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STATE OF NEW YORK
ALBANY

CHAIR
WAYS AND MEANS COMMITTEE

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February 27, 2023

Dear Colleagues:

I am pleased to provide you with the New York State Assembly Ways and Means Committee's Economic and Revenue Report for 2023. This report continues our commitment to provide clear and accurate information to the public by offering overviews of the national and state economies, as well as the state's revenue forecast for State Fiscal Years (SFY) 2022-23 and 2023-24.

The Committee forecasts that the state and national economies will continue to deal with the impacts of historically high levels of inflation. These trends could be compounded by other risks such as continued global conflict, the subsequent impact on supply chains, and the threat of an unpredictable COVID-19 virus resurgence.

The Committee projects that total All Funds receipts will reach $226.048 billion in SFY 2022-23, which represents a decrease of $18.327 billion, or 7.5 percent, from SFY 2021-22. The Committee's estimate is $951 million above the Executive's estimate for SFY 2022-23. The Committee projects that All Funds receipts will total $225.728 billion in SFY 2023-24, a decrease of $320 million, or 0.1 percent, from SFY 2022-23. The Committee's forecast is $1.078 billion above the Executive's forecast for SFY 2023-24. These differences are largely attributable to differences in economic projections and how these translate into tax receipts.

The assessments and projections presented in this report are reviewed by an independent panel of economists. Assembly Speaker Carl Heastie and I would like to express our appreciation to the members of our Board of Economic Advisors. Their dedication and expertise continue to be an invaluable resource to refine and improve our forecasts. While the Board has served to make the work of our staff the best in the state, they are not responsible for the numbers or views expressed in this document.

I wish to acknowledge the dedicated and talented staff of the Assembly Ways and Means Committee and the many hours of work that went into producing this report. They play a vital role in our state's budget process.

As we continue our efforts toward enacting an on-time budget that is fair and equitable for all New Yorkers, I look forward to working with each of you.

Sincerely,

Helene E. Weinstein

HELENE E. WEINSTEIN

NEW YORK STATE ECONOMIC AND REVENUE REPORT

FISCAL YEARS 2022-23 AND 2023-24

February 2023

CARL E. HEASTIE
Speaker
New York State Assembly

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Chair
Assembly Ways and Means Committee

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Table of Contents

ECONOMIC FORECAST HIGHLIGHTS

United States

- The U.S. economy, as measured by inflation-adjusted **Gross Domestic Product,** grew 2.1 percent in 2022, a sharp slowdown from a strong 5.9 percent rebound in 2021. Growth of national output is forecast to continue to slow to 1.0 percent in 2023, before the pace improves to 1.8 percent in 2024. The deceleration of growth in 2023 will be broad-based, ranging from business capital spending to household spending.

- **Personal consumption spending growth**, adjusted for inflation, slowed to 2.8 percent in 2022, following a strong 8.3 percent rebound in 2021 from the recession of 2020. The deceleration in consumer spending stemmed primarily from the tapering of the fiscal stimulus that individuals received from the federal government in the prior two years. Growth of consumption spending is projected to slow further to 1.5 percent in 2023, as high inflation continues to erode the purchasing power of household income, and higher interest rates constrain the purchases of big-ticket items such as auto mobiles and homes. In 2024, consumer spending is forecast to increase by 1.7 percent as consumer prices normalize and interest rates decline.

- After a strong rebound in 2021, **U.S. private investment spending** cooled in 2022, as interest rates rose and sales growth softened. Spending on residential investment was particularly hard hit by declining affordability. The weakness is expected to persist in the forecast period, although unevenly across the sectors due to rising interest rates, lingering global supply chain issues and the long-term impacts of the pandemic. Overall private investment spending is forecast to decline 5.3 percent in 2023, after increasing 3.8 percent in 2022. It is forecast to return to growth of 3.6 percent in 2024.

- After increasing 0.6 percent in 2021, **total government spending** declined 0.6 percent in 2022, as the federal government restrained spending after disbursing billions of dollars to households and businesses to thwart the economic fallout from the pandemic in 2020 and 2021. Total government spending is forecast to increase by 2.1 percent in 2023, as compensation and infrastructure spending at all levels of government grow. In 2024, total government spending is forecast to grow 0.9 percent, driven mainly by growth in state and local government spending.

- The conflict in Ukraine and sanctions established by western countries have hampered **global growth** and spurred worldwide inflation. As the economic growth for major U.S. trading partners slowed and the dollar value remained strong, U.S. exports grew slower than imports in 2022. U.S. **exports** grew 7.2 percent, compared to 8.1 percent for **imports** in 2022. With the U.S. dollar expected to depreciate during the forecast period and investment as well as consumer spending expected to soften, **U.S. trade** is projected to be less of a drag to U.S. economic growth in 2023 and 2024. Exports are forecast to grow 2.5 percent in 2023 and 3.1 percent in 2024. Imports are forecast to fall by 1.7 percent in 2023 before recovering by 2.9 percent in 2024.

- After a strong 7.4 percent rebound in 2021, **U.S. personal income** growth slowed to 2.1 percent in 2022, reflecting a sharp decline in federal transfer payments to households. Personal income growth is projected to increase to 4.6 percent in 2023, supported mainly by wages and interest income. In 2024, personal income is forecast to grow by 4.5 percent, as transfer payments by the government normalize and other components of personal income continue to grow.

- **Wages and salaries**, the largest component of U.S. personal income, increased 8.4 percent in 2022, following 8.8 percent growth in 2021, as upward pressure on wages persisted due to labor supply shortages. Growth of wages and salaries is forecast to moderate over the forecast period to 5.2 percent in 2023 and 4.4 percent in 2024.

- After a strong 22.6 percent recovery in 2021, **U.S. corporate profits** slowed to an estimated 9.2 percent growth in 2022, as sales growth weakened and cost pressures strengthened. With sales growth expected to weaken further, corporate profits are forecast to decline 0.8 percent in 2023, before returning to growth of 3.2 percent in 2024.

- Nonfarm payroll **employment** surpassed its pre-pandemic peak in August 2022, twenty-nine months after losing close to 22 million jobs between March and April 2020. Nonfarm payroll increased 4.3 percent in 2022, following growth of 2.9 percent in 2021. With overall economic growth expected to slow over the forecast period and the labor market to remain tight, employment growth is forecast to slow to 1.8 percent in 2023 and 0.7 percent in 2024.

- To rein in rampant inflation, the **Federal Reserve** has been aggressively reversing accommodative monetary policy measures that were in place in the wake of the COVID-19 pandemic. These Fed moves and policy expectations have put large strains on financial markets and caused large volatility to equity prices. The current forecast assumes that the Federal Reserve will continue to raise its target interest rate until May 2023 before taking a cautious pause. On a yearly average basis, the 10-year Treasury yield is forecast to rise to 3.77 percent in 2023 and 3.43 percent in 2024 from 2.95 percent in 2022. The yield on 3-month Treasury bills is forecast to increase to 4.66 percent in 2023 and 3.95 percent in 2024 from 2.08 percent in 2022.

- **U.S. consumer price inflation** accelerated from 4.7 percent in 2021 to a four-decade high 8.0 percent in 2022, as supply-side problems continued to plague the U.S. and global economies. With the global supply chain issues receding and the pace of global economic growth expected to slow in the next two years, growth in the prices of consumer goods and services is forecast to decelerate to 3.8 percent in 2023 and further to 2.4 percent in 2024.

- As the Federal Reserve aggressively tightened its monetary policy and the economic growth outlook weakened, the equity market suffered in 2022, with the **S&P 500 Composite Price Index** falling 20.1 percent from its post-pandemic peak in December 2021. The equity market faces several headwinds including increasing odds of a recession, and uncertain outlook on inflation and monetary policy. The yearly average level of the S&P 500 Stock Price Index is forecast to decline by 1.6 percent in 2023, after declining 3.9 percent in 2022. The equity price index is forecast to gain 3.3 percent in 2024.

- **Risks to the current economic forecast** are mostly weighted toward the downside. As the central bank is widely expected to tighten its monetary policy further, interest rates will likely continue to increase. Should financial market volatility worsen and the sentiments of households and businesses precipitate abruptly, consumer and business spending could cool more sharply than called for in the current forecast. Consequently, the odds of the economy falling into a recession would increase further. Also, should the Russia-Ukraine War escalate or last longer than assumed, the supply shortage problems would worsen again, making inflation more rampant and forcing central banks around the world to tighten further. In that case, the outlook for consumer and business spending would be more pessimistic and financial markets become more volatile than anticipated in the current forecast. In addition, although the daily number of COVID-19-

related hospital admissions and deaths has declined sharply from its peak during the winter of 2021, risks to the economic and state revenue forecast remain, given the highly unpredictable nature of the virus.

National Forecast Comparisons

- The NYS Assembly Ways and Means Committee's forecast for overall national economic growth for 2023 is 1.0 percent. The Committee's forecast is 0.5 percentage point above the Division of the Budget. The forecast is 0.3 percentage point above S&P Global forecast and the Blue Chip Consensus; and 0.3 percentage point below Moody's Analytics.

U.S. Real GDP Forecast Comparison

	Actual 2021	Estimate 2022	Forecast 2023	Forecast 2024
Ways and Means	5.9	2.1	1.0	1.8
Division of the Budget	5.9	2.1	0.5	1.7
Blue Chip Consensus	N/A	N/A	0.7	1.2
Moody's Analytics	5.9	2.1	1.3	2.2
S&P Global	5.9	2.1	0.7	1.6

Sources: NYS Assembly Ways and Means Committee; NYS Division of Budget, FY 2024 New York State Executive Budget, February 2023; Blue Chip Economic Indicators, February 2023; Moody's Analytics, February 2023; S&P Global Market Intelligence, February 2023.

- The NYS Assembly Ways and Means Committee's forecast for overall national economic growth for 2024 is 1.8 percent. The Committee's forecast is 0.1 percentage point above the Division of the Budget's forecast. The Committee's forecast is 0.4 percentage point below Moody's Analytics forecast; 0.2 percentage point above S&P Global forecast; and 0.6 percentage point above the Blue Chip Consensus forecast.

New York State

- Total nonfarm **employment** in the state rebounded strongly by 7.1 percent in State Fiscal Year (SFY) 2021-22, as the economy recovered from the pandemic-led recession. As the economic recovery continues, nonfarm employment is estimated to increase 4.2 percent in SFY 2022-23. With economic growth expected to slow further, the growth of nonfarm employment in the state is forecast to decelerate to 0.8 percent in SFY 2023-24.

- After a strong rebound to 8.6 percent in SFY 2020-21, the growth of **personal income** in the state slowed sharply to 1.5 percent in SFY 2021-22, as various pandemic-related government support programs started to recede. Overall personal income growth in the state is expected to remain slow at an estimated 1.6 percent in SFY 2022-23, as personal transfer receipts from the federal government ended and the growth of wages and salaries is expected to weaken in the coming months. Personal income growth is forecast to improve to 3.9 percent in SFY 2023-24 and 4.8 percent in SFY 2024-25.

- In SFY 2021-2022, total nonfarm **wages** in the state rebounded by a strong 12.4 percent from the recession of 2020. The growth of total wages in New York State is estimated to decelerate to 3.7 percent in SFY 2022-23, with employment growth slowing and bonuses in the financial industry expected to decline. As employment growth and inflation are expected to moderate, growth of total wages is forecast to decelerate further to 3.4 percent in SFY 2023-24, before improving to 3.6 percent in SFY 2024-25.

- **Variable wages** (including bonuses) grew sharply at 24.9 percent in SFY 2021-22 as activities in the financial market were strong and profits in the financial sector soared despite the recession. Variable wages are estimated to fall 15.8 percent in SFY 2022-23, as financial activities weakened throughout 2022. With the financial market expected to suffer more volatility in 2023, variable wages are forecast to fall further by 1.9 percent in SFY 2023-24. As the employment recovery continues and the labor market remains tight, **base wages** are estimated to grow solidly at 6.9 percent in SFY 2022-23, but the growth is forecast to slow to 4.1 percent in SFY 2023-24 and 4.0 percent in SFY 2024-25, as employment growth and inflation slow.

- The current economic climate presents particular challenges and **risks to the New York State forecast**. The key risks to the national economy also apply to the state's forecast. Wall Street and the financial markets play a central role in the state economy. The Federal Reserve's aggressive reversal of its monetary policy has pushed interest rates to rise rapidly, causing financial markets to plunge. Should financial market volatility worsen, consumer and business spending could cool sharply and have critical implications for the economic and fiscal health of the state.

State Forecast Comparisons

- The NYS Assembly Ways and Means Committee forecasts the state's total nonfarm payroll employment to grow 4.2 percent in SFY 2022-23, which is 0.2 percentage points above the Division of the Budget. The Committee's forecast for wage growth for SFY 2022-23 is 3.7 percent and is 1.3 percentage points above the Division of the Budget. The Committee's estimate of personal income growth is 1.6 percent, which is 0.8 percentage point higher than the Division of the Budget.

New York State Economic Forecast Comparison
(Percent change from prior State Fiscal Year)

	Actual SFY 2021-22	Estimate SFY 2022-23	Forecast SFY 2023-24
Employment			
Ways and Means	7.1	4.2	0.8
Division of the Budget	7.1	4.0	0.2
Wages			
Ways and Means	12.4	3.7	3.4
Division of the Budget	12.4	2.4	2.3
Personal Income			
Ways and Means	1.5	1.6	3.9
Division of the Budget	1.5	0.8	3.5

Sources: NYS Assembly Ways and Means Committee staff; NYS Division of Budget, FY 2024 Executive Budget Economic and Revenue Outlook, February 2023.

- The NYS Assembly Ways and Means Committee's forecast for total nonfarm payroll employment growth for SFY 2023-24 is 0.8 percent, 0.6 percentage point higher than the Division of the Budget. The Committee's forecast for wage growth in SFY 2023-24 is 3.4 percent, which is 1.1 percentage point above the Division of the Budget. The Committee's forecast for personal income growth for SFY 2023-24 is 3.9 percent, which is 0.4 percentage point higher than the Division of the Budget.

REVENUE FORECAST HIGHLIGHTS

All Funds Tax Receipts State Fiscal Year 2022-23

- All Funds revenues are estimated to total $226.048 billion in State Fiscal Year (SFY) 2022-23 for a year-to-year decline of 7.5 percent, or a decrease of $18.327 billion, mainly attributed to a decline in federal aid and personal income tax (PIT) collections.

- The Assembly Ways and Means Committee projection of All Funds tax revenue for SFY 2022-23 is $109.027 billion, representing a decrease of 10.0 percent, or $12.109 billion, from SFY 2021-22.

- The decrease in overall tax receipts is primarily related to a $12.341 billion decrease in net PIT collections due to changes in taxpayer behavior in response to the pass-through entity tax (PTET). One-time inflation relief actions enacted in the SFY 2022-23 Budget have also contributed to extraordinary growth in PIT refunds year-to-date. This overall decrease is partially offset by a $1.001 billion increase in sales and use tax collections, and a $432 million increase in other tax collections.

- The Committee's All Funds revenue estimate is $951 million above the Executive's estimates.

All Funds Tax Receipts State Fiscal Year 2023-24

- The Committee expects All Funds revenues to experience a slight decrease of 0.1 percent, for a total of $225.728 billion in SFY 2023-24. This decrease is primarily related to a $3.073 billion decline in net business tax collections and a $1.050 billion decrease in Federal funds receipts, which is partially offset by a $3.164 billion increase in net PIT collections.

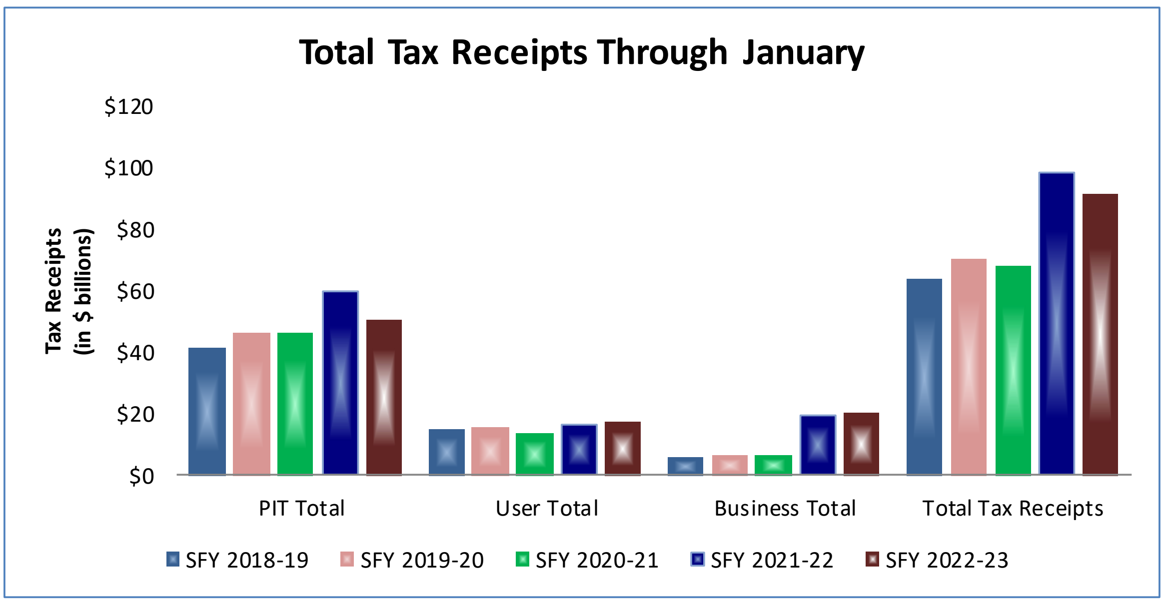
- The Committee expects a 0.4 percent increase in All Funds tax receipts in SFY 2023-24, for a total of $109.475 billion.

➢ The Committee's All Funds revenue forecast is $1.078 billion above the Executive's estimates.

➢ The Committee's forecasts reflect ongoing economic uncertainty at the state and national levels, as well as continued unpredictability in taxpayer behavior in response to the PTET, which makes forecasting tax collections difficult.

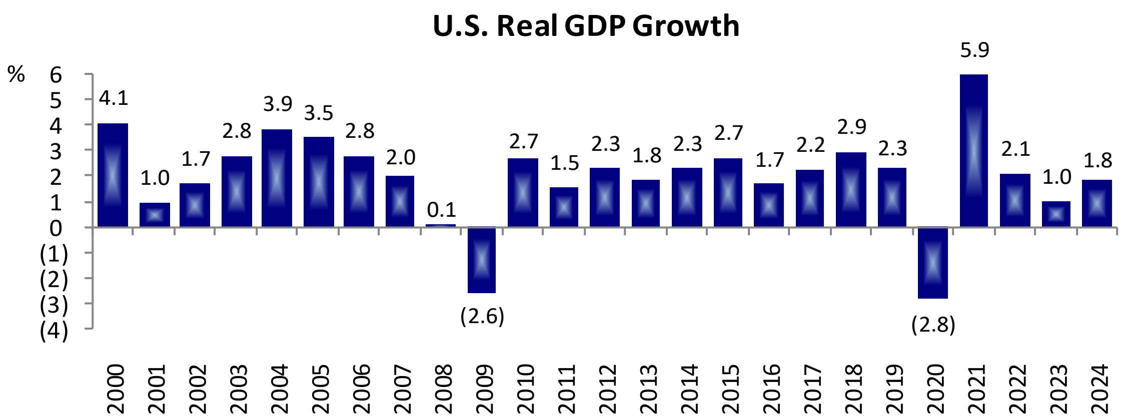
Year-To-Date Tax Receipts

➢ Year-to-date tax receipts through January reflect steady growth over the ten-month period for SFY 2022-23. When compared to the SFY 2021-22 level, this fiscal year's tax collections indicate a 15.3 percent decline in year-to-date net PIT collections with moderate growth in all other tax collection categories (see Figure below).



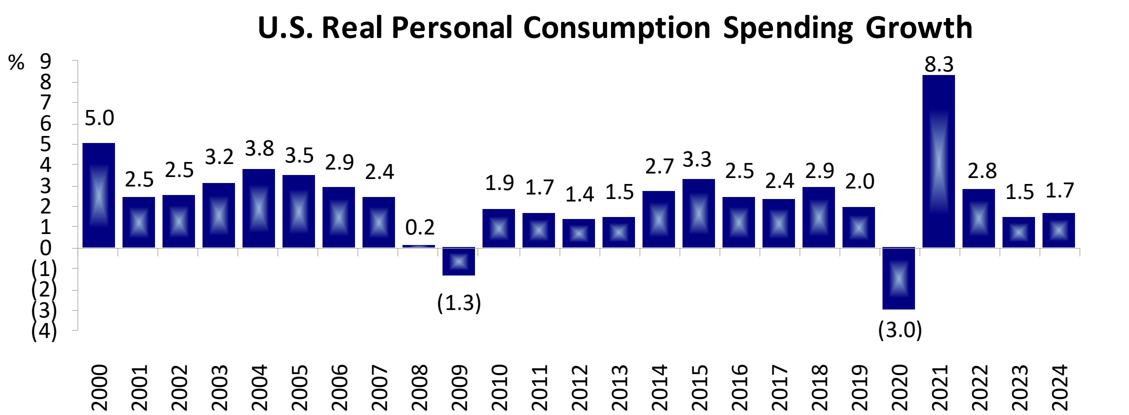
➢ Through January 2023, All Funds tax revenue has decreased by 7.0 percent over the same period in SFY 2021-22.

U.S. ECONOMIC FORECAST AT A GLANCE



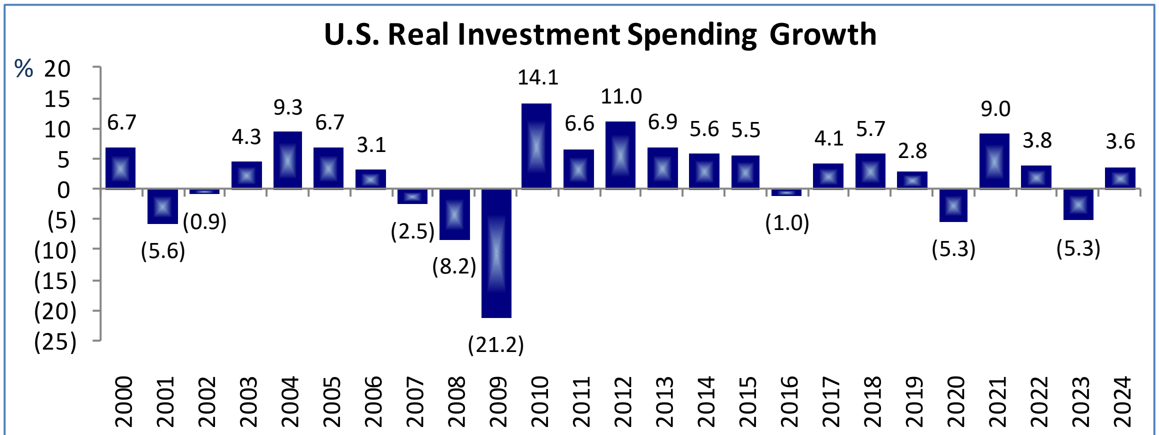
Note: Data for 2023 and 2024 are forecasts.

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



Note: Data for 2023 and 2024 are forecasts.

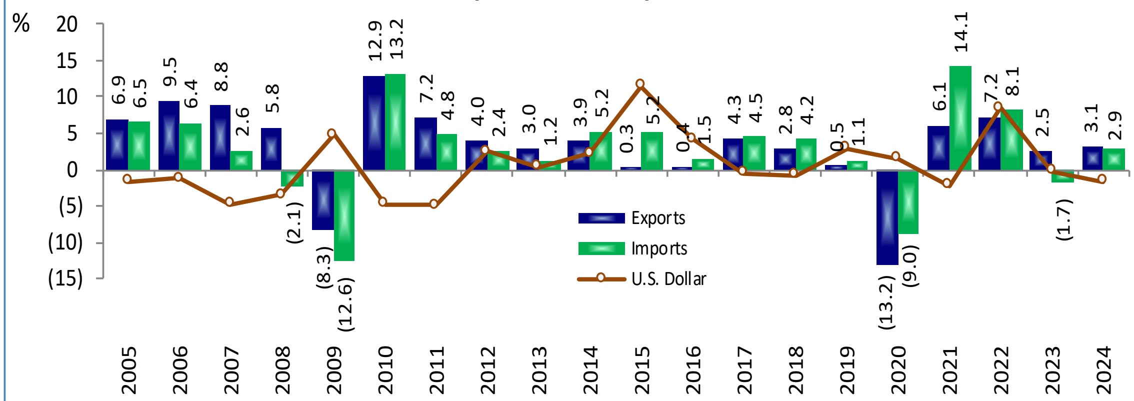
Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.



Note: Data for 2023 and 2024 are forecasts.

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

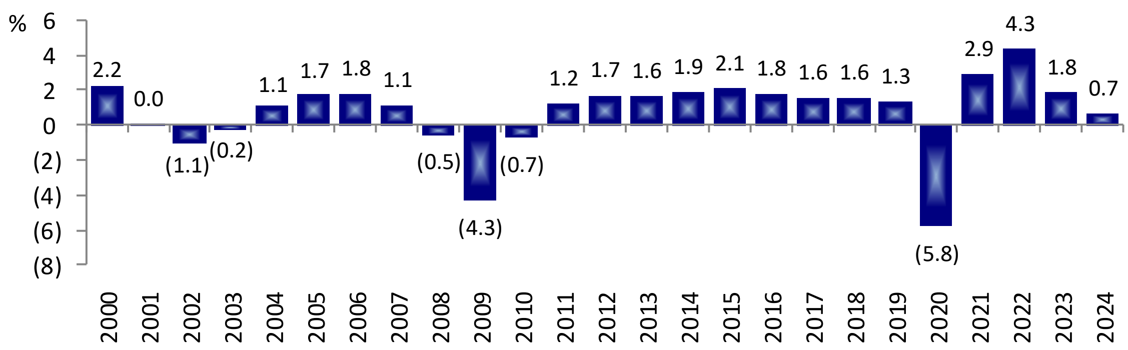
U.S. Real Exports and Imports Growth



Note: Data for 2023 and 2024 are forecasts.

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

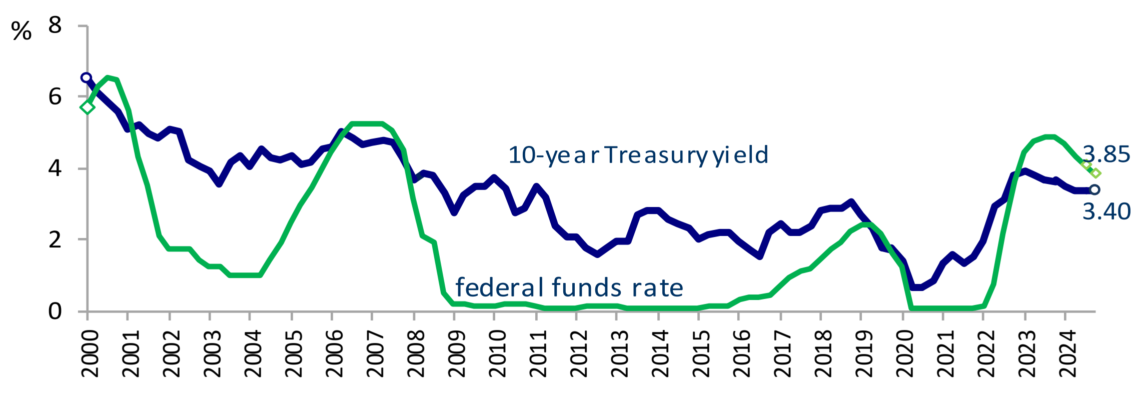
U.S. Nonfarm Payroll Employment Growth



Note: Data for 2023 and 2024 are forecasts.

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

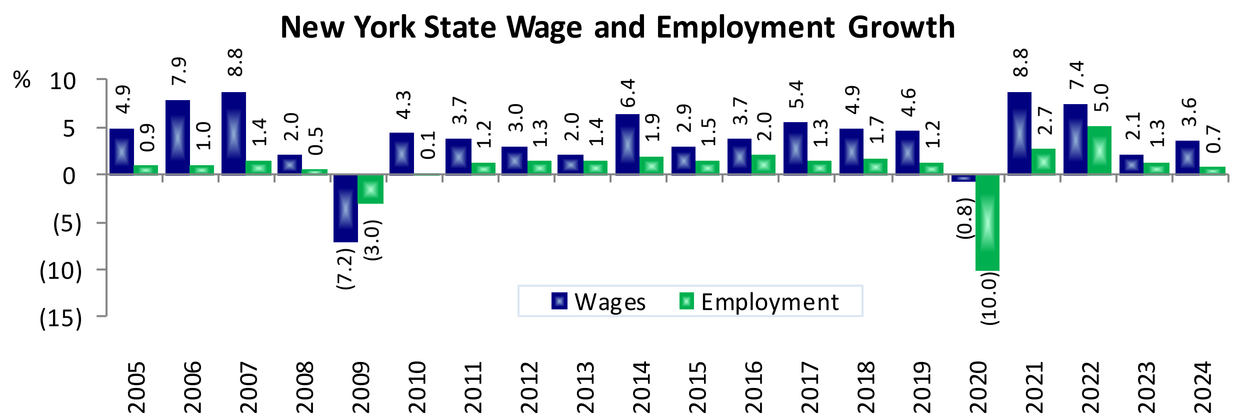
U.S. Interest Rates



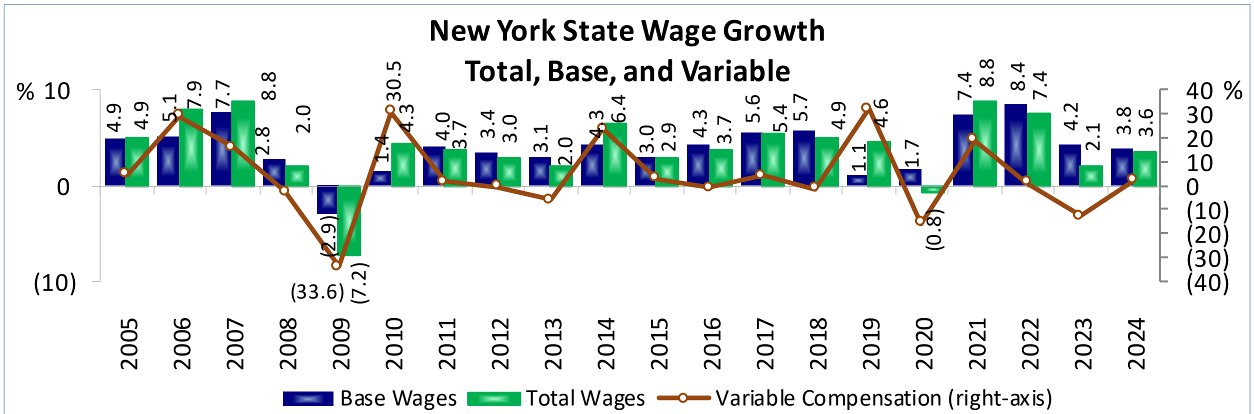
Note: Data are quarterly through 2024:Q4; the first forecast period is 2023:Q1.

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

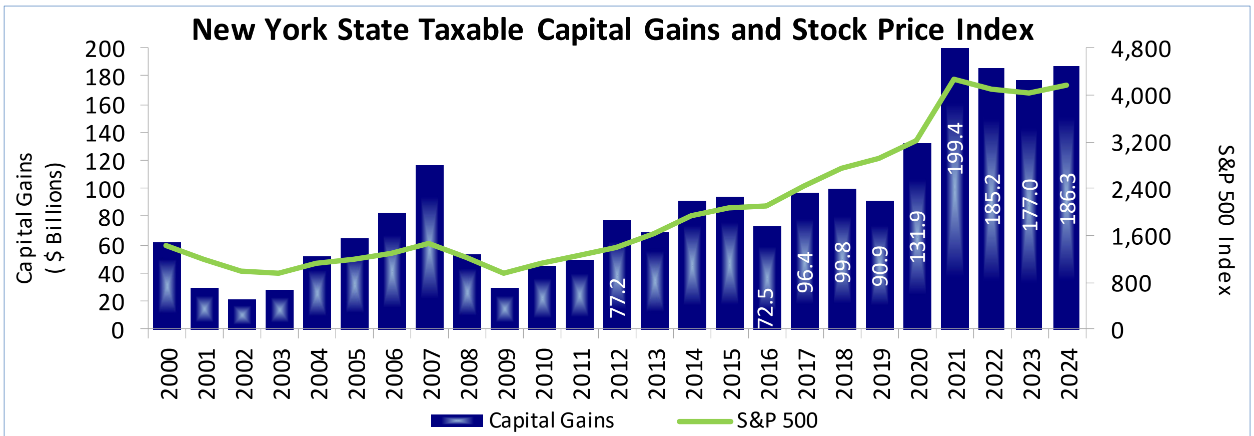
N.Y.S. ECONOMIC FORECAST AT A GLANCE



Note: Data for 2022 are estimated; 2023 and 2024 are forecasts.
Sources: New York State Department of Labor; NYS Assembly Ways and Means Committee staff.



Note: Total wage data for 2022 are estimated; 2023 and 2024 are forecasts. Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and their levels sum to total wages.
Sources: NYS Department of Labor; NYS Assembly Ways and Means Committee staff.



Note: Data for 2021 are estimated; 2022, 2023, and 2024 are forecasts.
Sources: Standard & Poors; NYS Department of Taxation and Finance; NYS Assembly Ways and Means Committee staff.

REVENUE FORECAST AT A GLANCE

SFY 2022-23 All Funds Estimate Summary ($ in Millions)	2021-22 Actual	2022-23 Estimate	Change	Growth	Diff. Exec.
Personal Income Tax	70,737	58,396	(12,341)	(17.4%)	25
User Taxes	19,621	20,622	1,001	5.1%	87
Business Taxes	27,725	26,524	(1,201)	(4.3%)	412
Other Taxes	3,053	3,485	432	14.2%	(59)
Total Tax Collections	**121,136**	**109,027**	**(12,109)**	**(10.0%)**	**465**
All Funds Miscellaneous Receipts	23,830	23,144	(686)	(2.9%)	420
Gaming	4,105	4,335	230	5.6%	66
Total w/Miscellaneous Receipts & Gaming	**149,071**	**136,506**	**(12,565)**	**(8.4%)**	**951**
Federal Funds	95,307	89,542	(5,765)	(6.0%)	-
Total All Funds Receipts	**244,378**	**226,048**	**(18,327)**	**(7.5%)**	**951**

* Totals may not add up due to rounding.

SFY 2023-24 All Funds Forecast Summary ($ in Millions)	2022-23 Estimate	2023-24 Forecast	Change	Growth	Diff. Exec.
Personal Income Tax	58,396	61,560	3,164	5.4%	248
User Taxes	20,622	21,802	1,181	5.7%	52
Business Taxes	26,524	23,451	(3,073)	(11.6%)	82
Other Taxes	3,485	2,662	(824)	(23.6%)	10
Total Tax Collections	**109,027**	**109,475**	**448**	**0.4%**	**392**
All Funds Miscellaneous Receipts	23,144	23,539	395	1.7%	607
Gaming	4,335	4,222	(113)	(2.6%)	79
Total w/Miscellaneous Receipts & Gaming	**136,506**	**137,236**	**730**	**0.5%**	**1,078**
Federal Funds	89,542	88,492	(1,050)	(1.2%)	-
Total All Funds Receipts	**226,048**	**225,728**	**(320)**	**(0.1%)**	**1,078**

* Totals may not add up due to rounding.

U.S. ECONOMIC FORECAST TABLE

U.S. Economic Outlook (Percent Change)	Actual 2020	Actual 2021	Actual 2022	Forecast 2023	Forecast 2024
Real GDP	(2.8)	5.9	2.1	1.0	1.8
Consumption	(3.0)	8.3	2.8	1.5	1.7
Investment	(5.3)	9.0	3.8	(5.3)	3.6
Exports	(13.2)	6.1	7.2	2.5	3.1
Imports	(9.0)	14.1	8.1	(1.7)	2.9
Government	2.6	0.6	(0.6)	2.1	0.9
Federal	6.2	2.3	(2.5)	2.5	0.4
State and Local	0.4	(0.5)	0.6	1.9	1.2
Personal Income	6.7	7.4	2.1	4.6	4.5
Wages & Salaries	1.4	8.8	8.4	5.2	4.4
Corporate Profits	(5.9)	22.6	9.2	(0.8)	3.2
Productivity	4.4	2.4	(1.3)	(0.3)	1.2
Employment	(5.8)	2.9	4.3	1.8	0.7
Unemployment Rate*	8.1	5.4	3.6	3.8	4.1
CPI-Urban	1.2	4.7	8.0	3.8	2.4
S&P 500 Stock Price	10.5	32.6	(3.9)	(1.6)	3.3
Treasury Bill Rate (3-month)*	0.4	0.0	2.1	4.7	4.0
Treasury Note Rate (10-year)*	0.9	1.4	3.0	3.8	3.4

* 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 TABLES

New York State Economic Outlook (Percent Change)	Actual 2020	Actual 2021	Estimate 2022	Forecast 2023	Forecast 2024
Employment	(10.0)	2.7	5.0	1.3	0.7
Personal Income	6.2	5.7	0.3	3.3	4.5
Total Wages	(0.8)	8.8	7.4	2.1	3.6
Base Wages	1.7	7.4	8.4	4.2	3.8
Variable Compensation	(15.7)	18.9	1.3	(12.7)	1.8
New York Area CPI	1.7	3.3	6.0	3.4	2.1

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

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

New York State Economic Outlook State Fiscal Year		Actual 2021-22	Estimate 2022-23	Forecast 2023-24	Forecast 2024-25
Employment	Percent Change	7.1	4.2	0.8	0.8
	Level (Thousands)	8,917.8	9,288.1	9,365.8	9,443.4
Personal Income	Percent Change	1.5	1.6	3.9	4.8
	Level (Billions)	1,491.1	1,515.2	1,574.4	1,649.4
Total Wages	Percent Change	12.4	3.7	3.4	3.6
	Level (Billions)	799.9	829.5	857.7	888.9
Base Wages	Percent Change	10.7	6.9	4.1	4.0
	Level (Billions)	688.8	736.0	766.0	796.9
Variable Compensation	Percent Change	24.9	(15.8)	(1.9)	0.3
	Level (Billions)	111.1	93.5	91.7	92.0
New York Area CPI	Percent Change	4.3	5.9	2.7	2.1
	Index Level (1982-84=100)	296.2	313.6	322.0	328.8

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.

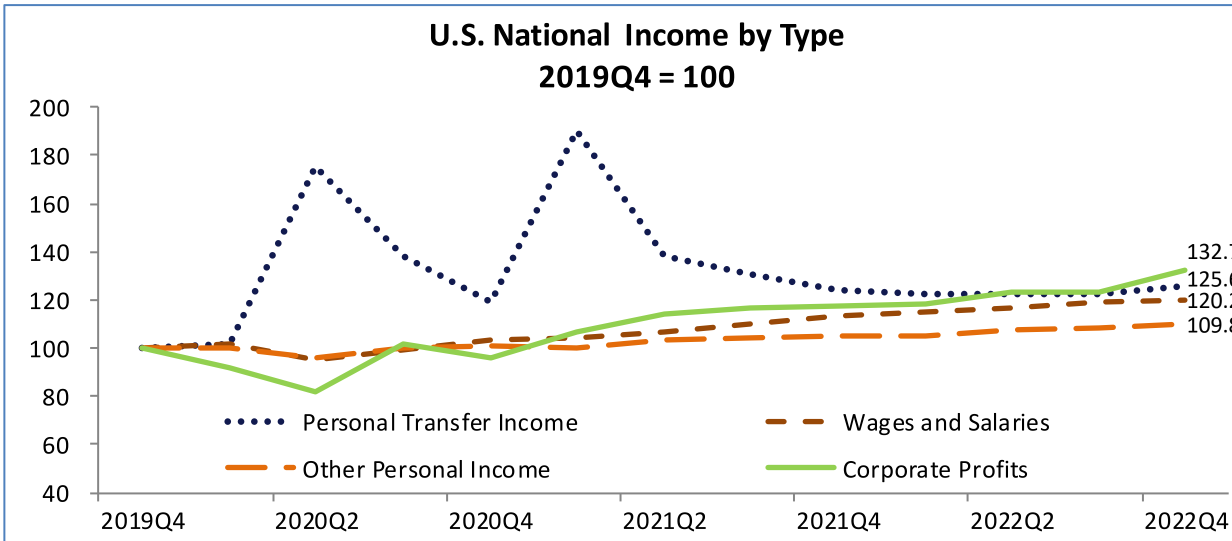
U.S. ECONOMIC FORECAST ANALYSIS

U.S. economic growth has weakened

After rebounding strongly in 2021 from the sharp recession of 2020, the U.S. economy has shown signs of softening since early 2022. U.S. Gross Domestic Product (GDP), after adjusted for price changes, declined for two consecutive quarters in the first half of 2022. Private investment spending, excluding volatile inventory investment, declined in the last three quarters of 2022, driven largely by contraction in construction activity. Consumer spending continued to grow throughout 2022, but the pace slowed to 1.9 percent per quarter in 2022, on an annualized rate basis, from 7.2 percent per quarter in 2021.

Income and employment are still holding up

Despite the slowing pace of output growth, the U.S. economy is not in a recession. Income from wages and salaries has grown strongly since the second quarter of 2020, reaching 20.2 percent above its pre-pandemic level as of the fourth quarter of 2022 (see Figure 1). Even after adjusted for inflation, it was 4.5 percent higher than its pre-pandemic level. Corporate profits have also been strong, rising by an estimated 32.7 percent above the pre-pandemic level. Although growth of corporate profits slowed in recent quarters, the slowdown had somewhat to do with the receding pandemic-era federal subsidies.



Note: Data are normalized with 2019Q4 = 100. Data for corporate profits for 2022Q4 is an estimate.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 1

Payroll employment, which is one of the indicators watched closely by the National Bureau of Economic Research (NBER) Business Cycle Dating Committee in its deliberations on business cycle dates, is still growing at a rate that is much faster than the rates seen during the 2009-2019 expansion cycle. In the fourth quarter of 2022, the U.S. economy created, on average, 291,000 payroll jobs per month, well above the average monthly increase of roughly 190,000 during the 2010-2019 expansion. The monthly gain in January this year was even stronger at 517,000.

Demand-supply imbalance in the labor market

Although softening lately, the number of job openings and the number of hires, which are two metrics of labor demand, are each significantly higher than the levels seen in the last two decades. Related, so is the number of quits. Because workers usually quit their current job when they are confident enough to find a better-matching job elsewhere, a high number of quits are indicative of a strong demand for labor.

Compared to the sizzling demand for labor, there have been labor supply shortages. In recent months, the jobless rate has been hovering around 3.5 percent, the lowest level since the 1960s. The labor force is still growing, but at a rate that is much slower than the rate of employment growth. In the past two years, the recovery of the labor force has been restrained in part by the expanded availability of emergency unemployment insurance benefits as well as the trend of earlier-than-planned retirement in fear of the COVID-19 risk in the work environment. The pace of growth in the U.S. labor force will likely remain slow in the forecast period, reflecting long-term demographic changes resulting from the continued retirement of the baby boomer generation.

This tight labor market, combined with rapid rises in inflation expectations, has led to fast wage increases in 2021 and 2022. During the ten-quarter period since the second quarter of 2020, wages and salaries in the U.S. private sector have increased, on average, at an annualized rate of 10.9 percent per quarter. In comparison, wages and salaries increased at a much slower rate of 2.9 percent per quarter, during the comparable ten-quarter period after the end of the Great Recession.

Signs of weakening in the economy

Although not in a recession, the U.S. economy has many signs of weakening growth. Even the tightness in the labor market and the consequent acceleration of wage growth are not all welcome news. As the labor shortage and global supply chain problems that plagued the global economy in 2021 have turned out more persistent than initially expected, inflation expectations have increased sharply to levels not seen since the 1980s. The supply shortage problems and inflation pressures have been aggravated further by Russia's invasion of Ukraine, extreme weather, and agricultural crop failures. To help rein in rampant inflation, central banks around the world have scrambled to reverse course from their pandemic-era ultra-accommodative monetary policy stance. The Federal Reserve has raised the target range for its short-term policy rate eight times since March 2022, by a total of 4.50 percentage points.

As interest rates rise steeply, the prices of bonds and equities have plummeted, causing household wealth to decline. Downshifting in growth of consumer and business spending has followed, especially on the categories that are sensitive to interest rate changes. As sales growth has softened, economic activity on the supply side of the economy has also started to show signs of weakening. For example, the Industrial Production Index, which is another indicator watched closely by NBER Business Cycle Dating Committee, has been on a noticeable downward trend for the past several months. According to the U.S. Bureau of Labor Statistics, the average weekly hours worked by U.S. private sector production workers, another gauge of supply-side economic activity, has been on a downward trend after peaking in February 2022. The average weekly overtime hours worked by production workers in the manufacturing sector has also been declining since February 2022.

Although overall personal income has been growing, especially helped by strong gains in wages and salaries, that growth has slowed as pandemic-related federal fiscal stimulus payments continue to diminish. Even the growth of private sector wages and salaries slowed from an average monthly rate of 12.0 percent in the second half of 2021 to 5.4 percent in 2022. Worse, the slowing income growth has turned negative after adjusted for rapidly rising inflation. As the purchasing power of their income has suffered from high inflation and the savings from the pandemic years disappear, households have started to rein in their spending**,** especially on goods, ranging from appliances and furniture to grocery and fuel. The personal savings rate has fallen below its pre-pandemic levels, indicating that for many households the buffer that supported their spending in 2021 has mostly come to an end. As financial markets plunged into a bear market, household net worth declined by 4.6 percent, as of the third quarter of 2022, from its 2021 year-end level. Consequently, households have been forced to cancel their spending plans. Also, as interest rates are rising steeply, household spending on big-ticket items has been negatively impacted. All in all, consumer spending, which is the backbone of U.S. economic growth, continued to grow throughout 2022, but the growth slowed considerably to 2.1 percent in the second half of 2022, from 3.6 percent in the first half, on a year-over-year basis (see Figure 2).

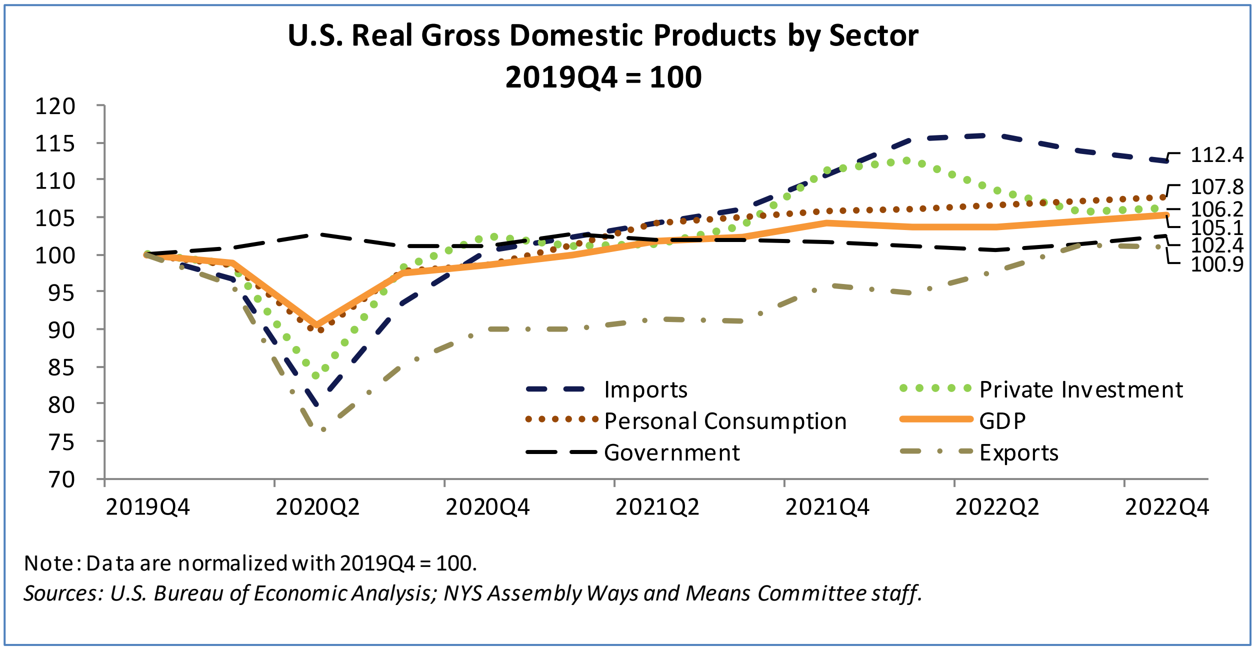


Figure 2

As rising mortgage interest rates and elevated home prices have undermined affordability, the trends of housing starts and sales all have turned downward. Household spending on residential investment, after deflated for price increases, has also been on a downward trend since the first quarter of 2021, declining at an average quarterly rate of 13.0 percent on an annualized rate basis. This signal is worrisome, given that housing construction spending tends to dip several months ahead of a downturn in overall consumer and business spending.

Commercial and industrial construction activity, which started trending downward even before the onset of the COVID-19 pandemic, has been suffering from the pandemic's long-term consequences. As workers still prefer to work remotely, businesses accordingly continue to reassess their office needs. As sharply rising rents are reducing renter affordability, renters appear to consolidate into smaller units with more roommates, instead of contributing to the demand for multi-family housing. The outlook for nonresidential construction spending has weakened further, as rampant inflation and rising interest rates have caused consumer spending growth to slow, and consequently the demand for retail, accommodation, and manufacturing space to soften.

Inventory investment spending, which declined sharply in 2020 and early 2021 during the pandemic, rebounded strongly in the last quarter of 2021 through the first quarter of 2022, making large contributions to national output growth. But the timing was off, as spending by consumers and businesses started cooling, by the time inventory buildup was gaining momentum. As a result, businesses started cutting back on their inventory stocking plans in the second and third quarters of 2022, with inventory investment becoming a big drag on overall economic growth.

The global supply disruptions caused by the Russian invasion of Ukraine helped U.S. exports grow solidly in 2022, whereas the growth of U.S. imports slowed in line with weakening consumer and business spending (see Figure 2). Consequently, the U.S. trade gap has narrowed sharply in the recent few months, after rising by a steep 78.8 percent from an inflation-adjusted \$833 billion in the fourth quarter of 2019 to \$1,489 billion in the first quarter of 2022. However, growth of the foreign demand for U.S. exports will likely soften, as global economic growth has slowed under the weight of global supply shortage problems, rapid inflation, and rising interest rates. Also, as geopolitical and economic uncertainties increase, the U.S. dollar value has strengthened steeply, making U.S. exports less competitive in the world market. As a result, U.S. export growth is likely to slow in the current forecast period.

The public sector was a drag on U.S. economic growth in 2022, as the pandemic-related outlays were diminishing. As of the fourth quarter of 2022, U.S. total government spending was almost back down to its pre-pandemic level (see Figure 2). In 2023 and 2024, government spending growth is expected to return to its normal trend, and will also be supported by infrastructure outlays.

Even in the labor market, there are some early signs of softening. The number of job openings and the number of hires are still significantly higher than their pre-pandemic levels. But these numbers have been on a downward trend since March, an early sign of cooling labor demand. In addition, the number of quits has been on a downward trend since the beginning of 2022. The decreasing number of quits is another early sign of cooling labor demand, as the number may reflect workers feeling less confident about either their current job security or the decreasing availability of better-matching jobs elsewhere.

Assumptions for the Forecast

Global supply chain problems have started to show signs of improvement. However, as the Russia-Ukraine War is not likely to end any time soon, part of the global supply issues will likely persist in the short term. The current forecast assumes that global supply shortages will continue to improve throughout 2023, facilitating the production of goods and alleviating inflation pressures.

As the Federal Reserve has repeatedly made clear its intention to undertake whatever it takes until inflation is clearly moving toward its 2 percent target, the monetary policy stance is widely expected to be tightened further in the coming months. The current forecast assumes that the Fed will conduct two more rate hikes by 25 basis points each until May 2023 and take a pause thereafter before reversing course in early 2024.

Financial market volatility will likely continue in response to further increases in interest rates, but the current forecast assumes that the sentiments of households and businesses will not precipitate abruptly, as the Fed's intentions of such rate increases are well communicated and expected. The current forecast assumes that the U.S. economy will find a path, although narrow, where inflation cools fast enough for the Fed to pause their rate hikes in the second half of 2023 and the financial markets stabilize accordingly. It is further assumed that households' drawdown of excess savings remains sufficient to support their spending until more sustainable growth of real income takes root. In the short term, it is expected that inflation-adjusted disposable personal income (excluding personal transfer receipts), which has turned to growth in the past five months in a row, will continue to gain, helped by robust demand for labor, which remains in short supply.

According to the data from the U.S. Centers for Disease Control and Prevention, the number of daily COVID-19-related hospital admissions has declined to below 4,000, on a seven-day moving average basis, from the recent peak of 21,525 during the second week of January 2022. The weekly number of COVID-related deaths also came down sharply from more than 17,000 during the first week of February 2022 to around 2,600 in mid-February 2023. The current forecast assumes that the dark days of COVID-19 are behind us. Given the highly unpredictable nature of the virus, however, risks to the economic and state revenue forecast remain.

Outlook

Against this backdrop and under the set of assumptions described above, U.S. economic growth, after adjusted for inflation, is forecast to continue to slow to 1.0 percent in 2023, before the pace improves to 1.8 percent in 2024 (see Figure 3). The deceleration of growth in 2023 will be broad-based.

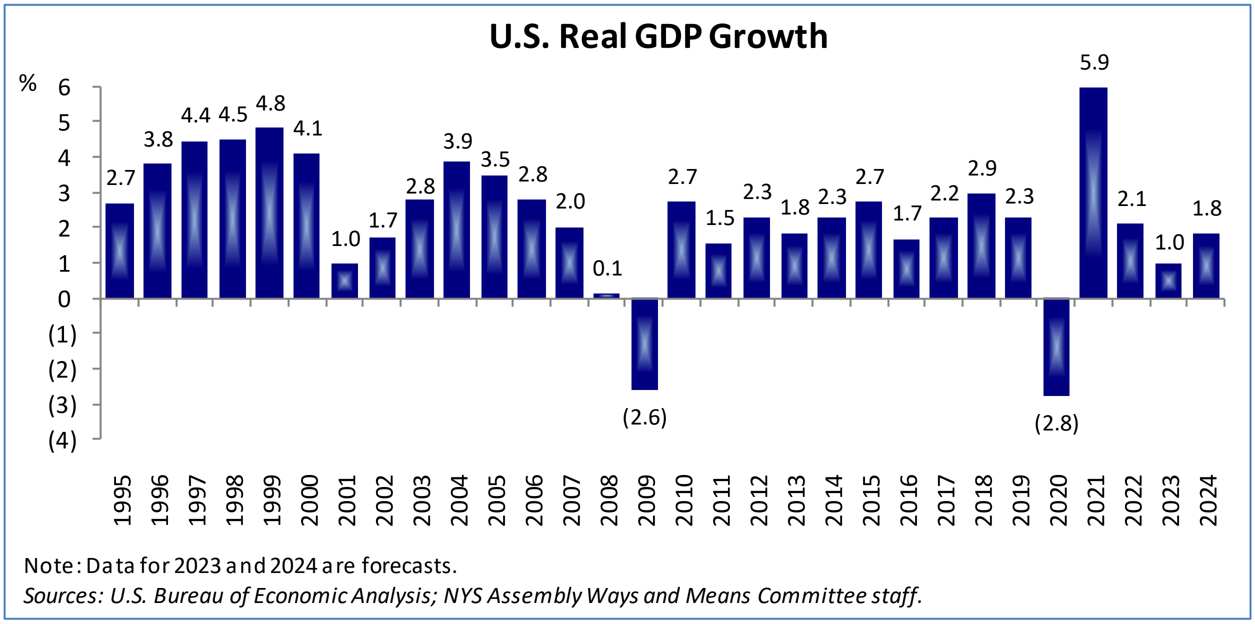


Figure 3

Consumer spending is forecast to grow by a mere 1.5 percent in 2023, a significant slowdown from a strong 8.3 percent recovery in 2021 and a 2.8 percent increase in 2022. With sales growth likely to slow and interest rates widely expected to increase further, overall private investment spending is forecast to decline at a yearly average rate of 5.3 percent in 2023, after growing 9.0 percent in 2021 and 3.8 percent in 2022. It is forecast to return to growth of 3.6 percent in 2024. A big part of the decline in investment spending in 2023 is attributed to a 15.9 percent yearly decline in residential investment spending and a 1.3 percent decline in nonresidential construction spending. Helped by infrastructure outlays, overall government spending is forecast to increase 2.1 percent in 2023 and 0.9 percent in 2024, after declining 0.6 percent in 2022.

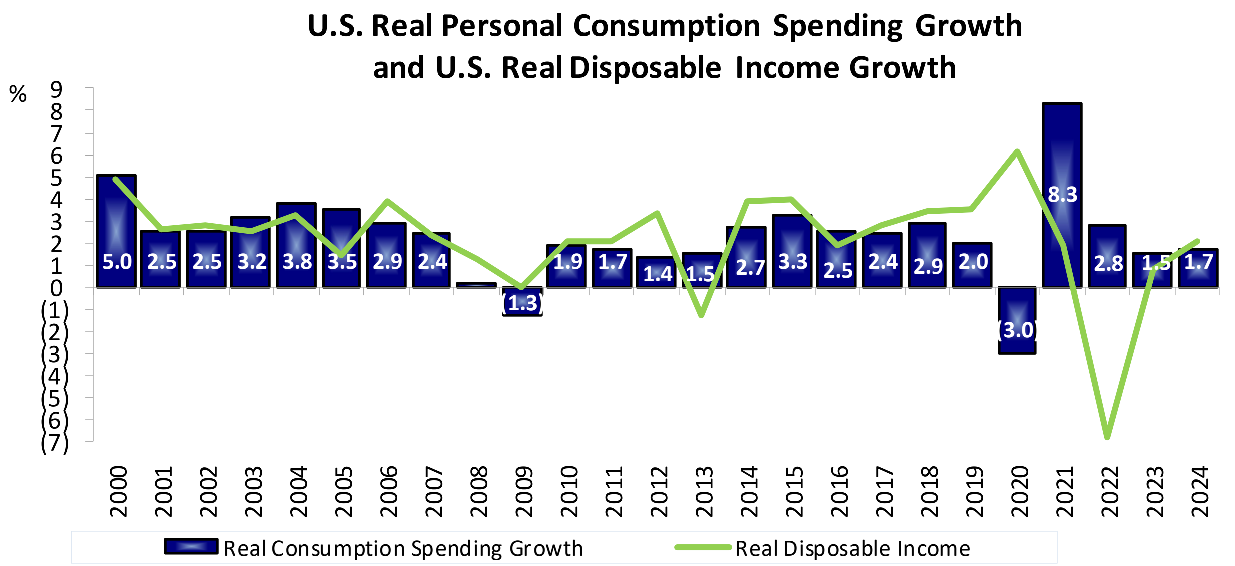
After accelerating to 4.3 percent in 2022 from 2.9 percent in 2021, payroll employment growth is forecast to sharply slow down to 1.8 percent in 2023, as the growth of sales and output is expected to weaken. Strained by long-term demographic changes, employment growth will continue to slow to 0.7 percent in 2024.

In 2023 and 2024, the yearly rate of growth of income from wages and salaries and proprietors' operations is forecast to be almost halved from the rate in 2022, but growth of overall personal income is forecast to improve from 2.1 percent in 2022 to around 4.5 percent each year, helped largely by large gains in interest income and the return of personal transfer receipts back to growth after a sharp 15.4 percent decline in 2022. With sales growth expected to weaken further, corporate profits are forecast to decline 0.8 percent in 2023, after growing 22.6 percent in 2021 and an estimated 9.2 percent in 2022. Corporate profits are forecast to return to growth of 3.2 percent in 2024.

As the Federal Reserve is widely expected to tighten its monetary policy stance further in the coming months, longer-term interest rates will be under more upward pressure. On a yearly average basis, the 10-year Treasury yield is forecast to rise to 3.77 percent in 2023, from an estimated 2.95 percent in 2022. On a yearly average basis, the yield on 3-month Treasury bills is forecast to increase to 4.66 percent in 2023, from an estimated 2.08 percent in 2022. In 2024, the 10-year and 3-month yields will fall to 3.43 percent and 3.95 percent, respectively, as the Fed is expected to start lowering its policy rate target.

With global economic growth expected to slow in the coming months and global supply chain problems assumed to continue to recede, demand-supply imbalances will improve in 2023. Thus, the current forecast calls for the growth of overall consumer prices to decelerate to 3.8 percent in 2023 and further to 2.4 percent in 2024, from a four-decade high inflation rate of 8.0 percent in 2022. However, due not only to volatile energy and food prices but also uncertainties surrounding the ongoing global supply chain problems and the Russia-Ukraine War, the risk of high inflation persisting into the forecasting period remains.

Consumer Spending



Note: Data for 2023 and 2024 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 4

Key Points

- **Consumer spending growth, adjusted for inflation, slowed 2.8 percent in 2022, following a strong 8.3 percent increase in 2021, as federal stimulus waned, higher inflation reduced consumers' purchasing power, and rising interest rates curbed spending of home purchases and motor vehicles.**
- **Over the forecast period, although expected to continue to support overall economic growth, consumer spending growth will moderate further.**

Personal consumption spending has remained resilient, despite rising prices, dissipating federal fiscal stimulus and other headwinds. Overall consumer spending, adjusted for inflation, rose 2.8 percent in 2022, following a strong 8.3 percent rebound in 2021 from a decline of 3.0 percent in 2020. Growth was supported by spending on consumer services, which increased 4.5 percent. In contrast, spending on consumer durable and non-durable goods fell 0.3 percent and 0.4 percent, respectively.

Various factors contributed to the moderation in consumer spending in 2022. Rising prices on consumer goods and services are noteworthy, because price inflation reduces the purchasing power of households' disposable income, thereby restraining consumer spending. Prices on nondurable and durable goods rose by 9.8 percent and 6.4 percent, respectively, while prices on consumer services rose by 5.0 percent in 2022. As a result, consumers had to delay or forego spending on non-necessities. In contrast, many consumer services are necessities such as electric and water utilities, waste management, housing, and medical services. Consequently, consumer spending on many services could not necessarily be delayed or relinquished, even in the face of higher prices.

As households adjusted to higher prices, they utilized their savings to maintain spending levels. The household saving rate fell in September 2022 to 2.4 percent, from a historic high of 33.8 percent in April 2020 when the federal government paid out significant assistance to households as the pandemic ensued. This was the lowest level recorded since data were available. In December 2022, the savings rate rose to 3.4 percent. More recently, consumers have accelerated their use of credit cards, as evident by the mostly double-digit monthly year over year growth since February 2022. In December 2022, revolving credit growth moderated somewhat increasing 7.2 percent from a year earlier.

Rising interest rates also make the cost of motor vehicles and other durable goods more expensive. In addition, higher interest rates make home purchases less affordable, causing prospective homebuyers to delay or forego home ownership. This decision adversely impacts the purchases of big-ticket items, such as furnishings and household appliances, that homebuyers would have otherwise made.

This challenging economic environment with high inflation and rapidly rising interest rates has negatively impacted equity markets, causing households' wealth to diminish by more than $2.0 trillion in the third quarter of 2022 from the same quarter in 2021. Consumer sentiment plummeted to a historic low in June 2022. Though it has improved, consumer sentiment remains low by historical standards. Wages and salaries have not kept pace with rising inflation. Federal fiscal stimuli have receded, and savings have dwindled. In this climate, personal consumption spending growth retreated in 2022.

Over the forecast period, the consumer spending outlook faces significant downside risks. They include the lingering global supply chain issues, elevated price levels of consumer goods and services though diminishing, and rising interest rates. As a result, consumer spending growth is anticipated to be subdued in 2023, slowing to 1.5 percent on a yearly average basis.

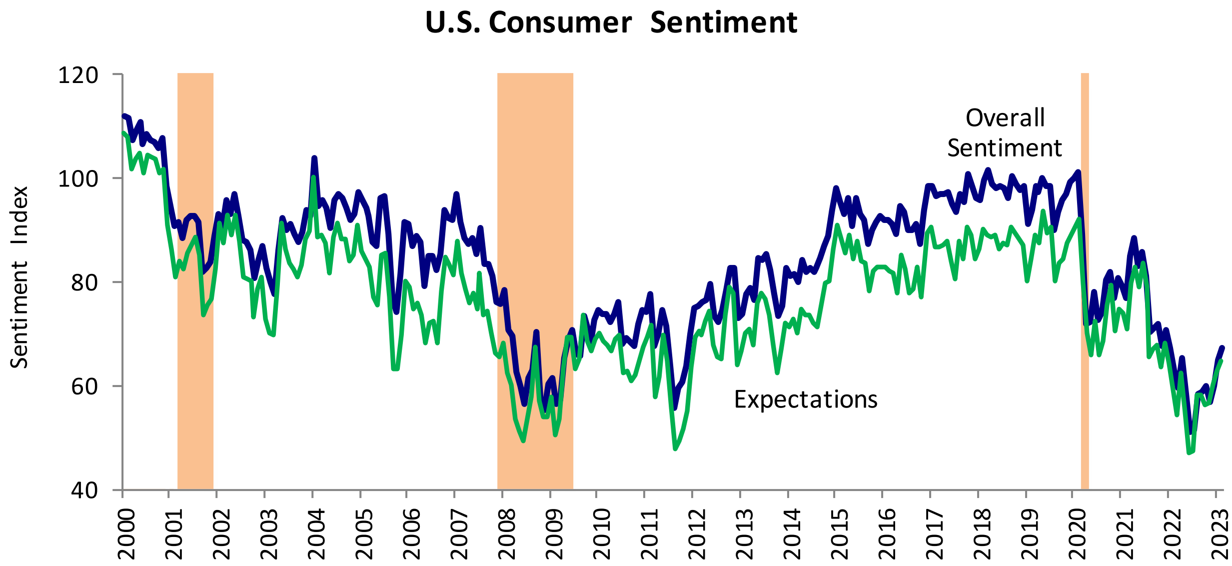
Growth in personal consumption spending is forecast to increase to 1.7 percent in 2024, as consumer prices are expected to fall to more normal levels and the overall economic growth outlook improves (see Figure 4).

Impact of higher prices on disposable income growth

Growth in disposable income, adjusted for inflation, slowed to 1.9 percent in 2021 from 6.2 percent in 2020, as massive pandemic-related fiscal stimulus benefits tapered and price pressures increased. While the child tax credit continued into 2022, the effect of massive transfer payments received by households in the prior two years waning could not be mitigated. The inflationary pressure experienced by households has diminished their purchasing power. In addition, wages and salaries, though rising, have not kept pace with rising prices. As a result, with no additional benefits authorized from the federal government in 2022, disposable income declined 6.8 percent in 2022. As price pressures are expected to moderate over the forecast period, inflation-adjusted disposable income is projected to grow 1.6 percent in 2023 and another 2.2 percent in 2024 (see Figure 4). Disposable income is anticipated to be able to support only measured growth in consumer spending over the forecast period.

Higher prices have taken their toll on sentiment

In June 2022, consumer sentiment about their financial and economic well-being fell to a historic low, as prolonged inflationary pressures eroded living standards and volatility increased in equity markets in response to actions taken by the Federal Reserve. Since then, consumer sentiment readings have improved but remain low by historical standards (see Figure 5). Primarily, households continue to be concerned about rising prices and subsiding income gains. With consumers' favorability ratings well below pre-pandemic levels and prices continuing to increase, consumer spending growth will be more restrained over the forecast period.

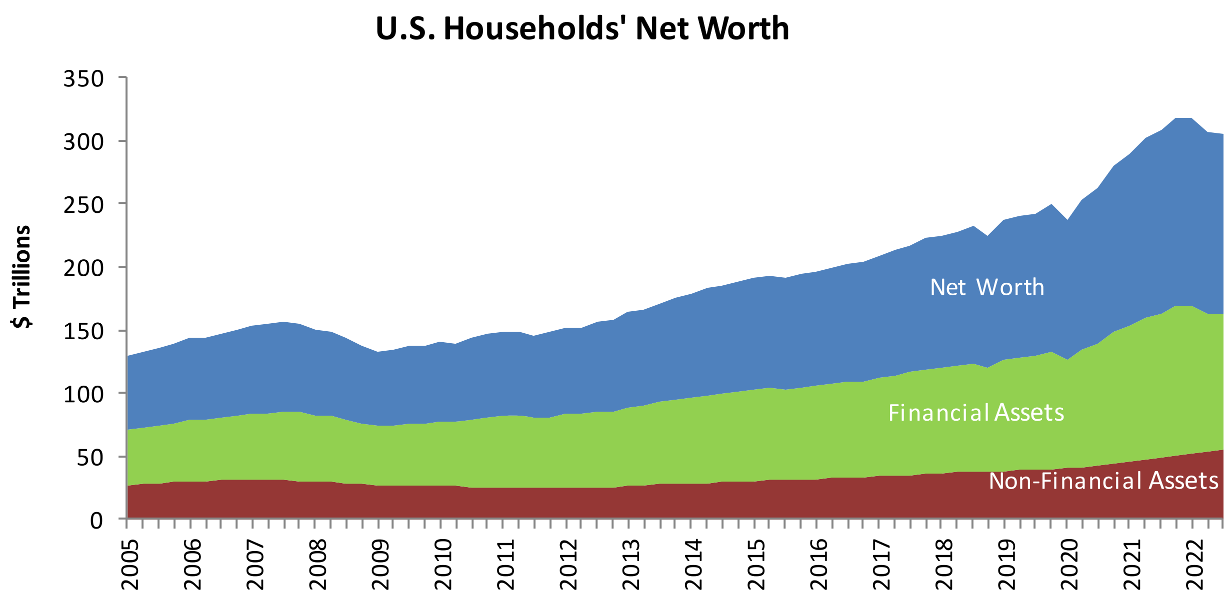


Note: Data are monthly through February 2023. Shaded areas represent recessions.
Source: Reuters/University of Michigan ICS.

Figure 5

Rising prices and interest rates take their toll on household wealth

The federal government policy response to rising inflationary pressures elicited big swings in equity markets, which resulted in household net worth falling by more than $6.8 trillion between the end 2021 and the third quarter of 2022. Household net worth had been contracting since the second quarter of 2021, as financial market volatility reverberated across equity prices. Financial assets held by households fell by 6.0 percent or by $6.9 trillion in the third quarter of 2022 from a year earlier. Anticipating the continued rise in interest rates, households increased their real estate holdings by 13.0 percent or by $5.3 trillion over the same period. Household liabilities rose by $1.3 trillion or by 7.0 percent over the period. Household finances are tenuous, as increased market volatility pares financial gains in the stock market and higher debt places more financial burden on them. As a result, households' net worth is anticipated to decline further in 2023, providing less support for consumer spending.



Note: Data are quarterly through 2022:Q3.
Source: Federal Reserve.

Figure 6

Households' financial position is becoming tenuous

Households' financial situation seems precarious, as pandemic-related relief that bolstered their income has dried up, prices have been rising, and debt accumulation has accelerated. This is particularly true for the households in the lower half of income distribution who benefitted from pandemic-related federal government payouts in 2020 and 2021. Many of these households likely used these funds to pay down debt, invest in the stock market, or make a down payment on a home. The Federal Reserve estimated that these households still had about $350 billion in savings in mid-2022.[1] However, with high inflation, these savings continue to dwindle as these households try to maintain their consumption levels. Households in the upper half of the income distribution will fare better than their lower income counterparts as they cope with the economic headwinds. These households' excess savings were derived partly from curtailed spending due to government mandates that caused many businesses to close during the pandemic.[2] As a result, overall consumer spending will likely

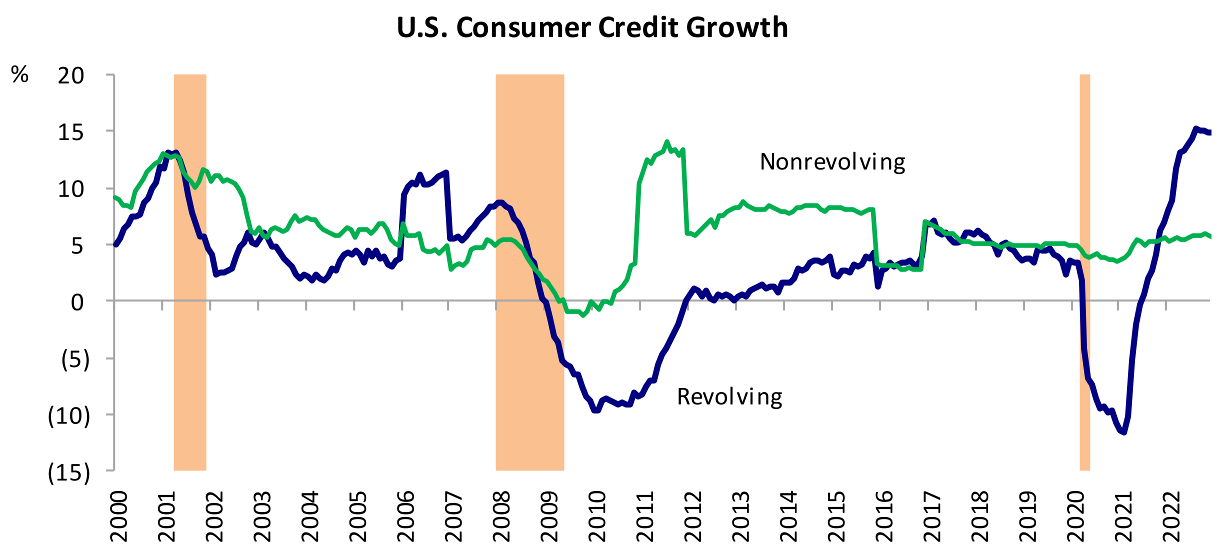
[1] See Aladangady, Aditya, David Cho, Laura Feiveson, and Eugenio Pinto (2022), "Excess Savings during the COVID-19 Pandemic," FEDS Notes, Washington, Board of Governors of the Federal Reserve System, October 21, 2022, https://doi.org/10.17016/2380-7172.3223.

