



<b>\$1,954,570,000</b>	
<b>NEW YORK STATE THRUWAY AUTHORITY</b>	
<b>State Personal Income Tax Revenue Bonds (Transportation)</b>	
<b>\$1,900,540,000</b>	<b>\$54,030,000</b>
<b>Series 2021A-1 (Tax-Exempt)</b>	<b>Series 2021A-2 (Federally Taxable)</b>
<b>Dated: Date of Delivery</b>	<b>Due: As Shown on the Inside Cover Pages</b>

The New York State Thruway Authority State Personal Income Tax Revenue Bonds (Transportation), Series 2021A-1 (Tax-Exempt) (the “Series 2021A-1 Bonds”) and the New York State Thruway Authority State Personal Income Tax Revenue Bonds (Transportation), Series 2021A-2 (Federally Taxable) (the “Series 2021A-2 Bonds” and, together with the Series 2021A-1 Bonds, the “Series 2021A Bonds”), are special obligations of the New York State Thruway Authority (the “Authority”). The Series 2021A Bonds are secured by a pledge of certain financing agreement payments to be made to The Bank of New York Mellon, New York, New York, as trustee and paying agent (the “Trustee”) on behalf of the Authority by the State of New York (the “State”) under a financing agreement (the “Financing Agreement”) between the Authority and the State, acting by and through the Director of the Division of the Budget (the “Director of the Budget”). Financing agreement payments are payable from amounts legally required to be deposited into the Revenue Bond Tax Fund (as hereinafter defined) to provide for the payment of the Series 2021A Bonds and all other State Personal Income Tax Revenue Bonds (as hereinafter defined). The Revenue Bond Tax Fund receives a statutory allocation of 50 percent of State personal income tax receipts imposed by Article 22 of the New York State Tax Law, 50 percent of employer compensation expense program receipts imposed by Article 24 of the New York State Tax Law, and 50 percent of pass-through entity tax receipts imposed by Article 24-A of the New York State Tax Law (collectively the “Revenue Bond Tax Fund Receipts”). See “PART 3 – SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

The Authority is one of five Authorized Issuers (as hereinafter defined) that can issue State Personal Income Tax Revenue Bonds. All financing agreements entered into by the State to secure State Personal Income Tax Revenue Bonds shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the State Personal Income Tax.

**The Series 2021A Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2021A Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2021A Bonds. The Authority has no taxing power.**

The Series 2021A Bonds will be issued as fixed rate obligations, fully registered, in denominations of \$5,000 or any integral multiple thereof. The Series 2021A Bonds will bear interest at the rates and mature at the times and in the principal amounts shown on the inside cover pages hereof. Interest on the Series 2021A Bonds is payable on each March 15 and September 15, commencing March 15, 2022.

The Series 2021A Bonds will be initially issued under a book-entry only system and will be registered in the name of Cede & Co., as Bondholder and nominee of The Depository Trust Company, New York, New York (“DTC”). See “PART 8 – BOOK-ENTRY ONLY SYSTEM” herein. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2021A Bonds, payments of principal or redemption price of and interest on the Series 2021A Bonds will be made by The Bank of New York Mellon, New York, New York, as Trustee and Paying Agent, to Cede & Co.

The Series 2021A Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Harris Beach PLLC, New York, New York, and Hardwick Law Firm, LLC, New York, New York, co-bond counsel to the Authority (collectively, “Co-Bond Counsel”), under existing statutes, regulations, administrative rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Series 2021A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, Co-Bond Counsel are of the opinion that interest on the Series 2021A-1 Bonds is not an “item of tax preference” for purposes of computing the federal alternative minimum tax imposed on individuals. Co-Bond Counsel are also of the opinion that interest on the Series 2021A-2 Bonds is included in gross income for federal income tax purposes pursuant to the Code. Co-Bond Counsel are further of the opinion that, based on existing statutes, interest on the Series 2021A Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). See “PART 13 – TAX MATTERS” herein regarding certain other tax considerations.

The Series 2021A Bonds are offered, when, as and if issued by the Authority and are subject to approval of legality by Harris Beach PLLC, New York, New York, and Hardwick Law Firm, LLC, New York, New York, Co-Bond Counsel to the Authority, and to certain other conditions. It is expected that the Series 2021A Bonds will be available for delivery to DTC on or about July 28, 2021.

**\$1,954,570,000**  
**NEW YORK STATE THRUWAY AUTHORITY**  
**STATE PERSONAL INCOME TAX REVENUE BONDS**  
**(TRANSPORTATION)**

**Maturities, Principal Amounts, Interest Rates, Yields and CUSIP Numbers**

**\$1,900,540,000**  
**SERIES 2021A-1 (TAX-EXEMPT)**

<b>Due March 15</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP No.<sup>†</sup></b>
2023	\$21,985,000	5.00%	0.08%	650028WH2
2024	19,590,000	5.00	0.15	650028WJ8
2025	47,925,000	5.00	0.27	650028WK5
2026	50,320,000	5.00	0.39	650028WL3
2027	52,840,000	5.00	0.50	650028WM1
2028	55,485,000	5.00	0.62	650028WN9
2029	58,255,000	5.00	0.72	650028WP4
2030	61,170,000	5.00	0.81	650028WQ2
2031	59,645,000	5.00	0.90	650028WR0
2032	28,945,000	5.00	0.99*	650028WS8
2033	30,395,000	5.00	1.04*	650028WT6
2034	31,915,000	5.00	1.09*	650028WU3
2035	33,510,000	5.00	1.15*	650028WV1
2036	35,185,000	4.00	1.31*	650028WW9
2037	36,590,000	4.00	1.36*	650028WX7
2038	38,060,000	4.00	1.41*	650028WY5
2039	39,580,000	4.00	1.44*	650028WZ2
2040	41,160,000	4.00	1.47*	650028XA6
2041	42,810,000	4.00	1.51*	650028XB4
2042	44,520,000	4.00	1.55*	650028XC2
2043	46,300,000	4.00	1.58*	650028XD0
2044	48,155,000	4.00	1.68*	650028XE8
2045	50,080,000	4.00	1.71*	650028XF5
2046	52,080,000	4.00	1.74*	650028XG3
2047	54,165,000	4.00	1.75*	650028XH1
2048	56,330,000	3.00	2.00*	650028XJ7
2049	58,020,000	3.00	2.02*	650028XK4
2050	59,765,000	3.00	2.04*	650028XL2
2051	61,555,000	3.00	2.05*	650028XM0
2052	63,400,000	4.00	1.82*	650028XN8
2053	65,940,000	4.00	1.83*	650028XP3
2054	68,575,000	4.00	1.84*	650028XQ1
2055	71,320,000	4.00	1.85*	650028XR9
2056	74,170,000	4.00	1.87*	650028XS7
2057	77,140,000	4.00	1.90*	650028XT5
2058	80,225,000	4.00	1.93*	650028XU2
2059	83,435,000	4.00	1.95*	650028XV0

\* Priced to the first optional call date of March 15, 2031.

† CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP numbers have been assigned by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2021A-1 Bonds. Neither the Authority nor the Initial Purchasers make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for a specific maturity are subject to being changed after the issuance of the Series 2021A-1 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021A-1 Bonds.

**\$1,954,570,000**  
**NEW YORK STATE THRUWAY AUTHORITY**  
**STATE PERSONAL INCOME TAX REVENUE BONDS**  
**(TRANSPORTATION)**

**Maturity, Principal Amount, Interest Rate, Price and CUSIP Number**

**\$54,030,000**  
**SERIES 2021A-2 (FEDERALLY TAXABLE)**

\$54,030,000 1.67% Term Bond due March 15, 2032, Price: 100 CUSIP No. 650028XY4

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<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP numbers have been assigned by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2021A-2 Bonds. Neither the Authority nor the Initial Purchasers make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for a specific maturity are subject to being changed after the issuance of the Series 2021A-2 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021A-2 Bonds.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021A Bonds by any person in any jurisdiction in which it is unlawful for the person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority, the State and other sources which are believed to be reliable by the Authority and with respect to the information supplied or authorized by the State and information provided by such other sources, is not to be construed as a representation by the Authority. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the State. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021A BONDS, THE INITIAL PURCHASERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE STATE'S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN FORWARD-LOOKING STATEMENTS.

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**TABLE OF CONTENTS**

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	<u>PAGE</u>		<u>PAGE</u>
<b>PART 1—SUMMARY STATEMENT</b> .....	i		
<b>PART 2—INTRODUCTION</b> .....	1		
<b>PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS</b> .....	4		
The Revenue Bond Tax Fund.....	4		
Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.....	4		
Series 2021A Bonds.....	6		
Certification of Payments to be Set Aside in Revenue Bond Tax Fund.....	7		
Set Aside of Revenue Bond Tax Fund Receipts.....	9		
Flow of Revenue Bond Tax Fund Receipts.....	10		
Moneys Held in the Revenue Bond Tax Fund.....	11		
Flow of Revenues.....	12		
Appropriation by the State Legislature.....	12		
Additional Bonds.....	14		
Parity Reimbursement Obligations.....	14		
Certain Covenants of the State.....	14		
Reservation of State’s Right to Substitute Credit.....	15		
<b>PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS</b> .....	16		
General History of the State Personal Income Tax.....	16		
Personal Income Tax Rates.....	16		
New York State Personal Income Tax Rates for Tax Years After 2020 and Before 2025.....	17		
New York State Personal Income Tax Rates for Tax Years After 2024 and Before 2028.....	18		
New York State Personal Income Tax Rates for Tax Years After 2027.....	19		
Components of the Personal Income Tax.....	20		
Employer Compensation Expense Program.....	20		
Pass-Through Entity Tax Program.....	21		
Revenue Bond Tax Fund Receipts.....	21		
Debt Service Coverage.....	23		
Projected Debt Service Coverage.....	24		
Impact of Charitable Gifts Trust Fund on State Personal Income Tax Revenue Bonds.....	25		
<b>PART 5—THE PROGRAMS</b> .....	27		
General.....	27		
CHIPS.....	27		
Marchiselli.....	27		
SHIPS.....	27		
Multi-Modal.....	27		
MTA.....	28		
		<b>PART 6—DESCRIPTION OF THE SERIES 2021A BONDS</b> .....	28
		General.....	28
		Optional Redemption.....	28
		Mandatory Redemption.....	29
		Selection of Bonds to be Redeemed; Notice of Redemption.....	30
		<b>PART 7 — THE PLAN OF REFUNDING</b> .....	31
		<b>PART 8—BOOK-ENTRY ONLY SYSTEM</b> .....	31
		<b>PART 9—DEBT SERVICE REQUIREMENTS</b> .....	35
		<b>PART 10—ESTIMATED SOURCES AND USES OF FUNDS</b> .....	36
		<b>PART 11—THE AUTHORITY</b> .....	36
		Introduction.....	36
		Members and Officers.....	36
		Other Bond Programs.....	38
		<b>PART 12—AGREEMENT OF THE STATE</b> .....	39
		<b>PART 13—TAX MATTERS</b> .....	39
		Federal Income Taxes.....	39
		State and Local Income Tax.....	44
		Other Considerations.....	44
		<b>PART 14—LITIGATION</b> .....	45
		<b>PART 15—CERTAIN LEGAL MATTERS</b> .....	45
		<b>PART 16—SALE BY COMPETITIVE BIDDING</b> .....	45
		<b>PART 17—LEGALITY OF INVESTMENT</b> .....	46
		<b>PART 18—VERIFICATION OF MATHEMATICAL COMPUTATIONS</b> .....	46
		<b>PART 19—RATINGS</b> .....	47
		<b>PART 20—CONTINUING DISCLOSURE</b> .....	47
		<b>PART 21—MISCELLANEOUS</b> .....	48
		APPENDIX A – INFORMATION CONCERNING THE STATE OF NEW YORK.....	A-1
		APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.....	B-1
		APPENDIX C – FORM OF FINANCING AGREEMENT.....	C-1
		APPENDIX D – PROPOSED FORM OF CO-BOND COUNSEL OPINIONS.....	D-1
		APPENDIX E – EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT.....	E-1
		APPENDIX F – REFUNDED BONDS.....	F-1

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## PART 1—SUMMARY STATEMENT

*This Summary Statement is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Series 2021A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Summary Statement and not defined in this Summary Statement will have the meanings given to such terms elsewhere in this Official Statement.*

<p><b>State Personal Income Tax Revenue Bond Financing Program</b></p>	<p>Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the “Enabling Act”), provides for the issuance of, and a source of payment for, State Personal Income Tax Revenue Bonds (the “State Personal Income Tax Revenue Bonds”) by establishing the Revenue Bond Tax Fund (the “Revenue Bond Tax Fund”) held separate and apart from all other moneys of the State in the joint custody of the State Commissioner of Taxation and Finance (the “Commissioner”) and the Comptroller of the State (the “State Comptroller”).</p> <p>The Enabling Act authorizes the New York State Thruway Authority (the “Authority”), the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, and the New York State Urban Development Corporation, doing business as Empire State Development collectively, the “Authorized Issuers”) to issue State Personal Income Tax Revenue Bonds for certain Authorized Purposes (as hereinafter defined). All five Authorized Issuers have adopted one or more general resolutions and have executed financing agreements with the Director of the Division of the Budget (the “Director of the Budget”) pursuant to the Enabling Act. The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds issued by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including the Authority.</p> <p>State Personal Income Tax Revenue Bonds issued by an Authorized Issuer are secured solely by a pledge of (i) the payments made pursuant to a financing agreement entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under a general resolution and the investment earnings thereon; which together constitute the pledged property under the applicable general resolution.</p>
<p><b>Purposes of Issue</b></p>	<p>The Series 2021A Bonds are being issued to provide the Authority with funds to (i)(A) make grants to reimburse municipalities and other project sponsors throughout the State for qualifying capital expenditures for highway, bridge and multi-modal projects in furtherance of established State aid programs, and (B) finance or reimburse all or a portion of the costs of capital projects for transportation initiatives and certain projects related to the Metropolitan Transportation Authority (“MTA”) (collectively, the “Projects”), (ii) refund certain State Personal Income Tax Revenue Bonds previously issued by the Authority identified in “APPENDIX F – Refunded Bonds”, and (iii) pay certain costs relating to the issuance of the Series 2021A Bonds. See “PART 5—THE PROGRAMS — General” and “PART 7 — “THE PLAN OF REFUNDING””.</p>

**Sources of Payment and Security for State Personal Income Tax Revenue Bonds— Revenue Bond Tax Fund Receipts**

State Personal Income Tax Revenue Bonds are payable from financing agreement payments made by the State, subject to annual appropriation. The Revenue Bond Tax Fund receives a statutory allocation of (i) 50 percent of State personal income tax receipts imposed by Article 22 of the New York State Tax Law, excluding refunds owed to taxpayers (the “New York State Personal Income Tax Receipts”), (ii) 50 percent of employer compensation expense program receipts imposed by Article 24 of the New York State Tax Law, excluding refunds owed to employers (the “New York State ECEP Receipts”), and (iii) effective April 1, 2021 (as described below), 50 percent of pass-through entity tax receipts imposed by Article 24-A of the New York State Tax Law, excluding refunds owed to taxpayers (the “New York State PTET Receipts”). The aggregate of such tax revenues deposited to the Revenue Bond Tax Fund are referred to herein as the “Revenue Bond Tax Fund Receipts”. See “PART 3 – SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS.”

Effective April 1, 2021, pursuant to legislative changes, the sources of payment of the State Personal Income Tax Revenue Bonds and the statutory allocation of tax revenues payable to the Revenue Bond Tax Fund were changed to add, as a new source of payment, 50 percent of the New York State PTET Receipts from the New York State Pass-Through Entity Tax Program (the “PTET”). These changes were made as part of the State’s continuing response to Federal tax law changes.

The PTET establishes an optional tax on the State sourced income of (i) partnerships and (ii) S corporations. Qualifying entities that elect to pay pass-through entity tax will pay a graduated tax on their State sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the PTET legislation includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey. The New York State Division of the Budget (the “Division of the Budget”) expects that the PTET legislation will be revenue neutral for the State, although New York State Personal Income Tax Receipts are expected to decrease to the extent that qualifying entities elect to pay pass-through entity tax. Aggregate contributions to the Revenue Bond Tax Fund are expected to be unaffected because 50 percent of net revenues from both New York State Personal Income Tax Receipts and New York State PTET Receipts will be deposited into the Revenue Bond Tax Fund. See “PART 3 – SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program”.

The State Comptroller is required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts collected from payroll withholding taxes (the “Withholding Component”) until an amount equal to 50 percent of the estimated monthly New York State Personal Income Tax Receipts has been deposited into the Revenue Bond Tax Fund. The State Comptroller is also required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts from the ECEP until 50 percent of the estimated monthly New York State ECEP Receipts have been deposited into the Revenue Bond Tax Fund, and all of the receipts from the PTET until 50 percent of the estimated monthly New York State PTET Receipts have been deposited into the Revenue Bond Tax Fund.



**Sources of Payment and Security for State Personal Income Tax Revenue Bonds— Revenue Bond Tax Fund Receipts**

*(continued)*

New York State Personal Income Tax Receipts, New York State ECEP Receipts, and the Revenue Bond Tax Fund Receipts for State Fiscal Years 2019-20 through 2021-22 are as follows (dollars in millions):

<u>State Fiscal Year</u>	<u>New York State Personal Income Tax Receipts</u>	<u>New York State ECEP Receipts</u>	<u>Revenue Bond Tax Fund Receipts**</u>
2019-20	\$53,659	\$2	\$26,831
2020-21	\$54,967	\$3	\$27,485
2021-22*	\$61,050	\$6	\$30,528

\* As estimated in the FY 2022 Enacted Budget Financial Plan.

\*\* New York State PTET Receipts are not included in the Revenue Bond Tax Fund Receipts for State Fiscal Years 2019-20 through 2020-21. The Fiscal Year 2022 Enacted Budget Financial Plan does not currently include an estimate for New York State PTET Receipts or the corresponding decrease in New York State Personal Income Tax Receipts because the opt-in rates for electing entities will not be known until late 2021. The Division of the Budget expects to include estimates as opt-in rates and other information becomes known.

For information related to the State and COVID-19 see “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK”.

The Series 2021A Bonds are special obligations of the Authority, being secured by a pledge of financing agreement payments to be made by the State Comptroller to the Trustee on behalf of the Authority and certain funds held by the Trustee under the Authority’s State Personal Income Tax Revenue Bonds (Transportation) General Bond Resolution (the “General Resolution”).

The Series 2021A Bonds are issued on a parity with all other Bonds which have been or may be issued under the General Resolution. All State Personal Income Tax Revenue Bonds (of which \$45.6 billion were outstanding as of June 30, 2021) are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State.

Financing agreement payments are made from Revenue Bond Tax Fund Receipts (as described herein). The financing agreement payments are to be paid by the State Comptroller to the applicable trustees on behalf of the Authorized Issuers from amounts deposited to the Revenue Bond Tax Fund. Financing agreement payments are to equal amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. **All payments required by financing agreements entered into by the State are executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.**

<p><b>Sources of Payment and Security for State Personal Income Tax Revenue Bonds— Revenue Bond Tax Fund Receipts</b></p> <p><i>(continued)</i></p>	<p>The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the Revenue Bond Tax Fund Receipts. For additional information, see “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS” and “PART 4 — SOURCES OF REVENUE BOND TAX FUND RECEIPTS.”</p> <p><b>The Series 2021A Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2021A Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, the premium, if any, or interest on the Series 2021A Bonds. The Authority has no taxing power.</b></p> <p><b>The Series 2021A Bonds are not secured by any mortgage on, any revenues from, or any other interest in, capital works or purposes authorized to be financed or refinanced with proceeds of the Series 2021A Bonds.</b></p>
<p><b>Set Aside for Purpose of Making Financing Agreement Payments</b></p>	<p>The Enabling Act, general resolutions and financing agreements provide procedures for setting aside Revenue Bond Tax Fund Receipts designed to ensure that sufficient amounts are available in the Revenue Bond Tax Fund to make financing agreement payments to the applicable trustees on behalf of all Authorized Issuers, subject to annual appropriation by the State Legislature.</p> <p>The Enabling Act requires the Director of the Budget to annually prepare a certificate (which may be amended as necessary or required) which estimates monthly Revenue Bond Tax Fund Receipts anticipated to be deposited to the Revenue Bond Tax Fund and the amount of all set-asides necessary to make all financing agreement payments of all the Authorized Issuers. The Director of the Budget has prepared such certificate for State Fiscal Year 2021-22.</p> <p>See “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS.”</p>
<p><b>Availability of General Fund to Satisfy Set-Aside of Revenue Bond Tax Fund Receipts</b></p>	<p>If at any time the amount of Revenue Bond Tax Fund Receipts set aside, as certified by the Director of the Budget, is insufficient to make all certified financing agreement payments on all State Personal Income Tax Revenue Bonds, the State Comptroller is required by the Enabling Act, without appropriation, to immediately transfer amounts from the General Fund of the State (the “General Fund”) to the Revenue Bond Tax Fund sufficient to satisfy the cash requirements of the Authorized Issuers.</p>
<p><b>Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts</b></p>	<p>In the event that: (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on any State Personal Income Tax Revenue Bonds, the Enabling Act requires that all of the New York State Personal Income Tax Receipts from the Withholding Component, all of the New York State ECEP Receipts, and all of the</p>

<p><b>Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts</b> <i>(continued)</i></p>	<p>New York State PTET Receipts shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts, New York State ECEP Receipts and New York State PTET Receipts or twelve billion dollars (\$12,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees, on behalf of each Authorized Issuer, including the Authority.</p> <p>After the required appropriations and financing agreement payments have been made, excess moneys in the Revenue Bond Tax Fund are to be paid over and distributed to the credit of the General Fund. See “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Moneys Held in the Revenue Bond Tax Fund.”</p>
<p><b>Additional Bonds and Debt Service Coverage</b></p>	<p>The Enabling Act and each of the general resolutions permit the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to (a) statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for particular Authorized Purposes and (b) the additional bonds test described below and included in each general resolution authorizing State Personal Income Tax Revenue Bonds.</p> <p>As provided in the General Resolution, and in each of the general resolutions of the other Authorized Issuers, additional State Personal Income Tax Revenue Bonds may be issued only if the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all outstanding State Personal Income Tax Revenue Bonds, the additional State Personal Income Tax Revenue Bonds proposed to be issued and any additional amounts payable with respect to parity reimbursement obligations.</p> <p>In accordance with the additional bonds debt service coverage test described above, Revenue Bond Tax Fund Receipts of approximately \$34.3 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 7.8 times the maximum annual Debt Service for all outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2021A Bonds.</p> <p>While additional State Personal Income Tax Revenue Bonds are expected to continue to be issued by Authorized Issuers for Authorized Purposes as noted herein, in no event may any additional State Personal Income Tax Revenue Bonds (other than certain refunding bonds) be issued unless the additional bonds test under the respective general resolution has been satisfied. See “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Additional Bonds” and “PART 4 — SOURCES OF REVENUE BOND TAX FUND RECEIPTS— Projected Debt Service Coverage.”</p> <p>As of June 30, 2021, approximately \$45.6 billion of State Personal Income Tax Revenue Bonds were outstanding.</p>

<p><b>Appropriation by State Legislature</b></p>	<p>The State Legislature is expected to make appropriations annually from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay annual financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. Such an appropriation has been enacted for State Fiscal Year 2021-22.</p> <p>Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for State general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the General Fund, sums sufficient to pay debt service on such general obligation bonds. In the event that such revenues and other amounts in the General Fund are insufficient to pay State general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund as well as other funds to pay debt service on State general obligation bonds.</p> <p>The Division of the Budget is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on State general obligation bonds in the future. The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets.</p>
<p><b>Continuing Disclosure</b></p>	<p>In order to assist the Initial Purchasers of the Series 2021A Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”), all Authorized Issuers, the State and each applicable trustee, including the Trustee, have entered into a Master Disclosure Agreement (as hereinafter defined). See “PART 20 — CONTINUING DISCLOSURE” and “APPENDIX E — EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT.”</p>



**OFFICIAL STATEMENT**

**Relating to**

**\$1,954,570,000**

**NEW YORK STATE THRUWAY AUTHORITY  
STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION)**

**\$1,900,540,000**

**Series 2021A-1 (Tax-Exempt)**

**\$54,030,000**

**Series 2021A-2 (Federally Taxable)**

Albany, New York  
July 20, 2021

**PART 2—INTRODUCTION**

The purpose of this Official Statement, including the cover page, the inside cover pages, the Summary Statement and appendices, is to set forth certain information concerning the State of New York (the “State”) and the New York State Thruway Authority (the “Authority”), a body corporate and politic constituting a public corporation of the State, in connection with the offering by the Authority of its \$1,900,540,000 State Personal Income Tax Revenue Bonds (Transportation), Series 2021A-1 (Tax-Exempt) (the “Series 2021A-1 Bonds”) and \$54,030,000 State Personal Income Tax Revenue Bonds (Transportation), Series 2021A-2 (Federally Taxable) (the “Series 2021A-2 Bonds” and, collectively with the Series 2021A-1 Bonds, the “Series 2021A Bonds”). The interest rates, maturity dates, principal amounts, and prices or yields of the Series 2021A Bonds being offered hereby are set forth on the inside cover pages of this Official Statement.

This Official Statement also summarizes certain information concerning the provisions of the State Finance Law with respect to the issuance of State Personal Income Tax Revenue Bonds (the “State Personal Income Tax Revenue Bonds”), including the Series 2021A Bonds, and the statutory allocation of 50 percent of the receipts from the New York State Personal Income Tax (the “New York State Personal Income Tax Receipts”) imposed by Article 22 of the New York State Tax Law (“Tax Law”) which are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. New York State Personal Income Tax Receipts exclude refunds owed to taxpayers. In addition, 50 percent of the receipts from the New York State Employer Compensation Expense Program (the “New York State ECEP Receipts”) imposed by Article 24 of the Tax Law are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. New York State ECEP Receipts exclude refunds owed to employers. In addition, 50 percent of the receipts (the “New York State PTET Receipts”) from the New York State Pass-through Entity Tax Program (“PTET”) imposed by Article 24-A of the Tax Law are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. New York State PTET Receipts exclude refunds owed to taxpayers. The New York State Personal Income Tax Receipts, the New York State ECEP Receipts and the New York State PTET Receipts deposited for the payment of State Personal Income Tax Revenue Bonds are sometimes collectively referred to herein as the “Revenue Bond Tax Fund Receipts”. See “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — The Revenue Bond Tax Fund” and “— Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

The State expects that State Personal Income Tax Revenue Bonds together with the State Sales Tax Revenue Bonds will be the primary financing vehicles for financing State-supported programs over the current financial plan period. State Sales Tax Revenue Bonds are authorized to be issued for certain authorized purposes pursuant to Article 5-F and Article 6 (Section 92-h) of the State Finance Law by the Authority, the Dormitory Authority of the State of New York and the Urban Development Corporation, doing business as Empire State Development.

The Series 2021A Bonds are authorized to be issued pursuant to Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the “Enabling Act”), and the New York State Thruway Authority Act, as amended, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the State of New York (the “Authority Act”), and the Program Legislation, as described under “PART 5—THE PROGRAMS — General” (the “Program Legislation”). The Enabling Act, together with the Program Legislation and the Authority Act, constitute the “Authorizing Legislation.” The Enabling Act authorizes the Authority, the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency and the New York State Urban Development Corporation (collectively, the “Authorized Issuers”) to issue State Personal Income Tax Revenue Bonds for certain purposes for which State-supported Debt (as defined by Section 67-a of the State Finance Law and as limited by the Enabling Act) may be issued (“Authorized Purposes”).

The Series 2021A Bonds are additionally authorized under the Authority’s State Personal Income Tax Revenue Bonds (Transportation) General Resolution, adopted by the Authority on June 27, 2002 (the “General Resolution”) as supplemented on June 7, 2021 by the Thirteenth Supplemental Resolution (the “Series Resolution”) (the General Resolution, as supplemented by the Series Resolution, is hereinafter referred to as the “State Transportation Revenue Bond Resolution”). The Series 2021A Bonds and any other bonds issued under the General Resolution are sometimes referred to herein as the “Bonds.”

The Series 2021A Bonds, and any additional series of Bonds which have heretofore been issued or may hereafter be issued under the General Resolution, will be equally and ratably secured thereunder. The Series 2021A Bonds and all other State Personal Income Tax Revenue Bonds which have heretofore been issued or may be issued by an Authorized Issuer are secured by a pledge of (i) the payments made pursuant to one or more financing agreements entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under the applicable general resolution and the investment earnings thereon ((i) and (ii) being collectively referred to herein as the “Pledged Property” with respect to each such Authorized Issuer, including the Authority). The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds adopted by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. The financing agreement payments are required to be equal to the amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. The making of financing agreement payments to the Authorized Issuers is subject to annual appropriation by the State Legislature.

References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including the Authority. Descriptions of the provisions of the Enabling Act contained in this Official Statement are of the Enabling Act as it exists on the date of this Official Statement.

All State Personal Income Tax Revenue Bonds are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State Legislature. As of June 30, 2021, approximately \$45.6 billion of State Personal Income Tax Revenue Bonds were outstanding.

See “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Series 2021A Bonds” and “— Additional Bonds.”

The Series 2021A Bonds are being issued to provide the Authority with funds to (i)(A) make grants to reimburse municipalities and other project sponsors throughout the State for qualifying capital expenditures for highway, bridge and multi-modal projects in furtherance of established State aid programs, and (B) finance or reimburse all or a portion of the costs of capital projects for transportation initiatives and certain projects related to the Metropolitan Transportation Authority (“MTA”) (collectively, the “Projects”), (ii) refund certain State Personal Income Tax Revenue Bonds previously issued by the Authority identified in APPENDIX F – Refunded Bonds”, and (iii) pay certain costs relating to the issuance of the Series 2021A Bonds. (See “PART 5—THE PROGRAMS — General” and “PART 7 — THE PLAN OF REFUNDING” herein). **The Series 2021A Bonds are not secured by the Projects or any interest therein.**

The Program Legislation, among other things, expands and modifies: (i) that portion of the State’s Consolidated Local Street and Highway Improvement Program (“CHIPS”) relating to capital improvements to highways, bridges and highway-railroad crossings that are not on the State Highway System, (ii) the State’s program of providing a portion of the matching funds required for certain federally-aided municipal projects affecting highways, roads and streets not on the State Highway System (“Marchiselli” or the “Marchiselli Program”), (iii) the State’s Suburban Highway Improvement Program relating to capital improvements to roads, highways, parkways and bridges in certain suburban areas (“SHIPS”), and (iv) the State’s Multi-Modal Program to include authorized State and local highway and bridge, rail, port and aviation projects and fixed ferry facilities (“Multi-Modal”). The Program Legislation also authorizes the financing of certain MTA facilities, New York State Department of Transportation capital funding for the New York Works Program, and certain projects financed under the Dedicated Highway and Bridge Trust Fund Program. CHIPS, Marchiselli, SHIPS and Multi-Modal are sometimes collectively referred to herein as the “Programs”. The Program Legislation also authorizes the financing of certain MTA facilities.

Pursuant to the Authorizing Legislation, the Authority and the State entered into a financing agreement dated as of August 7, 2002 (the “Financing Agreement”). See “APPENDIX C — FORM OF FINANCING AGREEMENT

The revenues, facilities, properties and any and all other assets of the Authority of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding or otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes. See “PART 11 — THE AUTHORITY” for a further description of the Authority.

**The Series 2021A Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2021A Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2021A Bonds. The Authority has no taxing power.**

Capitalized terms used herein unless otherwise defined have the same meaning as ascribed to them in the General Resolution. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.”

**PART 3—SECURITY AND SOURCES OF PAYMENT FOR  
STATE PERSONAL INCOME TAX REVENUE BONDS**

**The Revenue Bond Tax Fund**

The Enabling Act provides a source of payment for State Personal Income Tax Revenue Bonds by establishing the Revenue Bond Tax Fund for the purpose of setting aside Revenue Bond Tax Fund Receipts sufficient to make financing agreement payments to Authorized Issuers. The Enabling Act establishes the Revenue Bond Tax Fund to be held in the joint custody of the State Comptroller and the Commissioner and requires that all moneys on deposit in the Revenue Bond Tax Fund be held separate and apart from all other moneys in the joint custody of the State Comptroller and the Commissioner. The source of the financing agreement payments is a statutory allocation of 50 percent of the receipts from the New York State Personal Income Tax imposed by Article 22 of the Tax Law, which exclude refunds owed to taxpayers, 50 percent of the receipts from the ECEP imposed by Article 24 of the Tax Law, which exclude refunds owed to employers, and 50 percent of the receipts from the PTET imposed by Article 24-A of the Tax Law, which exclude refunds owed to taxpayers, the aggregate of which is deposited in the Revenue Bond Tax Fund. See “PART 4 — SOURCES OF REVENUE BOND TAX FUND RECEIPTS— Revenue Bond Tax Fund Receipts.”

Financing agreement payments made from amounts set aside in the Revenue Bond Tax Fund are subject to annual appropriation for such purpose by the State Legislature. The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed by Articles 22, 24 and 24-A of the Tax Law.

**Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program**

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (the “TCJA”) (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective in Tax Year 2018. The TCJA made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes. The State has since enacted legislation to mitigate the negative impact of the TCJA on State taxpayers, which has impacted the State Personal Income Tax Revenue Bond Financing Program as described below.

To offset the potential reduction in New York State Personal Income Tax Receipts, the Fiscal Year (“FY”) 2019 Enacted Budget amended the State Finance Law and the Enabling Act so as to hold harmless the State Personal Income Tax Revenue Bond Financing Program. Accordingly, the enacted legislation provided for:

1. An increase from 25 percent to 50 percent in the statutory allocation of New York State Personal Income Tax Receipts imposed by Article 22 of the Tax Law, which exclude refunds owed to taxpayers, that is required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds.

2. An increase in the statutory maximum amount of New York State Personal Income Tax Receipts and New York State ECEP Receipts required to be deposited to the Revenue Bond Tax Fund to be the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts



and New York State ECEP Receipts or \$12 billion in the event that the State Legislature either fails to appropriate or, once appropriated, fails to pay, amounts sufficient to make financing agreement payments for outstanding New York State Personal Income Tax Revenue Bonds (the “Maximum Revenue Bond Tax Fund Deposit”). Prior to the State legislative changes, the amount required to be deposited was the greater of 25 percent of the annual New York State Personal Income Tax Receipts or \$6 billion.

***Employer Compensation Expense Program (“ECEP”) / Charitable Gifts Trust Fund.*** State tax reforms enacted in 2018 to mitigate issues arising from the TCJA included the creation of an optional payroll tax program (“ECEP”), and establishment of a new State Charitable Gifts Trust Fund. The ECEP and the Charitable Gifts Trust Fund were expected to reduce New York State Personal Income Tax Receipts, to the extent that employers elected to participate in the ECEP and taxpayers made donations to the Charitable Gifts Trust Fund.

The ECEP was created pursuant to Article 24 of the Tax Law, and a corresponding amendment to the Enabling Act provided that 50 percent of New York State ECEP Receipts, which exclude refunds owed to employers, be deposited into the Revenue Bond Tax Fund. The ECEP establishes an optional tax on payroll expenses that employers can elect to pay if they have employees that earn over \$40,000 annually in the State. Accompanying State legislation created a new Personal Income Tax credit for employees whose wages are subject to the ECEP. The credit is calculated using a statutory formula that corresponds in value to the tax imposed by the ECEP. As a result, aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain substantially the same regardless of the amount of New York State ECEP Receipts. Therefore, from a Revenue Bond Tax Fund perspective, the ECEP was expected to be revenue neutral.

The Charitable Gifts Trust Fund was created to accept gifts for the purposes of improving health care and education in the State. Taxpayers who itemize deductions may claim charitable gifts as a Personal Income Tax deduction, pursuant to statute existing prior to 2018. The State legislation also created a new Personal Income Tax credit equal to 85 percent of the donation amount. Credits based on contributions to the Charitable Gifts Trust Fund are claimed for the tax year following the year in which the donation is made.

***Pass-Through Entity Tax.*** In connection with the FY 2022 Enacted Budget, the State Legislature enacted the PTET on the State sourced income of (i) partnerships and (ii) S corporations. Qualifying entities that elect to pay tax imposed by the PTET will pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

The New York State Division of the Budget (the “Division of the Budget”) expects that the PTET legislation will be revenue neutral for the State, although New York State Personal Income Tax Receipts would decrease to the extent that qualifying entities elect to pay tax imposed by the PTET. However, to hold harmless the Revenue Bond Tax Fund and to maintain comparable levels of amounts to be deposited into the Revenue Bond Tax Fund for the Bondholders, the State Legislature also enacted legislation that causes 50 percent of receipts from the PTET to be deposited into the Revenue Bond Tax Fund. Accordingly, aggregate contributions to the Revenue Bond Tax Fund are expected to be unaffected because 50 percent of both New York State Personal Income Tax Receipts and New York State PTET Receipts will be deposited into the Revenue Bond Tax Fund.

The FY 2022 Enacted Budget Financial Plan does not currently include an estimate for New York State PTET Receipts or the corresponding decrease in New York State Personal Income Tax

Receipts because the opt-in rates for electing entities will not be known until late 2021. The Division of the Budget expects to include estimates as opt-in rates and other information becomes known.

The U.S. Treasury Department and IRS have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the tax imposed by the PTET, are allowable as a Federal deduction to taxable income. In November 2020, the IRS released Notice 2020-75 which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass through taxes.

***Litigation Challenging Certain TCJA Provisions.*** As described above, the ECEP and Charitable Gifts Trust Fund were developed based on a review of then existing laws, regulations, and precedents. However, subsequent to the enactment of legislation effectuating the ECEP and Charitable Gifts Trust Fund, on June 13, 2019, the IRS adopted final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund beyond the \$93 million in donations the State received in 2018, when the U.S. Treasury and the IRS first published proposed regulatory changes. Virtually no additional donations to the Charitable Gifts Trust Fund have been received by the State after the 2018 tax year.

On July 17, 2019, the State, joined by Connecticut and New Jersey, filed a federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks to restore the full federal income tax deduction for charitable contributions, regardless of the amount of any state tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with the precedent since 1917. The federal defendants moved to dismiss the complaint or, in the alternative for summary judgment, on December 23, 2019, and the states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020. The district court denied the states' request for oral argument but a decision on the outstanding motions to dismiss, and cross-motions for summary judgment, remains pending.

If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018. In such event, the donations to the Charitable Gifts Trust Fund would likely pose a risk to the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund in future years. To address this risk, the FY 2019 Enacted Budget legislative changes (i) increased the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund from 25 percent to 50 percent (excluding refunds owed to taxpayers), (ii) added, as a new revenue source, the 50 percent statutory allocation of New York State ECEP Receipts (excluding refunds owed to employers), and (iii) increased the Maximum Revenue Bond Tax Fund Deposit.

In addition, the FY 2019 Enacted Budget legislative changes allow taxpayers to claim reimbursement from the State for interest on underpayments of federal tax liability for the 2019, 2020 and 2021 tax years if the underpayments arise from reliance on amendments to State tax law enacted in 2018. To receive reimbursement, taxpayers are required to submit their reimbursement claims to the Department of Taxation and Finance within 60 days of making an interest payment to the IRS. To date, the State has not received any claims for reimbursement of interest on underpayments of Federal tax liability. The FY 2022 Enacted Budget Financial Plan does not include any estimate of the possible State reimbursement of interest expense to the State.

### **Series 2021A Bonds**

The Series 2021A Bonds are special obligations of the Authority, secured by and payable from financing agreement payments payable by the State Comptroller to The Bank of New York Mellon, New

York, New York as Trustee and Paying Agent (the “Trustee” or “Paying Agent”) on behalf of the Authority in accordance with the terms and provisions of the Financing Agreement, subject to annual appropriation by the State Legislature, and the Funds and accounts established under the General Resolution (other than the Rebate Fund and other Funds as provided in the Resolution). A copy of the Financing Agreement relating to the Series 2021A Bonds is included as “APPENDIX C — FORM OF FINANCING AGREEMENT” hereto. The Series 2021A Bonds are entitled to a lien, created by a pledge under the General Resolution, on the Pledged Property. The Pledged Property with respect to the Series 2021A Bonds consists of (i) the payments made pursuant to the Financing Agreement and (ii) the Funds and accounts established under the General Resolution (other than the Rebate Fund and the Administrative Fund as provided in the Resolution) and the investment earnings thereon.

The Enabling Act and each of the general resolutions permit the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for Authorized Purposes and the additional bonds test described herein included in each of the general resolutions authorizing State Personal Income Tax Revenue Bonds. In accordance with the additional bonds test described herein, Revenue Bond Tax Fund Receipts of approximately \$34.3 billion are available to pay financing agreement payments on a pro-forma basis, which amount represents approximately 7.8 times the maximum annual Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2021A Bonds. It should be noted, however, that if New York State taxpayer donations to the Charitable Gifts Trust Fund approach maximum levels of participation, the aggregate amount of New York State Personal Income Tax Receipts would be materially and adversely affected which, in turn, could result in a material reduction in the debt service coverage on State Personal Income Tax Revenue Bonds. As noted above, however, additional bonds may not be issued unless the additional bonds test under the respective general resolution has been satisfied. See “—Additional Bonds” below and “PART 4 — SOURCES OF REVENUE BOND TAX FUND RECEIPTS— Projected Debt Service Coverage.”

The revenues, facilities, properties and any and all other assets of the Authority of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding, otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the General Resolution, and under no circumstances shall these be available for such purposes. See “PART 11 — THE AUTHORITY” for a further description of the Authority.

### **Certification of Payments to be Set Aside in Revenue Bond Tax Fund**

The Enabling Act, the general resolutions and the financing agreements provide procedures for setting aside amounts from the Revenue Bond Tax Fund Receipts, which are deposited to the Revenue Bond Tax Fund to ensure that sufficient amounts will be available to make financing agreement payments, when due, to the applicable trustees on behalf of the Authority and the other Authorized Issuers.

The Enabling Act, as amended, provides that:

1. No later than October 1 of each year, each Authorized Issuer must submit its State Personal Income Tax Revenue Bond cash requirements (which shall include financing agreement payments) for the following State Fiscal Year and, as required by the financing agreements, each of the subsequent four State Fiscal Years to the Division of the Budget.

2. No later than thirty (30) days after the submission of the Executive Budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate which sets forth an estimate of:
  - (a) 50 percent of the amount of the estimated monthly New York State Personal Income Tax Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year;
  - (b) 50 percent of the amount of the estimated monthly New York State ECEP Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year;
  - (c) 50 percent of the amount of the estimated monthly New York State PTET Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year; and
  - (d) the monthly amounts necessary to be set aside in the Revenue Bond Tax Fund to make the financing agreement payments required to meet the cash requirements of the Authorized Issuers.
3. In the case of financing agreement payments due semi-annually, Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is equal to not less than the financing agreement payments for State Personal Income Tax Revenue Bonds of all Authorized Issuers in the following month as certified by the Director of the Budget.
4. In the case of financing agreement payments due on a more frequent basis, monthly Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is, in accordance with the certificate of the Director of the Budget, sufficient to pay the required payment on each issue on or before the date such payment is due.

In addition, the general resolutions and the financing agreements require the State Comptroller to set aside, monthly, in the Revenue Bond Tax Fund, amounts such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) amount of estimated monthly New York State Personal Income Tax Receipts (excluding refunds owed to taxpayers), estimated monthly New York State ECEP Receipts (excluding refunds owed to employers), and estimated monthly New York State PTET Receipts (excluding refunds owed to taxpayers), required to be deposited to the Revenue Bond Tax Fund as provided in 2(a), 2(b) and 2(c) above, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of the Authorized Issuers in the following month.

The Director of the Budget may amend such certification as shall be necessary, provided that the Director of the Budget shall amend such certification no later than thirty (30) days after the issuance of any State Personal Income Tax Revenue Bonds, including refunding bonds, or after the execution of any interest rate exchange (or “swap”) agreements or other financial arrangements which may affect the cash requirements of any Authorized Issuer.

The Enabling Act provides that on or before the twelfth day of each month, the Commissioner shall certify to the State Comptroller the actual Revenue Bond Tax Fund Receipts for the prior month and, in addition, no later than March 31 of each State Fiscal Year, the Commissioner shall certify such amounts relating to the last month of the State Fiscal Year. At such times, the Enabling Act provides that

the State Comptroller shall adjust the amount of estimated New York State Personal Income Tax Receipts (from the Withholding Component), the amount of estimated New York State ECEP Receipts and the amount of estimated New York State PTET Receipts deposited to the Revenue Bond Tax Fund to the actual amount certified by the Commissioner.

### **Set Aside of Revenue Bond Tax Fund Receipts**

As provided by the Enabling Act, the general resolutions, the financing agreements, and the certificate of the Director of the Budget, the State Comptroller is required to:

1. Beginning on the first day of each month, deposit all of the daily receipts from the Withholding Component, the daily New York State ECEP Receipts, and the daily New York State PTET Receipts to the Revenue Bond Tax Fund until there is on deposit in the Revenue Bond Tax Fund an amount equal to 50 percent of estimated monthly New York State Personal Income Tax Receipts, 50 percent of estimated monthly New York State ECEP Receipts and 50 percent of estimated monthly New York State PTET Receipts.
2. Set aside, monthly, amounts on deposit in the Revenue Bond Tax Fund, such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund, and (ii) amount of estimated monthly Revenue Bond Tax Fund Receipts required to be deposited to the Revenue Bond Tax Fund in such month, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of all the Authorized Issuers in the following month.

The Enabling Act provides that Revenue Bond Tax Fund Receipts which have been set aside in sufficient amounts to pay, when due, the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments.

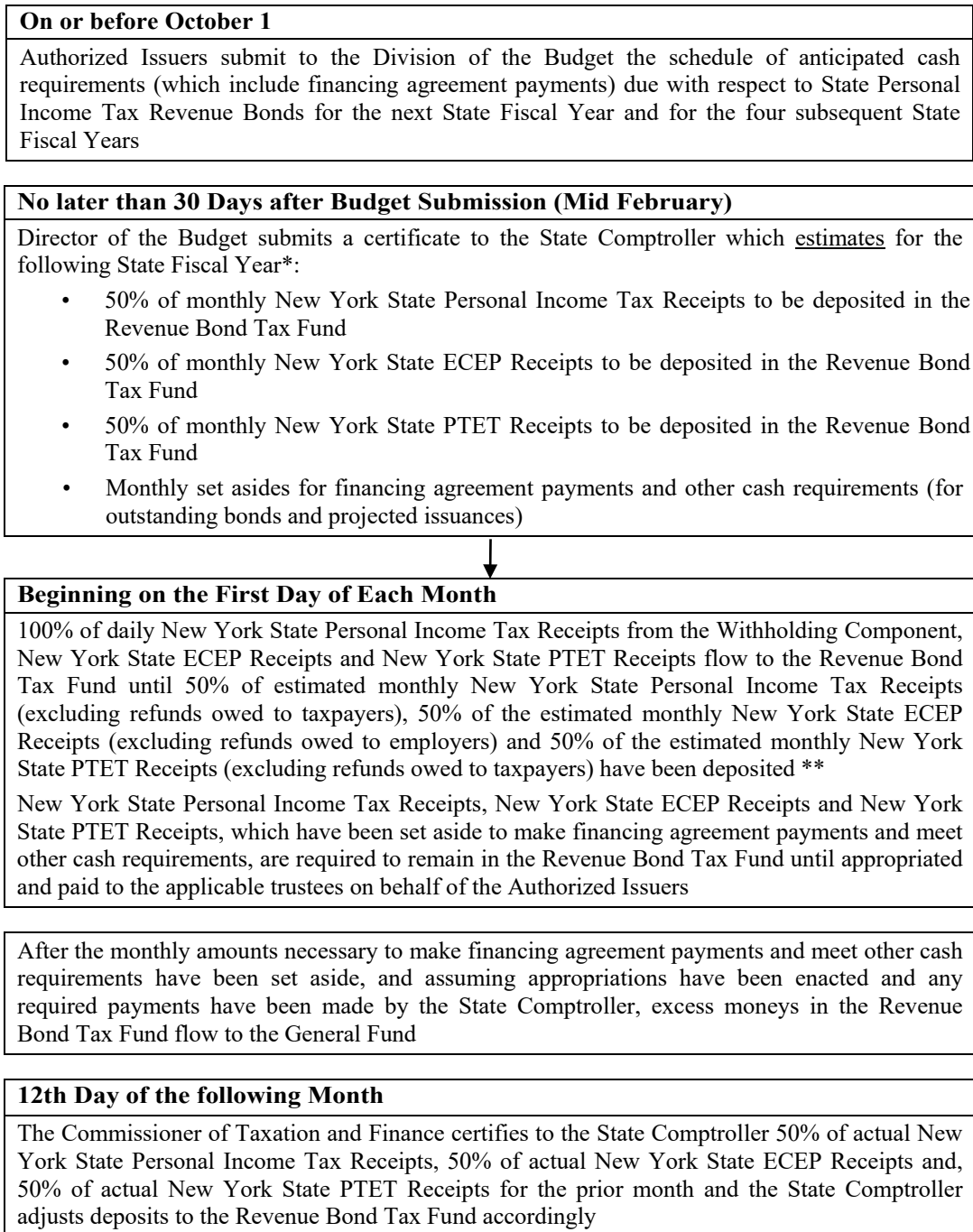
Subject to appropriation by the State Legislature, upon receipt of a request for payment from any Authorized Issuer pursuant to a financing agreement, the State Comptroller shall pay over to the trustee, on behalf of such Authorized Issuer, such amount. In the event that Revenue Bond Tax Fund Receipts are insufficient to meet financing agreement payments on all State Personal Income Tax Revenue Bonds of all the Authorized Issuers as set forth in the certificate of the Director of the Budget, the State Comptroller is required by the Enabling Act, without appropriation, to immediately transfer amounts from the General Fund to the Revenue Bond Tax Fund, the amount of such deficiency. Amounts so transferred to the Revenue Bond Tax Fund can only be used to pay financing agreement payments (except, if necessary, for payments authorized to be made to the holders of State general obligation debt).

The State Comptroller shall from time to time, but in no event later than the fifteenth day of each month (other than the last month of the fiscal year) and no later than the thirty-first day of the last month of each fiscal year, pay over and distribute to the credit of the General Fund all moneys in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside for the payment of cash requirements as described above.

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## Flow of Revenue Bond Tax Fund Receipts

The following chart summarizes the flow of Revenue Bond Tax Fund Receipts.



\* The Director of the Budget can amend the certification at any time to more precisely account for a revised Revenue Bond Tax Fund Receipts estimate or actual debt service and other cash requirements, and to the extent necessary, shall do so not later than thirty days after the issuance of any State Personal Income Tax Revenue Bonds.

\*\* The State can certify and set aside Revenue Bond Tax Fund Receipts in excess of the next month's financing agreement payment requirements to ensure amounts previously set aside and on deposit in the Revenue Bond Tax Fund together with 50 percent of estimated monthly New York State Personal Income Tax Receipts, 50 percent of estimated monthly New York State ECEP Receipts and 50 percent of estimated monthly New York State PTET Receipts to be deposited in such month are not less than 125 percent of all financing agreement payments due in the following month, as required by the financing agreements.

## **Moneys Held in the Revenue Bond Tax Fund**

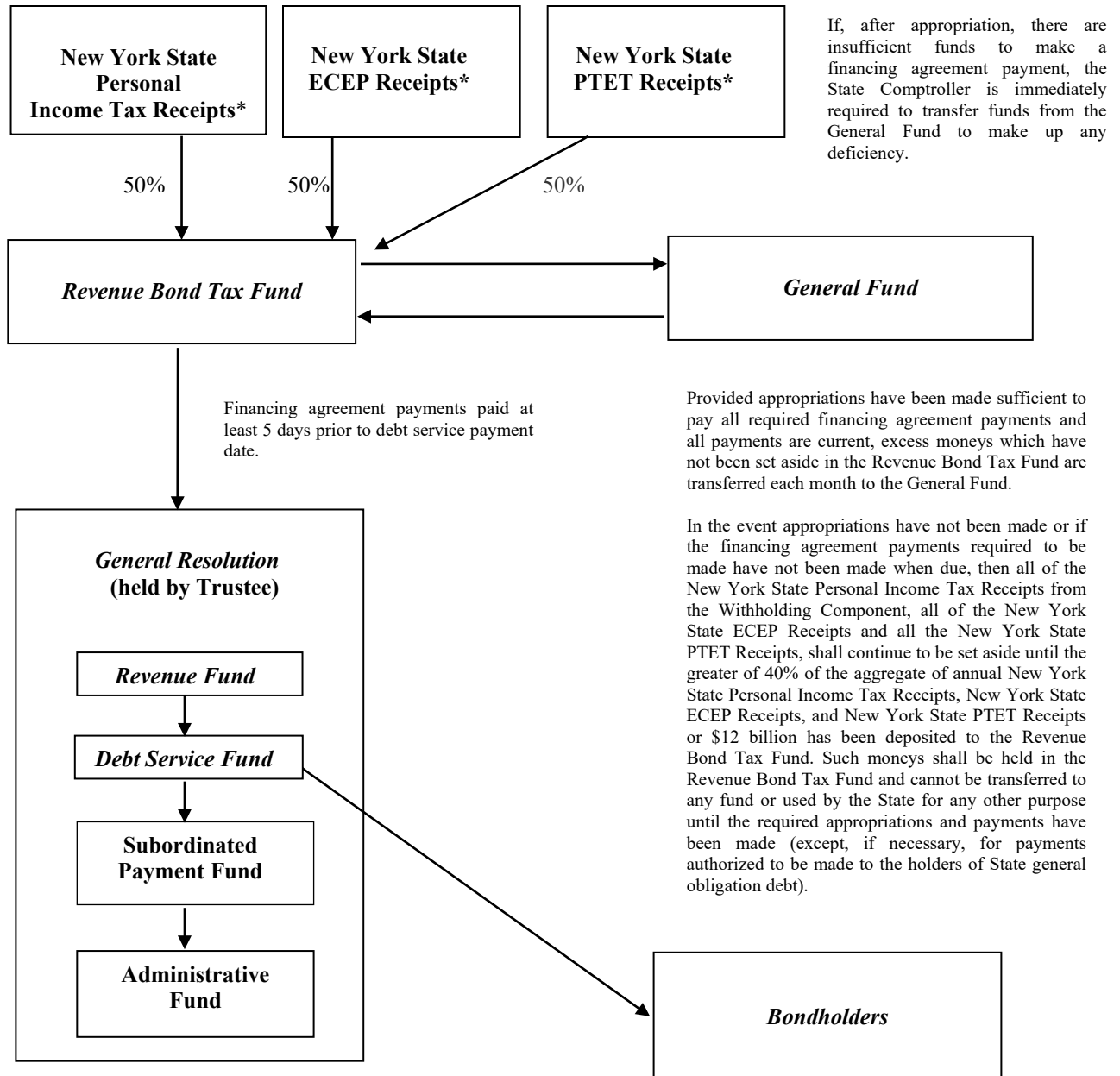
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to the Authority and other Authorized Issuers (which are paid to the applicable trustees on behalf of the Authority and the other Authorized Issuers), unless two requirements are met. First, all payments as certified by the Director of the Budget for a State Fiscal Year must have been appropriated to the Authority and other Authorized Issuers for the payment of financing agreement payments (including debt service) in the full amount specified in the certificate of the Director of the Budget. Second, each certified and appropriated payment for which moneys are required to be set aside as provided in the Enabling Act must have been made to the trustees on behalf of the Authority and other Authorized Issuers when due.

If such appropriations have been made to pay all annual amounts specified in the certificate of the Director of the Budget as being required by the Authority and all other Authorized Issuers for a State Fiscal Year and all such payments to the applicable trustees on behalf of the Authority and all other Authorized Issuers are current, then the State Comptroller is required by the Enabling Act to pay over and distribute to the credit of the General Fund, at least once a month, all amounts in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside. The Enabling Act also requires the State Comptroller to pay to the General Fund all sums remaining in the Revenue Bond Tax Fund on the last day of each State Fiscal Year, but only if the State has appropriated and paid to the applicable trustees on behalf of the Authority and all other Authorized Issuers the amounts necessary for the Authority and all other Authorized Issuers to meet their cash requirements for the current State Fiscal Year and, to the extent certified by the Director of the Budget, set aside any cash requirements required for the next State Fiscal Year.

In the event that (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, any financing agreement payments have not been made when due on State Personal Income Tax Revenue Bonds, the Enabling Act, as amended, requires that all of the New York State Personal Income Tax Receipts from the Withholding Component, all of the New York State ECEP Receipts, and all of the New York State PTET Receipts shall continue to be set aside in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts, New York State ECEP Receipts and New York State PTET Receipts or twelve billion dollars (\$12,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer, including the Authority.

The Enabling Act provides that no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on moneys on deposit in the Revenue Bond Tax Fund and that the State's agreement to make financing agreement payments shall be executory only to the extent such payments have been appropriated.

**Flow of Revenues**



\* Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the Tax Law.

**Appropriation by the State Legislature**

The State may not expend money without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds, including funds in the Revenue Bond Tax Fund, to be approved by the State Legislature at least every two years. In addition, the State Finance Law generally provides that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal



Year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations shall lapse on the succeeding June 30th or September 15th depending on the nature of the appropriation. See “— Moneys Held in the Revenue Bond Tax Fund” in this section.

The Authority expects that the State Legislature will make an appropriation from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. In addition, in the event that the State Legislature fails to provide an appropriation, the Enabling Act requires that all of the New York State Personal Income Tax Receipts from the Withholding Component, all of the New York State ECEP Receipts and all of the New York State PTET Receipts shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts, New York State ECEP Receipts, and New York State PTET Receipts or twelve billion dollars (\$12,000,000,000). The Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (other than to make financing agreement payments from appropriated amounts, and except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer. The State Legislature may not be bound in advance to make an appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the Tax Law.

All payments required by financing agreements entered into by the State shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.

**State Personal Income Tax Revenue Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall State Personal Income Tax Revenue Bonds be payable out of any funds other than those pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on State Personal Income Tax Revenue Bonds.**

Pursuant to the Enabling Act, Revenue Bond Tax Fund Receipts which have been set aside to pay when due the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund until they are appropriated and used to make financing agreement payments. However, the Enabling Act also provides that the use of such Revenue Bond Tax Fund Receipts by the State Comptroller is “subject to the rights of holders of debt of the state” (i.e., general obligation bondholders who benefit from the faith and credit pledge of the State). Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the General Fund, sums sufficient to pay debt service on such general obligation debt. In the event that such revenues and other amounts in the General Fund are insufficient to so pay State general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund as well as other funds to pay debt service on State general obligation bonds.

The Division of the Budget is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on State general obligation bonds in the future.

The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets.

### **Additional Bonds**

As provided in each general resolution, except as provided in the next paragraph with respect to certain refunding bonds, additional State Personal Income Tax Revenue Bonds may be issued by the related Authorized Issuer, provided that the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all Outstanding State Personal Income Tax Revenue Bonds, the State Personal Income Tax Revenue Bonds proposed to be issued, and any additional amounts payable with respect to parity reimbursement obligations.

The General Resolution also provides that additional Bonds may be issued to refund Outstanding Bonds either by meeting the debt service coverage test described above, or, in the alternative, by demonstrating that maximum annual debt service on all Outstanding Bonds will not increase as a result of such refunding.

For additional information, see “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION — SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS — Special Provisions for Additional Bonds” and “—Refunding Bonds.”

### **Parity Reimbursement Obligations**

An Authorized Issuer, including the Authority, may incur Parity Reimbursement Obligations (as defined in each respective general resolution, including the General Resolution) pursuant to the terms of its general resolution which, subject to certain exceptions, would be secured by a pledge of, and a lien on, the pledged property on a parity with the lien created by the related general resolution with respect to bonds issued thereunder. A Parity Reimbursement Obligation may be incurred in connection with obtaining a Credit Facility and represents the obligation to repay amounts advanced under the Credit Facility. It may include interest calculated at a rate higher than the interest rate on the related State Personal Income Tax Revenue Bonds and may be secured by a pledge of, and a lien on, pledged property on a parity with the lien created by the general resolution for the State Personal Income Tax Revenue Bonds only to the extent that principal amortization requirements of the Parity Reimbursement Obligation are equal to the amortization requirements for the related State Personal Income Tax Revenue Bonds, without acceleration. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.”

### **Certain Covenants of the State**

Pursuant to the general resolutions, the State pledges and agrees with the holders of State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder that the State will not in any way impair the rights and remedies of holders of such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations until such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders are fully met and discharged.

Pursuant to the Enabling Act and the general resolutions, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24, and Article 24-A of the Tax Law. An Event of Default under the general resolutions would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter the statutes imposing or relating to such taxes. However, the Director of the Budget believes that any materially adverse amendment, modification or alteration of, or the repeal of, statutes imposing or related to the taxes imposed pursuant to Article 22, Article 24, and Article 24-A of the Tax Law could have a serious impact on the flow of Revenue Bond Tax Fund Receipts to the Revenue Bond Tax Fund, the ability of the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds and the marketability of outstanding State Personal Income Tax Revenue Bonds.

### **Reservation of State’s Right to Substitute Credit**

Pursuant to the Enabling Act, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that may include the Revenues pledged under the general resolutions, (i) to assume, in whole or in part, State Personal Income Tax Revenue Bonds, (ii) to extinguish the existing lien on the pledged property created under the general resolutions, and (iii) to substitute security for State Personal Income Tax Revenue Bonds, in each case only so long as the assumption, extinguishment and substitution is accomplished in accordance with either of two provisions of the general resolutions. (For these purposes, any State Personal Income Tax Revenue Bonds paid or deemed to have been paid in accordance with the applicable general resolution on or before the date of any assumption, extinguishment and substitution are not to be taken into account in determining compliance with those provisions.) The first provision of the general resolutions is intended to permit an assumption, extinguishment and substitution, without any right of consent of Bondholders or other parties, if certain conditions are satisfied. The second provision of the general resolutions permitting such an assumption, extinguishment and substitution is intended to permit a broader range of changes with the consent of issuers of Credit Facilities and the consent of certain Bondholders. It provides that any such assumption, extinguishment and substitution may be effected if certain conditions are satisfied.

In the event a constitutional amendment becomes a part of the State Constitution, there can be no assurance that the State will exercise its rights of assumption, extinguishment, and substitution with respect to State Personal Income Tax Revenue Bonds. There can be no assurance that the Authority or any other Authorized Issuer would be the issuer of any such State Revenue Bonds upon any such assumption, extinguishment and substitution and, if not the Authority or any other Authorized Issuer, the issuer of such State Revenue Bonds could be the State or another public entity.

See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION — SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS—Reservation of State Rights of Assumption, Extinguishment and Substitution.”

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## **PART 4—SOURCES OF REVENUE BOND TAX FUND RECEIPTS**

### **General History of the State Personal Income Tax**

In 1919, New York State became the seventh state to enact a personal income tax. The present system of conformity to federal tax law with respect to income and deductions was adopted in 1960. The personal income tax is New York's largest source of tax revenue and consistently accounts for more than one-half of all State tax receipts.

The State's personal income tax structure adheres closely to the definitions of adjusted gross income and itemized deductions used for federal personal income tax purposes, with certain modifications, such as: (1) the inclusion of investment income from debt instruments issued by other states and municipalities and the exclusion of income on certain federal obligations; and (2) the exclusion of pension income received by federal, New York State and local government employees, private pension and annuity income up to \$20,000 (\$40,000 for married couples filing jointly), and any Social Security income and refunds otherwise included in federal adjusted gross income.

Changes in federal tax law from time to time may positively or negatively affect the amount of personal income tax receipts collected by the State. State Tax Law changes may also impact personal income tax receipts by authorizing a wide variety of credits against the personal income tax liability of taxpayers. See "PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program."

Major tax credits include: Empire State Child Credit (enacted and effective in 2006); Earned Income Tax Credit; Child and Dependent Care Credit; Household Credit; College Tuition Credit; Long-term Care Insurance Credit; Investment Credits; and Empire Zone Credits.

### **Personal Income Tax Rates**

Taxable income equals New York adjusted gross income ("AGI") less deductions and exemptions. The tax provides separate rate schedules for married couples, single individuals and heads of households. For the 2009 through 2011 tax years, the State income tax was imposed at rates ranging from 4.0 percent to 8.97 percent on the taxable income of individuals, estates and trusts. For taxpayers with \$100,000 or more of AGI, the savings from graduated marginal tax rates is recaptured through a supplementary mechanism in effect since 1991. Between tax years 2012 and 2017, the tax tables were revised to include additional middle-income brackets with reduced tax rates and a new top bracket, which imposed a tax rate of 8.82 percent. The tax tables were also subject to annual inflation-based adjustment beginning tax year 2013 and ending tax year 2017. Tax rate reductions were applied to the aforementioned middle-income brackets in tax year 2018 as part of a scheduled eight-year phase-in of middle-income tax cuts. Beginning tax year 2021, the former 8.82 percent top rate increased to 9.65 percent and two new high-income brackets were added, including a new top rate of 10.9 percent.

The following tables set forth the current rate schedules for tax years after 2020 and before 2025, for tax years after 2024 and before 2028 and for tax years after 2027. Tax years 2022 through 2024 are the same as the tax year 2021 schedule except that the middle class tax rates are phased-in through 2025.

