NEW YORK STATE

STATEMENT OF UPDATED ANNUAL INFORMATION

PURSUANT TO CONTINUING DISCLOSURE AGREEMENTS

FY 2011

JULY 29, 2011

NEW YORK STATE

STATEMENT OF UPDATED ANNUAL INFORMATION

DATED JULY 29, 2011

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Introduction

In accordance with the State of New York's (the "State") contractual secondary market disclosure obligations for FY 2011 ended March 31, 2011, the State herein provides, in electronic form to the Municipal Securities Rulemaking Board (the "MSRB"), a Statement of Updated Annual Information, dated July 29, 2011 (the "Annual Update"), for inclusion in the Electronic Municipal Market Access ("EMMA") system maintained by the MSRB.

The Annual Update provides updated annual information with respect to the official statements relating to the series of bonds listed in Appendices A and B hereto (collectively, the "Series of Bonds") issued by the State or its public authorities for State-related and State-supported purposes:

I) Section 1 of the Annual Update contains extracts from the Annual Information Statement of the State, dated May 24, 2011 (the "AIS"), under the headings or subheadings “Prior Fiscal Years”, “Debt and Other Financing Activities”, “State Organization (including State Employment)”, “State Retirement Systems”, “Authorities and Localities”, and, “Economics and Demographics”. The AIS was set forth or incorporated by reference as an appendix to the official statements relating to the Series of Bonds.

Section 1 of the Annual Update is submitted pursuant to the State’s contractual disclosure obligations for the Series of Bonds listed in Appendix A.

II) Section 2 of the Annual Update contains additional updated annual financial information and operating data that relate to dedicated funds or other revenue sources that are used to pay the debt service on certain State-related and State-supported bonds. The contents of this Section 2 are not intended to provide, in scope or substance, information relating to the general financial condition of the State.

The format used in Section 2 of this Annual Update is that of extracts from the most recently issued official statements of the State and its public authorities and the information contained therein reflects, to the extent applicable, subsequent changes or events from the respective dated dates of such official statements. **Section 2 is intended as an update only of the information contained in such extracts and not all relevant information relating to the applicable Series of Bonds for which the related official statements were issued**. As a result, readers are advised to review the contents of Section 2 together with complete copies of such applicable official statements.

Section 2 of the Annual Update has been prepared and submitted pursuant to the State’s contractual disclosure obligation for the Series of Bonds listed in Appendix B.

Information contained in this Annual Update is intended to be limited to that required to be updated pursuant to the State’s disclosure obligations. However, certain information may have been included in this Annual Update that the State is not contractually obligated to provide. The inclusion of such additional information should not be construed as creating any obligation or agreement on the part of the State to include such additional information in any future Annual Updates.

Although information contained in Section 1 of this Annual Update is extracted from the AIS, the Annual Update should not be confused with the AIS and is not intended to serve, nor does it serve, as the AIS. Section 1 is comprised of only the information for which the State is obligated to update annually pursuant to its contractual continuing disclosure obligations.

The AIS was electronically filed with EMMA on May 24, 2011 and contains other information which may also be useful to investors and other municipal market participants. Individuals may obtain an electronic copy of the AIS through EMMA at www.emma.msrb.org, and an official copy of the AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-7705.

Section 1 – Extracts of Certain Sections from the Annual Information Statement of the State of New York

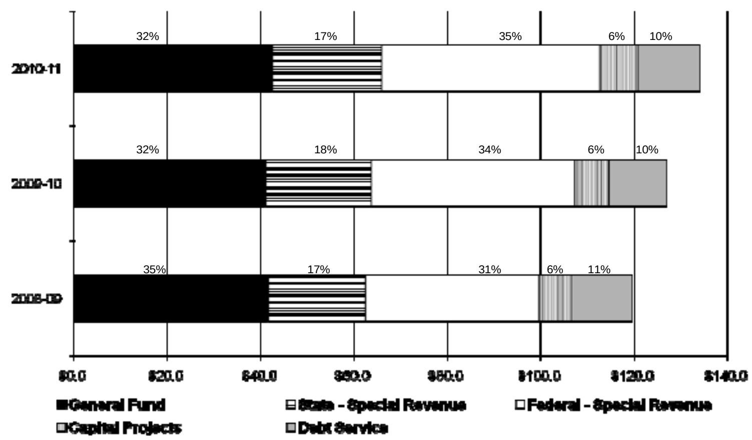
The information contained in this Section 1 consists of extracts from the State’s Annual Information Statement, dated May 24, 2011. The extracted information included in this Section 1 does not in any way update any of the information contained in the State's Annual Information Statement.

Section 1: Subsection A
“Prior Fiscal Years”

PRIOR FISCAL YEARS

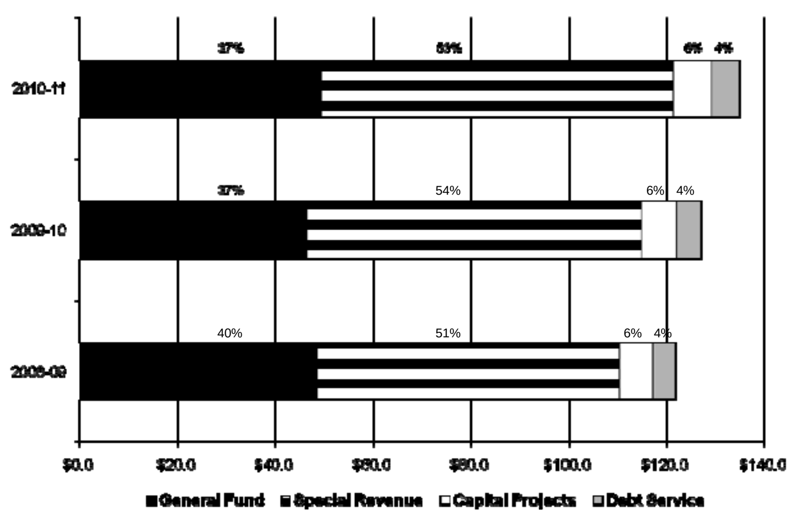
The following six tables show the composition of the State's governmental funds and its General Fund as of March 31, 2011. Following the tables is a summary of the cash-basis results for the State's three most recent fiscal years.

Governmental Funds Receipts
State Fiscal Years 2008-09, 2009-10 and 2010-11
(billions of dollars)



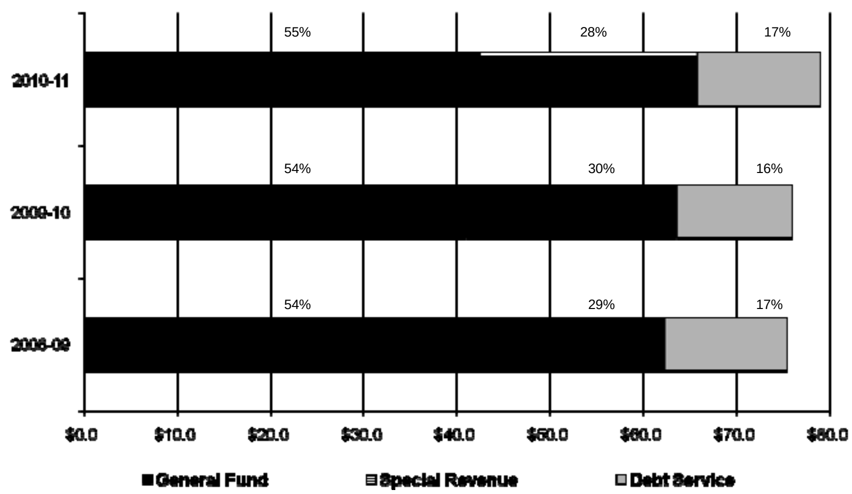
Note: Percentage total may not add due to rounding.

Governmental Funds Disbursements
State Fiscal Years 2008-09, 2009-10 and 2010-11
(billions of dollars)



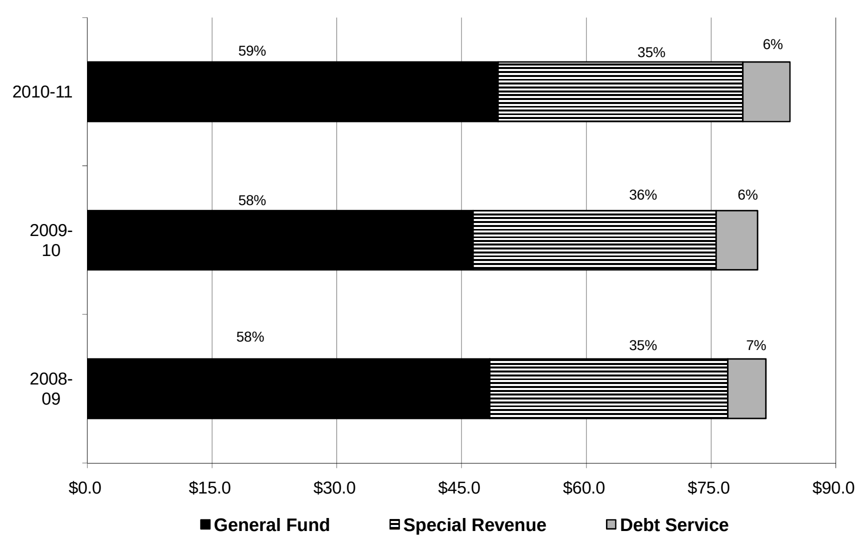
Note: Percentage total may not add due to rounding.

State Operating Funds Receipts
State Fiscal Years 2008-09, 2009-10 and 2010-11
(billions of dollars)



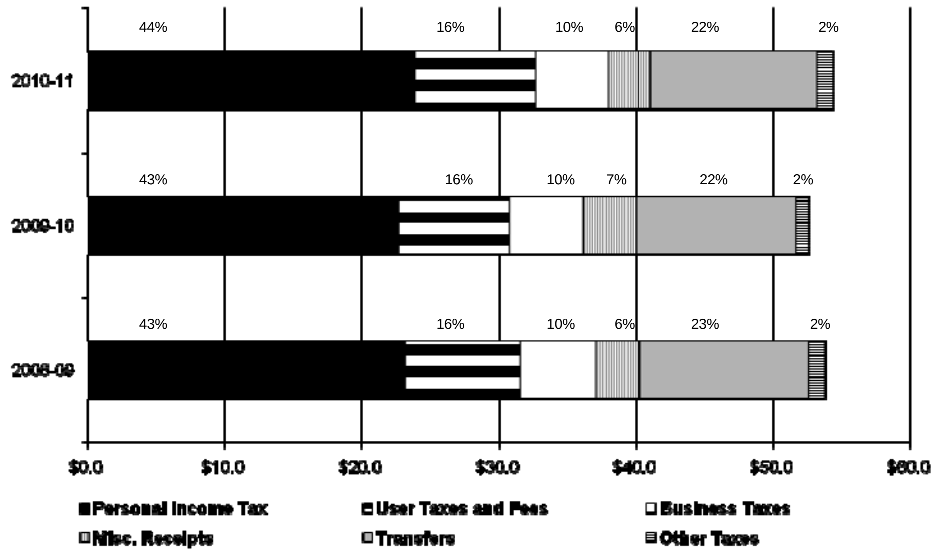
Note: Percentage total may not add due to rounding.

State Operating Funds Disbursements
State Fiscal Years 2008-09, 2009-10 and 2010-11
(billions of dollars)



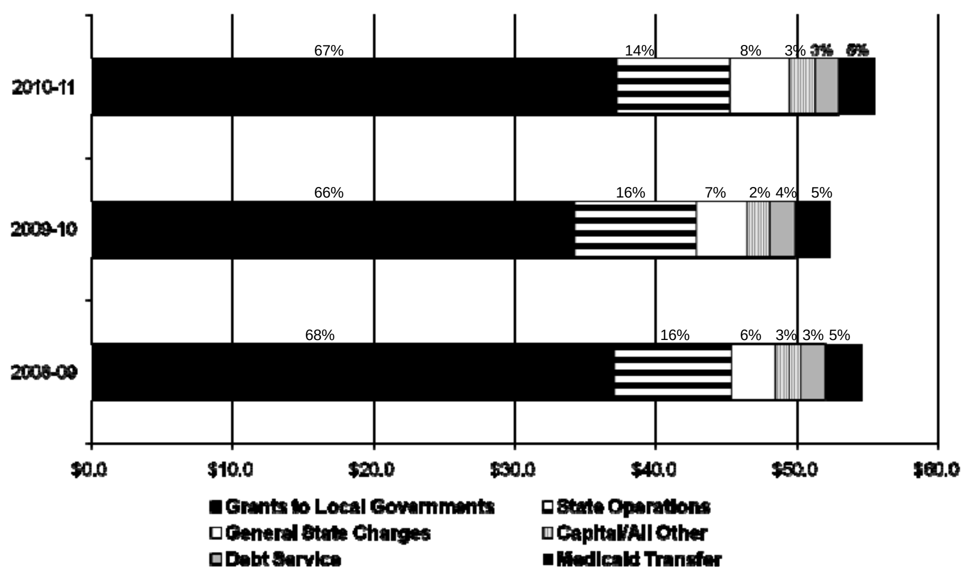
Note: Percentage total may not add due to rounding.

General Fund Receipts and Transfers by Source
State Fiscal Years 2008-09, 2009-10 and 2010-11
(billions of dollars)



Note: Percentage total may not add due to rounding.

General Fund Disbursements and Transfers by Type
State Fiscal Years 2008-09, 2009-10 and 2010-11
(billions of dollars)



Note: Percentage total may not add due to rounding.

The State reports its financial results on two bases of accounting: the cash basis, showing receipts and disbursements; and the modified accrual basis, prescribed by GAAP, showing revenues and expenditures. With the exception of FY 2011 results, the State's financial results set forth in this section have been audited.

CASH-BASIS RESULTS FOR PRIOR FISCAL YEARS

GENERAL FUND FY 2009 THROUGH FY 2011

The General Fund is the principal operating fund of the State and is used to account for all financial transactions, except those required by law to be accounted for in another fund. It is the State's largest single fund and receives most State taxes and other resources not dedicated to particular purposes. General Fund moneys are also transferred to other funds, primarily to support certain State share Medicaid payments, capital projects and debt service payments in other fund types. In some cases, the fiscal year results provided below may exclude certain timing-related transactions which have no net impact on operations.

In the cash basis of accounting, the State defines a balanced budget in the General Fund as (a) the ability to make all planned payments anticipated in the Financial Plan, including tax refunds, without the issuance of deficit bonds or notes or extraordinary cash management actions, (b) the restoration of the balances in the Tax Stabilization Reserve and Rainy Day Reserve (together, the "rainy day reserves") to a level equal to or greater than the level at the start of the fiscal year, and (c) maintenance of other designated balances, as required by law.

RECENT TRENDS

The economic downturn has had a severe impact on State finances. Actual receipts have been slow to recover, while fixed costs for debt service and fringe benefits have risen steadily, and demand for State services has grown. In FY 2009 and FY 2010, the State was required to take extraordinary actions to maintain balanced operations and sufficient liquidity, including enacting mid-year reductions to programs, instituting several rounds of agency spending reductions and deferring payments to local aid recipients and taxpayers. To avoid using its rainy day reserves, which are relied on during the fiscal year to provide liquidity, the State managed the timing of payments across fiscal years, including deferring payments not yet legally due from one fiscal year to the next fiscal year.

The level of General Fund spending in recent years has been affected by the receipt of Federal ARRA funding, which has substantially reduced the costs of Medicaid and School Aid in the General Fund. The following table summarizes General Fund results for the prior three fiscal years.

COMPARISON OF ACTUAL GENERAL FUND RECEIPTS AND DISBURSEMENTS
2008-2009 THROUGH 2010-2011
(millions of dollars)

	2008-2009	2009-2010	2010-2011
OPENING FUND BALANCE (1)	2,754	1,949	2,302
Personal Income Tax (1) (2)	23,196	22,655	23,894
User Taxes and Fees: (3)			
Sales and Use Tax (4)	7,707	7,405	8,085
Cigarette and Tobacco Tax	446	456	480
Alcoholic Beverage Taxes (3)	206	225	230
Subtotal	8,359	8,086	8,795
Business Taxes:			
Corporation Franchise Tax	2,755	2,145	2,472
Corporation and Utilities Taxes	654	722	616
Insurance Taxes	1,086	1,331	1,217
Bank Tax	1,061	1,173	974
Subtotal	5,556	5,371	5,279
Other Taxes:			
Estate and Gift Taxes	1,165	866	1,219
Real Property Gains Tax	0	0	0
Pari-mutuel Tax	22	19	17
Other Taxes	1	1	1
Subtotal	1,188	886	1,237
Miscellaneous Receipts & Federal Grants (3)	3,152	3,958	3,149
Transfers from Other Funds:			
PIT in excess of Revenue Bond debt service	8,404	7,641	7,625
Sales Tax in Excess of LGAC Debt Service	2,195	2,123	2,351
All Other Transfers	1,751	1,836	2,117
Subtotal	12,350	11,600	12,093
TOTAL RECEIPTS	53,801	52,556	54,447
Grants to Local Governments	37,040	34,234	37,206
State Operations:			
Personal Service	6,168	6,611	6,151
Non-Personal Service	2,144	1,977	1,822
General State Charges	3,084	3,594	4,187
Transfers to Other Funds:			
In Support of Debt Service	1,734	1,844	1,737
In Support of Capital Projects	473	565	932
State Share Medicaid	2,625	2,400	2,497
All Other Transfers	1,338	978	841
Subtotal	6,170	5,787	6,007
TOTAL DISBURSEMENTS	54,606	52,203	55,373
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	(805)	353	(926)
CLOSING FUND BALANCE	1,949	2,302	1,376

Source: NYS Office of State Comptroller.

(1) The opening balances and personal income tax receipts have been adjusted to reflect the inclusion of the Personal Income Tax Refund Reserve in the General Fund.

(2) Excludes personal income tax receipts that flow into the Revenue Bond Tax Fund in the first instance and are then transferred to the General Fund after debt service obligation is satisfied.

(3) Motor vehicle fees and alcoholic beverage control licenses fees were reclassified from "user taxes and fees" to "miscellaneous receipts" for fiscal year 2009-10. For comparison purposes, prior year user taxes and fees and miscellaneous receipts have been restated.

(4) Excludes sales tax in excess of LGAC Debt Service.

FISCAL YEAR 2011

FISCAL YEAR 2011 PRELIMINARY YEAR-END RESULTS

The State ended FY 2011 in balance on a cash basis in the General Fund, based on preliminary, unaudited results. The General Fund ended FY 2011 with a closing balance of $1.38 billion, consisting of $1.0 billion in the Tax Stabilization Reserve, $175 million in the Rainy Day Reserve, $136 million in the Community Projects Fund, $21 million in the Contingency Reserve, and $13 million in an undesignated fund balance. The closing balance was $928 million lower than FY 2010. This reflected the planned use of a fund balance to pay for expenses deferred from FY 2010 into FY 2011.

GENERAL FUND ANNUAL CHANGE

General Fund receipts, including transfers from other funds, totaled $54.4 billion in FY 2011. Total receipts during FY 2011 were $1.9 billion (3.6 percent) higher than in the prior fiscal year. Total tax receipts were $2.5 billion higher, mainly due to the growth in PIT collections, sales tax, estate taxes, and the real estate transfer tax, resulting from changes to the law as well as the economic recovery. Business tax collections fell by less than 2 percent from the prior year due to lower collections from the corporate and utility tax, insurance taxes, and bank taxes. Non-tax revenue was $631 million below the prior year. This was primarily due to the following FY 2010 collections that were not received, or received in lower amounts, in FY 2011: temporary utility surcharge (18-A assessment) ($429 million); the Power Authority resources ($158 million); Energy Research and Development Authority (ERDA) resources ($90 million); and fine collections ($101 million). An increase in the level of excess balances transferred from other funds partly offset the annual decline in miscellaneous receipts.

General Fund disbursements, including transfers to other funds, totaled $55.4 billion in FY 2011. Disbursements in FY 2011 were $3.2 billion (6.1 percent) higher than in the prior fiscal year. Spending growth was affected by the deferral of a $2.06 billion payment to schools from March 2010 to the statutory deadline of June 2010. Adjusting for this anomaly (that is, reducing FY 2011 results by $2.06 billion and increasing FY 2010 results by an equal amount), spending would have been approximately $950 million below FY 2010 levels.

Local assistance spending, adjusted for the School Aid deferral, declined by approximately $1.1 billion compared to FY 2010. This reflected lower levels of general School Aid spending enacted in the FY 2011 Budget; the delay of a $300 million CUNY Senior College payment from FY 2009 to June of FY 2010, which increased FY 2010 spending relative to FY 2011; the elimination, as part of the FY 2011 gap-closing plan of approximately $300 million in annual AIM funding for New York City that would have been paid by December 2010; and additional Federal funding for public assistance benefit costs and State and local child welfare shares in FY 2011, which reduced General Fund spending. These declines were partly offset by higher Medicaid spending due to rising costs of providing Medicaid services and reductions in the amount of available offsets from HCRA related to Indigent Care.

The annual change in personal service spending is mainly due to the payment of $270 million in retroactive salary settlements for employees represented by NYSCOPBA, the Police Benevolent Association (PBA) and the New York State Police Investigators Association (BCI) in FY 2010 and reductions across nearly all agencies. Non-personal service spending lower by $155 million (7.8 percent) compared to the prior year, mainly reflecting the impact of spending controls.

Growth in GSCs spending was attributable to the increase in State contributions to the pension system and increased health insurance costs. Pension costs increased by $315 million in FY 2011, after the amortization of $249 million in costs. Health insurance costs increased by $374 million. Transfers increased mainly for capital projects and the State share of Medicaid costs related to mental hygiene programs.

FY 2011 RESULTS COMPARED TO FY 2011 ENACTED BUDGET

The table below summarizes the major sources of change from the initial FY 2011 projections to the FY 2011 year-end results in the General Fund, Other State Funds, State Operating Funds, Federal Funds, Capital Funds, and All Funds.

2010-11 PRELIMINARY SPENDING RESULTS COMPARED TO ENACTED BUDGET PROJECTIONS
MAJOR SOURCES OF CHANGE
(millions of dollars)

	General Fund [1]	Other State Funds	State Operating Funds	Federal Funds	Capital Funds	All Funds
2010-11 Enacted Budget (August 20, 2010)	**49,661**	**31,397**	**81,058**	**46,375**	**8,454**	**135,887**
Special Revenue Funds Reclassification [2]	0	4,246	4,246	(4,246)	0	0
2010-11 Enacted Budget (Restated)	**49,661**	**35,643**	**85,304**	**42,129**	**8,454**	**135,887**
School Aid	(204)	50	(154)	363	0	209
STAR	0	(66)	(66)	0	0	(66)
Other Education Aid	(40)	(8)	(48)	(230)	(40)	(318)
Medicaid (DOH, including administration)	386	(122)	264	124	0	388
Public Health/Aging	(180)	(253)	(433)	231	(108)	(310)
Mental Hygiene	4	(340)	(336)	54	1	(281)
Higher Education	(95)	80	(15)	29	(238)	(224)
Temporary and Disability Assistance	40	(26)	14	126	10	150
Children and Family Services	(211)	(9)	(220)	(65)	(2)	(287)
Transportation	(2)	(54)	(56)	7	(270)	(319)
General State Charges	58	(31)	27	(3)	0	24
Correctional Services	(65)	0	(65)	4	(40)	(101)
Empire State Development Corporation	(3)	0	(3)	0	162	159
Housing and Community Renewal	(2)	4	2	(65)	0	(63)
All Other	19	183	202	(140)	(85)	(23)
2010-11 Year-End Results	**49,366**	**35,051**	**84,417**	**42,564**	**7,844**	**134,825**
Dollar Change	(295)	(592)	*(887)*	435	(610)	*(1,062)*
Percent Change	-0.6%	-1.7%	*-1.0%*	1.0%	-7.2%	*-0.8%*

[1] Excludes Transfers.

[2] Reflects the reclassification of certain Special Revenue Fund Accounts from Federal Operating Funds to State Operating Funds to conform to OSC accounting.

The most significant spending variances from the FY 2011 Enacted Budget include:

- **Medicaid (including administration):** General Fund overspending was driven primarily by higher than projected spending on Medicaid services, including managed care and prescription drug costs. These costs were associated with rising Medicaid and FHP caseload. Higher than projected spending on Medicaid services increases the total spending in the Federal Funds, as well.

- **Public Health:** The General Fund variance is primarily driven by lower-than-projected spending in GPHW ($91 million) and other local programs ($77 million), partially offset by higher-than-projected spending in the EI program ($28 million). Underspending in other State funds is primarily driven by FSHRP ($156 million), EPIC ($38 million), and other HCRA programs ($32 million). Overspending in Federal Funds is driven primarily by higher-than-projected spending in the CHP program. The variance in the Capital Funds is primarily driven by lower-than-expected capital expenditures for the HEAL NY health-related capital program.

- **School Aid:** Lower spending in the General Fund ($204 million) is primarily due to the FMAP Contingency reduction of 1.1 percent ($131 million) and a technical adjustment to realign the General Fund and other State-supported disbursements with available appropriation authority, which decreased General Fund spending and increased other State support from the Lottery Fund by a corresponding amount ($50 million). Increased spending in Federal Operating Funds reflects additional funding granted to the State from the Federal Education Jobs Fund to offset education aid reductions and create or restore teaching positions, as well as an increase in Federal ARRA fund reimbursements as the submission of claims by school districts accelerated during FY 2011 ($363 million).

- **All Other Education Aid:** Lower General Fund spending ($40 million) primarily reflects the FMAP Contingency reduction of 1.1 percent ($9 million) and timing delays in planned disbursements for certain local assistance programs ($30 million), including the Higher Education Opportunity Program, the Liberty Partnerships Program, and the Extended Day and School Violence Prevention Program. Reduced spending in the Federal Operating Funds is due to changes to the assumed timing of payments from Federal ARRA and the Federal Race to the Top Program ($230 million). Lower spending in rehabilitation projects at various SED facilities resulted in reduced capital spending ($40 million).

- **STAR:** The variance was due to the FMAP Contingency reduction of 1.1 percent ($30 million) as well as lower-than-expected payments for basic and enhanced school property tax exemptions to homeowners which are driven by participation rates, property tax rates, and property values ($36 million).

- **Higher Education:** Lower General Fund spending of $95 million largely reflects savings from workforce reductions which were assumed centrally in the State's Financial Plan, but not allocated by agency at the time of the Enacted Budget. Increased spending in other State funds of $80 million is due to higher spending on campus equipment, general campus services, academic programs and various student services at SUNY. In capital projects funds, slower-than-expected implementation of SUNY's current capital program was due to the late enactment of the FY 2011 Budget, resulting in lower spending of $238 million.

- **Temporary and Disability Assistance:** The General Fund variance is due primarily to higher-than-projected spending in public assistance payments ($23 million) and SSI payouts ($15 million). Federal Funds experienced higher spending in TANF initiatives than originally projected ($126 million).

- **Children and Family Services:** The General Fund variance is due to lower-than-projected spending in Child Welfare Services ($99 million), OCFS Medicaid ($63 million), State Operations ($11 million), Adoption ($14 million), Day Care ($10 million), and all other programs. The variance in the Federal Operating Funds is caused by timing of spending in Foster Care and Adoption ($47 million), and lower-than-anticipated disbursements in other programs ($25 million), and in State Operations ($13 million).

- **Mental Hygiene:** Reductions in other State funds is driven by lower-than-projected spending in OPWDD ($118 million) and GSCs ($74 million), as well as current year savings actions taken in OMH local assistance ($50 million). Overspending in federal funds is driven primarily by higher-than-projected local assistance spending in OASAS from Federal Funds ($42 million) and OMH ($36 million), offset by lower-than-projected Federal Fund non-personal service in OPWDD ($25 million).

- **Transportation:** Lower-than-expected spending from State Operating Funds ($56 million) primarily reflects the timing of payments from the MTA financial assistance fund, for which spending is statutorily based on the level of Metropolitan Commuter Transportation District tax and fee revenues flowing into the fund. Lower spending in capital project funds ($270 million) was due primarily to reflect slower than anticipated State-funded capital projects spending and savings from statewide agency reduction initiatives (including workforce savings), partially offset by an increase in federally-funded capital projects spending.

- **General State Charges:** Factors attributing to the General Fund variance include higher-than-expected health insurance payments ($35 million), lower Social Security and Workers' Compensation payouts ($90 million), and lower escrow receipts ($74 million), offset by all other fringe benefits. Higher-than-planned escrow payments results in lower than projected spending in other State funds.

- **Correctional Services:** The General Fund variance is due largely to lower State Operations spending resulting from attrition, layoffs, and early retirement, as well as improved efficiencies in non-personal services ($65 million). The variance in Capital Funds is attributable to the timing of disbursements ($40 million).

- **Empire State Development Corporation:** The increase in capital project funds spending reflects an accelerated payment schedule of certain economic development programs administered by ESDC ($162 million).

- **Housing and Community Renewal:** Disbursements of ARRA Weatherization Assistance Program funds were slower than initial projections ($65 million).

Receipts during the fiscal year fell below initial projections. General Fund receipts, including transfers from other funds, totaled $54.4 billion, or $229 million lower than the State's initial projections for FY 2011. General Fund disbursements, including transfers to other funds, totaled $55.4 billion, a decrease of $220 million from initial projections.

General Fund receipts, including transfers from other funds were $1.9 billion higher than FY 2010 results. Total tax receipts were $2.5 billion higher, mainly due to the growth in PIT collections, sales tax, estate taxes, and the real estate transfer tax, resulting from changes to the law as well as the economic recovery.

General Fund disbursements, including transfers to other funds, were $3.2 billion higher than FY 2010 results. The annual increase reflects the deferral of $2.1 billion in school aid from March 2010 to the statutory deadline of June 2010. Adjusting for this deferral, spending would have been roughly $950 million below FY 2010 results.

The General Fund closing balance consisted of $1.2 billion in the State's rainy day reserves, $21 million in the contingency reserve fund (to guard against litigation risks), $136 million in the Community Projects Fund, and $13 million in undesignated reserves.

Fiscal Year 2010

Receipts during the fiscal year fell substantially below projections. General Fund receipts, including transfers from other funds, totaled $52.6 billion, or $1.78 billion lower than the State's initial projections for FY 2010. General Fund disbursements, including transfers to other funds, totaled $52.2 billion, a decrease of $2.71 billion from initial projections. However, actual disbursements were affected by $2.1 billion in payment deferrals (described below) taken by the State to end the fiscal year without the use of its rainy day reserves and other designated balances. Without the deferrals, disbursements for the fiscal year would have been approximately $665 million below initial projections.

In the final quarter of the fiscal year, in order to avoid depleting its reserves, the State deferred a planned payment to school districts ($2.1 billion), which reduced spending from planned levels, and certain tax refunds, which increased available receipts from planned levels ($500 million). Both the school aid payment and the tax refunds were scheduled to be paid in FY 2010 but, by statute, were not due until June 1, 2010. The combined value of the deferrals had the effect of increasing the closing balance in the General Fund for FY 2010 to $2.3 billion, or approximately $900 million above the level required to restore the rainy day reserves and other balances to their anticipated levels. The higher closing balance was due exclusively to the cash management actions described above and did not represent an improvement in the State's financial operations. In early April 2010, the State paid the $500 million in tax refunds that had been deferred from FY 2010 to FY 2011. On June 1, 2010, the State paid the $2.1 billion in school aid deferred from FY 2010.

General Fund receipts, including transfers from other funds were $1.2 billion below FY 2009 results. Tax receipts decreased by $1.2 billion and transfers decreased by $750 million, partly offset by increased miscellaneous receipts of $744 million. The $1.2 billion annual decline in tax receipts included a $541 million decline in personal income taxes and a $302 million decline in sales and use tax receipts.

General Fund disbursements, including transfers to other funds, were $2.4 billion below FY 2009 results. The annual decline reflects the deferral of $2.1 billion in school aid, the impact of mid-year spending reductions, and the use of ARRA funds in place of General Fund spending.

The General Fund closing balance consisted of $1.2 billion in the State's rainy day reserves, $21 million in the contingency reserve fund (to guard against litigation risks), $96 million in the Community Projects Fund, and $978 million in the Refund Reserve Account, of which approximately $900 million was attributable to the deferrals described above.

Fiscal Year 2009

General Fund receipts, including transfers from other funds and the impact of the tax refund reserve transaction, totaled $53.8 billion in FY 2009, an increase of $705 million from FY 2008 results. While tax receipts decreased by $93 million, miscellaneous receipts increased by $621 million and transfers increased by $178 million. The decline in tax receipts was primarily attributable to a decline in business taxes. General Fund spending, including transfers to other funds, totaled $54.6 billion in FY 2009, an increase of $1.2 billion from FY 2008. The main source of annual growth was School Aid.

Similar to FY 2010, receipts fell substantially below projected levels. General Fund receipts, including transfers from other funds, were $1.84 billion lower than the State's initial projections for FY 2009. Disbursements for the year, including transfers to other funds, finished at $1.75 billion lower than initially expected. This resulted in $83 million less available in cash reserves than was planned when the budget was enacted.

The General Fund ended FY 2009 with a balance of $1.9 billion, which included the dedicated balance of $1.2 billion in the State's rainy day reserves, $21 million in the contingency reserve fund, $145 million in the Community Projects Fund, and $577 million in general reserves, part of which DOB used for payments initially planned for FY 2009 that were delayed until FY 2010. The year-end balance was substantially improved by the receipt of $1.3 billion in unplanned General Fund relief from the temporary increase in the Federal matching rate for Medicaid expenditures under ARRA.

STATE OPERATING FUNDS FY 2009 THROUGH FY 2011

State Operating Funds is comprised of the General Fund, State special revenue funds and debt service funds. The State Operating Funds perspective is primarily intended as a measure of State-financed spending.

Recent Trends

Similar to the General Fund, spending levels in State Operating Funds recent years have also been substantially affected by the State's receipt of Federal ARRA funds. ARRA funding has temporarily reduced the State's share of expenses for Medicaid, education, and other governmental services. This has temporarily lowered State Operating Funds spending in recent fiscal years, and resulted in a corresponding increase in spending from Federal funds (see the discussion of All Funds below).

Fiscal Year 2011

State Operating Funds receipts totaled $78.8 billion in FY 2011, an increase of $2.9 billion over the FY 2010 results. Disbursements totaled $84.4 billion in FY 2011, an increase of $3.8 billion from the FY 2010 results. The State ended FY 2011 with a State Operating Funds cash balance of $4.0 billion. In addition to the $1.4 billion General Fund balance described above, the State's special revenue funds had a closing balance of $2.1 billion and the debt service funds had a closing balance of $453 million. The fund balance in the special revenue funds largely reflects the timing of receipts and disbursements (e.g. dedicated monies received for a specified purpose prior to disbursement). A large fund balance is dedicated to finance the operations and activities of SUNY campuses and hospitals ($651 million). The remaining special revenue fund balances are held in numerous funds and accounts that support a variety of programs including industry regulation, public health, and public safety. The fund balance in the debt service funds reflects the preservation of monies needed for debt service payments to bond holders.

Fiscal Year 2010

State Operating Funds receipts totaled $75.8 billion in FY 2010, an increase of $611 million over the FY 2009 results. Disbursements totaled $80.7 billion in FY 2010, a decrease of $966 million from the FY 2009 results. The State ended FY 2010 with a State Operating Funds cash balance of $4.8 billion. In addition to the $2.3 billion General Fund balance described above, the State's special revenue funds had a closing balance of $2.1 billion and the debt service funds had a closing balance of $411 million. The fund balance in the special revenue funds largely reflects the timing of receipts and disbursements (e.g. dedicated monies received for a specified purpose prior to disbursement). A large fund balance is dedicated to finance the operations and activities of SUNY campuses and hospitals ($774 million). The remaining special revenue fund balances are held in numerous funds and accounts that support a variety of programs including industry regulation, public health, and public safety. The fund balance in the debt service funds reflects the preservation of monies needed for debt service payments to bond holders.

Fiscal Year 2009

State Operating Funds receipts totaled $75.2 billion in FY 2009, a decrease of $371 million from the FY 2008 results. Disbursements totaled $81.6 billion, an increase of $1.2 billion from the FY 2008 results. School aid was the largest source of annual program growth.

The State ended FY 2009 with a State Operating Funds cash balance of $4.8 billion. In addition to the $1.9 billion General Fund balance described above, the State's special revenue funds had a closing balance of $2.6 billion and the debt service funds had a closing balance of $298 million. The fund balance in the special revenue funds largely reflects the timing of receipts and disbursements (e.g. dedicated monies received for a specified purpose prior to disbursement). The largest fund balances are dedicated to finance the operations and activities of SUNY campuses and hospitals ($742 million) and ongoing HCRA programs ($240 million). The remaining special revenue fund balances are held in numerous funds and accounts that support a variety of programs including industry regulation, public health, and public safety. The fund balance in the debt service funds reflects the preservation of monies needed for debt service payments to bond holders.

ALL FUNDS FY 2009 THROUGH FY 2011

The All Funds Financial Plan records the operations of the four governmental fund types: the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. It is the broadest measure of State governmental activity, and includes spending from Federal Funds and Capital Projects Funds.

Recent Trends

The All Funds Financial Plan has grown faster than State Operating Funds in recent years. The growth includes nearly $2.9 billion in ARRA “pass-through” spending, which is Federal stimulus money that is accounted for in the State's fund structure but does not provide a direct fiscal benefit to the State (i.e., resources to help balance the General Fund budget).

Fiscal Year 2011

All Funds receipts for FY 2011 totaled $133.3 billion, an increase of $6.7 billion over FY 2010 results. Annual growth in Federal grants and tax receipts was partially offset by a decline in miscellaneous receipts. All Funds disbursements for FY 2011 totaled $134.8 billion, an increase of $7.9 billion over FY 2010 results. The annual change reflects growth due to ARRA “pass-through” and growth in capital spending and debt service, as well as the $2.1 billion school aid deferral from FY 2010.

The State ended the FY 2011 fiscal year with an All Funds cash balance of $3.8 billion. The $4.0 billion State Operating Funds balance described above was partly offset by a negative capital project funds closing balance of roughly $168 million. The negative balance in the capital projects fund results from outstanding intra-year loans from STIP used to finance capital projects costs prior to the receipt of bond proceeds.

Fiscal Year 2010

All Funds receipts for FY 2010 totaled $126.7 billion, an increase of $7.5 billion over FY 2009 results. Annual growth in Federal grants and miscellaneous receipts was partially offset by a decline in tax receipts. All Funds disbursements for FY 2010 totaled $126.9 billion, an increase of $5.3 billion over FY 2009 results. The annual change reflects growth due to ARRA “pass-through” and growth in School Aid, Medicaid, transportation aid, economic development aid and other State programs.

