to the decrease in the excise tax rate as noted above, and the shift of consumers away from the medical market to the legal adult-use market.

#### *State Fiscal Year 2025-26*

The Committee estimates that revenues from the Medical Marijuana Excise Tax will total \$2 million in SFY 2025-26, a decrease of 39.2 percent from SFY 2024-25. The Committee's estimate is \$1 million below the Executive projection.

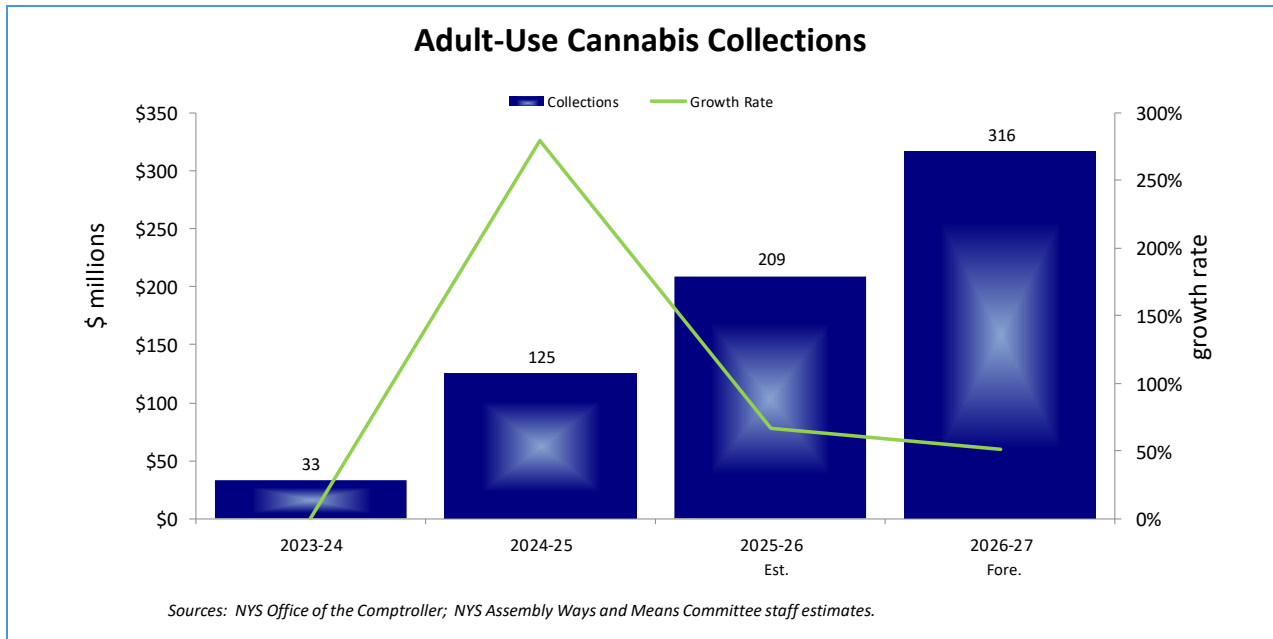
#### *State Fiscal Year 2026-27*

For SFY 2026-27, the Committee forecasts that collections will total \$1 million, for a decrease of 58.9 percent. The Committee's forecast is \$2 million below the Executive forecast.

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<sup>73</sup> <https://cannabis.ny.gov/medical-cannabis>.

## Adult-Use Cannabis Tax



**Figure 82**

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

The MRTA had originally established a three-tier tax structure for adult-use cannabis. There was a tax on the sale from a wholesaler to a retail dispensary, based on the milligrams (mg) of total Tetrahydrocannabinol (THC) in the cannabis product. The tax rate was based on the type of product, as follows:

- edibles (i.e., food and beverages) were taxed at \$0.03 per mg of THC;
- concentrates (i.e., vaporization oil, wax, shatter, and resin) were taxed at \$0.008 per mg of THC; and

- cannabis flower (i.e., loose flower, pre-rolls, or shake) were taxed at \$0.005 per mg of THC.

There are also State and local taxes imposed on the retail sale of cannabis by a dispensary to the consumer, as follows:

- a 9 percent State excise tax; and
- a 4 percent local excise tax, of which 1 percent was retained by the county of sale and 3 percent was distributed to the town, village, or city where the sale occurs.

All State cannabis taxes are deposited into the New York State Cannabis Revenue Fund, and supports the reasonable costs to administer the program. The remaining funding is distributed as follows:

- 40 percent to the State Lottery Fund to support additional grants to school districts;
- 40 percent to a Community Grants Reinvestment Fund; and
- 20 percent to a Drug Treatment and Public Education Fund.

However, the SFY 2024-25 Enacted Budget repealed the wholesale THC potency tax and replaced it with a single wholesale excise tax of 9 percent. At the time of enactment, this action was expected to be revenue neutral, and became effective on June 1, 2024. The existing State and local retail excise taxes remain unchanged at 9 and 4 percent, respectively.

As of January 2026, the State has issued 2,063 adult-use licenses and 569 adult-use cannabis dispensaries are operating across New York State.<sup>74</sup>

#### *YTD through January 2025*

Through January, adult-use cannabis excise tax collections have totaled \$146.5 million, an increase of \$61.8 million from the same period of SFY 2024-25 (see Table 37). This growth reflects increased sales due to more licensed retail shops opening in the State during this fiscal year.

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<sup>74</sup> <https://cannabis.ny.gov/dispensary-location-verification>.

**Table 37**

| Adult-Use Cannabis Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|--|--------------|------------|--------------------|--------|-----------|------------|
|  | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                    | \$147        | 73.1%      | \$209              | 67.2%  | \$194     | \$15       |
| 2026-27                                    |              |            | \$316              | 51.3%  | \$284     | \$32       |

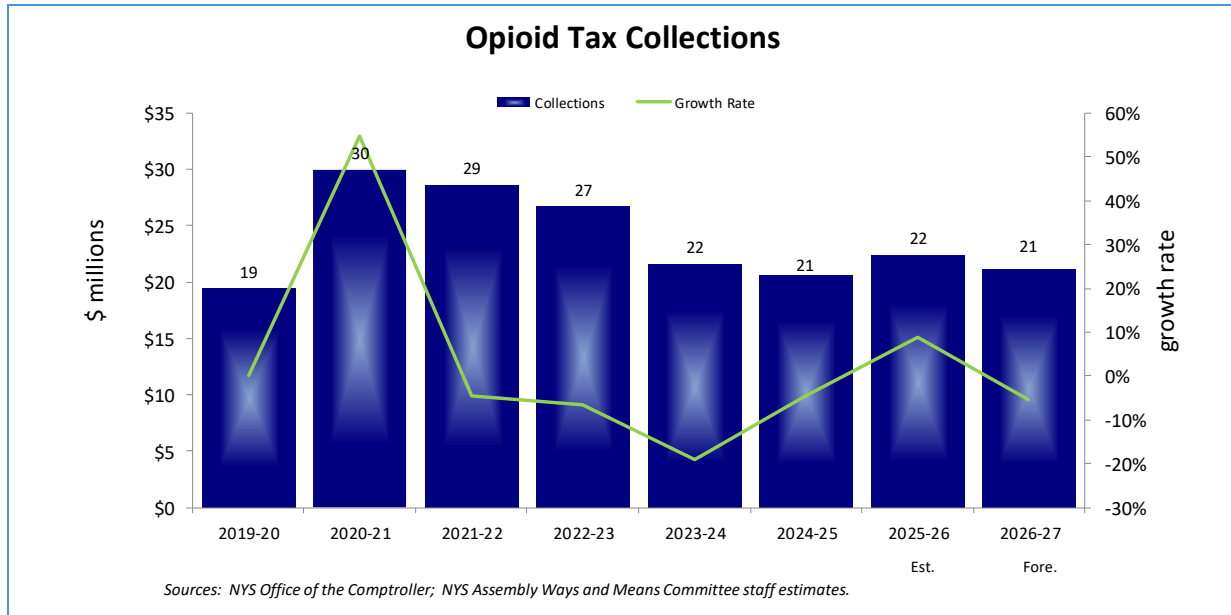
*State Fiscal Year 2025-26*

The Committee estimates that collections in SFY 2025-26 will total \$209 million, an increase of 67.2 percent from the previous fiscal year. This estimate is \$15 million above the Executive projection of \$194 million.

*State Fiscal Year 2026-27*

The Committee forecasts that collections for SFY 2026-27 will increase by 51.3 percent, to \$316 million, as the legal market continues to expand. This estimate is \$32 million over the Executive forecast of \$284 million.

## Opioid Excise Tax



**Figure 83**

The SFY 2019-20 Budget enacted an Opioid Excise Tax that would be imposed on the first sale of an opioid unit by a registrant. A first sale is any transfer of title to an opioid unit for consideration where actual or constructive possession of such opioid unit is transferred by a registrant holding title to such opioid unit to a purchaser or its designee in New York State, for the first time. A qualifying sale does not include the dispensing of an opioid unit pursuant to a prescription to an ultimate consumer, or the transfer of title to an opioid unit from a manufacturer in the State to a purchaser outside of the state when such opioid unit will be used or consumed outside New York. It is presumed that every sale by a registrant in this State is the first sale unless it is established otherwise, and the burden of proving that a sale does not qualify as a first sale is on the registrant.

The Tax Law establishes two tax rates:

- a \$0.0025 on each morphine milligram equivalent with a wholesale acquisition cost of less than \$0.50 per unit; and
- a \$0.015 on each morphine milligram equivalent with a wholesale acquisition cost of \$0.50 or more per unit.

*YTD through January 2026*

Year-to-date, opioid excise tax receipts total \$22.2 million, a 9.4 percent increase from the same period in SFY 2024-25 (see Table 38). This year-to-date increase is despite the long-term trend of declining opioid consumption.

**Table 38**

| Opioid Excise Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|---------------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                                       | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                               | \$22         | 9.4%       | \$22               | 7.1%   | \$23      | (\$1)      |
| 2026-27                               |              |            | \$21               | (5.2%) | \$20      | \$1        |

*State Fiscal Year 2025-26*

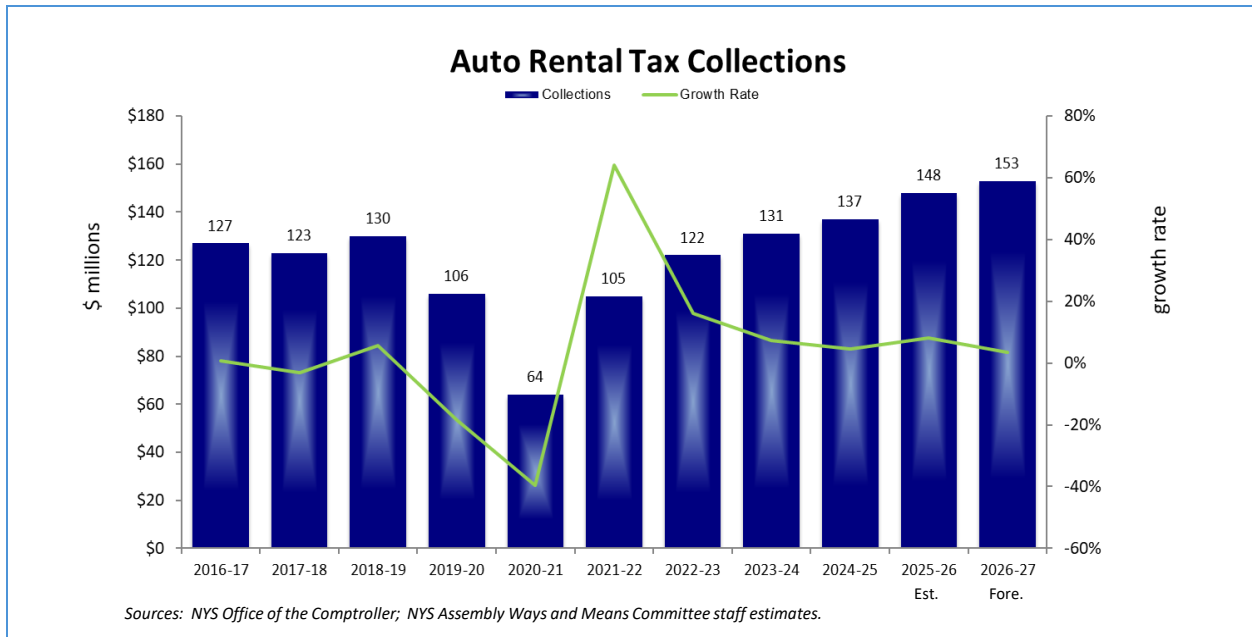
The Committee estimates that statewide collections for SFY 2025-26 will total \$22 million, an increase of 7.1 percent from the previous fiscal year. This estimate is \$1 million below the Executive projection.

*State Fiscal Year 2026-27*

The Committee forecasts to collect \$21 million for SFY 2026-27, which is \$1 million or 5.2 percent, below the SFY 2025-26. The forecast is predicated on the assumption that opioid consumption continues its long-term downward trend. The Committee’s forecast is \$1 million above the Executive forecast.



## Auto Rental Tax



**Figure 84**

The auto rental tax, imposed by Article 28-A of the Tax Law, applies to the rental of any passenger car with a gross vehicle weight of 9,000 pounds or less that can seat a maximum of nine passengers. The statewide auto rental tax is imposed at a rate of 6 percent.

On June 1, 2019, the supplemental surcharge tax of 5 percent imposed on auto rental sales made within the MCTD was increased to 6 percent and expanded to apply to auto rentals made in the rest of the State. However, revenue previously received from the MCTD supplemental surcharge will now be remitted directly to the Metropolitan Transportation Authority (MTA). Revenue from the upstate supplemental surcharge is used to fund upstate transportation systems. The taxes do not apply to leases of one year or more. The upstate supplemental surcharge is expected to raise State revenue by \$39 million in SFY 2025-26, and \$40.8 million in SFY 2026-27. The Committee and the Executive only report revenues received from the statewide base rate and the upstate supplemental surcharge.

*YTD through January 2026*

Year-to-date, auto rental tax collections total \$121.4 million, representing an increase of 2.6 percent compared to the same period in SFY 2024-25 (see Table 39).

**Table 39**

| Auto Rental Tax<br>(\$ in millions) |                    |               |                       |        |           |            |
|-------------------------------------|--------------------|---------------|-----------------------|--------|-----------|------------|
|                                     | Year<br>To<br>Date | YTD<br>Growth | Closeout/<br>Forecast | Growth | Executive | Difference |
| 2025-26                             | \$121              | 2.6%          | \$148                 | 8.0%   | \$148     | \$0        |
| 2026-27                             |                    |               | \$153                 | 3.4%   | \$153     | \$0        |

*State Fiscal Year 2025-26*

The Committee estimates auto rental tax collections will total \$148 million in SFY 2025-26, representing an increase of 8.0 percent from SFY 2024-25. The Committee's estimate is equivalent to the Executive projection.