## New York State Personal Income Tax Rates for Tax Years After 2020 and Before 2025

### Married Filing Jointly and Qualified Widow(er)

**Tax**<sup>±</sup>

#### Taxable Income:

Not over \$17,150 .....	4% of taxable income
Over \$17,150 but not over \$23,600 .....	\$686 plus 4.50% of excess over \$17,150
Over \$23,600 but not over \$27,900 .....	\$976 plus 5.25% of excess over \$23,600
Over \$27,900 but not over \$43,000 .....	\$1,202 plus 5.90% of excess over \$27,900
Over \$43,000 but not over \$161,550 .....	\$2,093 plus 5.97% of excess over \$43,000
Over \$161,550 but not over \$323,200 .....	\$9,170 plus 6.33% of excess over \$161,550
Over \$323,200 but not over \$2,155,350 .....	\$19,403 plus 6.85% of excess over \$323,200
Over \$2,155,350 but not over \$5,000,000 .....	\$144,905 plus 9.65% of excess over \$2,155,350
Over \$5,000,000 but not over \$25,000,000 .....	\$419,414 plus 10.3% of excess over \$5,000,000
Over \$25,000,000 .....	\$2,479,414 plus 10.9% of excess over \$25,000,000

### Single, Married Filing Separately, Estates and Trusts

#### Taxable Income:

Not over \$8,500 .....	4% of taxable income
Over \$8,500 but not over \$11,700 .....	\$340 plus 4.50% of excess over \$8,500
Over \$11,700 but not over \$13,900 .....	\$484 plus 5.25% of excess over \$11,700
Over \$13,900 but not over \$21,400 .....	\$600 plus 5.90% of excess over \$13,900
Over \$21,400 but not over \$80,650 .....	\$1,042 plus 5.97% of excess over \$21,400
Over \$80,650 but not over \$215,400 .....	\$4,579 plus 6.33% of excess over \$80,650
Over \$215,400 but not over \$1,077,550 .....	\$13,109 plus 6.85% of excess over \$215,400
Over \$1,077,550 but not over \$5,000,000 .....	\$72,166 plus 9.65% of excess over \$1,077,550
Over \$5,000,000 but not over \$25,000,000 .....	\$450,683 plus 10.3% of excess over \$5,000,000
Over \$25,000,000 .....	\$2,510,683 plus 10.9% of excess over \$25,000,000

### Head of Household

#### Taxable Income:

Not over \$12,800 .....	4% of taxable income
Over \$12,800 but not over \$17,650 .....	\$512 plus 4.50% of excess over \$12,800
Over \$17,650 but not over \$20,900 .....	\$730 plus 5.25% of excess over \$17,650
Over \$20,900 but not over \$32,200 .....	\$901 plus 5.90% of excess over \$20,900
Over \$32,200 but not over \$107,650 .....	\$1,568 plus 5.97% of excess over \$32,200
Over \$107,650 but not over \$269,300 .....	\$6,072 plus 6.33% of excess over \$107,650
Over \$269,300 but not over \$1,616,450 .....	\$16,304 plus 6.85% of excess over \$269,300
Over \$1,616,450 but not over \$5,000,000 .....	\$108,804 plus 9.65% of excess over \$1,616,450
Over \$5,000,000 but not over \$25,000,000 .....	\$435,097 plus 10.3% of excess over \$5,000,000
Over \$25,000,000 .....	\$2,495,097 plus 10.9% of excess over \$25,000,000

<sup>±</sup> A supplemental income tax recaptures the savings due to graduated marginal tax rates such that, for example, when a taxpayer's AGI exceeds \$25,000,000 in tax years 2021 through 2024, all taxable income becomes effectively subject to a flat 10.9 percent tax rate. Furthermore, the marginal tax rates between 5.9 percent and 6.33 percent are gradually phased-in to rates between 5.61 percent and 6.09 percent between tax years 2021 and 2024.

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## New York State Personal Income Tax Rates for Tax Years After 2024 and Before 2028

### Married Filing Jointly

Tax<sup>±</sup>

Taxable Income:

Not over \$17,150 .....	4% of taxable income
Over \$17,150 but not over \$23,600 .....	\$686 plus 4.50% of excess over \$17,150
Over \$23,600 but not over \$27,900 .....	\$976 plus 5.25% of excess over \$23,600
Over \$27,900 but not over \$161,550 .....	\$1,202 plus 5.50% of excess over \$27,900
Over \$161,550 but not over \$323,200 .....	\$8,553 plus 6.00% of excess over \$161,550
Over \$323,200 but not over \$2,155,350 .....	\$18,252 plus 6.85% of excess over \$323,200
Over \$2,155,350 but not over \$5,000,000 .....	\$143,754 plus 9.65% of excess over \$2,155,350
Over \$5,000,000 but not over \$25,000,000 .....	\$418,263 plus 10.3% of excess over \$5,000,000
Over \$25,000,000 .....	\$2,478,263 plus 10.9% of excess over \$25,000,000

### Single, Married Filing Separately, Estates and Trusts

Taxable Income:

Not over \$8,500 .....	4% of taxable income
Over \$8,500 but not over \$11,700 .....	\$340 plus 4.50% of excess over \$8,500
Over \$11,700 but not over \$13,900 .....	\$484 plus 5.25% of excess over \$11,700
Over \$13,900 but not over \$80,650 .....	\$600 plus 5.50% of excess over \$13,900
Over \$80,650 but not over \$215,400 .....	\$4,271 plus 6.00% of excess over \$80,650
Over \$215,400 but not over \$1,077,550 .....	\$12,356 plus 6.85% of excess over \$215,400
Over \$1,077,550 but not over \$5,000,000 .....	\$71,413 plus 9.65% of excess over \$1,077,550
Over \$5,000,000 but not over \$25,000,000 .....	\$449,929 plus 10.3% of excess over \$5,000,000
Over \$25,000,000 .....	\$2,509,929 plus 10.9% of excess over \$25,000,000

### Head of Household

Taxable Income:

Not over \$12,800 .....	4% of taxable income
Over \$12,800 but not over \$17,650 .....	\$512 plus 4.50% of excess over \$12,800
Over \$17,650 but not over \$20,900 .....	\$730 plus 5.25% of excess over \$17,650
Over \$20,900 but not over \$107,650 .....	\$901 plus 5.50% of excess over \$20,900
Over \$107,650 but not over \$269,300 .....	\$5,672 plus 6.00% of excess over \$107,650
Over \$269,300 but not over \$1,616,450 .....	\$15,371 plus 6.85% of excess over \$269,300
Over \$1,616,450 but not over \$5,000,000 .....	\$107,651 plus 9.65% of excess over \$1,616,450
Over \$5,000,000 but not over \$25,000,000 .....	\$434,163 plus 10.3% of excess over \$5,000,000
Over \$25,000,000 .....	\$2,494,163 plus 10.9% of excess over \$25,000,000

<sup>±</sup> A supplemental income tax recaptures the savings due to graduated marginal tax rates such that when a taxpayer's AGI exceeds \$25,050,000 in tax years after 2025 through 2027, all taxable income becomes effectively subject to a flat 10.9 percent tax rate.

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## New York State Personal Income Tax Rates for Tax Years After 2027

### Married Filing Jointly

**Tax<sup>±</sup>**

Taxable Income:

Not over \$17,150 .....	4% of taxable income
Over \$17,150 but not over \$23,600 .....	\$686 plus 4.50% of excess over \$17,150
Over \$23,600 but not over \$27,900 .....	\$976 plus 5.25% of excess over \$23,600
Over \$27,900 but not over \$161,550 .....	\$1,202 plus 5.50% of excess over \$27,900
Over \$161,550 but not over \$323,200 .....	\$8,553 plus 6.00% of excess over \$161,550
Over \$323,200 but not over \$2,155,350 .....	\$18,252 plus 6.85% of excess over \$323,200
Over \$2,155,350 .....	\$143,754 plus 8.82% of excess over \$2,155,350

### Single, Married Filing Separately, Estates and Trusts

Taxable Income:

Not over \$8,500 .....	4% of taxable income
Over \$8,500 but not over \$11,700 .....	\$340 plus 4.50% of excess over \$8,500
Over \$11,700 but not over \$13,900 .....	\$484 plus 5.25% of excess over \$11,700
Over \$13,900 but not over \$80,650 .....	\$600 plus 5.50% of excess over \$13,900
Over \$80,650 but not over \$215,400 .....	\$4,271 plus 6.00% of excess over \$80,650
Over \$215,400 but not over \$1,077,550 .....	\$12,356 plus 6.85% of excess over \$215,400
Over \$1,077,550 .....	\$71,413 plus 8.82% of excess over \$1,077,550

### Head of Household

Taxable Income:

Not over \$12,800 .....	4% of taxable income
Over \$12,800 but not over \$17,650 .....	\$512 plus 4.50% of excess over \$12,800
Over \$17,650 but not over \$20,900 .....	\$730 plus 5.25% of excess over \$17,650
Over \$20,900 but not over \$107,650 .....	\$901 plus 5.50% of excess over \$20,900
Over \$107,650 but not over \$269,300 .....	\$5,672 plus 6.00% of excess over \$107,650
Over \$269,300 but not over \$1,616,450 .....	\$15,371 plus 6.85% of excess over \$269,300
Over \$1,616,450 .....	\$107,651 plus 8.82% of excess over \$1,616,450

\* A supplemental income tax recaptures the savings due to graduated marginal tax rates such that when a taxpayer's AGI exceeds \$2,205,350 for married filing jointly taxpayers for tax years after 2027, all taxable income becomes effectively subject to a flat 8.82 percent tax rate.

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## **Components of the Personal Income Tax**

The components of personal income tax liability include withholding, estimated payments, final returns, delinquencies and refunds. Taxpayers prepay their tax liability through payroll withholding taxes imposed by Section 671 of Article 22 of the Tax Law (the “Withholding Component”) and estimated taxes imposed by Section 685 of Article 22 of the Tax Law. The New York State Department of Taxation and Finance collects the personal income tax from employers and individuals and reports the amount collected to the State Comptroller, who deposits collections net of overpayments and administrative costs.

Initiated in 1959, withholding tax is the largest component of income tax collections. New York requires employers to withhold and remit personal income taxes on wages, salaries, bonuses, commissions and similar income. The amount of withholding varies with the rates, deductions and exemptions. Under current law, employers must remit withholding liability within three business days after each payroll once the cumulative amount of liability reaches \$700. Certain small businesses and educational and health care organizations may make their withholding remittance within five business days, and employers with less than \$700 of withheld tax can remit it on a quarterly basis. Large employers (aggregate tax of more than \$100,000 per year) must make timely payment by electronic funds transfer or by certified check.

## **Employer Compensation Expense Program**

The ECEP was enacted in 2018 in response to federal legislation which limited the personal income tax deduction for state and local taxes to \$10,000 per taxpayer annually. Businesses are provided the option to participate in the ECEP, and those that elect to participate remit a tax on annual wages paid to each employee in excess of \$40,000. The tax rate is 1.5 percent in 2019, 3 percent in 2020, and 5 percent in 2021 and thereafter. The ECEP tax must be paid electronically on the same dates that the electing employer’s withholding tax payments are required to be made. An employer that overpays the tax may apply for a refund.

Employers participating in the ECEP in 2019 were required to make an election by December 1, 2018, and participating employers began remittance of taxes on payrolls in January 2019. Likewise, New York State ECEP Receipts to the Revenue Bond Tax Fund also began in January 2019. Employers participating in the ECEP for the 2020 tax year were required to make an election by December 1, 2019, and employers participating in the ECEP for the 2021 tax year were required make an election by December 1, 2020.

New York State ECEP Receipts are dependent on the extent to which employers elect to participate in the program. In State Fiscal Year 2019-20, the State received \$2.0 million of New York State ECEP Receipts, based on the 262 employers that elected to participate in tax year 2019. New York State ECEP Receipts increased to \$3.2 million in State Fiscal Year 2020-21, based on 299 participating employers in tax year 2020, and are expected to increase again in to \$5.9 million in State Fiscal Year 2021-22, based on 328 participating employers in tax year 2021. However, with just three years of employer participation data available, substantial uncertainty exists with respect to future participation and New York State ECEP Receipts after State Fiscal Year 2021-22.

From a Revenue Bond Tax Fund perspective, the ECEP is expected to be revenue neutral. New York State ECEP Receipts collected from participating employers are expected to be offset by a comparable decrease in personal income tax receipts, because employees whose wages are subject to the ECEP may claim a Personal Income Tax credit calculated using a statutory formula that corresponds in value to the tax imposed by the ECEP. As a result, aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain substantially the same regardless of the amount of New York State ECEP Receipts.



## Pass-Through Entity Tax Program

As part of the FY 2022 Enacted Budget, the State Legislature enacted legislation that provides for an optional pass-through entity tax on the State sourced income of (i) partnerships and (ii) S corporations. Qualifying entities that elect to pay into PTET will pay a graduated tax on their State sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity.

For each taxable year beginning on or after January first, two thousand twenty-one, the PTET schedule is as follows:

If pass-through entity income taxable is:

Not over \$2,000,000.....	6.85% of taxable income
Over \$2,000,000 but not over \$5,000,000.....	137,000 plus 9.65% of the excess over \$2,000,000
Over \$5,000,000 but not over \$25,000,000.....	\$426,500 plus 10.30% of excess over \$5,000,000
Over \$25,000,000.....	\$2,486,500 plus 10.90% of excess over \$25,000,000

The FY 2022 Enacted Budget Financial Plan does not currently include an estimate for New York State PTET Receipts or the corresponding decrease in New York State Personal Income Tax Receipts because the opt-in rates for electing entities will not be known until late 2021. The Division of the Budget expects to include estimates as opt-in rates and other information becomes known. See “PART 3 – SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program”.

## Revenue Bond Tax Fund Receipts

The Enabling Act provides that 50 percent of the New York State Personal Income Tax Receipts shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to taxpayers.

The Enabling Act also provides that 50 percent of the New York State ECEP Receipts shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to employers.

Effective April 1, 2021, pursuant to legislative changes, 50 percent of the New York State PTET Receipts, shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to taxpayers. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS - Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

Beginning on the first day of each month, the Enabling Act requires the State Comptroller to deposit in the Revenue Bond Tax Fund all of the receipts from the Withholding Component, all of the New York State ECEP Receipts and all of the New York State PTET Receipts until 50 percent of estimated monthly New York State Personal Income Tax Receipts, 50 percent of estimated monthly New York State ECEP Receipts, and 50 percent of the estimated monthly New York State PTET Receipts respectively, have been deposited into the Revenue Bond Tax Fund.

The following table sets forth certain historical and projected information concerning New York State Personal Income Tax Receipts, the Withholding Component, New York State ECEP Receipts and deposits to the Revenue Bond Tax Fund from State Fiscal Years 2011-12 through 2021-22. For additional information related to the State and COVID-19, see “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK — Financial Plan Overview — Executive Summary.”

**NYS Personal Income Tax Receipts and Withholding Component,  
NYS ECEP Receipts, and Revenue Bond Tax Fund Receipts  
State Fiscal Years 2011-12 through 2021-22\***

State Fiscal Year	New York State Personal Income Tax Receipts	Withholding Component	Withholding/State Personal Income Tax Receipts	New York State ECEP Receipts	Revenue Bond Tax Fund Receipts**
2011-12	\$38,767,826,942	\$31,198,971,588	80.5	N/A	\$ 9,691,956,736
2012-13	40,226,714,989	31,957,653,106	79.4	N/A	10,056,678,747
2013-14	42,960,774,915	33,367,555,788	77.7	N/A	10,740,193,729
2014-15	43,709,833,323	34,906,793,775	79.9	N/A	10,927,458,331
2015-16	47,055,282,776	36,549,037,064	77.7	N/A	11,763,820,694
2016-17	47,565,878,296	37,523,891,435	78.9	N/A	11,891,469,574
2017-18	51,501,337,750	40,269,241,142	78.2	N/A	12,875,334,437
2018-19	48,087,336,735	41,084,099,022	85.4	\$ 52,664	24,043,694,700*
2019-20	53,659,401,043	43,118,276,696	80.4	1,993,101	26,830,697,072*
2020-21	54,966,669,672	44,218,244,594	80.4	3,226,867	27,484,948,269*
2021-22 (est.)	61,050,000,000	47,945,000,000	78.5	5,900,000	30,527,950,000*

\* Reflects increased deposits to the Revenue Bond Tax Fund, resulting from FY 2019 Enacted Budget legislation.

\*\* New York State PTET Receipts are not included in the table above. The FY 2022 Enacted Budget Financial Plan does not currently include an estimate for New York State PTET Receipts or the corresponding decrease in New York State Personal Income Tax Receipts because the opt-in rates for electing entities will not be known until late 2021. The Division of the Budget expects to include estimates as opt-in rates and other information becomes known.

For State Fiscal Year 2020-21, New York State Personal Income Tax Receipts totaled approximately \$55.0 billion and accounted for approximately 66.7 percent of State tax receipts in all State Funds. The FY 2022 Enacted Budget Financial Plan projects that total New York State Personal Income Tax Receipts (net of refunds to taxpayers but before deposits to the School Tax Relief (STAR) Fund) will increase by 11.1% to approximately \$61.0 billion in State Fiscal Year 2021-22. The increase in FY 2021-22 receipts is attributable to the implementation of a high income PIT surcharge, coupled with growth in underlying gross collections. New York State ECEP Receipts are estimated to total \$5.9 million in State Fiscal Year 2021-22, reflecting the first complete fiscal year of collection based on fully phased-in ECEP tax rate (5 percent).

Total State personal income tax receipts (as distinguished from New York State Personal Income Tax Receipts as defined herein and presented in the table above) estimates are based on the State personal income tax liability estimated by the Division of the Budget for each of the relevant tax years and the patterns of receipts and refunds for each tax year. Such tax year liability estimates are, in turn, based largely on forecasts of State adjusted gross income, with adjustments made for legislative changes (see “— General History of the State Personal Income Tax” above) that will affect each year’s tax liability. The level of total State personal income tax receipts is necessarily dependent upon economic and demographic conditions in the State, and therefore there can be no assurance that historical data with respect to total State personal income tax receipts will be indicative of future receipts. Since the institution of the modern income tax in New York in 1960, total personal income tax receipts have fallen seven times on a year-over-year basis, in State Fiscal Years 1964-65, 1971-72, 1977-78, 1990-91, 2002-03, 2009-10 and 2018-19.

For a more detailed discussion of the general economic and financial condition of the State, including the economic impact of the COVID-19 pandemic on the State, and its projection of personal income tax receipts, see “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK.”

The following table shows the pattern of State adjusted gross income growth and personal income tax liability for tax years 2011 through 2021.

**NYS Adjusted Gross Income (“AGI”) and Personal Income Tax Liability 2011 to 2021\***

<b>Tax Year</b>	<b>NYS AGI</b>	<b>Percent Change</b>	<b>Personal Income Tax Liability</b>	<b>Percent Change</b>
<i>(\$ in millions)</i>				
2011.....	\$ 657,298	2.9%	\$36,296	4.2%
2012.....	714,698	8.7	38,017	4.7
2013.....	714,046	(0.1)	37,331	(1.8)
2014.....	776,477	8.7	41,910	12.3
2015.....	807,775	4.0	43,503	3.8
2016.....	794,105	(1.7)	41,736	(4.1)
2017.....	874,568	10.1	48,000	15.0
2018.....	906,868	3.7	48,712	1.5
2019 (est.).....	929,175	2.5	49,489	1.6
2020 (est.).....	969,956	4.4	52,561	6.2
2021 (proj.).....	1,030,410	6.2	59,946	14.1

\*NYS AGI and personal income tax liability reflect amounts reported on timely filed individual returns, and therefore do not include tax paid by fiduciaries or through audits.

The table indicates that under the State’s progressive income tax structure with graduated tax rates, tax liability generally changes at a faster percentage rate than adjusted gross income, absent major law changes or economic events. Since tax year 2011, adjusted gross income has grown in all but two years, with the two annual declines in large part due to strategic income shifting in response to changes, or anticipated changes, to the federal tax code. Consequently, tax liability declined in both of these years, while also growing minimally in tax year 2018 due to the aforementioned strategic income shifting.

The FY 2022 Enacted Budget Financial Plan estimates that tax year 2020 personal income tax liability totaled \$52.6 billion, increasing 6.2 percent from the prior year. Personal income tax liability is projected to increase by 14.1 percent to \$59.9 billion in tax year 2021, reflecting not only the economic impact of the COVID-19 pandemic, including the extraordinary support to personal incomes provided by the Federal government and the robust recovery of equity markets, but also the effects of new, high-income tax brackets and rates that are effective with the 2021 tax year.

**Debt Service Coverage**

The following table sets forth (1) Revenue Bond Tax Fund Receipts for a twelve consecutive calendar month period ended not more than six months prior to the date of such calculation, (2) maximum Calculated Debt Service on the outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2021A Bonds, and (3) resulting debt service coverage. There can be no assurance that actual Revenue Bond Tax Fund Receipts will not be less than the amounts collected during the calculation period, as a result of numerous factors affecting Revenue Bond Tax Fund Receipts that cannot be predicted at this time.

**Debt Service Coverage on State Personal Income Tax Revenue Bonds  
(Dollars in Thousands)**

Revenue Bond Tax Fund Receipts .....	\$34,256,000
Maximum Calculated Debt Service .....	\$ 4,388,662
Debt Service Coverage.....	7.8x

**Projected Debt Service Coverage**

Based upon the assumptions used in preparing the following table including assumed average State Personal Income Tax Revenue Bond issuances of approximately \$7.0 billion annually over the next four years, State Personal Income Tax Revenue Bond debt service coverage based only upon the Revenue Bond Tax Fund’s receipt of the New York State Personal Income Tax Receipts and New York State ECEP Receipts is expected to decline from 6.4 times in State Fiscal Year 2021-22 to 5.6 times in State Fiscal Year 2024-25. The FY 2022 Enacted Budget Financial Plan does not currently include an estimate for PTET Receipts or the corresponding decrease in New York State Personal Income Tax Receipts because the opt-in rates for electing entities will not be known until late 2021. The Division of the Budget expects to include estimates as opt-in rates and other information becomes known.

The following table entitled, “Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds” does not reflect any estimate of charitable donations or the impact of such charitable donations on the amount of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund. As a result, the coverage ratios shown in the table may be materially and adversely affected by such donations.

**Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds  
State Fiscal Years 2021-22 through 2024-25  
(Dollars in Thousands)**

	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Projected Revenue Bond Tax Fund Receipts <sup>†</sup>	\$30,527,950	\$32,747,616	\$34,223,979	\$35,674,748
Projected New State Personal Income Tax Revenue Bonds Issuances	9,076,464	6,381,260	6,402,993	5,948,564
Projected Total State Personal Income Tax Revenue Bonds Outstanding	50,571,484	54,348,530	57,860,126	60,460,008
Projected Maximum Annual Debt Service <sup>‡</sup>	4,785,559	5,356,155	5,890,557	6,315,835
Projected Debt Service Coverage	6.4x	6.1x	5.8x	5.6x

<sup>\*</sup> As of the FY 2022 Enacted Budget Financial Plan.

<sup>†</sup> Includes New York State Personal Income Tax Receipts and New York State ECEP Receipts. Does not include PTET Receipts.

<sup>‡</sup> The projections of future Revenue Bond Tax Fund Receipts are based on a number of factors and considerations. With respect to donations to the Charitable Gifts Trust Fund, meaningful historical baseline data are not available for incorporation into revenue projections. Accordingly, the information in this table may be subject to greater variability than other projections contained in this Official Statement.

Additional State Personal Income Tax Revenue Bonds may be issued, subject to satisfaction of a 2.0 times debt service coverage test. All State Personal Income Tax Revenue Bonds issued by any Authorized Issuer will be on a parity with each other as to payments from the Revenue Bond Tax Fund,

subject to annual appropriation by the State Legislature. See “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Additional Bonds.”

### **Impact of Charitable Gifts Trust Fund on State Personal Income Tax Revenue Bonds**

The amount of donations made by New York State taxpayers to the Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund. Donations to the Charitable Gifts Trust Fund could reduce State Personal Income Tax Receipts by nearly one dollar for every dollar donated because donors can claim a Personal Income Tax deduction and a tax credit equal to 85 percent of the donation amount for the tax year following the year in which the donation is made.

Prior to the June 13, 2019 release of Treasury Decision 9864 see, “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program”, the Division of the Budget and the Department of Taxation and Finance have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for Tax Year 2021 through 2025 to be, on average, in the range of \$23 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer’s state and local tax payments (“SALT”), less the value of the \$10,000 Federal SALT deduction limit, up to the value of the taxpayer’s total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent State Personal Income Tax population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (a) no further changes in tax law occur and (b) Division of the Budget’s projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate. The calculation is only intended to serve as a stress test on State Personal Income Tax receipts that may flow to the Revenue Bond Tax Fund under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; and advice or guidance of tax advisors or other professionals.

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The following table summarizes the calculation of the potential impact of charitable donations on Revenue Bond Tax Fund Receipts under different scenarios of possible taxpayer participation.

**Potential Effect of Contributions to the Charitable Gifts Trust Fund on  
Revenue Bond Tax Fund Receipts  
State Fiscal Years 2022 Through 2025  
(billions of dollars)**

	FY 2022	FY 2023	FY 2024	FY 2025
Revenue Bond Tax Fund Receipts, Prior Law	\$14.4	\$15.2	\$15.8	\$15.9
Revenue Bond Tax Fund Receipts, Current Law	28.8	30.4	31.5	31.7
Revenue Bond Tax Fund Receipts After Charitable Gifts				
100% Participation	25.7	20.3	21.1	20.8
75% Participation	26.5	22.8	23.7	23.5
50% Participation	27.2	25.3	26.3	26.3
25% Participation	28.0	27.8	28.9	29.0
10% Participation	28.5	29.4	30.5	30.6

*NOTE: The calculation of the maximum amount of donations is intended as a stress test on New York State Personal Income Tax Receipts that may flow to the Revenue Bond Tax Fund under certain conditions. It should not under any circumstances be viewed as the likely or projected amount of Charitable Gifts Trust Fund donations in any given year.*

*ASSUMPTIONS:*

1. *Tax Rates, Deductions, and Credits.* Revenue Bond Tax Fund Receipts After Charitable Gifts reflects a State income tax deduction for the tax year that the charitable donation is made, and an 85% State tax credit in the following tax year.
2. *State cap on itemized deductions.* The values within this table are determined without respect to New York State's limitations on itemized deductions and, as a result, likely overestimate the negative effect on Revenue Bond Tax Fund Receipts.
3. *Timing.* The values in this table likely overstate the negative effect of future gifts to the Charitable Gifts Trust Fund on the Revenue Bond Tax Fund by assuming that taxpayers immediately reduce withholding and quarterly estimated tax payments, rather than reconciling through tax returns following the conclusion of the tax year.

In general, assumptions made regarding taxpayer behavior were intended to maximize the calculated impact of charitable giving on personal income tax receipts in each year. After these adjustments and with the inclusion of New York State ECEP Receipts, Revenue Bond Tax Fund Receipts are projected to remain above the level of receipts that would have been expected under statutes effective prior to April 2018, even assuming a maximum taxpayer participation scenario.

The calculation of the projected maximum amount of donations is necessarily based on many assumptions that may change materially over time. While the Division of the Budget believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual donations to the Charitable Gifts Trust Fund will not reduce the level of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund below the levels calculated. Accordingly, although the calculation of a maximum amount reflects the Division of the Budget's and Department of Taxation and Finance's current best judgment and estimates, such amount may be higher.

As the FY 2022 Enacted Budget Financial Plan, the State has received \$93 million in charitable gifts that have been deposited to the Charitable Gifts Trust Fund. Donations to the Charitable Gifts Trust Fund will likely reduce New York State Personal Income Tax Receipts by nearly one dollar for every dollar donated. There can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is the Division of the Budget's expectation that changes to

the Tax Law would be recommended to further increase the percentage of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund.

## **PART 5—THE PROGRAMS**

### **General**

The laws enabling the Authority to finance the established State aid Programs provided for in Sections 10-c, 10-f, 10-g and 80-b of the Highway Law, Section 14-k of the Transportation Law, Section 385 of Public Authorities Law, as amended, and, with respect to the financing of certain Metropolitan Transportation Authority (“MTA”) Facilities, Chapters 329, 330 and 331 of the Laws of New York of 1991, as amended (collectively, the “Program Legislation”).

The Programs authorized by the Program Legislation, including the established State aid programs that support project sponsors in their efforts to maintain, repair or replace elements of their highway and bridge systems, authorized rail, port and aviation projects and fixed ferry facilities (CHIPS, Marchiselli, SHIPS and Multi-Modal) and MTA capital projects are described below.

### **CHIPS**

Started in 1982, the Consolidated Local Street and Highway Improvement Program (often referred to as the CHIPS Program) provides State aid to municipalities for operation, maintenance and upgrading of local highway systems. Payments are apportioned on a formula basis (consisting primarily of motor vehicle registrations, centerline miles and lane miles) and are payable four times a year to the chief fiscal officer of each eligible municipality. The CHIPS Program provides funds to nearly 1,600 municipalities in New York State each year. CHIPS apportionments supplement locally raised revenue used for highways.

### **Marchiselli**

The Municipal Streets and Highways Program (often referred to as the Marchiselli Program) provides local governments with State funds to match federal grants for local highway and bridge capital Projects. The Federal Government requires recipients of highway aid to provide non-federal matching funds in various amounts depending upon the funding category. In State Fiscal Year 1978-79, the New York State Legislature established the Marchiselli Program for the State to fund 75% of that non-federal share.

### **SHIPS**

The Suburban Highway Improvement Program (often referred to as the SHIPS Program) is a program for seven counties in the Hudson Valley Region and the two counties on Long Island. The purpose of this program is to finance capital projects to reconstruct, replace, recondition, restore, rehabilitate and preserve State, county, town, city and village roads, highways, parkways and bridges. These projects are intended to restore such facilities and to address current and projected capacity problems.

### **Multi-Modal**

The Multi-Modal program consists of authorized State and local highway and bridge, rail, port and aviation projects and fixed ferry facilities. Pursuant to the Program Legislation, as amended, the Multi-Modal program may fund the construction, reconstruction, improvement, reconditioning and preservation of: rail freight facilities and intercity rail passenger facilities and equipment; State,

municipal, or privately owned ports; municipal airports, privately owned airports and aviation capital facilities, excluding airports operated by the State or operated by a bi-state municipal corporate instrumentality, and for which federal funding is not available, provided such projects are consistent with an approved airport layout plan; and State, county, town, city, and village roads, highways, parkways, bridges, and municipal and privately owned fixed ferry facilities.

## **MTA**

The MTA is responsible for operating, maintaining and improving public transportation in the Metropolitan Commuter Transportation District consisting of New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties. The MTA oversees the operations of the bus and subway systems in New York City, commuter railroads in the region, and seven bridges and two tunnels in New York City. This oversight includes general policy direction and development and financing of the operating and capital programs.

Capital projects for the MTA include planning and design, acquisition, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation, including the acquisition of real property and interests therein required or expected to be required in connection therewith, of urban and commuter passenger, freight rail, omnibus, mass transit and rapid transit systems, facilities and equipment, including acquisition, which are capital elements set forth in various Capital Program plans approved by the MTA Capital Program Review Board.

## **PART 6—DESCRIPTION OF THE SERIES 2021A BONDS**

### **General**

The Series 2021A Bonds will bear interest, computed on the basis of a 360-day year and 30-day month, from their date of delivery, payable March 15, 2022 and on each March 15 and September 15 thereafter at the rates set forth on the inside cover pages of this Official Statement. The Series 2021A Bonds will be issued only as fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

The Record Date for the Series 2021A Bonds shall be the last day of the calendar month preceding such interest payment date. The Series 2021A Bonds will be issued under a book-entry only system, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, which will act as bond depository for the Series 2021A Bonds. Principal or redemption price of and interest on the Series 2021A Bonds are payable by The Bank of New York Mellon, New York, New York, as Trustee and Paying Agent, to Cede & Co., so long as Cede & Co. is the registered owner of the Series 2021A Bonds, as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. See “PART 8 — BOOK-ENTRY ONLY SYSTEM” below.

### **Optional Redemption**

#### ***Series 2021A-1 Bonds***

The Series 2021A-1 Bonds are subject to optional redemption as described below and in “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS — Redemption at the Election of the Issuer; Redemption other than at Issuer’s Election; Selection of Bonds to be Redeemed.”



The Series 2021A-1 Bonds maturing on or before March 15, 2031 are not subject to optional redemption prior to maturity. The Series 2021A-1 Bonds maturing on and after March 15, 2032 are subject to optional redemption prior to maturity on and after March 15, 2031 in any order at the option of the Authority, as a whole or in part, at any time, at par, plus accrued interest to the redemption date.

***Series 2021A-2 Bonds***

The Series 2021A-2 Bonds are subject to optional redemption prior to maturity as a whole or in part, in any order, at the option of the Authority, on any Business Day, (i) before March 15, 2031 at the Make-Whole Redemption Price described below, and (ii) on or after March 15, 2031, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the Series 2021A-2 Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2021A-2 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2021A-2 Bonds are to be redeemed, discounted to the date on which the Series 2021A-2 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate (as defined below) plus 15 basis points, plus accrued and unpaid interest on the Series 2021A-2 Bonds to be redeemed on the redemption date.

The “Treasury Rate” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 60 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2021A-2 Bonds to be redeemed (taking into account any sinking fund installments for such bonds).

**Mandatory Redemption**

The Series 2021A-2 Bonds are a single term bond maturing on March 15, 2032, and are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Series 2021A-2 Bonds specified for each of the dates shown in the following table:

**Series 2021A-2 Term Bond**

<b><u>March 15,</u></b>	<b><u>Sinking Fund</u></b>
	<b><u>Installment</u></b>
2023	\$11,105,000
2031	4,585,000
2032 <sup>†</sup>	38,340,000

<sup>†</sup> Stated maturity.

In connection with any optional redemption or purchase and cancellation of the Series 2021A-2 Bonds, the principal amount of such Series 2021A-2 Bonds being redeemed or purchased and cancelled shall be allocated against the scheduled sinking fund redemption amounts set forth above pro rata and the scheduled sinking fund installments payable thereafter shall be modified as to such Series 2021A-2 Bonds. If fewer than all of the Series 2021A-2 Bonds of the same maturity are to be redeemed, the

particular Series 2021A-2 Bonds of such maturity to be redeemed will be determined as set forth below under “—Selection of Bonds to be Redeemed; Notice of Redemption.”

### **Selection of Bonds to be Redeemed; Notice of Redemption**

In the case of redemptions of Series 2021A Bonds at the option of the Authority, the Authority will select the maturities (and interest rates, if applicable) of the Series 2021A-1 Bonds to be redeemed.

While the Series 2021A Bonds are held in DTC book-entry only form, in the case of optional redemption of the Series 2021A Bonds, if less than all of the Series 2021A Bonds are to be redeemed, the particular Series 2021A Bonds or portions thereof to be redeemed are to be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC operational procedures then in effect. Such procedures currently provide for adjustment of the principal by a factor provided by the Trustee. If the Trustee does not provide the necessary information or does not identify the redemption as on a “Pro Rata Pass-Through Distribution of Principal” basis, the Series 2021A Bonds will be selected for redemption in accordance with DTC procedures by lot. The Authority intends that redemption allocations to be made by DTC, the DTC Participants or such other intermediaries that may exist between the Authority and the owners of the Series 2021A Bonds would be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. However, the Authority cannot provide any assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among the owners on such basis. If operational procedures of DTC (or of any successor depository) do not allow for the redemption of the Series 2021A-1 Bonds on a “Pro Rata Pass-Through Distribution of Principal” basis, the Series 2021A Bonds will be selected for redemption by lot.

If the Series 2021A Bonds are not registered in book-entry form and if less than all of a maturity of the Series 2021A Bonds are to be redeemed, the particular Series 2021A Bonds to be redeemed, the Trustee shall assign to each Outstanding Series 2021A Bond of such maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed.

### ***Notice of Redemption***

Any notice of optional redemption of the Series 2021A Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2021A Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Under the Resolutions, the Trustee is required to provide (i) notice of any rescission or failure to meet any such condition or other such event as promptly as practicable after the failure of such condition or the occurrence of such other event, and (ii) notice of the Make-Whole Redemption Price as promptly as practicable after its determination.

When the Trustee shall have received notice from the Authority that Series 2021A Bonds are to be redeemed at the option of the Authority, and regardless of any such notice in the case of mandatory sinking fund redemption, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2021A Bonds, which notice shall specify the Series 2021A Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, and, in the case of Series 2021A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and, if less than all of the Series 2021A Bonds of any like maturity are to

be redeemed, the letters and numbers or other distinguishing marks of such Series 2021A-1 Bonds to be redeemed, and if applicable, that such notice is conditional and the conditions that must be satisfied.

Such notice shall further state that on the redemption date there shall become due and payable upon each Series 2021A Bond or portion thereof to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Series 2021A Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no more than forty-five (45) days and no less than thirty (30) days before the redemption date, to the Owners of any Series 2021A Bonds or portions of Series 2021A Bonds, which are to be redeemed, at their last address, if any, appearing upon the registry books.

For a more complete description of the redemption and other provisions relating to the Series 2021A Bonds, see “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION.”

## **PART 7 — THE PLAN OF REFUNDING**

A portion of the proceeds of the Series 2021A Bonds are expected to be used to refund certain State Personal Income Tax Revenue Bonds (Transportation) previously issued by the Authority, as more particularly described in “APPENDIX F — REFUNDED BONDS” hereto (the “Refunded Bonds”).

Simultaneously with the issuance and delivery of the Series 2021A Bonds, such portion of the proceeds of the Series 2021A Bonds will be deposited in an escrow established pursuant to an escrow deposit agreement (the “Escrow Deposit Agreement”) with the trustee for the Refunded Bonds, as escrow agent for the Refunded Bonds (the “Escrow Agent”), and, together with other available funds, if any, will be used to acquire direct non-callable obligations of the United States of America (the “Defeasance Securities”), the maturing principal of and interest on which will be sufficient, together with any uninvested cash, to pay the redemption price of and interest due on the Refunded Bonds on the date fixed for their redemption (the “Redemption Date”). See “PART 18 — VERIFICATION OF MATHEMATICAL COMPUTATIONS”. At or prior to the making of such deposit, the Authority will have provided the Escrow Agent with irrevocable instructions to (i) give notice of the defeasance and redemption of the Refunded Bonds, and (ii) apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash held in escrow, to the payment of the principal or redemption price of and interest due on the Refunded Bonds on the Redemption Date.

In the opinion of Harris Beach PLLC, Co-Bond Counsel to the Authority (acting as defeasance counsel) upon (a) the deposit with the Escrow Agent of the amount of the proceeds of the Series 2021A Bonds, and other available funds, if any, required by the Escrow Deposit Agreement and (b) the purchase of the Defeasance Securities in accordance with the irrevocable instructions contained in the Escrow Deposit Agreement as described above, the Refunded Bonds will be deemed to have been paid under the terms of the bond resolution pursuant to which the Refunded Bonds were issued.

## **PART 8—BOOK-ENTRY ONLY SYSTEM**

The following information concerning DTC and DTC’s book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021A Bonds. References to the Series 2021A Bonds under this caption “Book-Entry Only System” shall mean all Series 2021A Bonds, the beneficial interests in which are owned in the United

States. The Series 2021A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021A Bond certificate will be issued for the Series 2021A Bonds of each maturity of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2021A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the related Series 2021A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021A Bonds, except in the event that use of the book-entry system for the Series 2021A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2021A Bonds of like series and maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in the Series 2021A Bonds of such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2021A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2021A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2021A Bonds, giving any notice permitted or required to be given to registered owners under the Resolutions, registering the transfer of the Series 2021A Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2021A Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2021A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to any series of the Series 2021A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for any series of the Series 2021A Bonds. In that event, Series 2021A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2021A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2021A BONDS.

So long as Cede & Co. is the registered owner of the Series 2021A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2021A Bonds (other than under the caption "PART 13 – TAX MATTERS" and "PART 20 – CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2021A Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2021A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2021A BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE RESOLUTIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER; (5) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2021A BONDS; OR (6) ANY OTHER MATTER.

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## PART 9—DEBT SERVICE REQUIREMENTS

The following schedule sets forth, for each 12-month period ending March 31 of the years shown, the amounts required for the payment of debt service on the Series 2021A Bonds, for the payment of debt service on other outstanding State Personal Income Tax Revenue Bonds and the aggregate total during each such period.

12-Month Period Ending March 31	Series 2021A Bonds			Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service <sup>(1)(2)(3)(4)</sup>	Aggregate Debt Service <sup>(1)(2)(4)</sup>
	Principal Payments	Interest Payments	Total Debt Service		
2022	--	\$ 50,499,303	\$ 50,499,303	\$ 4,338,163,064	\$ 4,388,662,367
2023	\$33,090,000	80,087,001	113,177,001	4,250,062,503	4,363,239,504
2024	19,590,000	78,802,298	98,392,297	4,117,966,545	4,216,358,842
2025	47,925,000	77,822,798	125,747,797	4,229,773,783	4,355,521,580
2026	50,320,000	75,426,548	125,746,547	4,160,659,224	4,286,405,771
2027	52,840,000	72,910,548	125,750,547	3,944,646,277	4,070,396,825
2028	55,485,000	70,268,548	125,753,547	3,810,582,017	3,936,335,564
2029	58,255,000	67,494,298	125,749,297	3,400,130,171	3,525,879,468
2030	61,170,000	64,581,548	125,751,547	3,152,544,166	3,278,295,713
2031	64,230,000	61,523,048	125,753,047	3,054,512,816	3,180,265,864
2032	67,285,000	58,464,228	125,749,228	2,897,320,978	3,023,070,206
2033	30,395,000	56,376,700	86,771,700	2,703,700,202	2,790,471,902
2034	31,915,000	54,856,950	86,771,950	2,454,112,083	2,540,884,033
2035	33,510,000	53,261,200	86,771,200	2,197,815,603	2,284,586,803
2036	35,185,000	51,585,700	86,770,700	2,042,977,720	2,129,748,420
2037	36,590,000	50,178,300	86,768,300	1,934,217,935	2,020,986,235
2038	38,060,000	48,714,700	86,774,700	1,810,048,570	1,896,823,270
2039	39,580,000	47,192,300	86,772,300	1,715,631,641	1,802,403,941
2040	41,160,000	45,609,100	86,769,100	1,570,172,486	1,656,941,586
2041	42,810,000	43,962,700	86,772,700	1,466,475,800	1,553,248,500
2042	44,520,000	42,250,300	86,770,300	1,376,938,077	1,463,708,377
2043	46,300,000	40,469,500	86,769,500	1,271,234,156	1,358,003,656
2044	48,155,000	38,617,500	86,772,500	1,119,360,200	1,206,132,700
2045	50,080,000	36,691,300	86,771,300	1,054,996,500	1,141,767,800
2046	52,080,000	34,688,100	86,768,100	985,365,800	1,072,133,900
2047	54,165,000	32,604,900	86,769,900	935,242,700	1,022,012,600
2048	56,330,000	30,438,300	86,768,300	827,521,450	914,289,750
2049	58,020,000	28,748,400	86,768,400	686,185,450	772,953,850
2050	59,765,000	27,007,800	86,772,800	481,724,050	568,496,850
2051	61,555,000	25,214,850	86,769,850	24,452,200	111,222,050
2052	63,400,000	23,368,200	86,768,200	--	86,768,200
2053	65,940,000	20,832,200	86,772,200	--	86,772,200
2054	68,575,000	18,194,600	86,769,600	--	86,769,600
2055	71,320,000	15,451,600	86,771,600	--	86,771,600
2056	74,170,000	12,598,800	86,768,800	--	86,768,800
2057	77,140,000	9,632,000	86,772,000	--	86,772,000
2058	80,225,000	6,546,400	86,771,400	--	86,771,400
2059	83,435,000	3,337,400	86,772,400	--	86,772,400
<b>Total<sup>(4)</sup></b>	<b>\$1,954,570,000</b>	<b>\$1,656,309,962</b>	<b>\$3,610,879,962</b>	<b>\$68,014,534,164</b>	<b>\$71,625,414,126</b>

- (1) Interest on \$301,735,000 principal amount of outstanding State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on assumed rates equal to the fixed swap rates paid by the applicable Authorized Issuers on the related interest rate exchange agreements and interest on \$74,615,000 principal amount of outstanding State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on an assumed rate of 3.5 percent.
- (2) Excludes debt service on outstanding State Personal Income Tax Revenue Bonds that are being refunded by the Series 2021A Bonds.
- (3) The information set forth under the column captioned "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service" reflects debt service on outstanding State Personal Income Tax Revenue Bonds and on State Personal Income Tax Revenue Bonds contractually obligated to be issued and delivered by Authorized Issuers as of the date of this Official Statement. The State expects that Authorized Issuers will be issuing State Personal Income Tax Revenue Bonds from time to time and to the extent that such other State Personal Income Tax Revenue Bonds are either issued or contractually obligated to be issued and delivered pursuant to one or more executed bond purchase agreements or bond awards after the date of this Official Statement, this Official Statement will not be supplemented to reflect such updated information.
- (4) Totals may not add due to rounding.

## PART 10—ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2021A Bonds:

Sources of Funds	Series 2021A-1 Bonds	Series 2021A-2 Bonds	Total
Principal Amount of Series 2021A Bonds .....	\$1,900,540,000.00	\$54,030,000.00	\$1,954,570,000.00
Original Issue Premium .....	<u>402,652,425.55</u>	--	<u>402,652,425.55</u>
Total Sources.....	<u>\$2,303,192,425.55</u>	<u>\$54,030,000.00</u>	<u>\$2,357,222,425.55</u>
<b>Uses of Funds</b>			
Deposit to Bond Proceeds Fund.....	\$1,989,000,000.00	\$11,000,000.00	\$2,000,000,000.00
Transfer to Escrow Deposit Fund for Refunded Bonds .....	292,667,340.00	42,525,538.33	335,192,878.33
Costs of Issuance*	16,474,979.94	469,342.17	16,944,322.11
Initial Purchasers' Discount.....	<u>5,050,105.61</u>	<u>35,119.50</u>	<u>5,085,225.11</u>
Total Uses .....	<u>\$2,303,192,425.55</u>	<u>\$54,030,000.00</u>	<u>\$2,357,222,425.55</u>

\* Includes New York State Bond Issuance Charge.

## PART 11—THE AUTHORITY

### Introduction

The Authority, a body corporate and politic constituting a public corporation, created in 1950 by the Authority Act, is empowered to construct, operate and maintain as a toll facility, and to improve and reconstruct, the Governor Thomas E. Dewey Thruway. In addition, pursuant to Chapter 766 of the Laws of New York of 1992 and other authorizations, the Authority, among other things, (i) will finance and undertake specified economic development transportation projects in the State, and (ii) may undertake certain financings on behalf of the State for transportation purposes.

### Members and Officers

The Authority Act provides that the Authority consists of a Board of seven members appointed by the Governor of the State, with the advice and consent of the State Senate. Board members serve for terms of nine years each. Vacancies in the Authority occurring other than by expiration of term are filled for the remainder of the unexpired term in the manner previously stated. Pursuant to the New York State Public Officers Law, members of the Authority whose terms have expired continue to serve until a successor is appointed and qualified. The members of the Authority receive no salary but are reimbursed for their necessary expenses incurred in connection with their duties. The Chair serves in that capacity for the full term of his/her appointment as a member of the Authority. The members of the Authority may appoint other officers. The present members of the Board and the expiration dates of their terms of office are as follows:



<u>Name</u>	<u>Expiration of Term</u>
Joanne M. Mahoney .....	January 1, 2020*
José Holguín-Veras .....	December 12, 2018*
Robert L. Megna.....	January 1, 2017*
J. Donald Rice, Jr. ....	June 13, 2018*
Stephen M. Saland .....	January 1, 2023
Heather C. Briccetti.....	September 14, 2026
[Vacant].....	[June 23, 2026]

\* Holding over.

Joanne M. (Joanie) Mahoney was confirmed as a member of the Authority Board on March 30, 2015. Ms. Mahoney serves a term that expired on January 1, 2020. Ms. Mahoney was named as President of SUNY College of Environmental Science and Forestry on November 4, 2020 after previously serving as its Chief Operating Officer. Previously, Ms. Mahoney served as the Onondaga County Executive, a position to which she was elected in November 2007, and is the first woman to serve in that role. She was re-elected in November 2011. In 2010, then Governor-elect Andrew Cuomo asked Ms. Mahoney to serve as co-chair of his transition team and in 2012, he appointed Ms. Mahoney to serve as a trustee for the New York Power Authority. A Syracuse native, Ms. Mahoney graduated from Corcoran High School, and then from Syracuse University’s School of Management and Syracuse University’s College of Law. After spending time in private practice, Ms. Mahoney worked for five years as a criminal prosecutor in the District Attorney’s office before being elected Councilor-at-Large in the City of Syracuse, where she served a four year term.

José Holguín-Veras, Ph.D., P.E., was confirmed as a member of the Authority Board in May 2010. Mr. Holguín-Veras serves in a term that expired on December 12, 2018. Dr. Holguín-Veras is a Professor and Director of the Center for Infrastructure, Transportation, and the Environment at the Rensselaer Polytechnic Institute. Dr. Holguín-Veras received a Bachelor of Science degree in Civil Engineering from Universidad Autónoma de Santo Domingo; Master of Science degree in Transportation from Universidad Central de Venezuela; and a doctoral degree in transportation from the University of Texas at Austin.

Robert L. Megna was confirmed as a member of the Authority Board in June 2016. Mr. Megna currently serves as the President of the Rockefeller Institute of Government and Senior Advisor to the Chancellor of the State University of New York (SUNY). Previously, he served as Senior Vice Chancellor and Chief Operating Officer for the State University of New York (SUNY) System Administration and as Senior Vice President for Finance and Administration at Stony Brook University. Prior to his time with SUNY, Mr. Megna served as Executive Director of the Authority from 2015 to 2016. Prior to joining the Authority, Mr. Megna served for six years as director at the New York State Division of the Budget and previously served as commissioner of the New York State Department of Taxation and Finance. Mr. Megna holds master’s degrees in public policy from Fordham University and economics from the London School of Economics.

J. Donald Rice, Jr., was confirmed as a member of the Authority Board in May 2010. Mr. Rice serves in a term that expired on June 13, 2018. Mr. Rice is founder and Chief Executive Officer of Rice Financial Products Company, a New York City-based full service municipal investment banking firm. Mr. Rice received a M.B.A. with distinction from Harvard Business School and a bachelor’s degree in engineering with honors from Kettering University.

Stephen M. Saland was confirmed as a member of the Authority board in June 2016. Mr. Saland represented the 99th District in the New York State Assembly between 1980 until 1990, and served as New York State Senator for the 41st District from 1990 to 2012. He is also a past-

President of the National Conference of State Legislatures. Mr. Saland holds a Bachelor of Arts degree from the University of Buffalo and a Juris Doctor from Rutgers Law School.

Heather C. Briccetti was nominated by the Governor and confirmed by the New York State Senate as a member of the Authority Board in June 2019. Ms. Briccetti is the President and Chief Executive Officer of The Business Council of New York State, Inc. Ms. Briccetti joined The Business Council in 2007 and has also served as Vice President of Government Affairs. Ms. Briccetti’s career spans decades in the public and private sectors. Prior to The Business Council, Ms. Briccetti was a consultant and lobbyist for Powers and Company. She has also served as assistant counsel to the New York State Senate majority, as a legislative aide and counsel to the New York State Assembly majority committee on Racing and Wagering, and special counsel in the New York State Attorney General’s office. Ms. Briccetti received a bachelor’s degree in political science from the State University of New York at Binghamton and graduated from Albany Law.

The present officers of the Authority are as follows:

<u>Name</u>	<u>Office</u>
Joanne M. Mahoney .....	Chair
Robert L. Megna .....	Vice Chair
Matthew J. Driscoll .....	Executive Director
Matthew A. Howard.....	Treasurer
William F. McDonough .....	Assistant Treasurer
Tanya M. Morris.....	Secretary
Keith Fragomeni.....	Assistant Secretary
Jerry B. Yomoah .....	Assistant Secretary

Matthew J. Driscoll is the Executive Director of the Authority. Matthew A. Howard serves as Chief Financial Officer of the Authority. The General Counsel of the Authority is Francis G. Hoare, Esq.

### **Other Bond Programs**

The Authority issues bonds and notes under its General Revenue Bond Resolution and its Junior Indebtedness Obligations General Resolution to finance capital projects for the Thruway System. The Authority’s General Revenue Bonds are secured by toll and other revenues primarily generated by the operation of the Thruway System, while the Authority’s Junior Indebtedness obligations are secured on a subordinate basis from such toll and other revenues generated by the operation of the Thruway System. The Authority’s General Revenue Bonds and Junior Indebtedness Obligations have no lien on the payments due under the Financing Agreement which secure the Bonds and the Bonds have no lien on the revenues or pledged property securing the Authority’s General Revenue Bonds and Junior Indebtedness Obligations.

Pursuant to its statutory mandate the Authority has also from time to time issued bonds to provide funds to finance primarily non-Authority transportation projects in the State. These bonds and the programs discussed below have no lien on the payments due under the State Transportation Revenue Bond Resolution which secures the Bonds and the Bonds have no lien on the revenues or pledged property securing such other bonds and programs. These bond programs include the Local Highway and Bridge Service Contract Bonds and Highway and Bridge Trust Fund Bonds, all issued in multiple Series for State and local highway purposes. These bond programs require varying debt service payments which are payable solely from payments received by the Authority under contractual agreements with the State. In each of these bond programs, the obligation of the State to make such

payments is subject to, and dependent upon, annual State legislative appropriations. The State may from time to time authorize the Authority by statute to undertake additional financing activities.

Under the Authorizing Legislation, the Series 2021A Bonds are special limited obligations of the Authority secured by and payable solely from financing agreement payments and any other funds appropriated by the State Legislature to the Authority therefor without any recourse against any other assets, revenues or funds of or any other payments due to the Authority, or any subsidiary corporation thereof (a “Subsidiary”), including, without limitation, the revenues, facilities, properties and any and all other assets of the Authority, or of any Subsidiary, of any name and nature which are related to or a part of the Authority’s or any Subsidiary’s ownership and operation of the Thruway System, as defined in the Authority Act. The Thruway System shall not be used for, or as a result of any court proceeding otherwise applied to, the payment of principal of and interest on the Series 2021A Bonds, and under no circumstances shall the aforementioned assets, revenues or funds of or any other payments due to the Authority be available for such purpose.

Under the Authority Act, the Authority will remain in existence for at least as long as it has bonds, notes or other obligations outstanding.

## **PART 12—AGREEMENT OF THE STATE**

The Authority Act provides that the State pledges and agrees with the holders of the Authority’s notes and bonds that the State will not limit or alter the rights vested in the Authority to, among other things, fulfill the terms of any agreements made with the holders of the Authority’s notes and bonds or in any way impair the rights and remedies of the holders of such notes and bonds until such notes and bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes and bonds are fully met and discharged. The General Resolution includes such pledge to the fullest extent enforceable under applicable Federal and State law. Nevertheless, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the Tax Law. An Event of Default under the General Resolution would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes and fees.

## **PART 13—TAX MATTERS**

### **Federal Income Taxes**

#### ***Series 2021A-1 Bonds (the “Tax-Exempt Bonds”)***

In the opinion of Harris Beach PLLC and of the Hardwick Law Firm, LLC, Co-Bond Counsel to the Authority, and assuming compliance with the representations, certifications and covenants described in the immediately succeeding paragraph, under existing statutes, regulations, administrative rulings and court decisions as of the date of such opinions, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, Co-Bond Counsel are of the opinion that interest on the Tax-Exempt Bonds is not an “item of tax preference” for purposes of computing the federal alternative minimum tax imposed on individuals.

The Code establishes certain requirements that must be met at the time of, and subsequent to, the issuance and delivery of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of Tax-Exempt Bonds, restrictions on the investment of proceeds of Tax-Exempt Bonds and other moneys or properties, and the

rebate to the United States of certain earnings in respect of investments. Noncompliance with such continuing requirements may cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds irrespective of the date on which such noncompliance occurs. The Resolution, the Tax Certificate delivered by the Authority (the “Authority’s Tax Certificate”), and the certificates delivered by each of the departments and agencies of the State government (the “Agencies”) that administer the capital programs being financed and refinanced by the Tax-Exempt Bonds (collectively, the “Agency Tax Certificates”) at the time of delivery of Tax-Exempt Bonds, contain certain factual certifications, covenants, representations and warranties as to compliance with the requirements of the Code. In rendering the above-described opinions, Co-Bond Counsel are assuming the accuracy of such factual certifications and the continuing compliance by the Authority and the Agencies with their respective covenants, representations and warranties set forth in the Resolution, the Authority’s Tax Certificate, and the Agency Tax Certificates.

All of the Tax-Exempt Bonds are initially offered to the public at prices greater than the amounts payable thereon at maturity (“Premium Bonds”). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Co-Bond Counsel express no opinion regarding any other federal tax consequences related to the ownership or disposition of, or receipt or accrual of interest on, the Tax-Exempt Bonds. The proposed form of the approving opinion of Co-Bond Counsel relating to the Tax-Exempt Bonds is attached to this Official Statement as APPENDIX D.

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Tax-Exempt Bonds should be aware that the accrual or receipt of tax-exempt interest on the Tax-Exempt Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient’s particular tax status or other items of income or deduction. Co-Bond Counsel express no opinion regarding any such consequences. Examples of collateral federal income tax consequences of acquiring or holding the Tax-Exempt Bonds include, without limitation, (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Tax-Exempt Bonds, (ii) interest on the Tax-Exempt Bonds earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Tax-Exempt Bonds, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Tax-Exempt Bonds.

In addition, the Code generally denies the interest deduction for indebtedness incurred or continued by a taxpayer, including without limitation, banks, thrift institutions, and certain other financial institutions to purchase or carry tax-exempt obligations, such as the Tax-Exempt Bonds.

The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral consequences with respect to purchasing or holding the Tax-Exempt Bonds.

Certain requirements and procedures contained or referred to in the General Resolution and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice of, or with the approving opinion of, a nationally recognized bond counsel. Harris Beach PLLC and the Hardwick Law Firm, LLC express no opinion as to any tax consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any such change occurs or actions are taken upon the advice or approval of other bond counsel.

### ***Series 2021A-2 Bonds (the “Federally Taxable Bonds”)***

In the opinion of Harris Beach PLLC, and of the Hardwick Law Firm, LLC, Co-Bond Counsel to the Authority, interest on the Federally Taxable Bonds is included in gross income for federal income tax purposes.

#### *General*

The following discussion summarizes certain United States (“U.S.”) federal tax considerations generally applicable to holders of the Federally Taxable Bonds that acquire the Federally Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, and any such change could have retroactive effect. Prospective investors should also note that no rulings have been or are expected to be sought from the Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, financial institutions, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, persons holding the Federally Taxable Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire the Federally Taxable Bonds pursuant to this initial offering for the issue price that is applicable to such Federally Taxable Bonds (i.e., the price at which a substantial amount of the Federally Taxable Bonds are sold to the public) and who will hold the Federally Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Federally Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons

(as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust).

As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Federally Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Federally Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Federally Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Federally Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

#### *U.S. Holders*

Interest on Federally Taxable Bonds. Payments of interest on the Federally Taxable Bonds will be included in gross income for U.S. federal income tax purposes of a U.S. Holder as ordinary income at the time the interest is paid or accrued in accordance with the U.S. Holder’s regular method of accounting for tax purposes, provided such interest is “qualified stated interest,” as defined below.

Disposition of Federally Taxable Bonds. Except as discussed above, upon the sale, exchange, redemption or retirement of a Federally Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) of such Federally Taxable Bond and such U.S. Holder’s adjusted tax basis in such Federally Taxable Bond. A U.S. Holder’s adjusted tax basis in a Federally Taxable Bond generally will equal such U.S. Holder’s initial investment in the Federally Taxable Bond increased by accrued market discount, if any, if the U.S. Holder has included such market discount in income, and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Federally Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Federally Taxable Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

#### *Non-U.S. Holders*

A Non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Federally Taxable Bonds on its own behalf will not be subject to U.S. federal income tax on payments of principal of, or premium (if any), or interest (including original issue discount, if any) on Federally Taxable Bonds, unless the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed under penalties of perjury by the beneficial owner of the Federally Taxable Bonds,
- certifies that the owner is not a U.S. holder, and
- provides the beneficial owner’s name and permanent residence address.

A “Withholding Agent” is the last U.S. payor (or non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN (“W-8BEN”), which is effective for the remainder of the year of signature plus three full calendar years thereafter, unless a change in circumstances makes any information on the form

incorrect. Notwithstanding the preceding sentence, a Form W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new Form W-8BEN. A Non-U.S. Holder that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Federally Taxable Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of Federally Taxable Bonds held by a foreign partnership or foreign trust, the partners or beneficiaries rather than the partnership or trust will be required to provide the certification discussed above, and the partnership or trust will be required to provide certain additional information.

A Non-U.S. Holder of Federally Taxable Bonds whose income from such Federally Taxable Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder, provided the holder furnishes to the Withholding Agent a Form W-8ECI.

Certain securities clearing organizations, and other entities that are not beneficial owners may be able to provide a signed statement to the Withholding Agent. In that case, however, the signed statement may require a copy of the beneficial owner's Form W-8BEN (or substitute form).

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax on any amount that constitutes capital gain upon retirement or disposition of Federally Taxable Bonds, unless the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the retirement or disposition of such Federally Taxable Bonds, and that gain is derived from sources within the United States. Certain other exceptions may apply, and a Non-U.S. Holder in these circumstances should consult his tax advisor.

Federally Taxable Bonds will not be includible in the estate of a Non-U.S. Holder unless, at the time of the decedent's death, income from such Federally Taxable Bonds was effectively connected with the conduct by the decedent of a trade or business in the United States.

#### *Information Reporting and Backup Withholding*

Backup withholding of U.S. federal income tax may apply to payments made in respect of the Federally Taxable Bonds to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Federally Taxable Bonds to a U.S. Holder must be reported to the IRS, unless U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those Non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Federally Taxable Bond to or through a broker, the broker must report the sale and withhold the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a Non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's Non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

#### *Defeasance*

Under the terms of the Resolution, the Federally Taxable Bonds may be legally defeased prior to their stated maturity. Prospective purchasers of Federally Taxable Bonds should be aware that, for U.S. federal income tax purposes, any such legal defeasance will be treated as a taxable exchange of such

Federally Taxable Bonds on which gain or loss, if any, will be recognized without any corresponding receipt of cash. In addition, after a legal defeasance, the timing and character of amounts includable in gross income by a holder of Federally Taxable Bonds could differ from the timing and character of the amounts that would have been includable in gross income in respect of such Federally Taxable Bonds had the legal defeasance not occurred. Prospective purchasers of the Federally Taxable Bonds should consult their own tax advisors with respect to the more detailed consequences to them of a legal defeasance, including the applicability and effect of tax laws other than U.S. federal income tax laws.

### **State and Local Income Tax**

Co-Bond Counsel to the Authority are of the opinion that under existing statutes, including the Authority Act, interest on the Series 2021A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Any noncompliance with the federal income tax requirements set forth above with respect to the Tax-Exempt Bonds would not affect the exemption of interest thereon from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Co-Bond Counsel express no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series 2021A Bonds.

Interest on the Series 2021A Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Co-Bond Counsel express no opinion, however, as to the tax treatment of the Series 2021A Bonds under other state or local jurisdictions. Each purchaser of Series 2021A Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2021A Bonds in a particular state or local jurisdiction other than the State of New York.

### **Other Considerations**

Co-Bond Counsel have not undertaken to determine or to inform any person whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of, interest on, the Tax-Exempt Bonds.

Certain requirements and procedures contained or referred to in the General Resolution, the Tax Certificate and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Co-Bond Counsel express no opinion as to any federal, state or local tax consequences with respect to the Tax-Exempt Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of a bond counsel other than Co-Bond Counsel.

No assurance can be given that any future legislation, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Series 2021A Bonds to be subject to federal or State or local income taxation, as the case may be, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decisions or action of the Internal Revenue Service or any State taxing authority, including but not limited to the promulgation of a regulation or ruling, or the selection of the Tax-Exempt Bonds for audit examination or the course or result of any Internal Revenue Service examination of the Tax-Exempt Bonds or obligations which present similar tax issues, will not affect the market price or marketability of the Tax-Exempt Bonds.



From time to time the United States Congress has considered and can be expected in the future to consider tax reform and other legislative proposals, including some that carry retroactive effective dates, which, if enacted, could alter or amend the federal tax-exempt status, or adversely affect the market value, of the Series 2021A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel to the Authority, express no opinion regarding any pending or proposed federal tax legislation. In the event any such legislation which amends the federal tax-exempt status or adversely affects the market value of the Tax-Exempt Bonds become law, the General Resolution does not provide for the increase in interest rate on the Tax-Exempt Bonds or the mandatory redemption of the Tax-Exempt Bonds. Also, Bondholders of the Series 2021A Bonds are not indemnified for any costs or losses (e.g., tax deficiencies, interest and penalties, loss of market value) that may be incurred as a result of a change in law.

All quotations from and summaries and explanations of provisions of law do not purport to be complete, and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2021A BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THESE AND OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE SERIES 2021A BONDS.