The State ended the FY 2010 fiscal year with an All Funds cash balance of $4.9 billion. Along with the $4.8 billion State Operating Funds balance described above, Federal operating funds had a closing balance of $456 million, partly offset by a negative capital project funds closing balance of roughly $254 million. The fund balance in the Federal operating funds partly reflects the timing of receipts and disbursements (e.g. dedicated monies received for a specified purpose prior to disbursement). The negative balance in the capital projects fund results from outstanding intra-year loans from STIP used to finance capital projects costs prior to the receipt of bond proceeds.

Fiscal Year 2009

All Funds receipts for FY 2009 totaled $119.2 billion, an increase of $3.8 billion over FY 2008 results. Annual growth in Federal grants ($3.9 billion) and miscellaneous receipts ($421 million) was partially offset by a decline in tax receipts ($534 million), largely attributable to business tax declines. All Funds disbursements for FY 2009 totaled $121.6 billion, an increase of $5.5 billion over FY 2008 results. The annual change reflects growth in School Aid, Medicaid, transportation aid, economic development aid and other State programs.

The State ended FY 2009 with an All Funds cash balance of $4.6 billion. Along with the $4.8 billion State Operating Funds balance described above, Federal operating funds had a closing balance of $376 million, offset by a negative capital project funds closing balance of $507 million. The fund balance in the Federal operating funds partly reflects the timing of receipts and disbursements (e.g. dedicated monies received for a specified purpose prior to disbursement). The negative balance in the capital projects fund results from outstanding intra-year loans from STIP used to finance capital projects costs prior to the receipt of bond proceeds.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2008-2009
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,651	286	6,691
Receipts:				
Taxes	38,299	7,562	12,242	58,103
Miscellaneous receipts	3,107	13,130	844	17,081
Federal grants	45	0	0	45
Total receipts	41,451	20,692	13,086	75,229
Disbursements:				
Grants to local governments	37,040	17,469	0	54,509
State operations:				
Personal Service	6,168	5,813	0	11,981
Non-Personal Service	2,144	3,291	56	5,491
General State charges	3,084	2,021	0	5,105
Debt service	0	0	4,530	4,530
Capital projects	0	9	0	9
Total disbursements	48,436	28,603	4,586	81,625
Other financing sources (uses):				
Transfers from other funds	12,350	8,009	5,976	26,335
Transfers to other funds	(6,170)	(1,165)	(14,464)	(21,799)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,180	6,844	(8,488)	4,536
Change in fund balance	(805)	(1,067)	12	(1,860)
Closing fund balance	1,949	2,584	298	4,831

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,949	2,584	298	4,831
Receipts:				
Taxes	36,997	7,801	11,448	56,246
Miscellaneous receipts	3,888	14,654	974	19,516
Federal grants	71	0	13	84
Total receipts	40,956	22,455	12,435	75,846
Disbursements:				
Grants to local governments	34,234	18,089	0	52,323
State operations:				
Personal Service	6,611	6,138	0	12,749
Non-Personal Service	1,977	3,087	51	5,115
General State charges	3,594	1,907	0	5,501
Debt service	0	0	4,961	4,961
Capital projects	0	11	0	11
Total disbursements	46,416	29,232	5,012	80,660
Other financing sources (uses):				
Transfers from other funds	11,600	7,982	6,646	26,228
Transfers to other funds	(5,787)	(1,691)	(13,956)	(21,434)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,813	6,291	(7,310)	4,794
Change in fund balance	353	(486)	113	(20)
Closing fund balance	2,302	2,098	411	4,811

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,302	2,098	411	4,811
Receipts:				
Taxes	39,205	8,117	12,210	59,532
Miscellaneous receipts	3,095	15,154	900	19,149
Federal grants	54	0	57	111
Total receipts	42,354	23,271	13,167	78,792
Disbursements:				
Grants to local governments	37,206	18,089	0	55,295
State operations:				
Personal Service	6,151	6,271	0	12,422
Non-Personal Service	1,822	3,081	63	4,966
General State charges	4,187	1,915	0	6,102
Debt service	0	0	5,615	5,615
Capital projects	0	18	0	18
Total disbursements	49,366	29,374	5,678	84,418
Other financing sources (uses):				
Transfers from other funds	12,093	8,077	7,048	27,218
Transfers to other funds	(6,007)	(1,933)	(14,494)	(22,434)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,086	6,144	(7,446)	4,784
Change in fund balance	(926)	41	43	(842)
Closing fund balance	1,376	2,139	454	3,969

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2008-2009
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,879	(434)	286	6,485
Receipts:					
Taxes	38,299	7,562	1,468	12,241	59,570
Miscellaneous receipts	3,107	13,307	3,572	845	20,831
Federal grants	45	36,907	1,882	0	38,834
Total receipts	41,451	57,776	6,922	13,086	119,235
Disbursements:					
Grants to local governments	37,040	48,871	1,356	0	87,267
State operations:					
Personal Service	6,168	6,441	0	0	12,609
Non-Personal Service	2,144	4,157	0	56	6,357
General State charges	3,084	2,242	0	0	5,326
Debt service	0	0	0	4,530	4,530
Capital projects	0	9	5,473	0	5,482
Total disbursements	48,436	61,720	6,829	4,586	121,571
Other financing sources (uses):					
Transfers from other funds	12,350	7,308	679	5,976	26,313
Transfers to other funds	(6,170)	(4,397)	(1,302)	(14,464)	(26,333)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	6,180	2,911	(166)	(8,488)	437
Change in fund balance	(805)	(1,033)	(73)	12	(1,899)
Closing fund balance	1,949	2,846	(507)	298	4,586

Source: NYS OSC (reflecting amounts published in the Cash Basis Report as restated).

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,949	2,846	(507)	298	4,586
Receipts:					
Taxes	36,997	7,801	1,422	11,448	57,668
Miscellaneous receipts	3,888	14,812	3,882	974	23,556
Federal grants	71	43,379	2,061	13	45,524
Total receipts	40,956	65,992	7,365	12,435	126,748
Disbursements:					
Grants to local governments	34,234	55,395	1,441	0	91,070
State operations:					
Personal Service	6,611	6,794	0	0	13,405
Non-Personal Service	1,977	3,998	0	51	6,026
General State charges	3,594	2,140	0	0	5,734
Debt service	0	0	0	4,961	4,961
Capital projects	0	11	5,671	0	5,682
Total disbursements	46,416	68,338	7,112	5,012	126,878
Other financing sources (uses):					
Transfers from other funds	11,600	7,218	737	6,646	26,201
Transfers to other funds	(5,787)	(5,317)	(1,185)	(13,956)	(26,245)
Bond and note proceeds	0	0	448	0	448
Net other financing sources (uses)	5,813	1,901	0	(7,310)	404
Change in fund balance	353	(445)	253	113	274
Closing fund balance	2,302	2,401	(254)	411	4,860

Source: NYS OSC (reflecting amounts published in the Cash Basis Report).

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,302	2,401	(254)	411	4,860
Receipts:					
Taxes	39,205	8,117	1,338	12,210	60,870
Miscellaneous receipts	3,095	15,306	3,847	900	23,148
Federal grants	54	46,692	2,500	57	49,303
Total receipts	42,354	70,115	7,685	13,167	133,321
Disbursements:					
Grants to local governments	37,206	58,696	2,731	0	98,633
State operations:					
Personal Service	6,151	6,954	0	0	13,105
Non-Personal Service	1,822	4,094	0	63	5,979
General State charges	4,187	2,175	0	0	6,362
Debt service	0	0	0	5,615	5,615
Capital projects	0	18	5,113	0	5,131
Total disbursements	49,366	71,937	7,844	5,678	134,825
Other financing sources (uses):					
Transfers from other funds	12,093	7,335	1,130	7,048	27,606
Transfers to other funds	(6,007)	(5,764)	(1,410)	(14,494)	(27,675)
Bond and note proceeds	0	0	525	0	525
Net other financing sources (uses)	6,086	1,571	245	(7,446)	456
Change in fund balance	(926)	(251)	86	43	(1,048)
Closing fund balance	1,376	2,150	(168)	454	3,812

Source: NYS OSC (reflecting amounts published in the Cash Basis Report).

GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

The Comptroller prepares Basic Financial Statements and Other Supplementary Information on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements, released in July each year, include the Statements of Net Assets and Activities, the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, the Statements of Net Assets, Revenues, Expenses and Changes in Fund Net Assets and Cash Flows for the Enterprise Funds, the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets, and the Combining Statements of Net Assets and Activities for Discretely Presented Component Units. These statements are audited by independent certified public accountants. The Comptroller also prepares and issues a Comprehensive Annual Financial Report (CAFR), which includes a management discussion and analysis (MD&A), the Basic Financial Statements, required supplementary information, other supplementary information which includes individual fund combining statements, and a statistical section.

The following table summarizes recent governmental funds results on a GAAP basis. The State expects to issue the Basic Financial Statements for FY 2011 in July 2011.

Comparison of Actual GAAP-Basis Operating Results
Surplus/(Deficit)
(millions of dollars)

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2010	(594)	(722)	378	1,061	123	(3,538)
March 31, 2009	(6,895)	(1,183)	35	44	(7,999)	(2,944)
March 31, 2008	1,567	(1,328)	(293)	(306)	(360)	3,951

Summary of Net Assets
(millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2010	27,976	116	28,092
March 31, 2009	30,894	3,031	33,925
March 31, 2008	43,510	4,217	47,727

The Basic Financial Statements (including Other Supplementary Information) and the CAFR for prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through EMMA at www.emma.msrb.org.

Section 1: Subsection B
“Debt and Other Financing Activities”

DEBT AND OTHER FINANCING ACTIVITIES

State Law requires the Governor to submit the Five-Year Capital Program and Financing Plan (the "Plan") with the Executive Budget and to submit an update to the Plan (the "Enacted Capital Plan") within 30 days of the enactment of the State Budget. The Plan outlines the anticipated capital spending over the five-year period, the means by which it will be financed, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. The Enacted Budget Capital Program and Financing Plan can be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 474-8282, or at www.budget.ny.gov.

STATE DEBT AND OTHER FINANCINGS

New York State is one of the largest issuers of municipal debt, ranking second among the states, behind California, in the amount of debt outstanding. The State ranks fifth in the U.S. in debt per capita, behind Connecticut, Massachusetts, Hawaii, and New Jersey. As of March 31, 2011, total State-related debt outstanding remained stable at $56 billion and 5.9 percent of personal income. The State's debt burden is measured using two categories: State-supported debt and State-related debt.

State-supported debt represents obligations of the State that are paid from traditional State resources (i.e., tax revenue) and have a budgetary impact. It includes general obligation debt, to which the full faith and credit of the State has been pledged, and lease purchase and contractual obligations of public authorities and municipalities, where the State's legal obligation to make payments to those public authorities and municipalities is subject to and paid from annual appropriations made by the Legislature. These include the State PIT Revenue Bond program and the New York Local Government Assistance Corporation (LGAC) bonds. Since 2002, the State has financed most of its capital program with PIT Revenue Bonds, a revenue bond program that has reduced its cost of borrowing and created efficiencies by permitting the consolidation of bond sales. Prior to 2002, the State had financed its capital spending with lower-rated lease purchase and contractual service obligations of public authorities.

State-related debt is a broader measure of State debt which includes all debt that is reported in the State's GAAP-basis financial statements, except for unamortized premiums and accumulated accretion on capital appreciation bonds. These financial statements are audited by external independent auditors and published by OSC on an annual basis. The debt reported in the GAAP-basis financial statements includes general obligation voter approved debt, other State-supported debt as defined in the State Finance Law, debt issued by the Tobacco Securitization Finance Corporation, certain debt of the Municipal Bond Bank Agency (MBBA) issued to finance prior year school aid claims and capital leases and mortgage loan commitments. In addition, State-related debt reported by DOB includes State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available, to make payments if necessary. These numbers are not included in the State's GAAP-basis financial statements.

The State's debt does not encompass, and does not include, debt that is issued by, or on behalf of, local governments and secured (in whole or in part) by State local assistance aid payments. For example, certain State aid to public schools paid to school districts or New York City has been pledged by those local entities to help finance debt service for locally-sponsored and locally-determined financings. This debt, however, is not treated by DOB as either State-supported debt or State-related debt because it (i) is not issued by the State (nor on behalf of the State), and (ii) does not result in a State obligation to pay debt service. Instead, this debt is accounted for in the respective financial statements of the local governments or other entity responsible for the issuance of such debt and is similarly treated.

The issuance of general obligation debt and debt of LGAC is undertaken by OSC. All other State-supported and State-related debt is issued by the State's financing authorities (known as "Authorized Issuers" in connection with the issuance of PIT Bonds) under the direction of DOB. The Authorized Issuers include NYSTA, DASNY, ESDC, the Environmental Facilities Corporation (EFC), and the Housing Finance Agency (HFA). Prior to any issuance of State-supported debt and State-related debt, approval is required by the State Legislature, DOB, the issuer's board, and in certain instances, the Public Authorities Control Board (PACB), and OSC.

The State has never defaulted on any of its general obligation indebtedness or its obligations under lease purchase or contractual obligation financing arrangements and has never been called upon to make any direct payments pursuant to its guarantees. The following table summarizes the State's debt obligation for the past three fiscal years.

OUTSTANDING STATE-SUPPORTED AND STATE-RELATED DEBT [1]
(millions of dollars)

	2008-09	2009-10	2010-11
State-Supported Debt	**46,978**	**50,323**	**51,618**
General Obligation	3,323	3,400	3,525
Local Government Assistance Corporation	3,848	3,639	3,330
Personal Income Tax Revenue Bonds	13,738	18,189	20,986
Other Service Contract & Lease Purchase [2]	14,194	13,271	12,316
Other Revenue Bonds	11,875	11,824	11,461
Contingent-Contractual Obligation Financings	**4,270**	**3,894**	**3,597**
DASNY/MCCFA - Secured Hospital Program	682	637	585
Tobacco Settlement Financing Corporation	3,588	3,257	3,012
Moral Obligation Financings	**39**	**31**	**25**
Housing Finance Agency	36	28	23
MCCFA - Hospitals and Nursing Homes	3	3	2
Other State Financings	**830**	**840**	**812**
MBBA Prior Year School Aid Claims	442	419	396
Capital Leases [2]	296	266	268
Mortgage Loan Commitments	92	155	148
State Guaranteed Debt			
Job Development Authority	32	28	23
TOTAL STATE-RELATED DEBT	52,149	55,116	56,075

Source: NYS DOB. Except Mortgage Loan Commitments which are taken from the CAFR for FY 2009 and FY 2010 Mortgage Loan Commitments and Capital Leases are estimated for FY 2011.

[1] Amounts outstanding reflect original par amounts or original gross proceeds in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

[2] Capital leases by OGS are included in State-Supported Debt.

STATE-SUPPORTED DEBT OUTSTANDING

State-supported debt represents obligations of the State that are paid from traditional State resources and have a budgetary impact. It includes general obligation debt, State PIT Revenue Bonds, LGAC bonds and lease purchase and service contract obligations of public authorities and municipalities. Payment of all obligations, except for general obligation debt, is subject to annual appropriations by the State Legislature, but the State's credits have different security features, as described in this section.

GENERAL OBLIGATION FINANCINGS

With limited exceptions for emergencies, the State Constitution prohibits the State from undertaking a long-term general obligation borrowing (i.e., borrowing for more than one year) unless it is authorized in a specific amount for a single work or purpose by the Legislature and approved by the voters. There is no constitutional limitation on the amount of long-term general obligation debt that may be so authorized and subsequently incurred by the State. However, the Debt Reform Act of 2000 ("Debt Reform Act") imposed statutory limitations on new State-supported debt issued on and after April 1, 2000. The State Constitution provides that general obligation bonds, which can be paid without an appropriation, must be paid in equal annual principal installments or installments that result in substantially level or declining debt service payments, mature within 40 years after issuance, and begin to amortize not more than one year after the issuance of such bonds. However, general obligation housing bonds must be paid within 50 years after issuance, with principal commencing no more than three years after issuance. The Debt Reform Act limits the maximum term of State-supported bonds, including general obligation bonds, to 30 years, and the State currently has no bonds outstanding with a remaining final maturity that is more than 30 years.

General obligation debt is currently authorized for transportation, environment and housing purposes. Transportation-related bonds are issued for State and local highway and bridge improvements, aviation, mass transportation, rail, canal, port and waterway programs and projects. Environmental bonds are issued to fund environmentally sensitive land acquisitions, air and water quality improvements; municipal non-hazardous waste landfill closures and hazardous waste site cleanup projects.

Most general obligation debt-financed spending in the Capital Plan is authorized under eight previously approved bond acts (three for transportation and five for environmental and recreational programs). The majority of projected general obligation bond-financed spending supports authorizations for the 2005 Rebuild and Renew New York Bond Act. DOB projects that spending authorizations from the remaining bond acts will be virtually depleted by 2013.

The State Constitution permits the State to undertake short-term general obligation borrowings without voter approval in anticipation of the receipt of (i) taxes and revenues, by issuing general obligation tax and revenue anticipation notes (TRANs), and (ii) proceeds from the sale of duly authorized but unissued general obligation bonds, by issuing bond anticipation notes (BANs). General obligation TRANs must mature within one year from their date of issuance and cannot be refunded or refinanced beyond such period. However, since 1990, the State's ability to issue general obligation TRANs that mature in the same State fiscal year in which they were issued has been limited due to the enactment of the fiscal reform program which created LGAC. BANs may only be issued for the purposes and within the amounts for which bonds may be issued pursuant to voter authorizations, and must be paid from the proceeds of the sale of bonds in anticipation of which they were issued or from other sources within two years of the date of issuance or, in the case of BANs for housing purposes, within five years of the date of issuance. In order to provide flexibility within these maximum term limits, the State had previously used the BANs authorization to conduct a commercial paper program to fund disbursements eligible for general obligation bond financing.

The following table sets forth information regarding the levels of authorized, unissued and outstanding State general obligation debt by purpose as of March 31, 2011.

STATE GENERAL OBLIGATION DEBT
March 31, 2011
(millions of dollars)(1)

Purpose/Year Authorized	Total Authorized	Authorized but Unissued	Total Debt Outstanding
Transportation Bonds:			
Rebuild and Renew New York Transportation Bonds (2005)			
Highway Facilities/Other Transportation (Excluding MTA)			
Highway Facilities	Note 2	Note 2	698
Mass Transit - DOT	Note 2	Note 2	14
Rail & Port	Note 2	Note 2	78
Canals & Waterways	Note 2	Note 2	12
Aviation	Note 2	Note 2	46
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	1,450	513	848
Mass Transit - Metropolitan Transportation Authority	1,450	764	640
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000	21	458
Rebuild New York Through Transportation Infrastructure Renewal (1983)			
Highway Related Projects	1,064	22	3
Ports, Canals, and Waterways	49	0	0 (3)
Rapid Transit, Rail and Aviation Projects	137	0	19
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	0	0
Rapid Transit and Rail Freight	400	0	16
Rail Preservation (1974)	250	0	8
Transportation Capital Facilities (1967)			
Highways	1,250	0	0
Mass Transportation	1,000	0	9
Aviation	250	0	19
Total Transportation Bonds	**10,400**	**1,320**	**2,020**
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	30	59
Safe Drinking Water	355	0	28
Clean Water	790	139	483
Solid Waste	175	3	81
Environmental Restoration	200	68	95
Environmental Quality (1986)			
Land and Forests	250	3	39
Solid Waste Management	1,200	70	422
Environmental Quality (1972)			
Air	150	12	15
Land and Wetlands	350	10	32
Water	650	4	98
Outdoor Recreation Development (1966)	200	0	0
Pure Waters (1965)	1,000	23	75
Park and Recreation Land Acquisition (1960)	100	1	0 (4)
Total Environmental Bonds	**5,650**	**363**	**1,427**
Housing Bonds:			
Low-Income Housing (through 1958)	960	8	42
Middle-Income Housing (through 1958)	150	1	36
Urban Renewal (1958)	25	1	0
Total Housing Bonds	**1,135**	**10**	**78**
TOTAL GENERAL OBLIGATION DEBT	**17,185**	**1,693**	**3,525**

Source: Office of the State Comptroller

(1) Amounts have been rounded to the nearest million.
(2) The Legislature did not provide any limitation on bonds to be issued for specific project categories or programs authorized within the Highway Facilities/Other Transportation (excluding MTA) Purpose.
(3) This amount rounds to zero, but there was an outstanding balance of $75,831.26 at March 31, 2011.
(4) This amount rounds to zero, but there was an outstanding balance of $30,067.39 at March 31, 2011.

STATE PIT REVENUE BOND PROGRAM

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program, replacing lower rated service contract bonds. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation requires 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the Revenue Bond Tax Fund (RBTF) for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. The first State PIT Revenue Bonds were issued on May 9, 2002, and since that time, all of the Authorized Issuers have issued State PIT Revenue Bonds.

Legislation enacted in 2007 increased the amount of PIT receipts to be deposited into the RBTF by removing an exclusion for PIT amounts deposited to the STAR Fund. In the event that (a) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (b) 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 the State PIT Revenue Bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of (i) 25 percent of annual PIT receipts or (ii) $6 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

As of March 31, 2011, approximately $21 billion of State PIT Revenue Bonds were outstanding. State PIT Revenue Bonds have been issued to support programs related to six general purposes: Education, Economic Development and Housing, Environment, State Facilities and Equipment, Transportation and Healthcare. Legislation enacted in FY 2010 and extended through FY 2013 permits DASNY and ESDC to issue State PIT Revenue Bonds for any authorized purpose. Prior to this time, State law required that State PIT Revenue Bonds sold for capital purposes had to be sold through specific issuers, creating coordination difficulties in scheduling sales and reimbursing capital disbursements on a timely basis. Pursuant to this State law, State PIT Revenue Bonds began to be issued by DASNY and ESDC under new General Purpose resolutions that permitted the issuance of bonds on a consolidated basis for all purposes. The State expects to continue to use the General Purpose resolutions for future issuances of State PIT Revenue Bonds for all purposes, except for Transportation.

In addition, legislation that temporarily authorizes the use of State PIT Revenue Bonds to finance the State's Mental Health Facilities Improvement Revenue Bond Program has been extended through FY 2013. This has enabled the State to take advantage of the lower interest rates typically paid on State PIT Revenue Bonds as compared to the State’s Mental Health Facilities Improvement Revenue Bonds.

Based on current information and assumptions, DOB anticipates the amount of State PIT Revenue Bonds to be outstanding through FY 2015 will be as follows:

OUTSTANDING STATE PERSONAL INCOME TAX REVENUE BONDS (millions of dollars)					
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
State PIT Revenue Bonds [1]	**20,986**	**23,709**	**25,377**	**26,906**	**28,005**
Economic Development & Housing	4,439	4,868	4,643	4,407	4,106
Education	8,305	9,516	10,837	12,132	13,254
Environment	1,016	1,294	1,398	1,471	1,525
Healthcare	1,369	1,635	1,652	1,666	1,550
State Facilities & Equipment	3,337	3,625	3,811	3,945	4,057
Transportation	2,520	2,771	3,036	3,284	3,513

Source: NYS DOB

[1] Includes amounts issued under the General Purpose resolutions.

FY 2012 PIT REVENUE BOND BORROWING PLAN

State PIT Revenue Bonds that are expected to be issued in FY 2012 to support multiple capital program areas include:

- Education ($1.5 billion): supports SUNY and CUNY, the Expanding our Children's Education and Learning (EXCEL) program, New York State Office of Science, Technology and Academic Research (NYSTAR) and the Higher Education Capital Matching Grant Program.
- Economic Development and Housing ($821 million): supports Housing, the Strategic Investment Program (SIP), economic development projects for the Buffalo area, the Community Enhancement Facilities Assistance Program (CEFAP), the Regional Economic Growth Program, the New York State Economic Development Program, high technology and other business investment programs, and recent economic development initiatives.
- State Facilities and Equipment ($462 million): supports correctional facilities, youth facilities, State office buildings, a new State Police headquarters, capital projects for the Division of Military and Naval Affairs (DMNA) and equipment for State agencies; including software development.
- Transportation ($381 million): supports local transportation projects under the Consolidated Highway Improvement Program (CHIPs).
- Healthcare ($321 million): supports the program for capital and equipment grants to healthcare providers.
- Environment ($352 million): supports the State Revolving Fund, the State Superfund Program, Environmental Protection Fund (EPF), State Parks and other environmental projects.

The PIT revenue bond coverage ratios for upcoming years are based on assumptions of future capital spending contained in the Enacted Capital Plan. Traditionally, these estimates change substantially as new multi-year capital plans are authorized. The projected PIT revenue bond coverage ratios, noted below, are based upon estimates of PIT receipts deposited into the RBTF and include projected PIT debt issuances.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14	2014-15
Projected RBTF Receipts	9,052	9,765	9,803	10,360	10,797
Existing PIT Bonds Outstanding (as of 3/31/11)	20,986	19,964	18,956	17,986	17,023
Projected New PIT Bonds Outstanding	0	3,744	6,422	8,920	10,982
Projected Total PIT Bonds Outstanding	20,986	23,709	25,377	26,906	28,005
Projected Maximum Annual Debt Service	2,035	2,407	2,616	2,789	2,945
Projected PIT Coverage Ratio (Receipts to Debt Service)	4.4	4.1	3.7	3.7	3.7

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

In 1990, as part of a State fiscal reform program, legislation was enacted creating LGAC, a public benefit corporation empowered to issue long-term obligations to fund certain payments to local governments that had been traditionally funded through the State's annual seasonal borrowing. The legislation also dedicated revenues equal to one cent of the State's four cent sales and use tax to pay debt service on these bonds. As of June 1995, LGAC had issued State-supported bonds and notes to provide net proceeds of $4.7 billion, completing the program. The issuance of these long-term obligations will be amortized over a period of no more than 30 years from the dates of their original issuance.

The legislation eliminated the annual issuance of general obligation TRANs that mature in the same State fiscal year that they are issued ("seasonal borrowing") except in cases where the Governor and the legislative leaders have certified the need for additional seasonal borrowing, based on emergency or extraordinary factors, or factors unanticipated at the time of adoption of the budget, and provide a schedule for eliminating it over time. Any seasonal borrowing is required by law to be eliminated by the fourth fiscal year after the limit was first exceeded (i.e., no general obligation seasonal borrowing in the fifth year). The provision limiting the State's seasonal borrowing practices was included as a covenant with LGAC's bondholders in the General Bond Resolution and General Subordinate Lien Bond Resolution authorizing such bonds. No restrictions were placed upon the State's ability to issue deficit TRANs (issued in one year and maturing in the following year).

The LGAC changes, as well as other changes in revenue and spending patterns, have allowed the State to meet its cash flow needs throughout the fiscal year without relying on seasonal borrowings. However, the State has taken extraordinary measures in recent years to manage its cash flow, including payment deferrals and permitting the State to borrow from other funds of the State (i.e., non-General Fund) for a limited period.

Legislation enacted in 2003 requires LGAC to certify, in addition to its own cash needs, $170 million annually to provide an incentive for the State to seek an annual appropriation to provide local assistance payments to New York City or its assignee. In May 2004, LGAC amended its General Bond Resolution and General Subordinate Lien Bond Resolution to make clear that any failure to certify or make payments to the City or its assignee has no impact on LGAC's own bondholders; and that if any such act or omission were to occur with respect to any bonds issued by The City of New York or its assignee, that act or omission would not constitute an event of default with respect to LGAC bonds. The FY 2012 Enacted Budget includes a local assistance appropriation of $170 million from the Local Government Assistance Tax Fund to the City.

STATE-SUPPORTED LEASE-PURCHASE AND OTHER CONTRACTUAL-OBLIGATION FINANCINGS

Prior to the 2002 commencement of State PIT Revenue Bond program, public authorities or municipalities issued other lease-purchase and contractual-obligation debt. This type of debt, where debt service is payable from monies received from the State and is subject to annual State appropriation, are not general obligations of the State.

Under this financing structure bonds were issued to finance various capital programs, including those which finance certain of the State's highway and bridge projects, SUNY and CUNY educational facilities, health and mental hygiene facilities, prison construction and rehabilitation, economic development projects, State buildings and housing programs, and equipment acquisitions.

Debt service payable to certain public authorities from State appropriations for such lease-purchase and contractual obligation financings may be paid from general resources of the State or from dedicated tax and other sources (i.e., personal income taxes, motor vehicle and motor fuel related-taxes, dormitory facility rentals, and patient income). Although these financing arrangements involve a contractual agreement by the State to make payments to a public authority, municipality or other entity, the State's obligation to make such payments is expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments.

Legislation enacted in FY 2011, authorizes the State to set aside monies in reserve for debt service on general obligation, lease-purchase, and service contract bonds. Pursuant to a certificate filed by the Director of the Budget with the State Comptroller, the Comptroller is required to transfer from the General Fund such reserved amounts on a quarterly basis in advance of required debt service payment dates.

OTHER NEW YORK STATE REVENUE BOND PROGRAMS

DEDICATED HIGHWAY AND BRIDGE TRUST FUND BONDS

DHBTF bonds are issued by NYSTA for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation related taxes and fees. DHBTF Bond issuances are expected to total approximately $1 billion in FY 2012. This includes approximately $450 million in issuances originally planned for FY 2011.

SUNY DORMITORY FACILITIES BONDS

SUNY Dormitory Facilities Bonds, which are issued by DASNY, are supported by dormitory fees and rents charged to students residing in housing facilities on campus. The bond issuances of $236 million in FY 2012 will support the expansion and renovation of SUNY dormitory facilities.

MENTAL HEALTH FACILITIES IMPROVEMENT BONDS

Mental Health Facilities Improvement bonds are issued by DASNY and supported by patient revenues. The issuances of $417 million in FY 2012 will support capital projects to preserve and maintain both State and community-based facilities operated and/or licensed by OMH, OPWDD, and OASAS. Under legislation authorized with the Enacted Budget, these programs' needs may and are expected to be financed with PIT bonds in FY 2012 and FY 2013.

A major source of patient revenues for these bonds are Federal Medicaid payments for services delivered by OPWDD. These payments are projected to account for roughly 39 percent of revenues dedicated to pay debt service on these bonds. Debt service coverage ratios for future years are currently projected at approximately 10 times for existing Mental Health Facilities Improvements Revenue Bonds. As noted previously, the Federal Centers for Medicare and Medicaid Services (CMS) have engaged the State regarding claims for services provided to individuals in developmental centers operated by OPWDD. Although no official audit has commenced and the rates paid for these services are established in full accordance with the methodology set forth in the approved State Plan, an adverse action by CMS relative to these claims could jeopardize a significant amount of Federal financial participation in the State Medicaid program. The State has begun the process of seeking CMS approval to proceed with the development of a new 1115 demonstration waiver to create a contemporary and sustainable system of service funding and delivery for individuals with developmental disabilities.

STATE-RELATED DEBT OUTSTANDING

State-related debt is a broader measure of debt that includes State-supported debt, as discussed above, and contingent-contractual obligations, moral obligations, State-guaranteed debt and other debt. As of March 31, 2011, the State has never been required to make an unanticipated debt service payment on contingent contractual, moral obligation, or State-guaranteed obligations.

CONTINGENT-CONTRACTUAL OBLIGATION FINANCING

Contingent-contractual debt, included in State-related debt, is debt where the State enters into a statutorily authorized contingent-contractual obligation via a service contract to pay debt service in the event there are shortfalls in revenues from other non-State resources pledged or otherwise available, to pay the debt service. As with State-supported debt, except for general obligation, all payments are subject to annual appropriation. The State has never been required to make any payments under this financing arrangement, but the bankruptcy of certain hospitals in the secured hospitals program (described below) may require the State to make payments in the future.

SECURED HOSPITAL PROGRAM

Pursuant to legislation enacted in 1985, the State entered into service contracts establishing a contingent-contractual obligation with respect to financings related to the Secured Hospital Program for the purpose of enabling certain financially distressed not-for-profit hospitals to gain access to the capital markets. The State service contracts obligate the State to pay debt service, subject to annual appropriations, on bonds issued by the New York State Medical Care Facilities Finance Agency (MCFFA) and by DASNY (all now included as debt of DASNY), in the event there are shortfalls of revenues from other sources, which include hospital payments made under loan agreements between DASNY and the hospitals, and certain reserve funds held by the applicable trustees for the bonds.

As of March 31, 2011, the financial condition of most hospitals in the State's Secured Hospital Program continues to deteriorate. Assuming recent trends continue, State resources will be needed to meet debt service obligations on outstanding bonds. As of March 31, 2011, there are $585 million of outstanding bonds in the program with annual debt service requirements of $79 million.

Of the nine hospitals in the program, several are experiencing significant operating losses that are likely to impair their ability to remain current on their loan agreements with DASNY. As of March 31, 2011, three are delinquent on their payment obligations. Of those, one hospital (North General Hospital) filed for bankruptcy in July 2010 (and closed later that month) and the hospital will not be making any further payments on the $111 million of outstanding bonds. Since the hospital's closing, payments of debt service on the outstanding bonds have been made from other available funds that were not pledged to bondholders. These funds were held by DASNY, pursuant to the terms of a Tri-Party Agreement among DASNY, DOH and DOB. As of March 31, 2011, the balance of these resources was $23.8 million, and since DASNY anticipates that as much as $29.0 million of resources may be needed to cover shortfalls in FY 2012, the remaining funds for the three hospitals that are delinquent on their payment obligations will likely be fully depleted.

After the unpledged resources are exhausted, Special Debt Service Reserve Funds and Capital Reserve/Debt Service Reserve Funds remain for each hospital that are pledged to bondholders and held by bond trustees. The Special Debt Service Reserve Funds are funded at one half-year debt service for each series of bonds. The Capital Reserve/Debt Service Reserve Funds are funded at the lesser of one full year of the maximum annual debt service or ten percent of the amount of bonds issued as necessary to comply with the applicable requirements of the Internal Revenue Service Code, for each series of bonds. If used, there is no requirement to maintain (or replenish) the Special Debt Service Reserve Fund. For the Capital Reserve/Debt Service Reserve Fund, each hospital is required under its loan agreement and the applicable bond resolution to restore any deficiencies. The State is not required to do so. If the hospitals are unable to replenish the Capital Reserve/Debt Service Reserve Fund, however, once the Fund is fully depleted, the State is obligated to make debt service payments under a service contract arrangement. The State has enacted contingent contractual appropriations to meet this obligation. The annual debt service payments for the five most vulnerable hospitals are approximately $53 million annually for the next five years.

Tobacco Settlement Financing Corporation (TSFC)

Legislation enacted in 2003 authorized the State to securitize all of its tobacco settlement payments through the TSFC, a corporation created under the legislation that is a subsidiary of the MBBA, through an asset-backed securitization transaction. To lower costs, the legislation authorized the State to enter into contingency contracts obligating the State to pay debt service, subject to annual appropriations, on the TSFC bonds in the event that tobacco receipts and bond reserves are insufficient. To reduce the chance that the State's contractual payments will be required in the event that tobacco receipts and bond reserves are not sufficient to pay debt service, the TSFC bonds were structured to meet or exceed all rating agency tobacco bond stress tests. The $4.2 billion of upfront payments received by the State from the securitization were used to help restore State budget balance in FY 2004 ($3.8 billion) and FY 2005 ($400 million). As of March 31, 2011, approximately $3.0 billion of TSFC bonds were outstanding.

The bonds carry a final nominal maturity of 19 years and have an expected final maturity of 13 years, based on optional redemptions (i.e., an expected final maturity in calendar year 2018). The expected final maturity may deviate due to the optional nature of the redemptions and adjustments to tobacco settlement payments due from participating manufacturers. Various manufacturers, including the original participating manufacturers, have, or indicate that they plan to, make reduced payments to states and territories, or deposit payments into a special disputed payments account awaiting determination of entitlement to adjustments.

Moral Obligation Financings

Moral obligation financing generally involves the issuance of debt by a public authority to finance a revenue producing project or other activity. The debt is secured, in the first instance, by project revenues, but includes statutory provisions requiring the State, subject to appropriation by the Legislature, to make up any deficiencies which may occur in the issuer's debt service reserve fund. There has never been a payment default on any moral obligation debt of any public authority. DOB does not expect the State to increase statutory authorizations for moral obligation bond programs. From 1976 through 1987, the State was called upon to appropriate and make payments totaling $162.8 million to make up deficiencies in the debt service reserve funds of HFA pursuant to moral obligation provisions. In the same period, the State also expended additional funds to assist the Project Finance Agency, Urban Development Corporation (UDC) and other public authorities which had moral obligation debt outstanding. The State has not been called upon to make any payments pursuant to any moral obligations since FY 1987 and no such requirements are anticipated during FY 2012.

State-Guaranteed Financings

Pursuant to specific constitutional authorization, the State may also directly guarantee certain public authority obligations. Payments of debt service on State-guaranteed bonds and notes are legally enforceable obligations of the State. The only current authorization provides for the State guarantee of the repayment of certain borrowings for designated projects of the New York State Job Development Authority (JDA). The State has never been called upon to make any direct payments pursuant to any such guarantees.

Due to concerns regarding the economic viability of its programs, JDA's loan and loan guarantee activities were suspended in 1995. JDA resumed its lending activities in 1997 under a revised set of lending programs and underwriting guidelines. In April 2004, JDA issued approximately $42 million of State-guaranteed bonds to refinance certain of its outstanding bonds and notes in order to restructure and improve JDA's capital finances. As of March 31, 2011, JDA had approximately $23 million of bonds outstanding. DOB does not anticipate that the State will be called upon to make any payments pursuant to the State guarantee in FY 2012.

OTHER STATE FINANCINGS

Other State financings relate to the issuance of debt by a public authority on behalf of a municipality which receives proceeds of the sale. These include Capital Leases, Mortgage Loan Commitments and MBBA prior year school aid claims. To ensure that debt service payments are made, the municipality assigns specified State and local assistance payments it receives to the issuer or the bond trustee. The State has no legal obligation to make any debt service payments or to continue to appropriate local assistance payments that are subject to the assignment.

BORROWING PLAN

STATE DEBT ISSUANCES BY FINANCING PROGRAM
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Personal Income Tax Revenue Bonds	3,728	3,801	2,871	2,783	2,428	2,312
General Obligation Bonds	500	461	382	325	299	111
Dedicated Highway & Bridge Trust Fund Bonds	0	1,007	568	566	565	542
Mental Health Facilties Improvement Revenue Bonds [1]	0	417	677	570	535	561
SUNY Dormitory Facilities Bonds	128	236	309	30	0	102
Total Issuances	4,356	5,921	4,806	4,274	3,826	3,628

Source: NYS DOB

[1] May also be issued under the State PIT Revenue Bond financing program.