*State Fiscal Year 2026-27*

The Committee forecasts auto rental tax collections will total \$153 million in SFY 2026-27, representing an increase of 3.4 percent from SFY 2025-26 estimates. The Committee's forecast is equivalent to the Executive forecast.

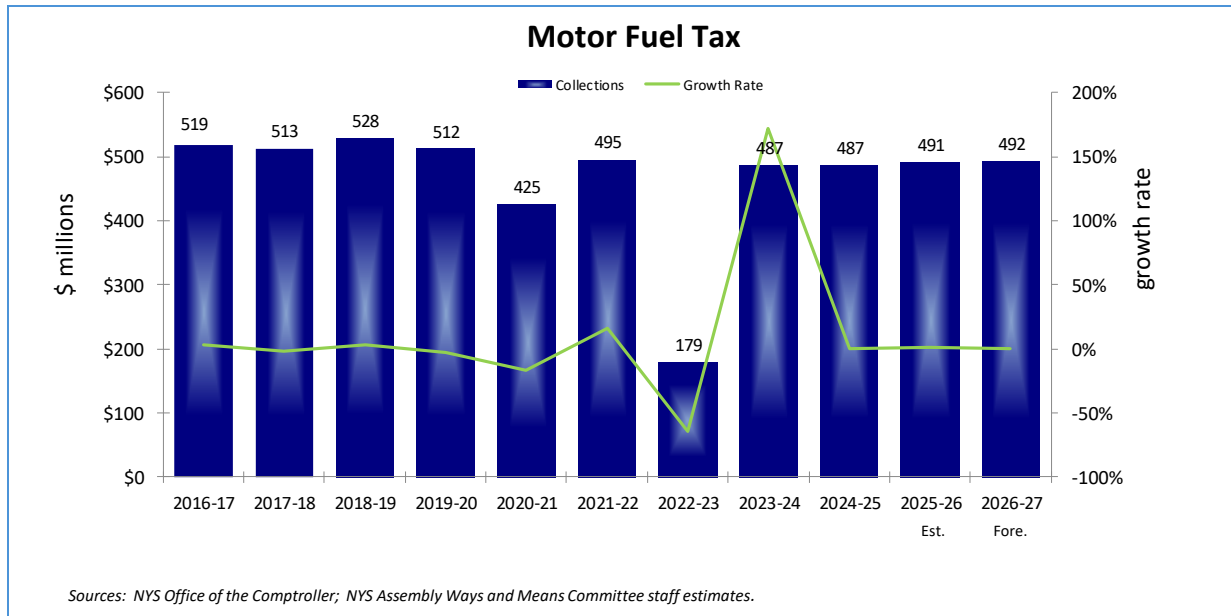
Fund Distribution

**Table 40**

| Auto Rental Tax Fund Distribution<br>(\$ in millions) |              |                 |              |                  |           |
|---|--------------|-----------------|--------------|------------------|-----------|
|   | General Fund | Special Revenue | Debt Service | Capital Projects | All Funds |
| 2025-26   | -            | \$42            | -            | \$106            | \$148     |
| 2026-27   | -            | \$44            | -            | \$109            | \$153     |

Auto Rental tax collections from the base tax are deposited into the Dedicated Highway Bridge and Trust Fund for Capital Projects, while the Upstate supplemental tax collections are deposited into the Public Transformation Systems Operating Assistance Special Revenue Fund. The supplemental tax collected within the MCTD is directed to the MTA.

## Motor Fuel Tax



**Figure 85**

Article 12-A of the Tax Law imposes an \$0.08 per gallon tax on motor and diesel fuel upon importation into New York or production within the State. The Motor Fuel Tax has three components: a regular tax of \$0.04 per gallon, an additional tax of \$0.03 per gallon, and a supplemental tax of \$0.01 per gallon. Motor fuel receipts are split between the Dedicated Highway and Bridge Trust Fund (81.5 percent) and the Dedicated Mass Transportation Trust Fund (18.5 percent). Diesel receipts are split between the Dedicated Highway and Bridge Trust fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent).

*YTD through January 2026*

Through January, Motor Fuel Tax collections have increased slightly by 0.9 percent compared to last fiscal year, totaling \$412.5 million (see Table 41).

**Table 41**

| Motor Fuel Tax<br>(\$ in millions) |                    |               |                       |        |           |            |
|------------------------------------|--------------------|---------------|-----------------------|--------|-----------|------------|
|                                    | Year<br>To<br>Date | YTD<br>Growth | Closeout/<br>Forecast | Growth | Executive | Difference |
| 2025-26                            | \$413              | 0.9%          | \$491                 | 0.9%   | \$486     | \$5        |
| 2026-27                            |                    |               | \$492                 | 0.2%   | \$487     | \$5        |

*State Fiscal Year 2025-26*

The Committee estimates that motor fuel tax collections will total \$491 million in SFY 2025-26, representing a 0.9 percent increase from SFY 2024-25. Gasoline tax collections are expected to increase by 0.7 percent in SFY 2025-26, while diesel tax collections are expected to increase by 2.3 percent.

The Committee's estimate is \$5 million above the Executive estimate of \$486 million.

*State Fiscal Year 2026-27*

The Committee forecasts revenue of \$492 million in Motor Fuel Tax receipts in SFY 2026-27, which reflects a 0.2 percent increase from the previous year. The Committee's forecast is \$5 million above the Executive forecast of \$487 million.

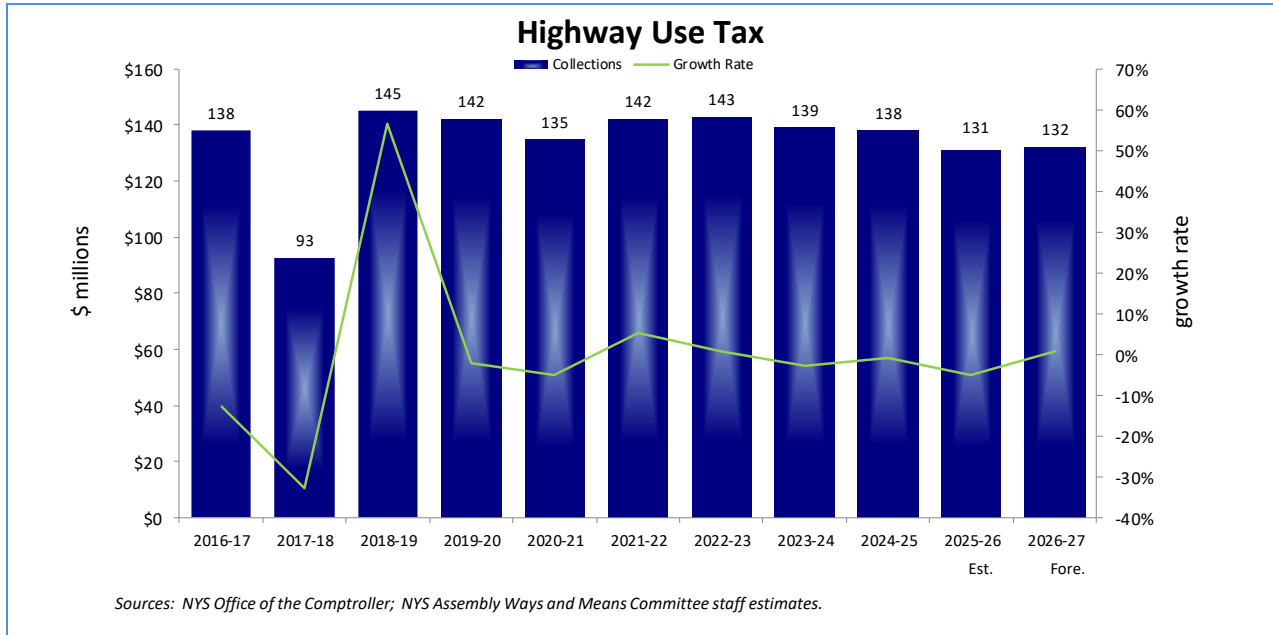
## Fund Distribution

**Table 42**

| <b>Motor Fuel Tax Fund Distribution</b> |                 |                    |                 |                     |           |
|---|-----------------|--------------------|-----------------|---------------------|-----------|
| <b>(\$ in millions)</b>                 |                 |                    |                 |                     |           |
|   | General<br>Fund | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | All Funds |
| 2025-26                                 | -               | \$105              | -               | \$386               | \$491     |
| 2026-27                                 | -               | \$105              | -               | \$387               | \$492     |

Motor fuel receipts are split between the Dedicated Highway and Bridge Trust Fund (81.5 percent) and the Dedicated Mass Transportation Trust Fund (18.5 percent). Diesel receipts are split between the Dedicated Highway and Bridge Trust fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent).

## Highway Use Tax



**Figure 86**

Articles 21 and 21-A of the Tax Law impose a Highway Use Tax (HUT) on truck mileage and fuel use, respectively, for the privilege of operating a commercial vehicle on public highways. Additionally, there is a permit fee collected from taxpayers required to pay the tax.

The Truck Mileage Tax is levied on commercial vehicles having a loaded gross weight of more than 18,000 pounds, or an unloaded weight over 8,000 pounds for trucks and 4,000 pounds for tractors. The tax is calculated by multiplying the number of miles operated on New York State public highways, excluding miles on New York Thruways, by the appropriate graduated rate. Rates are determined according to the gross, laden or un-laden weight.

Highway use permits are mandatory for owners of vehicles subject to the HUT. Beginning December 1, 2013, vehicles subject to the HUT are required to display a decal indicating ownership of a highway use permit. The fee, due every three years, for the registration and decal combined is \$1.50. This change was made after a 2015 New York Supreme Court case ruled the previous \$19 combined fee unconstitutional.

The Fuel Use Tax applies to commercial vehicles that purchase fuel outside New York State, but consume the fuel while traveling on New York highways. The International Fuel Tax

Agreement (IFTA) is used to simplify fuel use reporting for motor carriers. A carrier will report and pay in its home jurisdiction all fuel taxes owed to IFTA members; IFTA then distributes the payments to its members’ jurisdictions. The aggregate Fuel Use Tax rate is the sum of the Motor Fuel Tax rate and the sales tax rate. The sales tax rate has two components: the state sales tax rate, 4 percent, and the lowest county sales tax rate at the time, currently 3 percent. The sales tax rates are applied to the capped price of \$2 per gallon. All HUT receipts are dedicated to the Dedicated Highway and Bridge Trust Fund.

*YTD through January 2026*

Through January, collections have totaled \$112 million, a decrease of 4.7 percent from the same period last fiscal year (see Table 43).

**Table 43**

| Highway Use Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|-------------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                                     | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                             | \$112        | (4.7%)     | \$131              | (4.8%) | \$135     | (\$4)      |
| 2026-27                             |              |            | \$132              | 0.7%   | \$136     | (\$4)      |

*State Fiscal Year 2025-26*

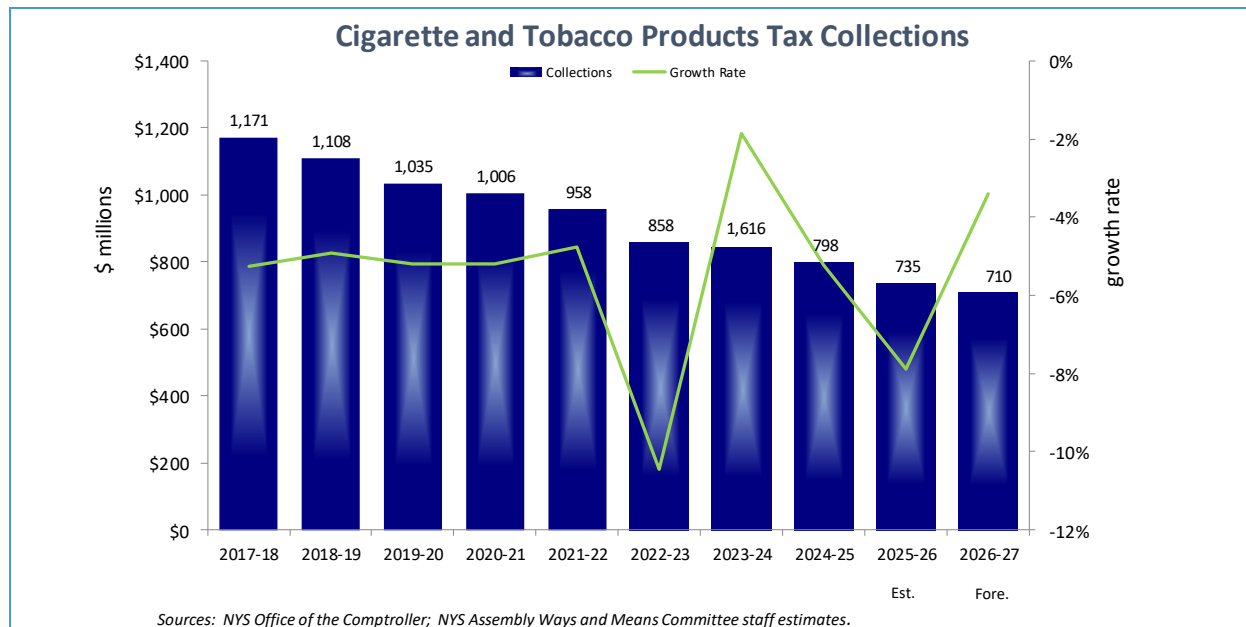
Collections are estimated to total \$131 million, a decrease of 4.8 percent compared to the previous fiscal year. This is \$4 million below the Executive estimate of \$135 million.

*State Fiscal Year 2026-27*

Highway Use Tax collections are expected to increase by 0.7 percent to \$132 million, in SFY 2026-27. This is \$4 million below the Executive forecast of \$136 million.



## Cigarette and Tobacco Taxes



**Figure 87**

The State Cigarette Excise Tax has been imposed by Article 20 of the Tax Law since 1939. Prior to September 1, 2023 the rate was \$4.35 for a package of twenty cigarettes. However, as part of the SFY 2023-24 Enacted Budget, the rate was increased by \$1.00, to \$5.35 for a package of 20 cigarettes, beginning September 1, 2023. The Commissioner of Taxation and Finance is authorized to make provisions for the sale of tax stamps and currently licenses agents to sell stamps for the payment of tax on cigarettes. The agent retains some of the revenues from the sale as commission according to guidelines established by the Tax Commissioner. The Commissioner is also authorized to prescribe a schedule of commissions, not exceeding 5 percent, to agents for buying and affixing stamps. The schedule shall be uniform with respect to the different types of stamps used, and may be on a graduated scale with respect to the number of stamps purchased. The City of New York applies an additional excise tax of \$1.50 per package of 20 cigarettes.

The State also imposes a tax on tobacco products at a rate of 75 percent of the wholesale price of cigars and tobacco products other than little cigars and snuff. Little cigars are taxed at the same rate as cigarettes, \$5.35 for a package of twenty. One package of snuff which weighs an ounce or less is taxed at \$2 per container, for packages weighing more than one ounce a proportional amount is levied on the snuff in excess of one ounce.