#### **PART 14—LITIGATION**

There is no litigation or other proceeding pending or, to the knowledge of the Authority, threatened in any court, agency or other administrative body (either State or federal) restraining or enjoining the issuance, sale or delivery of the Series 2021A Bonds, or in any way questioning or affecting (i) the proceedings under which the Series 2021A Bonds are to be issued, (ii) the pledge effected under the General Resolution, or (iii) the validity of any provision of the Authorizing Legislation, the Series 2021A Bonds, the General Resolution or the Financing Agreement. See “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK” under the heading “Litigation” for a description of certain litigation relating to the State generally.

#### **PART 15—CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2021A Bonds are subject to the approval of Harris Beach PLLC, New York, New York, and Hardwick Law Firm, LLC, New York, New York, Co-Bond Counsel to the Authority, and to certain other conditions. The approving opinions of Co-Bond Counsel will be delivered with the Series 2021A Bonds. The proposed form of such opinion is included in this Official Statement as “APPENDIX D — PROPOSED FORM OF CO-BOND COUNSEL OPINIONS”.

#### **PART 16—SALE BY COMPETITIVE BIDDING**

The Series 2021A-1 Bonds were awarded pursuant to five separate competitive bidding processes on July 20, 2021. The Series 2021A-1 Bonds Bidding Group 1, comprised of Series 2021A-1 Bonds maturing on March 15 in the years 2023 through 2031, inclusive, and the Series 2021A-1 Bonds Bidding Group 5, comprised of Series 2021A-1 Bonds maturing on March 15 in the years 2057 through 2059, inclusive, were sold to BofA Securities, Inc. The Series 2021A-1 Bonds Bidding Group 2, comprised of Series 2021A-1 Bonds maturing on March 15 in the years 2032 through 2043, inclusive, were sold to UBS Financial Services Inc. The Series 2021A-1 Bonds Bidding Group 3, comprised of Series 2021A-1

Bonds maturing on March 15 in the years 2044 through 2051, inclusive, were sold to J.P. Morgan Securities, LLC. The Series 2021A-1 Bonds Bidding Group 4, comprised of Series 2021A-1 Bonds maturing on March 15 in the years 2052 through 2056, inclusive, were sold to Goldman Sachs & Co. LLC. The Series 2021A-1 Bonds will be purchased by the respective initial purchasers (collectively, the “Series 2021A-1 Initial Purchasers”) at an aggregate price of \$2,298,142,319.94, which reflects an aggregate original issue premium of \$402,652,425.55 and an aggregate Series 2021A-1 Initial Purchasers’ discount of \$5,050,105.61.

The Series 2021A-2 Bonds were awarded pursuant to single competitive bidding process on July 20, 2021. The Series 2021A-2 Bonds, comprised of a single Series 2021A-2 Term Bond maturing on March 15 2032, was sold to Wells Fargo Bank, National Association (the “Series 2021A-2 Initial Purchaser”). The Series 2021A-2 Bonds will be purchased by the Series 2021A-2 Initial Purchaser at a price of \$53,994,880.50, which reflects a Series 2021A-2 Initial Purchaser’s discount of \$35,119.50.

The respective Series 2021A-1 Initial Purchasers have supplied the information as to the initial public offering prices of the Series 2021A-1 Bonds as set forth on the inside cover of this Official Statement and the Series 2021A-2 Initial Purchaser has supplied the information as to the initial public offering prices of the Series 2021A-2 Bonds as set forth on the inside cover of this Official Statement. The Series 2021A Bonds may be offered and sold to certain dealers at prices lower than the public offering prices set forth on the inside cover pages, and such public offering prices may be changed from time to time by the respective Series 2021A-1 Initial Purchasers and by the Series 2021A-2 Initial Purchaser.

#### **PART 17—LEGALITY OF INVESTMENT**

Under New York State law, the Series 2021A Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities and public benefit corporations of the State may limit the investment of funds of such authorities and corporations in the Series 2021A Bonds.

#### **PART 18—VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Samuel Klein and Company, Certified Public Accountant (the “Verification Agent”) will deliver to the Authority on or before the date of delivery of the Series 2021A Bonds, a report indicating that the Verification Agent has verified the arithmetic accuracy of the mathematical computations of the adequacy of the cash and the maturing principal amounts of, and the interest on, the Defeasance Securities to pay the principal or redemption price of, and the interest on, the Refunded Bonds on their respective maturity or redemption dates. See “PART 7 — THE PLAN OF REFUNDING”.

## **PART 19—RATINGS**

The Series 2021A Bonds are rated “AA+” with a Stable outlook by S&P Global Ratings and “AA+” with a Stable outlook by Fitch Ratings. Each rating reflects only the view of the rating agency issuing such rating and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such credit ratings will continue for any given period of time or that either or both will not be revised downward or withdrawn entirely by either or both of such rating agencies, if, in the judgment of either or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2021A Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## **PART 20—CONTINUING DISCLOSURE**

In order to assist the Initial Purchasers of the Series 2021A Bonds to comply with Rule 15c2-12 (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, each of the Authorized Issuers, the State, and each of the trustees under the general resolutions have entered into a written agreement, dated as of May 1, 2002, and amended and restated as of July 1, 2009, as of December 1, 2010 and as of June 10, 2019 (the “Master Disclosure Agreement”) for the benefit of all holders of State Personal Income Tax Revenue Bonds, including the holders of the Series 2021A Bonds. The parties to the Master Disclosure Agreement have agreed to provide continuing disclosure of certain financial and operating data concerning the State and the sources of the Revenue Bond Tax Fund Receipts (collectively, the “Annual Information”) in accordance with the requirements of Rule 15c2-12 and as described in the Master Disclosure Agreement. The Division of the Budget will electronically file with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) System on or before 120 days after the end of each State fiscal year, commencing, for the Series 2021A Bonds, with the fiscal year ending March 31, 2022. An executed copy of the Master Disclosure Agreement is attached hereto as “APPENDIX E — EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT.”

The State Comptroller is required by existing law to issue audited annual financial statements of the State, prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), within 120 days after the close of the State Fiscal Year, and the State will undertake to electronically file with the MSRB, the State’s annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be filed no later than 120 days after the end of the State’s fiscal year and such audited statements shall be electronically filed with the MSRB, if and when such statements are available. In addition, the Authorized Issuers have agreed in the Master Disclosure Agreement to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the sixteen (16) events described in the Master Disclosure Agreement, notice of any such events.

If any party to the Master Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Master Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2021A Bonds, may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Master Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder. The parties to the Master Disclosure Agreement, however, are not obligated to enforce the obligations of the others. The sole and

exclusive remedy for breach or default under the Master Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the obligations of the State and/or the applicable Authorized Issuer contained therein, and no person or other entity, including any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2021A Bonds, may recover monetary damages thereunder under any circumstances. Any holder or beneficial owner of State Personal Income Tax Revenue Bonds, including the holders of Series 2021A Bonds, may enforce the Master Disclosure Agreement to the equal and proportionate benefit of all holders and beneficial owners similarly situated to the extent provided in the Master Disclosure Agreement. A breach or default under the Master Disclosure Agreement shall not constitute an Event of Default under the general resolutions. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Master Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. The obligations of the State under the Master Disclosure Agreement may be terminated if the State ceases to be an obligated person as defined in Rule 15c2-12.

The State has not in the previous five years failed to comply, in any material respect, with the Master Disclosure Agreement or any other previous undertakings or agreements pursuant to Rule 15c2-12 in relation to State Personal Income Tax Revenue Bonds. Pursuant to the terms of the Master Disclosure Agreement, the Authority, as conduit issuer of State Personal Income Tax Revenue Bonds, has agreed in such agreement to provide notices of certain events as described in such agreement and has complied with such contractual undertaking in all material respects.

The Master Disclosure Agreement contains a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and if an undertaking calls for information that no longer can be generated because the operations to which it is related have been materially changed or discontinued, a statement to that effect will be provided. As a result, it is not anticipated that it often will be necessary to amend the information undertakings. The Master Disclosure Agreement, however, may be amended or modified without Bondholders' consent under certain circumstances set forth therein.

## **PART 21—MISCELLANEOUS**

Certain information concerning the State (which is either included in or appended to this Official Statement) has been furnished or reviewed and authorized for use by the Authority by such sources as described in this Official Statement. While the Authority believes that these sources are reliable, the Authority has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources.

The State provided the information relating to the State and COVID-19, in “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK.”

The Director of the Budget is to certify that the statements and information appearing (a) under the headings (i) “PART 1 — SUMMARY STATEMENT” (except under the subcaption “Purposes of Issue” and except for the seventh, eleventh (last sentence only) and twelfth paragraphs under the subcaption “Sources of Payment and Security for State Personal Income Tax Revenue Bonds — Revenue Bond Tax Fund Receipts”, as to which no representation is made), (ii) “PART 2 — INTRODUCTION” (the second, third, fourth, sixth, seventh, eighth, eleventh and thirteenth (other than the last sentence thereof) paragraphs only), (iii) “PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS,” (iv) “PART 4 — SOURCES OF REVENUE BOND TAX FUND RECEIPTS,” (v) “PART 9 — DEBT SERVICE REQUIREMENTS” as to the column “Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service,” and (vi) “PART 20 — CONTINUING DISCLOSURE” (the first sentence of the fourth paragraph only), and (b) in the “Annual Information Statement of the State of New York”, including any updates or supplements, included in

“APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK” to this Official Statement are true, correct and complete in all material respects, and that no facts have come to his attention that would lead him to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading, provided, however, that while the information and statements contained under such headings and in “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK” which were obtained from sources other than the State are not certified as to truth, correctness or completeness, such statements and information have been obtained from sources that he believes to be reliable and he has no reason to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading; provided, further, however, that with regard to the statements and information in “APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK” hereto under the caption “Litigation”, such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deemed appropriate at the offices of the Department of Law of the State, without any further independent investigation. The certification is to apply both as of the date of this Official Statement and as of the date of delivery of the Series 2021A Bonds.

Public Resources Advisory Group has acted as financial advisor to the Division of the Budget in connection with the sale and issuance of the Series 2021A Bonds.

The references herein to the Authority Act, the Enabling Act, the Program Legislation, other laws of the State, the General Resolution and the Financing Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreements of the Authority with the registered Owners of the Series 2021A Bonds are fully set forth in the General Resolution (including any supplemental resolutions thereto), and neither any advertisement of the Series 2021A Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2021A Bonds. So far as any statements are made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly stated, are intended merely as expressions of opinion, forecasts or estimates and not as representations of fact. Copies of the Authority Act, the Enabling Act the Program Legislation and the documents mentioned in this paragraph are available for review at the corporate headquarters of the Authority located at 200 Southern Boulevard, Albany, New York 12209. A copy of the Financing Agreement appears as Appendix C hereto.

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**APPENDIX A**

**INFORMATION CONCERNING THE STATE OF NEW YORK**

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## APPENDIX A

### INFORMATION CONCERNING THE STATE OF NEW YORK

The State Legislature is not legally obligated to appropriate amounts for the payment of principal of, sinking fund installments, if any, or interest on the obligations to which this Official Statement relates. For information about the sources of payment of such obligations, the foregoing Official Statement to which this Appendix A is attached should be read in its entirety. The continued willingness and ability of the State, however, to make the appropriations and otherwise provide for the payments contemplated in the foregoing Official Statement, and the market for and market prices of the obligations, may depend in part upon the financial condition of the State.

Appendix A contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State in the Official Statements of all issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations.

The AIS set forth in this Appendix A is dated June 8, 2021. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at [www.emma.msrb.org](http://www.emma.msrb.org). An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at <http://www.budget.ny.gov>.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2020 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 28, 2020 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of its public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

**The Annual Information Statement of the State of New York (including any and all updates and supplements thereto) may not be included in an Official Statement or included by reference in an Official Statement without the express written authorization of the State of New York, Division of the Budget, State Capitol, Albany, NY 12224.**

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# New York State Annual Information Statement

June 8, 2021



**INTRODUCTION** .....1  
Usage Notice .....3

**BUDGETARY AND ACCOUNTING PRACTICES** .....7  
Significant Budgetary and Accounting Practices.....7

**FINANCIAL PLAN OVERVIEW**.....13  
FY 2022 Enacted Budget Overview .....14  
General Fund Cash-Basis FY 2022 Financial Plan.....27

**OTHER MATTERS AFFECTING THE FINANCIAL PLAN**.....39

**STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS** .....79  
Introduction .....79  
Receipts .....83  
Disbursements.....95

**THE FOLLOWING SECTIONS ARE INCLUDED BY CROSS-REFERENCE**

**PRIOR FISCAL YEARS**

**ECONOMICS AND DEMOGRAPHICS**

**CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW**

**AUTHORITIES AND LOCALITIES**

**STATE GOVERNMENT EMPLOYMENT**

**STATE RETIREMENT SYSTEM**

**LITIGATION**

**EXHIBIT A - SELECTED STATE GOVERNMENT SUMMARY**

**EXHIBIT B - STATE-RELATED BOND AUTHORIZATIONS**

**EXHIBIT C - GAAP-BASIS FINANCIAL PLAN**

**EXHIBIT D - PRINCIPAL STATE TAXES AND FEES**

**EXHIBIT E - GLOSSARY OF FINANCIAL TERMS**

**EXHIBIT F - GLOSSARY OF ACRONYMS**



# Introduction





This Annual Information Statement (AIS) is dated June 8, 2021, and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the “State”) and related matters and replaces the AIS dated June 3, 2020 and all updates and supplements issued in connection therewith. This AIS is scheduled to be updated on a quarterly basis and may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State’s current financial projections, including summaries and extracts from the State’s fiscal year 2022 (FY 2022)<sup>1</sup> Enacted Budget Financial Plan (the “Financial Plan”) issued by the Division of the Budget (DOB) in May 2021. The Financial Plan sets forth the State’s official financial projections for FY 2022 through FY 2025 (“the Financial Plan period”). It includes, among other things, information on the major components of the FY 2022 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements in the State’s operating funds, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. While the disclosure contained in this AIS is derived from the Financial Plan, this AIS contains certain updates to information set forth in the Financial Plan which are not deemed by DOB to materially change the projections contained in the Financial Plan. DOB next expects to update the State’s multi-year financial projections in July 2021 with the first quarterly update to the Financial Plan.
2. A discussion of issues and risks that may affect the State’s financial projections during FY 2022 or in future fiscal years is provided under the heading “Financial Plan Overview — Other Matters Affecting the Financial Plan”.
3. Information on other subjects relevant to the State’s finances, including summaries of: (a) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State’s revised economic forecast and a profile of the State economy, (c) the State’s debt and other financing activities, (d) the organization of State government, and (e) activities of public authorities and localities.
4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State’s finances.

DOB is responsible for preparing the State’s Financial Plan and presenting the information that appears in this AIS on behalf of the State. In preparing this AIS, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC). In particular, information contained in the section entitled “State Retirement System” has been furnished by

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<sup>1</sup> The State fiscal year is identified by the calendar year in which it ends. For example, FY 2022 is the fiscal year that began on April 1, 2021 and ends on March 31, 2022.

OSC, while information relating to matters described in the section entitled “Litigation” has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of the AIS.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections, or other information relating to the State's financial position or condition, including potential operating results for the current fiscal year and projected budget gaps for future fiscal years, that may vary materially from the information provided in this AIS. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for the most current official information regarding the financial position of the State.

The factors affecting the State's financial condition are numerous and complex. This AIS contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words “expects”, “forecasts”, “projects”, “intends”, “anticipates”, “estimates”, “assumes” and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS.

**Note that all FY 2021 financial results contained within this AIS are unaudited and preliminary.** The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2021 is expected to be completed by July 29, 2021. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 29, 2021. These reports will contain the final FY 2021 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2020 are available in electronic form at [www.osc.state.ny.us](http://www.osc.state.ny.us) and at [www.emma.msrb.org](http://www.emma.msrb.org).

In addition to regularly scheduled quarterly updates to this AIS, the State may issue AIS supplements or other disclosure notices to this AIS as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS in official statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through EMMA at [www.emma.msrb.org](http://www.emma.msrb.org). An official copy of this AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.

## Usage Notice

This AIS has been prepared and made available by the State pursuant to its contractual undertakings under various continuing disclosure agreements (CDAs) entered into by the State in connection with financings of the State, as well as certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

This AIS is available in electronic form on the DOB website at [www.budget.ny.gov](http://www.budget.ny.gov). Such availability does not imply that there have been no changes in the financial position of the State subsequent to the posting of this information. Maintenance of this AIS on the DOB website, or on the EMMA website, is not intended as a republication of the information herein on any date subsequent to its release date. No incorporation by reference or republication of any information contained on any website is intended or shall be deemed to have occurred as a result of the inclusion of any website address in this AIS.

**Neither this AIS nor any portion thereof may be: (i) included in a preliminary official statement, official statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224, or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the offered series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS or any portion thereof in a preliminary official statement, official statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS if so misused.**





# Budgetary and Accounting Practices



## Significant Budgetary and Accounting Practices

Unless clearly noted otherwise, all financial information is presented on a cash basis of accounting.<sup>2</sup>

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables present State projections and results by fund and category.

Fund types of the State include: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees, and other revenues used for specified purposes; Federal Special Revenue Funds, which receive certain Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

The State's **General Fund** receives most State taxes and all income not earmarked for a specified program or activity. State law requires the Governor to submit, and the Legislature to enact, a General Fund Budget that is balanced on a cash basis of accounting. The State Constitution and State Finance Law do not provide a precise definition of budget balance. In practice, the General Fund is considered balanced if sufficient resources are, or are expected to be, available during the fiscal year for the State to: (a) make all planned payments, including Personal Income Tax (PIT) refunds, without the issuance of deficit notes or bonds, or extraordinary cash management actions; (b) restore the balances in the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund (collectively, the "Rainy Day Reserves") to levels at or above those on deposit when the fiscal year began; and (c) maintain other reserves, as required by law. For purposes of calculating budget balance, the General Fund includes transfers to and from other funds.

The General Fund is the sole financing source for the School Tax Relief (STAR) fund and is typically the financing source of last resort for the State's other major funds, including the Health Care Reform Act (HCRA) funds, the Dedicated Highway and Bridge Trust Fund (DHBTF), and the Lottery Fund. Therefore, General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is required by law to be balanced, the focus of the State's budgetary and gap-closing discussion in the Financial Plan is generally weighted toward the General Fund.

At times, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., reserve for timing of payments). These amounts are typically, but not uniformly,

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<sup>2</sup> State Finance Law also requires DOB to prepare a pro forma Financial Plan using, to the extent practicable, Generally Accepted Accounting Principles (GAAP). The GAAP-basis Financial Plan is informational only. DOB does not use it as a benchmark for managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by the Office of the State Comptroller (OSC) in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

identified with the phrase “reserved for.” These unrestricted amounts are not held in distinct accounts within the General Fund and may be used for other purposes.

Projections for future years may show budget gaps or budget surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current service levels and specific commitments, and (b) the projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many assumptions and are developed by DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In general, the multi-year projections assume that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are reviewed annually in the context of the current and projected fiscal positions of the State.

**State Operating Funds** is a broader measure of spending on operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity in the General Fund, as well as State-funded Special Revenue Funds and Debt Service Funds (spending from Capital Projects Funds and Federal Funds is excluded). As significant financial activity occurs in funds outside the General Fund, the State Operating Funds perspective is, in DOB’s view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State’s complex fund structure and the transfer of money between funds. For example, the State funds its share of the Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective.

The Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include but are not limited to: (a) payment of certain operating costs using available resources outside the State Operating Funds basis of reporting; and (b) reclassification as Enterprise Funds of certain activities in which goods or services are provided to the public for a fee. If these or other transactions are not executed or reported in a manner consistent with DOB’s interpretation of the legislation and legislative intent, annual spending growth in State Operating Funds would be higher than projections.



The State also reports disbursements and receipts activity for **All Governmental Funds** (All Funds), which includes spending from Capital Projects Funds and Federal Funds, in addition to State Operating Funds. The All Funds basis provides the most comprehensive view of the cash-basis financial operations of the State.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure amount while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

As of the FY 2022 Enacted Budget, the State is changing certain Financial Plan and AIS terminology to align with fiscal publications released by the State Comptroller. Previously, the State used the term “results” in the Financial Plan and AIS to mean year-end actual but unaudited performance data for the most recently completed fiscal year. While year-end cash results could be adjusted during the audit of the State’s Financial Statements prepared under Generally Accepted Accounting Principles contained in the Annual Comprehensive Financial Report (ACFR), which must be released within 120 days after the end of the State Fiscal Year, revisions are not common. In prior updates to the Financial Plan and AIS released after the issuance of the ACFR, the term “results” reflected audited year-end performance data for the most recently completed fiscal year. Beginning with the FY 2022 Enacted Budget Financial Plan and this AIS, the term “actuals” will replace “results”, but the meaning remains the same relative to the issuance of the ACFR.



# Financial Plan Overview



The following table provides certain Financial Plan information for FY 2021 and FY 2022.

<b>FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES</b> (millions of dollars)		
	<b>FY 2021</b> <b>Actuals</b>	<b>FY 2022</b> <b>Projected</b>
<b>State Operating Funds Disbursements</b>		
Size of Budget	\$104,207	\$112,220
Annual Growth	2.0%	7.7%
<b>Other Disbursement Measures</b>		
General Fund (Including Transfers) <sup>1</sup>	\$74,095	\$88,991
Annual Growth	-4.4%	20.1%
Capital Budget (Federal and State)	\$12,331	\$15,891
Annual Growth	2.8%	28.9%
Federal Operating Aid	\$70,049	\$80,776
Annual Growth	19.1%	15.3%
All Funds	\$186,587	\$208,887
Annual Growth	7.9%	12.0%
<b>Inflation (CPI)</b>	1.2%	3.0%
<b>All Funds Receipts</b>		
Taxes	\$82,376	\$91,093
Annual Growth	-0.6%	10.6%
Miscellaneous Receipts	\$30,772	\$26,052
Annual Growth	4.4%	-15.3%
Federal Receipts (Operating and Capital)	\$78,152	\$96,645
Annual Growth	20.1%	23.7%
Total All Funds Receipts	\$191,300	\$213,790
Annual Growth	7.8%	11.8%
<b>General Fund Cash Balance</b>		
	\$9,161	\$7,354
Rainy Day Reserves	\$2,476	\$3,301
Extraordinary Monetary Settlements	\$2,083	\$2,035
Economic Uncertainties	\$1,490	\$1,490
All Other Reserves/Fund Balances	\$3,112	\$528
<b>Debt</b>		
Debt Service as % All Funds Receipts <sup>2</sup>	4.6%	3.2%
State-Related Debt Outstanding	\$58,881	\$66,649
Debt Outstanding as % Personal Income	4.0%	4.4%
<sup>1</sup>	Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes.	
<sup>2</sup>	Excludes \$4.5 billion in short-term notes issued and repaid in FY 2021.	

## FY 2022 Enacted Budget Overview

### Executive Budget Proposal

The Governor's Executive Budget Financial Plan for FY 2022 proposed actions to close a two-year budget gap estimated at \$12.7 billion (FY 2021: \$3.2 billion; FY 2022: \$9.5 billion).<sup>3</sup> The gap-closing plan consisted of savings actions, tax increases, and "unrestricted" Federal aid (i.e., general aid that could be used to replace lost tax revenues or fund existing services).

At the time, the State lacked information on the level and timing of new Federal aid (or whether any new aid at all would be approved). The Executive Budget Financial Plan therefore included a \$6 billion "placeholder" for new Federal aid, which was apportioned evenly between FY 2022 and FY 2023. The Governor pledged to modify the proposed spending cuts and tax increases if the State received unrestricted Federal aid above the amount in the proposed Financial Plan.

DOB estimated that the Executive Budget, if adopted without modification, would have provided for balanced General Fund operations in FY 2022, and leave budget gaps of \$902 million in FY 2023, \$3.6 billion in FY 2024, and \$6.2 billion in FY 2025. The total gaps over the Financial Plan (FY 2022 through FY 2025) would have been reduced from \$38.7 billion to \$10.8 billion, an improvement of \$27.9 billion.

### Improved Fiscal Outlook

Enactment of the Federal American Rescue Plan (ARP) Act, stronger than expected tax collections, and favorable FY 2021 year-end results have improved the State's fiscal outlook since the Executive Budget proposal was submitted in February 2021.

The ARP is a \$1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation's economic recovery.<sup>4</sup> The ARP provides the State with \$12.75 billion in general aid ("recovery aid"), as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The recovery aid authorized in the ARP, while not as flexible as the unrestricted aid assumed in the Executive Budget Financial Plan, may be used for several broad purposes, including State revenue losses and for provision of aid to households, small businesses, and non-profit organizations, as well as certain industries, such as tourism and hospitality, that were uniquely affected by the pandemic-induced recession.<sup>5</sup> On May 10, 2021 the U.S. Department of Treasury issued interim guidance on, among other things, calculation of revenue losses and illustrative eligible uses of recovery aid. DOB is reviewing and expects to provide comments on the interim guidance. The categorical aid is for specified purposes flowing through Federal Funds and will have no direct impact on General Fund operations.

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<sup>3</sup> See Executive Budget Financial Plan Updated for Governor's Amendments and Forecast Revisions, February 2021.

<sup>4</sup> Signed into law by President Biden on March 11, 2021.

<sup>5</sup> The ARP also provides \$10 billion in recovery aid to localities in New York State.

The State's revenue picture also improved in the final quarter of FY 2021, with tax collections exceeding expectations. On March 1, 2021, the Executive and Legislature reached consensus that cumulative tax receipts over FY 2021 and FY 2022 would be at least \$2.5 billion higher than estimated in the Executive Budget Financial Plan. Collections through the end of FY 2021 were even more favorable, providing the basis for the substantial upward revisions to tax receipts in the Enacted Budget Financial Plan. (See "State Financial Plan Multi-Year Projections – Receipts" herein.)

Lastly, the State finished FY 2021 in a stronger overall position in comparison to the Executive Budget Financial Plan. Results reflected both strong tax receipts, as noted above, and disbursements that fell substantially below budgeted levels. DOB applied excess resources that were available at the close of FY 2021 to reduce costs in each year of the Financial Plan with prepayments and other actions.

#### Enacted Budget Agreement

The Governor and Legislative leaders reached agreement on the outlines of the FY 2022 Budget in late March 2021. All debt service appropriations were passed on March 31, 2021, prior to the start of FY 2022. Both houses completed final action on the FY 2022 Budget on April 6, 2021. On April 19, 2021, the Governor completed his review of all budget bills, which included the veto of certain line-item appropriations, none of which had a material impact on the State's financial projections.

The improved fiscal outlook allowed for substantial revisions to the Executive Budget proposal during negotiations on the FY 2022 Enacted Budget. The revisions can be grouped into three categories: "restoration" (i.e., rejection) of savings proposals, time-limited pandemic recovery initiatives, and additions to current programs. (See "Negotiated Changes to the Executive Budget" in the "General Fund Cash-Basis Financial Plan" section herein.)

- **Restorations/Modifications.** The Executive Budget proposed reductions to School Aid, health care, and other services, as well as a one-year pause in the continuing phase-in of middle-class tax reductions initiated in FY 2016. These savings were not needed to provide for balanced operations in FY 2022 and therefore were restored as part of the budget agreement.
- **Recovery Initiatives.** The Enacted Budget agreement also provided for several time-limited recovery initiatives, the most significant of which provides payments to workers who lost employment during the recession but were ineligible to receive traditional unemployment benefits. The recovery initiatives are intended to respond to the immediate and unique economic dislocations caused by the COVID-induced recession and will not be funded on a recurring basis. Each of the recovery initiatives are described in more detail below.

- **Adds.** Lastly, the Enacted Budget included substantial new funding for existing programs, the most significant of which is the phase-in of full funding of the current Foundation Aid formula over three years, substantially increasing State support to school districts. Supplemental funding was also provided for tuition assistance, mental hygiene, public safety, and a range of other purposes.

In recognition that Federal recovery aid will run out over time, the negotiated agreement contained revenue enhancements, including increases in PIT rates for high-income earners through tax year 2027 and corporate franchise tax rates through tax year 2023. The new revenues will help fund increases approved for existing programs, as well as restorations of proposed cuts.

DOB estimates that the Enacted Budget Financial Plan is balanced in the General Fund on a cash basis of accounting in both the current year (FY 2022) and the first outyear (FY 2023). Outyear budget gaps are estimated at \$1.4 billion in FY 2024 and \$2.0 billion in FY 2025. The total gap of \$3.4 billion over the Financial Plan (FY 2022 through FY 2025) is \$7.4 billion lower than the Executive Budget proposal and \$35.3 billion lower than the baseline projection.

The following table summarizes the changes from the baseline February 2021 Financial Plan projections to the Enacted Budget Financial Plan. It is followed by an explanation of the changes.



<b>FY 2022 ENACTED BUDGET GENERAL FUND GAP-CLOSING PLAN</b>				
<b>SAVINGS/(COSTS)</b>				
<b>(millions of dollars)</b>				
	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>BASELINE SURPLUS/(GAP) ESTIMATE</b>	<b>(9,525)</b>	<b>(9,313)</b>	<b>(9,235)</b>	<b>(10,654)</b>
<b>Receipts</b>	<b>11,829</b>	<b>11,805</b>	<b>11,412</b>	<b>13,564</b>
Tax Receipts Revisions	4,093	5,102	5,402	6,099
Tax Actions:	<u>3,490</u>	<u>3,926</u>	<u>3,790</u>	<u>4,022</u>
Temporary High Income Surcharge	2,753	3,251	3,439	4,472
Temporary Business Tax Increase	750	1,073	796	0
Property Tax Relief Credit	0	(382)	(403)	(411)
Recovery Tax Credits	(20)	(40)	(50)	(25)
All Other Tax Actions	7	24	8	(14)
STAR	0	(1)	(1)	107
Debt Service Transfers	122	1,398	1,028	746
Miscellaneous Receipts	22	(26)	(20)	(18)
Federal Aid (Non-Tax Transfers)	4,500	2,350	2,250	3,645
Other Non-Tax Transfers	(398)	(944)	(1,037)	(1,037)
<b>Disbursements</b>	<b>(2,604)</b>	<b>(2,043)</b>	<b>(4,104)</b>	<b>(5,308)</b>
Local Assistance	<u>(2,444)</u>	<u>(2,189)</u>	<u>(4,129)</u>	<u>(5,265)</u>
Enhanced FMAP Extension	2,487	0	0	0
Medicaid Enrollment	(256)	(236)	0	0
Recovery Initiatives	(3,145)	(110)	(110)	(100)
Foundation Aid Increase	(980)	(2,192)	(3,773)	(4,396)
All Other	(550)	349	(246)	(769)
Agency Operations	157	328	236	(60)
Transfers	<u>(317)</u>	<u>(182)</u>	<u>(211)</u>	<u>17</u>
Debt Service Transfers	79	89	87	68
Capital Projects Transfers	(121)	(36)	(475)	(473)
Retiree Health Trust Fund	(320)	(320)	0	0
Other Transfers	45	85	177	422
<b>Reclassification of Debt Service Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Use of/(Deposit to) Reserves</b>	<b>300</b>	<b>(449)</b>	<b>485</b>	<b>424</b>
Undesignated Fund Balance (Prior Year)	2,013	0	0	0
Community Projects	23	4	3	0
Rainy Day Reserve	(825)	0	0	0
Extraordinary Monetary Settlements	(911)	(453)	482	424
<b>ENACTED BUDGET SURPLUS/(GAP) ESTIMATE</b>	<b>0</b>	<b>0</b>	<b>(1,442)</b>	<b>(1,974)</b>

## Receipts

General Fund receipts in FY 2022 are projected to be \$11.8 billion above the baseline estimate. The improvement reflects the surge in tax collections as the State recovers from the recession, the impact of tax increases on high income earners and corporations, and the initial use of Federal recovery aid. General Fund receipts are estimated to be sufficient to balance operations in FY 2022.

**Tax Receipts Revisions.** The estimates for tax receipts, excluding the impact of FY 2022 tax increases and changes in annual debt service, have been revised upward by nearly \$4.1 billion in FY 2022 and more than \$20 billion over the Financial Plan (FY 2022-FY 2025). The revisions are concentrated in PIT and sales tax receipts, reflecting both collections experience through April 2021 and an updated economic outlook.

**Tax Actions.** The Enacted Budget includes \$3.5 billion in FY 2022 revenue increases from tax actions. These include:

- **Temporary High Income Surcharge.** The Enacted Budget implements a surcharge on high earners through Tax Year 2027 that sets a top rate of 10.9 percent for all filers earning more than \$25 million. The surcharge is expected to raise \$2.8 billion in FY 2022 and \$3.3 billion in FY 2023.
- **Temporary Business Tax Increase.** The Enacted Budget implements a surcharge on the corporate tax rate that increases the business income tax rate from 6.5 percent to 7.25 percent for three years through tax year 2023 for taxpayers with business income greater than \$5 million. It also increases the capital base method of liability estimation to a 0.1875 percent rate from the prior year 0.025 percent rate. The capital base method increase continues to exempt qualified manufacturers, qualified emerging technology companies, and cooperative housing corporations and additionally exempts corporate small business beginning in tax year 2021. These changes are expected to raise revenue by \$750 million in FY 2022 and \$1 billion in FY 2023.
- **Property Tax Relief Credit.** New York resident homeowners with incomes up to \$250,000 are eligible for a PIT STAR credit ranging from \$250 to \$350 if their total property tax exceeds a fixed percentage of their income. It is expected that claims will average about \$340. Qualified homeowners will be able to claim this new Property Tax Relief credit for tax years 2021, 2022, and 2023.
- **Recovery Tax Credits.** The Enacted Budget provides new tax credits to support certain industries that were adversely impacted by the pandemic, including restaurants, theaters, and arts.
- **Other Tax Actions.** The Enacted Budget includes the Cannabis Regulation and Taxation Act, as well as various tax credits, extensions, enforcement initiatives and reforms.

**Debt Service Transfers.** The Financial Plan reflects the payment in FY 2022 of expenses previously planned to be paid in FY 2023 through FY 2025, as well as savings from expected refundings, continued use of competitive bond sales, and other debt management actions.

**STAR.** Changes include the mobile home conversion of benefit payments from a real property tax exemption to a PIT credit and updated estimates in FY 2025.

**Miscellaneous Receipts.** Changes include updated estimates for investment income and various other categories of miscellaneous receipts.

**Federal Aid.** The Enacted Budget Financial Plan apportions Federal recovery aid over four fiscal years: \$4.5 billion in FY 2022, \$2.4 billion in FY 2023, \$2.3 billion in FY 2024, and \$3.6 billion in FY 2025. DOB may adjust this initial apportionment when the US Treasury issues its final guidance and the State has a precise understanding of the eligible uses for the recovery aid. It is possible that a portion of the recovery aid will not be available to replace revenues or fund the continuation of current services at the level expected in the Financial Plan. If that were to happen, the budget gaps shown in the Financial Plan would increase.

**Non-Tax Transfers.** Other resource changes include updated estimates of various transfers from other funds, including an increase to the reserve for transaction risks.

## Disbursements

General Fund spending in FY 2022 is projected to increase by \$2.6 billion compared to the baseline estimate. The largest sources of growth are for aid to education and pandemic recovery initiatives.

**Local Assistance.** New spending for recovery initiatives (see below), School Aid, and other local aid programs totals nearly \$4.7 billion. In addition, the estimate for Medicaid enrollment attributable to the recession has been revised upward based on updated data, leading to an increase in expected State-share Medicaid costs.

The growth in local aid is offset in part by the expected extension, through December 31, 2021, of the enhanced rate at which the Federal government reimburses eligible State Medicaid expenditures. The enhanced rate, which is 56.2 percent compared to the regular rate of 50 percent, reduces State/Local spending, and increases Federal spending by an equal amount, and therefore has no impact on total Medicaid payments. DOB estimates total State-share savings of \$2.5 billion in FY 2022.

**Agency Operations.** Certain health and public safety payroll costs and COVID expenses that were paid in FY 2021 from State Funds are expected to be claimed against the Coronavirus Relief Fund (CRF) or FEMA. In addition, the Financial Plan assumes that during FY 2022 the State will pay planned general salary increases, as well as performance advances to non-represented employees, that had been withheld during the COVID-19 emergency.

Agency operations were reduced by 10 percent on a recurring basis beginning in FY 2021, with certain exceptions for facility operations and public health and safety. Incremental changes have been made to the savings estimates for several agencies.

**Transfers.** Savings in the debt service budget are expected from portfolio management, including refundings. Increased transfers to support capital projects reflect changes in the timing of capital reimbursements and higher capital costs, including the impact of projects delayed due to the pandemic. In addition, the timing of transfers of Extraordinary Monetary Settlements has been updated based on FY 2021 results and estimated activity over the multi-year Financial Plan.

#### Reserves and Liquidity

The Enacted Budget Financial Plan includes planned increases to the State's reserves. In FY 2022, deposits of \$825 million to Rainy Day reserves and \$320 million to the Retiree Health Benefit Trust Fund<sup>6</sup> are expected to be made, fiscal conditions permitting. Another \$320 million deposit to the Retiree Health Benefit Trust Fund is planned in FY 2023. General Fund reserves at the close of FY 2022 are estimated at \$5.3 billion, or 6 percent of estimated General Fund disbursements. In addition, the General Fund is expected to end FY 2022 with over \$2 billion in monetary settlements designated to fund capital projects and other activities.

DOB expects that the State will have sufficient liquidity in FY 2022 to make all planned payments as they become due without having to temporarily borrow from the Short-Term Investment Pool (STIP). DOB continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

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<sup>6</sup> In FY 2018, the State created a Retiree Health Benefit Trust Fund (the "Trust Fund"), a qualified trust under GASBS 75 that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. The State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The State has not made any deposits to the Trust Fund to date.

Recovery Initiatives

A unique feature of the FY 2022 Enacted Budget Financial Plan is a series of initiatives intended to help State residents and businesses recover as quickly as possible from the economic dislocation caused by COVID-19. The initiatives, which are expected to cost \$9.45 billion over four years, will be funded from a combination of State and Federal resources. The following table summarizes the initiatives.

<b>MAJOR RECOVERY INITIATIVES BY FUNDING SOURCES</b> (millions of dollars)				
	<b>FY 2022</b>		<b>Total (FYs 2022 to 2025)</b>	
	<b>State</b>	<b>Federal</b>	<b>State</b>	<b>Federal</b>
<b>TOTAL MAJOR INITIATIVES</b>	<b>3,165</b>	<b>3,157</b>	<b>3,625</b>	<b>5,825</b>
Excluded Workers	2,100	0	2,100	0
Child Care	0	1,350	0	2,300
Rent & Homeowner Relief	100	1,200	100	2,300
Homeowner Mortgage Assistance	0	180	0	575
Rental Subsidy Program	100	0	400	0
Food Insecurity	0	50	0	50
Gun Violence/Securing Communities Against Hate Crimes	0	0	25	0
State Small Business Credit Incentive <sup>1</sup>	0	377	0	600
Small Business Recovery	865	0	1,000	0

<sup>1</sup> Federal funding for this program is allocated to the State and disbursed as State Funds spending per Federal guidance for past program execution and is included as spending in State Operating Funds.

The largest State recovery initiative is the Excluded Workers program, which is intended to provide cash payments to workers who have suffered income loss due to COVID-19 but who are ineligible for Unemployment Insurance or related Federal benefits due to their immigration status or other factors. The State is also funding small business grants to assist in recovery and reopening efforts. Grants will be provided to small businesses, for-profit independent and nonprofit arts and cultural organizations disrupted by the pandemic, including restaurants to cover the costs of food, preparation, and delivery of meals to vulnerable populations. State funding will compliment Federal funding through the State Small Business Credit Incentive. Other initiatives will support access to child care, affordable housing, and community food and safety needs.

## State Operating Funds – Summary of Annual Spending Change

STATE OPERATING FUNDS DISBURSEMENTS				
FY 2021 TO FY 2022				
(millions of dollars)				
	FY 2021	FY 2022	Annual Change	
	Actuals	Projected	\$	%
<b>LOCAL ASSISTANCE</b>	<b>65,087</b>	<b>76,734</b>	<b>11,647</b>	<b>17.9%</b>
School Aid (School Year Basis)	26,515	29,505	2,990	11.3%
STAR	2,027	1,979	(48)	-2.4%
DOH Medicaid <sup>1</sup>	23,061	24,482	1,421	6.2%
Temporary eFMAP Increase	(3,420)	(2,487)	933	27.3%
Mental Hygiene (Gross) <sup>2,3</sup>	4,045	4,521	476	11.8%
Mental Hygiene Stabilization Fund <sup>2</sup>	(2,157)	0	2,157	100.0%
Transportation <sup>3</sup>	3,578	3,792	214	6.0%
Social Services <sup>3</sup>	2,538	2,997	459	18.1%
Higher Education <sup>3</sup>	2,706	2,943	237	8.8%
Other Education	1,828	2,403	575	31.5%
FY 2020 Timing of Payments <sup>3</sup>	1,385	0	(1,385)	-100.0%
All Other <sup>3,4</sup>	2,981	3,077	96	3.2%
Recovery Initiatives	0	3,522	3,522	0.0%
<b>STATE OPERATIONS/GENERAL STATE CHARGES</b>	<b>25,924</b>	<b>28,779</b>	<b>2,855</b>	<b>11.0%</b>
State Operations	18,006	19,261	1,255	7.0%
Executive Agencies	10,020	10,321	301	3.0%
University Systems	6,237	6,377	140	2.2%
Elected Officials	2,656	2,721	65	2.4%
Fund Eligible Expenses from CRF	(1,726)	0	1,726	100.0%
Pandemic Costs/(Reimbursement)	951	(940)	(1,891)	-198.8%
Ongoing Pandemic Related Expenses	(132)	200	332	251.5%
General Salary Increase	0	582	582	0.0%
General State Charges	7,918	9,518	1,600	20.2%
Pension Contribution	3,406	2,512	(894)	-26.2%
Health Insurance	4,415	4,736	321	7.3%
Fund Eligible Expenses from CRF	(996)	(80)	916	92.0%
Social Security Deferment	(674)	372	1,046	155.2%
Other Fringe Benefits/Fixed Costs	1,767	1,978	211	11.9%
<b>DEBT SERVICE</b>	<b>13,196</b>	<b>6,707</b>	<b>(6,489)</b>	<b>-49.2%</b>
<b>TOTAL STATE OPERATING FUNDS</b>	<b>104,207</b>	<b>112,220</b>	<b>8,013</b>	<b>7.7%</b>
<b>Capital Projects (State and Federal Funds)</b>	<b>12,331</b>	<b>15,891</b>	<b>3,560</b>	<b>28.9%</b>
<b>Federal Operating Aid</b>	<b>70,049</b>	<b>80,776</b>	<b>10,727</b>	<b>15.3%</b>
<b>TOTAL ALL GOVERNMENTAL FUNDS</b>	<b>186,587</b>	<b>208,887</b>	<b>22,300</b>	<b>12.0%</b>

<sup>1</sup> Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of this offset is reported in "All Other" local assistance disbursements.

<sup>2</sup> In FY 2021, roughly half of total Mental Hygiene spending was funded via the Mental Hygiene Stabilization Fund under the DOH Medicaid Global Cap. This spending appears in DOH rather than Mental Hygiene.

<sup>3</sup> Due to the disruptions and uncertainties related to the COVID-19 pandemic, certain payments that would have been made in March 2020 were not paid until FY 2021. This spending is displayed discretely and adjusted (excluded from the FY 2021 spending totals of each functional area (higher education, social services, mental hygiene, and transportation.))

<sup>4</sup> "All Other" includes spending for: various other functions; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; and MSA payments deposited directly to a Medicaid Escrow Fund, which reduces reported disbursements.

State Operating Funds encompasses the General Fund and a wide range of State activities funded from revenue sources outside the General Fund, including dedicated tax revenues, tuition, income, fees, and assessments. Activities funded with these dedicated revenue sources often have no direct bearing on the State's ability to maintain a balanced budget in the General Fund, but nonetheless are captured in State Operating Funds.

In FY 2022 State Operating Funds spending is estimated at \$112.2 billion, an increase of 7.7 percent from FY 2021. Excluding the recovery initiatives, which in State Operating Funds are expected to total \$3.5 billion<sup>7</sup> in FY 2022, spending is projected to grow by 4.3 percent. School Aid, Medicaid, and funding of FY 2021 pandemic response costs from the CRF (which lowered FY 2021 State Operating Funds spending) account for most of the annual increase.

### Local Assistance

Local assistance spending includes payments to local governments, school districts, health care providers, managed care organizations, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations. Local assistance comprises roughly two-thirds of State Operating Funds spending. School Aid and Medicaid account for roughly 70 percent of all local assistance spending. In FY 2021, the State withheld a percentage of local aid payments as a contingency measure. With certain exceptions, these withheld amounts were released for payment in March 2021. In most instances, the released payments were, or are expected to be processed in FY 2022, which affects annual spending growth.

The FY 2022 Enacted Budget includes \$29.5 billion for School Aid in school year (SY) 2022, representing an annual increase of nearly \$3 billion (11.3 percent). This annual increase includes a school year basis Foundation Aid increase of \$1.4 billion (7.6 percent), as part of a three-year phase-in of the Foundation Aid formula. In addition to State School Aid, schools will receive \$13.0 billion of Federal resources via the Elementary and Secondary School Emergency Relief (ESSER) and Governor's Emergency Education Relief (GEER) funds allocated to public schools by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and ARP. This funding, available for use over multiple years, is intended to help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic.

STAR program spending is affected by the continuing conversion of benefit payments from a real property tax exemption to a PIT credit. The level of reported STAR disbursements will continue to decrease as STAR beneficiaries move into the PIT credit program.

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<sup>7</sup> Includes \$377 million for the State Small Business Credit Incentive program that is funded by the Federal government and disbursed as State Funds spending per Federal guidance for past program execution.

Department of Health (DOH) Medicaid spending is estimated at \$24.5 billion in FY 2022, an annual increase of \$1.4 billion (6.2 percent). Costs under the Global Cap are projected to increase by \$580 million, consistent with the statutory growth index. Costs outside the Global Cap, which include minimum wage increases for health care providers and financial relief to counties and New York City associated with full coverage of the local share of spending growth, are projected to increase by \$841 million.

The Federal government has provided a 6.2 percentage point base increase to the FMAP rate (“eFMAP”) since the start of the COVID-19 public health emergency in January 2020. The Enacted Budget assumes the continuation of eFMAP through December 31, 2021. In FY 2022, eFMAP is expected to provide roughly \$2.5 billion in State share savings.

In Mental Hygiene, the Enacted Budget provides increased funding for not-for-profit providers for the cost of minimum wage increases, a 1 percent cost-of-living adjustment (COLA), a return to pre-pandemic service utilization, and targeted investments to ensure adequate access to services and supports.

Funding for transportation is projected to increase by roughly \$214 million in FY 2022. Projected operating aid to the Metropolitan Transportation Authority (MTA) and other transit systems mainly reflects the current receipts forecast and timing of certain payments delayed from FY 2021 to FY 2022.

The annual growth in social services spending is driven by forecasted increases in the public assistance caseload, which drives higher spending for Safety Net Assistance; timing of payments withheld in FY 2021 and will be paid in FY 2022, and funding for initiatives in the FY 2022 Enacted Budget, including additional funding for rental assistance.

Higher education spending is projected to increase by 8.8 percent in FY 2022, adjusted for the timing of Academic Year 2020 payments for CUNY Senior and Community colleges that occurred in FY 2021. Higher spending in FY 2022 primarily reflects increased State support for the Tuition Assistance Program (TAP) and scholarships in FY 2022.

Higher spending for other education programs, including Special Education, reflects a decline in reimbursable claims for Summer and Preschool Special Education programs in FY 2021 due to pandemic-related school closures and timing of planned FY 2021 payments that were previously withheld and will be paid in FY 2022.

All other local assistance mainly includes the reconciliation between school year and State fiscal year spending for School Aid and the timing of payments.



## State Operations/General State Charges

Operating costs for State agencies include salaries, wages, fringe benefits, and Non-Personal Service (NPS) costs (e.g., supplies, utilities) and comprise more than a quarter of State Operating Funds spending.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including the anticipated timing of Federal reimbursement across several fiscal years for expenses incurred in FY 2021; payment of a 27<sup>th</sup> payroll; and FY 2022 planned payment of general salary increases that were scheduled to go into effect on April 1, 2020.

Pursuant to guidelines established by the U.S. Department of Treasury, the State charged \$2.8 billion in eligible costs to the CRF in FY 2021. This included approximately \$2.7 billion for payroll costs and fringe benefits, primarily for public health and safety employees, and other eligible pandemic response costs. Another \$132 million in expenditures incurred in FY 2020 were subsequently canceled and refunded in FY 2021. The Financial Plan also assumes that additional costs incurred by the State in FY 2021 will be charged to the CRF in FY 2022.

Certain pandemic response expenses incurred in FY 2021, including Personal Protective Equipment (PPE), durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects reimbursement over several years based on past claims experience. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2022, which are expected to be funded with Federal aid made available in the CRF or FEMA reimbursement.

In FY 2022, State Operations spending for Executive agencies reflects the right sizing of corrections, mental health, and juvenile justice facilities and closing underused facilities.

University systems spending for FY 2022 is expected to increase as operations rebound following the COVID-19 closures and restrictions.

The operating costs for independent offices (Attorney General, Comptroller, Judiciary, and Legislature) are collectively expected to grow by 2.4 percent in FY 2022.

General State Charges (GSCs) spending is projected to increase by \$1.6 billion, or 20.2 percent, in FY 2022. Pandemic-related anomalies drive the annual growth. First, the CARES Act allowed employers to defer the deposit and payment of the employer's share of Social Security taxes through December 2020. The State took advantage of this interest-free deferral and made no social security payments on the non-Medicare portion from April through December 2020, for a savings of \$674 million in FY 2021. Repayment of half the deferral will be made in FY 2022, as required by the CARES Act. Second, the State charged eligible fringe benefits to the CRF in FY 2021, which reduced State-share GSC costs. Lastly, expected increases in the State's health insurance program reflect medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The growth caused by these factors is offset in part by the payment, at the end of FY 2021, of amortizations payable to the Common Retirement System in FY 2022 through FY 2026.

On June 4, 2021, the Public Employees Federation (PEF) reached a tentative collective bargaining agreement with the State covering FY 2020 through FY 2023, which is subject to ratification. The agreement, if ratified by PEF, would provide for 2 percent general salary increases in each year of the contract period, and the associated cost would be reflected in the Financial Plan upon ratification. In the past, agencies have been required to fund the ongoing costs associated with general salary increases within existing budgets through efficiencies and other savings initiatives.

### Debt Service

Debt service consists of principal, interest, and related expenses paid on State debt. Debt service expenses are projected to decline from FY 2021 to FY 2022 due to the impact of the FY 2021 liquidity financing and prepayments executed in FY 2021 relative to prepayments planned for FY 2022. The State issued and repaid \$4.5 billion of PIT notes in FY 2021 and prepaid \$3.1 billion of debt service in FY 2021. In addition, the State plans to prepay another \$1.4 billion of debt service in FY 2022, increasing total prepayments across FYs 2021 and 2022 to \$4.5 billion. These resources will be used to reduce debt service that comes due in FY 2022 (\$975 million), FY 2023 (\$1.1 billion), FY 2024 (\$1.1 billion), and FY 2025 (\$1.3 billion).

## General Fund Cash-Basis FY 2022 Financial Plan

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. Two significant factors affect reported General Fund tax receipts that are unrelated to actual collections. First, changes in debt service on State-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated debt service funds (outside the General Fund) and used to make debt service payments. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund. Second, the STAR program is funded from PIT receipts, with changes in the State supported cost of the program affecting reported PIT receipts.

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change from year to year.

For a more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, disbursements, and transfers, presented on a State Funds and All Funds basis, see "State Financial Plan Multi-Year Projections" herein.

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2021 to FY 2022.

<b>GENERAL FUND FINANCIAL PLAN</b> (millions of dollars)				
	<b>FY 2021</b> <b>Actuals</b>	<b>FY 2022</b> <b>Projected</b>	<b>Annual Change</b>	
			<b>Dollar</b>	<b>Percent</b>
<b>Opening Fund Balance</b>	8,944	9,161	217	2.4%
<b>Total Receipts</b>	<u>74,312</u>	<u>87,184</u>	<u>12,872</u>	<u>17.3%</u>
Taxes <sup>1,2</sup>	69,052	77,779	8,727	12.6%
Miscellaneous Receipts <sup>2</sup>	3,015	1,775	(1,240)	-41.1%
Federal Receipts (Non-Tax Transfers)	0	4,500	4,500	0.0%
Non-Tax Transfers from Other Funds	2,245	3,130	885	39.4%
<b>Total Disbursements</b>	<u>74,095</u>	<u>88,991</u>	<u>14,896</u>	<u>20.1%</u>
Local Assistance	48,981	61,041	12,060	24.6%
State Operations	17,136	20,823	3,687	21.5%
Transfers to Other Funds	7,978	7,127	(851)	-10.7%
<b>Net Change in Operations</b>	217	(1,807)	(2,024)	-932.7%
<b>Closing Fund Balance</b>	<u>9,161</u>	<u>7,354</u>	<u>(1,807)</u>	<u>-19.7%</u>
Rainy Day Reserves	2,476	3,301	825	
Economic Uncertainties	1,490	1,490	0	
Undesignated Fund Balance	2,561	0	(2,561)	
All Other Reserves/Balances	551	528	(23)	
Extraordinary Monetary Settlements	2,083	2,035	(48)	
<sup>1</sup> Includes the transfer of tax receipts from other funds after debt service.				
<sup>2</sup> Adjusted to exclude the affect of the short-term PIT note borrowing executed and repaid within FY 2021. This transaction added \$4.5 billion to miscellaneous receipts and the repayment reduced tax receipts transferred from debt service funds.				

## Receipts

General Fund receipts, including transfers from other funds, are estimated to total nearly \$87.2 billion in FY 2022, an increase of \$12.9 billion (17.3 percent) from FY 2021 actuals. In FY 2021, the State issued short-term borrowing notes to manage the impact of the April 15, 2020 tax filing extension on monthly cash flows. The note proceeds were recorded as a miscellaneous receipt and the notes were repaid in full by year-end. For the General Fund, the proceeds increased miscellaneous receipts and the payment reduced PIT receipts. This transaction had no impact on operations or total receipts but does distort the annual change for both miscellaneous receipts and tax receipts.

Tax receipts, including transfers after payment of debt service, are estimated to total \$77.8 billion in FY 2022, an increase of \$8.7 billion from FY 2021. The increase is due to a combination of an improved revenue outlook consistent with the experience in the final quarter of FY 2021 and the updated economic forecast, and \$3.5 billion in new revenue largely attributable to the enactment of a high-income PIT surcharge and business tax increase.

PIT receipts, net of transfers, are estimated to total \$53.3 billion in FY 2022, an increase of \$4.7 billion from FY 2021. The increase reflects the improved economic forecast and the enacted tax increases, which is partly offset by the actual and planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2022 through FY 2025. These transactions reduce reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Therefore, these transactions reduced reported General Fund PIT receipts by \$3.1 billion in FY 2021 and by \$302 million in FY 2022 and increased reported General Fund PIT receipts by \$1.1 billion in FY 2023, \$1.1 billion in FY 2024, and \$1.3 billion in FY 2025.

Consumption/use tax receipts, including transfers after payment of debt service on the Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total \$15.4 billion in FY 2022, an increase of \$3.6 billion (30.8 percent) from FY 2021. Increases reflect sales tax base growth of 13.5 percent as the economy continues to recover from the impact of the COVID-19 economic downturn.

Business tax receipts are estimated at nearly \$7 billion in FY 2022, an increase of \$566 million (8.8 percent) from FY 2021. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts due to the recently enacted temporary increase in the business income and capital base rates.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total \$2.1 billion in FY 2022, a decrease of \$208 million from FY 2021. This is primarily due to a decline in the estate tax due to a higher-than-typical number of extraordinary payments in FY 2021.

Miscellaneous receipts are estimated to decline by \$1.2 billion in FY 2022 from FY 2021. The decline includes FY 2021 receipts that are not projected to recur (\$600 million from Extraordinary Monetary Settlements and \$250 million from the Distressed Provider Assistance Fund to offset State payments made to distressed providers), as well as lower projected resources available from abandoned property, motor vehicle fees and certain other fees.

Non-tax transfers are estimated to total \$7.6 billion in FY 2022, an increase of \$5.4 billion from FY 2021. The increase is mainly attributable to the transfer of a portion (\$4.5 billion) of the \$12.75 billion in Federal ARP recovery aid received in May 2021, an increase to the transaction risk reserve and the timing of various transfers that were held in prior years.

## Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly \$89.0 billion in FY 2022, an increase of \$14.9 billion (20.1 percent) from FY 2021. FY 2022 spending includes over \$3 billion for time limited recovery initiatives, a substantial School Aid increase, and Medicaid growth of roughly 6 percent. In addition, several transactions executed in FY 2021 lowered spending temporarily, including the shift of \$2.7 billion of certain health and public safety payroll costs to the CRF, certain temporary payment withholds that were released but not fully processed by the end of FY 2021, higher State share Medicaid savings from retroactive eFMAP processing and quarterly extensions, and the deferral of social security costs as provided in the CARES Act. Projected spending also reflects DOB's cautious estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

Local assistance spending is estimated at \$61.0 billion in FY 2022, an increase of \$12.1 billion from FY 2021. The increase includes \$3.1 billion in recovery initiatives and a decline in the number of months eFMAP will be available, shifting approximately \$933 million in Medicaid costs from Federal to State funding sources in FY 2022. General Fund spending for education and health care represent 75 percent of total local assistance spending. General Fund support for these programs is affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs. The explanation of annual spending changes for these programs is summarized later in the "State Financial Plan Multi-Year Projections" section.

General Fund agency operation costs, including fringe benefits, are expected to total \$20.8 billion in FY 2022, an increase of \$3.7 billion from FY 2021. The growth is due to the reclassification of \$2.7 billion of personnel expenses for public health and public safety employees to the CRF in FY 2021; deferral of \$674 million in Social Security taxes from FY 2021 to FY 2022 and FY 2023; the 27<sup>th</sup> administrative payroll in FY 2021<sup>8</sup>; and the general salary increases that are expected to be paid in FY 2022. Excluding these anomalies, most executive agencies are expected to hold operations spending at FY 2021 levels, which were reduced by 10 percent from the FY 2021 Enacted Budget levels.

General Fund transfers to Other Funds are projected to total \$7.1 billion in FY 2022, a decrease of \$851 million from FY 2021. Debt service supported by transfers from the General Fund is projected to increase by \$66 million. Transfers for capital projects are projected to decrease by \$677 million reflecting the timing of projects funded from monetary settlements and bond reimbursements. Transfers for other purposes are projected to decline by \$240 million, mainly due to non-recurring transfers for School Aid in FY 2021 to offset lower lottery receipts.

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<sup>8</sup> State employees are paid bi-weekly on Wednesday (administrative) or Thursday (institutional) which generally totals 26 payrolls per year. On occasion an "extra" payroll occurs within a fiscal year due to the number of Wednesdays or Thursdays in a particular calendar year.

## FY 2022 Closing Balance

DOB projects the State will end FY 2022 with a General Fund cash balance of \$7.4 billion, a decrease of \$1.8 billion from FY 2021. The change is due to the expected payment in FY 2022 of certain local aid payments that had been withheld as a contingency in FY 2021 (\$275 million), the first transfer to the Retiree Health Insurance Trust (\$320 million), use of surplus tax revenues from FY 2021 as part of the consensus revenue agreement for FY 2022 (\$1 billion), and routine changes in other balances based on expected activity.

<b>TOTAL BALANCES</b> (millions of dollars)			
	<b>FY 2021</b> <b>Actuals</b>	<b>FY 2022</b> <b>Projected</b>	<b>Annual</b> <b>Change</b>
<b>TOTAL GENERAL FUND BALANCE</b>	<b>9,161</b>	<b>7,354</b>	<b>(1,807)</b>
Statutory Reserves:			
Rainy Day Reserves	2,476	3,301	825
Community Projects	30	7	(23)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	1,490	1,490	0
Debt Management	500	500	0
Undesignated Fund Balance	2,561	0	(2,561)
<b>Subtotal Excluding Settlements</b>	<b>7,078</b>	<b>5,319</b>	<b>(1,759)</b>
<b>Extraordinary Monetary Settlements</b>	<b>2,083</b>	<b>2,035</b>	<b>(48)</b>



## Negotiated Changes to the Executive Budget

The following table summarizes the negotiated restorations, modifications and additions to the Executive Budget proposal.

<b>NEGOTIATED CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN</b>				
<b>GENERAL FUND</b>				
<b>(millions of dollars)</b>				
	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>SPENDING RESTORATIONS/ADDS</b>	<b>(8,275)</b>	<b>(4,985)</b>	<b>(7,316)</b>	<b>(7,958)</b>
<u>Restorations/Modifications:</u>	<u>(3,531)</u>	<u>(2,310)</u>	<u>(2,845)</u>	<u>(2,787)</u>
School Aid/Local District Funding Adjustment	(1,878)	(2,060)	(2,050)	(2,028)
Prior Year Restorations/Legislative Adds	(275)	0	0	0
General Salary Increase Repayment	(582)	582	0	0
Other Restorations/Modifications	(796)	(832)	(795)	(759)
<u>Recovery Initiatives:</u>	<u>(3,130)</u>	<u>(66)</u>	<u>(173)</u>	<u>(131)</u>
Excluded Workers Fund	(2,100)	0	0	0
Small Business Recovery	(830)	40	0	0
Rental Assistance/Homeowner Relief	(200)	(100)	(100)	(100)
All Other	0	(6)	(73)	(31)
<u>New Spending Adds:</u>	<u>(1,614)</u>	<u>(2,609)</u>	<u>(4,298)</u>	<u>(5,040)</u>
School Aid - Foundation Aid Increase (SFY Basis)	(980)	(2,192)	(3,773)	(4,396)
Other Education Aid	(62)	(50)	(105)	(165)
Higher Education	(156)	(160)	(187)	(223)
Human Services	(99)	0	0	0
Health Care	(90)	(98)	(37)	(39)
All Other	(227)	(109)	(196)	(217)
<b>TAX LAW/REVENUE CHANGES</b>	<b>1,603</b>	<b>2,113</b>	<b>2,172</b>	<b>3,188</b>
<u>Not Accepted:</u>	<u>(403)</u>	<u>(420)</u>	<u>(462)</u>	<u>(462)</u>
Middle Class Tax Cut Phase-In Delay	(394)	(403)	(445)	(445)
Short-Term Rental Tax	(9)	(17)	(17)	(17)
<u>Modified/New:</u>	<u>2,006</u>	<u>2,533</u>	<u>2,634</u>	<u>3,650</u>
Personal Income Tax High Income Increase	1,216	1,847	2,244	4,105
Temporary Business Tax Increase	750	1,073	796	0
Property Tax Circuit Breaker	0	(382)	(403)	(411)
All Other	40	(5)	(3)	(44)

## Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in STIP. The FY 2021 Enacted Budget amended the statute to permit the borrowings until the end of FY 2021. Previously, the borrowing period was limited to four months from the start of a fiscal year. The State last used this authorization in April 2011 when the General Fund needed to borrow funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State, held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

The Enacted Budget authorizes short-term financing for liquidity purposes during FY 2022. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to \$3 billion of PIT revenue anticipation notes that must be issued before the end of December 2021 and mature no later than March 31, 2022. It also allows up to \$2 billion in line of credit facilities, which are limited to 1 year in duration and may be drawn through March 31, 2022, subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Financial Plan does not currently assume short-term liquidity financing during FY 2022. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax Revenue bonds, continues to be set aside as required by law and bond covenants.

<b>PROJECTED MONTH-END CASH BALANCES</b>			
<b>FY 2022</b>			
<b>(millions of dollars)</b>			
	<b>General Fund</b>	<b>Other Funds</b>	<b>All Funds</b>
<b>April 2021</b>	12,218	12,716	24,934
<b>May 2021</b>	9,664	25,171	34,835
<b>June 2021</b>	9,698	26,272	35,970
<b>July 2021</b>	9,306	26,097	35,403
<b>August 2021</b>	8,435	24,840	33,275
<b>September 2021</b>	11,438	22,570	34,008
<b>October 2021</b>	9,528	22,424	31,952
<b>November 2021</b>	6,673	21,020	27,693
<b>December 2021</b>	7,163	22,720	29,883
<b>January 2022</b>	11,412	24,620	36,032
<b>February 2022</b>	9,055	26,552	35,607
<b>March 2022</b>	7,354	16,225	23,579



# Other Matters Affecting the Financial Plan



## General

The Financial Plan is subject to economic, social, financial, political, public health, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB asserts that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions but can provide no assurance that results will not differ materially and adversely from these projections.

DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended to improve the State's cash flow, manage resources within and across State fiscal years, adhere to spending targets, and better position the State to address unanticipated costs, including economic downturns, revenue deterioration, and unplanned expenditures. In recent years, the State has prepaid certain payments, subject to available resources, to maintain budget flexibility.

The Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the collection of economically sensitive tax receipts in the amounts projected. Uncertainties and risks that may affect economic and receipts forecasts include, but are not limited to national and international events; inflation; consumer confidence; commodity prices; major terrorist events, hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal funding laws and regulations; financial sector compensation; monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

The Financial Plan is subject to various uncertainties and contingencies including, but not limited to wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; realization of the projected rate of return for pension fund asset assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid projected in the Financial Plan; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Financial Plan are subject to revisions which may result in substantial changes. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

## Potential Long-Term Risks to the Financial Plan from COVID-19 Pandemic

Important State revenue sources, including personal income, consumption, and business tax collections, may be adversely affected by the long-term impact of COVID-19 on a range of activities and behaviors, including commuting patterns, remote working and education, business activity, social gatherings, tourism, public transportation, and aviation. It is not possible to assess or forecast the effects of such changes, if any, at this time.