Debt issuances of $5.9 billion are planned to finance new capital projects in FY 2012, an increase of $1.6 billion (3.6 percent) from FY 2011. This includes roughly $740 million of issuances that were delayed from FY 2011. The bond issuances will finance capital commitments for education ($1.7 billion), transportation ($1.8 billion), State facilities and equipment ($462 million), economic development ($821 million), health and mental hygiene ($738 million), and the environment ($400 million). Consistent with recent experience, education (including higher education and EXCEL), transportation, and economic development projects are projected to represent approximately 73 percent of new issuances.

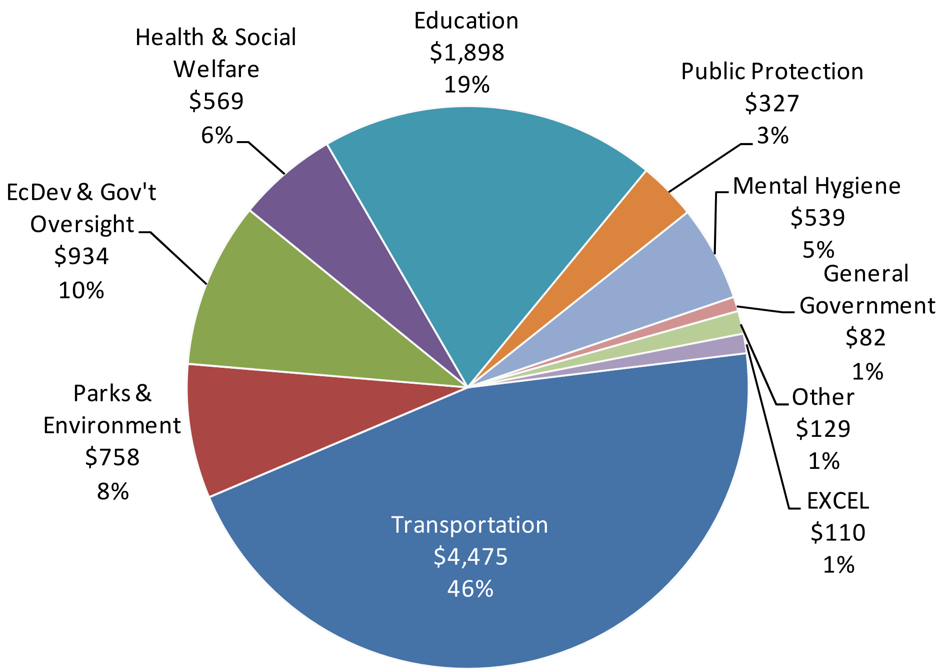
Over the next five years, new debt issuances are projected to total over $22 billion. New issuances are planned for education facilities ($8.2 billion), transportation infrastructure ($6.6 billion), mental hygiene and healthcare facilities ($3.3 billion), State facilities and equipment ($1.9 billion), and other programs ($2.4 billion).

The PIT credit has replaced most of the State's service contract bonding, and is projected to comprise 64 percent of all new State bond issuances in FY 2012. The remaining issuances are divided between general obligation bonds and other revenue credits.

FY 2012 CAPITAL PROJECTS SPENDING

Spending on capital projects is projected to total $9.6 billion in FY 2012, which includes $1.7 billion in "off-budget spending" directly from bond proceeds held by public authorities. Overall, capital spending in FY 2012 is projected to increase by $305 million (3.3 percent) from FY 2011.

2011-12 Capital Spending by Function (millions of dollars)



In FY 2012, transportation spending is projected to total nearly half of total capital spending. Education and economic development comprise the next two largest shares at 19 percent and 10 percent, respectively. The remaining 25 percent is comprised of spending for the environment, mental hygiene, public protection and all other capital programs.

Spending for transportation is projected to increase by $47 million (1.1 percent) in FY 2012, and largely reflects essentially flat commitment levels. Spending estimates will be adjusted when a new transportation plan is authorized.

Parks and environment spending will increase by $30 million (4.1 percent) in FY 2012. The majority of spending for parks and the environment is for ongoing preservation and maintenance of various lands, facilities and other structures. Other efforts include projects to protect the State's water and air quality, Brownfield projects, hazardous waste site cleanups, and landfill closures.

Economic development and government oversight spending is projected to decline by $224 million (-19.3 percent). This is primarily attributable to the phasing down of significant projects, including the GlobalFoundries facility. Ongoing projects include continued support of various economic development and regional initiatives including a statewide competitive grant program, specific downstate regional initiatives and upstate city-by-city projects.

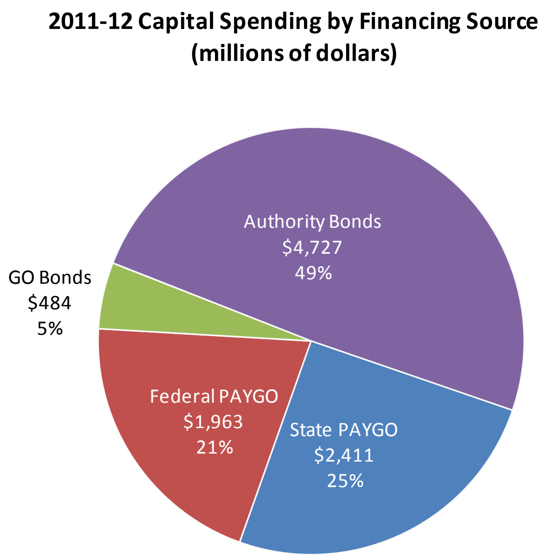
Spending for health and social welfare is projected to increase by $216 million (61.2 percent). It reflects revised projections based on recent project activity levels for the $1.6 billion HEAL NY program enacted in FY 2007.

Education spending is projected to increase by $112 million (5.9 percent) in FY 2012. This is primarily due to capital investments in the universities and several other infrastructure improvements.

Spending increases of $69 million (26.8 percent) for public protection primarily reflect investments in the Division of Homeland Security and Emergency Services State Preparedness Training Center, and the Division of State Police Troop G Headquarters, as well as preservation and improvement projects at correctional facilities, including renovations to the Walsh Regional Medical Unit for long-term care for prisoners.

Mental hygiene capital spending will increase by $266 million (97.4 percent) for continued rehabilitation projects at State and not-for-profit facilities and continued development of community residences.

FINANCING FY 2012 CAPITAL PROJECTS SPENDING



In FY 2012, the State plans to finance 54 percent of capital projects spending with long-term debt and the remaining share with State and Federal cash reserves. Total PAYGO support is projected to increase by $111 million in FY 2012, with State PAYGO increasing by $291 million and Federal PAYGO support decreasing by $180 million representing the conclusion of one-time ARRA funding. Federal aid is expected to fund 21 percent of the State's FY 2012 capital spending, primarily for transportation. Bond-financed spending is projected to increase by $193 million to support growth.

State-Related Debt Service Requirements

The following table presents the current and future debt service (principal and interest) requirements on State-related debt outstanding as of March 31, 2011. The requirements of LGAC and other financing obligations of public authorities are based on the gross amounts due from the authorities to bondholders within the fiscal year when such authorities make the payments. The amounts shown do not reflect other associated costs or revenues anticipated to be available, such as interest earnings, capitalized interest or debt service reserve fund releases. Thus, the requirements shown are generally in excess of the amounts expected to be actually paid by the State during its fiscal year.

ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE [1]
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15	2015-16	Total
General Obligation	502	467	424	387	353	2,132
Local Government Assistance Corporation	352	368	370	362	370	1,822
State Personal Income Tax Financing Obligations	2,035	1,984	1,904	1,856	1,786	9,566
Other State-Supported Financing Obligations	2,923	2,802	2,733	2,620	2,459	13,537
Tobacco [2]	446	443	442	441	441	2,214
All Other State-Related Financing Obligations	137	135	136	131	128	667
Total Issuances	6,258	6,064	5,873	5,666	5,408	29,271

Source: NYS DOB

[1] Reflects debt issued as of March 31, 2011. Estimated debt service requirements are calculated based on swap rates in effect for all bonds that were synthetically fixed under an interest rate exchange agreement. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at rates of 3.50 percent.

[2] Estimated debt service numbers are based on available information as of March 31, 2011. Since 2006 certain monies expected to flow to the State under the Master Settlement Agreement have been withheld and placed in an escrow account. Pending the outcome of a resolution between participating manufacturers and the states, the debt service numbers will be adjusted accordingly.

LIMITATIONS ON STATE-SUPPORTED DEBT

Debt Reform Act of 2000

Chapter 59 of the Laws of 2000 enacted the Debt Reform Act, which is intended to improve the State's borrowing practices and applies to all new State-supported debt issued on and after April 1, 2000. The Debt Reform Act imposes phased-in caps on new debt outstanding and new debt service costs, limits the use of debt to capital works and purposes only, and establishes a maximum term of 30 years on such debt.

The cap on new State-supported debt outstanding began at 0.75 percent of personal income in FY 2001 and is fully phased-in at 4 percent of personal income in FY 2011. The cap on new State-supported debt service costs began at 0.75 percent of total governmental funds receipts in FY 2001 and will increase until it is fully phased in at 5 percent in FY 2014.

The Debt Reform Act requires that the limitations on the issuance of State-supported debt and debt service costs be calculated by October 31 of each year and reported in the quarterly Financial Plan Update most proximate to such date. If the calculations for new State-supported debt outstanding and debt service costs are less than the State-supported debt outstanding and debt service costs permitted under the Debt Reform Act, new State-supported debt may continue to be issued. However, if either cap is met or exceeded, the State, absent a change in law, would be precluded from contracting new State-supported debt until the next annual cap calculation is made and State-supported debt is found to be within the appropriate limits. DOB intends to manage subsequent capital plans and issuance schedules consistent with the limits.

In the most recent annual certification dated November 1, 2010, the State reported that it was in compliance with both debt caps, with debt issued after March 31, 2000 and outstanding at March 31, 2010 at 3.29 percent of personal income and debt service on such debt at 1.86 percent of total governmental receipts, compared to the caps of 3.98 percent for each.

Current projections estimate that debt outstanding and debt service costs will continue to remain below the limits imposed by the Act throughout the next several years. However, the State has entered into a period of declining debt capacity. Available room under the cap, in regards to debt outstanding is expected to decline from 0.5 percent ($5.0 billion) in FY 2011 to 0.1 percent ($1.1 billion) in FY 2014. The estimates do not assume new or increased debt authorization for certain major capital program areas that may be approved in future years. Additionally, the projections are sensitive to changes in State personal income levels. DOB expects that the State will take such actions as may be necessary to comply with debt limits established by the Debt Reform Act.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Since April 1, 2000	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
2010-11	946,054	4.00%	37,842	32,824	5,018	3.47%	0.53%	18,808	51,632
2011-12	990,586	4.00%	39,623	37,080	2,543	3.74%	0.26%	17,196	54,276
2012-13	1,026,944	4.00%	41,078	39,909	1,169	3.89%	0.11%	15,605	55,513
2013-14	1,079,719	4.00%	43,189	42,119	1,070	3.90%	0.10%	14,011	56,130
2014-15	1,137,630	4.00%	45,505	43,810	1,695	3.85%	0.15%	12,417	56,227
2015-16	1,197,873	4.00%	47,915	45,259	2,656	3.78%	0.22%	10,880	56,139

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Since April 1, 2000	$ Remaining Capacity	DS as a % of	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service
2010-11	133,321	4.32%	5,755	3,145	2,610	2.36%	1.96%	2,470	5,615
2011-12	131,688	4.65%	6,124	3,528	2,595	2.68%	1.97%	2,344	5,873
2012-13	129,767	4.98%	6,467	3,940	2,527	3.04%	1.95%	2,410	6,349
2013-14	134,858	5.00%	6,743	4,233	2,509	3.14%	1.86%	2,282	6,515
2014-15	141,733	5.00%	7,087	4,460	2,627	3.15%	1.85%	2,109	6,568
2015-16	150,305	5.00%	7,515	4,653	2,863	3.10%	1.90%	1,998	6,650

INTEREST RATE EXCHANGE AGREEMENTS AND NET VARIABLE RATE OBLIGATIONS

Chapter 81 of the Laws of 2002 authorized issuers of State-supported debt to issue a limited amount of variable rate debt instruments and to enter into a limited amount of interest rate exchange agreements. The current limit on debt instruments which result in a net variable rate exposure (i.e., both variable rate debt and interest rate exchange agreements) is no more than 15 percent of total outstanding State-supported debt. Interest rate exchange agreements are also limited to a total notional amount of no more than 15 percent of total outstanding State-supported debt. The outstanding State-supported debt of $51.6 billion as of March 31, 2011 results in a cap on variable rate exposure and a cap on interest rate exchange agreements of about $8 billion each (15 percent of total outstanding State-supported debt). As discussed below, as of March 31, 2011, both the amount of outstanding variable rate debt instruments and interest rate exchange agreements were less than the authorized totals of 15 percent of total outstanding State-supported debt.

INTEREST RATE EXCHANGE AGREEMENTS

As of March 31, 2011, the State's Authorized issuers have a notional amount of $2.3 billion in interest rate exchange agreements or 4.4 percent of total debt outstanding.

The State has significantly reduced its swap exposure from $6.0 billion as of March 31, 2008 to $2.3 billion as of March 31, 2011, a 62 percent reduction. Over the last three years, the State has terminated $3.7 billion of swaps, including $565 million that was terminated automatically due to the bankruptcy of Lehman Brothers Holdings, Inc. The State currently has no plans to increase its swap exposure, and may take further actions to reduce swap exposures commensurate with variable rate restructuring efforts.

The following table shows the amount of outstanding interest rate exchange agreements which are subject to the statutory cap over the next four years.

INTEREST RATE EXCHANGE CAP
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14	2014-15
Interest Rate Exchange Cap	7,745	8,141	8,327	8,419	8,434
Notional Amounts of Interest Rate Exchange Agreements	2,253	2,248	2,234	2,202	2,115
Percent of Interest Rate Exchange Agreements to Debt Outstanding	4.4%	4.1%	4.0%	3.9%	3.8%

NET VARIABLE RATE OBLIGATIONS

As of March 31, 2011, the State had $2.7 billion of variable rate obligations, of which $2.25 billion is hedged to fixed rate. The net variable rate exposure subject to the cap is $465 million, or 0.9 percent of total debt outstanding.

The State has made significant adjustments to its variable rate bond portfolio to mitigate risks and reduce costs. Since March 31, 2008, the State has reduced its unhedged variable rate bond exposure by $1.2 billion.

In addition to the variable rate obligations described above, the State has $1.2 billion convertible rate bonds currently outstanding. These bonds bear a fixed rate until future mandatory tender dates in 2012 and 2013, at which times the State can convert them to either a fixed rate or continue them in a variable rate mode. Legislation was enacted in 2005 to clarify that convertible bonds, synthetic variable obligations and similar obligations that were issued on or before July 1, 2005 and which result in the State paying a fixed rate in a fiscal year do not count under the variable rate cap until the fiscal year in which the State may pay a variable rate.

STATE BOND CAPS AND DEBT OUTSTANDING

Bond caps are legal authorizations to issue bonds to finance the State's capital projects. The caps can authorize bond financing of capital appropriations. As the bond cap for a particular programmatic purpose is reached, subsequent legislative changes are required to raise the statutory cap to the level necessary to meet the bondable capital needs, as permitted by a single or multi-year appropriation. The aggregate bond caps have increased by $1.3 billion in FY 2012.

Debt authorizations for capital programs are either approved or enacted at one time, expected to be fully issued over time, or are enacted annually by the Legislature and are usually consistent with bondable capital projects appropriations. Authorization does not, however, indicate intent to sell bonds for the entire amount of those authorizations, because capital appropriations often include projects that do not materialize or are financed from other sources. The amount of bonds authorized may be increased or decreased from time to time by the Legislature. In the case of general obligation debt, increases in the authorization must be approved by the voters.

At March 31, 2011, total State-supported debt outstanding was $51.6 billion (an increase of $1.3 billion since March 31, 2010) and total State-related debt outstanding was $56.1 billion (an increase of $959 million since March 31, 2010).

FOR MORE INFORMATION

Additional information on the State's debt portfolio is available on DOB's public website (www.budget.ny.gov). The Investor's Guide section of the site contains information on New York State bonds including: the State's bond issuance schedule; which is updated periodically; swap and variable rate capacity reports; variable rate trading activity; State PIT Revenue Bond debt service and debt outstanding; and swap performance reports.

Section 1: Subsection C

“State Organization
(Including State Employment)”

STATE ORGANIZATION

SELECTED STATE GOVERNMENT SUMMARY

STATE GOVERNMENT ORGANIZATION

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2014.

Name	Office	Party Affiliation	First Elected
Andrew M. Cuomo	Governor	Democrat	2010
Robert J. Duffy	Lieutenant Governor	Democrat	2010
Thomas P. DiNapoli*	Comptroller	Democrat	2007
Eric T. Schneiderman	Attorney General	Democrat	2010

*Elected by the State Legislature on February 7, 2007 following the December 2006 resignation of Comptroller Hevesi. Comptroller DiNapoli subsequently was elected by the voters during the November 2010 general election.

The Governor and Lieutenant Governor are elected jointly. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget (the current Director is Robert L. Megna). DOB is responsible for preparing the Governor's Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State's fiscal projections quarterly. DOB is also responsible for coordinating the State's capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State's general obligation debt and most of its investments (see "Fiscal Controls" and "Investment of State Moneys" below). The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State general obligation bonds and notes.

The State Legislature is composed of a 62-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2012. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current majority leaders are President Pro Tempore Dean Skelos (Republican) in the Senate and Sheldon Silver (Democrat), Speaker of the Assembly. The Minority leaders are John Sampson (Democrat) in the Senate and Brian Kolb (Republican) in the Assembly.

APPROPRIATIONS AND FISCAL CONTROLS

The State Constitution requires the Comptroller to audit the accrual and collection of State revenues and receipts and to audit vouchers before payment and all official accounts. Generally, no State payment may be made unless the Comptroller has audited it. Additionally, the State Constitution requires the Comptroller to prescribe such methods of accounting as are necessary for the performance of the foregoing duties.

Disbursements from State funds are limited to the level of authorized appropriations. Disbursements from Federal funds must be appropriated in accordance with appropriate legal authority, are limited to the amounts anticipated from Federal programs and may not be made in the absence of appropriate certifications from the Director of the Budget. Generally, most State contracts for disbursements in excess of $50,000 (or $85,000 in the case of the Office of General Services) require prior approval by the Comptroller. However, certain contracts, primarily of SUNY and CUNY, are not subject to approval by the Comptroller, and certain other contracts are subject to higher thresholds. In most cases, State agency contracts depend upon the existence of an appropriation and the issuance of a certificate of availability by the Director of the Budget. The Budget Director must review all applications for State participation in continuing grant- or contract-supported programs, with specified exceptions. Certain legislative leaders have the opportunity to make recommendations on the applications. In addition, the Comptroller has the discretion to identify and review certain public authority contracts valued at $1.0 million or greater that are either awarded without competition or which are paid using State-appropriated funds.

Appropriations may be increased or decreased in accordance with statutory authority under certain circumstances by transfer, interchange or otherwise. In addition, appropriations may be increased or decreased by statutory amendment or by supplemental appropriations. Moneys or other financial resources from one fund may also be loaned to another fund, but only if such loan is repaid in full prior to the end of the month in which the loan was made, except as provided by law.

In addition, the Governor has traditionally exercised substantial authority in administering the State Financial Plan by limiting certain disbursements after the Legislature has enacted appropriation bills and revenue measures. The Governor may, primarily through DOB, limit certain spending by State departments, and delay construction projects to control disbursements using the Director of the Budget's certification process. An important limitation of the Governor's ability to restrict disbursements is that local assistance payments, which typically make up close to 70 percent of General Fund disbursements (including operating transfers to other funds), are generally mandated by statute. The State Court of Appeals has held that, even in an effort to maintain a balanced Financial Plan, neither the Governor nor the Director of the Budget has the authority to refuse to make a local assistance disbursement mandated by law.

INVESTMENT OF STATE MONEYS

The Comptroller is responsible for the investment of substantially all State moneys. By law, such moneys may be invested only in obligations issued or guaranteed by the Federal government or the State, obligations of certain Federal agencies that are not guaranteed by the Federal government, certain general obligations of other states, direct obligations of the State's municipalities and obligations of certain public authorities, certain short-term corporate obligations, certain bankers' acceptances, and certificates of deposit secured by legally qualified governmental securities. All securities in which the State invests moneys held by funds administered within the State Treasury must mature within twelve years of the date they are purchased. Money impounded by the Comptroller for payment of TRANs may only be invested, subject to the provisions of the State Finance Law, in (i) obligations of the Federal government, (ii) certificates of deposit secured by such obligations, or (iii) obligations of or obligations guaranteed by agencies of the Federal government as to which the payment of principal and interest is guaranteed by the Federal government.

The Comptroller invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through STIP, which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund. The interest earnings accrued are allocated and deposited to the credit of those funds with positive balances that contribute to the overall invested STIP pool.

The Comptroller is authorized to make temporary loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Executive Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements). The General Fund is authorized to receive temporary loans from STIP for a period not to exceed four months or the end of the fiscal year, whichever is shorter.

The State Comptroller repays loans from the first cash receipts into the borrowing fund or account. Fund balances outside the General Fund are presented on a net basis, i.e., they are reduced by the amount of outstanding temporary loans from STIP. The primary sources of the State's temporary loans include timing-related delays in the receipt from Federal Funds and the sale of bonds used to finance capital projects, a delinquent SUNY hospital loan, and unreimbursed costs related to the Office for Technology (OFT) Internal Service funds. The total outstanding balance of loans from STIP at March 31, 2011 was $1.656 billion, an increase of $170 million from the outstanding loan balance of $1.486 billion at March 31, 2010.

ACCOUNTING PRACTICES, FINANCIAL REPORTING AND BUDGETING

Historically, the State has accounted for, reported and budgeted its operations on a cash basis. Under this form of accounting, receipts are recorded at the time money or checks are deposited in the State Treasury, and disbursements are recorded at the time a check or electronic payment is released. As a result, actions and circumstances, including discretionary decisions by certain governmental officials, can affect the timing of payments and deposits and therefore can significantly affect the cash amounts reported in a fiscal year. Under cash-basis accounting, all estimates and projections of State receipts and disbursements relating to a particular fiscal year are of amounts to be deposited in or disbursed from the State Treasury during that fiscal year, regardless of the fiscal period to which particular receipts or disbursements may otherwise be attributable.

The State also has an accounting and financial reporting system based on GAAP and currently formulates a GAAP financial plan. GAAP for governmental entities requires use of the accrual basis of accounting for the government-wide financial statements which includes governmental and business-type activities and component units. Revenues are recorded when they are estimated to have been earned and expenses are recorded when a liability is estimated to have been incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under modified accrual procedures, revenues are recorded when they become both measurable and available within 12 months of the end of the current fiscal period to finance expenditures; expenditures are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months with the exception of expenditures such as debt service, compensated absences, and claims and judgments. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Non-exchange grants and subsidies such as local assistance grants and public benefit corporation subsidies are recognized as expenditures when all requirements of the grant and or subsidy have been satisfied.

STATE GOVERNMENT EMPLOYMENT

As of March 31, 2011, the State had approximately 188,511 full-time equivalent annual salaried employees funded from all funds including some part-time and temporary employees, off-budget agencies and university systems, but excluding seasonal, legislative and judicial employees. The workforce is now 18 percent smaller than it was 20 years ago, when it peaked at 230,600 positions. The State workforce will be reduced to a projected 178,203 positions at the end of FY 2012 depending upon the outcome of collective bargaining negotiations. The State workforce subject to direct Executive control is expected to total 126,395 full time equivalent positions at the end of FY 2012 (before any workforce savings), a reduction of approximately 5,346 from FY 2010 levels.

The State Public Employment Relations Board defines negotiating units for State employees. GOER conducts collective bargaining negotiations with the State's unions, with the exception of employees of the Judiciary, public authorities and the Legislature. Such negotiations include terms and conditions of employment, except pension benefits. Most of the contracts with the State's employee unions expired at the end of FY 2011. The State is in the process of negotiating successor agreements, with the goal of achieving recurring savings.

While approximately 94 percent of the State workforce is unionized, the remainder of the workforce is designated as "managerial" or "confidential" (M/C) and is excluded from collective bargaining. The results of collective bargaining negotiations have historically been applied to all State employees within the Executive Branch. However, general salary increases were withheld from M/C employees in FY 2010 and FY 2011. Under the State's Taylor Law, the general statute governing public employee-employer relations in the State, employees are prohibited from striking. A strike against the State last occurred in 1979 by employees of the Department of Correctional Services (DOCs).

HISTORICAL SUMMARY OF EXECUTIVE BRANCH ANNUAL SALARIED FTEs ALL FUNDS

Date	Subject to Direct Executive Control	Grand Total
3/31/2008	137,680	199,754
3/31/2009	136,490	199,916
3/31/2010	131,741	195,792
3/31/2011	125,787	188,511

Workforce Impact Summary

All Funds

2009-10 Through 2011-12

	2009-10 Actuals (03/31/10)	2010-11 Actuals (03/31/11)	2011-12 Estimate (03/31/12)
Major Agencies			
Children and Family Services, Office of	3,555	3,352	3,771
Corrections and Community Supervision, Department of	30,104	29,530	31,176
Education Department, State	2,976	2,735	2,806
Environmental Conservation, Department of	3,454	3,003	3,003
General Services, Office of	1,519	1,345	1,374
Health, Department of	5,388	4,995	5,192
Labor, Department of	3,982	3,953	3,977
Mental Health, Office of	16,173	15,727	15,660
Motor Vehicles, Department of	2,750	2,447	2,472
Parks, Recreation and Historic Preservation, Office of	2,053	1,800	1,785
Parole, Division of	1,973	1,863	0
People w ith Developmental Disabilities, Office for	21,530	21,221	21,192
State Police, Division of	5,704	5,435	5,309
Taxation and Finance, Department of	5,263	5,125	5,002
Temporary and Disability Assistance, Office of	2,259	2,159	2,248
Transportation, Department of	9,963	9,130	8,708
Workers' Compensation Board	1,395	1,364	1,466
Subtotal - Major Agencies	**120,041**	**115,184**	**115,141**
Minor Agencies	**11,700**	**10,603**	**11,254**
Subtotal - Subject to Direct Executive Control	**131,741**	**125,787**	**126,395**
Adjustments			
Workforce Savings - Attrition	0	0	(1,762)
Workforce Savings - Layoffs*	0	0	(9,748)
Subtotal - Adjustments	**0**	**0**	**(11,510)**
University Systems			
City University of New York	13,073	12,844	12,844
State University Construction Fund	129	140	152
State University of New York	41,900	41,053	41,457
Subtotal - University Systems	**55,102**	**54,037**	**54,453**
Off-Budget Agencies			
Rosw ell Park Cancer Institute	2,025	2,025	2,025
Science, Technology and Innovation, NYS Foundation for	25	20	0
State Insurance Fund	2,547	2,545	2,564
Subtotal - Off-Budget Agencies	**4,597**	**4,590**	**4,589**
Independently Elected Agencies			
Audit and Control, Department of	2,545	2,444	2,529
Law , Department of	1,807	1,653	1,747
Subtotal - Independently Elected Agencies	**4,352**	**4,097**	**4,276**
Grand Total	**195,792**	**188,511**	**178,203**

* This line reflects lavoffs that mav be necessary in the absence of negotiated w orkforce savings.

Source - NYS DOB

Section 1: Subsection D

“State Retirement Systems”

State Retirement Systems

This section summarizes key disclosure regarding the New York State and Local Retirement System (NYSLRS or the "Systems") and the Common Retirement Fund (CRF) which holds its assets. Greater detail, including the independent auditor's report, is included in NYSLRS' Comprehensive Annual Financial Report (NYSLRS' CAFR) for the fiscal year ended March 31, 2010. A copy of NYSLRS' CAFR and Asset Listing, as well as the NYSLRS' CAFR for each of the six prior fiscal years is available on the Comptroller's web site. The Actuary's Annual Reports to the Comptroller issued from 2007 through 2010 are also available on the internet. Copies of these reports and benefit plan booklets may be accessed at www.osc.state.ny.us/retire/publications. OSC anticipates that the independent audit of NYSLRS' FY 2011 will be completed in July 2011. The NYSLRS' CAFR for the fiscal year ending on March 31, 2011 will be available on the OSC website on September 30, 2011.

The Systems provide coverage for public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). The Systems comprise the New York State and Local ERS and the New York State and Local PFRS. The Comptroller is the administrative head of the Systems. State employees made up about 34 percent of the membership during the 2009-10 fiscal year. There were 3,035 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees) and a large number of local authorities of the State.

As of March 31, 2010, 679,217 persons were members of the Systems and 375,803 pensioners or beneficiaries were receiving benefits. The State Constitution considers membership in any State pension or retirement system to be a contractual relationship, the benefits of which shall not be diminished or impaired. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

The investment losses experienced in fiscal year 2009 negatively impacted the value of assets held for the Systems. The current actuarial smoothing method spreads the impact over a 5-year period. Thus, contribution rates increased for FY 2011 and FY 2012 and further increases are expected for FY 2013 through FY 2015. The amount of such future increases will depend, in part, on the value of the pension fund as of each April 1, as well as on the present value of the anticipated benefits to be paid by the pension fund as of each April 1. Final contribution rates for FY 2012 were released in early September 2010. The average ERS rate increased from 11.9 percent of salary in FY 2011 to 16.3 percent of salary in FY 2012, while the average PFRS rate increased from 18.2 percent of salary in FY 2011 to 21.6 percent of salary in FY 2012. The contribution rates for FY 2012 reflect the System's Actuary's recommendations based on the legally required five-year review of actuarial assumptions, including a reduction in the assumed investment rate of return from 8 percent to 7.5 percent.

The Systems' members are categorized into one of five tiers depending on date of membership. Benefits provided to members vary depending on tier membership. On December 10, 2009, then Governor Paterson signed a bill that amended Articles 14, 15 and 19 and created Article 22 of the Retirement and Social Security Law. This bill created Tier 5, which resulted in significant changes to benefits for the Systems' members. ERS members joining on or after January 1, 2010 and PFRS members joining on or after January 9, 2010 are in Tier 5. The following chart compares the benefits provided to members in Tiers 3 and 4 (nearly 90 percent of the Systems' members as of March 31, 2010) to those benefits to be provided to members in Tier 5.

Tiers 3 Through 5 Benefit Comparison

Comparison of Benefits	Tiers 3 & 4 Benefits	Tier 5 Benefits
Vesting – Both Systems	Five Years	Ten Years
Overtime Cap:		
ERS	No Cap	$15,000/year with 3% escalation
PFRS	No Cap	15%/year of regular salary
Contributions:		
ERS	3% for 10 years	3% for entire career*
PFRS	None, if employer offers non-contributory plan	3% for entire career**
Full Retirement:		
Both ERS and PFRS in "regular" plans	Age 62 and five years service credit --- Full benefits at age 55 and 30 years of service credit	Age 62 and ten years service credit --- Eliminated
Early Retirement:		
ERS	Reduction for early retirement between 55 and 62 with less than 30 years of service credit	Increased reduction for early retirement between 55 and 62 regardless of years of service***
PFRS	Reduction for early retirement between 55 and 62	Reduction for early retirement between 55 and 62

*Correction Officers' contributions cease w/ 30 years of service credit. Peace Officers/Court Officers contribute 4 percent.

**This does not apply to all PFRS members. Not required to contribute when maximum service credit accrued. Some PFRS members non-contributory if special plan elected under union-negotiated contracts in effect as of 1/9/10 AND date of membership.

***Except for Uniformed Court and Peace Officers employed by the Unified Court System.

Legislation enacted in June 2010 provided the State and local employers with the option to offer a temporary Retirement Incentive Program (ERI) for certain ERS members. This program did not apply to PFRS members. The Program had two distinct parts:

- Part A was a targeted incentive. Employers identified eligible titles. Part A provided one additional month of service credit for each year of credited service an eligible member had at retirement. The maximum additional incentive service credit was three years.
- Part B was not targeted. It was open to all eligible Tier 2, 3 and 4 members unless an employer deemed a member's position critical to the maintenance of public health and safety. Part B allowed members who were at least age 55 and had 25 years or more of service credit to retire without a benefit reduction.

Members whose employer offered both parts of the program, and who met the eligibility requirements of both parts, had to choose between the two. Employers established a 30-to-90-day window for Part A and/or a 90-day window for Part B. The incentive window for State Executive Branch employees was July 1 through September 28, 2010. Other public employers were able to establish incentive windows which could extend through December 31, 2010. The cost of the incentive will be borne by the State and each employer electing the incentive over a five-year period commencing with a payment in the FY 2012.

The number of members who retired under the State ERI is 6,412. Three hundred ninety-nine (399) participating employers elected to participate in Part A of the ERI. Two hundred eleven (211) participating employers elected to participate in Part B of the ERI. Five thousand four hundred fifty three (5,453) members from participating employers retired under the ERI. While members are receiving payments based on estimates, costs cannot be determined until final calculations have been completed.

Part TT of Chapter 57 of the Laws of 2010, authorized the State and local employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. Amortized amounts will be paid in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers would pay interest on the amortized amount at a rate determined by the Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate will be set annually. Rates will vary according to market performance. The interest rate on the amount an employer chooses to amortize in a particular rate year will be the rate for that year and will be fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year, which may be different from the previous rate year. For amounts amortized in 2011, the Comptroller has set an interest rate of 5 percent. The first payment will be due in the fiscal year following the decision to amortize. Part TT of Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, it is expected that this will reduce the budgetary volatility of employer contributions. The State elected to amortize $249,574,168 for FY 2011, and 57 participating employers amortized a total of $43,683,088.

CONTRIBUTIONS

Contributions to the Systems are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 are required to contribute 3 percent of their salaries for the first ten years of membership. All ERS members joining after 2009, and most PFRS members joining after January 9, 2010, are required to contribute 3 percent of their salaries for their career. Some Tier 5 PFRS members however, may be non-contributory because of the provisions of unexpired collective bargaining agreements.

Legislation enacted in May 2003 realigned the Retirement Systems billing cycle to match participating local governments' budget cycles and also instituted a minimum annual payment. The employer contribution for a given fiscal year is based on the value of the pension fund and its liabilities on the prior April 1. In addition, employers are required to make a minimum contribution of at least 4.5 percent of payroll every year.

Chapter 260 of the Laws of 2004 authorized the State and local employers to amortize over ten years, at five percent interest, a portion of their annual bill for FY 2005, FY 2006 and FY 2007. As of March 31, 2011, the amortized amount receivable for fiscal year 2004-05 from the State is $229.4 million and from participating employers is $48.5 million; the amortized amount receivable for FY 2006 from the State is $87.7 million and from participating employers is $17.2 million; and the amortized amount receivable for FY 2007 from participating employers is $15.8 million. The State did not amortize any portion of its 2007 contributions. The State paid $1,303.2 million in contributions for FY 2011, including amortization payments of some $87.0 million for 2005 and 2006 bills. As noted above, the State elected to amortize $249.6 million for FY 2011 under Part TT of Chapter 57 of the laws of 2010. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF.

PENSION ASSETS AND LIABILITIES

Assets are held exclusively for the benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the CRF, a pooled investment vehicle that holds the Systems' assets. OSC reports that the net assets available for benefits as of March 31, 2010 were $134.2 billion (including $2.6 billion in receivables, which consist of employer contributions, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $23.3 billion or 21 percent from the FY 2009 level of $110.9 billion. This increase reflects, in large part, equity market performance. OSC reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $176.6 billion on April 1, 2009 to $186.8 billion (including $75.6 billion for current retirees and beneficiaries) on April 1, 2010. The funding method used by the Systems anticipates that the net assets, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from net assets on April 1, 2010 in that amortized cost was used instead of market value for bonds and mortgages, and the non-fixed investments utilized a smoothing method which recognized 20 percent of unexpected gain for the 2010 fiscal year, 40 percent of the unexpected loss for the 2009 fiscal year, 60 percent of the unexpected loss for the 2008 fiscal year and 80 percent of the unexpected gain for the 2007 fiscal year. Actuarial assets decreased from $149.0 billion on April 1, 2009 to $147.7 billion on April 1, 2010. The funded ratio, as of April 1, 2010, calculated by the System Actuary in August 2010 using the entry age normal funding method and actuarial assets, was 94 percent. Detail on the funded ratios of ERS and PFRS as of April 1 for each of the previous 5 years can be found on page 116 of the NYSLRS' CAFR.

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years. See also "Contributions" above.

CONTRIBUTIONS AND BENEFITS
NEW YORK STATE AND LOCAL RETIREMENT SYSTEMS
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid(3)
	All Participating Employers(1)(2)	Local Employers(1)(2)	State(1)(2)	Employees	
2000	165	11	154	423	3,787
2001	215	112	103	319	4,267
2002	264	199	65	210	4,576
2003	652	378	274	219	5,030
2004	1,287	832	455	222	5,424
2005	2,965	1,877	1,088	227	5,691
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883
2009	2,456	1,567	889	273	7,265
2010	2,344	1,447	897	284	7,719
2011 (4)	3,605	2,271	1,334	295	8,290
2012 (4)	4,940	3,112	1,828	306	8,904

(1) Contributions recorded include the full amount of unpaid amortized contributions.

(2) The annual required contributions (ARC) include the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts.

(3) Includes payments from Group Life Insurance Plan which funds the first $50,000 of any death benefit paid.

(4) Amounts reflected for FY 2011 and FY 2012 are estimates provided by the Division of the Budget.

NET ASSETS AVAILABLE FOR BENEFITS OF THE
NEW YORK STATE AND LOCAL RETIREMENT SYSTEMS (1)
(millions of dollars)

Fiscal Year Ended March 31	Total Assets(2)	Percent Increase/ (Decrease) From Prior Year
2000	128,889	14.3
2001	114,044	(11.5)
2002	112,725	(1.2)
2003	97,373	(13.6)
2004	120,799	24.1
2005	128,038	6.0
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)
2009	110,938	(28.8)
2010	134,252	21.0

Sources: State and Local Retirement Systems.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2010 includes approximately $2.6 billion of receivables.

(2) Includes certain accrued employer contributions to be paid with respect to service rendered during fiscal years other than the year shown.