As part of the SFY 2026-27 Executive Budget, the Executive proposes to include “alternative nicotine product” within the definition of tobacco products, and impose the existing 75 percent wholesale tax on certain tobacco products on such “alternative nicotine products”. These products would include noncombustible products, other than vapor products, which contain nicotine but not tobacco and are intended for human consumption. Additionally, the proposal would direct an additional \$50 million in tobacco products tax revenue to HCRA beginning in SFY 2027-28.

*YTD through January 2026*

Through January, cigarette and tobacco products tax collections totaled \$659.6 million, for a decrease of 8.0 percent from the same period in SFY 2024-25 (see Table 44).

**Table 44**

| Cigarette and Tobacco Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|---|--------------|------------|--------------------|--------|-----------|------------|
|   | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                       | \$660        | (8.0%)     | \$735              | (7.9%) | \$737     | (\$2)      |
| 2026-27                                       |              |            | \$710              | (3.4%) | \$717     | (\$7)      |

*State Fiscal Year 2025-26*

The Committee estimates SFY 2025-26 collections for cigarette and tobacco taxes will total \$735 million, a decline of 7.9 percent from SFY 2024-25 collections. This estimate is based on year-to-date collections and historical collection patterns. The Committee’s estimate is \$2 million below the Executive projection.

*State Fiscal Year 2026-27*

The Committee’s cigarette and tobacco tax collections forecast for SFY 2026-27 is \$710 million, a decline of 3.4 percent from SFY 2025-26. This relatively moderate decline compared to SFY 2025-26 reflects the Executive Budget proposal to include “alternative nicotine products” within the definition of tobacco products, which would increase revenues by \$18 million in SFY 2026-27. The Committee’s forecast is \$7 million below the Executive forecast of \$717 million.

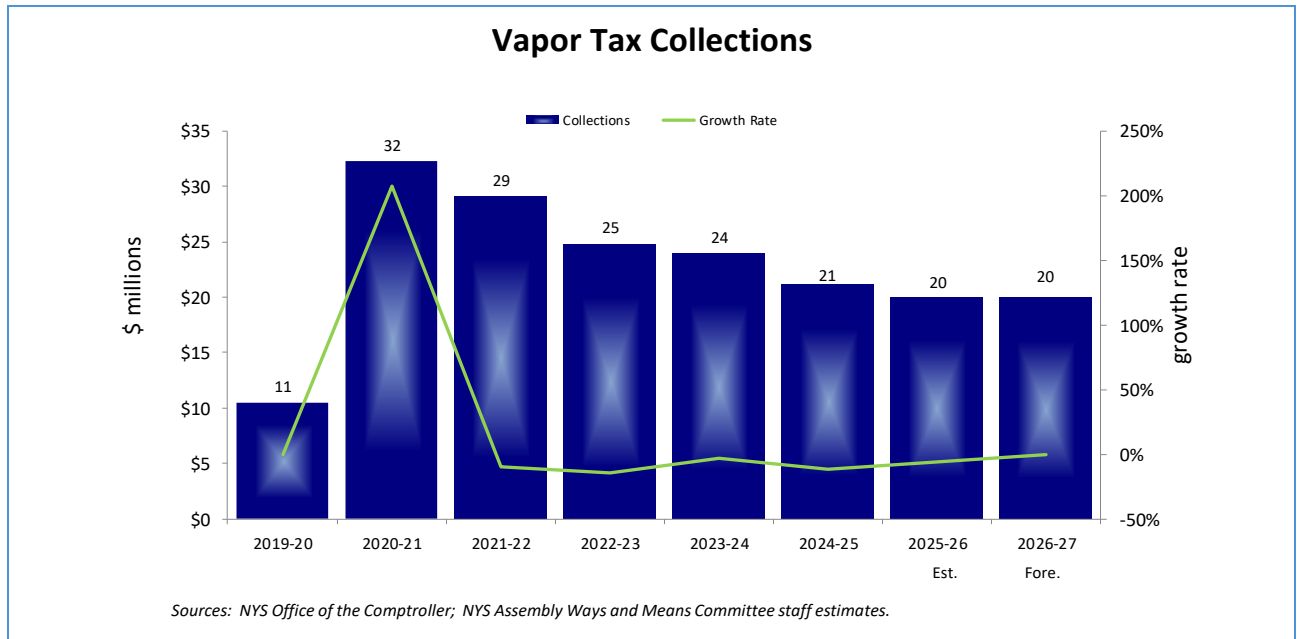
## Fund Distribution

Approximately 70 percent of cigarette and tobacco taxes are distributed to the HCRA revenue pool which offsets State Medicaid spending (see Table 45).

**Table 45**

| <b>Cigarette and Tobacco Taxes Fund Distribution</b> |                         |                            |                         |                             |                  |
|--|-------------------------|----------------------------|-------------------------|-----------------------------|------------------|
| <b>(\$ in millions)</b>                              |                         |                            |                         |                             |                  |
|  | <b>General<br/>Fund</b> | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> | <b>All Funds</b> |
| 2025-26  | \$227                   | \$508                      | -                       | -                           | \$735            |
| 2026-27  | \$237                   | \$473                      | -                       | -                           | \$710            |

## Vapor Excise Tax



**Figure 88**

Pursuant to Article 28-C, effective December 1, 2019, a 20 percent excise tax is applied to the retail sale of vapor products in New York. A vapor product is a noncombustible liquid and/or gel (with or without nicotine) manufactured into a finished product for use in an electronic cigarette, cigar, cigarillo, or pipe, vaping or hookah pen, or similar device. Vapor products do not include any product approved by the United States Food and Drug Administration as a drug or medical device, or manufactured and dispensed as medical marijuana.<sup>75</sup> The tax is imposed on the purchaser and collected by the vapor products dealer.

As part of the SFY 2026-27 Executive Budget, the Executive proposes to impose a tax of \$0.55 per unit of vapor imported to or manufactured in the State by a vapor products distributor, in addition to the existing 20 percent tax imposed on the retail sale of vapor products. The proposal would authorize the Department of Taxation and Finance to create a registry of vapor products that may be sold in the State, and require vapor product manufacturers to apply annually to have their products listed. Finally, the proposal would establish a new \$300 certification of registration fee for vapor product distributors, which would need to be

<sup>75</sup> Public Health Law, Article 33, Title 5-A.

renewed annually, and expand civil and criminal penalties for Vapor Product Tax violations. Overall, this proposal is expected to be revenue neutral.

*YTD through January 2026*

Through January, vapor product tax collections totaled \$14.9 million, a decrease of 6.3 percent from the same period in SFY 2024-25 (see Table 46).

**Table 46**

| Vapor Excise Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|--------------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                                      | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                              | \$15         | (6.3%)     | \$20               | (5.7%) | \$19      | \$1        |
| 2026-27                              |              |            | \$20               | 0.0%   | \$19      | \$1        |

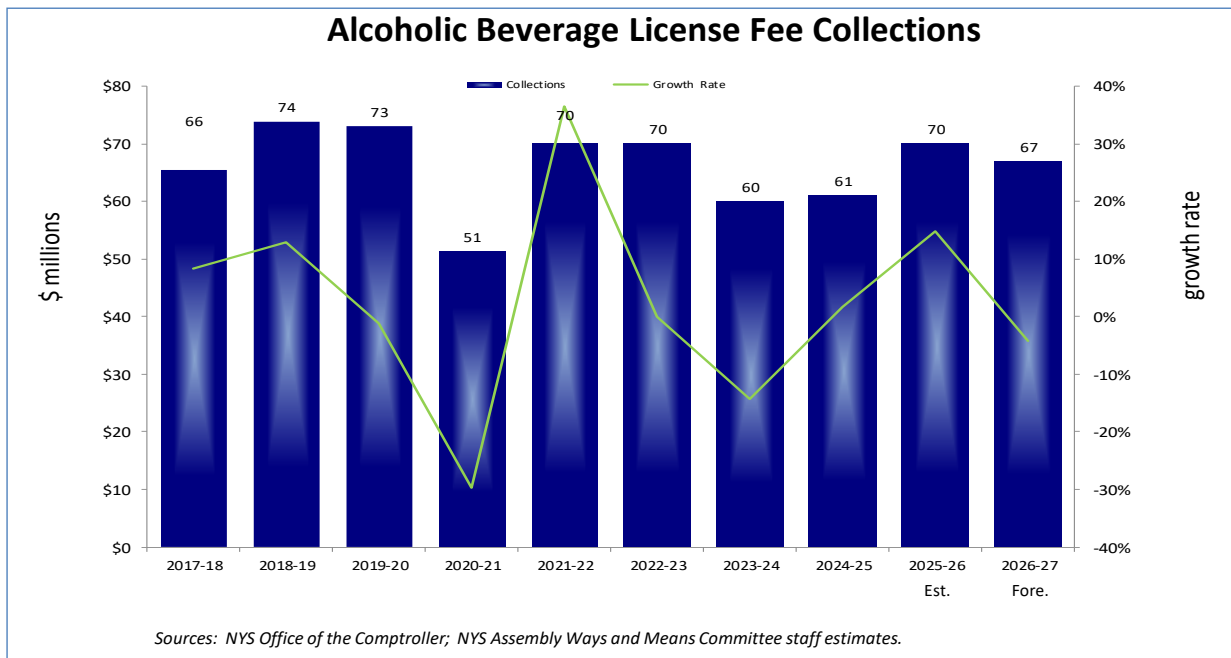
*State Fiscal Year 2025-26*

The Committee estimates that vapor tax collections in SFY 2025-26 will total \$20 million, a decrease of \$1 million or 5.7 percent from the SFY 2024-25 level. The Committee’s estimate is \$1 million above the Executive projection.

*State Fiscal Year 2026-27*

The Committee forecasts that collections for SFY 2026-27 will total \$20 million, reflecting no growth from the SFY 2025-26 level. The Committee’s estimate is \$1 million above the Executive forecast.

## Alcoholic Beverage Control License Fees



**Figure 89**

The New York State Alcoholic Beverage Control Law imposes permit fees on licenses for alcohol manufacturers like distillers, brewers, wineries, as well as wholesalers and retailers. License fees vary according to three major factors: (1) the type of license which is issued; (2) the population of the locality where the establishment is located (for retail licenses only); and (3) the class of beverage for which the license is issued, namely liquor, beer, and wine. The State Liquor Authority oversees nearly 70,000 licenses and permits Statewide each year. The most expensive licenses are for distillers.

On September 7, 2016, a new law took effect allowing holders of on premise consumption licenses to serve alcoholic beverages starting at 10 a.m. on Sundays. Prior to the law, alcoholic beverages could not be served for on-premises consumption until noon on Sundays.

Recent legislation enacted in October 2023 further expended Sunday alcohol sales for liquor store businesses, allowing such stores to open as early as 10 a.m. Prior to the law, liquor store licensees could not open until at least 12 p.m., noon on Sundays.

*YTD through January 2026*

Year-to-date, Alcoholic Beverage Control License Fees collections are \$57.7 million, a 16.6 percent increase from the same period in SFY 2024-25 (see Table 47).

**Table 47**

| Alcoholic Beverage Control License Fees<br>(\$ in millions) |                    |               |                       |        |           |            |
|---|--------------------|---------------|-----------------------|--------|-----------|------------|
|   | Year<br>To<br>Date | YTD<br>Growth | Closeout/<br>Forecast | Growth | Executive | Difference |
| 2025-26   | \$58               | 16.6%         | \$70                  | 15.4%  | \$60      | \$10       |
| 2026-27   |                    |               | \$67                  | (5.0%) | \$60      | \$7        |

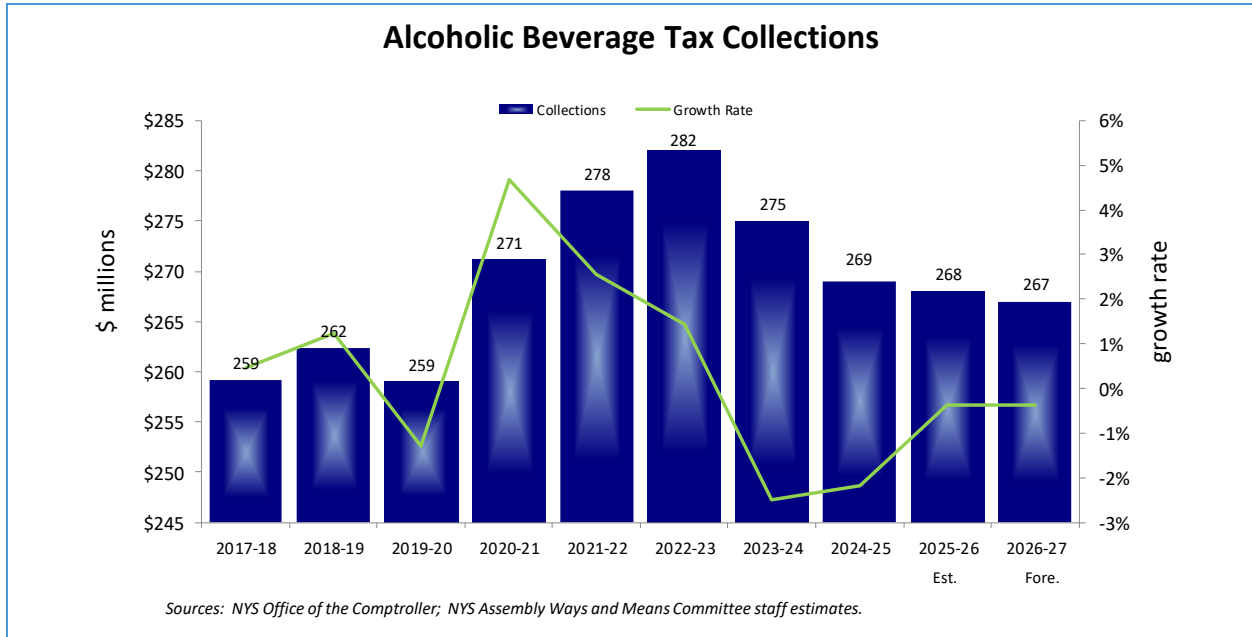
*State Fiscal Year 2025-26*

The Committee estimates revenues from Alcoholic Beverage Control License Fees will total \$70 million in SFY 2025-26, a 15.4 percent increase from the previous year. The Committee's estimate is \$10 million above the Executive estimate of \$60 million.

*State Fiscal Year 2026-27*

The Committee forecasts collections to total \$67 million for the SFY 2026-27. The Committee's forecast is \$7 million over the Executive forecast.

## Alcoholic Beverage Tax



**Figure 90**

Article 18 of the New York State Tax Law levies a tax on alcoholic beverages at different rates based on the content of alcohol by volume and the type of beverage. The tax is imposed on the distributor or non-commercial importer of alcoholic beverages. The table below illustrates the current State rates, as well as the alcoholic beverage taxes imposed by New York City (see Table 48).