For example, the COVID-19 pandemic has led to changes in the behavior of resident and nonresident taxpayers. Consistent with the growth in remote work arrangements, many residents and non-residents are no longer commuting into New York and instead are working remotely from home offices. However, under long-standing State policy, a nonresident working from home pays New York income taxes on wages from a New York employer unless that employer has established the nonresident's home office as a bona fide office of the employer.

The COVID-19 pandemic has also led some New York residents to shelter in locations outside of the State. In addition, some taxpayers who previously resided in New York have permanently relocated during the pandemic.



## Budget Risks and Uncertainties

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to, reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; and use of non-recurring resources. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the Governor.

The Financial Plan forecast assumes various transactions will occur as planned including, but not limited to receipt of certain payments from public authorities; receipt of revenue sharing payments under the Tribal-State Compacts; receipt of miscellaneous revenues at the levels set forth in the Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and Federal approvals necessary to implement the Medicaid savings actions. Such assumptions, if they were not to materialize, could adversely impact the Financial Plan in the current year or future years, or both.

The Financial Plan also includes actions that affect spending reported on a State Operating Funds basis, including accounting and reporting changes. If these actions are not implemented or reported as planned, the annual spending change in State Operating Funds would increase above current estimates.

In developing the Financial Plan, DOB attempts to mitigate financial risks from receipts volatility, litigation, and unexpected costs, with an emphasis on the General Fund. It does this by, among other things, exercising caution when calculating total General Fund disbursements and managing the accumulation of financial resources that can be used to offset new costs. Such resources include, but are not limited to, fund balances that are not needed each year, reimbursement for capital advances, acceleration of tax refunds above the level budgeted each year, and prepayment of expenses. There can be no assurance that such financial resources will be enough to address risks that may materialize in a given fiscal year.

## Statutory Growth Caps for School Aid and Medicaid

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs, School Aid and Medicaid.

### School Aid

In FY 2012, the State enacted a School Aid growth cap that was intended to limit the growth in School Aid to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). Beginning in FY 2021, the statutory PIGI for School Aid was amended to limit School Aid increases to no more than the average annual income growth over a ten-year period.

This change reduces volatility in allowable growth and aligns the School Aid cap with the statutory Medicaid cap. Prior to FY 2021, the PIGI generally relied on a one-year change in personal income.

In FYs 2014 through 2019, the authorized School Aid increases exceeded the indexed levels. In FYs 2020 and 2021, the authorized School Aid increase was within the indexed levels. The increase in School Aid for SY 2022 of \$3.0 billion (11.3 percent) is well above the indexed PIGI growth rate of 4.3 percent. This \$3.0 billion increase includes a \$1.4 billion increase in Foundation Aid<sup>9</sup> as part of a three-year phase-in of the formula. In SY 2023 and SY 2024, projected School Aid growth largely reflects a three-year phase-in of full funding of Foundation Aid. In SY 2025, School Aid is projected to increase consistent with the rate allowed under the personal income growth cap.

### Medicaid Global Cap

Approximately 85 percent of DOH State Funds Medicaid spending growth, is subject to the Global Cap. The Global Cap is calculated using the ten-year rolling average of the medical component of the Consumer Price Index (CPI) and thus allows for growth attributable to increasing costs, but not increasing utilization.

The statutory provisions of the Global Cap grant the Commissioner of Health (the "Commissioner") certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap for the then-current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Additional State share Medicaid spending, outside of the Global Cap, includes State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund Medicaid spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share Medicaid costs.

Since enactment of the Global Cap, subject to the management actions described below, the portion of State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, in certain fiscal years DOH has taken management actions, including adjustments to the timing of Medicaid payments, consistent with contractual terms, to ensure compliance with the Global Cap.

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<sup>9</sup> Foundation Aid is formula-based, unrestricted aid provided to school districts. It is the largest aid category within School Aid and is projected to total \$19.8 billion in SY 2022. The Foundation Aid formula consists of four components: a State-specified expected expenditure per pupil to which the State and districts will contribute, a State-specified expected minimum local contribution per pupil, the number of aid-eligible pupil units in the district, and additional adjustments based on phase-in factors and minimum or maximum increases.

## Global Cap Imbalance and Medicaid Redesign Team II (MRT II) Solutions

At the close of FY 2019, DOH deferred, for three business days into FY 2020, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments. The FY 2019 deferral had a State-share value of \$1.7 billion and was paid from available funds in the General Fund in April 2019, consistent with contractual obligations. Absent the deferral and any other actions, Medicaid spending under the Global Cap would have exceeded the statutorily indexed rate for FY 2019 and the State would have used available General Fund resources to fund the payments in FY 2019. The deferral had no impact on provider services and the spending above the Global Cap was attributable to growth in managed care and long-term managed care enrollment and utilization costs above initial projections, as well as timing of certain savings actions and offsets not processed by the end of FY 2019.

Following the need to defer FY 2019 Medicaid payments to ensure compliance with the allowable indexed growth, DOB recognized that a structural imbalance existed within the Global Cap based on a review of price and utilization trends, and other factors.<sup>10</sup> A structural imbalance in this case meant that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, was growing faster than allowed under the Global Cap spending growth index.

DOB estimated that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap would have exceeded the indexed growth amount in the range of \$3 billion to \$4 billion annually, inclusive of the recurring \$1.7 billion Managed Care payment restructuring initially executed at the end of FY 2019. In response to the estimated Global Cap imbalance, the Governor formed the MRT II as part of the FY 2021 Budget with the objective of restoring financial sustainability to the Medicaid program. The FY 2021 Enacted Budget included \$2.2 billion in MRT II savings initiatives to address the Medicaid imbalance, including identifying efficiencies in the Managed Care and Managed Long-Term Care programs, as well as administrative reforms.

Over two-thirds of the \$2.2 billion in savings actions have been implemented, with the remaining savings pending due to ongoing litigation, and Federal government approval of Federal maintenance-of-effort requirements associated with FFCRA COVID-19 and ARP Home and Community Based Services (HCBS) eFMAP provisions. The Financial Plan assumes the remaining savings actions will be implemented in FY 2022.

However, DOH and DOB are reviewing recent Federal guidance related to the HCBS eFMAP that may restrict or delay the implementation of certain savings actions.

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<sup>10</sup> Factors that place upward pressure on State-share Medicaid spending include but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; phase-out of enhanced Federal funding; and increased enrollment and costs in managed long-term care.

## Public Health Insurance Programs/Public Assistance

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Many people who were laid off or otherwise experienced a decrease in family income in 2020 due to the COVID-19 pandemic became qualifying enrollees and began to participate in public health insurance programs such as Medicaid, the Essential Plan (EP), and Child Health Plus (CHP). Participants in these programs remain eligible for coverage for 12 continuous months regardless of changes in employment or income levels that may otherwise make them ineligible. Estimated costs for increased enrollment to date are budgeted in the Financial Plan through FY 2023 and are expected to return to pre-pandemic levels by FY 2024.

Likewise, the rise in unemployment and decrease in family income during the pandemic resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the Financial Plan includes time-limited emergency rental assistance using Federal resources and a recurring State-funded rent supplement program to assist individuals and families most impacted by the pandemic. The Financial Plan assumes the public assistance caseload will return to pre-pandemic levels after FY 2024.

## Federal Impacts to the Financial Plan

### Overview

The Federal government influences the economy and budget of New York State through grants, direct spending on its own programs such as Medicare and Social Security, and through Federal tax policy. Federal policymakers may place conditions on grants, mandate certain state actions, preempt State laws, change State and local tax (SALT) bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Federal resources support vital services such as health care, education, transportation, as well as severe weather and emergency response and recovery. Any changes to Federal policy or funding levels could have a materially adverse impact on the Financial Plan.

Federal funding is a significant component of New York's budget. Roughly 40 percent of All Funds spending in FY 2022 is expected to occur in the Federal Funds category. Routine Federal aid is predominantly targeted at programs that support vulnerable populations and those living at or near the poverty level. Such programs include Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection.

In response to the public health emergency, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets; extend aid to large and small businesses, health care providers, and individuals; and reimburse governments for the direct costs of pandemic response. The Federal government passed several bills over a 12-month period to provide funding to assist State and local governments, schools, hospitals, transit systems, businesses, families and individuals in the COVID-19 pandemic response and recovery. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. A summary of the Federal legislation is provided later in this section.

Total Federal Funds spending for all purposes, inclusive of both capital and operating spending, is expected to total \$83.1 billion in FY 2022 and includes \$13.2 billion in spending related to pandemic assistance. Federal Funds spending is estimated to increase \$11.4 billion over FY 2021 driven by increasing costs for health care, social welfare, education, and public protection, as well as pandemic assistance spending. Federal Funds spending is summarized in and after the chart below.

FEDERAL FUNDS DISBURSEMENTS (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
<b>DISBURSEMENTS</b>					
Medicaid	40,880	44,343	43,679	42,885	43,786
Health	7,055	8,499	8,489	8,319	8,266
Social Welfare	4,275	6,377	5,437	4,984	4,691
Education	2,660	3,857	3,857	3,857	3,857
Public Protection	2,152	3,933	2,737	1,306	1,298
Transportation	1,633	1,664	1,573	1,573	1,573
All Other <sup>1</sup>	1,196	1,197	1,258	1,187	1,146
Pandemic Assistance <sup>2</sup>	<u>11,835</u>	<u>13,199</u>	<u>6,789</u>	<u>4,392</u>	<u>1,739</u>
Education ARP Act Funds	0	1,693	2,969	2,365	1,739
eFMAP, including local passthrough	4,174	3,024	0	0	0
Coronavirus Relief Fund	2,824	2,317	0	0	0
Education Supplemental Appropriations Act	0	1,681	1,359	1,357	0
Lost Wages Assistance	4,101	19	0	0	0
Emergency Rental Assistance Program	0	1,801	624	0	0
Education CARES Act Funds	552	512	512	0	0
SUNY State Operated Campuses Federal Stimulus	184	300	290	290	0
FEMA Reimbursement of Eligible Pandemic Expenses	0	600	200	200	0
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through	0	387	387	0	0
Homeowner Relief and Protection Program	0	180	180	180	0
Home Energy Assistance Program	0	268	268	0	0
FHWA Surface Transportation Block Grant	0	417	0	0	0
<b>Total Disbursements</b>	<b><u>71,685</u></b>	<b><u>83,070</u></b>	<b><u>73,819</u></b>	<b><u>68,503</u></b>	<b><u>66,356</u></b>

<sup>1</sup> All Other includes housing and homeless services, economic development, mental hygiene, parks, environment, higher education, and general government areas.

<sup>2</sup> Pandemic Assistance excludes \$12.8 billion in State aid provided through the American Rescue Plan Act, as this funding is reflected as a receipt to Federal Funds and transfer to the General Fund.

- Medicaid/Health.** Funding shared by the Federal government helps support health care costs for more than seven million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding. The Federal government also provides support for several health programs administered by DOH, including the EP, which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.
- Social Welfare.** Funding provides assistance for several programs managed by the Office of Temporary and Disability Assistance (OTDA), including TANF-funded public assistance benefits and the Flexible Fund for Family Services, Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), and Child Support. Support from the Federal government also supports programs managed by the Office of Children and Family Services (OCFS), including the Foster Care program.

- **Education.** Funding supports K-12 education and special education. Like Medicaid and the social welfare programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in schools with high poverty levels or students with disabilities.
- **Public Protection.** Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision (DOCCS), the Office of Victim Services, the Division of Homeland Security and Emergency Services (DHSES), and the Division of Military and Naval Affairs (DMNA). Federal funds are also passed on to municipalities to support a variety of public safety programs.
- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans.
- **All Other Funding.** Other programs supported by Federal resources include housing, economic development, mental hygiene, parks and environmental conservation, higher education, and general government areas.

#### Federal Funds Spending - Pandemic Assistance

A large portion of the Federal pandemic assistance flows directly to various recipients (e.g., tax rebates to individuals, loans, or grants to large and small businesses) and is thus excluded from the State's Financial Plan. In addition, on May 18, 2021 the State received \$12.75 billion in Federal aid authorized in ARP to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist in the public health emergency response and recovery efforts. These funds are expected to be transferred to State Funds over multiple years to support eligible uses and spending. Thus, the spending of the ARP aid to the State does not appear in Federal Funds. DOB is in the process of reviewing Treasury's guidance on the permissible use of these funds.

- **Education American Rescue Plan Act Funds.** The ARP granted additional education funding for the ESSER and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts.
- **eFMAP.** In response to the COVID-19 pandemic, the Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the public health emergency. The enhanced funding began January 1, 2020 and is currently expected to continue through December 2021, providing \$3.0 billion in additional Federal resources in FY 2022 that are anticipated to reduce State and local government costs by approximately \$2.5 billion and \$500 million, respectively.

- **Home & Community-Based Services (HCBS) eFMAP.** The ARP provided a temporary 10 percent increase to the Federal Medical Assistance Percentage (FMAP) for certain Medicaid HCBS through March 31, 2022. Such additional funding must supplement, not supplant, current funding. Accordingly, the Enacted Budget appropriated \$1.6 billion over two years for such purposes.
- **CRF.** Established in the CARES Act, the CRF provides funding for states and local governments to respond to the COVID-19 pandemic. New York received \$5.1 billion in FY 2021 to fund eligible costs incurred through December 31, 2021. Pursuant to guidelines established by the U.S. Treasury, the State charged \$2.8 billion in eligible costs to the Federal CRF as of March 31, 2021. This includes approximately \$2.7 billion in payroll costs, including fringe benefits, primarily for public health and safety employees through December 31, 2020 and certain other pandemic response costs incurred by the State. DOB expects to charge additional eligible costs incurred by the State in FY 2021, as well as eligible current-year expenses for pandemic response efforts and will fully expend the balance in the CRF in FY 2022.
- **Education Supplemental Appropriations Act.** As part of the CRRSA Act, additional funding for education was provided through the ESSER Fund and GEER Fund, including dedicated GEER funds to support pandemic-related services and assistance to nonpublic schools through the EANS program.
- **Lost Wages Assistance Program.** This program provided to grant eligible claimants that were unemployed or partially unemployed due to the pandemic a supplemental payment of \$300 per week through December 27, 2020, in addition to their unemployment benefits.
- **Emergency Rental Assistance Program.** The CRRSA Act established the Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The ARP provided additional funding for the program.
- **Education CARES Act Funds.** Additional education support provided through the CARES Act included funding to school districts and charter schools.
- **SUNY State-Operated Campuses Federal Stimulus Spending.** Funding provided through various Federal stimulus bills results in greater Federal spending projections for SUNY State-Operated campuses.
- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures conducted because of the COVID-19 pandemic. The Financial Plan assumes reimbursement of \$600 million in FY 2022, and \$200 million in each of FY 2023 and FY 2024. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or for receipt in the State Fiscal Year as projected in the Financial Plan.



- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through.** The ARP requires states to pass-through the allocations to non-entitlement cities, towns, and villages. The State is estimated to receive up to \$774 million for this purpose, which will be distributed evenly in FY 2022 and FY 2023.
- **Homeowner Relief and Protection Program.** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.
- **Home Energy Assistance Program.** The ARP provided supplemental funding to the existing Home Energy Assistance program that helps low-income households pay the cost of heating, cooling, and weatherizing their homes.
- **Federal Highway Administration (FHWA) Surface Transportation Block Grant.** This emergency funding was provided under the CRRSA Act to provide funding to address COVID-19 impacts related to Highway Infrastructure Programs.

### Federal Coronavirus Response Legislation and Action

The Federal government enacted the following legislation in response to the ongoing COVID-19 pandemic. The table below summarizes the Federal pandemic assistance available to New York State, including direct recipients such as individuals, hospitals, businesses, and school districts, along with the funds expected to flow through the State's Financial Plan.

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION (millions of dollars)		
Bill/Source	Total Funds Available	Funding Flowing through the Financial Plan
CARES Act	105,995	8,076
ARP, 2021	60,768	17,175
Families First Coronavirus Response Act	50,326	7,503
CRRSA Act, 2021	28,345	6,426
Lost Wage Assistance (Administrative Action)	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,514	0
CPRSA Act, 2020	66	0
<b>Total</b>	<b>251,133</b>	<b>43,300</b>

- CARES Act** provides aid for Federal agencies, individuals, businesses, states, and localities, as well as \$100 billion for hospitals and health care providers, to respond to the COVID-19 pandemic. The law also authorized the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain local governments through the Municipal Liquidity Facility (MLF).

Assistance to states through the CARES Act is generally restricted to specific purposes and includes the CRF (\$5.1 billion State allocation) and the Education Stabilization Fund (\$1.2 billion State allocation). Pursuant to U.S. Treasury eligibility guidelines, CRF funds may be used for eligible expenses incurred, including payroll expenses for public health and safety employees through December 31, 2021.

- The ARP of 2021** provides aid for Federal agencies, individuals, businesses, states and localities, and others, to respond to the COVID-19 pandemic. The ARP has provided the State with \$12.75 billion in general aid ("recovery aid") and \$17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The ARP also provides \$10 billion in recovery aid to localities in New York State. The State aid provided through the ARP is included in the Financial Plan as a transfer of Federal aid to the General Fund.

- **Families First Coronavirus Response Act (FFCRA)** provides aid through paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding through the emergency 6.2 percent increase to the Medicaid FMAP during the public health emergency in response to the COVID-19 pandemic.
- **The CRRSA Act of 2021** provides funding for education, testing, tracing, vaccine distribution, unemployment assistance, small business programs, and housing.
- **The Paycheck Protection Program (PPP) and Health Care Enhancement Act** provides funding for small business programs, and healthcare programs, including \$75 billion for hospitals, health care providers, and testing and tracing activities.
- **The Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA) of 2020** provides emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses.

## Federal Risks

The amount and composition of Federal funds received by the State have changed over time because of legislative and regulatory actions at the Federal level and will likely continue to change over the Financial Plan period. The Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan. Notable areas with potential for change include health care, human services, and infrastructure policy, as well as transportation. For example, the Fixing America's Surface Transportation (FAST) Act is projected to provide \$3.3 billion in highway and transit funding to the State and State transit authorities and is set to expire September 30, 2021. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure an extension of current law or enact a new authorization prior to October 1, 2021.

### Medicaid Waivers

The CMS and the State have previously partnered to implement health care system reform through amendments to the State's Partnership Plan 1115 Medicaid Waiver. Previously, the Delivery System Reform Incentive Payment (DSRIP) waiver authorized up to \$8 billion in Federal funding through March 31, 2021 to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries.

The State submitted a 1115 Medicaid waiver extension request that preserves the State's Medicaid Managed Care Programs, Children's HCBS, and self-direction, which was approved through at least March 31, 2022. The Department of Health is currently working on the details for submission of a new programmatic amendment to the 1115 waiver that will build on the work of DSRIP and promote health equity.

### Medicaid Disallowance

The Financial Plan includes an annual \$100 million adjustment to the Federal/State share to reimburse the Federal government pursuant to a March 2015 agreement between the State and the Centers for Medicare & Medicaid Services (CMS). The agreement resolved a pending disallowance for FY 2011 and all related payment disputes for State-operated services prior to April 1, 2013, including home and community-based waiver services. The State used \$850 million in Extraordinary Monetary Settlement payments to finance the initial repayment amount in FY 2016 and must continue the annual reimbursements through FY 2027.

### Federal Debt Limit

The Bipartisan Budget Act of 2019 (BBA 19) suspended the Federal debt limit through July 31, 2021 and ended the extraordinary measures the U.S. Treasury Department had been operating under since the prior suspension expired on March 1, 2019. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if there was an economic downturn due to a Federal default.

A payment default by the Federal government may also adversely affect the municipal bond market. Municipal issuers, including the State, could face higher borrowing costs and impaired access to capital markets. This would jeopardize planned capital investments in transportation infrastructure, higher education facilities, hazardous waste remediation, environmental projects, and economic development projects. Additionally, the market for and market value of outstanding municipal obligations, including municipal obligations of the State, could be adversely affected.

## Federal Tax Law Changes

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (TCJA) (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective in Tax Year 2018. The TCJA made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes.

The State's income tax system interacts with the Federal system. Changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly State tax receipts. One key impact of the TCJA on New York State taxpayers is the \$10,000 limit on the deductibility of SALT payments, which represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York State's economic competitiveness.

Moreover, the TCJA contains numerous provisions that may adversely affect residential real estate prices in New York State and elsewhere, of which the SALT deduction limit is the most significant. A loss of wealth associated with a decline in home prices could have a significant impact on household spending in the State through the wealth effect, whereby consumers perceive the rise and fall of the value of an asset, such as a home, as a corresponding increase or decline in income, causing them to alter their spending practices. Reductions in household spending by New York residents, if they were to occur, would be expected to result in lower sales for the State's businesses which, in turn, would cause further reductions in economic activity and employment. Lastly, falling home prices could result in homeowners delaying the sale of their homes. The combined impact of lower home prices and fewer sales transactions could result in lower real estate transfer tax collections.

The TCJA changes may intensify migration pressures and the drag on the value of home prices, thereby posing risks to the State's tax base and current Financial Plan projections.

## State Response to Federal Tax Law Changes

**Pass-Through Entity Tax.** As part of the State's continuing response to Federal tax law changes and in connection with the Enacted Budget, the State Legislature enacted an optional pass-through entity tax (PTET) on the New York-sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET will pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

DOB expects that the PTET will be revenue-neutral for the State, although PIT receipts would decrease to the extent that qualifying entities elect to pay PTET. The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the opt-in rates for electing entities will not be known until late 2021. DOB expects to include estimates as opt-in rates and other information become known.

The U.S. Treasury Department and IRS have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the PTET, are allowable as a Federal deduction to taxable income. In November 2020, the IRS released Notice 2020-75, which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass-through taxes.

**Employer Compensation Expense Program (ECEP) / Charitable Gifts Trust Fund.** Other State tax reforms enacted in Tax Year 2018 to mitigate issues arising from the TCJA included decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program (ECEP), and establishment of a new State Charitable Gifts Trust Fund.

The ECEP authorizes electing employers to be subject to a 5 percent State tax on all annual payroll expenses in excess of \$40,000 per employee, phased in over three years beginning on January 1, 2019 as follows: 1.5 percent in Tax Year 2019, 3 percent in Tax Year 2020, and 5 percent in Tax Year 2021. Employers must elect to participate in the ECEP for the upcoming tax year by December 1 of the preceding calendar year. For Tax Year 2019, 262 employers elected to participate in the ECEP and remitted \$1.5 million. The number of participating employers increased to 299 for Tax Year 2020 and to 328 for Tax Year 2021.

The ECEP is intended to mitigate the tax burden for employees affected by the SALT deduction limit. While the TCJA limits deductibility for individuals, it does not cap deductibility for ordinary and necessary business expenses paid or incurred by employers in carrying on a trade or business. The ECEP is expected to be State revenue-neutral, with any decrease in New York State PIT receipts expected to be offset by a comparable increase in ECEP revenue.

The Charitable Gifts Trust Fund was established in Tax Year 2018 to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions were able to claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who donates may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made.<sup>11</sup> However, after enactment of this program, the IRS issued regulations that impaired the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federal taxable income while receiving State tax credits for such donations.

Through FY 2021, the State received \$93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education (\$58 million and \$35 million, respectively). Charitable Gifts to date have been appropriated and used for the authorized purposes.

As part of State tax reforms enacted in 2018, taxpayers may claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 Tax Years, if the underpayments arise from reliance on the 2018 amendments to State Tax Law. To receive reimbursement, taxpayers are required to submit their reimbursement claims to the Department of Taxation and Finance (DTF) within 60 days of making an interest payment to the IRS. To date, the State has not received any claims for reimbursement of interest on underpayments of Federal tax liability.

The Financial Plan does not include any estimate of the magnitude of the possible interest expense to the State. Any such interest expense would depend on several factors including the rate of participation in the ECEP; magnitude of donations to the Charitable Gifts Trust Fund; amount of time between the due date of the Federal return and the date any IRS underpayment determination is issued; Federal interest rate applied; aggregate amount of Federal tax underpayments attributable to reliance on the 2018 amendments to State Tax Law; and frequency at which taxpayers submit timely reimbursement claims to the State.

**Litigation Challenging TCJA Provisions.** On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the Federal limit on the SALT deduction. On September 30, 2019, the U.S. District Court for the Southern District of New York found that the states failed to allege a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, in conjunction with Connecticut, Maryland, and New Jersey, filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit on November 26, 2019. Oral argument was held on December 3, 2020 and a decision is pending.

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<sup>11</sup> SUNY Research Foundation, CUNY Research Foundation, and Health Research, Inc. (HRI) can each accept up to \$10 million in charitable gifts on an annual basis. State PIT receipts will also be reduced by the State tax deduction and 85 percent credit for these donations.



On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that provided final rules and additional guidance with respect to the availability of Federal income tax deductions for charitable contributions when a taxpayer receives or expects to receive a State or local tax credit for such charitable contributions. These regulations require a taxpayer to reduce the Federal charitable contribution deduction by the amount of any State tax credit received due to such charitable contribution. This rule does not apply if the value of the State tax credit does not exceed 15 percent of the charitable contribution. Regulations were made retroactive to August 27, 2018 (the date on which the U.S. Treasury Department and IRS first published proposed regulatory changes).

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit in the United States District Court for the Southern District of New York challenging these charitable contribution regulations. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any State tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with precedent since 1917. The Federal defendants moved to dismiss the complaint, or alternatively for summary judgment, on December 23, 2019. The states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020. The district court denied the states' request for oral argument but a decision on the outstanding motions to dismiss, and cross-motions for summary judgment, remains pending.

## Climate Change Adaptation

### Overview

Climate change poses significant long-term threats to physical, biological, and economic systems in New York and around the world. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, increased coastal flooding and related erosion hazards, intensifying storms, and more extreme heat. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

In October 2018, the Intergovernmental Panel on Climate Change of the United Nations (IPCC) projected that global warming is likely to reach 1.5°C of warming between 2030 and 2052 if temperatures continue to increase at the current rate. This increase is expected to produce a range of adverse outcomes. For example, the IPCC projects that the global risk of extreme weather events and coastal flooding would increase from moderate ("detectable") today to high ("severe and widespread") at 1.5°C of warming. The risk of severe impacts increases further at higher temperatures.

### Consequences of Climate Change

Storms affecting the State, including Superstorm Sandy (on October 29, 2012), Hurricane Irene (in August 2011), and Tropical Storm Lee (in September 2011), have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events including coastal flooding caused by storm surges.

The State continues to recover from damage sustained during these three powerful storms. Hurricane Irene disrupted power and caused extensive flooding in various counties. Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated damage caused by Hurricane Irene two weeks earlier. Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal funds. In January 2013, the Federal government approved approximately \$60 billion in nationwide Federal disaster aid in response to Superstorm Sandy for general recovery, rebuilding, and mitigation activity in New York and other states. The State and its localities have committed \$28.9 billion to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks.

Key financial market participants are acknowledging climate change risks. In February 2021, the Federal Reserve Board created a new Supervision Climate Committee within its Supervision and Regulation Division to better understand the potential implications of climate change on financial institutions, infrastructure, and markets. Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into credit ratings for the State and other issuers. In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties. Climate change risks increasingly fall within the maximum maturity term of current outstanding bonds of the State, its public authorities, and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

#### State Response to Climate Change

The State is participating in efforts to reduce greenhouse gas emissions to mitigate the risk of severe impacts from climate change. The State's Climate Leadership and Community Protection Act of 2019 (CLCPA) set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050. The CLCPA requires the Department of Environmental Conservation (DEC) to issue a sector-specific report on emissions by the end of 2021 and develop rules and regulations for greenhouse gas limits by the end of 2023, including legally enforceable emissions limits and performance standards. As part of this target, the State plans to generate a minimum of 70 percent of electricity from renewable sources by 2030 and to fully transition its electricity sector away from carbon emissions by 2040. The CLCPA requires the New York Public Service Commission, which regulates public utilities, to establish a program by June 2021 to transition the energy sector on this timeline. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap and trade mechanism to regulate carbon dioxide emissions from electric power plants operating within the State since 2008.

## Extraordinary Monetary Settlements

Beginning in FY 2015, the State began receiving Extraordinary Monetary Settlements for violations of State laws by major financial institutions and other entities. The State separately tracks these one-time resources and uses them for non-recurring expenditures. These receipts are listed by firm and amount in the table below.

SUMMARY OF RECEIPTS OF EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS (millions of dollars)								
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
<b>Extraordinary Monetary Settlements</b>	<b>4,942</b>	<b>3,605</b>	<b>1,317</b>	<b>805</b>	<b>1,186</b>	<b>895</b>	<b>600</b>	<b>13,350</b>
Aetna Insurance Company	0	0	0	0	2	0	0	2
Agricultural Bank of China	0	0	215	0	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	45	60
AXA Equitable Life Insurance Company	20	0	0	0	0	0	0	20
Bank Hapoalim	0	0	0	0	0	0	220	220
Bank Leumi	130	0	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	0	42
Bank of Korea	0	0	0	0	0	0	35	35
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	0	685
BNP Paribas	2,243	1,348	0	350	0	0	0	3,941
Chubb	0	0	0	0	1	0	0	1
Cigna	0	0	0	2	0	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	0	1
Credit Agricole	0	459	0	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	0	880
Deutsche Bank	0	800	444	0	205	0	150	1,599
FedEx	0	0	0	0	26	0	0	26
Goldman Sachs	0	50	190	0	55	0	150	445
Google/YouTube	0	0	0	0	0	34	0	34
Habib Bank	0	0	0	225	0	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	0	7
Mashreqbank	0	0	0	0	40	0	0	40
Mega Bank	0	0	180	0	0	0	0	180
MetLife Parties	50	0	0	0	20	0	0	70
Morgan Stanley	0	150	0	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	0	33
Nationstar Mortgage	0	0	0	0	5	0	0	5
New Day	0	1	0	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	0	1
PHH Mortgage	0	0	28	0	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	0	100
Société Générale SA	0	0	0	0	498	0	0	498
Standard Chartered Bank	300	0	0	0	40	322	0	662
Unicredit	0	0	0	0	0	506	0	506
UBS	0	0	0	0	41	0	0	41
Volkswagen	0	0	32	33	0	0	0	65
Wells Fargo	0	0	0	0	65	0	0	65
Western Union	0	0	0	60	0	0	0	60
William Penn	0	0	0	0	6	0	0	6
Other Settlements	7	0	(7)	0	1	0	0	1

The following table summarizes past and planned uses of the Extraordinary Monetary Settlements received to date.

GENERAL FUND SUMMARY OF RECEIPTS AND USE/TRANSFER OF FUNDS FROM EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS (millions of dollars)									
	FYs								Total
	2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
Opening Settlement Balance in General Fund	0	4,194	2,610	2,083	2,035	1,741	914	356	0
Receipt of Extraordinary Monetary Settlements	11,855	895	600	0	0	0	0	0	13,350
Use/Transfer of Funds	7,661	2,479	1,127	48	294	827	558	356	13,350
<b>Capital Purposes:</b>	<b>4,134</b>	<b>1,345</b>	<b>527</b>	<b>48</b>	<b>294</b>	<b>827</b>	<b>558</b>	<b>356</b>	<b>8,089</b>
Dedicated Infrastructure Investment Fund	3,374	939	330	526	676	584	524	356	7,309
Environmental Protection Fund	120	0	0	0	0	0	0	0	120
Mass Transit	70	3	3	3	3	3	0	0	85
Healthcare	24	132	11	19	115	15	9	0	325
Clean Water Grants	0	0	0	0	0	225	25	0	250
Javits Center Expansion	546	271	183	0	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	0	(500)	(500)	0	0	0	(1,000)
<b>Other Purposes:</b>	<b>3,122</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,128</b>
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	0	5
<b>Reservation of Funds:</b>	<b>405</b>	<b>1,128</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,133</b>
Rainy Day Reserves	250	238	0	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	600	0	0	0	0	0	1,490
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	4,194	2,610	2,083	2,035	1,741	914	356	0	0

Effective April 1, 2019, DOB no longer classifies or distinctly identifies any settlement receipt less than \$25 million as an Extraordinary Monetary Settlement. Settlement receipts below the threshold are deposited to the General Fund and utilized for general operations consistent with past practice prior to the extraordinary levels that began in FY 2015.

### Current Labor Negotiations and Agreements (Current Contract Period)

The State is negotiating with unions whose contracts have expired, including the two largest unions, Public Employees Federation (PEF) and Civil Service Employees Association (CSEA).

Once agreements are finalized any future costs will be reflected in future Financial Plan updates. In the past, agencies have been required to fund general salary increases within existing budgets through efficiencies and other savings initiatives.

UNION LABOR CONTRACTS											
	Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSPIA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
CUNY	AY 2018 - AY 2023	2.5%	2%	2%	1.5%	2%	2%	2%	2%	2%	TBD
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
PEF	FY 2017 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD
PBANYS	FY 2016 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD
COUNCIL 82	FY 2010 - FY 2016	2%	2%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

The Judiciary’s contracts with all 12 unions represented within its workforce have expired. This includes contracts with the CSEA; the New York State Supreme Court Officers Association, the New York State Court Officers Association, and the Court Clerks Association; and eight other unions.

## Pension Contributions

### Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employee Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.<sup>12</sup> All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could adversely and materially affect these projections.

Section 11 of the New York State Retirement and Social Security Law (RSSL) directs the actuary for NYSLRS to provide a report on the Systems' experience and to propose assumptions and methods for the actuarial valuations every five years. The last report was issued in August 2020. The report did not recommend significant changes due to the economic uncertainty surrounding the COVID-19 pandemic but recommended revisiting the assumptions in August 2021.

For FY 2022, the economic assumptions for NYSLRS remain unchanged, including inflation (2.5 percent) and cost-of-living adjustment (1.5 percent), investment return (6.8 percent), salary scale (4.5 percent for ERS and 5.7 percent for PFRS), and asset valuation method (five-year level smoothing of gains or losses above or below the assumed return applied to all assets and cash flows). However, demographic assumptions were updated to include pension mortality (Gender/Collar specific tables based upon FY 2016-2020 experience with Society of Actuaries Scale MP-2019 loading for mortality improvement) and active member decrements (based upon FY 2016-2020 experience). The impact of the updated demographic assumptions and a valuation date during a bear market is an increase in the average employer contribution rates for ERS (2020 - 16.2 percent) and PFRS (2020 - 28.3 percent). The percentage increases are 11 percent higher in ERS and 16 percent higher in PFRS than the previous fiscal year's rates.

The Financial Plan reflects a FY 2022 ERS/PFRS pension expense of \$2.2 billion based on the February 2021 estimate provided by the State Comptroller. The estimate reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020 that is partially offset by the lower cost of Tier 6 entrants and the use of a new mortality improvement scale. The estimate also reflects the payoff of all prior year amortization balances for ERS (Non-Judiciary) and PFRS in March 2021, which reduces the FY 2022 costs by \$335 million from prior estimates. The total payoff of outstanding prior-year amortization balances was \$918 million, resulting in interest savings of roughly \$65 million over the Financial Plan period.

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<sup>12</sup> The State's aggregate pension costs also include State employees in the Teachers' Retirement System (TRS) for both the SUNY and the State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).

OSC does not forecast pension liability estimates for the later years of the Financial Plan. Thus, estimates for FY 2023 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a lower rate of return compared to the current assumed rate of return by NYSLRS.

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the RSSL enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS are incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments, with the option to amortize these costs. ERS costs are estimated to be \$25 million in FY 2022 and \$15 million annually in the outyears. Costs for employees in PFRS are distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019).

### Pension Amortization

Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year but results in higher costs overall when repaid with interest.

The full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. The State and local governments are required to begin repayment on new amortizations in the fiscal year immediately following the year in which the amortization was initiated.

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate<sup>13</sup>) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

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<sup>13</sup> For this discussion, the "normal rate" refers to all amortization-eligible costs (i.e., normal and administrative costs, as well as certain employer-provided options such as sick leave credit) divided by salary base.



Neither the State nor the Judiciary have amortized pension costs since FY 2016. As of year-end FY 2021, the State has paid the pension amortization liability in full. The Judiciary balance on outstanding prior-year amortizations totals \$145 million as of March 1, 2021 and is expected to be repaid by FY 2026. The following table reflects projected pension contributions and historical amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS										
(millions of dollars)										
Fiscal Year	Statewide Pension Payments <sup>1</sup>				Interest Rate on Amortization Amount (%) <sup>3</sup>	Rates for Determining (Amortization Amount) / Excess Contributions				
	Normal Costs <sup>2</sup>	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments		System Average		Amortization Threshold (Graded Rate)		
						Normal Rate <sup>4</sup>		ERS (%)	PFRS (%)	
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5	
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5	
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5	
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5	
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5	
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5	
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5	
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3	
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5	
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5	
2021 <sup>5</sup>	1,827.2	0.0	1,350.3	3,177.5	1.33	14.1	24.4	14.1	24.4	
2022 Est.	2,210.7	0.0	54.0	2,264.7	TBD	15.8	28.3	15.1	25.4	
----- Projected by DOB <sup>6</sup> -----										
2023	2,403.5	0.0	45.2	2,448.7	TBD	17.4	30.7	16.1	26.4	
2024	2,805.6	0.0	33.0	2,838.6	TBD	20.9	34.6	17.1	27.4	
2025	3,527.5	0.0	18.1	3,545.6	TBD	26.2	40.5	18.1	28.4	

<sup>1</sup> Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

<sup>2</sup> Normal costs include payments from amortizations prior to FY 2011, which ended in FY 2016 as a result of early repayments.

<sup>3</sup> Interest rates are determined by the Comptroller based on the market rate of return on comparable taxed fixed income investments (e.g., Ten-Year Treasuries). The interest rate is fixed for the duration of the ten-year repayment period.

<sup>4</sup> The system average normal rate represents system-wide amortization-eligible costs (i.e. normal and administrative costs, as well as the cost of certain employer options) as a percentage of the system's total salary base. The normal rate does not include the following costs, which are not eligible for amortization: Group Life Insurance Plan (GLIP) contributions, deficiency contributions, previous amortizations, incentive costs, costs of new legislation in some cases, and prior-year adjustments. "(Amortization Amount) / Excess Contributions" are calculated for each employer in the system using employer-specific normal rates, which may differ from the system average.

<sup>5</sup> Includes \$918.1 million in prior year (non-Judiciary) amortization balances under the Contribution Stabilization Program. The prepayment eliminates the State's repayment obligations through FY 2026, and results in roughly \$65 million interest savings over the financial plan period.

<sup>6</sup> Outyear projections are prepared by DOB. The retirement system does not prepare, or make available, outyear projections of pension costs.

The "Normal Costs" column shows the State's underlying pension cost in each fiscal year before the effects of amortization. The "(Amortization Amount)/Excess Contributions" column shows amounts amortized. The "Repayment of Amortization" column provides the amount paid in principal and interest towards the outstanding balance on prior-year amortizations. The "Total Statewide Pension Payments" column provides the State's actual or planned pension contribution, including amortization. The "Interest Rate on Amortization Amount (%)" column provides the interest rate at which the State will repay the amortized contribution, as determined by OSC. The remaining columns provide information on the normal rate and graded rate, which are used to determine the maximum allowed "(Amortized)" amount or the mandatory "Excess Contributions" amount for a given fiscal year.

## Social Security

The CARES Act allowed employers, including the State, to defer the deposit and payment of the employer's share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments in December 2021 and December 2022. The Executive and the Judiciary deferred \$556 million and \$69 million, respectively, in 2020. The Executive's deferments are scheduled to be repaid in December 2021 and 2022. The Judiciary's deferments are scheduled to be repaid in June 2021. The Financial Plan includes the repayments of these deferred social security taxes.

## Other Post-Employment Benefits (OPEB)

State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either NYSHIP or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a Pay-As-You-Go (PAYGO) basis as required by law.

The State Comptroller adopted Governmental Accounting Standards Board (GASB) Statement (GASBS) 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State's Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires that the full liability be recognized.

The State's total OPEB liability equals the employer's share of the actuarial determined present value of projected benefit payments attributed to past periods of employee service. The total OPEB obligation less any OPEB assets set aside in an OPEB trust or similar arrangement represents the net OPEB obligation.

As reported in the State's Basic Financial Statements for FY 2020, the total ending OPEB liability for FY 2020 was \$63.9 billion (\$51.1 billion for the State and \$12.8 billion for SUNY). The total OPEB liability as of March 31, 2020 was measured as of March 31, 2019 and was determined using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total OPEB liability to March 31, 2019. The total beginning OPEB liability for FY 2020 was \$63.4 billion (\$50.9 billion for the State and \$12.5 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (3.89 percent in FY 2019 and 3.79 percent in FY 2020). The total OPEB liability increased by \$529 million (0.8 percent) during FY 2020.

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

In FY 2018, the State created a Retiree Health Benefit Trust Fund (the “Trust Fund”), a qualified trust under GASBS 75 that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. The State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The FY 2022 Financial Plan includes a planned deposit of \$320 million in both FY 2022 and FY 2023, fiscal conditions permitting. These would be the first deposits to the Trust Fund.

GASBS 75 is not expected to alter the Financial Plan cash PAYGO projections for health insurance costs. DOB’s methodology for forecasting these costs over a multi-year period already incorporates factors and considerations consistent with the new actuarial methods and calculations required by the GASB Statement.

### Litigation

Litigation against the State may include, among other things, potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant a description herein but, in the aggregate, could still adversely affect the Financial Plan.

## Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its authorities, agencies and public benefit corporations as well as its political subdivisions (including counties, cities, towns, villages and school districts) face multiple cyber threats involving, among others, hacking, viruses, malware and other electronic attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. In addition, the tactics used in malicious attacks to obtain unauthorized access to digital networks and systems change frequently and are often not recognized until launched against a target. Accordingly, the State may be unable to anticipate these techniques or implement adequate preventative measures.

To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks, and annually assesses the maturity of State agencies' cyber posture through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and cyber incident reporting and response. CISO distributes real-time advisories and alerts, provides managed security services, and implements statewide information security awareness and training.

Occasionally, intrusions into State digital systems have been detected but they have generally been contained. While cybersecurity procedures and controls are routinely reviewed and tested, there can be no assurance that such security and operational control measures will be completely successful at guarding against future cyber threats and attacks. The results of any successful attacks could adversely impact business operations and/or damage State digital networks and systems, or State and local infrastructure, and the costs of remediation could be substantial.

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by the Department of Financial Services (DFS) are, unless eligible for limited exemptions, required to: (a) maintain a cybersecurity program, (b) create written cybersecurity policies and perform risk assessments, (c) designate a CISO with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any substantial part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

## Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial need among localities can adversely affect the State's Financial Plan projections. The wide-ranging economic, health, and social disruptions caused by COVID-19 have adversely affected the City of New York and surrounding localities. Localities outside New York City, including cities and counties, have also experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit [www.frb.ny.gov](http://www.frb.ny.gov).

## Metropolitan Transportation Authority

The MTA operates public transportation in the New York City metropolitan area, including subways, buses, commuter rail, and tolled vehicle crossings. The services provided by MTA and its operating agencies are integral to the economy of New York City and the surrounding metropolitan region, as well as to the economy of the State. MTA operations are funded mainly from fare and toll revenue, dedicated taxes, and subsidies from the State and New York City.

MTA Capital Plans also rely on significant direct contributions from the State and New York City. The State is directly contributing \$9.1 billion to the MTA's 2015-19 Capital Plan and \$3 billion to the MTA's 2020-24 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: \$770 million; 2005-2009: \$1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated \$25 billion in financing for the MTA's 2020-2024 Capital Plan.

The pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly depressed. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to COVID-19, the MTA received, or expects to receive, significant Federal operating aid from the CARES Act (\$4 billion), the CRRSA Act (estimated \$4 billion), and the ARP (estimated \$6.5 billion). The MTA also borrowed \$2.9 billion through the Federal Reserve's MLF.

If financial impacts of the COVID-19 pandemic on the MTA's operating budget extend after the Federal funds are fully spent, and without additional Federal aid, the MTA may need to consider additional actions to balance its future budgets. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's Financial Plan.

The State has taken action to address MTA financing issues that arose during the pandemic. Specifically, the pandemic adversely affected credit ratings on MTA Transportation Revenue Bonds, MTA's primary credit program, which increased the cost of borrowing for the MTA. As a result, the State issued PIT revenue bonds in FY 2021 to fund \$2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The Financial Plan now assumes the State will fund its direct contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax revenue bonds.

## Bond Market and Credit Ratings

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State's financial position and the implementation of its Capital Plan. The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. The outbreak of COVID-19 in the United States temporarily disrupted the municipal bond market in 2020. In addition, future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, may affect the market for outstanding State-supported and State-related debt.

The major rating agencies -- Fitch, Kroll, Moody's, and Standard & Poor's -- have assigned the State general credit ratings of AA+, AA+, Aa2, and AA+, respectively. The COVID-19 pandemic has affected the State's credit outlook. On April 10, 2020, Fitch changed the State's credit outlook from "stable" to "negative", citing "the considerable economic and fiscal uncertainty faced by the state as it confronts the coronavirus pandemic." On October 1, 2020, Moody's downgraded the State's credit rating from Aa1 to Aa2, citing the lasting economic consequences of the pandemic on the State, New York City, and the MTA. On December 11, 2020, Standard & Poor's changed the State's outlook from "stable" to "negative", citing risks from "potentially weaker economic growth compared to the rest of the country, uncertainty surrounding continuing Federal aid, and contagion risk from financial and economic stress associated with the MTA and New York City."

## Debt Reform Act Limit

The Debt Reform Act of 2000 (“Debt Reform Act”) restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State complied with the statutory caps in the most recent calculation period for the period ending March 31, 2020.

State legislation enacted in connection with the FY 2021 and FY 2022 Enacted Budgets suspended certain provisions of the Debt Reform Act as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances undertaken by the State for MTA capital projects may be issued with maximum maturities longer than 30 years. This change allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and it is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA. Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act due to the suspension of the debt cap during FY 2021 and FY 2022.

Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to fluctuate from \$11.8 billion in FY 2021 to a low point of \$4.0 billion in FY 2026. This calculation excludes all State-supported debt issuances in FY 2021 and FY 2022 but includes the estimated impact of the COVID-19 pandemic on personal income calculations and of funding increased capital commitment levels with State bonds after FY 2022. The debt service on State-supported debt issued after April 1, 2000 and subject to the statutory cap is projected at \$4.9 billion in FY 2022, or roughly \$5.8 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap \$	Debt Outstanding Included in Cap <sup>1</sup>	\$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2021	\$1,460,860	4.00%	58,434	46,651	11,783	3.19%	0.81%	12,062	58,713
FY 2022	\$1,515,866	4.00%	60,635	43,783	16,852	2.89%	1.11%	22,759	66,542
FY 2023	\$1,520,248	4.00%	60,810	50,033	10,777	3.29%	0.71%	21,837	71,870
FY 2024	\$1,582,671	4.00%	63,307	56,107	7,200	3.55%	0.45%	20,917	77,024
FY 2025	\$1,651,127	4.00%	66,045	61,233	4,812	3.71%	0.29%	19,777	81,010
FY 2026	\$1,722,005	4.00%	68,880	64,878	4,002	3.77%	0.23%	18,685	83,563

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap \$	Debt Service Included in Cap <sup>1</sup>	\$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap <sup>2</sup>	Total State-Supported Debt Service <sup>3</sup>
FY 2021	\$191,300	5.00%	9,565	5,116	4,449	2.67%	2.33%	5,398	10,514
FY 2022	\$213,790	5.00%	10,689	4,935	5,754	2.31%	2.69%	1,470	6,405
FY 2023	\$200,383	5.00%	10,019	5,079	4,940	2.53%	2.47%	1,859	6,938
FY 2024	\$198,865	5.00%	9,943	5,682	4,261	2.86%	2.14%	1,884	7,566
FY 2025	\$199,702	5.00%	9,985	6,355	3,630	3.18%	1.82%	1,788	8,143
FY 2026	\$199,607	5.00%	9,980	6,926	3,054	3.47%	1.53%	1,591	8,517

<sup>1</sup> Does not include debt issued prior to April 1, 2000. In addition, debt issued during FY 2021 and FY 2022 is not subject to caps pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

<sup>2</sup> Includes FY 2021 liquidity financing, consisting of \$4.5 billion of short-term notes.

<sup>3</sup> Total State-supported debt service is adjusted for prepayments.

The State uses personal income estimates published by the Federal government, specifically the Bureau of Economic Analysis (BEA), to calculate the cap on debt outstanding, as required by statute. The BEA revises these estimates on a quarterly basis and such revisions can be significant. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the “residency adjustment”). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by nonresidents regularly exceeds income earned in other states by New York residents. The State taxes all personal income earned in New York, regardless of place of residency.



## Enacted Budget - Debt Cap Changes

The FY 2022 Enacted Budget approved new bond-financed capital commitments that are expected to add \$2.4 billion in new debt over the five-year Capital Plan period resulting in \$1.5 billion impact on the debt cap by FY 2026. In addition, changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. The debt capacity reflects the suspension of the Debt Reform Act for FY 2021 and FY 2022 issuances in response to the COVID-19 pandemic, as discussed previously. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP <sup>1</sup>						
REMAINING CAPACITY SUMMARY						
(millions of dollars)						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	Actuals	Projected	Projected	Projected	Projected	Projected
<b>FY 2022 Executive Budget Financial Plan as Amended</b>	<b>12,240</b>	<b>15,400</b>	<b>11,550</b>	<b>8,753</b>	<b>6,913</b>	<b>5,793</b>
Personal Income Forecast Update	(457)	1,452	(263)	(389)	(358)	(323)
Capital/Bond Sales	0	0	(510)	(1,164)	(1,743)	(1,468)
<b>FY 2022 Enacted Budget Financial Plan</b>	<b>11,783</b>	<b>16,852</b>	<b>10,777</b>	<b>7,200</b>	<b>4,812</b>	<b>4,002</b>

<sup>1</sup> Debt issued during FY 2021 and FY 2022 is not subject to cap pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

## Secured Hospital Program

Under the Secured Hospital Program, the State entered service contracts to enable certain not-for-profit hospitals in financial distress to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of hospital revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2021, approximately \$100 million of bonds were outstanding under this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid \$182 million for debt service costs. DASNY estimates that the State will pay debt service costs of approximately \$27 million in FY 2022, \$22 million in both FY 2023 and FY 2024, \$13 million in FY 2025, and \$11 million in FY 2026. These amounts reflect all debt outstanding in the Secured Hospital Program and are based on the actual experience to date of the participants in the program. The State currently covers debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. NY Downtown, the one hospital previously making all its debt service payments, retired its remaining outstanding bonds in February 2021.

Legislation enacted as part of the Enacted Budget authorizes the State to issue PIT or Sales Tax bonds to refund bonds issued under the Secured Hospital Program. Therefore, the State plans to refund the remaining Secured Hospital Program bonds in FY 2022, which will provide savings to the State.

## SUNY Downstate Hospital and the Long Island College Hospital (LICH)

In May 2011, the New York State Supreme Court issued an order that approved the transfer of real property and other assets of LICH to a New York State not-for-profit corporation (“Holdings”), the sole member of which is SUNY. After such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn. In 2012, DASNY issued tax exempt State PIT Revenue Bonds (“PIT Bonds”), to refund approximately \$120 million in outstanding debt originally incurred by LICH and assumed by Holdings.

Pursuant to a court-approved settlement in 2014, SUNY, together with Holdings, issued a request for proposals (RFP) seeking a qualified party to provide or arrange to provide health care services at LICH and to purchase the LICH property.

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the “Purchaser”), an affiliate of Fortis Property Group, LLC (“Fortis”) (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center (now “NYU Langone”), which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately \$120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

The second closing occurred on March 13, 2020 (the New Medical Site (NMS) Closing) and title to the NMS portion of the LICH property was conveyed to NYU Langone.

The third and final closing is anticipated to occur within 36 months after the NMS Closing (i.e., by March 13, 2023). At the final closing, titles to the two remaining portions of the LICH properties will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, \$120 million less the remaining down payment. The final closing is conditioned upon completion of the New Medical Building by NYU Langone, and relocation of the emergency department to the New Medical Building.

There can be no assurance that the resolution of legal, financial, and regulatory issues surrounding LICH, including the payment of outstanding liabilities, will not have a materially adverse impact on SUNY.





# State Financial Plan Multi-Year Projections



## Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of FY 2021 actuals and forecast revisions in FY 2022 through FY 2025, with an emphasis on FY 2022 projections, which reflect the impact of the Financial Plan.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicate the discussion of the State's receipts and disbursements projections. Therefore, to minimize the distortions caused by these factors and, equally important, to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing the projections:

**Receipts.** The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The State Funds perspective reflects estimated tax receipts before distribution to various funds and accounts, including tax receipts dedicated to Capital Projects Funds (which fall outside the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends, and forecast assumptions, by factoring out the distorting effects of earmarking tax receipts for specific purposes.

**Disbursements.** Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside the General Fund, concentrated primarily in the areas of health care, School Aid, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections in the later years of the Financial Plan are typically subject to more substantial revision than those in the current year and first "outyear". Accordingly, in terms of outyear projections, the first "outyear," FY 2023, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the impacts of the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as reconciliation between State Operating Funds projections and General Fund budget gaps. The Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus are not included in the following tables. Such costs may include, but are not limited to, a wide range of pandemic control activities that could be needed to address a potential increase in COVID-19 cases and the safe, timely distribution of vaccines. The tables are followed by a summary of multi-year receipts and disbursements forecasts.



## General Fund Projections

<b>GENERAL FUND PROJECTIONS</b> (millions of dollars)					
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>RECEIPTS</b>					
Taxes (After Debt Service)	64,552	77,779	84,798	87,697	90,281
Miscellaneous Receipts	7,515	1,775	1,750	1,794	1,858
Federal Receipts	0	0	0	0	0
Other Transfers	2,245	7,630	4,707	4,487	6,030
<b>Total Receipts</b>	<b>74,312</b>	<b>87,184</b>	<b>91,255</b>	<b>93,978</b>	<b>98,169</b>
<b>DISBURSEMENTS</b>					
Local Assistance	48,981	61,041	62,936	67,414	70,451
School Aid (SFY)	23,127	24,813	26,858	29,799	31,545
Medicaid	13,870	15,864	19,325	20,237	20,953
All Other	11,984	20,364	16,753	17,378	17,953
State Operations	10,104	12,388	12,348	12,571	12,824
Personal Service	7,154	9,835	9,386	9,527	9,558
Non-Personal Service	2,950	2,553	2,962	3,044	3,266
General State Charges	7,032	8,435	8,984	9,545	10,728
Transfers to Other Funds	7,978	7,127	7,285	6,720	6,698
Debt Service	326	392	400	458	506
Capital Projects	4,540	3,863	3,982	3,665	3,576
SUNY Operations	1,229	1,301	1,288	1,303	1,321
All Other	1,883	1,571	1,615	1,294	1,295
<b>Total Disbursements</b>	<b>74,095</b>	<b>88,991</b>	<b>91,553</b>	<b>96,250</b>	<b>100,701</b>
<b>Use (Reservation) of Fund Balance:</b>	<b>(217)</b>	<b>1,807</b>	<b>298</b>	<b>830</b>	<b>558</b>
Community Projects	1	23	4	3	0
Timing of Payments	1,313	0	0	0	0
Undesignated Fund Balance	(1,458)	2,561	0	0	0
Tax Stabilization Reserve	0	(175)	0	0	0
Rainy Day Reserves	0	(650)	0	0	0
Debt Management	0	0	0	0	0
Economic Uncertainties	(600)	0	0	0	0
Extraordinary Monetary Settlements <sup>1</sup>	527	48	294	827	558
<b>BUDGET SURPLUS/(GAP) PROJECTIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,442)</b>	<b>(1,974)</b>

<sup>1</sup> Reflects transfers of Extraordinary Monetary Settlement funds from the General Fund to the Dedicated Infrastructure Investment Fund, the Environmental Protection Fund, and the Capital Projects Fund.

## State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
<b>RECEIPTS</b>					
Taxes	81,200	89,767	96,113	99,475	102,334
Miscellaneous Receipts/Federal Grants	25,170	17,460	17,214	16,649	16,869
<b>Total Receipts</b>	<b>106,370</b>	<b>107,227</b>	<b>113,327</b>	<b>116,124</b>	<b>119,203</b>
<b>DISBURSEMENTS</b>					
Local Assistance	65,087	76,734	79,378	83,118	86,120
School Aid (School Year Basis) <sup>1</sup>	26,515	29,505	31,913	34,874	36,186
DOH Medicaid <sup>2</sup>	19,641	21,995	25,312	26,307	27,127
Transportation	3,648	3,792	4,195	4,196	4,196
STAR	2,027	1,979	1,851	1,743	1,636
Higher Education	3,313	2,943	3,034	3,102	3,173
Social Services	3,023	3,197	3,186	3,306	3,312
Mental Hygiene <sup>3</sup>	1,914	4,521	4,291	4,197	4,479
All Other <sup>4</sup>	5,006	8,802	5,596	5,393	6,011
State Operations	18,006	19,261	19,601	19,723	20,056
Personal Service	12,355	14,453	14,220	14,324	14,409
Non-Personal Service	5,651	4,808	5,381	5,399	5,647
General State Charges	7,918	9,518	10,098	10,673	11,870
Pension Contribution	3,406	2,512	2,703	3,099	3,807
Health Insurance	4,415	4,736	5,103	5,483	5,893
All Other	97	2,270	2,292	2,091	2,170
Debt Service	13,196	6,707	5,863	6,440	6,878
Capital Projects	0	0	0	0	0
<b>Total Disbursements</b>	<b>104,207</b>	<b>112,220</b>	<b>114,940</b>	<b>119,954</b>	<b>124,924</b>
Net Other Financing Sources/(Uses)	(1,439)	3,214	920	1,512	3,184
<b>RECONCILIATION TO GENERAL FUND GAP</b>					
Designated Fund Balances:	(724)	1,779	693	876	563
General Fund	(217)	1,807	298	830	558
Special Revenue Funds	(505)	(23)	394	59	16
Debt Service Funds	(2)	(5)	1	(13)	(11)
<b>GENERAL FUND BUDGET SURPLUS/(GAP)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,442)</b>	<b>(1,974)</b>
<p><sup>1</sup> Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.</p> <p><sup>2</sup> Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of eFMAP of 6.2 percent for 5 quarters in FY 2021, and 3 quarters in FY 2022.</p> <p><sup>3</sup> Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.</p> <p><sup>4</sup> All Other includes education, parks, environment, economic development, and public safety, as well as the MSA payment offset, and a reconciliation between school year and State fiscal year spending on School Aid.</p>					

## Receipts

Financial Plan receipts results and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts. Multi-year receipts estimates are prepared by DOB with the assistance of DTF and other agencies which collect State receipts and are premised on economic analysis and forecasts.

Overall base growth (i.e., growth not due to law changes) in tax receipts is dependent on many factors. In general, base tax receipts growth rates are determined by economic changes including, but not limited to, changes in interest rates, prices, wages, employment, nonwage income, capital gains realizations, taxable consumption, corporate profits, household net worth, real estate prices and gasoline prices. Federal law changes can influence taxpayer behavior, which often alters base tax receipts. State taxes account for approximately half of total All Funds receipts.

Projections of Federal receipts generally correspond to the anticipated spending levels of a variety of programs including Medicaid, public assistance, mental hygiene, education, public health, and other activities.

Where noted, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds).

## Overview of the Receipts Forecast

All Funds receipts in FY 2022 are projected to total \$213.8 billion, an 11.8 percent (\$22.5 billion) increase from FY 2021 results. FY 2022 State tax receipts are projected to increase \$8.7 billion (10.6 percent) from FY 2021 results as the economy continues to recover from the COVID-19 downturn.

ALL FUNDS RECEIPTS (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
Personal Income Tax	54,967	61,050	11.1%	65,494	7.3%	68,448	4.5%	71,348	4.2%
Consumption/Use Taxes	16,117	18,154	12.6%	19,089	5.2%	19,549	2.4%	20,032	2.5%
Business Taxes	8,792	9,601	9.2%	10,471	9.1%	10,308	-1.6%	9,661	-6.3%
Other Taxes	2,500	2,288	-8.5%	2,410	5.3%	2,525	4.8%	2,649	4.9%
<b>Total State Taxes</b>	<b>82,376</b>	<b>91,093</b>	<b>10.6%</b>	<b>97,464</b>	<b>7.0%</b>	<b>100,830</b>	<b>3.5%</b>	<b>103,690</b>	<b>2.8%</b>
Miscellaneous Receipts	30,772	26,052	-15.3%	26,598	2.1%	26,314	-1.1%	25,958	-1.4%
Federal Receipts	78,152	96,645	23.7%	76,322	-21.0%	71,721	-6.0%	70,054	-2.3%
<b>Total All Funds Receipts</b>	<b>191,300</b>	<b>213,790</b>	<b>11.8%</b>	<b>200,384</b>	<b>-6.3%</b>	<b>198,865</b>	<b>-0.8%</b>	<b>199,702</b>	<b>0.4%</b>

Further analysis of each tax component by fiscal year is below.

## Personal Income Tax

PERSONAL INCOME TAX									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>STATE/ALL FUNDS</b>	<b>54,967</b>	<b>61,050</b>	<b>11.1%</b>	<b>65,494</b>	<b>7.3%</b>	<b>68,448</b>	<b>4.5%</b>	<b>71,348</b>	<b>4.2%</b>
Gross Collections	65,531	71,605	9.3%	76,479	6.8%	79,925	4.5%	83,347	4.3%
Refunds (Incl. State/City Offset)	(10,564)	(10,555)	0.1%	(10,985)	-4.1%	(11,477)	-4.5%	(11,999)	-4.5%
<b>GENERAL FUND<sup>1</sup></b>	<b>25,456</b>	<b>28,548</b>	<b>10.8%</b>	<b>30,899</b>	<b>8.2%</b>	<b>32,484</b>	<b>5.1%</b>	<b>34,041</b>	<b>4.8%</b>
Gross Collections	65,531	71,605	9.3%	76,479	6.8%	79,925	4.5%	83,347	4.3%
Refunds (Incl. State/City Offset)	(10,564)	(10,555)	0.1%	(10,985)	-4.1%	(11,477)	-4.5%	(11,999)	-4.5%
STAR	(2,027)	(1,979)	2.4%	(1,851)	6.5%	(1,743)	5.8%	(1,636)	6.1%
RBTF	(27,484)	(30,523)	-11.1%	(32,744)	-7.3%	(34,221)	-4.5%	(35,671)	-4.2%

<sup>1</sup>Excludes Transfers.

All Funds PIT receipts for FY 2022 are estimated to increase, primarily reflecting growth in withholding, current estimated payments, final returns, and delinquencies, partially offset by a decline in extensions and an increase in advanced credit payments.

The following table summarizes, by component, actual receipts for FY 2021 and forecast amounts through FY 2025.

<b>ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS</b>					
<b>(millions of dollars)</b>					
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Receipts</b>					
Withholding	44,218	47,945	49,250	51,514	53,236
Estimated Payments	16,441	18,195	21,682	23,095	24,540
Current Year	10,930	13,158	14,374	14,923	15,892
Prior Year <sup>1</sup>	5,511	5,037	7,308	8,172	8,648
Final Returns	3,572	3,982	4,014	3,731	3,932
Current Year	402	331	346	367	385
Prior Year <sup>1</sup>	3,170	3,651	3,668	3,364	3,547
Delinquent	1,300	1,483	1,533	1,585	1,639
Gross Receipts	65,531	71,605	76,479	79,925	83,347
<b>Refunds</b>					
Prior Year <sup>1</sup>	6,048	5,786	5,889	6,068	6,268
Previous Year	544	494	525	557	596
Current Year <sup>1</sup>	2,187	2,250	2,250	2,250	2,250
Advanced Credit Payment	593	751	922	1,078	1,234
State/City Offset <sup>1</sup>	1,192	1,274	1,399	1,524	1,651
Total Refunds	10,564	10,555	10,985	11,477	11,999
<b>Net Receipts</b>	<b>54,967</b>	<b>61,050</b>	<b>65,494</b>	<b>68,448</b>	<b>71,348</b>

<sup>1</sup>These components, collectively, are known as the "settlement" on the prior year's tax liability.

FY 2022 withholding is estimated to be higher compared to FY 2021, reflecting a combination of wage increases and the implementation of a high income PIT surcharge. Estimated payments for Tax Year 2021 are also expected to increase due to the surcharge coupled with growth in nonwage income. Delinquent collections and final return payments are also projected to increase. The increase in gross PIT collections for FY 2022 is offset slightly by a decrease in extension payments (i.e., prior year estimated) for Tax Year 2020.

Total refunds are nearly unchanged from the prior year. Decreases in Tax Year 2020 refunds and refunds related to tax years prior to 2020 are offset by increases in advanced credit payments attributable to Tax Year 2021 and the State-City offset. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2022 STAR transfer is expected to decline slightly. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2022 RBTF receipts therefore reflect the increase in All Funds receipts noted above. FY 2022 General Fund PIT receipts are expected to increase due to these changes.