Section 1: Subsection E

“Authorities and Localities”

AUTHORITIES AND LOCALITIES

PUBLIC AUTHORITIES

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. These entities generally pay their own operating expenses and debt service costs from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels, charges for public power, electric and gas utility services, tuition and fees, rentals charged for housing units, and charges for occupancy at medical care facilities. In addition, State legislation also authorizes several financing structures, which may be utilized for the financings.

Furthermore, there are statutory arrangements that, under certain circumstances, authorize State local assistance payments otherwise payable to localities to be made instead to the issuing public authorities in order to secure the payment of debt service on their revenue bonds and notes. However, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefore in any given year. Some public authorities also receive moneys from State appropriations to pay for the operating costs of certain programs.

For the purposes of the following table, authorities refer to public benefit corporations or public authorities, created pursuant to State law, and the Port Authority of New York and New Jersey, a joint venture created by compact between the two states, which are reported in the State's CAFR. Authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. The State's access to the public credit markets could be impaired and the market price of its outstanding debt may be materially and adversely affected if certain of its authorities were to default on their respective obligations, particularly those classified as State-supported or State-related debt under the section entitled "Debt and Other Financing Activities." As of December 31, 2010, each of the 17 authorities listed in the table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $161 billion, only a portion of which constitutes State-supported or State-related debt. The following table summarizes the outstanding debt of these authorities.

Outstanding Debt of Certain Authorities (1) (2) (3)
As of December 31, 2010
(millions of dollars)

Authority	State-Related Conduit (4)	Authority and Conduit Bonding	Total
Dormitory Authority (5)	20,940	22,677	**43,617**
Metropolitan Transportation Authority	2,090	20,821	**22,911**
Port Authority of NY & NJ	0	16,363	**16,363**
Thruway Authority	11,153	2,954	**14,107**
Housing Finance Agency	1,125	10,003	**11,128**
UDC/ESDC (6)	9,367	999	**10,366**
Triborough Bridge and Tunnel Authority	48	8,810	**8,858**
Environmental Facilities Corporation	972	7,366	**8,338**
Long Island Power Authority (7)	0	6,853	**6,853**
Energy Research and Development Authority (7)	0	4,522	**4,522**
Local Government Assistance Corporation	3,330	0	**3,330**
State of New York Mortgage Agency	0	3,325	**3,325**
Tobacco Settlement Financing Corporation	3,012	0	**3,012**
Power Authority	0	1,925	**1,925**
Battery Park City Authority	0	1,073	**1,073**
Municipal Bond Bank Agency	396	378	**774**
Niagara Frontier Transportation Authority	0	182	**182**
TOTAL OUTSTANDING	52,433	108,251	**160,684**

Source: Office of the State Comptroller. Debt classifications by Division of the Budget.

(1) Includes only authorities with $100 million or more in outstanding debt which are reported as component units or joint ventures of the State in the Comprehensive Annual Financial Report (CAFR).

(2) Reflects original par amounts for bonds and financing arrangements or original gross proceeds in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

(3) Includes short-term and long-term debt.

(4) Reflects debt for which the primary repayment source is from State appropriations or assigned revenues of the State.

(5) Includes debt previously issued by New York State Medical Care Facilities Finance Agency, which was consolidated with the Dormitory Authority on September 1, 1995. The debt also includes $234 million in bonds outstanding issued by the Dormitory Authority for Roswell Park Cancer Institute.

(6) Includes $700 million in bonds outstanding issued by the Convention Center Development Corporation, a subsidiary of the Urban Development Corporation.

(7) Includes $155 million in bonds issued by the Energy Research and Development Authority (ERDA) and included in amounts reported for both ERDA and Long Island Power Authority (LIPA).

THE CITY OF NEW YORK

The fiscal demands on the State may be affected by the fiscal condition of the City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of the City, and certain entities issuing debt for the benefit of the City, to market securities successfully in the public credit markets. The official financial disclosure of The City of New York and the financing entities issuing debt on its behalf is available by contacting Raymond J. Orlando, City Director of Investor Relations, (212) 788-5875 or contacting the City Office of Management and Budget, 75 Park Place, 6th Floor, New York, NY 10007. The State assumes no liability or responsibility for any financial information reported by The City of New York. The following table summarizes the debt of New York City.

DEBT OF NEW YORK CITY
AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA (1)		Obligations of MAC	Obligations of STAR Corp. (2)	Obligations of TSASC, Inc.	HYIC (3)	Other(4) Obligations	Treasury Obligations	Total
1980	6,179	0		6,116	0	0	0	995	(295)	12,995
1990	13,499	0		7,122	0	0	0	1,077	(1,671)	20,027
2000	27,245	6,438	(5)	3,532	0	709	0	2,065	(230)	39,759
2001	27,147	7,386		3,217	0	704	0	2,019	(168)	40,305
2002	28,465	10,489	(6)	2,880	0	740	0	2,463	(116)	44,921
2003	29,679	13,134	(7)	2,151	0	1,258	0	2,328	(64)	48,486
2004	31,378	13,364		1,758	0	1,256	0	2,561	(52)	50,265
2005	33,903	12,977		0	2,551	1,283	0	3,746	(39)	54,421
2006	35,844	12,233		0	2,470	1,334	0	3,500	0	55,381
2007	34,506	14,607		0	2,368	1,317	2,100	3,394	0	58,292
2008	36,100	14,828		0	2,339	1,297	2,067	2,556	0	59,187
2009	39,991	16,913		0	2,253	1,274	2,033	2,442	0	64,906
2010	41,555	20,094		0	2,178	1,265	2,000	2,402	0	69,494

Source: Office of the State Comptroller.

(1) Includes amounts for Building Aid Revenue Bonds (BARBS), the debt service on which will be funded solely from future State Building Aid payments that are subject to appropriation by the State and have been assigned by the City of New York to the TFA.

(2) A portion of the proceeds of the Sales Tax Asset Receivable Corporation (STARC) Bonds were used to retire outstanding Municipal Assistance Corporation bonds. The debt service on STARC bonds will be funded from annual revenues to be provided by the State, subject to annual appropriation. These revenues have been assigned to the Corporation by the Mayor of The City of New York.

(3) Includes a $100 million obligation to the MTA.

(4) Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the Industrial Development Agency and the Samurai Funding Corporation. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health, and court capital projects and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

(5) Includes $515 million of bond anticipation notes issued to finance the City's capital expenditures.

(6) Includes $2.2 billion of bond anticipation notes used to finance the City's capital expenditures in the amount of $1.2 billion and Recovery notes for costs related to and arising from events on September 11, 2001 at the World Trade Center in the amount of $1 billion.

(7) Includes $1.11 billion of bond anticipation notes issued to finance the City's capital expenditures.

The staffs of the Financial Control Board for the City of New York (FCB), The Office of the State Deputy Comptroller (OSDC), the City Comptroller and the Independent Budget Office, issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 123 William Street, 23rd Floor, New York, NY 10038, Attention: Executive Director; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director.

OTHER LOCALITIES

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and July 2010, the State Legislature authorized 21 bond issuances to finance local government operating deficits. There were four new or additional deficit financing authorizations during the 2009 and 2010 legislative sessions. Furthermore, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality.

The Buffalo Fiscal Stability Authority has exercised Control Period powers with respect to the City of Buffalo since the City's FY 2004, but may transition to Advisory Period powers during the City's FY 2012. In January 2011, the Nassau County Interim Finance Authority (NIFA) declared that it was entering a Control Period, citing the “substantial likelihood and imminence” that the County will incur a major operating funds deficit of 1 percent or more during the County’s FY 2011.

Nassau County commenced a lawsuit challenging NIFA’s determination and authority to impose a Control Period, and seeking to enjoin the imposition of the Control Period. The Supreme Court denied the injunction and the County has indicated it is no longer pursuing the lawsuit. NIFA is now operating with Control Period powers.

Erie County as well as the cities of New York and Troy have fiscal stability boards exercising Advisory Period powers. The City of Yonkers no longer operates under an oversight board but must adhere to a separate fiscal agent act. The City of Newburgh operates under fiscal monitoring by the State Comptroller. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's FY 2011 or thereafter.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control. Such changes may adversely affect the financial condition of certain local governments. For example, the State or Federal government may reduce (or in some cases eliminate) funding of some local programs or disallow certain claims which, in turn, may require local governments to fund these expenditures from their own resources. The expected loss of temporary Federal stimulus funding in 2011 will particularly impact counties and school districts in New York State. The State's cashflow problems have resulted in delays to the payment of State aid, and in some cases, have necessitated borrowing by the localities. Similarly, enactment of legislation that would cap property tax receipts of local governments is under active consideration at this time. Adoption of a property tax cap would affect the amount of property tax revenue available for local government purposes. Changes to sales tax distributions resulting from the 2010 Federal population census may also have a material impact on certain local governments. Ultimately, localities as well as local public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the

State. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

The following table summarizes the debt of New York City and all localities in the State outside of New York City.

DEBT OF NEW YORK LOCALITIES (1)
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt (2)(3)		Other Localities Debt(4)		Total Locality Debt(4)	
	Bonds	Notes	Bonds(5)	Notes(5)	Bonds(4)(5)	Notes(5)
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	0	20,303	4,745	60,608	4,745
2002	42,721	2,200	21,721	5,184	64,442	7,384
2003	47,376	1,110	23,951	6,429	71,327	7,539
2004	50,265	0	26,684	4,979	76,949	4,979
2005	54,421	0	29,245	4,832	83,666	4,832
2006	55,381	0	30,752	4,755	86,133	4,755
2007	58,192	100	32,269	4,562	90,461	4,662
2008	59,120	67	33,565	5,470	92,685	5,537
2009	64,873	33	34,261	6,857	99,134	6,890

Source: Office of the State Comptroller.

NOTE: For localities other than New York City, the amount shown for the fiscal year ending 1990 may include debt that has been defeased through the issuance of refunding bonds.

(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements.
(2) New York City's debt outstanding has been revised as presented in the FY 2004 City Comptroller's Comprehensive Annual Financial Report.
(3) Includes New York City capital leases obligations which were not reflected in previous years. Includes bonds issued by the Dormitory Authority of the State of New York for education, health and courts capital projects, the Samurai Funding Corporation and other long-term financing leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.
(4) Outstanding bonded debt shown includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes installment purchase contracts.
(5) Does not include the indebtedness of certain localities that did not file annual financial reports with the Comptroller.

Section 1: Subsection F

“Economics and Demographics"

ECONOMICS AND DEMOGRAPHICS

ECONOMICS AND DEMOGRAPHICS

The demographic and statistical data in this section, which have been obtained from the sources indicated, do not represent all of the factors which may have a bearing on the State's fiscal and economic affairs. Further, such information requires economic and demographic analysis in order to assess its significance, and may be interpreted differently by individual experts. Note that DOB has chosen to provide economic and demographic analysis updated through the date of this AIS, although continuing disclosure requirements for this AIS require analysis only through March 31, 2011.

THE U.S. ECONOMY

The most recent data indicate that extreme winter weather and spiking energy prices had a substantial impact on economic activity in the first calendar year quarter of 2011. The national economy grew 1.8 percent in the first quarter, with real household and private business spending weakening substantially relative to the fourth quarter of 2010. Although demand appears to have rebounded in March, growth in the second and third quarters is expected to continue to be affected by the ongoing turmoil in the Middle East and volatile energy prices. Real U.S. Gross Domestic Product (GDP) is projected to grow 2.9 percent for calendar year 2011, approximately the same level of growth as in calendar year 2010. The national economy is expected to add approximately 2.5 million jobs in 2011, representing annual growth of 1.3 percent. This projection is consistent with the unemployment rate averaging 8.5 percent in the fourth quarter of calendar year 2010. Personal income is projected to grow 5.2 percent for 2011, with its largest component, wages and salaries, projected to grow by 4.3 percent.

Over the three months from February through April 2011, the daily spot price of domestically produced oil, as represented by West Texas Intermediate Crude, rose 27 percent; the price of imported oil rose even faster. Meanwhile, the average weekly price of unleaded gasoline was up 27 percent over the same period and was fast approaching its July 2008 high. Since then, energy prices have fallen below their most recent peaks, but with the ongoing turmoil in the Middle East, energy prices are likely to continue to be volatile. Annualized quarterly inflation, as represented by growth in the CPI, accelerated from 2.6 percent in the fourth quarter of 2010 to 5.2 percent in the first quarter of 2011. Core inflation, which excludes the volatile food and energy components, also accelerated from 0.6 percent to 1.7 percent during this time period. DOB is projecting 2011 inflation of 2.7 percent.

Despite mounting inflationary pressure, the Federal Reserve is still expected to complete its $600 billion long-run asset purchase program, popularly referred to as QE2, by the end of June as scheduled, and begin moving away from its zero-percent short-term interest rate target before the end of 2011. The 10-year Treasury yield is expected to average 3.7 percent in 2011. The outlook for corporate profits and equity markets remains favorable, as the corporate sector continues to reap the benefits of low interest rates and global economic growth.

The national recovery is expected to continue to gain strength following a weak first quarter, but significant risks remain. Inflation – and energy prices in particular – represent the most uncertain element of the national economic forecast. Continued unrest in several major oil-exporting nations increases the risk of an extended period of high oil and gasoline prices. Higher energy prices act effectively as a tax on household and business spending, and can be expected to result in lower spending in other areas. In addition, the fallout from the Japanese earthquake and tsunami could cause more extensive supply disruptions than currently anticipated. Both of these developments could diminish the pace of job growth relative to current projections and impede the recovery in household spending from a relatively weak first quarter. Lower household spending and weaker job growth could both add to the strain already being faced by state and local governments, with no relief from property prices on the horizon. In contrast, a sudden resolution of the turmoil in the Middle East, accompanied by faster global growth than projected, could result in stronger growth than is reflected in this forecast.

Economic Indicators for the United States

	2007	2008	2009	2010	2011 [1]
Gross Domestic Product					
Nominal ($ billions)	14,061.8	14,369.1	14,119.1	14,660.4	15,311.5
Percent Change	4.9	2.2	(1.7)	3.8	4.4
Real ($ billions)	13,228.9	13,228.9	12,880.6	13,248.2	13,627.3
Percent Change	1.9	(0.0)	(2.6)	2.9	2.9
Personal Income					
($ billions)	11,912.3	12,391.1	12,174.9	12,546.8	13,195.6
Percent Change	5.7	4.0	(1.7)	3.1	5.2
Nonagricultural Employment					
(millions)	137.6	136.8	130.8	129.8	131.5
Percent Change	1.1	(0.6)	(4.4)	(0.7)	1.3
Unemployment Rate (%)	4.6	5.8	9.3	9.6	8.7
Consumer Price Index					
(1982-84=100)	207.3	215.3	214.5	218.1	224.0
Percent Change	2.9	3.8	(0.3)	1.6	2.7

Sources: US Department of Commerce, Bureau of Economic Analysis; US Department of Labor, Bureau of Labor Statistics. Table reflects revisions by source agencies to figures for prior years.

[1]As projected by the NYS DOB, based on National Income and Product Account data through April 2011.

THE NEW YORK ECONOMY

In contrast to that of the nation, the pace of New York's economic recovery continues to exceed expectations. The downstate economy has been buttressed by the continued improvement of the financial sector, while the State's tourism and export industries are enjoying the benefits of a weak dollar. Total State employment growth of 0.7 percent is projected for 2011, with private sector employment growth expected to be 1.3 percent. Wage growth of 3.8 percent is projected for 2011.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, the volume of financial market activity and equity market volatility present a particularly large element of uncertainty for New York. In addition, with Wall Street still adjusting compensation practices in the wake of the passage of financial reform legislation, the timing of cash bonus payouts has become very unstable, making inference from past patterns more uncertain. A weaker labor market than projected could result in lower wages, which in turn could result in weaker household consumption. Similarly, should financial and real estate markets be weaker than anticipated, taxable capital gains realizations could be negatively affected. These effects would ripple though the State economy, depressing both employment and wage growth. In contrast, stronger national and world economic growth, or a stronger upturn in stock prices, along with a greater volume of merger and acquisition and other Wall Street activity, could result in higher wage and bonuses growth than projected.

Economic Indicators for New York State

	2007	2008	2009	2010	2011 [1]
Personal Income					
($ billions)	915.5	937.2	909.0	946.1	990.6
Percent Change	7.5	2.4	(3.0)	4.1	4.7
Nonagricultural Employment					
(thousands)	8,528.2	8,573.7	8,312.0	8,318.7	8,374.5
Percent Change	1.4	0.5	(3.1)	0.1	0.7
Unemployment Rate (%)	4.5	5.3	8.4	8.6	7.9

Sources: US Department of Commerce, Bureau of Economic Analysis; NYS Department of Labor. Table reflects revisions by source agencies to data for prior years.

[1]As projected by Division of the Budget, based on National Income and Product Account data and employment data available through April 2011.

New York is the third most populous state in the nation and has a relatively high level of personal wealth. The State's economy is diverse, with a comparatively large share of the nation's financial activities, information, education, and health services employment, and a very small share of the nation's farming and mining activity. The State's location and its air transport facilities and natural harbors have made it an important link in international commerce. Travel and tourism constitute an important part of the economy. Like the rest of the nation, New York has a declining proportion of its workforce engaged in manufacturing, and an increasing proportion engaged in service industries. In 2003, Federal and state governments began reporting employment and wage statistics in accordance with the North American Industry Classification System (NAICS).

Manufacturing: Manufacturing employment continues to decline as a share of total State employment, as in most other states, and as a result New York's economy is less reliant on this sector than in the past. However, it remains an important sector of the State economy, particularly for the upstate region, which hosts high concentrations of manufacturers of transportation and other types of equipment.

Trade, Transportation, and Utilities: As defined under NAICS, the trade, transportation, and utilities supersector accounts for the third largest component of State nonagricultural employment, but only the fifth largest when measured by wage share. This sector accounts for less employment and wages for the State than for the nation.

Financial Activities: New York City is the nation's leading center of banking and finance and, as a result, this is a far more important sector in the State than in the nation as a whole. Although this sector accounts for under one-tenth of all nonagricultural jobs in the State, it contributes more than one-fifth of total wages.

Other Service Sectors: The remaining service-producing sectors include information, professional and business services, private education and healthcare, leisure and hospitality services, and other services. These industries combined account for more than four of every ten nonagricultural jobs in New York and, except for leisure and hospitality, each accounts for a higher proportion of total State employment than for the nation as a whole.

Agriculture: Farming is an important part of the economy in rural areas, although it constitutes only about 0.2 percent of total State output. Principal agricultural products of the State include milk and dairy products, greenhouse and nursery products, fruits, and vegetables. New York ranks among the nation's leaders in the production of these commodities.

The 2010 Composition of Nonagricultural Employment and Wages
(Percent)

	Employment		Wages	
	State	United States	State	United States
Natural Resources and Mining	0.1	0.5	0.1	1.1
Construction	3.6	4.3	3.7	4.5
Manufacturing	5.3	8.9	5.2	10.6
Trade, Transportation, and Utilities	17.0	19.0	12.3	15.8
Information	2.9	2.1	4.6	3.3
Financial Activities	7.8	5.9	20.3	8.8
Professional and Business Services	12.9	12.9	16.7	16.3
Educational and Health Services	19.9	15.1	14.3	13.5
Leisure and Hospitality	8.6	10.0	4.1	4.5
Other Services	4.3	4.1	3.0	3.2
Government	17.7	17.3	15.7	18.4

Source: US Department of Labor, Bureau of Labor Statistics; US Department of Commerce, Bureau of Economic Analysis.

Government: Federal, state, and local governments together comprise the second largest sector in terms of nonagricultural jobs, with the bulk of the employment accounted for by local governments. Public education is the source of nearly one-half of total State and local government employment.

The importance of the different sectors of the State's economy relative to the national economy is shown in the above table, which compares nonagricultural employment and wages by sector for the State and the nation as a whole. Manufacturing and construction account for smaller shares of employment for the State than for the nation, while service industries account for a larger share. The financial activities sector share of total wages is particularly large for the State relative to the nation. Thus, the State is likely to be less affected than the nation as a whole during an economic recession that is concentrated in manufacturing and construction, but likely to be more affected by any economic downturn that is concentrated in the services sector.

ECONOMIC AND DEMOGRAPHIC TRENDS

In calendar years 1990 through 1998, the State's rate of economic growth was somewhat slower than that of the nation. In particular, during the 1990-91 recession and post-recession period, the economies of the State and much of the rest of the Northeast were more heavily damaged than the nation as a whole and were slower to recover. However, the situation subsequently improved. In 1999, for the first time in 13 years, State employment growth surpassed that of the nation, and in 2000 the rates were essentially the same. In 2001, the September 11th attack resulted in a downturn in New York that was more severe than for the nation as a whole. In contrast, the State labor market fared better than that of the nation as a whole during the most recent downturn that began in 2008, though New York experienced a historically large wage decline in 2009. Although the State unemployment rate was higher than the national rate from 1991 to 2000, the gap between them has since closed, with the State rate now below that of the nation.

The following table compares population change in the State and in the United States since 1960.

Comparative Population Figures

	State			US	
	Total Population (000s)	% Change from Preceding Period	Percentage of U.S. Population	Total Population (000s)	% Change from Preceding Period
1960	16,782	13.2	9.4	179,323	18.5
1970	18,241	8.7	9.0	203,302	13.4
1980	17,558	(3.7)	7.8	226,546	11.4
1990	17,990	2.5	7.2	248,710	9.8
2000	18,976	5.5	6.7	281,422	13.2
2010	19,378	2.1	6.3	308,746	9.7

Source: US Department of Commerce, Census Bureau.

Total State nonagricultural employment has declined as a share of national nonagricultural employment. The following historical table compares these levels and the rate of unemployment for the State and the nation.

Nonagricultural Employment and Unemployment Rate for New York and the United States

	Employment (000s)		State as Percent of US Employment	Unemployment Rate (%)	
	State	US		State	US
1960	6,182	54,296	11.4	N/A	5.5
1970	7,156	71,006	10.1	N/A	4.9
1980	7,207	90,528	8.0	7.5	7.1
1990	8,214	109,487	7.5	5.3	5.6
2000	8,638	131,785	6.6	4.5	4.0
2010	8,553	129,818	6.6	8.6	9.6

Source: US Department of Labor and NYS Department of Labor.

State per capita personal income has historically been significantly higher than the national average, although the ratio has varied substantially. Because New York City is an employment center for a multi-state region, State personal income measured on a residence basis understates the relative importance of the State to the national economy and the size of the base to which State taxation applies. The following table compares per capita personal incomes for the State and the nation.

Per Capita Personal Income
(Income in Dollars)

	State	US	State/US
1960	2,822	2,268	1.24
1970	4,868	4,084	1.19
1980	10,985	10,091	1.09
1990	23,710	19,354	1.23
2000	34,630	30,318	1.14
2010	48,821	40,584	1.20

Source: US Department of Commerce, Bureau of Economic Analysis.

Section 2 - Annual Update of Official Statement Information

This Section 2 consists of extracts from Official Statements for certain series of bonds containing annual information that has been updated as required pursuant to relevant disclosure obligations. Section 2 is not intended to serve, nor does it serve, as a full update to all information contained in the relevant Official Statements. Readers are advised to review the contents of this Section 2 together with the complete sections of the relevant Official Statements to which this update applies. Capitalized terms that are not defined in this Section 2 shall have the meanings ascribed to them in the applicable Official Statements.

Section 2: Subsection G

New York Local Government Assistance Corporation Bonds

"The Sales Tax"

This Subsection G contains information required to be updated relating solely to obligations issued by the New York Local Government Assistance Corporation. Capitalized terms used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

The Sales Tax

General

In 1965, New York became the 39th state to impose a general sales and compensating use tax; 46 states now impose sales or gross receipts taxes. The statewide rate has been raised three times: from 2 percent to 3 percent on April 1, 1969, to 4 percent on June 1, 1971, and to 4.25 percent effective June 1, 2003 through May 31, 2005. The rate returned to 4 percent on June 1, 2005. The Sales Tax now applies to (1) sales and use within the State of most tangible personal property; (2) certain utility service billings; and (3) charges for restaurant meals, hotel and motel occupancy, and for specified admissions and services. The base of the tax has been amended periodically since its imposition in 1965 and in almost every year since 1992. Legislation enacted from time to time since 1996 has (i) created special temporary and permanent Sales Tax exemptions for certain transactions (e.g., for clothing and footwear purchases under a certain dollar amount and for property and services used or consumed by qualifying businesses located in Empire Zones and New York City Liberty and Resurgence Zones) or (ii) expanded the scope of the Sales Tax (e.g., including the New York City cigarette excise tax of $1.50 in the State and local sales tax bases and requiring nonprofit organizations to collect sales tax on retail sales of certain property and services). (See Sales Tax Receipts below, for a description of recent amendments).

The Sales Tax is generally collected from the consumer by the final vendor. However, special provisions enacted in 1985 require prepayment of the bulk of the tax on motor fuel upon its import into the State, with ultimate collection and reconciliation at the retail level. Legislation effective September 1, 1995 requires similar prepayments of the Sales Tax on cigarettes. This prepayment was increased to 8 percent from 7 percent in 2009. Other provisions permit certain taxpayers to pay Sales Tax directly to the Commissioner of Taxation and Finance.

Vendors of goods and services which are subject to the Sales Tax are required to submit quarterly reports and remit tax collections with a postmarked due date of March 20th, June 20th, September 20th and December 20. Vendors collecting $3,000 or less in Sales Tax per year can elect to file annually on March 20. Vendors with taxable volume of $300,000 or more in one of the immediately preceding four quarters must remit the tax on a monthly basis. Monthly remittances are due on the 20th day of the month following the month of collection. Sales Tax vendors with more than $5 million in State and local annual tax liability remit tax for the first 22 days of the month by Electronic Funds Transfers ("EFT") or certified check by the third business day thereafter. Tax for the balance of the month is paid with the monthly returns that such vendors file by the 20th of the following month. The threshold for mandatory EFT payments was initially $5 million and, effective September 2002, is currently $500,000. In addition, legislation in 1996 provided exemptions from the EFT program for certain suppliers that can demonstrate hardship, effective April 1, 1997. Effective March 1, 1999, Sales Tax vendors were allowed to keep for their Sales Tax collection services 3.5 percent of their Sales Tax liability up to a maximum of $150 per quarter. Legislation enacted in 2006 increased the percentage to 5 percent of their Sales Tax liability, up to a maximum of $175 in 2006-07. The cap increased to $200 on March 1, 2007. Legislation enacted in 2010 eliminated the allowance for monthly filers. Legislation enacted in 2008 implemented a vendor registration program with a registration fee of $50.

Sales Tax Receipts

Sales Tax receipts constitute the State's second largest source of tax receipts after PIT and accounted for approximately 19 percent of State tax receipts in all State Funds in the State's FY 2011. The level of Sales 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 collections of the Sales Tax will be indicative of future receipts.

Actual FY 2003 receipts of $8.434 billion reflect an increase of 1.6 percent in the continuing Sales Tax base (i.e., the Sales Tax base without regard to any legislative changes), losses of $6.8 million from Empire Zones legislation and $10 million from Liberty Zones legislation and gains of $6 million from pre-paid Sales Tax on cigarettes and $32 million from the lower EFT threshold. Liberty Zones legislation enacted in 2002 exempted most sales of tangible personal property and certain other items made in the New York City Liberty and Resurgence Zones and priced under $500 from the State's 4 percent sales and use tax for the three-day periods June 9 through June 11, 2002, July 9 through July 11, 2002, and August 20 through August 22, 2002.

Actual FY 2004 receipts of $9.508 billion reflect an increase of 4.6 percent in the continuing Sales Tax base and changes to the tax law. The FY 2004 Enacted Budget temporarily eliminated the exemption for items of clothing and shoes priced under $110 and replaced it with an exemption for items of clothing and footwear priced under $110 that was effective during two separate weeks in 2003-04, increasing receipts by an estimated $441 million. The FY 2004 Enacted Budget also included a quarter percent Sales Tax surcharge which increased receipts by an estimated $428 million, all of which was directed to the General Fund, and included the New York City cigarette excise tax of $1.50 per pack in the State and local sales tax bases.

Actual FY 2005 receipts of $10.587 billion reflect an increase of 7.4 percent in the continuing Sales Tax base as well as tax law changes. The FY 2005 Enacted Budget temporarily eliminated the exemption for items of clothing and shoes priced under $110 due to resume on June 1, 2004 with an exemption for items of clothing and footwear priced under $110 during two separate weeks in 2004-05. This legislation increased receipts by an estimated $483 million. Other FY 2005 legislation required contractors, subcontractors and their affiliates, who make deliveries of taxable services or tangible personal property valued at more than $300,000 to New York locations, to register as Sales Tax vendors.

Actual FY 2006 receipts of $10.592 billion reflect an increase of 5.8 percent in the continuing Sales Tax base. The FY 2006 Enacted Budget temporarily eliminated the exemption for items of clothing and footwear priced under $110 and replaced it with an exemption for items of clothing and footwear priced under $110 that was effective during two separate weeks in FY 2006. This legislation is estimated to have generated about $476 million in additional revenue.

Actual FY 2007 receipts of $10.050 billion reflect an increase of 4.3 percent in the continuing Sales Tax base as well as tax law changes. In FY 2007, the vendor credit was increased and the Sales Tax on motor fuel and diesel motor fuel was capped at eight cents per gallon. The exemption for items of clothing and footwear priced under $110 went back into effect April 1, 2006.

Actual FY 2008 receipts of $10.591 billion reflect an increase of 4.6 percent in the continuing Sales Tax base.

Actual FY 2009 Sales Tax receipts of $10.274 billion reflect a decrease of 2.1 percent in the continuing Sales Tax base. The FY 2009 Enacted Budget included a new voluntary compliance program allowing taxpayer disclosure of certain underreported tax liabilities, non-profit tax-exempt restrictions, a new vendor registration fee, and the creation of an evidentiary presumption that certain sellers using State residents to solicit sales in the State are vendors required to collect sales and use taxes.

Actual FY 2010 receipts of $9.871 billion reflect a decrease of 7.0 percent in the continuing Sales Tax base. The FY 2010 Enacted Budget included a sales tax on certain transportation services, increased tax compliance efforts, increased prepaid sales tax on cigarettes, an expanded definition of vendor to preclude certain taxpayers from avoiding the tax and narrowing the exemption for commercial aircraft and the use tax for exemption for motor vehicles, vessels and aircraft.

FY 2011 receipts of $10.782 billion (unaudited), reflecting an increase of 7.4 percent in the continuing Sales Tax base. The FY 2011 Enacted Budget included the repeal of the private label credit card provisions, the vendor credit for monthly filers and the $110 clothing and footwear exemption until March 31, 2012. There is a temporary clothing exemption of $55 from April 1, 2011 to March 31, 2012.

Note: The Sales Tax receipts described in this section do not include additional Sales Tax collections in the Metropolitan Commuter Transportation District for the Mass Transportation Operating Assistance Fund.

Table 1 sets forth historical information relating to Sales Tax receipts from State FYs 2003 through 2011 and estimated amounts for FY 2012. Table 2 sets forth monthly Sales Tax receipts from the State's FY 2005 through March 31, 2011. The information reflects tax law changes described above.

TABLE 1
SALES AND TAX RECEIPTS [1]
(thousands of dollars)

State Fiscal Year	Net Receipts of Sales Tax	Net Receipts of 1% Sales Tax[2]	Annual Rate of Growth/Decline[3]
2002-03	$ 8,434,104	$2,106,477	3.07%
2003-04	9,507,878	2,266,814	7.61
2004-05	10,587,200	2,492,739	9.97
2005-06	10,592,411	2,614,566	4.89
2006-07	10,050,370	2,511,475	(3.94)
2007-08	10,590,481	2,645,580	5.34
2008-09	10,274,090	2,566,949	(2.97)
2009-10	9,870,977	2,466,528	(3.91)
2010-11	10,781,965	2,697,197	9.35
2011-12[4]	11,173,000	2,792,950	3.55

Source: NYS DOB.

(1) These amounts reflect receipts of the full amount of the sales and compensating use tax deposited in both the General Fund and the Debt Service Fund.
(2) Net of refunds.
(3) Unadjusted for rate and base changes. Represents growth rate of net receipts of 1% Sales Tax.
(4) As estimated in the FY 2012 Enacted Budget Financial Plan.

TABLE 2
MONTHLY SALES TAX RECEIPTS [1]
April 1, 2005 Through March 31, 2011
(millions of dollars)

MONTH	2004-05	%[2]	2005-06	%[2]	2006-07	%[2]	2007-08	%[2]	2008-09	%[2]	2009-10	%[2]	2010-11	%[2]
APRIL	$ 817	8	$ 792	7	$ 719	7	$ 819	8	$ 764	7	$ 731	8	$ 803	7
MAY	753	7	803	8	727	7	759	7	793	8	713	7	723	7
JUNE	1,121	11	1,104	10	1,044	10	1,090	10	1,080	11	987	10	1,055	10
JULY	814	8	822	8	768	8	811	8	832	8	724	7	805	7
AUGUST	780	7	766	7	737	7	784	7	833	8	741	8	805	7
SEPTEMBER	1,081	10	1,113	11	1,063	11	1,086	10	1,082	11	1,060	11	1,055	10
OCTOBER	769	7	766	7	750	8	768	7	781	8	755	8	813	7
NOVEMBER	769	7	771	7	737	7	822	8	764	7	732	7	840	8
DECEMBER	1,130	11	1,062	10	1,111	11	1,079	10	955	9	1,011	10	1,158	11
JANUARY	848	8	892	8	788	8	850	8	830	8	813	8	924	9
FEBRUARY	663	6	695	7	663	7	733	7	661	6	686	7	750	7
MARCH	1,042	10	1,007	10	943	9	987	9	899	9	918	9	1,051	10
TOTAL*	$10,587	100%	$10,592	100%	$10,050	100%	$10,591	100%	10,274	100%	$9,871	100%	$10,782	100%

Source: NYS DOB

(1) Amounts shown reflect receipts from the State's 4 percent (4.25 percent from June 1, 2003 through May 31, 2005) sales and compensating use taxes and reflect amounts received in both the General Fund and Debt Service Fund.
(2) Percentages indicate the monthly share of yearly receipts.
* Totals may not add due to rounding.

Estimated Debt Service Coverage

The following table sets forth (1) receipts from the net Sales Tax collection for the State's FY 2011, (2) receipts from the 1 percent Sales Tax receipts for the State's FY 2011, (3) estimated maximum annual debt service on Outstanding Bonds of the Corporation and (4) resulting debt service coverage. There can be no assurance that actual Sales Tax collections will not be less than the amounts collected for FY 2011 or that future debt service requirements will not exceed those shown as a result of numerous factors affecting Sales Tax collections and the level of interest rates that cannot be predicted at this time.

TABLE 3
ESTIMATED DEBT SERVICE COVERAGE
NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
(thousands of dollars)

2010-11 Fiscal Year Sales Tax Receipts	$10,781,965
2010-11 Fiscal Year 1% Sales Tax Receipts (1)	$2,697,197
Maximum Annual Debt Service (2)	$ 385,619
Debt Service Coverage	7.0x

(1) Net of approximately $15 million in estimated collection expenses.

(2) Amounts include actual outstanding debt service for both Senior and Subordinate Bonds. For Variable Interest Rate bonds, "Maximum Annual Debt Service" includes interest on such Bonds (A) for which no interest rate exchange agreements were entered into, at an assumed rate of 6% per annum, which rate includes related fees and expenses, and (B) for which interest rate exchange agreements were entered into, at a rate of 4% per annum (which is approximately equal to the sum of the rate payable by the Corporation under its interest rate exchange agreements), which rate includes related fees and expenses.

Legislation enacted in 2003 currently requires LGAC to certify, in addition to its own cash needs, for $170 million annually payable to the New York City through 2034. In May 2004, LGAC amended its General Senior Bond Resolution and General Subordinate Lien Bond Resolution to clarify that any failure to certify or make payments to the City or its assignee has no impact on LGAC's own bondholders; and that if any such act or omission were to occur with respect to any possible bonds issued by New York City or its assignee, that act or omission would not constitute an Event of Default with respect to LGAC bonds. For purposes of calculating debt service coverage as shown in Table 3, such $170 million payment was not deducted from the 1 percent Sales Tax receipts or added to maximum annual debt service.

The Act does not restrict the right of the State to amend, repeal, modify or otherwise alter the Sales Tax. In addition, the Act permits, after appropriation of the Corporation's cash requirements, moneys derived from the 1 percent Sales Tax Fund to be paid over to the General Fund. The Act could be amended to provide that those moneys be used as a source of payment for financings by the Corporation in excess of its current authorization or for separate financings by other authorities of the State. In the case of the Corporation, however, such financing could not be issued under the Senior Resolution or otherwise by the Corporation unless (i) the date and amounts of payments have been scheduled so that they do not materially adversely affect the ability of the Corporation to pay, when due, debt service on the Senior Bonds and (ii) such financings are not entitled to a lien or charge equal or prior to the Senior Bonds on Revenues, moneys and securities in the Senior Debt Service Fund and the Senior Capital Revenue Fund and could not be issued under the Subordinate Resolution or otherwise by the Corporation unless (i) the date and amounts of payments have been scheduled so that they do not materially adversely affect the ability of the Corporation to pay, when due, debt service on the Subordinate Bonds and (ii) such financing is not entitled to a lien or charge equal or prior to the Subordinate Bonds on Revenues, moneys and securities in the Subordinate Debt Service Fund and the Subordinate Capital Revenue Fund. No such additional financing is permitted under existing law.

Section 2: Subsection H

Metropolitan Transportation Authority, Dedicated Tax Fund Bonds

"The MTA Dedicated Tax Fund Revenues"

The following series of bonds have been legally defeased and there are no MTA Dedicated Tax Fund Bonds outstanding. Accordingly, updating extracts from the old official statements has been discontinued:

Metropolitan Transportation Authority ("MTA") Dedicated Tax Fund Bonds, Series 1996A, Series 1998A, Series 1999A, and Series 2000A;

MTA Commuter Facilities Subordinated Revenue Bonds, Series 1995-1 (Non-AMT) and 1995-2 (AMT) (Grand Central Terminal Redevelopment Project);

MTA Transit Facilities Revenue Bonds Series 1996A, the Transit Facilities 1987 Service Contract Bonds, Series 8, the Transit Facilities Service Contract Bonds, Series Q and Series R; and

MTA Commuter Facilities Revenue Bonds, Series 1996A, the Commuter Facilities 1987 Service Contract Bonds, Series 8, and the Commuter Facilities Service Contract Bonds, Series Q and Series R.