**Table 48**

| <b>New York State and New York City Alcoholic Beverage Tax Rates<br/>(dollars per unit of measure)</b> |                   |                   |
|--|-------------------|-------------------|
|  | New York State    | New York City     |
| Beer and other similar fermented malt beverages  | \$0.14 per gallon | \$0.12 per gallon |
| Cider  | 0.0379 per gallon | None              |
| Natural and artificially carbonated sparkling wine   | 0.30 per gallon   | None              |
| Still wine, including wine coolers   | 0.30 per gallon   | None              |
| Liquor containing more than 24 percent alcohol by volume   | 1.70 per liter    | 0.264 per liter   |
| Liquor containing more than 2 percent but not more than 24 percent alcohol by volume                   | 0.67 per liter    | None              |
| Liquor containing 2 percent or less alcohol by volume  | None              | None              |



*YTD through January 2026*

Year-to-date, Alcoholic Beverage Tax receipts are \$235.9 million, a 0.2 percent decrease from the same period in SFY 2024-25 (see Table 49).

**Table 49**

| Alcoholic Beverage Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|--|--------------|------------|--------------------|--------|-----------|------------|
|  | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                    | \$236        | (0.2%)     | \$268              | (0.2%) | \$268     | \$0        |
| 2026-27                                    |              |            | \$267              | (0.4%) | \$267     | \$0        |

*State Fiscal Year 2025-26*

The Committee estimates Alcoholic Beverage Tax receipts will total \$268 million in SFY 2025-26, a decrease of 0.2 percent from SFY 2024-25. The Committee’s estimate is equivalent to the Executive projection.

*State Fiscal Year 2026-27*

The Committee forecasts Alcoholic Beverage Tax collections to total \$267 million, a decrease of \$1 million from SFY 2025-26 collections. This decrease reflects downward alcohol consumption trends that have occurred in recent fiscal years. The Committee’s forecast is equivalent to the Executive forecast of \$267 million.

## Peer-to-Peer Car Sharing Tax

The statewide Peer-to-Peer Car Sharing Tax is imposed at a rate of 3 percent. Additionally, transactions that occur in the MCTD are subject to a supplemental 3 percent tax. Transactions taking place outside of the MCTD are subject to a regional supplemental tax of their own, also a 3 percent rate.

Revenues collected from the statewide Peer-to-Peer Car Sharing Tax are deposited into the General Fund of the State, while revenues collected from the supplemental tax imposed in the MCTD are distributed to the Metropolitan Transportation Authority Special Assistance Fund. Revenues collected from the supplemental tax outside of the MCTD are deposited to the Public Transportation Systems Operating Assistance Account.

### *State Fiscal Year 2025-26*

Due to the relatively new concept of peer-to-peer car sharing, the Committee estimates that Peer-to-Peer Car Sharing Tax collections will be \$1 million in SFY 2025-26. The Committee's estimate is equivalent to the Executive projection.

### *State Fiscal Year 2026-27*

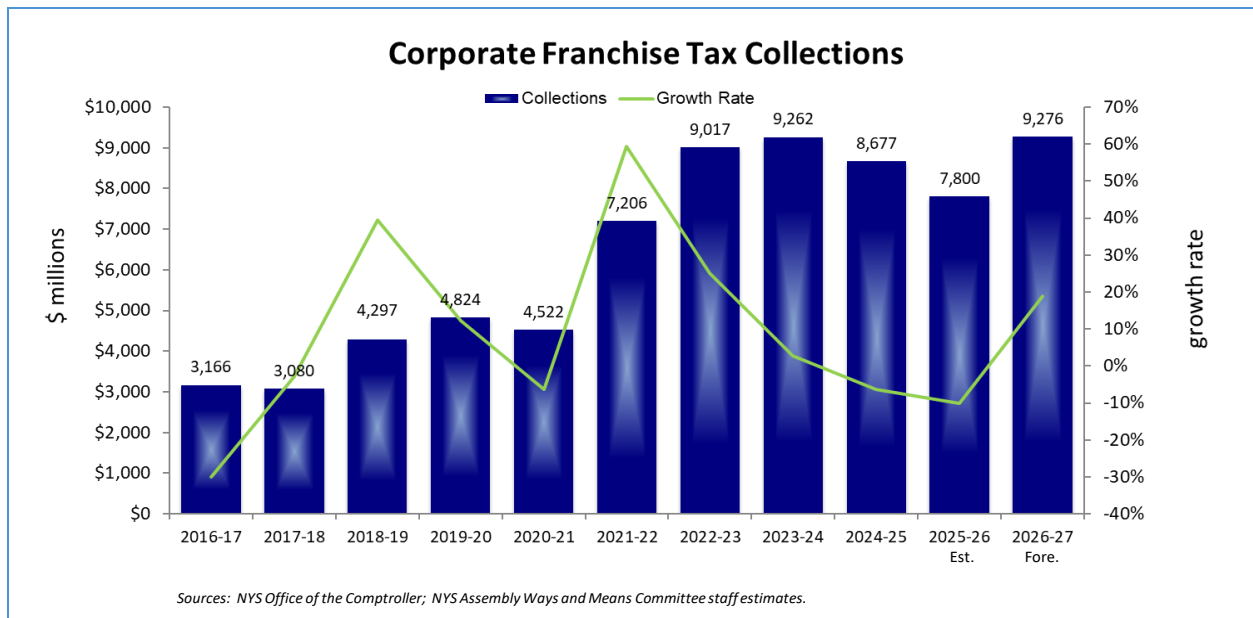
The Committee estimates Peer-to-Peer Car Sharing Tax collections of \$1 million in SFY 2026-27, which represents flat growth from SFY 2025-26. The Committee's estimate is equivalent to the Executive forecast.

## Business Taxes

**Table 50**

| <b>Business Taxes</b>                 |                 |               |               |                 |               |              |
|---------------------------------------|-----------------|---------------|---------------|-----------------|---------------|--------------|
| <b>Forecasts by State Fiscal Year</b> |                 |               |               |                 |               |              |
| <b>(\$ in millions)</b>               |                 |               |               |                 |               |              |
|                                       | <b>SFY</b>      |               | <b>Diff.</b>  | <b>SFY</b>      |               | <b>Diff.</b> |
|                                       | <b>2025-26</b>  | <b>Growth</b> | <b>Exec.</b>  | <b>2026-27</b>  | <b>Growth</b> | <b>Exec.</b> |
| <b>Business Taxes</b>                 | <b>\$30,691</b> | <b>(2.2%)</b> | <b>(\$47)</b> | <b>\$28,604</b> | <b>(6.8%)</b> | <b>\$141</b> |
| Corporate Franchise                   | 7,800           | (10.1%)       | (37)          | 9,276           | 18.9%         | 135          |
| Utility Tax                           | 532             | 3.1%          | 29            | 557             | 4.6%          | 23           |
| Insurance Tax                         | 2,794           | (7.1%)        | (41)          | 3,001           | 7.4%          | (25)         |
| Bank Tax                              | 84              | (74.8%)       | -             | 0               | (100.0%)      | -            |
| Pass-Through Entity Tax               | 18,470          | 3.9%          | -             | 14,800          | (19.9%)       | -            |
| Petroleum Business Tax                | 1,011           | (4.7%)        | 2             | 970             | (4.1%)        | 8            |

## Corporate Franchise Tax



**Figure 91**

Taxes are imposed on every domestic or foreign corporation, under Article 9-A of the Tax Law, "for the privilege of exercising its corporate franchise, or of doing business, or of employing capital, or of owning or leasing property in a corporate or organized capacity, or of maintaining an office in this state."

The SFY 2021-22 Enacted Budget increased the corporate tax rate from 6.5 percent to 7.25 percent for corporate franchise taxpayers with net incomes over \$5 million and reinstated the capital base tax at 0.1875 percent for businesses that are not categorized as small businesses (net incomes less than \$390,000 and less than 100 employees) or co-operative apartments. As part of the SFY 2026-27 Executive Budget, the Executive proposes to extend these increased rates for an additional three years, through tax year 2029, which is expected to increase Corporate Franchise Tax collections by \$1.3 billion in SFY 2027-28, \$1.9 billion in SFY 2028-29, and \$1.5 billion in SFY 2029-30.

In addition, as part of the SFY 2026-27 Executive Budget, the Executive proposes to decouple New York State law from certain recently enacted federal tax law provisions relating to the tax treatment of research and experimental expenditures and the immediate expensing of certain qualified production property. This proposal would retroactively apply to tax years

beginning on or after January 1, 2025, and would maintain \$1.7 billion in revenue in SFY 2026-27, \$770 million in SFY 2027-28, \$670 million in SFY 2028-29, and \$290 million in SFY 2029-30.

*YTD through January 2026*

All Funds cumulative collections through January were \$5.7 billion, a decrease of 10.7 percent or \$689.7 million from prior year collections (see Table 51).

**Table 51**

| Corporate Franchise Tax<br>(\$ in millions) |              |            |                    |         |           |            |
|---|--------------|------------|--------------------|---------|-----------|------------|
|   | Year To Date | YTD Growth | Closeout/ Forecast | Growth  | Executive | Difference |
| 2025-26                                     | \$5,742      | (10.7%)    | \$7,800            | (10.1%) | \$7,837   | (\$37)     |
| 2026-27                                     |              |            | \$9,276            | 18.9%   | \$9,141   | \$135      |

Audit collections through January totaled \$431.8 million, an increase of \$108.3 million or 33.5 percent compared to the previous fiscal year. Refunds through January totaled \$1.2 billion, a decrease of \$201.9 million or 14.3 percent compared to the previous fiscal year.

When excluding audit receipts and refunds, year-to-date Corporate Franchise Tax collections have decreased 13.3 percent compared to the same period in SFY 2024-25.

*State Fiscal Year 2025-26*

The Committee estimates SFY 2025-26 Corporate Franchise Tax collections to total \$7.8 billion, a decrease of 10.1 percent or \$876 million from the previous fiscal year. Collections are expected to decrease 8.3 percent over the remainder of the fiscal year, compared to the same period in SFY 2024-25. The Committee’s estimate is \$36.6 million below the Executive projection of \$7.8 billion.

This projected decline in revenue is primarily due to the recent federal tax law changes related to business expensing provisions previously mentioned, including immediate expensing of research and experimental costs, expanded depreciation allowances, and higher small business expensing limits.

*State Fiscal Year 2026-27*

The Committee forecasts corporate tax receipts to increase by 18.9 percent or \$1.5 billion, for a total of \$9.3 billion in SFY 2026-27. This increase primarily reflects the impact of the Executive proposal to decouple from recent federal tax law changes noted previously. This estimate is \$135.4 million above the Executive forecast of \$9.1 billion.

**Fund Distribution**

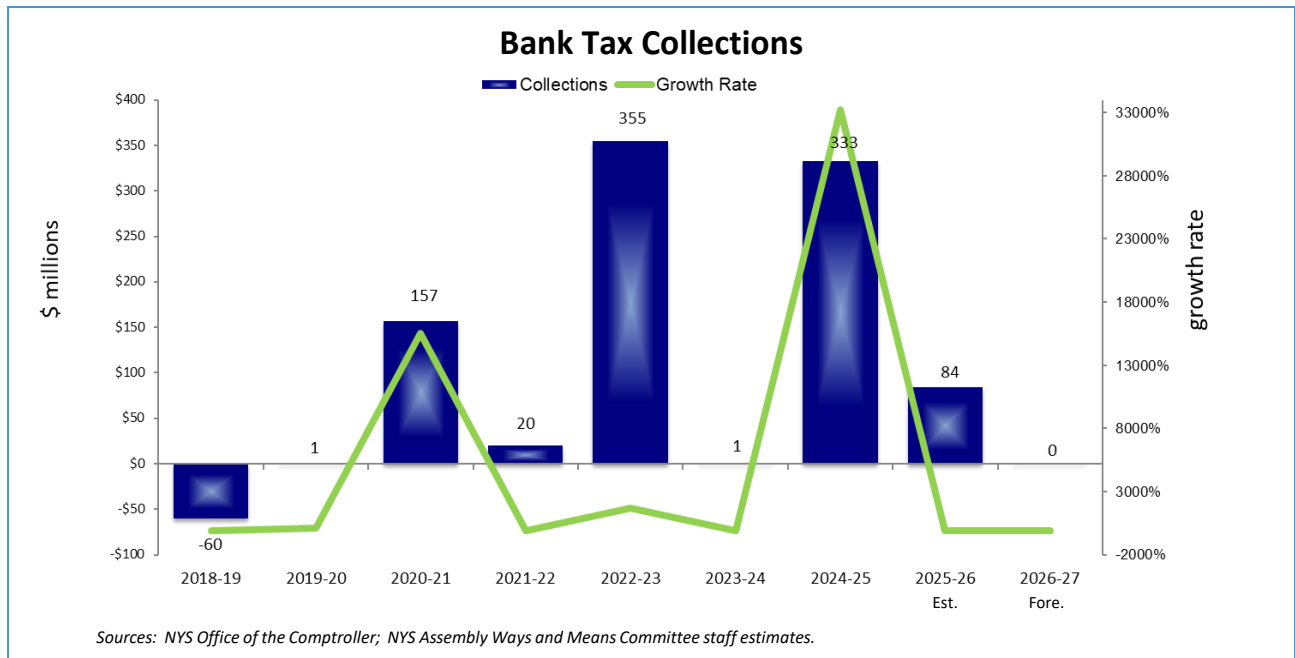
All Corporate Franchise Tax receipts are deposited into the General Fund except for the MCTD surcharge, which is deposited into the MTOAF Special Revenue Fund. In SFY 2025-26, the Committee expects General Fund receipts to total \$6.1 billion (see Table 52).

**Table 52**

| <b>Corporate Franchise Tax Fund Distribution</b> |              |                 |              |                  |           |
|--|--------------|-----------------|--------------|------------------|-----------|
| <b>(\$ in millions)</b>                          |              |                 |              |                  |           |
|  | General Fund | Special Revenue | Debt Service | Capital Projects | All Funds |
| 2025-26  | \$6,129      | \$1,671         | -            | -                | \$7,800   |
| 2026-27  | \$7,206      | \$2,070         | -            | -                | \$9,276   |

In SFY 2026-27, the Committee’s forecasts an increase of 17.6 percent in the General Fund with collections of \$7.2 billion.

## Bank Tax



**Figure 92**

As of January 1, 2015, the Bank Tax has been merged with the Corporate Tax pursuant to the 2014 corporate tax reform. Current collections from this tax arise from audits and other related activity in tax years prior to corporate tax reform.

### *YTD through January 2026*

Year-to-date, Bank Tax collections total negative \$24.8 million, due to refunds issued for prior years and a decline in audit collections (see Table 53).