The FY 2023 All Funds PIT receipts are projected to increase reflecting strong growth in extensions related to surcharge revenue and Tax Year 2021 nonwage income growth, as well as increases in withholding, Tax Year 2022 estimated payments, final returns, and delinquencies. These increases are partially offset by increases in the State-City offset, advanced credit payments attributable to Tax Year 2022, and Tax Year 2021 refunds. The projected increase in prior year refund payments is driven by the newly enacted Property Tax Circuit Breaker credit but suppressed by a decline related to the high income surcharge.

The FY 2023 STAR transfer is expected to decline. The FY 2023 RBTF is projected to increase based on the increase in FY 2023 All Funds receipts. General Fund PIT receipts for FY 2023 are also expected to increase, driven by the changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2024 are projected to increase from FY 2023 projections. Gross PIT receipts are projected to increase as well, reflecting projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

General Fund PIT receipts for FY 2024 are expected to increase, reflecting an increase in All Funds PIT receipts coupled with a further decrease in the STAR transfer, partially offset by an increase in RBTF receipts.

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2025 reflecting normal baseline growth in income and associated tax liability.

## Consumption/Use Taxes

CONSUMPTION/USE TAXES									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>STATE/ALL FUNDS</b>	<b>16,117</b>	<b>18,154</b>	<b>12.6%</b>	<b>19,089</b>	<b>5.2%</b>	<b>19,549</b>	<b>2.4%</b>	<b>20,032</b>	<b>2.5%</b>
Sales Tax	14,145	16,099	13.8%	16,969	5.4%	17,415	2.6%	17,847	2.5%
Cigarette and Tobacco Taxes	1,006	972	-3.4%	930	-4.3%	894	-3.9%	852	-4.7%
Vapor Excise Tax	32	22	-31.3%	22	0.0%	22	0.0%	22	0.0%
Motor Fuel Tax	425	497	16.9%	497	0.0%	496	-0.2%	495	-0.2%
Highway Use Tax	135	144	6.7%	144	0.0%	146	1.4%	147	0.7%
Alcoholic Beverage Taxes	271	269	-0.7%	272	1.1%	274	0.7%	277	1.1%
Opioid Excise Tax	30	34	13.3%	34	0.0%	34	0.0%	34	0.0%
Medical Cannabis Excise Tax	9	8	-11.1%	8	0.0%	8	0.0%	8	0.0%
Adult Use Cannabis Tax	0	20	0.0%	115	475.0%	158	37.4%	245	55.1%
Auto Rental Tax <sup>1</sup>	64	89	39.1%	98	10.1%	102	4.1%	105	2.9%
<b>GENERAL FUND<sup>2</sup></b>	<b>7,250</b>	<b>4,389</b>	<b>-39.5%</b>	<b>8,568</b>	<b>95.2%</b>	<b>8,770</b>	<b>2.4%</b>	<b>8,965</b>	<b>2.2%</b>
Sales Tax	6,639	3,777	-43.1%	7,963	110.8%	8,172	2.6%	8,374	2.5%
Cigarette and Tobacco Taxes	310	309	-0.3%	299	-3.2%	290	-3.0%	280	-3.4%
Alcoholic Beverage Taxes	271	269	-0.7%	272	1.1%	274	0.7%	277	1.1%
Opioid Excise Tax	30	34	13.3%	34	0.0%	34	0.0%	34	0.0%

<sup>1</sup>No longer includes receipts remitted directly to the MTA without an appropriation beginning in FY 2020.

<sup>2</sup>Excludes Transfers.

All Funds consumption/use tax receipts for FY 2022 are estimated to increase significantly from FY 2021 results due to an expected bounce back in economic activity from the previous year. Sales tax receipts are estimated to increase due to a sizeable increase in taxable consumption (i.e., estimated sales tax base increase of 13.5 percent). Vapor excise tax receipts are estimated to significantly decrease from FY 2021 due to the first full year impact of the ban on flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are estimated to decrease, reflecting a continued trend decline in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to increase, reflecting a bounce back in demand from the trucking sector. Motor fuel tax receipts are estimated to increase due to a recovery in both gasoline and diesel consumption. Auto rental tax receipts are estimated to increase, mainly due to the expected recovery of the travel industry. The opioid excise tax is expected to moderately increase. Legislation enacted in March 2021 to regulate and tax adult-use cannabis products is expected to generate \$20 million in license fees within the first year.



In FY 2022, per statute, the portion of sales tax receipts initially deposited to the Local Government Assistance Tax Fund will remain at 25 percent, while the portion deposited into the Sales Tax Revenue Bond Fund will increase to 50 percent (previously 25 percent) and the portion deposited to the General Fund will be reduced from 50 to 25 percent. These funds are intended to support debt service payments on bonds issued under LGAC and State Sales Tax Revenue Bond programs, respectively. Receipts in excess of 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.

General Fund consumption/use tax receipts for FY 2022 are estimated to decrease, largely due to the statutory decrease in the General Fund distribution (from 50 percent to 25 percent).

All Funds consumption/use tax receipts for FY 2023 are projected to moderately increase primarily due to a projected increase in sales tax receipts (projected sales tax base growth of 5 percent). Auto rental tax receipts are estimated to moderately increase from FY 2022, reflecting the continued recovery of the travel industry from the effects of the COVID-19 pandemic. Along with the second year of license fees, the State's THC-based and retail excise taxes on the sale of adult-use cannabis products are projected to generate \$115 million combined. These increases are partially offset by a continued decline in taxable cigarette consumption.

Effective in FY 2023 and annually thereafter, the portion of sales tax receipts that was initially deposited to the Local Government Assistance Tax Fund (25 percent) will be eliminated, while the portion deposited into the Sales Tax Revenue Bond Fund will remain at 50 percent (increased from 25 percent to 50 percent in FY 2022) and the portion deposited in the General Fund will revert back to 50 percent.

FY 2023 General Fund consumption/use tax receipts are projected to significantly increase, mainly due to the statutory elimination of the Local Government Assistance Tax Fund distribution.

All Funds consumption/use tax receipts for FY 2024 are projected to increase, largely reflecting a projected increase in sales tax receipts (projected base growth of 2.7 percent) and continued ramp-up of adult-use cannabis tax receipts as the market matures, partially offset by a continued decline in taxable cigarette consumption.

FY 2024 General Fund consumption/use tax receipts are projected to increase, mainly due to the All Funds sales tax trends noted above.

FY 2025 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting moderate growth in the sales tax base and continued ramp-up of adult-use cannabis tax receipts as the market matures, which is slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in FY 2025 primarily due to the All Funds tax trends noted above.

## Business Taxes

BUSINESS TAXES (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>STATE/ALL FUNDS</b>	<b>8,792</b>	<b>9,601</b>	<b>9.2%</b>	<b>10,471</b>	<b>9.1%</b>	<b>10,308</b>	<b>-1.6%</b>	<b>9,661</b>	<b>-6.3%</b>
Corporate Franchise Tax	4,954	5,559	12.2%	6,475	16.5%	6,227	-3.8%	5,521	-11.3%
Corporation and Utilities Tax	550	543	-1.3%	559	2.9%	588	5.2%	582	-1.0%
Insurance Tax	2,190	2,283	4.2%	2,353	3.1%	2,409	2.4%	2,477	2.8%
Bank Tax	156	167	7.1%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Petroleum Business Tax	942	1,049	11.4%	1,084	3.3%	1,084	0.0%	1,081	-0.3%
<b>GENERAL FUND</b>	<b>6,420</b>	<b>6,986</b>	<b>8.8%</b>	<b>7,660</b>	<b>9.6%</b>	<b>7,492</b>	<b>-2.2%</b>	<b>6,945</b>	<b>-7.3%</b>
Corporate Franchise Tax	3,890	4,390	12.9%	5,124	16.7%	4,883	-4.7%	4,281	-12.3%
Corporation and Utilities Tax	417	404	-3.1%	413	2.2%	437	5.8%	432	-1.1%
Insurance Tax	1,976	2,057	4.1%	2,123	3.2%	2,172	2.3%	2,232	2.8%
Bank Tax	137	135	-1.5%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2022 All Funds business tax receipts are estimated to increase, driven primarily by an increase in gross receipts from the CFT due to the recently enacted temporary increase in the business income and capital base rates. All other business taxes, except for the corporation and utilities tax, are estimated to increase.

CFT receipts are estimated to increase in FY 2022, reflecting higher gross receipts. The FY 2022 Enacted Budget included legislation that would increase the business income tax rate to 7.25 percent for taxpayers with business income above \$5 million and increase the capital base rate, previously set to be completely phased out, to 0.1875 percent (with several exceptions for certain taxpayers including corporate small businesses and qualified manufacturers). These rate increases are in effect for Tax Years 2021 through 2023. Audit receipts are estimated to decrease moderately as fewer large cases are expected to materialize compared to FY 2021. Refunds are estimated to increase and include refunds from the Restaurant Return-To-Work Tax Credit that was included in the FY 2022 Enacted Budget.

Corporation and utilities tax (CUT) receipts for FY 2022 are estimated to decrease over the prior fiscal year, largely driven by a decrease in gross receipts due to the Utility COVID-19 Debt Relief Credit that was included in the FY 2022 Enacted Budget. Adjusted for this change, gross receipts would be flat with a decrease in the telecommunication sector offset by an increase in the utilities sector. Audit receipts are estimated to increase modestly while refunds are estimated to decrease significantly from the historically high level seen in FY 2021.

Insurance tax receipts for FY 2022 are estimated to increase due to an increase in gross receipts. Projected increases in corporate profits and insurance tax premiums drive estimated increases in gross receipts, following a decline in FY 2021 gross receipts compared to FY 2020. Audits are estimated to increase significantly based on large cases expected to close within the fiscal year, while refunds paid are expected to be in line with recent levels.

The FY 2022 Enacted Budget includes a new voluntary Pass-Through-Entity Tax designed to mitigate the impact of the cap on SALT deductions enacted in the 2017 Tax Cuts and Jobs Act. Pass-through entities can deduct this tax at the Federal level, thereby allowing partners of partnerships and shareholders of S corporations to receive the benefit of a full deduction for SALT paid before income is passed through to them. A credit will be allowed against regular State income tax to offset the new Entity tax. This proposal aligns with similar efforts in Connecticut and New Jersey, enabling individuals affected by the SALT cap to use IRS-allowed business deductibility to mitigate its impacts. Finally, the proposed amendments provide that 50 percent of receipts from the new tax will be deposited into the RBTF. The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the first collections will not be until March 2022, but the PTET proposal is expected to be revenue neutral for the State. DOB expects to include estimates as opt-in rates and other information becomes known.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2022 are estimated to increase, primarily due to an estimated increase in audits based on large cases expected to close this fiscal year. PBT receipts are estimated to significantly increase from FY 2021 results, primarily due to a strong recovery in gasoline and diesel consumption, coupled with the impact of a 5 percent decline in the PBT rate index effective January 1, 2021, paired with a projected 5 percent increase in the PBT rate index effective January 1, 2022.

General Fund business tax receipts for FY 2022 are estimated to increase due to the trends in CFT, CUT, insurance tax, and bank tax receipts described above.

General Fund and All Funds business tax receipts for FY 2023 are projected to increase, primarily reflecting an increase in gross receipts from CFT due to the temporary tax rate increase previously described and its first impact on prepayments in March 2023. A projected decline in bank tax receipts is offset by increases in CUT, CFT, insurance tax, and PBT receipts.

All Funds business tax receipts for FY 2024 are projected to decline in CFT, partially offset by increases in CUT and insurance tax receipts while PBT receipts remain unchanged.

General Fund and All Funds business tax receipts for FY 2025 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and prices. Receipts sharply decline due to the expiration of the temporary CFT tax rate increase.

## Other Taxes

OTHER TAXES (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>STATE/ALL FUNDS</b>	<b>2,500</b>	<b>2,288</b>	<b>-8.5%</b>	<b>2,410</b>	<b>5.3%</b>	<b>2,525</b>	<b>4.8%</b>	<b>2,649</b>	<b>4.9%</b>
Estate Tax	1,538	1,207	-21.5%	1,265	4.8%	1,327	4.9%	1,390	4.7%
Real Estate Transfer Tax	949	1,059	11.6%	1,122	5.9%	1,175	4.7%	1,235	5.1%
Employer Compensation Expense Program	3	6	100.0%	7	16.7%	7	0.0%	8	14.3%
Pari-Mutuel Taxes	10	14	40.0%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
<b>GENERAL FUND<sup>1</sup></b>	<b>1,549</b>	<b>1,226</b>	<b>-20.9%</b>	<b>1,285</b>	<b>4.8%</b>	<b>1,347</b>	<b>4.8%</b>	<b>1,410</b>	<b>4.7%</b>
Estate Tax	1,538	1,207	-21.5%	1,265	4.8%	1,327	4.9%	1,390	4.7%
Employer Compensation Expense Program	1	3	200.0%	4	33.3%	4	0.0%	4	0.0%
Pari-Mutuel Taxes	10	14	40.0%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%

<sup>1</sup>Excludes Transfers.

All Funds other tax receipts for FY 2022 are estimated to decrease from FY 2021 results, primarily due to the atypically high number of seven super-large estate tax payments (greater than \$25 million) received in FY 2021. The estimated decline in estate tax receipts is marginally offset by an estimated increase in real estate transfer tax receipts corresponding with estimated growth in housing starts and housing prices as the real estate market continues to recover from the negative impact of the COVID-19 pandemic.

General Fund other tax receipts for FY 2022 are estimated to decrease, mainly due to the estimated decrease in estate tax trends noted above.

All Funds other tax receipts for FY 2023 and the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for the outyears are projected to increase, resulting from the projected increases in estate tax trends noted above.

## Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery and gaming receipts for education, assessments on regulated industries, Tribal-State Compact receipts, Extraordinary Monetary Settlements, and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

MISCELLANEOUS RECEIPTS									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>ALL FUNDS</b>	<b>30,772</b>	<b>26,052</b>	<b>-15.3%</b>	<b>26,598</b>	<b>2.1%</b>	<b>26,314</b>	<b>-1.1%</b>	<b>25,958</b>	<b>-1.4%</b>
General Fund	7,515	1,775	-76.4%	1,750	-1.4%	1,794	2.5%	1,858	3.6%
Special Revenue Funds	17,375	15,227	-12.4%	15,143	-0.6%	14,653	-3.2%	14,803	1.0%
Capital Projects Funds	5,481	8,671	58.2%	9,316	7.4%	9,474	1.7%	8,901	-6.0%
Debt Service Funds	401	379	-5.5%	389	2.6%	393	1.0%	396	0.8%

All Funds miscellaneous receipts in FY 2022 are projected to decrease from FY 2021 results, driven by the absence of the one-time receipt of \$4.5 billion in PIT note proceeds in response to the COVID-19 pandemic, conservative estimation of non-general fund revenues, and partially offset by the projected increase of bond proceeds receipts that are expected to grow, primarily due to the increase in bond-eligible capital spending in FY 2022.

All Funds miscellaneous receipts are projected to increase in FY 2023, mainly reflecting growth in bond proceeds driven by higher bond-eligible capital spending and the timing of bond reimbursements. In later years of the Financial Plan period, receipts remain relatively flat.

## Federal Grants

FEDERAL GRANTS (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>ALL FUNDS</b>	<b>78,152</b>	<b>96,645</b>	<b>23.7%</b>	<b>76,322</b>	<b>-21.0%</b>	<b>71,721</b>	<b>-6.0%</b>	<b>70,054</b>	<b>-2.3%</b>
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	76,124	93,891	23.3%	74,037	-21.1%	69,467	-6.2%	67,814	-2.4%
Capital Projects Funds	1,954	2,682	37.3%	2,215	-17.4%	2,187	-1.3%	2,178	-0.4%
Debt Service Funds	74	72	-2.7%	70	-2.8%	67	-4.3%	62	-7.5%

Aid from the Federal government helps to pay for a variety of programs including Medicaid, public assistance, mental hygiene, School Aid, public health, transportation, and other activities. Annual changes to Federal grants generally correspond to changes in Federally reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal grant receipts, actual results often differ from projections.

Growth in All Funds Federal grants projections primarily reflect the receipt of Federal aid pursuant to the ARP which provides the State with \$12.75 billion in general aid, received in May 2021, as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes expected to be received over the multi-year period. Other sources of growth include Federal Medicaid spending related to Federal health care transformation initiatives, a temporary increase in the FMAP, funding from the CRF, and funding for the Lost Wages Assistance (LWA) program partly offset by the projected phase-down of Federal disaster assistance.

Under the Biden administration and the new Congress, many of the policies that drive Federal aid may be subject to change. At this time, it is not possible to assess the potential fiscal impact of future policies that may be proposed and adopted. If Federal funding to the State were reduced, this could have a materially adverse impact on the Financial Plan.

## Disbursements

In FY 2022, disbursements from the State's General Fund, including transfers, are expected to total \$89.0 billion, and disbursements from State Operating Funds are expected to total \$112.2 billion. School Aid, Medicaid, transportation, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

The multi-year disbursements projections consider various factors including statutorily indexed rates, agency staffing levels, program caseloads, inflation, and funding formulas contained in State and Federal law. Factors that affect spending estimates vary by program. For example, public assistance spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends and projected economic conditions. Projections also account for the timing of payments, since not all the amounts appropriated are disbursed in the same fiscal year. Consistent with past practice, the aggregate receipts and spending projections (i.e., the sum of all projected receipts and spending by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate spending trends and patterns observed between estimated and actual results over time.

## Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations. Local assistance spending is approximately two-thirds of total State Operating Funds spending. School Aid and health care spending account for approximately three-quarters of State Operating Funds local assistance spending.

Certain factors considered in preparing spending projections for the State's major local assistance programs and activities are summarized below.

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, that is not expected to return to pre-pandemic levels until FY 2024.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES					
(millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals <sup>1</sup>	Projected	Projected	Projected	Projected
<b>HEALTH CARE<sup>2</sup></b>					
Medicaid - Individuals Covered	7,141,716	7,120,364	6,134,468	6,100,194	6,062,671
Essential Plan - Individuals Covered	871,304	962,915	924,779	906,702	896,464
Child Health Plus - Individuals Covered	391,932	436,838	429,943	431,588	434,168
State Takeover of County/NYC Costs <sup>3</sup>	<u>\$4,468</u>	<u>\$4,818</u>	<u>\$5,179</u>	<u>\$5,551</u>	<u>\$5,933</u>
CY 2005 Local Medicaid Cap	\$3,185	\$3,353	\$3,531	\$3,720	\$3,919
FY 2013 Local Takeover Costs	\$1,283	\$1,465	\$1,648	\$1,831	\$2,014
<b>EDUCATION</b>					
School Aid (School Year-Basis Funding) <sup>4</sup>	\$26,515	\$29,505	\$31,913	\$34,874	\$36,186
<b>HIGHER EDUCATION</b>					
Public Higher Education Enrollment (FTEs)	509,725	522,468	TBD	TBD	TBD
Tuition Assistance Program (Recipients)	239,592	253,563	TBD	TBD	TBD
<b>PUBLIC ASSISTANCE</b>					
Family Assistance Program (Families)	192,728	209,148	198,646	188,276	181,449
Safety Net Program (Families)	125,229	138,784	130,571	122,396	117,020
Safety Net Program (Singles)	217,838	210,068	207,482	208,728	211,406
<b>MENTAL HYGIENE</b>					
OMH Community Beds	47,306	48,763	50,018	50,618	51,118
OPWDD Community Beds	42,956	43,290	43,516	43,743	43,970
OASAS Community Beds	<u>13,539</u>	<u>13,753</u>	<u>14,075</u>	<u>14,115</u>	<u>14,140</u>
Total	103,801	105,806	107,609	108,476	109,228
<sup>1</sup> Reflects preliminary unaudited actuals. <sup>2</sup> Enrollment in public health insurance programs is subject to risks related to the COVID-19 pandemic. <sup>3</sup> Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources. <sup>4</sup> Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.					



## Education

### School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the State's 673 major school districts. State aid is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses, such as prekindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally defined needs, such as the construction of school facilities and the education of students with disabilities.

#### School Year (July 1 — June 30)

The Financial Plan includes \$29.5 billion for School Aid in SY 2022, representing an annual increase of nearly \$3 billion (11.3 percent). This annual increase includes a \$1.4 billion (7.6 percent) increase in Foundation Aid, over 70 percent of which is targeted to high-need school districts, as measured by a district's level of student need relative to its local fiscal capacity; the full restoration of the \$1.1 billion Pandemic Adjustment State aid reduction implemented in SY 2021; and a \$460 million increase in expense-based reimbursement programs such as Transportation and Boards of Cooperative Education Services (BOCES) Aid.

In both SY 2023 and SY 2024, growth in School Aid largely reflects the final two years of the three-year phase-in of full funding of the current Foundation Aid formula. The SY 2023 and SY 2024 projections also assume growth in expense-based aids under current law and additional aid to provide a minimum annual increase and extra support to high-need districts. In SY 2025, current projections of growth in School Aid reflect the ten-year average growth in State personal income (PIGI).

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) <sup>1</sup>									
(millions of dollars)									
	SY 2021	SY 2022	Change	SY 2023	Change	SY 2024	Change	SY 2025	Change
Total	26,515	29,505	2,990	31,913	2,408	34,874	2,961	36,186	1,312
			11.3%		8.2%		9.3%		3.8%

<sup>1</sup> Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.

In addition to State School Aid, the Enacted Budget programs the \$13.0 billion of Federal ESSER and GEER funds allocated to public schools by CRRSA and ARP. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. Approximately \$12.1 billion of these funds are allocated to school districts and charter schools, largely in proportion to their federal Title I award, with broad local discretion over the funds' use. The Budget also allocates \$629 million of these funds to school districts as targeted grants to address learning loss through activities such as summer enrichment and comprehensive after-school programs. An additional \$210 million is allocated towards the expansion of full-day prekindergarten programs for four-year-old children.

## State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts and Lottery Fund receipts, including revenues from Video Lottery Terminals (VLTs). Commercial gaming and Lottery Fund receipts are accounted for and disbursed from dedicated accounts. Because the State fiscal year begins on April 1 and the school year begins on July 1, the State typically pays approximately 70 percent of the annual school year commitment during the initial State fiscal year and the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the projected sources of School Aid spending on a State fiscal year basis.

SCHOOL AID - STATE FISCAL YEAR BASIS <sup>1</sup>									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>TOTAL STATE OPERATING FUNDS</b>	<b>26,787</b>	<b>28,304</b>	<b>5.7%</b>	<b>31,103</b>	<b>9.9%</b>	<b>33,930</b>	<b>9.1%</b>	<b>35,716</b>	<b>5.3%</b>
General Fund Local Assistance	23,046	24,673	7.1%	26,719	8.3%	29,658	11.0%	31,405	5.9%
General Fund Gaming Guarantee <sup>2</sup>	789	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Medicaid	81	140	72.8%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,426	2,603	7.3%	3,006	15.5%	3,038	1.1%	3,080	1.4%
VLT Lottery Aid	382	755	97.6%	1,078	42.8%	941	-12.7%	938	-0.3%
Commercial Gaming	63	133	111.1%	160	20.3%	153	-4.4%	153	0.0%

<sup>1</sup> Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.

<sup>2</sup> Reflects General Fund resources used to offset lower Lottery, VLT and Commercial Gaming receipts driven by the pandemic.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total \$28.3 billion in FY 2022, a \$1.5 billion, or 5.7 percent, increase from FY 2021. This growth is mainly driven by an additional \$980 million (\$1.4 billion school year) in Foundation Aid associated with the three-year phase-in schedule of the Foundation Aid formula. In addition to State aid, school districts will receive more than \$3 billion annually in Federal aid, as well as funding provided by the CARES Act, CRRSA Act and ARP.

The Financial Plan includes upward revisions to the amount of School Aid spending financed by gaming receipts due to the continued easing and lifting of restrictions imposed during the COVID-19 pandemic.

## Other Education Funding

The State provides funding and support for various other education-related programs. These include special education services; programs administered by the Office of Prekindergarten through Grade 12 Education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>TOTAL STATE OPERATING FUNDS</b>	<b>1,828</b>	<b>2,403</b>	<b>31.5%</b>	<b>2,380</b>	<b>-1.0%</b>	<b>2,466</b>	<b>3.6%</b>	<b>2,587</b>	<b>4.9%</b>
Special Education	1,141	1,376	20.6%	1,424	3.5%	1,487	4.4%	1,553	4.4%
All Other Education	687	1,027	49.5%	956	-6.9%	979	2.4%	1,034	5.6%

The State helps fund special education services for approximately 500,000 students with disabilities, from ages 3 to 21. Major programs under the Office of Prekindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school breakfast and lunch programs, after-school programs, and other educational grant programs. Cultural education includes aid for operating expenses of the major cultural institutions, State Archives, State Library, and State Museum, as well as support for the Office of Educational Television and Public Broadcasting. Higher and professional education programs monitor the quality and availability of post-secondary education programs, and license and regulate over 50 professions. Adult career and continuing education services focus on the education and employment needs of the State's adult citizens, ensuring that such individuals have access to a one-stop source for all their employment needs, and are made aware of the full range of services available in other agencies.

Special Education costs beginning in FY 2022 are expected to increase from FY 2021 levels due to 2019-20 school closures, when certain special education services (e.g., transportation) were either not provided or were provided at a reduced level. Outyear growth is attributable to projected enrollment and cost growth as services return to normal levels.

The projected increase for All Other Education programs from FY 2021 levels is primarily due to the timing of certain payments, including Nonpublic School Aid payments, that were not made in FY 2021 and will occur in the first quarter of FY 2022, and the return to pre-pandemic utilization levels. The projected decrease in FY 2023 is largely attributable to the discontinuation of one-time aid and grants. Projected spending increases in FY 2024 and FY 2025 are primarily due to anticipated increases in State reimbursement to nonpublic schools for mandated services and school districts for charter school tuition payments.

## School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first \$30,000 of every eligible homeowner's property value from the local school tax levy. Senior citizens with incomes below \$90,550 will receive a \$70,700 exemption in FY 2022.

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioned from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit instead of a property tax exemption. This change did not change the value of the STAR benefit received by homeowners. Since FY 2020, homeowners who receive a property tax exemption will not see an increase in their STAR benefit (details below).

The STAR program also includes a credit for income-eligible resident New York City taxpayers. The New York City PIT rate reduction was converted into a State PIT tax credit starting with Tax Year 2017. As of FY 2019, New York City STAR payments are no longer a component of State Operating Funds spending. This change has no impact on the value of the STAR benefit received by taxpayers.

SCHOOL TAX RELIEF (STAR)									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>TOTAL STAR PROGRAM</b>	<b>2,027</b>	<b>1,979</b>	<b>-2.4%</b>	<b>1,851</b>	<b>-6.5%</b>	<b>1,743</b>	<b>-5.8%</b>	<b>1,636</b>	<b>-6.1%</b>
Gross Program Costs	3,324	3,465	4.2%	3,518	1.5%	3,595	2.2%	3,636	1.1%
Personal Income Tax Credit	(1,297)	(1,486)	-14.6%	(1,667)	-12.2%	(1,852)	-11.1%	(2,000)	-8.0%
Basic Exemption	1,186	1,141	-3.8%	1,040	-8.9%	983	-5.5%	898	-8.6%
Gross Program Costs	1,677	1,765	5.2%	1,801	2.0%	1,863	3.4%	1,894	1.7%
Personal Income Tax Credit	(491)	(624)	-27.1%	(761)	-22.0%	(880)	-15.6%	(996)	-13.2%
Enhanced (Senior) Exemption	841	838	-0.4%	811	-3.2%	760	-6.3%	738	-2.9%
Gross Program Costs	935	966	3.3%	972	0.6%	958	-1.4%	948	-1.0%
Personal Income Tax Credit	(94)	(128)	-36.2%	(161)	-25.8%	(198)	-23.0%	(210)	-6.1%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	712	734	3.1%	745	1.5%	774	3.9%	794	2.6%
Personal Income Tax Credit	(712)	(734)	-3.1%	(745)	-1.5%	(774)	-3.9%	(794)	-2.6%

Starting in FY 2020, all homeowners with incomes above \$250,000 were transitioned from the basic exemption benefit program to the advance credit program. Additionally, the zero percent growth cap on the STAR exemption benefit that was included in the FY 2020 Enacted Budget remains in effect. The decline in reported STAR disbursements in FYs 2023 through 2025 can be attributed to these actions. By moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

The Financial Plan further streamlines the administration of STAR by transitioning existing exemption beneficiaries who are mobile homeowners to the STAR Credit, beginning in FY 2023.

## Higher Education

Local assistance for higher education spending includes funding for CUNY, SUNY, and the Higher Education Services Corporation (HESC).

HIGHER EDUCATION (millions of dollars)									
	FY 2021	FY 2022	FY 2023		FY 2024		FY 2025		Change
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	
<b>TOTAL STATE OPERATING FUNDS</b>	<b>3,313</b>	<b>2,943</b>	<b>-11.2%</b>	<b>3,034</b>	<b>3.1%</b>	<b>3,102</b>	<b>2.2%</b>	<b>3,173</b>	<b>2.3%</b>
<b>City University</b>	<b>2,272</b>	<b>1,655</b>	<b>-27.2%</b>	<b>1,706</b>	<b>3.1%</b>	<b>1,765</b>	<b>3.5%</b>	<b>1,823</b>	<b>3.3%</b>
Senior Colleges	1,847	1,415	-23.4%	1,469	3.8%	1,529	4.1%	1,587	3.8%
Community College	425	240	-43.5%	237	-1.3%	236	-0.4%	236	0.0%
<b>Higher Education Services</b>	<b>607</b>	<b>845</b>	<b>39.2%</b>	<b>884</b>	<b>4.6%</b>	<b>893</b>	<b>1.0%</b>	<b>906</b>	<b>1.5%</b>
Tuition Assistance Program	541	704	30.1%	744	5.7%	744	0.0%	744	0.0%
Scholarships/Awards	62	129	108.1%	128	-0.8%	137	7.0%	150	9.5%
Aid for Part-Time Study	4	12	200.0%	12	0.0%	12	0.0%	12	0.0%
<b>State University</b>	<b>434</b>	<b>443</b>	<b>2.1%</b>	<b>444</b>	<b>0.2%</b>	<b>444</b>	<b>0.0%</b>	<b>444</b>	<b>0.0%</b>
Community College	430	438	1.9%	440	0.5%	440	0.0%	440	0.0%
Other/Cornell	4	5	25.0%	4	-20.0%	4	0.0%	4	0.0%

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 400,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 285,000 students. State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides annual subsidies of over \$1 billion for SUNY campus operations through a General Fund transfer and approximately \$2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay \$1.3 billion in FY 2022 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2022, an estimated \$250 million in student financial aid support will be transferred from HESC to SUNY. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments from HESC to SUNY as transfers instead of disbursements.

HESC is New York State's student financial aid agency. HESC oversees State-funded financial aid programs, including the Excelsior Scholarship, TAP, the Aid for Part-Time Study program, and 25 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 350,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

Higher education spending is projected to decrease by \$370 million, or 11.2 percent, from FY 2021 to FY 2022. This spending decrease largely reflects the timing of academic year 2020 payments for CUNY, whereby payments scheduled at the end of FY 2020 were not made until FY 2021. Lower spending for CUNY in FY 2022 is partially offset by an estimated increase in payments to colleges for TAP and scholarships attributable to a combination of payment delays from FY 2021 and an increase in the maximum TAP award authorized in the FY 2022 Enacted Budget.

## Health Care

DOH works with local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities. Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. Most government-financed health care programs are included under DOH, however, several programs are also supported through multi-agency efforts.

In addition to State funding, DOH also engages in federally supported initiatives, including Medicaid redesign, public health, and COVID-19 pandemic response efforts. For more information on the MRT Medicaid Waiver and Federal COVID-19 response efforts please see “Other Matters Affecting the Financial Plan” herein.

## Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed by a combination of State, Federal, and local government resources. The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services).

Medicaid eligibility and enrollment fluctuates with economic cycles. From FY 2020 to FY 2021, enrollment increased by 1.06 million, driven by the steep rise in unemployment triggered by the COVID-19 pandemic. The Financial Plan forecast assumes that enrollment will remain elevated through FY 2022, declining by roughly 147,000 from the FY 2021 peak. As the economy recovers and unemployment trends towards pre-pandemic levels, costs associated with individuals temporarily enrolled but with a minimum of twelve-months continuous coverage are expected to begin declining in FY 2023.

Even though total enrollment is expected to decline, total Medicaid costs are expected to grow annually due to an increase in populations that typically drive higher service utilization and costs. Other factors that continue to place upward pressure on State-share Medicaid spending (which includes spending within and outside the Global Cap) include, but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; the phase-out of enhanced Federal funding; increased costs and enrollment growth in managed long-term care; and payments to financially distressed hospitals.

The following table provides information on financing sources for the Medicaid program.

DEPARTMENT OF HEALTH MEDICAID (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>STATE OPERATING FUNDS</b>	<b>22,238</b>	<b>27,166</b>	<b>22.2%</b>	<b>30,221</b>	<b>11.2%</b>	<b>31,061</b>	<b>2.8%</b>	<b>32,105</b>	<b>3.4%</b>
<b>Department of Health Medicaid</b>	<b>19,637</b>	<b>21,934</b>	<b>11.7%</b>	<b>25,225</b>	<b>15.0%</b>	<b>26,225</b>	<b>4.0%</b>	<b>27,048</b>	<b>3.1%</b>
General Fund - DOH Medicaid Local	<u>13,870</u>	<u>15,864</u>	<u>14.4%</u>	<u>19,325</u>	<u>21.8%</u>	<u>20,237</u>	<u>4.7%</u>	<u>20,953</u>	<u>3.5%</u>
DOH Medicaid	12,553	15,287	21.8%	15,385	0.6%	15,605	1.4%	16,246	4.1%
Non-DOH Medicaid <sup>1</sup>	2,157	0	-100.0%	431	0.0%	755	75.2%	647	-14.3%
Minimum Wage	1,591	1,961	23.3%	2,223	13.4%	2,408	8.3%	2,408	0.0%
Local Takeover Cost <sup>2</sup>	1,283	1,465	14.2%	1,648	12.5%	1,831	11.1%	2,014	10.0%
MSA Payments (Share of Local Growth) <sup>3</sup>	(294)	(362)	-23.1%	(362)	0.0%	(362)	0.0%	(362)	0.0%
Enhanced FMAP <sup>4</sup>	(3,420)	(2,487)	27.3%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	224	236	5.4%	213	-9.7%	218	2.3%	221	1.4%
General Fund - Essential Plan	<u>66</u>	<u>65</u>	<u>-1.5%</u>	<u>62</u>	<u>-4.6%</u>	<u>62</u>	<u>0.0%</u>	<u>62</u>	<u>0.0%</u>
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
Other State Funds - DOH Medicaid Local	<u>5,477</u>	<u>5,769</u>	<u>5.3%</u>	<u>5,625</u>	<u>-2.5%</u>	<u>5,708</u>	<u>1.5%</u>	<u>5,812</u>	<u>1.8%</u>
HCRA Financing	3,891	4,157	6.8%	3,976	-4.4%	4,032	1.4%	4,109	1.9%
Indigent Care Support	751	719	-4.3%	717	-0.3%	717	0.0%	717	0.0%
Provider Assessment Revenue	834	891	6.8%	930	4.4%	957	2.9%	984	2.8%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	<b>2,601</b>	<b>5,232</b>	<b>101.2%</b>	<b>4,996</b>	<b>-4.5%</b>	<b>4,836</b>	<b>-3.2%</b>	<b>5,057</b>	<b>4.6%</b>
Use of MSA Payments (Share of Local Growth) <sup>3</sup>	<b>294</b>	<b>362</b>	<b>23.1%</b>	<b>362</b>	<b>0.0%</b>	<b>362</b>	<b>0.0%</b>	<b>362</b>	<b>0.0%</b>
<b>LOCAL SHARE OF MEDICAID<sup>5,6</sup></b>	<b>7,660</b>	<b>7,998</b>	<b>4.4%</b>	<b>8,214</b>	<b>2.7%</b>	<b>8,129</b>	<b>-1.0%</b>	<b>8,064</b>	<b>-0.8%</b>
<b>FEDERAL SHARE OF MEDICAID</b>	<b>49,592</b>	<b>53,044</b>	<b>7.0%</b>	<b>49,515</b>	<b>-6.7%</b>	<b>48,623</b>	<b>-1.8%</b>	<b>49,463</b>	<b>1.7%</b>
DOH Medicaid	45,054	47,368	5.1%	43,679	-7.8%	42,884	-1.8%	43,786	2.1%
Essential Plan	4,538	5,676	25.1%	5,836	2.8%	5,739	-1.7%	5,677	-1.1%
<b>ALL FUNDING SOURCES</b>	<b>79,784</b>	<b>88,570</b>	<b>11.0%</b>	<b>88,312</b>	<b>-0.3%</b>	<b>88,175</b>	<b>-0.2%</b>	<b>89,994</b>	<b>2.1%</b>

<sup>1</sup> The DOH Medicaid budget funds a portion of Medicaid-related Mental Hygiene program costs under the Global Cap.

<sup>2</sup> Beginning in FY 2013, the State began phasing (3-2-1-0) in takeover of the local government share of growth. As of County Year (CY) 2015 the State pays the full share of Medicaid program growth on behalf of local governments.

<sup>3</sup> MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.

<sup>4</sup> Enhanced FMAP of 6.2 percent retroactive to January 2020 (24 months).

<sup>5</sup> The Local Share of Medicaid is paid by the Local Social Service Districts (counties), and is not included in the State's All Governmental Funds disbursement totals. Fluctuation in the local share of Medicaid is related to certain supplemental payments made by local districts. Local Medicaid services payments are capped at CY 2015 levels.

<sup>6</sup> Reflects the extension of the delay in the reduction to Federal DSH until October 1, 2023.



State share Medicaid spending also appears in the Financial Plan estimates for other State agencies and programs, including the mental hygiene agencies, child welfare programs, education aid and corrections. The following table provides information on other State agency Medicaid spending.

<b>TOTAL STATE-SHARE MEDICAID DISBURSEMENTS<sup>1</sup></b> (millions of dollars)					
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Department of Health Medicaid	<u>19,571</u>	<u>21,869</u>	<u>25,163</u>	<u>26,163</u>	<u>26,986</u>
Local Assistance	23,061	24,482	25,312	26,307	27,127
State Operations	224	236	213	218	221
MSA Payments (Share of Local Growth) <sup>2</sup>	(294)	(362)	(362)	(362)	(362)
Enhanced FMAP <sup>3</sup>	(3,420)	(2,487)	0	0	0
Other State Agency Medicaid Spending	<u>2,601</u>	<u>5,232</u>	<u>4,996</u>	<u>4,836</u>	<u>5,057</u>
Mental Hygiene <sup>4</sup>	2,488	4,984	4,774	4,614	4,835
Foster Care	32	74	74	74	74
Education	81	140	140	140	140
Corrections <sup>5</sup>	0	34	8	8	8
<b>Total State Share Medicaid (All Agencies)</b>	<b>22,172</b>	<b>27,101</b>	<b>30,159</b>	<b>30,999</b>	<b>32,043</b>
Annual \$ Change		4,929	3,058	840	1,044
Annual % Change		22.2%	11.3%	2.8%	3.4%
<b>Essential Plan</b>	<b>66</b>	<b>65</b>	<b>62</b>	<b>62</b>	<b>62</b>
Local Assistance	0	0	0	0	0
State Operations	66	65	62	62	62

<sup>1</sup> DOH spending includes certain items that are excluded from the indexed provisions of the Medicaid Global Cap. This includes administrative costs, such as the takeover of local administrative responsibilities; Monroe County's decision to participate in the Medicaid local cap program rather than continuing the sales tax intercept option; increased Federal Financial Participation effective in January 2014; and a share of minimum wage increases.

<sup>2</sup> MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State share for Medicaid.

<sup>3</sup> Enhanced FMAP of 6.2 percent retroactive to January 2020 (24 months).

<sup>4</sup> Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

<sup>5</sup> Increased DOCCS Medicaid spending in FY 2022 reflects timing of reimbursements from retroactive reconciliations.

## Global Cap

Medicaid spending under the Global Cap is projected to adhere to statutorily allowable levels through FY 2025. Forecasted Medicaid spending includes the recurring value of MRT II savings initiatives and the Managed Care payment restructuring totaling \$1.7 billion initially executed at the end of FY 2019 in response to a structural imbalance at the time. Additional information on the Medicaid Global Cap construct, structural imbalance and MRT savings initiatives can be found in “Other Matters Affecting the Financial Plan” herein.

MEDICAID GLOBAL CAP FORECAST (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
<b>Global Medicaid Cap<sup>1</sup></b>	<b>19,992</b>	<b>20,572</b>	<b>21,188</b>	<b>21,820</b>	<b>22,461</b>
Annual \$ Change		580	616	632	641
Annual % Change		2.9%	3.0%	3.0%	2.9%

<sup>1</sup> Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI. The Financial Plan assumes spending under the Global Cap to adhere to statutorily allowable growth in all years, which may require the implementation of certain cost controls and savings actions.

## Temporary Enhanced FMAP

In March 2020, the Federal government signed into law the FFCRA which included a 6.2 percent base increase to the FMAP rate for each calendar quarter occurring during the public health emergency, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the Affordable Care Act (ACA) expansion. The Federal government has extended eFMAP through September 2021.

Despite the Federal Health and Human Services Secretary's ability to revoke the emergency prior to the start of a new quarter (i.e., prior to October 2021), the Financial Plan assumes the eFMAP will continue through the end of calendar year 2021. The State benefit from the eFMAP is estimated at approximately \$2.5 billion in FY 2022.

## Minimum Wage

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap. The State costs of minimum wage increases in the health care sector are projected to grow \$370 million to roughly \$2.0 billion in FY 2022. Home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education, and fringe benefits. The required supplemental benefits typically can be satisfied by increasing the base cash wage for home health care workers by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by \$4.09 for New York City and \$3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

## Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the New York City budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out over a three-year period all growth in the local share of Medicaid costs.

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels is projected to save local districts a total of \$4.8 billion in FY 2022 -- roughly \$2.4 billion for counties outside New York City and \$2.4 billion for New York City. The following table provides county specific savings.

LOCAL GOVERNMENT SAVINGS STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER) FY 2021 to FY 2025					
County	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Albany	45,924,447	49,145,707	52,460,384	55,871,186	59,380,902
Allegany	7,282,837	7,790,910	8,313,717	8,851,686	9,405,256
Broome	47,571,195	50,099,859	52,701,854	55,379,307	58,134,406
Cattaraugus	16,107,474	17,078,352	18,077,385	19,105,391	20,163,208
Cayuga	16,470,059	17,374,989	18,306,163	19,264,340	20,250,304
Chautauqua	32,422,534	34,300,740	36,233,414	38,222,136	40,268,530
Chemung	17,606,113	18,718,393	19,862,930	21,040,658	22,252,540
Chenango	9,211,451	9,774,926	10,354,742	10,951,372	11,565,305
Clinton	14,054,886	14,982,677	15,937,373	16,919,755	17,930,626
Columbia	13,567,329	14,291,940	15,037,564	15,804,811	16,594,309
Cortland	9,380,674	9,953,023	10,541,971	11,147,998	11,771,599
Delaware	9,433,363	9,966,352	10,514,798	11,079,148	11,659,865
Dutchess	59,419,628	62,411,561	65,490,261	68,658,242	71,918,095
Erie	189,303,042	201,049,829	213,137,272	225,575,252	238,373,933
Essex	6,001,647	6,376,876	6,762,988	7,160,296	7,569,126
Franklin	9,155,077	9,719,964	10,301,233	10,899,359	11,514,830
Fulton	11,419,990	12,162,806	12,927,165	13,713,689	14,523,023
Genesee	9,592,429	10,157,138	10,738,223	11,336,160	11,951,437
Greene	10,145,907	10,731,959	11,335,007	11,955,543	12,594,075
Hamilton	727,545	767,892	809,410	852,132	896,093
Herkimer	13,037,477	13,820,950	14,627,145	15,456,719	16,310,350
Jefferson	19,451,308	20,611,724	21,805,792	23,034,488	24,298,816
Lewis	4,527,009	4,809,201	5,099,576	5,398,373	5,705,834
Livingston	10,117,564	10,687,610	11,274,187	11,877,774	12,498,866
Madison	11,274,217	11,933,972	12,612,860	13,311,436	14,030,271
Monroe	172,706,043	183,074,797	193,744,244	204,723,105	216,020,353
Montgomery	14,050,740	14,815,117	15,601,660	16,411,013	17,243,838
Nassau	250,812,829	265,070,006	279,740,641	294,836,725	310,370,595
Niagara	42,088,881	44,668,758	47,323,452	50,055,132	52,866,031
Oneida	53,309,028	56,517,821	59,819,668	63,217,269	66,713,400
Onondaga	107,166,225	113,336,855	119,686,433	126,220,149	132,943,343
Ontario	17,271,271	18,257,491	19,272,311	20,316,561	21,391,095
Orange	95,303,291	100,206,057	105,251,004	110,442,254	115,784,050
Orleans	8,577,544	9,074,029	9,584,912	10,110,610	10,651,554
Oswego	27,054,376	28,581,761	30,153,439	31,770,697	33,434,854
Otsego	9,117,002	9,694,918	10,289,593	10,901,514	11,531,181
Putnam	12,045,986	12,682,592	13,337,660	14,011,725	14,705,337
Rensselaer	26,323,971	28,097,561	29,922,585	31,800,535	33,732,945
Rockland	88,391,821	92,942,167	97,624,473	102,442,566	107,400,384
St. Lawrence	19,484,562	20,761,529	22,075,528	23,427,634	24,818,950
Saratoga	28,503,780	30,066,880	31,675,310	33,330,384	35,033,456
Schenectady	39,623,716	41,787,173	44,013,370	46,304,127	48,661,316
Schoharie	5,498,147	5,828,803	6,169,049	6,519,161	6,879,427
Schuyler	3,240,753	3,446,828	3,658,879	3,877,080	4,101,609
Seneca	5,972,765	6,324,404	6,686,240	7,058,570	7,441,697
Steuben	18,381,710	19,497,022	20,644,679	21,825,618	23,040,804
Suffolk	300,519,369	316,662,330	333,273,436	350,366,264	367,954,785
Sullivan	23,346,278	24,629,350	25,949,631	27,308,200	28,706,168
Tioga	6,744,480	7,182,606	7,633,439	8,097,345	8,574,705
Tompkins	11,806,747	12,505,782	13,225,089	13,965,256	14,726,888
Ulster	44,016,950	46,377,060	48,805,613	51,304,594	53,876,045
Warren	10,615,110	11,288,103	11,980,612	12,693,204	13,426,461
Washington	12,646,329	13,349,724	14,073,518	14,818,302	15,584,685
Wayne	19,842,160	20,839,092	21,864,935	22,920,527	24,006,732
Westchester	187,832,130	199,747,277	212,007,964	224,624,210	237,606,327
Wyoming	5,861,491	6,193,427	6,534,990	6,886,458	7,248,118
Yates	3,975,272	4,217,903	4,467,571	4,724,478	4,988,836
<b>Rest of State</b>	<b>2,265,335,960</b>	<b>2,396,444,576</b>	<b>2,531,355,341</b>	<b>2,670,178,519</b>	<b>2,813,027,569</b>
<b>New York City</b>	<b>2,201,926,595</b>	<b>2,421,745,114</b>	<b>2,647,938,370</b>	<b>2,880,691,230</b>	<b>3,120,193,923</b>
<b>Statewide</b>	<b>4,467,262,556</b>	<b>4,818,189,690</b>	<b>5,179,293,711</b>	<b>5,550,869,749</b>	<b>5,933,221,492</b>

**Master Settlement Agreement (MSA)**

In FY 2018, all outstanding bonds secured by annual payments from tobacco manufacturers under the MSA were retired. In FY 2022, DOB expects to receive MSA payments totaling roughly \$362 million. State law directs these payments be used to help defray costs of the State’s takeover of Medicaid costs for counties and New York City. Consistent with State law, the MSA payments are deposited directly to the Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds. The table below shows total State spending adjusted for MSA offset.

<b>FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS</b>					
<i>(millions of dollars)</i>					
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>State Share Support</b>	<b><u>22,532</u></b>	<b><u>27,528</u></b>	<b><u>30,583</u></b>	<b><u>31,423</u></b>	<b><u>32,467</u></b>
State Funds Medicaid Disbursements	22,238	27,166	30,221	31,061	32,105
MSA Payments (Local Growth)	294	362	362	362	362

## Health Care Transformation Fund (HCTF)

The HCTF was created in 2018 to account for receipts associated with health care asset sales and conversions. Resources in the HCTF are transferred to any other fund of the State, as directed by the Director of the Budget, to support health care delivery, including for capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers. The HCTF may be used as a repository for future proceeds related to asset sales and conversions, subject to regulatory approvals.

The table below summarizes the actual and projected receipts from several health care provider conversions and acquisitions and the support for health care transformation activities, including subsidies for housing rental assistance, State-only health care payments and capital projects spending to enhance health care information technology.

<b>HEALTH CARE TRANSFORMATION FUND</b>					
<b>PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018</b>					
<b>(millions of dollars)</b>					
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Opening Balance</b>	<b>315</b>	<b>255</b>	<b>87</b>	<b>0</b>	<b>0</b>
<b>Receipts</b>	<b><u>139</u></b>	<b><u>248</u></b>	<b><u>68</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
Fidelis Payment	50	50	0	0	0
Centene Payment	68	68	68	0	0
CVS Payment	13	13	0	0	0
Cigna Payment	7	7	0	0	0
Affinity Payment	0	110	0	0	0
STIP Interest	1	0	0	0	0
<b>Planned Uses</b>	<b><u>199</u></b>	<b><u>416</u></b>	<b><u>155</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
Housing Rental Subsidies	84	238	65	0	0
State-Only Payments	58	123	46	0	0
Capital Projects	57	55	44	0	0
<b>Closing Balance</b>	<b>255</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>

A summary of the individual asset sales and conversions is included in the Financial Plan and Accompanying Notes.

## Essential Plan (EP)

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP, or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. More than 960,000 New Yorkers are expected to be enrolled in the EP in FY 2022, an increase of nearly 92,000 from FY 2021.

ESSENTIAL PLAN (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>TOTAL ALL FUNDS SPENDING</b>	<b>4,604</b>	<b>5,741</b>	<b>24.7%</b>	<b>5,898</b>	<b>2.7%</b>	<b>5,801</b>	<b>-1.6%</b>	<b>5,739</b>	<b>-1.1%</b>
<b>State Operating Funds</b>	<b>66</b>	<b>65</b>	<b>-1.5%</b>	<b>62</b>	<b>-4.6%</b>	<b>62</b>	<b>0.0%</b>	<b>62</b>	<b>0.0%</b>
Local Assistance <sup>1</sup>	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
<b>Federal Operating Funds</b>	<b>4,538</b>	<b>5,676</b>	<b>25.1%</b>	<b>5,836</b>	<b>2.8%</b>	<b>5,739</b>	<b>-1.7%</b>	<b>5,677</b>	<b>-1.1%</b>

<sup>1</sup> The EP is not a Medicaid program; however, State savings associated with the EP local assistance program are realized within the Global Cap, where EP resources are managed.

On an All Funds basis, EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in FY 2022 primarily reflects robust costs associated with robust growth in program enrollment, leveraging \$381 million in available resources to support the elimination of health insurance premiums for over 400,000 program enrollees and promote coverage for upwards of 100,000 additional New Yorkers.

The Financial Plan also includes more than \$200 million to further reduce out of pocket costs by eliminating Dental and Vision premiums, enhanced support to hospitals through a \$420 million increase in reimbursement rates, as well as a \$97 million commitment to expand the size of the EP Quality Incentive Program pool to \$200 million. Due to a high Federal reimbursement rate for the EP under current methodology, local assistance spending for the EP is not anticipated to drive a commensurate increase in State support for the EP. Spending growth attributable to Enacted Budget actions, and subsequently enrollment growth, tapers in the outyears as premium eliminations and increased provider reimbursement rates taper in the outyears.

## Public Health/Aging Programs

Public Health includes many programs. CHP, the largest program in this category, provides health insurance coverage for children of low-income families, up to the age of 19. General Public Health Work (GPHW) reimburses local health departments for the cost of providing certain public health services. Elderly Pharmaceutical Insurance Coverage (EPIC) program provides prescription drug insurance to seniors. The Early Intervention (EI) program pays for services provided to infants and toddlers under the age of three with disabilities or developmental delays. Many public health programs, such as the EI and GPHW programs, are run by county health departments that are reimbursed by the State for a share of program costs. State spending projections do not include the county share of these programs. In addition, a significant portion of HCRA spending is included under the Public Health budget.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services (including in-home services and nutrition assistance) provided through a network of county Area Agencies on Aging (AAA) and local providers.

PUBLIC HEALTH AND AGING (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>TOTAL STATE OPERATING FUNDS</b>	<b>1,812</b>	<b>1,906</b>	<b>5.2%</b>	<b>1,945</b>	<b>2.0%</b>	<b>1,959</b>	<b>0.7%</b>	<b>1,977</b>	<b>0.9%</b>
<b>Public Health</b>	<b>1,677</b>	<b>1,751</b>	<b>4.4%</b>	<b>1,795</b>	<b>2.5%</b>	<b>1,804</b>	<b>0.5%</b>	<b>1,816</b>	<b>0.7%</b>
Child Health Plus <sup>1</sup>	577	724	25.5%	815	12.6%	823	1.0%	835	1.5%
General Public Health Work <sup>2</sup>	239	196	-18.0%	163	-16.8%	163	0.0%	163	0.0%
EPIC	98	103	5.1%	103	0.0%	103	0.0%	103	0.0%
<u>Early Intervention<sup>2</sup></u>	<u>181</u>	<u>80</u>	<u>-55.8%</u>	<u>80</u>	<u>0.0%</u>	<u>80</u>	<u>0.0%</u>	<u>80</u>	<u>0.0%</u>
Unadjusted	254	163	-35.8%	163	0.0%	163	0.0%	163	0.0%
Health Services Initiatives Offset	(73)	(83)	-13.7%	(83)	0.0%	(83)	0.0%	(83)	0.0%
HCRA Program	269	332	23.4%	338	1.8%	338	0.0%	338	0.0%
All Other	313	316	1.0%	296	-6.3%	297	0.3%	297	0.0%
<b>Aging</b>	<b>135</b>	<b>155</b>	<b>14.8%</b>	<b>150</b>	<b>-3.2%</b>	<b>155</b>	<b>3.3%</b>	<b>161</b>	<b>3.9%</b>

<sup>1</sup> Increased spending for CHP in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources, including enhanced FMAP retroactive to January 2020 (24 months).

<sup>2</sup> FY 2021 actuals for GPHW and EI reflect the timing of payments for prior year liabilities.



Public Health spending grows over the multi-year Financial Plan due to several factors, including increased enrollment in CHP, the transition of the "Aliessa" (i.e. legally residing immigrants in New York who meet the income eligibility requirements) population from the Medicaid budget to the Public Health budget, which has no impact on service delivery, and the scheduled phase down of enhanced resources provided in the ACA. Growth in FY 2022 reflects a reduction in expected enhanced FMAP for CHP as part of the FFCRA, and the timing of FY 2021 payment processing due to COVID-19. Increased spending in FY 2022 will be partially offset by State savings from the utilization of new Federal funding for Hunger Prevention and Nutrition Assistance programs.

The Financial Plan budgets \$83 million in Federal funding to support public health programs that improve the health of children. The Health Services Initiatives option, available under CHP, will be used to offset State costs in the Early Intervention program.

The Financial Plan continues SOFA support to address locally identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, and reduce future Medicaid costs by intervening earlier with less intensive services. The multi-year Financial Plan also reflects funding for an annual Human Services COLA.

## HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2023. HCRA resources include surcharges and assessments on hospital revenues, a “covered lives” assessment paid by insurance carriers, and a portion of cigarette tax revenues. These resources are used to fund roughly 25 percent of State share Medicaid costs, and other programs and health care industry investments including CHP, EPIC, Physician Excess Medical Malpractice Insurance, Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance; Worker Recruitment and Retention; Doctors Across New York; and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Database (APCD).

HCRA FINANCIAL PLAN (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>OPENING BALANCE</b>	16	16		0		0		0	
<b>TOTAL RECEIPTS</b>	<b>5,833</b>	<b>6,226</b>	<b>6.7%</b>	<b>6,136</b>	<b>-1.4%</b>	<b>6,203</b>	<b>1.1%</b>	<b>6,250</b>	<b>0.8%</b>
Surcharges	3,523	3,706	5.2%	3,781	2.0%	3,858	2.0%	3,937	2.0%
Covered Lives Assessment	1,026	1,110	8.2%	1,110	0.0%	1,110	0.0%	1,110	0.0%
Cigarette Tax Revenue	696	663	-4.7%	631	-4.8%	604	-4.3%	572	-5.3%
Hospital Assessments	477	487	2.1%	502	3.1%	518	3.2%	518	0.0%
Excise Tax on Vapor Products	32	22	-31.3%	22	0.0%	22	0.0%	22	0.0%
NYC Cigarette Tax Transfer	19	21	10.5%	21	0.0%	21	0.0%	21	0.0%
EPIC Receipts/ICR Audit Fees	60	67	11.7%	69	3.0%	70	1.4%	70	0.0%
Distressed Provider Assistance <sup>1</sup>	0	150	0.0%	0	-100.0%	0	0.0%	0	0.0%
<b>TOTAL DISBURSEMENTS AND TRANSFERS</b>	<b>5,833</b>	<b>6,242</b>	<b>7.0%</b>	<b>6,136</b>	<b>-1.7%</b>	<b>6,203</b>	<b>1.1%</b>	<b>6,250</b>	<b>0.8%</b>
Medicaid Assistance Account	<u>3,891</u>	<u>4,157</u>	<u>6.8%</u>	<u>3,976</u>	<u>-4.4%</u>	<u>4,032</u>	<u>1.4%</u>	<u>4,109</u>	<u>1.9%</u>
Medicaid Costs	3,716	3,982	7.2%	3,801	-4.5%	3,857	1.5%	3,934	2.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	751	719	-4.3%	717	-0.3%	717	0.0%	717	0.0%
HCRA Program Account	276	340	23.2%	346	1.8%	346	0.0%	346	0.0%
Child Health Plus <sup>2</sup>	590	735	24.6%	826	12.4%	836	1.2%	848	1.4%
Elderly Pharmaceutical Insurance Coverage	108	114	5.6%	114	0.0%	114	0.0%	114	0.0%
Qualified Health Plan Administration	34	35	2.9%	35	0.0%	36	2.9%	36	0.0%
SHIN-NY/APCD	40	40	0.0%	40	0.0%	40	0.0%	40	0.0%
All Other	143	102	-28.7%	82	-19.6%	82	0.0%	40	-51.2%
<b>ANNUAL OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(16)</b>		<b>0</b>		<b>0</b>		<b>0</b>	
<b>CLOSING BALANCE</b>	<b>16</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	

<sup>1</sup> The HCRA Financial Plan includes \$150 million in FY 2022 to support State funded payments for distressed health care providers.

<sup>2</sup> The fluctuation in CHP expenditures from FY 2021 to FY 2022 reflects the impact of transitioning certain funding from the Medicaid Assistance account to CHP, as well as an increase in State share CHP costs due to the scheduled phase down of enhanced Federal resources.

Total HCRA receipts are anticipated to increase in FY 2022, reflecting the assumption that collections from health care surcharges and assessments will begin trending closer to pre-pandemic levels.

Projected declines in cigarette tax revenues reflect expected continued declines in the consumption of cigarettes.

HCRA spending in FY 2022 is expected to increase in line with projected growth in receipts collections. The Financial Plan reflects roughly \$4.0 billion in continued support for Medicaid spending, as well as over \$700 million annually for the CHP program, in addition to several other programs and initiatives.

Increased CHP spending in FY 2022 through FY 2025 is attributable to the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollment and utilization.

HCRA is expected to remain in balance over the multi-year Financial Plan period. Under the current HCRA appropriation structure, spending reductions will occur if resources are insufficient to maintain a balanced fund. Any such spending reductions could affect General Fund Medicaid funding or HCRA programs. Conversely, any unanticipated balances or excess resources in HCRA are expected to fund Medicaid costs that would have otherwise been paid from the General Fund.

## Mental Hygiene

Mental Hygiene services are delivered by the Office for People with Developmental Disabilities (OPWDD), the Office of Mental Health (OMH), the Office of Addiction Services and Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). Services are provided for adults with mental illness, children with emotional disturbance, individuals with intellectual and developmental disabilities and their families, people with chemical dependencies, and individuals with compulsive gambling problems.

<b>MENTAL HYGIENE</b> (millions of dollars)									
	<b>FY 2021</b>	<b>FY 2022</b>		<b>FY 2023</b>		<b>FY 2024</b>		<b>FY 2025</b>	
	<b>Actuals</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>
<b>TOTAL STATE OPERATING FUNDS</b>	<b>1,914</b>	<b>4,521</b>	<b>136.2%</b>	<b>4,291</b>	<b>-5.1%</b>	<b>4,197</b>	<b>-2.2%</b>	<b>4,479</b>	<b>6.7%</b>
<b>People with Developmental Disabilities</b>	<b>2,345</b>	<b>2,624</b>	<b>11.9%</b>	<b>2,731</b>	<b>4.1%</b>	<b>2,890</b>	<b>5.8%</b>	<b>2,990</b>	<b>3.5%</b>
Residential Services	1,363	1,429	4.8%	1,490	4.3%	1,576	5.8%	1,614	2.4%
Day Programs	599	791	32.1%	824	4.2%	872	5.8%	893	2.4%
Clinic	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other Services (Net of Offsets)	370	391	5.7%	404	3.3%	429	6.2%	470	9.6%
<b>Mental Health</b>	<b>1,384</b>	<b>1,501</b>	<b>8.5%</b>	<b>1,588</b>	<b>5.8%</b>	<b>1,632</b>	<b>2.8%</b>	<b>1,685</b>	<b>3.2%</b>
Adult Local Services	1,155	1,243	7.6%	1,317	6.0%	1,356	3.0%	1,401	3.3%
Children Local Services	229	258	12.7%	271	5.0%	276	1.8%	284	2.9%
<b>Addiction Services and Supports</b>	<b>341</b>	<b>395</b>	<b>15.8%</b>	<b>402</b>	<b>1.8%</b>	<b>429</b>	<b>6.7%</b>	<b>450</b>	<b>4.9%</b>
Residential	91	99	8.8%	103	4.0%	115	11.7%	120	4.3%
Other Treatment	169	202	19.5%	203	0.5%	212	4.4%	223	5.2%
Prevention	49	58	18.4%	59	1.7%	61	3.4%	64	4.9%
Recovery	32	36	12.5%	37	2.8%	41	10.8%	43	4.9%
<b>Justice Center</b>	<b>1</b>	<b>1</b>	<b>0.0%</b>	<b>1</b>	<b>0.0%</b>	<b>1</b>	<b>0.0%</b>	<b>1</b>	<b>0.0%</b>
<b>Total Spending Funded by DOH Medicaid Global Cap<sup>1</sup></b>	<b>(2,157)</b>	<b>0</b>	<b>100.0%</b>	<b>(431)</b>	<b>0.0%</b>	<b>(755)</b>	<b>-75.2%</b>	<b>(647)</b>	<b>14.3%</b>
People with Developmental Disabilities	(1,957)	0	100.0%	(431)	0.0%	(755)	-75.2%	(647)	14.3%
Mental Health	(200)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
<b>TOTAL MENTAL HYGIENE SPENDING<sup>2</sup></b>	<b>4,071</b>	<b>4,521</b>	<b>11.1%</b>	<b>4,722</b>	<b>4.4%</b>	<b>4,952</b>	<b>4.9%</b>	<b>5,126</b>	<b>3.5%</b>

<sup>1</sup> Reflects a portion of mental hygiene spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

<sup>2</sup> FY 2021 includes \$26 million in payments that were not released at the end of FY 2020 due to interruptions and uncertainties as a result of the pandemic.

These agencies provide services directly to their clients through State-operated facilities and indirectly through community-based providers. Costs of providing these services are reimbursed by Medicaid, Medicare, third-party insurance, and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, issued to finance infrastructure improvements at State mental hygiene facilities. Revenues exceeding debt service are used to support State operating costs associated with Mental Hygiene service delivery.

Mental Hygiene spending growth in FY 2022 and subsequent years reflects increased funding for not-for-profit providers to support minimum wage increases, a one percent cost-of-living adjustment, the anticipation that service utilization trends upwards towards pre-pandemic levels, and targeted investments to ensure adequate access to services and supports.

The Financial Plan includes continued support for individuals with developmental disabilities to ensure appropriate access to care. Additional funding will be utilized for the development of new certified housing supports, expanded independent living opportunities and growth in respite availability.

The Financial Plan also supports OMH community services and the transition of individuals to more cost-effective community settings. OMH has continued to enhance its service offerings in recent years by expanding supported housing units throughout the State, providing additional peer support services, and developing new services, such as mobile crisis teams.

Funding for OASAS addiction service programs in FY 2022 and beyond primarily reflects increased residential service opportunities and other investments in addiction prevention, treatment, and recovery programs operated by not-for-profit providers.

The level of Mental Hygiene spending reported under the DOH Medicaid Global Cap has no impact on mental hygiene service delivery or operations and may fluctuate depending on the availability of resources and other cost pressures within the Medicaid program.