[2] The Federal Reserve estimated that U.S. households accumulated $2.3 trillion in excess savings between 2020 and the Summer of 2021. Of this, upper income households were responsible for the largest share of $1.3 trillion. See Ibid 1.

benefit as these upper income households continue to release pent-up demand. These consumers are also less sensitive to price fluctuations.

The debt-to-income ratio surpassed its pre-pandemic level in the fourth quarter of 2021, after falling to its lowest rate of 88.4 in the first quarter since 1995. In the third quarter of 2022, the ratio stood at 103.2, suggesting that households may have some difficulty paying down their debt. Similarly, the financial obligation ratio, which measures the percentage of disposable income obligated to debt payment, fell to 12.7 percent in the first quarter of 2021, the lowest rate on record; subsequently, the ratio has been rising, though remains lower than pre-pandemic levels. Delinquency rates were at a historic low in the third quarter of 2021 and remain below pre-pandemic levels.

Consumer credit card purchases rose sharply in 2022 after consumers reduced short term debt in the previous year. Credit card purchases rose by 13.2 percent in 2022 from 2021. Long-term loans which include mortgages rose steadily, increasing 5.6 percent over the same period (see Figure 7). Rising interest rates make debt payment more expensive. As a result, the consumers' reliance on loans and credit to sustain spending is untenable over time.



Notes: Data are monthly through December 2022. Growth is year-over-year. Shaded areas represent recessions.
Source: Federal Reserve.

Figure 7

The Biden Administration initiated a student loan forgiveness program that would reduce or eliminate student loans for qualifying individuals.[3] However, litigation of the program remains unresolved. As a result, the moratorium on student loan payment that was set to expire on December 31, 2022, was extended to either sixty days after the resolved litigation allows the Department of Education to implement the program, or sixty days after June 31, 2023 if the litigation remains unresolved.[4] The average student loan was about $37,500 in 2022, a 1.5 percent increase from a year earlier. The growth in student loans was far below the pre-pandemic growth of 5.1 percent in the first quarter of 2020. This policy would have helped buffer consumer spending, particularly for borrowers who had suspended their payments, steering money for loan repayment to consumer goods and services, though the impact on overall spending would be small.

Banks' willingness to make consumer loans has been trending downward since the second quarter of 2021, suggesting that banks have been tightening lending standards even as the demand for consumer loans rose particularly for credit cards. The demand for consumer credit card loans has been consistently increasing since the fourth quarter of 2020. The demand for auto loans plummeted due in part to supply constraints and rising interest rates (see Figure 8). However, in the fourth quarter of 2022, the demand for consumer loans declined. This implies that consumer spending will be restrained by more stringent loan standards and borrowers adjusting to rapidly rising interest rates.

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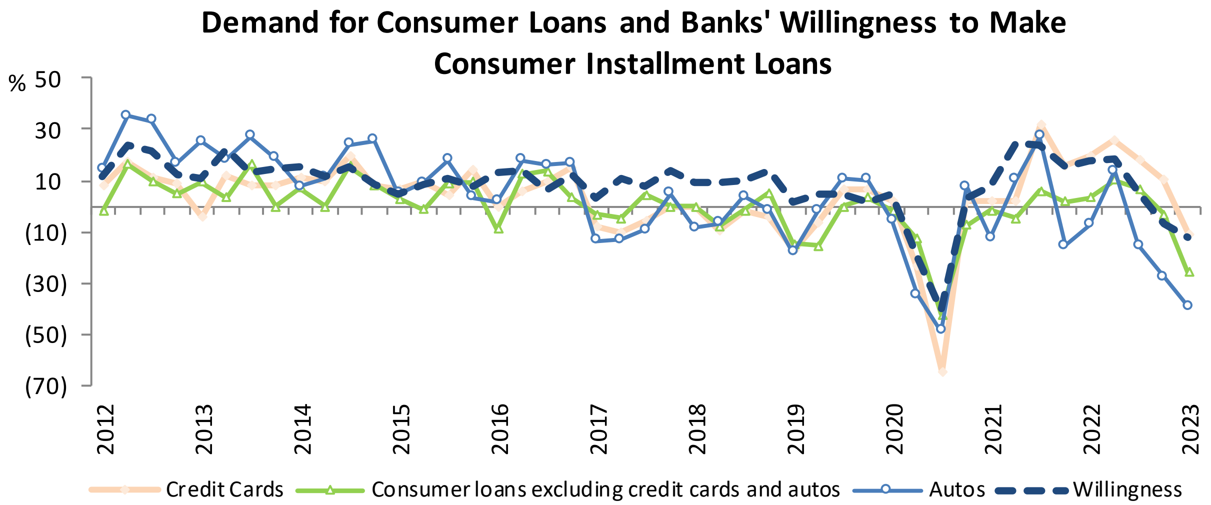
[3] However, a U.S. appeals court has issued an injunction barring the U.S. Department of Education from eliminating the student debt. See Reuters, "U.S. court extends block on Biden's student loan forgiveness plan," November 14, 2022.

[4] Press Office, *Biden-Harris Administration Continues Fight for Student Debt Relief for Millions of Borrowers, Extends Student Loan Repayment Pause, November 22, 2022*, Press Release, https://www.ed.gov/news/press-releases/biden-harris-administration-continues-fight-student-debt-relief-millions-borrowers-extends-student-loan-repayment-pause.



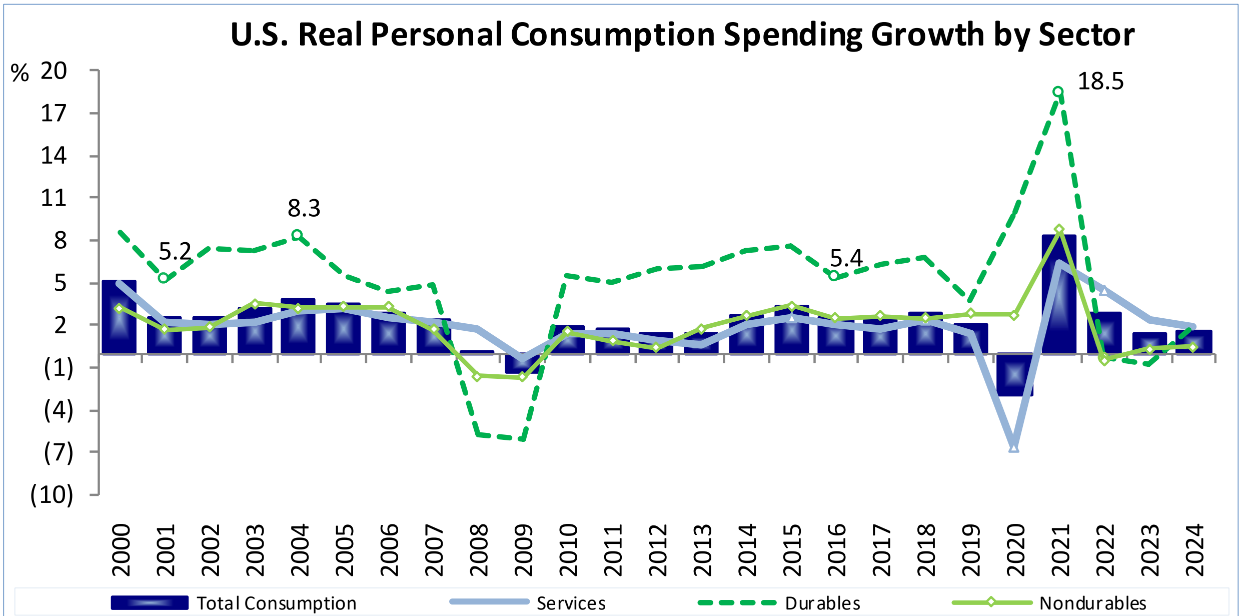
Notes: Data are quarterly through 2023:Q1. Bank data was taken from a survey of approximately fifty to sixty-eight domestic banks and nineteen to twenty-eight U.S. branches and agencies of foreign banks. The percentage is the fraction of banks that reported increased willingness to make consumer installment loans from the previous three months.
Source: Federal Reserve.

Figure 8

Consumer spending outlook

Though consumer spending remains a bright spot supporting overall economic growth, rising prices prompted a shift in consumer spending from goods to services. Part of the narrative is that consumers can more readily find substitutes for many consumer goods, switching from a higher-priced good to a lower-priced one. Consumers can also delay or refrain from buying many goods without having any meaningful impact on the daily functioning of their households. However, many consumer services lack that flexibility when prices are higher. As price increases moderate, consumers will likely return to more typical spending patterns.

Durable goods spending continues to be hindered by supply chain challenges that have negatively impacted the supply of vehicles. This has caused prices on new and used vehicles and parts to increase dramatically. In 2022, prices on new and used vehicles rose by 11.4 percent, on an annualized rate basis, from a year earlier. Correspondingly, spending on motor vehicles and parts plunged by 6.2 percent, following an increase of 15.8 percent in 2021. In December 2022, sales of motor vehicles remained 4.6 million units, annualized, below the high in April 2021. As the Federal Reserve adjusts monetary policy to combat inflation, higher interest rates have driven up the cost of owning vehicles and other durable items. As a result, spending on durable goods declined 0.3 percent in 2022, following an increase of 18.5 percent in 2021. In 2023, spending on durable goods is forecast to fall another 0.8 percent as rising interest rates and high prices take their toll. However, with pent-up demand, and as the challenges over the prior three years begin to dissipate, durable goods spending is projected to increase 2.0 percent in 2024 (see Figure 9).



Note: Data for 2023 and 2024 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

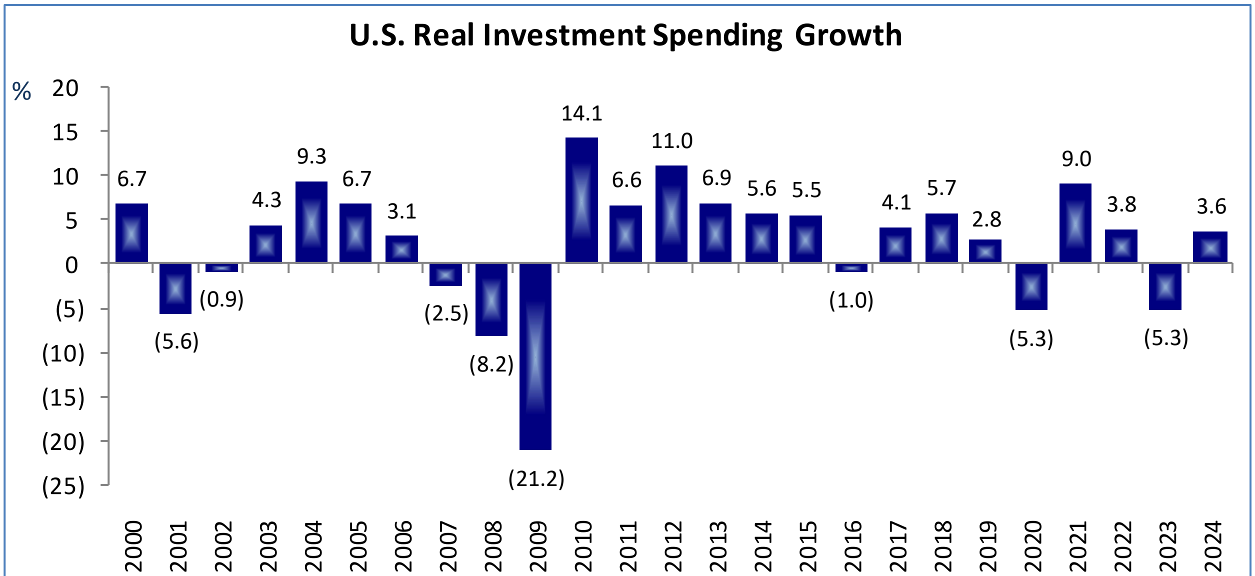
Figure 9

Higher food and energy prices will continue to be a deterrence to spending on non-durable goods going forward. In the second quarter of 2022, the price of food and beverages consumed at home rose 7.8 percent in the first quarter of 2022, 10.6 percent in the second quarter, 12.1 percent in the third quarter, and by another 11.3 percent in the fourth quarter from a year earlier. The price increases on gasoline and other energy goods were stunning, rising by 41.6 percent in the first quarter of 2022; then by another 52.2 percent in the second quarter, 30.8 percent in the third quarter, and by 11.5 percent in the fourth quarter compared to a year earlier. Spending on nondurable goods fell 0.4 percent in 2022, following an increase of 8.8 percent in 2021. Consumer spending on non-durable goods is projected to increase 0.3 percent in 2023, as prices moderate. In 2024, growth in spending on non-durable goods is forecast to increase to 0.5 percent, as prices are normalized.

Spending on services was disproportionately impacted by the pandemic, because of social-distance recommendations, stay-at-home orders, remote learning and work, and the closure of nonessential businesses. Spending on services plummeted in the first half of 2020 but surpassed its pre-pandemic level in the third quarter of 2021. Spending on all services have surpassed their pre-pandemic levels, except for spending on recreation services. This component is largely being affected by lingering pandemic-related factors that have restrained growth. Industry data suggest that employment shortage in leisure and hospitality will limit the services available for recreational activities.

While higher prices are expected to persist into 2023, the main driver of overall personal consumption spending will be spending on services. Higher overall prices on essential goods and services will mean consumers have less income for other nonessential purchases, which are also priced higher. Hence, spending on services will be supported by the continued easing of COVID-related concerns, pent-up demand in food services and accommodations, and higher spending on housing and household utilities and health care. Consumer spending on services is projected to grow 2.4 percent in 2023 and then by 2.0 percent in 2024, following a 4.5 percent increase in 2022 (see Figure 9).

Business and Residential Investment



Note: Data for 2023 and 2024 are forecasts.

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

Figure 10

Key Points

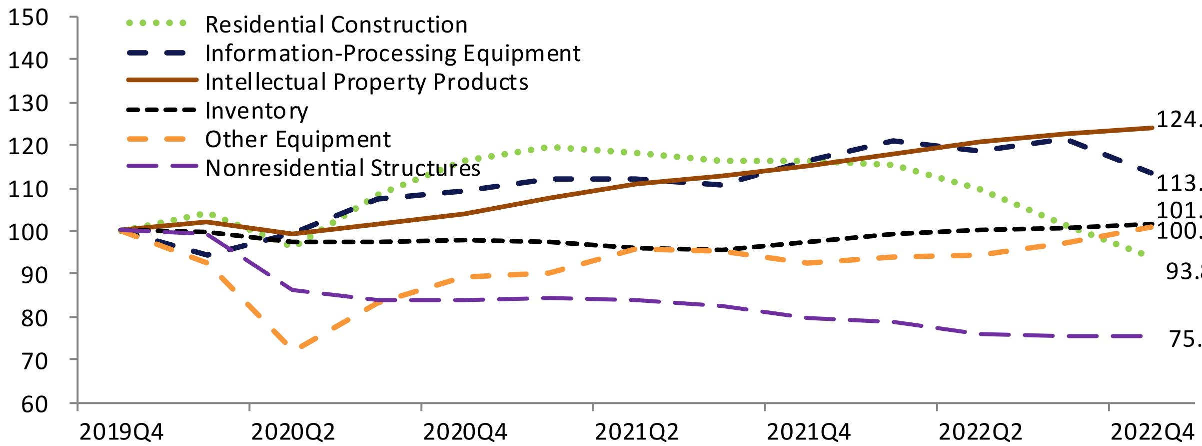
- **As interest rates are rising and sales growth is moderating, overall private investment spending has been weakening, with spending on residential investment particularly hard hit by declining affordability.**
- **The weakness is expected to persist in the forecast period, although unevenly across the sectors due to delayed negative effects of rising interest rates, lingering global supply chain issues, and the long-term impacts of the pandemic.**

After declining by 5.3 percent (after adjusted for price changes) in 2020 on a yearly average basis, overall private investment spending rebounded to a strong 9.0 percent growth in 2021 (see Figure 10). However, in the past few months, as the outlook for economic growth has deteriorated, the growth of private investment spending has started weakening, led by sharp declines in construction activity.

Residential investment spending in correction

As the COVID-19 pandemic sparked a renewed preference for suburban single-family housing over urban shared housing, residential construction activity rebounded strongly in the latter part of 2020 through the first half of 2021, from the initial blow of the pandemic. However, rapidly rising home prices and mortgage interest rates have undermined affordability, turning the trend of housing starts and sales downwardly. Permits for single-family homes have been on a downward trend since December 2020, signaling further declines in the already-weakened housing starts. Therefore, the near-term outlook for residential investment spending is bleak. The shortage of building materials as well as buildable lots also persists, adding to the woes in the housing market. Home prices have started to come down but will likely remain elevated and mortgage interest rates are widely expected to rise further, weighing on home buyer affordability. Residential investment spending was 6.2 percent below its pre-pandemic peak level, as of the fourth quarter of 2022 (see Figure 11), and the weakness is likely to persist in the current forecast period.

Recovery of U.S. Real Business Investment Spending by Sector
2019Q4=100



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

Figure 11

Nonresidential construction spending continues to decline

As of the fourth quarter of 2022, business spending on nonresidential structures was 24.4 percent below its pre-pandemic peak level (see Figure 11), and the outlook for business spending on structures is not bright either. Commercial and industrial construction activity started trending downward even before the onset of the COVID-19 pandemic. The pandemic has just made the sector's decline more persistent than it would have been otherwise. The sector has been suffering from the pandemic's long-term consequences, as workers still prefer to work remotely, and businesses accordingly continue to reassess their office need. Recovery in lodging construction activity has also been slower than expected, as travel remains restrained by the long-term effects of the pandemic. As sharply rising rents are reducing renter affordability, and renters are also becoming increasingly comfortable with close contact again, renters appear to have consolidated into smaller units with more roommates. The outlook for nonresidential construction spending has weakened further lately. Rampant inflation and rising interest rates have caused consumer spending growth to soften, which will consequently cause the demand for retail, accommodation, and manufacturing space also to soften. As the Federal Reserve has repeatedly confirmed its intention to do whatever it takes to tame inflation, interest rates are widely expected to rise further. Thus, nonresidential construction spending is poised to weaken further, at least through the end of 2023.

Recovery in transportation and industrial equipment has slowed

Business spending on transportation, industrial and other categories of equipment, which declined 27.7 percent from the peak to the trough during the recent recession, recovered quickly from its pandemic lows until the second quarter of 2021 (see Figure 11). Its recovery has since been slow, with its fourth quarter 2022 level just 0.7 percent above its pre-pandemic peak level. As traveling is restrained by elevated inflation pressures and the outlook for sales growth is deteriorating, business spending in these categories of equipment is likely to remain subdued in the forecast period.

Spending on information-processing equipment and software will likely slow

As working from home encouraged demand for virtual office accommodations, business spending on computers and other information-processing equipment did not decline during the early months of 2020, but has increased strongly throughout the post-pandemic recovery. Its fourth quarter 2022 level was 13.6 percent above its pre-pandemic level (see Figure 11). With a renewed surge in demand for up-to-date information technology and computer software in a changing work environment, business spending on computer software and research and development has also gained solidly after a relatively small decline in the second quarter of 2020. As of the fourth quarter of 2022, this category of business investment spending was up 24.2 percent above its pre-pandemic peak level. But the growth in business spending on the information-processing equipment and intellectual property products is likely to soften in the current forecast period, under the weight of slowing economic growth outlook. For example, worldwide semi-conductor billings have been declining since June 2022.

Spending on inventory investment has slowed

When growth in U.S. domestic spending outpaces growth in U.S. domestic output, domestic supply shortages are usually met with imported goods. During the post-pandemic recovery in 2021, global supply chain issues and logistic constraints negatively impacted the production as well as international flow of goods, exacerbating the supply shortage situation in the U.S. As a result, businesses had to draw down their existing inventories sharply to accommodate demand in 2020 and early 2021. Inventory investment spending rebounded strongly in the last quarter of 2021 through the first quarter of 2022, making large contributions to national output growth. But the timing of inventory investment recovery was off, as spending by consumers and businesses started cooling by the time inventory buildup was gaining momentum. As a result, businesses started cutting back on their inventory stocking plans in the second quarter of 2022, with inventory investment becoming a big drag on overall economic growth again.

Outlook

Going forward, with sales and output growth likely to slow and interest rates widely expected to increase further, overall private investment spending is forecast to decline in 2023, at a yearly average rate of 5.3 percent, after growing 3.8 percent in 2022. It is forecast to return to growth by 3.6 percent in 2024.

A large part of the decline in 2023 is attributed to a 15.9 percent yearly decline in residential investment spending and a 1.3 percent decline in nonresidential construction spending (see Figure 12). The yearly decline in nonresidential construction spending in 2023 will mark the fourth consecutive yearly decline. The growth of total business spending on equipment is forecast to slow to a mere 0.3 percent in 2023, from a strong 10.3 percent yearly gain in 2021 and a 4.3 percent increase in 2022. Spending on software and other intellectual property products is forecast to grow 3.8 percent in 2023, a slowdown from 9.7 percent in 2021 and 8.7 percent in 2022. Inventory investment spending is forecast to decline from an annual average of $123.3 billion in 2022, to $22.9 billion in 2023 and $39.6 billion in 2024, becoming a drag on overall national output growth.

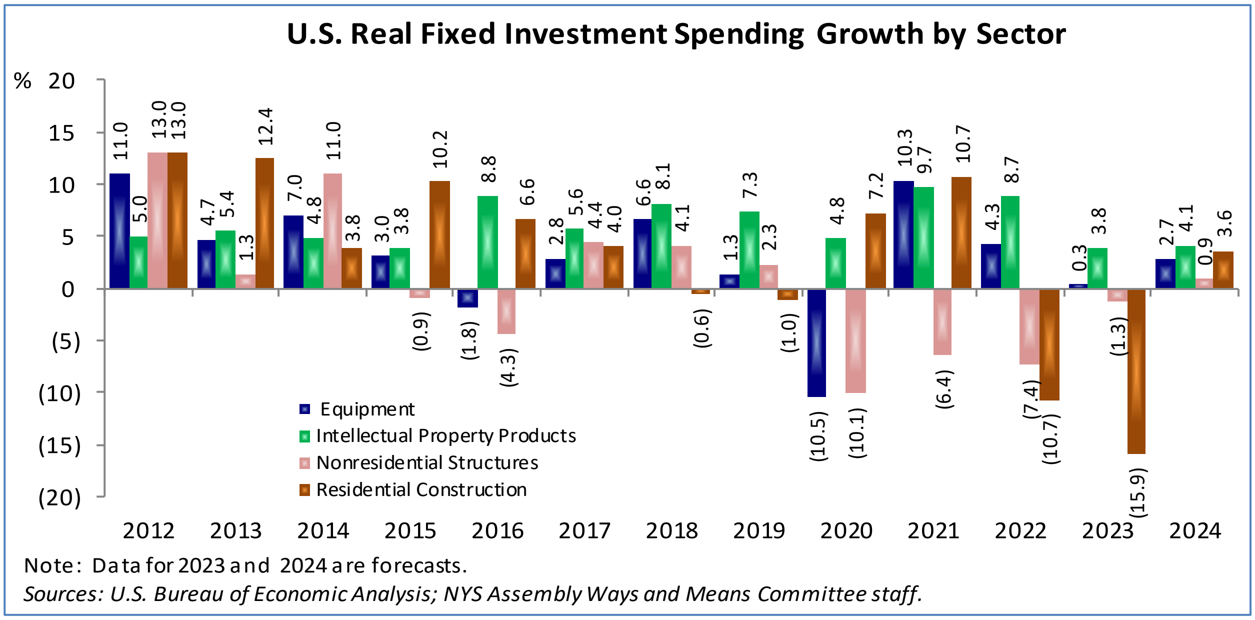


Figure 12

From a longer perspective, inflation-adjusted business spending on equipment and intellectual property products has almost doubled and tripled since 2000, respectively, and each is expected to grow further during the current forecast period (see Figure 13). In comparison, inflation-adjusted spending on construction, both residential and nonresidential, seldom recovered its 2000 level in the past two decades and is expected to remain well below that level during the current forecast period. Residential construction spending briefly strengthened during the recent post-pandemic housing boom, but it was no match to the housing boom before the Great Recession of 2007-2009.

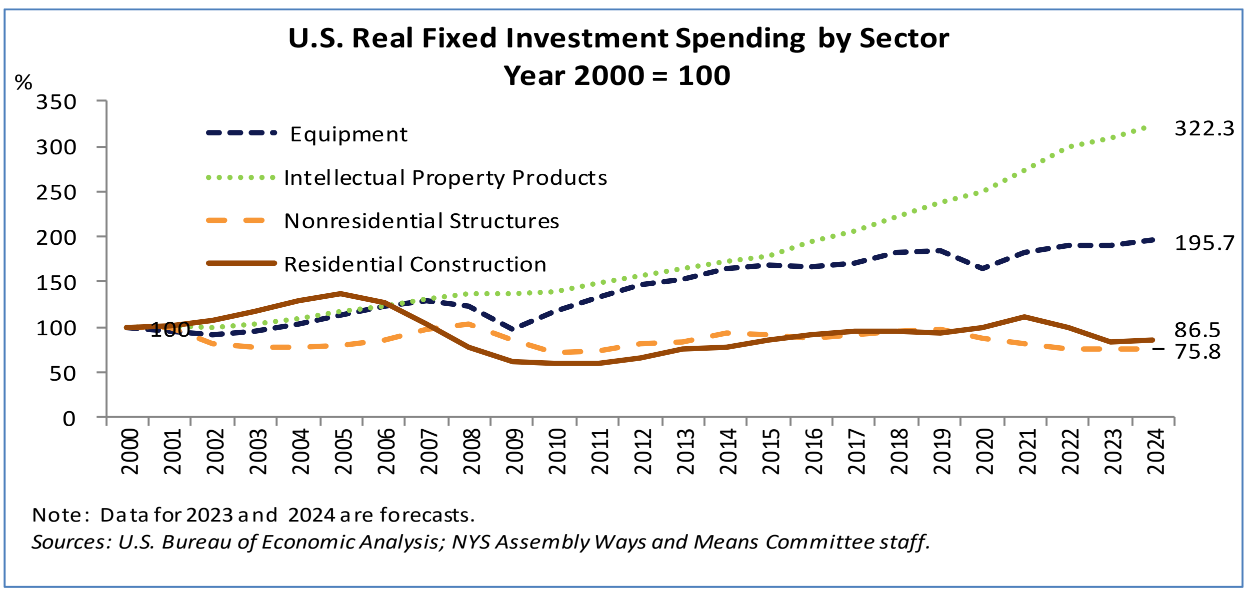
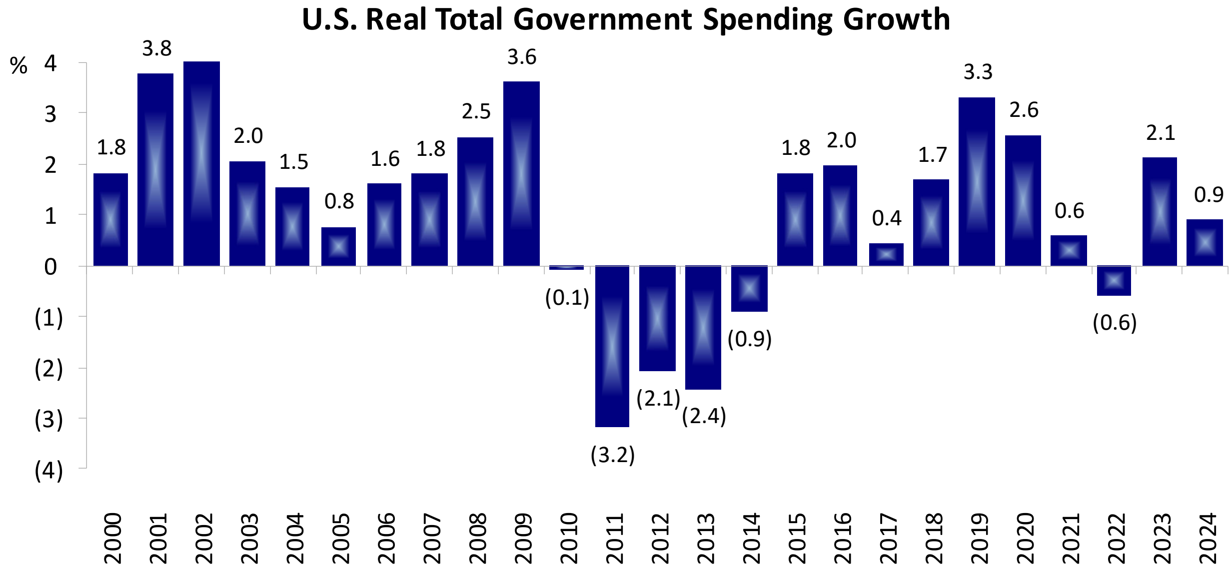


Figure 13

Government Spending



Note: Data for 2023 and 2024 are forecasts.
Sources: U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 14

Key Points

- **Federal government spending declined in 2022, as various pandemic-related fiscal stimulus programs receded.**
- **Over the forecast period, federal government spending rebounds in 2023 as spending on software, other goods and services increases. However, as federal policymakers restrain spending federal government spending weakens in 2024.**
- **State and local government spending will be bolstered by the infrastructure spending funded by the federal government and higher compensation over the forecast period.**

Government spending subtracted from overall economic growth in 2022, as pandemic-related federal spending receded. In 2020, the federal government earmarked trillions of dollars for individuals, businesses, and state and local governments. As a result of the associated administrative costs and pandemic-related purchases of goods and services, nondefense federal government spending rose considerably in the first half of 2020 and again in the first quarter of 2021. Then in 2021, policymakers passed the Infrastructure Investment and Jobs Act (IIJA), which provided the largest infusion of funding in over a decade to state and local governments for public infrastructure spending (see Table 1).[5] The funding for the IIJA to states and localities is for a ten-year period that began in 2022. The impact of these additional funds was outweighed by the disappearance of the massive pandemic-related expenditures in 2020 and 2021. As a result, total government spending, adjusted for inflation, declined by 0.6 percent in 2022, after growing 0.6 percent in 2021 (see Figure 14).

In 2023, total government spending is projected to increase 2.1 percent, as government spending returns to a more normal footing. Total government spending will be supported by higher infrastructure spending, compensation, and spending on goods and services at both the state and local and federal levels of government. Growth in total government spending is projected to rise 0.9 percent in 2024.

Table 1

Components of the Bipartisan Infrastructure Investment and Jobs Act

	$ Billions
Roads, Bridges, and Major Projects	110
Passenger and Freight Rail	66
Public Transit	39
Airports	25
Ports and Waterways	17
Electric and Low Emissions Vehicles	15
Road Safety	11
Reconnecting Communities	1
Total Transportation and Infrastructure Spending	***284***
Power Infrastructure	73
Broadband	65
Water Infrastructure (including lead pipes)	55
Resiliency and Western Water Shortages	50
Environmental Remediation	21
Total Other Core Infrastructure	***264***
Total Spending	**548**

Source: Committee for Responsible Federal Budget.

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

Federal government spending

The unwinding of the coronavirus relief packages led to a 2.5 percent decline in federal government spending in 2022, following an increase of 2.3 percent in 2021 and 6.2 percent in 2020 (see Figure 15). The unprecedented response by the federal government to the economic fallout of the pandemic kept federal government spending elevated in the prior two years. Defense spending on equipment, nondefense spending on structures, and compensation for military personnel all fell in 2022. The federal government has been shedding jobs and seems to be having difficulty retaining current employees both in the defense sector and other non-defense departments. In January 2023, federal government employment was 280,000 jobs below its peak in August 2020. In addition, spending on durable and nondurable goods purchased by the federal government plummeted in the first half of 2022, with growth since then being slow.

With the pandemic abating, federal legislators have turned towards fiscal policies that focus on the Biden Administration's Agenda. Legislation in the Inflation Reduction Act of 2022 (IRA) will have only a marginal impact on overall economic growth through 2031. The IRA would raise revenue, reduce prescription drug costs, spend more on new energy and climate investments, fund enhancements to the Affordable Care Act, and reduce the federal budget deficit. Separately, the Biden Administration has also announced student loan forgiveness for many borrowers, which is being litigated. Policy goals by the administration will likely be hindered by a divided Congress which may adversely impact government spending.

Over the forecast period, federal government spending growth returns to normal trend as pandemic related volatilities recede. Federal government spending is forecast to rebound by 2.5 percent in 2023 due to higher compensation, increased spending on goods and services and public infrastructure spending. Growth is forecast to slow to 0.4 percent in 2024 as the federal government reins in spending and focuses on debt reduction.

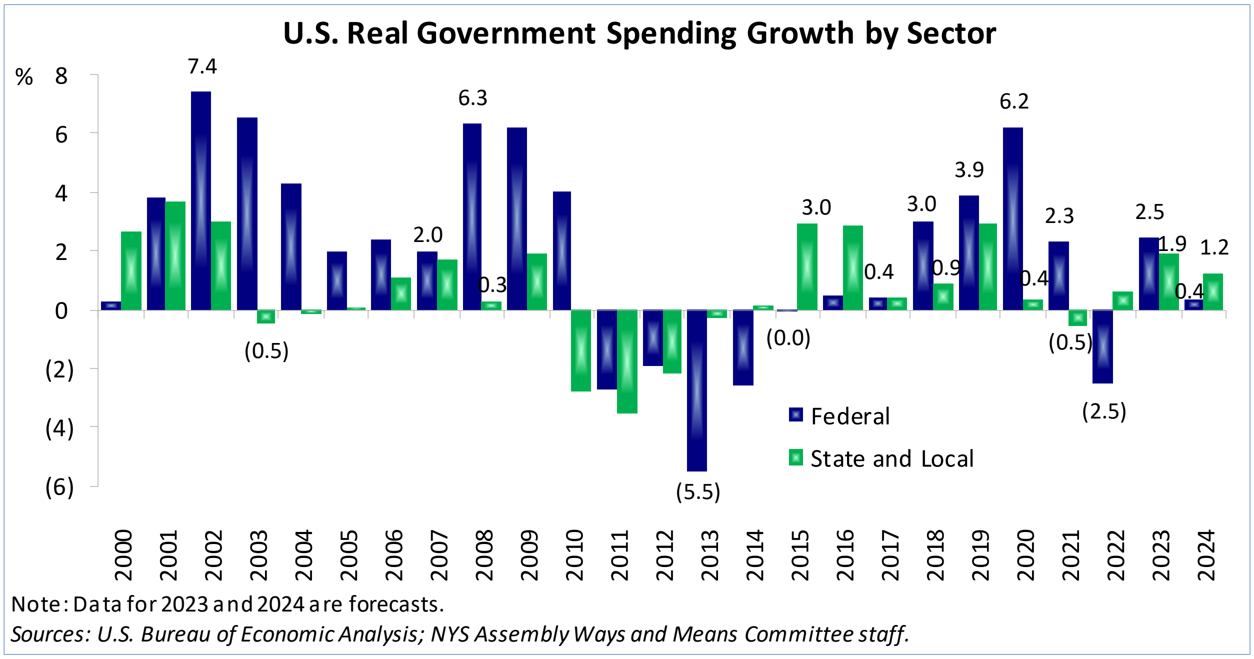


Figure 15

The persistent accumulation of deficits led to the total national debt hitting its ceiling of $31.4 trillion on January 19, 2023. In general, when the statutory debt limit is reached, the U.S. Department of the Treasury uses extraordinary measures to meet certain spending obligations until the debt limit is either raised or suspended. According to the Secretary of the Treasury, such extraordinary measures can last through June 5, 2023.[6]

Billions of dollars in stimulus payments to households, unemployment insurance assistance, loans to businesses, and grants to states pushed the budget deficit to over $3.1 trillion in federal fiscal year 2020, or 14.9 percent of GDP, the largest deficit recorded. The budget gap in federal fiscal year 2021 was $2.8 trillion or 12.4 percent relative to the size of the economy (see Figure 16). For fiscal year 2022, the budget deficit fell to $1.4 trillion mainly due to diminished stimulus payments.[7] The Congressional Budget Office (CBO) projects that the budget deficit will be 5.3 percent of GDP in fiscal year 2023.[8]

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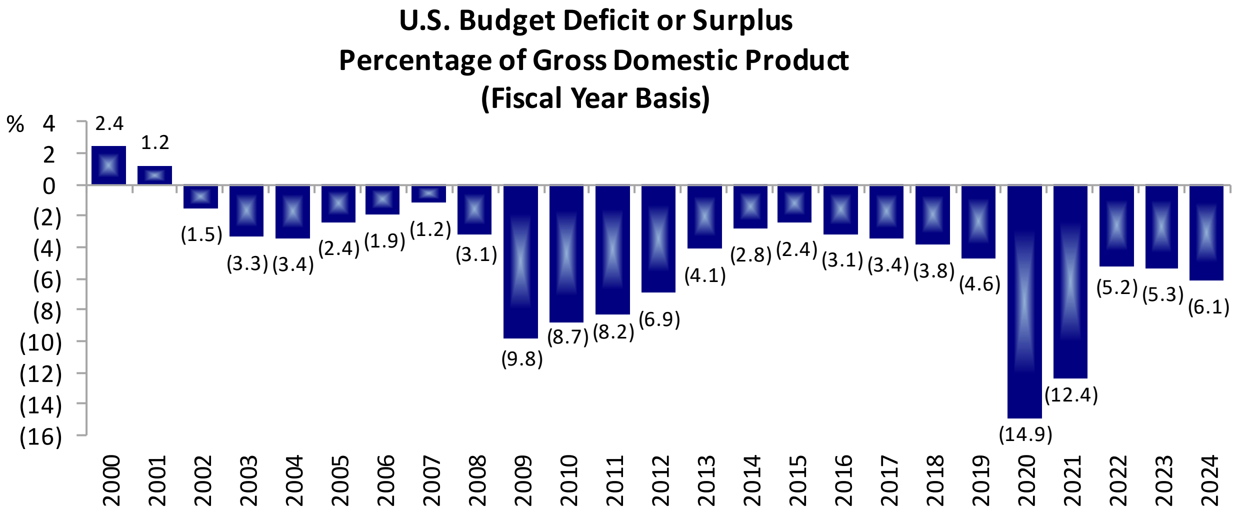
[6] Janet Yellen, Sec. of U.S. Treasury, *Letter to Congress about the debt limit*, U.S. Department of Treasury, January 19, 2023.

[7] See U.S. Department of Treasury, *Final Monthly Treasury Statement-Receipts and Outlays of the United States Government For Fiscal Year 2022 through September 30, 2022, and Other Periods*, Bureau of the Fiscal Service, October 2022, https://www.fiscal.treasury.gov/reports-statements/mts/current.html.

[8] See Congressional Budget Office, *The Budget and Economic Outlook: 2023-2033*, February 2023, https://www.cbo.gov/publication/58848.

The federal government accrual of debt raises concerns about federal spending on interest payments and the impact on economic growth over time. According to the CBO, rising debt will likely lead to higher inflation and higher borrowing costs as interest rates rise.[9] As more federal funds are steered toward interest payments, the federal government has less flexibility to address fiscal crises, resulting in a decline in the value of Treasury securities.



Note: Data for fiscal years 2023 and 2024 are estimates. The federal fiscal year starts October 1 and ends September 30 of the next calendar year. Therefore, fiscal year 2022 is from October 1, 2021, through September 30, 2022. The Congressional Budget Office assumes current laws.

Source: Congressional Budget Office.

Figure 16

State and local government spending

Tax revenues for state governments have been strong. Healthy gains in tax receipts have been broad-based, driven by rapid wage growth, higher prices on goods and services, and gains from capital gains realization. Despite federal aid to states and localities plummeting 15.2 percent in 2022 from a year earlier, many states and localities have not depleted the pandemic-relief funds they have received. States have until the end of 2024 to allocate the funds. In 2020, federal grants-in-aid to states rose by 44.3 percent from 2019; they grew another 26.5 percent in 2021.

However, states and localities may be adversely affected by slowing economic growth, an increasingly volatile stock market, rising prices, and rapidly increasing interest rates. Some states have used the federal pandemic aid to maintain levels of spending during the pandemic

[9] Ibid 8.

through funding ongoing projects, though the aid is not recurring. Inflationary pressures reduce the purchasing power of the consumer, and as consumers adjust their spending behavior to accommodate higher prices, sales tax revenues will likely be negatively affected.

States and localities continue to be plagued by a shortfall in employment. State government employment remained below its February 2020 peak level by 200,000 in January 2023. While local government employment declined by 1.3 million from its peak in February 2020 to its trough in June 2020, its employment remained 305,000 jobs below its pre-pandemic peak in January 2023. Worker shortage will continue to slow the pace of state and local government employment recovery, as they compete with the private sector for available workers. The private sector is much more flexible at adjusting pay schedules than the public sector.

In 2022, personal income tax collections were 6.6 percent above 2021. Sales tax collections were 7.2 percent higher. Corporate tax receipts rose 38.0 percent in the first three quarters of 2022, compared to the same period in 2021. Property taxes continued to provide financial support to local governments, as home prices continued to have solid growth. In 2022, property tax collections were 4.6 percent above the same period in 2021.

Though gains in tax collections have been solid, state and local government spending fell from the fourth quarter of 2021 through the second quarter of 2022, due mainly to a falloff in spending on public infrastructure and equipment. However, higher sales tax and personal income tax collections, due to rapidly increasing prices on goods and services and higher wages and salaries, mitigated the impact of diminishing federal pandemic-relief funds. As a result, state and local government spending increased 0.6 percent in 2022, after falling 0.5 percent in 2021 (see Figure 15). Going forward, although state and local governments will continue to be mindful of spending, especially due to the waning of federal funds, growth of state and local government spending is forecast to increase to 1.9 percent in 2023, and 1.2 percent in 2024, as compensation and public infrastructure spending increase.

Exports and Imports

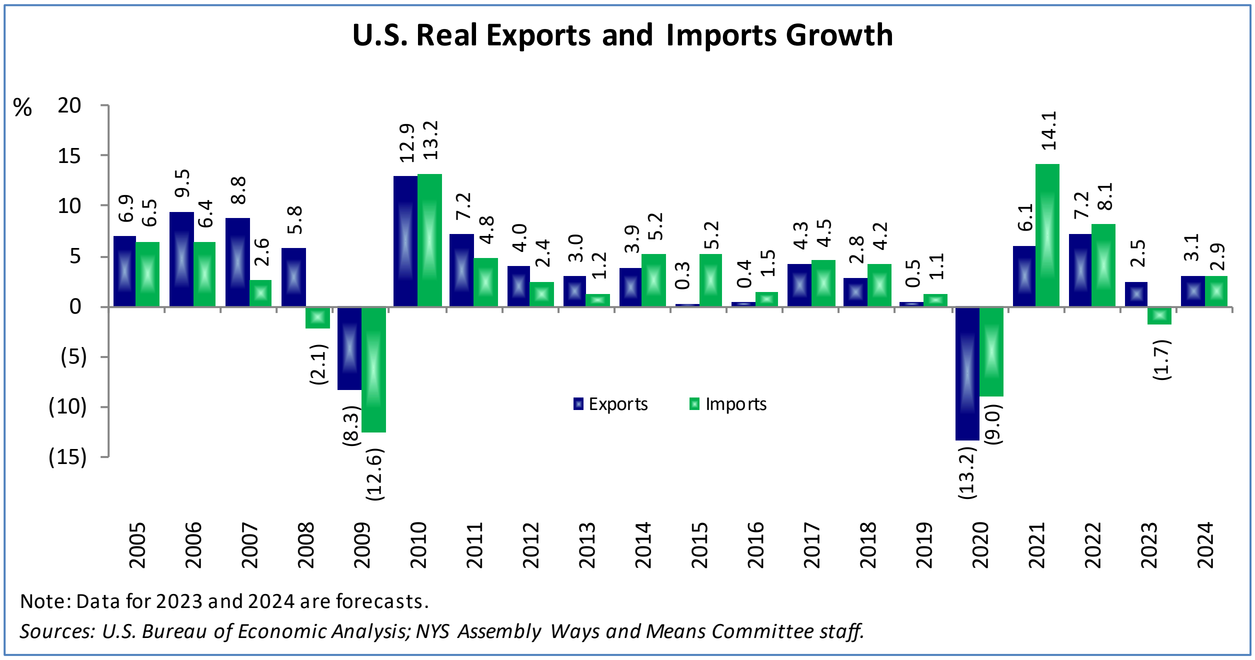


Figure 17

Key Points

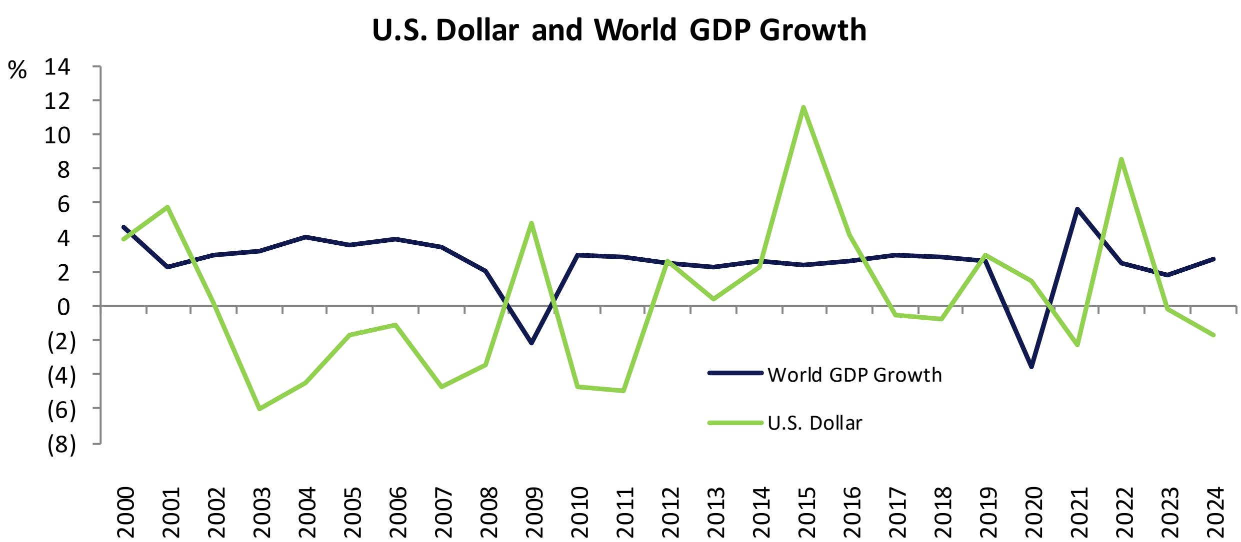
- **U.S. exports rebounded strongly in 2021 and 2022, as countries geared up to meet their rising domestic demand in their recovery from the pandemic.**
- **Weak investment and consumer spending put downward pressure on imports in 2022.**
- **With the U.S. dollar expected to weaken after appreciating sharply, U.S. trade is projected to be less of a drag to U.S. economic growth in the forecast period.**

Global growth and the value of the U.S. dollar are the two main factors that affect U.S. exports. If the economies of U.S. trading partners expand, their demand for U.S. exports will increase. If the U.S. dollar gets stronger, then the demand for U.S. exports will fall, as U.S. goods become more expensive to foreigners. In addition, a stronger domestic demand in the U.S., all else equal, would support a stronger increase in U.S. imports.

The conflict in Ukraine has hampered global growth

After a global recession in 2020, most economies around the world rebounded strongly in 2021. Even though the Omicron variant emerged in late 2021 and the number of infection cases rose significantly in many countries, it appeared to have caused milder symptoms and did not cause major disruptions in economic activity. As a result, the world economy and international trade grew solidly in 2021. U.S. exports grew 6.1 percent in 2021, following a decline of 13.2 percent in 2020. Similarly, after falling 9.0 percent in 2020, imports grew strongly at 14.1 percent in 2021 (see Figure 17).

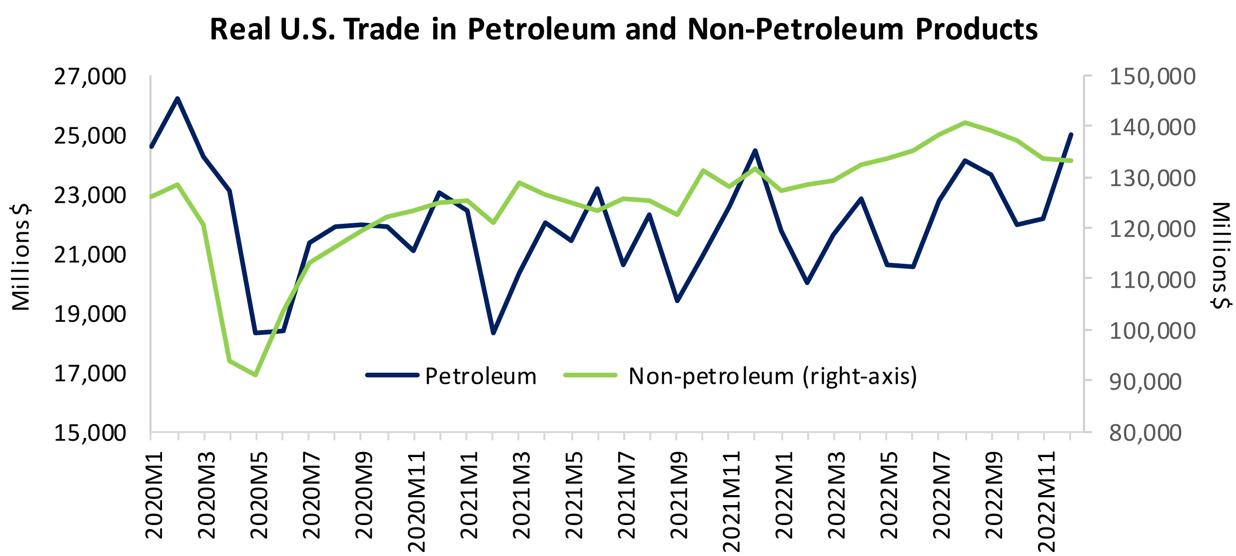
The global recovery was thrown off track when Russia invaded Ukraine on February 24, 2022. In response to the aggression, western countries imposed severe economic sanctions against Russia that aimed to limit Russia's ability to finance the war. Russia is not only a major oil-producing country, but is also a major oil and gas supplier to Europe. Thus, the economic sanctions led to a surge in global oil prices. High oil prices along with persistent global supply chain issues caused high inflation worldwide and dealt a significant shock to the global economy. Consequently, global economic growth slowed down markedly from 5.6 percent in 2021 to an estimated 2.5 percent in 2022 (See Figure 18).



Note: Data for 2023 and 2024 are forecasts.
Sources: Federal Reserve; World Bank; NYS Assembly Ways and Means Committee staff.

Figure 18

The conflict in Ukraine has helped lift U.S. exports. As Russia is one of the world's largest producers of oil and natural gas, the conflict in Ukraine has caused a global disruption in oil and gas supply, while energy demand has increased with economic recovery from the pandemic. This has spurred new demand for U.S. energy. After falling 0.5 percent in 2021, the U.S. exports of crude oil and petroleum products rose 11.5 percent from an average of 8.7 million barrels per day during March through November of 2021 to an average of 9.7 million barrels per day during the same period in 2022.[10] As a result, after falling 3.0 percent in 2021, U.S. exports of petroleum products increased 3.5 percent in 2022. U.S. exports of non-petroleum products, ranging from consumer goods to industrial supplies, grew slower at 6.7 percent in 2022 after a strong growth of 9.6 percent in 2021 (see Figure 19).



Note: Data are seasonally adjusted. Data are monthly through December 2022.
Source: U.S. Census Bureau.

Figure 19

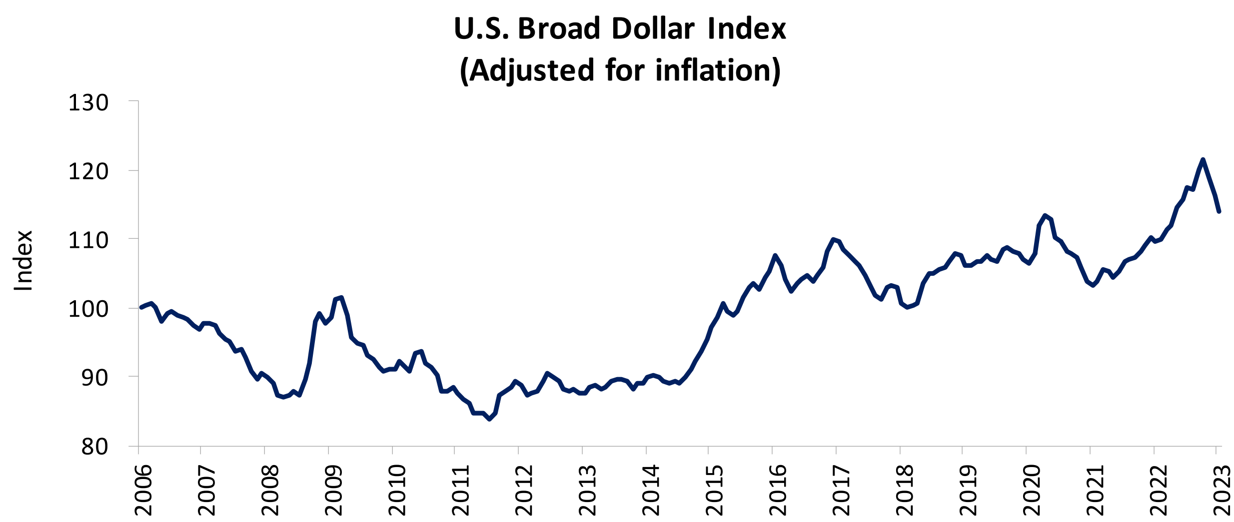
The world economy is forecast to soften further in the current forecast period, as headwinds such as high inflation and monetary tightening are expected to persist. Global economic growth is expected to moderate to 1.8 percent in 2023 before improving to 2.7 percent in 2024.

[10] U.S. Energy Information Administration, U.S. Exports of Crude Oil and Petroleum Products, https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTEXUS2&f=M.

U.S. dollar has soared

The U.S. dollar has long been considered as a safe haven currency during global turmoil. When the levels of uncertainty escalate, investors shift their investments to dollar denominated assets, which are considered to be more secure. As a result, the demand for the U.S. dollar rises, causing the dollar to appreciate in value.

The U.S. dollar appreciated sharply during the early phase of the COVID-19 pandemic, as uncertainty was mounting around the globe, causing flight to safety. The value of the U.S. dollar also surged following the start of the conflict in Ukraine before declining recently. Coupled with the Federal Reserve's aggressive monetary tightening, the U.S. dollar gained 10.7 percent from January to October 2022, reaching the highest level in more than three decades (see Figure 20).



Note: Data are monthly through January 2023; January 2006=100.
Source: Federal Reserve.

Figure 20

The U.S. dollar will likely weaken during the forecast period. In addition, as the conflict enters the second year and global uncertainty and inflation alleviate, investors will likely shift their investments away from dollar-denominated assets to other assets that yield higher returns. The U.S. dollar is expected to fall 0.2 percent in 2023, before falling further by 1.7 percent in 2024 (see Figure 18).

As economic growth for major U.S. trading partners slowed and the value of the U.S. dollar remained strong, U.S. imports grew faster than exports in 2022. Exports grew by 7.2 percent, while imports increased by 8.1 percent in 2022. With the U.S. dollar expected to depreciate in 2023 and U.S. economic growth expected to soften, U.S. trade gap is projected to improve. Imports are forecast to fall 1.7 percent in 2023 while exports are anticipated to grow slower at 2.5 percent, as overall investment spending is expected to fall and consumer spending and global growth to slow. Investment, consumption and the global economy are expected to improve in 2024. Consequently, exports and imports are forecast to grow faster at 3.1 percent and 2.9 percent, respectively (see Figure 17).

Employment

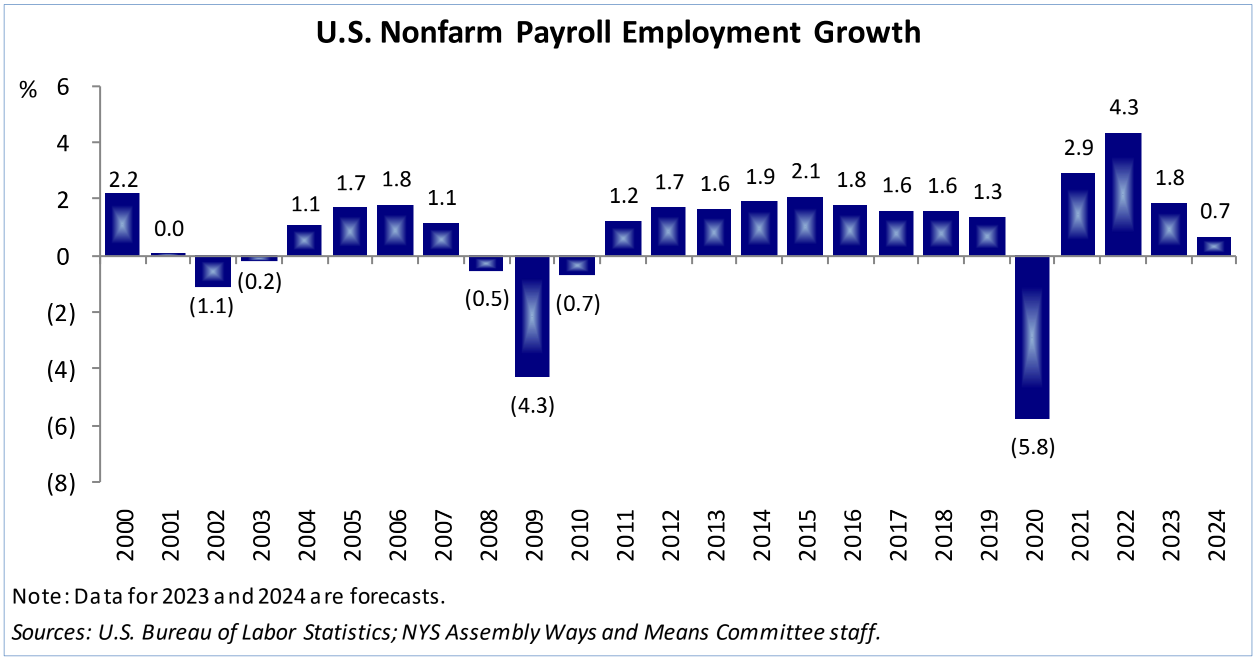


Figure 21

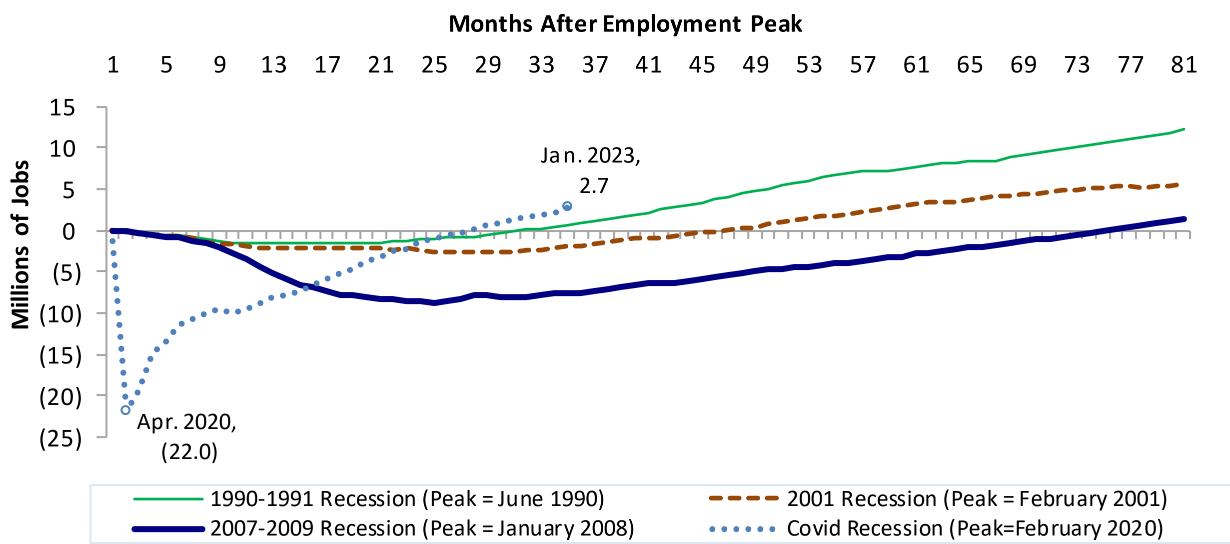
Key Points

- **The fast pace of job gains in 2021 and 2022, coupled with moderating growth of the labor force, has contributed to tightness in the labor market.**
- **Labor supply shortage and slowing economic growth will curb employment growth in 2023 and 2024.**
- **Payroll employment growth over the forecast period will be determined mainly by the continued, though slowing, recovery in service-providing industries.**

Total non-farm employment surpassed its pre-pandemic peak in June 2022, after falling by more than 22.0 million jobs between March and April 2020. In January 2023, total nonfarm employment was 2.7 million jobs higher than its pre-pandemic peak. The pace of job gains has been one of the fastest in history, compared to other recovery episodes (see Figure 22). During the Great Recession, job losses totaled 8.7 million from peak to trough over a twenty-five-month period and took another fifty-one months to recover all the jobs lost. In the 2001 Recession, the total jobs lost were 2.6 million over thirty months and took another eighteen months to recover all the job losses.

However, the leisure and hospitality and state and local government sectors have not fully recovered their employment losses, whereas the education and healthcare industry surpassed its pre-pandemic peak in October 2022. The impact of the pandemic was particularly devastating for these industries, which accounted for fifty-seven percent of the total jobs lost between March and April 2020. Nonetheless, of the jobs lost, the leisure and hospitality industry has regained 94.0 percent, while state and local government employment has added 58.8 percent. These industries have been one of the main conduits for strong job gains in recent months. In January 2023, 45.0 percent of the jobs gained were associated with the leisure and hospitality and education and healthcare industries. Overall payroll employment growth accelerated to 4.1 percent in 2022, from 2.8 percent in 2021.

U.S. Cumulative Employment Change Compared to Peak



Note: Data are monthly through January 2023.

Source: U.S. Bureau of Labor Statistics.

Figure 22

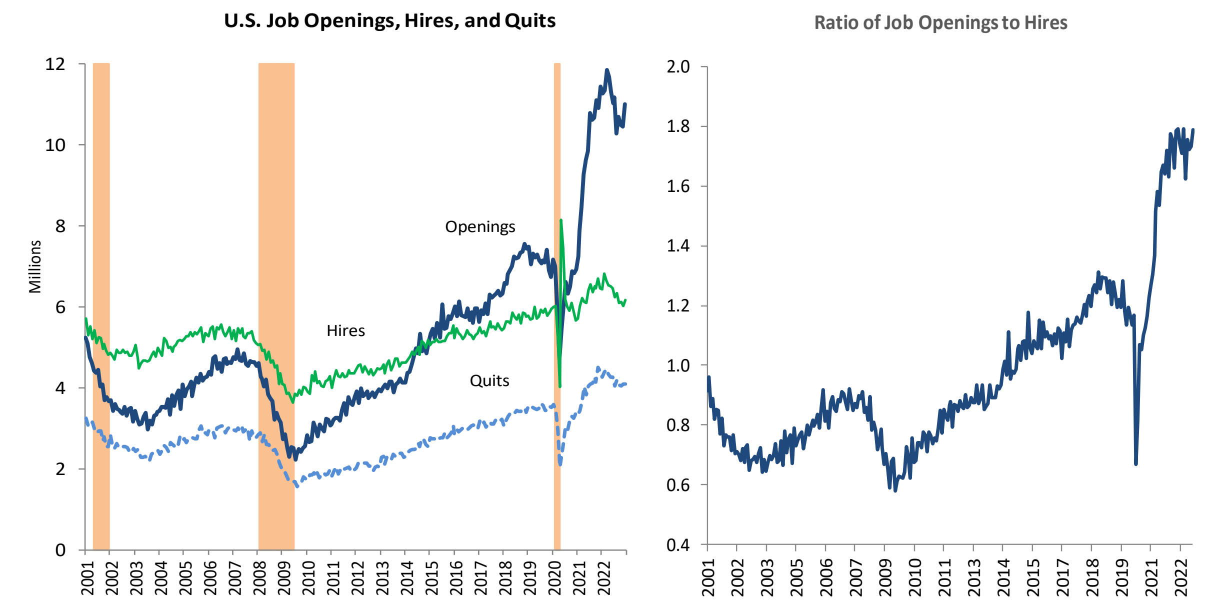
The Institute for Supply Management (ISM) Manufacturing Employment Index signaled that employment in the manufacturing sector grew at a slower pace in January 2023 than in December 2022. The ISM Services Employment Index indicated that employment in the services sector was unchanged after contracting in December and may likely face some challenges ahead. Both indices alluded to supply chain constraints, inflation, and labor shortages as factors restricting growth. Reinforcing the indices, the Employment Cost Index indicated that labor costs rose rapidly in 2022, especially for workers in the private sector. Despite higher wages and salaries, employers still have had difficulty finding workers as suggested by unprecedented levels of job openings. Also, continued low unemployment rates will curb job growth in industries that are seeking to expand. Therefore, as the labor shortage persists and given the expectation that overall economic growth will slow over the forecast period, payroll employment growth is forecast to decelerate to 1.8 percent in 2023 and 0.7 percent in 2024 (see Figure 21).

Labor market concerns

The ratio of job openings to hires, an indicator of the health of the labor market, suggests that the U.S. labor market is very tight. Between November 2019 and April 2020, this ratio hovered between 1.1 and 1.3, and fell below 1.0 in April and May of 2020 at the heights of the pandemic when many people were laid-off or furloughed. As firms began hiring again and people returned to work, job openings and hires increased rapidly over the past two years, with the ratio of job openings to hires reaching an all time high of 1.79 in July 2022 (see Figure 23).[11] Since then the ratio has hovered below the record, but in December 2022 edged up to its record high. Simultaneously, the number of people quitting their jobs remains elevated compared to its pre-pandemic levels, although it has been declining after peaking in March 2022. This suggests that a mismatch exits between workers' skills and the jobs available. As a result, the tightness in the labor market will likely persist, but at a lower intensity as economic conditions weaken. In addition, in recent weeks many companies, particularly those in technology, have been announcing layoffs as economic conditions have worsened, which will contribute to some loosening in the labor market.

The fast pace of job gains in 2021 and 2022 has contributed to the labor supply constraints faced by employers. Despite offering higher wages, employers are still having problems finding qualified workers. Inflation-adjusted non-farm average hourly wages grew at the fastest pace over five decades between March 2020 and February 2021. However, since the third quarter of 2021, non-farm real wages growth has fallen as inflation has risen faster than wages.

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



Note: Data are monthly through December 2022. Shaded areas represent recessions.
Sources: U.S. Bureau of Labor Statistics, NYS Assembly Ways and Means Committee.

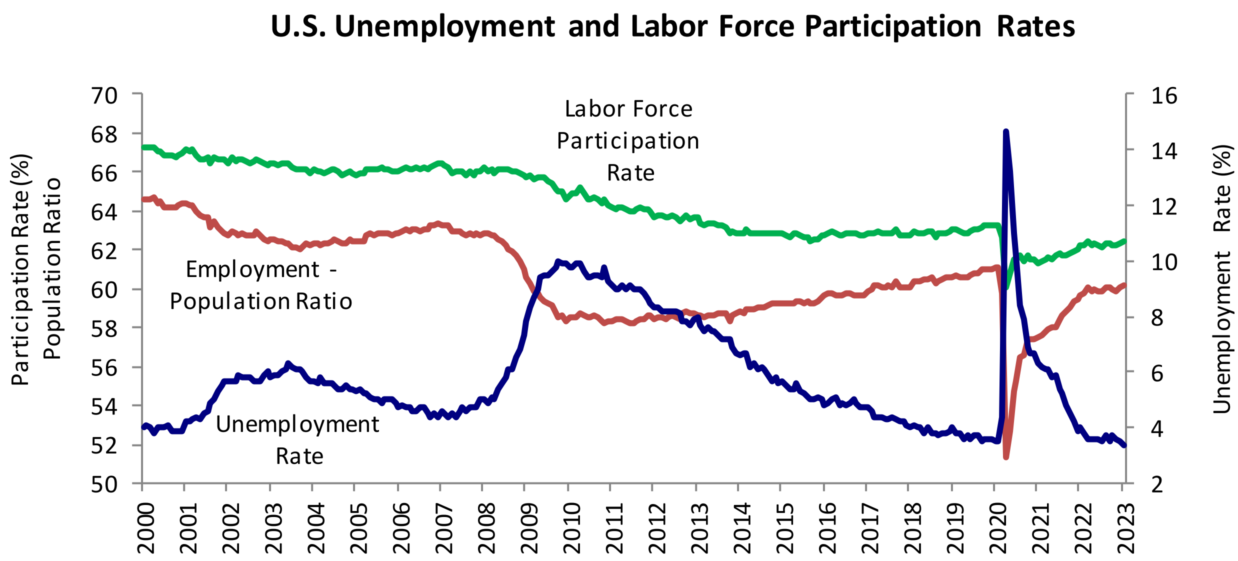
Figure 23

The tightness in the labor market has also been affected by the pandemic, as people left the labor force for various reasons. One in almost three-hundred people in the U.S. have died due to COVID-19 as of January 2023.[12] Others have retired or left the labor force because of child- or sick- or elder-care constraints, as well as health issues that arose due to the pandemic. It is also likely that the structural dynamics of the labor market have changed where people are not willing to take a job if work-from-home is not an option, especially as child-care remains an issue as COVID-19 decimated this industry. Subsequently, some employers have had to close their businesses because they cannot find people to work, or they are unable to pay the higher wages.

Similarly, the low unemployment rate is indicative of labor supply constraints. The unemployment rate has fallen from a pandemic-high of 14.7 percent in April 2020 to 3.4 percent in January 2023 (see Figure 24). The number of part-time workers remains below pre-pandemic levels, while those working full-time surpassed pre-pandemic levels in March 2022. Underemployment, referring to the workers who are marginally attached to the labor force and those working part-time for economic reasons, spiked in April 2020, reaching a historic high of 22.9 percent. The underemployment rate has retreated below its pre-pandemic

[12] This is according to data collected by John Hopkins University of Medicine Coronavirus Resource Center, https://coronavirus.jhu.edu/data.