**Table 53**

| Bank Tax<br>(\$ in millions) |              |            |                    |          |           |            |
|------------------------------|--------------|------------|--------------------|----------|-----------|------------|
|                              | Year To Date | YTD Growth | Closeout/ Forecast | Growth   | Executive | Difference |
| 2025-26                      | (\$25)       | (107.5%)   | \$84               | (74.8%)  | \$84      | \$0        |
| 2026-27                      |              |            | \$0                | (100.0%) | \$0       | \$0        |

*State Fiscal Year 2025-26*

The Committee expects Bank Tax collections to total \$84 million this fiscal year, a decrease of \$248.7 million from the prior year. This estimate is equivalent to the Executive estimate.

*State Fiscal Year 2026-27*

The Committee does not expect any Bank Tax collections in SFY 2026-27, with the anticipation that audit collections will decline compared to SFY 2025-26. The Committee's forecast is equivalent to the Executive forecast.

**Fund Distribution**

All bank tax receipts are deposited into the General Fund except for the MCTD surcharge, which is deposited into the MTOAF.

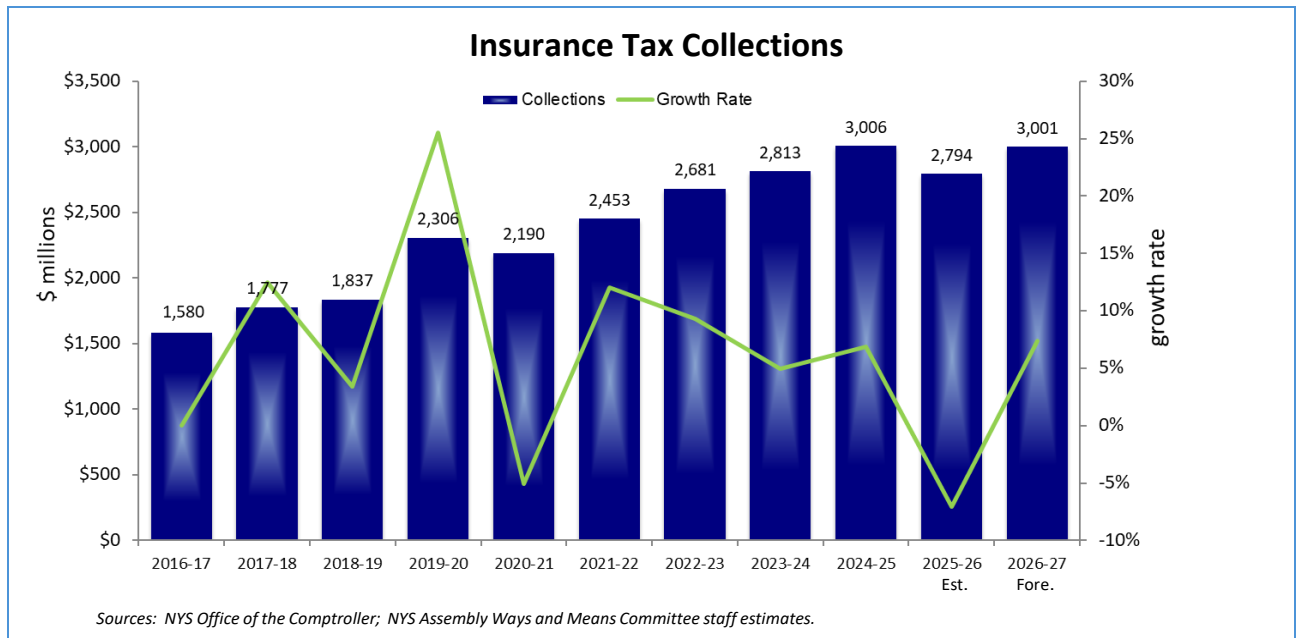
In SFY 2025-26, the Committee expects General Fund receipts of \$72 million. The Committee expects no General Fund receipts in SFY 2026-27 (see Table 54).

**Table 54**

| Bank Tax Fund Distribution<br>(\$ in millions) |              |                 |              |                  |           |
|--|--------------|-----------------|--------------|------------------|-----------|
|  | General Fund | Special Revenue | Debt Service | Capital Projects | All Funds |
| 2025-26  | \$72         | \$12            | -            | -                | \$84      |
| 2026-27  | \$0          | \$0             | -            | -                | \$0       |



## Insurance Tax



**Figure 93**

Taxes on insurance companies in New York State are administered by two separate agencies, the Department of Taxation and Finance and the Department of Financial Services. Pursuant to Article 33 of the Tax Law, the Department of Taxation and Finance administers income and or premiums taxes on insurance companies. The Department of Financial Services administers taxes on insurance companies' premiums pursuant to Articles 11 and 21 of the Insurance Law.

### YTD through January 2026

Year-to-date insurance tax collections are \$1.6 billion, a decrease of \$176.4 million or 9.8 percent from the prior fiscal year (see Table 55).

**Table 55**

| Insurance Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|-----------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                                   | Year to Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                           | \$1,616      | (9.8%)     | \$2,794            | (7.1%) | \$2,835   | (\$41)     |
| 2026-27                           |              |            | \$3,001            | 7.4%   | \$3,026   | (\$25)     |

*State Fiscal Year 2025-26*

The Committee expects collections to total \$2.8 billion in SFY 2025-26, a decline of \$212.1 million or 7.1 percent from the prior fiscal year. This decrease is partially driven by a sharp increase in refunds, and collections are expected to decrease by 2.9 percent over the remainder of the fiscal year compared to the previous year. The Committee’s estimate is \$41.4 million below the Executive estimate of \$2.8 billion.

*State Fiscal Year 2026-27*

The Committee forecasts insurance collections to total \$3 billion in SFY 2026-27, an increase of \$207.2 million or 7.4 percent above the current fiscal year, with the expectation that insurance premiums will rise over the forecast period, leading to higher gross receipts. The Committee’s forecast is \$25.3 million below the Executive forecast of \$3 billion.

## Fund Distribution

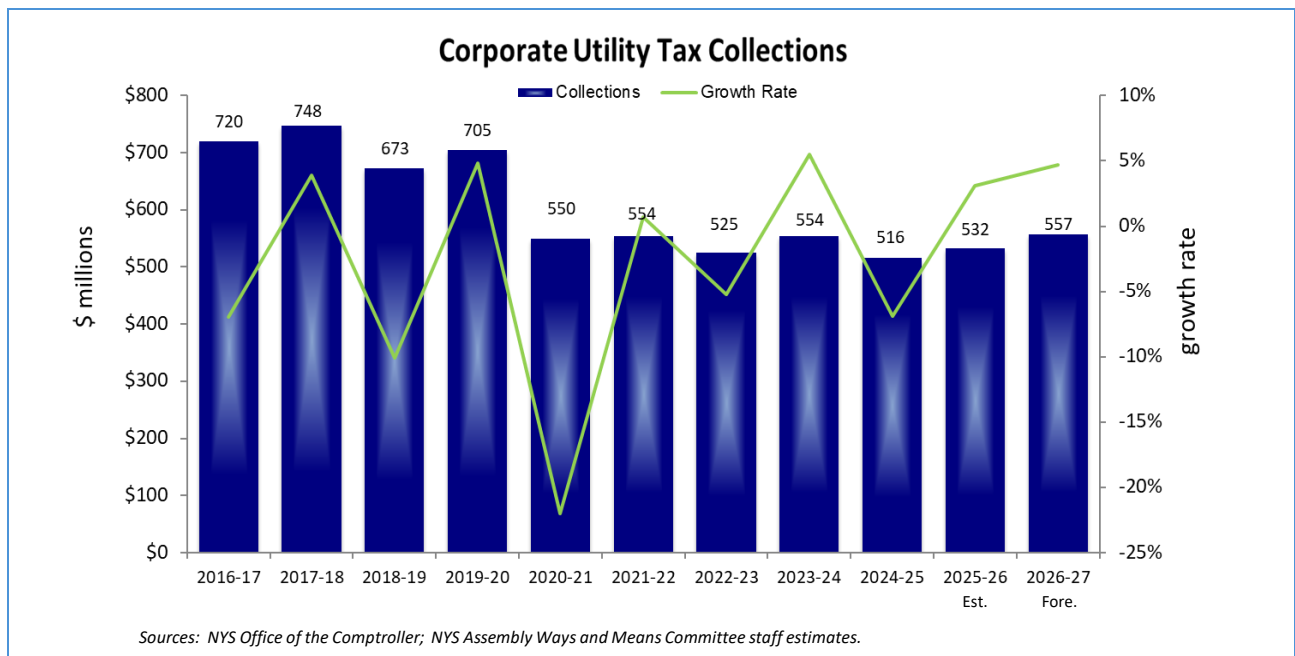
All insurance tax receipts are deposited into the General Fund except for the MCTD surcharge, which is deposited into the MTOAF.

In SFY 2025-26, the Committee projects General Fund receipts to reach \$2.5 billion (see Table 56). In SFY 2026-27 the Committee projects the General Fund to increase to \$2.7 billion.

**Table 56**

| Insurance Tax Fund Distribution<br>(\$ in millions) |                 |                    |                 |                     |           |
|---|-----------------|--------------------|-----------------|---------------------|-----------|
|   | General<br>Fund | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | All Funds |
| 2025-26   | \$2,543         | \$250              | -               | -                   | \$2,794   |
| 2026-27   | \$2,701         | \$300              | -               | -                   | \$3,001   |

## Corporate Utility Tax



**Figure 94**

All transportation and transmission companies exercising their corporate franchise, doing business, employing capital, owning or leasing property in the State in a corporate or organized capacity, or maintaining an office in New York are subject to a franchise tax under Article 9 of the Tax Law.

Transportation and transmission companies pay a tax of the greater of:

1. \$75;
2. 1.5 mils per dollar of net value of issued capital stock; or
3. if dividends are paid on the par value of any stock during any calendar year amount to 6 percent or more, 0.375 mils per dollar for each 1 percent of dividends paid, computed at par value of the stock.

The excise tax on the sale of telecommunication services is imposed at the rate of 2.5 percent of gross receipts from:

1. intrastate telecommunication services;
2. interstate and international telecommunication services (other than interstate and international private telecommunication services) that originate or terminate in New York State and that are charged to a service address in New York State; and
3. interstate and international private telecommunication services.

*YTD through January 2026*

Through January, cumulative Utility Tax collections are \$339.9 million, representing an increase of \$15.4 million or 4.7 percent from the prior fiscal year (see Table 57).

**Table 57**

| Corporate Utility Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|---|--------------|------------|--------------------|--------|-----------|------------|
|   | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                   | \$340        | 4.7%       | \$532              | 3.1%   | \$503     | \$29       |
| 2026-27                                   |              |            | \$557              | 4.6%   | \$534     | \$23       |

*State Fiscal Year 2025-26*

The Committee expects collections for SFY 2025-26 to be \$532.1 million, an increase of 3.1 percent or \$16.1 million from the previous fiscal year. This increase can partially be attributed to an increase in audits. Collections are expected to increase by 0.4 percent over the remainder of the fiscal year, compared to the same period in SFY 2024-25. The Committee’s estimate is \$29.1 million above the Executive estimate of \$503 million.

*State Fiscal Year 2026-27*

The Committee expects utility tax collections to increase by \$24.5 million or 4.6 percent, to a level of \$556.6 million in SFY 2026-27. This increase can partially be attributed to a projected increase in audits. The Executive is expecting an increase of 6.2 percent, for a total of \$534 million in collections in the next fiscal year. The Committee’s estimate is \$22.6 million above the Executive forecast.

## Fund Distribution

Eighty percent of the tax receipts from sections 183 and 184 of the Tax Law are deposited into the MTOAF and the remainder is deposited into the Dedicated Highway Bridge and Trust Fund (DHBTf).

The MCTD surcharge of 17 percent on a company's liability attributable to the MCTD is deposited into the MTOAF.

For SFY 2025-26, the Committee expect General Funds to total \$412 million and Special Revenue Funds to be \$112 million (see Table 58). Capital Projects Funds are estimated to total \$8 million.

**Table 58**

| <b>Corporate Utility Tax Fund Distribution</b> |                     |                        |                     |                         |                  |
|--|---------------------|------------------------|---------------------|-------------------------|------------------|
| <b>(\$ in millions)</b>                        |                     |                        |                     |                         |                  |
|  | <b>General Fund</b> | <b>Special Revenue</b> | <b>Debt Service</b> | <b>Capital Projects</b> | <b>All Funds</b> |
| 2025-26  | \$412               | \$112                  | -                   | \$8                     | \$532            |
| 2026-27  | \$439               | \$107                  | -                   | \$10                    | \$557            |

For SFY 2026-27, the Committee expects General Funds to increase to \$439 million and Special Revenue Funds to decrease to \$107 million. Capital Projects Funds are forecast to be \$10 million.

## Pass-Through Entity Tax

In response to federal tax law changes that limit the deductibility of state and local taxes from federal PIT, the SFY 2021-22 budget enacted an optional PTET on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. The Committee expects that the PTET will be revenue-neutral for the State over the multi-year State Financial Plan, although the timing of certain payments could result individual fiscal years experiencing revenue gains or losses.

For each tax year beginning on or after January 1, 2021, the PTET is imposed on each electing entity's PTET eligible income. The tax is in addition to any other taxes imposed on the entity under the Tax Law and is determined as follows:

**Table 59**

| <b>PASS-THROUGH ENTITY TAX RATES</b>                            |   |
|---|---|
| <b>If the PTE taxable income is:</b>                            | <b>then the PTET due is:</b>  |
| \$2 million or less   | 6.85% of PTE taxable income   |
| greater than \$2 million but less than or equal to \$5 million  | \$137,000 plus 9.65% of the excess of PTE taxable income greater than \$2 million     |
| greater than \$5 million but less than or equal to \$25 million | \$426,500 plus 10.30% of the excess of PTE taxable income greater than \$5 million    |
| Greater than \$25 million                                       | \$2,486,500 plus 10.90% of the excess of PTE taxable income greater than \$25 million |

Beginning January 1, 2021, qualifying entities that elect to pay PTET will pay a progressive tax rate of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders who are subject to tax under Article 22 may receive a refundable tax credit on their New York State income tax return equal to the proportionate or pro rata share of taxes paid by the electing entity. The program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes.

For tax years beginning on January 1, 2022, and thereafter, qualifying entities may opt into the PTET on or after January 1<sup>st</sup> but not later than March 15<sup>th</sup> for each tax year, and the election to opt in is required to be made online on an annual basis and will be irrevocable. Electing entities must make quarterly tax payments in an amount equal to at least 25 percent of their required annual payment for the taxable year. The required annual payment is the lesser of:

- 90 percent of the PTET required to be shown on the return of the electing entity for the taxable year; or
- 100 percent of the of the PTET shown on the return of the electing entity for the preceding PTET taxable year.