Section 2: Subsection I

New York State Thruway Authority
Highway and Bridge Trust Fund Bonds

"Sources of Revenue For The Trust Fund"

This Subsection I contains information required to be updated relating solely to obligations issued by the New York State Thruway Authority for Highway and Bridge Trust Fund Bonds. Capitalized terms used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

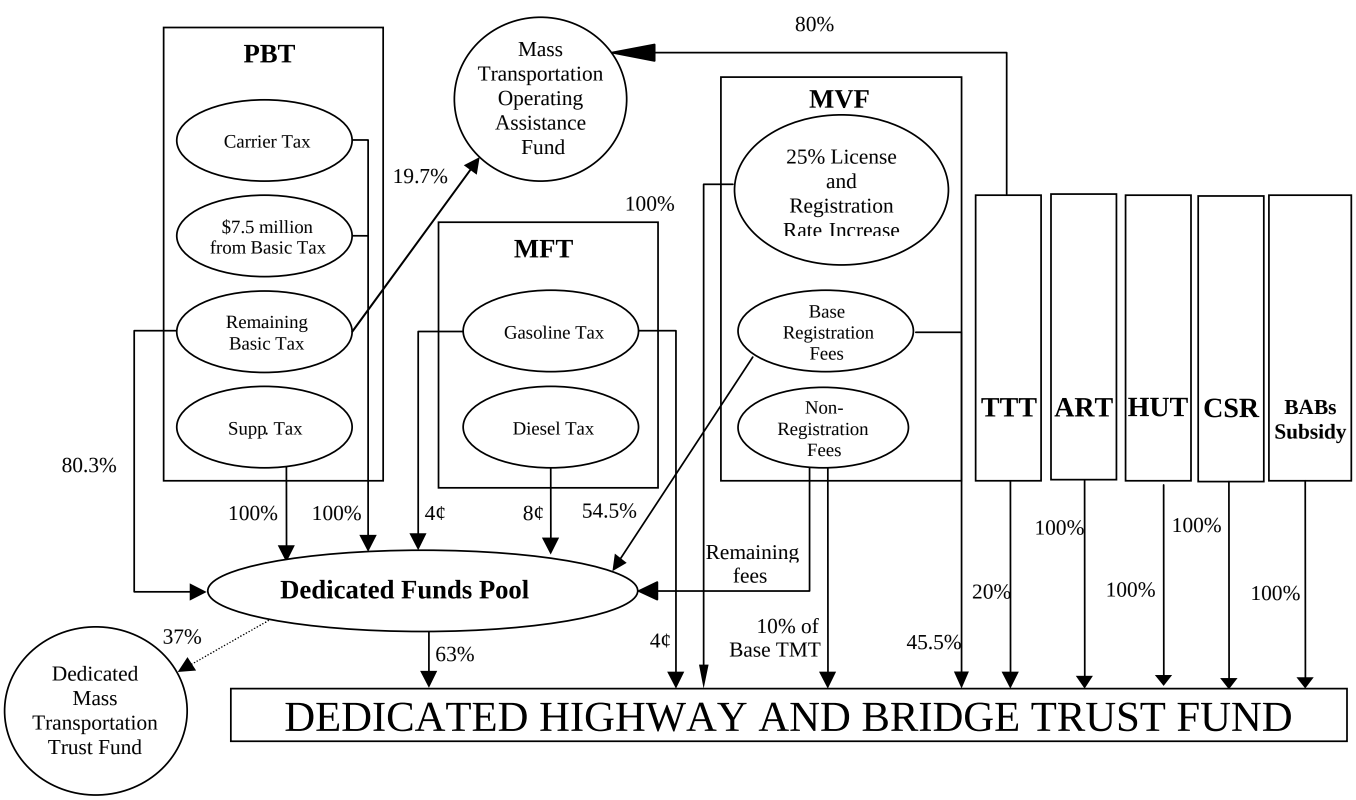
Sources of Revenue for the Trust Fund

Introduction

The State highway and bridge program is funded in part by various transportation-related taxes and fees including (a) portions of the State's (i) petroleum business taxes (the "PBT"), (ii) motor fuel taxes (the "MFT"), (iii) motor vehicle fees (the "MVF") and (iv) transmission and transportation taxes (the "TTT") in the corporation and utility taxes, (b) all revenues generated by the highway use tax (the "HUT") and auto rental tax (the "ART"), and (c) certain special revenues (the "CSR"). In addition to supporting this program through the Trust Fund, portions of the first four revenue sources are also statutorily allocated among several other State funds.

The flow chart below depicts the flow of funds to the Dedicated Highway and Bridge Trust Fund for FY 2012.

Transportation-Related Taxes & Fees Allocation
FY 2012 Enacted Budget



FY 2012 Enacted Budget

The PBT is the business privilege tax imposed on petroleum businesses operating in the State. The tax is measured by the quantity of various petroleum products refined or sold in the State or imported for sale or use in the State. PBT rates generally have two aspects: (i) the basic tax whose rate varies by product type, and (ii) the supplemental tax, which, after credits, is imposed on motor fuel and diesel motor fuel. Since FY 2003, most of the net PBT receipts from the basic tax and all of the supplemental tax were earmarked to the Dedicated Funds Pool. Since FY 1996, the Trust Fund has received 63 percent of the receipts earmarked to the Dedicated Funds Pool.

Dedicated motor fuel tax revenue earmarked to the Trust Fund has been derived from one hundred percent of the receipts from four cents of the aggregate eight-cent-per-gallon excise tax levied with respect to gasoline and other non-diesel motor fuels, generally for highway use. Legislation adopted with the FY 2001 Enacted Budget earmarked, over time, the remaining four cents of the aggregate eight-cent-per-gallon excise tax imposed on gasoline and the eight-cent-per-gallon excise tax levied on diesel motor fuel to the Dedicated Funds Pool. The Trust Fund receives 63 percent of receipts from the gasoline tax and diesel motor fuel tax which are deposited to the Dedicated Funds Pool.

All highway use tax (HUT) revenues are earmarked to the Trust Fund and include three components: the truck mileage tax, the fuel use tax, and highway use registration fees. The truck mileage tax is levied on certain commercial vehicles based on the number of miles driven on the public highways of the State and the loaded or unloaded weight of the vehicles. The fuel use tax is imposed upon amounts of fuel purchased outside the State by certain common carriers and used while traveling on the public highways of the State. HUT registrations are required for operators of vehicles that are subject to the highway use tax.

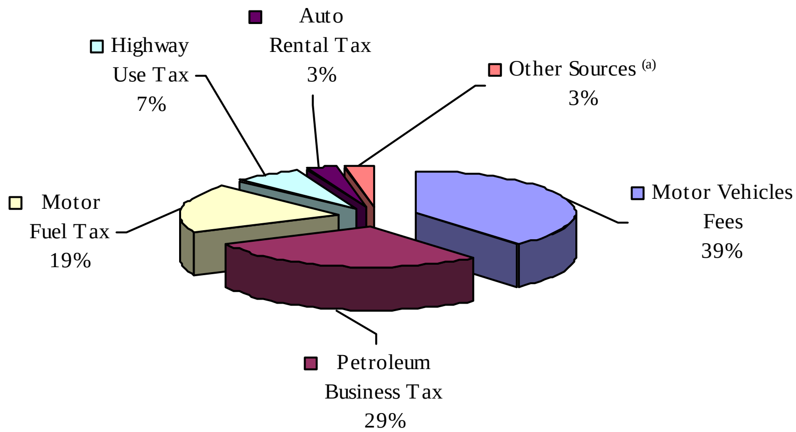
A large portion of the State's motor vehicle fees is earmarked to the Trust Fund. Motor vehicle fees are mainly derived from vehicle registration and driver licensing fees. Of the aggregate amount of motor vehicle registration fees, 45.5 percent is earmarked to the Trust Fund. The remaining 54.5 percent of the registration fees is earmarked to the Dedicated Funds Pool. The Trust Fund receives 63 percent of that share of motor vehicle fees. The State has directed additional moneys from non-registration motor vehicle fees to the Trust Fund since FY 2002. The FY 2006 Enacted Budget moved $169 million of all of the remaining non-registration funds still deposited in the General Fund to the Dedicated Funds Pool, and earmarked revenues from proposed fee increase increments to the Dedicated Funds Pool.

The FY 2003 Enacted Budget directed all of the receipts collected from the auto rental tax to the Trust Fund, effective April 1, 2002. Currently the State imposes a six percent tax on charges to certain rental passenger cars and a supplemental tax of five percent in the Metropolitan Commuter Transportation District ("MCTD").

The State imposes a franchise tax on transmission and transportation companies under Sections 183 and 184 of the corporation and utilities taxes. The FY 2004 Enacted Budget directed the deposit of 20 percent of transmission and transportation taxes to the Trust Fund effective April 1, 2004. These deposits are scheduled to cease on March 31, 2015.

The following chart indicates the portion of FY 2012 Trust Fund Revenues that is estimated in the FY 2011 Enacted Budget to be derived from each of the revenue sources.

Dedicated Highway and Bridge Trust Fund Revenue Sources
FY 2012 Enacted Budget



(a) Includes Build America Bonds Subsidy, Certain Special Revenues, and Transmission and Transportation Taxes.

Dedicated Highway and Bridge Trust Fund Revenue Sources Enacted Budget FY 2012

The following sections provide general information on collections and projected receipts for each of the sources of revenues since the Trust Fund was established.

Dedicated Petroleum Business Tax

General. The single largest source of revenues flowing to the Trust Fund is the business privilege tax imposed on petroleum businesses operating in the State. The base of the PBT is the quantity of various petroleum products refined or sold in the State or imported into the State for sale or use therein.

Tax Rates. Since 1990, the basic and supplemental PBT tax rates have been subject to separately computed annual adjustments on January 1 of each year, to reflect the change in the Producer Price Index ("PPI") for refined petroleum products for the 12 months ended August 31 of the immediately preceding year. The tax rates, therefore, increase as prices rise and decrease as prices fall. Legislation adopted in 1994 maintained the 1992 rates through 1995 and provided that beginning January 1, 1996, the PBT rates would be adjusted annually subject to a maximum change of five percent of the current rate in any year. In addition to the five percent cap on rate changes, the statute also requires basic and supplemental rates to be rounded to the nearest tenth of one cent. Subsequent legislation provided that diesel rates be rounded to the nearest hundredth of one cent. As a result, the tax rates usually do not change by the full five percent allowed under the statutory formula.

The table below shows the changes in the PPI for refined petroleum products since FY 2002 and the capped PBT index.

PETROLEUM BUSINESS TAX INDEX CHANGE
(percent)

Year for PPI Change (September 1 to August 31)	PPI For Refined Petroleum Products Change	Year for PBT Index	PBT Index Change (January 1)
2001–02	-19.51	2003	-5.00
2002–03	27.01	2004	5.00
2003–04	12.94	2005	5.00
2004–05	35.10	2006	5.00
2005–06	36.01	2007	5.00
2006–07	-1.20	2008	-1.20
2007–08	42.08	2009	5.00
2008–09	-34.93	2010	-5.00
2009-10	18.60	2011	5.00
2010-11[a]	25.26	2012[a]	5.00

(a) Estimated.

The table below shows the rates per gallon for the PBT in effect for 2010 and 2011 and estimated rates for 2012, respectively.

PETROLEUM BUSINESS NET TAX RATES FOR 2010 - 2012
(cents per gallon)

	2010[1]			2011[1]			2012[2]		
Petroleum Products	**Base**	**Supp**	**Total**	**Base**	**Supp**	**Total**	**Base**	**Supp**	**Total**
Automotive fuel									
Gasoline and other non-diesel	9.80	6.50	16.30	10.20	6.80	17.00	10.70	7.10	17.80
Diesel	9.80	4.75	14.55	10.20	5.05	15.25	10.70	5.30	16.00
Aviation gasoline or Kero-jet fuel	6.50	0.00	6.50	6.80	0.00	6.80	7.10	0.00	7.10
Non-automotive diesel fuels									
Commercial gallonage	8.90	0.00	8.90	9.30	0.00	9.30	9.70	0.00	9.70
Nonresidential heating	4.80	0.00	4.80	5.00	0.00	5.00	5.20	0.00	5.20
Residual petroleum products									
Commercial gallonage	6.80	0.00	6.80	7.10	0.00	7.10	7.40	0.00	7.40
Nonresidential heating	3.70	0.00	3.70	3.80	0.00	3.80	3.90	0.00	3.90
Railroad diesel fuel	8.50	0.00	8.50	8.90	0.00	8.90	9.40	0.00	9.40

1 The tax rates represent the net tax rate after credits.
2 Estimated — The projected petroleum producer price index increase of 25.26 percent through August 2011 will result in an increase of not more than 5.0 percent in the PBT tax rates on January 1, 2012.

Tax Base. Generally, transactions that are excluded from the basic PBT base are also excluded from the supplemental tax base. Exclusions include sales for export from the State, sales of fuel oil for residential heating purposes and manufacturing use, and sales to government entities when such entities buy petroleum for their own use. Sales of kerosene (other than kero-jet fuel) and liquefied petroleum gas and sales of residual fuel oil used as bunker fuel also are exempted. Beginning January 1, 2002, all electric utilities that use petroleum to generate electricity have been allowed to apply commercial gallonage rates under deregulation.

The State also imposes a petroleum business carrier tax under the PBT on fuel purchased by motor carriers outside the State but consumed within the State. The carrier tax rates are the same as the PBT automotive gasoline and diesel rates listed above.

Legislative Changes. Legislation enacted in 1996 expanded the partial exemption provided for residual and distillate fuels used in manufacturing to a full exemption, effective January 1, 1998. In addition, such legislation provided (i) rate reductions for diesel motor fuel used by motor vehicles, phased in on January 1, 1998 and April 1, 1999; (ii) a full exemption from the supplemental tax imposed on residual and distillate fuels used by the commercial sector for heating, effective March 1, 1997; (iii) a partial reduction in the basic tax and a full exemption from the supplemental tax imposed on diesel motor fuel used by railroads, effective January 1, 1997; and (iv) an increase in the credit against the basic tax for residual and distillate fuels used by utilities, effective April 1, 1999. Where applicable, the new rate structure maintains indexing by allowing the rates to be adjusted by the index and then subsequently reducing such rate, or increasing such credit, by a fixed cents-per-gallon rate. To preserve dedicated funds revenue flows, the 1996 legislation also increased the share of the basic tax going to the Dedicated Funds Pool from 63.3 percent to 66.2 percent, effective January 1, 1997; to 68.1 percent, effective January 1, 1998; and to 69.8 percent, effective April 1, 1999. These changes were designed to be revenue-neutral to the Dedicated Funds Pool.

Legislation enacted in 1999 reduced the PBT rate on commercial heating oil by 20 percent and provided for reimbursement of PBT imposed on fuels used for mining and extraction, effective April 1, 2001. To preserve dedicated funds revenue flows, the 1999 legislation increased the share of the basic tax going to the Dedicated Funds Pool from 69.8 percent to 70.5 percent, effective April 1, 2001. Like the aforementioned changes made in 1994, 1995 and 1996, these changes were designed to be revenue-neutral to the Dedicated Funds Pool.

Legislation adopted with the FY 2001 Enacted Budget eliminated the PBT minimum taxes, effective March 1, 2001, and reduced the PBT rate on commercial heating oil by 33 percent, effective September 1, 2002. To hold the Trust Fund harmless from these tax cuts, the legislation earmarked certain motor vehicle registration fees to the Dedicated Funds Pool (see "Dedicated Motor Vehicle Fees" below). Legislation adopted with the FY 2001 Enacted Budget and effective April 1, 2001, also increased revenues flowing to the Trust Fund by earmarking $7.5 million of the PBT basic tax, which had been directed to the General Fund, to the Dedicated Funds Pool; increasing the percentage of the remaining basic tax receipts earmarked to the Dedicated Funds Pool from 70.5 percent to 80.3 percent; and depositing receipts from the PBT carrier tax to the Dedicated Funds Pool.

Legislation adopted with the FY 2005 Enacted Budget eliminated the PBT on fuels used for aircraft overflight and landing, effective November 1, 2004, and exempted fuel burned on takeoff by airlines operating non-stop flights between at least four cities in New York.

Legislation adopted with the FY 2006 Enacted Budget exempted or partially exempted PBT on alternative fuels, including ethanol (e85) and biodiesel (B20) until September 1, 2011. Legislation adopted with the FY 2012 Enacted Budget extended the exemption for one year.

Tax Imposition and Payment. Imposition of the tax occurs at different points in the distribution chain, depending upon the type of product. The tax is imposed on motor fuels at the same time as the eight-cent-per-gallon motor fuel tax. Gasoline, which represents the preponderance of automotive fuel sales in the State, is taxed upon importation into the State for sale or upon manufacture in the State. Other non-diesel automotive fuels such as compressed natural gas, methanol and ethanol become subject to the tax on their first sale as motor fuel in the State. Automotive diesel motor fuel becomes taxed upon its first non-exempt sale or use in the State. Nonautomotive diesel fuel (such as No. 2 fuel oil used for commercial heating) and residual fuel usually become taxable on the sale to the consumer or upon use of the product in the State.

Most petroleum businesses remit this tax on a monthly basis. Taxpayers with yearly motor fuel tax and PBT liability totaling more than $5 million now remit tax for the first 22 days of the month by electronic funds transfer by the third business day thereafter. Tax for the balance of the month is paid with the monthly returns filed by the 20th of the following month. The Department of Taxation and Finance advises that, in FY 2010, 26 taxpayers, accounting for 87 percent of all PBT receipts, participated in the electronic funds transfer program.

As a complement to the fuel use tax, the PBT carrier tax is collected quarterly with the fuel use tax portion of the highway tax (see "Highway Use Tax" below).

Aspects relating to the imposition and collection of the PBT have from time to time been and may continue to be the subject of administrative claims and litigation by taxpayers.

Historical Summary of PBT Revenue. Since 1983, the State has substantially changed its taxation of petroleum businesses. These revisions altered collection mechanisms, modified tax bases, and increased the level of taxation. The most significant changes occurred in 1990 with the restructuring of a gross receipts tax to a cents-per-gallon tax and the indexing of the tax rates to maintain price sensitivity. Full-year revenue history under the gallonage-based PBT, therefore, only exists from FY 1992. Full-year collections of both the basic PBT and the supplemental PBT began in FY 1993.

The following table provides historical information since FY 2002 on the basic PBT and the supplemental PBT, the major funding source for the Trust Fund.

ACTUAL BASIC AND SUPPLEMENTAL PBT COLLECTIONS
($ millions)

Collection Period State Fiscal Year	Basic PBT	Supplemental PBT
2001–02	$635.7	$347.4
2002–03	618.9	384.5
2003–04	674.2	358.3
2004–05	692.3	370.9
2005–06	735.0	389.4
2006–07	676.2	391.9
2007–08	709.0	423.2
2008–09	682.5	403.5
2009–10	674.1	411.0
2010–11	660.4	412.8

Source: New York State Department of Taxation and Finance.

Several factors account for the changes in PBT revenues during the period referenced above.

Receipts for FY 2002 reflect more than a one percent increase in gasoline consumption. Diesel consumption declined about 10 percent due to the economic slowdown. Aviation fuel consumption dropped more than 23 percent in the latter half of the year due to the terrorist attack on the World Trade Center in New York City on September 11, 2001. Receipts from residual fuel used by utilities declined due to the warm winter. Collections also reflect the 5 percent increase in PBT rates effective January 1, 2001 and another 5 percent increase effective January 1, 2002, and $19.3 million from the carrier tax.

Receipts for FY 2003 reflect the 5 percent increase in PBT rates effective January 1, 2002, and the 5 percent decline effective January 1, 2003. Collections also include $20.2 million from the carrier tax.

Receipts for FY 2004 increased significantly over FY 2003. The main reason for the increase was the decrease in the relative price of residual fuel compared to natural gas. Tax collections for FY 2004 also reflect the 5 percent decline in PBT rates effective January 1, 2003 and the 5 percent increase effective January 1, 2004. Total collections include $19.9 million from the carrier tax.

Receipts for FY 2005 increased over FY 2004. The collections reflect the 5 percent increase in PBT rates effective January 1, 2004 and another 5 percent increase effective January 1, 2005. The collections also reflect strong growth in diesel receipts. Total collections include $21.9 million from the carrier tax.

Receipts for FY 2006 increased over FY 2005. The collections reflect the 5 percent increase in PBT rates effective January 1, 2005 and another 5 percent increase effective January 1, 2006. Total collections include $21.6 million from the carrier tax.

Receipts for FY 2007 reflect the 5 percent increase in PBT rates effective January 1, 2006 and the 5 percent increase effective January 1, 2007. Basic PBT collections declined in FY 2007 due to a reduction in residual fuel use. Residual fuel use declined significantly in FY 2007 due to the increase in the relative price of residual fuel oil compared to natural gas. Total collections also include $22.2 million from the carrier tax.

Receipts for FY 2008 increased over FY 2007. The collections reflect a 5 percent increase in PBT rates effective January 1, 2007 and a 1.2 percent decrease in PBT rates effective January 1, 2008. Total collections include $23.1 million from the carrier tax.

Receipts for FY 2009 decreased over FY 2008. The collections reflect a 1.2 percent decrease in PBT rates effective January 1, 2008 and a 5 percent increase in PBT rates effective January 1, 2009. Total collections include $20.6 million from the carrier tax.

Receipts for FY 2010 decreased slightly over FY 2009. The collections reflect a 5 percent increase in PBT rates effective January 1, 2009 and a 5 percent decrease in PBT rates effective January 1, 2010. Total collections include $18.4 million from the carrier tax.

Receipts for FY 2011 decreased over FY 2010. The collections reflect a 5 percent decrease in PBT rates effective January 1, 2010 and a 5 percent increase in PBT rates effective January 1, 2011. Total collections include $17.1 million from the carrier tax.

Actual and Estimated Revenues from Dedicated PBT. Actual receipts since FY 2002 and DOB's estimates of receipts from the dedicated PBT for FY 2012 are as set forth in the following table:

Trust Fund Revenues from PBT

State Fiscal Year	Dedicated Funds Pool ($ millions)	Trust Fund Revenue ($ millions)	Trust Fund Share
2001–02	$ 878.7	$553.6	63.0%
2002–03	901.7	568.1	63.0
2003–04	921.1	580.3	63.0
2004–05	950.2	598.6	63.0
2005–06	1,002.4	631.5	63.0
2006–07	958.6	603.9	63.0
2007–08	1,017.1	640.8	63.0
2008–09	973.6	613.4	63.0
2009–10	972.2	612.5	63.0
2010–11	961.9	606.0	63.0
2011–12[a]	975.0	614.0	63.0

[a] Estimated.

The estimate reflects the FY 2012 Enacted Budget. In formulating its projection for FY 2012, DOB made various assumptions regarding income, gasoline prices and consumption, fuel efficiency of the motor vehicles in the State and certain demographic trends. Forecasts of these variables are generated by DOB's own economic models of the United States and State economies, and a forecast published by the Federal Energy Information Administration ("EIA"). These assumptions were supplemented with year-to-date actual receipts. The estimates for PBT receipts from gasoline motor fuel are consistent with the consumption estimates used in forecasting motor fuel tax receipts. The PBT forecast also incorporates the indexing provisions that increased the rates by 5 percent on January 1, 2011, and are projected to increase the rates by 5 percent on January 1, 2012.

In formulating its estimates of PBT revenues from diesel motor fuel, DOB relied upon its own forecast of nationwide economic conditions, as reflected in national gross domestic product, and upon indicators of New York business activity. The estimates for PBT receipts from diesel motor fuel are also consistent with the consumption estimates used in forecasting motor fuel tax receipts.

After automotive fuels (gasoline and diesel motor fuel), residual fuel used in the generation of electricity by public utilities in the State is the second largest source of PBT revenues. Electric utility use of residual fuel oil now accounts for more than five percent of dedicated PBT receipts. Residual fuel use consumption is estimated to remain flat in FY 2012.

The balance of the tax consists of tax paid with respect to commercial usage of nonautomotive diesel fuel (middle distillate No. 2) and residual fuel oils (Nos. 4, 5 and 6 oils) and kero-jet fuel. The forecast anticipates that total tax collections from these fuels will remain flat in FY 2012. The estimated receipts include $17 million in FY2012 from the carrier tax.

Legislation adopted with the FY 2007 Enacted Budget provided a partial or full exemption for alternative fuels from the PBT to September 1, 2011. Legislation adopted with the FY 2012 Enacted Budget will extend the exemption for one year. The financial impact to the Dedicated Highway and Bridge Trust Fund is minimal.

Dedicated Motor Fuel Tax

General. MFT revenue is derived from an eight-cent-per-gallon excise tax levied with respect to gasoline and diesel motor fuels, generally for highway use. The aggregate rate of tax on gasoline was last changed on February 1, 1972, when it was increased from seven cents to eight cents per gallon. The aggregate rate of tax on diesel motor fuel was last changed on January 1, 1996 when it decreased from ten cents to eight cents per gallon.

Prior to April 1, 2000, 50 percent of MFT gasoline revenue was earmarked to the Trust Fund. Effective April 1, 2000, legislation enacted in 2000 earmarked 67.7 percent of gasoline MFT revenue and 31.5 percent of diesel MFT revenue to the Trust Fund. Effective April 1, 2001, legislation enacted in 2000 increased the diesel MFT revenue to the Trust Fund from 31.5 percent to 49.2 percent. Effective April 1, 2003, legislation adopted with the FY 2001 Enacted Budget earmarked 81.5 percent of MFT gasoline revenue and 63.0 percent of MFT diesel revenue to the Trust Fund.

Tax Imposition and Payment. The tax on motor fuel is payable by distributors registered with the State. The gasoline motor fuel tax is imposed when gasoline is imported (or caused to be imported) into the State for sale or use in the State, or manufactured in the State. Generally, the tax on other non-diesel motor fuels earmarked to the Trust Fund (such as compressed natural gas, propane, methanol and ethanol) is remitted by the dealer selling it as motor fuel. The tax on diesel motor fuel is imposed on the first non-exempt sale of diesel in the State.

Most petroleum businesses remit these taxes on a monthly basis. Businesses with yearly MFT and PBT liability totaling more than $5 million remit the PBT and MFT for the first 22 days of the month by electronic funds transfer by the third business day thereafter. Tax for the balance of the month is paid with the monthly returns filed by the 20th of the following month. In FY 2010, 24 taxpayers, accounting for 88 percent of all motor fuel tax receipts, that participated in the electronic funds transfer program.

Although the tax is remitted by distributors, the incidence of the tax falls primarily on final users of the fuel on the highways and waterways of the State. Governmental purchases are exempt from the tax. Fuel purchased for certain road vehicles (such as fire trucks, buses used in local transit, taxicabs and ambulances), upon which the tax has been paid, may be eligible for full or partial reimbursement of the MFT. Reimbursement of the tax is also available for fuel not used on the highways (e.g., fuel used in farming). Certain exemptions, including sales of kero-jet fuel for use in airplanes and sales to exempt organizations, apply only to the diesel motor fuel.

Actual and Estimated Revenues from Dedicated Motor Fuel Tax. Actual receipts since FY 2002 and DOB's forecast of Trust Fund receipts from the gasoline and diesel MFT for FY 2012 are set forth in the following table:

Trust Fund Revenues From MFT
($ millions)

State Fiscal Year	Gasoline MFT	Diesel MFT	Total Revenues
2001–02	$291.8	$28.8	$320.6
2002–03	324.2	32.0	356.2
2003–04	377.2	33.2	410.4
2004–05	377.7	41.8	419.5
2005–06	376.4	43.4	419.8
2006–07	362.8	43.0	405.8
2007–08	369.8	44.8	414.6
2008–09	356.1	42.2	398.3
2009–10	360.1	41.0	401.1
2010–11	363.7	44.0	407.7
2011–12[a]	359.6	44.4	404.0

[a] Estimated.

In formulating the gasoline motor fuel tax forecast, DOB relied principally upon relationships among gross domestic product, income, gasoline prices and gasoline demand that have been established by DOB's own economic forecast and the EIA. Gasoline consumption is estimated to decline in FY 2012.

To develop the diesel MFT forecast, DOB relied primarily on its own forecasts of State economic conditions, as reflected in real GDP. Diesel consumption is estimated to increase slightly in FY 2012.

Legislation adopted with the FY 2007 Enacted Budget provided a partial or full exemption for alternative fuels from the MFT to September 1, 2011. The financial impact to the Dedicated Highway and Bridge Trust Fund is minimal.

Highway Use Tax

General. The highway use tax includes three components: the truck mileage tax, the fuel use tax, and registration fees. Under current law, all HUT receipts are earmarked to the Trust Fund.

Since 1951, the truck mileage tax has been levied on commercial vehicles having a loaded gross weight of more than 18,000 pounds. In 1961, the State gave carriers the option of using an unloaded weight basis to compute truck mileage tax liability. A motor carrier pays tax based on both the number of miles driven on the public highways of this State and the weight of the vehicle.

Legislation enacted in 1998 reduced the truck mileage tax by 25 percent, effective January 1, 1999, and increased the percentage of motor vehicle registration fees flowing to the Trust Fund to hold the Fund harmless from this and other tax and fee reductions and to increase the flow of funds to the Trust Fund by approximately $25 million.

Effective April 1, 2001, legislation adopted with the FY 2001 Enacted Budget reduced the supplemental truck mileage tax by 20 percent. To hold the Trust Fund harmless, legislation enacted with the Budget also increased the flow of motor vehicle fees to the Trust Fund (See “Dedicated Motor Vehicle Fees” below).

The fuel use tax is a complement to the State motor fuel and sales taxes. In contrast to the latter taxes, which are imposed upon the amount of fuel purchased within the State, the fuel use tax applies to fuel purchased outside New York State by trucks and tractors and by foreign or interstate bus carriers, but used while traveling on the public highways of the State.

The 1994 legislation enabled the State to join the federally mandated International Fuel Tax Agreement ("IFTA") on January 1, 1996. This agreement provides for the uniform reporting and collection of fuel-use-related taxes among IFTA jurisdictions. IFTA reduces and simplifies the reporting requirements of truckers by permitting motor carriers to file a single tax return with their base state. The base state then distributes revenues back to the other IFTA jurisdictions based on the miles traveled in those jurisdictions. Under IFTA, jurisdictions may impose a fuel use tax only on vehicles with gross weights of over 26,000 pounds or with three or more axles. New York's law required the fuel tax on vehicles with gross weights of over 18,000 pounds. Therefore, on and after January 1, 1996, the State fuel use tax no longer applied to vehicles that weigh between 18,000 and 26,000 pounds. To avert a loss in revenues flowing to the Trust Fund due to the 1994 legislative changes in truck mileage and fuel use taxes, that legislation increased the percentage of motor vehicle registration fees flowing to the Trust Fund from 13 percent to 17 percent on January 1, 1995 and to 20 percent on January 1, 1996.

Prior to July 1, 2007, commercial carriers liable for the truck mileage tax would purchase a highway use permit/sticker for each qualifying vehicle. Permits were issued triennially at an initial cost of $15 with subsequent renewals of $4 for motor vehicles and $2 for trailers. With the enactment of the replacement fee proposal in the FY 2010 Enacted Budget, all permits cost $15. Decals cost $4.

On August 10, 2005, a Federal law was enacted that restricted the ability of States to require motor carriers to display a permit sticker. (This law was repealed on September 6, 2008, in a technical corrections bill). On July 1, 2007, New York State replaced the permit system with a registration system to adhere to this Federal transportation law.

The current registration system is based on the license plate number of each vehicle. The Commissioner of the Department of Taxation and Finance has the authorization to mail out decals to TMT carriers. The Commissioner could deny registration if the carrier has not paid monies due from any other tax. There is now a civil penalty for any person who fails to obtain a certificate of registration when it is required. Special permits are issued for the transportation of motor vehicles, for automotive fuel carriers, and for trips into New York State not to exceed 72 hours.

Actual and Estimated Revenues from Highway Use Tax. The table below shows actual receipts since FY 2002 and DOB's forecast of HUT receipts for FY 2012. The forecast reflects the FY 2012 Enacted Budget and is based upon forecasts of national and State economic conditions and motor fuel prices.

Trust Fund Revenues From HUT

State Fiscal Year	Revenues ($ millions)
2001–02	$148.3
2002–03	146.8
2003–04	146.6
2004–05	151.4
2005–06	160.2
2006–07	152.7
2007–08	148.0
2008–09	140.9
2009–10	137.2
2010–11	129.2
2011–12[a]	144.0

[a] Estimated.

Legislation adopted with the FY 2007 Enacted Budget capped State sales tax on motor fuel and diesel motor fuel at eight cents per gallon. This change reduces the receipts from the fuel use tax sales tax component.

The State also provided a partial or full exemption for alternative fuels from the fuel use tax to September 1, 2011. Legislation adopted with the FY 2012 Enacted Budget will extend the exemption for one year. The financial impact to the Highway and Bridge Trust Fund is minimal.

Legislation adopted with the FY 2010 Enacted Budget increased the highway use tax fee for a registration certificate from $4 to $15 for a motor vehicle, and from $2 to $15 for a trailer, semi-trailer, dolly or other drawn device.

Dedicated Motor Vehicle Fees

General. Motor vehicle fees are derived from a variety of sources, but consist mainly of vehicle registration and driver licensing fees.

A percentage of State motor vehicle registration fees is earmarked to the Trust Fund. These motor vehicle fees derive from the registration of passenger vehicles, trucks, vans, motorcycles, trailers, semitrailers, buses, and other types of vehicles operating on the public highways of the State.

The State Department of Motor Vehicles ("DMV") administers motor vehicle registration provisions of the State Vehicle and Traffic Law. County clerks in most counties act as agents for the State in administering the issuance of most types of motor vehicle registration. Motor vehicle registration renewals generally are accomplished by mail.

With the exceptions of buses, which are charged according to seating capacity, and semitrailers, which are currently registered at a flat fee of $23, motor vehicle registration fees in the State are currently based on vehicle weight. Since July 1, 1998 passenger vehicles are registered at graduated annual rates of 64.5 cents per 100 lbs. up to 3,500 lbs., and 97 cents for each 100 lbs. over 3,500 lbs., with a maximum yearly registration fee of $56.06. The yearly registration fee for trucks and light delivery vehicles is $2.88 per 500 lbs. of maximum gross weight. Tractors are registered at an annual fee of $1.21 per 100 lbs. of maximum gross weight. Motorcycles, snowmobiles, all-terrain vehicles, ambulances, trucks used exclusively in the transportation of household goods, and other specialized vehicles have separate registration fee schedules.

Legislation enacted in 1989 mandated biennial registration of all motor vehicles weighing less than 18,000 lbs. Thus, most motor vehicle registrations are issued and renewed for two-year periods; registrations are staggered evenly throughout the months to ensure an even workload.

To avert a loss in revenues flowing to the Trust Fund as a result of reducing and eliminating the truck mileage tax imposed on Thruway mileage, 1994 legislation increased the percentage of motor vehicle registration fees flowing to the Trust Fund from 13 percent to 17 percent on January 1, 1995, and to 20 percent on and after January 1, 1996.

Legislation which was enacted with the State's FY 1998 Budget eliminated certain refunds of registration fees. It was later repealed, making refunds available again.

Legislation enacted with the State's FY 1999 Budget reduced the registration fees for passenger vehicles by 25 percent, starting July 1, 1998 (see above), and increased the county clerk's retention as payment for collecting these fees. Both to hold the Trust Fund harmless from this reduction and to increase the flow of revenue to the Trust Fund by approximately $25 million, legislation enacted with the FY 1999 Budget increased the percentage of registration fees earmarked to the Trust Fund to 28 percent, effective April 1, 1998, and to 34 percent, effective July 1, 1998. Also, to hold the Trust Fund harmless from the 25 percent reduction of the truck mileage tax, such legislation increased the percentage of registration fees earmarked to the Trust Fund to 45.5 percent, effective February 1, 1999.

Legislation enacted in 1999 increased county clerks' retention fees from 9.3 percent to 12.7 percent, effective April 1, 1999.

To increase the amount of revenues flowing to the Trust Fund and to hold the Trust Fund harmless from the PBT tax cuts enacted in 2000, legislation enacted with the FY 2001 State Budget earmarked the remaining 54.5 percent of motor vehicle registration fees to the Dedicated Funds Pool. The Trust Fund will receive 63 percent of such motor vehicle fees. Effective April 1, 2001, 23.5 percent of certain motor vehicle registration fees were deposited to the Dedicated Funds Pool. That percentage increased to 54.5 percent effective April 1, 2002.

In addition, legislation enacted with the FY 2001 Enacted Budget directed the State Comptroller to deposit into the Dedicated Funds Pool $28.4 million in FY 2003, $67.9 million in FY 2004 and $170.1 in FY 2005. Of these amounts, 63 percent were directed to the Trust Fund.

Effective April 1, 2001, to hold harmless the Trust Fund from the 20 percent reduction of the supplemental truck mileage tax, legislation enacted with the FY 2001 State Budget also directed an amount of non-registration motor vehicle fees to be deposited in the Trust Fund. The amount is equal to 10 percent of the base truck mileage tax. See "Highway Use Tax", above.

Legislation enacted with the FY 2002 State Budget directed the deposit of $169 million of non-registration motor vehicle fee revenues to the Trust Fund in FY 2002. Legislation enacted with the FY 2003 State Budget redirected $171.6 million of non-registration motor vehicle fees to the Trust Fund in FY 2003 and $152.7 million in FY 2004.

The FY 2004 Enacted Budget directed $170.1 million of additional other motor vehicle fees to the Dedicated Funds Pool in FY 2005 and thereafter and directed $59.9 million from the General Fund to the Trust Fund in FY 2005. It also increased the certificate of vehicle sale fee (estimated to be $12.0 million), the original title application fee (estimated to be $14.7 million), and the vehicle safety inspection fee (estimated to be $21.2 million) in FY 2005 and thereafter for deposit to the Trust Fund.

The FY 2006 Enacted Budget moved $169 million of all of the remaining non-registration funds still deposited into the General Fund to the Dedicated Funds Pool, effective April 1, 2005. Legislation adopted with the FY 2012 Enacted Budget amended the $169 million provision by including all funds (fees, taxes, fines, and assessments) and not just the non-dedicated portion. The FY 2006 Enacted Budget increased certain non-registration fees, including title fees estimated to be $39.4 million in FY 2006 and $78.8 million thereafter. Revenues from these fee increases are deposited in the Dedicated Funds Pool in FY 2006 and thereafter.

Legislation adopted with the FY 2010 Enacted Budget increased license fees by 25 percent for a revenue increase of $18.8 million in FY 2010 and $37.1 million in FY 2011. The additional revenues from this increase will be directed to the Trust Fund.