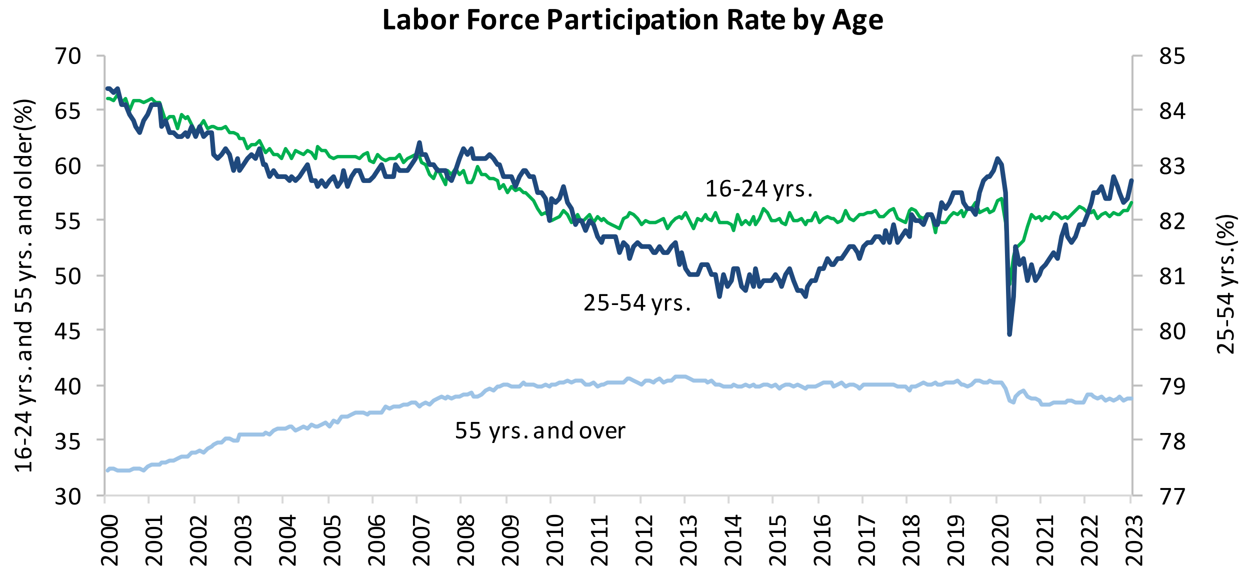
level. In addition, fewer workers have been collecting unemployment insurance for the first time, while others have left the unemployment insurance rolls. Continuing unemployment insurance claims have fallen below their pre-pandemic levels. In fact, people collecting unemployment insurance benefits for the first time have fallen below pre-pandemic levels. This suggests less people being available to work, indicative of a tight labor market.



Note: Data are monthly through January 2023.
Source: U.S. Bureau of Labor Statistics.

Figure 24

Other labor market measures are also indicative of a tight labor market. The employment-to-population ratio, which is defined as the number of civilian people who has a job divided by the entire working-age population, stood at 60.2 percent in January 2022, below the 61.1 percent in February 2020. The low population growth rate over the last several decades suggests that less people being available to work, particularly as baby-boomers continue to retire. The labor force participation rate, which is defined as the number of civilians in the labor force divided by the total working age population, was 62.4 percent in January 2023, below the 63.3 percent in February 2020 (see Figure 24). The participation rate of prime-working age individuals fell to 79.9 percent in April 2020, the lowest rate recorded. While this rate has improved reaching 82.7 percent in January 2023, it is below the 83.1 percent in January 2020. Primarily, men between 25 years and 54 years old – prime aged, have been much slower returning to the labor force than prime-aged women. For workers aged 16 to 24, their labor force participation rate declined to 49.2 percent in April 2020 from the peak of 57.0 percent in February 2020, and sat at 56.5 percent in January 2023 (see Figure 25). Expectantly, this group saw the steepest drop in labor force participation, because generally these individuals work in the services sector, which was hit hard by the many directives to abate the pandemic. The participation rate of individuals 55 years or older was 38.2 percent in January 2021, after falling from 40.3 percent in February 2020. The rate posted in January 2023 was 38.7 percent. The likelihood is that some of these workers left the workforce due to retirement, and maybe more alarming, this age group accounted for more than eighty-nine percent of the total COVID-19 deaths, which has adversely affected the participation rate of this group.



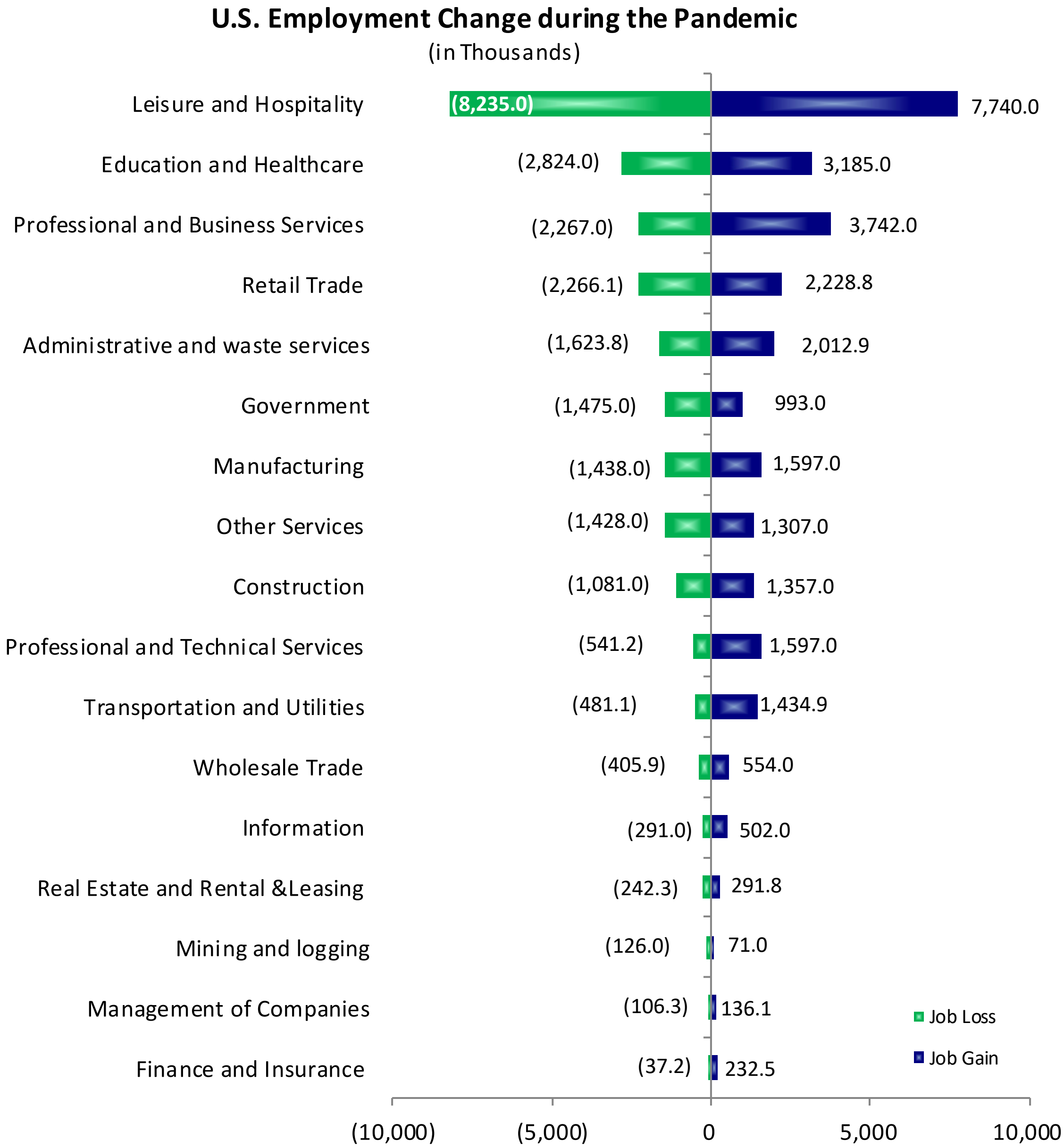
Note: Data are monthly through January 2023.
Source: U.S. Bureau of Labor Statistics.

Figure 25

Sectoral allocation of jobs provides insights into future labor market

The industries that fared better during the pandemic were those that were able to transition quickly to remote work. These industries were generally high-waged, where contact with customers could be done online or by phone. Consequently, these were the first to recoup all the jobs lost at the heights of the pandemic. Except for leisure and hospitality, government, other services, retail trade, and mining and logging, all other sectors surpassed their pre-pandemic peak in 2022 (see Figure 26).

In January 2023, the professional and business services industry added about 1.5 million jobs over its pre-pandemic peak, after losing almost 2.3 million jobs between March and April 2020. Growth in employment in this sector increased to 5.6 percent in 2022, from 5.0 percent in 2021, and is projected to slow over the forecast period. Employment in the finance and insurance industry increased by 1.0 percent in 2022 following a 0.8 percent gain in 2021, and its growth is expected to steadily decline over the forecast horizon.



Note: Data cover March 2020 through January 2023; Industries are ranked by the number of jobs lost.
Source: U.S. Bureau of Labor Statistics.

Figure 26

To a large extent, the continued growth in employment will depend on whether low-paying industries are able to hire and retain workers. Retail trade lost 2.3 million jobs between March and April 2020. Retail trade employment remained below its pre-pandemic peak in

January 2023. Employment in retail trade grew 3.0 percent in 2021, and grew another 2.6 percent in 2022. Retail trade employment is forecast to decline over the forecast period, as growth of household spending is expected to slow.

Though the leisure and hospitality industry still needs to add 495,000 jobs to recoup the 8.2 million jobs lost during March and April 2020, the industry is one of the main drivers of overall employment growth (see Figure 26). The industry has regained 94.0 percent of the jobs lost, but many of the businesses in the industry continue to struggle to find workers to hire. Many of the workers have moved on to higher-paying jobs likely in other industries. Employment in leisure and hospitality grew 12.0 percent in 2022, following a 7.7 percent increase in 2021. In 2023, growth will decelerate to 4.9 percent, with the jobs lost in 2020 projected not to be fully recovered over the forecast period as economic growth slows.

Employment in the education and healthcare industry surpassed its previous peak in October 2022. The industry shed more than 2.8 million jobs or 14.6 percent of total service-providing sector employment loss between March and April 2020. Many employees have also left for other industries that have likely offered higher wages. The industry's employment grew 3.1 percent in 2022, following a 1.6 percent increase in 2021. Employment growth is projected to be 3.2 percent in 2023 and slow to 1.6 percent in 2024 (see Table 2).

Employment loss in the government sector was initially driven by state and local governments that had to make cuts to meet the adverse economic impact of the pandemic on tax collections. In January 2023, state government employment was still 200,000 jobs below its February 2020 level, while local government employment was 305,000 jobs below its February 2020 peak. Replacing workers continues to be challenging for government entities, especially in a tight labor market with rising wages, as pay schedules may not be as flexible as in the private sector. State and local government employment increased 1.4 percent in 2022 and is projected to grow by another 1.6 percent in 2023, and by 1.3 percent in 2024. On the other hand, due to census-related temporary hires, employment in the federal government did not peak until August 2020. Following a decrease of 1.6 percent in 2021, federal government employment declined further by 0.7 percent in 2022, but is projected to increase 0.2 percent in 2023. In 2024, federal government employment is anticipated to grow 0.3 percent (see Table 2).

The goods-producing sector's employment loss in 2020 was more than 2.5 million jobs, accrued mainly by construction and manufacturing industries. Both industries have regained close to 3.0 million jobs. Employment in the construction and manufacturing sectors continued to grow in 2022 even with raw material supply issues. However, employment in both industries is projected to slow over the forecast period, as business and consumer demand slows and economic growth shrinks in 2023.

Table 2

U.S. Employment by Sector (Percent Change)	Actual 2020	Actual 2021	Estimate 2022	Forecast 2023	Forecast 2024
Total	**(5.8)**	**2.9**	**4.3**	**1.8**	**0.7**
Leisure & Hospitality	(20.8)	7.7	12.0	4.9	1.7
Transportation & Utilities[3]	(0.6)	8.3	6.0	0.7	0.2
Information	(5.0)	5.0	5.8	1.2	0.1
Professional Services	(1.0)	5.0	5.6	2.8	1.0
Other Services[1]	(8.9)	4.8	4.7	1.5	0.4
Real Estate, Rental, & Leasing	(4.6)	2.1	4.3	1.4	(0.1)
Manufacturing[4]	(5.8)	1.2	3.9	1.2	0.1
Construction	(3.2)	2.5	3.4	1.1	(0.4)
Wholesale Trade	(4.3)	1.4	3.2	1.3	(0.1)
Education and Health Care[2]	(3.7)	1.6	3.1	3.2	1.6
Retail Trade	(4.7)	3.0	2.6	(0.4)	(0.5)
Management of Companies	(2.7)	0.2	1.9	0.9	(0.1)
Government	(2.8)	(0.1)	1.1	1.4	1.2
Federal	3.6	(1.6)	(0.7)	0.2	0.3
State and Local	(3.7)	0.2	1.4	1.6	1.3
Finance & Insurance	0.9	0.8	1.0	0.1	(0.1)

Notes: Data are ranked by 2022 growth rates.

[1] Including administrative, support, and waste management services.

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

[3] Transportation, warehousing, and utilities.

[4] Including mining and logging.

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

Personal Income

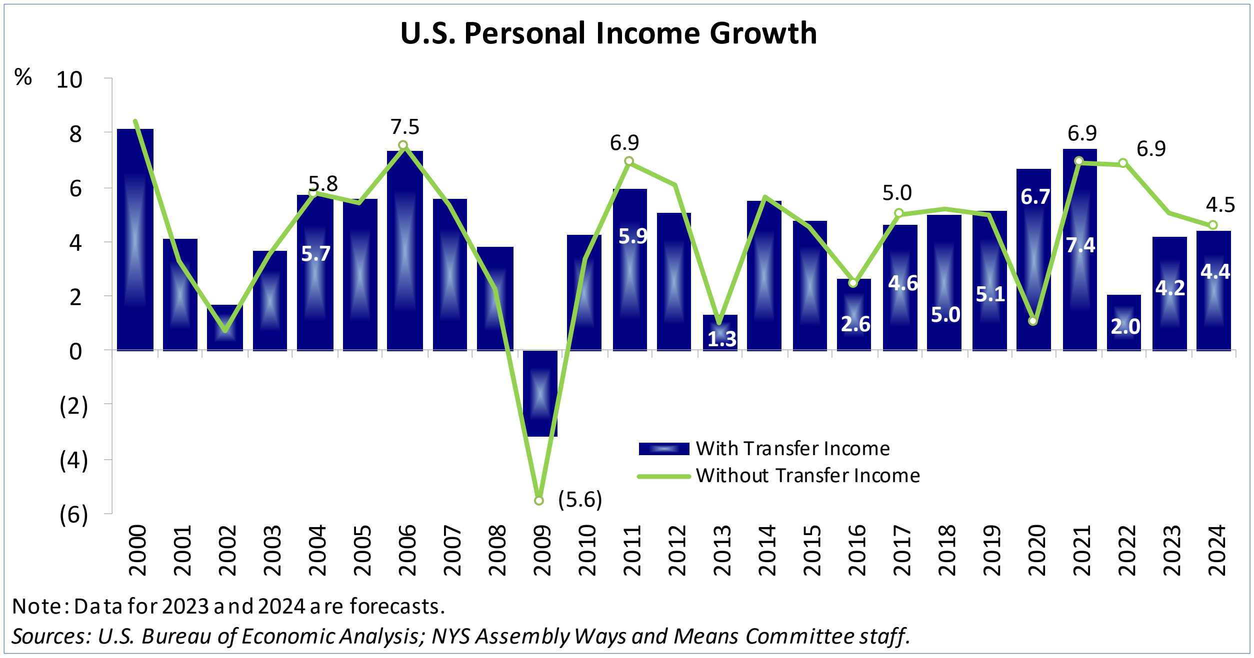


Figure 27

Key Points

- **Overall personal income growth will primarily be supported by strong gains in interest receipts and robust increases in wages and salaries over the forecast period.**

Personal income growth slowed to 2.1 percent in 2022, following 7.4 percent in 2021. The slowdown was primarily related to a sharp decline in transfer payments (see Figure 27). In 2020 and 2021, the federal government made generous payments to individuals and businesses as part of its response to the economic fallout from the pandemic.[13] A tight labor market also put upward pressure on wages and salaries, which helped to support growth in

[13] See *Effects of Selected Federal Pandemic Response Program on Personal Income, July 2021*, U.S. Bureau of Economic Analysis, September 22, 2021, https://www.bea.gov/recovery; also see *The Coronavirus Aid, Relief, and Economic Security Act*, Public Law 116-136, 116th Congress of the United States; the Consolidated Appropriation Act of 2021 and Other Extensions Act, Public Law 116-260, 116th Congress of the United States; which includes an additional $600 per person, extend unemployment benefits of up to $300 per week, $25 billion in emergency assistance to renters, and $13 billion for nutrition assistance for food-insecure households; the American Rescue Act of 2021, Public Law 117-2, 117th Congress of the United States.

overall personal income. Employers have had to compete for a much smaller pool of workers since the economic recovery began, as the labor force participation rate remains below pre-pandemic rates.

Upward pressure on wages is expected to come down gradually over the forecast period, while personal transfer receipts will post positive growth after falling significantly in 2022. However, rising interest rates, from the Fed's action to reduce inflation, will also support personal income growth. As a result, personal income growth is projected to increase to 4.6 percent in 2023. Personal income is forecast to increase 4.5 percent in 2024, as all components of personal income increase.

Wages and salaries, the largest component of personal income, increased an estimated 8.4 percent in 2022, following an 8.8 percent growth in 2021, as workers demanded higher wages to stave off high inflation. Labor supply constraints have also forced employers to increase compensation to sway prospective employees. In the leisure and hospitality industry, one of the sectors hardest hit by the pandemic, average weekly wages rose 7.0 percent in 2022 following a 10.4 percent increase in the prior year. The labor supply issues stem from many workers leaving the labor force for retirement or for personal noneconomic reasons. In 2023, wages and salaries are forecast to increase 5.2 percent and by another 4.4 percent in 2024, as wage pressures moderate.

The massive transfer payments to households by the federal government resulted in transfer income growing 34.5 percent in 2020, a record high. Provisions in the American Rescue Plan Act passed by Congress helped to bolster transfer payouts in 2021 (see Table 3). Subsequently, transfer income rose another 9.1 percent in 2021, but plunged 15.4 percent in 2022 as fiscal stimulus diminished. Transfer income is predicted to grow 2.8 percent in 2023 and 4.5 percent in 2024, as government receipts get back on more normal footing.

Proprietors' income increased 5.2 percent in 2022, following growth of 6.7 percent in 2021. Proprietors' income was boosted by the Paycheck Protection Program (PPP) which provided forgivable loans to assist small businesses and nonprofit institutions as they dealt with the economic fallout from the coronavirus pandemic in 2020 and 2021 (see Table 3).[14] In 2022, federal funds dissipated but proprietor's income was supported by higher prices on goods and

[14] Ibid 13; see also the Paycheck Protection Program and Healthcare Enhancement Act of 2020, Public Law 116-139, 116th Congress of the United States, signed into law on April 24, 2020.

services. Growth of proprietors' income is forecast to slow to 2.0 percent in 2023, as the outlook for growth weakens and increase 2.2 percent in 2024.

Table 3

Distribution of Selected Federal Pandemic Relief Programs on Personal Income	
	$ Billions
Coronavirus Aid Relief and Security (CARES) Act (March 2020)	
Coronavirus Food Assistance Program	25
Paycheck Protection Program (PPP)	349
Increase in Medicare Reimbursements	17
Unemployment Benefits	268
Recovery Rebate: $1,200 per individual in qualifying households plus $500 per child	293
Housing Support	12
Student Loan Forbearance	30
Total	**1,260**
Paycheck Protection Program and Healthcare Enhancement Act (April 2020)	
Paycheck Protection Program (PPP)	**321**
Coronavirus Response and Relief Supplemental Appropriations Act (December 2020)[1]	
Food Assistance Programs	26
Recovery Rebate: $600 per individual in qualifying households	166
Extended Unemployment Insurance Benefit of $300 through March 24, 2021	121
PPP Loans Forgiveness	261
Emergency Rental Assistance	25
Total	**599**
American Rescue Plan (ARP) Act (March 2021)	
Recovery Rebate: $1,400 per individual in qualifying households	465
Extended Unemployment Insurance Benefit of $400 through September 2021	350
Expand Refundable Child Tax Credit	120
Support for Rent and Small Landords	30
Total	**965**

[1]This is part of the Consolidated Appropriation Act of 2021, Public Law 116-260, December 27, 2020.
Source: Committee for a Responsible Federal Budget.

Dividend income grew 4.7 percent in 2022, boosted by robust corporate profits growth in the first half of 2022. In 2021, dividend income grew by 6.6 percent after declining in the previous year. Dividend income is forecast to slow to 2.2 percent in 2023 and 3.4 percent in

2024 as sales growth weaken further and corporations struggle to make a profit in challenging economic times.

Rising short- and long-term interest rates underpin a 4.0 percent increase in interest income in 2022, after increasing only 0.7 percent in 2021. Interest income will continue to benefit from the Fed’s continued monetary policy tightening. Over the forecast period, interest income is forecast to accelerate, growing 10.3 percent in 2023 and 10.1 percent in 2024, as interest rates rise and remain high.

Corporate Profits

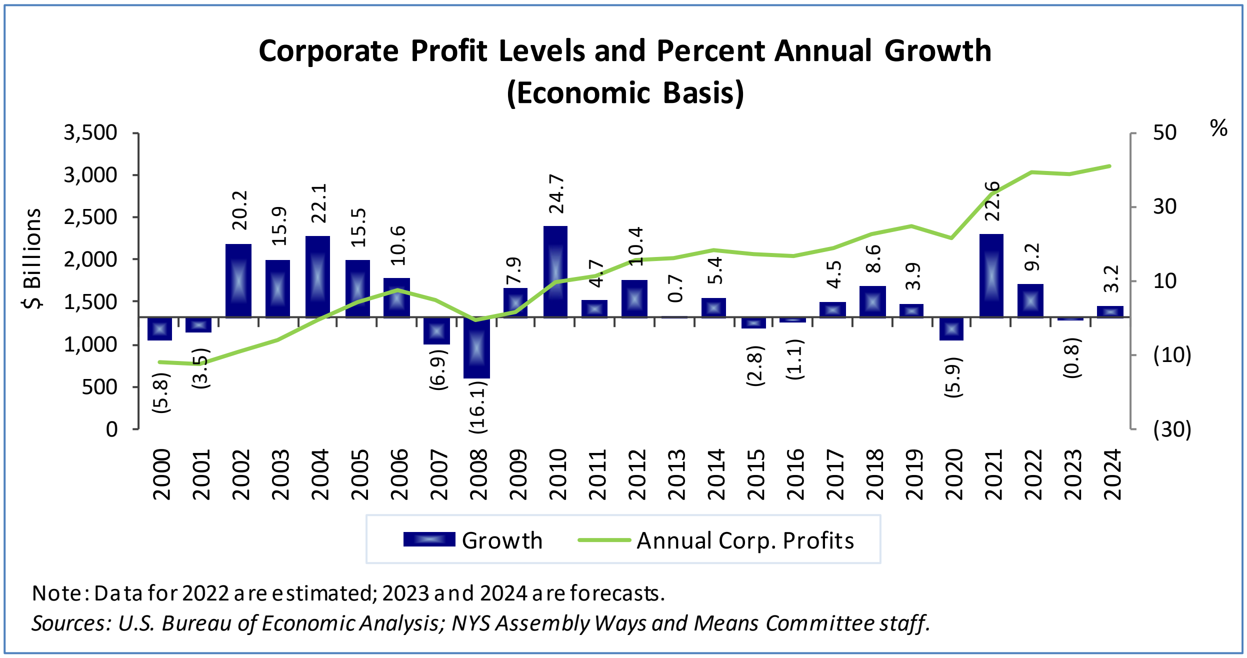


Figure 28

Key Points

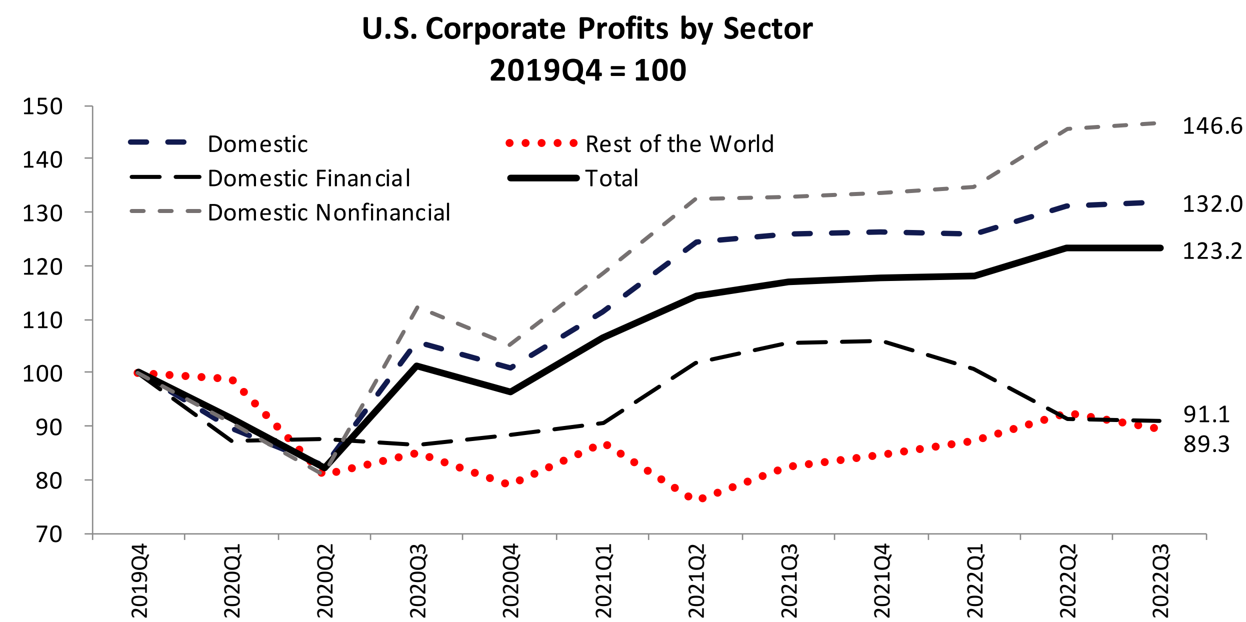
- **After a strong recovery to 22.6 percent in 2021, corporate earnings growth slowed to an estimated 9.2 percent in 2022, as sales growth weakened and cost pressures remained elevated.**
- **With sales growth expected to weaken further, gains in corporate profits are forecast to weaken in the next two years.**
- **Corporate profits' share of national income increased to a nine-year high in the third quarter of 2021, but it has since declined.**

Despite the rapidly rising costs of labor and raw materials, corporate profits increased 22.6 percent in 2021, helped by a strong recovery in national output and large increases in sale prices (see Figure 28). An additional round of federal subsidies also helped the strong recovery of corporate earnings.

As gains in sales revenue decelerated, federal subsidies receded, and cost pressures remained elevated, corporate earnings growth slowed to an estimated 9.2 percent in 2022.

With sales growth expected to weaken further, corporate profits are forecast to decline 0.8 percent in 2023, before returning to growth of 3.2 percent in 2024.

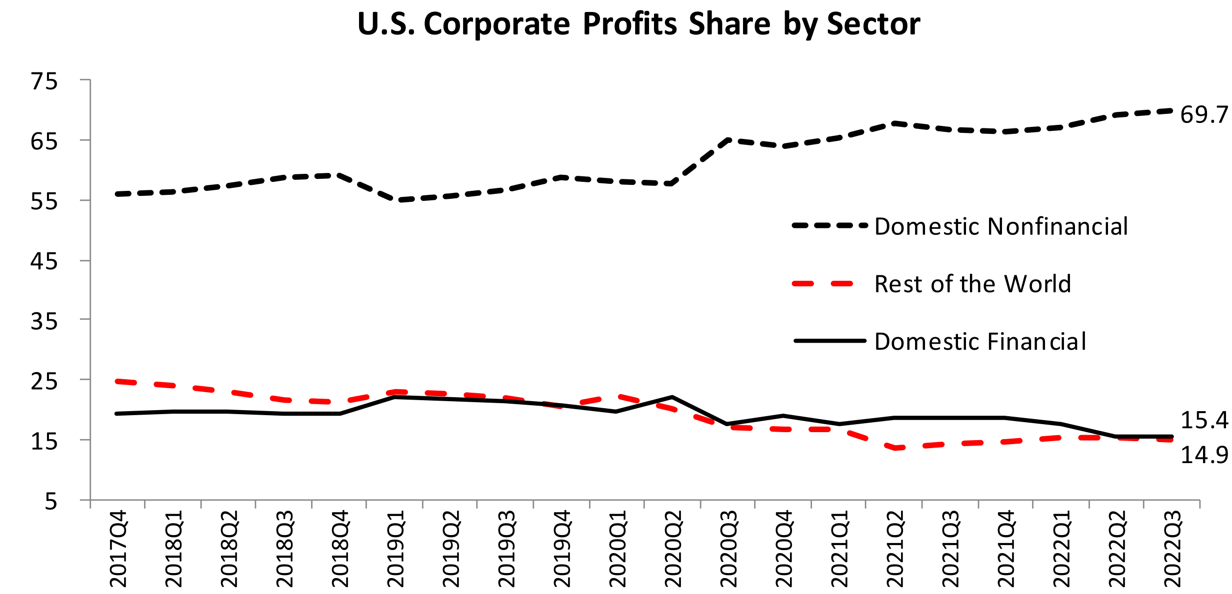
The recent COVID-19 pandemic has impacted corporate profits unevenly across sectors. Although U.S. domestic nonfinancial corporations suffered greatly during the height of the pandemic, their earnings have rebounded quickly, increasing 46.6 percent from its fourth quarter 2019 level, as of the third quarter of 2022 (see Figure 29). The rapid growth was due in large part to strong demand for goods as well as fast increases in their prices amid global supply shortages. On the other hand, the domestic financial sector suffered less in the second quarter of 2020, but its subsequent recovery in earnings was much slower. As financial markets were undergoing large corrections throughout 2022, the earnings of financial corporations declined 8.9 percent from its fourth quarter 2019 level, as of the third quarter of 2022.



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

Figure 29

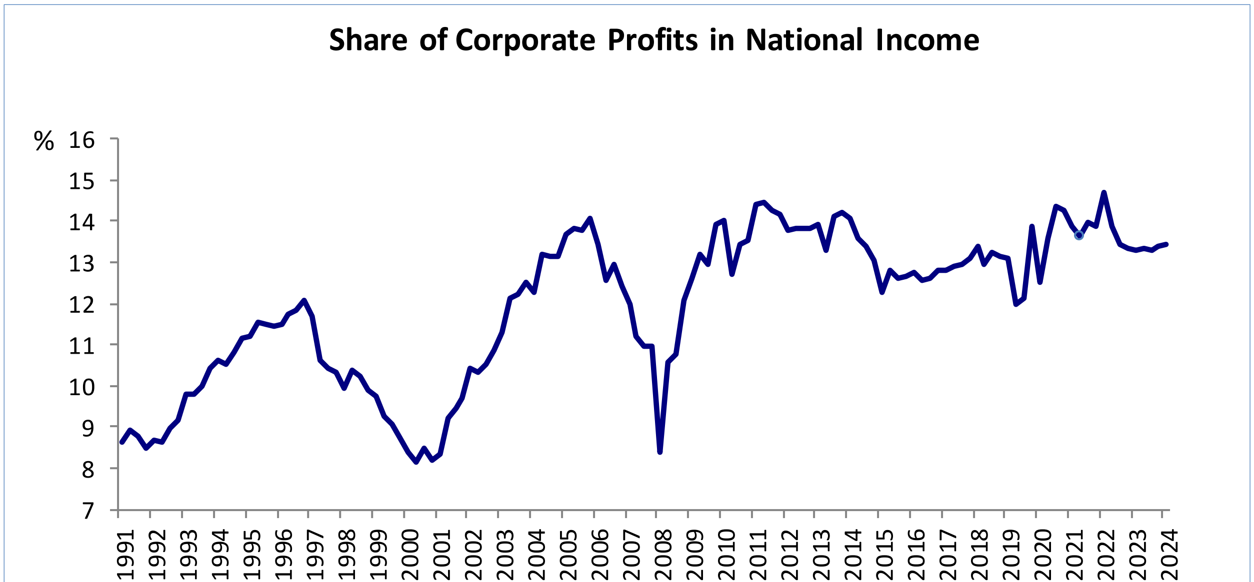
The financial sector's share in total U.S. corporate earnings has steadily declined to 15.4 percent, as of the third quarter of 2022, after rising to a recent peak of 22.2 percent in the second quarter of 2020. In contrast, the nonfinancial sector's share increased from 55.9 percent in the fourth quarter of 2017, which was the lowest since 2011, to 69.7 percent, as of the third quarter of 2022 (see Figure 30).



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

Figure 30

The share of corporate profits in national income trended upward after 1990, quickly regaining ground after each recession. It peaked at 14.5 percent in the first quarter of 2012, which was the highest on record (see Figure 31). But the profits share had since been on a downward trend until the most recent recession, reaching an eleven-year low of 11.1 percent in the first quarter of 2020. A sharp decline in corporate profits during the initial stage of the pandemic was the main cause. Thanks to federal subsidies as well as a strong recovery in sales revenues, the corporate profits share had since rebounded, coming close to the historic high in the third quarter of 2021. As gains in wages accelerated while gains in corporate earnings slowed throughout 2022, the corporate income share also declined in 2022 and is forecast to remain low in the next two years.

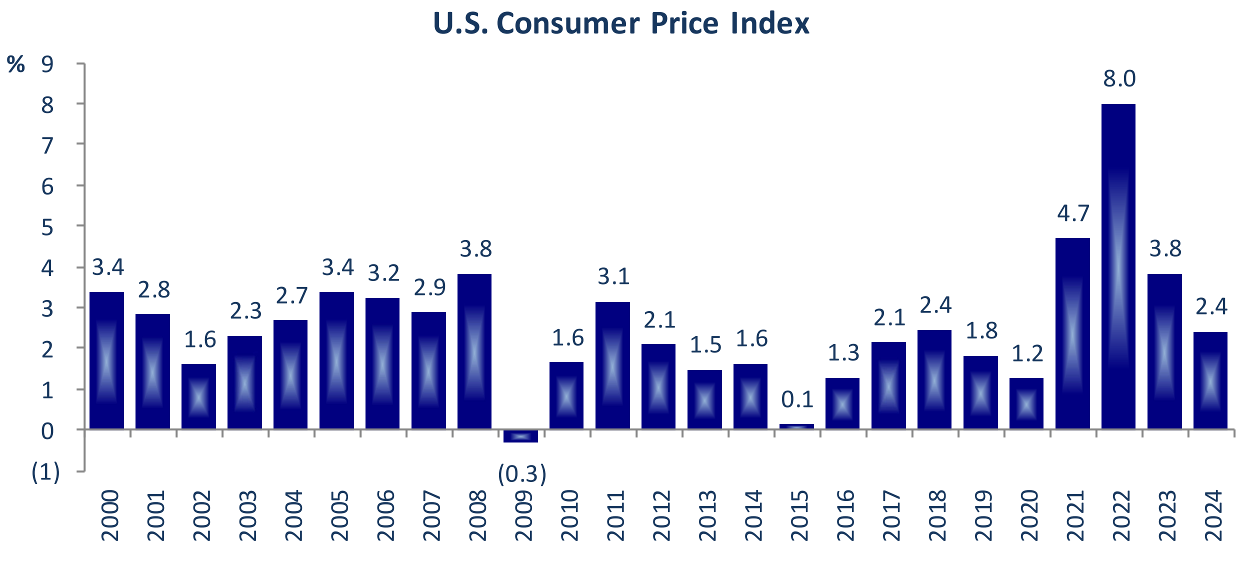


Note: Data are quarterly through 2024:Q4; the first forecast period is 2022:Q4.

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

Figure 31

Consumer Prices



Note: Data for 2022 are estimated; 2023 and 2024 are forecasts.
Sources: U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.

Figure 32

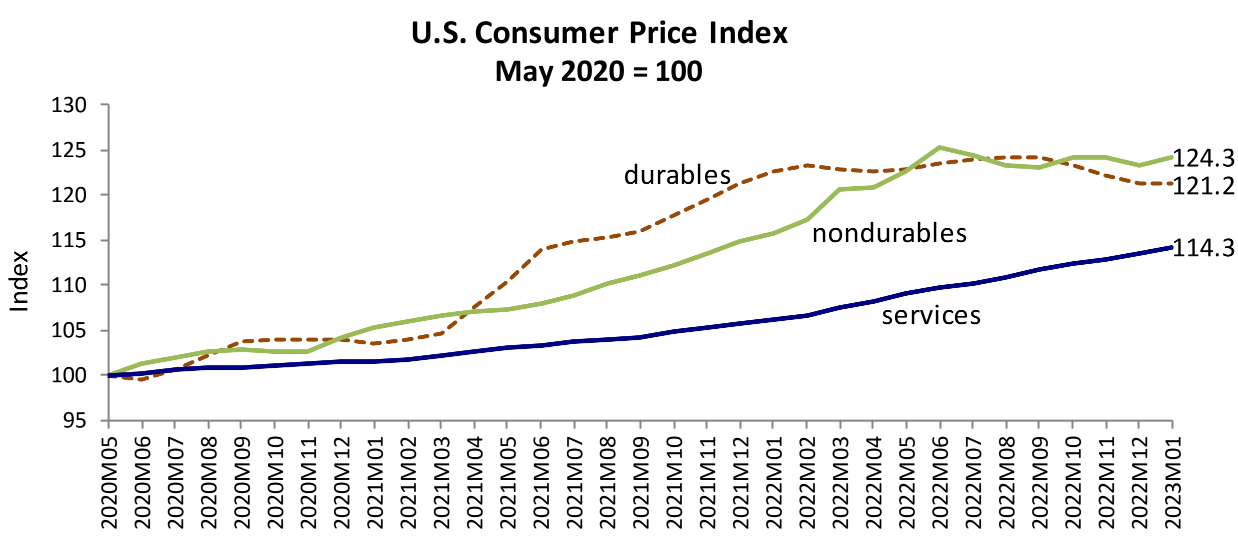
Key Points

- **The headline inflation of consumer prices increased to 8.0 percent in 2022, the highest since 1981, as supply-side problems continued to plague the U.S. and global economies.**
- **With the pace of global economic growth expected to slow and the global supply chain issues assumed to recede in the next two years, growth in the prices of consumer goods and services is forecast to decelerate to 3.8 percent in 2023 and further to 2.4 percent in 2024.**

During the decade following the Great Recession, the average annual growth of the Consumer Price Index (CPI) moderated to 1.7 percent from 2.6 percent in the prior decade (see Figure 32). This downshift in CPI inflation was attributed to slower growth in the prices of food, medical care services, and shelter, and declines in energy prices. As the prices of consumer goods and services fell sharply during the early months of the COVID-19 pandemic, overall CPI inflation fell to a mere 1.2 percent in 2020.

In 2021, the trend of CPI inflation was reversed, as spending by consumers and businesses gained steam with the help of various fiscal stimulus programs and easy credit terms. The situation was made worse by labor shortages and global supply chain issues ranging from the shortage of semiconductor chips to construction materials to agricultural supplies. The result was a surge in the prices paid by producers and consumers, particularly the prices of automobiles, houses, energy and food. Also, as the U.S. dollar value retreated from the highs in 2019, the prices of imported goods advanced fast in 2021. Consequently, the headline inflation of consumer prices accelerated to 4.7 percent in 2021, the fastest yearly rate of inflation since 1990.

In the first half of 2022, as global supply chain problems persisted, the supply-demand imbalances showed no sign of easing. In fact, the situation was made worse by various other factors including the Ukraine-Russia war, heat waves, floods, and a severe outbreak of bird flu and plant diseases. Consequently, overall CPI inflation increased more rapidly than in 2021, to levels not seen in four decades. Although the growth of durable goods prices started slowing at the beginning of 2022, the prices of nondurable goods, which account for around 27 percent of total CPI, started soaring around the same time that the Russian invasion of Ukraine sent shock waves through the global energy market (see Figure 33). Also, as the effects of rapidly growing goods prices and rising wages started to spill over to the service sector, the prices of consumer services, which account for around 64 percent of total CPI, added to overall CPI inflation. During the six-month period from December 2021 to June 2022, CPI increased on average by 11.1 percent per month on an annualized rate basis.



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

Figure 33

In the past few months, however, the prices of consumer goods, both durable and nondurable, have started to retreat, as global supply chain problems have eased and spending growth has cooled. Nondurable goods prices have declined at an average monthly rate of 1.5 percent, on an annualized rate basis, since June 2022. The main driver of the recent decline was energy prices, which declined by 10.8 percent between June 2022 and January 2023, after jumping by 85 percent between May 2020 and June 2022. Durable goods prices have declined even faster at an average monthly rate of 5.9 percent since August 2022. For example, used car and truck prices declined 11.6 percent in January 2023 over the same month of 2022, after increasing 54.7 percent between May 2020 and December 2021. In contrast, growth of the prices of consumer services, which is one of lagging economic indicators, accelerated to 7.5 percent per month during 2022 from 4.2 percent per month in 2021.

Year-over-year growth of overall CPI slowed to 6.4 percent in January 2023, after peaking at 9.1 percent in June. Growth of core CPI, which excludes volatile food and energy prices, has also declined to 5.6 percent in January 2023, after peaking at 6.6 percent in September 2022.

With global economic growth expected to slow in the coming months and global supply chain problems assumed to recede further, demand-supply imbalances will improve in 2023. Thus, the current forecast calls for the growth of overall consumer prices to decelerate to 3.8 percent in 2023 from 8.0 percent in 2022 and moderate further to 2.4 percent in 2024. However, due not only to volatile energy and food prices but also uncertainties surrounding the ongoing global supply chain problems, the risk of high inflation persisting into the forecasting period remains.

Equity Markets

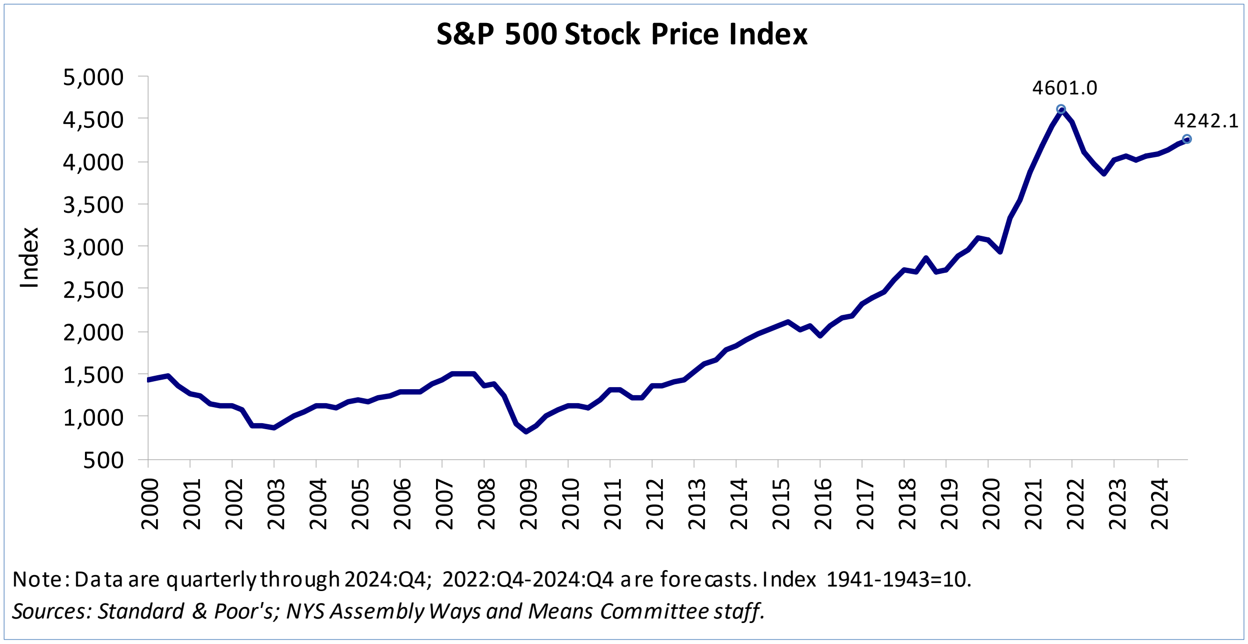


Figure 34

Key Point

- **As the Federal Reserve aggressively tightened its monetary policy and economic growth outlook weakened, the equity market suffered large volatility in 2022.**
- **During the forecast period, the equity market faces several headwinds including increasing odds of a recession, and uncertain outlook on inflation and monetary policy.**

After plunging 19.1 percent in March 2020 from its pre-pandemic peak, the S&P 500 Composite Stock Price Index (S&P 500) steeply rebounded to record high levels in 2020 and 2021, helped by massive fiscal stimulus packages, vaccinations, and strong economic recovery. The record-low interest rate environment, as well as robust recovery in corporate earnings, also supported the rally. As of December 2021, S&P 500 rose 76.2 percent from its pandemic low (see Figure 34).

In 2022, however, stock prices suffered large volatility, with the S&P 500 index falling 16.3 percent, as of December 2022, from its post-pandemic peak in December 2021. The

Federal Reserve's aggressive tightening to rein in four-decade-high inflation, with its consequent impact on interest rates and economic growth, was a main cause.

As inflation expectations remain elevated and economic growth outlook is expected to weaken further, equity prices will likely suffer more volatility in 2023. The prospect of further tightening of the Federal Reserve's monetary policy will also likely add to more volatility in the equity market.

On a yearly average basis, the S&P 500 Stock Price Index is forecast to continue to decline by 1.6 percent in 2023, after declining 3.9 percent in 2022. The equity price index is forecast to gain 3.3 percent in 2024.

Interest Rates and Monetary Policy

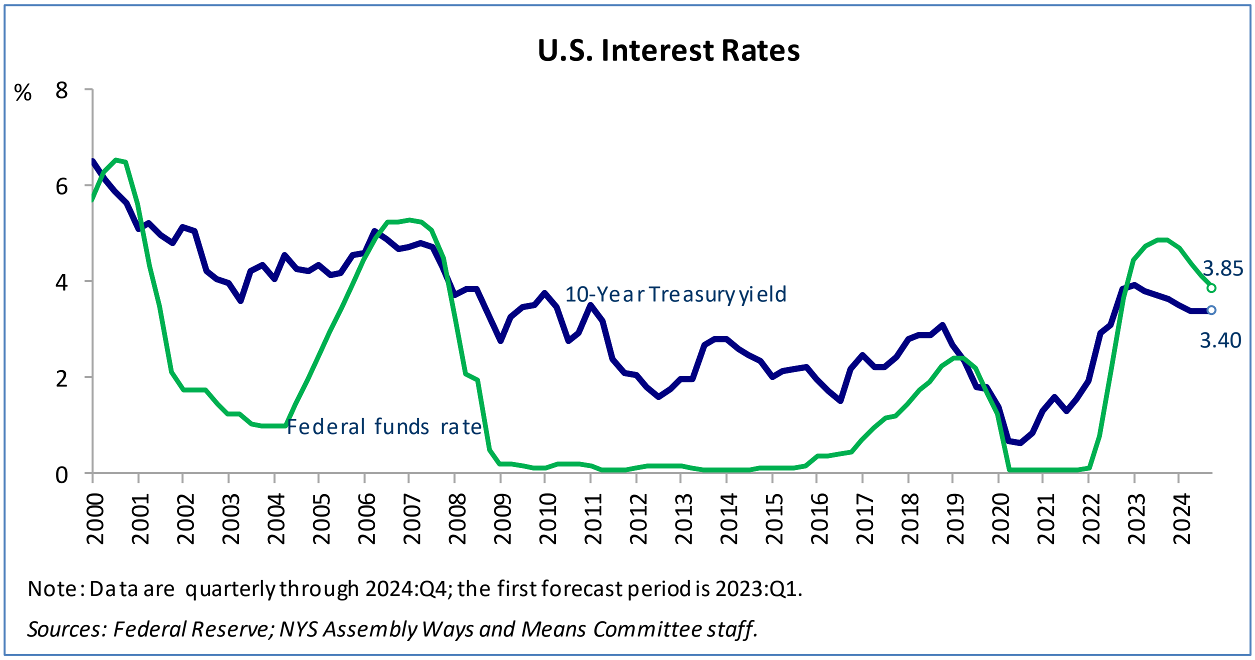


Figure 35

Key Points

- **To rein in rampant inflation, the Federal Reserve has been aggressively reversing its accommodative monetary policy measures that were in place in the wake of the COVID-19 pandemic.**
- **The current forecast assumes that the Federal Reserve will continue to raise its target interest rate until May 2023 before taking a cautious pause.**
- **These Fed moves and policy expectations have put large strains on financial markets, causing interest rates to increase steeply and equity prices to undergo large volatility.**

In 2021, as the global economy was emerging from the restrictions imposed during the COVID-19 pandemic, rapid recovery in aggregate demand coupled with various global supply chain issues and labor shortages started causing the prices paid by producers and consumers to soar. Consequently, the headline CPI inflation accelerated to 4.7 percent in 2021, the fastest yearly rate of growth since 1990. In 2022, consumer prices advanced even more rapidly from already high levels, as the spillover effects kicked in and various additional factors such as the Russia-Ukraine War and the effects of climate change aggravated the global supply chain problems.

To address rampant inflation, the Federal Reserve has aggressively reversed its pandemic-era monetary policy measures. In 2020 and 2021, the Federal Reserve helped support the smooth functioning of financial markets by slashing the overnight interbank interest rate to near zero percent and by pumping liquidity into the market through various lending facilities. To encourage spending by consumers and businesses, the Federal Reserve also aggressively implemented quantitative easing programs that purchased large amounts of long-term Treasury securities (about $80 billion per month) as well as mortgage-backed securities (about $40 billion per month).

The Federal Reserve started raising its policy rate target range in March 2022, after nearly two years of near zero percent interest rate policy. The Fed has since raised it seven more times, by a total of 4.50 percentage points as of February 2022, bringing the Fed's target range for the federal funds rate up to 4.50 percent to 4.75 percent. The Fed has also been cutting back its holdings of Treasury securities and mortgage-backed assets in the amount of about $95 billion per month (only about 1 percent of its holdings) by not purchasing new securities to replace maturing ones.

As a result of this aggressive reversal of monetary policy, the yield on 3-month Treasury bills rose to a monthly average of 4.69 percent in January 2022 from 0.06 percent in December 2021. The yield on constant-maturity 10-year Treasury notes also increased sharply to a monthly average of 3.53 percent in January 2022 from 1.47 percent in December 2021. According to the Mortgage Bankers Association, the 30-year fixed mortgage interest rate with a 20 percent down payment rose by 3.0 percentage points from a monthly average of 3.42 percent in December 2021 to 6.46 percent in January 2022.

As the Federal Reserve has made clear its commitment to undertaking whatever it takes until inflation is clearly moving toward its 2 percent target, more tightening is widely expected in the coming months. The current forecast assumes that the Fed will conduct two more rate hikes until May 2023, each with 25 basis points, before taking a pause. These policy actions will put more upward pressure on the yield on shorter-term Treasury securities. However, as the odds of the economy falling into a recession increase, investors will likely continue to increase their demand for longer-term Treasury securities, thereby causing the term structure of Treasury yields to be inverted more steeply. The yield on 10-year Treasuries has been lower than the yields on 6-month to 7-year Treasuries since mid-July 2022 and on 3-month Treasuries since October 25, 2022. In U.S. history, an inverted yield curve is typically a precursor of an economic downturn.

On a yearly average basis, the 10-year Treasury yield is forecast to rise to 3.77 percent in 2023 and 3.43 percent in 2024 from 2.95 percent in 2022 (see Figure 35). The yield on 3-month Treasury bills is forecast to increase to 4.66 percent in 2023 and 3.95 percent in 2024 from 2.08 percent in 2022.

NEW YORK STATE ECONOMIC FORECAST ANALYSIS

The economic recovery in New York State, the third largest economy in the United States behind California and Texas, from the COVID-19 pandemic recession has been mixed. Employment in the state had fallen sharply in 2020 as the pandemic brought the national economy into a recession. However, wages declined much slower than employment during the pandemic, as most of the jobs lost were in low-paying sectors. While wages in the state rebounded solidly and surpassed their pre-pandemic peak, employment in the state remained 267,400 jobs or 2.7 percent below its pre-pandemic peak level, as of December 2022.

After lagging the nation in employment growth in 2021, employment in the state is estimated to have grown faster than in the nation in 2022, supported by faster growth in large sectors like education and health, leisure and hospitality, and other services. However, the state is expected to lag the nation in wage growth, due to slower employment growth in several high-wage sectors such as finance and insurance and professional services.

With national economic growth expected to soften, growth of employment and wages in the state is forecast to slow down markedly. In addition, labor supply shortages are expected to constrain employment growth over the forecast horizon. Like the nation, the state's labor market is tight, with employers having difficulty finding workers to fill job openings. The ratio of job openings to hires for New York State, which is a measure of labor market tightness, was at its peak of 2.1 in November 2021.[15] While the ratio fell to 1.5 in December 2022, it remained relatively high, compared to its historical average. Moreover, the unemployment rate for the state is approaching its pre-pandemic low and the labor force participation rate remains below its pre-pandemic level. Consequently, employment growth in the state is forecast to slow to 1.3 percent in 2023 and then further to 0.7 percent in 2024.

A tight labor market has put upward pressure on wages, as employers seek to entice prospective employees and keep those already on payroll. However, over the forecast period, wage growth is projected to slow, as inflation and economic growth are expected to moderate. Wages for the state grew an estimated 7.4 percent in 2022 compared, to 8.4 percent for the

[15] When the ratio is greater than one, this implies employers are having difficulty time filling jobs. When the ratio is lower than one, this implies that workers are having a hard time finding a job.

nation, and are forecast to grow slower at 2.1 percent in 2023 and 3.6 percent in 2024 (see Table 4).

Table 4

U.S. and New York State Economic Outlook (Percent Change)	2020		2021		2022		2023		2024	
	NYS	U.S.	NYS	U.S.	NYS	U.S.	NYS	U.S.	NYS	U.S.
Employment	(10.0)	(5.8)	2.7	2.9	5.0	4.3	1.3	1.8	0.7	0.7
Personal Income	6.2	6.7	5.7	7.4	0.3	2.1	3.3	4.6	4.5	4.5
Total Wages	(0.8)	1.4	8.8	8.8	7.4	8.4	2.1	5.2	3.6	4.4
CPI	1.7	1.2	3.3	4.7	6.0	8.0	3.4	3.8	2.1	2.4
Unemployment Rate	9.9	8.1	7.0	5.4	4.6	3.6	4.7	3.8	5.0	4.1

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.

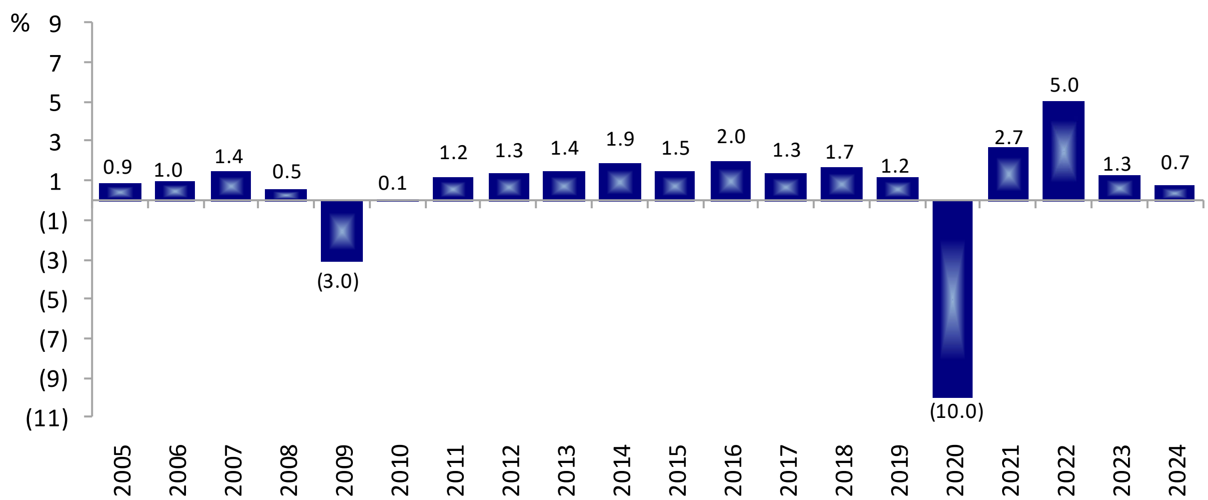
After solid growth in 2021, personal income in the state is anticipated to have slowed markedly in 2022, as transfer payments to individuals and businesses receded. As transfer income gets back to more normal footing, personal income is projected to increase at a more normal rate of 3.3 percent in 2023 and another 4.5 percent in 2024, supported by wages and interest income.

Employment

As the pandemic subsided and economic activities rebounded, nonfarm employment recovered by 2.7 percent in 2021 from a 10 percent decline in 2020. Employment growth accelerated to an estimated 5.0 percent in 2022, driven by solid recovery in the leisure and hospitality sector.

With economic activities expected to soften, employment is expected to grow at a slower rate during the forecast period. state employment growth is forecast to decelerate to 1.3 percent in 2023 and 0.7 percent in 2024. Employment in the state is not expected to surpass its pre-pandemic level through the forecast period (see Figure 36).

New York State Employment Growth



Note: Data for 2022 are estimated; 2023 and 2024 are forecasts.
Sources: NYS Department of Labor; U.S. Bureau of Economic Analysis; NYS Assembly Ways and Means Committee staff.

Figure 36

All sectors in the state lost jobs in 2020, during the peak of the pandemic. The rate of employment loss, however, varied widely across sectors. Some sectors were disproportionately affected by the pandemic, while other sectors that were considered "essential" and/or easily transitioned to remote work tended to lose fewer jobs. Employment in most sectors rebounded in 2021 and 2022 and returned to their long-term trends. However, employment in most sectors remains below their pre-pandemic peak except for the transportation and utilities, information, professional services and education and health sectors.

The leisure and hospitality sector lost the most jobs during the pandemic due to social distancing, travel bans and mandated closures of nonessential businesses. As businesses reopened and travel services resumed, employment in this sector was also the fastest to rebound in 2021 and 2022, growing at 13.4 percent and an estimated 19.7 percent, respectively. However, employment in this industry is not expected to surpass its pre-pandemic level over the forecast period. As the demand for leisure services approaches its normal level, employment in this sector is forecast to grow slower at 4.9 percent in 2023 and 2.9 percent in 2024.

Employment in the retail trade sector was on a downward trend before the pandemic, falling for two consecutive years in 2018 and 2019 due in part to the increase in online sales. E-commerce is less labor intensive than physical store retailing, hence rising online sales have a net negative effect on retail trade employment. Retail trade employment fell sharply at 12.4 percent in 2020, as retail stores closed during the pandemic and even more people turned to online shopping.[16] Employment in this sector has not rebounded as strongly as the leisure and hospitality sector as people continue to shop online. Moreover, many stores have adopted automation to mitigate personal contact, thereby reducing staffing needs. Employment in the retail trade sector grew 3.0 percent in 2021 and is estimated to have grown slower at 2.4 percent in 2022. Employment in this sector is expected to remain relatively flat and not anticipated to reach its pre-pandemic level throughout the forecast period.

The construction sector lost 10.8 percent of its jobs in 2020. Employment in this sector recovered moderately in 2021, growing at 3.4 percent as activities in residential market rebounded. The housing market, however, started to cool in the second half of 2022 and is expected to weaken further. Therefore, employment in the construction sector is estimated to have grown slower at 2.5 percent in 2022 and is forecast to slow further to 0.1 percent in 2023 before declining in 2024 (see Table 5).

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[16] Online sales accounted for less than five percent of total retail sales in the third quarter of 2011. This share increased to 11.9 percent in the first quarter of 2020 prior to the pandemic before jumping to 16.4 percent in the second quarter of 2020 during the peak of the pandemic. The share of e-commerce sale fell following the pandemic as stores reopened and economic activity getting back to normal and remained relatively stable at below 15.0 percent. U.S. Census Bureau, "Quarterly E-Commerce Report," various years, https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf, last accessed: February 15, 2023.

Table 5

New York State Nonfarm Employment by Sector (Percent Change)					
	Pandemic	Actual	Estimated	Forecast	Forecast
	2020	2021	2022	2023	2024
Total	**(10.0)**	**2.7**	**5.0**	**1.3**	**0.7**
Leisure & Hospitality	(33.8)	13.4	19.7	4.9	2.9
Transportation & Utilities[1]	(10.4)	7.0	8.7	1.1	0.3
Other Services[2]	(16.9)	4.1	6.8	1.8	1.0
Management of Companies	(9.8)	1.4	5.3	1.0	0.4
Professional Services	(3.4)	1.2	5.2	1.8	0.8
Information	(3.5)	4.0	4.9	0.5	0.3
Wholesale Trade	(9.7)	0.3	4.1	0.3	(0.8)
Real Estate, Rental, & Leasing	(6.7)	(0.4)	3.9	(0.5)	(1.0)
Manufacturing[3]	(8.5)	1.6	3.5	0.7	(0.1)
Education & Health Care[4]	(5.5)	1.7	3.4	2.3	1.4
Construction	(10.8)	3.4	2.5	0.1	(0.5)
Retail Trade	(12.4)	3.0	2.4	(0.3)	(0.2)
Finance & Insurance	(1.5)	(0.9)	2.0	(0.0)	(0.2)
Government	(3.0)	(1.6)	(0.0)	(0.3)	0.4

Note: Industries are ranked by 2022 employment growth; rankings are based on two decimal places.
[1] Transportation, warehousing, and utilities.
[2] Including administrative, support, and waste management services.
[3] Does not include mining.
[4] 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 education and health care sector, the largest sector in the state, fell 5.5 percent in 2020, as many healthcare facilities and schools were closed or operated at a lower capacity. Employment in this sector rebounded in 2021 and 2022 and is forecast to grow further, although at a slower rate, throughout the forecast period.

Online shopping, remote working, and the closure of entertainment facilities have created additional demand for warehousing as well as demand for internet services and video streaming. Due to pent up demand for travel services, employment in the transportation sector has recovered strongly in 2021 and 2022. Consequently, employment in transportation and utilities and information sectors grew strongly following the pandemic. Employment in these sectors grew solidly in 2022 at an estimated 8.7 percent and 4.9 percent, respectively, but is forecast to grow slower during the forecast period as the demand for these services starts to stabilize.

The finance and insurance sector suffered the least during the pandemic as the demand for financial services remained strong. Although global financial activities, especially those related to investment advice and underwriting, were strong in 2021, employment in some subsectors declined. Employment in commercial banking and securities brokerage, two of the largest subsectors, fell moderately in 2021. Thus, finance and insurance employment as a whole declined by 0.9 percent in 2021. In 2022, as the U.S. and global economies continued to recover and the demand for commercial banking and securities brokerage increased, employment in the finance and insurance sector rebounded by an estimated 2.0 percent. With activities in the financial market expected to slow down in 2023 and 2024, employment in this sector is expected to be relatively flat.

Personal Income and Wages

Despite the COVID-19 recession, personal income grew by 6.2 percent in 2020 due to enormous transfer payments from the federal government to individuals and businesses. Without such payments, personal income would have fallen by 0.6 percent. Personal income continued to grow in 2021 by 5.7 percent, supported by strong wage growth and another round of federal stimulus payments.

Although wages and other income continued to grow solidly in 2022, personal income growth is estimated to have slowed to 0.3 percent, as transfer income fell by an estimated 19.0 percent in the absence of government support programs. Personal income is forecast to grow at a more normal pace of 3.3 percent in 2023 and 4.5 percent in 2024, as the volatility caused by the federal stimulus payments dissipate (see Figure 37).

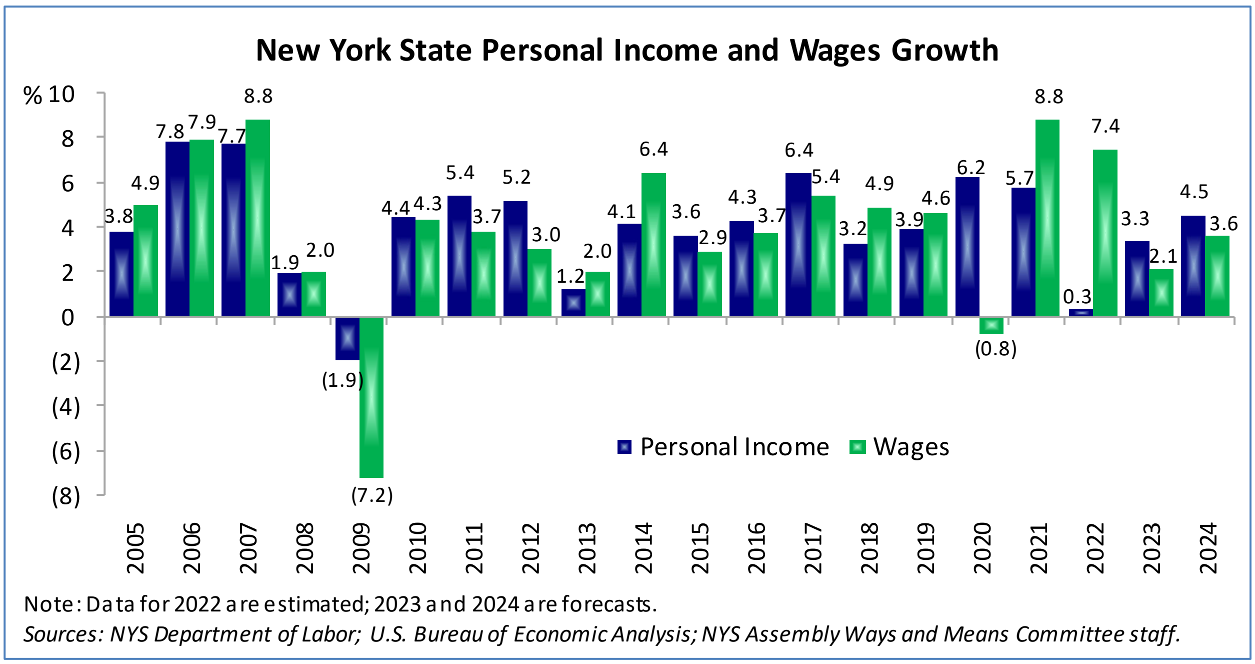


Figure 37

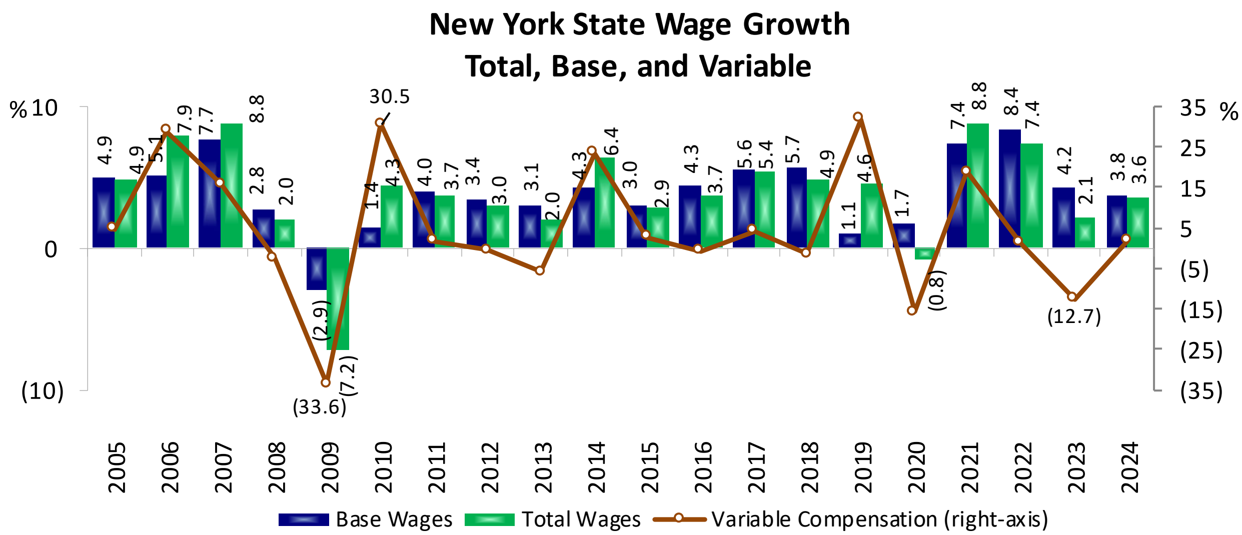
Wages and salaries, the largest component of New York State's personal income, accounted for about half of personal income in 2021 and is the key to the state's fiscal outlook. The state has typically benefitted from strong growth in variable wages (bonuses) in the financial sector, as their increases help drive total wage growth.

After falling in 2020 amid the pandemic and the recession, wages grew in 2021 as the economy recovered from the recession and more people returned to their jobs. With additional support from record high bonuses, wages grew by a strong 8.8 percent in 2021 and an estimated 7.4 percent in 2022. Wages are forecast to grow slower at 2.1 percent in 2023 and 3.6 percent in 2024, as employment and economic growth slows. Variable wages are expected to fall in 2023 as financial activity is likely to remain weak.

Much of New York State's variable compensation is concentrated in the financial sector, particularly the securities industry. The percentage of the state's total variable compensation paid from the securities industry peaked in 2007, at over 50 percent, but has since fallen. Financial activities were strong in 2021, which led to record bonuses paid to employees in New York City's securities industry.[17] As a result, variable wages grew a solid 18.9 percent in 2021, compared to 7.4 percent for base wages. Due to a strong recovery in employment in a tight labor market, base wages are estimated to have grown further in 2022 at 8.4 percent. Activities in the financial markets, however, slowed markedly in 2022. As a result, growth of variable wages is estimated to have slowed to 1.3 percent in 2022.

Employment recovery and economic growth are projected to slow down throughout the forecast period. Base wages are projected to grow moderately at 4.2 percent, while variable wages are forecast to fall by 12.7 percent in 2023 as activities in financial market are expected to slow further. Base wages are expected to grow slower at 3.8 percent in 2024, while variable wages are forecast to rebound and grow 1.8 percent (see Figure 38).

[17] Office of the New York State Comptroller, Wall Street's 2021 Bonuses Set a New Record, March 23, 2022, https://www.osc.state.ny.us/press/releases/2022/03/nys-comptroller-dinapoli-wall-streets-2021-bonuses-set-new-record.



Note: Total wage data for 2022 are estimated; 2023 and 2024 are forecasts. Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and their levels sum to total wages.
Sources: NYS Department of Labor; NYS Assembly Ways and Means Committee staff.

Figure 38

Personal transfer income, which includes transfer receipts from governments and businesses, jumped 38.6 percent in 2020 as receipts from the federal government rose significantly due to various pandemic-related government assistance programs. Personal transfer income growth slowed to 3.9 percent in 2021, as many of these stimulus programs expired. Transfer income in the state is estimated to have fallen by 19.0 percent in 2022, as all the government assistance programs come to an end. Personal transfer income growth is forecast to return to a more normal rate at 5.0 percent in 2023 and 6.2 percent in 2024 (see Figure 39).

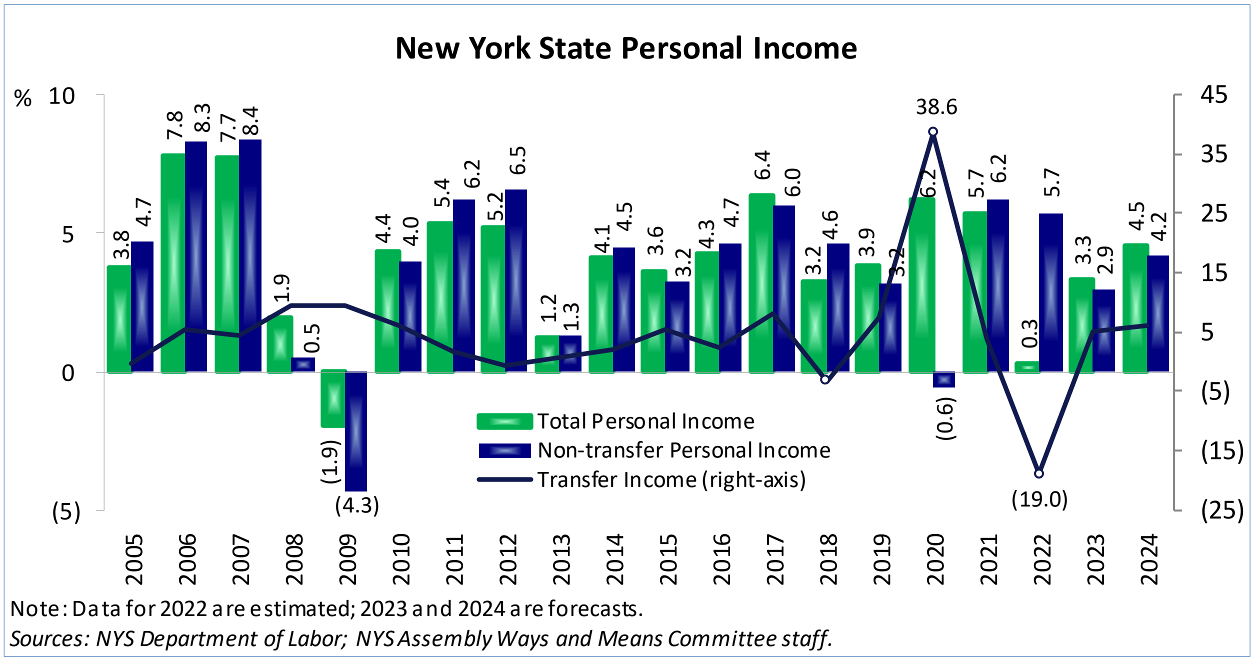


Figure 39

All other components of personal income rose in 2021. Dividend, interest and rental income, the second largest component of personal income at about 19.0 percent, increased by 2.5 percent in 2021 due to record-low interest rates and weakened corporate profits. Dividend, interest and rental income is estimated to have grown stronger at 4.3 percent in 2022, as corporate profits, rental price, and long-term interest rates increased. It is forecast to grow further in 2023 and 2024, as corporate profits, rental price, and interest rates continue to rise.