As part of the SFY 2026-27 Executive Budget, the Executive proposes to extend the deadline for entities to elect in the PTET from March 15<sup>th</sup> to September 15<sup>th</sup> of the applicable tax year and make conforming changes to estimated payment deadlines. This action would reduce tax collections by \$4 billion in SFY 2026-27. However, since PTET was first enacted, PTET collections have been set aside in the PTET reserve to cover PIT credits in subsequent years. The use of these reserves make the proposed action neutral on a Financial Plan basis.

#### *State Fiscal Year 2025-26*

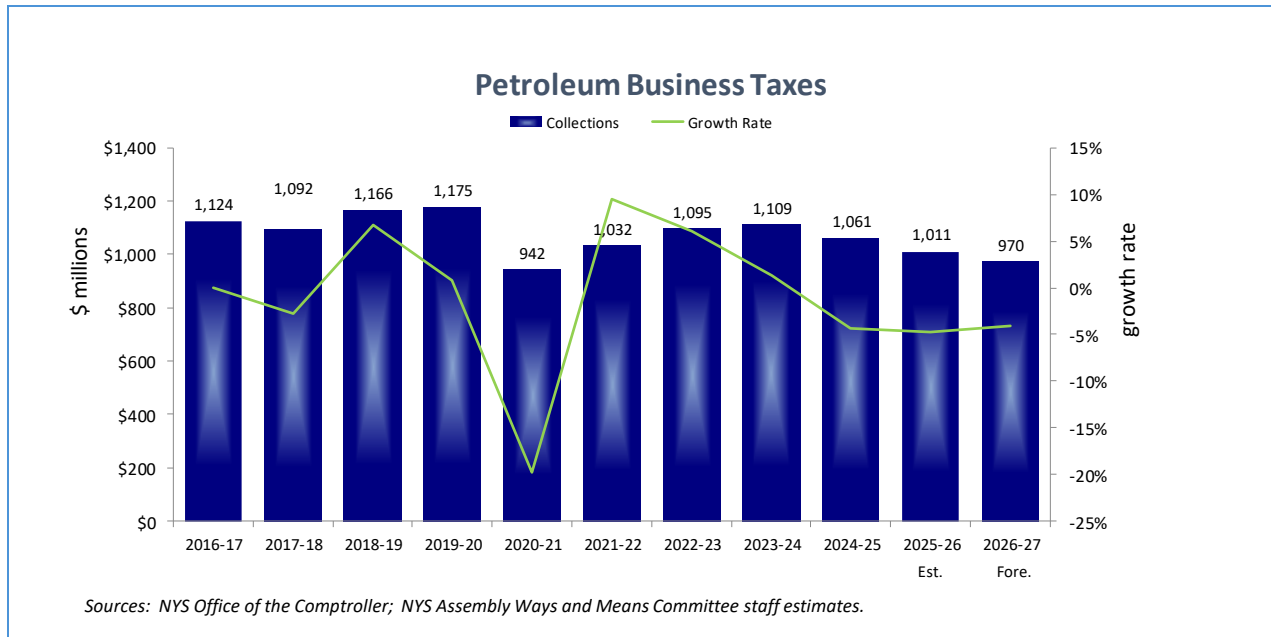
The Committee estimates that collections for SFY 2025-26 will total \$18.5 billion. This estimate is equivalent to the Executive forecast.

#### *State Fiscal Year 2026-27*

The Committee forecasts that collections for SFY 2026-27 will total \$14.8 billion, which is equivalent to the Executive projection.



## Petroleum Business Tax



**Figure 95**

Article 13-A of the Tax Law imposes the Petroleum Business Tax (PBT) on every petroleum business for the privilege of engaging in business, employing capital, owning or leasing property, or maintaining an office in the State. Gasoline is subject to tax at the time it is imported, while diesel is taxable upon the first sale. The PBT also applies to the fuel that motor carriers purchase outside of New York State, but consume within the State.

Petroleum Business Tax rates are subject to annual adjustments on the first of January each year to reflect the change in the Producer Price Index (PPI) for refined petroleum products for the twelve months ending August 31<sup>st</sup> of the immediately preceding year. The petroleum PPI is published by the U.S. Bureau of Labor Statistics. The rates of tax are rounded to the nearest tenth of one cent and limited to a 5 percent annual change.

The PBT consists of a base tax, a supplemental tax, and a tax on carriers. All revenues from the base tax are dedicated as follows: 19.7 percent to the MTOAF; and 80.3 percent to a dedicated funds pool. The supplemental tax and the tax on carriers are deposited entirely into that dedicated fund pool. The dedicated funds pool is split between the Dedicated Mass Transportation Trust Fund, (34 percent), the Dedicated Highway and Bridge Trust Fund (63 percent), and non-MTA transit systems statewide (3 percent).

*YTD through January 2026*

Through January, PBT collections have decreased by 4.6 percent from last fiscal year, for a total of \$859.2 million year-to-date (see Table 60).

**Table 60**

| Petroleum Business Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|--|--------------|------------|--------------------|--------|-----------|------------|
|  | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                    | \$859        | (4.6%)     | \$1,011            | (4.7%) | \$1,009   | \$2        |
| 2026-27                                    |              |            | \$970              | (4.1%) | \$962     | \$8        |

*State Fiscal Year 2025-26*

The Committee expects collections for SFY 2025-26 to total \$1 billion, a decrease of 4.7 percent or \$50 million, from the previous fiscal year. The Committee expects collections for the remainder of the year to decrease by 5 percent compared to SFY 2024-25. The decrease is mainly attributed to the net impact of the reduced PBT rate effective January 1, 2025 and January 1, 2026. The Committee's estimate is \$2 million above the Executive's estimate of \$1 billion.

*State Fiscal Year 2026-27*

The Committee forecasts PBT collections to decrease by 4.1 percent, to a level of \$970 million in SFY 2026-27, primarily due to the net impact of another projected rate decrease effective January 1, 2026 and January 1, 2027. The Executive is forecasting \$962 million in collections for the next fiscal year. The Committee's forecast is above the Executive's projection by \$8 million.

## Fund Distribution

**Table 61**

| <b>Petroleum Business Tax Fund Distribution</b> |              |                 |              |                  |           |
|---|--------------|-----------------|--------------|------------------|-----------|
| <b>(\$ in millions)</b>                         |              |                 |              |                  |           |
|   | General Fund | Special Revenue | Debt Service | Capital Projects | All Funds |
| 2025-26   | -            | \$443           | -            | \$568            | \$1,011   |
| 2026-27   | -            | \$424           | -            | \$544            | \$970     |

The PBT consists of a base tax, a supplemental tax, and a tax on carriers. All revenues from the base tax are dedicated as follows: 19.7 percent to the MTAOF; and 80.3 percent to a dedicated funds pool. The supplemental tax and the tax on carriers are deposited entirely into that dedicated fund pool. The dedicated funds pool is split between the Dedicated Mass Transportation Trust Fund, (34 percent), the Dedicated Highway and Bridge Trust Fund (63 percent), and non-MTA transit systems statewide (3 percent).

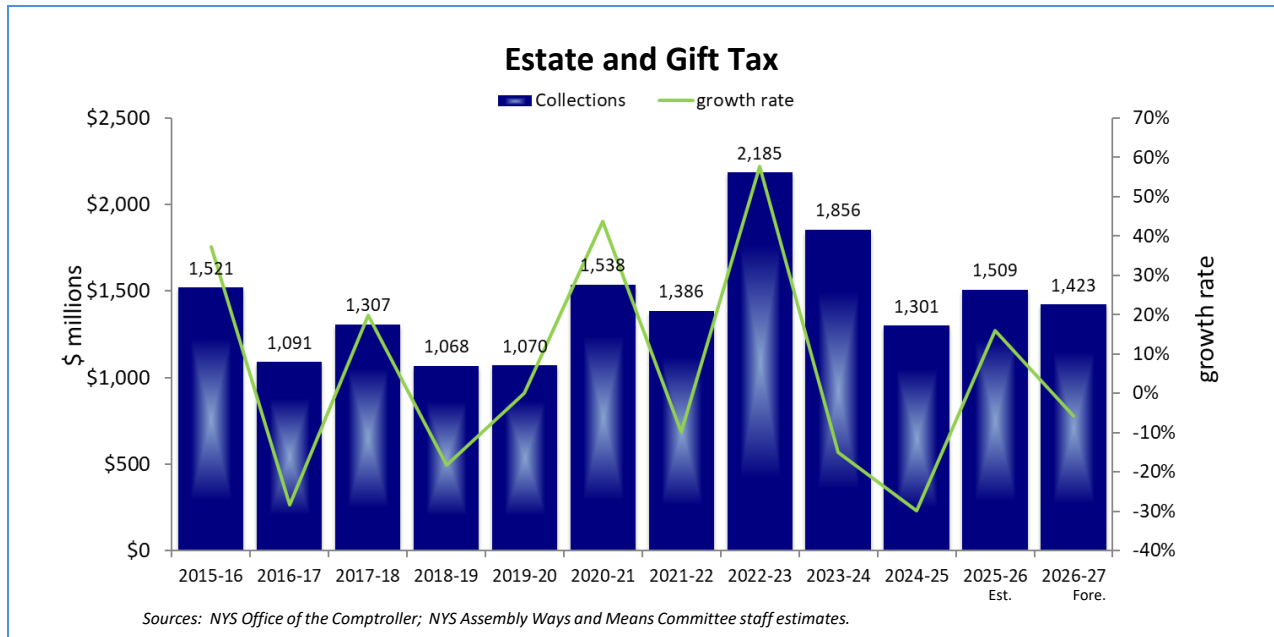
## Other Taxes

**Table 62**

**Other Taxes**  
**Forecasts by State Fiscal Year**  
 (\$ in millions)

|                                       | <b>SFY</b>     |               | <b>Diff.</b>  | <b>SFY</b>     |               | <b>Diff.</b> |
|---------------------------------------|----------------|---------------|---------------|----------------|---------------|--------------|
|                                       | <b>2025-26</b> | <b>Growth</b> | <b>Exec.</b>  | <b>2026-27</b> | <b>Growth</b> | <b>Exec.</b> |
| <b>Other</b>                          | <b>\$2,996</b> | <b>15.8%</b>  | <b>(\$11)</b> | <b>\$3,064</b> | <b>2.3%</b>   | <b>\$53</b>  |
| Estate Tax                            | 1,509          | 16.0%         | (79)          | 1,423          | (5.7%)        | (61)         |
| Real Estate Transfer Tax              | 1,457          | 15.9%         | 70            | 1,610          | 10.5%         | 115          |
| Employer Compensation Expense Program | 17             | 13.2%         | (1)           | 18             | 5.6%          | (1)          |
| Pari Mutuel                           | 12             | 13.2%         | (1)           | 12             | 0.0%          | 0            |
| Other                                 | 1              | (50.0%)       | 0             | 1              | 0.0%          | 0            |

## Estate Tax



**Figure 96**

Article 26 of the Tax Law imposes a tax on the transfer of deceased individual’s property known as the estate tax for residents of the State. For tax year 2026, the Estate Tax is applied to an estate whose value exceeds an exemption level of \$7.35 million for single filers and \$14.7 million for couples. The tax applies to non-charitable transfers made by people who own real estate or tangible personal property located in New York, as well as intangible property upon death. Nonresidents are subject to the tax if the transfer real estate or tangible personal property is located within the State. Estate taxes must be filed within nine months of the decedent’s death.

*YTD through January 2026*

Year-to-date, estate and gift tax collections are \$1.3 billion, a 15 percent increase from the same period in SFY 2024-25 (see Table 63).

**Table 63**

| Estate and Gift Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|---|--------------|------------|--------------------|--------|-----------|------------|
|   | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                 | \$1,284      | 15.0%      | \$1,509            | 16.0%  | \$1,588   | (\$79)     |
| 2026-27                                 |              |            | \$1,423            | (5.7%) | \$1,484   | (\$61)     |

*State Fiscal Year 2025-2026*

The Committee estimates estate and gift tax collections will total \$1.5 billion in SFY 2025-26 or a 16 percent increase from SFY 2024-25. This increase primarily reflects an increased number of super-large estate tax payments compared to last fiscal year. “Super-large” estates are estates with tax payments of over \$25 million. The Committee’s estimate is \$79 million below the Executive estimate.

*State Fiscal Year 2026-27*

The Committee projects estate and gift tax collections to decrease by 5.7 percent or \$85 million in SFY 2026-27, for a total of \$1.4 billion. This decrease is mainly due to an expected decline in the number of “super-large” estate tax payments compared to SFY 2025-26. The Committee’s forecast is \$61 million below the Executive forecast.

## Real Estate Transfer Tax



**Figure 97**

The Real Estate Transfer Tax (RETT) is administered pursuant to Article 31 of the New York State Tax Law, and it is levied on real property transfers where the value of the interest conveyed exceeds \$500. The tax is paid by the grantor, the party selling the property, and is imposed on the conveyance of real property, either by deed or economic interest, at a rate of \$2 for each \$500 of sales price. An additional state tax of 1 percent is applied to residential transfers when the value of the property is over \$1 million; this additional tax is commonly called the Mansion Tax. This additional tax is paid by the grantee, the party purchasing the property.

RETT receipts rely on the climate of the housing market in New York State, and especially in New York City. Historically, New York City accounts for over 50 percent of total RETT receipts, while Long Island accounts for around 15 percent of receipts.

The SFY 2019-20 budget established two additional RETT provisions on transfers occurring in New York City, which will support the MTA, including an expansion of the existing transfer tax, which implemented a progressive rate structure ranging from 1.25 percent on transfers valued at \$2 million to 3.9 percent on sales valued over \$25 million; and an additional 0.25 percent RETT on residential transactions valued over \$3 million and commercial transactions valued over

\$2 million. Since these taxes are remitted to the Central Business District Tolling Capital Lockbox, they are not reflected in the Committee’s projections of State receipts.

*YTD through January 2026*

Through January, RETT collections are \$1.2 billion, which represents a 15.7 percent increase from the same period in SFY 2024-25 (see Table 64).

**Table 64**

| Real Estate Transfer Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|--|--------------|------------|--------------------|--------|-----------|------------|
|  | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                                      | \$1,222      | 15.7%      | \$1,457            | 15.9%  | \$1,387   | \$70       |
| 2026-27                                      |              |            | \$1,610            | 10.5%  | \$1,495   | \$115      |

*State Fiscal Year 2025-26*

The Committee estimates that RETT receipts will total \$1.5 billion in SFY 2025-26 for an increase of 15.9 percent from SFY 2024-25. This increase can primarily be attributed to an increase in housing market activity, driven by a combination of higher average housing prices and a modest decrease in mortgage rates. The Committee’s estimate is \$70 million above the Executive estimate of \$1.4 billion in collections.

*State Fiscal Year 2026-27*

The Committee anticipates RETT receipts will total \$1.6 billion in SFY 2026-27 for a year-over-year increase of 10.5 percent. This increase is primarily attributed to sustained trends in the variables noted above, and the expectation that the Federal Reserve continues to ease monetary policy. The Committee’s forecast is \$115 million above the Executive forecast.