In addition, most registrations increased by 25 percent for a revenue increase of $51.9 million in FY 2010 and $103.7 million in FY 2011. The additional revenues from this increase will be directed to the Trust Fund.

Also, the license plate fee increased from $15 to $25 effective April 1, 2010, resulting in an estimated revenue increase of $20 million. The additional revenues from this increase will be directed to the General Fund.

There is also a MTA supplemental registration and license fee imposed on motorists living in the MCTD. The additional revenues from these supplemental fees will be directed to the MTA.

Actual and Estimated Revenues from Motor Vehicle Fees. DOB has forecasted the registration fees for passenger and commercial motor vehicles and other motor vehicle fees for FY 2012. The forecast reflects the State's FY 2012 Enacted Budget. The forecast is based upon national new automobile sales, New York State economic conditions, registration renewal cycles in the State and the increased allocation to the Trust Fund described above.

Trust Fund Revenues From MVF

State Fiscal Year	Revenues ($ millions)
2001–02	$370.6
2002–03	469.9
2003–04	468.1
2004–05	524.5
2005–06	495.1
2006–07	557.0
2007–08	569.0
2008–09	546.6
2009–10	628.1
2010–11 [b]	813.3
2011–12 [a][b]	827.0

[a] Estimated.

[b] Includes all motor vehicle revenues directed to the Trust Fund.

Auto Rental Tax

The State imposes an auto rental tax on any rental or use in New York State of a passenger car with a gross vehicle weight of 9,000 pounds or less that has seating capacity for nine or fewer passengers. Legislation enacted with the FY 2003 State Budget increased the amount of revenue that flows to the Trust Fund by shifting the auto rental tax receipts from the General Fund to the Trust Fund, effective April 1, 2002. Legislation in the FY 2010 Enacted Budget increased the auto rental tax from 5 to 6 percent. There is also a MTA supplemental tax of 5 percent imposed on passenger car rentals within the MCTD. Revenues from this supplemental tax are directed to the MTA and are not included in the table below.

Trust Fund Revenues From Auto Rental Tax

State Fiscal Year	Revenues ($ millions)
2001–02	$37.9
2002–03	37.2
2003–04	38.6
2004–05	39.8
2005–06	42.3
2006–07	45.5
2007–08	47.0
2008–09	60.7
2009–10	51.7
2010–11	60.0
2011–12[a]	65.0

[a] Estimated.

Transmission and Transportation Taxes

The State imposes franchise taxes on transmission and transportation companies doing business in New York State. Under Section 183 of the Tax Law, companies pay tax based on the highest of three alternatives: allocated value of issued capital stock at a tax rate of 1.5 mills (.0015); allocated value of issued capital stock on which dividends are paid at a rate of 6 percent or more, at a tax rate of 0.375 mills (.000375) for each 1 percent of dividends paid, or a rate of 1.5 mills (.0015) to capital stock on which dividends are not paid, or are paid at a rate of less than 6 percent; or a minimum tax of $75. Section 184 of the Tax Law provides for a tax rate of 0.375 percent of gross earnings. The FY 2004 Enacted Budget increased the flow of funds to the Dedicated Highway and Bridge Trust Fund by shifting 20 percent of receipts from the transmission and transportation taxes from the General Fund, effective April 1, 2004. The FY 2006 Enacted Budget continued these additional deposits through March 31, 2010. The FY 2010 Enacted Budget extended these additional deposits through March 31, 2015. Since April 1, 2004, 80 percent of transmission and transportation taxes have been deposited into the Mass Transportation Operating Assistance Fund ("MTOAF"), with the remaining amounts deposited into the Trust Fund.

The table below shows deposits of transmission and transportation taxes into the MTOAF and the Trust Fund since FY 2005 and DOB estimate of such deposits for FY2012. The estimate for FY 2012 reflects the FY 2012 Enacted Budget.

Transmission and Transportation Taxes
Deposits to MTOAF and Trust Fund

State Fiscal Year	MTOAF ($ millions)	Trust Fund ($ millions)
2004–05	$64.5	$16.1
2005–06	73.9	18.4
2006–07	68.4	17.1
2007–08	60.3	15.1
2008–09	71.8	17.9
2009–10	78.6	19.7
2010–11	65.6	16.4
2011–12[a]	65.0	15.0

[a] Estimated.

Certain Special Revenues

Since April 1, 1999, certain transportation-related fees and charges have been deposited in the Dedicated Highway and Bridge Trust Fund. Prior to FY 2000, these transportation-related fees were deposited to the credit of four State special revenue funds. The FY 2000 Enacted Budget redirected these fees, through administrative action, to the Trust Fund. These fees are generated from the sale of permits for transportation of oversized and/or overweight cargo over the State's highways and bridges, the sale of permits for highway work, fees imposed for directional and outdoor advertising signs posted along State highways, and miscellaneous other transportation-related fees. These fees have been deposited directly in the Trust Fund since the FY 2001 Enacted Budget formalized in statute the redirection of these fees to the Trust Fund. Some of the fee schedules associated with these Trust Fund Revenues are subject to change by the Commissioner of Transportation.

The FY 2004 Enacted Budget moved receipts from the DMV data search fees ($50.0 million) from the General Fund to the Trust Fund, effective April 1, 2003. The FY 2004 Enacted Budget also increased data search fees effective April 1, 2004; the additional receipts have been deposited into the Trust Fund since April 1, 2004.

The FY 2005 Enacted Budget increased overweight truck fees, which were estimated to bring in an additional $0.8 million in FY 2005, and $1.5 million per year thereafter.

The FY 2006 Enacted Budget increased the data sales fee, insurance buyback fee and salvaged vehicle inspection fee, generating an additional $21 million on a fully-annualized basis in FY 2007.

The FY 2007 Enacted Budget dedicated DMV fee increases of $3.6 million for the driver responsibility program in FY 2007, and increasing to $28.6 million per year thereafter.

The FY 2012 Enacted Budget includes $2.1 million in new receipts from private sector partnerships in funding State HELP trucks.

Certain Special Revenues

State Fiscal Year	Revenues ($ millions)
2001–02	$ 19.7
2002–03	18.9
2003–04	64.7
2004–05	81.2
2005–06	82.2
2006–07	100.3
2007–08	126.1
2008–09	137.2
2009–10	141.0
2010–11[b]	24.5
2011–12[a][c]	24.6

[a] Estimated.

[b] Nearly $107 million in receipts are now categorized under motor vehicle receipts. Only dedicated receipts collected by the Department of Transportation are included in this category.

[c] Includes $2.1 million in new receipts from private sector partnerships in funding State HELP trucks.

Build America Bonds Subsidy

The American Recovery and Reinvestment Act of 2009 ("ARRA") authorized the Build America Bonds ("BABs") program, which offered issuers the opportunity to issue taxable bonds for capital projects that would otherwise qualify for tax-exemption and receive a subsidy equal to 35 percent of each interest payment from the U.S. Treasury. The Trust Fund receives a 35 percent interest subsidy on the Second General Trust Fund Bonds Series 2010B.

Trust Fund Revenues from BABs Subsidy

State Fiscal Year	Revenues ($ millions)
2010-11	$5.6
2011-12[a]	5.4

[a] Estimated.

Actual and Estimated Trust Fund Revenues

The following table provides a summary of the actual and estimated Trust Fund Revenues derived from the sources discussed above.

Actual and Estimated Trust Fund Revenues
($ millions)

State Fiscal Year	PBT	MFT	HUT	MVF	ART	TTT	CSR	BABs	Total
2001–02	$553.6	$320.6	$148.3	$370.6	—	—	$19.7	—	$1,412.8
2002–03	568.1	356.2	146.8	469.9	$37.2	—	18.9	—	1,597.1
2003–04	580.3	410.4	146.6	468.1	38.6	—	64.7	—	1,708.7
2004–05	598.6	419.5	151.4	524.5	39.8	$16.1	81.2	—	1,831.1
2005–06	631.5	419.8	160.2	495.1	42.3	18.4	82.2	—	1,849.5
2006–07	603.9	405.8	152.7	557.0	45.5	17.1	100.3	—	1,882.3
2007–08	640.8	414.6	148.0	569.0	47.0	15.1	126.1	—	1,960.6
2008–09	613.4	398.3	140.9	546.6	60.7	17.9	137.2	—	1,915.0
2009–10	612.5	401.1	137.2	628.1	51.7	19.7	141.0	—	1,991.3
2010–11	606.0	407.7	129.2	824.0	60.0	16.4	24.5	$5.6	2,073.4
2011–12[(a)]	614.0	404.0	144.0	827.0	65.0	15.0	24.6	5.4	2,099.0

[(a)] Estimated.

Factors Affecting Trust Fund Revenues

The discussion above has generally covered receipts since FY 2002. Trust Fund receipts should also be viewed from a long term perspective.

An examination of historical data for the calendar years 1971 through 2009 by DOB suggests that the revenues that would have flowed to the Trust Fund would have been affected positively or negatively by factors which include but are not limited to: (1) State legislative changes affecting the tax rates, the tax base, payment schedules and the allocation of receipts to the Trust Fund; (2) overall economic conditions in the State; (3) population growth in the State; (4) significant changes in the price of petroleum and refined petroleum products; (5) improvements in the fuel efficiency of automobiles; (6) the use of the extensive public transportation network of subways, buses and commuter rails; (7) world political events, such as the OPEC oil embargo (1973-75), the Persian Gulf War (1990-91), the terrorist attacks on September 11, 2001 and the war in Iraq; (8) variations in climate and in the price of natural gas relative to certain competing taxable petroleum products, which primarily affect the consumption of taxable petroleum products by utilities; (9) environmental pressures to reduce acid rain through reduction of sulfur dioxide emissions from facilities burning fossil fuels; (10) the shift in the State from a manufacturing-based to service-based economy; (11) State and Federal initiatives encouraging energy efficiency and environmental protection; (12) impact of utility deregulation on Statewide supply and demand of electricity; and (13) tax evasion and Federal and State enforcement measures.

Historically, the price of refined petroleum products has tended to increase over the long term. An examination of the factors mentioned above over the period covered by the historical data demonstrates that even relatively sharp price increases have not had a permanent adverse effect on motor fuel consumption levels. Furthermore, the impact of higher prices on motor fuel consumption (by far the largest component of Trust Fund receipts) is relatively limited. The data suggest that short-term demand is relatively inelastic in the face of price changes, and that motor fuel tax collections have thus been relatively stable, compared with the price of refined petroleum products.

General economic conditions also have an impact upon fuel consumption. During recessions, motor fuel consumption declines as business activity slows. Motor fuel consumption, however, recovers and begins to grow during periods of economic strength. In general, motor fuel tax collections flowing to the Trust Fund have remained relatively constant over the period covered by the historical data. The PBT, being affected by both price and quantity changes, shows somewhat more variability. Although the bulk of the interval covered by the historical data is marked by growth, there were periods when the revenue effects of changes in consumption were offset by price changes.

Likewise, motor vehicle registration fee receipts have been primarily influenced over the period covered by the historical data by population, economic conditions, and statutory changes. Over the period covered by the historical data, motor vehicle registration fees would have provided a modestly growing source of revenue for the Trust Fund.

Generally, over the period covered by the historical data discussed above, the sources of revenue dedicated to the Trust Fund were subject to a variety of extreme economic and political conditions, yet would have provided a reasonably stable and moderately growing flow of revenue to the Trust Fund without intervention by the State. There can be no assurances, however, that future economic, political or statutory changes will not materially reduce the flow of revenues to the Trust Fund. In such an event, the State may, but is not obligated to, consider remedial actions, including but not limited to, restructuring revenues available to the Trust Fund or program activity.

Section 2: Subsection J

New York State Medical Care Facilities Finance Agency, Mental Health Services Facilities Improvement Revenue Bonds
and
Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds

"Department of Mental Hygiene"

This Subsection J contains information required to be updated relating solely to obligations issued by the New York State Medical Care Facilities Finance Agency (now known as the Dormitory Authority of the State of New York) for Mental Health Services Facilities Improvement Revenue Bonds and the Dormitory Authority of the State of New York for Mental Health Services Facilities Improvement Revenue Bonds. Capitalized terms used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

The Department

Department of Mental Hygiene

The Department was established on January 1, 1927, replacing and consolidating the functions of the State Hospital Commission and the State Commission for Mental Defectives. Pursuant to legislation effective in 1978, as amended in 1992, the Department is organized into three autonomous offices:

1. The Office of Mental Health (“OMH”);
2. The Office for People With Developmental Disabilities (“OPWDD”); and
3. The Office of Alcoholism and Substance Abuse Services (“OASAS”).

These three units function independently within the Department with complete responsibilities for the planning and administration of their respective programs. Each office is headed by a commissioner appointed by the Governor with the advice and consent of the Senate.

Office of Mental Health

As the State mental health agency, OMH has two main functions: assuring access to services of the highest quality for children with serious emotional disturbance and adults with serious mental illness, and promoting the mental health of all New Yorkers through a public health approach to education and advocacy. To that end, OMH works with local governments, voluntary agencies, and providers and consumers of mental health services to ensure appropriate care to those in need.

Currently, OMH operates 25 State psychiatric centers, including 16 facilities for adults, 6 for children and 3 for forensic patients, more than 50 residential care facilities, and over 100 outpatient programs. These provide a mix of inpatient, residential and outpatient services. In addition, OMH currently operates two research facilities, the Nathan S. Kline Institute and the New York State Psychiatric Institute, which conduct basic research into the causes and treatment of mental illness. OMH is responsible for regulating and licensing mental health programs operated by local governments and not-for-profit and proprietary agencies. In that capacity, OMH oversees a large array of programs, including more than 1,500 licensed inpatient, outpatient and residential programs and more than 3,000 unlicensed housing and support programs. In connection with the foregoing, OMH is responsible for, among other things, the regulation and licensing of certain of the Voluntary Agency Facilities financed with the proceeds of the Bonds as well as certain of the Voluntary Agency Facilities financed with the proceeds of the Prior Authority Bonds. Such regulation and licensing includes, among other things, participation in the determination as to the need for the facility, review of plans and specifications for construction of the facility, the right to conduct inspections and audits and the establishment of a reimbursement rate for client care. In addition, the capital costs and projected financing sources for any such Voluntary Agency Facilities financed from proceeds of the Bonds and the Prior Authority Bonds are subject to the approval of DOB.

Office for People With Developmental Disabilities

OPWDD is charged with developing a comprehensive, cost-effective and integrated system of services to serve the full range of needs of individuals with developmental disabilities. OPWDD operates through 13 service districts, which administer community-based and, where applicable, institutionally-based service programs for persons with developmental disabilities within regional catchment areas. Institutional programs offer residential care and habilitative services in campus settings informally known as developmental centers and at special population units located throughout the State. The community-based service program, funded and regulated by OPWDD, reflects the cooperative efforts of local governments, voluntary not-for-profit service providers and OPWDD as a provider of services. Community programs include State- and voluntary-operated residential and day services, as well as a variety of support services to families and individuals living in their own homes, including respite and crisis intervention, which help prevent unnecessary and costly out-of-home placement. In connection with the foregoing, OPWDD is responsible for, among other things, the regulation and licensing of certain of the Voluntary Agency Facilities financed with the proceeds of the Bonds as well as certain of the Voluntary Agency Facilities financed with the proceeds of the Prior Authority Bonds. Such regulation and licensing includes, among other things, participation in the determination as to the need for the facility, review of plans and specifications for construction of the facility, the right to conduct inspections and audits and the establishment of a reimbursement rate for services. In addition, the capital costs and projected financing sources for any such Voluntary Agency Facilities financed from proceeds of the Bonds and the Prior Authority Bonds are subject to the approval of the State DOB.

Office of Alcoholism and Substance Abuse Services

OASAS is responsible for assuring the development of comprehensive plans, programs and services in the areas of research, prevention, care, education, training, treatment and rehabilitation to address chemical dependencies and/or compulsive gambling problems of individuals and their families. OASAS will operate 12 inpatient Addiction Treatment Centers ("ATCs") that provide short-term intensive chemical dependence rehabilitation services. With the exception of the Kingsboro and the Van Dyke ATCs, all ATCs are housed on the grounds of State psychiatric centers. In addition, OASAS oversees a network of approximately 1,550 drug, alcohol and compulsive gambling treatment, prevention and recovery programs that provide a continuum of care ranging from short-stay detoxification centers to long-term drug and alcohol free residential communities. In connection with the foregoing, OASAS is responsible for, among other things, the regulation and licensing of certain of the Voluntary Agency Facilities financed with the proceeds of the Bonds as well as certain of the Voluntary Agency Facilities financed with the proceeds of the Prior Authority Bonds. Such regulation and licensing includes, but is not limited to, participation in the determination as to the need for the facility, review of plans and specifications for construction of the facility, the right to conduct inspections and audits and the establishment of a reimbursement rate for client care. In addition, the capital costs and projected financing sources for any such Voluntary Agency Facilities financed from proceeds of the Bonds and the Prior Authority Bonds are subject to the approval of the State DOB.

Department Facilities

A listing of institutions operated by each office of the Department, by category, follows. This listing excludes numerous small facilities in which these offices provide community services.

Office of Mental Health

Psychiatric Centers

Greater Binghamton Health Center
Bronx Psychiatric Center
Buffalo Psychiatric Center
Capital District Psychiatric Center
Creedmoor Psychiatric Center
Elmira Psychiatric Center
Hudson River Psychiatric Center[(1)]
Kingsboro Psychiatric Center
Manhattan Psychiatric Center
Mohawk Valley Psychiatric Center
Pilgrim Psychiatric Center
Richard H. Hutchings Psychiatric Center
Rochester Psychiatric Center
Rockland Psychiatric Center
St. Lawrence Psychiatric Center
South Beach Psychiatric Center

Children's Psychiatric Centers

Bronx Children's Psychiatric Center
Brooklyn Children's Center[(2)]
Queens Children's Psychiatric Center
Rockland Children's Psychiatric Center
Sagamore Children's Psychiatric Center
Western New York Children's Psychiatric Center

Forensic Facilities

Central New York Psychiatric Center
Kirby Forensic Psychiatric Center
Mid-Hudson Forensic Psychiatric Center

Research Facilities

Nathan S. Kline Institute for Psychiatric Research
New York State Psychiatric Institute

Office for People With Developmental Disabilities

Service Districts

Bernard M. Fineson Developmental Disabilities Services Office
Brooklyn Developmental Disabilities Services Office
Broome Developmental Disabilities Services Office[(3)]
Capital District Developmental Disabilities Services Office
Central New York Developmental Disabilities Services Office
Finger Lakes Developmental Disabilities Services Office
Hudson Valley Developmental Disabilities Services Office
Long Island Developmental Disabilities Services Office
Metro New York Developmental Disabilities Services Office
Staten Island Developmental Disabilities Services Office
Sunmount Developmental Disabilities Services Office
Taconic Developmental Disabilities Services Office
Western New York Developmental Disabilities Services Office

Other Facilities

Institute for Basic Research in Developmental Disabilities
Valley Ridge Center for Intensive Treatment[(3)]

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(1) Chapter 59 of the Laws of 2011 (Part G, Section 2 (b)) authorizes the Commissioner of Mental Health, during FY 2012, to close, consolidate or merge one or more of the State psychiatric centers operated by OMH. In May 2011, notice was provided that OMH will be undertaking a closure of Hudson River Psychiatric Center and the consolidation of a portion of its services into Rockland Psychiatric Center in Orangeburg, New York. However, a 1996 preliminary injunction would have to be lifted or modified prior to closing this facility.

(2) Effective April 1, 2011, Brooklyn Children's Psychiatric Center was renamed to Brooklyn Children's Center, reflecting actions planned to be completed by approximately October 1, 2011, to transfer some of the inpatient bed capacity from that facility to other State psychiatric centers in the New York City area and to eliminate the facility's remaining inpatient bed capacity, while continuing to operate significant non-inpatient services.

(3) Effective April 1, 2009, Valley Ridge Center for Intensive Treatment became part of Broome Developmental Disabilities Services Office.

Office of Alcoholism and Substance Abuse Services

Addiction Treatment Centers

Bronx Addiction Treatment Center	McPike Addiction Treatment Center
C.K. Post Addiction Treatment Center	R.E. Blaisdell Addiction Treatment Center
Creedmoor Addiction Treatment Center	Richard C. Ward Addiction Treatment Center
Dick Van Dyke Addiction Treatment Center	South Beach Addiction Treatment Center
J.L. Norris Addiction Treatment Center	St. Lawrence Addiction Treatment Center
Kingsboro Addiction Treatment Center	Stutzman Addiction Treatment Center

Population

Office of Mental Health

OMH's comprehensive Five-Year Plan continues to support the programmatic and fiscal strategy of implementing an integrated community based system of care. While OMH continues to monitor the need for State adult inpatient hospitalization, the plan calls for continued development of a comprehensive and integrated community mental health system, for which OMH proposes sponsoring continued State capital assistance to the voluntary, not-for-profit provider network.

In FY 2012, consistent with the Enacted Budget, OMH will staff and operate 3,130 beds in adult psychiatric centers, 461 children's beds and 665 forensic beds (with contingency plans for up to 685 depending on need). These inpatient numbers reflect bed capacity reductions authorized for FY 2012 under Chapter 59 (Part G, Section 2 (a)). OMH will also continue implementation of the Sex Offender Management and Treatment Act (SOMTA) at Central New York Psychiatric Center and St. Lawrence Psychiatric Center. In addition to inpatient hospital care, OMH will also continue to provide residential services to more than 4,000 individuals in State-operated programs, and outpatient services to more than 27,000 individuals across the State.

Office for People With Developmental Disabilities

Consistent with its comprehensive Five-Year Plan, OPWDD serves a diverse population of individuals with developmental disabilities including, but not limited to, persons with mental retardation, cerebral palsy, autism and epilepsy. OPWDD's programs are characterized by two related service systems: a State-operated institutional system and a community-based system with programs run by both the State and voluntary not-for-profit agencies.

The State-operated institutional system provides residential care and habilitative services to individuals at developmental centers and related special population units located throughout the State. The FY 2012 Enacted Budget supports a census of 1,313 individuals at the beginning of the State fiscal year. During FY 2012, OPWDD will continue to move individuals residing in institutions to more appropriate community settings; however, it is anticipated that these movements will be offset partially by new admissions, mostly of persons with challenging behaviors who will be placed in special population units.

The FY 2012 Enacted Budget supports the development of community residential beds for the NYS-CARES initiatives for individuals on registration lists and for legally mandated populations, such as young adults aging out of either the special educational or foster care systems, and New York City Administration for Children's Services individuals, as well as resources to develop community program opportunities for individuals on registration lists.

The voluntary- and State-operated community-based service system provides a variety of day and residential programs for individuals. The emphasis in these programs is on habilitative and vocational services to meet the individualized needs of persons with developmental disabilities. The FY 2012 Enacted Budget includes resources for a FY 2012 start-of-year census of more than 8,000 consumers in State-operated community residential programs and approximately 4,700 consumers in State-operated day programs.

Office of Alcoholism and Substance Abuse Services

OASAS will operate 12 ATCs with a total bed capacity of 570 during FY 2012.

Population Statistics

The following are actual and projected population statistics for the State- and voluntary-operated residential programs of OMH, OPWDD and OASAS:

	Mentally Ill		OPWDD		Chemical Dependence
Year (as of 3/31)	**Psychiatric Center (1)**	**Community Residences (2)**	**Developmental Center**	**Community Residences**	**Addiction Treatment Centers**
2002	4,485	26,000	1,655	35,000	652
2003	4,280	26,500	1,651	31,721 (3)	652
2004	4,130	26,900	1,634	32,250	652
2005	4,080	27,700	1,635	32,597	652
2006	3,969	27,755	1,605	33,157	652
2007	3,979	28,100	1,712	33,761	652
2008	3,934	30,600	1,657	34,148	652
2009	3,616	32,600	1,541	35,115	652
2010	3,388	34,300	1,434	35,523	600
2011	3,218	34,800	1,313	35,923	570
2012 (estimated)	3,130	39,400	1,037	36,552	570

(1) The actual and the estimated population statistics exclude 665 forensic beds and 461 children's beds. Figures beginning in 2007 also exclude individuals who are civilly committed to sexual offender treatment programs. Figures beginning in 2008 also exclude 20 forensic beds for which OMH maintains contingency plans depending on need. 100 beds for adult individuals with forensic or dangerous histories known as the Manhattan STAIR Unit are included in the actual and estimated population.

(2) Includes both licensed and unlicensed programs.

(3) Beginning in 2003, approximately 4,000 consumers in OPWDD's Family Care Program ceased to be categorized as Community residences.

Income Available for Prior Authority Annual Payments and Annual Payments

Under applicable State statutes, the Authority is required to establish and maintain with the Commissioner of Taxation and Finance, as agent of the Authority, the Mental Hygiene Facilities Improvement Fund Income Account. The Authority is required to deposit therein or have credited thereto all payments made for the care, maintenance, and treatment of patients in every mental hygiene facility now or hereafter under the possession, jurisdiction, supervision and control of the Authority, all income from investments and all moneys received or to be received for the purposes of the Mental Hygiene Facilities Improvement Fund Income Account on a recurring basis. Following deposit of receipts in the Mental Hygiene Facilities Improvement Fund Income Account, amounts therein are transferred to the Services Fund pursuant to State law.

Substantially all of the Medicaid receipts shown below represent the Federal share thereof. The Federal government traditionally pays 50 percent under Medicaid and 100 percent under Medicare of allowable costs of covered services to eligible patients. The State share of Medicaid, which is used for inpatient services, is not available for the payment of Annual Payments and therefore is not reflected in the following tables.

The following table shows the amounts received in the Mental Hygiene Facilities Improvement Fund Income Account (not including Voluntary Agency Payments) and transferred to the Services Fund and that were available for (i) Prior Agency Annual Payments with respect to the Prior Agency Bonds (none of which Prior Agency Bonds remain outstanding), Prior Authority Annual Payments with respect to the Prior Authority Bonds, and Annual Payments with respect to the Bonds, and (ii) annual debt service for the Prior Agency Bonds, the Prior Authority Bonds and the Bonds, for FYs 2007 through 2011 inclusive.

HISTORICAL RECEIPTS AVAILABLE FOR PRIOR AGENCY ANNUAL PAYMENTS, PRIOR AUTHORITY ANNUAL PAYMENTS AND ANNUAL PAYMENTS, AND ANNUAL DEBT SERVICE FOR PRIOR AGENCY BONDS, PRIOR AUTHORITY BONDS AND BONDS
(millions of dollars)

	2006-07	2007-08	2008-09	2009-10	2010-11
Medicaid	$2,569.14	$2,762.83	$3,076.59	$3,559.22	$3,757.33
Medicare	78.97	49.81	53.57	105.68	81.08
Other	125.18	129.35	137.85	164.55	146.03
Total	$2,773.29	$2,941.99	$3,268.01	$3,829.45	$3,984.44
Annual Debt Service*	$ 293.70	$ 268.65	$ 204.33	$ 351.30	$ 282.03
Debt Service Coverage	9.44x	10.95x	15.99x	10.90x	14.13x

The following table prepared by OPWDD, OMH and OASAS, in consultation with the State DOB, is based upon the FY 2012 Enacted Budget, and shows the projected receipts available for payment of annual debt service for the Prior Authority Bonds and the Bonds. This table also includes projected annual debt service for the Prior Authority Bonds and the Bonds.

Projected Receipts Available for Prior Authority Annual Payments and Annual Debt Service for the Prior Authority Bonds and the Bonds

DEPARTMENT OF MENTAL HYGIENE
FIVE-YEAR REVENUE PROJECTIONS
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15	2015-16
OPWDD					
Medicaid	$2,784.81	$2,675.04	$2,770.37	$2,770.37	$2,770.37
Medicare	0.10	0.10	0.10	0.10	0.10
Other	64.46	64.46	64.46	64.46	64.46
Subtotal	$2,849.37	$2,739.60	$2,834.93	$2,834.93	$2,834.93
OMH					
Medicaid	$ 548.88	$ 558.77	$ 558.98	$ 526.26	$ 526.26
Medicare	94.93	74.74	74.74	74.74	74.74
Other	52.64	51.55	51.53	51.53	51.53
Subtotal	$ 696.45	$ 685.06	$ 685.24	$ 652.52	$ 652.52
OASAS					
Other	$ 16.00	$ 16.00	$ 17.00	$ 17.00	$ 17.00
Subtotal	$ 16.00	$ 16.00	$ 17.00	$ 17.00	$ 17.00
CQCAPD	$ 3.90	$ 2.70	$ 2.70	$ 2.70	$ 2.70
Gross Receipts	$3,565.72	$3,443.35	$3,539.87	$3,507.15	$3,507.15
Annual Debt Service*	$ 317.91	$ 314.04	$ 302.91	$ 289.38	$ 281.61
Debt Service Coverage*	11.25x	10.96x	11.69x	12.12x	12.45x

* Includes debt service on all outstanding bonds. Although the FY 2012 Enacted Budget projects the average issuance of approximately $550 million of bonds annually through FY 2016 to finance State Facilities and Voluntary Agency Facilities. However, this does not include amounts equal to debt service on the MH Personal Income Tax (PIT) Revenue Bonds required to be retained in the Services Fund and *transferred to the* Revenue Bond Tax Fund, or any MH PIT Refundings.

Factors Affecting Revenue Projections

As with any long-term projection, the level of revenue expected to be received by the Department in the above projections is dependent on many factors. Among these are patient and client census, the certification status of facilities as participants in the Medicare and Medicaid programs, and Federal and State reimbursement policies. A change in any of these factors can affect the revenues to be deposited in the Services Fund.

Census - Both total census and the proportion of patients who are Medicaid- or Medicare-eligible or can otherwise pay for their care are subject to change and therefore affect total revenue. Of particular significance is that over three quarters of OMH revenue is received through the Medicaid program, which does not provide reimbursement of inpatient costs for individuals from the ages of 21 through 64. To the extent the projection of total census or of the proportion of the population eligible for Medicaid is incorrect revenue may be above or below projected levels. Assumptions regarding the percent of the age-eligible population that will in fact meet billing criteria are also a factor. The Department considers census assumptions for the FY 2012 through FY 2015 forecast years to be relatively conservative.

No age limitations are imposed on OPWDD Medicaid eligibility, and substantially all consumers are in fact Medicaid-eligible.

Certification - Department facilities are periodically reviewed by Federal surveyors to determine continued eligibility as certified Medicaid or Medicare service providers. The revenue projections shown above may be overstated to the extent that any facility loses certification. Substantial State investment is made to retain certification at all facilities. All OPWDD developmental centers and OASAS ATCs are currently certified by appropriate Federal and State regulatory agencies. All OMH psychiatric centers except Kingsboro Psychiatric Center ("KPC") are also currently certified by appropriate Federal and State regulatory agencies. The Centers for Medicare & Medicaid Services ("CMS") have informed OMH that KPC was terminated from Medicaid/Medicare participation effective March 6, 2010. The Office appealed the termination and subsequently entered into a settlement agreement. Under the terms of the agreement, program termination was rescinded by CMS, but the agency agreed to refrain from billing Medicare or Medicaid for services until such time as the agency could demonstrate to CMS that sufficient corrective actions had been taken to establish compliance with program standards.

Federal efforts begun in 1985 to control Medicare expenditures through Peer Review Organizations have recently focused on general hospitals. However, there is a potential that specialty hospitals will be more closely reviewed in the future. Were this to occur, there is some potential for revenue impact. To date, less than 5 percent of cases reviewed have led to disallowances, and all the disallowances have been appealed.

Other - In addition to these specific factors, all claims are subject to audit and review by the Federal government and have on occasion resulted in disallowances. The potential for future disallowances remains but is not subject to forecast.

Over the last several years, various Federal legislative initiatives have been proposed to reduce the growth in Federal Medicaid and Medicare spending. The current Federal budget establishes limits on the amount of Federal disproportionate share payments made to mental hygiene facilities. The Department's Medicaid revenue projections largely reflect these changes and continued claiming under a fee-for-service Medicaid program utilizing trend factors, volume adjustments, capitated payments and other traditional or new rate methodologies. The Department anticipates some decline in revenues due to several factors including continued census decline, changes in capitated program initiatives and lower spending on State institutions. Additionally, it is not known what the long term impact of the Federal Affordable Care Act will be on Department revenues, particularly for disproportionate share payments. The forecast presented above reflects these factors, and the Department believes that such decline will not materially affect the State's ability to make required Prior Authority Annual Payments and Annual Payments.

Despite the potential influences on projected revenues described herein, the State believes that the forecast presented above is reasonable.

Disposition of Facilities

In the past, the State has closed a number of mental hygiene services facilities, some of which have been sold. The proceeds from the sale of such facilities have been used to redeem and/or defease certain Prior Agency Bonds and Prior Authority Bonds or deposited into the Services Fund. Certain other closed facilities are being offered for sale but are not yet under contract. If and when such sales occur, the proceeds from the sales will be used to redeem and/or defease certain Prior Authority Bonds or deposited into the Services Fund. Negotiations for contracts of sale are taking place for certain other closed mental hygiene services facilities. It is possible that such facilities will be sold or conveyed to entities other than the Authority or the Department. Any such sale or conveyance would be required to comply with the provisions of the related agreements and the Prior Authority Resolution and related agreements, as applicable, including any applicable covenants as to preserving the tax-exempt status of the Prior

Authority Bonds. Additional Prior Authority Bonds may be redeemed and/or defeased as a result of such sale or conveyance.

State Appropriations

The successful maintenance and operation of the Department, the payment of the Prior Authority Annual Payments and the Annual Payments and the marketability of the Bonds are dependent upon the ability and willingness of the State Legislature to continue making appropriations in the amounts required for both the operation of the Department and the payment of the Prior Authority Annual Payments and the Annual Payments. There can be no assurance, however, that State appropriations of funds will be available in the amounts contemplated or required by the Department.

The costs of operating each of the offices of the Department are met principally out of appropriations made by the State Legislature from the State's General Fund and out of moneys deposited in the Services Fund which are not required for the payment of Prior Authority Annual Payments and Annual Payments and are therefore released from the lien of the pledge and assignment to the Authority.* These excess funds are transferred to a special operating account (called the Mental Hygiene Patient Income Account) for OMH, OPWDD and OASAS.

The appropriations made by the State Legislature from the General Fund for the operations of OMH, OPWDD and OASAS for the FYs 2002 through 2012 are as follows:

Fiscal Year	OMH	OPWDD	OASAS	Total
2001-02	$ 717,059,000	$ 119,658,000	$ 45,734,000	$ 882,451,000
2002-03	667,599,500	168,994,000	49,290,000	885,883,500
2003-04	520,940,000	168,341,000	48,670,000	737,951,000
2004-05	603,915,000	134,012,000	46,783,000	784,710,000
2005-06	586,610,000	502,621,000	46,681,000	1,135,912,000
2006-07	772,557,000	530,123,000	52,721,000	1,355,401,000
2007-08	754,655,000	472,028,000	60,543,000	1,287,226,000
2008-09[1]	1,107,057,000	375,600,000	94,207,000	1,576,864,000
2009-10	1,045,439,000	523,630,000	102,739,000	1,671,808,000
2010-11	863,466,000	537,910,000	97,725,000	1,499,101,000
2011-12	947,943,000	1,016,714,700	99,795,500	2,064,453,200

[1] Beginning in FY 2009, the General Fund is replaced by the Special Revenue Fund, Mental Hygiene Program Fund Account. In addition, all DMH fringe benefit costs are budgeted within each agency instead of in a central appropriation. Appropriated amounts in the Special Revenue Fund, Mental Hygiene Program Fund Account are funded by the General Fund.

* Amounts retained in the Services Fund with respect to debt service payments on MH PIT Bonds (and subsequently transferred to the Revenue Bond Tax Fund) are not available to be transferred to the hereinafter referred to Mental Hygiene Patient Income Account.

The appropriations made by the State Legislature from the Mental Hygiene Patient Income Account for the operations of OMH, OPWDD and OASAS for FYs 2002 through 2012 are as follows:

Fiscal Year	OMH	OPWDD	OASAS	Total
2001-02	$ 378,100,000	$1,425,549,000	$16,700,000	$1,820,349,000
2002-03	458,528,000	1,616,174,000	17,830,000	2,092,532,000
2003-04	553,931,000	1,733,643,000	20,190,000	2,307,764,000
2004-05	484,730,000	1,851,300,000	22,100,000	2,358,130,000
2005-06	575,601,000	1,950,095,000	23,500,000	2,549,196,000
2006-07	487,881,000	2,020,765,000	21,500,000	2,530,146,000
2007-08	543,167,000	2,086,250,000	21,500,000	2,650,917,000
2008-09	806,728,000	2,067,814,000	31,295,000	2,905,837,000
2009-10[1]	978,601,000	1,955,079,000	22,200,000	2,955,880,000
2010-11	1,242,974,000	2,043,852,000	22,848,000	3,309,674,000
2011-12	1,078,629,000	1,129,683,000	9,689,100	2,218,001,100

[1] For the period prior to FY 2010, the appropriation for OASAS included funds made available through the OASAS Federal Salary Sharing Account. That account was eliminated beginning in FY 2010.

Litigation Affecting the Department

The Department at any given time is involved in a number of legal actions and proceedings. The greater number involve special proceedings seeking the reversal of various administrative determinations. A number of cases are pending against the State in the Court of Claims seeking damages in tort or under contracts involving the Department. Other cases involve actions brought under the Americans With Disabilities Act and other related laws, which seek to require the State to develop additional services and/or housing for persons with mental illnesses in the most integrated setting appropriate to their needs. Another area involves claims alleging deprivation of a patient's Federal constitutional rights by employees of the Department pursuant to 42 U.S.C. Section 1983 and the Civil Rights of Institutionalized Persons Act. Upon the basis of information presently available, the Department believes that there are substantial defenses in connection with said disputes. The Department further believes that, in any event, its ultimate liability, if any, resulting from such disputes should not materially affect its financial position; should be satisfied from moneys available to the Department from State appropriations and insurance funds; and should in no way affect the Department's obligations or its ability to carry out its obligations under the provisions of the Financing Agreements.