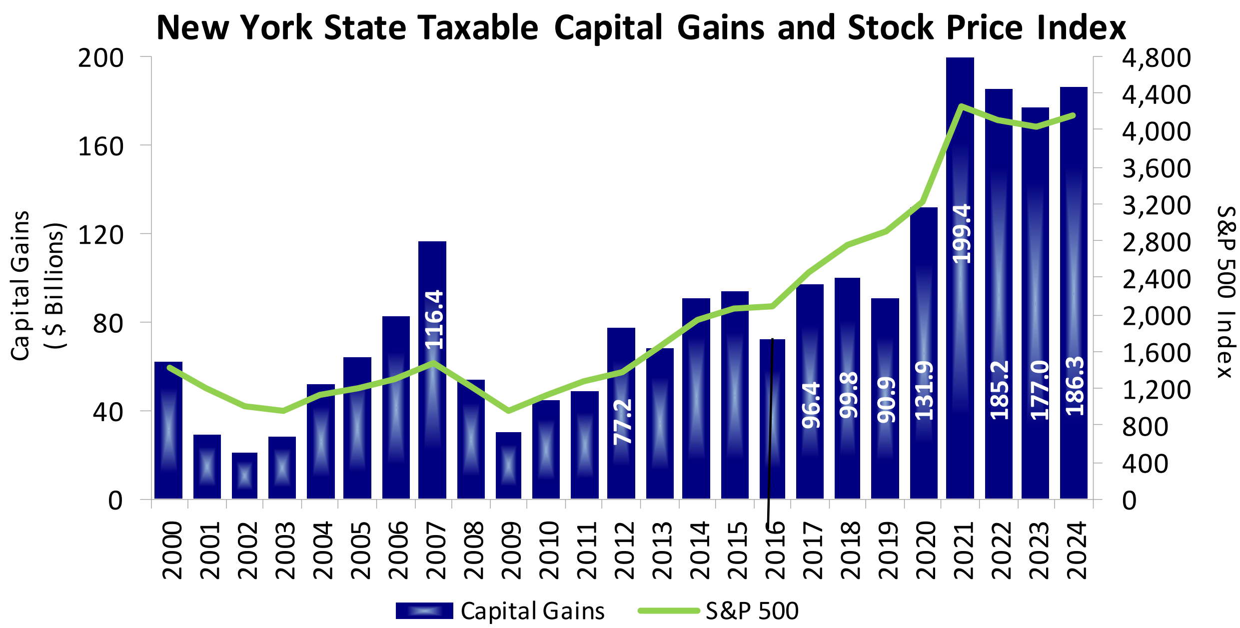
After falling 0.7 percent in 2020, proprietors' income grew strongly at 9.9 percent in 2021 supported by the Paycheck Protection Program (PPP). Proprietors' income is estimated to have grown slower at 3.4 percent in 2022 in the absence of the PPP. Proprietors' income is forecast to grow slower during the forecast period as economic growth slows.

Capital Gains

Capital gains are generally contingent upon the performance of the financial and housing markets and the overall economy. Gains are only realized when an asset is sold for more than its acquisition cost. Households’ assets may include their homes, other real estate, stocks, government and corporate bonds, mutual funds, and privately owned businesses. Upon selling an asset, households may be liable to pay taxes on realized gains or, conversely, they may be entitled to a tax deduction in case of a capital loss. Consequently, they may choose to advance or delay the disposition of an asset depending on the economic outlook or announced change in the tax environment. For example, if households anticipate higher future tax rates on capital gains realizations, they have an incentive to exercise the option of taking gains in the year before the higher tax rates become effective. Conversely, if households expect lower rates in the future, they have an incentive to delay realizing capital gains until after the rates are implemented.

The onset of the coronavirus pandemic sent financial markets into a tailspin resulting in a significant decline in the Standard and Poor’s 500 Index (S&P 500) in 2020. Consumer and business sentiments dropped, corporate profits fell, and many economic activities came to a near standstill. Equity prices as measured by the S&P 500 Index grew 10.5 percent on an annual average basis in 2020, as mandates were lifted and trillions of dollars in pandemic-related stimulus were distributed to businesses and households. Meanwhile, the housing market held up well, supported by low mortgage interest rates, even as banks tightened lending standards. With interest rates at historic lows, investors flocked to the stock markets seeking higher returns. Increased trading volume resulted, which was indicative of investors taking short term gains. As a result, capital gains increased 45.2 percent to $131.9 billion in 2020 as equity prices edged higher. In 2021, although stock market volatility remained a force as the Delta variant wreaked havoc across the U.S., the S&P 500 grew 32.6 percent, on an annual average basis, the fastest pace since 1983. Home prices also grew robustly in 2021. Hence, realized capital gains increased an estimated 51.2 percent to $199.4 billion in 2021.

In 2022, the Federal Reserve raised interest rates sharply to tame rapid inflation. The S&P 500 fell 3.9 percent in 2022 on an annual average basis from its peak in December 2021. Investors reduced their holdings in equity by 23.8 percent in the third quarter of 2022 from 2021. Quickly advancing interest rates have resulted in the housing market beginning to soften. With the Fed’s signaling that it will continue to raise interest rates until inflation is corralled, realized capital gains declined an estimated 7.1 percent 2022, and are forecast to fall another 4.4 percent in 2023. In 2024, realized capital gains are projected to increase 5.2 percent to $186.3 billion, as equity and home prices improve (see Figure 40).



Note: Data for 2021 are estimated; 2022, 2023 and 2024 are forecasts.

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

Figure 40

Finance and Insurance Sector

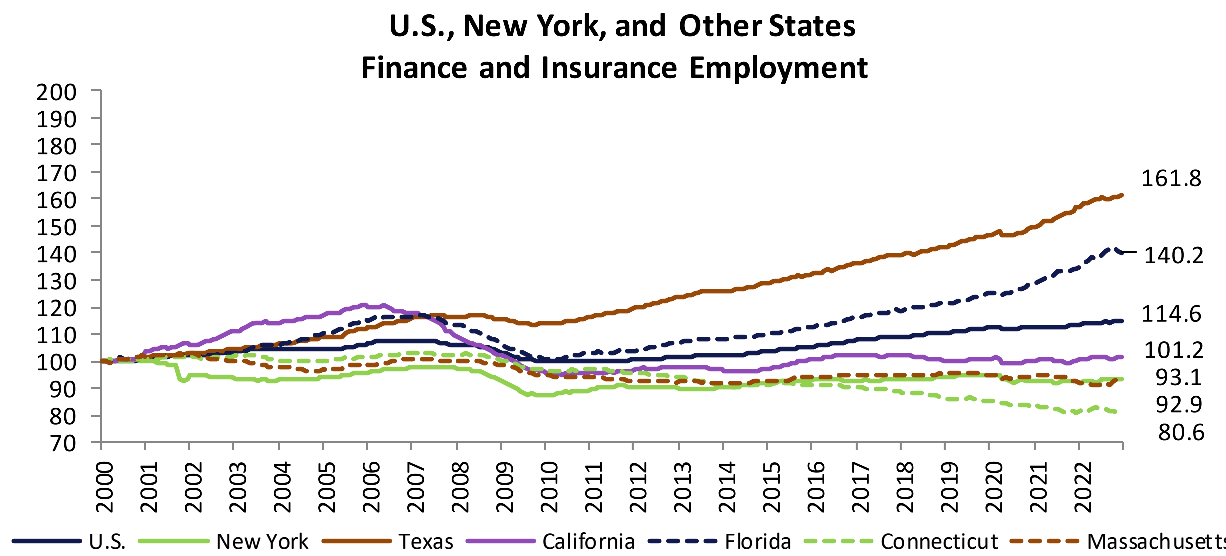
Although its employment has been on a downward trend in the past few decades, the finance and insurance sector remains significant in the New York State economy due to its high average wage. While representing only 5.8 percent of the state's nonfarm employment, the sector accounted for 18.7 percent of the state's total wages and 49.0 percent of variable wages in 2021.

Employment in this sector fell sharply during the Great Recession and COVID-19 pandemic in both the state and the nation. However, the rate of employment losses was much higher in the state than in the nation. The pace of recovery has also been slower and has lagged the nation. While the industry has rebounded and fully recovered in the nation following the pandemic, it remains depressed and has never fully recovered in New York State. As of December 2022, finance and insurance employment in New York State remained 1.7 percent below its pre-pandemic level, while finance and insurance employment nationwide has well surpassed its pre-pandemic peak.

While finance and insurance employment nationwide has increased during the past few decades, the experience has not been the same for all states. Some states such as Texas and Florida have gained finance and insurance jobs, while others like New York, Massachusetts, and Connecticut have lost employment (see Figure 41). This is due largely to various structural changes in the industry, including the use of new technologies, the possibility of remote work, and the cost of doing business.

New technologies such as machine learning algorithms, blockchain, data science, and app-based services have reduced the need for in-person financial services. In addition, more than two years after the pandemic started, there is evidence that firms continue to offer remote working to staff at least partially as an incentive to attract workers as well as to reduce office expenses. According to a survey of employers in New York City, as of late January 2023, only 52 percent of Manhattan office workers were at their workplace on an average weekday, and only nine percent of employees were in the office five days a week. Eighty-two percent of employers indicated that a hybrid office schedule would be their predominant policy in 2023. The survey indicated that the "new normal" average daily worker occupancy in Manhattan offices would be 56 percent. In the financial services industry, the expected new normal of average daily office attendance is higher than the average at 62 percent.[18]

In addition, cities across the country have offered economic incentives to companies to have them relocate to their jurisdictions. These factors led to the migration of many financial activities from New York to other states. As the finance and insurance sector accounts for a large share of state's total wages, continued relocation of employment in this sector from New York State could have significant, negative impact on the state's fiscal outlook.



Note: Data are monthly from January 2000 to December 2022. Data are indexed with January 2000 = 100.
Source: U.S. Bureau of Labor Statistics.

Figure 41

In New York State, New York County has been impacted the most from the decline in finance and insurance employment, as it is a high-paying sector and its employment is heavily concentrated in the area. One factor that helps mitigate this loss is the growing "tech sector" employment in the county.[19] While the county lost 9.2 percent of its finance and insurance jobs from 2001 to 2021, it gained tech sector jobs by 131.1 percent during the same period (see Figure 42).

[18] Partnership for New York City, Survey of Employers, February 2023, https://pfnyc.org/wp-content/uploads/2023/02/2023-02-RTO-Survey.pdf.

[19] Tech sector includes the following industries: Computer Manufacturing, Electronic Shopping, Software Publishing, Data Processing & Hosting, Internet Publishing & Broadcasting & Web Search Portals, Computer Systems Design, and Scientific R&D Services.

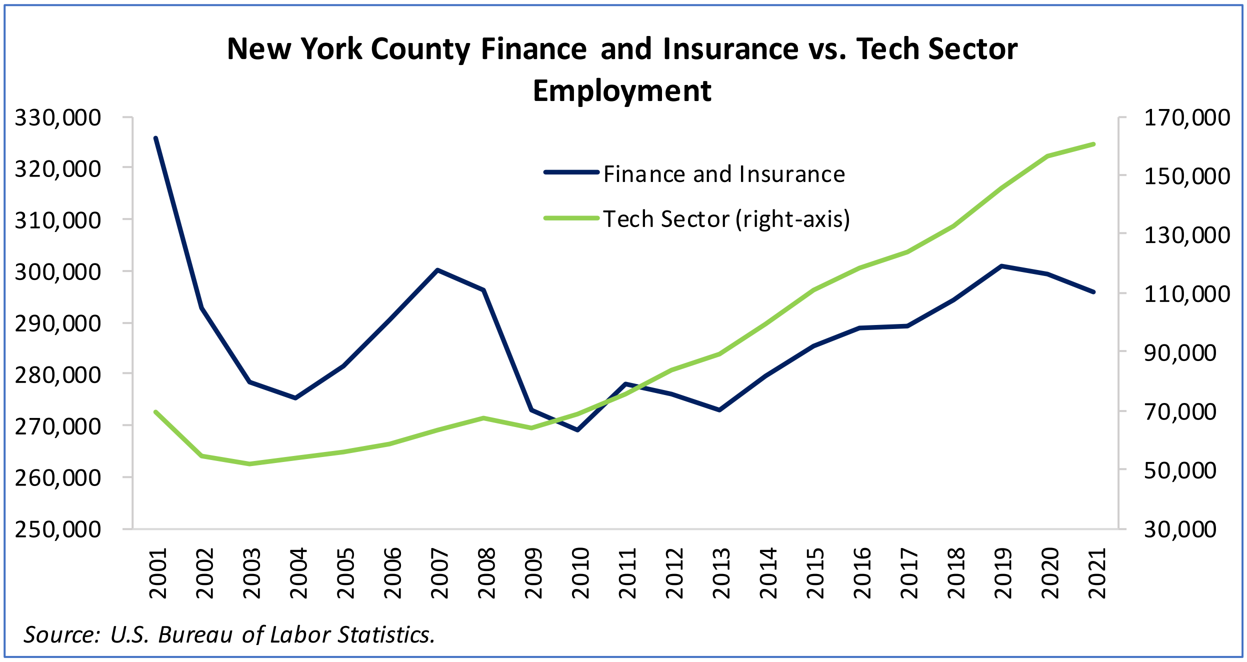


Figure 42

Activities in financial markets slowed significantly in 2022 after increasing strongly in 2021. Global IPOs totaled $148 billion in 2022, a decline of 64.4 percent compared to 2021.[20] Similarly, worldwide M&A activities fell 37 percent in 2022 to $3.6 trillion.[21] As a result, global investment banking fees fell 33.4 percent to $110.5 billion in 2022, compared to a year ago.[22] In addition, fees revenues for the top ten banks, as reported by the New York Times, decreased by 34 percent in 2022.[23] Therefore, the near-term outlook for the financial market as well as finance and insurance employment seems bleak.

The slowdown in financial market activities is also evident in the state. According to a report by the Office of the New York State Comptroller, New York Stock Exchange (NYSE) member firm pretax profits fell 56.3 percent during the first half of 2022 from the same period in 2021. Similarly, revenues on trading, underwriting and securities activities have seen a sharp decline of 47.9 percent. Despite falling revenue, the City's securities industry employment grew slightly in the first six months of 2022 after two years of job loss.[24]

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[20] Thomson Reuters Deals Intelligence, Global Equity Capital Market Review, Full Year 2022.

[21] Thomson Reuters Deals Intelligence, Global Mergers & Acquisitions Review, Full Year 2022.

[22] Thomson Reuters Deals Intelligence, Global Investment Banking Review, Full Year 2022.

[23] Financial Times, *League Tables*, https://markets.ft.com/data/league-tables/tables-and-trends, last accessed February 10, 2023.

[24] Office of the New York State Comptroller, The Securities Industry in New York City, October 2022, October 2022, https://www.osc.state.ny.us/files/reports/osdc/pdf/report-11-2023.pdf.

RISKS TO THE FORECAST

The Federal Reserve’s aggressive reversal of its monetary policy has caused interest rates to rise rapidly, financial markets to undergo large volatility. As a result, household wealth has declined, forcing households to change spending plans. On Wall Street, revenues and compensation have shrunken sharply. With the central bank widely expected to tighten further, interest rates will likely increase more in the coming months. Should financial market volatility worsen and the sentiments of households and businesses sour abruptly, their spending could cool sharply. As the odds of the economy falling into a recession increase, investors may increase more sharply their demand for longer-term Treasury securities, thereby causing the term structure of Treasury yields to be inverted more steeply than it has already been. In U.S. history, an inverted yield curve typically precedes an economic downturn.

While global supply issues have started to show signs of improvement, should the Russia-Ukraine War escalate further or last longer than assumed, the supply shortage problems would worsen, making inflation more rampant and forcing central banks around the world to tighten further. In that case, growth in consumer and business spending would be more pessimistic than called for in the current forecast, and financial markets would likely go through more volatilities than otherwise.

There is a recurrent risk to fiscal policy related to the national statutory debt limit. If Congress and the Biden Administration should fail to agree on the national statutory debt limit by June 5, 2023, the U.S. would default on its financial obligations, adversely affecting all sectors of the economy. Interest rates would spike, financial markets would crash, and economic outlook for 2023 would turn worse than the current forecast calls for.

The daily number of COVID-19-related hospital admissions and deaths has declined sharply from the recent peak during the last winter. The current forecast assumes that the dark days of lockdowns and regulations are behind us. However, given the highly unpredictable nature of the virus, risks to the economic and state revenue forecast remain.

NEW YORK STATE ECONOMY AFTER THE PANDEMIC

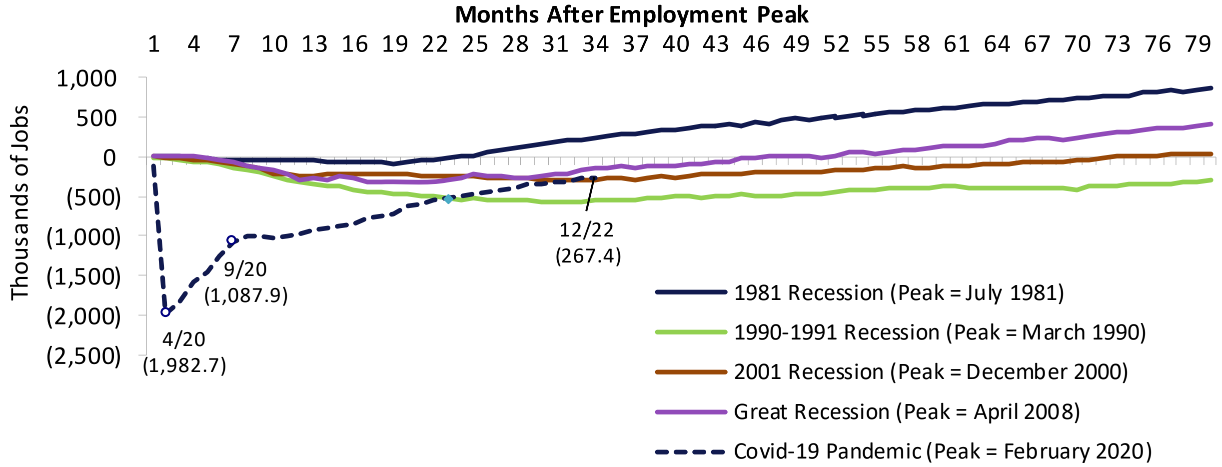
New York State has seen significant changes in its economy during the past several decades as a result of the structural shifts in the economy as well as other economic factors. While many sectors remain relatively stable throughout the decades, some sectors have declined, while others have grown. Recessions also have affected the state economy as different segments of the economy were affected differently by each of the recessions. As a result, the sectoral shares and their contributions to the state's total employment and wages have also changed over the years, especially following the recessions. Some sectors have become less vital, while others have become more significant.

The state economy has also differed vastly across regions with regard to its size, sectoral component, and other characteristics. In addition, each region has been affected differently by each of the recessions. This section provides more details on the state and regional economy following the pandemic.

Employment and Labor Force

From February to April 2020, nonfarm employment in the state fell by almost two million or 20.2 percent at the onset of the COVID-19 pandemic. This was the worst employment loss among the last four recessions, but the initial recovery was faster than the previous recoveries. From April to October 2020, almost 900,000 jobs or 49.4 percent of all the jobs loss were regained. However, the recovery has slowed since then. From October 2020 to December 2022, New York State added 737,800 jobs but nonfarm employment remained 267,400 or 2.7 percent below its peak in February 2020. It took 52 months after the Great Recession for the state employment to consistently rise above its pre-recession level. After the 2001 recession, it took 73 months to recover all the 298,000 jobs that were lost during the downturn. The employment recovery following the 1990-1991 recession was even slower; after over 70 months, nonfarm employment in the state was still below its prior peak (see Figure 43).

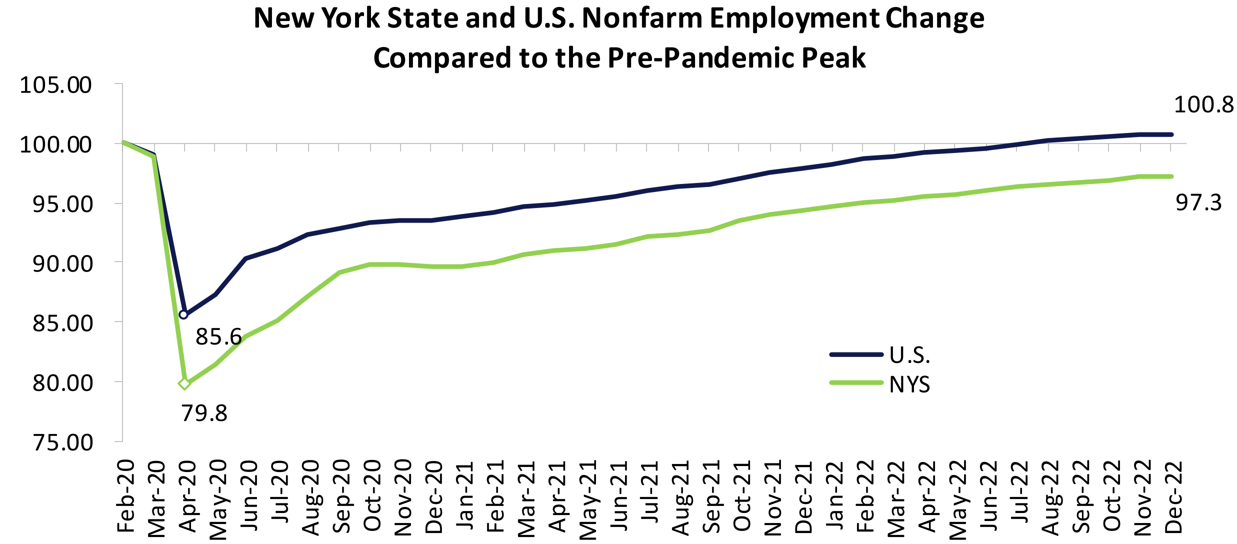
New York State Cumulative Nonfarm Employment Change Compared to Peak



Note: Data for the COVID-19 recession are through December 2022.
Source: U.S. Bureau of Labor Statistics.

Figure 43

Employment loss during the pandemic was much faster and more severe than during the Great Recession, especially in New York State. While New York fared better than the nation during the Great Recession, the state incurred a larger rate of employment loss than the nation during the pandemic. From February to April 2020, nonfarm employment in the state fell by 20.2 percent, compared to 14.4 percent for the nation. New York State also recovered more slowly than the nation. As of December 2022, New York State employment remained 2.7 percent below its pre-pandemic level in February 2020, while employment in the nation had already surpassed its pre-pandemic peak level (see Figure 44).



Note: Data are normalized with February 2020 = 100. Data are monthly through December 2022.
Source: U.S. Bureau of Labor Statistics.

Figure 44

Employment by Industry

With New York being among the states that were hit hardest by the pandemic, employment in the state declined more steeply than the rest of the nation in almost all sectors. Social distancing requirements, mandated closures of non-essential businesses, and travel bans forced leisure venues to close and caused demand for travel services to plunge. As a result, the leisure and hospitality sector suffered the most during the pandemic, both in New York State and in the nation. The construction, other services, and retail trade sectors were also hit hard as many of the workers were considered non-essential and were not easily converted to remote working.

The pandemic led to more wide-spread jobs loss than during the Great Recession. In addition, most sectors lost a larger number of jobs during the pandemic than during the Great Recession, with the exception of the finance and insurance sector. Unlike during the Great Recession, when the majority of jobs lost were in relatively high paying sectors, most job losses during the pandemic were in low paying sectors such as leisure and hospitality, retail trade, and other services, which required direct contact with customers (see Table 6). Therefore, wages in the state fell much less than employment during the pandemic and the Great Recession.

Table 6

New York State vs. U.S. Employment by Sector (Percent Change)							
		Employment Changes (%)				Share of Total Nonfarm	
	Average Wage 2021	During the Pandemic February 2020 to April 2020		During the Recovery April 2020 to December 2022		2021	
		NYS	U.S.	NYS	U.S.	NYS	U.S.
Total Nonfarm	**88,204**	**(20.2)**	**(14.4)**	**21.9**	**17.8**	**100.0**	**100.0**
Private	89,724	(23.0)	(16.2)	26.3	20.9	84.1	84.9
Goods Producing	NA	(28.7)	(12.0)	34.6	15.1	8.7	13.9
Service Providing	NA	(19.4)	(14.8)	20.8	18.2	91.3	86.1
Education & Health Care[4]	61,204	(14.1)	(11.5)	15.5	14.4	22.7	16.2
Government	79,875	(10.8)	(6.4)	2.2	2.5	15.9	15.1
Federal Government	81,012	(0.3)	0.5	(3.4)	0.0	1.3	2.0
State Government	73,593	(0.9)	(4.4)	(5.6)	3.5	2.7	3.6
Local Government	74,003	(14.2)	(8.5)	4.8	2.6	11.9	9.5
Other Services[1]	56,441	(28.1)	(20.4)	37.4	25.2	9.2	9.9
Retail Trade	44,702	(27.8)	(14.4)	29.0	18.3	9.2	10.5
Leisure & Hospitality	39,503	(61.8)	(48.3)	138.0	82.8	8.0	9.6
Professional Services	140,756	(7.7)	(5.5)	9.9	15.9	7.5	6.8
Finance & Insurance	286,666	(3.1)	(0.6)	0.0	2.3	5.7	4.5
Manufacturing[2]	75,028	(19.1)	(10.7)	18.8	13.2	4.5	8.5
Construction	80,188	(39.0)	(14.5)	57.1	19.4	4.1	5.1
Wholesale Trade	100,771	(17.5)	(6.9)	12.8	8.0	3.3	3.9
Transportation & Utilities[3]	67,890	(22.8)	(8.0)	31.3	20.6	3.3	4.5
Information	170,124	(14.4)	(10.2)	15.4	15.9	3.1	1.9
Real Estate, Rental, & Leasing	85,515	(12.3)	(10.2)	6.8	12.3	2.1	1.5
Management	178,120	(11.5)	(4.4)	6.9	3.6	1.5	1.6

Note: Industries ranked by share of total nonfarm. During the Pandemic, nonfarm employment in both the U.S. and New York State peaked in February 2020 and the lowest was in April 2020. During the Great Recession, nonfarm employment in the U.S. peaked in January 2008 and the lowest was in February 2010. In New York State, nonfarm employment peaked in July 2008 and the lowest was in October 2009.

[1] Does not include administrative, support, and waste management services.

[2] Does not include mining.

[3] Transportation, warehousing, and utilities.

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

Source: Bureau of Labor Statistics.

All sectors gained jobs since the trough in April 2020, with the sectors that lost more jobs gaining relatively faster. Despite the recovery, as of December 2022, employment in most sectors in the state remained below their pre-pandemic level in February 2020, with the exception of information, professional services and transportation and utilities sectors. In addition, the employment recovery in New York State was worse than the national average in all sectors (see Figure 45).

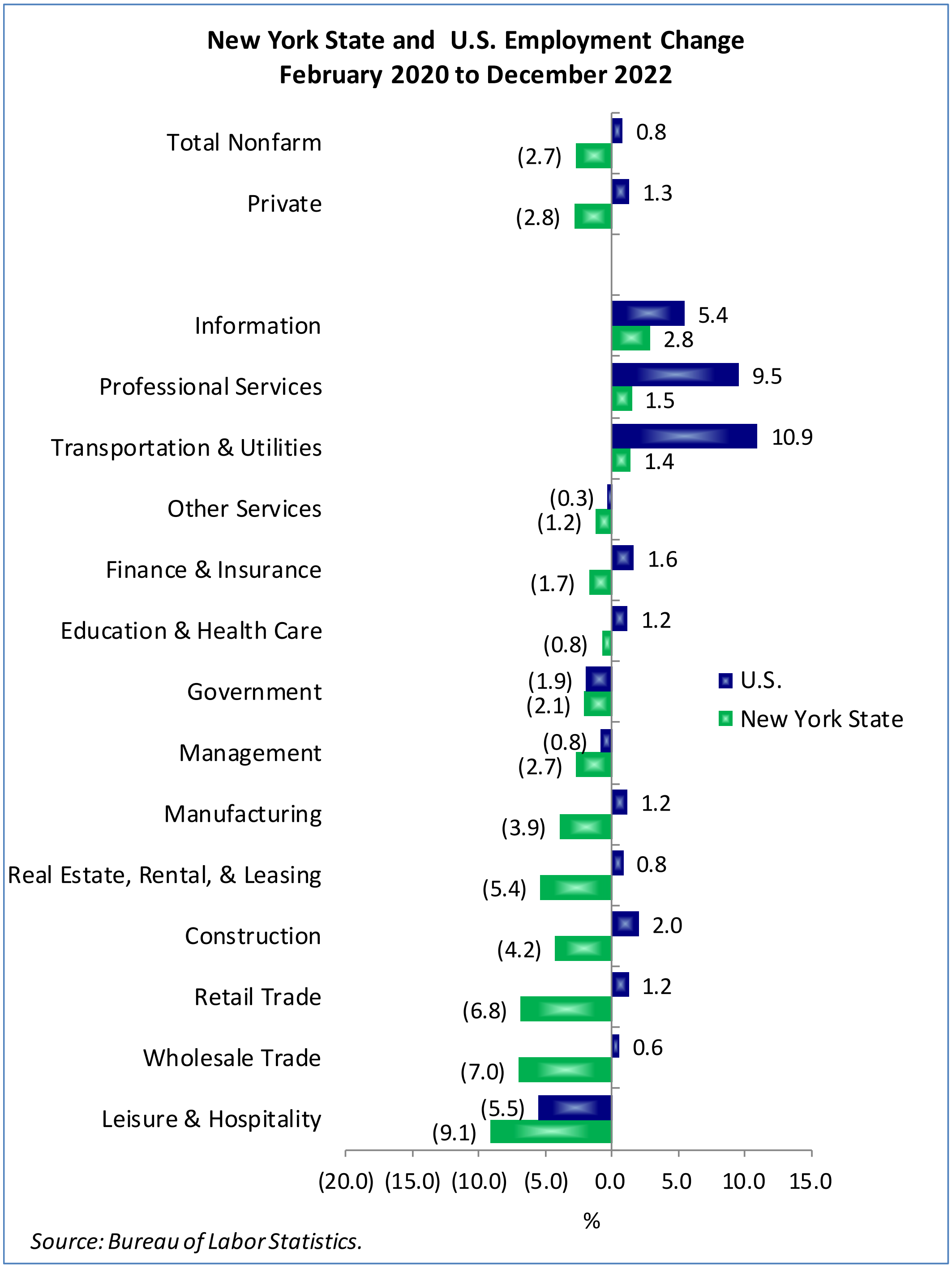


Figure 45

Leisure and hospitality employment had grown more rapidly following the Great Recession than any other sector and had become one of the main drivers of New York State's employment growth in recent years until the pandemic hit. This sector, however, was hit the hardest during the pandemic and its share fell from 10.1 percent in 2019, to 7.4 percent in 2020. After losing 61.8 percent of its employment during the pandemic, the most among all sectors, the sector gained employment the fastest at 128.5 percent from 2020 to 2021. As a result, its share of total state employment rose from 7.4 percent in 2020 to 8.2 percent in 2021 (see Figure 46).

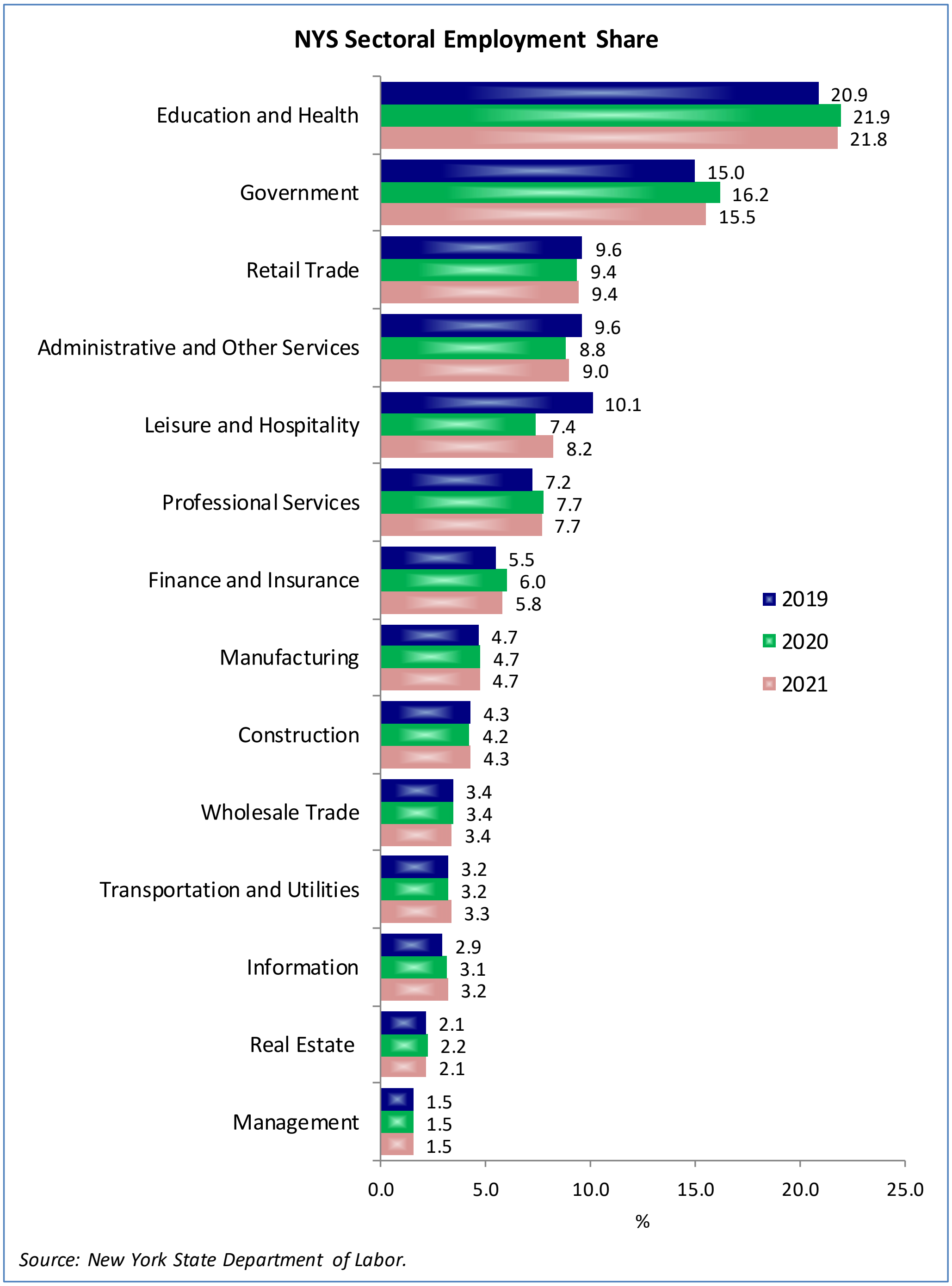


Figure 46

Unlike the leisure and hospitality sector, employment in the retail trade sector has been on a downward trend for the past few years due to an increase in online shopping. As a result, the share of retail trade employment had been falling since before the pandemic. This share fell further to 9.4 percent in 2020 as stay-at-home policies caused even more people to shop online and retail trade employment continued to decline. Automation and e-commerce will likely reshape retail trade business to a less labor-intensive format. As a result, employment in this sector might not fully recover.

Employment by Region

With over four million jobs, New York City is the largest region in the state, accounting for 47.2 percent of the state's total nonfarm employment in 2021. The North Country, with 139,000 nonfarm jobs, had the smallest regional employment. Across regions, most jobs are concentrated in education, health, and government, while the smallest numbers are found in management of companies, real estate, rental, and leasing industries.

Downstate regions were hit harder than upstate regions during the pandemic, similar to during the Great Recession. From 2019 to 2020, downstate lost 704,300 nonfarm jobs or 10.5 percent, compared to 8.7 percent in upstate. Employment in all regions in the state rebounded in 2021 as the U.S. economy came out of recession. However, employment throughout the state as well as all the regions remain depressed and continued to lag their previous peaks in 2019 (see Table 7).

Table 7

New York State Nonfarm Employment and Wages by Region								
	Employment				Wages			
	Level (Thousands)		Share of State Total (%)		Level (Billion $)		Share of State Total (%)	
	2019	2021	2019	2021	2019	2021	2019	2021
New York State	**9,359**	**8,608**	**100.0**	**100.0**	**702.9**	**755.6**	**100.0**	**100.0**
Downstate	**6,709**	**6,146**	**71.7**	**71.4**	**568.5**	**612.1**	**80.9**	**81.0**
New York City	4,482	4,059	47.9	47.2	428.6	461.8	61.0	61.1
Long Island	1,293	1,216	13.8	14.1	81.1	87.4	*11.5*	*11.6*
Mid Hudson	934	871	10.0	10.1	58.7	62.9	*8.4*	*8.3*
Upstate	**2,650**	**2,462**	**28.3**	**28.6**	**134.4**	**143.5**	***19.1***	***19.0***
Western New York	632	582	6.7	6.8	31.3	32.9	*4.4*	*4.3*
Finger Lakes	554	514	5.9	6.0	28.1	29.7	4.0	3.9
Mohawk Valley	168	156	1.8	1.8	7.4	7.9	1.1	1.0
Southern Tier	279	259	3.0	3.0	14.1	14.9	2.0	2.0
Central New York	344	319	3.7	3.7	17.6	18.8	2.5	2.5
North Country	147	139	1.6	1.6	6.7	7.1	0.9	0.9
Capital	526	156	5.6	5.7	29.3	32.2	4.2	4.3

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

On an annual average basis, every sector in all of the regions in the state lost jobs during the pandemic, with the exception of the management sector in the Central New York Region and the government sector in the New York City Region. Although employment rebounded in 2021, employment in most sectors in all regions remained below their pre-pandemic peaks in 2019. As of 2021, for the state as a whole, only the information sector has recouped all its employment lost during the pandemic. The two sectors in which jobs remained depressed in all regions were leisure and hospitality and other service sectors. While employment in transportation and utilities remained below its pre-pandemic level in the downstate area, it has fully recovered in all upstate regions (see Table 8).

Table 8

New York State Employment Change by Region and Sector 2019 to 2021 (Percent Change)	New York State	New York City	Long Island	Mid Hudson	Capital	Mohawk Valley	North Country	Central New York	Southern Tier	Western New York	Finger Lakes
Total Nonfarm	**(7.7)**	**(9.4)**	**(6.0)**	**(6.8)**	**(6.2)**	**(7.4)**	**(5.7)**	**(7.3)**	**(7.4)**	**(7.8)**	**(7.2)**
Private	*(8.2)*	*(10.4)*	*(6.4)*	*(7.2)*	*(6.2)*	*(7.3)*	*(5.0)*	*(7.7)*	*(7.5)*	*(8.2)*	*(7.1)*
Leisure & Hospitality	**(24.9)**	**(35.1)**	**(11.4)**	**(16.9)**	**(18.0)**	**(15.3)**	**(10.1)**	**(16.2)**	**(17.7)**	**(19.0)**	**(16.3)**
Other Services[1]	**(13.5)**	**(20.0)**	**(7.4)**	**(8.9)**	**(7.7)**	**(11.5)**	**(9.4)**	**(8.5)**	**(11.6)**	**(10.1)**	**(15.1)**
Retail Trade	**(9.7)**	(15.8)	**(8.8)**	(6.4)	(4.3)	0.5	(1.7)	(5.3)	(2.5)	(5.1)	(4.5)
Construction	(7.8)	(12.6)	(7.2)	(5.6)	(0.7)	(3.4)	(1.5)	(1.9)	(7.1)	(2.6)	(2.6)
Transportation & Utilities[2]	(4.1)	(9.3)	(3.7)	**(5.1)**	10.7	2.7	4.9	0.8	3.0	7.2	8.4
Management	(8.5)	(13.7)	(2.2)	(4.5)	(7.3)	(5.6)	(6.5)	5.6	(5.5)	(12.8)	4.0
Wholesale Trade	(9.4)	(12.0)	(9.3)	(5.6)	(5.6)	(13.0)	(14.6)	(10.3)	(13.4)	(6.9)	(7.6)
Manufacturing[3]	(7.0)	**(18.9)**	(5.0)	(5.3)	(1.4)	(8.8)	(6.9)	(4.1)	(6.1)	(5.1)	(5.2)
Real Estate, Rental, & Leasing	(7.0)	(7.6)	(1.2)	(7.4)	**(9.9)**	(8.9)	1.4	(10.0)	**(20.8)**	(9.3)	(4.6)
Education & Health Care[4]	(3.9)	(1.3)	(4.5)	(6.0)	(8.1)	(11.1)	(5.5)	(10.3)	(6.5)	(8.1)	(6.2)
Information	0.3	3.9	(10.6)	(10.4)	(9.1)	**(20.7)**	**(13.6)**	**(15.2)**	(9.6)	**(15.8)**	**(19.6)**
Professional Services	(2.2)	(1.6)	(3.2)	(1.8)	(0.9)	(0.2)	5.6	(4.3)	(2.4)	(5.9)	(5.0)
Government	(4.6)	(2.9)	(3.5)	(4.9)	(6.3)	(7.5)	(7.3)	(5.6)	(7.1)	(6.1)	(7.7)
Finance & Insurance	(2.4)	(3.0)	(2.2)	(3.7)	(3.1)	1.6	(0.6)	(5.8)	(4.7)	(9.0)	(2.7)

Note: Industries ranked by New York State percent employment lost during pandemic. The three sectors that lost the most jobs in each region are bolded.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

[3] Does not include mining.

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

Source: Bureau of Labor Statistics.

Labor Force

The labor force in the state was relatively stable for several years before the COVID-19 pandemic. However, as millions of workers lost their jobs during the pandemic, many became discouraged and dropped out of the labor force. In addition, some people moved out of the state during the pandemic. From July 2019 to July 2021, New York State's population fell by 1.9 percent. The New York City Region experienced the highest rate of population decrease during this period at 4.0 percent. As a result, the labor force in the state fell sharply during the pandemic. The decline in the labor force was more notable in New York City, where the labor force declined by 7.9 percent from February 2020 to April 2020, compared to 3.6 percent for the rest of the state. Although the state's labor force has rebounded following the pandemic, it remained below the pre-pandemic level. As of December 2022, the labor force in both New York City and the rest of the state remained 7.2 percent and 1.4 percent below their pre-pandemic level in February 2020, respectively (see Figure 47).

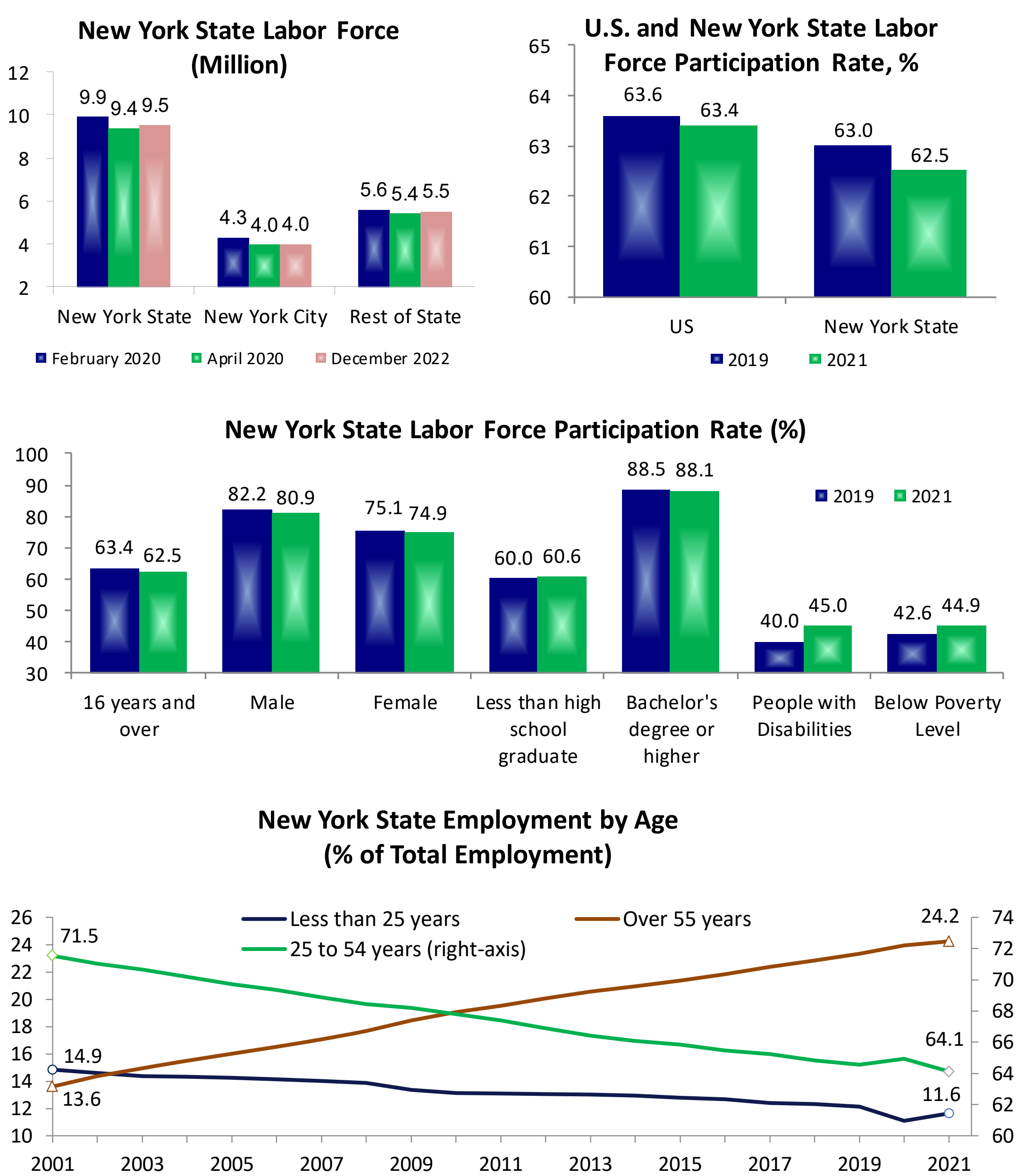
The labor force participation rate in New York State has been smaller than the nation in recent years. In 2019, prior to the pandemic, labor force participation rate in the state was 63.0 percent, compared to 63.6 percent nationally. As many workers dropped out of the labor force for various reasons, the labor force participation rate fell for both the state and the nation during the pandemic and remain below the pre-pandemic level. Labor force participation rate of people with disabilities, however, increased following the pandemic as remote work has enabled them to find more job opportunities.

The share of younger and prime-working-age workers in the state was on a downward trend for decades prior to the pandemic, while aging workers has been steadily increasing.[25] In 2001, workers younger than 25 years accounted for 14.9 percent of the total state's labor force. This share has fallen to 12.1 percent in 2019, prior to the pandemic. Similarly, the share of workers in their prime work years, aged 25 to 54, fell from 71.5 percent in 2001 to 64.5 percent in 2019. In contrast, the share of aging workers, those who are 55 years or over, has increased from 13.6 percent to 23.3 percent during this period.

As young people tend to work in the service sector particularly in the leisure and hospitality and retail trade industries, many of them lost their jobs during pandemic as restaurants, hotels, and retail stores were forced to close. Consequently, the share of young workers in the state declined in 2020, while the share of prime-working-age workers and aging workers increased. With the economy recovering from the pandemic, stores reopened and young workers getting back to their jobs, they became the driving force of the employment recovery in 2021. While the share of young and aging workers increased following the pandemic, the share of prime-age workers declined. This might be due to various reasons such as becoming disabled or sick, taking care of a family member, or attending school (see Figure 47).

[25] Young workers defined as those age less than 25 years, prime-working-age are workers ages 25 to 54 years. Aging workers refer to those age 55 years and over.

Labor Force and Labor Force Participation Rate



Source: U.S. Census Bureau.

Figure 47

Unemployment

After rising sharply during the pandemic, the unemployment rate has fallen to below the pre-pandemic level in the state as a whole and in all regions with the exception of the New York City Region. As of December 2022, the unemployment rate in New York City stood at 5.3 percent, compared to 3.8 percent in 2019 (see Figure 48).

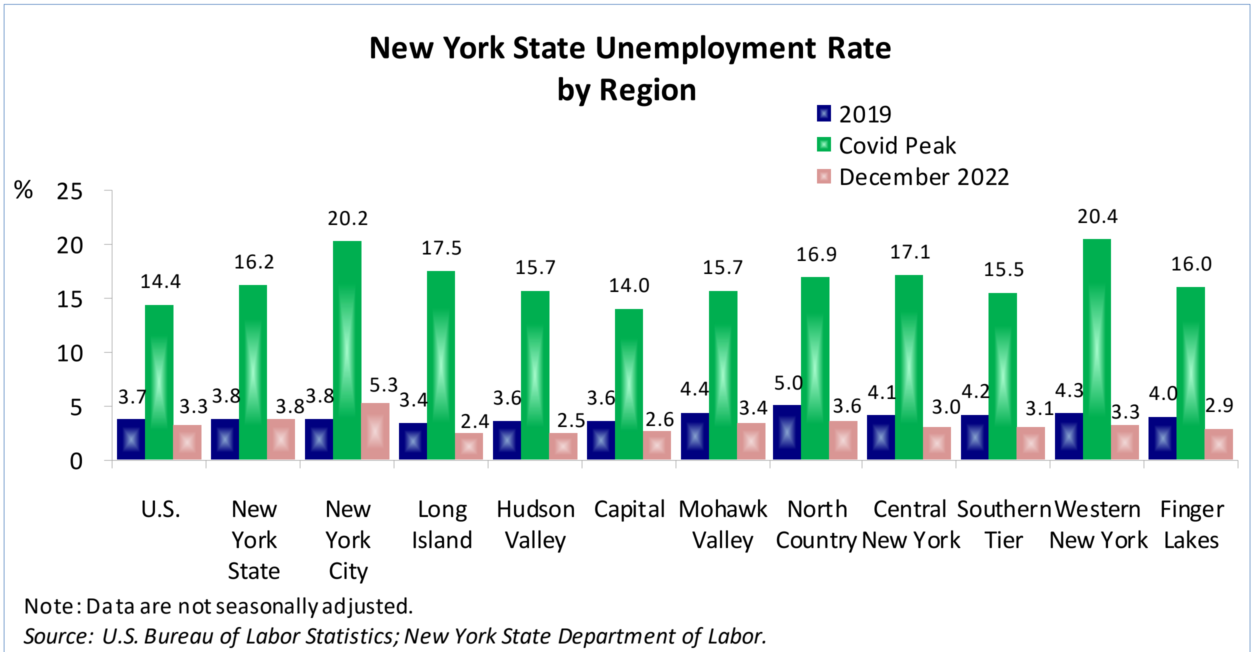
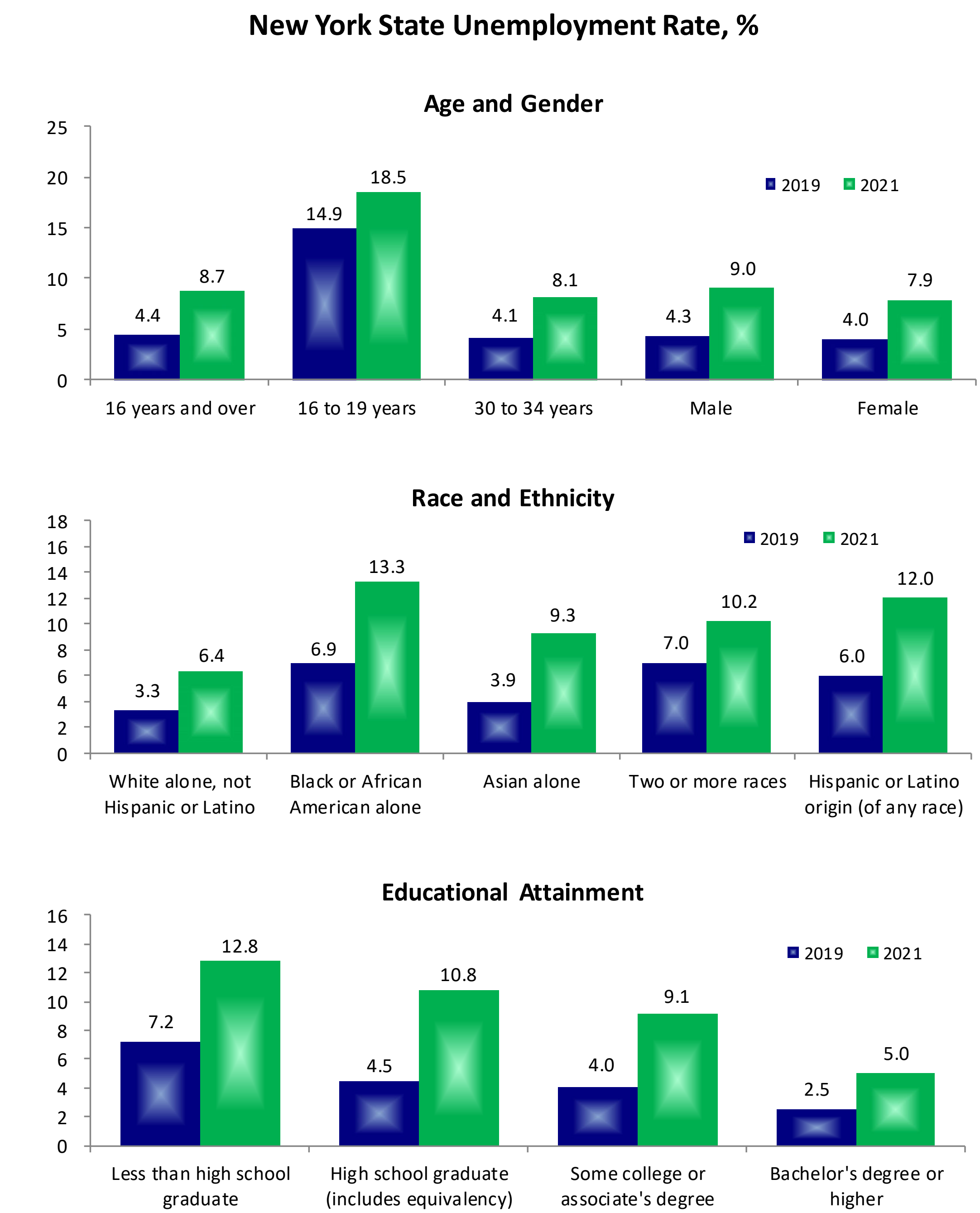


Figure 48

Unemployment rates vary widely across different types of workers. However, the pattern remained mostly consistent before and after the pandemic. The unemployment rate of female workers tends to be lower than that of their male counterparts. Younger workers and those less educated are more likely to be unemployed than older workers or those with higher levels of education. The unemployment rate for white workers was consistently lower than for workers of other races or ethnicity (see Figure 49).



Source: U.S. Census Bureau.

Figure 49

Wages, Income, and Debts

Average wages in New York State vary widely across sectors. The average wage for nonfarm workers in New York State was $88,204 in 2021, an increase of 16.9 percent from $75,458 in 2019 prior to the pandemic. At the same time, the average wage for the private sector in New York State rose 17.8 percent from $76,175 to $89,724. Growth in wages were driven partially upward by pressure due to labor shortages. In 2019, the five highest paying sectors in New York State, before the pandemic hit, were finance and insurance, management of companies, information, professional services, and wholesale trade. The two lowest paying sectors were the retail trade and leisure and hospitality sectors. The finance and insurance sector had the highest average wage of $236,479 in 2019, while the leisure and hospitality sector had the lowest average pay of only $35,843. These patterns remain the same following the pandemic.

Wages by Industry

Unlike employment, which fell sharply during the pandemic, total nonfarm wages in the state fell only slightly in 2020. This is because the recession caused by the pandemic was very brief and most of the jobs lost were in low-paying sectors. The leisure and hospitality sector, the sector with the lowest average wage, suffered the most during the pandemic. On the other hand, the finance and insurance sector, the sector with the highest average wage, was impacted the least. As a result, nonfarm wages in New York State fell only 0.8 percent in 2020, compared to the loss of 10.0 percent for employment. Average wages in all sectors continued to grow in 2020, while average wages in most sectors fell during the Great Recession.

Both total and average wages grew in 2021. With wages growing solidly in all sectors, total wages in the state grew 8.8 percent from 2020 to 2021, the same rate as the national average. Total wages grew strongest in the leisure and hospitality, information, and finance and insurance sectors, while the slowest growth were in the other services sector. Despite the slow wage growth in some sectors, wages have surpassed their 2019 levels in most sectors.

The contributions to the total wages paid in New York State also varied across industries. In 2019, prior to the pandemic, the finance and insurance sector contributed the most to the state's total wages, accounting for 17.1 percent. The education and health sector was the second with 15.1 percent, then government at 14.1 percent. The remaining industries contributed 53.7 percent of the state's total wages.

As the rate of wage loss and recovery vary widely among sectors, their contribution to the state's total wages also changed after the pandemic. As the finance and insurance sector was affected the least during the pandemic and continued to grow solidly in 2021, its share of total state wages rose from 17.1 percent in 2019 to 18.7 percent in 2021. The leisure and hospitality sector, on the other hand, was hit the hardest and its share of the state's total wages went down from 4.8 percent in 2019 to 3.7 percent in 2021. As a result, its rank fell from eighth to twelfth. Similarly, the share of total wages of the other services sector fell from 6.6 percent in 2019 to 5.7 percent in 2021 and its rank fell from fifth to seventh (see Table 9).

Table 9

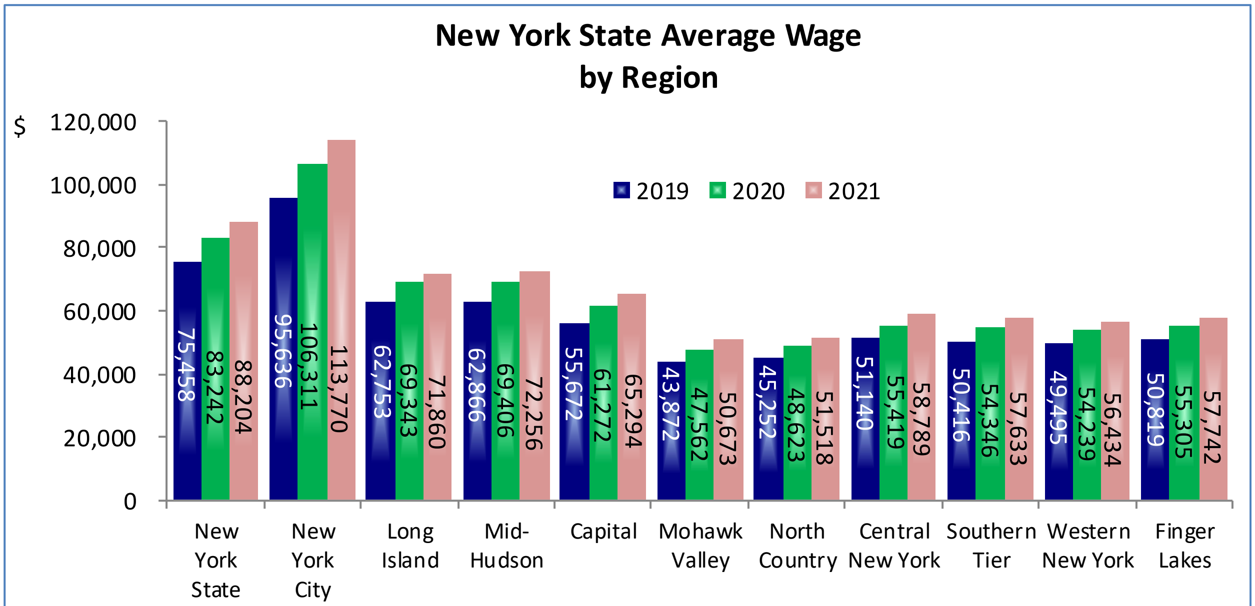
New York State Wage by Sector

	Average Wage ($)		Total Wages			
			Change (%)		Share (%)	
	2019	2021	2019-2020	2020-2021	2019	2021
Nonfarm	**75,458**	**88,204**	**(0.8)**	**8.8**	**100.0**	**100**
Private	**76,175**	**89,724**	**(1.1)**	**9.3**	**85.9**	**86.0**
Finance & Insurance	236,479	286,666	5.6	12.1	17.1	18.7
Management of Companies	155,094	178,119	(4.5)	10.0	3.1	3.1
Information	135,888	170,124	9.6	14.7	5.2	6.1
Professional Services	120,134	140,756	4.2	9.9	11.4	12.1
Wholesale Trade	88,330	100,771	(3.4)	7.0	4.0	3.8
Real Estate, Rental, & Leasing	76,746	85,515	(0.5)	4.1	2.2	2.1
Construction	75,669	80,188	(7.7)	5.9	4.3	3.9
Government	71,371	79,875	1.4	5.4	14.1	14.0
Manufacturing[1]	69,175	75,028	(3.4)	4.3	4.3	4.0
Transportation & Utilities[2]	62,155	67,890	(5.4)	10.7	2.6	2.6
Education & Health Care[3]	54,642	61,204	2.0	5.6	15.1	15.0
Other Services[4]	52,355	56,441	(8.5)	2.0	6.6	5.7
Retail Trade	38,457	44,702	(4.7)	10.1	4.9	4.8
Leisure & Hospitality	35,843	39,503	(31.8)	21.2	4.8	3.7

Note: Industries are ranked by 2021 average wage.
[1] Including mining.
[2] Transportation, warehousing, and utilities.
[3] Includes only private employment. Public education and health care employment is included in the
[4] Including administrative, support, and waste management services.
Source: NYS Department of Labor.

Wages by Region

Annual average wages in New York City have always been the highest in the state due to the concentration of high-paying jobs in the finance and insurance and professional services sectors. In 2019, prior to the pandemic, the average wage in New York City was $95,636. The region with the lowest average wage in 2019 was the Mohawk Valley at $43,827. Annual average wages grew in all regions in 2020 and 2021. The pattern of the average wage across regions remained relatively unchanged after the pandemic (see Figure 50).



Source: New York State Department of Labor.

Figure 50

As most of the jobs lost was in low paying sectors, wages were less affected by the pandemic than employment. Wages in the Capital Region were impacted the least by the pandemic and continued to grow in 2020. This was due partly to the large concentration of jobs in the government and education and health sectors. These industries performed relatively well during the crisis because many of these jobs were able to move to remote work.

Although employment has not fully recovered, wages grew solidly in 2021. Total wages in the state and all regions were well above their pre-pandemic level. Wages in most sectors have exceeded their pre-pandemic level in most regions, with the exception of leisure and hospitality, in which wages remained below its 2019 level in all regions (see Table 10).

Table 10

New York State Wages Change by Region and Sector 2019 to 2021 (Percent Change)	New York State	New York City	Long Island	Mid Hudson	Capital	Mohawk Valley	North Country	Central New York	Southern Tier	Western New York	Finger Lakes
Total Nonfarm	**7.9**	**7.8**	**7.7**	**7.1**	**10.0**	**7.0**	**7.4**	**6.6**	**5.9**	**5.1**	**5.5**
Private	*8.1*	*8.1*	*8.2*	*7.0*	*7.9*	*5.8*	*6.4*	*4.9*	*5.1*	*4.5*	*5.3*
Leisure & Hospitality	**(17.3)**	**(26.5)**	**4.1**	**(4.2)**	**(3.7)**	**(8.5)**	**4.1**	**(0.1)**	**(4.4)**	**(2.2)**	**(2.8)**
Other Services[1]	**(6.8)**	**(16.9)**	11.2	2.9	**11.6**	1.2	10.2	6.9	2.8	7.4	**(6.9)**
Construction	**(2.3)**	(6.9)	**(2.6)**	**(2.0)**	9.8	3.0	6.0	11.3	0.4	7.5	7.2
Manufacturing[2]	0.8	**(13.2)**	4.4	2.9	13.9	0.3	**0.9**	(0.1)	2.2	**1.4**	(0.7)
Wholesale Trade	3.3	2.0	**2.1**	3.3	4.6	**(1.7)**	**(3.7)**	**0.2**	(2.7)	9.8	9.7
Real Estate, Rental, &	3.6	2.2	11.9	0.6	2.9	7.8	20.3	2.7	**(13.2)**	6.1	16.5
Transportation & Utilities[3]	4.7	(0.8)	5.2	7.4	18.9	26.2	10.5	13.6	13.5	9.6	21.4
Retail Trade	4.9	(2.6)	8.5	10.6	12.5	17.9	14.3	12.5	14.4	14.1	14.6
Management	5.1	5.1	11.0	**(10.2)**	12.4	24.0	4.2	16.7	**1.5**	**(4.7)**	16.3
Government	6.8	4.7	5.3	7.6	16.6	9.9	9.1	13.0	9.1	7.2	6.3
Education & Health Care[4]	7.7	8.2	8.0	9.9	4.0	1.1	2.9	1.0	7.8	4.6	7.1
Professional Services	14.5	15.8	6.7	27.9	6.8	10.4	22.0	4.0	4.5	4.6	5.2
Finance & Insurance	18.3	18.6	26.1	0.3	11.5	14.5	13.2	7.2	8.0	3.6	6.5
Information	25.6	28.2	8.4	22.7	**(8.7)**	**(10.6)**	3.5	**6.0**	5.6	(5.1)	**(8.5)**

Note: Industries ranked by New York State percent employment lost during pandemic. The three sectors that lost the most jobs in each region are bolded.

[1] Does not include administrative, support, and waste management services.

[2] Does not include mining.

[3] Transportation, warehousing, and utilities.

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

Source: Bureau of Labor Statistics.

Income and Debts

Per capita personal income in New York State has been consistently higher than that of the nation due to the concentration of high wage sectors such as finance and insurance and information. Per capita personal income in the state was $67,366 in 2019, prior to the pandemic, compared to $56,250 nationally. Although the economy was in recession and wages declined in 2020, per capita income continued to rise due to the enormous transfer payment from the federal assistance programs. The state's per capita personal income grew 14 percent from 2019 to $76,837 in 2021. Per capita income nationwide also grew at a similar rate to $64,143 in 2021.

While the state enjoyed a much higher income per capita than the nation, its debts per capita was similar to the national average. On average, a New Yorker was $52,290 in debts in the first quarter of 2020, compared to $52,200 nationally. Debts per capita in both the state and the nation rose following the pandemic. However, debts per capita in the state increased at a slower rate than that of the nation during this period. Consequently, debts per capita in New

York State was lower than the nation in the third quarter of 2022 at $54,950, compared to $58,194 nationwide.

The majority of personal debts in New York State was due to mortgages, which amounted to $34,030 per pers on in the fourth quarter of 2019, while auto loans stood at $3,780 per person. As home prices and used car prices increased, mortgage and auto debts increased during and following the pandemic. Credit card debt, however, fell from $4,010 per capita in the fourth quarter of 2019 to $3,520 in the fourth quarter of 2020, as many Americans used their stimulus checks to pay down their debts (see Figure 51).

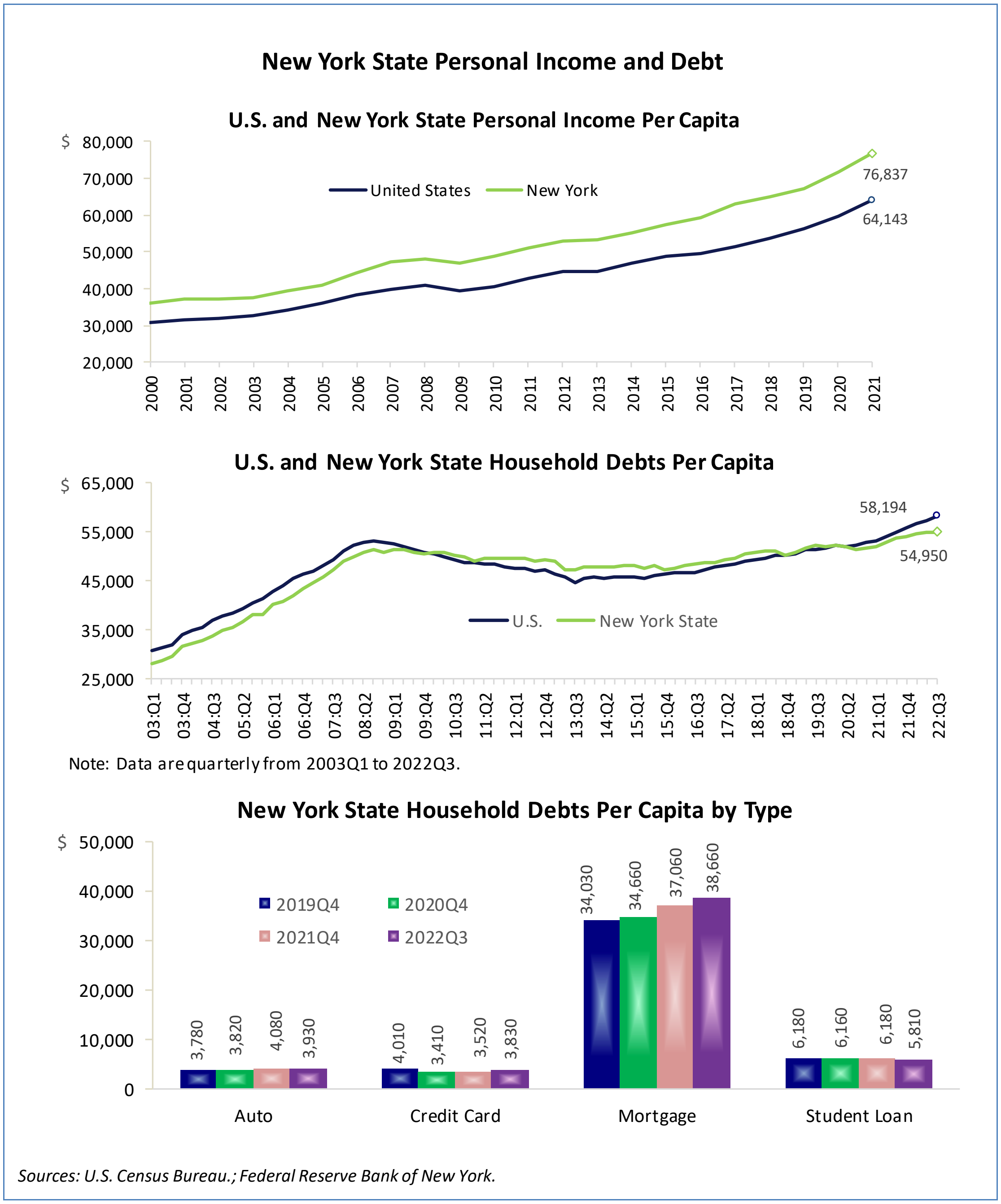

New York State Personal Income and Debt
U.S. and New York State Personal Income Per Capita
$ 80,000
70,000
60,000
50,000
40,000
30,000
20,000
United States
New York
76,837
64,143
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
U.S. and New York State Household Debts Per Capita
$ 65,000
55,000
45,000
35,000
25,000
58,194
54,950
U.S.
New York State
03:Q1
03:Q4
04:Q3
05:Q2
06:Q1
06:Q4
07:Q3
08:Q2
09:Q1
09:Q4
10:Q3
11:Q2
12:Q1
12:Q4
13:Q3
14:Q2
15:Q1
15:Q4
16:Q3
17:Q2
18:Q1
18:Q4
19:Q3
20:Q2
21:Q1
21:Q4
22:Q3
Note: Data are quarterly from 2003Q1 to 2022Q3.
New York State Household Debts Per Capita by Type
$ 50,000
40,000
30,000
20,000
10,000
0
2019Q4
2020Q4
2021Q4
2022Q3
3,780
3,820
4,080
3,930
4,010
3,410
3,520
3,830
34,030
34,660
37,060
38,660
6,180
6,160
6,180
5,810
Auto
Credit Card
Mortgage
Student Loan
Sources: U.S. Census Bureau.; Federal Reserve Bank of New York.