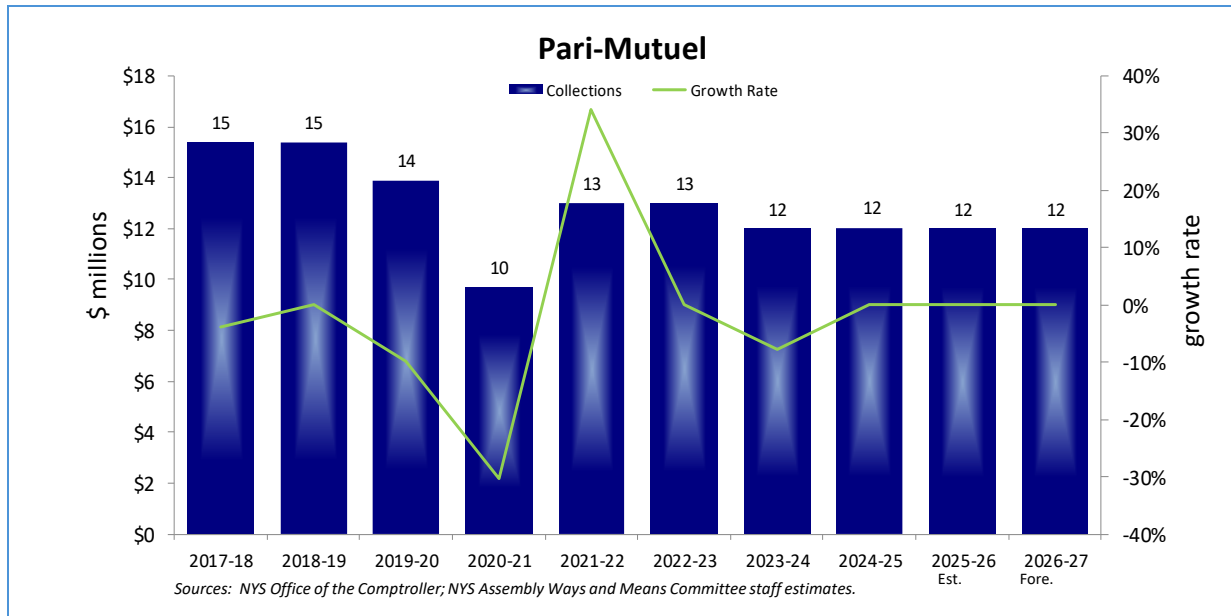
Fund Distribution

**Table 65**

| Real Estate Transfer Tax Fund Distribution<br>(\$ in millions) |              |                 |              |                  |           |
|--|--------------|-----------------|--------------|------------------|-----------|
|  | General Fund | Special Revenue | Debt Service | Capital Projects | All Funds |
| 2025-26  | -            | -               | \$1,200      | \$257            | \$1,457   |
| 2026-27  | -            | -               | \$1,353      | \$257            | \$1,610   |

A statutory amount of \$257 million, increased from \$119 million as part of the SFY 2022-23 Enacted Budget, is deposited into the Environmental Protection Fund from RETT collections, and the remaining is deposited into the Clean Water/Clean Air Fund (CW/CA) for Debt Service. When the CW/CA obligation is paid, the excess revenue is transferred to the General Fund.

## Pari-Mutuel



**Figure 98**

Under the Racing, Pari-Mutuel Wagering and Breeding Law, a tax is imposed on horseracing pari-mutuel bets placed at racetracks, simulcast theaters and OTB facilities. Pari-mutuel betting, also known as pool betting, is a unique form of betting. Instead of placing wagers against a bookmaker, one places wagers against other bettors who have placed wagers on the same event.

Prior to the SFY 2025-26 Enacted Budget, the pari-mutuel tax (PMT) structure in the State was complex and outdated and was particularly difficult for the State and the various racing entities that remit the PMT to the Department of Taxation and Finance to calculate. For example, there were multiple tax rates imposed, and they were dependent on various factors including: the time of day; the type of bet; the location of the track holding the race; if it is considered a “special” bet, among other factors.

Beginning September 1, 2025, effectuated by the SFY 2025-26 Enacted Budget, the previous PMT structure was replaced with a simplified flat tax rate of 0.7 percent on total live racing handle for thoroughbred racetracks, harness racetracks, and OTB Corporations. Additionally, the Enacted Budget imposed an additional 1.45 percent market origin fee on Out-

of-State Advanced Deposit Wagering providers, which brings their effective PMT rate to 0.7 percent as well.

Finally, the SFY 2025-26 Enacted Budget established that “breaks” will be rounded to the nearest penny unless they are placed in-person at a racetrack, in which case they may be rounded to the nearest nickel with funds being directed to retired and rescued thoroughbred or standardbred horse aftercare. “Breaks” are the odd cents or dollars in a winning bet payoff, over a scaled rounded value, and previously this amount was determined based on the nominal value of the winning bet.

Together, these actions are expected to increase PMT collections by approximately \$6 million annually beginning in SFY 2026-27.

*YTD through January 2026*

Year-to-date, PMT receipts are currently \$11.6 million, a 6.4 percent increase from the same period in SFY 2024-25 (see Table 66). This increase reflects more people attending pari-mutuel betting facilities compared to same period last fiscal year.

**Table 66**

| Pari-Mutuel Tax<br>(\$ in millions) |              |            |                    |        |           |            |
|-------------------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                                     | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                             | \$12         | 6.4%       | \$12               | 13.2%  | \$13      | (\$1)      |
| 2026-27                             |              |            | \$12               | 0.0%   | \$12      | \$0        |

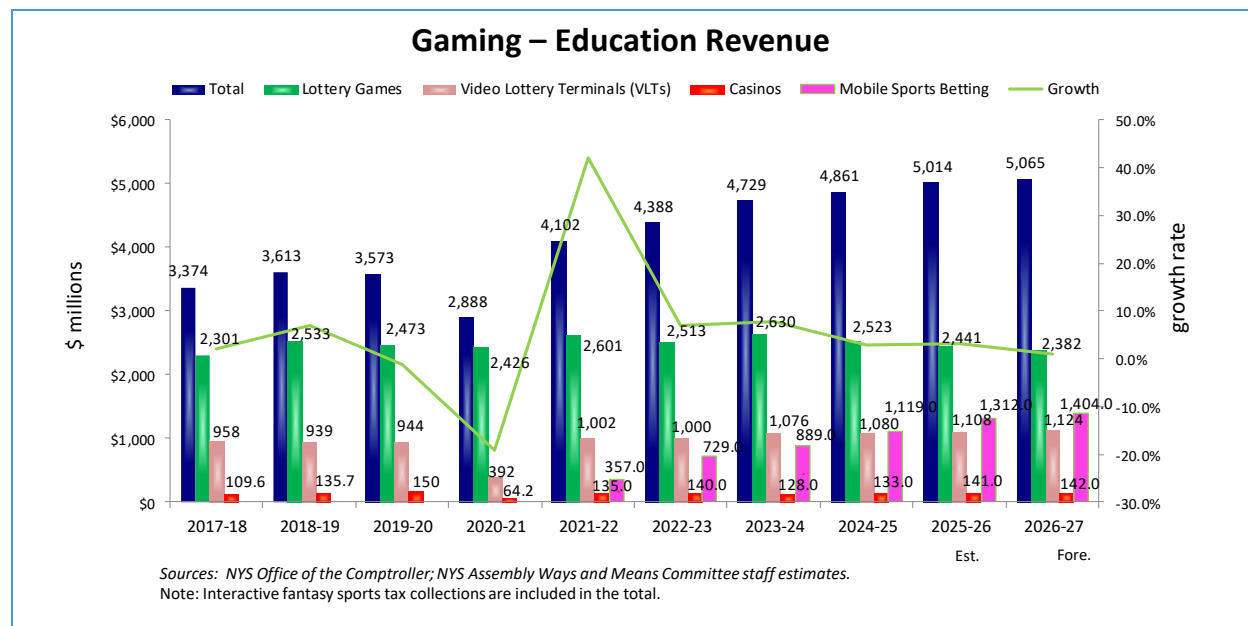
*State Fiscal Year 2025-26*

The Committee estimates pari-mutuel receipts will total \$12 million in SFY 2025-26. The Committee's estimate \$1 million below the Executive projection.

*State Fiscal Year 2026-27*

The Committee's forecast for SFY 2026-27 is to remain at \$12 million. The Committee's forecast is equivalent to the Executive forecast of \$12 million.

## Gaming



**Figure 99**

The New York State Lottery was established by a Constitutional Amendment in 1966 for the express purpose of raising revenues for education. The New York State Gaming Commission operates a number of lottery games like jackpot games, and instant scratch-off games. A predetermined percentage of sales from each game is dedicated to fund education. Depending on the type of the lottery game, between 10 to 45 percent of sales are dedicated to education funding. Daily games contribute an average of 33 percent, jackpot games contribute an average of 35 percent, and instant scratch-off games contribute an average of 15 percent.

Video lottery terminal (VLT) facilities began operating in New York State in 2004, and ten VLTs facilities exist today, including Resorts World Hudson Valley Casino which began operations in December 2022. These facilities contributed \$1 billion in revenue to education in SFY 2023-24, close to \$1.1 billion in SFY 2024-25. On average, VLTs contributed 44.3 percent of their Net Machine Income to education in SFY 2024-25.<sup>76</sup>As part of the SFY 2025-26 Enacted Budget, the tax rate for the Batavia Downs VLT facility was temporarily reduced by 5 percentage points, from 49 percent to 44 percent, for five years through April 1, 2030.

<sup>76</sup><https://gaming.ny.gov/gaming/index.php?ID=1>.

The law permitting the licensing, regulation and taxation of non-tribal casinos was enacted in 2013. There are currently four commercial gaming facilities in operation: Tioga Downs, Del Lago Resort, Rivers Casino and Resort, and Resorts World.

Each of the four commercial casinos currently operating must pay a tax of 10 percent on the gross table game revenue, but the tax rate varies for revenue from electronic table games and slot machines based on the region in which the casino is located. Additionally, the SFY 2021-22 Enacted Budget enabled commercial casinos to petition for a temporarily reduced slot tax rate of no lower than 30 percent, pursuant to them fulfilling certain conditions. As of October 2023, all four commercial casinos have been granted a lower slot machine tax rate for Fiscal Years 2024 through 2026. The tax rates on these receipts are as follows: 30 percent at Resorts World; 30 percent at Rivers; 30 percent at Del Lago; and 30 percent at Tioga. This tax is distributed in the following manner: 80 percent to education and property tax relief, 10 percent split equally between the host municipality and the host county, and 10 percent split among non-host counties within the region on a per capita basis. Facilities must also pay an annual license fee of \$500 for each slot machine and table game that the Gaming Commission approves for use at the facility.

In December of 2025, the three remaining commercial casino licenses were awarded by the Gaming Commission to the following downstate bidders: Bally's in the Bronx, Resorts World New York City in Queens, and Hard Rock Metropolitan Park also in Queens. Resorts World New York City, which is currently a VLT facility, is expected to begin full scale casino operations sometime in the second half of 2026, while the other two facilities are not expected to begin operations until at least 2030.

The SFY 2023-24 Enacted Budget took substantial steps to provide financial relief to the MTA. These actions will result in \$1.5 billion in license fees awarded to the three downstate casinos being directed to the MTA. Additionally, a portion of future recurring revenues from the newly licensed casinos will be split between Education aid and the MTA.

Tax revenue collections from Bally's Bronx and Hard Rock Metropolitan Park will be disturbed as follows:

- 50 percent to MTA and;
- 50 percent to Education Aid.

As for Resort World NYC, 80 percent will be directed to MTA and 20 percent to Education. The distribution of the revenues requires that Education Aid is held harmless. Once the education hold harmless amount is hit, 100 percent of the recurring revenue would be directed to the MTA until it receives the same amount as the education hold harmless amount. Then, the recurring revenue would be split evenly between education and the MTA.

Legislation to permit, regulate and tax interactive fantasy sports was enacted in 2016. The tax is a 15 percent rate on gross revenue, as well as an additional 0.5 percent tax that is not to exceed \$50,000 annually.

As part of the SFY 2021-22 Enacted Budget, mobile sports betting was authorized throughout the State. Mobile Sports Betting generated \$889 million in SFY 2023-24, and \$1.1 billion in SFY 2024-25. The SFY 2025-26 Enacted Budget included language to direct an additional \$6 million of Mobile Sport Wagering revenue for the Problem Gambling Addiction services, for a new total of \$12 million, beginning in SFY 2026-27.

As part of the SFY 2025-26 Enacted Budget, the reduced tax rate on slot machine gross gaming revenues was extended for five years, from April 1, 2026, through June 30, 2031, for commercial casinos in Zone Two, provided that certain conditions are met. The current reduced tax rate is 30 percent for each of them. This action is expected to reduce All Funds revenues by \$49 million in SFY 2026-27 and SFY 2027-28.

#### *YTD through January 2026*

Year-to-date, gaming revenue totaled \$4 billion, a 5.7 percent increase over the same period in SFY 2024-25 (see Table 67). This increase is primarily attributed to significant growth in mobile sports betting collections.

**Table 67**

| Gaming<br>(\$ in millions) |              |            |                    |        |           |            |
|----------------------------|--------------|------------|--------------------|--------|-----------|------------|
|                            | Year To Date | YTD Growth | Closeout/ Forecast | Growth | Executive | Difference |
| 2025-26                    | \$3,980      | 5.7%       | \$5,014            | 3.2%   | \$4,986   | \$28       |
| 2026-27                    |              |            | \$5,065            | 1.0%   | \$4,967   | \$98       |

*State Fiscal Year 2025-26*

The Committee estimates total gaming receipts of \$5 billion, an increase of 3.2 percent or \$153 million over SFY 2024-25 collections. The Committee’s estimate is \$28 million above the Executive estimate.

The Committee estimates lottery games receipts will total \$2.4 billion for a decrease of 3.2 percent from SFY 2024-2025.

The Committee estimates that VLT receipts will total \$1.1 billion, an increase of 2.6 percent from SFY 2024-25.

The Committee estimates that casino receipts will total \$141 million, an increase of 5.8 percent from SFY 2024-25.

The Committee estimates mobile sports betting receipts will total \$1.3 billion, an increase of 17.3 percent or \$193 million over SFY 2024-25. Of this revenue, \$6 million will be directed to problem gambling education and treatment services, and \$5 million will be directed to youth sports funding.

The Committee estimates that interactive fantasy sports tax receipts will total \$12 million, an increase of \$6 million from the SFY 2024-25 level.

*State Fiscal Year 2026-27*

The Committee projects that combined gaming revenue will total \$5.1 billion in SFY 2026-27. This represents an increase of 1 percent or \$50 million from SFY 2025-26 collections. This estimate is \$98 million above the Executive forecast of \$5 billion, primarily due



to a \$52 million positive variance in projected mobile sports wagering collection compared to the Executive.