## Social Services

### Office of Temporary and Disability Assistance (OTDA)

OTDA local assistance programs provide cash benefits and supportive services to low-income families. The State’s three main programs are Family Assistance, Safety Net Assistance and SSI. The Family Assistance program, financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>TOTAL STATE OPERATING FUNDS</b>	<b>1,362</b>	<b>1,498</b>	<b>10.0%</b>	<b>1,601</b>	<b>6.9%</b>	<b>1,646</b>	<b>2.8%</b>	<b>1,652</b>	<b>0.4%</b>
SSI	603	667	10.6%	667	0.0%	667	0.0%	667	0.0%
Public Assistance Benefits	657	599	-8.8%	583	-2.7%	574	-1.5%	541	-5.7%
Public Assistance Initiatives	8	13	62.5%	9	-30.8%	9	0.0%	9	0.0%
Homeless Housing and Services	90	14	-84.4%	239	1607.1%	294	23.0%	333	13.3%
Rental Assistance	0	200	0.0%	100	-50.0%	100	0.0%	100	0.0%
All Other	4	5	25.0%	3	-40.0%	2	-33.3%	2	0.0%

DOB’s caseload models project a total of 558,000 public assistance recipients in FY 2022. Approximately 209,148 families are expected to receive benefits through the Family Assistance program in FY 2022, an increase of 8.5 percent from FY 2021. The Safety Net caseload for families is projected at 138,784 in FY 2022, an increase of 10.8 percent from FY 2021. The caseload for single adults and childless couples supported through the Safety Net program is projected at 210,068 in FY 2022, a decrease of 3.6 percent from FY 2021.

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, that increases Safety Net assistance. The Financial Plan reflects that spending for Safety Net assistance is not expected to return to pre-pandemic levels until after FY 2024. In addition, the Financial Plan includes time-limited emergency rental assistance using Federal resources and a new recurring State funded rental assistance program to assist individuals and families most impacted by the pandemic.

SSI spending is expected to remain level over the Financial Plan period, with no change in caseloads. Spending increases for homeless housing and services in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI), which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

## Office of Children and Family Services (OCFS)

OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. It oversees the State's system of family support and child welfare services administered by local social services districts and community-based organizations. Specifically, child welfare services, financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services for reducing out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State, and local sources, supports child care subsidies for public assistance and low-income families.

CHILDREN AND FAMILY SERVICES (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>TOTAL STATE OPERATING FUNDS</b>	<b>1,661</b>	<b>1,699</b>	<b>2.3%</b>	<b>1,585</b>	<b>-6.7%</b>	<b>1,660</b>	<b>4.7%</b>	<b>1,660</b>	<b>0.0%</b>
Child Welfare Service	577	500	-13.3%	476	-4.8%	476	0.0%	476	0.0%
Foster Care Block Grant	420	409	-2.6%	390	-4.6%	390	0.0%	390	0.0%
Child Care	180	279	55.0%	246	-11.8%	321	30.5%	321	0.0%
Adoption	149	153	2.7%	145	-5.2%	145	0.0%	145	0.0%
Youth Programs	161	103	-36.0%	93	-9.7%	93	0.0%	93	0.0%
Medicaid	32	74	131.3%	74	0.0%	74	0.0%	74	0.0%
Adult Protective/Domestic Violence	78	57	-26.9%	54	-5.3%	54	0.0%	54	0.0%
Committees on Special Education	8	0	-100.0%	29	0.0%	29	0.0%	29	0.0%
All Other	56	124	121.4%	78	-37.1%	78	0.0%	78	0.0%

The Financial Plan includes recurring savings attributable to the permanent alignment of the fiscal responsibility with the school district responsible for residential school placements of children with special needs outside New York City. Higher projected spending in FY 2022 reflects the repayment of local aid withheld in FY 2021, as well as funding for legislative program adds.



## Transportation

The Department of Transportation (DOT) directly maintains and improves approximately 43,700 State highway lane miles and nearly 7,900 bridges. The Department also partially funds regional and local transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and port programs.

In FY 2022, the State expects to provide \$6 billion in operating aid to mass transit systems, including \$2.2 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and \$252 million from a State supplement to the Payroll Mobility Tax (PMT) tax collections. The MTA, the nation's largest transit and commuter rail system, is scheduled to receive \$5.4 billion (approximately 90 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>STATE OPERATING FUNDS SUPPORT</b>	<b>3,648</b>	<b>3,792</b>	<b>3.9%</b>	<b>4,195</b>	<b>10.6%</b>	<b>4,196</b>	<b>0.0%</b>	<b>4,196</b>	<b>0.0%</b>
Mass Transit Operating Aid:	<u>2,626</u>	<u>2,624</u>	<u>-0.1%</u>	<u>3,050</u>	<u>16.2%</u>	<u>3,050</u>	<u>0.0%</u>	<u>3,050</u>	<u>0.0%</u>
Metro Mass Transit Aid	2,492	2,468	-1.0%	2,896	17.3%	2,896	0.0%	2,896	0.0%
Public Transit Aid	91	112	23.1%	110	-1.8%	110	0.0%	110	0.0%
18-b General Fund Aid	18	19	5.6%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	237	252	6.3%	244	-3.2%	244	0.0%	244	0.0%
NY Central Business District Trust	145	156	7.6%	153	-1.9%	155	1.3%	155	0.0%
Dedicated Mass Transit	576	681	18.2%	676	-0.7%	676	0.0%	676	0.0%
AMTAP	64	79	23.4%	72	-8.9%	71	-1.4%	71	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Projected operating aid to the MTA and other transit systems mainly reflects the current receipts forecast. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated \$25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes sales tax receipts from online marketplace provider sales tax collections on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the *Wayfair* decision, which is projected to provide the MTA with \$156 million in dedicated revenues in FY 2022.

## Local Government Assistance

Direct aid to local governments includes the Aid and Incentives for Municipalities (AIM) program, created in FY 2006 to consolidate various unrestricted local aid funding streams; miscellaneous financial assistance for certain counties, cities, towns, and villages; and efficiency-based incentive grants to local governments.

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM (millions of dollars)									
	FY 2021	FY 2022	FY 2023		FY 2024		FY 2025		
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	
<b>TOTAL STATE OPERATING FUNDS</b>	<b>630</b>	<b>706</b>	<b>12.1%</b>	<b>703</b>	<b>-0.4%</b>	<b>703</b>	<b>0.0%</b>	<b>703</b>	<b>0.0%</b>
Big Four Cities	408	451	10.5%	429	-4.9%	429	0.0%	429	0.0%
Other Cities	207	228	10.1%	218	-4.4%	218	0.0%	218	0.0%
Towns and Villages	8	9	12.5%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	7	18	157.1%	47	161.1%	47	0.0%	47	0.0%

Higher spending in FY 2022 reflects the projected increases in awards from the Financial Restructuring Board to Local Governments pursuant to the Local Government Performance and Efficiency Program, as well as requests for State matching Funds through the County Wide Shared Service Initiative. Higher spending in FY 2022 also includes the payment of FY 2021 local aid payments that were withheld, as well as targeted legislative adds.

## Agency Operations

Agency operating costs consist of Personal Service (PS), Non-Personal Service (NPS), and GSCs. PS includes salaries of State employees of the Executive, Legislative, and Judicial branches consistent with current negotiated collective bargaining agreements, as well as temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, Information Technology (IT), and professional business services), supplies and materials, equipment, and telephone service. GSCs, discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as certain fixed costs such as litigation expenses and taxes on public lands. Certain agency operating costs of DOT and the Department of Motor Vehicles (DMV) are included in Capital Projects Funds and are not reflected in State Operating Funds.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); United University Professions (UUP), which represents faculty and nonteaching professional staff within the SUNY system; and New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correction officers, safety and security officers).

The following table presents certain factors used in preparing the spending projections for agency operations.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Negotiated Base Salary Increases <sup>1</sup>					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	TBD	TBD
UUP	2%	2%	TBD	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	TBD	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce <sup>2</sup>	111,230	115,291	TBD	TBD	TBD
ERS Contribution Rate <sup>3</sup>	15.1%	16.9%	18.3%	21.8%	27.1%
PFRS Contribution Rate <sup>3</sup>	25.0%	28.6%	30.7%	34.6%	40.5%
Employee/Retiree Health Insurance Growth Rates	2.6%	7.3%	7.7%	7.4%	7.5%
PS/Fringe as % of Receipts (All Funds Basis)	12.4%	11.6%	12.4%	12.9%	13.5%

<sup>1</sup> Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.

<sup>2</sup> Reflects workforce that is subject to direct Executive control (before hiring freeze savings).

<sup>3</sup> ERS / PFRS contribution rate reflects the State's normal and administrative costs, contributions to the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veteran's pension credit legislation (if applicable).

After adjustment for pandemic related expenses, agency operational costs are projected to remain stable over the Financial Plan period. In general, spending is held flat through a combination of a hiring freeze and controls on non-personal service expenditures.

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS					
(millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
<b>SUBJECT TO DIRECT EXECUTIVE CONTROL<sup>1</sup></b>	<b>9,888</b>	<b>11,103</b>	<b>10,631</b>	<b>10,658</b>	<b>10,713</b>
Mental Hygiene	2,799	2,831	2,911	2,959	3,006
Corrections and Community Supervision	2,563	2,642	2,663	2,663	2,660
State Police	776	789	809	809	809
Department of Health	689	660	680	688	688
Information Technology Services	517	537	548	548	548
Children and Family Services	174	309	296	301	306
Tax and Finance	326	315	308	309	309
Transportation	309	339	339	339	339
Environmental Conservation	213	233	219	218	218
GSI	0	582	0	0	0
Ongoing Pandemic Related Expenses	(132)	200	200	200	200
All Other	1,654	1,666	1,658	1,624	1,630
<b>FUND ELIGIBLE EXPENSES FROM CRF</b>	<b>1,726</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Corrections and Community Supervision	1,295	0	0	0	0
State Police	343	0	0	0	0
Mental Hygiene	40	0	0	0	0
Department of Health	38	0	0	0	0
Tax and Finance	6	0	0	0	0
All Other	4	0	0	0	0
<b>PANDEMIC COSTS/(REIMBURSEMENT)</b>	<b>951</b>	<b>(940)</b>	<b>(200)</b>	<b>(200)</b>	<b>0</b>
Mental Hygiene	47	(34)	0	0	0
Corrections and Community Supervision	0	(130)	0	0	0
Department of Health	789	(1,090)	0	0	0
Information Technology Services	18	(25)	0	0	0
Transportation	10	(2)	0	0	0
All Other	87	341	(200)	(200)	0
<b>UNIVERSITY SYSTEMS</b>	<b>6,237</b>	<b>6,377</b>	<b>6,478</b>	<b>6,573</b>	<b>6,651</b>
State University	6,136	6,377	6,478	6,573	6,651
City University	101	0	0	0	0
<b>INDEPENDENT AGENCIES</b>	<b>341</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>
Law	190	178	178	178	178
Audit & Control (OSC)	151	147	147	147	147
<b>TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE</b>	<b>15,691</b>	<b>16,865</b>	<b>17,234</b>	<b>17,356</b>	<b>17,689</b>
<b>Judiciary</b>	<b>2,088</b>	<b>2,141</b>	<b>2,112</b>	<b>2,112</b>	<b>2,112</b>
<b>Legislature</b>	<b>227</b>	<b>255</b>	<b>255</b>	<b>255</b>	<b>255</b>
<b>Statewide Total</b>	<b>18,006</b>	<b>19,261</b>	<b>19,601</b>	<b>19,723</b>	<b>20,056</b>
Personal Service	12,355	14,453	14,220	14,324	14,409
Non-Personal Service	5,651	4,808	5,381	5,399	5,647

<sup>1</sup> Excludes expenses funded by the Coronavirus Relief Fund, as well as costs incurred, or expected to be incurred, in response to the COVID-19 pandemic that are expected to be reimbursed with Federal aid.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including the timing of Federal reimbursement of expenses across fiscal years; payment of a 27<sup>th</sup> payroll; and the expected payment in FY 2022 of general salary increases that were scheduled to go into effect on April 1, 2020.

Pursuant to guidelines established by the U.S. Treasury, the State charged roughly \$1.7 billion in eligible costs to the Federal CRF in FY 2021. This includes approximately \$1.6 billion in payroll costs (excluding fringe benefits) for public health and safety employees through December 31, 2020 and other eligible pandemic response costs. Another \$132 million in expenditures that were incurred in FY 2020 were subsequently cancelled and refunded in FY 2021. The Financial Plan also assumes additional costs incurred by the State in the first instance in FY 2021 will be charged to the CRF in FY 2022.

Certain pandemic response expenses incurred in FY 2021, including PPE, durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects reimbursement over several years based on past claims experience. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2022 which are expected to be funded with Federal aid made available in the CRF or FEMA reimbursement.

Executive agency budgets, with exceptions for facility operations and public health and safety, were reduced by 10 percent from budgeted levels beginning in FY 2021 and continuing over the Financial Plan period. Savings are expected to be achieved through adherence to a strict freeze on hiring and transfers; and limiting new contracts or purchase orders for non-personal service expenditures to those needed to protect the health, safety and security of employees and citizens and to ensure the continuation of high priority operations and services. Other notable spending changes include:

- **Mental Hygiene.** Actions include closing vacant State-operated mental health inpatient beds across the State that have been vacant for at least 90 days, which will not have a negative impact on the availability of services. Funding is also added for public education and drug treatment to reduce the risks associated with cannabis use.
- **Corrections and Community Supervision.** Higher spending starting in FY 2022 reflects the new legislative initiative of Humane Alternatives to Long Term Solitary Confinement Act (HALT), offset by planned savings from a reduction in excess prison capacity due to declines in the prison population.
- **Children and Family Services.** The Financial Plan limits support to Voluntary Agency Not-for-Profit providers operating residential programs for 16- and 17-year old youth in the juvenile justice system to actual placements, as well as reducing bed capacity and closing two youth facilities with under-filled beds, to right-size the State juvenile justice facility system and eliminate excess bed capacity. Higher spending in FY 2022 is due to the shift of operating costs to local assistance in FY 2021.

- **State University.** Spending for SUNY has been revised upward to reflect additional funding for various programs requested by the legislature and adjust for an increase in COVID-19 related costs in hospitals.
- **City University.** Spending associated with CUNY Senior College operations is being reclassified from a special revenue fund and agency trust combination to an enterprise fund, resulting in a reduction in reported CUNY spending.

**All Other Agencies.** Agriculture and Markets has been working with Empire State Development (ESD) on the administration of seven marketing orders. The Enacted Budget makes permanent ESD's existing authority to promulgate market orders. DMV and DTF will also receive new funding from the Cannabis Revenue Fund for maintaining traffic safety and operational costs.

## Workforce

In FY 2022, \$14.5 billion, or 12.9 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly two-thirds of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS		
FY 2022 FTEs <sup>1</sup> AND PERSONAL SERVICE SPENDING BY AGENCY (millions of dollars)		
	Dollars	FTEs
<b>SUBJECT TO DIRECT EXECUTIVE CONTROL</b>	<b>8,044</b>	<b>93,827</b>
Mental Hygiene	2,311	32,237
Corrections and Community Supervision	2,054	24,902
State Police	719	5,527
Department of Health	234	3,940
Information Technology Services	273	3,275
Tax and Finance	246	3,785
Children and Family Services	217	2,122
Environmental Conservation	190	2,124
Transportation	159	2,580
Financial Services	154	1,296
All Other	1,487	12,039
<b>Hiring Freeze Savings</b>	<b>0</b>	<b>(2,551)</b>
<b>UNIVERSITY SYSTEMS</b>	<b>4,233</b>	<b>46,708</b>
State University	4,233	46,708
<b>INDEPENDENT AGENCIES</b>	<b>2,176</b>	<b>18,386</b>
Law	126	1,528
Audit & Control (OSC)	117	1,582
Judiciary	1,734	15,273
Legislature <sup>2</sup>	199	3
<b>Statewide Total</b>	<b>14,453</b>	<b>156,370</b>

<sup>1</sup> FTEs represent the number of annual-salaried full-time filled positions (e.g., one FTE may represent a single employee serving at 100 percent full-time, or a combination of employees serving at less than full-time that, when combined, equal a full-time position). The reported FTEs do not include nonannual salaried positions, such as those filled on an hourly, per-diem or seasonal basis.

<sup>2</sup> Legislative employees who are nonannual salaried are excluded from this table.

## General State Charges

The State provides a variety of fringe benefits to current and former employees, including health insurance, pensions, workers' compensation coverage, unemployment insurance, survivors' benefits, and dental and vision benefits (some of which are provided through union-specific Employee Benefit Funds). The GSC budget also pays the Social Security payroll tax and certain statewide fixed costs, including taxes on State-owned lands, Payments in Lieu of Taxes (PILOT) and judgments and settlements awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements.

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance, then partially reimbursed by revenue collected from agency fringe benefit assessments. In FY 2021, fringe benefit assessments reflect the reclassification of Personal Service and related fringe benefits costs for State Police, first responders and public safety officers to the Federal CRF pursuant to Treasury guidelines. This resulted in higher Federal fringe benefit assessments and lower General Fund spending in FY 2021.

GSC spending is projected to increase by an average of 10.7 percent over the multi-year Financial Plan period mostly due to the deferment of payroll tax payments in the current year. In response to the COVID-19 pandemic, the Federal CARES Act authorized employers to defer payment of non-Medicare payroll taxes from April – December 2020, and for the deferral to be repaid without interest in two equal payments on December 31, 2021 and December 31, 2022. Payroll taxes are 7.65 percent of personal service costs (6.2 percent for Social Security and 1.45 percent for Medicare). The State deferred the allowable non-Medicare payment through December 2020 for a total of \$556 million for the Executive, \$69 million for the Judiciary and \$49 million for SUNY Hospitals.

Growth in the health insurance program over the plan period reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic.

At the end of FY 2021, the State paid off \$918 million in pension amortizations that were due from FY 2022 through FY 2026. The prepayment of those costs saved a total of \$64.5 million in interest expense, of which nearly half will be realized in FY 2022 (\$31 million).

The one-time prepayment of \$918 million in FY 2021 has reduced future liabilities through FY 2026. The growth in pension costs reflects updated actuarial demographic assumptions and a valuation date during a bear market (See "Other Matters Affecting the Financial Plan" herein.) Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends. Under the Federal CARES Act and the Continued Assistance Act, the Federal government is covering 50 percent of the costs of the State's employer charges for Unemployment Insurance. Pursuant to authority granted by the Governor, the Commissioner of the New York State Department of Labor ordered the elimination of the remaining 50 percent of charges for reimbursable employers. The FY 2021 actual for Unemployment Insurance is reflective of these actions.



GENERAL STATE CHARGES (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>TOTAL STATE OPERATING FUNDS</b>	<b>7,918</b>	<b>9,518</b>	<b>20.2%</b>	<b>10,098</b>	<b>6.1%</b>	<b>10,673</b>	<b>5.7%</b>	<b>11,870</b>	<b>11.2%</b>
<b>Fringe Benefits</b>	<b>7,508</b>	<b>9,057</b>	<b>20.6%</b>	<b>9,624</b>	<b>6.3%</b>	<b>10,198</b>	<b>6.0%</b>	<b>11,395</b>	<b>11.7%</b>
Health Insurance	4,415	4,736	7.3%	5,103	7.7%	5,483	7.4%	5,893	7.5%
Pensions	3,406	2,512	-26.2%	2,703	7.6%	3,099	14.7%	3,807	22.8%
Social Security (Gross)	1,126	1,110	-1.4%	1,133	2.1%	1,175	3.7%	1,175	0.0%
Social Security (CRF)	(674)	372	155.2%	302	-18.8%	0	-100.0%	0	0.0%
Workers' Compensation	502	520	3.6%	580	11.5%	638	10.0%	702	10.0%
Employee Benefits	103	111	7.8%	121	9.0%	121	0.0%	121	0.0%
Dental Insurance	56	65	16.1%	66	1.5%	66	0.0%	66	0.0%
Unemployment Insurance	2	25	1150.0%	13	-48.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(432)	(314)	27.3%	(397)	-26.4%	(397)	0.0%	(382)	3.8%
Non-State Escrow (CRF)	(996)	(80)	92.0%	0	100.0%	0	0.0%	0	0.0%
<b>Fixed Costs</b>	<b>410</b>	<b>461</b>	<b>12.4%</b>	<b>474</b>	<b>2.8%</b>	<b>475</b>	<b>0.2%</b>	<b>475</b>	<b>0.0%</b>
Public Land Taxes/PILOTS	279	289	3.6%	302	4.5%	302	0.0%	302	0.0%
Litigation	130	172	32.3%	172	0.0%	172	0.0%	172	0.0%

## Transfers to Other Funds (General Fund Basis)

General Fund resources are transferred to other funds to finance a range of other activities, including debt service for bonds that do not have dedicated revenues, SUNY operating costs, and certain capital projects.

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>7,978</b>	<b>7,127</b>	<b>7,285</b>	<b>6,720</b>	<b>6,698</b>
<b>Debt Service</b>	326	392	400	458	506
<b>SUNY University Operations</b>	1,229	1,301	1,288	1,303	1,321
<b>Capital Projects</b>	4,540	3,863	3,982	3,665	3,576
<b>Extraordinary Monetary Settlements:</b>	<b>527</b>	<b>48</b>	<b>294</b>	<b>827</b>	<b>558</b>
Dedicated Infrastructure Investment Fund	330	526	676	584	524
Javits Center Expansion	183	0	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	0	(500)	(500)	0	0
Clean Water Grants	0	0	0	225	25
Mass Transit Capital	3	3	3	3	0
Health Care	11	19	115	15	9
Dedicated Highway and Bridge Trust Fund	786	251	472	518	679
Environmental Protection Fund	28	28	96	96	96
All Other Capital	3,199	3,536	3,120	2,224	2,243
<b>ALL OTHER TRANSFERS</b>	<b>1,883</b>	<b>1,571</b>	<b>1,615</b>	<b>1,294</b>	<b>1,295</b>
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	262	243	243	243	243
NY Central Business District Trust	150	152	153	155	155
Judiciary Funds	116	103	110	110	110
Dedicated Mass Transportation Trust Fund	64	65	65	65	65
Banking Services	37	44	44	44	44
Indigent Legal Services	1	28	75	75	75
Business Services Center	27	32	30	30	30
Mass Transportation Operating Assistance	13	21	21	21	21
Correctional Industries	21	23	21	21	21
General Services	20	13	10	10	10
Public Transportation Systems	17	16	16	16	16
Health Income Fund	8	16	16	16	16
Health Insurance Internal Services Account	12	12	12	12	12
Centralized Technology Services	11	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
Video Lottery Terminal (School Aid Support)	596	0	0	0	0
Commercial Gaming Revenue (School Aid Support)	96	0	0	0	0
Retiree Health Benefit Trust Fund	0	320	320	0	0
All Other	179	219	215	212	213

In FY 2022, a total of \$7.1 billion of General Fund resources are expected to be transferred to other funds, a \$851 million decrease from FY 2021. The decline is mainly attributable to capital projects and transfers to support School Aid executed in FY 2021 because of the drop in lottery and gaming revenues available, partially offset by planned deposits to the Retiree Health Benefit Trust Fund in FY 2022 and FY 2023.

The decrease in transfers for capital projects is primarily timing related and includes bond receipts to offset costs initially funded by monetary settlements; reimbursements to the capital projects fund; increased pay-as-you-go capital spending; and a significantly larger transfer to support the DHBTF in FY 2021 due to the substantial decline in tax receipts.

The DHBTF receives motor vehicle fees, Petroleum Business Tax (PBT), the motor fuel tax, HUT, the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. These resources are used to pay debt service on transportation bonds, finance capital projects, and pay for certain operating expenses of the DOT and DMV. The General Fund subsidizes DHBTF expenses that are not covered by revenue and bond proceeds.

## Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation Bonds for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as ESD, DASNY, and the New York State Thruway Authority (NYSTA). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
General Fund	326	392	20.2%	400	2.0%	458	14.5%	506	10.5%
Other State Support	8,488	6,315	-25.6%	5,463	-13.5%	5,982	9.5%	6,372	6.5%
Liquidity Financing <sup>1</sup>	4,382	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
<b>State Operating</b>	<b>13,196</b>	<b>6,707</b>	<b>-49.2%</b>	<b>5,863</b>	<b>-12.6%</b>	<b>6,440</b>	<b>9.8%</b>	<b>6,878</b>	<b>6.8%</b>

<sup>1</sup> FY 2021 short-term notes issued at a premium in order to generate \$4.5 billion of proceeds.

State Operating Funds debt service is projected to be \$6.7 billion in FY 2022, of which \$392 million is paid from the General Fund and \$6.3 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, DHBTB bonds, and mental health facilities bonds.

Debt service declines from FY 2021 to FY 2022 due to the repayment of \$4.5 billion of PIT notes, which were issued during FY 2021 to help manage the adverse cash flow impact that resulted from the Federal extension of tax filing deadlines in response to the pandemic (the "FY 2021 liquidity financing"). In addition, debt service declines year-over-year due to the FY 2021 prepayment of \$3.1 billion of debt service due in future years. In March 2021, the State terminated an undrawn \$3.0 billion line of credit that was to expire at the end of FY 2021. The interest expense on the notes and the commitment fee on the credit facility were reimbursed with Federal aid from the CRF, as the financings were due solely to the Federal decision to extend tax filing deadlines in response to the pandemic, and therefore, are not reflected in debt service actuals.

The Enacted Budget authorizes liquidity financing in the form of up to \$3.0 billion of PIT notes and \$2.0 billion of line of credit facilities in FY 2022. The Financial Plan does not assume any PIT note issuances or use of the line of credit. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The Financial Plan estimates for debt service spending have been revised to reflect bond sale results, including executed refundings through the end of FY 2021, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Estimates also continue to reflect the issuance of PIT or Sales Tax bonds for the State's \$10.3 billion contribution to the MTA's 2015-19 and 2020-24 Capital Plans. The State converted its contribution to bond-financed capital in 2020 to help MTA after the pandemic impaired the MTA's ability to access cost-effective financing through their Transportation Revenue Bond credit. Previously, the Financial Plan had assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The State issued PIT Revenue Bonds in FY 2021 to fund \$2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan.

The Financial Plan reflects debt service prepayments of \$3.1 billion in FY 2021 and \$1.4 billion in FY 2022 of debt service that comes due in FY 2022 (\$975 million), FY 2023 (\$1.1 billion), FY 2024 (\$1.1 billion), and FY 2025 (\$1.3 billion).

## Financial Plan Tables

The following tables present the multi-year projections for State Operating Funds and All Governmental Funds, as well as monthly cashflow detail for the General Fund. <sup>14</sup>

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<sup>14</sup> Differences may occur from time to time between the State's Financial Plan and OSC's financial reports in the presentation and reporting of receipts and disbursements. For example, the Financial Plan and the AIS may reflect a net expenditure amount while OSC may report the gross amount of the expenditure. Any such differences between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and total All Governmental Funds).

CASH RECEIPTS ALL GOVERNMENTAL FUNDS FY 2022 THROUGH FY 2025 (millions of dollars)				
	FY 2022	FY 2023	FY 2024	FY 2025
	Projected	Projected	Projected	Projected
<b>Taxes:</b>				
Withholdings	47,945	49,250	51,514	53,236
Estimated Payments	18,195	21,682	23,095	24,540
Final Payments	3,982	4,014	3,731	3,932
Other Payments	1,483	1,533	1,585	1,639
<b>Gross Collections</b>	<b>71,605</b>	<b>76,479</b>	<b>79,925</b>	<b>83,347</b>
State/City Offset	(1,274)	(1,399)	(1,524)	(1,651)
Refunds	(9,281)	(9,586)	(9,953)	(10,348)
<b>Reported Tax Collections</b>	<b>61,050</b>	<b>65,494</b>	<b>68,448</b>	<b>71,348</b>
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
<b>Personal Income Tax</b>	<b>61,050</b>	<b>65,494</b>	<b>68,448</b>	<b>71,348</b>
Sales and Use Tax	16,099	16,969	17,415	17,847
Cigarette and Tobacco Taxes	972	930	894	852
Vapor Excise Tax	22	22	22	22
Motor Fuel Tax	497	497	496	495
Alcoholic Beverage Taxes	269	272	274	277
Opioid Excise Tax	34	34	34	34
Medical Cannabis Excise Tax	8	8	8	8
Adult Use Cannabis Tax	20	115	158	245
Highway Use Tax	144	144	146	147
Auto Rental Tax	89	98	102	105
<b>Gross Consumption/Use Taxes</b>	<b>18,154</b>	<b>19,089</b>	<b>19,549</b>	<b>20,032</b>
LGAC/STBF (Dedicated Transfers)	0	0	0	0
<b>Consumption/Use Taxes</b>	<b>18,154</b>	<b>19,089</b>	<b>19,549</b>	<b>20,032</b>
Corporation Franchise Tax	5,559	6,475	6,227	5,521
Corporation and Utilities Tax	543	559	588	582
Insurance Taxes	2,283	2,353	2,409	2,477
Bank Tax	167	0	0	0
Pass Through Entity Tax	0	0	0	0
Petroleum Business Tax	1,049	1,084	1,084	1,081
<b>Business Taxes</b>	<b>9,601</b>	<b>10,471</b>	<b>10,308</b>	<b>9,661</b>
Estate Tax	1,207	1,265	1,327	1,390
Real Estate Transfer Tax	1,059	1,122	1,175	1,235
Employer Compensation Expense Program	6	7	7	8
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	14	14	14	14
Other Taxes	2	2	2	2
<b>Gross Other Taxes</b>	<b>2,288</b>	<b>2,410</b>	<b>2,525</b>	<b>2,649</b>
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
<b>Other Taxes</b>	<b>2,288</b>	<b>2,410</b>	<b>2,525</b>	<b>2,649</b>
<b>Payroll Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Taxes</b>	<b>91,093</b>	<b>97,464</b>	<b>100,830</b>	<b>103,690</b>
Licenses, Fees, Etc.	503	528	578	628
Abandoned Property	450	450	450	450
Motor Vehicle Fees	1,234	1,230	1,226	1,241
ABC License Fee	66	63	63	67
Reimbursements	70	70	66	66
Investment Income	24	12	10	8
Extraordinary Settlements	0	0	0	0
Other Transactions	23,705	24,245	23,921	23,498
<b>Miscellaneous Receipts</b>	<b>26,052</b>	<b>26,598</b>	<b>26,314</b>	<b>25,958</b>
<b>Federal Receipts</b>	<b>96,645</b>	<b>76,322</b>	<b>71,721</b>	<b>70,054</b>
<b>Total</b>	<b>213,790</b>	<b>200,384</b>	<b>198,865</b>	<b>199,702</b>

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2022 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
<b>Opening Fund Balance</b>	<b>9,161</b>	<b>5,708</b>	<b>65</b>	<b>14,934</b>
<b>Receipts:</b>				
Taxes	41,149	5,823	42,795	89,767
Miscellaneous Receipts	1,775	14,877	379	17,031
Federal Receipts	0	357	72	429
<b>Total Receipts</b>	<b>42,924</b>	<b>21,057</b>	<b>43,246</b>	<b>107,227</b>
<b>Disbursements:</b>				
Local Assistance	61,041	15,693	0	76,734
State Operations:				
Personal Service	9,835	4,618	0	14,453
Non-Personal Service	2,553	2,231	24	4,808
General State Charges	8,435	1,083	0	9,518
Debt Service	0	0	6,707	6,707
Capital Projects	0	0	0	0
<b>Total Disbursements</b>	<b>81,864</b>	<b>23,625</b>	<b>6,731</b>	<b>112,220</b>
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	44,260	2,537	1,930	48,727
Transfers to Other Funds	(7,127)	54	(38,440)	(45,513)
Bond and Note Proceeds	0	0	0	0
<b>Net Other Financing Sources (Uses)</b>	<b>37,133</b>	<b>2,591</b>	<b>(36,510)</b>	<b>3,214</b>
<b>Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements</b>	<b>(1,807)</b>	<b>23</b>	<b>5</b>	<b>(1,779)</b>
<b>Closing Fund Balance</b>	<b>7,354</b>	<b>5,731</b>	<b>70</b>	<b>13,155</b>

Source: NYS DOB.



CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2023 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
<b>Receipts:</b>				
Taxes	48,412	5,988	41,713	96,113
Miscellaneous Receipts	1,750	14,800	389	16,939
Federal Receipts	0	205	70	275
<b>Total Receipts</b>	<b>50,162</b>	<b>20,993</b>	<b>42,172</b>	<b>113,327</b>
<b>Disbursements:</b>				
Local Assistance	62,936	16,442	0	79,378
State Operations:				
Personal Service	9,386	4,834	0	14,220
Non-Personal Service	2,962	2,376	43	5,381
General State Charges	8,984	1,114	0	10,098
Debt Service	0	0	5,863	5,863
Capital Projects	0	0	0	0
<b>Total Disbursements</b>	<b>84,268</b>	<b>24,766</b>	<b>5,906</b>	<b>114,940</b>
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	41,093	2,587	1,736	45,416
Transfers to Other Funds	(7,285)	792	(38,003)	(44,496)
Bond and Note Proceeds	0	0	0	0
<b>Net Other Financing Sources (Uses)</b>	<b>33,808</b>	<b>3,379</b>	<b>(36,267)</b>	<b>920</b>
<b>Use (Reservation) of Fund Balance:</b>				
Community Projects	4	0	0	4
Extraordinary Monetary Settlements	294	0	0	294
<b>Total Use (Reservation) of Fund Balance</b>	<b>298</b>	<b>0</b>	<b>0</b>	<b>298</b>
<b>Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements</b>	<b>0</b>	<b>(394)</b>	<b>(1)</b>	<b>(395)</b>

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2024 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
<b>Receipts:</b>				
Taxes	50,093	5,930	43,452	99,475
Miscellaneous Receipts	1,794	14,412	393	16,599
Federal Receipts	0	(17)	67	50
<b>Total Receipts</b>	<b>51,887</b>	<b>20,325</b>	<b>43,912</b>	<b>116,124</b>
<b>Disbursements:</b>				
Local Assistance	67,414	15,704	0	83,118
State Operations:				
Personal Service	9,527	4,797	0	14,324
Non-Personal Service	3,044	2,312	43	5,399
General State Charges	9,545	1,128	0	10,673
Debt Service	0	0	6,440	6,440
Capital Projects	0	0	0	0
<b>Total Disbursements</b>	<b>89,530</b>	<b>23,941</b>	<b>6,483</b>	<b>119,954</b>
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	42,091	2,610	1,791	46,492
Transfers to Other Funds	(6,720)	947	(39,207)	(44,980)
Bond and Note Proceeds	0	0	0	0
<b>Net Other Financing Sources (Uses)</b>	<b>35,371</b>	<b>3,557</b>	<b>(37,416)</b>	<b>1,512</b>
<b>Use (Reservation) of Fund Balance:</b>				
Community Projects	3	0	0	3
Extraordinary Monetary Settlements	827	0	0	827
<b>Total Use (Reservation) of Fund Balance</b>	<b>830</b>	<b>0</b>	<b>0</b>	<b>830</b>
<b>Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements</b>	<b>(1,442)</b>	<b>(59)</b>	<b>13</b>	<b>(1,488)</b>

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2025 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
<b>Receipts:</b>				
Taxes	51,361	5,807	45,166	102,334
Miscellaneous Receipts	1,858	14,570	396	16,824
Federal Receipts	0	(17)	62	45
<b>Total Receipts</b>	<b>53,219</b>	<b>20,360</b>	<b>45,624</b>	<b>119,203</b>
<b>Disbursements:</b>				
Local Assistance	70,451	15,669	0	86,120
State Operations:				
Personal Service	9,558	4,851	0	14,409
Non-Personal Service	3,266	2,338	43	5,647
General State Charges	10,728	1,142	0	11,870
Debt Service	0	0	6,878	6,878
Capital Projects	0	0	0	0
<b>Total Disbursements</b>	<b>94,003</b>	<b>24,000</b>	<b>6,921</b>	<b>124,924</b>
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	44,950	2,634	1,839	49,423
Transfers to Other Funds	(6,698)	990	(40,531)	(46,239)
Bond and Note Proceeds	0	0	0	0
<b>Net Other Financing Sources (Uses)</b>	<b>38,252</b>	<b>3,624</b>	<b>(38,692)</b>	<b>3,184</b>
<b>Use (Reservation) of Fund Balance:</b>				
Extraordinary Monetary Settlements	558	0	0	558
<b>Total Use (Reservation) of Fund Balance</b>	<b>558</b>	<b>0</b>	<b>0</b>	<b>558</b>
<b>Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements</b>	<b>(1,974)</b>	<b>(16)</b>	<b>11</b>	<b>(1,979)</b>

Source: NYS DOB.

CASH FINANCIAL PLAN  
ALL GOVERNMENTAL FUNDS  
FY 2022  
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
<b>Opening Fund Balance</b>	<u>9,161</u>	<u>10,669</u>	<u>(1,144)</u>	<u>65</u>	<u>18,751</u>
<b>Receipts:</b>					
Taxes	41,149	5,823	1,326	42,795	91,093
Miscellaneous Receipts	1,775	15,227	8,671	379	26,052
Federal Receipts	0	93,891	2,682	72	96,645
<b>Total Receipts</b>	<u>42,924</u>	<u>114,941</u>	<u>12,679</u>	<u>43,246</u>	<u>213,790</u>
<b>Disbursements:</b>					
Local Assistance	61,041	90,683	7,262	0	158,986
State Operations:					
Personal Service	9,835	5,446	0	0	15,281
Non-Personal Service	2,553	6,692	0	24	9,269
General State Charges	8,435	1,538	0	0	9,973
Debt Service	0	42	0	6,707	6,749
Capital Projects	0	0	8,629	0	8,629
<b>Total Disbursements</b>	<u>81,864</u>	<u>104,401</u>	<u>15,891</u>	<u>6,731</u>	<u>208,887</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from Other Funds	44,260	2,537	4,251	1,930	52,978
Transfers to Other Funds	(7,127)	(6,614)	(1,305)	(38,440)	(53,486)
Bond and Note Proceeds	0	0	433	0	433
<b>Net Other Financing Sources (Uses)</b>	<u>37,133</u>	<u>(4,077)</u>	<u>3,379</u>	<u>(36,510)</u>	<u>(75)</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements</b>	<u>(1,807)</u>	<u>6,463</u>	<u>167</u>	<u>5</u>	<u>4,828</u>
<b>Closing Fund Balance</b>	<u>7,354</u>	<u>17,132</u>	<u>(977)</u>	<u>70</u>	<u>23,579</u>

Source: NYS DOB.

CASH FINANCIAL PLAN  
ALL GOVERNMENTAL FUNDS  
FY 2023  
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
<b>Receipts:</b>					
Taxes	48,412	5,988	1,351	41,713	97,464
Miscellaneous Receipts	1,750	15,143	9,316	389	26,598
Federal Receipts	0	74,037	2,215	70	76,322
<b>Total Receipts</b>	<b>50,162</b>	<b>95,168</b>	<b>12,882</b>	<b>42,172</b>	<b>200,384</b>
<b>Disbursements:</b>					
Local Assistance	62,936	85,356	6,526	0	154,818
State Operations:					
Personal Service	9,386	5,520	0	0	14,906
Non-Personal Service	2,962	4,386	0	43	7,391
General State Charges	8,984	1,490	0	0	10,474
Debt Service	0	0	0	5,863	5,863
Capital Projects	0	0	9,818	0	9,818
<b>Total Disbursements</b>	<b>84,268</b>	<b>96,752</b>	<b>16,344</b>	<b>5,906</b>	<b>203,270</b>
<b>Other Financing Sources (Uses):</b>					
Transfers from Other Funds	41,093	2,587	4,364	1,736	49,780
Transfers to Other Funds	(7,285)	(3,512)	(1,489)	(38,003)	(50,289)
Bond and Note Proceeds	0	0	529	0	529
<b>Net Other Financing Sources (Uses)</b>	<b>33,808</b>	<b>(925)</b>	<b>3,404</b>	<b>(36,267)</b>	<b>20</b>
<b>Use (Reservation) of Fund Balance:</b>					
Community Projects	4	0	0	0	4
Extraordinary Monetary Settlements	294	0	0	0	294
<b>Total Use (Reservation) of Fund Balance</b>	<b>298</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>298</b>
<b>Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements</b>					
	<b>0</b>	<b>(2,509)</b>	<b>(58)</b>	<b>(1)</b>	<b>(2,568)</b>

Source: NYS DOB.

CASH FINANCIAL PLAN  
ALL GOVERNMENTAL FUNDS  
FY 2024  
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
<b>Receipts:</b>					
Taxes	50,093	5,930	1,355	43,452	100,830
Miscellaneous Receipts	1,794	14,653	9,474	393	26,314
Federal Receipts	0	69,467	2,187	67	71,721
<b>Total Receipts</b>	<b>51,887</b>	<b>90,050</b>	<b>13,016</b>	<b>43,912</b>	<b>198,865</b>
<b>Disbursements:</b>					
Local Assistance	67,414	79,405	5,933	0	152,752
State Operations:					
Personal Service	9,527	5,485	0	0	15,012
Non-Personal Service	3,044	4,224	0	43	7,311
General State Charges	9,545	1,505	0	0	11,050
Debt Service	0	0	0	6,440	6,440
Capital Projects	0	0	10,163	0	10,163
<b>Total Disbursements</b>	<b>89,530</b>	<b>90,619</b>	<b>16,096</b>	<b>6,483</b>	<b>202,728</b>
<b>Other Financing Sources (Uses):</b>					
Transfers from Other Funds	42,091	2,610	4,031	1,791	50,523
Transfers to Other Funds	(6,720)	(3,248)	(1,539)	(39,207)	(50,714)
Bond and Note Proceeds	0	0	434	0	434
<b>Net Other Financing Sources (Uses)</b>	<b>35,371</b>	<b>(638)</b>	<b>2,926</b>	<b>(37,416)</b>	<b>243</b>
<b>Use (Reservation) of Fund Balance:</b>					
Community Projects	3	0	0	0	3
Extraordinary Monetary Settlements	827	0	0	0	827
<b>Total Use (Reservation) of Fund Balance</b>	<b>830</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>830</b>
<b>Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements</b>					
	<b>(1,442)</b>	<b>(1,207)</b>	<b>(154)</b>	<b>13</b>	<b>(2,790)</b>

Source: NYS DOB.

CASH FINANCIAL PLAN  
ALL GOVERNMENTAL FUNDS  
FY 2025  
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
<b>Receipts:</b>					
Taxes	51,361	5,807	1,356	45,166	103,690
Miscellaneous Receipts	1,858	14,803	8,901	396	25,958
Federal Receipts	0	67,814	2,178	62	70,054
<b>Total Receipts</b>	<b>53,219</b>	<b>88,424</b>	<b>12,435</b>	<b>45,624</b>	<b>199,702</b>
<b>Disbursements:</b>					
Local Assistance	70,451	77,764	5,368	0	153,583
State Operations:					
Personal Service	9,558	5,536	0	0	15,094
Non-Personal Service	3,266	3,762	0	43	7,071
General State Charges	10,728	1,519	0	0	12,247
Debt Service	0	0	0	6,878	6,878
Capital Projects	0	0	9,741	0	9,741
<b>Total Disbursements</b>	<b>94,003</b>	<b>88,581</b>	<b>15,109</b>	<b>6,921</b>	<b>204,614</b>
<b>Other Financing Sources (Uses):</b>					
Transfers from Other Funds	44,950	2,634	3,874	1,839	53,297
Transfers to Other Funds	(6,698)	(4,585)	(1,671)	(40,531)	(53,485)
Bond and Note Proceeds	0	0	365	0	365
<b>Net Other Financing Sources (Uses)</b>	<b>38,252</b>	<b>(1,951)</b>	<b>2,568</b>	<b>(38,692)</b>	<b>177</b>
<b>Use (Reservation) of Fund Balance:</b>					
Extraordinary Monetary Settlements	558	0	0	0	558
<b>Total Use (Reservation) of Fund Balance</b>	<b>558</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>558</b>
<b>Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements</b>					
	<b>(1,974)</b>	<b>(2,108)</b>	<b>(106)</b>	<b>11</b>	<b>(4,177)</b>

Source: NYS DOB.

CASHFLOW  
GENERAL FUND  
FY 2022  
(dollars in millions)

	2021 April Actuals	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2022 January Projected	February Projected	March Projected	Total
<b>OPENING BALANCE</b>	9,161	12,218	9,664	9,698	9,306	8,435	11,438	9,528	6,673	7,163	11,412	9,055	9,161
<b>RECEIPTS:</b>													
Personal Income Tax	3,263	3,153	2,882	1,665	1,626	2,914	1,293	1,511	2,590	3,081	2,277	2,293	28,548
Consumption/Use Taxes	351	271	397	365	351	434	353	350	445	392	304	376	4,389
Business Taxes	730	46	1,159	92	37	1,204	100	36	1,297	103	37	2,145	6,986
Other Taxes	121	115	100	100	100	100	99	99	99	98	98	97	1,226
Total Taxes	4,465	3,585	4,538	2,222	2,114	4,652	1,845	1,996	4,431	3,674	2,716	4,911	41,149
Abandoned Property	0	0	0	0	5	30	35	200	0	30	10	140	450
ABC License Fee	5	6	6	6	6	6	6	5	6	5	5	4	66
Investment Income	2	2	2	2	2	2	2	2	2	2	2	2	24
Licenses, Fees, etc.	77	35	55	20	45	50	25	35	45	15	35	66	503
Motor Vehicle Fees	20	25	9	26	18	18	25	7	30	21	13	34	246
Reimbursements	64	0	15	0	0	15	0	0	15	0	0	(39)	70
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	5	13	61	16	15	82	35	13	61	12	17	86	416
Total Miscellaneous Receipts	173	81	148	70	91	203	128	262	159	85	82	293	1,775
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	3,263	3,153	2,882	1,394	895	2,948	1,293	1,336	2,664	3,214	(652)	2,334	24,724
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	3
Tax in Excess of LGAC	297	227	346	298	303	377	297	300	398	325	271	338	3,777
Sales Tax Bond Fund	573	428	667	570	581	735	559	565	761	614	505	670	7,228
Real Estate Taxes in Excess of CW/CA Debt Service	87	77	79	79	72	79	67	72	72	72	71	58	898
All Other	108	152	221	197	147	454	149	179	174	190	288	5,371	7,630
Total Transfers from Other Funds	4,328	4,037	4,195	2,538	2,013	4,593	2,365	2,452	4,066	4,415	483	8,773	44,260
<b>TOTAL RECEIPTS</b>	8,966	7,703	8,881	4,830	4,218	9,448	4,338	4,710	8,658	8,174	3,281	13,977	87,184
<b>DISBURSEMENTS:</b>													
School Aid	449	3,766	2,191	423	685	1,686	1,108	1,685	2,280	726	894	8,919	24,812
Higher Education	27	19	1,084	227	49	149	191	27	183	32	333	622	2,943
All Other Education	33	103	231	604	32	76	156	64	436	30	147	477	2,389
Medicaid - DOH	2,745	1,874	556	1,564	1,733	1,165	1,434	1,686	827	1,580	648	52	15,864
Public Health	12	147	37	60	59	42	40	53	36	26	48	(4)	556
Mental Hygiene	32	61	826	176	112	855	118	173	870	109	632	551	4,515
Children and Families	(4)	222	116	97	97	297	97	97	241	97	97	242	1,696
Temporary & Disability Assistance	48	112	137	114	112	152	128	127	152	128	127	161	1,498
Transportation	9	26	12	6	19	0	0	25	12	0	14	0	123
Unrestricted Aid	0	46	391	3	2	55	9	2	189	2	2	67	768
All Other	27	202	333	132	159	214	603	651	639	621	672	1,624	5,877
Total Local Assistance	3,378	6,578	5,914	3,406	3,059	4,691	3,884	4,590	5,865	3,351	3,614	12,711	61,041
Personal Service	708	859	738	873	712	898	771	774	842	802	770	1,088	9,835
Non-Personal Service	137	244	228	(74)	227	230	419	352	(84)	386	390	98	2,553
Total State Operations	845	1,103	966	799	939	1,128	1,190	1,126	758	1,188	1,160	1,186	12,388
General State Charges	810	2,277	512	484	416	538	506	418	755	467	577	675	8,435
Debt Service	163	0	0	41	(2)	(3)	66	0	(1)	160	(15)	(17)	392
Capital Projects	486	253	684	231	580	16	506	1,241	667	(1,291)	255	235	3,863
SUNY Operations	113	3	614	221	4	4	4	75	40	4	4	215	1,301
Other Purposes	114	43	157	40	93	71	92	115	84	46	43	673	1,571
Total Transfers to Other Funds	876	299	1,455	533	675	88	668	1,431	790	(1,081)	287	1,106	7,127
<b>TOTAL DISBURSEMENTS</b>	5,909	10,257	8,847	5,222	5,089	6,445	6,248	7,565	8,168	3,925	5,638	15,678	88,991
Excess/(Deficiency) of Receipts over Disbursements	3,057	(2,554)	34	(392)	(871)	3,003	(1,910)	(2,855)	490	4,249	(2,357)	(1,701)	(1,807)
<b>CLOSING BALANCE</b>	12,218	9,664	9,698	9,306	8,435	11,438	9,528	6,673	7,163	11,412	9,055	7,354	7,354

Source: NYS DOB.



**APPENDIX B**

**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION**

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## APPENDIX B-I

### SUMMARY OF CERTAIN PROVISIONS OF THE NEW YORK STATE THRUWAY AUTHORITY STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) GENERAL BOND RESOLUTION

The following sections contain definitions of certain terms used in this general summary (“Summary”) of certain provisions of the New York State Thruway Authority State Personal Income Tax Revenue Bonds (Transportation) General Bond Resolution (the “Resolution”). The definitions and Summary are not to be considered a full statement of all terms used in the Resolution and, accordingly, are qualified by reference to and are subject to the full text of the Resolution. A copy of the resolution may be obtained upon request from the New York State Thruway Authority.

#### Definitions

**Acts** shall mean the Issuer Act and the Enabling Act.

**Administrative Fund** shall mean the Fund designated as the Administrative Fund established in the Resolution.

**Authorized Officer** shall mean (i) in the case of the Issuer, the Chairman, the Vice Chairman, the Treasurer, the Secretary, any Assistant Treasurer and or Assistant Secretary, and when used with reference to any act or document, any other person authorized by resolution of the Issuer to perform such act or sign such document, (ii) in the case of the State, the Director of the Budget and when used with reference to any act or document, any other person authorized by law or by the Director of the Budget to perform such act or sign such document, (iii) in the case of the Trustee, the President, any Vice President, any Assistant Vice President, any Senior Trust Officer, any Trust Officer or any Assistant Trust Officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer’s knowledge and familiarity with the particular subject matter, and (iv) any other officer or employee so designated on its behalf by resolution of the Issuer or the Trustee, respectively.

**Bond Proceeds Fund** shall mean the Fund designated as the Bond Proceeds Fund established in the Resolution.

**Cost of Issuance Account** shall mean the account within the Bond Proceeds Fund so designated, created and established pursuant to the Resolution.

**Debt Service Fund** shall mean the Fund designated as the Debt Service Fund established in the Resolution.

**Financing Agreement** shall mean the Transportation Revenue Bonds Financing Agreement between the Issuer and the State, acting through the Director of the Budget.

**Issuer** shall mean the New York State Thruway Authority, a body corporate and politic constituting a public benefit corporation of the State created by the Issuer Act, and its successors and permitted assigns.

**Issuer Act** shall mean the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended

from time to time, together with any other provision of State law relating to the authorization or financing of Costs of a Project.

**Rebate Fund** shall mean the Fund designated as the Rebate Fund established in the Resolution.

**Resolution** shall mean the New York State Thruway Authority State Personal Income Tax Revenue Bonds (Transportation) General Bond Resolution (including the Standard Resolution Provisions set forth in Annex A) as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution.

**Revenue Fund** shall mean the Fund designated as the Revenue Fund established in the Resolution.

**Subordinated Payment Fund** shall mean the Fund designated as the Subordinated Payment Fund established in the Resolution.

*(Section 101)*

### **Standard Resolution Provisions**

Except as otherwise specifically provided in the Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

*(Section 102)*

### **Authority for the Resolution**

The Resolution is adopted pursuant to the provisions of the Acts.

*(Section 103)*

### **Resolution to Constitute Contract**

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds, over any other thereof except as expressly provided in or permitted by the Resolution.

*(Section 104)*

### **Authorization of Bonds**

The Resolution creates an issue of Bonds of the Issuer constituting State transportation bonds pursuant to the Acts and to be designated as “State Personal Income Tax Revenue Bonds (Transportation)” and creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, all the Bonds. The Bonds shall be special obligations of the Issuer secured by the pledge effected pursuant to the Resolution and are payable solely out of the Pledged Property, which is derived principally from amounts appropriated by the State Legislature as authorized pursuant to Section 92-z without recourse

against any other assets, revenues or funds of or other payments due to the Issuer and by all Funds and accounts (other than the Rebate Fund) established by the Resolution, all in the manner more particularly provided in the Resolution. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as limited by law.

The Bonds shall not be debt of the State, and the State shall not be liable thereon, nor shall they be payable out of any funds other than those pledged therefor pursuant to the Resolution.

The Bonds may, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "State Personal Income Tax Revenue Bonds (Transportation)," shall include such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series, as the Issuer may determine; provided that with respect to any Bond denominated as a note, capital lease or other form of obligation, the Issuer may denominate such obligation as other than a "Bond". Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Resolution of any Bonds of any two or more separate Series authorized pursuant thereto and to any such Supplemental Resolution to be issued pursuant to any of the provisions of the Resolution into a single Series of Bonds for purposes of sale and issuance; provided, however, that each of the tests, conditions and other requirements contained in the Resolution as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in the Resolution or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes of the Resolution.

*(Section 201)*

### **Redemption at Demand of the State**

The State may, upon furnishing sufficient funds, require the Issuer to redeem, prior to maturity, as a whole, any Series of Bonds on any interest payment date not less than fifteen (15) years after the initial date of the Bonds of such Series at one hundred four per centum (104%) of their face value (or in the case of Capital Appreciation Bonds, the Appreciated Value) and interest accrued and unpaid to the redemption date or at such lower Redemption Price as may be provided by the Issuer in the Supplemental Resolution in the case of the redemption thereof as a whole on the redemption date and the Issuer shall deposit such amounts received from the State and redeem such Series pursuant to the Resolution.

*(Section 401)*

### **The Pledge Effected by the Resolution**

The Bonds are special obligations of the Issuer payable solely from the sources set forth in the Resolution.

*(Section 501)*

### **Establishment of Funds**

The Resolution establishes the following Funds, which shall be held and administered by the Trustee, except for the Bond Proceeds Fund which at the discretion of the Issuer may be held and administered by the Issuer. Each of such Funds and accounts shall have as a prefix "New York State Thruway Authority State Personal Income Tax Revenue Bonds (Transportation)":

1. Revenue Fund,
2. Debt Service Fund,
3. Rebate Fund,
4. Bond Proceeds Fund,
5. Administrative Fund,
6. Subordinated Payment Fund.

Additional Funds, or accounts and subaccounts within each of the foregoing Funds may from time to time be established in accordance with a Supplemental Resolution, Certificate of Determination or upon the direction of the Issuer evidenced by a certificate of an Authorized Officer of the Issuer. All moneys at any time deposited in any Fund and account created by the Resolution (other than the Rebate Fund), including in any fund or account established to effect an economic defeasance of any Bonds under the Resolution, shall be held in trust separate and apart from all other funds by the Issuer or Trustee, as appropriate, for the benefit of the Holders of each Series of Bonds.

*(Section 502)*

#### **Revenue Fund**

There shall be deposited promptly upon receipt by the Trustee to the credit of the Revenue Fund all Revenues.

Financing Agreement Payments together with any other Pledged Property deposited in the Revenue Fund, shall be applied to the Funds and accounts established under the Resolution consistent with the requirements set forth in the Financing Agreement; provided, however, that if the amount of any such payment, together with other Pledged Property deposited in the Revenue Fund, is less than the amount certified, the payment shall be applied in the amounts certified, first, to the Debt Service Fund, second, to the Rebate Fund, third, to the Subordinated Payment Fund and, fourth, to the Administrative Fund; provided, however, that so long as the total amount held in the Debt Service Fund shall be sufficient to fully pay all Outstanding Bonds and Parity Reimbursement Obligations (including Principal or applicable Redemption Price of and interest on such Bonds) in accordance with their terms, no deposits shall be required to be made into the Debt Service Fund.

*(Section 503)*

#### **Debt Service Fund**

In addition to the moneys allocated from the Revenue Fund pursuant to the Resolution, the Trustee shall deposit into the Debt Service Fund such portion of the proceeds of the sale of Bonds of any Series, if any, as shall be prescribed in the Supplemental Resolution or related Certificate of Determination.

The Trustee shall on or before each Interest Payment Date, Redemption Date or other payment date, as the case may be, withdraw and pay from the Debt Service Fund:

- i) The interest due on all Outstanding Bonds on such Interest Payment Date;
- ii) The Principal Installments due on all Outstanding Bonds on such Interest Payment Date;

- iii) The Sinking Fund Installments, if any, due on all Outstanding Bonds on such Interest Payment Date;
- iv) The Redemption Price due on all Outstanding Bonds on any Redemption Date in accordance with the Resolution; and
- v) Amounts due with respect to Parity Reimbursement Obligations.

The amounts paid to any Paying Agent pursuant to the Resolution remain irrevocably pledged until, and shall be, applied to such payments.

In the event of the refunding of any Bonds, the Trustee shall, upon the direction of the Issuer, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee or any other fiduciary selected by the Issuer to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (i) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution, and (ii) the amount remaining in the Debt Service Fund shall be not less than the amount needed to pay the Debt Service on all Outstanding Bonds accrued through such date.

Investment income on amounts in the Debt Service Fund shall be retained in such Fund or, upon direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund or, with the concurrence of the Director of the Budget, to the Bond Proceeds Fund.

*(Section 504)*

### **Rebate Fund**

The Trustee shall deposit to the Rebate Fund any moneys delivered to it by the State for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Rebate Fund in accordance with the directions of an Authorized Officer of the Issuer, moneys on deposit in any other Funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions. Moneys on deposit in the Rebate Fund shall be applied by the Issuer to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Issuer shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate, if any, delivered in connection with each Series of Bonds. Moneys which the Issuer determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund.

If and to the extent required by the Code or an Arbitrage and Use of Proceeds Certificate, the Issuer shall periodically, at such times as may be required to comply with the Code, determine the Rebate Amount with respect to each Series of Bonds and direct the transfer from any other Fund or account held under the Resolution and deposit to the Rebate Fund all or a portion of the Rebate Amount with respect to such Series of Bonds and pay out of the Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

*(Section 505)*

## **Bond Proceeds Fund**

The Issuer or the Trustee at the direction of the Issuer shall deposit or cause to be deposited into the Bond Proceeds Fund the proceeds of sale of each Series of Bonds, unless otherwise required to be deposited into and held in the Debt Service Fund, to enable the Issuer to comply with the conditions precedent to the issuance of any Bonds.

Except as may be otherwise determined by the purposes for which a Series is issued as set forth in the Supplemental Resolution or related Certificate of Determination, amounts in the Bond Proceeds Fund shall be applied by the Issuer from time to time for any of the purposes set forth in paragraphs (a) and (b) of subdivision one of Section 68-b through the payment of Costs of a Project consistent with terms of any Requisition.

Whenever the Issuer shall determine and the Director of the Budget shall agree that the amount on deposit to the credit of the Bond Proceeds Fund is in excess of its requirements for the purposes for which amounts in such Fund may be used as permitted by law, such excess amount shall be withdrawn therefrom and deposited into the Revenue Fund. Notwithstanding the foregoing, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the applicable Series of Bonds and of Parity Reimbursement Obligations when due, and to the extent that other moneys are not available therefor, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the Bonds and of Parity Reimbursement Obligations when due.

Investment income on amounts in the Bond Proceeds Fund from proceeds of a Series of Bonds shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Bond Proceeds Fund or transferred to the Debt Service Fund.

*(Section 506)*

## **Application of Moneys in the Debt Service Fund for Redemption of Bonds and Satisfaction of Sinking Fund Installments**

Moneys delivered to the Trustee, which by the provisions of the Resolution are to be applied for redemption of Bonds, shall upon receipt by the Trustee be deposited to the credit of the Debt Service Fund for such purpose to the extent not otherwise provided pursuant to a Supplemental Resolution.

Moneys in the Debt Service Fund to be used for redemption of Bonds of a Series may be applied by the Issuer to the purchase of Outstanding Bonds of such Series at purchase prices not exceeding the Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Issuer shall direct.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Bonds acquired by purchase or redemption, except Bonds acquired by purchase or redemption pursuant to the provisions of the Resolution, of the maturity and interest rate entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Bonds. Concurrently with such delivery of such Bonds the Issuer shall deliver to the Trustee a certificate of an Authorized Officer of the Issuer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered, (iii) the aggregate principal amount of the Bonds so delivered, and (iv) the



unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Bonds.

The Trustee shall, in the manner provided in the Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Notwithstanding the provisions of the Resolution, if the amount in the Debt Service Fund at any time (other than moneys required to pay the Redemption Price of any Outstanding Bonds of a Series theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the Redemption Date or purchase date) is sufficient to make provision pursuant to the Standard Resolution Provisions for the payment of such Outstanding Bonds at the maturity or Redemption Date thereof, the Issuer may request the Trustee to take such action consistent with the Standard Resolution Provisions as is required thereby to deem such Bonds to have been paid within the meaning of the Standard Resolution Provisions. The Trustee, upon receipt of such request and irrevocable instructions of the Issuer to purchase Government Obligations sufficient to make any deposit required thereby, shall comply with such request.

*(Section 507)*

#### **Administrative Fund**

Amounts in the Administrative Fund shall be paid out from time to time by the Trustee at the request of the Issuer for reasonable and necessary Issuer Expenses, free and clear of the lien and pledge created by the Resolution.

Amounts in the Administrative Fund accumulated as a reserve for Issuer Expenses the payment of which is not immediately required may in the discretion of the Issuer be invested in Investment Obligations. The Issuer may by written instruction to the Trustee sell any such investments at any time and the proceeds of such sale and of all payments at maturity or upon redemption of such investments shall be held in the Administrative Fund. Whenever the Administrative Fund exceeds the amount reasonable and necessary for Issuer Expenses including reserves and working capital, the Issuer shall direct the Trustee to apply the excess to the purposes and in the Funds established under the Resolution in the same manner as payments from the Revenue Fund.

Investment income on amounts in the Administrative Fund shall be deposited into the Revenue Fund.

*(Section 508)*

#### **Subordinated Payment Fund**

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer to the Subordinated Payment Fund pursuant to the Resolution; *provided, however, that* (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Bonds and Parity Reimbursement Obligations and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness as it deems appropriate; *provided, however, that* the Supplemental Resolution or indenture or other agreement providing for the issuance of such

Subordinated Indebtedness shall not permit the holders of such Subordinated Indebtedness to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable any time that any Bonds and Parity Reimbursement Obligations remain Outstanding.

Subject to the other provisions of the Resolution, the Trustee shall deposit into the Subordinated Payment Fund all moneys paid to the Issuer under the Acts or otherwise for (i) payments on any Subordinated Indebtedness, or (ii) Qualified Swap Payments or payments on other financial instruments entered into by the Issuer.

The Trustee shall pay out of the Subordinated Payment Fund all amounts required for the payments described in the Resolution pursuant to any resolution adopted by, or otherwise at the written direction of, the Issuer.

Except as otherwise provided in the Resolution or a Supplemental Resolution, investment income on amounts in the Subordinated Payment Fund shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Subordinated Payment Fund or transferred to the Debt Service Fund.

*(Section 509)*

#### **Transfer of Investments**

Whenever moneys in any Fund or account established under the Resolution or under any Supplemental Resolution are to be paid in accordance with the Resolution to another such Fund or account, such payment may be made, in whole or in part, by transferring to such other Fund or account investments held as part of the Fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made, provided that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such Fund or account.

*(Section 510)*

#### **Power to Issue Bonds and Effect Pledge**

The Issuer is duly authorized under all applicable laws to create and issue the Bonds, adopt the Resolution and pledge the Pledged Property in the manner and to the extent provided in the Resolution. The Pledged Property is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the legally valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all the rights of the Holders of Bonds and other obligations under the Resolution against all claims and demands of all Persons whomsoever.

*(Section 601)*

## APPENDIX B-II

### SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) GENERAL BOND RESOLUTION STANDARD RESOLUTION PROVISIONS

The following sections contain definitions of certain terms used in this general summary (“Summary”) of certain provisions of the Standard Resolution Provisions. The definitions and Summary are not to be considered a full statement of all terms used in the Standard Resolution Provisions or the Resolution to which the Standard Resolution Provisions is appended and, accordingly, are qualified by reference to and are subject to the full text of the Standard Resolution Provisions and the Resolution. Copies of the Standard Resolution Provisions and the Resolution may be obtained upon request from the New York State Thruway Authority.

#### Definitions

Capitalized terms used but not otherwise defined in this Summary shall have the meanings set forth in the Resolution to which the Standard Resolution Provisions are appended. The following terms shall, for all purposes therein and (except as the context may otherwise require) in the Resolution to which these Standard Resolution Provisions are appended, have the following meanings:

**Accreted Value** shall mean, with respect to any Capital Appreciation Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

**Additional Bonds** shall mean Bonds authenticated and delivered on original issuance pursuant to the Standard Resolution Provisions.

**Amortized Value** when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean the value of such Investment Obligations computed by using an industry standard constant yield method selected by an Authorized Officer of the Issuer.