Figure 51

Population and Migration

Population

Total population growth has been on a downward trend for both the state and the nation in the past several years. The COVID-19 pandemic appears to have made matters worse. The U.S. population grew only 0.4 percent in 2020 and 0.1 percent in 2021, the slowest pace since 1945 when the U.S. population declined 0.5 percent. New York State fared much worse than the nation. The state's population fell more sharply following the pandemic at 0.3 percent in 2020 and 1.6 percent in 2021 (see Figure 52).

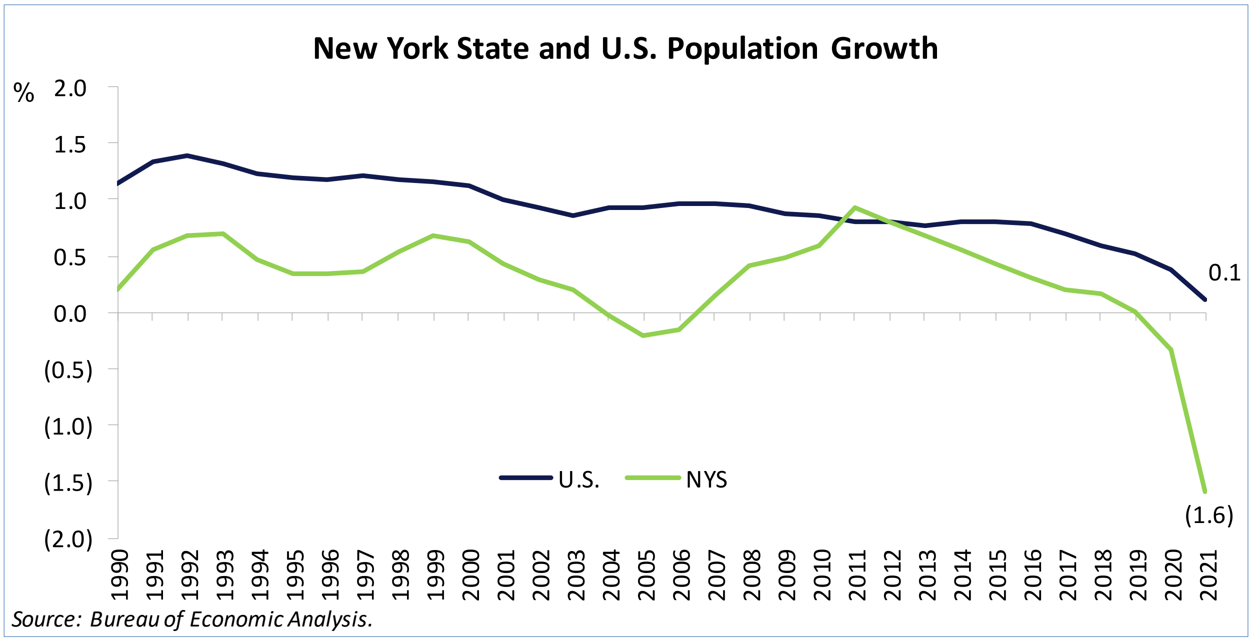


Figure 52

Population change is affected by birth rates, death rates, and migration. In New York State, the main reason for declining population was out-migration, as natural population change (the number of births less the number of deaths) in the state remains positive although slowing significantly since the pandemic. From July 2018 to July 2019, prior to the pandemic, there were 223,378 births and 162,158 deaths in New York State, resulting in a net natural population change of 61,220. Natural population change in the state fell to 42,773 from July 2019 to July 2020 during the early phase of the pandemic and continued to fall further to 18,503 from July 2010 to July 2021 as the deaths increased significantly due to the COVID-19 (see Figure 53).

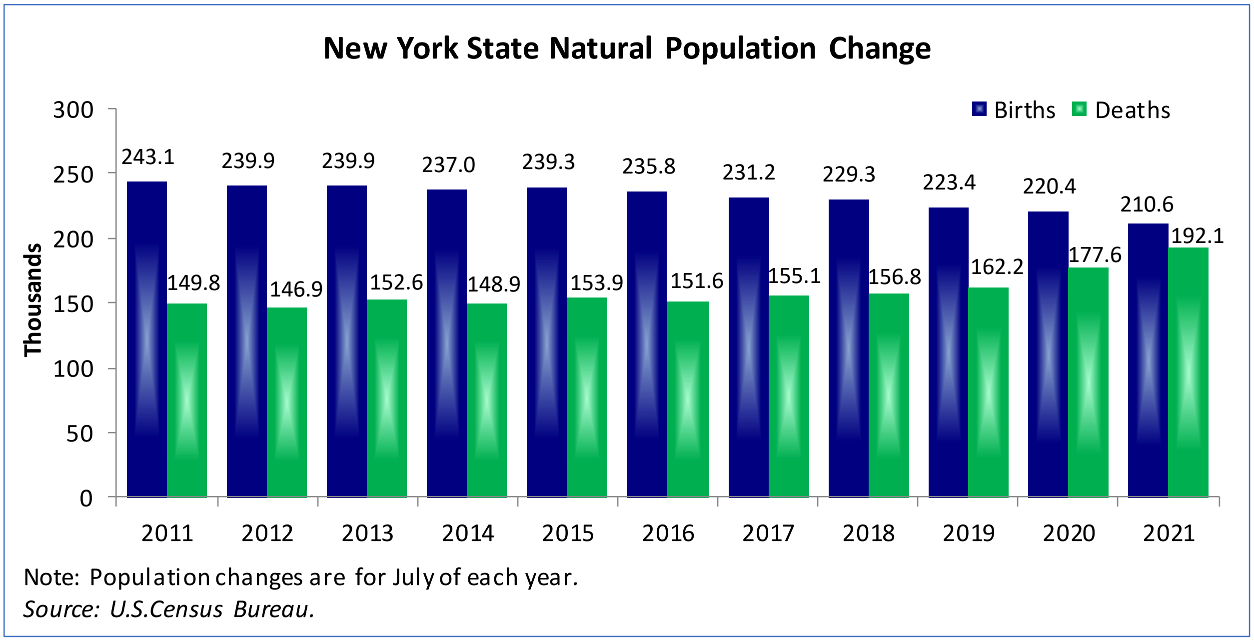


Figure 53

All regions experienced declining births and rising deaths in 2020 and 2021. New York City had the highest birth rate among all regions both prior to and following the pandemic at over 11 per 1,000 population, while Southern Tier had the lowest birth rate in the state at less than 10 per 1,000 population. New York City also had the lowest death rate among all regions at 7.1 per 1,000 population in 2019 compared to 11.0 for the Mohawk Valley region. The birth rate declined in 2020 and 2021 for most of the regions. In contrast, the death rate increased during the pandemic years (see Figure 54).

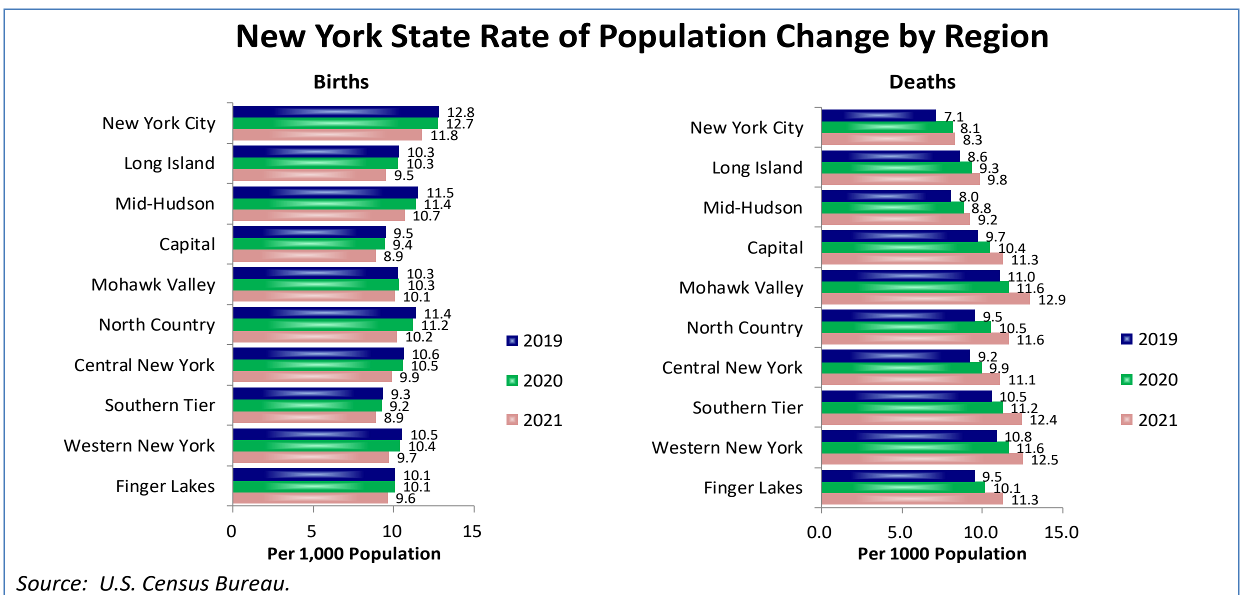
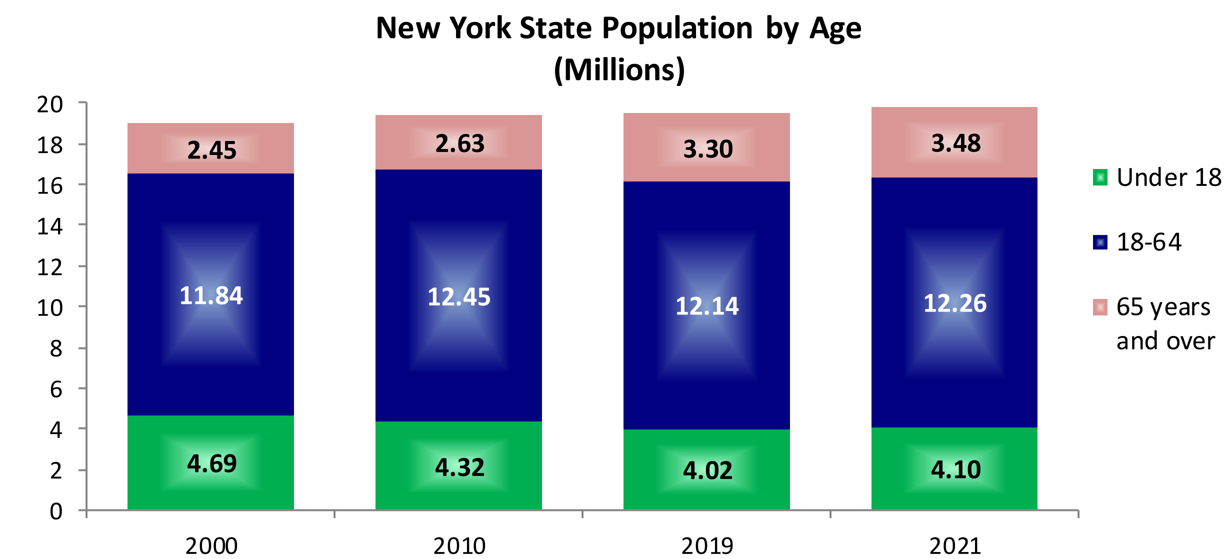


Figure 54

While state population grew slowly over the past decades the proportion of older population has been rising since prior to the pandemic. In 2000, there were 2.45 million people over the age of 65 in New York State, accounting for 12.9 percent of total population. The aging population in the state grew to 3.30 million (16.9 percent) in 2019 and continued to grow further to 3.48 million or 17.4 percent in 2021 (see Figure 55).



Note: Data are for July of each year.
Source: U.S.Census Bureau.

Figure 55

The proportion of aging population in New York State has consistently been higher than the nation. As a result, the median age of the population in New York State is also higher than that of the nation. In 2005, the median age in New York State was 37.5 years, compared to 36.4 years nationwide. The median age increased to 39.8 years in New York State in 2021, while it rose to 38.8 years nationally. As the number of the aging population increased much faster than that of the population age 18 to 64, the old-age dependency ratio, defined as the size of the population over the age of 65 years relative to the size of population age 18 to 64 years, also rose. The old-age dependency ratio in New York State increased from 20.2 percent in 2005 to 28.4 percent in 2021. The old-age dependency ratio for the nation also increased during this period but remained below the level seen in New York State (see Figure 56).

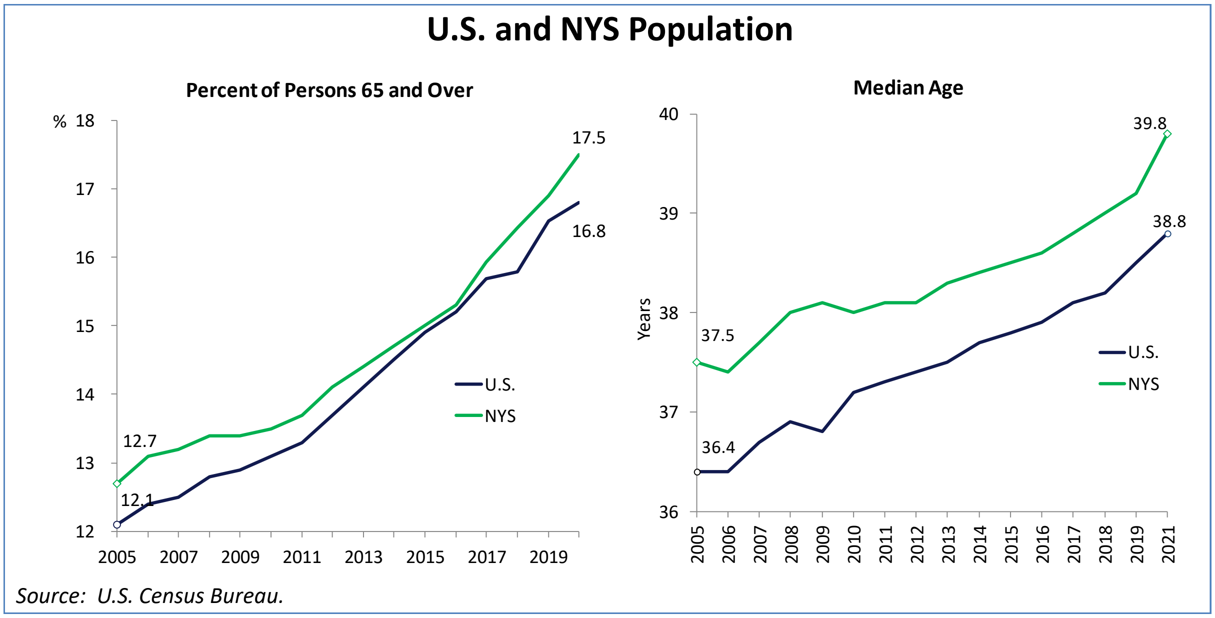


Figure 56

The share of the population with a bachelor's degree or higher in New York State was on an increasing trend prior to the pandemic. It increased from 32.6 percent in 2010 to 37.8 percent in 2019, while the share of the population with less than a bachelor's degree fell from 67.4 percent to 62.2 percent during this period. However, this trend reversed following the pandemic, falling from 37.8 percent in 2019 to 37.4 percent in 2021 (see Figure 57). This might be due to the fact that the state experienced higher net out-migration of people with a bachelor's degree or higher.

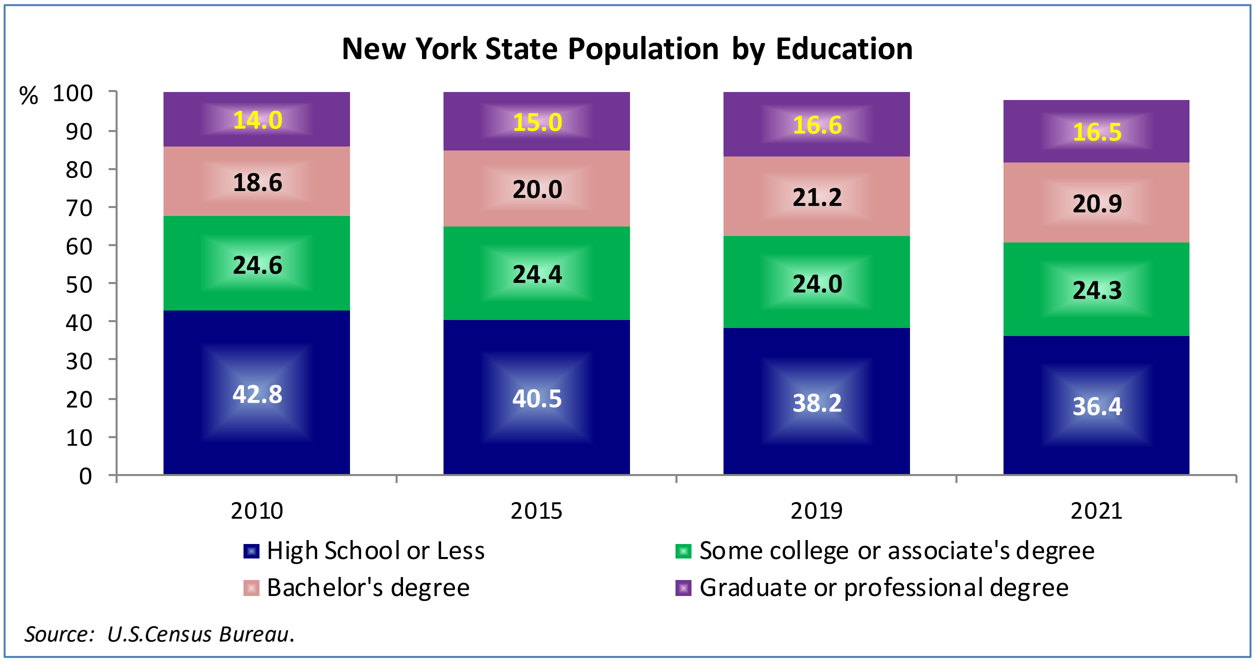


Figure 57

The proportion of New Yorkers with income over $50,000 increased during the last decade and through the pandemic. In 2010, 23.6 percent of the state's population earned more than $50,000. This proportion increased to 33.2 percent in 2019, prior to the pandemic and increased further to 34.4 percent in 2021. The share of people who earned less than $50,000 fell from 61.1 percent in 2010 to 51.9 percent in 2021 (see Figure 58).

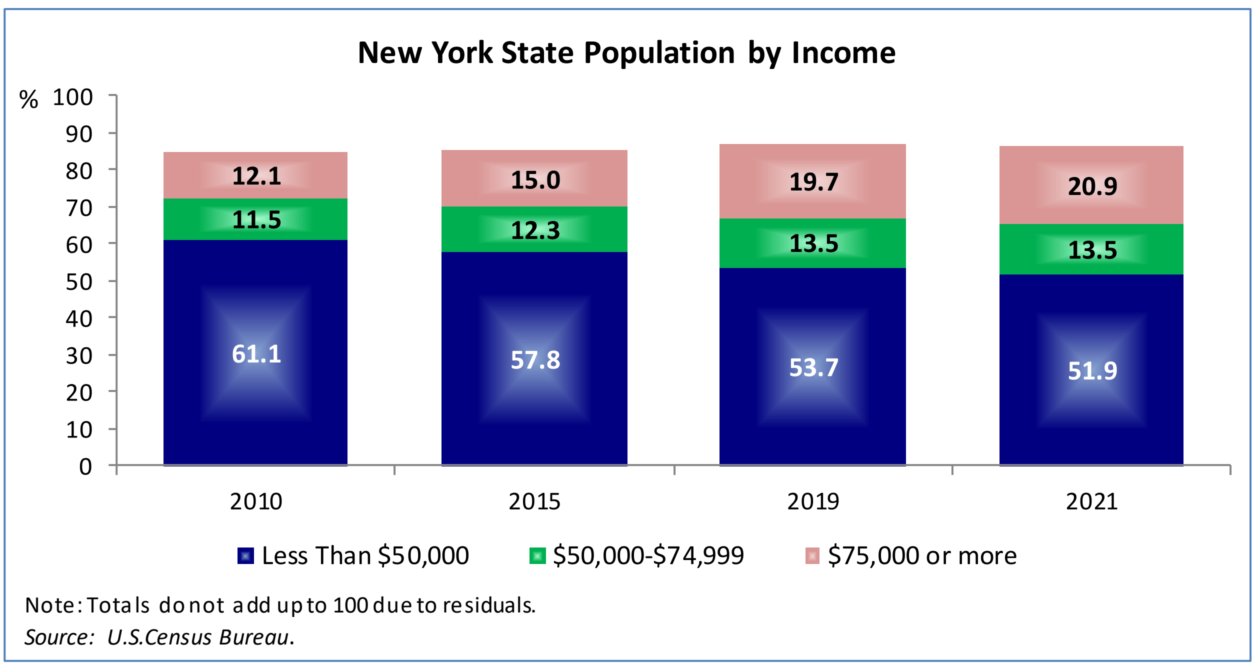
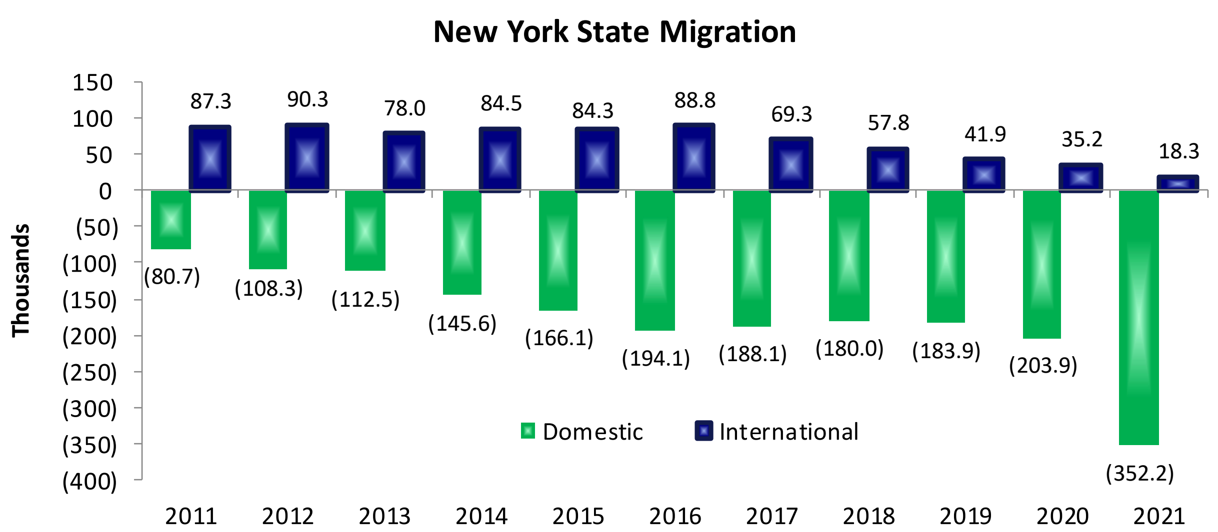


Figure 58

Migration

Negative net migration has been the major contributor to the declining population in New York State. While the state has enjoyed an influx of international migrants, it has been losing population to domestic migration to a larger scale. New York State has been losing population to domestic migration since 2012. The pandemic has aggravated the problem as travel bans and lockdowns have restricted international migration. In addition, as companies moved to remote work, many employees relocated to be closer to family or pay lower rent. As a result, the state's net out-migration jumped significantly during the pandemic. From July 2018 to July 2019, prior to the pandemic, the state lost 141,988 residents to migration. Net out-migration rose to 168,712 during July 2019 to July 2020 and increased further to 333,878 between July 2020 and July 2021 (see Figure 59).



Note: Migration data are based in July of each year.
Source: U.S.Census Bureau.

Figure 59

Statewide, all regions enjoyed an influx of international migrants while losing their population to domestic migration in 2019. COVID-19 related policies and restrictions had an impact on the mobility of people, which also affected migration both domestic and international. As a result, migration rates fell sharply in 2021, the year following the pandemic. Despite the slower rates, all regions continued to gain international migration and most regions continued to lose population to domestic migration (see Figure 60).

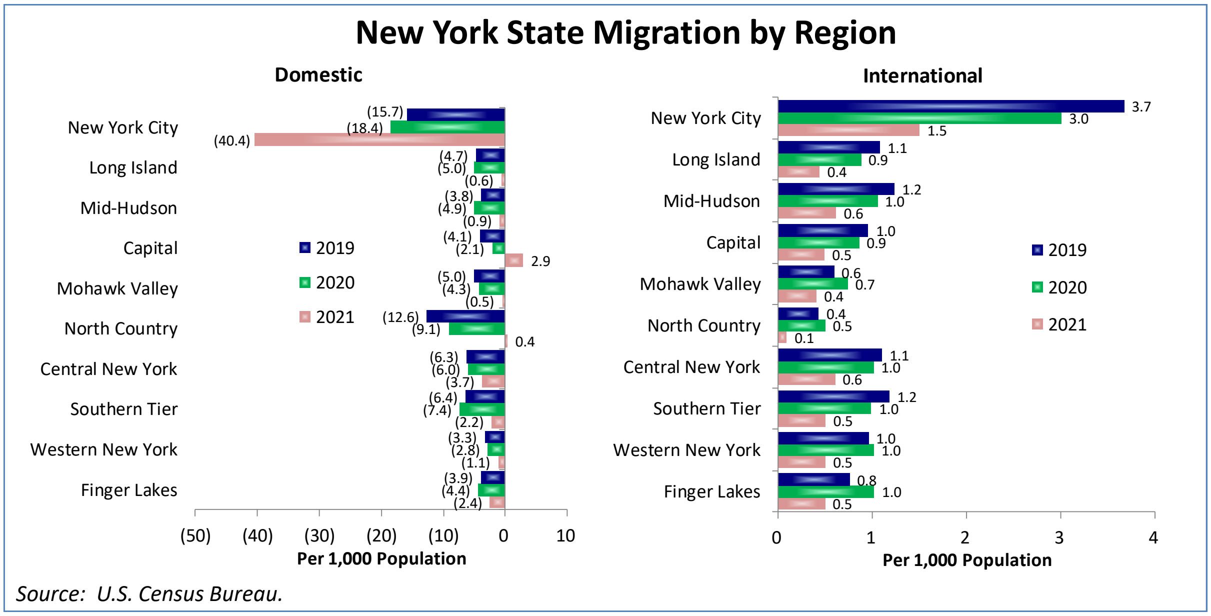


Figure 60

While New York State has been attracting a net influx of young individuals, recently it has been losing prime-age workers through migration. All age groups experienced higher net migration rates following the pandemic. The net out-migration of individuals age 25 to 54 years has been the highest among all age groups since 2017 and has increased the fastest following the pandemic, rising by almost four folds from 2019 to 2021 (see Figure 61).

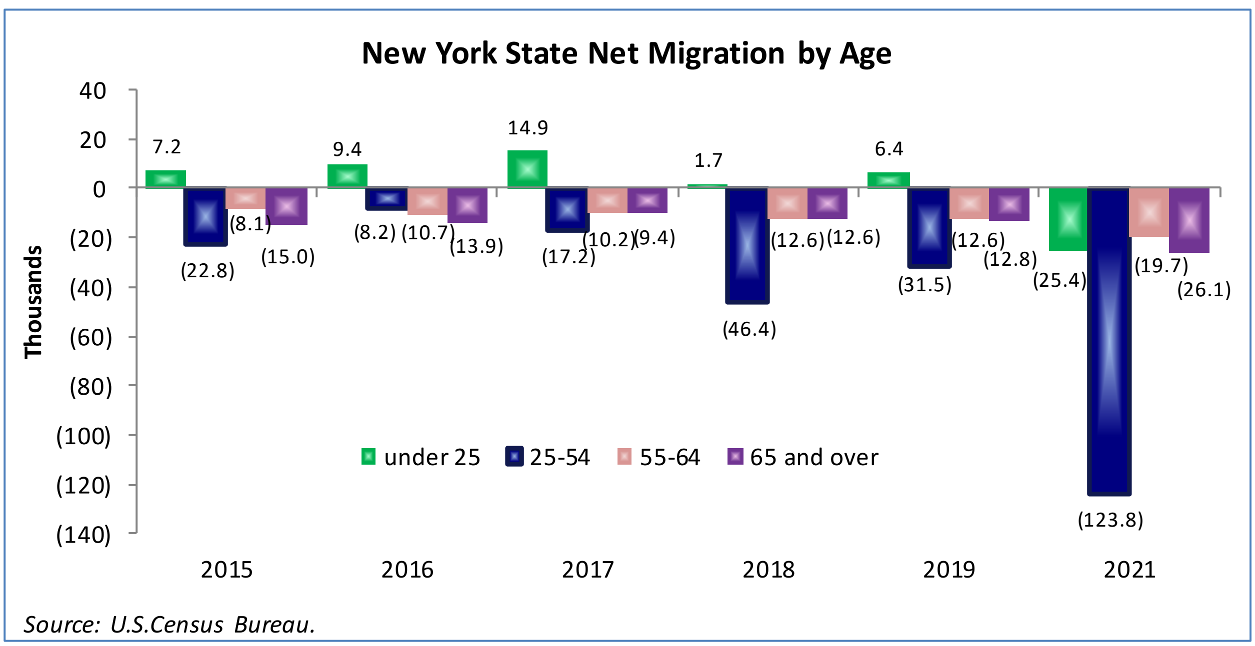


Figure 61

New York State's population loss at all levels of educational attainment has dramatically increased in 2021. Prior to the COVID-19 pandemic, the state lost the largest number of people that have an associate degree or some college education, while losing the least population among those who have bachelor's degree or higher. Following the pandemic, the net out-migration of people with bachelor's degree or higher rose rapidly and far outpaced all other educational attainment groups (see Figure 62).

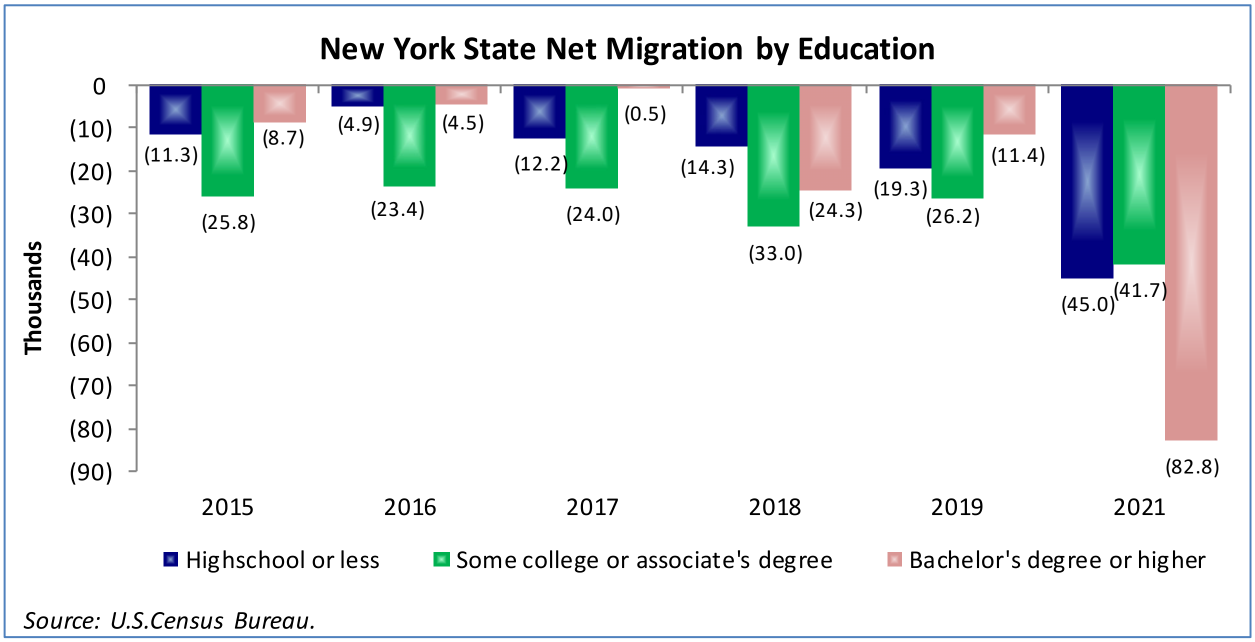


Figure 62

Prior to the pandemic, New York State tended to lose people with income below $75,000. However, this trend has changed following the pandemic. In 2021, the state lost more people who earned more than $75,000 than those who earned less. This might be because of the slower job growth in high paying sectors (see Figure 63).

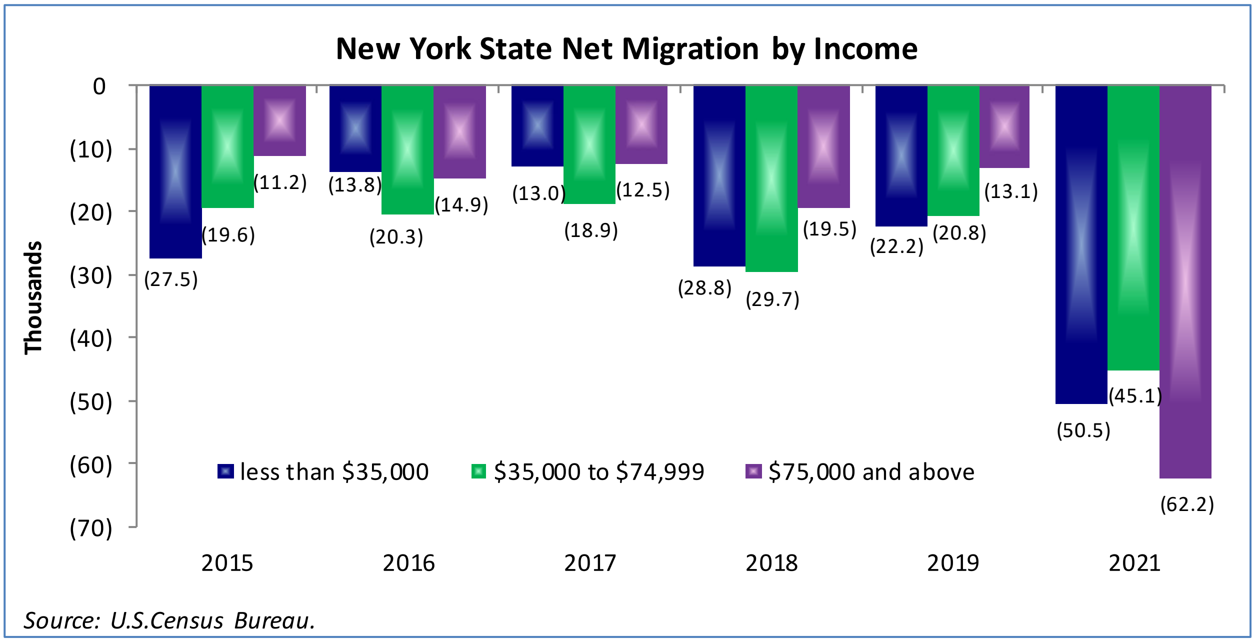

New York State Net Migration by Income
Thousands
0
(10)
(20)
(30)
(40)
(50)
(60)
(70)
(27.5)
(19.6)
(11.2)
(13.8)
(20.3)
(14.9)
(13.0)
(18.9)
(12.5)
(28.8)
(29.7)
(19.5)
(22.2)
(20.8)
(13.1)
(50.5)
(45.1)
(62.2)
less than $35,000
$35,000 to $74,999
$75,000 and above
2015
2016
2017
2018
2019
2021
Source: U.S.Census Bureau.

Figure 63

Real Estate Market

Housing Market

The national housing market remained strong during the pandemic. From December 2019 to November 2021, U.S. house prices grew by 23.8 percent, the fastest rate on record. It is estimated that the shift to remote work accounted for at least one-half of the aggregate house price growth over this period, as remote working enabled workers to relocate to places that were more affordable.[26] Both new and existing single-family home sales as well as median sales price increased in 2020 and 2021. Although sales have slowed in the recent months, the median price of both new and existing homes continued to rise as inventory remained tight.

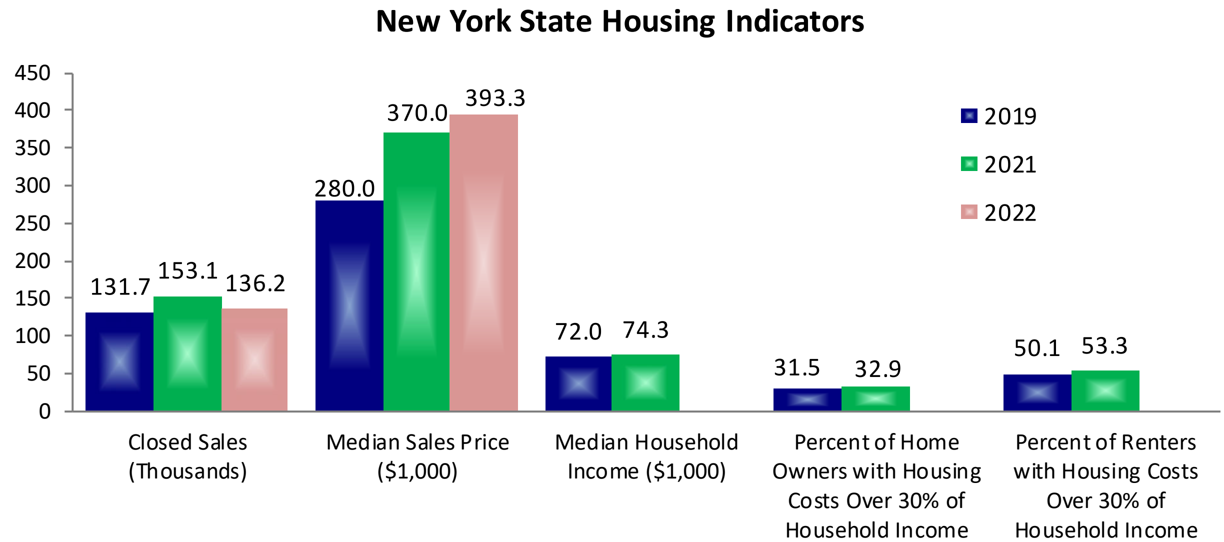
The state's housing market was also solid through the pandemic. The number of closed sales rose 16.2 percent from 131,700 units in 2019 to 153,100 units in 2021. As the inventory of homes for sale fell, and sales rose, median home prices increased sharply by 32.1 percent during this period, while median household income rose by only 3.2 percent. As home prices grew much faster than households income, together with rising mortgage rates, housing has become less affordable. Rising home prices also put upward pressure on rental prices and increased the housing cost burden on New Yorkers.[27] The proportion of both homeowners and renters in the state who paid more than 30 percent of their income on housing cost have increased following the pandemic. In New York State, renters are more likely to face a housing cost burden than homeowners. Overall, the proportion of homeowners who paid more than 30 percent of their income for housing rose from 31.5 percent in 2019 to 32.9 percent in 2021. In comparison, about half of renters paid more than 30 percent of their income for housing in 2019, and this proportion increased to 53.3 percent in 2021. Falling affordability has caused market activity to slow in 2022. Closed sales fell 11.6 percent in 2022. Despite slow sales, prices continued to rise and put downward pressure on affordability (see Figure 64).[28]

---

[26] National Bureau of Economic Research, "Housing Demand and Remote Work," May 2022, https://www.nber.org/system/files/working_papers/w30041/w30041.pdf.

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

[28] New York State Association of Realtors, 2022 Annual Housing Market Report, https://www.nysar.com/wp-content/uploads/2023/01/NYSAE_ANN_2022.



Note: Median houshold income and housing cost data are not available for 2022.
Sources: U.S. Census Bureau; New York State Association of REALTORS.

Figure 64

The housing market is very regional and vary widely across the state. Each area has experienced different levels of competition and affordability. Housing in upstate has long been more affordable than that of downstate. In the fourth quarter of 2019, prior to the pandemic, over 80 percent of homes sold in most upstate metros were affordable to median income families, while 56.2 percent of homes sold in Nassau County-Suffolk County and only 36.4 percent of homes sold in New York-Jersey City-White Plains were affordable to families earning the area's median income.

Rapid home price growth, which outpaced growth in household income, and rising interest rates have reduced housing affordability across that state, albeit to different degrees. Most areas have seen the affordability, as measured by the Housing Opportunity Index, fall from the fourth quarter of 2019 to the fourth quarter of 2022.[29] Nassau County-Suffolk County was the least affordable area in the state with only 8.3 percent of homes sold in the fourth quarter of 2022 being affordable to median income households (see Table 11).

[29] According to the National Association of Home Builders The NAHB/Wells Fargo Housing Opportunity Index (HOI) for a given area is defined as the share of homes sold in that area that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria, https://www.nahb.org/news-and-economics/housing-economics/indices/housing-opportunity-index.

Table 11

New York State Housing Affordabilty						
	2019Q4			2022Q4		
	Median Family Income ($1,000)	Median Home Price ($1,000)	Housing Opportunity Index	Median Family Income ($1,000)	Median Home Price ($1,000)	Housing Opportunity Index
Metropolitan Statistical Area						
Albany-Schenectady-Troy	89.9	195.0	85.5	106.0	273.0	62.6
Binghamton	70.5	110.0	90.0	76.4	154.0	75.5
Buffalo-Cheektowaga	76.9	151.0	84.9	87.7	218.0	65.0
Elmira	74.0	97.0	93.1	77.9	125.0	86.0
Glens Falls	69.7	169.0	80.2	86.3	242.0	55.8
Ithaca	83.9	204.0	77.6	100.3	264.0	55.6
Kingston	83.3	225.0	72.6	96.0	350.0	35.8
Nassau County-Suffolk County*	124.0	465.0	56.2	146.4	679.0	8.3
New York-Jersey City-White Plains*	79.3	450.0	36.4	99.0	675.0	14.2
Rochester	75.7	147.0	84.0	91.5	184.0	74.6
Syracuse	79.5	136.0	89.2	91.1	221.0	62.2
Uitca-Rome	70.4	120.0	88.3	82.4	140.0	81.4
Watertown-Fort Drum	58.6	148.0	80.1	72.7	178.0	70.3

Note: *Indicate Metropolitan Divisions. All others are Metropolitan Statistical Areas. The Housing Opportunity Index is defined as the share of homes sold in the area that would have been affordable to a family earning the median income (i.e., the total monthly payment is less than 28 percent of the monthly median household income).
Sources: National Association of Home Builders.

Despite falling affordability, most upstate metros continued to rank in the top fifty most affordable among 235 metro areas nationwide.[30] However, affordability in some downstate areas, were among the lowest in the nation. This low affordability can lead to higher economic inequality, increasing homelessness, and those middle- and low-income households may be forced to relocate out of those areas.

Office Market

With over 460 million square feet of office space in the fourth quarter of 2022, Manhattan is the largest office market in the nation and plays an important role in the New York City economy. Historically, Manhattan's office market tended to outperform the national average with higher rental prices and a lower vacancy rate.

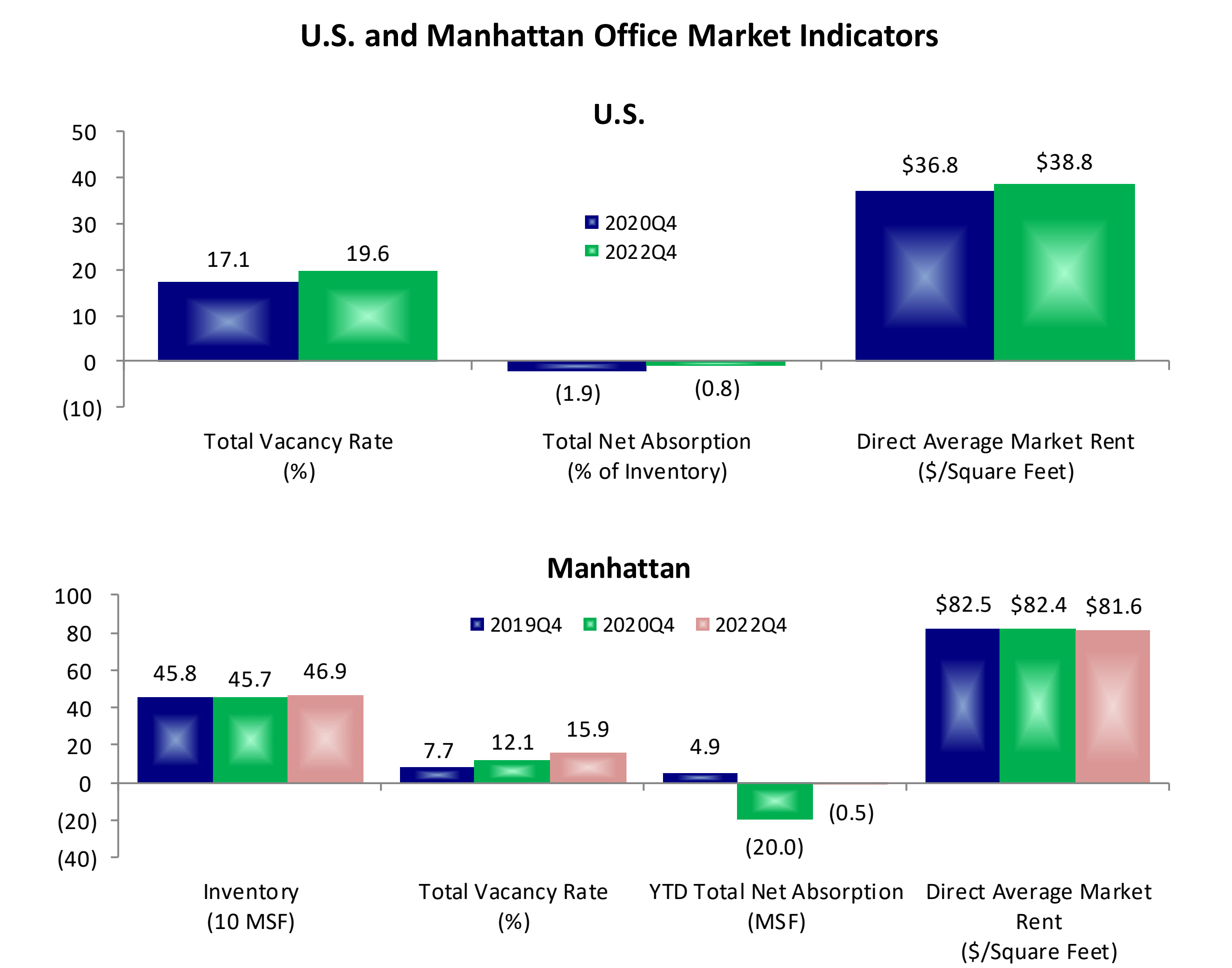
Demand for office space fell sharply during the pandemic as companies laid off workers or shifted to remote work. As a result, the national total office vacancy rate rose from

[30] National Association of Home Builders, Housing Opportunity Index: 4th Quarter 2022.

14.3 percent in the fourth quarter of 2019 to 17.1 percent in the fourth quarter of 2020. The vacancy rate in Manhattan also increased but remained lower than the national average at 12.1 percent in the fourth quarter of 2020. Despite slow leasing activity during the pandemic, the direct average market rent in Manhattan remained stable at around $82 per square foot, much higher than the national average of $36.8 in the fourth quarter of 2020.

Although the economy rebounded strongly in 2021 and employment in most office-using sectors grew, this did not bring much relieve to the office market as firms continued to have their employees working remotely. Total net absorption rate continued to fall and the total vacancy rate continued to rise in both the state and the nation in the fourth quarter of 2022. The direct average market rent in Manhattan also fell slightly from $82.4 per square foot in the fourth quarter of 2020 to $81.6 per square foot in the fourth quarter of 2022, while it increased nationally (see Figure 65).

Employment in most sectors, including office-using sectors, are expected to grow in 2023 and 2024. The recovery of office employment, however, may not necessarily translate to an increase in the demand for office space. If firms find that work-from-home is indeed an effective way of doing business, they might make this change permanent which will reduce the need for office space. As a result, the demand for office space might not increase even when office employment rises. In addition, there are over 16 million square feet of office space currently under construction in Manhattan. This may create excess supply and cause an unfavorable impact on New York City's office market and economy.

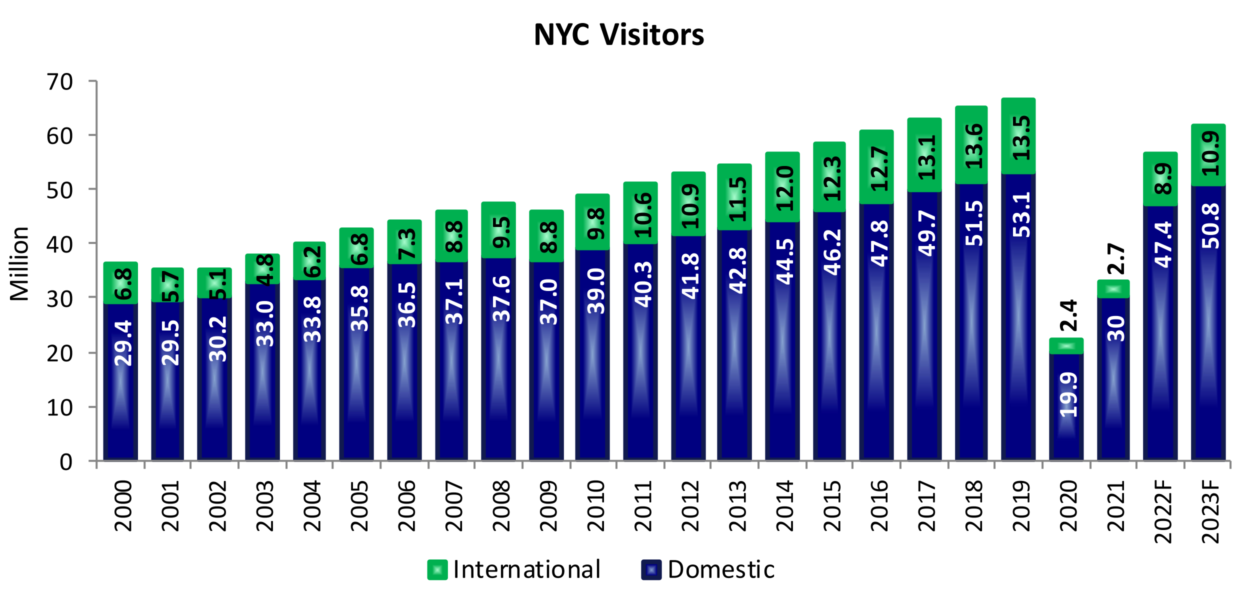


Source: Jones Lang LaSalle.

Figure 65

Tourism

Travel and tourism is an important sector in the state, especially for New York City, which is one of the major tourist destinations in the world. The number of visitors to New York City had been increasing every year since 2010 to the recent peak of 66.6 million in 2019. A decrease in economic activities and tourism due to the pandemic led to a huge drop in the demand for travel. Foreign and domestic visitors to New York City fell sharply by 44.3 percent from 66.6 million in 2019 to 22.3 million in 2020. As the economy reopened and travel resumed, the number of visitors to New York City rebounded in 2021 and 2022. This trend is expected to continue. However, the number of visitors is not expected to reach its pre-pandemic level until 2024 (see Figure 66).



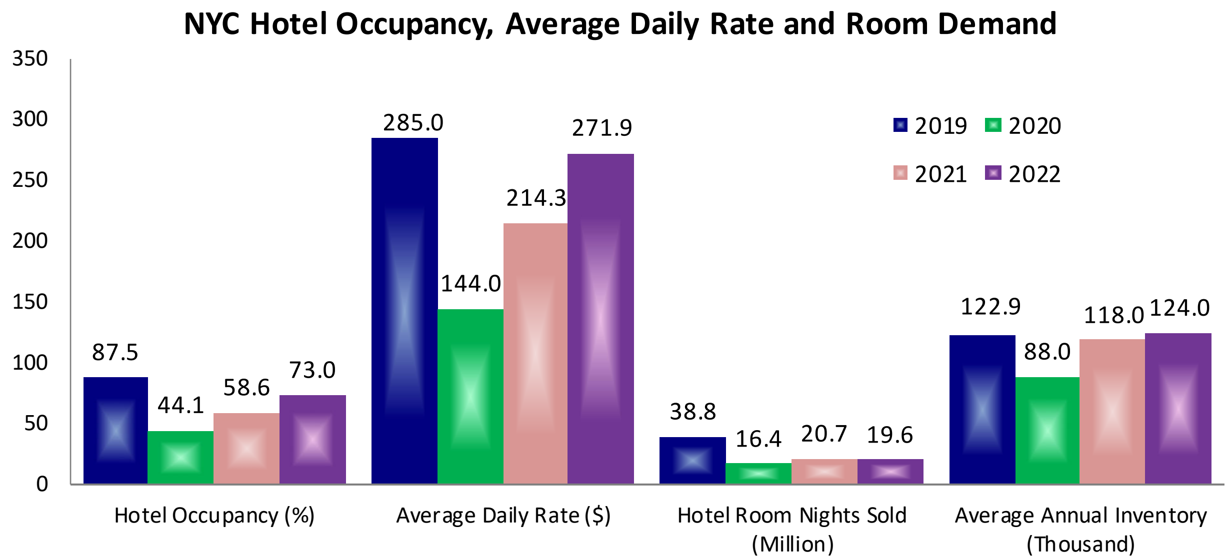
Source: NYC & Company.

Figure 66

As the number of visitors dropped, hotel industry performance in Manhattan also deteriorated significantly in 2020. This led to a decline in tax revenue of $1.2 billion.[31] As tourism activities started to return in 2021, the industry performance has also improved. After falling sharply by almost 60 percent from 38.8 million in 2019 to 16.4 million in 2020, total hotel room nights sold rose 26.6 percent in 2021 and is on pace to grow further. Consequently, the hotel occupancy rate in Manhattan rose from 44.1 percent in 2020 to 73 percent in the first ten

[31] Office of the State Comptroller, The Tourism Industry in New York City: Reigniting the Return, https://www.osc.state.ny.us/files/reports/osdc/pdf/report-2-2022.pdf.

months of 2022. Similarly, the average daily rate of hotel room in Manhattan increased by over 80 percent from $144.0 in 2020 to $271.9 in the first ten months of 2022. Increasing demand also have encouraged hotels to reopen; thus, the average annual inventory rose 40.9 percent from 88,000 rooms in 2019 to 124,000 in the first ten months of 2022 (see Figure 67).[32]



Note: Data for 2022 are for the first ten months.
Source: NYC & Company.

Figure 67

With the global economy expected to continue to improve, travel and tourism activities are expected to grow. However, it will take some time for the activities to return to the levels seen prior to the pandemic. The NYC & Company forecasted that the total number of visitors to New York City will not return to the pre-pandemic level until 2024.[33]

[32] NYC & Company, NYC Hotel Occupancy, ADR & Room Demand, https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/newyorkcity/FYI_HotelReport_October2022_bd6b977f-b573-4715-a7a2-99789ef94584.pdf.

[33] NYC & Company, NYC & Company Annual Report 2021, https://indd.adobe.com/view/fd577ee4-8f77-4a72-a358-88688e9b3d71?cid=NYCEM_MEM_AnnualReport_20220330.

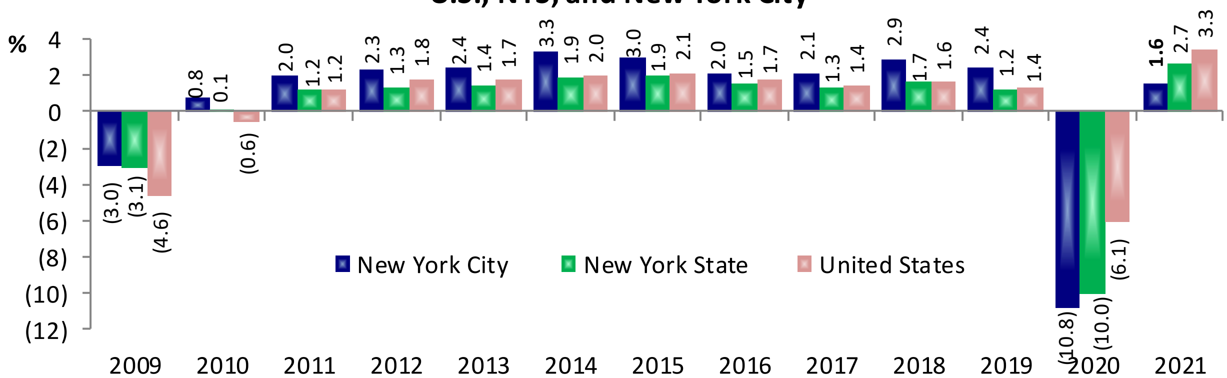
NEW YORK STATE REGIONAL SNAPSHOTS

New York City

Key Economic Indicators 2021			
Employment (million)	4.059	Share of State Personal Income (%)	46.4
Share of State Employment (%)	46.2	Per Capita Personal Income	$83,529
Unemployment Rate (12/2022) (%)	5.3	Population (million)	8.47
Total Wages (billion)	461.8	Share of State Population (%)	42.7
Share of State Wages (%)	59.6	Population Growth (%)	(3.5)
Average Wage	$113,770	Persons in Poverty	1,504,056
Personal Income (billion)	$707.3	Poverty Rate (%)	17.8

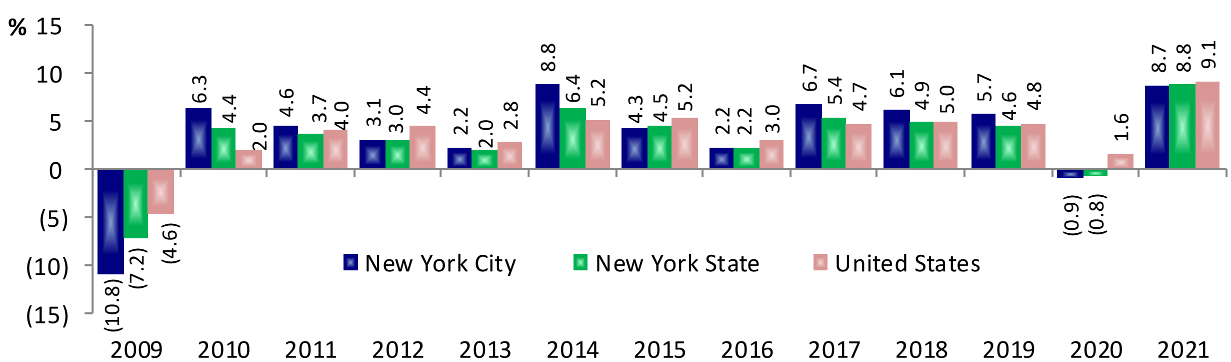
Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.

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



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

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



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

New York City

New York City Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimate			
	New York City	**New York State**	**United States**
Total, 16 years and over	**7.5**	**6.2**	**5.5**
By gender:			
Male	7.9	6.6	5.5
Female	7.0	5.9	5.4
By age group:			
16-24	17.2	13.5	11.3
25-34	7.3	6.6	5.7
35-44	6.2	5.0	4.4
45-54	6.1	4.7	4.0
55+	6.0	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	5.5	5.0	4.6
Black or African American, Including Hispanics or Latinos	9.7	9.2	9.2
Asian, Including Hispanics or Latinos	6.1	5.7	4.6
Other Race, Including Hispanics or Latinos	10.1	9.0	6.6
Hispanic or Latino	9.3	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	6.5	5.3	4.6
Less than high school graduate	9.9	9.2	8.1
High school graduate	8.4	6.9	6.1
Some college or associate's degree	7.9	5.8	4.8
Bachelor's degree or higher	4.4	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

New York City

New York City Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$113,770**	**(10.8)**	**1.6**	**(6.1)**	**4,481.5**	**4,059.2**	**100.0**	**100.0**
Private	$117,894	(12.4)	2.3	(6.3)	3,905.5	3,500.1	87.1	86.2
Manufacturing[1]	$68,562	(20.6)	2.2	(13.7)	66.6	54.	1.5	1.3
Management	$239,582	(13.6)	(0.2)	(7.2)	73.1	63.1	1.6	1.6
Wholesale Trade	$112,635	(12.7)	0.8	(8.7)	130.7	115.0	2.9	2.8
Real Estate, Rental, & Leasing	$95,204	(6.1)	(1.6)	(8.8)	134.3	124.1	3.0	3.1
Transportation & Utilities[2]	$72,735	(13.3)	4.5	(3.1)	145.8	132.2	3.3	3.3
Construction	$89,518	(13.7)	1.3	(13.0)	156.1	136.4	3.5	3.4
Information	$191,377	(1.1)	5.0	(0.0)	203.5	211.4	4.5	5.2
Retail Trade	$53,956	(17.2)	1.6	(12.5)	342.6	288.4	7.6	7.1
Leisure & Hospitality	$53,000	(40.8)	9.6	(19.9)	462.9	300.6	10.3	7.4
Finance & Insurance	$373,777	(1.6)	(1.5)	(2.2)	338.8	328.5	7.6	8.1
Other Services[3]	$66,322	(20.8)	1.0	(9.6)	449.6	359.5	10.0	8.9
Professional Services	$166,901	(2.0)	0.4	(2.3)	411.6	405.2	9.2	10.0
Government	$87,956	0.1	(3.0)	(4.2)	576.1	559.1	12.9	13.8
Education & Health Care[4]	$62,015	(4.1)	2.9	(1.1)	977.3	964.5	21.8	23.8

Note: Industries ranked by 2021 employment.

[1] Does not include mining.

[2] Transportation, warehousing, and utilities.

[3] Does not include administrative, support, and waste management services.

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

Source: Bureau of Labor Statistics.

New York City

New York City Wages by Sector

	Average Wage 2021	Change (%) Recession 2019-20	Change (%) Recovery 2020-21	Change (%) From Previous Peak 2020Q1-2022Q1	Level (Billion $) 2019	Level (Billion $) 2021	Share (%) 2019	Share (%) 2021
Total Nonfarm	**$113,770**	**(0.9)**	**8.7**	**12.1**	**428.6**	**461.8**	**100.0**	**100.0**
Private	$117,894	(1.3)	9.5	12.6	381.6	412.6	89.0	89.4
Leisure & Hospitality	$53,000	(38.1)	18.6	(12.7)	21.7	15.9	5.1	3.4
Retail Trade	$53,956	(9.7)	7.8	(1.4)	16.0	15.6	3.7	3.4
Education & Health Care[1]	$62,015	2.6	5.5	8.0	55.3	59.8	12.9	13.0
Other Services[2]	$66,322	(11.4)	(6.3)	(5.1)	28.7	23.8	6.7	5.2
Manufacturing[3]	$68,562	(15.8)	3.2	(6.4)	4.3	3.7	1.0	0.8
Transportation & Utilities[4]	$72,735	(9.8)	10.0	5.3	9.7	9.6	2.3	2.1
Government	$87,956	2.6	2.1	6.2	46.9	49.2	11.0	10.6
Construction	$89,518	(10.5)	4.0	(6.9)	13.1	12.2	3.1	2.6
Real Estate, Rental, & Leasing	$95,204	(1.7)	4.0	(1.8)	11.6	11.8	2.7	2.6
Wholesale Trade	$112,635	(5.3)	7.7	2.8	12.7	13.0	3.0	2.8
Professional Services	$166,901	4.3	11.0	15.6	58.4	67.6	13.6	14.6
Information	$191,377	11.4	15.0	14.2	31.6	40.5	7.4	8.8
Management	$239,582	(5.1)	10.7	11.6	14.4	15.1	3.4	3.3
Finance & Insurance	$373,777	4.8	13.2	22.7	103.5	122.8	24.2	26.6

Note: Industries ranked by average wage.

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

[2] Does not include administrative, support, and waste management services.

[3] Does not include mining.

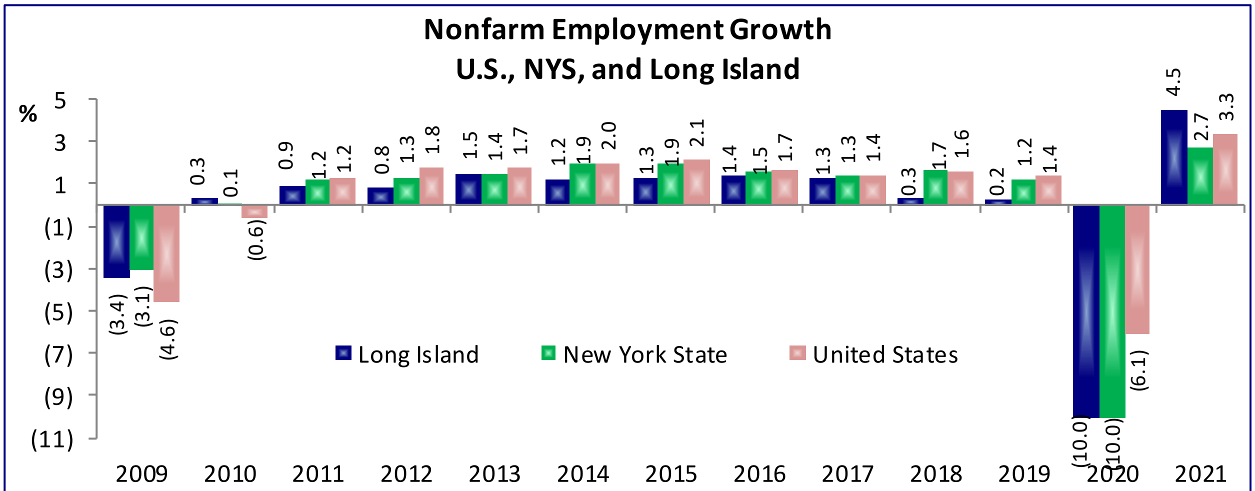
[4] Transportation, warehousing, and utilities.

Source: Bureau of Labor Statistics.

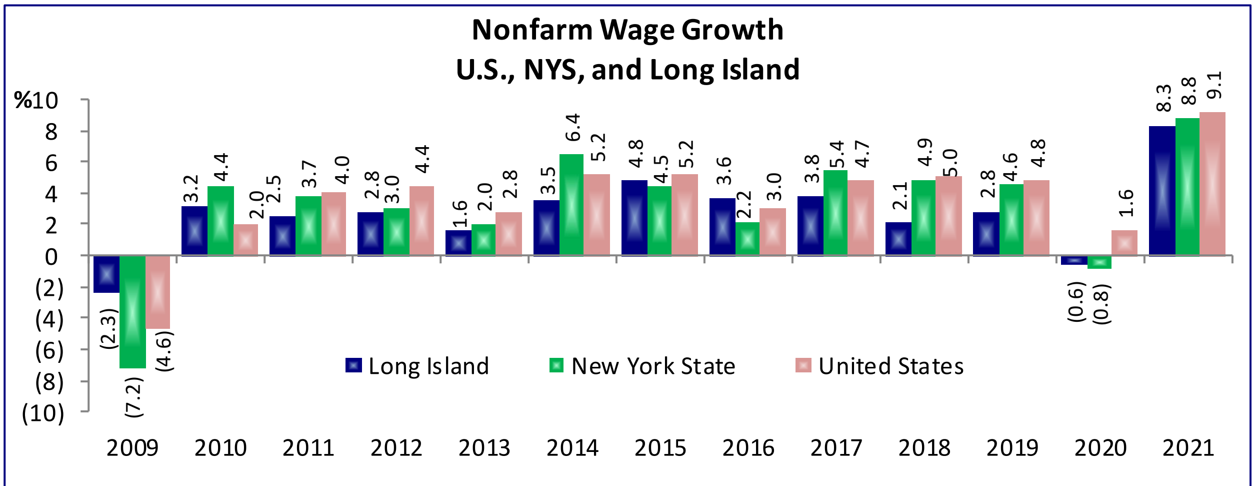
Long Island

Key Economic Indicators 2021			
Employment (million)	1.216	Share of State Personal Income (%)	16.7
Share of State Employment (%)	13.8	Per Capita Personal Income	$90,029
Unemployment Rate (12/2022) (%)	2.4	Population (million)	2.92
Total Wages (billion)	87.4	Share of State Population (%)	14.7
Share of State Wages (%)	11.3	Population Growth (%)	(0.0)
Average Wage	$71,860	Persons in Poverty	179,058
Personal Income (billion)	$262.6	Poverty Rate (%)	6.1

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



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



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

Long Island

Long Island Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Long Island	**New York State**	**United States**
Total, 16 years and over	**4.7**	**6.2**	**5.5**
By gender:			
Male	4.8	6.6	5.5
Female	4.5	5.9	5.4
By age group:			
16-24	10.9	13.5	11.3
25-34	5.2	6.6	5.7
35-44	3.1	5.0	4.4
45-54	3.5	4.7	4.0
55+	3.7	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	4.3	5.0	4.6
Black or African American, Including Hispanics or Latinos	6.3	9.2	9.2
Asian, Including Hispanics or Latinos	4.0	5.7	4.6
Other Race, Including Hispanics or Latinos	5.6	9.0	6.6
Hispanic or Latino	4.7	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	3.8	5.3	4.6
Less than high school graduate	5.7	9.2	8.1
High school graduate	5.1	6.9	6.1
Some college or associate's degree	4.3	5.8	4.8
Bachelor's degree or higher	2.8	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Long Island

Long Island Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$71,860**	**(10.0)**	**4.5**	**(2.8)**	**1,293.2**	**1,216.1**	**100.0**	**100.0**
Private	$69,657	(11.0)	5.2	(2.8)	1,110.3	1,039.7	85.9	85.5
Information	$113,909	(8.1)	(2.7)	(1.3)	15.1	13.5	1.2	1.1
Management	$131,450	(7.0)	5.2	2.2	13.8	13.5	1.1	1.1
Real Estate, Rental, & Leasing	$79,247	(6.2)	5.3	(6.3)	17.8	17.6	1.4	1.4
Transportation & Utilities[1]	$66,010	(10.4)	7.4	0.6	41.2	39.7	3.2	3.3
Finance & Insurance	$165,989	(2.3)	0.1	(1.0)	48.7	47.6	3.8	3.9
Wholesale Trade	$93,713	(9.5)	0.3	(5.2)	62.3	56.5	4.8	4.6
Manufacturing[2]	$76,280	(7.7)	2.9	(12.3)	70.5	66.9	5.4	5.5
Professional Services	$93,230	(5.8)	2.7	(4.9)	75.7	73.3	5.9	6.0
Construction	$80,753	(11.0)	4.3	(2.9)	81.2	75.3	6.3	6.2
Leisure & Hospitality	$33,383	(24.7)	17.6	(2.7)	127.5	112.9	9.9	9.3
Other Services[3]	$51,898	(14.0)	7.7	(1.1)	128.5	119.1	9.9	9.8
Retail Trade	$44,764	(12.8)	4.6	(1.1)	156.5	142.7	12.1	11.7
Government	$84,838	(4.3)	0.8	(2.4)	182.8	176.4	14.1	14.5
Education & Health Care[4]	$67,368	(7.2)	2.9	(3.7)	267.0	254.9	20.6	21.0

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include mining.

[3] Does not include administrative, support, and waste management services.

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

Source: Bureau of Labor Statistics.

Long Island

Long Island Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$71,860**	**(0.6)**	**8.3**	**8.3**	**81.1**	**87.4**	**100.0**	**100.0**
Private	$69,657	(0.8)	9.1	9.6	66.9	72.4	82.5	82.9
Leisure & Hospitality	$33,383	(18.2)	27.3	9.5	3.6	3.8	4.5	4.3
Retail Trade	$44,764	(3.8)	12.8	10.2	5.9	6.4	7.3	7.3
Other Services[1]	$51,898	(3.5)	15.2	9.2	5.6	6.2	6.8	7.1
Transportation & Utilities[2]	$66,010	(3.0)	8.5	14.7	2.5	2.6	3.1	3.0
Education & Health Care[3]	$67,368	1.9	6.0	6.6	15.9	17.2	19.6	19.7
Manufacturing[4]	$76,280	(2.5)	7.0	6.9	4.9	5.1	6.0	5.8
Leasing	$79,247	2.1	9.5	2.3	1.2	1.4	1.5	1.6
Construction	$80,753	(8.7)	6.7	(0.5)	6.2	6.1	7.7	7.0
Government	$84,838	0.7	4.6	13.6	14.2	15.0	17.5	17.1
Professional Services	$93,230	(2.3)	9.2	3.2	6.4	6.8	7.9	7.8
Wholesale Trade	$93,713	(4.7)	7.2	6.8	5.2	5.3	6.4	6.1
Information	$113,909	5.0	3.2	(0.9)	1.4	1.5	1.7	1.8
Management	$131,450	(1.1)	12.3	7.0	1.6	1.8	2.0	2.0
Finance & Insurance	$165,989	19.2	5.8	23.5	6.3	7.9	7.7	9.0

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

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

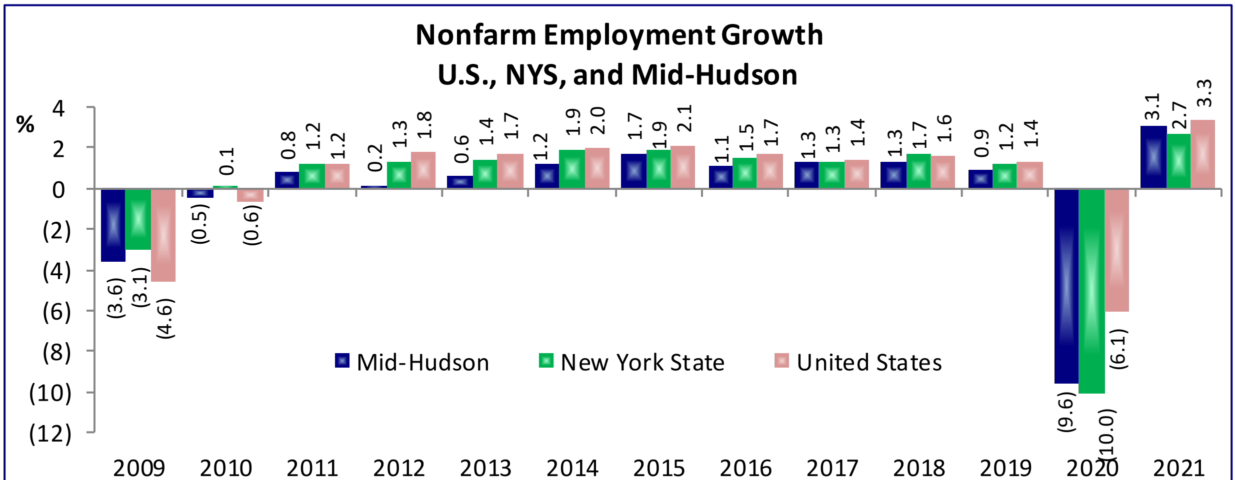
[4] Does not include mining.