The Committee forecasts that lottery game revenue receipts will total \$2.4 billion, a decrease of 2.4 percent from SFY 2025-26.

VLT receipts are expected to total \$1.1 billion, an increase of 1.5 percent from SFY 2025-26.

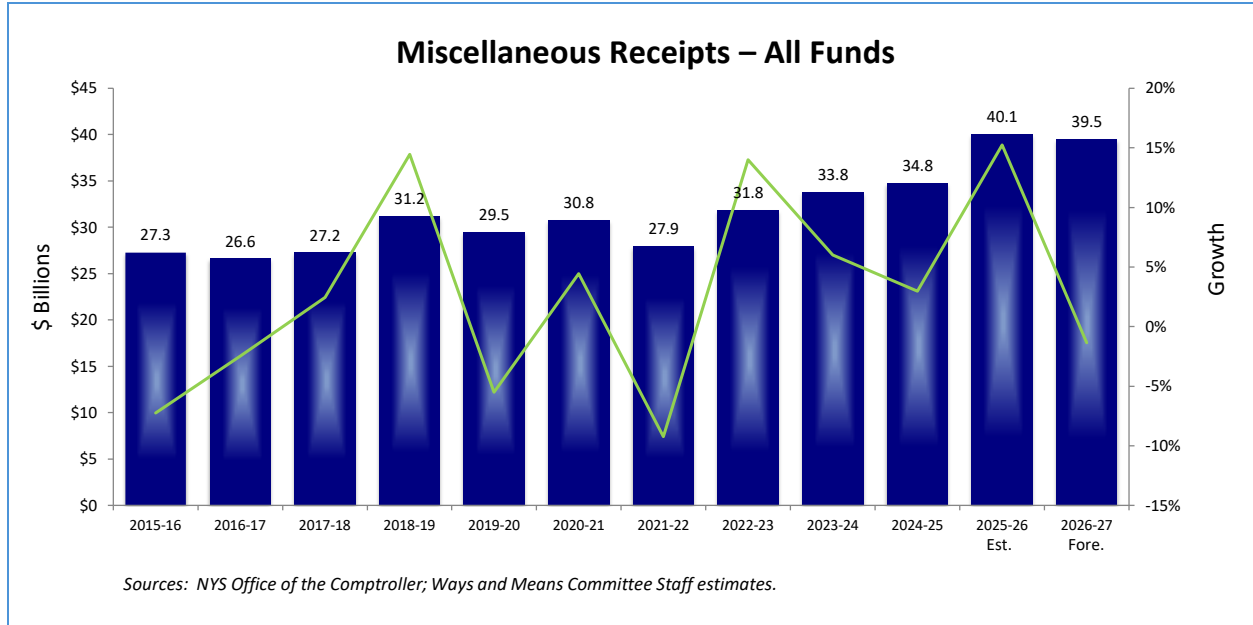
Casino receipts are forecast to total \$142 million, an increase of 0.8 percent from SFY 2025-26.

Mobile sports betting receipts are forecast to total \$1.4 billion, an increase of 7 percent or \$92 million over SFY 2025-26. Of this revenue, \$12 million will be directed to problem gambling education and treatment services, and \$5 million will be directed to youth sports funding.

Fantasy sports betting receipts are forecast to total \$12 million, with no change from the previous fiscal year.

## Miscellaneous Receipts

### Miscellaneous Receipts – All Funds

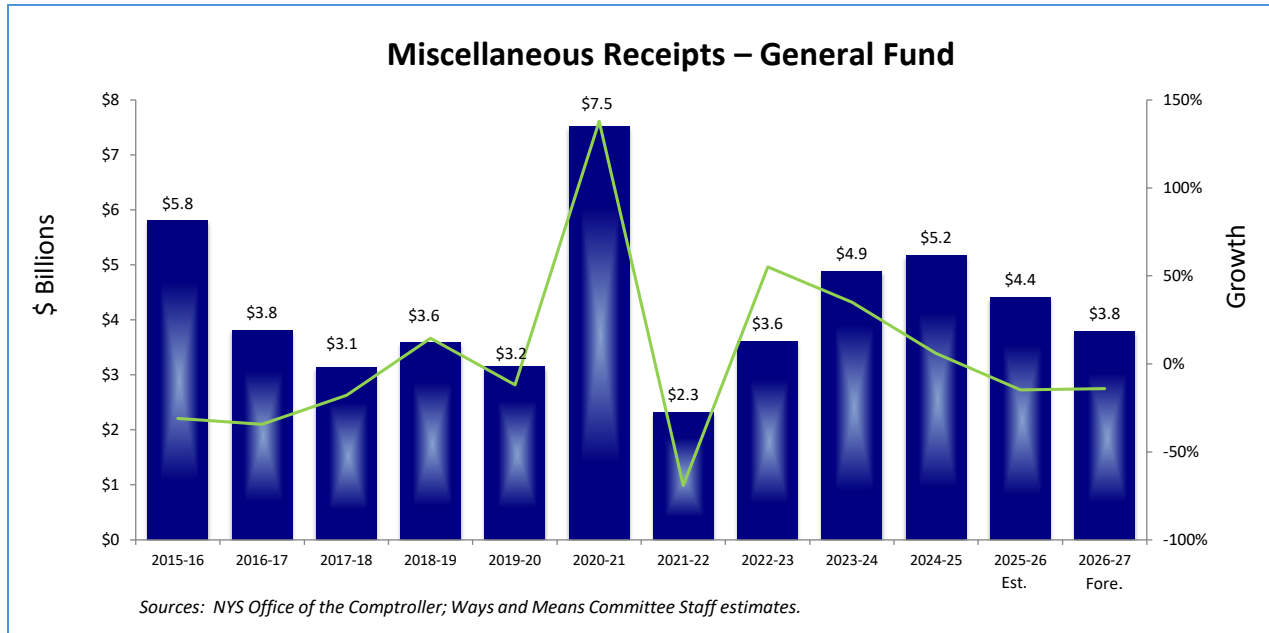


**Figure 100**

All Funds Miscellaneous Receipts consist of funds received from HCRA financing sources, State University of New York (SUNY) tuition and patient income, lottery receipts for education, assessments on regulated industries, motor vehicles fees and a variety of fees and licenses.

On an All Funds basis, Miscellaneous Receipts totaled \$34.8 billion in SFY 2024-25 and are estimated to total \$40.1 billion in SFY 2025-26 and \$39.5 billion in SFY 2026-27 (see Figure 100).

## Miscellaneous Receipts – General Fund



**Figure 101**

General Fund collections are more volatile as a result of one-time deposits and settlements. These receipts peaked in SFY 2020-21 due to a substantial increase in receipts that was related to extraordinary bond proceeds that were authorized in response to the COVID-19 pandemic.

### *State Fiscal Years 2025-26 and 2026-27*

General Fund Miscellaneous Receipts totaled \$5.2 billion in SFY 2024-25 and are estimated to decrease to \$4.4 billion in SFY 2025-26 and then decline to \$3.8 billion in SFY 2026-27 (see Figure 101). This decrease primarily reflects a \$486 million decrease in investment income, which is attributable to lower interest rates and less resources contained within the fund (see Table 68).

## Key Components

**Table 68**

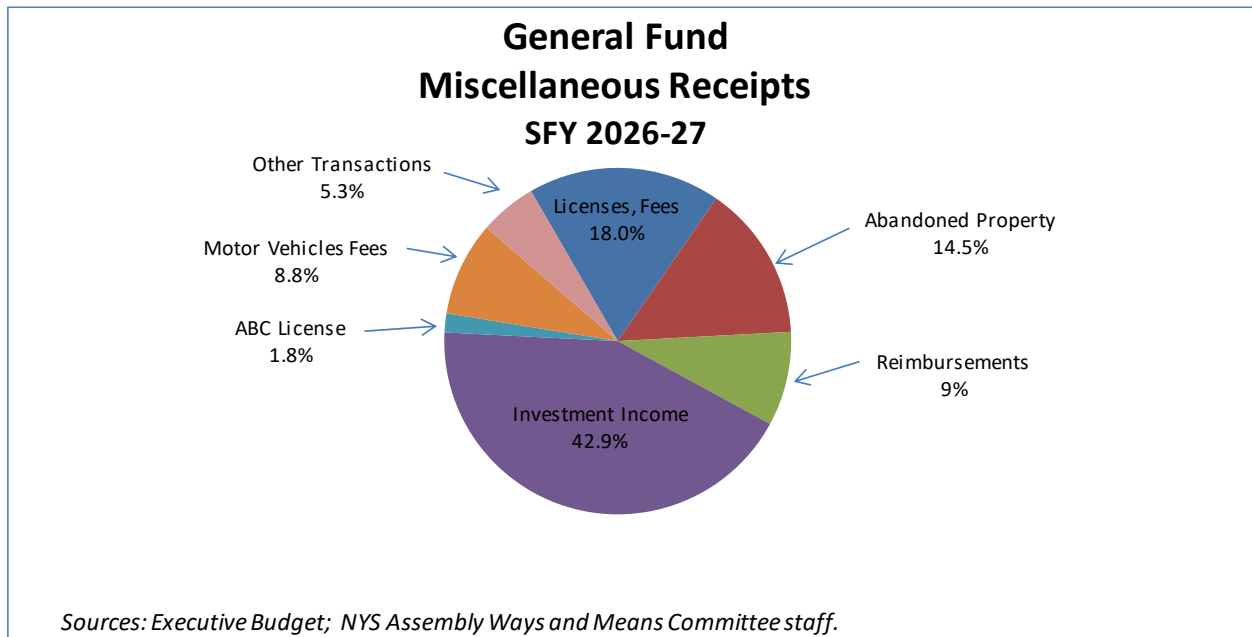
| <b>Miscellaneous Receipts - General Fund</b> |                           |                              |                              |               |                           |
|--|---------------------------|------------------------------|------------------------------|---------------|---------------------------|
| <b>(\$ in Millions)</b>                      |                           |                              |                              |               |                           |
|  | <b>2024-25<br/>Actual</b> | <b>2025-26<br/>Estimated</b> | <b>2026-27<br/>Projected</b> | <b>Change</b> | <b>Percent<br/>Change</b> |
| Licenses, Fees                               | 904                       | 681                          | 680                          | (1)           | (0.1%)                    |
| Abandoned Property                           | 899                       | 700                          | 550                          | (150)         | (21.4%)                   |
| Reimbursements                               | 249                       | 316                          | 333                          | 17            | 5.4%                      |
| Investment Income                            | 2,556                     | 2,109                        | 1,623                        | (486)         | (23.0%)                   |
| ABC License                                  | 61                        | 70                           | 67                           | (3)           | (4.3%)                    |
| Motor Vehicles Fees                          | 343                       | 306                          | 333                          | 27            | 8.8%                      |
| Extraordinary Settlements                    | 0                         | 0                            | 0                            | 0             | -                         |
| Other Transactions                           | 156                       | 228                          | 201                          | (27)          | (11.8%)                   |
| <b>Total</b>                                 | <b>5,168</b>              | <b>4,410</b>                 | <b>3,787</b>                 | <b>(623)</b>  | <b>(14.1%)</b>            |

*Sources: Executive Budget; NYS Assembly Ways and Means Committee staff.*

General Fund Miscellaneous Receipts contain revenues from multitude of sources. They include:

- licenses and fees;
- abandoned property;
- reimbursements;
- investment income;
- alcoholic beverage control license fees; and
- motor vehicle fees.

Other transactions include but are not limited to: temporary utility assessment, extraordinary settlements, the medical provider assessment, settlement proceeds from state regulatory agencies and District Attorney's offices, Bottle Bill proceeds, bond issuance charges, the State of New York Mortgage Authority supplemental wireless surcharge, New York Power Authority, civil recoveries, short term interest on bank accounts, Housing Finance Agency receipts, and released State Insurance Fund Reserves.



**Figure 102**

## Miscellaneous Receipts – All Other

### *SFY 2025-26*

The Committee estimates Special Revenue funds to total \$25.8 billion in SFY 2025-26, whereas Capital Projects are expected to total \$8.6 billion, and Debt Service is anticipated to receive \$1.3 billion in receipts.

### *SFY 2026-27*

The Committee estimates Special Revenue funds to total \$22.9 billion in SFY 2026-27, with Capital Projects expected to total \$12.4 billion and Debt Service anticipated to receive \$450 million in receipts.

## Key Components

State Funds Miscellaneous Receipts consist of Special Revenue Funds, Capital Projects, and Debt Services. Special Revenue receipts are comprised of the following:

## Health Care Reform Act (HCRA)

Receipts include surcharges, assessments on hospitals and assessments on certain insurance providers, a portion of cigarette tax revenues, and other dedicated proceeds.

HCRA receipts are used to finance New York's Medicaid program, Family Health Plus, workforce recruitment and retention, the Elderly Pharmaceutical Insurance Coverage, Child Health Plus, Graduate Medical Education, AIDS programs, and other public health initiatives.

## Medicaid

State Medicaid costs are financed by the General Fund and other various Special Revenue funds. The key contributions are partially-reimbursable assessments to nursing home, hospital, and home care revenues.

## State University Income

Receipts into the State University Income Fund are from the operation of SUNY from tuition, patient revenue, and user fees. Tuition is sourced from the sixty-four SUNY campuses while patient revenues come from SUNY's teaching hospitals at Brooklyn, Stony Brook, Syracuse, as well as the Long Island Veterans' Home. SUNY user fees, interest earning, and fringe benefits account for the remaining collections.

## Lottery

Sale of lottery tickets and VLTs are used to support public education and Lottery administrative operating costs.

## Motor Vehicle Fees

Motor vehicle fees are derived from a list of fees imposed by the Vehicle Traffic Law. License fees, registration revenue, inspection fees, emission stickers, repair shop certificates, as well as insurance civil penalties all contribute. Motor Vehicle Fee revenues are dedicated to various trust funds which cover infrastructure funding and administrative costs.

## Capital Projects

Capital Projects spending is funded from two sources: authority bond proceeds which support spending financed through Public Authority Bonds; and Miscellaneous Receipts which finance state pay-as-you-go spending to support the State Capital Plan.

## Debt Service

Miscellaneous Receipts in the Debt Service Fund are comprised of mental hygiene service providers that receive payments from Medicare and insurance companies; dormitory room rental fees and associated fees from SUNY students; and from patient care revenues of hospitals and certain veterans' homes from payments of Medicaid, Medicare, insurance, and individuals.

## Industry Assessments and All Other

Receipts comprising Industry Assessments and All Other are from reimbursements of regulated industries to fund the administrative costs of the state agencies. Receipts may consist of fees, licenses, and assessments. The Department of Financial Services, the Department of Public Service, and the Workers' Compensation Board are all fully funded by assessments of their respective regulated industry. The following agencies account for the largest collections in this category: Health; Environmental Conservation; Tribal State Compact; State Police; Higher Education Service Corporation; Education; City University of New York (CUNY); Children and Family Services; Homeland Security and Emergency Services.