**Appreciated Value** shall mean with respect to any Deferred Income Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Bonds, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding

Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

**Arbitrage and Use of Proceeds Certificate** shall mean, with respect to any Series of Bonds, the interest on which is intended by the Issuer to be excluded from gross income for federal income tax purposes, a certificate or certificates executed by an Authorized Officer of the Issuer in connection with the initial issuance and delivery of the Bonds of such Series and containing representations, warranties and covenants of the Issuer relating to the federal tax status of such Series of Bonds, as such certificate or certificates may be amended and supplemented from time to time.

**Authorized Issuer** shall mean any public authority or public benefit corporation enumerated by subdivision 1 of Section 68-a.

**Authorized Newspaper** shall mean The Bond Buyer or any other newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, designated by the Issuer.

**Authorized Purpose** shall mean a purpose as provided by the Enabling Act for the Issuer.

**Bank** shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

**Bond** or **Bonds** shall mean any of the bonds or notes of the Issuer authorized and issued pursuant to the Resolution and to a Supplemental Resolution; provided, however, that such terms shall not include any Bond Anticipation Notes, or bonds, notes or other obligations, including Qualified Swaps, payable from the Subordinated Payment Fund.

**Bond Anticipation Notes** shall mean notes issued pursuant to the Standard Resolution Provisions.

**Bond Counsel** shall mean an attorney or law firm, appointed by the Issuer, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

**Bondholder, Holder** or **Holder of Bonds**, or any similar term, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds.

**Business Day** shall mean a day of the year which is not a Saturday, Sunday, or a day on which the Trustee or banking institutions chartered by the State or the United States of America are required or authorized by law to close in The City of New York, or any day on which the New York Stock Exchange is closed.

**Calculated Debt Service** shall mean for any period, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligations, the sum of Debt Service for such period determined by the Issuer based on the following adjustments:

Interest on Variable Interest Rate Bonds shall be based on the Estimated Average Interest Rate applicable thereto.

With respect to Put Bonds and any Bonds of a Series the interest on which is payable periodically and at least twenty-five per centum (25%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Estimated Average Interest Rate, as applicable.

If the Issuer has irrevocably deposited Investment Obligations or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Investment Obligations and money shall be deducted from Debt Service.

If the Issuer has, at any time, irrevocably called for redemption of one or more Series of Bonds, including pursuant to a covenant to apply any portion of the Pledged Property to redeem Bonds or Parity Reimbursement Obligations (which particular Bonds or Parity Reimbursement Obligations need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

With respect to Parity Reimbursement Obligations, an interest rate calculated at a higher interest rate on the related Bonds shall only be taken into account if, at the time of calculation, such higher rates are then payable thereon.

**Capital Appreciation Bonds** shall mean Bonds of a Series denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Bonds. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

**Certificate of Determination** shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Bonds, Parity Reimbursement Obligations, Credit Facilities, Subordinated Indebtedness, or other matters in accordance with the delegation of power to do so under the Resolution or a Supplemental Resolution.

**Code** shall mean the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the Regulations, including temporary and proposed Regulations, relating to such section which are applicable to the Resolution, including the Bonds or the use of Bond proceeds.

**Comptroller** shall mean the Comptroller of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any other official of the State authorized to act on behalf of the Comptroller in connection therewith.

**Cost or Costs of a Project** shall mean costs and expenses or the refinancing of costs and expenses incurred or to be incurred in connection with a Project, including, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses for labor and materials and payments to consultants, contractors, builders and materialmen, for the acquisition, design, construction, reconstruction, rehabilitation, preservation, development, improvement or modernization of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title

insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising the construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs necessarily and appropriately incurred in connection with the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the State or the Issuer for advances made by either party for any of the above items or for other costs incurred and for work done by the State or Issuer in connection with the Project, and (viii) grants or loans by or on behalf of the State for any of the foregoing.

**Cost or Costs of Issuance** shall mean the items of expense incurred in connection with the authorization, sale and issuance of a Series of Bonds or Bond Anticipation Notes, which items of expense shall include Issuer Expenses, State bond issuance charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Securities Depository, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for Credit Facilities, Qualified Swaps and other similar financial arrangements, costs and expenses of refunding of Bonds or Prior Obligations and other costs, charges and fees, including those of the Issuer, in connection with the foregoing.

**Counsel's Opinion** shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the practice of law relating to municipal, state and public agency financing selected by the Issuer.

**Credit Facility** shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Bonds or Parity Reimbursement Obligations.

**Debt Service** for any period shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation Outstanding, the sum of: (i) interest on the Bonds of such Series and the interest components of Parity Reimbursement Obligation accruing during such period and (ii) that portion of each Principal Installment for such Bonds and Parity Reimbursement Obligation that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Bonds and Parity Reimbursement Obligation; *provided, however, that*, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until *the later* of one year prior to such Principal Installment's due date and the date of issuance or incurrence of the related Bond or Parity Reimbursement Obligation.

**Defeased Municipal Obligations** shall mean pre-refunded municipal obligations rated in the highest Rating Category by each Rating Agency and meeting the following requirements:

The municipal obligations (i) are not subject to redemption prior to maturity or (ii) the trustee or the paying agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and

The municipal obligations are fully secured by cash or Government Obligations which may be applied only to payment of the principal of and interest and premium, if any, on such municipal obligations.

**Deferred Income Bond** shall mean any Bond (1) as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is (i) compounded on each Valuation Date for such Deferred Income Bond and (ii) payable only at the maturity or prior redemption of such Bonds and (2) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

**Director of the Budget** shall mean the Director of the Division of the Budget of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any official of the State authorized to act on behalf of the Director of the Budget in connection therewith.

**Enabling Act** shall mean Article 5-C of the State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as may be hereafter amended from time to time.

**Estimated Average Interest Rate** shall mean, as to any Variable Interest Rate Bonds or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Bonds or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer of the Issuer in consultation with the Director of the Budget.

**Event of Default** shall mean any Event of Default set forth in the Standard Resolution Provisions.

**Fiduciary** shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

**Fiduciary Capital Funds** when used with respect to any Fiduciary shall mean the total of (i) paid in capital, (ii) surplus, (iii) undivided profits and (iv) the par value of outstanding capital notes issued and subordinated to the claims of creditors of such Fiduciary other than the holders of such capital notes.

**Financing Agreement** shall mean the applicable financing agreement authorized by subdivision 1 of Section 68-c, as amended and supplemented in accordance with the terms thereof and the Standard Resolution Provisions and referred to in the Standard Resolution Provisions.

**Financing Agreement Payment** shall refer to any payment obligation of the State incurred pursuant to a Financing Agreement and denominated therein as a "Financing Agreement Payment," to pay to the Issuer or the Trustee from amounts available therefor in the Revenue Bond Tax Fund.

**Fund** shall mean any one of the funds created and established pursuant to the Resolution.

**Government Obligations** shall mean (a) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and entitled

to the full faith and credit thereof; (b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock, surplus and undivided profits of at least \$50,000,000 or the custodian is appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom; (c) an obligation of any federal agency approved by the Issuer; (d) a share or interest in a mutual fund, partnership or other fund wholly comprised of obligations described in clauses (a), (b) and (c) above; (e) Defeased Municipal Obligations; or (f) any other Investment Obligation designated in a Supplemental Resolution as a Government Obligation for purposes of defeasing Bonds, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

**Interest Commencement Date** shall mean, with respect to any particular Deferred Income Bond, the date determined by Supplemental Resolution after which interest accruing on such Bond shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

**Interest Payment Date** shall mean, with respect to a Series of Bonds, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Bonds.

**Investment Obligations** shall mean any of the following that are lawful investments at the time of the investment:

(a) Government Obligations,

(b) certificates of deposit issued by, and time deposits in, and bankers' acceptances of, any bank (including any Paying Agent or Trustee), any branch of any bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions, whose long-term unsecured indebtedness is rated less than "A" by each Rating Agency, such certificates of deposit or time deposits or bankers' acceptances are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits,

(c) evidences of ownership of a proportionate interest in specified direct obligations of the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, or when "stripped" by the United States Treasury, then by the custodian designated by the United States Treasury,

(d) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by each Rating Agency,

(e) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by each Rating Agency,



(f) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a), (d), or (e) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least \$100,000,000 and is rated in the highest Rating Category by each Rating Agency,

(g) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian,

(h) any repurchase agreement for Government Obligations by the Issuer or any Trustee that is with a bank, trust company (including any Trustee) or securities dealer which is a member of the Securities Investors Protection Corporation, each of which is a primary reporting dealer in government securities as determined by the Federal Reserve Bank, or if “primary reporting dealers” cease to be determined by the Federal Reserve Bank, such other comparable standard as the Issuer shall implement pursuant to a Supplemental Resolution; provided, however, that the Government Obligations must be transferred to the Issuer or any Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer or registrar of such obligations or clearing agent or depository, and the collateral security must continually have a market value at least equal to the amount so invested and the collateral must be free of third party claims. Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Government Obligations,

(i) commercial paper rated in the highest Rating Category by each Rating Agency,

(j) investment agreements, secured or unsecured, with any institutions whose debt securities are rated in one of the two highest Rating Categories (or rated in the highest Rating Category for short-term obligations if the investment is for a period not exceeding one year) by each Rating Agency,

(k) forward purchase agreements effecting the periodic delivery of securities listed in (a), (c), (d), (e), (g) and (i) above, and

(l) any other obligations from time to time permitted pursuant to the Issuer Act or other applicable law; provided, however, that if the funds invested in any such obligation are pledged for the payment of Bonds under the Resolution and the Bonds are then rated by a Rating Agency, such obligation shall be rated in one of the two highest Rating Categories of each such Rating Agency.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized Securities Depository.

**Issuer Board** shall mean the board or members of the Issuer duly appointed and acting pursuant to the Issuer Act, or their designees duly appointed and acting.

**Issuer Expenses** shall mean all proper items of cost or expenditure incurred or anticipated to be incurred by the Issuer in connection with the financing of any Project pursuant to the Standard Resolution Provisions, or direct and indirect administrative costs, fees and expenses and allocable portions of direct and indirect costs of the Issuer incurred in connection with financing such Project, including Costs of Issuance, initial fees and periodic fees to be paid in connection with Credit

Facilities, legal fees, fees and expenses of trustees, remarketing agents, market agents, tender agents, auction agents, Depositories and Paying Agents, and financing charges and fees and expenses of financial advisors and consultants, costs of audits, and such other expenses not specified in the Standard Resolution Provisions as may be necessary or incident to the financing of such Project, including through the issuance of Bonds or Bond Anticipation Notes and all other expenses of the Issuer relating to the financing of Projects set forth in the Enabling Act; provided, however, that Issuer Expenses shall not include any termination or other payments to be made in connection with Qualified Swaps or other similar arrangements or, except to the extent expressly provided above, Credit Facilities.

**Outstanding**, when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated or otherwise validly executed and delivered under the Resolution except:

1. Any Bond canceled or delivered for cancellation at or prior to such date;
2. Any Bond (or portion of a Bond) deemed to have been paid in accordance with the Standard Resolution Provisions unless a Supplemental Resolution provides that Bonds of a Series having the benefit of a Credit Facility shall not thereby be deemed paid if payment is provided by the Credit Facility;
3. Any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Standard Resolution Provisions; and
4. Put Bonds tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Bonds thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

The principal component of any Parity Reimbursement Obligation shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Issuer thereunder in lieu of the related Bond, regardless of the authorized amount of the principal component of such Parity Reimbursement Obligation or the related Bond and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Reimbursement Obligation shall not by itself increase the Outstanding principal amount of Bonds.

**Parity Reimbursement Obligation** has the meaning provided in the Standard Resolution Provisions.

**Paying Agent** or **Paying Agents** shall mean any paying agent for the Bonds of any Series appointed pursuant to the Standard Resolution Provisions, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution, and in the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee, if a different entity, or the Issuer shall act as such Paying Agent.

**Person** shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

**Pledged Property** shall mean all of the Issuer's right, title and interest in and to (i) the Financing Agreements (other than (A) the Issuer's right to receive the payment of Issuer Expenses, (B) the right of the Issuer to enforce the obligation of the State to make Financing Agreement Payments, (C) the right of the Issuer to agree to the amendment of a Financing Agreement in accordance with the Standard Resolution Provisions, and (D) the right of the Issuer to enforce the provisions of any Financing Agreement independently of the Trustee, without limiting the right of the Trustee to enforce the payment of amounts (other than Financing Agreement Payments) under the Financing Agreements for the benefit of Bondholders or Fiduciaries), and (ii) the Revenues and Funds (other than the Rebate Fund and other Funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness; *provided, however, that* such Funds, accounts and subaccounts are specifically excepted from Pledged Property by the Supplemental Resolution authorizing such Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness), including Investment Obligations held in such Funds under the Resolution, together with all proceeds and revenues of the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and the Standard Resolution Provisions; provided, however, that in no event shall any Project or any interest therein be deemed to be "Pledged Property".

**Principal Installment** shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation, as applicable, (a) the principal amount of Outstanding Bonds of such Series, due on the dates and in the amounts specified by Supplemental Resolution, reduced by the principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance of any Sinking Fund Installments due on any certain future date for Bonds of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Reimbursement Obligation, the amount due thereunder on the dates and in the amounts established in accordance with the Standard Resolution Provisions as a principal component of such Parity Reimbursement Obligation payable on a parity with the Bonds.

**Prior Obligations** shall mean bonds, notes or other obligations previously issued or incurred by an Authorized Issuer not under the Standard Resolution Provisions to finance Costs of a Project.

**Project** shall mean the land, buildings, improvements, betterments, equipment, furnishings, and other property, real or personal, and all appurtenances thereto and interests therein, comprising each of the projects to be acquired, constructed, reconstructed, renovated, or developed to effectuate an Authorized Purpose.

**Put Bonds** shall mean Bonds which by their terms may be tendered at the option of the Holder thereof, or are subject to a mandatory tender other than at the election of the Issuer for payment or purchase prior to the stated maturity or redemption date thereof.

**Qualified Swap** shall mean, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by

the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Bonds or variable interest rate Bonds on a synthetic basis or otherwise, or other similar financial transaction, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Issuer as a Qualified Swap with respect to such Bonds.

**Qualified Swap Payment** shall mean any payment required to be made by the Issuer under a Qualified Swap, such payment to be made only from the Subordinated Indebtedness Fund.

**Qualified Swap Provider** shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

**Rating Agency** shall mean each nationally recognized statistical rating organization then maintaining a rating on the Bonds at the request of the Issuer.

**Rating Category** shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

**Rating Confirmation** shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken under the Resolution; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Bonds.

**Rebate Amount** shall mean, with respect to each Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

**Record Date** shall mean with respect to any Interest Payment Date, unless the applicable Supplemental Resolution authorizing a particular Series of Bonds provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date.

**Redemption Date** shall mean the date upon which Bonds are to be called for redemption pursuant to the Standard Resolution Provisions.

**Redemption Price** shall mean, with respect to any Bonds, the Principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof.

**Refunding Bonds** shall mean all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered pursuant to the Standard Resolution Provisions, on original issuance pursuant to the Standard Resolution Provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Standard Resolution Provisions.

**Regulations** shall mean the Income Tax Regulations promulgated by the Department of the Treasury from time to time.

**Reimbursement Obligation** has the meaning provided in the Standard Resolution Provisions.

**Requisition** shall mean any instructions as deemed necessary and delivered by the Director of the Budget to the Issuer, providing for the payment of Bond proceeds to the State or any other entity.

**Revenues** shall mean (i) all amounts appropriated and paid to the Issuer or the Trustee from the Revenue Bond Tax Fund pursuant to Section 92-z and the Financing Agreement, constituting Financing Agreement Payments, (ii) any other amounts appropriated and paid by the State to the Issuer or received from any other source by the Issuer and pledged by the Issuer as security for the payment of Bonds, and (iii) interest received or to be received on any moneys or securities held pursuant to the Resolution.

**Revenue Bond Tax Fund** shall mean the fund established by section 92-z of the State Finance Law.

**Section 92-z** shall mean section 92-z of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

**Section 68-a** shall mean section 68-a of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

**Section 68-b** shall mean section 68-b of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

**Section 68-c** shall mean section 68-c of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

**Securities Depository** shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Bonds (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

**Series** shall mean all of the Bonds authenticated and delivered on original issuance and denominated as part of the same series, and thereafter delivered in lieu of or in substitution of such Bonds pursuant to the Standard Resolution Provisions regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**Sinking Fund Installment** shall mean, with respect to any Series of Bonds, as of any date of calculation and with respect to any Bonds of such Series, the amount of money required by the applicable Supplemental Resolution pursuant to which such Bonds were issued, to be paid in all events by the Issuer on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Issuer by reason only of the maturity of such Bond.

**Standard Resolution Provisions** shall mean the provisions contained in Annex A to the Resolution.

**State** shall mean the State of New York.

**State Fiscal Year** shall mean the fiscal year of the State as set forth in the State Finance Law.

**State Legislature** shall mean the Legislature of the State of New York.

**State Revenue Bonds** shall mean any notes, bonds or other obligations to be issued or incurred by the State or by a public corporation of the State on behalf of the State in accordance with a hereinafter enacted amendment to the State Constitution, payments with respect to which (i) are payable from specified, dedicated revenues and (ii) do not require an appropriation by the State Legislature in order to be made.

**Subordinated Indebtedness** shall mean any bond, note or other indebtedness authorized by Supplemental Resolution or other resolution of the Issuer and designated as constituting “Subordinated Indebtedness” in a certificate of an Authorized Officer of the Issuer delivered to the Trustee, which shall be payable and secured in a manner permitted by the Standard Resolution Provisions, and any lien on and pledge of any portion of the Pledged Property securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Pledged Property created in the Resolution for the payment of the Bonds and Parity Reimbursement Obligations.

**Supplemental Resolution** shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Issuer in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

**Tax Law** shall mean the tax law constituting Chapter 60 of the consolidated laws of the State.

**Taxable Bonds** shall mean any Bonds which are not Tax-Exempt Bonds.

**Tax-Exempt Bonds** shall mean any Bonds the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Bonds in the Supplemental Resolution authorizing such obligations.

**Trustee** shall mean a trustee appointed by the Issuer or as otherwise provided in the Standard Resolution Provisions, its successor and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Standard Resolution Provisions.

**Valuation Date** shall mean (i) with respect to any Capital Appreciation Bonds, the date or dates set forth in the Supplemental Resolution authorizing such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bonds, and (ii) with respect to any Deferred Income Bonds, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Bonds on which specific Appreciated Values are assigned to the Deferred Income Bonds.

**Variable Interest Rate Bonds** shall mean Bonds which bear a variable interest rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Bonds.

*(Section A-101)*

### **The Standard Resolution Provisions to Constitute Contract**

In consideration of the purchase and acceptance of any and all of the Bonds and Parity Reimbursement Obligations authorized to be issued or incurred under the Standard Resolution Provisions by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and Parity Reimbursement Obligations; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and Parity Reimbursement Obligations, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or Parity Reimbursement Obligations over any other thereof except as expressly provided in or permitted by the Resolution.

*(Section A-104)*

## General Provisions for Issuance of Bonds

The issuance of Bonds of a Series or subseries shall be authorized by the Resolution and a Supplemental Resolution or Resolutions adopted at the time of or subsequent to the adoption of the Resolution and which shall be subject to the express limitations of the Resolution. The Bonds of a Series or subseries authorized to be issued shall be executed in accordance with the Standard Resolution Provisions and delivered to the Trustee. Such Series of Bonds or subseries shall be authenticated or otherwise delivered by the Trustee from time to time in such amounts as directed by the Issuer and by it delivered to or upon the order of the Issuer upon receipt of the consideration therefor and upon delivery to the Trustee of:

(A) a copy of the Resolution and the Supplemental Resolution authorizing such Series which, among other things, shall specify the following items (or the manner of determining such items prior to the delivery of the Bonds):

1. The authorized principal amount, designation and Series of such Bonds;
2. The purposes for which such Series of Bonds are being issued, which shall be one or more of the following (a) one or more of the Authorized Purposes permitted by the Enabling Act, or (b) the refunding of Bonds as provided in the Standard Resolution Provisions;
3. The date or dates, and the maturity date or dates and principal amounts of each maturity of the Bonds of such Series;
4. The amount, or the method for determining such amount, and due date of each Sinking Fund Installment, if any, for Bonds of such Series;
5. The Record Date or Record Dates of Bonds of such Series for which the Record Date or Record Dates is other than the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date for such Bonds;
6. If the Bonds of such Series are interest bearing Bonds, the interest rates of the Bonds of such Series and the Interest Payment Dates therefor;
7. If Bonds of such Series are Capital Appreciation Bonds, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;
8. If Bonds of such Series are Deferred Income Bonds, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Bonds and the Appreciated Value on each such Valuation Date;
9. If Bonds of such Series are Capital Appreciation Bonds or Deferred Income Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Bonds;
10. If Bonds of such Series are Variable Interest Rate Bonds, the maximum interest rate, if any, or the method of calculating such maximum rate for such Bonds, and the provisions, if any, as to the calculation or change of variable interest rates;
11. If Bonds of such Series are Put Bonds, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;

12. The denomination or denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series;
13. The Paying Agent or Paying Agents, if any, and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if any, of and interest on the Bonds of such Series;
14. The redemption provisions, if any, applicable to the Bonds of such Series;
15. Provisions for time, place and manner of sale or exchange of the Bonds of such Series;
16. Any material change to the form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon from the forms set forth in Exhibit One to the Resolution. Except as otherwise provided pursuant to a Supplemental Resolution, all of the Bonds of each Series shall be in fully registered form without coupons;
17. Directions for the application of the proceeds of the Bonds of such Series;
18. To the extent applicable, direction to deliver such Series of Bonds in book-entry form to the extent materially different from the provisions of the Standard Resolution Provisions;
19. To the extent applicable, the provisions relating to (a) any Credit Facility, Qualified Swap or other similar financial arrangement entered into in connection with the issuance of the Bonds of such Series and (b) the obligations payable thereunder; and
20. Any other provision deemed advisable by an Authorized Officer of the Issuer, not in conflict with the provisions of the Standard Resolution Provisions or of the applicable Supplemental Resolution.

An Authorized Officer of the Issuer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to such delegation, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution;

(B) A Counsel's Opinion in customary form to the effect that (i) the Issuer has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Resolution is required, (ii) the Resolution creates the valid pledge to the payment of the Bonds of the Pledged Property which it purports to create pursuant to the Resolution, subject to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution, and (iii) upon the execution and delivery thereof and upon authentication by the Trustee, the Bonds of such Series will be valid and binding, special obligations of the Issuer payable as provided in, and enforceable in accordance with their terms and the terms of, the Resolution and entitled to the benefits of the Acts and the Resolution, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Acts, as amended to the date of such Counsel's Opinion, and in accordance with the Resolution;

(C) A certificate of an Authorized Officer of the Issuer stating that upon the delivery of the Bonds of such Series, the Issuer will not be in default in the performance of any of the terms, provisions or covenants of the Resolution or of any of the Bonds; provided, however, that solely with respect to Refunding Bonds being delivered on original issuance pursuant to the Standard Resolution



Provisions, such certificate shall not be a condition to the authentication and delivery of such Refunding Bonds if and to the extent that a certificate of an Authorized Officer of the Issuer is delivered stating that upon the delivery of such Refunding Bonds the Issuer will no longer be in default in the performance of the terms, provisions or covenants of the Resolution or of any of the Bonds as specified in such certificate;

(D) A certificate of an Authorized Officer of the State stating that (i) to the best of such Authorized Officer's knowledge, no event of default under any Financing Agreements has occurred and is continuing nor will an event of default under any Financing Agreements occur as a result of the issuance of such Bonds, and (ii) the approval of the Director of the Budget for such financing;

(E) A copy of the Certificate of Determination, if any, executed in connection with such Series of Bonds;

(F) To the extent authorized by the Issuer pursuant to a Supplemental Resolution, one or more Credit Facilities with respect to any Series of Bonds and any agreements deemed necessary in connection therewith;

(G) A written order of an Authorized Officer of the Issuer as to the delivery of such Series of Bonds, describing such Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(H) A certificate of an Authorized Officer of the Issuer setting forth the amount of money, if any, to be deposited into the Debt Service Fund, equal to (a) the amount of capitalized interest funded with the proceeds of the Bonds of such Series, if any, and (b) the sum of the interest on the Bonds of such Series from the date of the Bonds of such Series to the date of delivery thereof;

(I) Any amounts (in the form of cash or Investment Obligations) required to be deposited with the Trustee at the time of issuance and delivery of the Bonds of such Series;

(J) Copies of the Financing Agreement applicable to such Series of Bonds; and

(K) Such further documents and moneys as are required by the provisions of the Standard Resolution Provisions or any Supplemental Resolution adopted pursuant to the Standard Resolution Provisions.

The Issuer may authorize by Supplemental Resolution the issuance of Capital Appreciation Bonds, Deferred Income Bonds, Variable Interest Rate Bonds, Put Bonds or any other form of Bond not in conflict with the provisions of the Resolution or of the applicable Supplemental Resolution.

The Issuer may authorize by Supplemental Resolution such other provisions relating to a Series of Bonds as are permitted by the Resolution.

The Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall they be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

*(Section A-201)*

### **Special Provisions for Additional Bonds**

After the issuance of the initial Series of Bonds, one or more Series of Additional Bonds may be authorized and delivered upon original issuance for any Authorized Purpose, including payment of Project Costs and the refunding of Prior Obligations or Bonds or Parity Reimbursement Obligations or

other indebtedness, upon receipt by the Trustee, in addition to any applicable requirements of the Standard Resolution Provisions, of the following:

A certificate by the Director of the Budget setting forth the most recent collections for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate, of the taxes, fees, fines, penalties, or other monies which, as of the date of issuance of any such Series of Bonds, are levied, collected or imposed by or on behalf of the State and are required to be deposited into the Revenue Bond Tax Fund; provided, however, that if any taxes, fees, fines, penalties or other monies that are required to be deposited into such account were not so required to be deposited for all of such 12 calendar months, such certificate may nevertheless include the full amount of all such taxes, fees, fines, penalties, or other monies actually collected for such 12 calendar months;

A certificate by an Authorized Officer of the Issuer setting forth the Calculated Debt Service on all Outstanding Bonds, including such Series of Additional Bonds to be issued and any additional amounts payable with respect to Parity Reimbursement Obligations for each State Fiscal Year for which such Bonds or Parity Reimbursement Obligations are Outstanding and (II) a certificate of the Director of the Budget, including the amount of Calculated Debt Service set forth in the certificate previously described (based upon information furnished by each applicable Authorized Issuer pursuant to the related financing agreement), setting forth the calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement Obligations) shall be made with respect to all Authorized Issuers that have issued bonds or parity reimbursement obligations pursuant to the Enabling Act, which bonds or parity reimbursement obligations are secured by payments to be made from the Revenue Bond Tax Fund for each State Fiscal Year for which such bonds or parity reimbursement obligations are outstanding; and

A certificate by the Director of the Budget stating that the amounts set forth pursuant to the first paragraph above will be at least 2.0 times the maximum calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement Obligations) for all Authorized Issuers set forth in subsection (II) of the second paragraph above for any State Fiscal Year set forth pursuant to above.

*(Section A-202)*

## **Refunding Bonds**

One or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds or Parity Reimbursement Obligations or any portion of a Series of Outstanding Bonds or Parity Reimbursement Obligations, or any outstanding Prior Obligations, in each case including all or any portion of a maturity. The Issuer may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) and to make such deposits required by the provisions of the Standard Resolution Provisions and of the Supplemental Resolution authorizing such Series of Refunding Bonds.

(A) In addition to the applicable requirements set forth under the caption, "General Provisions for Issuance of Bonds," Refunding Bonds of any Series issued to refund Outstanding Bonds or Parity Reimbursement Obligations shall be authenticated by the Trustee or otherwise delivered by the Trustee upon the receipt by the Trustee of:

(1) If the Bonds to be refunded are to be redeemed, irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a Redemption Date specified in such instructions;

(2) If Bonds to be refunded are to be deemed paid, evidence of due publication of the notice provided for in the Standard Resolution Provisions to the Holders of the Bonds being refunded;

(3) If Bonds to be refunded are to be deemed paid, either or both of

(i) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor (or on exchange or tender) or the Redemption Price on the applicable Redemption Date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, and

(ii) Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Standard Resolution Provisions, which Government Obligations and moneys shall be held in trust and used only as provided in the Standard Resolution Provisions; and

(4) Either (i) a certificate of an Authorized Officer of the Issuer (a) setting forth (A) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds (including the Refunding Bonds then proposed to be issued but excluding the Bonds or Parity Reimbursement Obligations to be refunded or purchased) and (B) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds as calculated immediately prior to the issuance of the Refunding Bonds (including the Bonds or Parity Reimbursement Obligations to be refunded or purchased but excluding the Refunding Bonds) and (b) stating that the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (A) above is not greater than the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (B) above; or (ii) the certificates required by the Standard Resolution Provisions with respect to such Series of Refunding Bonds, considering for all purposes of such certificate that the Refunding Obligations then proposed to be issued will be Outstanding but the Bonds or Parity Reimbursement Obligations to be refunded will no longer be Outstanding.

(B) In addition to the applicable requirements set forth under the caption, "General Provisions for Issuance of Bonds," Refunding Bonds of any Series issued to refund in whole or in part any Prior Obligations shall be authenticated or otherwise delivered by the Trustee upon the receipt by the Trustee of the certificates required to be delivered in connection with the issuance of Additional Bonds set forth under the caption, "Refunding Bonds," and shall otherwise comply with any applicable requirements in connection with a refunding set forth in the resolutions which authorized the issuance of such Prior Obligations.

(C) The proceeds, including accrued interest, of such Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Supplemental Resolution authorizing such Refunding Bonds or the related Certificate of Determination.

*(Section A-203)*

## **Credit Facilities; Qualified Swaps and other similar arrangements; Parity Reimbursement Obligations**

The Issuer may include such provisions in a Supplemental Resolution or related Certificate of Determination authorizing the issuance of a Series of Bonds secured by a Credit Facility as the Issuer deems appropriate, including:

So long as the Credit Facility is in full force and effect, and payment on the Credit Facility is not in default and the provider of the Credit Facility is qualified to do business in the State, and (a) no proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the provider of the Credit Facility in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property or for the winding up or liquidation of the affairs of the provider of the Credit Facility and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) days or such court shall enter a decree or order granting the relief sought in such proceeding, or (b) the provider of the Credit Facility shall not have commenced a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall not have consented to the entry of an order for relief in an involuntary case under any such law, or shall not have consented to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property, or shall not have made a general assignment for the benefit of creditors, or shall not have failed generally to pay its debts as they become due, or shall not have taken any corporate action with respect to any of the foregoing, then, in all such events, the provider of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Bonds is required or may be exercised under the Resolution, including, without limitation, under the captions "Supplemental Resolutions" and "Amendments", and following a default under the caption "Defaults and Remedies; Defeasance", except where the Credit Facilities provide only liquidity support and not credit support.

In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Bonds Outstanding, or the purchase price of puts in connection with such Bonds, shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Bonds shall continue to exist and such provider of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

In addition, such Supplemental Resolution or related Certificate of Determination may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the provider of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the provider of a Credit Facility.

In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such provider for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining

interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Resolution. The Issuer may also in an agreement with the provider of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Reimbursement Obligation") solely from Pledged Property; provided, however, that no Reimbursement Obligation shall be created, for purposes of the Standard Resolution Provisions, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Bond, may be secured by a pledge of, and a lien on, Pledged Property on a parity with the lien created by the Standard Resolution Provisions, but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Any Reimbursement Obligation conforming with the provisions of the previous sentence shall be deemed a "Parity Reimbursement Obligation". Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Parity Reimbursement Obligations may be evidenced by Bonds designated as "Bank Bonds." Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Resolution.

In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Issuer also may enter into Qualified Swaps or, to the extent from time to time permitted pursuant to law, other similar arrangements if the Issuer determines that such Qualified Swaps or other similar arrangements will assist the Issuer in more effectively managing its interest costs. To the extent provided in a Supplemental Resolution or related Certificate of Determination, the Issuer's obligation to pay Qualified Swap Payments under any Qualified Swap may be secured by a pledge of, and a lien on, the Subordinated Payment Fund. Qualified Swap Payments may include any payments of any termination or other fees, expenses, indemnification or other obligations to a Qualified Swap Provider, or any payments that represent payment of interest thereunder in advance of the payment of interest on the Bonds to which such Qualified Swap relates.

Parity Reimbursement Obligations shall not be a debt of the State and the State shall not be liable thereon, nor shall Parity Reimbursement Obligations be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

*(Section A-204)*

### **Bond Anticipation Notes**

Whenever the Issuer shall have, by Supplemental Resolution, authorized the issuance of a Series of Bonds, the Issuer, subject to certain provisions for additional bonds under the Standard Resolution Provisions, may by adoption of a Supplemental Resolution authorize the issuance of Bond Anticipation Notes in anticipation of the issuance of such authorized Series of Bonds, in a principal amount not exceeding the principal amount of the Bonds of such Series so authorized. The principal of and premium, if any, and interest on such Bond Anticipation Notes and any renewals of such Bond Anticipation Notes shall be payable only from (i) the proceeds of any renewals of such Bond Anticipation Notes issued to repay such Bond Anticipation Notes, (ii) the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued, (iii) any amounts provided by the State and/or the federal government expressly for payment of such Bond Anticipation Notes, or (iv) the proceeds of such Bond Anticipation Notes deposited in any Fund or account under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be

pledged for the payment of the principal of and premium, if any, and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Resolution. In any case, such Bond Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Bonds in anticipation of which they are issued. The proceeds of the sale of Bond Anticipation Notes, other than renewals thereof, shall be applied to the purposes for which the Bonds in anticipation of which such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or account established by the Resolution for such purposes and, if so provided in the resolution authorizing renewals of Bond Anticipation Notes issued to pay outstanding Bond Anticipation Notes, applied directly to such payment. Interest earned on any amounts on deposit in any Fund or account under the Resolution representing the proceeds of any Bond Anticipation Notes shall be applied in the manner set forth in the Supplemental Resolution authorizing such Bond Anticipation Notes or the related Certificate of Determination.

*(Section A-205)*

### **Additional Obligations**

The Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien on the Pledged Property created by the Resolution, or prior or equal to the rights of the Issuer and Holders of Bonds.

*(Section A-206)*

### **Redemption at the Election of the Issuer; Redemption other than at Issuer's Election; Selection of Bonds to be Redeemed**

In the case of any redemption of Bonds of a Series at the election of the Issuer, such Bonds may be redeemed at the option of the Issuer as provided in the Supplemental Resolution authorizing such Bonds. In exercising such option, the Issuer shall give written notice to the Trustee and any Paying Agent of its election to redeem, including the Series designation, the principal amounts and the maturities of such Bonds so elected. The Series designation, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in the Resolution. Such notice shall be given to the Trustee at least forty-five (45) days prior to the date on which the Bonds of such Series are to be redeemed, or such fewer number of days as shall be acceptable to the Trustee.

Whenever by the terms of the Resolution, Bonds are required to be redeemed otherwise than at the election of the Issuer, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of the Standard Resolution Provisions. The Trustee shall have no liability in making such selection.

In the event of redemption of less than all of the Outstanding Bonds of a Series and maturity, the Trustee shall assign to each such Outstanding Bond of such Series and maturity or portion of a maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by

lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in the Standard Resolution Provisions) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds of such Series drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of such Bonds and select part of any such Bonds for redemption. In lieu of selecting Bonds to be redeemed in partial redemption by lot, the particular Bonds of a Series to be redeemed may be selected by the Trustee as directed by the Issuer on a pro rata or other basis specified in the Certificate of Determination, or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair.

*(Section A-402, A-303 and A-404)*

### **The Pledge Effected by the Resolution**

The Bonds are special obligations of the Issuer payable solely from the sources set forth in subsection 1 of Section A-501 of the Standard Resolution Provisions. There is thereby pledged for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and of Parity Reimbursement Obligations, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof (and to the provisions authorizing Subordinated Indebtedness in the Resolution) for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Pledged Property. Such pledge is for the equal and proportionate benefit and security of all and singular the present and future Holders of Bonds and obligees of Parity Reimbursement Obligations issued and to be issued under the Resolution, without preference, priority or distinction, except as otherwise provided in the Standard Resolution Provisions, of any one Bond or Parity Reimbursement Obligation over any other Bond or Parity Reimbursement Obligation, by reason of priority in the issue, sale or negotiation thereof or otherwise. The pledge and lien created by the Resolution for the Bonds and Parity Reimbursement Obligation shall be superior in all respects to any pledge or lien now or hereafter created for indebtedness or other obligation secured by the Subordinated Payment Fund.

The Issuer represents and warrants that under the Enabling Act (i) the pledge set forth in subsection 1 of Section A-501 of the Standard Resolution Provisions is and shall be valid and binding from and after the date of issuance and delivery of the first Series of Bonds, and the items set forth in such pledge are and shall be immediately subject to the lien of such pledge without any physical delivery thereof or further act and the lien of such pledge is and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof; and (ii) neither the Resolution nor any other instrument need be recorded or filed to protect the pledge set forth in the aforementioned section.

The revenues, facilities, properties and any and all other assets of the Issuer, or of any subsidiary thereof, other than the Pledged Property, shall not be used for, or as a result of any court proceeding or otherwise, applied to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price, of and interest on the Bonds, and under no circumstances shall the aforementioned be available for such purpose, nor shall there be any recourse against any other assets, revenues or funds of or other payments due to the Issuer, other than the Pledged Property.

The State has no obligation to continue the imposition of the taxes or the sources of any other funds deposited in the Revenue Bond Tax Fund pursuant to Section 92-z, nor to maintain such taxes or the sources of any other funds at any minimum level, and moneys in the Revenue Bond Tax Fund are

not pledged to the payment of the Bonds or Parity Reimbursement Obligations prior to appropriation and transfer to the Issuer or the Trustee.

The obligation of the Comptroller under Section 92-z with respect to moneys on deposit in the Revenue Bond Tax Fund are subject to the rights of holders of debt of the State.

Nothing contained in the aforementioned section shall be deemed a limitation upon the authority of the Issuer to issue bonds, notes or other obligations under the Issuer Act secured by other income and funds other than the Pledged Property.

*(Section A-501)*

### **Establishment of Funds**

Funds and accounts shall be established as authorized by the Resolution.

*(Section A-502)*

### **Payment of Bonds**

The Issuer shall duly and punctually pay or cause to be paid the principal, Sinking Fund Installments, if any, Redemption Price of, and interest on every Bond, at the dates and places and in the manner set forth in the Bonds according to the true intent and meaning thereof.

*(Section A-601)*

### **Extension of Payment of Bonds**

The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of any assets of the Issuer or the Funds and accounts (except Funds and accounts held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Trustee, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such claims for interest. Nothing in the Resolution shall be deemed to limit the right of the Issuer to issue Refunding Bonds as permitted by the Resolution and by the Issuer Act and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds refunded.

*(Section A-602)*

### **Offices for Servicing Bonds**

The Issuer shall at all times maintain an office or agency in the State, where Bonds may be presented for payment, registration, transfer or exchange and where notices, presentations and demands upon the Issuer in respect of the Bonds or of the Resolution may be served. The Issuer appoints the Trustee as its agent to maintain such office or agency in the State for the registration, transfer or exchange of Bonds, for the authentication of Bonds, and for the payment of Bonds.

*(Section A-603)*



## **Further Assurance**

At any time and all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the Pledged Property pledged or assigned by the Resolution, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign. The Issuer further covenants that it shall use its best efforts, to the extent authorized by law, to cause the Director of the Budget to make and deliver the certificates referred to in the Standard Resolution Provisions at the times required therein and shall cause the amounts so received to be deposited in the appropriate Funds.

*(Section A-604)*

## **Power to Issue Bonds and Pledge Revenues and Other Funds**

The Issuer is duly authorized under the Acts, and all applicable laws to create and issue the Bonds, to adopt the Resolution and to pledge the Pledged Property purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Standard Resolution Provisions, the Pledged Property is and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable special obligations of the Issuer in accordance with their terms and the terms of the Resolution. The Issuer further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all of the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

*(Section A-605)*

## **Creation of Liens**

Except in accordance with the provisions of the Standard Resolution Provisions, the Issuer shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds, Parity Reimbursement Obligations and Bond Anticipation Notes, secured by an equal or prior pledge of all or any part of the Pledged Property, and shall not create or cause to be created any equal or prior lien or charge on the Pledged Property except as provided in the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Issuer from issuing (i) evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in the Standard Resolution Provisions or (ii) evidences of indebtedness secured by the Subordinated Payment Fund.

*(Section A-606)*

## **Certificate of the Director of the Budget**

In order to assure the maintenance of the Funds and accounts held under the Resolution, not later than thirty days after the submission of the executive budget for the ensuing State Fiscal Year in accordance with the State Constitution, the Issuer shall to the extent authorized by law use its best efforts to enforce the obligation set forth in the Financing Agreement of the Director of the Budget to certify to the Comptroller in accordance with subdivision 5(b) of Section 92-z and the Standard Resolution Provisions a schedule setting forth the following:

(a) The amount of receipts certified and estimated to be deposited on a monthly basis to the Revenue Bond Tax Fund; and

(b) The amount of monthly cash requirements so certified by the Director of the Budget for such State Fiscal Year which shall be at least equal to:

1. all payments of principal, Sinking Fund Installments, if any, and Redemption Price, of Outstanding Bonds due in such State Fiscal Year;
2. the amounts required to pay all interest on Outstanding Bonds (including interest at the Estimated Average Interest Rate for Variable Interest Rate Bonds or under the related Reimbursement Obligation) and any additional amounts due with respect to related Parity Reimbursement Obligations due in such State Fiscal Year;
3. all Issuer Expenses for such State Fiscal Year;
4. all principal of and interest or other amounts payable from the Subordinated Payment Fund and due in such State Fiscal Year;
5. any amounts required to rebate to the Department of the Treasury of the United States of America and not otherwise held in the Funds and accounts under the Resolution;
6. all other payment requirements referred to in the Enabling Act for such State Fiscal Year.

The schedule accompanying the certificate of the Director of the Budget shall also provide for payments as the Director of the Budget deems appropriate to ensure that sufficient funds will be available from the sources, including without limitation revenues derived from the taxes and fees deposited in the Revenue Bond Tax Fund in accordance with Section 92-z, to enable the Issuer to meet its obligations under the Resolution as they become due; provided, however, that such schedule shall require the Comptroller to set aside, on a monthly basis, amounts in the Revenue Bond Tax Fund such that the combined total of (i) the amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) the monthly amounts, as provided for in paragraph (a) above, required to be deposited to the Revenue Bond Tax Fund in such month is not less than one hundred twenty-five percent (125%) of the monthly cash requirements, as provided for in paragraph (b) above, to be paid by the Comptroller to the Trustee, on behalf of the Issuer, in the following month. Financing Agreement Payments shall be paid to the Trustee on or before the fifth Business Day preceding the date on which such payment is due; and provided, further, that to ensure sufficient funds will be available from the sources just described to meet the Issuer's obligations when due, such schedule shall require the Comptroller to pay (x) all moneys set aside pursuant to subdivision 5 of Section 92-z less (y) the Issuer's estimate of investment earnings available therefor on Funds and accounts established under the Resolution and other amounts available under the Resolution, which such estimate shall be made at least once each calendar month prior to the making of any transfer pursuant to subdivision 5 of Section 92-z.

The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the schedule required to accompany such certification, from time to time, to assure that such certification, together with the accompanying schedule, accurately sets forth any and all amounts required or projected by the Issuer for the purposes and at the times prescribed by subdivision 5 of Section 92-z. The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the accompanying schedule if additional amounts are required to make any payment of principal, Sinking Fund Installments, if any, and Redemption Price of or interest on Bonds or with respect to Parity Reimbursement Obligations.

In any event, whether or not there has been any intervening requirement to revise such certificate under the Standard Resolution Provisions, promptly but in no event later than 30 days after the date of the issuance of any Series of Bonds under the Resolution or the issuance of any Parity Reimbursement Obligation, or other evidence of indebtedness payable from the Subordinated Payment Fund or otherwise, the Director of the Budget shall submit a revised certification, together with the accompanying schedule, which accurately sets forth any and all amounts required or projected to be required by the Issuer as of such date for the purposes and at the times prescribed by the terms of the Standard Resolution Provisions.

The agreement of the State under Section 68-c shall be deemed executory only to the extent of appropriations available for payments under Section 68-c and no liability on account of any such payment shall be incurred by the State beyond such appropriations.

*(Section A-607)*

#### **Agreement With the Director of the Budget**

The Issuer shall only issue or incur Bonds (including Refunding Bonds), Parity Reimbursement Obligations or other obligations under the Resolution (including Credit Facilities, Qualified Swaps, other similar arrangements, and Parity Reimbursement Obligations) with the written approval of the Director of the Budget. The Issuer shall enter into one or more Financing Agreements with the State, acting through the Director of the Budget, as provided in subdivision 1 of Section 68-c providing for the specific manner, timing and amount of payments to be made under Section 68-c and the Resolution. The Issuer shall approve the form and substance of such Financing Agreement with respect to any Series of Bonds prior to or concurrently with the adoption of the applicable Supplemental Resolution and shall use its best efforts, to the extent permitted by law, to take all steps necessary or appropriate to enforce such Financing Agreement and to assure compliance by the State therewith. The Issuer shall not enter into any such Financing Agreement that is not in conformity with the Acts and the Resolution.

*(Section A-608)*

#### **Agreement With the State**

In accordance with the provisions of the Enabling Act and to the extent applicable, the Issuer Act, the Issuer includes in the Resolution, to the fullest extent enforceable under applicable federal and State law, the pledge to and agreement with the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred under the Resolution made by the State and set forth in the Acts that the State will not in any way impair the rights and remedies of such Holders until such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued or incurred under the Resolution, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of such Holders, are fully met and discharged.

Notwithstanding any other provision of the Resolution, nothing contained in the Acts or the Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to taxes imposed pursuant to Article 22 of the Tax Law. The Issuer and the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued under the Resolution expressly agree that it shall be an integral part of the contract arising under the Resolution that no default thereunder occur as a result of the State exercising its right to amend, repeal, modify or otherwise alter any such tax.

*(Section A-609)*

## **Amendment of Financing Agreements**

The Issuer shall not amend, change, modify, alter or terminate any Financing Agreement so as to materially adversely affect the right, security and interest of the Holders of the Outstanding Bonds without the prior written consent of the provider of a Credit Facility, if any, affected thereby, or, in the event that there is no Credit Facility in place with respect to the Series of Bonds affected thereby, without the prior written consent of at least a majority in aggregate principal amount of the Holders of the Bonds then Outstanding and affected thereby; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the providers of the Credit Facility, if any, or the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Standard Resolution Provisions. Any Financing Agreement may be amended, supplemented, changed, modified or altered without the consent of the provider of the Credit Facility, if any, or the Holders of Outstanding Bonds to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, or the providing, furnishing and equipping of a Project or which may be added to such Project, or to provide for additional Financing Agreement Payments; and any Financing Agreement may be amended, supplemented, changed, modified or altered without such consent to cure any ambiguity, or to correct or supplement any provisions contained in any Financing Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in such Financing Agreement and which the Issuer determines will not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be. In no event shall changes relating solely to Projects, including schedules related thereto, be deemed to materially adversely affect such Holders or providers of Credit Facilities. Upon execution by the Issuer of any amendment, a copy thereof certified by the Issuer shall be filed with the Trustee and each provider of the Credit Facility affected thereby.

For the purposes of the Standard Resolution Provisions, Bonds shall be deemed to be materially adversely affected by an amendment, change, modification or alteration of any Financing Agreement if the same materially adversely affects or diminishes the rights, security and interest of the Holders of the Bonds or the provider of a Credit Facility, as the case may be. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds or the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be, would be materially adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the provider of a Credit Facility, the Trustee and all Holders of Bonds; and, provided further, however, any such amendments deemed necessary by the Issuer to effect any assumption, extinguishment and substitution authorized by the Standard Resolution Provisions shall not be deemed to materially adversely affect the Bonds.

For all purposes of the Standard Resolution Provisions, the Issuer shall be entitled to rely upon a Counsel's Opinion (a copy of which shall be provided by the Issuer to any provider of a Credit Facility thereby affected), with respect to whether any amendment, change, modification or alteration materially adversely affects the right, security and interest of any Holders of Bonds and any provider of a Credit Facility of a Series then Outstanding.

*(Section A-610)*

## **Enforcement of Duties and Obligations of the State**

The Issuer shall use its best efforts, to the extent permitted by law, to cause the State to perform fully all duties and acts and comply fully with the covenants of the State required by any Financing Agreement in the manner and at the times provided in such Financing Agreement provided, however, that the Issuer may delay, defer or waive enforcement of one or more provisions of said Financing

Agreement (other than provisions requiring the payment of moneys to any Fund or account established under the Resolution), if the Issuer determines such delay, deferment or waiver will not materially adversely affect the right, security and interest of the Holders of the Bonds of the applicable Series or the issuer of any Credit Facility.

*(Section A-611)*

### **Reservation of State Rights of Assumption, Extinguishment and Substitution**

It is expressly understood and agreed by the Issuer and the Holders or other obligees of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution to be an integral part of the contract arising under the Resolution that, in accordance with subdivision 6 of Section 68-c, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that include the Revenues pledged under the Resolution, (i) to assume, in whole or in part, the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations of the Issuer issued or incurred under the Resolution, (ii) to extinguish the existing lien on Pledged Property created under the Resolution, and (iii) to substitute security or source of payment for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution, in each case only so long as such assumption, extinguishment and substitution is accomplished in accordance with the Standard Resolution Provisions. (Any Bonds paid or deemed to have been paid in accordance with the Standard Resolution Provisions on or before the date of any assumption, extinguishment and substitution shall not be taken into account in determining compliance with the provisions of the Standard Resolution Provisions.)

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and
2. any State Revenue Bonds resulting from such assumption, extinguishment and substitution shall be secured by revenues that may include all the Revenues securing the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as of the day immediately preceding such assumption, extinguishment and substitution, and the provisions of the Enabling Act relating to security for or payment of the Bonds and Parity Reimbursement Obligations shall remain in full force and effect in substantially the form they existed immediately prior to such assumption, extinguishment and substitution and shall not have been amended in connection therewith except to the extent necessary or convenient to permit the Revenues and the Revenue Bond Tax Fund to be sources of payment or security for the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution; provided, however, that in connection with any such assumption, extinguishment and substitution, it is expressly understood and agreed by all Bondholders and all providers of Credit Facilities that the Enabling Act may be amended to delete the transfer from the general fund as set forth in paragraph (b) of subdivision 5 of Section 92-z and paragraph (a) of subdivision 5 of Section 92-z may be amended to

delete the requirement that Financing Agreement Payments be appropriated before any moneys held pursuant to such Section 92-z are transferred to the general fund; and

3. any resolution or trust agreement securing the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution shall contain limitations on amendment powers no less restrictive than those set forth in the Standard Resolution Provisions, and shall include events of default to the effect of those contained in Section A-1101(e), (f), and (g) of the Standard Resolution Provisions and shall grant the remedies contained under Section A-1102(1) and (2) of the Standard Resolution Provisions, provided that the Comptroller or the Attorney General of the State may serve in the capacity of the Trustee for such purposes and the State or other issuer of State Revenue Bonds may be substituted for the Issuer in Section A-1101(1) of the Standard Resolution Provisions, and shall include defeasance provisions no less restrictive than those set forth in the Standard Resolution Provisions; and
4. the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution shall have the same or superior priority of claim on the revenues securing such obligations as that provided by the Resolution; and
5. any resolution or trust agreement securing the State Revenue Bonds resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations secured under the Resolution shall contain a covenant of the State substantially to the effect of the covenant contained in the Standard Resolution Provisions; and
6. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution (A) complies with the provisions of the Standard Resolution Provisions and the Enabling Act and (B) will have no adverse effect on the federal or State tax status of interest on the Bonds.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to the Standard Resolution Provisions (or brief summary thereof or reference thereto) shall be mailed by the Issuer to such Bondholders and providers of Credit Facilities to the extent affected thereby (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when effected as provided in the Standard Resolution Provisions).

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and

2. with respect to all Bonds Outstanding, written consent to such assumption, extinguishment and substitution shall be given as provided in the Resolution by the Holders of at least a majority in principal amount of such Bonds Outstanding at the time such consent is given; and
3. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution complies with the provisions of the Standard Resolution Provisions and the Enabling Act.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to the Standard Resolution Provisions (or brief summary thereof or reference thereto) together with a request to the Bondholders indicated above for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when consented to as provided in the Standard Resolution Provisions). No such assumption, extinguishment and substitution pursuant to this subdivision shall be effective unless and until there shall have been filed with the Issuer (i) the written consents of Holders of the percentages of Outstanding Bonds specified in this subdivision, and (ii) the aforementioned Counsel's Opinion. Each such consent of a Bondholder shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that such Authorized Officer has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer in the Standard Resolution Provisions provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that such assumption, extinguishment and substitution have been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Standard Resolution Provisions, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such assumption, extinguishment and substitution from becoming effective and binding as in the Standard Resolution Provisions provided) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents and the written statement of the Issuer above provided for is filed (but failure to publish such notice shall not prevent such assumption, extinguishment and substitution from becoming binding as in the Standard Resolution Provisions provided). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by the Standard Resolution Provisions to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such assumption, extinguishment and substitution shall be deemed conclusively binding upon the State, the Issuer, the

Trustee, and the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such assumption, extinguishment and substitution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such assumption, extinguishment and substitution as it may deem expedient.

Upon the effective date of any such assumption, extinguishment and substitution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and any Paying Agents shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption.

*(Section A-612)*

### **Accounts and Reports**

The Issuer shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all its transactions relating to all Funds and accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than twenty-five per cent (25%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Issuer may authorize or permit the Trustee or its duly authorized agents to keep any or all of such books on behalf of the Issuer.

*(Section A-613)*

### **Tax Covenants**

The Issuer shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds issued as Tax-Exempt Bonds shall be not included in the gross income of the owners thereof for purposes of federal income taxation.

Notwithstanding the foregoing, the Issuer reserves the right, in a Supplemental Resolution authorizing the issuance of obligations, to elect to issue Taxable Bonds.

*(Section A-614)*

### **General**

The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Acts and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State, including the Acts and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened



and have been performed and the issue of such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State.

*(Section A-615)*

### **Notice as to Event of Default**

The Issuer shall notify the Director of the Budget, the Comptroller, each issuer of a Credit Facility and the Trustee in writing that an “Event of Default,” as such term is defined in the Standard Resolution Provisions, has occurred and is continuing, which notice shall be given within thirty (30) days after the Issuer has obtained actual knowledge thereof; provided, however, that the Issuer shall provide each of the foregoing with immediate notice of any payment default after the Issuer has obtained actual knowledge thereof.

*(Section A-616)*

### **Other Bonds Authorized by the Enabling Act**

The Bonds authorized by the Resolution are authorized by the Enabling Act. All bonds issued pursuant to the Enabling Act, whenever issued and by whichever Authorized Issuer, have equal claim to all moneys available subject to appropriation from the Revenue Bond Tax Fund pursuant to the Enabling Act, and further subject to provisions in the Resolution or other such resolutions authorizing such bonds relating to subordination.

*(Section A-617)*

### **Investment of Funds**

Amounts in the Funds and accounts established by Section 502 of the Resolution may be invested only in Investment Obligations. The Trustee shall make such investments in any Funds or accounts held by the Trustee in accordance with any instructions received from an Authorized Officer of the Issuer. Except as otherwise provided in the resolution authorizing any series of Bond Anticipation Notes, interest earned by the investment of moneys in each Fund or account under the Resolution shall be held, deposited or transferred in accordance with the Resolution. The Trustee shall have no obligation to invest or reinvest amounts as contemplated by the Resolution except upon the direction of an Authorized Officer of the Issuer as to specific investments. Any such direction, if not in writing, shall be promptly confirmed in writing.

Investment Obligations on deposit in the Funds and accounts held under the Resolution shall have maturity dates, or shall be subject to redemption or tender at the option of the Issuer or the Trustee on the respective dates specified by an Authorized Officer of the Issuer, as appropriate, which dates shall be on or prior to the respective dates on which the moneys invested therein are expected to be paid for the purposes of such Funds and accounts. The Issuer, or the Trustee, upon the instructions of an Authorized Officer of the Issuer, shall sell any Investment Obligations held in any Fund or account to the extent required for payments from such Fund or account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or account to the extent required to meet the requirements of such Fund or account. Losses, if any, realized on Investment Obligations held in any Fund or account shall be debited to such Fund or account. In computing the amount of such Funds and accounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value, plus accrued interest. Accrued interest received upon the sale of any Investment Obligation to the extent such amount exceeds any accrued interest paid on the purchase of such Investment Obligation shall be treated as interest earned on such Investment Obligation for purposes of the Standard Resolution Provisions.

Nothing in the Resolution shall prevent any Investment Obligations acquired as investments of or security for any Fund, account or subaccount held under the Resolution from being held in book-entry form.

*(Section A-701)*

### **Trustee; Appointment and Acceptance of Duties**

The Trustee shall be appointed in the Supplemental Resolution authorizing the issuance of the first Series of Bonds under the Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by written instrument of acceptance delivered to the Issuer.

*(Section A-801)*

### **Paying Agents; Appointment and Acceptance of Duties**

The Issuer may, in its discretion, appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Resolution authorizing such Bonds at least one of which shall have an office for the transaction of business in the State, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in the Standard Resolution Provisions for the appointment of a successor Paying Agent.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof.

The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds.

*(Section A-802)*

### **Responsibilities of Fiduciaries**

The recitals of fact in the Standard Resolution Provisions and in the Bonds shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent the proceeds are received by it in its capacity as Fiduciary, or (iii) the application of any moneys paid to the Issuer or others in accordance with the Resolution except as to the application of any moneys paid to it in its capacity as Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution except for its own negligence or willful misconduct. Subject to the foregoing, the Issuer may designate any Fiduciary to undertake any duty in the Resolution of the Issuer with respect to collection, accounting, review of and notice for any consents required thereunder.

*(Section A-803)*

## **Evidence on Which Fiduciaries May Act**

Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

*(Section A-804)*

## **Compensation**

The Issuer shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution. The Issuer further agrees to the extent permitted by law to indemnify and save each such Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Resolution, and which are not due to its negligence or willful misconduct. The Issuer's obligation to make any payment pursuant to the Standard Resolution Provisions shall be limited to payment from amounts made available therefor pursuant to the Financing Agreements.

*(Section A-805)*

## **Certain Permitted Acts**

Any Fiduciary may become the owner of or deal in any Bonds as fully with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as Securities Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding in respect of which any such action is taken.

*(Section A-806)*

## **Resignation of Trustee**

The Trustee may at any time resign and be discharged of its duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Issuer, specifying the date when such resignation shall take effect, and mailing notice thereof, to the Holders of all Bonds then Outstanding, and such resignation shall take effect on the day specified in such notice unless previously

a successor shall have been appointed as provided in the Resolution, in which event such resignation shall take effect immediately upon the appointment of such successor; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee.

*(Section A-807)*

### **Removal of Trustee**

The Issuer may at any time remove the Trustee initially appointed or any successor thereto by written notice of such removal mailed by first class mail to the Trustee except that the Trustee may not be removed by the Issuer during the pendency of an Event of Default; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee. Notice of the removal of the Trustee shall be mailed by first class mail to the registered Holders of all Bonds then Outstanding at least 30 days prior to such removal.

*(Section A-808)*

### **Appointment of Successor Trustee**

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee. The Issuer shall cause notice of any such appointment to be mailed to all Holders of Bonds then Outstanding.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of the Standard Resolution Provisions within 30 days after the Trustee shall have given to the Issuer written notice as provided in the Standard Resolution Provisions or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee appointed under the provisions of the Standard Resolution Provisions in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York or a national banking association and having Fiduciary Capital Funds of at least \$100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

*(Section A-809)*

### **Transfer of Rights and Property to Successor Trustee**

Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee

all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Resolution. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers, and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any such successor Trustee shall promptly notify the Paying Agents, if any, of its appointment as Trustee.

*(Section A-810)*

### **Merger or Consolidation**

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which such Fiduciary may sell or transfer all or substantially all of its business, or all of its non-private trust administration business, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act; provided such company shall be a bank having trust powers or a trust company organized under the laws of the State or a national banking association and shall, if it previously had not had such an office, have an office for the transaction of its business in the State, and shall be authorized by law to perform all the duties imposed upon it by the Resolution.

*(Section A-811)*

### **Resignation or Removal of Paying Agent and Appointment of Successor**

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) days' written notice to the Issuer and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Issuer. Any successor Paying Agent may be appointed by the Issuer and (subject to the requirements of the Standard Resolution Provisions) shall be a bank having trust powers or trust company in good standing organized under the laws of any state of the United States of America or a national banking association, duly authorized to exercise trust powers and subject to examination by federal or state Corporation, having Fiduciary Capital Funds of at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or if there shall be no successor, to the Issuer. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Issuer shall act as such Paying Agent.

*(Section A-812)*

### **Adoption and Filing**

The Issuer may adopt at any time or from time to time a Supplemental Resolution to authorize the issue of the initial Series of Bonds and of additional Series of Bonds and the incurrence of Parity Reimbursement Obligation as provided in the Standard Resolution Provisions and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued and Parity Reimbursement Obligation may be incurred.

*(Section A-901)*

## **Supplemental Resolutions Effective Upon Adoption**

Notwithstanding any other provisions of the Standard Resolution Provisions, the Issuer may adopt, for any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution which, upon adoption thereof and filing with the Trustee shall be fully effective in accordance with its terms:

To close the Resolution against, or provide limitations and restrictions contained in the Resolution on, the authentication or execution and delivery on original issuance of Bonds or the issuance of other evidences of indebtedness;

To add to the covenants and agreements of the Issuer contained in the Resolution other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

To add to the limitations or restrictions in the Resolution other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;

To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by, the Resolution, or any Supplemental Resolution of the Pledged Property, including the Revenues or the Funds, and other moneys and securities;

To modify any of the provisions of the Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered on original issuance after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Bonds then Outstanding or to be issued or the exemption of interest received on any Bonds from State income taxation;

To modify, amend or supplement the Resolution in any manner in order to provide for a Credit Facility, Qualified Swap or other similar arrangement with respect to any Series of Bonds, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect;

To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the Standard Resolution Provisions and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in

effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

To authorize Subordinated Indebtedness and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer of the Issuer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Standard Resolution Provisions as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness in the Subordinated Payment Fund and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness;

To provide, with prior written notice to each Rating Agency, for additional Investment Obligations that may be designated as Government Obligations consistent with clause (f) of the definition of Government Obligations;

Notwithstanding the Standard Resolution Provisions, to the extent authorized by law and to the extent the Issuer shall have received a Counsel's Opinion that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Tax-Exempt Bonds, to provide for the delivery of Bonds that are not in registered form;

To modify the pledge effected by Section 501 of the Resolution and such other provisions of the Standard Resolution Provisions solely to give effect to an assumption, extinguishment and substitution consistent with the Standard Resolution Provisions;

Notwithstanding the terms and provisions of the Standard Resolution Provisions, to the extent authorized by law and to the extent that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Bonds issued on a tax-exempt basis, to provide for the delivery of a Series of Bonds or a portion of a Series of Bonds incorporating detachable call options;

To modify, with prior written notice to each Rating Agency, the definition of Qualified Swap Provider; or

To make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Holders of Outstanding Bonds or Parity Reimbursement Obligations.

In making any determination under the preceding paragraph, the Issuer may consult with and rely upon an Opinion of Counsel or opinions of other experts or professionals.

*(Section A-902)*

### **Supplemental Resolutions Effective with Consent of Trustee**

Notwithstanding any other provision of the Standard Resolution Provisions, the Issuer may adopt a Supplemental Resolution amending any provision of the Standard Resolution Provisions, effective upon filing with the Issuer of a written determination of the Trustee and a Counsel's Opinion that such amendment will not materially adversely affect the rights of any Holder of Bonds.

*(Section A-903)*

## **Supplemental Resolutions Effective with Consent of Bondholders**

Except as permitted in the Standard Resolution Provisions, at any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders, and in accordance with the provisions of the Standard Resolution Provisions, which Supplemental Resolution, upon adoption and upon compliance with the Standard Resolution Provisions shall become fully effective in accordance with its terms as provided in the Standard Resolution Provisions.

*(Section A-904)*

## **General Provisions**

Nothing contained in the Standard Resolution Provisions shall affect or limit the right or obligation of the Issuer to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of the Standard Resolution Provisions or the right or obligation of the Issuer to execute and deliver to the Trustee any instrument which elsewhere in the Resolution it is provided shall be so delivered.

Any Supplemental Resolution referred to and permitted or authorized by the Standard Resolution Provisions may be adopted by the Issuer without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Standard Resolution Provisions. Every Supplemental Resolution adopted by the Issuer shall be (i) subject to the written approval of the Director of Budget, and (ii) the subject of a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. The Trustee shall be entitled to rely upon such opinion, which shall be conclusive evidence that such Supplemental Resolution is authorized or permitted by the Standard Resolution Provisions.

The Trustee is authorized by the Resolution to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the Standard Resolution Provisions and to make all further agreements and stipulations which may be contained in the Resolution, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the Standard Resolution Provisions.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or Paying Agent affected thereby.