Source: Bureau of Labor Statistics.

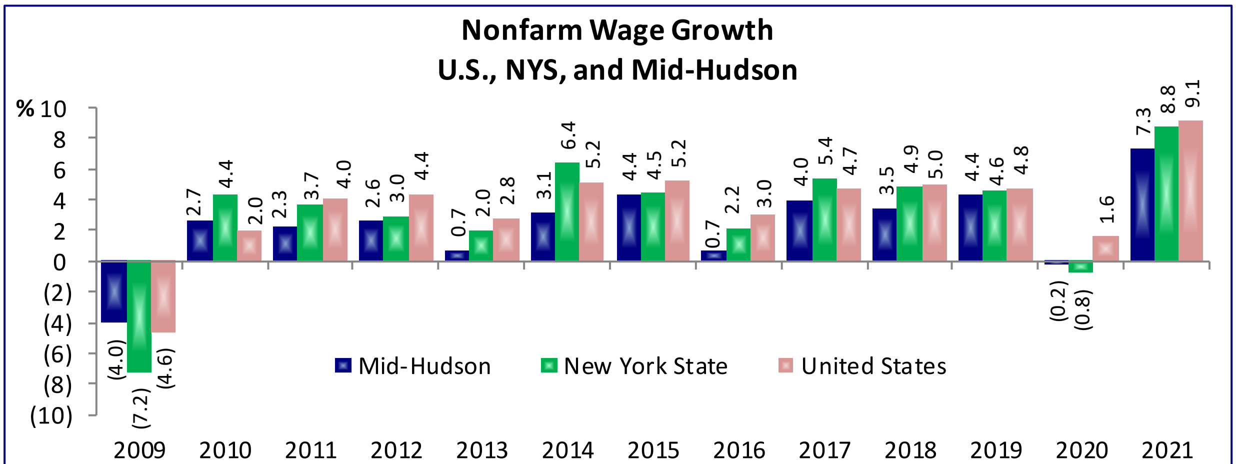
Mid-Hudson

Key Economic Indicators 2021			
Employment (million)	0.871	Share of State Personal Income (%)	13.5
Share of State Employment (%)	9.9	Per Capita Personal Income	$75,232
Unemployment Rate (12/2022) (%)	2.5	Population (million)	2.40
Total Wages (billion)	62.9	Share of State Population (%)	12.1
Share of State Wages (%)	8.1	Population Growth (%)	0.1
Average Wage	$72,256	Persons in Poverty	257,007
Personal Income (billion)	$180.5	Poverty Rate (%)	10.7

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



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



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

Hudson Valley Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Hudson Valley	**New York State**	**United States**
Total, 16 years and over	**5.8**	**6.2**	**5.5**
By gender:			
Male	6.0	6.6	5.5
Female	5.5	5.9	5.4
By age group:			
16-24	12.9	13.5	11.3
25-34	6.7	6.6	5.7
35-44	4.2	5.0	4.4
45-54	3.9	4.7	4.0
55+	4.6	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	5.3	5.0	4.6
Black or African American, Including Hispanics or Latinos	7.1	9.2	9.2
Asian, Including Hispanics or Latinos	5.0	5.7	4.6
Other Race, Including Hispanics or Latinos	6.9	9.0	6.6
Hispanic or Latino	7.0	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	4.8	5.3	4.6
Less than high school graduate	7.4	9.2	8.1
High school graduate	6.0	6.9	6.1
Some college or associate's degree	5.3	5.8	4.8
Bachelor's degree or higher	3.6	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Mid-Hudson

Mid Hudson Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$72,256**	**(9.6)**	**3.1**	**(4.2)**	**934.3**	**870.8**	**100.0**	**100.0**
Private	$69,825	(10.6)	3.8	(4.3)	786.6	730.3	84.2	83.9
Management	$163,297	(3.6)	(0.9)	(3.5)	12.8	12.3	1.4	1.4
Information	$114,710	(7.8)	(2.9)	(5.5)	14.3	12.8	1.5	1.5
Real Estate, Rental, & Leasing	$70,442	(6.7)	(0.7)	(3.6)	16.7	15.4	1.8	1.8
Finance & Insurance	$155,528	(2.4)	(1.3)	(5.5)	27.9	26.9	3.0	3.1
Wholesale Trade	$88,985	(5.7)	0.1	1.6	30.7	29.0	3.3	3.3
Transportation & Utilities[1]	$74,398	(13.7)	10.1	(2.1)	32.4	30.7	3.5	3.5
Manufacturing[2]	$91,258	(6.6)	1.3	(12.5)	43.7	41.4	4.7	4.8
Professional Services	$142,088	(3.6)	1.9	(3.8)	46.0	45.2	4.9	5.2
Construction	$75,586	(10.0)	4.9	(8.4)	56.1	52.9	6.0	6.1
Leisure & Hospitality	$32,298	(28.4)	16.0	(3.2)	94.3	78.3	10.1	9.0
Other Services[3]	$47,789	(12.7)	4.4	(3.9)	91.9	83.8	9.8	9.6
Retail Trade	$41,823	(10.0)	4.0	0.9	112.0	104.8	12.0	12.0
Government	$84,891	(4.2)	(0.7)	(3.9)	147.7	140.5	15.8	16.1
Education & Health Care[4]	$62,449	(7.0)	1.1	(7.1)	205.1	192.8	21.9	22.1

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include mining.

[3] Does not include administrative, support, and waste management services.

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

Source: Bureau of Labor Statistics.

Mid-Hudson

Mid Hudson Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$72,256**	**(0.2)**	**7.3**	**5.7**	**58.7**	**62.9**	**100.0**	**100.0**
Private	$69,825	(0.4)	7.4	4.4	47.7	51.0	81.1	81.0
Leisure & Hospitality	$32,298	(22.5)	23.7	1.6	2.6	2.5	4.5	4.0
Retail Trade	$41,823	(1.0)	11.7	11.1	4.0	4.4	6.7	7.0
Other Services[1]	$47,789	(5.8)	9.3	3.2	3.9	4.0	6.6	6.4
Education & Health Care[2]	$62,449	0.9	8.9	7.0	11.0	12.0	18.7	19.1
Real Estate, Rental, & Leasing	$70,442	4.2	(3.5)	6.0	1.1	1.1	1.8	1.7
Transportation & Utilities[3]	$74,398	(7.6)	16.2	7.4	2.1	2.3	3.6	3.6
Construction	$75,586	(8.6)	7.1	11.6	4.1	4.0	7.0	6.4
Government	$84,891	0.8	6.8	1.4	11.1	11.9	18.9	19.0
Wholesale Trade	$88,985	(3.0)	6.4	11.6	2.5	2.6	4.3	4.1
Manufacturing[4]	$91,258	(1.0)	4.0	6.0	3.7	3.8	6.2	6.0
Information	$114,710	4.1	17.9	1.3	1.2	1.5	2.0	2.3
Professional Services	$142,088	24.0	3.2	7.0	5.0	6.4	8.5	10.2
Finance & Insurance	$155,528	1.6	(1.2)	2.6	4.2	4.2	7.1	6.6
Management	$163,297	(9.0)	(1.4)	0.3	2.2	2.0	3.8	3.2

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

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

[3] Transportation, warehousing, and utilities.

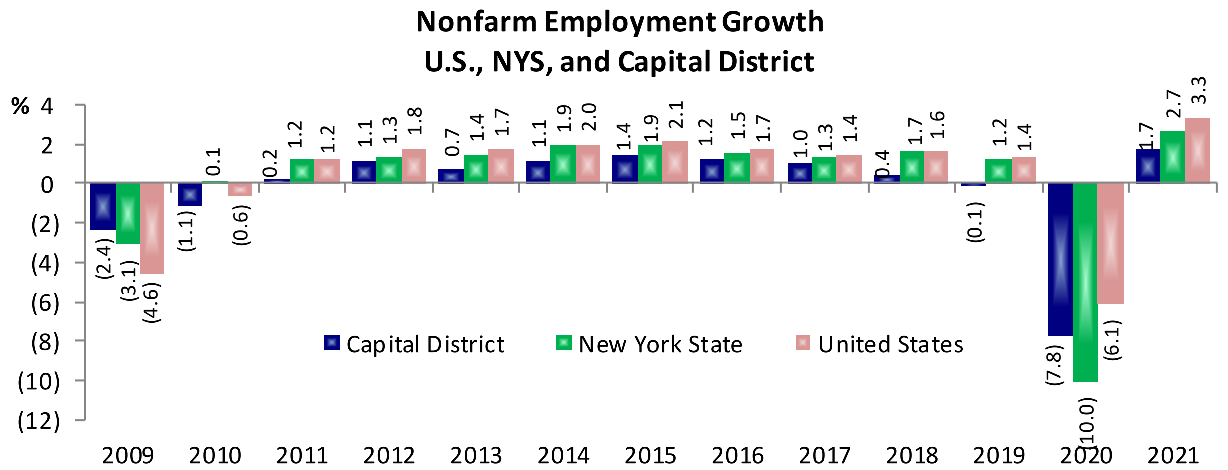
[4] Does not include mining.

Source: Bureau of Labor Statistics.

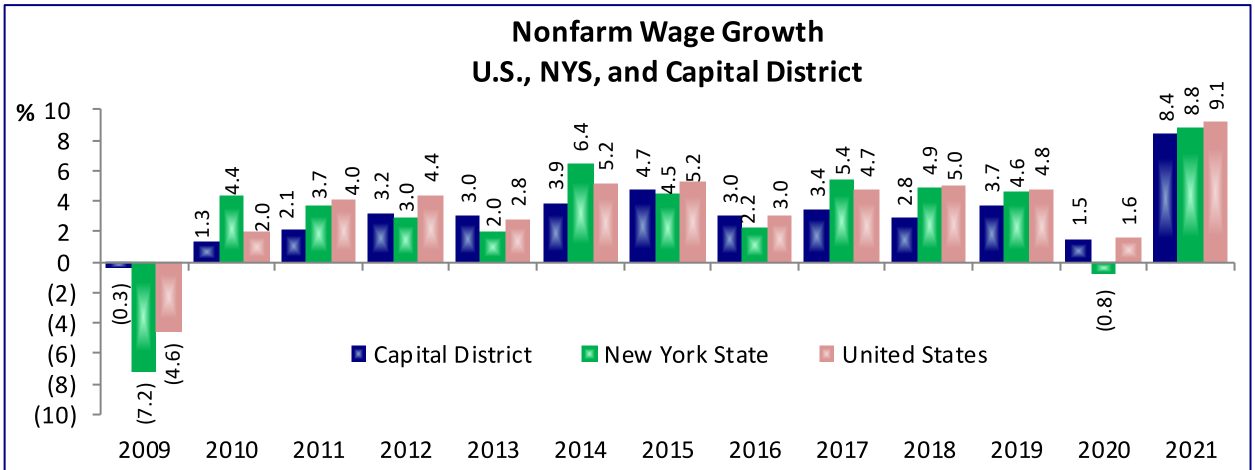
Capital District

Key Economic Indicators 2021			
Employment (million)	0.493	Share of State Personal Income (%)	4.6
Share of State Employment (%)	5.6	Per Capita Personal Income	$66,212
Unemployment Rate (12/2022) (%)	2.6	Population (million)	1.11
Total Wages (billion)	32.2	Share of State Population (%)	5.6
Share of State Wages (%)	4.2	Population Growth (%)	0.1
Average Wage	$65,294	Persons in Poverty	118,193
Personal Income (billion)	$73.2	Poverty Rate (%)	10.7

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



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



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

Capital District

Capital District Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Capital District	**New York State**	**United States**
Total, 16 years and over	**5.0**	**6.2**	**5.5**
By gender:			
Male	5.1	6.6	5.5
Female	4.9	5.9	5.4
By age group:			
16-24	11.7	13.5	11.3
25-34	4.9	6.6	5.7
35-44	3.7	5.0	4.4
45-54	3.2	4.7	4.0
55+	3.7	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	4.3	5.0	4.6
Black or African American, Including Hispanics or Latinos	10.6	9.2	9.2
Asian, Including Hispanics or Latinos	4.1	5.7	4.6
Other Race, Including Hispanics or Latinos	9.0	9.0	6.6
Hispanic or Latino	8.1	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	3.9	5.3	4.6
Less than high school graduate	8.8	9.2	8.1
High school graduate	5.9	6.9	6.1
Some college or associate's degree	3.9	5.8	4.8
Bachelor's degree or higher	2.3	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Capital District

Capital District Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$65,294**	**(7.8)**	**1.7**	**(4.6)**	**525.8**	**493.2**	**100.0**	**100.0**
Private	$62,161	(8.8)	2.8	(4.3)	412.2	386.7	78.4	78.4
Real Estate, Rental, & Leasing	$58,009	(8.3)	(1.7)	0.9	6.6	6.0	1.3	1.2
Management	$101,714	(4.2)	(3.2)	(8.1)	7.4	6.8	1.4	1.4
Information	$84,851	(4.5)	(4.8)	(4.6)	9.0	8.2	1.7	1.7
Wholesale Trade	$84,799	(4.5)	(1.2)	(7.9)	15.2	14.3	2.9	2.9
Transportation & Utilities[1]	$59,953	(2.4)	13.5	20.1	14.9	16.5	2.8	3.3
Finance & Insurance	$105,522	(2.0)	(1.1)	(2.5)	21.9	21.2	4.2	4.3
Construction	$76,187	(3.4)	2.9	(7.9)	21.9	21.7	4.2	4.4
Professional Services	$94,323	(3.0)	2.1	(2.5)	32.2	31.9	6.1	6.5
Manufacturing[2]	$91,425	(2.9)	1.6	(9.1)	35.2	34.7	6.7	7.0
Other Services[3]	$45,756	(13.6)	6.8	(5.5)	40.2	37.1	7.7	7.5
Leisure & Hospitality	$27,605	(28.8)	15.3	(4.7)	52.1	42.7	9.9	8.7
Retail Trade	$38,123	(7.2)	3.1	(1.6)	56.9	54.4	10.8	11.0
Education & Health Care[4]	$55,779	(6.1)	(2.2)	(5.4)	98.1	90.1	18.7	18.3
Government	$76,673	(4.2)	(2.2)	(10.0)	113.6	106.5	21.6	21.6

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include mining.

[3] Does not include administrative, support, and waste management services.

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

Source: Bureau of Labor Statistics.

Capital District

Capital District Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$65,294**	**1.5**	**8.4**	**11.3**	**29.3**	**32.2**	**100.0**	**100.0**
Private	$62,161	1.8	6.0	6.6	22.3	24.0	76.1	74.7
Leisure & Hospitality	$27,605	(24.6)	27.7	5.5	1.2	1.2	4.2	3.7
Retail Trade	$38,123	2.1	10.2	13.8	1.8	2.1	6.3	6.4
Other Services[1]	$45,756	(2.7)	14.7	(1.8)	1.5	1.7	5.2	5.3
Education & Health Care[2]	$55,779	1.9	2.0	15.6	4.8	5.0	16.5	15.6
Real Estate, Rental, & Leasing	$58,009	1.5	1.3	10.8	0.3	0.3	1.1	1.1
Transportation & Utilities[3]	$59,953	6.2	11.9	24.2	0.8	1.0	2.8	3.1
Construction	$76,187	2.1	7.6	26.9	1.5	1.7	5.1	5.1
Government	$76,673	0.6	16.0	3.2	7.0	8.2	23.9	25.3
Wholesale Trade	$84,799	1.3	3.2	(6.6)	1.2	1.2	4.0	3.8
Information	$84,851	(5.5)	(3.3)	6.0	0.8	0.7	2.6	2.1
Manufacturing[4]	$91,425	11.8	1.9	4.5	2.8	3.2	9.5	9.9
Professional Services	$94,323	2.8	3.8	(10.4)	2.8	3.0	9.6	9.3
Management	$101,714	5.9	6.2	4.3	0.6	0.7	2.1	2.2
Finance & Insurance	$105,522	5.0	6.1	12.9	2.0	2.2	6.9	7.0

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

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

[3] Transportation, warehousing, and utilities.

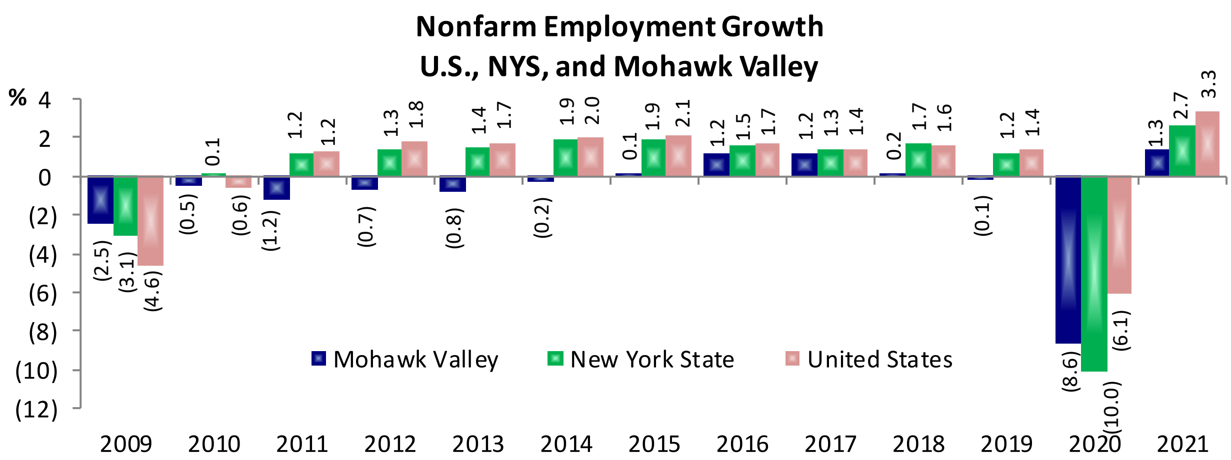
[4] Does not include mining.

Source: Bureau of Labor Statistics.

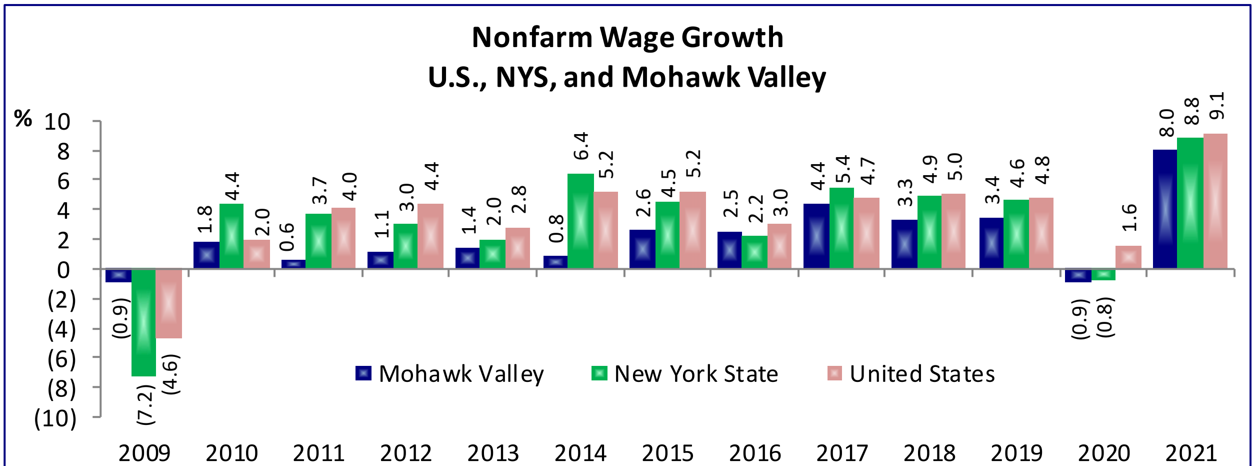
Mohawk Valley

Key Economic Indicators 2021			
Employment (million)	0.156	Share of State Personal Income (%)	1.4
Share of State Employment (%)	1.8	Per Capita Personal Income	$52,233
Unemployment Rate (12/2022) (%)	3.4	Population (million)	0.43
Total Wages (billion)	7.9	Share of State Population (%)	2.2
Share of State Wages (%)	1.0	Population Growth (%)	(0.3)
Average Wage	$50,673	Persons in Poverty	57,381
Personal Income (billion)	$22.3	Poverty Rate (%)	13.4

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



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



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

Mohawk Valley

Mohawk Valley Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Mohawk Valley	**New York State**	**United States**
Total, 16 years and over	**5.2**	**6.2**	**5.5**
By gender:			
Male	5.8	6.6	5.5
Female	4.5	5.9	5.4
By age group:			
16-24	11.4	13.5	11.3
25-34	5.7	6.6	5.7
35-44	4.5	5.0	4.4
45-54	3.3	4.7	4.0
55+	3.5	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	4.9	5.0	4.6
Black or African American, Including Hispanics or Latinos	9.0	9.2	9.2
Asian, Including Hispanics or Latinos	NA	5.7	4.6
Other Race, Including Hispanics or Latinos	9.7	9.0	6.6
Hispanic or Latino	10.5	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	4.2	5.3	4.6
Less than high school graduate	7.0	9.2	8.1
High school graduate	5.9	6.9	6.1
Some college or associate's degree	3.9	5.8	4.8
Bachelor's degree or higher	2.3	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.
Sources: New York State Department of Labor; U.S. Census Bureau.

Mohawk Valley

Mohawk Valley Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$50,673**	**(8.6)**	**1.3**	**(5.2)**	**168.5**	**156.0**	**100.0**	**100.0**
Private	$47,523	(9.3)	2.1	(4.9)	128.4	119.0	76.2	76.2
Management	$90,781	(7.0)	1.4	(1.8)	0.9	0.8	0.5	0.5
Real Estate, Rental, & Leasing	$42,772	(9.2)	0.3	12.5	0.9	0.8	0.6	0.5
Information	$56,429	(14.2)	(7.5)	(5.4)	1.5	1.2	0.9	0.8
Wholesale Trade	$62,850	(10.8)	(2.5)	0.0	3.9	3.4	2.3	2.2
Professional Services	$70,611	(1.7)	1.5	8.6	4.4	4.4	2.6	2.8
Construction	$58,601	(2.9)	(0.5)	(11.9)	4.7	4.5	2.8	2.9
Finance & Insurance	$71,230	(2.0)	3.6	(21.4)	7.1	7.2	4.2	4.6
Other Services[1]	$35,467	(12.8)	1.5	0.5	9.1	8.0	5.4	5.2
Transportation & Utilities[2]	$58,180	(5.6)	8.8	(7.5)	8.3	8.5	4.9	5.5
Leisure & Hospitality	$23,022	(25.6)	13.8	(8.6)	15.0	12.7	8.9	8.1
Manufacturing[3]	$57,743	(11.6)	3.2	(8.1)	16.9	15.4	10.0	9.9
Retail Trade	$34,646	(3.3)	3.9	(2.2)	19.3	19.4	11.5	12.5
Education & Health Care[4]	$47,419	(7.6)	(3.8)	(6.1)	36.2	32.2	21.5	20.6
Government	$60,779	(6.5)	(1.0)	(10.7)	40.1	37.1	23.8	23.8

Note: Industries ranked by 2021 employment.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

[3] Does not include mining.

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

Source: Bureau of Labor Statistics.

Mohawk Valley

Mohawk Valley Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$50,673**	**(0.9)**	**8.0**	**7.8**	**7.4**	**7.9**	**100.0**	**100.0**
Private	$47,523	(0.9)	6.8	6.2	5.3	5.7	72.3	71.5
Leisure & Hospitality	$23,022	(24.2)	20.7	(5.0)	0.3	0.3	4.3	3.7
Retail Trade	$34,646	6.0	11.2	15.8	0.6	0.7	7.7	8.5
Other Services[1]	$35,467	(4.1)	5.5	(2.8)	0.3	0.3	3.8	3.6
Real Estate, Rental, & Leasing	$42,772	0.9	6.9	3.5	0.0	0.0	0.5	0.5
Education & Health Care[2]	$47,419	0.7	0.4	3.3	1.5	1.5	20.4	19.3
Information	$56,429	(6.1)	(4.8)	33.6	0.1	0.1	1.0	0.8
Manufacturing[3]	$57,743	(5.5)	6.2	12.1	0.9	0.9	12.0	11.3
Transportation & Utilities[4]	$58,180	7.9	16.9	(5.2)	0.4	0.5	5.3	6.3
Construction	$58,601	4.6	(1.5)	9.8	0.3	0.3	3.5	3.4
Government	$60,779	(1.1)	11.1	10.9	2.0	2.3	27.7	28.5
Wholesale Trade	$62,850	(7.9)	6.8	9.0	0.2	0.2	2.9	2.7
Professional Services	$70,611	2.4	7.9	(9.6)	0.3	0.3	3.8	3.9
Finance & Insurance	$71,230	4.1	10.0	33.9	0.4	0.5	6.1	6.5
Management	$90,781	(2.8)	27.5	11.8	0.1	0.1	0.8	1.0

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

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

[3] Does not include mining.

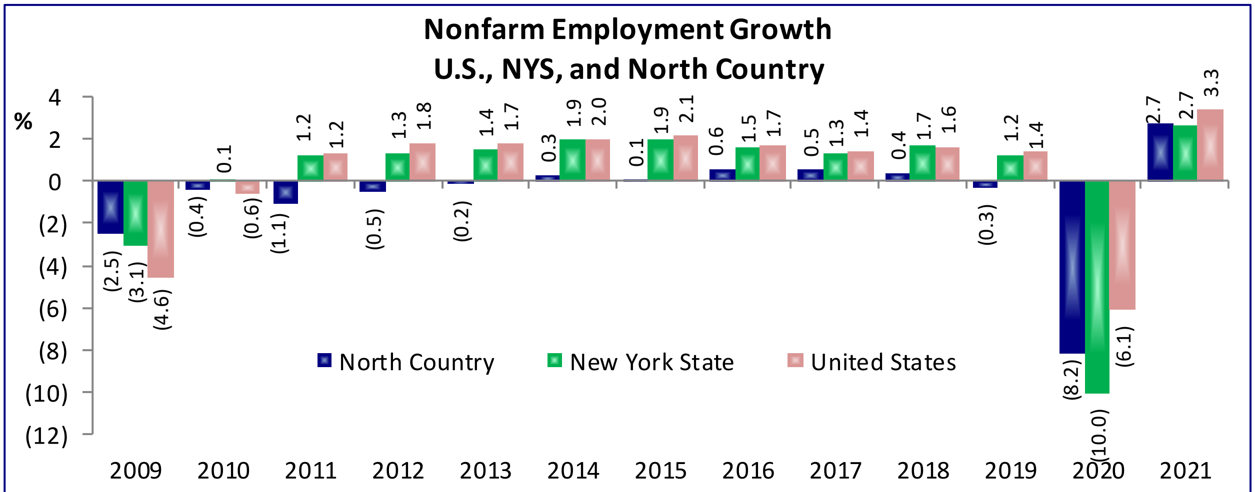
[4] Transportation, warehousing, and utilities.

Source: Bureau of Labor Statistics.

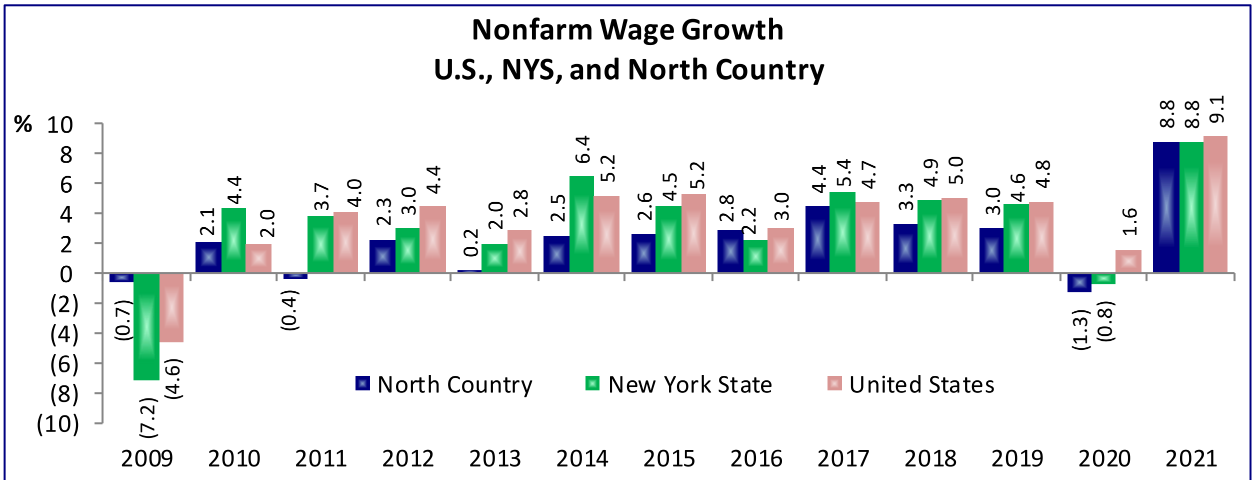
North Country

Key Economic Indicators 2021			
Employment (million)	0.139	Share of State Personal Income (%)	1.3
Share of State Employment (%)	1.6	Per Capita Personal Income	$50,370
Unemployment Rate (12/2022) (%)	3.6	Population (million)	0.42
Total Wages (billion)	7.1	Share of State Population (%)	2.1
Share of State Wages (%)	0.9	Population Growth (%)	(0.1)
Average Wage	$51,518	Persons in Poverty	53,738
Personal Income (billion)	$20.9	Poverty Rate (%)	12.9

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



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



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

North Country

North Country Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	North Country	**New York State**	**United States**
Total, 16 years and over	**5.6**	**6.2**	**5.5**
By gender:			
Male	5.7	6.6	5.5
Female	5.5	5.9	5.4
By age group:			
16-24	10.4	13.5	11.3
25-34	6.5	6.6	5.7
35-44	4.7	5.0	4.4
45-54	3.8	4.7	4.0
55+	4.2	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	5.3	5.0	4.6
Black or African American, Including Hispanics or Latinos	NA	9.2	9.2
Asian, Including Hispanics or Latinos	NA	5.7	4.6
Other Race, Including Hispanics or Latinos	10.4	9.0	6.6
Hispanic or Latino	7.9	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	4.9	5.3	4.6
Less than high school graduate	9.4	9.2	8.1
High school graduate	6.7	6.9	6.1
Some college or associate's degree	4.2	5.8	4.8
Bachelor's degree or higher	3.0	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

North Country

North Country Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$51,518**	**(8.2)**	**2.7**	**(3.6)**	**147.0**	**138.7**	**100.0**	**100.0**
Private	$46,343	(9.1)	4.5	(2.2)	103.0	97.8	70.1	70.6
Management	$71,476	(2.5)	(4.1)	(5.1)	1.1	1.0	0.8	0.7
Information	$54,678	(15.8)	2.6	0.0	1.7	1.4	1.1	1.0
Real Estate, Rental, & Leasing	$40,064	(10.3)	13.1	(4.0)	1.4	1.5	1.0	1.1
Wholesale Trade	$57,215	(9.1)	(6.1)	7.7	2.6	2.2	1.8	1.6
Finance & Insurance	$66,011	(2.1)	1.5	7.7	2.4	2.4	1.6	1.7
Professional Services	$56,582	(0.3)	5.9	2.0	2.9	3.1	2.0	2.2
Transportation & Utilities[1]	$53,974	(4.8)	10.2	(6.7)	4.0	4.1	2.7	3.0
Construction	$64,734	(5.2)	3.9	1.1	5.7	5.6	3.9	4.1
Other Services[2]	$36,955	(14.0)	5.4	(1.5)	7.9	7.1	5.4	5.2
Manufacturing[3]	$60,997	(9.9)	3.3	(8.3)	10.4	9.7	7.1	7.0
Leisure & Hospitality	$24,378	(23.6)	17.7	0.0	15.6	14.0	10.6	10.1
Retail Trade	$34,186	(5.2)	3.7	3.3	19.8	19.5	13.5	14.0
Education & Health Care[4]	$54,267	(4.9)	(0.7)	(6.4)	27.4	25.9	18.6	18.7
Government	$63,917	(6.0)	(1.4)	(7.6)	44.0	40.8	29.9	29.4

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include administrative, support, and waste management services.

[3] Does not include mining.

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

Source: Bureau of Labor Statistics.

North Country

North Country Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$51,518**	**(1.3)**	**8.8**	**10.8**	**6.7**	**7.1**	**100.0**	**100.0**
Private	$46,343	(1.2)	7.7	10.8	4.3	4.5	64.0	63.5
Leisure & Hospitality	$24,378	(17.9)	26.8	14.1	0.3	0.3	4.9	4.8
Retail Trade	$34,186	4.6	9.2	16.7	0.6	0.7	8.8	9.3
Other Services[1]	$36,955	(0.4)	10.6	1.7	0.2	0.3	3.6	3.7
Real Estate, Rental, & Leasing	$40,064	(2.3)	23.1	52.4	0.0	0.1	0.7	0.8
Transportation & Utilities[2]	$53,974	(2.1)	12.9	4.1	0.2	0.2	3.0	3.1
Education & Health Care[3]	$54,267	0.1	2.8	16.1	1.4	1.4	20.5	19.7
Information	$54,678	(0.0)	3.5	10.9	0.1	0.1	1.1	1.1
Professional Services	$56,582	7.4	13.6	8.5	0.1	0.2	2.2	2.5
Wholesale Trade	$57,215	(4.3)	0.6	25.3	0.1	0.1	2.0	1.8
Manufacturing[4]	$60,997	(5.2)	6.4	15.7	0.6	0.6	8.8	8.3
Government	$63,917	(1.5)	10.8	16.0	2.4	2.6	36.0	36.5
Construction	$64,734	0.7	5.2	(0.5)	0.3	0.4	5.2	5.1
Finance & Insurance	$66,011	5.4	7.4	34.7	0.1	0.2	2.1	2.2
Management	$71,476	(1.0)	5.3	0.7	0.1	0.1	1.1	1.0

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

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

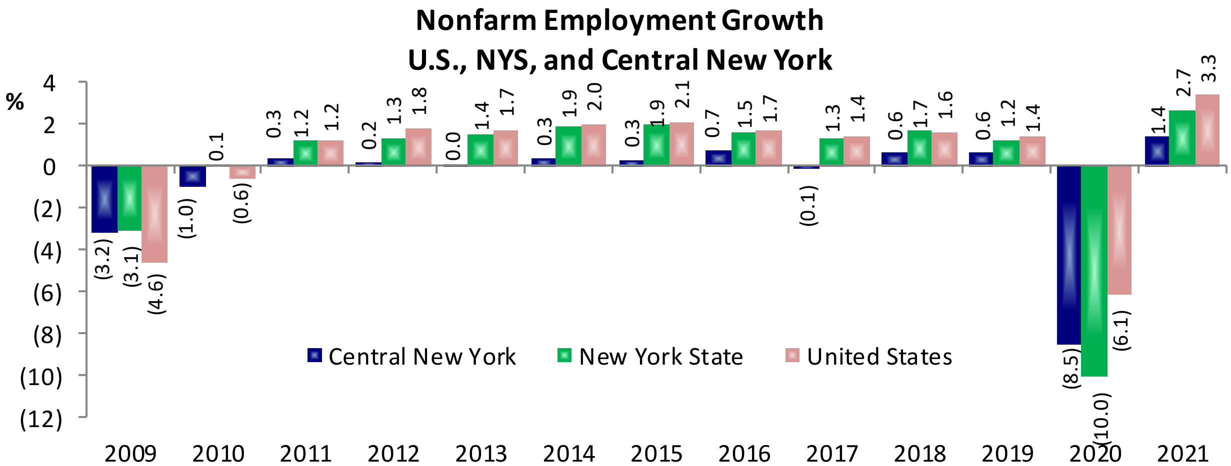
[4] Does not include mining.

Source: Bureau of Labor Statistics.

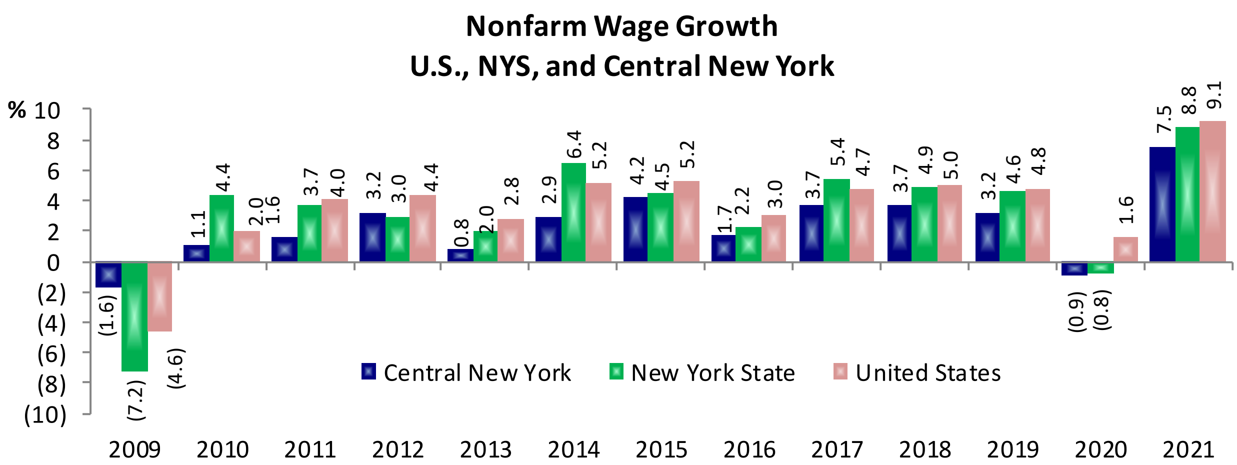
Central New York

Key Economic Indicators 2021			
Employment (million)	0.319	Share of State Personal Income (%)	2.8
Share of State Employment (%)	3.6	Per Capita Personal Income	$56,921
Unemployment Rate (12/2022) (%)	3.0	Population (million)	0.78
Total Wages (billion)	18.8	Share of State Population (%)	3.9
Share of State Wages (%)	2.4	Population Growth (%)	(0.4)
Average Wage	$58,789	Persons in Poverty	104,405
Personal Income (billion)	$44.4	Poverty Rate (%)	13.4

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



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



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

Central New York

Central New York Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Central New York	**New York State**	**United States**
Total, 16 years and over	**5.8**	**6.2**	**5.5**
By gender:			
Male	6.0	6.6	5.5
Female	5.7	5.9	5.4
By age group:			
16-24	11.9	13.5	11.3
25-34	6.2	6.6	5.7
35-44	5.3	5.0	4.4
45-54	4.1	4.7	4.0
55+	3.9	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	5.2	5.0	4.6
Black or African American, Including Hispanics or Latinos	12.4	9.2	9.2
Asian, Including Hispanics or Latinos	7.6	5.7	4.6
Other Race, Including Hispanics or Latinos	8.3	9.0	6.6
Hispanic or Latino	9.3	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	5.0	5.3	4.6
Less than high school graduate	13.1	9.2	8.1
High school graduate	6.8	6.9	6.1
Some college or associate's degree	4.7	5.8	4.8
Bachelor's degree or higher	2.6	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Central New York

Central New York Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$58,789**	**(8.5)**	**1.4**	**(4.5)**	**344.1**	**319.0**	**100.0**	**100.0**
Private	$56,496	(9.3)	1.8	(4.4)	279.9	258.4	81.3	81.0
Real Estate, Rental, & Leasing	$50,796	(7.5)	(2.7)	(1.6)	4.1	3.7	1.2	1.1
Information	$70,981	(14.4)	(0.9)	4.2	4.5	3.8	1.3	1.2
Management	$98,800	0.9	4.6	(3.1)	4.7	5.0	1.4	1.6
Finance & Insurance	$91,713	(0.2)	(5.7)	(7.3)	10.6	10.0	3.1	3.1
Wholesale Trade	$75,769	(10.2)	(0.1)	4.1	13.5	12.1	3.9	3.8
Construction	$68,145	(5.6)	3.9	2.4	14.2	14.0	4.1	4.4
Transportation & Utilities[1]	$75,098	(1.1)	1.9	(7.1)	14.3	14.4	4.2	4.5
Professional Services	$80,038	(3.2)	(1.1)	(2.4)	16.9	16.2	4.9	5.1
Other Services[2]	$41,494	(11.6)	3.5	(6.5)	27.2	24.9	7.9	7.8
Leisure & Hospitality	$23,501	(27.7)	15.9	(8.4)	34.4	28.9	10.0	9.0
Manufacturing[3]	$72,494	(4.9)	0.9	(6.0)	31.5	30.2	9.1	9.5
Retail Trade	$36,436	(7.5)	2.3	(5.3)	38.5	36.5	11.2	11.4
Education & Health Care[4]	$55,566	(8.0)	(2.4)	(4.8)	65.1	58.4	18.9	18.3
Government	$68,578	(5.1)	(0.6)	(9.3)	64.2	60.6	18.7	19.0

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include administrative, support, and waste management services.

[3] Does not include mining.

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

Source: Bureau of Labor Statistics.

Central New York

Central New York Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$58,789**	**(0.9)**	**7.5**	**9.1**	**17.6**	**18.8**	**100.0**	**100.0**
Private	$56,496	(1.2)	6.1	6.3	13.9	14.6	79.1	77.9
Leisure & Hospitality	$23,501	(20.4)	25.4	5.8	0.7	0.7	3.9	3.6
Retail Trade	$36,436	1.9	10.4	12.4	1.2	1.3	6.7	7.1
Other Services[1]	$41,494	(3.2)	10.4	(1.5)	1.0	1.0	5.5	5.5
Real Estate, Rental, & Leasing	$50,796	(0.0)	2.8	11.2	0.2	0.2	1.0	1.0
Education & Health Care[2]	$55,566	(2.7)	3.8	5.6	3.2	3.2	18.3	17.3
Construction	$68,145	3.5	7.5	10.5	0.9	1.0	4.9	5.1
Government	$68,578	0.2	12.7	20.1	3.7	4.2	20.9	22.1
Information	$70,981	(5.0)	11.6	16.5	0.3	0.3	1.4	1.4
Manufacturing[3]	$72,494	(3.9)	4.0	9.5	2.2	2.2	12.4	11.7
Transportation & Utilities[4]	$75,098	7.8	5.3	8.1	1.0	1.1	5.4	5.8
Wholesale Trade	$75,769	(4.7)	5.1	(1.7)	0.9	0.9	5.2	4.9
Professional Services	$80,038	0.3	3.7	41.0	1.2	1.3	7.1	6.9
Finance & Insurance	$91,713	8.1	(0.9)	11.1	0.9	0.9	4.8	4.9
Management	$98,800	6.6	9.5	2.5	0.4	0.5	2.4	2.6

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

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

[3] Does not include mining.

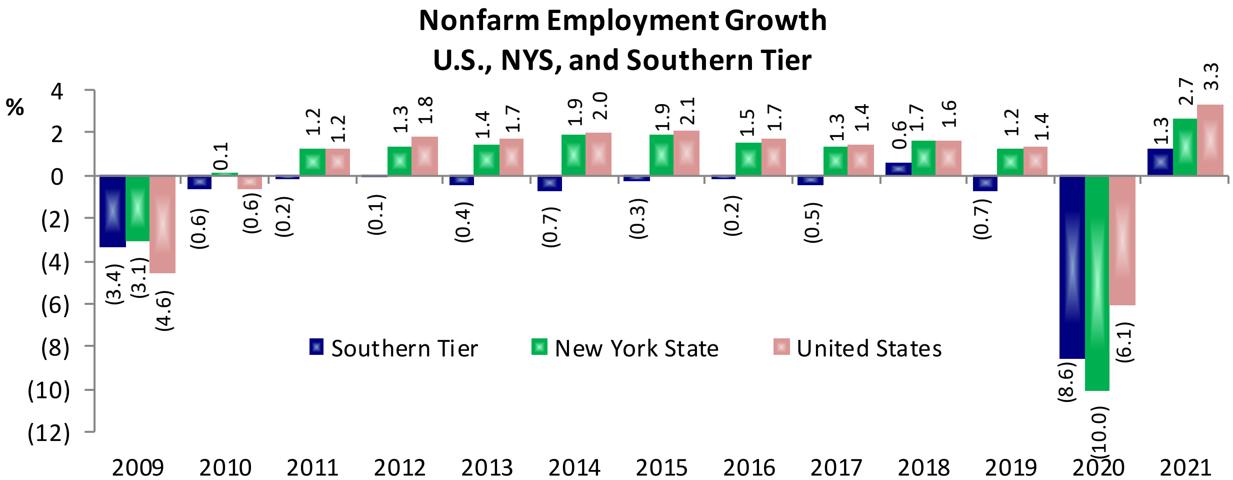
[4] Transportation, warehousing, and utilities.

Source: Bureau of Labor Statistics.

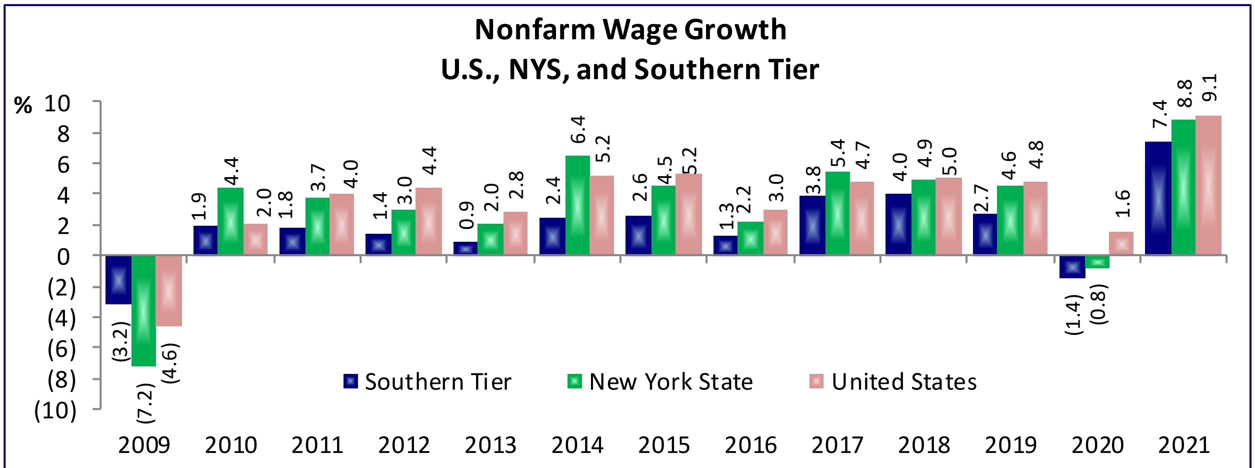
Southern Tier

Key Economic Indicators 2021			
Employment (million)	0.259	Share of State Personal Income (%)	2.3
Share of State Employment (%)	2.9	Per Capita Personal Income	$51,752
Unemployment Rate (12/2022) (%)	3.1	Population (million)	0.69
Total Wages (billion)	14.9	Share of State Population (%)	3.5
Share of State Wages (%)	1.9	Population Growth (%)	(0.5)
Average Wage	$57,633	Persons in Poverty	192,546
Personal Income (billion)	$35.9	Poverty Rate (%)	27.8

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



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



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

Southern Tier

Southern Tier Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Southern Tier	**New York State**	**United States**
Total, 16 years and over	**6.3**	**6.2**	**5.5**
By gender:			
Male	7.0	6.6	5.5
Female	5.5	5.9	5.4
By age group:			
16-24	12.7	13.5	11.3
25-34	7.0	6.6	5.7
35-44	5.3	5.0	4.4
45-54	4.4	4.7	4.0
55+	3.8	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	5.9	5.0	4.6
Black or African American, Including Hispanics or Latinos	15.1	9.2	9.2
Asian, Including Hispanics or Latinos	4.7	5.7	4.6
Other Race, Including Hispanics or Latinos	10.0	9.0	6.6
Hispanic or Latino	9.6	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	5.2	5.3	4.6
Less than high school graduate	11.3	9.2	8.1
High school graduate	7.2	6.9	6.1
Some college or associate's degree	4.9	5.8	4.8
Bachelor's degree or higher	2.9	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Southern Tier

Southern Tier Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$57,633**	**(8.6)**	**1.3**	**(5.6)**	**279.4**	**258.8**	**100.0**	**100.0**
Private	$57,211	(9.1)	1.8	(5.5)	225.0	208.2	80.5	80.5
Real Estate, Rental, & Leasing	$43,129	(24.1)	4.4	(3.0)	2.9	2.3	1.0	0.9
Management	$137,881	(6.6)	1.1	(3.4)	3.1	2.9	1.1	1.1
Information	$58,906	(8.0)	(1.7)	(10.4)	3.6	3.2	1.3	1.2
Wholesale Trade	$64,607	(12.8)	(0.6)	(4.3)	7.0	6.0	2.5	2.3
Finance & Insurance	$76,499	(2.1)	(2.6)	5.6	7.6	7.2	2.7	2.8
Transportation & Utilities[1]	$60,324	(1.3)	4.4	(6.8)	7.0	7.2	2.5	2.8
Construction	$61,331	(8.4)	1.5	(14.3)	8.5	7.9	3.0	3.1
Professional Services	$92,952	(2.7)	0.3	(0.3)	10.8	10.5	3.9	4.1
Other Services[2]	$36,948	(14.6)	3.5	(9.2)	17.4	15.4	6.2	5.9
Leisure & Hospitality	$24,538	(28.4)	15.1	(10.5)	28.1	23.1	10.1	8.9
Retail Trade	$34,080	(5.6)	3.3	(5.5)	31.5	30.7	11.3	11.9
Manufacturing[3]	$76,050	(6.9)	0.9	(0.9)	34.9	32.8	12.5	12.7
Government	$59,375	(6.2)	(0.9)	(5.5)	54.4	50.6	19.5	19.5
Education & Health Care[4]	$63,145	(4.1)	(2.5)	(8.9)	62.4	58.3	22.3	22.5

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include administrative, support, and waste management services.

[3] Does not include mining.

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

Source: Bureau of Labor Statistics.

Southern Tier

Southern Tier Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$57,633**	**(1.4)**	**7.4**	**10.9**	**14.1**	**14.9**	**100.0**	**100.0**
Private	$57,211	(1.8)	7.0	10.4	11.3	11.9	80.5	79.9
Leisure & Hospitality	$24,538	(24.0)	25.9	4.5	0.6	0.6	4.2	3.8
Retail Trade	$34,080	3.1	11.0	17.6	0.9	1.0	6.5	7.0
Other Services[1]	$36,948	(6.4)	9.9	7.9	0.6	0.6	3.9	3.8
Real Estate, Rental, & Leasing	$43,129	(20.7)	9.4	9.5	0.1	0.1	0.8	0.7
Information	$58,906	(3.8)	9.7	3.0	0.2	0.2	1.3	1.3
Government	$59,375	(0.0)	9.1	10.9	2.8	3.0	19.5	20.1
Transportation & Utilities[2]	$60,324	4.1	9.0	13.2	0.4	0.4	2.7	2.9
Construction	$61,331	(2.9)	3.3	(3.5)	0.5	0.5	3.4	3.3
Education & Health Care[3]	$63,145	3.1	4.6	9.6	3.4	3.7	24.3	24.7
Wholesale Trade	$64,607	(7.9)	5.7	6.2	0.4	0.4	2.8	2.6
Manufacturing[4]	$76,050	(2.5)	4.8	30.2	2.4	2.5	17.3	16.7
Finance & Insurance	$76,499	5.9	2.0	(5.4)	0.5	0.6	3.6	3.7
Professional Services	$92,952	(3.0)	7.7	67.2	0.9	1.0	6.6	6.6
Management	$137,881	(10.9)	13.9	(6.7)	0.4	0.4	2.8	2.7

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

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

[4] Does not include mining.

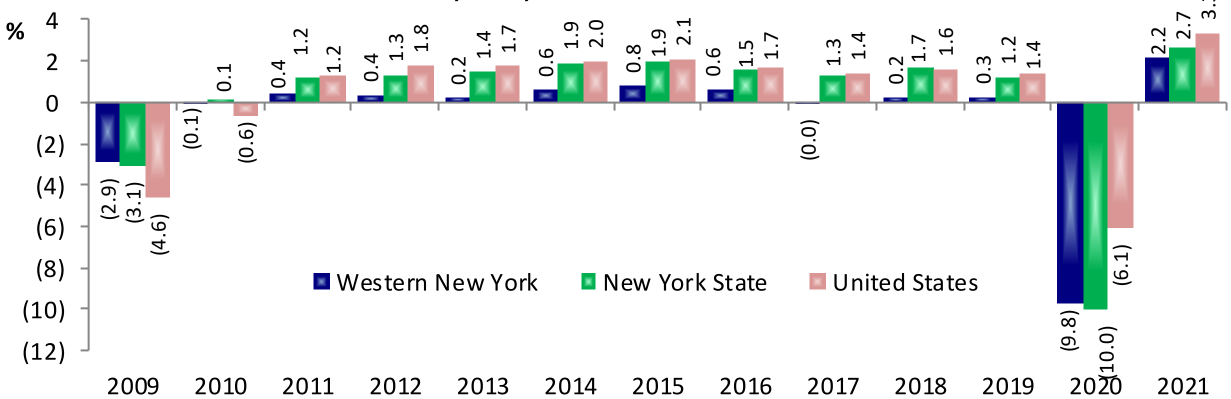
Source: Bureau of Labor Statistics.

Western New York

Key Economic Indicators 2021			
Employment (million)	0.582	Share of State Personal Income (%)	5.0
Share of State Employment (%)	6.6	Per Capita Personal Income	$54,976
Unemployment Rate (12/2022) (%)	3.3	Population (million)	1.41
Total Wages (billion)	32.9	Share of State Population (%)	7.1
Share of State Wages (%)	4.2	Population Growth (%)	(0.3)
Average Wage	$56,434	Persons in Poverty	142,810
Personal Income (billion)	$77.6	Poverty Rate (%)	10.1

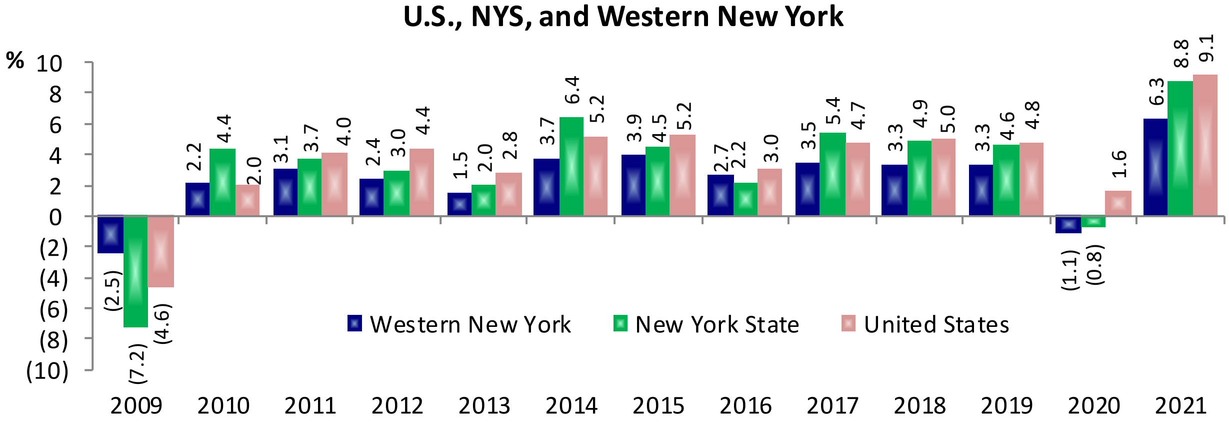
Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.

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



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

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



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

Western New York

Western New York Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Western New York	**New York State**	**United States**
Total, 16 years and over	**5.4**	**6.2**	**5.5**
By gender:			
Male	5.8	6.6	5.5
Female	4.9	5.9	5.4
By age group:			
16-24	10.0	13.5	11.3
25-34	6.0	6.6	5.7
35-44	4.3	5.0	4.4
45-54	4.2	4.7	4.0
55+	4.0	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	4.7	5.0	4.6
Black or African American, Including Hispanics or Latinos	9.9	9.2	9.2
Asian, Including Hispanics or Latinos	4.9	5.7	4.6
Other Race, Including Hispanics or Latinos	8.6	9.0	6.6
Hispanic or Latino	7.1	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	4.6	5.3	4.6
Less than high school graduate	10.4	9.2	8.1
High school graduate	6.4	6.9	6.1
Some college or associate's degree	4.8	5.8	4.8
Bachelor's degree or higher	2.7	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Western New York

Western New York Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$56,434**	**(9.8)**	**2.2**	**(5.7)**	**631.7**	**582.3**	**100.0**	**100.0**
Private	$53,976	(10.7)	2.8	(5.8)	523.2	480.5	82.8	82.5
Information	$72,678	(12.9)	(3.3)	(1.8)	7.4	6.2	1.2	1.1
Real Estate, Rental, & Leasing	$52,408	(9.7)	0.4	(10.9)	7.9	7.2	1.3	1.2
Management	$98,648	(11.9)	(1.1)	(8.8)	13.8	12.1	2.2	2.1
Wholesale Trade	$77,622	(5.0)	(2.0)	(6.4)	21.3	19.8	3.4	3.4
Transportation & Utilities[1]	$48,688	(6.4)	14.5	11.9	20.3	21.7	3.2	3.7
Construction	$65,228	(8.5)	6.4	(1.0)	23.1	22.5	3.7	3.9
Finance & Insurance	$81,890	(2.0)	(7.1)	(11.4)	29.9	27.2	4.7	4.7
Professional Services	$74,927	(5.4)	(0.5)	(3.4)	29.0	27.3	4.6	4.7
Other Services[2]	$40,403	(14.0)	4.5	(9.9)	54.1	48.6	8.6	8.3
Leisure & Hospitality	$29,774	(28.9)	13.9	(12.1)	70.1	56.8	11.1	9.8
Manufacturing[3]	$70,337	(6.5)	1.5	(6.2)	65.9	62.6	10.4	10.7
Retail Trade	$34,806	(8.3)	3.4	(7.5)	69.5	65.9	11.0	11.3
Education & Health Care[4]	$51,159	(7.4)	(0.7)	(5.5)	110.2	101.3	17.5	17.4
Government	$68,034	(5.5)	(0.7)	(8.6)	108.4	101.8	17.2	17.5

Note: Industries ranked by 2021 employment.

[1] Transportation, warehousing, and utilities.

[2] Does not include administrative, support, and waste management services.

[3] Does not include mining.

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

Source: Bureau of Labor Statistics.

Western New York

Western New York Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$56,434**	**(1.1)**	**6.3**	**5.6**	**31.3**	**32.9**	**100.0**	**100.0**
Private	$53,976	(1.6)	6.2	4.7	24.8	25.9	79.3	78.9
Leisure & Hospitality	$29,774	(17.6)	18.7	6.1	1.7	1.7	5.5	5.1
Retail Trade	$34,806	2.2	11.6	14.0	2.0	2.3	6.4	7.0
Other Services[1]	$40,403	(3.6)	11.4	4.5	1.8	2.0	5.8	6.0
Transportation & Utilities[2]	$48,688	(1.6)	11.4	14.2	1.0	1.1	3.1	3.2
Education & Health Care[3]	$51,159	0.6	4.0	3.2	5.0	5.2	15.8	15.8
Real Estate, Rental, & Leasing	$52,408	0.8	5.2	8.6	0.4	0.4	1.1	1.1
Construction	$65,228	(1.1)	8.7	9.0	1.4	1.5	4.4	4.5
Government	$68,034	0.6	6.5	5.8	6.5	6.9	20.7	21.1
Manufacturing[4]	$70,337	(4.0)	5.5	1.3	4.3	4.4	13.9	13.4
Information	$72,678	(4.0)	(1.2)	1.7	0.5	0.5	1.5	1.4
Professional Services	$74,927	0.2	4.3	(2.8)	2.0	2.0	6.3	6.2
Wholesale Trade	$77,622	8.9	0.9	(2.6)	1.4	1.5	4.5	4.7
Finance & Insurance	$81,890	5.6	(1.9)	4.3	2.1	2.2	6.9	6.8
Management	$98,648	(11.0)	7.0	(0.7)	1.2	1.2	4.0	3.6

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

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

[4] Does not include mining.

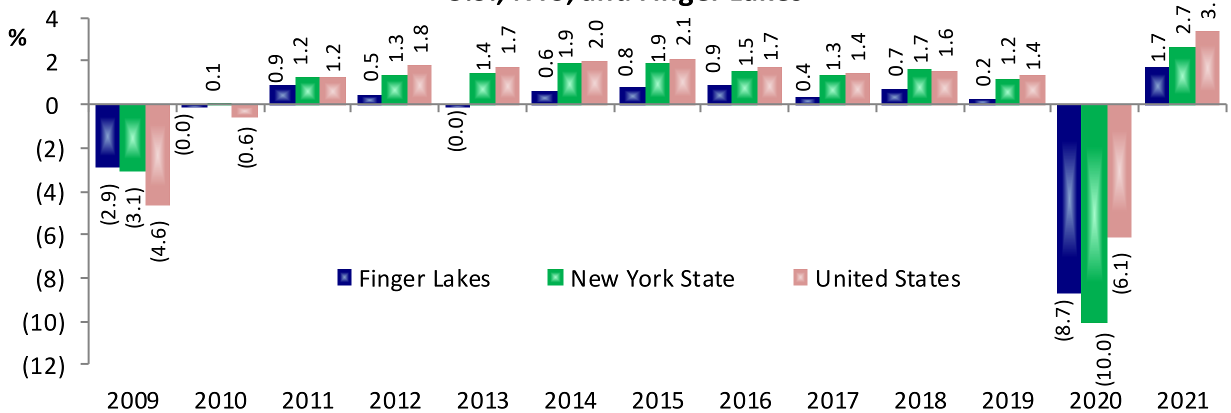
Source: Bureau of Labor Statistics.

Finger Lakes

Key Economic Indicators 2021			
Employment (million)	0.514	Share of State Personal Income (%)	4.5
Share of State Employment (%)	5.8	Per Capita Personal Income	$57,503
Unemployment Rate (12/2022) (%)	2.9	Population (million)	1.22
Total Wages (billion)	0.0	Share of State Population (%)	6.1
Share of State Wages (%)	0.0	Population Growth (%)	(0.3)
Average Wage	$0	Persons in Poverty	142,810
Personal Income (billion)	$70.0	Poverty Rate (%)	11.7

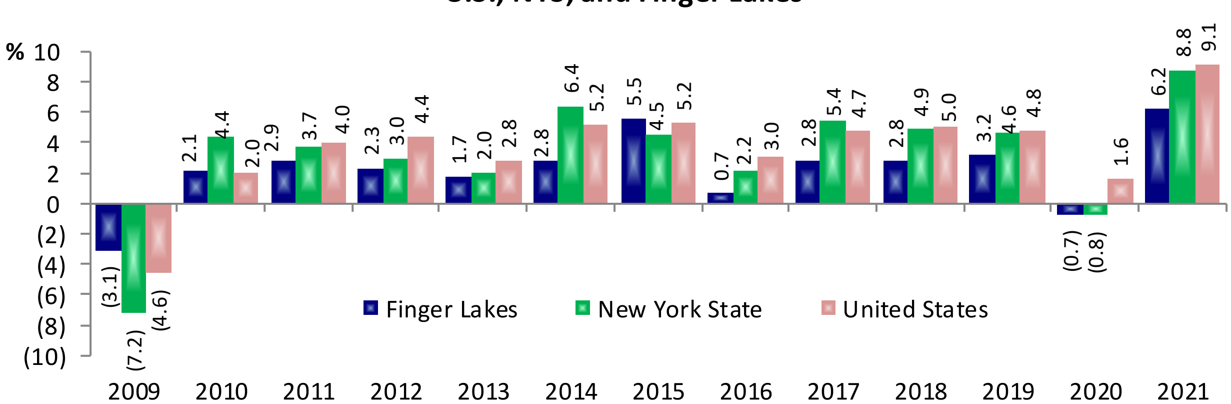
Sources: U.S. Census Bureau; New York State Department of Labor; U.S. Bureau of Economic Analysis.

Nonfarm Employment Growth
U.S., NYS, and Finger Lakes



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

Nonfarm Wage Growth
U.S., NYS, and Finger Lakes



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

Finger Lakes

Finger Lakes Unemployment Rate (%) 2017 - 2021 American Community Survey Five-Year Estimates			
	Finger Lakes	**New York State**	**United States**
Total, 16 years and over	**5.0**	**6.2**	**5.5**
By gender:			
Male	5.5	6.6	5.5
Female	4.5	5.9	5.4
By age group:			
16-24	10.8	13.5	11.3
25-34	5.6	6.6	5.7
35-44	4.2	5.0	4.4
45-54	3.1	4.7	4.0
55+	3.4	4.7	4.0
By race or ethnicity:			
White, Including Hispanics or Latinos	4.1	5.0	4.6
Black or African American, Including Hispanics or Latinos	10.6	9.2	9.2
Asian, Including Hispanics or Latinos	3.4	5.7	4.6
Other Race, Including Hispanics or Latinos	10.2	9.0	6.6
Hispanic or Latino	10.2	8.3	6.4
By educational attainment:			
Total (25-64 year olds)	4.0	5.3	4.6
Less than high school graduate	10.8	9.2	8.1
High school graduate	4.9	6.9	6.1
Some college or associate's degree	4.3	5.8	4.8
Bachelor's degree or higher	2.4	3.6	2.9

Note: The above estimates are based on survey data collected over a rolling five-year period, from 2017-2021. Numbers above reflect an average over this period, which provides a more reliable result than single-year estimates.

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

Finger Lakes

Finger Lakes Employment by Sector								
		Change (%)			Level (Thousands)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$57,742**	**(8.7)**	**1.7**	**(6.1)**	**553.7**	**514.1**	**100.0**	**100.0**
Private	$57,066	(9.1)	2.2	(6.3)	466.4	433.5	84.2	84.3
Leisure & Hospitality	$23,433	(27.6)	15.5	(13.7)	52.6	44.1	9.5	8.6
Information	$76,380	(15.0)	(5.4)	(7.2)	7.8	6.2	1.4	1.2
Other Services[1]	$41,649	(13.9)	(1.5)	(8.7)	47.6	40.4	8.6	7.9
Real Estate, Rental, & Leasing	$60,492	(8.7)	4.5	(8.8)	7.4	7.1	1.3	1.4
Retail Trade	$35,736	(7.1)	2.8	(3.1)	59.1	56.5	10.7	11.0
Government	$61,377	(6.9)	(0.9)	(13.0)	87.3	80.6	15.8	15.7
Construction	$67,683	(6.8)	4.5	(0.0)	22.8	22.2	4.1	4.3
Education & Health Care[2]	$57,494	(6.2)	(0.0)	(12.5)	120.2	112.8	21.7	21.9
Wholesale Trade	$85,709	(5.0)	(2.7)	(19.9)	17.2	15.9	3.1	3.1
Professional Services	$80,631	(5.0)	(0.1)	(2.2)	27.9	26.5	5.0	5.2
Manufacturing[3]	$69,889	(4.8)	(0.4)	(9.6)	64.2	60.9	11.6	11.8
Management	$106,878	(4.6)	9.0	(2.3)	10.2	10.6	1.8	2.1
Transportation & Utilities[4]	$56,913	(2.4)	11.1	(4.2)	13.1	14.3	2.4	2.8
Finance & Insurance	$91,036	(1.9)	(0.8)	(1.1)	15.3	14.9	2.8	2.9

Note: Industries ranked by 2021 employment.

[1] Does not include administrative, support, and waste management services.

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

[3] Does not include mining.

[4] Transportation, warehousing, and utilities.

Source: Bureau of Labor Statistics.

Finger Lakes

Finger Lakes Wages by Sector								
		Change (%)			Level (Billion $)		Share (%)	
	Average Wage 2021	Recession 2019-20	Recovery 2020-21	From Previous Peak 2020Q1-2022Q1	2019	2021	2019	2021
Total Nonfarm	**$57,742**	**(0.7)**	**6.2**	**5.9**	**28.1**	**29.7**	**100.0**	**100.0**
Private	$57,066	(0.7)	6.1	5.7	23.5	24.7	83.5	83.3
Leisure & Hospitality	$23,433	(21.8)	24.3	2.4	1.1	1.0	3.8	3.5
Retail Trade	$35,736	2.6	11.7	13.8	1.8	2.0	6.3	6.8
Other Services[1]	$41,649	(10.0)	3.4	8.6	1.8	1.7	6.4	5.7
Transportation & Utilities[2]	$56,913	6.2	14.3	(2.0)	0.7	0.8	2.4	2.7
Education & Health Care[3]	$57,494	1.1	6.0	1.9	6.1	6.5	21.5	21.8
Real Estate, Rental, & Leasing	$60,492	8.6	7.3	16.5	0.4	0.4	1.3	1.4
Government	$61,377	(0.4)	6.7	6.9	4.7	4.9	16.5	16.7
Construction	$67,683	0.3	6.9	5.8	1.4	1.5	5.0	5.1
Manufacturing[4]	$69,889	(2.4)	1.8	0.4	4.3	4.3	15.2	14.3
Information	$76,380	(8.1)	(0.5)	7.1	0.5	0.5	1.9	1.6
Professional Services	$80,631	1.8	3.4	7.9	2.0	2.1	7.2	7.2
Wholesale Trade	$85,709	4.4	5.1	(8.6)	1.2	1.4	4.4	4.6
Finance & Insurance	$91,036	4.9	1.5	(4.5)	1.3	1.4	4.5	4.6
Management	$106,878	4.1	11.7	8.9	1.0	1.1	3.5	3.8

Note: Industries ranked by average wage.

[1] Does not include administrative, support, and waste management services.

[2] Transportation, warehousing, and utilities.

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

[4] Does not include mining.

Source: Bureau of Labor Statistics.

REVENUE FORECAST

Overview – Revenue Summary

State Fiscal Year 2022-23

All Funds Revenues

The NYS Assembly Ways and Means Committee estimates that All Funds revenues will total $226.048 billion in State Fiscal Year (SFY) 2022-23, a decrease of 7.5 percent, or $18.327 billion, mainly attributed to a decline in federal aid and personal income tax (PIT) collections.

All Funds Tax Receipts

The NYS Assembly Ways and Means Committee's All Funds tax revenue estimate for SFY 2022-23 is $109.027 billion, representing a decrease of 10.0 percent, or $12.109 billion, from SFY 2021-22 (see Table 12).

The Committee's All Funds tax revenue estimate is $951 million above the Executive's current estimate. This variance is primarily related to higher revenue estimates in PIT and business tax collections.

Table 12

SFY 2022-23 All Funds Estimate Summary
($ in Millions)

	2021-22 Actual	2022-23 Estimate	Change	Growth	Diff. Exec.
Personal Income Tax	70,737	58,396	(12,341)	(17.4%)	25
User Taxes	19,621	20,622	1,001	5.1%	87
Business Taxes	27,725	26,524	(1,201)	(4.3%)	412
Other Taxes	3,053	3,485	432	14.2%	(59)
Total Tax Collections	**121,136**	**109,027**	**(12,109)**	**(10.0%)**	**465**
All Funds Miscellaneous Receipts	23,830	23,144	(686)	(2.9%)	420
Gaming	4,105	4,335	230	5.6%	66
Total w/Miscellaneous Receipts & Gaming	**149,071**	**136,506**	**(12,565)**	**(8.4%)**	**951**
Federal Funds	95,307	89,542	(5,765)	(6.0%)	-
Total All Funds Receipts	**244,378**	**226,048**	**(18,327)**	**(7.5%)**	**951**

* Totals may not add up due to rounding.