Section 2: Subsection K

New York State Housing Finance Agency, Health Facilities Revenue Bonds (New York City) and Dormitory Authority of the State of New York, Municipal Health Improvement Program Lease Revenue Bonds (The City of New York Issues)

“State Appropriations for Medicaid”

This Subsection K contains information required to be updated relating solely to obligations issued, respectively, by the New York State Housing Finance Agency for Health Facilities Revenue Bonds (New York City) and the Dormitory Authority of the State of New York for Municipal Health Improvement Program Lease Revenue Bonds (The City of New York Issue). Capitalized terms used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

State Appropriations For Medicaid

State Medicaid payments made to the City as State Aid or on behalf of the City to Medicaid providers are funded through annual appropriations from the State Legislature for the support of the State Medicaid program and are therefore dependent upon the availability of financial resources and the allocation thereof. The Medicaid program may also be affected by State or Federal legislation relating to the health care system in general. The total annual amount of State Aid paid to the City pursuant to Section 368-a of the Social Services Law and funds appropriated for the purpose of making payment on behalf of the City pursuant to section 367-b of such Law for the fiscal years ended March 31, 2005 through March 31, 2010 (the most recent fiscal year for which data is available) were as follows:

Fiscal Year	Annual Amount of State Medicaid Payments to or on behalf of the City [1]
2004-05	$6,991,050,103
2005-06	7,937,283,213
2006-07	8,415,669,982
2007-08	8,528,731,976
2008-09	8,051,679,351
2009-10	7,769,497,528

(1) Due to a lengthy adjustment period, during which Medicaid claims can be revised, there is typically a two-year lag in assembling these numbers.

The total amount of State Aid paid to or on behalf of the City pursuant to Section 367-b and Section 368-a of the Social Services Law as related only to the services and or facilities provided by the health facilities owned, leased or operated by the City for FY 2009 was approximately $480,182,087. The total amount for FY 2010 was approximately $472,018,972.

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Section 2: Subsection L

Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Bonds

"The Department of Health" and "The Medical Care Facilities"

This Subsection L contains information required to be updated relating solely to obligations issued by the Dormitory Authority of the State of New York for the Department of Health of the State of New York Revenue Bonds. Capitalized terms used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

Part 1 – The Department of Health

General

The Department is a civil department of the State created pursuant to Article 2 of the Public Health Law.

The mission of the Department is to ensure the availability of appropriate high quality health services at reasonable cost to all State residents. The Department's responsibilities include:

1. Promoting and supervising public health activities throughout the State;
2. Ensuring sound, cost-effective medical care for all residents; and
3. Reducing the heavy toll taken by chronic disabling illnesses, including heart disease, cancer, stroke and respiratory diseases.

These objectives are achieved through a coordinated network of administrative units, including the Department's major operating arms, the Office of Public Health ("OPH"), the Office of Health Systems Management ("OHSM"), the Office of Health Insurance Programs ("OHIP") and the Office of Long Term Care ("OLTC") and through a system of area and field offices that conduct health facility surveillance, public health monitoring and direct public health activities. The Department is the agency designated for administering Federal moneys allotted for health work under the Public Health Service Act, the Social Security Act and other Federal authorizations. Single State agency responsibilities under Title 19 of the Social Security Act for the Medical Assistance Program were transferred from the former Department of Social Services to the Department in legislation enacted in 1996 and 1997. Finally, the Department operates facilities engaged in advanced medical research and patient care through its Health Facilities Management Group.

The Department currently carries out its responsibilities through 17 budgetary programs: Administrative and Executive Direction; Center for Environmental Health; Center for Community Health; AIDS Institute; Wadsworth Center for Laboratories and Research; Office of Health Systems Management; Health Care Financing; Division of Managed Care and Program Evaluation; Office of Health Insurance Programs; Office of Long Term Care; Medical Assistance Program; Medical Assistance Administration Program; Medicaid Management Information System; Child Health Insurance Program; Elderly Pharmaceutical Insurance Coverage ("EPIC") Program; HCRA; and the Health Facilities Management Program.

The State's Public Health Law enumerates six facilities as part of the Department: the Roswell Park Cancer Institute (the "Institute"), the Helen Hayes Hospital (the "Hospital"), the New York State Home for Veterans and their Dependents at Oxford (the "Home"), the New York State Home for Veterans in the City of New York (the "Veterans Home"), the New York State Home for Veterans in Western New York (the "WNY Veterans Home") and the New York State Home for Veterans in the Lower Hudson Valley (the "HV Veterans Home"). The Legislature has the power to decide whether or not the Department will continue to operate and maintain any of these facilities or programs. In 1999, the State transferred the Institute to a separate public benefit corporation, Roswell Park Cancer Institute Corporation ("RPCI"). The Legislature also may decide in the future to add by legislation additional facilities to the Department.

Fiscal Structure

The Department receives annual appropriations from the Legislature to operate all authorized programs and to provide specific services.

The Legislature appropriates moneys from the State's General Fund to the Department to meet the operational costs of the Department for program operations not otherwise supported by Federal or other funds. Within the total amount appropriated, funds may be interchanged or transferred between programs upon recommendation of the Commissioner of Health (the "Commissioner") and the approval of the State Budget Director, according to the formula established in the State Finance Law. These monies are not available for deposit to the Health Income Fund. The Legislature appropriated $7,600,000 from the State's Capital Projects Fund for FY 2012 for repairs and maintenance of the Hospital, the Home, the Veterans Home, the WNY Veterans Home, and the HV Veterans Home.

In addition to the appropriation of State funds, the Legislature also appropriates moneys made available by the Federal government for Department programs. None of the funds allocated by Federal agencies to the Department have been appropriated for the Hospital, the Home, the Veterans Home, the WNY Veterans Home and the HV Veterans Home.

The FY 2012 Enacted Budget includes funds appropriated to the Department from 128 Special Revenue Accounts including, pursuant to Chapter 433 of the Laws of 1997, accounts supporting the operating budget for the Hospital, the Home, the Veterans Home, the WNY Veterans Home and the HV Veterans Home. Revenue is deposited in the self-supporting accounts from fees, assessments and other charges as specified in law or regulation. Expenditures from these accounts are limited to the specific purpose of the individual account.

Patient care revenues received by the Department relating to the Veterans Home are deposited into the Veterans Home Income Fund. Amounts in excess of that required to be held by the Comptroller in the Veterans Home Income Fund are directly transferred periodically to the New York City Veterans Home Account, which was also authorized by Chapter 433 of the Laws of 1997. Funds in the New York City Veterans Home Account are appropriated for operation of the Veterans Home.

The amounts on deposit in the Veterans Home Income Fund and the New York City Veterans Home Account do not secure the payment of amounts due under the Agreement.

The Health Income Fund

The Health Income Fund is established in the custody of the Comptroller pursuant to Section 409 of the Public Health Law. The moneys on deposit in the Health Income Fund are kept separate and are not commingled with any other moneys held by the Comptroller. All of the revenues received by the Department for the care, maintenance and treatment of patients at the Institute, the Hospital, the Home, the WNY Veterans Home, and the HV Veterans Home, together with certain other moneys and miscellaneous receipts less certain payments and refunds made pursuant to law, are paid by the Commissioner to the Comptroller for deposit in the Health Income Fund. The revenues received by the Department for the care, maintenance and treatment of these patients come from Medicare, Medicaid, Blue Cross, private insurance companies and from the patients directly. Pursuant to Chapter 293 of the Laws of 1992, a clinical practice plan has been established at the Institute which provides for the collection and disbursement of clinical practice income resulting from the clinical practice of licensed health professionals employed by the Institute. Such clinical practice income is not factored in as part of the revenues of the Institute or the Health Income Fund.

Section 409 of the Public Health Law requires that the Comptroller maintain at all times in the Health Income Fund the amount of money needed by the Department during the next succeeding six calendar months to comply in full with all obligations of the Department under the Agreement, including amounts necessary to make payments under the Agreement during such period and to establish and maintain reserves. The Comptroller, at least biweekly, is required to pay to RPCI any moneys in the Health Income Fund which the Commissioner attributes to the operation of RPCI and which are in excess of the amount required to be maintained by the Comptroller in the Health Income Fund pursuant to Public Health Law Section 409. As discussed below under the subheading "DOH Hospital Holding Account and Facility-Specific Operating Accounts," the Comptroller from time to time, but in no event later than the last day of March, June, September and December of each year is required to deposit to the DOH Hospital Holding Account all moneys in the Health Income Fund in excess of the amount required to be maintained in the Health Income Fund described above. These moneys, in turn, are transferred to the Helen Hayes Hospital Account, the New York State Home for Veterans and Their Dependents at Oxford Account, the Western New York Veterans Home Account, and the New York State Home for Veterans in the Lower Hudson Valley Account. This transfer from the DOH Hospital Holding Account to these four accounts is based upon the amount the Hospital, the Home, the WNY Veterans Home and the HV Veterans Home deposit into the Health Income Fund. The moneys in the Health Income Fund shall be paid out on the audit and warrant of the Comptroller on vouchers approved by the Commissioner or his designee. Subject to the power to pay out such excess moneys in the Health Income Fund to RPCI and the DOH Hospital Holding Account, the Department in the Agreement has pledged and assigned to the Authority, subject to appropriation, all moneys in the Health Income Fund and all moneys which may be received by the Department and credited to the Health Income Fund.

Revenues on an audited cash, rather than an accrual, basis generated during the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012, for the Institute, the Hospital, the Home, the WNY Veterans Home, and the HV Veterans Home as deposited in the Health Income Fund, are listed in the table below. The table also reflects the manner in which the revenues were used or are expected to be used (i.e., actual payments for debt service and transfers to the operating accounts or the RPCI for each year) as well as the ratio of Receipts in Health Income Fund to Health Income Fund Debt Service Payments ("Debt Service Coverage").

HEALTH INCOME FUND
(thousands of dollars, other than ratios)

Fiscal Year Ended March 31	Receipts in Health Income Fund	Health Income Fund Debt Service Payments(1)	Available for Transfer to Facility-Specific Operating Accounts or RPCI Corporation(1)	Debt Service Coverage
2007	$343,505	$25,936	$317,569	13x
2008	366,840	29,559	337,281	12x
2009	387,467	30,102	357,365	13x
2010	434,842	30,043	404,799	14x
2011 (Preliminary)	450,536	30,655	419,881	15x
2012 (Estimated)	483,168	28,669	454,469	17x

Source: Department of Health.
(1) Available fund balance may be increased or decreased, depending on the need to set aside future debt service payments, which would result in the transfer amount being adjusted accordingly.

DOH Hospital Holding Account and Facility-Specific Operating Accounts

The DOH Hospital Holding Account is a special account established by the Comptroller. At any time, but no later than the last day of each March, June, September and December, amounts in the Health Income Fund in excess of the amount required to be maintained therein or paid to RPCI are paid over by the Comptroller to the DOH Hospital Holding Account, and transferred, respectively, to the Helen Hayes Hospital Account, the New York State Home for Veterans and Their Dependents at Oxford Account, the Western New York Veterans Home Account, and the New York State Home for Veterans in the Lower Hudson Valley Account. The moneys in these four accounts are generally available for paying the costs related to the provision of health services to patients at the facilities, including the payment of costs for research, training, personal services and the costs of operating and maintaining such facilities. Pursuant to Chapter 293 of the Laws of 1992 and Chapter 505 of the Laws of 1995, the moneys become available, respectively, from these facility-specific operating accounts when the Commissioner executes a certificate of allocation and schedule of amounts to be available therefore. The moneys are payable from these operating accounts upon audit and warrant of the Comptroller on vouchers approved by the Commissioner or his designee. The FY 2012 Enacted Budget includes a contingent appropriation of $20,000,000 that has been reappropriated for the Health Services Account to provide temporary cash flow advances from the State should any of the operating accounts for all Medical Care Facilities experience temporary cash flow problems. These advances are, in general, subject to repayment within 90 days. There was no need to access this contingent authority during FY 2011 when there was an appropriation, nor is such need currently foreseen during FY 2012. See preceding section entitled "The Health Income Fund" for information on RPCI revenue.

Sources of Operating Funds

The following table reflects the Department's State Operations appropriations for the Hospital, the Home, the Veterans Home, the WNY Veterans Home and the HV Veterans Home. As such this represents the maximum authority to spend, or budgeted levels, as approved by the Legislature and does not necessarily reflect actual spending levels.

Fiscal Year Ended March 31	Appropriated for Facility-Specific Operating Accounts [1][2]
2007	$139,942,000
2008	138,955,000
2009	154,772,000
2010	165,357,100
2011	157,733,787
2012[3]	148,753,000

(1) Exclusive of minor amounts available for patient benefits from gifts and bequests.

(2) These funds are transferred to individual Special Revenue Fund-Other accounts supporting the respective operating budgets of the Hospital, the Home, the Veterans Home, the WNY Veterans Home and the HV Veterans Home. The amounts shown here are from revenues derived from these facilities and vary in some degree from the revenues of such facilities as reflected in their financial statements for the years indicated, due to differences in accounting procedures and other factors.

(3) Reflects the FY 2012 Enacted Budget.

Employee Relations and Indemnity

As of March 31, 2011 the Department employed approximately 5,000 full-time equivalent employees, including approximately 1,445 personnel at the Hospital, the Home, the WNY Veterans Home, the HV Veterans Home and the Veterans Home. (Individuals at the Institute are considered employees of the RPCI rather than the Department and are not included as part of this number.) Employees of the Department are State employees. Section 17 of the Public Officers Law requires the State to save harmless and indemnify its employees from financial loss arising out of any claim, demand, suit or judgment by reason of alleged intentional wrong doing, negligence or other act by State employees provided that the employee was acting in the scope of his duties and did not commit a willful or wrongful act. The law further provides that the Attorney General may represent such employees.

Any actions involving malpractice claims brought against the Department are actions brought against the State itself. The State does not carry insurance with respect to malpractice claims and is a self-insurer for the payment of any judgments which may be rendered against the State for any such actions.

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Part 2 - The Medical Care Facilities

General

Section 403 of the Public Health Law enumerates the facilities which are part of the Department: the Institute, the Hospital, the Home, the Veterans Home, the WNY Veterans Home and the HV Veterans Home. Revenues for all facilities, except the Veterans Home, are deposited in the Health Income Fund.

Roswell Park Cancer Institute

The Institute was founded in 1898 and became a State Institute in 1911. In 1971, it was one of the first three institutions certified as a comprehensive cancer center by the National Cancer Institute. As such, it is committed to combat cancer through basic research, clinical research and treatment, and professional and public education. Presently, there are 65 such centers designated in the United States. The Institute is a facility licensed for 133 beds, currently operating 116 beds, and an ambulatory care center containing 12 multidisciplinary care centers with a staff of over 3,000 members, including clinical staff physicians, residents, fellows, and research staff.

The operation of the Institute transferred to the RPCI on January 1, 1999. In order to meet the demands of the changing health care marketplace and to promote the strengths and capabilities of the Institute, Chapter 5 of the Laws of 1997 added a new Title 4 to Article 10-c of the Public Authorities Law authorizing the RPCI. This legislative authorization was intended to change the Institute's governance structure to afford it market and managerial flexibility. Among the special powers granted by the legislation to RPCI were the powers to contract with the State to operate, manage, superintend and control the Institute, and to establish, collect, and adjust fees, rental and other charges in connection with the operation of the Institute.

Pursuant to subdivision 2 of Section 403 of the Public Health Law, added by such chapter, the Department, acting on behalf of the State, entered into an Operating Agreement with RPCI pursuant to which operating responsibility for the Institute was transferred to RPCI effective January 1, 1999, and giving RPCI substantial independence in operating the Institute, including the power to establish operating budgets, to establish and implement strategic business plans, to create subsidiary and affiliated entities, to enter into affiliations and alliances with other health care providers and to establish, collect and adjust fees, rentals and other charges in connection with the operation of the Institute.

Revenues generated by RPCI as a result of operating the Institute continue to be revenues of the State and are required to be deposited into the Health Income Fund for payment of debt service on the Bonds. After allowing for accumulation of the amount the Comptroller is required to maintain in the Health Income Fund pursuant to Public Health Law Section 409 and a reserve for refunds, the remaining revenues which the Commissioner attributes to the operations of RPCI are transferred to RPCI at least biweekly by the Comptroller.

The following table provides historic utilization data for the Institute for the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012.

Fiscal Year Ended March 31	Annual Average Beds in Service	Annual Average Inpatient Occupancy Rate*	Outpatient Visits
2007	101	81%	161,869
2008	106	83	168,845
2009	113	80	186,110
2010	119	82	196,694
2011 (Preliminary)	122	82	202,575
2012 (Estimated)	124	83	205,398

*Based on annual average beds in service. Due to ongoing construction and renovation projects which took beds out of service, annual average beds in service during the reporting period represents a better point of comparison for the Institute's performance than its certified 133 bed level.

The Institute has undergone several key transitions over the last several years, including a major modernization of its Buffalo campus and a change in governance as noted above. RPCI's responsibility is to ensure the fiscal and programmatic integrity of the facility. The Institute is affiliated with the University of New York at Buffalo and has numerous affiliation agreements with other educational institutions and hospitals. Training provided by the Institute under these agreements include medical, nursing and medical research. For the fiscal year ending March 31, 2012, the Institute is projected to generate 76 percent of the patient care revenues deposited in the Health Income Fund.

Helen Hayes Hospital

The Hospital was established in 1900 primarily to provide care to children with disabilities. Since then, and particularly in recent years, the patient population and the services provided have changed dramatically. The Hospital has evolved into a comprehensive rehabilitation center offering a multi-specialty approach to medical rehabilitation and treatment of chronic diseases as well as specialized surgical services. The Hospital is the largest freestanding rehabilitation center in New York State. Research is also an integral component of the Hospital's operation and it also involves unique protocol studies directed at treatment and prevention of disabling diseases such as osteoporosis. In addition, the Hospital has established a 25-bed Skilled Nursing Unit and Transitional Rehabilitation Center to increase the continuum of services provided to patients.

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The following table provides historic utilization data for the Hospital for the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012.

Fiscal Year Ending March 31	Annual Average Occupancy Rate	Outpatient Visits
2007	71%	68,018
2008	74	68,500
2009	68	69,266
2010	68	67,471
2011 (Preliminary)	67	62,177
2012 (Estimated)	70	65,000

The Hospital has been subject to the same market forces that have affected other acute care facilities in New York State. As a specialized rehabilitation facility, the Hospital must attract and retain a specialized staff, particularly in the various rehabilitation therapies. The national shortage of skilled medical professionals experienced over the past several years has had an impact on the Hospital's ability to maintain and increase its outpatient volume.

The Hospital is affiliated with Columbia University's College of Physicians and Surgeons in a formal residency program and the College participates with the Hospital in developing teaching and service programs. Pursuant to an affiliation agreement, New York Presbyterian Hospital serves as the Hospital's contracting agent for the employment of physicians and physical therapists for the Hospital. For the fiscal year ending March 31, 2012, the Hospital is projected to generate 11 percent of the patient care revenues deposited in the Health Income Fund.

New York State Veterans Home at Oxford

The Home admitted its first residents in 1897, when its primary mission was to provide room and board for Civil War veterans and their wives and other dependents. Historically, admission was limited to veterans and their dependents of U.S. wars through World War II and was prioritized by earliest service. Recent legislative changes opened admission to all veterans and prioritizes admissions by severity of illness and wartime status rather than by service date. The Home's total bed capacity is 242 beds and is projected to provide care, for the year ending March 31, 2012 on the average, to 239 residents.

The annual average occupancy rate for the Home for the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012, is described in the following table:

Fiscal Year Ending March 31	Annual Average Inpatient Occupancy Rate
2007	98%
2008	99
2009	97
2010	95
2011 (Preliminary)	95
2012 (Estimated)	97

For the fiscal year ending March 31, 2012, the Home is projected to generate 5 percent of the patient care revenues deposited into the Health Income Fund.

New York State Home for Veterans in Western New York

The WNY Veterans Home in Batavia began admissions of residents in August of 1995. This facility also provides care for veterans and their dependents prioritized by degree of illness rather than by service date. The facility's bed capacity is 126.

The annual average occupancy rate for the WNY Veterans Home for the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012, is described in the following table:

Fiscal Year Ending March 31	Annual Average Inpatient Occupancy Rate
2007	96%
2008	94
2009	97
2010	95
2011 (Preliminary)	97
2012 (Estimated)	98

For fiscal year ending March 31, 2012, the WNY Veterans Home is projected to generate 3 percent of the patient care revenues deposited into the Health Income Fund.

New York State Home for Veterans in the Lower Hudson Valley

The HV Veterans Home was authorized by legislation in 1994. Construction was completed in mid-2001 and resident admissions began in September 2001. The 252-bed facility is on the grounds of the Veterans Administration Hospital in Montrose, NY. The design is based on the cluster model used for the WNY Veterans Home in Batavia, which has received national recognition for cost efficient delivery of health care.

The annual average occupancy rate for the HV Veterans Home for the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012, is described in the following table:

Fiscal Year Ending March 31	Annual Average Inpatient Occupancy Rate*
2007	90%
2008	96
2009	96
2010	96
2011 (Preliminary)	98
2012 (Estimated)	98

**Based on annual average beds in service of 252.*

For the fiscal year ending March 31, 2011 the HV Veterans Home is projected to generate 4 percent of the patient care revenue deposited into the Health Income Fund.

Reimbursement Process

The Hospital and the Institute are considered “specialty” facilities and, for reimbursement purposes, have historically been exempt from the case methodology applied to other facilities. However, with the implementation of HCRA, which took effect during 1997 and the conversion from historic reimbursement and the move to managed care contracting, both facilities have entered into several contracts to provide medical services. The Institute is considered to be a Prospective Payment System (“PPS”) facility for Medicare and is reimbursed on a cost basis for this payor. At the Hospital, Medicare established a new PPS reimbursement methodology for rehabilitation hospitals, which was effective April 1, 2002. This new methodology is based upon a case payment per discharge rather than the per diem payment which existed previously. Research costs are considered non-allowable and are not included in the calculation of the rates. The facilities also receive additional reimbursement for uncollectible bad debts and charity write-offs from regional and statewide pools; the bad debt write-off, however, is less than 2 percent due to screening and insurance verification of patients prior to admission.

Medicaid reimbursement for the Home and the WNY Veterans Home is based on the Resource Utilization Groups (“RUGS”) methodology, which was implemented by the State in 1986. This methodology is based on a case-mix assessment and classification system that reflects the cost of care and provides financial incentives to admit “high intensity” patients by linking payments to the level of services provided. Reimbursement for the Home is based on 1983 operational costs and the WNY Veterans Home’s base year for reimbursement is FY 1997.

For Medicare, the reimbursement methodology for the Home and the WNY Veterans Home is the same and is based on the PPS, which uses the average cost for the respective regions. For the veterans homes in the program, this has proven beneficial as the average regional cost exceeds the facility-specific cost, resulting in a higher rate of reimbursement for the veterans homes, which have also converted from a “flat rate” average charge to “fee for service.” In addition to a room and board charge, the veterans homes bill for actual charges for pharmacy, therapies and other such ancillary services.

The reimbursement methodology for Medicaid and Medicare for HV Veterans Home is not yet finalized, with such reimbursements being made at an interim budgeted rate.

To further enhance collections at the Institute and the Hospital, a discrete Department of Law collection unit has been established with sites at each facility. A discrete unit has also been established to provide collection services to the Home, the WNY Veterans Home and the HV Veterans Home. The Department of Law serves as the facilities’ collection agency since by law the facilities cannot, with certain exceptions, refer uncollectible accounts to outside agencies and have no authority to write off bad debts. Only the Attorney General and the Comptroller have the authority to write off bad debts.

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Cash Receipts

Receipts for patient care and other miscellaneous income are deposited into the Health Income Fund on a weekly basis. The following tables display the final amount of cash receipts from each revenue source at the five facilities for the previous fiscal years for which data are available. Facility cash receipts vary with receipts into the Health Income Fund because of timing differences in the recording of the respective funds.

CASH RECEIPTS FROM PATIENTS AND MISCELLANEOUS INCOME

	2006-07	2007-08	2008-09	2009-10	2010-11 (1)
Roswell Park Cancer Institute					
Medicare	$ 33,867,930	$ 32,106,894	$ 34,737,015	$ 41,374,131	$ 55,717,361
Medicaid	8,910,877	7,752,295	10,602,398	9,619,405	1,494,396
Blue Cross	53,217,268	68,243,127	73,050,556	91,281,139	94,137,997
Other Third Party Payors	99,956,298	120,385,112	132,272,390	147,358,848	145,885,069
Self-Pay	3,202,040	2,671,260	2,013,983	3,637,475	3,883,825
TOTAL	$199,154,413	$231,158,688	$252,676,342	$293,270,998	$298,118,648
Helen Hayes Hospital					
Medicare	$32,709,646	$25,820,436	$25,188,996	$25,331,902	$24,950,735
Medicaid	7,668,463	6,569,196	5,059,541	7,780,807	4,265,957
Blue Cross	3,005,843	3,742,784	5,287,692	6,350,664	5,425,179
Other Third Party Payors	12,127,399	13,933,992	12,703,090	14,568,439	13,861,714
Self-Pay	981,539	666,567	608,228	305,485	356,048
Other	1,863,775	3,906,610	6,068,639	5,713,159	5,576,475
TOTAL	$58,356,665	$54,639,585	$54,916,186	$60,050,456	$54,436,108
Oxford Home					
Medicaid	$10,272,334	$11,670,892	$14,040,144	$ 9,880,766	$ 9,767,814
Self-Pay	5,672,877	6,183,774	6,322,291	5,659,741	6,146,718
VA Reimbursement	3,270,869	3,614,002	3,829,512	3,783,630	5,793,589
Medicare	1,369,632	1,239,013	1,296,829	1,027,873	930,393
Miscellaneous	747,982	613,577	556,496	160.281	117,049
TOTAL	$21,333,694	$23,321,258	$26,045,272	$20,512,291	$22,755,563
WNY Veterans Home					
Medicaid	$ 6,222,467	$ 6,047,540	$ 6,592,920	$ 5,086,149	$ 4,632,505
Self-Pay	2,864,425	3,144,178	2,828,082	3,342,666	4,064,854
VA Reimbursement	2,208,984	2,377,746	2,449,370	2,617,905	3,138,175
Medicare	642,017	174,025	303,238	620,431	542,777
TOTAL	$11,937,893	$11,743,489	$12,173,610	$11,667,151	$12,378,311
HV Veterans Home					
Medicaid	$10,649,202	$ 7,765,788	$ 8,268,368	$19,235,293	$11,654,284
Self-Pay	7,054,338	7,604,514	7,373,294	8,042,537	8,203,555
VA Reimbursement	4,634,749	5,065,115	5,202,853	5,962,490	6,961,413
Medicare	3,302,608	3,181,580	3,658,527	3,151,481	2,542,536
TOTAL	$25,640,897	$23,616,997	$24,503,042	$36,391,801	$29,361,788

(1) Reflects preliminary information.

Summary of Revenue and Expenses

The following table reflects the Medical Care Facilities' income statements prepared by independent auditors for the most recent four fiscal years for which such statements are available. The data presented reflect the net patient care income, which is derived by deducting a reserve for bad debts and contractual allowances from the gross charges for patient services. The contractual allowances are the differences between the Medical Care Facilities' charges and the actual amount reimbursed by third party payors. The net revenue varies from the cash receipts schedule provided above since the latter reflects actual cash collected and the differences between the two schedules are represented by accounts receivable. The expenses are reflected on an accrual basis in accordance with GAAP and as required by third party payors. Included in the expenses are all State appropriations, such as fringe benefits for the Medical Care Facilities' employees as well as non-cash expenses such as depreciation.

SUMMARY OF NET PATIENT CARE REVENUES
OTHER NON-OPERATING REVENUES AND OPERATING EXPENSES
AS REFLECTED ON THE FACILITIES' INCOME STATEMENTS

Revenues	**2006-07**	**2007-08**	**2008-09**	**2009-10** [(1)]
Roswell Park	$343,144,840	$379,619,689	$407,168,248	$416,901,826
Helen Hayes Hospital	64,043,849	73,104,610	70,968,542	76,546,620
Oxford Home	27,194,486	28,595,575	33,350,130	26,993,889
WNY Veterans Home	15,364,255	17,607,946	16,785,108	16,850,825
HV Veterans Home	34,889,101	32,164,171	33,525,282	37,247,429
Total Revenues	$484,636,531	$531,091,991	$561,797,310	$574,540,589
Expenses				
Roswell Park	$325,102,242	$374,701,507	$404,956,252	$417,308,571
Helen Hayes Hospital	72,175,483	72,223,675	78,457,339	72,795,513
Oxford Home	26,992,487	29,139,178	29,280,591	30,355,405
WNY Veterans Home	14,866,392	16,228,884	17,252,038	17,284,826
HV Veterans Home	34,916,662	32,164,171	34,118,468	34,970,984
Total Expenses	$474,053,266	$524,457,415	$564,064,688	$572,715,299
Results from Operation	$10,583,265	$6,634,576	($2,267,378)	$1,825,290

[(1)] Reflects preliminary information for the HV Veterans Home.

Section 2: Subsection M

Dormitory Authority of the State of New York, Revenue Bonds (Department of Health Veterans Home Issue)

"The Department of Health" and "The Veterans Home"

This Subsection M contains information required to be updated relating solely to obligations issued by the Dormitory Authority of the State of New York for the Department of Health Veterans Home Revenue Bonds. Capitalized terms used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

Part 2 - The Department of Health

General

The Department is a civil department of the State created pursuant to Article 2 of the Public Health Law.

The mission of the Department is to ensure the availability of appropriate high quality health services at reasonable cost to all State residents. The Department's responsibilities include:

1. Promoting and supervising public health activities throughout the State;
2. Ensuring sound, cost-effective medical care for all residents; and
3. Reducing the heavy toll taken by chronic disabling illnesses, including heart disease, cancer, stroke and respiratory diseases.

These objectives are achieved through a coordinated network of administrative units, including the Department's four major operating arms: OPH, OHSM, OHIP and OMC and through a system of area and field offices that conduct health facility surveillance, public health monitoring and direct public health activities. The Department is the agency designated for administering Federal moneys allotted for health work under the Public Health Service Act, the Social Security Act and other Federal authorizations. Single State agency responsibilities under Title 19 of the Social Security Act for the Medical Assistance Program were transferred from the former Department of Social Services to the Department in legislation enacted in 1996 and 1997. Finally, the Department operates facilities engaged in advanced medical research and patient care through its Health Facilities Management Group.

The Department currently carries out its responsibilities through 17 budgetary programs: Administrative and Executive Direction; Center for Environmental Health; Center for Community Health; AIDS Institute; Wadsworth Center for Laboratories and Research; Office of Health Systems Management; Health Care Financing; Division of Managed Care and Program Evaluation; Office of Health Insurance Programs; Office of Long Term Care; Medical Assistance Program; Medical Assistance Administration Program; Medicaid Management Information System; Child Health Insurance Program; Elderly Pharmaceutical Insurance Coverage ("EPIC") Program; HCRA; and the Health Facilities Management Program.

The State's Public Health Law enumerates six facilities as part of the Department: the Roswell Park Cancer Institute (the "Institute"), the Helen Hayes Hospital (the "Hospital"), the New York State Home for Veterans and Their Dependents at Oxford (the "Home"), the New York State Home for Veterans in the City of New York (the "Veterans Home"), the New York State Home for Veterans in Western New York (the "WNY Veterans Home") and the New York State Home for Veterans in the Lower Hudson Valley (the "HV Veterans Home"). The State Legislature has the power to decide whether or not the Department will continue to operate and maintain any of these facilities. In 1999, the State transferred the Institute to a separate public benefit corporation, The Roswell Park Cancer Institute Corporation ("RPCI"). The State Legislature also may decide in the future to add by legislation additional facilities to the Department.

Fiscal Structure

The Department receives annual appropriations from the Legislature to operate all authorized programs and to provide specific services.

The State Legislature appropriates moneys from the State's General Fund to the Department to meet the operational costs of the Department for program operations not otherwise supported by Federal or other funds. Within the total amount appropriated, funds may be interchanged or transferred between programs upon recommendation of the Commissioner of Health (the "Commissioner") and the approval of the State Budget Director, according to the formula established in the State Finance Law. These moneys are not available for deposit to the Veterans Home Income Fund. Funding for any repairs and maintenance of the Veterans Home is drawn from a general appropriation by the State Legislature from the State's Capital Projects Fund to benefit the Veterans Home and certain other medical facilities of the Department established under Section 403 of the Public Health Law. For FY 2012 this appropriation is $7,600,000.

In addition to the appropriation of State funds, the Legislature also appropriates moneys made available by the Federal government for Department programs. None of the funds allocated by Federal agencies to the Department have been appropriated for the Veterans Home.

The FY 2012 Enacted Budget includes funds appropriated to the Department from 128 Special Revenue Accounts including, pursuant to Chapter 433 of the Laws of 1997, accounts supporting the operating budget for the Veterans Home. Revenue is deposited in the self-supporting account from fees, assessments, and other charges as specified in law or regulation. Expenditures from such account are limited to the specific purpose of such individual account.

Patient care revenues received by the Department relating to the Veterans Home are deposited into the Veterans Home Income Fund. Amounts in excess of that required to be held by the Comptroller in the Veterans Home Income Fund are directly transferred periodically to the New York City Veterans Home Account, which was also authorized by Chapter 433 of the Laws of 1997. Funds in the New York City Veterans Home Account are appropriated for operation of the Veterans Home.

The Veterans Home Income Fund

The Veterans Home Income Fund is established in the custody of the Comptroller pursuant to Section 409-a of the Public Health Law. The moneys deposited in the Veterans Home Income Fund are kept separate and are not commingled with any other moneys held by the Comptroller. All of the revenues received by the Department for the care, maintenance and treatment of patients at the Veterans Home together with certain other moneys and miscellaneous receipts, less certain payments and refunds are made pursuant to law, are to be paid by the Commissioner to the Comptroller for deposit in the Veterans Home Income Fund. The amounts on deposit in the Veterans Home Income Fund are pledged to pay the debt service on the Bonds issued under the Resolution.

Section 409-a of the Public Health Law requires that the Comptroller maintain at all times in the Veterans Home Income Fund an amount required to be paid by the Department during the next succeeding six calendar months for debt service on the Bonds. The Comptroller is required from time to time, but in no event later than the last day of March, June, September and December of each year to deposit to the Veterans Home Account all moneys in the Veterans Home Income Fund in excess of the amount required to be maintained in the New York City Veterans Home Income Fund as described above. The moneys in the Veterans Home Income Fund are paid out on the audit and warrant of the Comptroller on vouchers certified or approved by the Commissioner or his designee.

Revenues on an audited cash, rather than an accrual, basis generated during the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012, for the Veterans Home, Veterans Home Income Fund, are listed in the table below. The table also reflects the manner in which the revenues were used or are expected to be used (i.e., actual payments for debt service and transfers to the operating accounts for each year) as well as the ratio of Receipts in Veterans Home Income Fund to Veterans Home Income Fund Debt Service Payments ("Debt Service Coverage").

HEALTH INCOME FUND
(in thousands except ratios)

Fiscal Year Ended March 31	Receipts in Health Income Fund	Health Income Fund Debt Service Payments	Available for Transfer to New York City Veterans Home Account[1]	Debt Service Coverage
2007	$343,505	$25,936	$317,569	17x
2008	366,840	29,559	337,281	16x
2009	387,467	30,102	357,365	16x
2010	434,842	30,043	404,799	15x
2011 (Preliminary)	450,536	30,655	419,881	12x
2012 (Estimate)	483,168	28,669	454,469	17x

Source: Department of Health.
(1) Available fund balance may be increased or decreased, depending on the need to set aside future debt service payments, which would result in the transfer amount being adjusted accordingly.

Sources of Operating Funds

The following table reflects the Department's State Operations appropriations for the Veterans Home Facilities. As such, this represents the maximum authority to spend, or budgeted levels, as approved by the State Legislature and does not necessarily reflect actual spending levels.

Fiscal Year Ended March 31	Appropriated for New York City Veterans Home Account[(1)(2)]
2007	$24,816,000
2008	24,816,000
2009	33,109,000
2010	34,698,100
2011	36,295,010
2012 [(3)]	35,184,000

(1) Exclusive of minor amounts of money available for patient benefits from gifts and bequests.
(2) These funds are transferred to individual Special Revenue Fund-Other accounts supporting the respective operating budgets of the Veterans Home. The amounts shown here are from revenues derived from the Veterans Home and vary in some degree from the revenues of the Veterans Home as reflected in its financial statements for the years indicated, due to differences in accounting procedures and other factors.
(3) Reflects the FY 2012 Enacted Budget.

Employee Relations and Indemnity

As of March 31, 2011, the Department employed approximately 5,000 full-time equivalent employees, including approximately 267 personnel at the Veterans Home. Section 17 of the Public Officers Law requires the State to save harmless and indemnify its employees from financial loss arising out of any claim, demand, suit or judgment by reason of alleged intentional wrong doing, negligence or other act by State employees provided that the employee was acting in the scope of his duties and did not commit a willful or wrongful act. The law further provides that the Attorney General may represent such employee.

Any actions involving malpractice claims brought against the Department are actions brought against the State itself. The State does not carry insurance with respect to malpractice claims and is a self-insurer for the payment of any judgments which may be rendered against the State for any such actions.

The Veterans Home

Summary

The Veterans Home commenced operations in December of 1993 and is a 250-bed skilled nursing facility serving veterans and their dependents located in Queens, New York.

The Program offered at the Veterans Home serves two categories of residents – those requiring skilled long-term care and those with special health care needs. The primary recipients of the skilled long-term care services are typically 65 years of age and over, with the largest portion of residents being the frail elderly (those over age 85), and residents requiring special care including those suffering from dementia and mental confusion resulting from Alzheimer's disease and other related disorders. Also included in this category are residents with chronic pulmonary diseases, which create irreversible airway restriction or obstruction.

The bed complement for the Veterans Home is as follows:

Skilled Long-Term Care	200 beds
Alzheimer's/Dementia	35 beds
Sub-Acute Level of Care	15 beds
Total	250 beds

The Veterans Home average annual occupancy rate, for the four most recent fiscal years, preliminary for FY 2011 and estimated for FY 2012 is as follows:

Fiscal year Ending March 31	Annual Average Inpatient Occupancy Rate
2007	95%
2008	93
2009	96
2010	97
2011 (Preliminary)	97
2012 (Estimated)	96

Reimbursement Process

The Veterans Home reimbursement from the Medicaid program is based on RUGS methodology, which was implemented by the State in 1986. This methodology is based on a case mix assessment and classification system that reflects the cost of care and provides financial incentives to admit "high cost" patients by linking payments to the level of services provided. The Veterans Home's base year for reimbursement for Medicaid is the 1995 calendar year. This cost year of 1995 will be constant for future reimbursements, with the rates being adjusted primarily for fluctuations in case mix and an inflationary factor. Private pay patients are billed at rates which are based on the Veterans Homes actual cost, plus a markup. Medicare reimbursement is based on a new Prospective Payment System ("PPS"), which is transitioning from reimbursement for a facility-specific cost to the average cost for the respective regions. For the Veterans Home, the conversion to this new system has proven beneficial as the average regional cost exceeds the facility-specific cost, resulting in a higher rate of reimbursement. The Veterans Home has also converted from a "flat rate" average charge to "fee for service." In addition to a room and board charge, the Home bills for actual charges for pharmacy, therapies and other such ancillary services. This conversion has the effect of maximizing revenues as compared with private pay residents since they are billed at the charge level.