*(Section A-905)*

## **Mailing and Publication**

Any provision in the Standard Resolution Provisions relating to the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid to each Bondholder of any affected Bonds then Outstanding at such Bondholder's address, if any, appearing upon the registry books of the Issuer and to the Trustee; or, in each case, to such parties by facsimile or other means to the extent permitted by applicable law and arrangements.

Any provision in the Standard Resolution Provisions for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

*(Section A-1001)*



## **Powers of Amendment**

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Standard Resolution Provisions, (a) by the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (b) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, by the Holders of at least a majority in principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Standard Resolution Provisions. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holders of such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of the Standard Resolution Provisions, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same materially adversely affects or diminishes the right, security and interest of the Holders of Bonds of such Series. The Issuer may in its discretion determine whether or not in accordance with the foregoing, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on all Holders of Bonds. The Issuer shall, prior to making any such determination, receive a Counsel's Opinion as conclusive evidence as to whether the Bonds of a Series or maturity would be so affected by any such modification or amendment thereof.

Notwithstanding anything in the Resolution to the contrary, the consent of Holders of any Series of Additional Bonds to be issued under the Resolution shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Bonds is offered and sold.

*(Section A-1002)*

## **Consent of Bondholders**

The Issuer may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Standard Resolution Provisions, to take effect when and as provided in the Standard Resolution Provisions. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as provided in the Standard Resolution Provisions). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Issuer (i) the written consent of Holders of the percentages of Outstanding Bonds specified in the Standard Resolution Provisions, and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding or owning, at the date

of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that he or she has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer of the Issuer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer in the Standard Resolution Provisions provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Issuer) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Standard Resolution Provisions, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as is provided in the Standard Resolution Provisions) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Issuer provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming binding as is provided in the Standard Resolution Provisions). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by the Standard Resolution Provisions to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee, or the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

For the purpose of the Standard Resolution Provisions, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Standard Resolution Provisions in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus,

offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Issuer or with the remarketing of the Bonds.

*(Section A-1003)*

### **Modifications by Unanimous Consent**

The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Issuer of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Standard Resolution Provisions except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the filing with the Issuer of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

*(Section A-1004)*

### **Exclusion of Bonds**

Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Standard Resolution Provisions, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Resolution. At the time of any consent or other action taken under the Standard Resolution Provisions, the Issuer shall file with its records relating to the Bonds a certificate of an Authorized Officer of the Issuer describing all Bonds so to be excluded.

*(Section A-1005)*

### **Notation on Bonds**

Bonds delivered after the effective date of any action taken as provided in the Standard Resolution Provisions may, and, if the Issuer so determines, shall, bear a notation by endorsement or otherwise in form approved by the Issuer and Trustee as to such action, and in that event upon demand of the Holder of any Bond Outstanding at such effective date and presentation to the Issuer of his or her Bond for such purpose, suitable notation shall be made on such Bond by the Issuer as to any such action. If the Issuer and Trustee shall so determine, new Bonds so modified as, in the opinion of the Issuer and Trustee conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

*(Section A-1006)*

### **Events of Default**

The occurrence of one or more of the following events shall constitute an “Event of Default”:

(a) payment of principal, Sinking Fund Installments, interest or premium on any Bond shall not be made when the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of ten (10) Business Days; or

(b) in connection with financings for any Authorized Purpose authorized by Section 68-b, the Director of the Budget shall fail or refuse to comply with the provisions of

subdivision 5(b) of Section 92-z and such failure or refusal shall continue for a period of thirty (30) days; or

(c) the Comptroller shall fail to pay to any Authorized Issuer from an appropriation, as and when provided by subdivision 3 of Section 68-c in accordance with a Financing Agreement, any amount as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, which default shall continue for a period of ten (10) Business Days; or

(d) the Governor shall fail or refuse to include in the appropriation bills required to be submitted by the Governor pursuant to Section 24 of the State Finance Law appropriations sufficient to pay any and all amounts as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, in connection with financings for any Authorized Purpose authorized by Section 68-b, and such failure or refusal shall continue for thirty (30) days from and after the date on which such bills are required to be submitted; or

(e) the State shall have enacted a moratorium or other similar law affecting payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(f) the State or any officer of the State shall fail or refuse to comply with any of the provisions of Section 68-c or Section 92-z, either case relating to security for or payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(g) failure by the Issuer to observe any of the covenants, agreements or conditions on its part contained in the Resolution or in the Bonds, and failure to remedy the same for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30)-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and is diligently pursued until the default is corrected.

Except as provided above or, to the extent permitted by the Standard Resolution Provisions, in a Supplemental Resolution, no default under the Acts or any resolution, agreement, or other instrument shall constitute or give rise to an Event of Default under the Resolution.

It is expressly understood that nothing in the Standard Resolution Provisions or elsewhere in the Resolution may be construed to restrict the right of the State under subdivision 5 of Section 68-c to amend, repeal, modify or otherwise alter statutes imposing or relating to any taxes or the sources of any other funds, including the taxes or the sources of any other funds to be deposited into the Revenue Bond Tax Fund without giving rise to an Event of Default under the Resolution.

*(Section A-1101)*

## **Remedies**

Upon the occurrence and continuance of any Event of Default specified in the Standard Resolution Provisions, the Trustee shall, and upon the occurrence and continuance of any other Event of Default specified in the Standard Resolution Provisions, the Trustee may, and upon written request

of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, shall:

- (a) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of Bonds under the Resolution;
- (b) bring suit upon such Bonds;
- (c) by action or suit in equity, require the Issuer to account as if it were the trustee of an express trust for the Holders of such Bonds; or
- (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds.

The Trustee shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the Holders of the Bonds in the enforcement and protection of their rights.

The Supreme Court of the State shall have jurisdiction of any suit, action or proceeding by the Trustee on behalf of the Holders of Bonds, and venue of any such suit, action or proceeding shall be laid in the County of Albany.

No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Holders of the Bonds is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Standard Resolution Provisions, except that the rights of Bondholders pursuant to subdivision 2(g) of Section 68-b as in effect on the date of adoption of the Standard Resolution Provisions are abrogated. It is further expressly understood that the Resolution does not permit the Trustee or the Holders of the Bonds to declare the Bonds to be immediately due and payable.

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Resolution, or any other remedy under the Resolution or under the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Resolution and unless also the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers therein above granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Resolution, or to enforce any right under the Resolution or under the Bonds, except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of Outstanding Bonds, subject, however, to the Standard Resolution Provisions. Nothing in the Resolution or in the Bonds contained shall affect or impair the right of action, which is also absolute and unconditional, of any Holder of any Bond to enforce payment of the principal of and premium, if any, and interest on such Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed.

All rights of action under the Resolution or under any of the Bonds which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Resolution.

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by the Standard Resolution Provisions to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time as often as may be deemed expedient.

*(Section A-1102)*

### **Priority of Payments After Default**

In the event that the funds held by the Issuer, the Trustee or by the Paying Agents shall be insufficient for the payment of principal, Sinking Fund Installments, if any, or Redemption Price of and interest then due on the Bonds and for payments then due with respect to Parity Reimbursement Obligations, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any Fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Bond Anticipation Notes) and any other moneys received or collected by the Trustee or any Paying Agents, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the Revenues, or otherwise protect the interests of the Holders of the Bonds, and after making provision for the payment of the reasonable charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their duties under the Resolution, shall be applied as follows:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Bonds or Parity Reimbursement Obligations in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Bonds and Parity Reimbursement Obligations; and

SECOND: To the payment to the Persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds or Parity Reimbursement Obligations which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and when all overdue installments of interest on all Bonds and Parity Reimbursement Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds and Parity Reimbursement Obligations which shall then be payable, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds or Parity Reimbursement Obligations shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to

the Issuer all such Pledged Property then remaining unexpended in the hands of the Trustee (except Pledged Property deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights. No such payment to the Issuer by the Trustee or resumption of the application of Pledged Property as provided in Article V of the Resolution shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

*(Section A-1103)*

### **Defeasance**

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds then Outstanding, the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee and any Paying Agents, if any, shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption or required for payments to Fiduciaries pursuant to the Standard Resolution Provisions.

Bonds, or portions of Bonds, for the payment or redemption of which moneys shall have been set aside and shall be held by the Trustee (through deposit by the Issuer of funds for such payment or otherwise) at the maturity date or Redemption Date of such Bonds shall be deemed to have been paid within the meaning of the Resolution. Any Bonds, or portions of Bonds, of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Standard Resolution Provisions if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide to Holders in accordance with the Standard Resolution Provisions notice of redemption on said date or dates of such Bonds, (b) there shall have been irrevocably deposited by the Issuer with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited by the Issuer with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall (i) publish, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds, and (ii) mail by registered or certified mail, postage prepaid, a notice to the Holders of such Bonds, in each case that the deposit required by (c) above has been made and that said Bonds are deemed to have been paid in accordance with the Standard Resolution Provisions and stating such maturity date or Redemption Date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, on said Bonds. The Trustee shall, at the discretion of the Issuer, select the Bonds of a Series and the maturity or portion of a maturity thereof shall be paid in accordance with the Standard Resolution Provisions in the manner further provided in the Standard Resolution Provisions thereof. Neither Government Obligations or moneys deposited pursuant to the Standard Resolution Provisions nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on said Bonds; provided that

any moneys received from such principal or interest payments on such Government Obligations so deposited, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date, payment date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited shall, to the extent in excess of the amounts required in the Resolution to pay principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be applied as follows: first to the Rebate Fund, the amount, if any, required to be deposited therein; and, then the balance thereof to the Issuer, and any such moneys so paid shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution. Prior to applying any such excess amounts pursuant to this paragraph or the following paragraph, the Issuer shall obtain written confirmation from an independent certified public accountant that the amounts remaining on deposit and held in trust are sufficient to pay the obligations set forth above.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Government Obligations and moneys, if any, in accordance with the second sentence of the preceding paragraph, the interest to come due on such Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys, Government Obligations on deposit with the Trustee for the payment of interest on such Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Bonds in order to satisfy the second sentence of the preceding paragraph, the Trustee shall, if requested, by the Issuer, pay the amount of such excess to the Issuer free and clear of any trust, pledge, lien, encumbrance or security interest securing the Bonds or otherwise existing under the Resolution.

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable either at their stated maturity dates or earlier Redemption Dates or for two (2) years after the date of deposit of such moneys if deposited with the Trustee, after the said date when such Bonds became due and payable, shall, at the written request of the Issuer, be repaid by the Trustee to the Issuer, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds. Before being required to make any such payment to the Issuer, the Trustee shall, at the expense of the Issuer, (i) cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, and (ii) cause to be mailed postage prepaid to each registered owner of Bonds then Outstanding at his or her address, if any, appearing upon the registry books of the Issuer, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication or mailing of such notice, the balance of such moneys then unclaimed will be returned to the Issuer.

*(Section A-1104)*

### **Certain Provisions Relating to Economic Defeasance**

Any Bonds of any Series for which prior to the maturity or Redemption Date thereof, the Issuer shall have given to the Trustee or other fiduciary selected by the Issuer in form satisfactory to it irrevocable instructions to maintain on deposit in a Fund or account held by the Trustee or other fiduciary selected by the Issuer established for such purpose for the benefit of the Holders of such



Bonds, Investment Obligations, other than Government Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or other fiduciary selected by the Issuer at the same time, as verified in the report of a firm of certified public accountants, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, shall not be counted as Outstanding under the Standard Resolution Provisions solely for the purpose of the calculation of Calculated Debt Service required under the Standard Resolution Provisions.

*(Section A-1105)*

### **Evidence of Signatures of Bondholders and Ownership of Bonds**

Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Issuer, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Issuer or any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer, the Trustee or any Paying Agent in accordance therewith except as otherwise provided in the Standard Resolution Provisions.

*(Section A-1201)*

### **Moneys Held for Particular Bonds**

The amounts held by the Trustee or any Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto and for the purposes thereof such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, consistent with the provisions of the Standard Resolution Provisions, shall no longer be deemed to be Outstanding.

*(Section A-1301)*

## **General Regulations as to Moneys and Funds**

Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Bonds, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

*(Section A-1302)*

## **Preservation and Inspection of Documents**

All documents received by the Trustee or any Paying Agent under the provisions of the Resolution or any Supplemental Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Trustee or any other Paying Agent, as applicable, and any Bondholder and their agents and their representatives; provided, however, that with respect to inspection by a Holder of a Bond of any Series a written request of such Bondholder must have been made and received by the Trustee at least five (5) Business Days prior to the date of inspection. The Issuer or its representatives may make copies of any such documents.

*(Section A-1303)*

## **Parties of Interest**

Nothing in the Resolution or in any Supplemental Resolution, expressed or implied, is intended or shall be construed to confer upon, or give to, any person or party, other than the Issuer, the Trustee, any Paying Agent, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities any right, remedy or claim under or by reason of the Resolution or any Supplemental Resolution or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in the Resolution or any Supplemental Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the

Paying Agents, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities.

*(Section A-1304)*

### **No Recourse Under Resolution or on the Bonds**

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, officer or employee of the Issuer in his or her individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price or interest on the Bonds or for any claim based thereon or on the Resolution against any member, officer or employee of the Issuer or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of a Bond by the acceptance of such Bonds.

*(Section A-1305)*

### **Publication of Notices**

Any publication to be made under the provisions of the Resolution in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in different Authorized Newspapers.

*(Section A-1306)*

### **Successors and Assigns**

Whenever in the Resolution the Issuer is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Issuer shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

*(Section A-1307)*

### **Severability of Invalid Provisions**

If any one or more of the covenants, stipulations, promises, agreements or obligations provided in the Resolution on the part of the Issuer, the Trustee or any Paying Agent to be performed should be determined by a court of final jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, agreement or agreements or obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations contained in the Resolution and shall in no way affect the validity of the other provisions of the Resolution.

*(Section A-1308)*

### **Other Resolutions**

The Issuer expressly reserves the right to adopt one or more other bond resolutions and to issue bonds, bond anticipation notes, notes and other obligations thereunder without compliance with and not subject to the Standard Resolution Provisions.

*(Section A-1309)*

## **Survival of Particular Covenants**

Notwithstanding that Bonds may no longer be Outstanding, the obligations of the Issuer (i) to pay amounts to any Fiduciary pursuant to the Standard Resolution Provisions shall remain in full force and effect until all such amounts are paid and (ii) to comply with the provisions of Section 505 of the Resolution in connection with any Tax-Exempt Bonds, with respect to the rebate to the Department of the Treasury of the United States of America of any Rebate Amount relating to the Bonds of a Series shall remain in full force and effect so long as the Issuer shall be required by the Code to rebate any such Rebate Amount.

*(Section A-1310)*

## **Actions by the Issuer**

Any time the Issuer is permitted or directed to act pursuant to the Resolution or a Supplemental Resolution, such action may be taken by an Authorized Officer of the Issuer except that the following actions may only be taken by resolution of the members of the Issuer: authorization and issuance of Bonds; adoption of resolutions; and modifications and amendments pursuant to the Standard Resolution Provisions. Any certificates of the Issuer to be delivered under the Resolution shall be executed by an Authorized Officer of the Issuer.

*(Section A-1311)*

## **Governing Laws**

The Resolution, including the Standard Resolution Provisions, shall be governed by and interpreted in accordance with internal laws of the State, without regard to conflict of law principles thereof.

*(Section A-1312)*

## **Payments due on Other Than a Business Day**

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be on a day that is not a Business Day, then payment of interest or principal and premium, if any, need not be made on such date but may be made (unless otherwise provided in a Supplemental Resolution without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, as the case may be.

*(Section A-1313)*

## **Effective Date**

The Resolution shall take effect immediately.

*(Section A-1314)*

**APPENDIX C**

**FORM OF FINANCING AGREEMENT**

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## APPENDIX C

### CONFORMED COPY OF STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) FINANCING AGREEMENT

STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) FINANCING AGREEMENT (the "Financing Agreement"), dated as of August 7, 2002, by and between the New York State Thruway Authority, a body corporate and politic constituting a public benefit corporation agency of the State of New York, (the "Issuer"), and the State of New York (the "State"), acting by and through the Director of the Budget of the State (the "Director of the Budget").

WHEREAS, the Issuer has, pursuant to the New York State Thruway Authority Act, (being Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended) (the "Issuer Act") and Article 5-C of the State Finance Law, as may be hereafter amended from time to time (the "Enabling Act", which together with the Issuer Act is referred to herein as the "Acts"), adopted its State Personal Income Tax Revenue Bonds (Transportation) General Bond Resolution on June 27, 2002 (including Annex A thereto, as amended and supplemented), and various Supplemental Resolutions (collectively, the "Resolution") for the purpose of issuing from time to time one or more series of bonds (the "Bonds"), notes or other obligations to be secured by this Financing Agreement, as may be amended or supplemented from time to time, with the State; and

WHEREAS, in order to assist the Issuer in the financing of one or more authorized purposes as provided in the Enabling Act ("Authorized Purposes") pursuant to applicable law and in consideration of the benefits to be derived therefrom by the people of the State, the Director of the Budget, acting on behalf of the State, is authorized to enter into one or more Financing Agreements with the Issuer whereunder the State agrees, subject to the making of annual appropriations therefor by the State Legislature, to make annual payments to the Issuer, and authorize the Issuer to pledge and assign the State payments to be made as security for Bonds or other obligations which the Issuer may issue or incur in order to finance Authorized Purposes; and

WHEREAS, the State and the Issuer agree that their mutual public purposes and their best interests will be promoted by the execution of this Financing Agreement, as the same may be modified, supplemented or amended from time to time; and

WHEREAS, the Issuer Board authorized its Authorized Officer to enter into, execute and amend this Financing Agreement;

NOW, THEREFORE, the parties mutually agree as follows:

#### **I. ISSUANCE OF BONDS BY THE ISSUER**

1.1 The State agrees that the Issuer may, subject to the provisions of this Financing Agreement and the Acts, issue one or more Series of its State Personal Income Tax Revenue Bonds (Transportation), secured by this Financing Agreement and the payments to be made by the State as herein provided. The Bonds shall be issued in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to fund Authorized Purposes having a cost not in excess of the amount specified by applicable law. The State recognizes that in order to realize net proceeds in the aforesaid amounts from the sale of Bonds, the Issuer may also issue Bonds

in amounts sufficient to pay Costs of Issuance, and the amount of capitalized interest, if any, included in the issuance and sale of the Bonds.

1.2 The Bonds issued by the Issuer pursuant to the provisions of Section 1.1 hereof shall be subject to the following conditions and limitations:

(a) The Resolution shall have been approved by the Issuer Board in accordance with the Acts.

(b) Unless the Issuer and the State shall otherwise agree (and any such agreement may include, among other things, the agreement of the State to pay or to reimburse the Issuer in the manner set forth in the Resolution for any additional fees, costs and expenses incurred in connection with the issuance and administration of Variable Interest Rate Bonds or costs and expenses relating to a Qualified Swap, including without limitation, the fees, costs and expenses of any provider of a Credit Facility, except to the extent any such fees, costs or expenses are deemed costs and expenses incurred in connection with the issuance and sale of such Variable Interest Rate Bonds for purposes of Section 1.1 of this Financing Agreement and are paid from Bond proceeds), each Bond shall bear a fixed rate of interest determined at the time of its issuance, which rate of interest shall not be subject to change or adjustment prior to the scheduled maturity of such Bond.

(c) Unless the Issuer and the State shall otherwise agree, the aggregate amount of principal, principal installments and interest payable in each State Fiscal Year during which principal payments or installments are made or provided for shall, with respect to each Series of Bonds (other than Variable Interest Rate Bonds), or the aggregate of all Bonds (not including Variable Interest Rate Bonds), as the Issuer shall elect, be as nearly equal as practicable.

1.3 The Issuer agrees that prior to its issuance of any Bonds it will inform the Director of the Budget of the approximate date on which it anticipates entering into a bond purchase agreement or other binding commitment with the prospective underwriters or purchasers of such Bonds and of the estimated interest rate or rates thereof. If the Director of the Budget shall request the Issuer to postpone the sale of such Bonds, or if the Issuer shall for any reason determine to defer the issuance and sale of any Bonds, the Issuer may, in accordance with the provisions of the Resolution, issue and sell State Personal Income Tax Revenue (Transportation) Bond Anticipation Notes (“BANs”) in such principal amount so that the Issuer may realize from the sale thereof an amount not exceeding the aggregate of (i) an amount equal to the net proceeds available for Costs of a Project which the Issuer would have realized from the sale of the Bonds in anticipation of which the BANs are issued (or, in the case of renewal BANs, an amount necessary to pay the outstanding BANs in full), (ii) an amount sufficient to pay interest on the BANs until their scheduled maturity and (iii) an amount equal to Issuer Expenses incurred and to be incurred in connection with the issuance and sale of the BANs. Unless the State shall pay to the Issuer an amount sufficient to pay the BANs at their maturity or upon an earlier redemption date in accordance with their terms, the State shall, in accordance with Section 5.1 hereof, timely furnish such information to the Issuer as shall be deemed necessary by the Issuer in order to enable it to disseminate an official statement and issue the Bonds in anticipation of which the BANs had been issued on or prior to the scheduled maturity or redemption date of the BANs. Notwithstanding the provisions of Section 1.1 hereof, in the event the Issuer shall issue BANs as herein provided, the Issuer (i) may issue Bonds in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to pay or redeem such BANs in accordance with their terms, and (ii) may use and pledge the proceeds from the sale of the Bonds in anticipation of which the BANs had been issued for and to the payment of such BANs and related Issuer Expenses in accordance with the Resolution.



1.4 The Issuer and the State agree that this Financing Agreement is executed in part in order to induce persons to purchase the Bonds to be issued to finance Authorized Purposes and for the purposes of securing such Bonds and, accordingly, all of the covenants and agreements on the part of the Issuer and the State set forth in this Financing Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds. Accordingly:

(a) The Issuer may pledge, assign, or transfer the right to receive and collect Financing Agreement Payments from moneys on deposit and paid from the Revenue Bond Tax Fund and other sources authorized under Section 68-b, together with the Issuer's rights to enforce this Financing Agreement, and from and after such pledge, assignment, or transfer, such assignee shall have the Issuer's rights and privileges hereunder to the extent, and as conferred, in such pledge, assignment, and transfer and as further provided in the Resolution.

(b) In connection with the State's exercise of its right under Section 68-c and under the Resolution, upon the amendment of the State Constitution allowing the issuance or assumption of bonds, notes or other obligations secured by revenues, which may include the Revenues securing the Bonds, (i) to assume, in whole or part, the Bonds, (ii) to extinguish the existing lien of such Resolution, and (iii) to substitute security for the Bonds, in each case only so long as such assumption, extinguishment or substitution is completed in accordance with such Resolution, the Issuer may make such pledge, assignment and transfer set forth in paragraph (a) above to such successor entity, as provided by law. Upon completion of such assumption, extinguishment or substitution, the Issuer shall no longer be obligated under this Financing Agreement or under the Resolution.

1.5 Each Series of Bonds or other obligations issued pursuant to the Acts and the Resolution shall be enumerated in a schedule appended to this Agreement. It shall be sufficient, with the approval of the parties hereto, in connection with the issuance by the Issuer of Bonds or other obligations to cause a supplemental schedule to be certified by the Director of the Budget with the same force and effect as if incorporated herein. The foregoing provisions shall be applicable, subject to the Resolution, to the issuance of Subordinated Indebtedness or other obligations under the Resolution and the Acts.

## **II. DUTIES OF AND PAYMENTS BY THE STATE**

2.1 No later than thirty (30) days after the submission of the executive budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate setting forth the amount of monthly receipts anticipated to be deposited in the Revenue Bond Tax Fund during the fiscal year beginning April first of that year together with the monthly amounts necessary to be set aside from the receipts of such Fund, as shall be sufficient to meet the total cash requirements of the Issuer during such fiscal year, based on information that shall be provided by the Issuer and in the manner required by Section A-607 of the Resolution.

The Director of the Budget may revise such certification at such times as necessary, provided, however, that the Director of the Budget shall (i) promptly revise such certification if additional amounts are necessary to meet the cash requirements of the Issuer and (ii) as necessary, revise such certification not later than thirty (30) days after the issuance of any Bonds, including Refunding Bonds, and after the adoption of any Parity Reimbursement Obligation, Reimbursement

Obligation, Qualified Swap, Subordinated Indebtedness or other financial arrangement affecting the cash requirements of the Issuer and as authorized by the Resolution.

2.2 (a) Subject to the provisions of Section 2.7 hereof, the State agrees to pay to the Trustee, on behalf of the Issuer, no later than five Business Days prior to the time payment is required to be made to Holders of the Bonds or holders of Parity Reimbursement Obligations or other obligations in any year for which the Issuer shall have Bonds Outstanding or Parity Reimbursement Obligations or other obligations outstanding, a sum of money constituting Financing Agreement Payments equal to the amount necessary to provide for the payment of the principal of (including Mandatory Sinking Fund payments) and interest on the Bonds or amounts due on any Parity Reimbursement Obligations or other obligations coming due on the next succeeding Bond payment date, as certified in writing by an Authorized Officer of the Issuer to the Director of the Budget. Such Financing Agreement Payments shall include Issuer Expenses, as certified by such Authorized Officer, with the concurrence of the Director of the Budget, and amounts due on any Subordinated Indebtedness or other obligations incurred under the Resolution, to the Director of the Budget.

(b) In the event any Bonds, Parity Reimbursement Obligations or other obligations shall bear interest at other than a fixed interest rate, the State shall pay interest as follows: (i) the amount accrued at the actual rate or rates borne, to the extent such rate or rates are known in advance of the Bond payment date, plus; (ii) if necessary, an amount accrued at the Estimated Average Interest Rate through the next scheduled Bond payment date, less; (iii) any amount paid pursuant to (ii) relating to the preceding Bond payment date in excess of the amount paid to Bondholders and holders of Parity Reimbursement Obligations or other obligations through such preceding Bond payment date.

2.3 (a) The State may, at any time in its sole discretion, choose to prepay all or any part of the payments payable under Section 2.2 hereof. Any amounts so prepaid shall be credited to the payments to be made by the State under Section 2.2 hereof.

(b) The State may, at any time in its sole discretion, make payments to the Issuer for the purpose of (i) directly funding Authorized Purposes which will not be funded with the proceeds of Bonds; (ii) paying BANs at their maturity or earlier redemption date, as provided in Section 1.3 hereof; (iii) redeeming Bonds pursuant to the exercise by the Issuer of any option it may have under the Resolution; and (iv) defeasing Bonds or BANs prior to their maturity or redemption date as permitted by and in accordance with the procedures for defeasance set forth in the Resolution or otherwise. Any payments made by the State to the Issuer for the purposes set forth in this subsection shall, subject to the provisions of the Resolution, be applied by the Issuer to such purpose, and, if so directed herein or in the Resolution, shall be deposited in a Fund or account established under the Resolution or set aside with the Trustee, if any, or the Paying Agent as provided herein or in the Resolution.

2.4 The State further agrees upon request of the Issuer to pay all amounts constituting Financing Agreement Payments (i) which may become due to any provider of a Credit Facility in connection with a Credit Facility which may have been obtained if and to the extent such obligation arises as a result of the State's failure to make any payment pursuant to Section 2.1 hereof and (ii) which may become due pursuant to any agreement relating to a Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap or the issuance of Variable Interest Rate Bonds as contemplated by Section 1.2(b) of this Financing Agreement.

2.5 In order to maintain the exclusion from gross income of interest on Bonds issued as Tax-exempt Bonds under the Code, if the Issuer shall be required to pay over or rebate to the United States any investment earnings, the State agrees to pay to the Issuer, such amount as is necessary in time and in amounts necessary to maintain such exclusion.

2.6 The State agrees that, subject to the provisions of Section 2.7 hereof, its obligation to make the payments provided for in this Financing Agreement shall be absolute and unconditional, without any rights of set-off, recoupment or counterclaim the State may have against the Issuer or any other person or entity having an interest in this Financing Agreement or the payments made hereunder.

2.7 Notwithstanding anything in this Financing Agreement to the contrary (i) the obligation of the State acting by and through the Director of the Budget to make any Financing Agreement Payments required to be paid under this Financing Agreement is subject to annual appropriation by the State Legislature; and (ii) the obligation of the State acting by and through the Director of the Budget to pay any Financing Agreement Payments hereunder shall not constitute a debt of the State within the meaning of any constitutional or statutory provisions and shall be deemed executory only to the extent of monies available and no liability shall be incurred by the State beyond the moneys available for that purpose. Furthermore, this Financing Agreement does not constitute a debt of the State or a contractual obligation in excess of the amounts appropriated therefore and the State has no continuing legal or moral obligation to appropriate moneys for any Financing Agreement Payment due hereunder.

2.8 The term of this Financing Agreement shall continue until all Bonds or other obligations incurred under the Resolution, have been paid at maturity or the debt service on such Bonds or other obligations has been provided for and the Bonds are no longer Outstanding under the Resolution and the State has fulfilled all its obligations under this Agreement.

### **III. DUTIES OF THE ISSUER**

3.1 The Issuer agrees to issue the Bonds for the purpose of carrying out the provisions of the Resolution and the Acts.

3.2 The Issuer agrees to apply the proceeds derived from the sale of the Bonds and from Financing Agreement Payments in accordance with the applicable provisions of the Resolution and the Acts.

3.3 Upon the issuance of the Bonds, the provisions of the Resolution relating to all Funds and accounts and the application and investment thereof shall apply.

3.4 No later than ten (10) Business Days after the issuance of Bonds or any other obligation under the Resolution, the Issuer shall furnish to the Director of the Budget a schedule of the Financing Agreement Payments, including debt service to be made on each date with respect to such Bonds or other obligations and related Issuer Expenses. Interest on Bonds or other obligations bearing interest at other than a fixed rate shall be calculated using the Estimated Average Interest Rate.

3.5 Upon payment to the Issuer of the amount required therefore and the State's direction to the Issuer to do so, the Issuer shall exercise any option it may have under the Resolution to redeem all or any portion of the Bonds, and the Issuer shall deposit into the Debt Service Fund all payments received from the State and designated for such purpose.

3.6 In addition to the duties of the Issuer with respect to the statutory audit powers granted the State, the Issuer agrees to keep or cause to be kept accounts and records which clearly identify the purposes for which moneys received by the Issuer (including Bond proceeds) pursuant to this Financing Agreement have been expended. The Issuer agrees to submit annual financial reports to the State within ninety (90) days after the end of each Issuer fiscal year during which this Financing

Agreement is in force. The Issuer agrees to make available for inspection by the State its accounts and records as may be determined necessary or desirable by the State.

3.7 During each year the Issuer shall have Outstanding Bonds or other obligations outstanding under the Resolution, the Issuer shall, no later than October first, certify in writing to the Director of the Budget the schedule of anticipated cash requirements due from the State pursuant to Sections 2.1, 2.2, 2.4 and 2.5 of this Financing Agreement for the next State Fiscal Year, and for the four State Fiscal Years following such Fiscal Year, in such detail as the Director of the Budget may require. Any such schedule of anticipated cash requirements shall set forth any amounts held in Funds or accounts under the Resolution and available for a credit against such Financing Agreement Payment requirements as provided in this Financing Agreement.

3.8 Any moneys received by the Issuer from a Qualified Swap Provider shall be deposited in the Debt Service Fund.

3.9 In order to allow the Director of the Budget to comply with his or her obligations under the Enabling Act or the Resolution, the Issuer, upon the request of the Director of the Budget, shall provide to the Director current cash requirements relating to Finance Agreement Payments due to the Issuer.

3.10 The Issuer agrees, upon request of the State, to use its best efforts to issue Bonds to refund or otherwise repay, in accordance with the terms of the Resolution, all or any portion of Outstanding Bonds or Prior Obligations. Such Refunding Bonds shall be deemed Bonds for all purposes of this Financing Agreement, except that, notwithstanding the provisions of Section 3.1 hereof, the net proceeds derived from the sale of such Refunding Bonds shall be used by the Issuer to pay or provide for the payment of the Bonds or Prior Obligations to be refunded or repaid and Issuer Expenses.

3.11 When all Bonds issued under the Resolution and all other obligations incurred under the Resolution have been paid or deemed paid within the meaning of the Resolution, the Issuer shall promptly remit or cause to be remitted to the State any moneys remaining in any of the Funds and accounts not required for the payment or redemption of Bonds or other obligations not theretofore surrendered for such payment or redemption (all after transfer of any necessary moneys to the Rebate Fund). Any moneys or investments paid by the State to the Issuer or the Trustee or other fiduciary for the purposes of economically defeasing Bonds, shall be held for such purpose for the benefit of the Holders of such Bonds in accordance with the instructions of the Director of the Budget, consistent with the terms of the Resolution.

#### **IV. PLEDGE AND ASSIGNMENT**

4.1 The State hereby consents to the pledge and assignment by the Issuer to the Holders of any of its Bonds, or to any trustee acting on their behalf, of all or any part of the benefits or rights of the Issuer herein, and to the holders or trustees of other obligations issued under the Resolution, of the payments by the State as provided herein and of the Funds and accounts established under the Resolution (except for the Rebate Fund and other Funds as provided in the Resolution).

#### **V. SPECIAL COVENANTS**

5.1 The State agrees that whenever requested by the Issuer, with reasonable advance notification, it shall provide and certify information concerning the State and various other related entities (i) for publication in an official statement, placement memorandum or other similar disclosure

document relating to the sale or issuance of the Bonds or other obligations under the Resolution, and (ii) necessary to allow the Issuer to make undertakings or contractual commitments which would permit underwriters or dealers to comply with federal securities law including, without limitation, the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. Such information shall be in the standard format utilized for State issuances. The State also agrees to make available any information necessary to enable the Issuer to make any reports required by law or government regulations in connection with the Bonds or other obligations under the Resolution.

5.2 Neither the Issuer nor the State will terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, an Event of Default by either party, any acts or circumstances which may constitute failure of consideration or frustration of purpose or the failure of either party to perform and observe any duty, liability or obligation arising out of or connected with this Financing Agreement.

5.3 Subject to the limitations contained in the Resolution, the State and the Issuer reserve the right to amend, modify or rescind this Financing Agreement or any Supplemental Agreement in any manner; provided that no such amendment, modification or rescission shall materially adversely affect the interest of the Holders of Bonds or holders of Parity Reimbursement Obligations or other obligations. Specifically, and without limiting the generality of the foregoing, this Financing Agreement may be amended or modified (i) to provide for additional payments to the Issuer, (ii) to provide for modified payment provisions, including timing thereof, consistent with the provisions of the Resolution in connection with the issuance of Bonds, Parity Reimbursement Obligations or other obligations (iii) to cure any ambiguity or (iv) to correct or supplement any provisions contained in this Financing Agreement which may be defective or inconsistent with any other provisions contained herein. For the purposes of this Section, Bonds, Parity Reimbursement Obligations or other obligations shall be deemed to be materially adversely affected by an amendment, modification or rescission of this Financing Agreement, if the same materially adversely affects or diminishes the rights of the Holders of the Bonds, holders of Parity Reimbursement Obligations or other obligations or any provider of a Credit Facility. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provision, Bonds, Parity Reimbursement Obligations or other obligations would be materially adversely affected by any amendment, modification or rescission, and such determination shall be binding and conclusive on the State, Bondholders, holders of Parity Reimbursement Obligations or other obligations, the Trustee and the provider of a Credit Facility.

5.4 The State acknowledges and agrees that, in the event of any conflict between any of the provisions of this Financing Agreement and any of the provisions of the Resolution, the provisions of the Resolution shall be controlling; provided, however, that neither the Resolution nor any supplement or amendment thereto shall purport to limit or supersede the provisions set forth in Section 2.7 hereof.

5.5 The State, acknowledges and agrees that moneys in the Funds and accounts established under the Resolution may be invested in Investment Obligations authorized by the Resolution and that the Issuer may restrict such investments, or the yield to be realized therefrom, as it may deem necessary or appropriate in order to maintain the exclusion from gross income of interest on the Bonds issued as Tax-Exempt Bonds under the Code. Investment earnings shall be applied as permitted by the Resolution.

5.6 The State, to the extent authorized by law, shall indemnify and save harmless the Issuer from and against any and all liability, loss, damage, interest, judgments and liens growing out of, and any and all costs and expenses (including, but not limited to, counsel fees and disbursements) arising out of or incurred in connection with any and all claims, demands, suits, actions or proceedings

which may be made or brought against the Issuer arising out of any determinations made or actions taken or omitted to be taken or compliance with any obligations under or pursuant to the Enabling Act, including the issuance, incurrence and delivery of Bonds, BANs, Parity Reimbursement Obligations, Subordinated Indebtedness or other obligations under the Resolution.

5.7 The State agrees to request appropriations during the term of this Financing Agreement in an amount at least equal to the amounts certified to by the Issuer pursuant to Section 3.7 of this Financing Agreement. The State also agrees to request appropriations during the term of all financing agreements entered into with all Authorized Issuers pursuant to the Enabling Act in amounts at least equal to the amounts certified by each Authorized Issuer pursuant to such financing agreements and to meet its other obligations under such financing agreements.

## **VI. EVENTS OF DEFAULT BY THE STATE AND REMEDIES**

6.1 If for any reason, other than a failure by the State Legislature to appropriate moneys for such purpose, the State shall fail to pay when due any Financing Agreement Payments, or shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed, the Issuer shall, if such default has not been cured, have the right to institute any action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to collect the payments then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the State hereunder.

6.2 The remedies conferred upon or reserved to the Issuer under Section 6.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of this Financing Agreement, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

6.3 The State shall promptly notify the Issuer in writing that an Event of Default has occurred under the Resolution, including any events of default under resolutions or financing agreements of any Authorized Issuer related to obligations authorized by the Enabling Act. The State also agrees that upon the occurrence of an Event of Default, or event of default described in the preceding sentence, funds available through appropriation from the Revenue Bond Tax Fund will be available on an equitable basis among Authorized Issuers under the Enabling Act.

## **VII. EVENTS OF DEFAULT BY THE ISSUER AND REMEDIES**

7.1 If the Issuer shall fail to observe or perform any covenant, condition or agreement contained in this Financing Agreement or the Resolution on its part to be observed or performed and such failure to observe or perform shall have continued for sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the State, the State shall, if the default has not been cured, have the right to institute an action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Issuer hereunder.

7.2 The remedies conferred upon or reserved to the State under Section 7.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of the Financing Agreement or of the obligations of the State to make the payments provided for in Article II

hereof, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

### VIII. MISCELLANEOUS

8.1 The revenues, facilities, properties and any and all other assets of the Issuer of any name and nature, other than the Pledged Property, may not be used for, or as a result of any court proceedings or otherwise applied to, the payment of Bonds, any redemption premium therefore or the interest thereon or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes.

8.2 The waiver by either party of a breach by the other shall not be deemed to waive any other breach hereunder nor shall any delay or omission to exercise any right or power upon any default impair any such right or power or be construed as a waiver thereof.

8.3 In the event any provision of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8.4 All notices provided for in this Financing Agreement shall be in writing and shall be delivered personally to or sent by certified or registered mail to the respective offices of the State and the Issuer as follows:

If to the State: Director of the Budget  
State of New York  
Executive Department  
Division of the Budget  
State Capitol, Room 113  
Albany, New York 12224

If to the Issuer: New York State Thruway Authority  
200 Southern Boulevard  
Albany, New York 12209  
Attention: Treasurer

The Issuer or the State may from time to time designate in writing other representatives with respect to receipt of notices.

8.5 This Financing Agreement, including any schedules referred to in Section 1.5, represents the entire agreement between the parties. It may not be amended or modified otherwise than by a written instrument executed by both parties. Such amendments shall not be contrary to the provisions of Section 5.2 or 5.3 hereof.

8.6 Nothing in this Financing Agreement shall be construed to confer upon or to give to any person or corporation other than the State, the Issuer, a Holder of any Bonds, a holder of other obligations under the Resolution, or any trustee acting under the Resolution, any right, remedy or claim under or by reason of this Financing Agreement or any provision thereof.

8.7 This Financing Agreement shall be construed and interpreted in accordance with the laws of the State of New York and any suits or actions arising out of this Financing Agreement shall be instituted in a court of competent jurisdiction in the State.

8.8 This Financing Agreement may be executed in several counterparts, each of which shall be deemed to be an original but such counterparts together shall constitute one and the same instrument.

8.9 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Resolution.

IN WITNESS WHEREOF, the State has caused this Financing Agreement to be executed in its name by the Director of the Budget and the Issuer has caused this instrument to be signed by its Authorized Officer all as of the date and year first above written.

Approval as to form:  
Attorney General

State of New York

By: /s/ Peter Favretto

/s/ Louis A. Raffaele  
for the Director of the Budget

Date: 8/5/02

Approved:

New York State Thruway Authority

/s/ Ruth Walters  
for the State Comptroller

/s/ Lawrence C. DeCosmo  
Treasurer

Date: 8/6/02



**APPENDIX D**

**PROPOSED FORM OF CO-BOND COUNSEL OPINION**

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**PROPOSED FORM OF CO-BOND COUNSEL OPINION**

*Upon the delivery of the Series 2021A Bonds, Harris Beach PLLC and the Hardwick Law Firm, LLC, Co-Bond Counsel to the Authority, each propose to issue its legal opinion in substantially the following form:*

[Date of Closing]

New York State Thruway Authority  
 200 Southern Boulevard  
 Albany, New York 12209

Re:     \$1,900,540,000  
           State Personal Income Tax Revenue Bonds (Transportation)  
           Series 2021A-1 (Tax-Exempt)

and

          \$54,030,000  
           State Personal Income Tax Revenue Bonds (Transportation)  
           Series 2021A-2 (Federally Taxable)

Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance of \$1,900,540,000 State Personal Income Tax Revenue Bonds (Transportation), Series 2021A-1 (Tax Exempt) (the “Series 2021A-1 Bonds”) and \$54,030,000 State Personal Income Tax Revenue Bonds (Transportation), Series 2021A-2 (Federally Taxable) (the “Series 2021A-2 Bonds” and, together with the Series 2021A-1 Bonds, the “Series 2021A Bonds”) of the New York State Thruway Authority (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Resolutions (hereinafter defined).

The Series 2021A Bonds are being issued pursuant to (i) the provisions of Part I of Chapter 383 of the Laws of New York of 2001, as amended (the “Enabling Act”), (ii) the New York State Thruway Authority Act, being Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (herein called the “Authority Act”), (iii) Sections 10-c, 10-f, 10-g and 80-b of the Highway Law, Section 14-k of the Transportation Law, Section 385 of Public Authorities Law, each as amended, and, with respect to the financing of certain Metropolitan Transportation Authority Facilities, Chapters 329, 330 and 331 of the Laws of New York of 1991, as amended, (iv) the Authority’s State Personal Income Tax Revenue Bonds (Transportation) General Bond Resolution adopted June 27, 2002 (the “General Resolution”), (v) the Authority’s Thirteenth Supplemental State Personal Income Tax Revenue Bonds (Transportation) Resolution Authorizing the Issuance of State Personal Income Tax Revenue Bonds (Transportation) Series 2021A, adopted by the Authority in accordance with the General Resolution on June 7, 2021 (such resolution, together with the General Resolution, are herein collectively referred to as the “Resolutions”), and (vi) a Certificate of Determination (the “Certificate of Determination”) delivered by an Authorized Officer of the Authority pursuant to the Resolutions, dated the date hereof, setting forth certain terms of the Series 2021A Bonds.

The Authority has heretofore issued Bonds and has reserved the right hereafter to issue additional Bonds pursuant to the General Resolution, in addition to the Series 2021A Bonds, upon the terms and conditions and for the purposes set forth in the General Resolution.

Under and subject to the terms of the General Resolution, the Series 2021A Bonds, when issued, and all Bonds heretofore and hereafter issued under the General Resolution, shall be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution. In addition, all State Personal Income Tax Revenue Bonds issued pursuant to the Enabling Act by Authorized Issuers are on a parity with each other as to payments from the Revenue Bond Tax Fund established by Section 92-z of the New York State Finance Law (the "Revenue Bond Tax Fund"), subject to annual appropriation by the State Legislature. However, pursuant to the Enabling Act, neither the Authority nor the owners of the Series 2021A Bonds have or will have a lien on the monies on deposit in the Revenue Bond Tax Fund. In addition, pursuant to the Enabling Act, nothing contained therein shall be deemed to restrict the right of the State of New York to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22, Article 24 and Article 24-A of the New York Tax Law.

The Authority and the State, acting by and through the Director of the Budget, have entered into a financing agreement dated as of August 7, 2002 (the "Financing Agreement"), which provides for the payment, subject to annual appropriation by the State Legislature, of Financing Agreement Payments by the State Comptroller to The Bank of New York Mellon, New York, New York, as trustee (the "Trustee") on behalf of the Authority in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, including the Series 2021A Bonds.

The Series 2021A Bonds are issuable in the form of fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2021A Bonds. The Series 2021A Bonds shall be lettered and numbered as provided in the Resolutions.

The Series 2021A Bonds are dated their date of delivery and bear interest payable on September 15 and March 15 in each year until maturity, commencing March 15, 2022. The Series 2021A Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as set forth in the Certificate of Determination. The Series 2021A Bonds are subject to optional redemption prior to maturity by or on behalf of the Authority upon the terms and subject to the conditions as provided therein and in the Resolutions.

We have examined an executed Series 2021A-1 Bond and an executed Series 2021A-2 Bond and, in our opinion, the forms of said Series 2021A Bonds and their execution are regular and proper.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at the time of, and subsequent to, the issuance and delivery of the Series 2021A-1 Bonds in order for interest on the Series 2021A-1 Bonds to be and remain excluded from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of Series 2021A-1 Bonds, restrictions on the investment of proceeds of Series 2021A-1 Bonds and other moneys or properties, and the rebate to the United States of certain earnings in respect of investments. Noncompliance with such continuing requirements may cause the interest on the Series 2021A-1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021A-1 Bonds irrespective of the date on which such noncompliance occurs. In rendering the opinions set forth in paragraph 6 herein, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, by each of the offices, departments and agencies of the State government (collectively, the

“Agencies”) that administer the capital programs being financed by the Series 2021A-1 Bonds, and others in connection with the Series 2021A-1 Bonds, and has assumed compliance by, as applicable, the Authority and the Agencies with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021A-1 Bonds from gross income under Section 103 of the Code.

Based upon and subject to the foregoing, and in reliance thereon, and subject to the limitations set forth below, we are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State, duly created and validly existing under the provisions of the Authority Act.

2. The Thirteenth Supplemental Resolution has been duly adopted by the Authority in accordance with the General Resolution, and the Resolutions are in full force and effect. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2021A Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2021A Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Administrative Fund and the Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2021A Bonds have been duly and validly authorized and issued in accordance with the Authority Act, the Enabling Act and the Resolutions. The Series 2021A Bonds constitute valid and legally binding special limited obligations of the Authority, payable as provided in, and enforceable against the Authority in accordance with, their terms and the terms of the Resolutions and are entitled to the benefits of the Authority Act, the Enabling Act and the Resolutions.

4. The Financing Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the State, constitutes a valid and binding agreement of the Authority in accordance with its terms.

5. The Series 2021A Bonds are payable solely from the sources described in the Resolutions and do not constitute a legally enforceable obligation on the part of the State or create a debt on behalf of the State enforceable against the State. The Series 2021A Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2021A Bonds.

6. Under existing statutes, regulations, administrative rulings and court decisions, interest on the Series 2021A-1 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and is not an “item of tax preference” for purposes of computing the federal alternative minimum tax imposed on individuals.

7. Interest on the Series 2021A-2 Bonds is included in gross income for federal income tax purposes.

8. Under existing statutes, including the Authority Act, interest on the Series 2021A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

The opinions contained in paragraphs 2, 3 and 4 above are qualified only to the extent that the enforceability of the Resolutions and the Series 2021A Bonds may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws heretofore or hereafter enacted and judicial

decisions relating to or affecting the enforcement of creditors' rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Except as stated in paragraphs 6, 7 and 8 above, we express no opinion as to federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021A Bonds. Furthermore, we express no opinion as to any federal, state or local tax consequences with respect to the Series 2021A-1 Bonds, or the interest thereon, if any change occurs or action is taken or omitted under the Resolutions or the Tax Certificate with respect to the Series 2021A-1 Bonds or under any other relevant documents upon the advice or approval of any bond counsel other than Harris Beach PLLC. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2021A-1 Bonds may affect the tax status of interest on the Series 2021A-1 Bonds. Further, although interest on the Series 2021A-1 Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2021A-1 Bond depending upon the tax status of such holder and such holder's other items of income and deduction.

In rendering the foregoing opinions, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2021A Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Authority or the State other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2021A Bonds.

This opinion is rendered solely with regard to the matters expressly opined on above and no other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

Respectfully submitted,

**APPENDIX E**

**EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT**

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# NEW YORK STATE PERSONAL INCOME TAX REVENUE BONDS

## MASTER CONTINUING DISCLOSURE AGREEMENT

**THIS MASTER CONTINUING DISCLOSURE AGREEMENT** dated as of May 1, 2002, as amended and restated as of July 1, 2009, as of December 1, 2010, and as of June 10, 2019 (as so amended and restated, the “Agreement”), is made by and among each Authorized Issuer, the State, and the respective Trustees, each as defined below in Section 1.

In order to permit the Underwriters of each series of Bonds issued from and after the date hereof to comply with the provisions of Rule 15c2-12, each of the parties hereto (as applicable), in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree, for the sole and exclusive benefit of the Holders and, for the purposes of Section 5, the beneficial owners of Bonds, as follows:

**SECTION 1. Definitions; Rules of Construction.** (i) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Authorizing Document. “*Annual Information*” shall mean the information specified in Section 3.

“*Authorized Issuer*” shall mean, individually, the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, the New York State Thruway Authority, and the New York State Urban Development Corporation, each a public corporation or a public benefit corporation of the State of New York that is designated as an Authorized Issuer under the Enabling Act, and any successors thereto or any other public benefit corporation of the State of New York which may be authorized from time to time by the Enabling Act to issue Bonds.

“*Authorizing Document*” shall mean the applicable Authorized Issuer’s State Personal Income Tax Revenue Bond General Resolution, including Annex A thereto, as supplemented and amended from time to time.

“*Bonds*” shall mean all of the State Personal Income Tax Revenue Bonds issued from time to time by Authorized Issuers and outstanding pursuant to the applicable Authorizing Document.

“*Comptroller*” shall mean the Comptroller of the State of New York.

“*Director*” shall mean the Director of the Budget of the State of New York.

“*DOB*” shall mean the Division of the Budget of the State of New York.

“*EMMA*” shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

“*Enabling Act*” shall mean Article 5-C of the New York State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as supplemented and amended from time to time.

“*GAAP*” shall mean generally accepted accounting principles as prescribed from time to time for governmental units in the United States by the Governmental Accounting Standards Board.

“*GAAS*” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“*Holder*” or “*Bondholder*” shall mean a registered owner of any Bond or Bonds.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“*Rule 15c2-12*” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the effective date of this Agreement.

“*State*” shall mean the State of New York, acting by and through the Director or the Comptroller.

“*Trustee*” shall mean the applicable trustee appointed by the applicable Authorized Issuer pursuant to an Authorizing Document, and their respective successors and assigns.

“*Underwriters*” shall mean the underwriter or underwriters that have contracted to purchase one or more series of Bonds from an Authorized Issuer at initial issuance.

(ii) Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Any reference herein to a particular Section or subsection without further reference to a particular document or provision of law or regulation is a reference to a Section or subsection of this Agreement.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

## **SECTION 2. Obligations to Provide Continuing Disclosure.**

(i) Obligations of the State and the Trustees.

(a) The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later

than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2002, the Annual Information relating to such fiscal year.

(b) The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2002, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

(c) The Director and each Trustee shall notify the applicable Authorized Issuer upon the occurrence of any of the events listed in Section 2(ii)(a) promptly upon becoming aware of the occurrence of any such event. With respect to the foregoing, no Trustee shall be deemed to have become aware of the occurrence of any such event unless an officer in its corporate trust department becomes aware of the occurrence of any such event.

(ii) Obligations of each Authorized Issuer. Each Authorized Issuer hereby undertakes, for the benefit of Holders of the Bonds issued by it, to provide the following:

(a) to the MSRB in a timely manner not in excess of ten business days after the occurrence of any of the events listed below, notice of any of such events with respect to the Bonds issued by it:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the securities, if material
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation or acquisition involving an obligated person, or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation<sup>1</sup> of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation<sup>1</sup> of the obligated person, any of which reflect financial difficulties.

(b) to the MSRB, in a timely manner, notice of a failure by the State to comply with Section 2(i)(a) or (b).

(iii) (a) Termination or Modification of Disclosure Obligation. The obligations of the State hereunder may be terminated if the State is no longer an “obligated person” as defined in Rule 15c2-12; provided, however, that if the State has hereby obligated itself to provide information relating to any entity that thereafter continues to constitute such an “obligated person”, obligations of the State to provide such information shall not be so terminated. Upon any such termination, the State shall so advise each Authorized Issuer and each such Authorized Issuer shall electronically file notice thereof with the MSRB.

(b) Other Information. Nothing herein shall be deemed to prevent the Authorized Issuers or the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Authorized Issuers or the State should disseminate any such additional information,

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<sup>1</sup> In accordance with Rule 15c2-12, for purposes of the events identified in clauses (15) and (16) above, the term “financial obligation” means (i) debt obligation; (ii) derivative instrument entered into by the obligated person in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

neither the Authorized Issuers nor the State shall have any obligation hereunder to update such information or to include it in any future materials disseminated hereunder.

(c) Credit Enhancement. Each agreement governing the provision of a Credit Facility, if any, shall require the provider thereof to provide the applicable Authorized Issuer with prompt written notice of any change in the name, address, and telephone number of a place where then current information regarding such provider may be obtained. In addition, such agreement shall require each provider of a Credit Facility promptly to notify the applicable Authorized Issuer of a change in any rating relating to such provider that would affect the rating of the Bonds by any rating agency then rating the Bonds. The applicable Authorized Issuer shall promptly provide the Comptroller, the Director and the applicable Trustee with copies of all notices received by it under this Section 2(c). The provisions of this Section 2(c) shall also apply to each provider of a substitute Credit Facility.

(d) Disclaimer. Each of the Director, the Comptroller, the Authorized Issuers and the Trustees shall be obligated to perform only those duties expressly provided for such entity in this Agreement, and none of the foregoing shall be under any obligation to the Holders or other parties hereto to perform, or monitor the performance of, any duties of such other parties. Without limiting the general application of the foregoing, the Authorized Issuers shall be under no obligation to the Holders or any other party hereto to review or otherwise pass upon the Annual Information or the financial statements provided pursuant to Section 2(i), and its obligations hereunder shall be limited solely to the undertaking set forth in Section 2(ii) and to the requirements of Section 2(iii)(c) and Section 8.

(iv) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

### **SECTION 3. Annual Information.**

(i) Specified Information. The Annual Information shall consist of the following:

(a) *financial information and operating data of the type included in the Official Statement for each series of Bonds, under the headings "PART 3 – SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS", and "PART 4 – SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND" which shall include information relating to the following:*

(1) a description of the personal income tax imposed by Article 22 of the New York State Tax Law, which shall include a description of the tax rates, the tax base and the components of the State personal income tax (unless the personal income tax has been materially changed or modified, in which case similar information about the changed or modified tax will be provided);

(2) a historical summary of the New York State Personal Income Tax Receipts, the Withholding Component, and deposits to the Revenue Bond Tax Fund for a period of at least the five most recent completed State fiscal years then available, together with an explanation of the factors affecting collection levels; and

(b) *financial information and operating data of the type included in the Annual Information Statement of the State set forth as an Appendix to, or incorporated by cross reference in, the Official Statement for the Bonds, under the headings or sub-headings "Prior Fiscal Years", "Debt and Other Financing Activities", "State Government Employment", "State Retirement Systems", and "Authorities and Localities", including, more specifically, information consisting of:*

(1) *for prior fiscal years*, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is then-currently available;

(2) *for debt and other financing activities*, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt;

(3) *for authorities and localities*, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and

(4) material information regarding State government employment and retirement systems; together with

(c) *such narrative explanation* as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data and in judging the financial condition of the State.

(ii) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which have been electronically filed with the MSRB or filed with the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been electronically filed with the MSRB and need not have been filed elsewhere. The audited or unaudited financial statements of the State may be provided in the same manner.

(iii) Informational Categories. The requirements contained in this Agreement under Section 3(i) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(i) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(iv) Providers of Credit Support. If known to the applicable Authorized Issuer, such Authorized Issuer shall inform the State, and the required Annual Information shall include the name, address and telephone number of a place where current information regarding each issuer of a Credit Facility may be obtained.

(v) Omnibus Annual Information Undertaking. The parties to this Agreement recognize, understand and agree that the information described in this Section 3 shall be set forth in the same manner in the respective Official Statements of each of the Authorized Issuers. Accordingly, a single electronic filing of the Annual Information with EMMA, shall be deemed to satisfy the Annual Information filing obligation created by this Agreement.

#### **SECTION 4. Financial Statements.**

The State's annual financial statements for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

#### **SECTION 5. Remedies.**

If any party hereto should fail to comply with any provision of this Agreement, then each of the other parties and, as a direct or third-party beneficiary, as the case may be, any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, however, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of such party hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder are conditioned upon the provisions of the Authorizing Document with respect to the enforcement of remedies of Holders upon the occurrence of an Event of Default described in Section A-1001(g) of the Authorizing Document as though such provisions applied hereunder. Each of the Director, the Comptroller, the applicable Authorized Issuer and the applicable Trustee reserves the right, but shall not be obligated, to enforce the obligations of the others. Failure by any party to perform its obligations hereunder shall not constitute an Event of Default under the Authorizing Document or any other agreement executed and delivered in connection with the issuance of the Bonds. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to Section 6, beneficial owners shall be deemed to be Holders of Bonds for purposes of this Section 5.

#### **SECTION 6. Parties in Interest.**

This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds and, for the purposes of Section 5, beneficial owners of Bonds. For the purposes of such Section 5, beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. No person other than those described in Section 5 shall have any right to enforce the provisions hereof or any other rights hereunder.

## **SECTION 7. Amendments.**

(i) Without the consent of any Holders (except to the extent required under clause (c)(II) of this sentence) or provider of any Credit Facility, the Authorized Issuers, the State, and the Trustees at any time and from time to time may enter into amendments or changes to this Agreement for any purpose, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of one or more of the Authorized Issuers or the State or any type of business or affairs conducted by either; (b) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and (c) either (I) the amendment does not materially impair the interests of the Holders, as determined either by each of the Trustees or by a nationally recognized bond counsel approved by the State or (II) the Holders consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Authorizing Document with the consent of Holders pursuant to Section A-1003 of the Authorizing Documents. In determining whether there is such a material impairment, the Trustees may rely upon an opinion of a nationally recognized bond counsel approved by the State. The interests of Holders shall be deemed not to have been materially impaired by an amendment (1) to add a dissemination agent for the information to be provided hereunder and to make any necessary or desirable provisions with respect thereto, (2) to evidence the succession of another entity to the State, an Authorized Issuer or a Trustee and the assumption by any such successor to the obligations of such party hereunder, or (3) to add to the obligations of the State or any Authorized Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the State or any Authorized Issuer.

(ii) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

## **SECTION 8. Termination.**

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on all Bonds (in each case in this Section 8, "Bonds" shall refer to each series of Bonds, respectively) shall have been paid in full or all Bonds shall have otherwise been paid or defeased in accordance with the applicable Authorizing Documents (a "Legal Defeasance"); provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently



required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance of a series of Bonds, the applicable Authorized Issuer shall electronically file with the MSRB notice of such defeasance, and such notice shall state whether the applicable series of Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 8, the applicable Authorized Issuer shall electronically file with the MSRB notice of such termination.

#### **SECTION 9. The Trustees.**

(i) Except as specifically provided herein, this Agreement shall not create any obligation or duty on the part of any Trustee and no Trustee shall be subject to any liability hereunder for acting or failing to act as the case may be.

(ii) Each Trustee shall be indemnified and held harmless in connection with this Agreement, to the same extent provided in the applicable Authorizing Document for matters arising thereunder.

#### **SECTION 10. Governing Law.**

This Agreement shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

#### **SECTION 11. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all shall together constitute one and the same instrument.

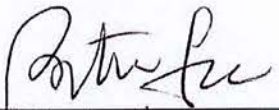
#### **SECTION 12. Effective Date.**

This Agreement, as amended and restated as of June 10, 2019 (primarily to incorporate the listed events described in clauses (15) and (16) of Section 2(ii)(a)), shall become effective with respect to the State, an Authorized Issuer and a trustee under an Authorizing Document, only as of the amended effective date of such party's execution of this Agreement by its duly authorized officer, as set forth on the following signature pages.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this amended and restated Master Continuing Disclosure Agreement as of the respective dates set forth below.

AUTHORIZED ISSUERS:

**DORMITORY AUTHORITY OF  
THE STATE OF NEW YORK**

By:   
Name: Portia Lee  
Title: Managing Director

Amended Effective Date: June 10, 2019

**NEW YORK STATE THRUWAY  
AUTHORITY**

By:   
Name: Matthew Howard  
Title: Chief Financial Officer

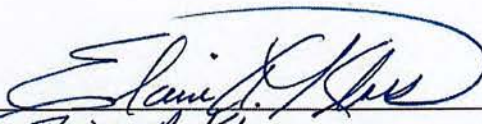
Amended Effective Date: July 12, 2021

**NEW YORK STATE ENVIRONMENTAL  
FACILITIES CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Amended Effective Date: \_\_\_\_\_

**NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION**  
d/b/a Empire State Development

By:   
Name: Elaine A. Kloss  
Title: Chief Financial Officer

Amended Effective Date: June 10, 2019

**NEW YORK STATE HOUSING  
FINANCE AGENCY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Amended Effective Date: \_\_\_\_\_

[Signature Page of Authorized Issuers of New York Personal Income Tax Revenue Bonds  
Master Continuing Disclosure Agreement]

**THE STATE OF NEW YORK**

Obligated Person

By: Thomas P. DiNapoli, Comptroller

By: Robert B. Ward

Name: Robert B. Ward

Title: Deputy Comptroller

*Amended Effective Date: June 10, 2019*

By: Robert F. Mujica, Jr., Director of the Budget

By: Robert F. Mujica, Jr.

Name: Robert F. Mujica, Jr.

Title: Director of the Budget

*Amended Effective Date: June 10, 2019*

TRUSTEES:

**U.S. BANK NATIONAL ASSOCIATION**

*as Trustee or successor Trustee for the benefit of  
Dormitory Authority of the State of New York Bondholders*

*Amended Effective Date: June 10, 2019*

By:  \_\_\_\_\_  
Authorized Signatory

**THE BANK OF NEW YORK MELLON**

*as Trustee for the benefit of New York State  
Environmental Facilities Corporation Bondholders*

*Amended Effective Date: June 10, 2019*

By:  \_\_\_\_\_  
Authorized Signatory

**U.S. BANK NATIONAL ASSOCIATION**

*as successor Trustee for the benefit of New York State  
Housing Finance Agency Bondholders*

*Amended Effective Date: June 10, 2019*

By:  \_\_\_\_\_  
Authorized Signatory

**THE BANK OF NEW YORK MELLON**

*as Trustee for the benefit of New York State  
Thruway Authority Bondholders*

*Amended Effective Date: June 10, 2019*

By:  \_\_\_\_\_  
Authorized Signatory

**THE BANK OF NEW YORK MELLON**

*as Trustee for the benefit of New York State  
Urban Development Corporation Bondholders*

*Amended Effective Date: June 10, 2019*

By:  \_\_\_\_\_  
Authorized Signatory

[Signature Page of Trustees for State of New York Personal Income Tax Revenue Bonds  
Master Continuing Disclosure Agreement]

**APPENDIX F**  
**REFUNDED BONDS**

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## APPENDIX F

### REFUNDED BONDS

The following is a list of the bonds that will be refunded with a portion of the proceeds of the Series 2021A Bonds, together with other available funds, if any. All of the bonds listed below are the Refunded Bonds as described in “PART 7 – PLAN OF REFUNDING.”

---

*New York State Thruway Authority*  
*State Personal Income Tax Revenue Bonds (Transportation), Series 2012A*

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	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP Number</u> <sup>†</sup>
Serial						
Bonds	3/15/2023	4.00%	\$ 5,000,000	9/15/2021	100%	650028UB7
	3/15/2023	5.00	44,970,000	9/15/2021	100	650028UV3
	3/15/2024	5.00	25,130,000	9/15/2021	100	650028UC5
	3/15/2025	5.00	26,385,000	9/15/2021	100	650028UD3
	3/15/2026	5.00	27,705,000	9/15/2021	100	650028UE1
	3/15/2027	5.00	29,090,000	9/15/2021	100	650028UF8
	3/15/2028	5.00	30,545,000	9/15/2021	100	650028UG6
	3/15/2029	5.00	32,070,000	9/15/2021	100	650028UH4
	3/15/2030	5.00	33,675,000	9/15/2021	100	650028UJ0
	3/15/2031	5.00	35,360,000	9/15/2021	100	650028UK7
	3/15/2032	5.00	37,125,000	9/15/2021	100	650028UL5

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP numbers have been assigned by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Refunded Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Refunded Bonds or as indicated above. The CUSIP numbers have been and are subject to change after the original issuance of the Refunded Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of one or more maturities of the Refunded Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of one or more maturities of the Refunded Bonds.

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