Personal Income Taxes

The NYS Assembly Ways and Means Committee estimates that PIT receipts will total $58.396 billion in SFY 2022-23, representing a decrease of 17.4 percent, or $12.341 billion, below last year's level. Gross receipts are expected to decrease by 3.6 percent, or $2.921 billion, from SFY 2021-22, including a 15.1 percent, or $3.279 billion, decrease in estimated payments. Total refunds are anticipated to increase by 90.7 percent, or $9.420 billion, primarily related to a $4.254 billion increase in prior year refunds and a $2.101 billion increase in advanced credit payments.

The decrease in overall PIT receipts is primarily related to changes in taxpayer behavior in response to the pass-through entity tax (PTET). 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 $20.679 billion in SFY 2022-23.

One-time inflation relief actions enacted in the SFY 2022-23 has led to extraordinary growth in PIT refunds, and collectively, these actions are expected to reduce net PIT collections by $2.575 billion in SFY 2022-23. These actions include: the Homeowner Tax Rebate Credit ($2.1 billion); the Supplemental Empire Child Credit ($287 million); and the Supplemental Earned Income Tax Credit ($188 million).

PIT receipts are further reduced by the acceleration of the middle-class tax cuts, effectuated by the SFY 2022-23 Enacted State budget. Originally scheduled to be fully phased-in by 2025, they will instead be fully phased-in for tax year 2023. This action is projected to reduce PIT collections by $162 million in SFY 2022-23.

User Taxes

User taxes are estimated to total $20.622 billion in SFY 2022-23, an increase of 5.1 percent, or $1.001 billion from SFY 2021-22 levels. Sales tax revenue is estimated to increase by $1.374 billion, or 7.8 percent, driven by strong growth in consumer demand coupled with an increase in the nominal prices of goods and services due to inflation.

Business Taxes

Overall, business taxes are estimated to decrease by 4.3 percent, or $1.201 billion for a total of $26.524 billion. This decrease is primarily related to a $3.482 billion decrease in PTET collections. The decrease in total growth is partially offset by an increase of $1.715 billion in corporate franchise tax collections.

The increase in corporate franchise tax collections is mainly due to an increase in the business income and capital base rates effectuated by the SFY 2021-22 Enacted Budget.

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

Other Taxes

Other taxes are estimated to total $3.485 billion, an increase of $432 million, or 14.2 percent over SFY 2021-22 levels. This increase reflects a $612 million, or 44.1 percent increase in estate tax collections, partially offset by a $175 million, or 10.7 percent, reduction in real estate transfer tax collections.

Gaming

The Committee anticipates an overall fiscal year increase in gaming receipts of $230 million, or 5.6 percent, for a total of $4.335 billion. This growth is bolstered by extremely strong mobile sports wagering receipts of $685 million, an increase of $328 million or 91.9 percent over prior year collections. This increase reflects the first full-year impact of mobile sports wagering collections.

Revenue Table, State Current Fiscal Year 2022-23

Table 13

All Funds Collections SFY 2022-23
($ in Millions)

	2021-22 Actual	2022-23 Estimate	Change	Growth	Diff. Exec.
Personal Income Tax	**70,737**	**58,396**	**(12,341)**	**(17.4%)**	**25**
Gross Receipts	**81,122**	**78,201**	**(2,921)**	**(3.6%)**	**1,077**
Withholding	53,328	52,638	(690)	(1.3%)	750
Estimated Payments	21,666	18,387	(3,279)	(15.1%)	242
Vouchers	14,123	8,126	(5,997)	(42.5%)	239
IT 370s	7,543	10,261	2,718	36.0%	3
Final Payments	4,519	5,378	859	19.0%	119
Delinquencies	1,609	1,798	189	11.8%	(34)
Total Refunds	**10,385**	**19,805**	**9,420**	**90.7%**	**1,052**
Net Collections	**70,737**	**58,396**	**(12,341)**	**(17.4%)**	**25**
User Taxes and Fees	19,621	**20,622**	**1,001**	**5.1%**	**87**
Sales and Use Tax	17,579	18,953	1,374	7.8%	101
Motor Fuel Tax	495	184	(311)	(62.7%)	0
Cigarette & Tobacco Tax	958	881	(77)	(8.0%)	(5)
Vapor Tax	29	24	(5)	(16.3%)	(3)
Highway Use Tax	142	139	(3)	(2.5%)	(0)
Alcoholic Beverage Tax	277	279	2	0.8%	(1)
Opioid Tax	29	26	(3)	(10.7%)	(3)
Medical Cannabis Excise Tax	13	12	(1)	(7.2%)	0
Adult Use Cannabis Tax	0	2	2	100.0%	-
Auto Rental Tax**	99	119	20	20.1%	(3)
Peer to Peer Car Sharing Tax	0	2	2	100.0%	-
Business Taxes	**27,725**	**26,524**	**(1,201)**	**(4.3%)**	**412**
Corporate Franchise Tax	7,236	8,951	1,715	23.7%	96
Utility Tax	554	551	(3)	(0.5%)	11
Insurance Tax	2,453	2,642	189	7.7%	15
Bank Tax	20	356	336	1680.0%	285
Pass-Through Entity Tax	16,430	12,948	0	100.0%	-
Petroleum Business Tax	1,032	1,076	44	4.3%	5
Other Taxes	**3,053**	**3,485**	**432**	**14.2%**	**(59)**
Estate Tax	1,386	1,998	612	44.1%	(27)
Real Estate Transfer Tax	1,640	1,465	(175)	(10.7%)	(26)
Employer Compensation Expense Program	13	7	(6)	(45.8%)	(6)
Pari Mutuel Tax	13	14	1	5.2%	1
Other Taxes	1	2	1	100.0%	-
Total All Funds Taxes	**121,136**	**109,027**	**(12,109)**	**(10.0%)**	**465**
All Funds Miscellaneous Receipts**	23,830	23,144	(686)	(2.9%)	420
Gaming	4,105	4,335	230	5.6%	66
Total Taxes & Gaming & Miscellaneous Receipts	**149,071**	**136,506**	**(12,565)**	**(8.4%)**	**951**
Federal Funds	95,307	89,542	(5,765)	(0)	0
Total All Funds Receipts	**244,378**	**226,048**	**(18,330)**	**(7.5%)**	**951**

* 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 2023-24

As measured by inflation-adjusted Gross Domestic Product, the Committee estimates that the economy will grow a mere 2.1 percent in 2022, a sharp slowdown from a strong 5.9 percent rebound in 2021. Growth of national output is forecast to continue to slow to 1.0 percent in 2023, before the pace improves to 1.8 percent in 2024 (see the Economic section).

All Funds Revenues

The Committee expects a modest 0.1 percent, or $320 million, decrease in All Funds revenues for SFY 2023-24, totaling $225.728 billion. Of this amount, increases in PIT collections ($3.164 billion) and user taxes and fees ($1.181 billion) is partially offset by a decline in business taxes ($3.073 billion) and in federal funds ($1.050 billion).

All Funds Tax Receipts

The Committee expects a 0.7 percent, or $733 million, increase in All Funds tax receipts in SFY 2023-24, for a total of $109.475 billion.

The Committee's tax receipts forecast is $488 million above the Executive's current forecast. The Committee's net PIT forecast is $248 million above the Executive's forecast.

Table 14

SFY 2023-24 All Funds Forecast Summary
($ in Millions)

	2022-23 Estimate	2023-24 Forecast	Change	Growth	Diff. Exec.
Personal Income Tax	58,396	61,560	3,164	5.4%	248
User Taxes	20,622	21,802	1,181	5.7%	52
Business Taxes	26,524	23,451	(3,073)	(11.6%)	82
Other Taxes	3,485	2,662	(824)	(23.6%)	10
Total Tax Collections	**109,027**	**109,475**	**448**	**0.4%**	**392**
All Funds Miscellaneous Receipts	23,144	23,539	395	1.7%	607
Gaming	4,335	4,222	(113)	(2.6%)	79
Total w/Miscellaneous Receipts & Gaming	**136,506**	**137,236**	**730**	**0.5%**	**1,078**
Federal Funds	89,542	88,492	(1,050)	(1.2%)	-
Total All Funds Receipts	**226,048**	**225,728**	**(320)**	**(0.1%)**	**1,078**

* Totals may not add up due to rounding.

Personal Income Taxes

Overall, personal income taxes, the largest component of all tax collections, are forecast to total $61.560 billion, which is $3.164 billion, or 5.4 percent, above the SFY 2022-23 estimates.

This year-to-year increase in PIT collections is primarily the result of the PTET's impact on collections. However, the credits associated with the PTET are still forecast to reduce PIT collections by $12.156 billion in SFY 2023-24.

An expected sharp decrease in total refunds, related to the expiration of one-time revenue actions mentioned above, also contributes to the projected increase in year-over-year net PIT collections.

However, the acceleration of the middle-class tax cuts effectuated by the SFY 2022-23 Enacted Budget is expected to reduce net PIT collections by $615 million in SFY 2023-24.

User Taxes

All Funds user taxes are forecast to total $21.802 billion, which is 5.7 percent above the SFY 2022-23 estimates. The increase in year-over-year user tax growth is consistent with the Committee's projections that inflation will begin to ease, resulting in a decline in the nominal prices of goods and services, and that consumer spending returns to its long-term trend.

Business Taxes

Business taxes are forecast to total $23.451 billion in SFY 2023-24, a decrease of $3.073 billion from the current year closeout on an All Funds basis. This decrease is primarily related to a $1.488 billion reduction in PTET receipts and a $1.225 billion decrease in corporate franchise tax collections.

The decline in corporate franchise tax collections is primarily attributed to a projected reduction in Tax Year 2023 estimated payments and a projected increase in refunds due to revenue actions effectuated by the SFY 2022-23 Enacted Budget. These actions include the extension of the NYC Musical and Theatrical Production credit and the new Small Business COVID-19 related expenses credit, which are expected to reduce corporate franchise tax collections by a total of $350 million in SFY 2023-24.

Other Taxes

Other taxes, which consist primarily of the estate tax and real estate transfer taxes, are forecast to decrease by 23.6 percent in SFY 2023-24, to a level of $2.662 billion. This decrease is primarily related to a $708 million reduction in estate tax collections and a $123 million decline in real estate transfer tax collections.

Gaming

Gaming receipts are forecast to decrease by a 2.6 percent, or $113 million, in SFY 2023-24 for a total of $4.222 billion. Lottery receipts are expected to decrease by $123 million, or 5.0 percent; video lottery terminal revenues are projected to increase by $8 million, or 0.8 percent; and casino revenues are projected to decrease by $5 million, or 3.2 percent, to $140 million. Mobile sports wagering receipts are projected to increase by $7 million, or 1.0 percent, to a level of $692 million reflecting a normalization of collections in SFY 2023-24.

Revenue Table, Upcoming Fiscal Year 2023-24

Table 15

All Funds Collections SFY 2023-24
($ in Millions)

	2022-23 Estimate	2023-24 Forecast	Change	Growth	Diff. Exec.
Personal Income Tax	**58,396**	**61,560**	**3,164**	**5.4%**	**248**
Gross Receipts	**78,201**	**76,425**	**(1,776)**	**(2.3%)**	**1,114**
Withholding	52,638	53,418	781	1.5%	860
Estimated Payments	18,387	16,480	(1,907)	(10.4%)	166
Vouchers	8,126	8,128	2	0.0%	121
IT 370s	10,261	8,352	(1,908)	(18.6%)	45
Final Payments	5,378	4,939	(439)	(8.2%)	109
Delinquencies	1,798	1,587	(211)	(11.7%)	(22)
Total Refunds	**19,805**	**14,865**	**(4,940)**	**(24.9%)**	**866**
Net Collections	**58,396**	**61,560**	**3,164**	**5.4%**	**248**
User Taxes and Fees	**20,622**	**21,802**	**1,181**	**5.7%**	**52**
Sales and Use Tax	18,953	19,845	892	4.7%	44
Motor Fuel Tax	184	501	317	171.7%	6
Cigarette & Tobacco Tax	881	725	(157)	(17.8%)	4
Vapor Tax	24	24	0	0.0%	(3)
Highway Use Tax	139	142	3	2.4%	1
Alcoholic Beverage Tax	279	285	6	2.0%	1
Opioid Tax	26	29	3	11.9%	-
Medical Cannabis Excise Tax	12	12	(0)	(0.5%)	-
Adult Use Cannabis	2	133	131	100.0%	-
Auto Rental Tax	119	99	(20)	(16.4%)	(1)
Peer to Peer Car Sharing Tax	2	7	5	250.0%	-
Business Taxes	**26,524**	**23,451**	**(3,073)**	**(11.6%)**	**82**
Corporate Franchise Tax	8,951	7,726	(1,225)	(13.7%)	76
Utility Tax	551	487	(64)	(11.6%)	8
Insurance Tax	2,642	2,675	33	1.2%	15
Bank Tax	356	-	(356)	(100.0%)	-
Pass-Through Entity Tax	12,948	11,460	(1,488)	(11.5%)	-
Petroleum Business Tax	1,076	1,103	27	2.5%	(17)
Other Taxes	**3,485**	**2,662**	**(824)**	**(23.6%)**	**10**
Estate Tax	1,998	1,290	(708)	(35.4%)	33
Real Estate Transfer Tax	1,465	1,342	(123)	(8.4%)	(24)
Employer Compensation Expense Program	7	14	7	98.7%	-
Pari Mutuel Tax	14	13	(0)	(1.5%)	0
Other Taxes	2	2	-	0.0%	-
Total All Funds Taxes	**109,027**	**109,475**	**448**	**0.4%**	**392**
All Funds Miscellaneous Receipts	23,144	23,539	395	1.7%	607
Gaming	4,335	4,222	(113)	(2.6%)	79
Total Taxes & Gaming & Miscellaneous Receipts	**136,506**	**137,236**	**730**	**0.5%**	**1,078**
Federal Funds	89,542	88,492	(1,050)	(1.2%)	-
Total All Funds Receipts	**226,048**	**225,728**	**(320)**	**(0.1%)**	**1,078**

* 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 tightening of the Federal Reserve's monetary policy as they continue to address inflationary concerns, volatility in the financial markets and key economic indicators, as well as any unpredicted major disruptions to supply chains, which would negatively impact the growth of consumer spending.

In addition, the state has experienced some changes in taxpayer behavior because of the Federal tax reforms enacted in December 2017, especially those related to the limitation on state and local tax (SALT) deductions. The Committee's forecast assumes that the changes in the timing of collections have stabilized.

EXECUTIVE REVENUE ACTIONS

Personal Income Tax (PIT) Proposals

- **Provide Authority to Abate Interest for Taxpayers Impacted by Declared Disasters:** The Executive proposes to authorize the Commissioner of Taxation and Finance to abate the interest penalties on the underpayment of tax for certain taxpayers impacted by a presidentially or gubernatorially declared disaster when a tax deadline has not been extended.

- **Clarification of the Treatment of Limited Partners for the Metropolitan Commuter Transportation Mobility Tax (MCTMT):** The Executive proposes to amend the definition of "net earnings from self-employment" for the purposes of the MCTMT, to include limited partners who are actively engaged in the management of the partnership.

- **Modify the Investment Tax Credit (ITC) for Farmers:** The Executive Budget proposes to convert the ITC to a fully refundable tax credit for eligible farmers for five years, through December 31, 2027. Under current law, the ITC is only fully refundable for new businesses.

- **Allow Department of Tax and Finance the Right to Appeal Tax Appeals Tribunal Decisions:** The Executive proposes to give Department of Taxation and Finance (DTF) the right to appeal decisions made by the Tax Appeals Tribunal. The Tax Appeals Tribunal is an independent authority with the power to cancel assessments, invalidate regulations and reverse prior decisions of the State Tax Commission. Currently, taxpayers may appeal such decisions, but DTF is unable to.

- **Technical Correction to the Deposit Timeframe:** The Executive proposes to clarify that the Department of Taxation and Finance (DTF) has three *business* days to deposit monies received on account of the state, instead of three *calendar* days.

- **Require State S Corporation Conformity with Federal Return:** The Executive proposal would require that certain corporations treated as subchapter S corporations for federal tax purposes be mandated as subchapter S corporations for New York tax purposes. Currently, only federal S corporations with investment income above 50 percent of federal gross income are treated as New York S corporations. Qualified New York manufacturers are allowed to remain as C corporations and would not be subject to this proposal.

- **TED Part Q – Increase the Top Metropolitan Commuter Transportation Mobility Tax Rate:** The Executive proposes to increase the top MCTMT tax rate, from 0.34 percent to 0.50 percent, for certain businesses in the Metropolitan Commuter Transportation District with quarterly payroll expenses of more than $437,500.

Property Tax Proposals

- **Amend the Senior Citizens Real Property Tax Exemption:** The Executive proposes to amend the definition of income under the Senior Citizens Real Property Tax Exemption program by more closely aligning it with the income threshold used for the STAR Exemption program. The proposal would also give municipalities the option to treat social security benefits as income if such benefits were not included in the applicant's federal adjusted gross income.

- **Extend the Oil and Gas Fee:** The Executive proposes to extend the oil and gas fee by three years, which supports the cost of setting unit of production values for the gas and oil industry from March 31, 2024, to March 31, 2027.

- **Return Foreclosure Excess to Property Owners:** The Executive proposes to reform the tax foreclosure process by returning any excess funds, after the local government and any lien holders have been made whole, to the former owner following the sale of a property with delinquent property taxes.

- **Clarification of the Wind and Solar Valuation Model:** The Executive proposes to clarify that the solar and wind energy system appraisal model, as developed by the Department of Taxation and Finance to create a standardized statewide assessment method for solar and wind energy systems, is not subject to the State Administrative Procedure Act.

- **ELFA Part M – Update Tax Abatement Incentives for Affordable Multiple Dwellings in New York City:** The Executive proposes to establish a partial real property tax abatement for capital improvements made to certain rental and owner-occupied buildings located in the City of New York or any city in which the multiple dwelling law applies at local option. Alterations and capital improvements made to eligible properties completed between June 29, 2022 and June 30, 2026 would be eligible for the partial abatement for a period of not more than 20 years.

- **ELFA Part N – Establish a Local Option Tax Incentive for Affordable Multi-Family Housing:** The Executive proposes to establish a real property tax exemption for the construction of certain multi-family housing projects on previously vacant or underutilized land. The exemption would be at local option, and would apply to municipalities located outside the City of New York.

- **ELFA Part O – Provide a Property Tax Exemption for Accessory Dwelling Units (ADUs):** The Executive proposes to create a real property exemption for the increase in value resulting from the addition of one or more accessory dwelling units located on certain residential properties at local option.

- **ELFA Part P – Authorize Tax Incentive Benefits for Converting Commercial Property to Affordable Housing:** The Executive proposes to establish the Affordable Housing from Commercial Conversions Tax Incentive Benefits (AHCC) program, which would provide a partial real property tax exemption for the conversion of commercial, manufacturing and other non-residential buildings to residential rental buildings located in the City of New York.

- **ELFA Part R – Extend the Project Completion Deadline for Vested Projects in Real Property Tax Law 421-a by Four Years:** The Executive proposes to extend the completion deadline for projects vested in the expired 421-a program for four years, from June 15, 2026 to June 15, 2030.

Consumption and Use Tax Proposals

- **Increase the State Excise Tax on Cigarettes:** The Executive proposes to increase the excise tax on cigarettes by one dollar, from $4.35 to $5.35, and to increase the existing use tax rate on cigarettes by the same amount.

- **Extend Tax Credits for the Phase Out of a Certain Grade of Fuel Oil:** The Executive proposes to extend, from July 1, 2022 to January 1, 2023, the Number 6 fuel oil conversion tax credit. The credit is equal to 50 percent of the cost of converting certain buildings or facilities located outside of New York City from the use of Number 6 fuel oil.

- **Make Local Sales Tax Rate Authorizations Permanent:** The Executive proposes to make permanent all current law local sales tax rate authorizations and provide the 57 counties outside of New York City, and the five cities that currently have additional tax rates, with permanent authority to impose a one percent additional rate of sales tax or their currently authorized rate, if higher. These localities would be required to pass a local law every two years authorizing this additional sales tax rate.

- **Amend Motor Fuel Reporting Designation:** The Executive proposes to require distributors of motor fuel and diesel motor fuel to collect, report, and remit taxes to the Department of Taxation and Finance on every gallon of fuel sold, intended to capture gallons sold but not accounted for due to fluctuations in temperature.

- **Extend and Limit the Vending Machine Sales Tax Exemption to Business Enterprise Program Vendors for One Year**: The Executive proposes to extend the existing sales tax exemption for certain food and drink purchased from a vending machine for one year, through May 31, 2024. However, the extension would be limited to vending machines operated by participants in the Business Enterprise Program for blind vendors.

- **PPGG Part AA – Extend Various Commercial Property and Sales Tax Incentives in New York City:** The Executive proposes to extend, for five years, various property and sales tax incentives in New York City which are currently set to expire. These programs include the Lower Manhattan sales and use tax exemption, the Energy Cost Savings Program Credit, the Lower Manhattan Energy Program, the Commercial Expansion Program and the Commercial Revitalization Program.

Business Tax Proposals

- **Extend and Enhance the Film Tax Credit:** The Executive proposes to extend the Empire State film production and post-production credits for five years, through 2034; increase the annual aggregate cap from $420 million to $700 million, beginning in tax year 2024 and increase the credit for qualified expenses from 25 percent to 30 percent.

- **Abatement of Penalties for Underpayment of Estimated Tax by a Corporation:** The Executive proposes to authorize the Department of Taxation and Finance (DTF) to waive or reduce penalties for the underpayment of estimated tax by a corporation under certain mitigating circumstances. Under current law, DTF is allowed to waive or reduce the penalty for the underpayment of estimated personal income tax for taxpayers impacted by casualty, disaster or other unusual circumstances.

- **Extend the Application Deadline for COVID-19 Capital Costs Tax Credit Program:** The Executive proposes to extend, from March 31, 2023 to September 30, 2023, the application deadline for the COVID-19 Capital Costs Tax Credit Program. Under this program, small businesses with $2.5 million or less of gross receipts are eligible for a credit of 50 percent of their qualifying costs, up to $25,000, with a minimum credit of $1,000.

- **Create a Tax Credit for Child Care Creation and Expansion:** The Executive proposes to establish a two-year, $25 million refundable tax credit program for certain businesses that create or expand childcare slots for the children of their employees. The program would be available for eligible businesses statewide, and would be administered by the Office of Children and Family Services.

- **Create a NYC Biotech Tax Credit:** The Executive proposes to authorize the City of New York to provide a tax credit for certain small- and medium-sized businesses that operate in the biotechnology industry. The City previously offered a tax credit for biotechnology companies, which expired in 2019. This proposal would reinstate that authorization for three years, through 2025.

- **Temporary Extension of 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 2026.

- **Historic Properties Rehabilitation Credit**: The Executive proposes to extend the historic properties rehabilitation credit for five years, through 2029.

- **Empire State Commercial Production Tax Credit:** The Executive proposes to extend the Empire State commercial production tax credit program for five years, through 2028.

- **Modify the New York City Musical and Theatrical Production Tax Credit**: The Executive proposes various changes to the New York City Musical and Theatrical Production Tax Credit, including proposals to:

    - extend the $3 million per production cap to productions that have their first performance prior to January 1, 2025;

    - extend the initial application deadline to June 30, 2025;

    - increase the overall cap on this program from $200 million to $300 million; and

- make a technical correction to ensure that successful production companies are required to make contributions to the New York State Council on the Arts Cultural Programs until December 31, 2027.

- **Make Technical Changes to Tax Law:** The Executive proposes to make technical corrections to the Tax Law to effectuate the original intent of the tax credit program for companies who provide the transportation to individuals with disabilities, and to clarify eligibility for the brownfield redevelopment tax credit program.

- **Eliminate Congestion Surcharge Registration Requirements:** The Executive proposes to remove a congestion surcharge registration requirement, and provide that any congestion surcharge registration fees already paid would not be refundable.

Gaming Proposals

- **Authorize NYRA to Fund the Belmont Redevelopment Project:** The Executive proposes to authorize the New York Racing Association's (NYRA) $455 million Belmont Redevelopment Project. The state would initially finance the project, through a $455 million capital appropriation. The Executive would issue a capital loan to finance the project and NYRA would subsequently repay the state at least $25.8 million per year from its capital expenditure funds until the amount is repaid in full.

- **Enact Procedures for An Off-Track Betting (OTB) Corporation to Terminate Operations:** The Executive proposes to establish procedures for the closure of Catskill OTB, and to establish a procedure for municipalities located in the region of Catskill OTB to continue to participate in the off-track betting market with an OTB corporation located outside the region.

- **Extend Authorized Use of Capital Funds by a Certain OTB Corporation for One Year:** The Executive proposes to extend for one year the authorized use of the capital acquisition funds by the Capital Off-Track Betting (OTB) Corporation, through March 31, 2024.

- **Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year**: The Executive proposes to extend the current pari-mutuel tax rate structure and other racing-related provisions for one year through June 13, 2024.

- **TED Part R – Provide Financial Relief to the Metropolitan Transportation Authority (MTA):** The Executive proposes to direct any state portion of fees and recurring revenue received from the three remaining casino licenses in the downstate region to the MTA instead of the Commercial Gaming Fund for educational purposes.

Other Tax Proposals

- **Extend Reduced Transfer Tax Rates for Qualifying REITs For Three Years:** The Executive proposes to extend the tax rate reductions for real estate investment trusts (REITs) under the New York State and New York City real estate transfer tax for three years, from September 1, 2023, to September 1, 2026.

- **PPGG Part CC – Create the Extended Prosperity and Innovation Campuses ("EPIC") Initiative:** The Executive proposes to replace the START-UP NY program with the EPIC Program, which would make technical changes to participant eligibility, benefits, and revise the board's approval process.

Table 16

SFY 2023-24: Tax and Other Revenue Actions ($ in Millions)	General Fund		All Funds	
	FY2024	FY2025	FY2024	FY2025
Providing Tax Relief to New York	-	(42)	-	(42)
Extend and Enhance the Film Tax Credit	-	-	-	-
Extend the Empire State Commercial Production Tax Credit for Five Years	-	-	-	-
Modify the Investment Tax Credit for Farmers	-	(7)	-	(7)
Extend the New York City Musical and Theatrical Production Tax Credit for Two Years	-	-	-	-
Create a Tax Credit for Child Care Creation and Expansion	-	(25)	-	(25)
Extend the Lower Manhattan Sales and Use Tax Exemption	-	(10)	-	(10)
Extend the Tax Credit for the Phase-Out of a Certain Grade of Fuel Oil for Six Months	-	-	-	-
Reform, Simplification and Other Actions	(58)	712	(127)	581
Lead the Way for A Tobacco-Free Generation - Increase the State Excise Tax on Cigarettes from $4.35 to $5.35	(7)	(14)	(13)	(25)
Lead the Way for A Tobacco-Free Generation - Prohibit the Sale of All Flavored Tobacco	(51)	(100)	(116)	(222)
Make Local Sales Tax Rate Authorizations Permanent	-	-	-	-
Return Foreclosure Excess to Property Owners	-	-	-	-
Simplify and Modernize the Local Senior Citizens Exemption Income Definition	-	-	-	-
Allow DTF the Right to Appeal DTA Tribunal Decisions	-	-	-	-
Provide Authority to Abate Interest for Taxpayers Impacted by Declared Disasters	-	-	-	-
Extend and Limit the Vending Machine Sales Tax Exemption to Business Enterprise Program Vendors for One Year	-	-	-	-
Extend the Tax Credit for the Rehabilitation of Historic Properties for Five Years	-	-	-	-
Amend Motor Fuel Reporting Designation	1	1	2	4
Eliminate the Congestion Surcharge Registration Requirements	-	-	-	-
Extend the Temporary Article 9-A Tax Rates for Three Years	-	810	-	810
Create the Extended Prosperity and Innovation Campuses ("EPIC") Initiative	-	(1)	-	(1)
Require S-Corporation Conformity with Federal Returns	-	15	-	15
Make Technical Changes to Tax Law	-	-	-	-
Revoke Cigarette and Tobacco Taxes Certificate of Registration for Inspection Refusal	-	-	-	-
Abatement of Penalties for Underpayment of Estimated Tax by a Corporation	-	-	-	-
Clarification of the Wind and Solar Valuation Model	-	-	-	-
Technical Correction to the Deposit Timeframe	-	-	-	-
Extend the Application Date for COVID-19 Capital Costs Tax Credit	-	-	-	-
Extend Reduced Real Estate Transfer Tax Rates for Qualifying REITs for Three Years	-	-	-	-
Gaming Initiatives	-	-	11	22
Authorize a Franchise Corporation's Payment Structure to Fund the Belmont Redevelopment Project	-	-	-	-
Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year	-	-	-	-
Enact Procedures For An Off-Track Betting Corporation To Terminate Operations	-	-	-	-
Extend Capital Acquisition Fund Flexibility for Capital OTB for One Year	-	-	-	-
Eliminate Quick Draw Restrictions	-	-	11	22
Fee Actions	-	-	-	-
Extend the Oil and Gas Fee	-	-	-	-
TOTAL REVENUE ACTIONS	(58)	670	(116)	561

Personal Income Tax

Table 17

Personal Income Tax Collections Forecasts by State Fiscal Year ($ in Millions)						
	2022-23			**2023-24**		
	WAM Estimate	**Percent Growth**	**Diff. Exec**	**WAM Forecast**	**Percent Growth**	**Diff. Exec.**
Personal Income Tax	**$58,396**	**(17.4%)**	**$25**	**$61,560**	**5.4%**	**$248**
Gross Receipts	**78,201**	**(3.6%)**	**1,077**	**76,425**	**(2.3%)**	**1,114**
Withholding	52,638	(1.3%)	750	53,418	1.5%	860
Estimated Payments	18,387	(15.1%)	242	16,480	(10.4%)	166
Vouchers	8,126	(42.5%)	239	8,128	0.0%	121
IT 370s	10,261	36.0%	3	8,352	(18.6%)	45
Final Payments	5,378	19.0%	119	4,939	(8.2%)	109
Delinquencies	1,798	11.8%	(34)	1,587	(11.7%)	(22)
Total Refunds	**19,805**	**90.7%**	**1,052**	**14,865**	**(24.9%)**	**866**
Prior Year Refunds	9,744	77.5%	60	7,451	(23.5%)	46
Current Refunds	3,000	26.0%	-	3,000	0.0%	-
Advance Credit Payments	2,764	316.9%	(58)	908	(67.1%)	-
Previous Refunds	1,973	170.7%	1,050	1,657	(16.0%)	820
State/City Offsets	2,324	107.1%	-	1,849	(20.4%)	-
Collections	**58,396**	**(17.4%)**	**25**	**61,560**	**5.4%**	**248**
Transfers to STAR	(1,781)	(6.5%)	**-**	(1,717)	(3.6%)	-
Transfers to DRRF/RBTF	(29,198)	(17.4%)	(14.1)	(30,780)	**5.4%**	(127.2)
General Fund PIT Collections	**$27,417**	**(18.1%)**	**$11**	**$29,063**	**6.0%**	**$121**

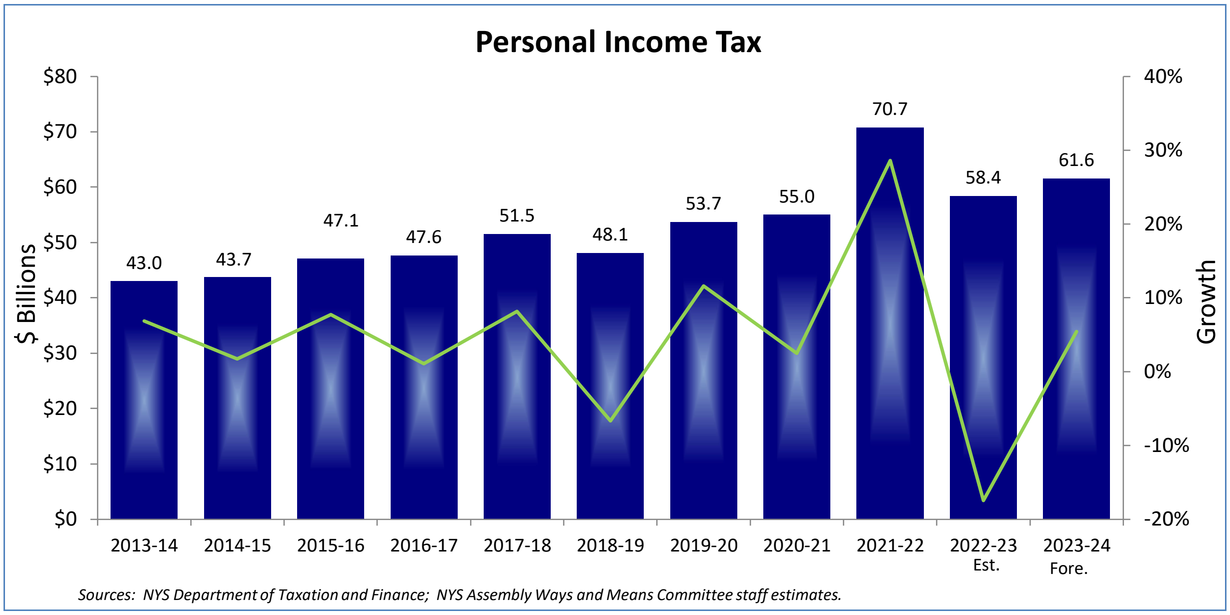


Figure 68

Article 22 of the Tax Law imposes a tax on the income of individuals, estates and trusts residing or located in New York State. Personal Income Tax (PIT) receipts contribute approximately 57 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 over 65 percent of gross PIT receipts.

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

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

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

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

The SFY 2021-22 Enacted Budget established a new 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: 10.30 percent for taxpayers between $5 million and $25 million; and 10.90 percent for taxpayers over $25 million.

The SFY 2021-22 Enacted Budget also established a new pass-through entity tax (PTET), which is expected to have substantial impact on future 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.

Net Collections

Year-to-Date (YTD) Through January 2023

Through January 2023, net personal income tax collections have decreased by 15.3 percent, or $9.099 billion, with gross collections decreasing by 3.0 percent, or $1.989 million, year-to-date.

Table 18

Net Collections ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$50,373	(15.3%)	$58,396	(17.4%)	$58,371	$25
2023-24			$61,560	5.4%	$61,312	$248

State Fiscal Year 2022-23

Net personal income tax collections in SFY 2022-23 are estimated to total $58.396 billion, which represents a decrease of $12.341 billion, or 17.4 percent, from the prior fiscal year. Gross collections are expected to decrease by 3.6 percent and the Committee anticipates an 90.7 percent increase in total refunds.

This decrease in estimated net collections is largely attributed to the establishment of the Pass-Through Entity Tax (PTET) in the SFY 2021-22 Enacted Budget. PTET is an optional tax on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Qualifying entities who elect to pay PTET will pay a progressive tax of up to 10.9 percent of their taxable income at the partnership or corporation level, with individual partners, members, and shareholders receiving a refundable New York State personal income tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity.

The extreme growth in refunds is the result of the realization of Tax Year 2021 PTET credits and one-time actions effectuated by the SFY 2022-23 Enacted Budget, such as: the supplemental Earned Income Tax Credit ($188 million); the supplemental Empire Child Tax Credit ($287 million); and the Homeowner Tax Rebate Credit ($2.1 billion).

The Committee's net PIT collections estimate is $25 million above the Executive's estimate.

State Fiscal Year 2023-24

Net personal income tax collections in SFY 2023-24 are forecast to total $61.560 billion, an increase of $3.164 billion, or 5.4 percent, from the SFY 2022-23 estimates. Gross collections are forecast to decrease by $1.776 billion, a decrease of 2.3 percent, with a decrease in total refunds of $4.940 billion, or 24.9 percent.

This year-to-year increase in PIT collections largely reflects the impact of the PTET, which is described above. The expiration of one-time actions enacted in the SFY 2022-23 budget also contributes to the increase in net PIT collections.

The Committee's net collection forecast is $248 million above the Executive's 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

Through January, withholding collections are down $83.4 million, or 0.2 percent, compared to the prior year. This small decrease in year-to-date collections is mainly attributed to a decline in bonus wages that occurred in the later part of 2022 and early part of 2023.

Table 19

Withholding
($ in Millions)

	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$40,387	(0.2%)	$52,638	(1.3%)	$51,888	$750
2023-24			$53,418	1.5%	$52,558	$860

State Fiscal Year 2022-23

The Committee estimates withholding collections will total $52.638 billion, a decrease of $690 million, or 1.3 percent, from the prior fiscal year. Withholding collections are expected to decline 4.7 percent over the remainder of the fiscal year, due to an expected continued decline in bonus wage growth, and the impact of the accelerated middle-class tax cuts. The Committee estimate is $750 million above the Executive's estimate.

State Fiscal Year 2023-24

Withholding collections are projected to increase by 1.5 percent, or $781 million, in SFY 2023-24, for a total of $53.418 billion. This forecast is $860 million above the Executive's forecast, and is premised on modest total wage growth and employment growth.

Quarterly Estimated Payments

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

YTD through January

Through January, estimated payments, excluding extensions, have decreased by 42 percent, or $5.768 billion compared to the prior fiscal year. Through the same period, prior year estimated payments have increased by 36.5 percent compared to SFY 2021-22. These extraordinary swings over the prior fiscal year are the result of changes in taxpayer behavior related to the PTET.

Table 20

Quarterly Estimated Payments ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$7,978	(42.0%)	$8,126	(42.5%)	$7,887	$239
2023-24			$8,128	0.0%	$8,007	$121

Table 21

Prior Year Estimated Payments ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$10,223	36.5%	$10,261	36.0%	$10,258	$3
2023-24			$8,352	(18.6%)	$8,307	$45

State Fiscal Year 2022-23

The Committee estimates that estimated payments will total $18.387 billion, a decrease of 15.1 percent, or $3.279 billion, from SFY 2021-22. The Committee's estimate is $242 million above the Executive's estimate.

State Fiscal Year 2023-24

Estimated payment collections are forecast to decrease 10.4 percent, or $1.907 billion, in SFY 2023-24, for a total of $16.480 billion. This forecast is predicated on expected taxpayer behavior related to the PTET that will result in decreased estimated payments, instead of waiting until the settlement period to claim the PTET credit.

Realized capital gains are expected to decrease 7.1 percent in tax year 2022, followed by a projected decrease of 4.4 percent in tax year 2023.

Refunds

YTD through January

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

Year-to-date, prior year refunds have increased by 77.5 percent, while previous year refunds have decreased by 10.8 percent. Total refunds, including state/city offsets, have increased 93.4 percent year-to-date, relative to the same period of last fiscal year.

Table 22

Prior Year Refunds ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$9,649	77.3%	$9,744	77.5%	$9,684	$60
2023-24			$7,451	(23.5%)	$7,405	$46

Table 23

Previous Year Refunds ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$491	(10.8%)	$1,973	170.7%	$923	$1,050
2023-24			$1,657	(16.0%)	$837	$820

State Fiscal Year 2022-23

The Committee anticipates that SFY 2022-23 will conclude with $9.744 billion in prior year refunds and $1.973 million in previous year refund distributions. The Committee's estimate for prior year refunds is $60 million above the Executive's estimate, and reflects a 77.5 percent increase from SFY 2021-22.

The closeout for previous year refunds represents a 170.7 percent increase relative to the last fiscal year. The Committee's estimate is $1.050 billion above the Executive's estimate.

Total refunds are projected at $19.805 billion, an increase of 90.7 percent, or $9.420 billion, from SFY 2021-22. As noted above, the extraordinary growth in refunds is mainly due to taxpayer behavior related to the PTET, and one-time actions enacted in the SFY 2022-23 budget.

State Fiscal Year 2023-24

The Committee projects a prior year refund total of $7.451 billion, a decrease of 23.5 percent, or $2.293 billion, below SFY 2022-23 estimates.

Previous refunds are forecast to total $1.657 billion, representing a decrease of 16.0 percent, or $316 million, from SFY 2022-23.

Advanced credit payments are expected to total $908 million, a decrease of $1.856 billion, or 67.1 percent, below SFY 2022-23. This decrease is primarily related to the expiration of the Homeowner Tax Rebate Credit effectuated by the SFY 2022-23 budget.

Total refunds are projected at $14.865 billion, a decrease of 24.9 percent, or $4.940 billion, from SFY 2022-23. This decrease is largely attributed to the expected PTET credit realization behavior noted above.

Fund Distribution

Table 24

Personal Income Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$27,417	$1,781	$29,198	-	$58,396
2023-24	$29,063	$1,717	$30,780	-	$61,560

The Committee estimates General Fund personal income tax receipts of $29.128 billion in SFY 2022-23. In SFY 2023-24, General Fund collections are forecast to total $30.780 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 increased from 25 percent to 50 percent of net PIT collections.

The STAR fund consists of revenue that is 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 STAR program will cost $1.781 billion in SFY 2022-23 and $1.717 billion in SFY 2023-24.

Property Tax Relief Programs

The SFY 2021-22 budget established a property tax circuit breaker program, which would provide a PIT credit to taxpayers with incomes under $250,000 and that have property tax burdens that exceed six percent of their income. These benefits will be provided on a sliding scale, which will be based on a taxpayer's income, and will be capped at a maximum of $350 per year. This action is projected to reduce PIT collections by $382 million in SFY 2022-23.

The SFY 2022-23 Enacted Budget established a one-year, $2.2 billion property tax relief credit for households that are eligible for STAR or Enhanced STAR, and that have incomes at or below $250,000. This credit is calculated on a sliding scale based on household income and is equal to a percentage of a homeowner's school year 2021-22 STAR benefit. The credit is to be provided as an advanced payment in the fall of 2022. However, no credit will be provided where the calculated benefit is less than $100.

User Taxes and Fees

Table 25

User Tax Collections Forecasts by State Fiscal Year ($ in Millions)						
	SFY 2022-23	**Growth**	**Diff. Exec.**	**SFY 2023-24**	**Growth**	**Diff. Exec.**
User Taxes and Fees	**$20,622**	**5.1%**	**$87**	**$21,802**	**5.7%**	**$52**
Sales and Use Tax	18,953	7.8%	101	19,845	4.7%	44
Motor Fuel Tax	184	(62.7%)	0	501	171.7%	6
Cigarette Tax	881	(8.0%)	(5)	725	(17.8%)	4
Vapor Tax	24	(16.3%)	(3)	24	0.0%	(3)
Highway Use Tax	139	(2.5%)	(0)	142	2.4%	1
Alcoholic Beverage Tax	279	0.8%	(1)	285	2.0%	1
Opioid Tax	26	(10.7%)	(3)	29	11.9%	0
Medical Cannabis Excise Tax	12	(7.2%)	0	12	(0.5%)	0
Adult Use Cannabis	2	0.0%	0	133	100.0%	0
Auto Rental Tax*	119	20.1%	(3)	99	(16.4%)	(1)
Peer to Peer Car Sharing Tax	2	100.0%	0	7	250.0%	0

*MCTD supplemental surcharge revenues are excluded, as these are now directly provided to the MTA.

Sales and Use Tax

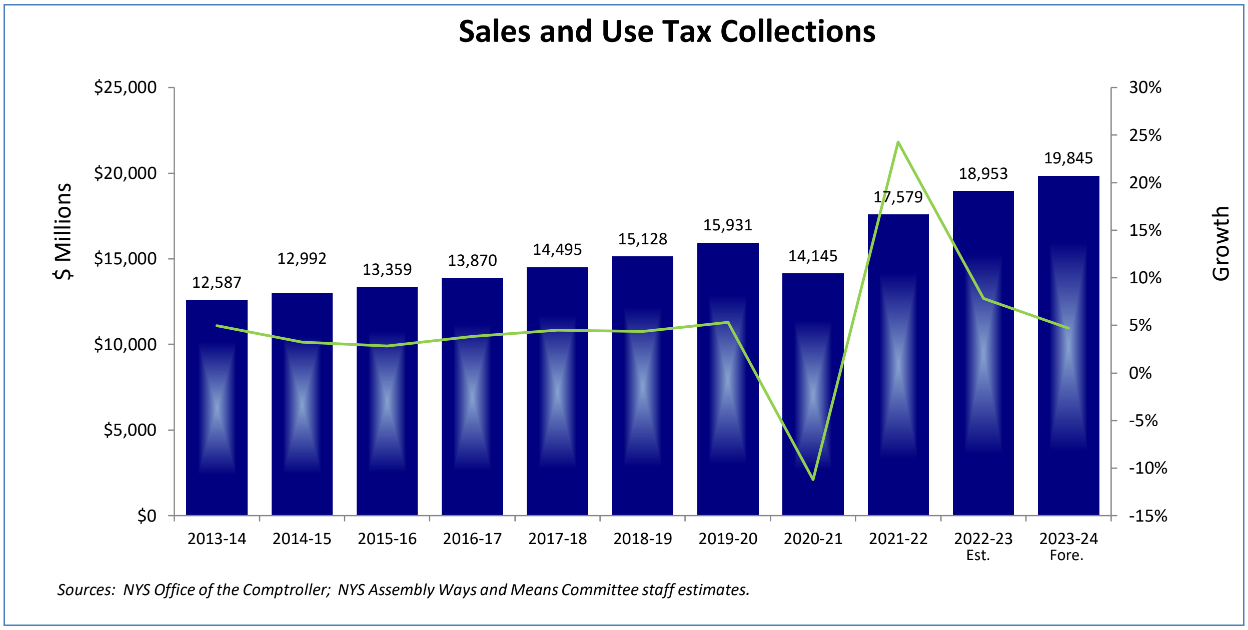


Figure 69

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

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

Receipts from one percentage point of the four percent state sales tax are dedicated to the Local Government Assistance Corporation (LGAC), which was created in 1990 to eliminate annual spring borrowing for state expenses. Once the LGAC debt service obligations are paid, excess revenues are transferred back to the General Fund. LGAC's remaining obligations were fully retired on April 1, 2021.

The Sales Tax Revenue Bond Fund (STBF) became effective April 1, 2013. One-quarter of the state's sales tax collections are directed to this fund. Now that the LGAC bonds have been retired, collections from two percent of the state's four percent sales tax rate will be dedicated to the STBF. As with the LGAC, all receipts more than the STBF debt service requirements will be transferred to the General Fund.

Table 26

Quarterly Sales Tax Growth

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Western NY	3.1%	45.5%	9.9%	13.7%	16.4%	0.7%	5.1%	13.7%
Finger Lakes	4.0%	45.8%	10.9%	14.3%	15.6%	0.8%	2.4%	14.3%
Southern Tier	2.4%	48.9%	14.9%	14.6%	18.9%	(3.0%)	6.8%	14.6%
Central NY	7.7%	49.1%	12.0%	10.4%	13.3%	(1.6%)	5.9%	10.4%
Mohawk Valley	8.2%	46.1%	10.7%	9.8%	13.4%	(0.6%)	7.7%	9.8%
North Country	9.7%	42.7%	11.1%	11.1%	11.2%	(2.1%)	9.1%	11.1%
Capital Region	6.0%	46.3%	15.4%	13.4%	14.2%	6.2%	6.2%	13.4%
Mid-Hudson	6.3%	56.6%	16.5%	15.1%	15.5%	5.3%	6.2%	15.1%
NYC	(13.2%)	44.6%	27.9%	26.3%	28.5%	24.9%	16.8%	26.3%
Long Island	5.9%	60.3%	16.3%	10.9%	15.0%	3.7%	4.4%	10.9%

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.

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

Sales tax collections have benefitted from language included in the SFY 2019-20 budget to tax additional internet sales. This change has resulted in approximately $160 million in additional state sales tax collections each quarter, with a commensurate amount for local governments.

YTD through January

Statewide collections through January have increased by 8.0 percent over SFY 2021-22, for a year-to-date total of $15.874 billion.

Table 27

Sales Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$15,874	8.0%	$18,953	7.8%	$18,852	$101
2023-24			$19,845	4.7%	$19,801	$44

State Fiscal Year 2022-23

The Committee estimates sales tax receipts will total $18.953 billion in SFY 2022-23, an increase of 7.8 percent, or $1.374 billion, from SFY 2021-22. Prior to the pandemic, sales tax collections had shown dramatic growth, driven by continued consumer spending growth as well as the expansion of the sales tax base to include most internet marketplace sales. Post pandemic sales taxes have rebounded due to prior economic stimulus and an increase in nominal prices, and are expected to increase 6.6 percent for the remainder of the year.

The Committee’s estimate is $101 million above the Executive’s estimate.

State Fiscal Year 2023-24

The Committee forecasts that sales tax receipts will total $19.845 billion, an increase of 4.7 percent, over SFY 2022-23 estimates. Sales tax growth is projected to slow due to an expected decline in nominal prices and as consumer demand returns to its long-term trend. The Committee's forecast is $44 million above the Executive's forecast of $19.801 billion.

Fund Distribution

Table 28

Sales Tax Fund Distribution
($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$6,657	$1,224	$11,072	-	$18,953
2023-24	$9,287	$1,272	$9,287	-	$19,845

With the remaining LGAC debt fully retired on April 1, 2021, there is a statutorily required change in the distribution of sales tax's collections for SFY 2022-23 and annually thereafter.

Effective October 1, 2022, and annually thereafter, the 25 percent share of sales tax receipts that was initially deposited to the LGAC Fund will be eliminated, the portion deposited into the STRBF will remain at 50 percent and the portion deposited in the General Fund will revert to 50 percent.

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

Medical Cannabis Excise Tax

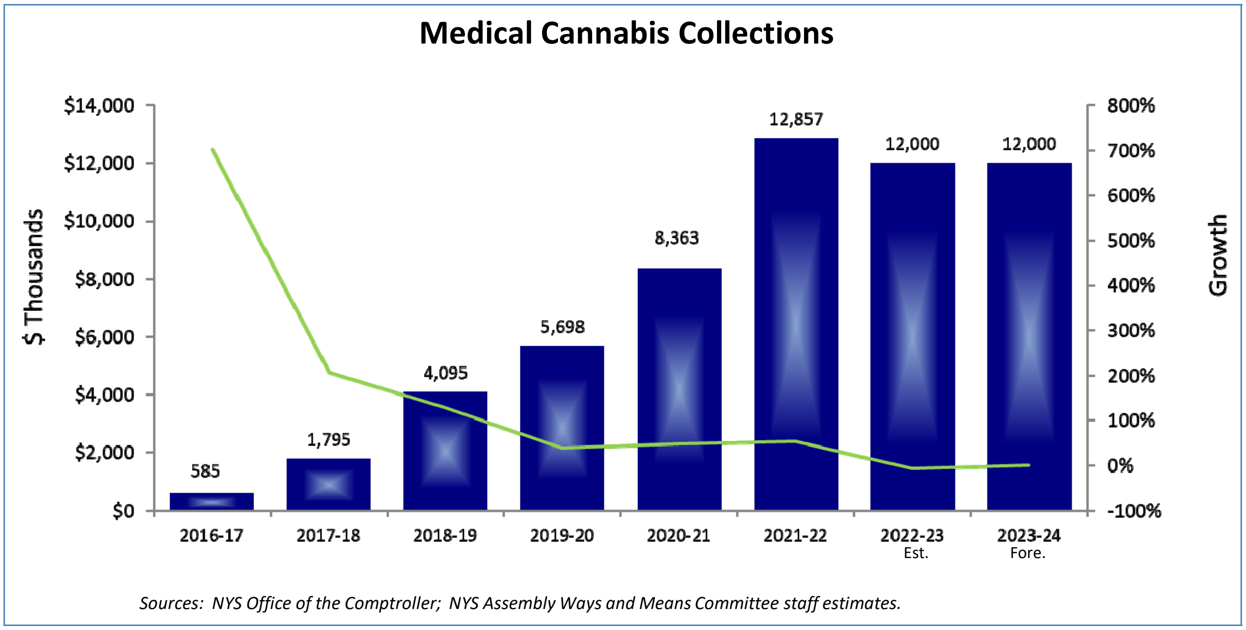


Figure 70

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 of 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 a recent expansion of the conditions that are eligible for medical marihuana prescriptions to include post-traumatic stress disorder (PTSD), substance use disorder, and as an alternative to opioid treatment. On September 22, 2021, the Cannabis Control Board expanded the list of who can prescribe medical marijuana and allowed medical marihuana dispensaries to sell flower.

Upon the sale of the product from a New York State licensed dispensary to a patient or designated caregiver, a seven percent excise tax is levied and remitted by the dispensary. There are currently ten registered organizations authorized to manufacture and dispense medical cannabis. As of February 1, 2023, there are 3,978 registered practitioners and 122,526 certified patients in the New York State Medical Cannabis Program.

Of the revenues received from the state medical cannabis excise tax, 45 percent is dedicated to the Medical Cannabis Trust Fund and the remaining 55 percent is allocated in the following manner:

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

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

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

- five percent is remitted to the Division of Criminal Justice Services to provide discretionary grants to state and local law enforcement agencies.

YTD through January

Through January, medical cannabis excise tax collections have totaled $10.0 million, a decrease of 9.9 percent from the same period in SFY 2021-22.

Table 29

Medical Cannabis Excise Tax
($ in Millions)

	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$10	(9.9%)	$12	(7.2%)	$12	$0
2023-24			$12	(0.5%)	$12	$0

State Fiscal Year 2022-23

The Committee estimates that revenues from the medical marijuana excise tax will total $12 million in SFY 2022-23, a 7.2 percent decrease from SFY 2021-22. The Committee's estimate is equivalent to the Executive's projection.

State Fiscal Year 2023-24

For SFY 2023-24, the Committee forecasts collections of $12 million. The Committee's forecast is equivalent to the Executive's forecast.

Adult-Use Cannabis Tax

The Marihuana Regulation & Taxation Act (MRTA) was signed into law on March 31, 2021 (Chapter 92 of the Laws of 2021) and legalized the adult-use of cannabis (also known as marihuana) in New York State. The legislation created a new Office of Cannabis Management (OCM) governed by a Cannabis Control Board (CCB) to regulate adult-use, medical, and hemp cannabis. The OCM will issue licenses and develop regulations outlining how and when businesses can participate in the new industry. New York's first retail dispensary recently opened in December 2022 in NYC followed by others beginning operation in early 2023. The first retail dispensary licensees will receive funding from New York's Cannabis Social Equity Fund, enacted in the SFY 2022-23 budget, providing financing for leasing and equipping up to 150 conditional adult-use retail dispensaries operated by individuals who have been impacted by the inequitable enforcement of cannabis laws.

The MRTA established a three-tier tax structure for adult-use cannabis. There is 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 would be based on the type of product, as follows:

- edibles (i.e., food and beverages) are taxed at $0.03 per mg of THC;
- concentrates (i.e., vaporization oil, wax, shatter, and resin) are taxed at $0.008 per mg of THC; and
- cannabis flower (i.e., loose flower, pre-rolls, or shake) are taxed at $0.005 per mg of THC.

There is also a state and local tax imposed on the retail sale of cannabis by a dispensary to the consumer, as follows:

- a 9 percent state excise tax; and
- a 4 percent local excise tax, of which 1 percent will be retained by the county of sale and 3 percent will be distributed to the town, village or city where the sale occurs.

All state cannabis taxes are deposited in the New York State Cannabis Revenue Fund. Revenue deposited to the Fund would support the reasonable costs to administer the program and implement the law. 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.

State Fiscal Year 2022-23

The Committee estimates that collections in SFY 2022-23 will total $2 million. This estimate is equivalent to the Executive's projection.

State Fiscal Year 2023-24

The Committee forecasts that collections for SFY 2023-24 will total $133 million. This large year-over-year increase reflects the first full year impact of adult-use cannabis sales, and the Committee's forecast is equivalent to the Executive's forecast.

Opioid Excise Tax

The SFY 2019-20 Budget enacted an Opioid Excise Tax that would be imposed on the first sale of an opioid unit by a registrant. A first sale is any transfer of title to an opioid unit for consideration where actual or constructive possession of such opioid unit is transferred by a registrant holding title to such opioid unit to a purchaser or its designee in New York State, for the first time. A qualifying sale does not include the dispensing of an opioid unit pursuant to a prescription to an ultimate consumer, or the transfer of title to an opioid unit from a manufacturer in the state to a purchaser outside of the state when such opioid unit will be used or consumed outside New York. It is presumed that every sale by a registrant in this state is the first sale unless it is established otherwise, and the burden of proving that a sale does not qualify as a first sale is on the registrant.

The Tax Law establishes two tax rates:

- A $0.0025 on each morphine milligram equivalent with a wholesale acquisition cost of less than $0.50 per unit;
- A $0.015 on each morphine milligram equivalent with a wholesale acquisition cost of $0.50 or more per unit.

Table 30

Opioid Excise Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$26	(9.1%)	$26	(10.7%)	$29	($3)
2023-24			$29	11.9%	$29	$0

YTD through January 2023

Statewide collections through January have decreased 9.1 percent from SFY 2021-22, for a year-to-date total of $25.9 million.

State Fiscal Year 2022-23

The Committee estimates that statewide collections for SFY 2022-23 will total $26 million, a decrease of 10.7 percent from the previous fiscal year. This estimate is $3 million below the Executive's projection of $29 million.

State Fiscal Year 2023-24

The Committee forecasts that statewide collections for SFY 2023-24 will total $29 million, which is equal to the Executive's forecast.

Auto Rental Tax

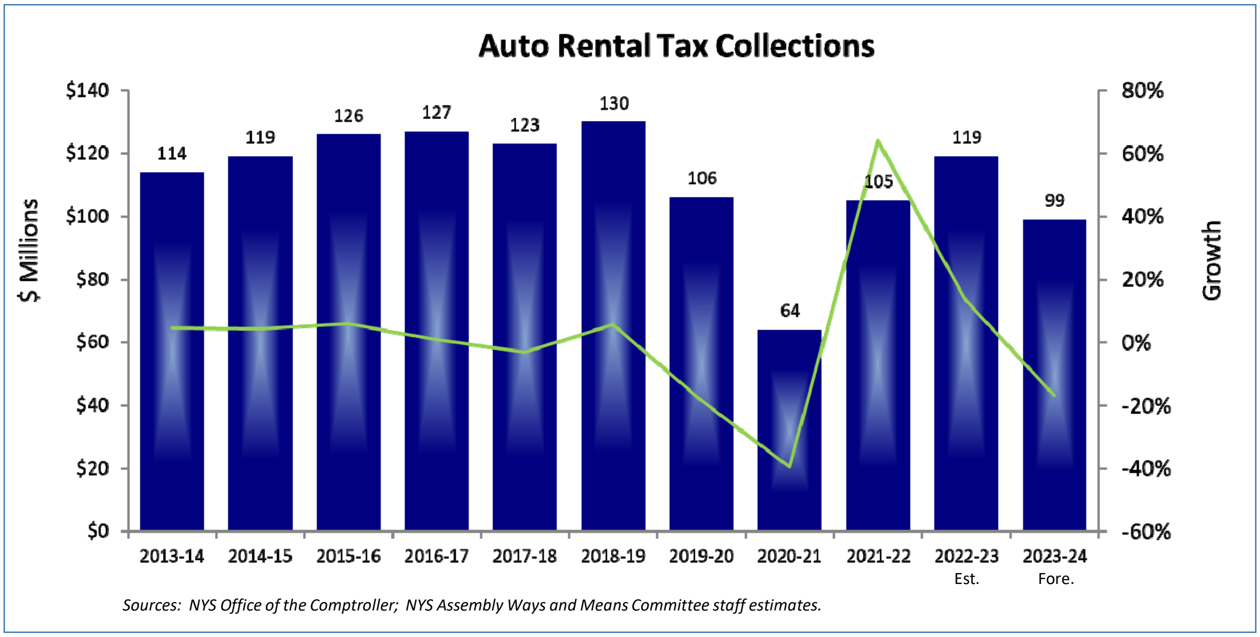


Figure 71

The auto rental tax, imposed by Article 28-A of the Tax Law, applies to the rental of any passenger car with a gross vehicle weight of 9,000 pounds or less that can seat a maximum of nine passengers. The statewide auto rental tax is imposed at a rate of six percent.

On June 1st, 2019, the supplemental surcharge tax of five percent imposed on auto rental sales made within the metropolitan commuter transportation district (MCTD) was increased to six percent and expanded to apply to auto rentals made in the rest of the state. However, revenue previously received from the MCTD supplemental surcharge will now be remitted directly to the Metropolitan Transportation Authority (MTA). Revenue from the new upstate supplemental surcharge will be used to fund upstate transportation systems. The taxes do not apply to leases of one year or more. Expanding the supplemental surcharge to upstate is expected to raise state revenue by $28 million in SFY 2022-23, and $25 million in SFY 2023-24.

Table 31

Auto Rental Tax ($ in Millions)	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$108	24.5%	$119	20.1%	$122	($3)
2023-24			$99	(16.4%)	$100	($1)

YTD through January

Year-to-date, auto rental tax collections are $108 million, representing an increase of 24.5 percent compared to the same period in SFY 2021-22. This increase can be attributed to the travel industry continuing to rebound from the COVID-19 pandemic.

State Fiscal Year 2022-23

The Committee estimates auto rental tax collections will total $119 million in SFY 2022-23, representing an increase of 20.1 percent from SFY 2021-22. The Committee's estimate is $3 million below the Executive's projection.

State Fiscal Year 2023-24

The Committee forecasts auto rental tax collections will total $99 million in SFY 2023-24. This is a decrease of 16.4 percent, or $20 million below SFY 2022-23 estimates. This decrease is mainly attributed to the first full-year impact of the peer-to-peer car sharing program, which is expected to reduce auto rental collections by $9 million. The Committee's forecast is $1 million below the Executive's forecast of $100 million.

Fund Distribution

Table 32

Auto Rental Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	-	$27	-	$92	$119
2022-23	-	$25	-	$74	$99

Motor Fuel Tax

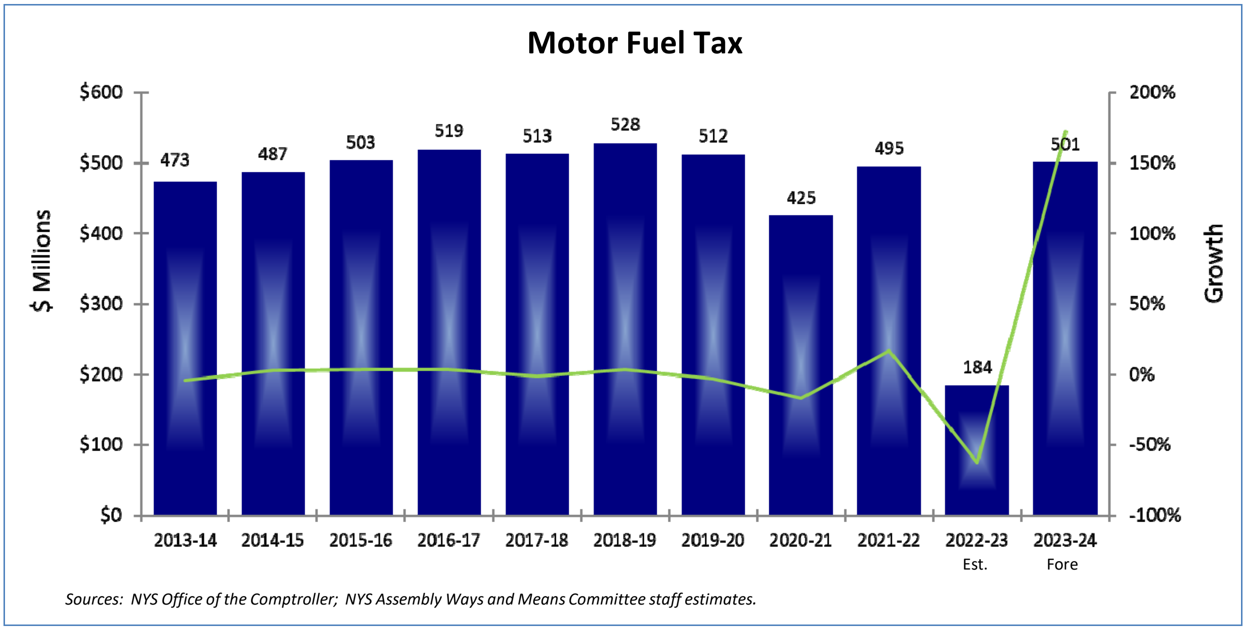


Figure 72

Article 12-A of the Tax Law imposes an eight-cents-per-gallon tax on motor and diesel fuel upon importation into New York or production within the state. The motor fuel tax has three components: a regular tax of four cents per gallon, an additional tax of three cents per gallon, and a supplemental tax of one cent per gallon. Motor fuel receipts are split between the Dedicated Highway and Bridge Trust Fund (81.5 percent) and the Dedicated Mass Transportation Trust Fund (18.5 percent). Diesel receipts are split between the Dedicated Highway and Bridge Trust fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent). In response to rising gas prices, the SFY 2022-23 Enacted Budget suspended the eight-cents-per-gallon tax on motor and diesel fuel purchases from June 1, 2022 until December 31, 2022. This action is expected to reduce motor fuel tax receipts by $297 million in SFY 2022-23. However, any dedicated funds that are supported by the motor fuel tax will be held harmless.

Table 33

Motor Fuel Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$102	(75.1%)	$184	(62.7%)	$184	$0
2023-24			$501	171.7%	$495	$6

YTD through January

Through January, motor fuel tax collections have decreased by 75 percent compared to last year, totaling $102.3 million.

State Fiscal Year 2022-23

The Committee estimates that motor fuel tax collections will total $184 million in SFY 2022-23, or a decrease of 62.7 percent, from SFY 2021-22. This decrease reflects the suspension of the eight-cents-per-gallon tax on motor and diesel purchases, which went into effect on June 1, 2022 and expired on December 31, 2022. Gasoline tax collections are expected to decrease by 62.8 percent in SFY 2022-23, while diesel tax collections are expected to decrease 62.3 percent. The Committee's estimate is equal to the Executive's estimate.

State Fiscal Year 2023-24

The eight-cents-per-gallon tax on motor and diesel purchases was reinstated on January 1, 2023. As a result, the Committee forecasts revenue of $501 million in motor fuel tax receipts in SFY 2023-24, which is an increase of 171.7 percent from the previous year. The Committee's forecast is $6 million above the Executive's forecast of $495 million.

Fund Distribution

Table 34

Motor Fuel Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	-	$39	-	$145	$184
2023-24	-	$107	-	$394	$501

Highway Use Tax

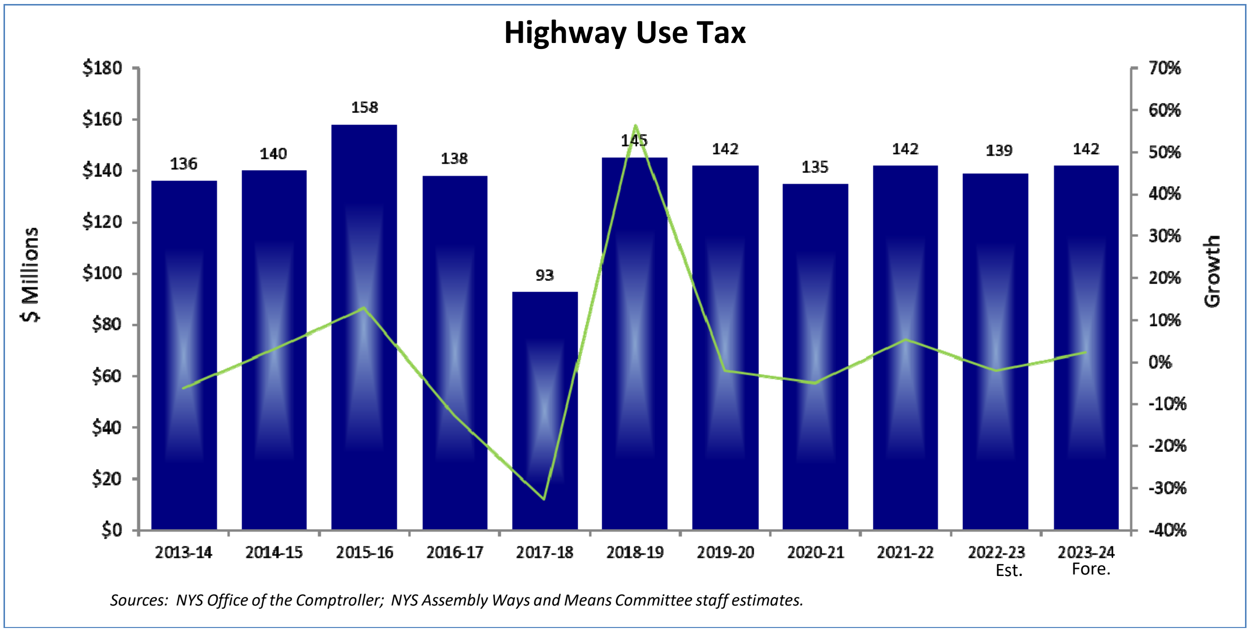


Figure 73

Articles 21 and 21-A of the Tax Law impose a Highway Use Tax (HUT) on truck mileage and fuel use, respectively, for the privilege of operating a commercial vehicle on public highways. Additionally, there is a permit fee collected from taxpayers required to pay the tax.

The truck mileage tax is levied on commercial vehicles having a loaded gross weight of more than 18,000 pounds, or an unloaded weight over 8,000 pounds for trucks and 4,000 pounds for tractors. The tax is calculated by multiplying the number of miles operated on New York State public highways, excluding miles on New York Thruways, by the appropriate graduated rate. Rates are determined according to the gross, laden or un-laden weight.

Highway use permits are mandatory for owners of vehicles subject to the HUT. Beginning December 1, 2013, vehicles subject to the HUT are required to display a decal indicating ownership of a highway use permit. The fee, due every three years, for the registration and decal combined is $1.50. This change was made after a 2015 New York Supreme Court case ruled the previous $19 combined fee unconstitutional.

The fuel use tax applies to commercial vehicles that purchase fuel outside New York State, but consume the fuel while traveling on New York highways. The International Fuel Tax

Agreement (IFTA) is used to simplify fuel use reporting for motor carriers. A carrier will report and pay in its home jurisdiction all fuel taxes owed to IFTA members; IFTA then distributes the payments to its members' jurisdictions. The aggregate fuel use tax rate is the sum of the motor fuel tax rate and the sales tax rate. The sales tax rate has two components: the state sales tax rate, four percent, and the lowest county sales tax rate at the time, currently three percent. The sales tax rates are applied to the capped price of $2 per gallon. All HUT receipts are dedicated to the Dedicated Highway and Bridge Trust Fund.

YTD through January

Through January, collections have totaled $119.7 million, a decrease of 2.9 percent from the last fiscal year.

Table 35

Highway Use Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$120	(3.0%)	$139	(2.5%)	$139	($0)
2023-24			$142	2.4%	$141	$1

State Fiscal Year 2022-23

Collections are estimated to total $139.0 million, a decrease of 2.5 percent compared to the previous fiscal year. The Committee's estimates are equal to the Executive's.

State Fiscal Year 2023-24

Highway use tax collections are expected to increase by 2.4 percent, to $142 million, in SFY 2023-24. This is $1 million above the Executive's forecast of $144 million.

Cigarette and Tobacco Taxes

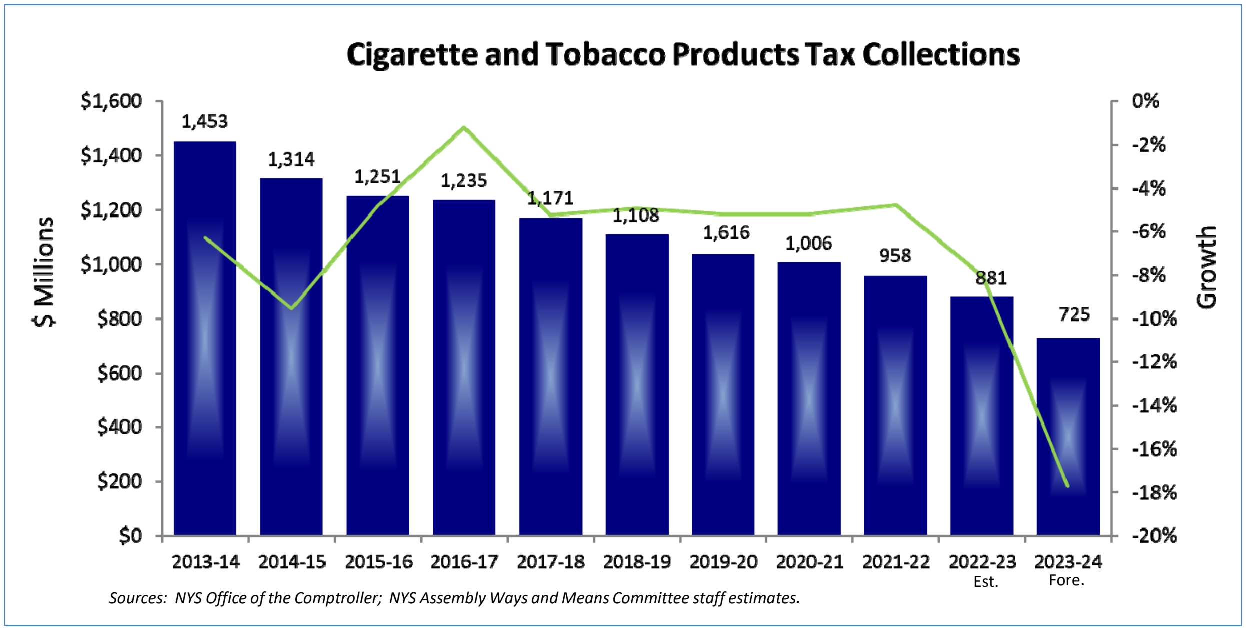


Figure 74

The state cigarette excise tax has been imposed by Article 20 of the Tax Law since 1939. This rate is currently $4.35 for a package of 20 cigarettes. The Commissioner of Taxation and Finance is authorized to make provisions for the sale of tax stamps and currently licenses agents to sell stamps for the payment of tax on cigarettes. The agent retains some of the revenues from the sale as commission according to guidelines established by the Tax Commissioner. The Commissioner is also authorized to prescribe a schedule of commissions, not exceeding five percent, to agents for buying and affixing stamps. The schedule shall be uniform with respect to the different types of stamps used, and may be on a graduated scale with respect to the number of stamps purchased. The City of New York applies an additional excise tax of $1.50 per package of 20 cigarettes.

The state also imposes a tax on tobacco products at a rate of 75 percent of the wholesale price of cigars and tobacco products other than little cigars and snuff. Little cigars are taxed at the same rate as cigarettes, $4.35 for a package of 20. One package of snuff which weighs an ounce or less is taxed at $2 per container, for packages weighing more than one ounce a proportional amount is levied on the snuff in excess of one ounce.

As part of the SFY 2023-24 Executive Budget, The Governor proposes to increase the excise tax on a package of 20 cigarettes by one dollar, from $4.35 to $5.35. The Governor also proposes to prohibit the sale of all flavored tobacco products. These actions would reduce SFY 2023-24 revenues by $129 million

Table 36

Cigarette and Tobacco Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$777	(7.5%)	$881	(8.0%)	$886	($5)
2023-24			$725	(17.8%)	$721	$4

YTD through January

Through January, cigarette and tobacco products tax collections totaled $777.1 million, a decrease of 7.5 percent from the same period in SFY 2021-22.

State Fiscal Year 2022-23

The Committee estimates SFY 2022-23 collections for cigarette and tobacco taxes will total $881 million, a decline of 8.0 percent. This estimate is based on year-to-date collections and historical collection patterns. The Committee's estimate is $5.0 million below the Executive's projection.

State Fiscal Year 2023-24

The Committee's cigarette and tobacco tax collections forecast for SFY 2023-24 is $725.0 million, a decline of 17.8 percent from SFY 2022-23. This decrease reflects the SFY 2023-24 Executive Budget proposals to ban the sale of all flavored tobacco products and increase the excise tax on cigarettes by one dollar, which would reduce cigarette and tobacco collections by $97 million in SFY 2023-24. The Committee's forecast is $4.0 million above the Executive's forecast of $721 million.

Fund Distribution

Approximately 70 percent of cigarette and tobacco taxes are distributed to the Health Care Reform Act (HCRA) revenue pool which offsets state Medicaid spending.

Table 37

Cigarette and Tobacco Taxes Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$280	$602	-	-	$881
2023-24	$219	$506	-	-	$725

Vapor Excise Tax

Pursuant to Article 28-C, effective December 1, 2019, a twenty 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.[34] The tax is imposed on the purchaser and collected by the vapor products dealer.

YTD through January

Through January, vapor product tax collections totaled $18.9 million, a decrease of 16.7 percent from the same period in SFY 2021-22.

Table 38

Vapor Excise Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$19	(16.7%)	$24	(16.3%)	$27	($3)
2023-24			$24	0.0%	$27	($3)

State Fiscal Year 2022-23

The Committee estimates that vapor tax collections in SFY 2022-23 will total $24 million, a decrease of 16.3 percent from SFY 2021-22. The Committee's estimate $3.0 million below the Executive's projection of $27 million.

[34] Public Health Law, Article 33, Title 5-A

State Fiscal Year 2023-24

The Committee forecasts that collections for SFY 2023-24 will total $24 million, which is equivalent to SFY 2022-23 collections. The Committee’s projection is $3.0 million below the Executive’s forecast of $27 million.

Alcoholic Beverage Control License Fees

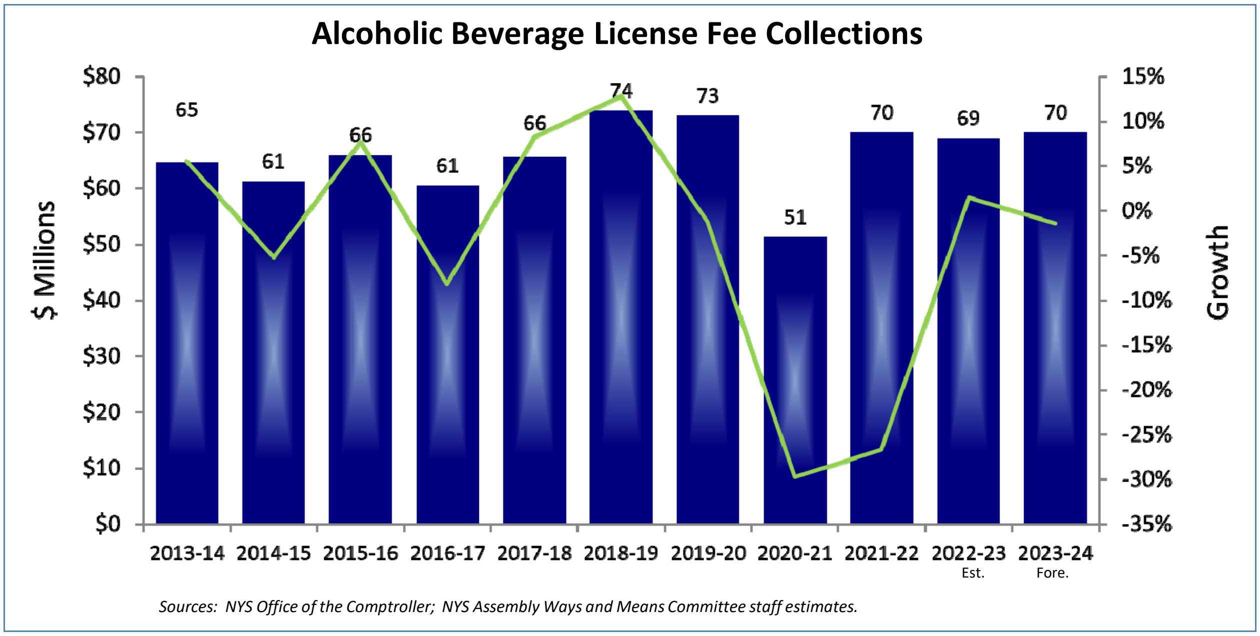


Figure 75

The New York State Alcoholic Beverage Control Law imposes permit fees on licenses for alcohol manufactures like distillers, brewers, wineries, as well as wholesalers and retailers. License fees vary according to three major factors: (1) the type of license which is issued; (2) the population of the locality where the establishment is located (for retail licenses only); and (3) the class of beverage for which the license is issued, namely liquor, beer, and wine. The State Liquor Authority oversees nearly 70,000 licenses and permits statewide each year. The most expensive licenses are for distillers.

On September 7, 2016, a new law took effect allowing holders of on premise consumption licenses to serve alcoholic beverages starting at 10 a.m. on Sundays. Prior to the law, alcoholic beverages could not be served for on-premises consumption until noon on Sundays.

Table 39

Alcoholic Beverage Control License Fees ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$58	(0.7%)	$69	(1.3%)	$69	$0
2023-24			$70	2.0%	$71	($1)

YTD through January

Year-to-date, alcoholic beverage control license fees collections are $58 million, a 0.7 percent decrease from the same period in SFY 2021-22.

State Fiscal Year 2022-23

The Committee estimates revenues from alcoholic beverage control license fees will total $69 million in SFY 2022-23, a 1.3 percent decrease from the previous year. The Committee's estimate is the same as the Executive's projection.

State Fiscal Year 2023-24

The Committee forecasts collections of $70 million, an increase of 2 percent from SFY 2022-23 collections. The Committee's forecast is $1 million below the Executive's forecast of $71 million.

Alcoholic Beverage Tax

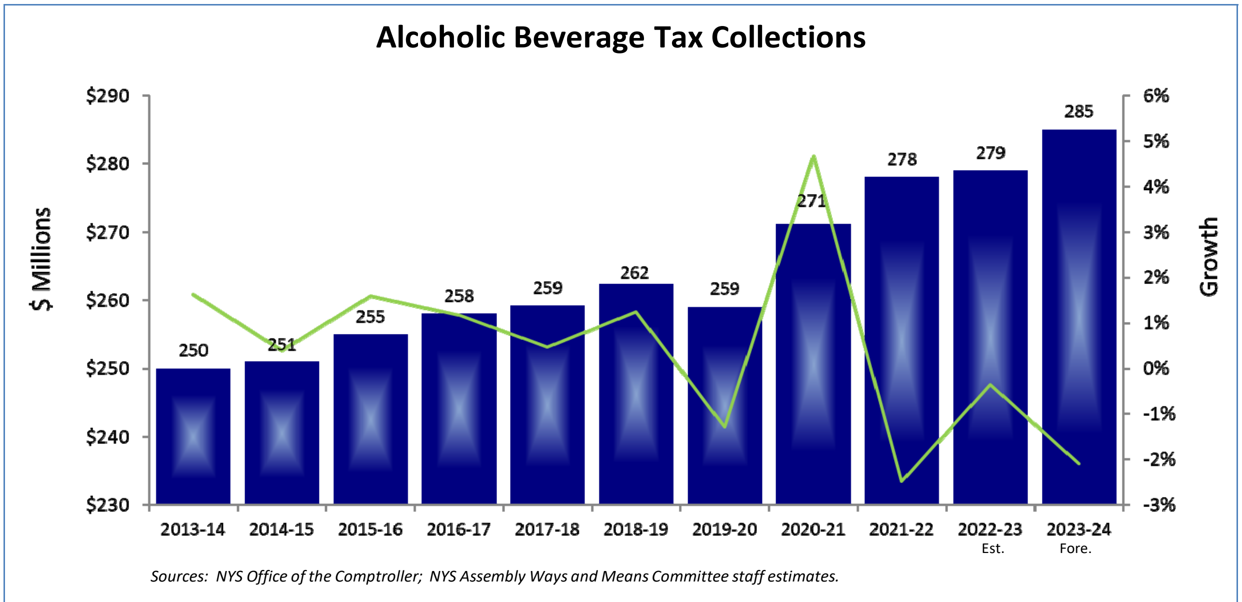


Figure 76

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 38).

Table 40

New York State and New York City Alcoholic Beverage Tax Rates (dollars per unit of measure)		
	New York State	New York City
Beer and other similar fermented malt beverages	$0.14 per gallon	$0.12 per gallon
Cider	0.0379 per gallon	None
Natural and artificially carbonated sparkling wine	0.30 per gallon	None
Still wine, including wine coolers	0.30 per gallon	None
Liquor containing more than 24 percent alcohol by volume	1.70 per liter	0.264 per liter
Liquor containing more than 2 percent but not more than 24 percent alcohol by volume	0.67 per liter	None
Liquor containing 2 percent or less alcohol by volume	None	None

Table 41

Alcoholic Beverage Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$247	0.6%	$279	0.8%	$280	($1)
2023-24			$285	2.0%	$284	$1

YTD through January

Year-to-date, alcoholic beverage tax receipts are $247 million, a 0.6 percent increase over the same period in SFY 2021-22.

State Fiscal Year 2022-23

The Committee estimates alcoholic beverage tax receipts will total $279 million in SFY 2022-23, for growth of 0.8 percent from SFY 2021-22. The Committee's estimate is $1 million below the Executive's projection.

State Fiscal Year 2023-24

The Committee forecasts alcoholic beverage tax collections in SFY 2023-24 of $285 million, or 2 percent over SFY 2022-23 collections. The Committee's forecast is $1 million above the Executive's forecast of $284 million.

Peer-to-Peer Car Sharing Tax

The new peer-to-peer car sharing tax, established pursuant to Article 28-D of the Tax Law, is imposed on any transfer of possession of a shared vehicle in the state. Peer-to-peer car sharing programs allow individuals to rent out their vehicles when they are not using them.

The statewide peer-to-peer car sharing tax is imposed at a rate of three percent. There is an additional tax of three percent on any transactions that occur in the Metropolitan Commuter Transportation District, and an additional regional tax of three percent on any transactions that occur anywhere else in the state.

This report does not include year-to-date peer-to-peer tax collections, as collections are not set to begin until the first quarter of 2023.

State Fiscal Year 2022-23

The Committee estimates partial-year peer-to-peer car sharing tax collections of $2 million in SFY 2022-23. The Committee's estimate is equivalent to the Executive's projection.

State Fiscal Year 2023-24

The Committee estimates peer-to-peer car sharing tax collections of $7 million in SFY 2023-24, which represents an increase of $5 million from SFY 2022-23. This increase is due the peer-to-peer car sharing tax being imposed for an entire fiscal year. The Committee's estimate is equivalent to the Executive's forecast.

Business Taxes

Table 42

Business Taxes Forecasts by State Fiscal Year ($ in Millions)						
	SFY 2022-23	**Growth**	**Diff. Exec.**	**SFY 2023-24**	**Growth**	**Diff. Exec.**
Business Taxes	**$26,524**	**(4.3%)**	**$412**	**$23,451**	**(11.6%)**	**$82**
Corporate Franchise	8,951	23.7%	96	7,726	(13.7%)	76
Utility Tax	551	(0.5%)	11	487	(11.6%)	8
Insurance Tax	2,642	7.7%	15	2,675	1.2%	15
Bank Tax	356	1680.0%	285	0	(100.0%)	-
Pass-Through Entity Tax	12,948	100.0%	-	11,460	(11.5%)	-
Petroleum Business Tax	1,076	4.3%	5	1,103	2.5%	(17)

Corporate Franchise Tax

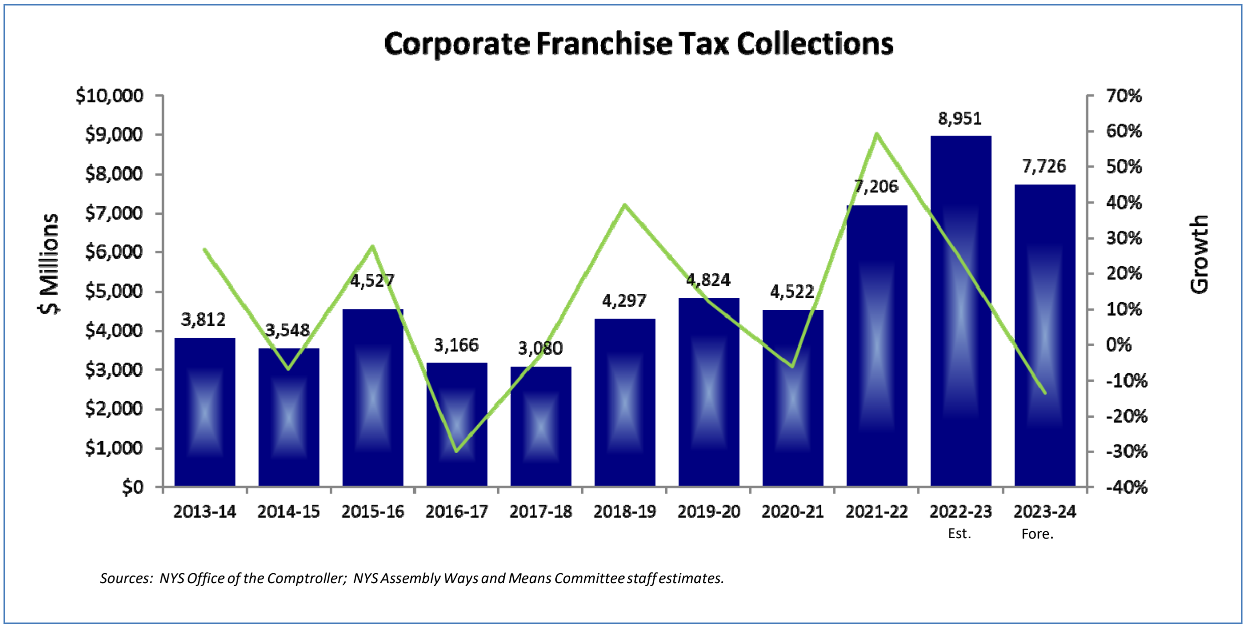


Figure 77

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. This action is projected to increase corporate franchise tax collections by $1.073 billion in SFY 2022-23 and $796 million in SFY 2023-24. As part of the SFY 2023-24 Executive Budget, the Governor proposes to extend the increased corporate franchise tax rates for an additional three years, through tax year 2026. This proposal would result in an additional $810 million in corporate franchise tax collections in SFY 2024-25.

The SFY 2022-23 Enacted Budget established a tax credit for small business' COVID-19 related expenses, and extended and enhanced the NYC Musical and Theatrical Production Credit. These actions are projected to reduce corporate franchise tax collections by $450 million in SFY 2023-24. The new COVID-19 related expenses tax credit for small businesses will apply to certain capital expenses resulting from the COVID-19 pandemic and will be capped at $250 million in aggregate, with a minimum credit of $1,000 per small business. As part of the SFY 2022-23 Executive Budget, the Governor proposes to extend the application deadline for the COVID-19 Capital Costs Tax Credit Program for six months, until September 30, 2023. This proposed extension reflects lower than expected uptake in the program as only $10.3 million in tax credits have been issued so far, according to the Division of Budget.

Table 43

Corporate Franchise Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$7,102	24.8%	$8,951	23.7%	$8,855	$96
2023-24			$7,726	(13.7%)	$7,650	$76

YTD through January

All Funds cumulative collections through January were $7.102 billion, an increase of 24.8 percent, or $1.411 billion, from prior year collections.

Audit collections through January totaled $739 million, an increase of $426 million or 136 percent compared to the previous fiscal year. Growth without audits is 18.3 percent above that of the prior fiscal year.

State Fiscal Year 2022-23

The Committee estimates SFY 2022-23 corporate franchise tax collections to total $8.951 billion, an increase of 23.7 percent, or $1.715 billion, from the previous fiscal year. This increase reflects the impact of the increased corporate franchise tax rates, along with strong growth in corporate profits. To reach this level, remaining collections are expected to increase by 19.7 percent above collections received over the same period in SFY 2021-22. The Committee's estimate is $96 million above the Executive's projection of $8.855 billion.

State Fiscal Year 2023-24

The Committee forecasts corporate tax receipts to decrease by 13.7 percent, or $1.225 billion, for a total of $7.726 billion in SFY 2023-24. This decrease mainly reflects a projected decline in corporate profits, and a projected $380 million decline in audit collections from SFY 2022-23. This estimate is $76 million above the Executive's forecast of $7.650 billion.

Fund Distribution

All corporate franchise tax receipts are deposited into the General Fund except for the Metropolitan Commuter Transportation District (MCTD) surcharge, which is deposited into the Mass Transportation Operating Assistance Fund (MTOAF) Special Revenue Fund. In SFY 2022-23, the Committee expects General Fund receipts to total $7.256 billion.

In SFY 2023-24, the Committee's forecasts a decrease of 15.5 percent in the General Fund with collections of $6.131 billion.

Table 44

Corporate Franchise Tax Fund Distribution ($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$7,256	$1,695	-	-	$8,951
2023-24	$6,131	$1,595	-	-	$7,726

Bank Tax

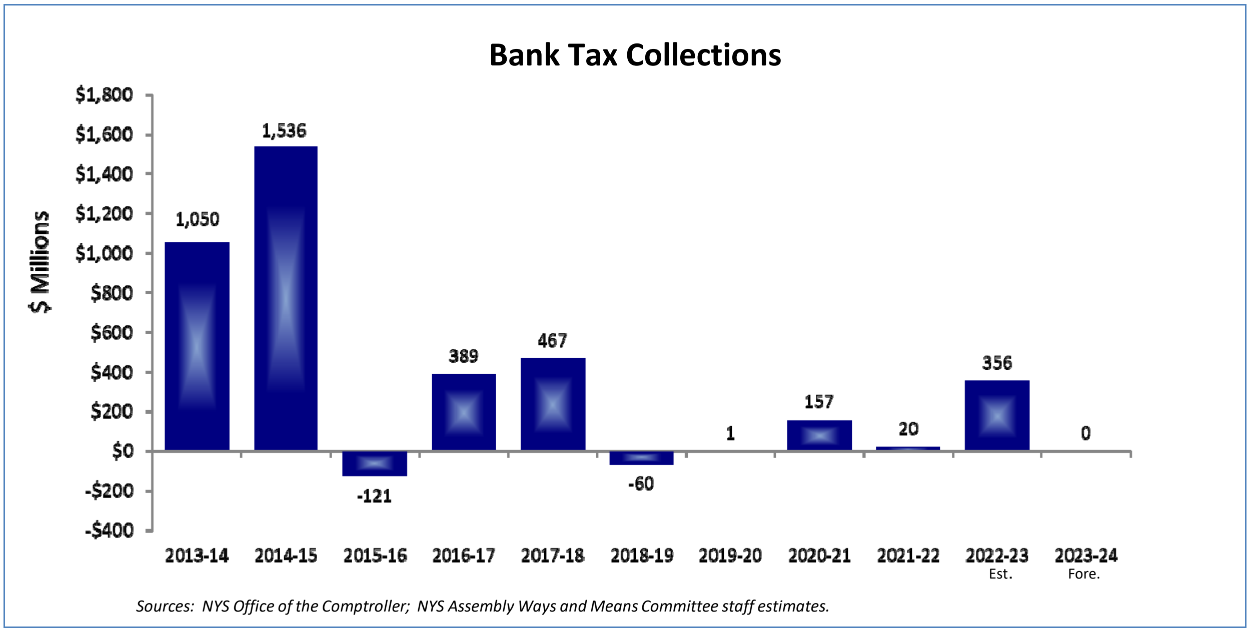


Figure 78

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.

Table 45

Bank Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	($4)	(125.9%)	$356	1680.0%	$71	$285
2023-24			$0	(100.0%)	$0	$0

YTD through January

Through January, bank tax collections are negative $4.2 million, a decrease of $24 million over the same period last fiscal year.

State Fiscal Year 2022-23

The Committee expects bank tax collections to total $356 million this fiscal year, an increase of $336 million from the prior year. This estimate is $285 million higher than the Executive's proposed budget estimate due to a large audit collected in February 2023.

State Fiscal Year 2023-24

The Committee expects that there will be no bank tax collections in SFY 2023-24, as collections from audits and other related activity in tax years prior to corporate tax reform are fully exhausted. The Committee's forecast is equivalent to the Executive's forecast.

Fund Distribution

All bank tax receipts are deposited into the General Fund except for the Metropolitan Commuter Transportation District (MCTD) surcharge, which is deposited into the Metropolitan Transportation Operating Assistance Fund (MTOAF).

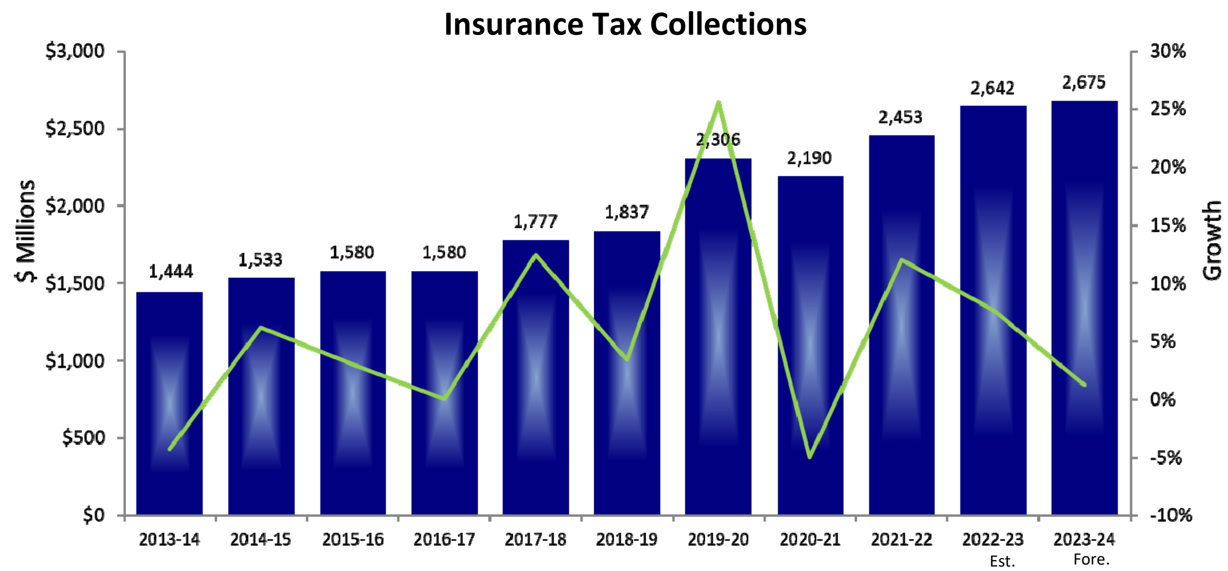
In SFY 2022-23, the Committee expects General Fund receipts of $301 million. In SFY 2023-24, the Committee expects no General Fund receipts.

Table 46

Bank Tax Fund Distribution
($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$301	$55	-	-	$356
2023-24	$0	$0	-	-	$0

Insurance Tax



Sources: NYS Office of the Comptroller; NYS Assembly Ways and Means Committee staff estimates.

Figure 79

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.

Table 47

Insurance Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$1,695	10.9%	$2,642	7.7%	$2,627	$189
2023-24			$2,675	1.2%	$2,660	$33

YTD through January

Year-to-date insurance tax collections are $1.695 billion, an increase of $167 million, or 10.9 percent, from the prior fiscal year.

State Fiscal Year 2022-23

The Committee expects collections to total $2.642 billion in SFY 2022-23, an increase of $189 million, or 7.7 percent, over the prior fiscal year. Collections are expected to increase by 2.5 percent over the remainder of the fiscal year, compared to the same period last fiscal year. The Committee's estimate is $15 million above the Executive's estimate of $2.627 billion.

State Fiscal Year 2023-24

The Committee forecasts insurance collections to total $2.675 billion in SFY 2023-24, an increase of $33 million, or 1.2 percent, above SFY 2022-23. The Executive forecasts collections to be $2.660 billion in SFY 2023-24, an increase of 1.3 percent, or $33 million. The Executive's forecast is $15 million below the Committee's forecast.

Fund Distribution

All insurance tax receipts are deposited into the General Fund except for the Metropolitan Commuter Transportation District (MCTD) surcharge, which is deposited into the Metropolitan Transportation Operating Assistance Fund (MTOAF).

In SFY 2022-23, the Committee projects General Fund receipts to reach $2.369 billion. In SFY 2023-24 the Committee projects the General Fund to increase $29 million to $2.397 billion.

Table 48

Insurance Tax Fund Distribution
($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$2,369	$274	-	-	$2,642
2023-24	$2,397	$278	-	-	$2,675

Corporate Utility Tax

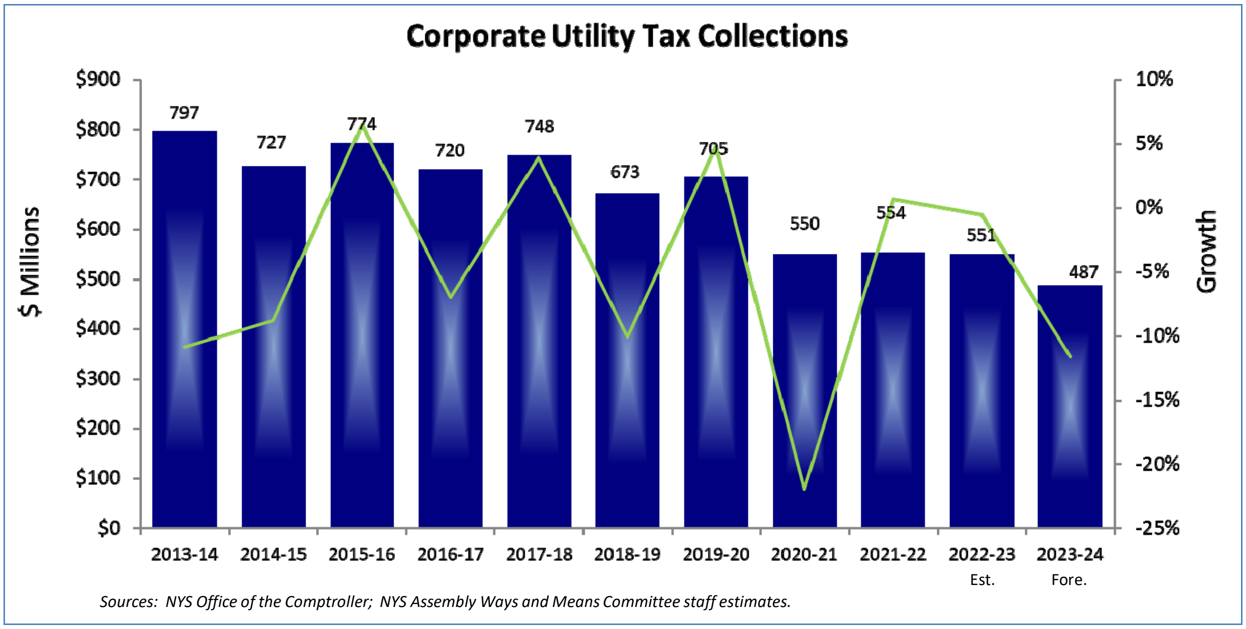


Figure 80

All transportation and transmission companies exercising their corporate franchise, doing business, employing capital, owning, or leasing property in the state in a corporate or organized capacity, or maintaining an office in New York are subject to a franchise tax under Article 9 of the Tax Law.

Transportation and transmission companies pay a tax of the greater of:

1. $75;
2. 1.5 mills per dollar of net value of issued capital stock; or
3. if dividends are paid on the par value of any stock during any calendar year amount to six percent or more, 0.375 mills per dollar for each 1 percent of dividends paid, computed at par value of the stock.

The excise tax on the sale of telecommunication services is imposed at the rate of 2.5 percent of gross receipts from:

1. intrastate telecommunication services;
2. interstate and international telecommunication services (other than interstate and international private telecommunication services) that originate or terminate in New York State and that are charged to a service address in New York State; and
3. interstate and international private telecommunication services.

Table 49

Corporate Utility Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$332	(0.2%)	$551	(0.5%)	$540	$11
2023-24			$487	(11.6%)	$479	$8

YTD through January

Through January, cumulative utility tax collections are $332 million, a decline of 0.2 percent from the prior fiscal year.

State Fiscal Year 2022-23

The Committee expects collections for SFY 2022-23 to be $551 million, a decrease of 0.5 percent, or $3.0 million, from the previous fiscal year. To reach this estimate, collections over the remainder of the year will need to increase by negative 1.6 percent over the same period last fiscal year. The Committee's estimate is $11 million above the Executive's estimate of $540 million.

State Fiscal Year 2023-24

The Committee expects utility tax collections to decrease by $64 million or 11.6 percent to a level of $487 million in SFY 2023-24. This decrease mainly reflects the impact of the COVID-19 Debt Relief Credit, which will provide utility companies with a refundable tax credit for the amount of debt they waived for customers who received utility arrears assistance. The Executive is expecting a decrease of 11.3 percent to $479 million in collections next fiscal year. The Committee's estimate is $8 million above the Executive's forecast of $479 million.

Fund Distribution

Eighty percent of the tax receipts from sections 183 and 184 of the Tax Law are deposited into the Mass Transportation Operating Assistance Fund (MTOAF) and the remainder is deposited into the Dedicated Highway Bridge and Trust Fund (DHBTF).

The Metropolitan Commuter Transportation District (MCTD) surcharge of 17 percent on a company's liability attributable to the MCTD is deposited into the MTOAF.

For SFY 2022-23, the Committee expect General Funds to total $418 million and Special Revenue Funds to be $120 million. Capital Projects Funds are estimated to total $12 million.

For SFY 2023-24, the Committee expect General Funds to decrease to $367 million and Special Revenue Funds to decrease to $108 million. Capital Projects Funds are forecast to be $12 million.

Table 50

Corporate Utililty Tax Fund Distribution
($ in Millions)

	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	$418	$120	-	$12	$551
2023-24	$367	$108	-	$12	$487

Pass-Through Entity Tax

In response to recent Federal tax law changes that limit the deductibility of state and local taxes from federal personal income taxes (PIT), the SFY 2021-22 budget enacted an optional pass-through entity tax (PTET) on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. The Committee expects that the PTET will be revenue-neutral for the state over the multi-year State Financial Plan, although the timing of certain payments could result in individual fiscal years experiencing revenue gains or losses.

For each tax year beginning on or after January 1, 2021, the PTET is imposed on each electing entity's PTE taxable income. The tax is in addition to any other taxes imposed on the entity under the Tax Law and is determined as follows:

Table 51

PASS-THROUGH ENTITY TAX RATES	
If the PTE taxable income is:	**then the PTET due is:**
$2 million or less	6.85% of PTE taxable income
greater than $2 million but less than or equal to $5 million	$137,000 plus 9.65% of the excess of PTE taxable income greater than $2 million
greater than $5 million but less than or equal to $25 million	$426,500 plus 10.30% of the excess of PTE taxable income greater than $5 million
Greater than $25 million	$2,486,500 plus 10.90% of the excess of PTE taxable income greater than $25 million

Beginning January 1, 2021, qualifying entities that elect to pay PTET will pay a progressive tax rate of up 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders who are subject to tax under Article 22 may receive a refundable tax credit on their New York State income tax return equal to the proportionate or pro rata share of taxes paid by the electing entity. The program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes.

For tax years beginning on January 1, 2022, and thereafter, qualifying entities may opt into the PTET on or after January 1 but not later than March 15 for each tax year, and the election to opt in is required to be made online on an annual basis and will be irrevocable. Electing entities must make quarterly tax payments in an amount equal to at least 25 percent of their required annual payment for the taxable year. The required annual payment is the lesser of:

- 90 percent of the PTET required to be shown on the return of the electing entity for the taxable year; or

- 100 percent of the of the PTET shown on the return of the electing entity for the preceding PTET taxable year.

State Fiscal Year 2022-23

The Committee estimates that collections for SFY 2022-23 will total $12.948 billion, a decrease of 21.2 percent from the previous fiscal year. This estimate is equivalent to the Executive's forecast.

State Fiscal Year 2023-24

The Committee forecasts that collections for SFY 2023-24 will total $11.460 billion, which is a decrease of 11.5 percent from SFY 2022-23 estimates. This is equivalent to the Executive's forecast.

Petroleum Business Tax

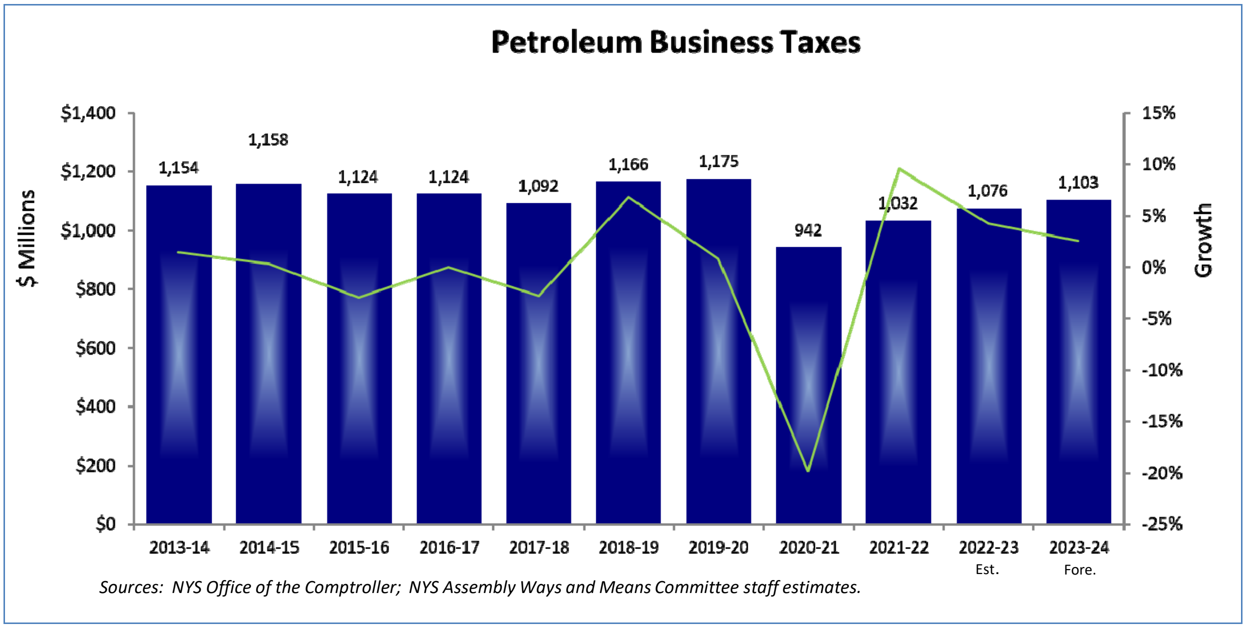


Figure 81

Article 13-A of the Tax Law imposes the Petroleum Business Tax on every petroleum business for the privilege of engaging in business, employing capital, owning or leasing property, or maintaining an office in the state. Gasoline is subject to tax at the time it is imported, while diesel is taxable upon the first sale. The Petroleum Business Tax also applies to the fuel that motor carriers purchase outside of New York State, but consume within the state.

Petroleum Business Tax rates are subject to annual adjustments on the first of January each year to reflect the change in the Producer Price Index (PPI) for refined petroleum products for the twelve months ending August 31 of the immediately preceding year. The petroleum PPI is published by the U.S. Bureau of Labor Statistics. The rates of tax are rounded to the nearest tenth of one cent and limited to a five percent annual change.

The Petroleum Business Tax consists of a base tax, a supplemental tax, and a tax on carriers. All revenues from the base tax are dedicated as follows: 19.7 percent to the Mass Transportation Operating Assistance Fund; and 80.3 percent to a dedicated funds pool. The supplemental tax and the tax on carriers are deposited entirely into that dedicated fund pool. The dedicated funds pool is split between the Dedicated Mass Transportation Trust Fund, (37 percent), and the Dedicated Highway and Bridge Trust Fund (63 percent).

Table 52

Petroleum Business Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$915	4.8%	$1,076	4.3%	$1,071	$5
2023-24			$1,103	2.5%	$1,120	($17)

YTD through January 2023

Through January, petroleum business tax (PBT) collections have increased by 4.8 percent over last fiscal year, for a total of $914.5 million year-to-date.

State Fiscal Year 2022-23

The Committee expects collections for SFY 2022-23 to total $1.076 billion, an increase of 4.3 percent, or $44 million, from the previous fiscal year. The Committee expects collections for the remainder of the year to increase by 1.8 percent compared to SFY 2021-22. The increase is mainly attributed to a 5 percent rate increase in 2023. The Committee's estimate is $5 million above the Executive's estimate of $1.071 billion.

State Fiscal Year 2023-24

The Committee forecasts PBT collections to increase by 2.5 percent, to a level of $1.103 billion, in SFY 2023-24. The Executive is forecasting $1.120 billion in collections for the next fiscal year. The Committee's forecast is $17 million below the Executive's projection, mainly due to the Committee's expectation that the PBT rate decreases by 5 percent in 2024, versus the Executive's projection of a 1.4 percent rate decrease.

Fund Distribution

Table 53

Petroleum Business Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	-	$473	-	$603	$1,076
2023-24	-	$486	-	$617	$1,103

Other Taxes

Table 54

Other Taxes Forecasts by State Fiscal Year ($ in Millions)						
	SFY 2022-23	**Growth**	**Diff. Exec.**	**SFY 2023-24**	**Growth**	**Diff. Exec.**
Other	**$3,485**	**14.1%**	**($59)**	**$2,662**	**(23.6%)**	**$10**
Estate Tax	1,998	44.1%	(27)	1,290	(35.4%)	33
Real Estate Transfer Tax	1,465	(10.7%)	(26)	1,342	(8.4%)	(24)
Employer Compensation Expense Program	7	(45.8%)	(6)	14	98.7%	0
Pari Mutuel	14	5.2%	1	13	(1.5%)	0
Other	2	100.0%	0	2	0.0%	0

Estate Tax

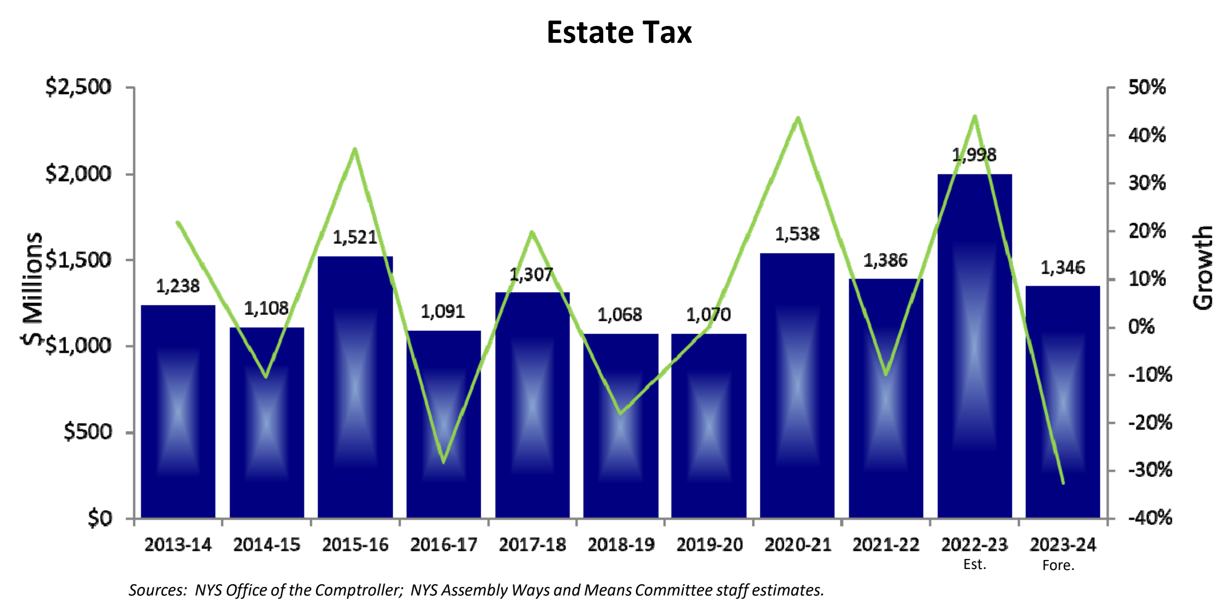


Figure 82

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. In 2022, the estate tax is applied to an estate whose value exceeds an exemption level of $6.11 million for single filers and $12.22 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 transferred real estate or tangible personal property is located within the state. Estate taxes must be filed within nine months of the decedent's death.

Table 55

Estate Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$1,780	52.3%	$1,998	44.1%	$2,025	($27)
2023-24			$1,290	(35.4%)	$1,257	$33

YTD through January

Year-to-date, estate tax collections are $1.780 billion, a 52.3 percent increase from the same period in SFY 2021-22. This significant increase in year-to-date collections is mainly due the receipt of seven super-large estate tax payments that have totaled $714.3 million, “Super-large” estates are estates with tax payments of over $25 million.

State Fiscal Year 2022-23

The Committee estimates estate tax collections will total $1.998 billion in SFY 2022-23. This reflects a 44.1 percent increase from SFY 2021-22. The Committee’s estimate is $27 million below the Executive’s estimate.

State Fiscal Year 2023-24

The Committee projects estate tax collections to decrease by 35.4 percent, or $708 million, in SFY 2023-24, for a total of $1.290 billion. The Committee’s forecast is $33 million above the Executive’s forecast of $1.257 billion.

Real Estate Transfer Tax

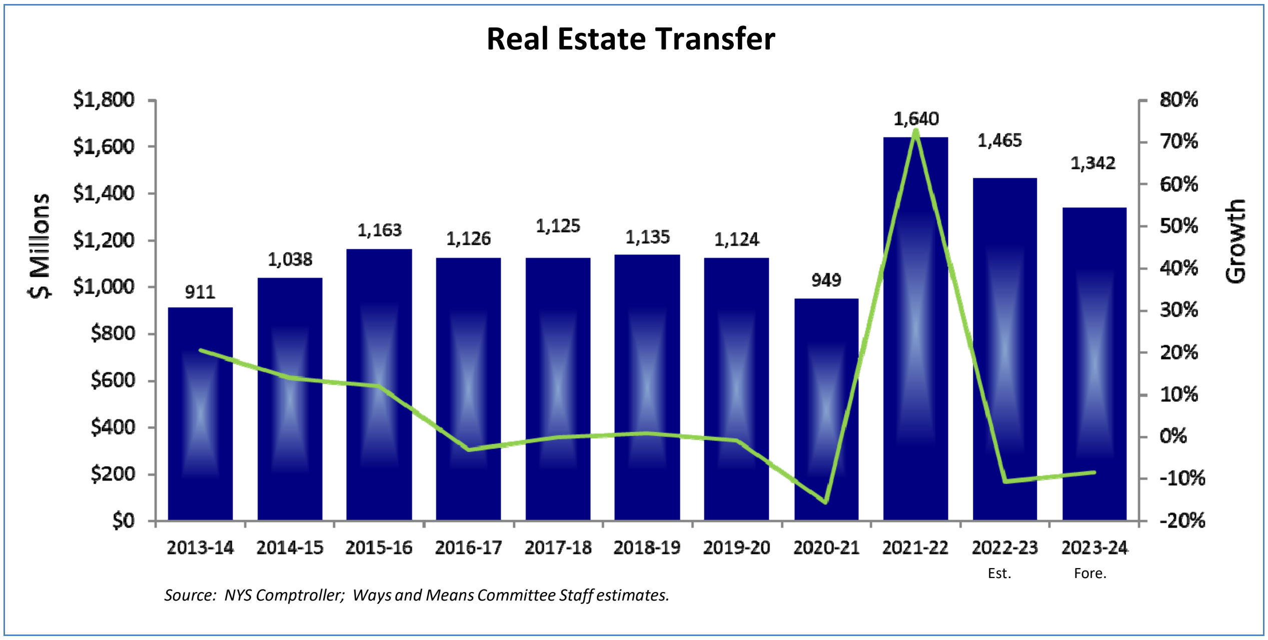


Figure 83

The real property transfer tax is administered pursuant to Article 31 of the New York State Tax Law, and it is levied on real property transfers where the value of the interest conveyed exceeds $500. The tax is paid by the grantor, the party selling the property, and is imposed on the conveyance of real property, either by deed or economic interest, at a rate of $2 for each $500 of sales price. An additional tax of one percent is applied to residential transfers when the value of the property is over $1 million; this additional tax is commonly called the mansion tax. This additional tax is paid by the grantee, the party purchasing the property.

Real estate transfer tax (RETT) receipts rely on the climate of the housing market in New York State, and especially in New York City. Historically, New York City accounts for over 50 percent of total RETT receipts, while Long Island accounts for around 15 percent of receipts.

The SFY 2019-20 budget established two additional RETT provisions on transfers occurring in New York City, which will support the MTA, including an expansion of the existing transfer tax, which implemented a progressive rate structure ranging from 1.25 percent on transfers valued at $2 million to 3.9 percent on sales valued over $25 million; and an additional 0.25 percent RETT on residential transactions valued over $3 million and commercial transactions valued over $2 million. Since these taxes are remitted to the Central Business

District Tolling Capital Lockbox, they are not reflected in the Committee's projections of state receipts.

Table 56

Real Estate Transfer Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$1,306	(5.1%)	$1,465	(10.7%)	$1,491	($26)
2023-24			$1,342	(8.4%)	$1,366	($24)

YTD through January

Through September, RETT collections are $1.306 billion, which represents a 5.1 percent decrease from the same period in SFY 2021-22.

State Fiscal Year 2022-2023

The Committee estimates that RETT receipts will total $1.465 billion in SFY 2022-23, for a decrease of 10.7 percent from SFY 2021-22. This decrease can be attributed to the decline in housing market activity as mortgage interest rates continue to rise due to recent Federal Reserve actions. The Executive estimates a total of $1.491 billion in collections, which is $26 million above the Committee's estimate.

State Fiscal Year 2023-24

The Committee anticipates RETT receipts will total $1.342 billion in SFY 2023-24 for a year-over-year decrease of 8.4 percent due to an expected continual decline in housing demand for the reasons noted above. The Committee's forecast is $24 million below the Executive's forecast of $1.366 billion.

Fund Distribution

Table 57

Real Estate Transfer Tax Fund Distribution ($ in Millions)					
	General Fund	Special Revenue	Debt Service	Capital Projects	All Funds
2022-23	-	-	$1,212	$257	$1,465
2023-24	-	-	$1,085	$257	$1,342

A statutory amount of $257 million, increased from $119 million as part of the SFY 2022-23 Enacted Budged, is deposited into the Environmental Protection Fund (EPF) from RETT collections, and the remaining is deposited into the Clean Water/Clean Air Fund (CW/CA) for Debt Service. When the CW/CA obligation is paid, the excess revenue is transferred to the General Fund.

Pari-Mutuel

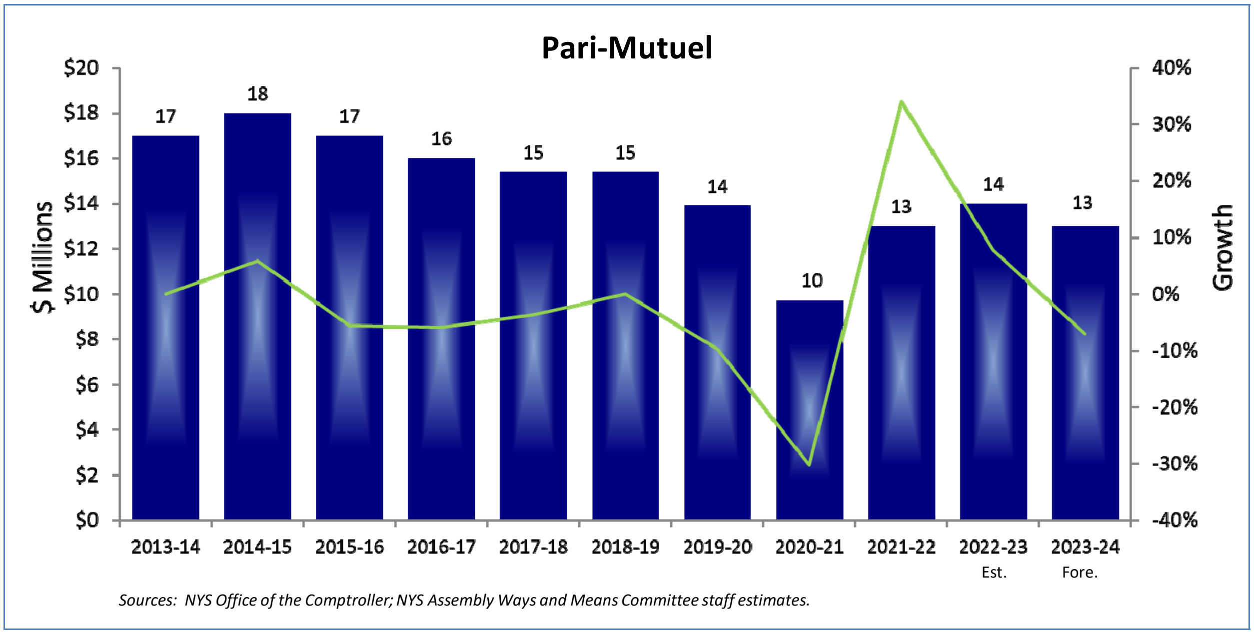


Figure 84

Under the Racing, Pari-Mutuel Wagering and Breeding Law, a tax is imposed on horseracing pari-mutuel bets placed at racetracks, simulcast theaters and Off-Track Betting (OTB) facilities. Pari-mutuel betting, also known as pool betting, is a unique form of betting. Instead of placing wagers against a bookmaker, you place wagers against other bettors who have placed wagers on the same event.

Horse racing businesses that are authorized to conduct pari-mutuel betting must deposit net betting revenue into a pari-mutuel pool. These pools are taxed at rates between 14 and 20 percent for regular on-track bets, 16 percent and 22 percent for multiple on-track bets, 20 percent and 30 percent for exotic on-track bets, 20 percent and 36 percent for super exotic on-track bets, while the breaks are taxed at 55 percent. The breaks are the odd cents or dollars in a payoff, over a scaled rounded value. For example, for a payoff of $1.67, the break would be two cents, but for a payoff of $270 the break would be $20.

In addition to the pool taxes, businesses must pay a tax on the amount that is retained by the business. These rates vary based on the type of bet the revenue originates from. The rates are as follows: 1 percent for revenue from regular bets, 1.5 percent for multiple bets, 6.75 percent for exotic bets, and 7.75 percent for super exotic bets. The above rates will be increased by 0.25 percent on all on-track bets for racing corporations that did not expend at least 0.5 percent of its on-track bets during the following calendar year for enhancements, repairs, structures and equipment used in its operations.

These businesses will receive a credit, against the tax imposed, in an amount equal to 0.4 percent of total daily pools resulting from the simulcasting of events under the condition that 60.0 percent of the credit be used for increasing purses for overnight races conducted by such organizations.

The horse racing business must also pay the Gaming Commission a regulatory fee of 0.6 percent of the total daily on-track pari-mutuel pools.

Table 58

Pari-Mutuel Tax ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$12	0.0%	$14	5.2%	$13	$1
2023-24			$13	(1.5%)	$13	$0

YTD through January

Year-to-date, pari-mutuel tax receipts are currently $12 million, which is equivalent to SFY 2021-22 collections over the same period.

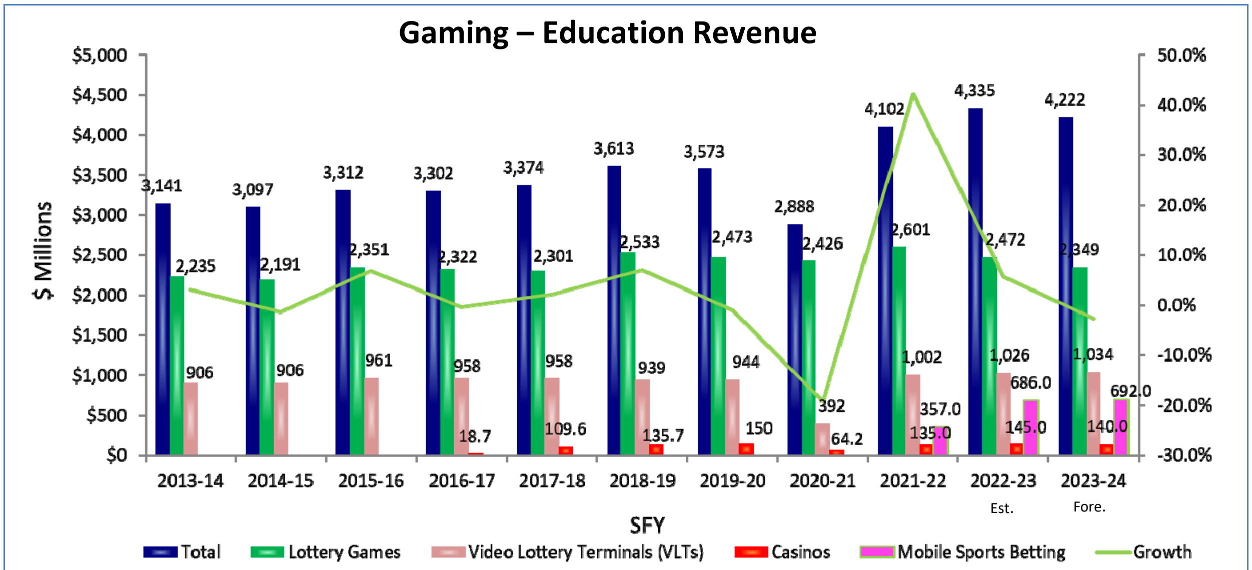
State Fiscal Year 2022-23

The Committee estimates pari-mutuel receipts will total $14 million in SFY 2022-23, an increase of 5.2 percent compared to SFY 2021-22. The Committee's estimate is $1 million over the Executive's projection.

State Fiscal Year 2023-24

The Committee's forecast for SFY 2023-24 is $13 million, which is $1 million below the prior fiscal year. The Committee's forecast is the same as the Executive's forecast.

Gaming



Sources: NYS Office of the Comptroller; NYS Assembly Ways and Means Committee staff estimates.
Note: Interactive fantasy sports tax collections are included in the total.

Figure 85

The New York State Lottery was established by a Constitutional Amendment in 1966 for the express purpose of raising revenues for education. The New York State Gaming Commission operates a number of lottery games like jackpot games, and instant scratch-off games. A predetermined percentage of sales from each game is dedicated to fund education. Depending on the type of the lottery game, between 10 to 45 percent of sales are dedicated to education funding. Daily games contribute an average of 33 percent, jackpot games contribute an average of 35 percent, and instant scratch-off games contribute an average of 15 percent.

Video lottery terminal (VLT) facilities began operating in New York State in 2004, and ten video lottery terminals (VLTs) facilities exist today including Resort World Hudson Valley Casino which just began operations in December 2022. These facilities contributed $1.002 billion in revenue to education in SFY 2021-22. On average, VLTs contributed 45 percent of their Net Machine Income to education in SFY 2021-22.[35]

https://gaming.ny.gov/gaming/index.php?ID=1

The law permitting the licensing, regulation and taxation of non-tribal casinos was enacted in 2013. There are currently four commercial gaming facilities in operation: Tioga Downs, Del Lago Resort, Rivers Casino and Resort, and Resorts World.

All commercial casinos must pay a tax of ten percent on the gross table game revenue, but the tax rate varies for revenue from electronic table games (ETGs) and slot machines based on the region in which the casino is located. Additionally, the SFY 2021-22 Enacted Budget enabled commercial casinos to petition for a temporarily reduced slot tax rate of no lower than 30 percent, pursuant to them fulfilling certain conditions. As of January 2023, Rivers Casino, Resorts World Catskills, and Del Lago Casino have successfully petitioned for a lower slot tax rate for Fiscal Years 2022 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 37 percent at Tioga. This tax is distributed in the following manner: 80 percent to education and property tax relief, ten percent split equally between the host municipality and the host county, and ten percent split among non-host counties within the region on a per capita basis. Facilities must also pay an annual license fee of $500 for each slot machine and table game that the Gaming Commission approves for use at the facility.

There are three unawarded commercial casino licenses remaining in New York State and an agreement between the Legislature and the Executive was reached as part of the SFY 2022-23 Enacted Budget to allow the Gaming Facility Location Board to issue a request for applications (RFA) no later than January 2023. However, before the Board may consider any application, the applicant would have to be approved by a Local Community Advisory Committee as well as comply with all applicable local zoning requirements. The additional casino facilities will be allowed statewide, however, no more than three casinos could be located in the downstate zone (NYC, Nassau, Suffolk, Putnam, Rockland and Westchester counties). The license fee and tax rates will ultimately be determined pursuant to the open-bidding process, and no license is expected to be awarded until late 2023 at the earliest.

As part of the SFY 2023-24 Executive Budget, the Governor proposes to direct any state portion of fees and recurring revenue received from the three remaining licenses in the downstate region to the MTA instead of the Commercial Gaming Fund for educational purposes.

Legislation to permit, regulate and tax interactive fantasy sports was enacted in 2016. The tax is a 15 percent rate on gross revenue, as well as an additional 0.5 percent tax that is not to exceed $50,000 dollars annually.

As part of the SFY 2021-22 Enacted Budget, mobile sports betting was authorized throughout the state. Mobile Sports Betting is estimated to increase gaming revenue by $685 million in SFY 2022-23, and $692 million in SFY 2023-24.

Table 59

Gaming ($ in Millions)						
	Year To Date	YTD Growth	Closeout/ Forecast	Growth	Executive	Difference
2022-23	$3,534	23.0%	$135,849	(8.9%)	$135,555	$294
2023-24			$136,646	0.6%	$136,158	$488

YTD through January

Year-to-date, gaming revenue totaled $3.534 billion, a 23 percent increase over the same period in SFY 2021-22. This increase is largely due to the impact of mobile sports betting.

State Fiscal Year 2022-23

The Committee estimates total gaming receipts of $4.335 billion, an increase of 5.7 percent, or $230 million over SFY 2021-22 collections. The Committee's estimate is $66 million above the Executive's estimate.

The Committee estimates lottery games receipts will total $2.472 billion, a decrease of 4.9 percent from SFY 2021-2022.

The Committee estimates that VLT receipts will total $1.026 million, an increase of 2.4 percent over SFY 2021-22.

The Committee estimates that casino receipts will total $145 million, an increase of 5.0 percent over SFY 2021-22.

The Committee estimates mobile sports betting receipts will total $685 million, an increase of 91.9 percent, or $328 million over SFY 2021-22. This increase reflects the first full year impact of collections from mobile sports betting. In addition, $6 million in mobile sports wagering revenue will be directed to problem gambling education and treatment services, and $5 million in mobile sports wagering revenue will be directed to youth sports funding.

The Committee estimates that interactive fantasy sports tax receipts will total $6.0 million, which is $1 million below SFY 2021-22.

State Fiscal Year 2023-24

The Committee projects that combined gaming revenue will total $4.222 billion in SFY 2023-24. This represents a decrease of 2.6 percent, or $113 million, from SFY 2022-23 collections. This estimate is $79 million above the Executive's forecast.

The Committee forecasts that lottery game revenue receipts will total $2.349 billion, a decrease of 5 percent from SFY 2022-23, as collections from the Mega Millions and Powerball games are expected to return to historical collection patterns after the extraordinary receipts in SFY 2022-23.

VLT receipts are expected to total $1.034 billion, an increase of 0.8 percent from SFY 2022-23.

Casino receipts are forecast to total $140 million, a decrease of 3.2 percent from SFY 2022-23.

Mobile sports betting receipts are forecast to total $692 million, an increase of 1 percent, or $7 million, over SFY 2022-23. In addition, $6 million in mobile sports wagering revenue will be directed to problem gambling education and treatment services, and $5 million in mobile sports wagering revenue will be directed to youth sports funding.

Interactive fantasy sports receipts are forecast to total $6.0 million, the same as the previous fiscal year.

Miscellaneous Receipts

Miscellaneous Receipts – All Funds

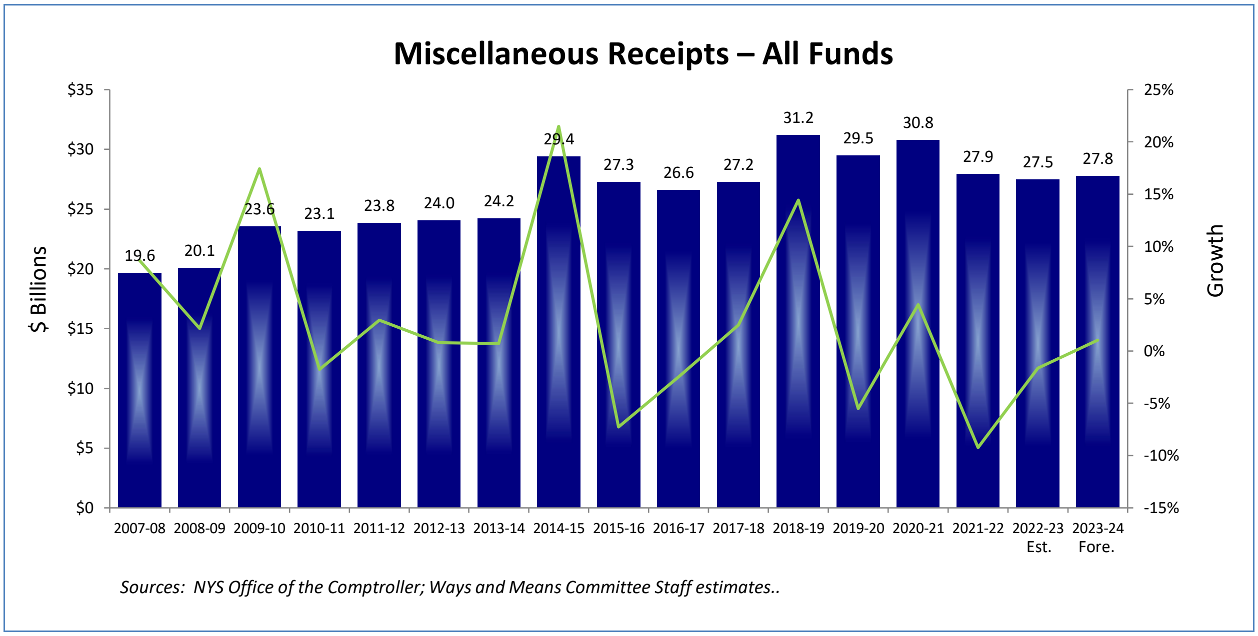


Figure 86

All Funds Miscellaneous Receipts consist of funds received from Health Care Reform Act (HCRA) financing sources, State University of New York (SUNY) tuition and patient income, lottery receipts for education, assessments on regulated industries, motor vehicles fees and a variety of fees and licenses.

On an All Funds basis, Miscellaneous Receipts are estimated to total $27.479 billion in SFY 2022-23 and $27.761 billion in SFY 2023-24.

Miscellaneous Receipts – General Fund

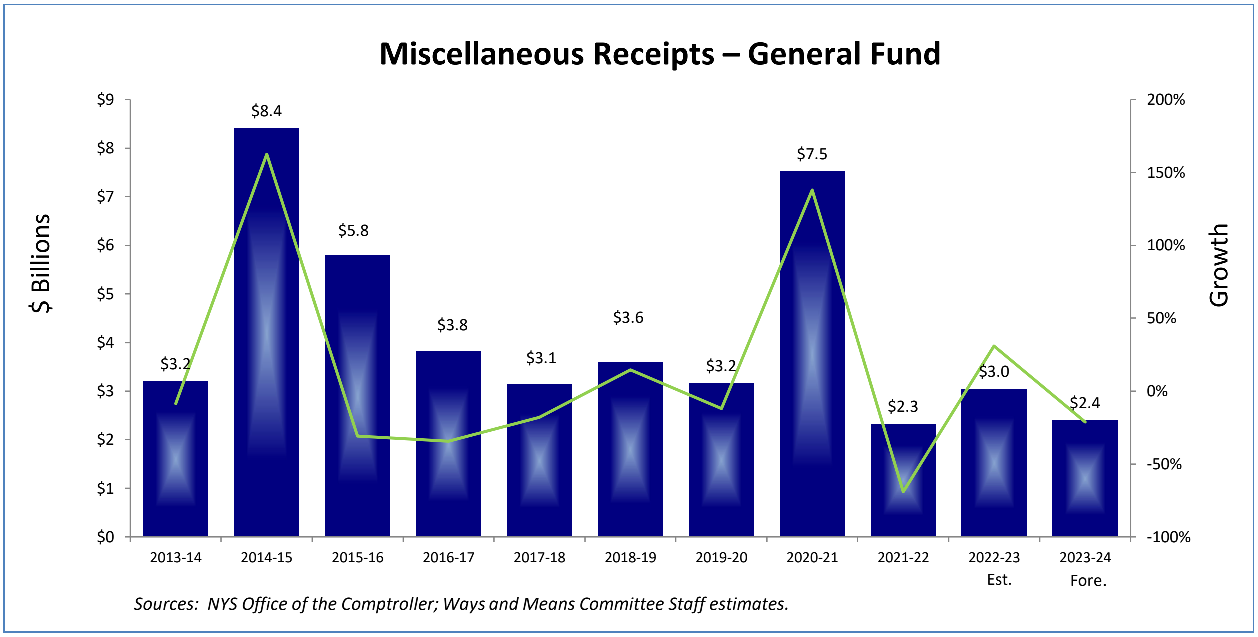


Figure 87

General Fund collections are more volatile as a result of one-time deposits and settlements, which peaked in SFY 2014-15 and have trended lower thereafter. In addition, there was a substantial increase in SFY 2020-21 receipts that was related to extraordinary bond proceeds, authorized in response to the COVID-19 pandemic.

State Fiscal Years 2022-23 and 2023-24

General Fund Miscellaneous Receipts totaled $2.325 billion in SFY 2021-22 and are estimated to increase to $3.045 billion in SFY 2022-23 and decline to $2.396 billion in SFY 2023-24.

Key Components

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.

Table 60

Miscellaneous Receipts - General Fund ($ in Millions)

	2021-22 Actual	2022-23 Estimated	2023-24 Projected	Change	Percent Change
Licenses, Fees	640	529	580	51	9.7%
Abandoned Property	568	450	450	0	-
Reimbursements	241	70	66	(4)	(5.7%)
Investment Income	14	1,135	600	(535)	(47.1%)
ABC License	70	69	70	1	1.4%
Motor Vehicles Fees	306	251	220	(31)	(12.2%)
Extraordinary Settlements	68	160	33	(127)	-
Other Transactions	418	381	376	(5)	(1.3%)
Total	**2,325**	**3,045**	**2,396**	**(649)**	**(21.3%)**

Sources: Executive Budget; NYS Assembly Ways and Means Committee staff.

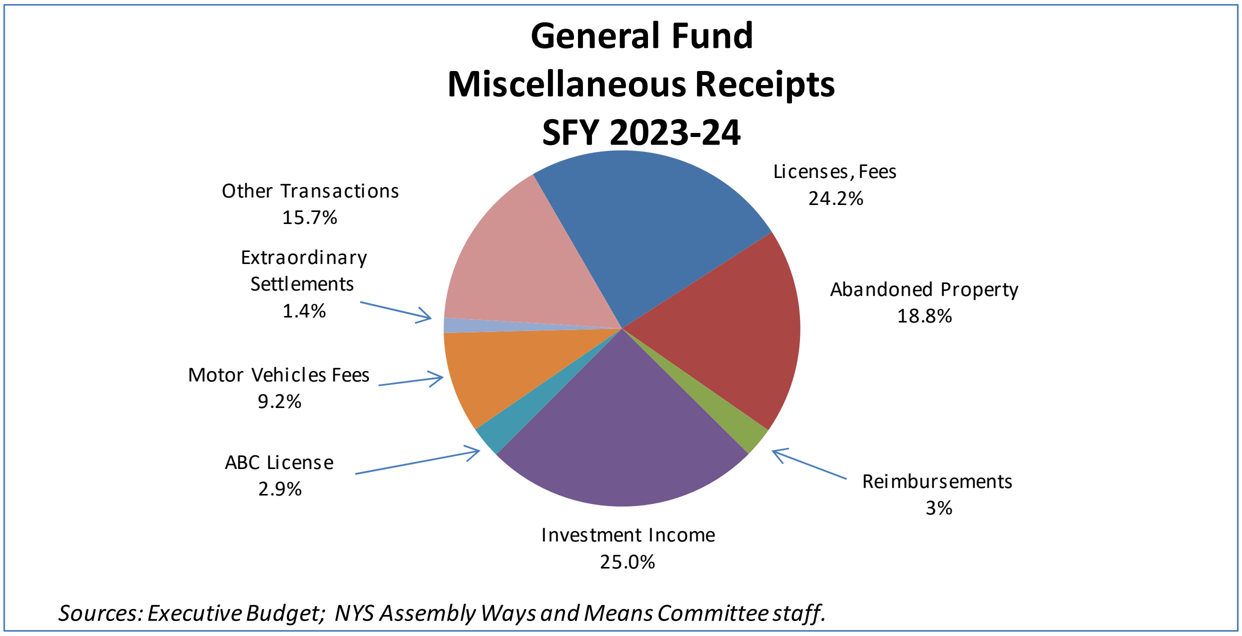


Figure 88

Miscellaneous Receipts – Special Revenue Funds

SFY 2022-23

The Committee estimates Special Revenue funds to total $15.982 billion in SFY 2022-23, whereas Capital Projects are expected to total $8.119 billion, and Debt Service is anticipated to receive $376 million in receipts.

SFY 2023-24

The Committee estimates Special Revenue funds to total $14.034 billion in SFY 2023-24, with Capital Projects expected to total $10.953 billion and Debt Service anticipated to receive $378 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.

<u>Medicaid</u>

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.

<u>State University Income</u>

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.

<u>Lottery</u>

Sale of lottery tickets and Video Lottery Terminals (VLTs) are used to support public education and Lottery administrative operating costs.

<u>Motor Vehicle Fees</u>

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.