Cash Receipts

Collections are deposited daily to a bank and transferred routinely by the State Comptroller into the Veterans Home Income Fund. Receipts for the most recent four fiscal years are as follows.

CASH RECEIPTS FROM PATIENTS AND MISCELLANEOUS INCOME

	2007-08	2008-09	2009-10	2010-11 [1]
Medicaid	$13,660,368	$13,740,369	$12,022,408	$ 9,439,772
Medicare	1,776,757	690,530	2,549,169	1,208,646
VA Reimbursement	5,413,867	5,691,262	5,651,947	8,082,151
Self Pay	5,217,664	4,756,709	5,151,876	5,131,699
Misc. Income	451,213	14,670	26,007	330
Total	$26,519,869	$24,893,540	$25,401,407	$23,862,598

(1) Reflects preliminary information.

Summary of Revenue and Expenses

The following reflects the Veterans Home income statement for the most recent available four fiscal years.

SUMMARY OF NET PATIENT CARE REVENUES,
OTHER NON-OPERATING REVENUES AND OPERATING EXPENSES AS REFLECTED
ON THE VETERANS HOME INCOME STATEMENTS*

	2006-07	2007-08	2008-09	2009-10[3]
Net Patient Care Revenues and Other Revenue	$33,607,395	$27,881,835	$ 27,206,151	$30,374,174
Expenses	28,346,425	27,140,292	30,327,247	30,845,334
Results from Operation	$ 5,260,970[1]	$ 741,543[1]	$ (3,121,096)[2]	$ (471,160)[2]

* The net revenue varies from the cash receipts schedule provided above since the latter reflected actual cash collected and the differences between the two schedules are represented by accounts receivable.

(1) Lower rate of growth in spending as compared to revenue results in an increase in the Veterans Home's fund balance.

(2) Deficit operating results cause a decrease in the Veterans Home's fund balance.

(3) Reflects preliminary information.

Section 2: Subsection N

New York State Personal Income Tax Revenue Bonds

This Subsection N contains information required to be updated relating solely to obligations issued by the Authorized Issuers for State Personal Income Tax Revenue Bonds. Capitalized terms used in this Subsection are defined as set forth in the related Official Statement.

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 (PIT) Revenue Bonds by establishing the Revenue Bond Tax Fund for the purpose of setting aside New York State PIT 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 Comptroller of the State (the "State Comptroller") and the State Commissioner of Taxation and Finance (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 25 percent of the receipts from the New York State PIT imposed by Article 22 of the New York State Tax Law, which exclude refunds owed to taxpayers, and which, pursuant to Section 171-a of the Tax Law, are deposited in the Revenue Bond Tax Fund. Legislation, effective April 1, 2007, increased deposits to the Revenue Bond Tax Fund by amending the Enabling Act to provide that deposits to the Revenue Bond Tax Fund be calculated before the deposit of New York State PIT receipts to the School Tax Relief Fund (the "STAR Fund"). Prior to such date, New York State PIT receipts were net of deposits to the STAR Fund.

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 PIT 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 Article 22 of the Tax Law.

The State PIT Revenue Bonds are special obligations of the respective Authorized Issuers, secured by and payable solely from Financing Agreement Payments payable by the State Comptroller to the applicable Trustee and Paying Agent (the "Trustee" or "Paying Agent") on behalf of the respective Authorized Issuers in accordance with the terms and provisions of a Financing Agreement by and between the respective Authorized Issuers and the Director of the Budget, 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 such Resolution). The Bonds are entitled to a lien, created by a pledge under the General Resolution, on the Pledged Property.

The Enabling Act permits the Authorized Issuers to issue additional State PIT 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 PIT Revenue Bonds. In accordance with the additional bonds test described herein, Revenue Bond Tax Fund Receipts of approximately $9.1 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 4.5 times the maximum annual Debt Service for all Outstanding State PIT Revenue Bonds, as of March 31, 2011.

As noted above, however, additional bonds may not be issued unless the additional bonds test under the respective general resolution has been met.

The revenues, facilities, properties and any and all other assets of the Authorized Issuers 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 PIT 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.

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 New York State PIT Receipts 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 Authorized Issuers.

The Enabling Act provides that:

1. No later than October 1 of each year, each Authorized Issuer must submit its State PIT 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 DOB.

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) 25 percent of the amount of the estimated monthly New York State PIT Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year; and

   (b) 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 PIT 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 PIT Receipts required to be deposited to the Revenue Bond Tax Fund as provided in 2(a) 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 PIT 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 New York State PIT 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 PIT Receipts deposited to the Revenue Bond Tax Fund from the Withholding Component 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 to the Revenue Bond Tax Fund until there is on deposit in the Revenue Bond Tax Fund an amount equal to 25 percent of estimated monthly New York State PIT 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 New York State PIT 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 the debt service and other cash requirements 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 further appropriation, to immediately transfer amounts from the General Fund of the State to the Revenue Bond Tax Fund. 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).

Flow of Revenue Bond Tax Fund Receipts

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

On or Before October 1

Authorized Issuers submit State Personal Income Tax Revenue Bond cash requirements (which include financing agreement payments) for the following State Fiscal Year and four subsequent State Fiscal Years to the Division of the Budget

↓

No later than 30 Days after Budget Submission (Mid-February)

Director of the Budget submits certificate to State Comptroller which estimates for the following fiscal year:*

- 25% of monthly State Personal Income Tax Receipts to be deposited in Revenue Bond Tax Fund
- Monthly set-asides for financing agreement payments and other cash requirements (for outstanding bonds and projected issuances)

↓

Beginning on the First Day of Each Month

100% of daily receipts from the Withholding Component flow to Revenue Bond Tax Fund until 25% of estimated monthly New York State Personal Income Tax Receipts has been deposited**

State Personal Income Tax Receipts, which have been set aside to make financing agreement payments and meet other cash requirements, are required to remain in Revenue Bond Tax Fund until appropriated and paid to the Trustee on behalf of the Authorized Issuers

↓

After the monthly amounts necessary to make financing agreement payments and meet other cash requirements have been set aside, and assuming appropriations have been enacted and any required payments have been made by the State Comptroller, excess moneys in Revenue Bond Tax Fund flow to the General Fund

↓

12th Day of the following Month

Commissioner of Taxation and Finance certifies to the State Comptroller 25% of actual New York State Personal Income Tax Receipts for prior month and the State Comptroller adjusts deposits to the Revenue Bond Tax Fund accordingly

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* The Director of the Budget can amend the certification at any time to more precisely account for a revised New York State PIT 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 PIT Revenue Bonds.

** The State can certify and set aside New York State PIT 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 25 percent of estimated monthly New York State PIT Receipts to be deposited in such month are not less than 125 percent of all financing agreement payments due in the following month.

Moneys Held in the Revenue Bond Tax Fund

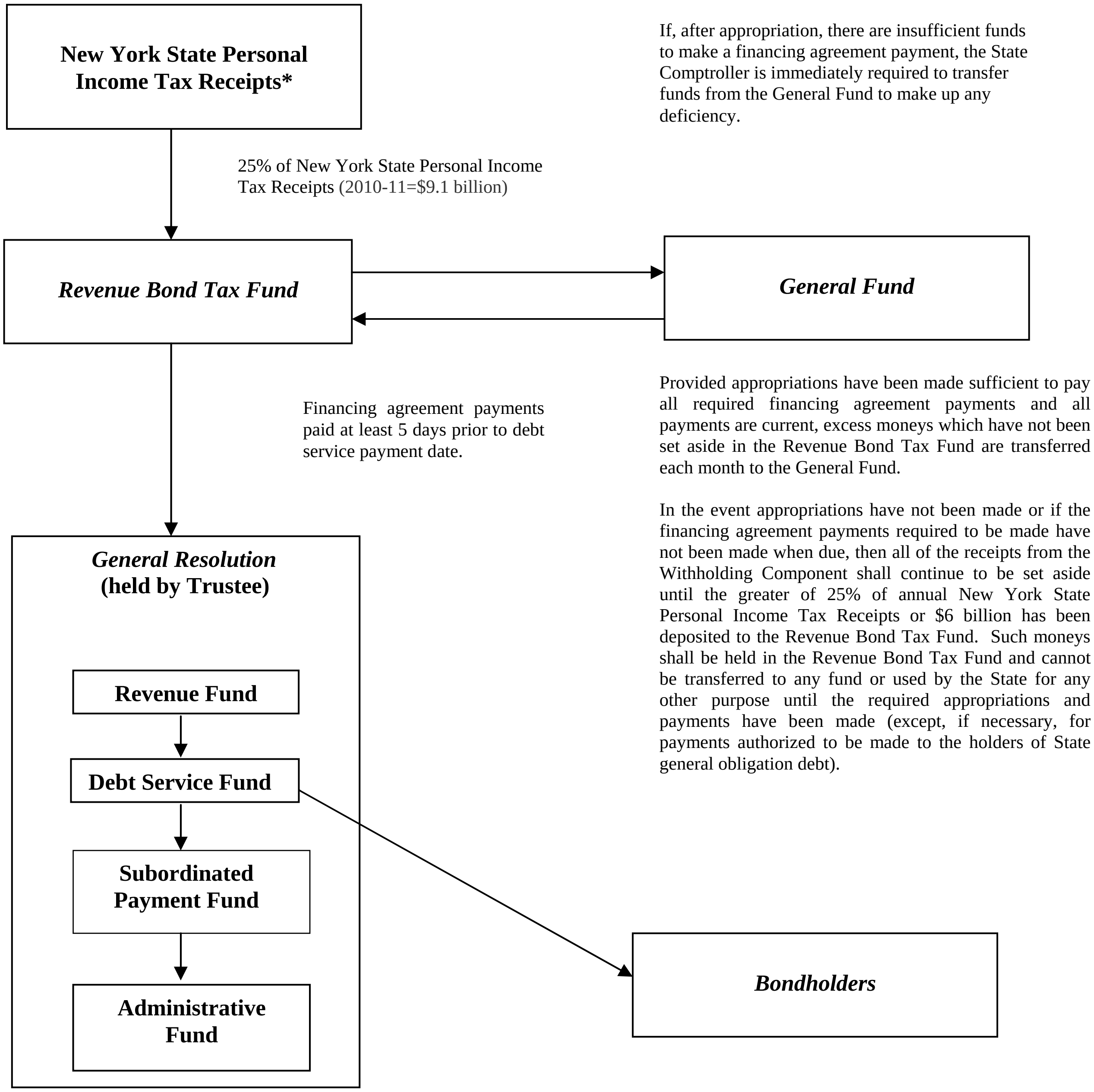
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to the Authorized Issuers (which are paid to the applicable trustees on behalf of the 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 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 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 Authorized Issuers for a State Fiscal Year and all such payments to the applicable trustees on behalf of the 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 of the State (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 Authorized Issuers the amounts necessary for the 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 PIT 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 PIT Revenue Bonds, the Enabling Act requires that all of the receipts from the Withholding Component 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 25 percent of annual New York State PIT Receipts or six billion dollars ($6,000,000,000). 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.

The Enabling Act provides that no person (including the Authorized Issuers or the holders of State PIT 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



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* *Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the New York State PIT.*

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.

The Authorized Issuers expect 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 receipts from the Withholding Component 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 25 percent of the annual New York State PIT Receipts or six billion dollars ($6,000,000,000). 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 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 PIT Revenue Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall State PIT 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 PIT 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 general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund to pay debt service on general obligation bonds.

DOB is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on 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 and, as a result, on the ability of the State to meet its non-debt obligations.

Additional Bonds

Pursuant to each general resolution, additional 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 PIT Revenue Bonds, the State PIT Revenue Bonds proposed to be issued, and any additional amounts payable with respect to parity reimbursement obligations, as certified by the Director of the Budget.

Parity Reimbursement Obligations

An Authorized Issuer may incur Parity Reimbursement Obligations pursuant to the terms of the 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 PIT Revenue Bond 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 PIT 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 PIT Revenue Bonds, without acceleration.

Certain Covenants of the State

Pursuant to the general resolutions, the State pledges and agrees with the holders of State PIT Revenue Bonds, Bond Anticipation Notes (“BANs”), 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 PIT Revenue Bonds, BANs, Parity Reimbursement Obligations or other obligations until such State PIT Revenue Bonds, BANs, 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 State personal income taxes imposed pursuant to Article 22 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 State PIT imposed pursuant to Article 22 of the Tax Law could have a serious impact on the flow of New York State PIT Receipts to the Revenue Bond Tax Fund, the ability of the Authorized Issuers to issue Additional Bonds and the marketability of outstanding State PIT 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 PIT Revenue Bonds, (ii) to extinguish the existing lien on the pledged property created under the general resolutions, and (iii) to substitute security for State PIT 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 PIT 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 PIT Revenue Bonds. There can be no assurance that the Authorized Issuer would be the issuer of any such State Revenue Bonds upon any such assumption, extinguishment and substitution and, if not the Authorized Issuer, the issuer of such State Revenue Bonds could be the State or another public entity.

Sources of New York State Personal Income Tax Receipts for the Revenue Bond Tax Fund

General History of the State Personal Income Tax

In 1919, New York State became the seventh state to enact a PIT. The present system of conformity to Federal Law with respect to income and deductions was adopted in 1960. PIT 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 PIT structure adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal PIT 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 PIT receipts collected by the State. State Tax Law changes may also impact PIT receipts by authorizing a wide variety of credits against the PIT liability of taxpayers.

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; Brownfields Tax 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 1989 through 1994 tax years, the State income tax was imposed at rates ranging from 4.0 percent to 7.875 percent on the taxable income of individuals, estates and trusts. For taxpayers with $100,000 or more of AGI, the benefit of the marginal tax rates in the lower brackets was recaptured through a supplementary mechanism in effect since 1991. Beginning in 1995, a major PIT cut program was phased in over three years which cut the top State PIT rate from 7.875 to 6.85 percent. For tax years 1997 through 2002, New York imposed a graduated income tax with rates ranging between 4.0 and 6.85 percent of taxable income. Legislation enacted with the 2003-04 Budget temporarily added two additional top brackets for the 2003 through 2005 tax years. For tax years 2006 through 2008, the rate schedules reverted to the rate schedule in effect for the 2002 tax year. For tax years 2009 through 2011, a temporary tax rate increase applies, adding two additional rates and brackets. The following tables set forth the rate schedules for tax years 2009 through 2011 and for tax years after 2011.

NEW YORK STATE PIT RATES FOR TAX YEARS 2009 THROUGH 2011

Married Filing Jointly	**Tax***
Taxable Income:	
Not over $16,000	4% of taxable income
Over $16,000 but not over $22,000	$640 plus 4.50% of excess over $16,000
Over $22,000 but not over $26,000	$910 plus 5.25% of excess over $22,000
Over $26,000 but not over $40,000	$1,120 plus 5.90% of excess over $26,000
Over $40,000 but not over $300,000	$1,946 plus 6.85% of excess over $40,000
Over $300,000 but not over $500,000	$19,756 plus 7.85% of excess over $300,000
Over $500,000	$35,456 plus 8.97% of excess over $500,000
Single, Married Filing Separately, Estates and Trusts	
Taxable Income:	
Not over $8,000	4% of taxable income
Over $8,000 but not over $11,000	$320 plus 4.50% of excess over $8,000
Over $11,000 but not over $13,000	$455 plus 5.25% of excess over $11,000
Over $13,000 but not over $20,000	$560 plus 5.90% of excess over $13,000
Over $20,000 but not over $200,000	$973 plus 6.85% of excess over $20,000
Over $200,000 but not over $500,000	$13,303 plus 7.85% of excess over $200,000
Over $500,000	$36,853 plus 8.97% of excess over $500,000
Head of Household	
Taxable Income:	
Not over $11,000	4% of taxable income
Over $11,000 but not over $15,000	$440 plus 4.50% of excess over $11,000
Over $15,000 but not over $17,000	$620 plus 5.25% of excess over $15,000
Over $17,000 but not over $30,000	$725 plus 5.90% of excess over $17,000
Over $30,000 but not over $250,000	$1,492 plus 6.85% of excess over $30,000
Over $250,000 but not over $500,000	$16,562 plus 7.85% of excess over $250,000
Over $500,000	$36,187 plus 8.97% of excess over $500,000

* A supplemental income tax recaptures the value of lower tax brackets such that when a taxpayer's AGI exceeds $550,000, all taxable income becomes effectively subject to a flat 8.97 percent tax rate.

New York State PIT Rates for Tax Years After 2011

Married Filing Jointly	**Tax†**
Taxable Income:	
Not over $16,000	4% of taxable income
Over $16,000 but not over $22,000	$640 plus 4.50% of excess over $16,000
Over $22,000 but not over $26,000	$910 plus 5.25% of excess over $22,000
Over $26,000 but not over $40,000	$1,120 plus 5.90% of excess over $26,000
Over $40,000	$1,946 plus 6.85% of excess over $40,000
Single, Married Filing Separately, Estates and Trusts	
Taxable Income:	
Not over $8,000	4% of taxable income
Over $8,000 but not over $11,000	$320 plus 4.50% of excess over $8,000
Over $11,000 but not over $13,000	$455 plus 5.25% of excess over $11,000
Over $13,000 but not over $20,000	$560 plus 5.90% of excess over $13,000
Over $20,000	$973 plus 6.85% of excess over $20,000
Head of Household	
Taxable Income:	
Not over $11,000	4% of taxable income
Over $11,000 but not over $15,000	$440 plus 4.50% of excess over $11,000
Over $15,000 but not over $17,000	$620 plus 5.25% of excess over $15,000
Over $17,000 but not over $30,000	$725 plus 5.90% of excess over $17,000
Over $30,000	$1,492 plus 6.85% of excess over $30,000

*A supplemental income tax recaptures the value of lower tax brackets such that when a taxpayer's AGI exceeds $150,000, all taxable income becomes effectively subject to a flat 6.85 percent tax rate.

Components of the Personal Income Tax

The components of PIT 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 PIT 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.

Revenue Bond Tax Fund Receipts

The Enabling Act provides that 25 percent of the receipts from the New York State PIT imposed by Article 22 of the New York State Tax Law which are deposited pursuant to Section 171-a of the Tax Law ("New York State PIT Receipts") shall be deposited in the Revenue Bond Tax Fund. Such New York State PIT Receipts currently exclude refunds paid to taxpayers. Legislation enacted in 2007 and effective April 1, 2007 increased deposits to the Revenue Bond Tax Fund by amending the Enabling Act to provide that deposits to the Revenue Bond Tax Fund be calculated before the deposit of New York State PIT receipts to the STAR Fund. Moneys in the STAR Fund are used to reimburse school districts for school tax reductions and property tax rebates provided to homeowners and to reimburse The City of New York for PIT reductions enacted as part of the STAR program. The Debt Reduction Reserve Fund was established in FY 1999 to reserve onetime available resources to defease certain State-supported debt, pay debt service costs or pay cash for capital projects that would otherwise be financed with State-supported debt. In FYs 2001 and FY 02, $250 million was deposited from New York State PIT Receipts to the Debt Reduction Reserve Fund. New York State PIT Receipts for FYs 2001 and 2002 exclude deposits to the Debt Reduction Reserve Fund. There were no deposits of New York State PIT Receipts to the Debt Reduction Reserve Fund thereafter.

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 until an amount equal to 25 percent of estimated monthly New York State PIT Receipts has been deposited into the Revenue Bond Tax Fund (the "Revenue Bond Tax Fund Receipts").

In FY 2011, New York State PIT Receipts were approximately $36.2 billion and accounted for approximately 59.5 percent of State tax receipts in all State Funds. The FY 2012 Enacted Budget Financial Plan estimates New York State PIT Receipts at $39.1 billion for FY 2012.

The following table sets forth certain historical and projected information concerning New York State PIT Receipts, the Withholding Component, and deposits to the Revenue Bond Tax Fund from FYs 2002 through 2012. For FYs 2002 and 2003, the table provides a pro forma estimate equivalent to 25 percent of New York State PIT Receipts that would have been deposited to the Revenue Bond Tax Fund had the Enabling Act been in effect during the entirety of those State Fiscal Years. The Withholding Component can exceed New York State PIT Receipts since such Receipts equal total PIT collections less (i) refunds and (ii) through FY 2007, deposits into the STAR Fund. For example, in FY 2004, refunds and STAR Fund deposits were greater than the aggregate PIT collections from components other than the Withholding Component.

NYS PIT RECEIPTS, WITHHOLDING COMPONENTS AND STATE REVENUE BONDS TAX FUND RECEIPTS STATE FISCAL YEARS 2001-02 THROUGH 2011-12

State Fiscal Year	New York State PIT Receipts	Withholding Component	Withholding/State PIT Receipts	Revenue Bond Tax Fund Receipts*
2001-02	$24,013,593,585	$20,261,325,030	84.4%	$6,003,398,396
2002-03	19,984,262,417	19,959,388,350	99.9	4,996,065,604
2003-04	21,827,770,700	21,985,657,770	100.7	5,456,942,675
2004-05	25,040,965,404	23,374,513,925	93.3	6,260,241,351
2005-06	27,599,721,585	24,760,667,777	89.7	6,899,930,396
2006-07	30,586,021,803	26,802,005,019	87.6	7,646,505,451
2007-08	36,563,948,528**	28,440,134,437	77.8	9,140,987,132**
2008-09	36,840,019,400**	27,686,157,203	75.2	9,210,004,850**
2009-10	34,751,381,665**	29,443,180,489	84.7	8,687,845,416**
2010-11	36,209,215,560**	31,240,169,745	86.3	9,052,303,890**
2011-12 (proj.)	39,059,000,000**	31,802,000,000	81.4	9,764,800,000**

* 25 percent of New York State PIT Receipts shown on an annualized and pro forma basis for FY 2002 and 2003.

** Reflects legislation effective April 1, 2007 that calculates Revenue Bond Tax Fund Receipts prior to the deposit of New York State PIT receipts to the STAR Fund.

In FY 2011, New York State PIT Receipts totaled approximately $36.2 billion. The FY 2012 Enacted Budget Financial Plan estimates that total New York State PIT Receipts (net of refunds to taxpayers but before deposits to the STAR Fund) will increase by 7.9 percent to $39.1 billion in FY 2012.

Total State PIT receipts (as distinguished from New York State PIT Receipts as defined herein and presented in the table above) estimates are based on the State PIT liability estimated by DOB 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 PIT" above) that will affect each year's tax liability. The level of total State PIT 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 PIT receipts will be indicative of future receipts. Since the institution of the modern income tax in New York in 1960, total PIT receipts have fallen six times on a year-over-year basis, in FY 1965, FY 1972, FY 1978, FY 1991, FY 2003, and FY 2010.

The following table shows the pattern of State adjusted gross income growth and PIT liability for 2002 through 2011.

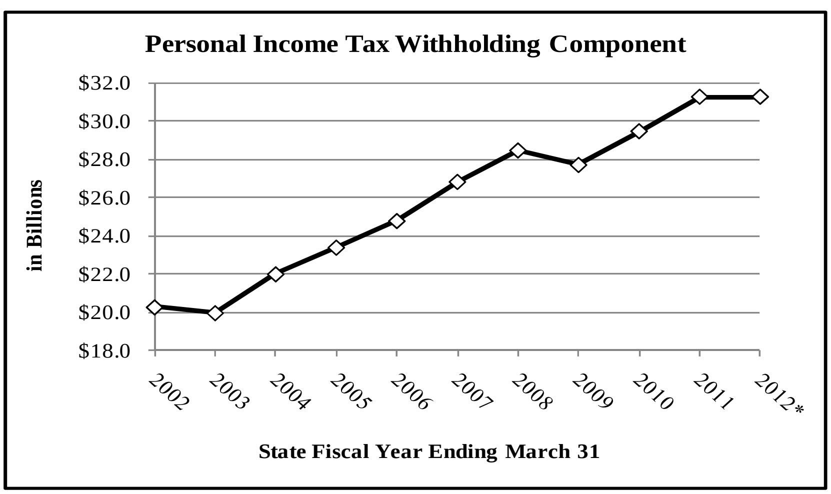
NYS Adjusted Gross Income (AGI) and Personal Income Tax Liability
2002 to 2011*

Tax Year	NYS AGI	Percent Change	Personal Income Tax Liability	Percent Change
		($ in millions)		
2002	$459,919	(4.4)%	$20,729	(7.5)%
2003	473,778	3.0	22,456	8.3
2004	525,964	11.0	25,769	14.8
2005	571,916	8.7	28,484	10.5
2006	632,601	10.6	29,605	3.9
2007	725,245	14.6	35,215	19.0
2008	662,053	(8.7)	31,621	(10.2)
2009 (est.)	595,562	(10.0)	31,264	(1.1)
2010 (est.)	637,870	7.1	34,543	10.5
2011 (proj.)	670,925	5.2	37,021	7.2

* 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. Tax liability and adjusted gross income fell in 2002 in the wake of the 2001 national recession and the September 11 attacks. Both subsequently grew for five consecutive years, as the State economy recovered and entered a robust period of expansion. With the onset of the national recession and the financial crisis, adjusted gross income and tax liability fell in 2008 and are estimated to have fallen for 2009. The 2009 decline in liability is significantly smaller than that in adjusted gross income because the State enacted a temporary tax rate increase for wealthier taxpayers to be in effect from 2009 to 2011.

The following graph shows the history of withholding receipts since State Fiscal Year 2001-02. Like overall adjusted gross incomes and tax liabilities, withholding has steadily increased each year except the recession-related State Fiscal Years 2001-02, 2002-03 and 2008-09, due to overall growth in employment and wages, as well as the temporary tax surcharge which applied during State Fiscal Years 2003-04 through 2005-06 and for the State Fiscal Year 2009-10 through 2011-12 estimates, which reflects the temporary tax rate increase.



**Estimated.*

Appendix A

APPENDIX A
Bonds with a Section 1 Disclosure Obligation

7 /6 /1995	Office of the State Comptroller, New York Local Government Assistance Corporation, 1995 Variable Rate Bonds, Dated July 6, 1995
8 /3 /1995	New York State Urban Development Corporation, Correctional Capital Facilities Revenue Bonds, Series 5
9 /28/1995	New York State Urban Development Corporation, Youth Facilities Revenue Bonds, Series 1995
10/11/1995	New York State Urban Development Corporation, Project Revenue Bonds (Onondaga Co. Convention Center), Refunding, Series 1995
11/21/1995	New York State Urban Development Corporation, State Facilities Revenue Bonds, 1995 Refunding Series
12/1 /1995	New York State Urban Development Corporation, Project Revenue Bonds (Center for Industrial Innovation), 1995 Refunding Bonds
12/7 /1995	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 1995A
12/14/1995	New York State Urban Development Corporation Project Revenue Bonds (Syracuse Univ. Ctr. For Science & Technology) 1995 Refunding Series
12/14/1995	New York State Urban Developmet Corporation Project Revenue Bonds (Clarkson University Center for Advanced Materials Processing Loan) 1995 Refunding Series
12/14/1995	New York State Urban Development Corporation, Project Revenue Bonds (University Facilities Grants), 1995 Refunding Series
12/20/1995	New York State Urban Development Corporation, Correctional Capital Facilities Revenue Bonds, Series 6
3 /26/1996	New York State Urban Development Corporation, Revenue Bonds (Sports Facility Assistance Program), 1996 Series A and 1996 Series B (Federally Taxable)
3 /27/1996	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 1996B and Series 1996C
4 /17/1996	New York State Urban Development Corporation, Project Revenue Bonds (Higher Education Applied Technology Grants), Series 1996
12/18/1996	Dormitory Authority of the State of New York, Department of Health Veterans Home Issue, Series 1996

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Bonds with a Section 1 Disclosure Obligation

12/19/1996	New York State Urban Development Corporation, Correctional Capital Facilities Revenue Bonds, Series 7
2 /26/1997	New York State Urban Development Corporation, New York Job Development Authority State Guaranteed Special Purpose Bonds 1997, Series A&B
4 /10/1997	New York State Urban Development Corporation, Youth Facilities Revenue Bonds, Series 1997
2 /25/1998	New York State Urban Development Corporation, Youth Facilities Service Contract Revenue Bonds, Series A
2 /26/1998	Dormitory Authority of the State of New York, Secured Hospital Revenue Refunding Bonds, Series 1998B (St. Claire's Hospital and Heath Center), Series 1998C (Southside Hospital), 1998E, 1998H, 1998J
3 /12/1998	New York State Urban Development Corporation, Correctional Facilities Service Contract Revenue Bonds, Series A
3 /12/1998	New York State Urban Development Corporation, Correctional Capital Facilities Revenue Bonds, 1998 Refunding Series
3 /12/1998	New York State Urban Development Corporation Correctional Capital Facilities Revenue Bonds, 1998 Refunding Series
3 /12/1998	New York State Urban Development Corporation, Correctional Facilities Revenue Bonds, 1998 Refunding Series
4 /9 /1998	Dormitory Authority of the State of New York, City University Consolidated Second General Resolution Revenue Bonds, Series 1998A
4 /23/1998	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Refunding Bonds, Series 1998
4 /30/1998	Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds, Series 1998A
8 /6 /1998	Dormitory Authority of the State of New York, Mental Health Facilities Improvement Revenue Bonds, Series 1998D
8 /20/1998	New York State Urban Development Corporation Revenue Bonds (Sports Facility Assistance Program) 1998, Series A
10/22/1998	Dormitory Authority of the State of New York, Revenue Bonds (Department of Education of the State of New York Issue), Series 1998

APPENDIX A
Bonds with a Section 1 Disclosure Obligation

11/4 /1998	Dormitory Authority of the State of New York, Mental Health Service Facilities Improvement Revenue Bonds, Series 1998E, Series 1998F and Series 1998G
12/2 /1998	New York State Urban Development Corporation, Correctional Facilities Service Contract Revenue Bonds, Series B
12/10/1998	Dormitory Authority of the State of New York, Special Act School Districts Program Insured Revenue Bonds, Series 1998
12/15/1998	Dormitory Authority of the State of New York Revenue Bonds (Office of General Services Issue), Series 1998
12/23/1998	New York State Urban Development Corporation Revenue Bonds (Community Enhancement Facilities Assistance Program), Series 1998
1 /7 /1999	Dormitory Authority of the State of New York Revenue Bonds (New York State Department of Health Issue), Series 1999A
3 /25/1999	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 1999A, Series 1999B and Series 1999C
4 /1 /1999	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 1999A, Series 1999B
4 /7 /1999	Dormitory Authority of the State of New York, Upstate Community Colleges, Series 1999A
8 /11/1999	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 1999D
10/27/1999	New York State Urban Development Corporation, Correctional Facilities Service Contract Revenue Bonds, Series C
10/28/1999	Dormitory Authority of the State of New York, Special Act School District Program Insured Revenue Bonds, Series 1999A
11/30/1999	New York State Urban Development Corporation Revenue Bonds (Community Enhancement Facilities Assistance Program, Series 1999B
12/22/1999	Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds 1999 Resolution, Series 1999
2 /15/2000	Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds 1989 Resolution, Series 2000

APPENDIX A
Bonds with a Section 1 Disclosure Obligation

2 /17/2000	New York State Urban Development Corporation, Youth Facilities Service Contract Revenue Bonds, Series B
3 /16/2000	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2000A and 2000B
3 /30/2000	Dormitory Authority of the State of New York, Lease Revenue Bonds State University Dormitory Facilities Issue, Series 2000A
8 /17/2000	Dormitory Authority of the State of New York, State Judicial Institute of Pace University, Series 2000
10/5 /2000	Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds, Series 2000B, 2000C
10/26/2000	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2000C & 2000D
12/13/2000	New York State Urban Development Corporation, Correctional Facilities Service Contract Revenue Bonds, Series D
2 /28/2001	Dormitory Authority of the State of New York, Upstate Community Colleges Revenue Bonds, Series 2001A
3 /7 /2001	Dormitory Authority of the State of New York, Service Contract Revenue Bonds (School District Rescue Program Issue), Series 2001A
3 /22/2001	Office of the State Comptroller, New York State General Obligation Bonds, Series 2001B and 2001C (tax-exempt, variable rate), Dated March 22, 2001
3 /22/2001	New York State Environmental Facilities Corporation, Taxable Environmental Infrastructure Revenue Bonds, Series 2001A
7 /25/2001	New York State Urban Development Corporation, Community Enhancement Facilities Assistance Program, Series 2001A
7 /26/2001	Office of the State Comptroller, $93,270,000 General Obligation Bonds, Series 2001E (tax-exempt), 2001F (taxable), Dated July 15, 2001
12/12/2001	Dormitory Authority of the State of New York, City University System Consolidated Fourth General Resolution Revenue Bond, Series 2001A
12/19/2001	Dormitory Authority of the State of New York, State University Dormitory Facilities Lease Revenue Bonds, Series 2001

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1 /10/2002	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2001A & 2001B
2 /21/2002	Office of the State Comptroller, $118,225,00 General Obligation Bonds, Series 2002A, 2002B, 2002C (tax-exempt, variable rate), Dated February 21, 2002
2 /28/2002	Dormitory Authority of the State of New York, Upstate Community Colleges Revenue Bonds, Series 2002A
3 /6 /2002	New York State Environmental Facilities Corporation, Taxable Environment/Infrastructure Revenue Bonds, Series 2002A
3 /13/2002	Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds, Series 2002A
3 /19/2002	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2002A
3 /21/2002	Dormitory Authority of the State of New York, Service Contract Revenue Bonds, Child Care Facilities Development Program, Series 2002A
5 /9 /2002	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities and Equipment) 2002A
5 /9 /2002	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Development & Housing), Series 2002B
7 /10/2002	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2002B
8 /7 /2002	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2002A
8 /7 /2002	New York State Thruway Authority, Local Highway and Bridge Service Contract Bonds, Series 2002
8 /8 /2002	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2002C
9 /5 /2002	Dormitory Authority of the State of New York, State University Dormitory Facilities Issue Lease Revenue Bonds, Series 2002
9 /18/2002	Dormitory Authority of the State of New York, State University Educational Facilities, Third General Resolution, Series 2002A and 2002B

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11/26/2002	New York State Urban Development Corporation, Correctional & Youth Facilities Service Contract, Series 2002 A, 2002B, 2002C
12/12/2002	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment) Series 200C-1, 2002C-2(Taxable), (Economic Development & Housing), Series 2002D
12/18/2002	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds (Environment), Series 2002A, 2002 B (Taxable)
2 /20/2003	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2003A Refunding Bonds, Dated February 20, 2003
2 /26/2003	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2003A-1 (State Facilities and Equipment), 2003A-2 (Taxable)
3 /25/2003	New York State Housing Finance Agency, State Personal Income Tax Revenue Bonds (Economic Development and Housing) 2003 Series A Refunding and 2003 Series B Refunding (Federally Taxable)
3 /25/2003	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (State Facilities and Equipment), Series 2003A
3 /25/2003	Office of the State Comptroller, $244,200,000 General Obligation Bonds, Series 2003A Tax-Exempt and Series 2003B (taxable), Dated March 25, 2003
3 /25/2003	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Economic Development and Housing) Series 2003A and Series 2003B (Federally Taxable)
4 /3 /2003	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2003A
4 /10/2003	Dormitory Authority of the State of New York, City University System Consolidated Third General Resolution Revenue Bonds, 2003 Series 1
4 /10/2003	Dormitory Authority of the State of New York, City University System Consolidated Fifth General Resolution Revenue Bonds, Series 2003A
4 /10/2003	Dormitory Authority of the State of New York, City University System Consolidated Fourth General Resolution Revenue Bonds, Series 2003A
5 /14/2003	Office of the State Comptroller, $251,765,000 General Obligation Refunding Bonds, Series 2003C, Dated May 14, 2003

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Bonds with a Section 1 Disclosure Obligation

6 /26/2003	Office of the State Comptroller, New York State General Obligation Bonds, Series 2003D Tax-Exempt, Series 2003E Taxable, and 2003F Tax-Exempt Refunding bonds, Dated June 26, 2003
7 /16/2003	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2003B
7 /23/2003	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2003A
8 /28/2003	New York State Housing Finance Agency, Service Contract Revenue Bonds, 2003 Series K, 2003 Series L and 2003 Series M
10/9 /2003	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment) Series 2003B, (Economic Development & Housing), 2003C-1, and 2003C-2 (Taxable)
10/23/2003	New York State Urban Development Corporation, Correctional & Youth Facilities Service Contract, Series 2003A, 2003B
11/6 /2003	Dormitory Authority of the State of New York Revenue Bonds (Department of Education of the State of New York Issue), Series 2003
12/9 /2003	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2003A, 2003 B, and 2003C (Federally Taxable)
12/18/2003	New York State Environmental Facilities Corporation, Taxable Environmental Infrastructure Revenue Bonds, Series 2003A, 2003B
1 /8 /2004	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2003A, Series 2003B
2 /26/2004	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2004A Refunding Bonds, Dated February 26, 2004
3 /17/2004	New York State Housing Finance Agency, State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2004A and 2004B
3 /24/2004	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2004A
3 /25/2004	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (State Facilities and Equipment), Series 2004A

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3 /25/2004	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education) Series 2004A, 2004B (Federally Taxable)
3 /25/2004	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing) Series 2004A, 2004B (Federally Taxable)
4 /6 /2004	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Refunding Bonds, Series 2004
4 /6 /2004	Dormitory Authority of the State of New York, Department of Health of the State of New York Refunding Issue, Series 2004
4 /7 /2004	Dormitory Authority of the State of New York, Upstate Community Colleges Revenue Bonds, Series 2004
4 /21/2004	New York State Urban Development Corporation, New York Job Development Authority State Guaranteed Special Purpose Bonds, 2004 Series A&B
7 /14/2004	Dormitory Authority of the State of New York, Upstate Community College Revenue Bonds, Series 2004B
7 /28/2004	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2004B
10/14/2004	New York State Thruway Authority, State Personal Income Tax Revenue Bonds Transportation), Series 2004A
10/21/2004	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2004A
12/21/2004	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds (Environment), Series 2004A, 2004B (Taxable)
12/22/2004	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2004A-1, 2004A-2, 2004A-3, 2004A-4 (Economic Development & Housing), 2004B-1, 2004B-2, 2004B-3 (Taxable)
2 /24/2005	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2005A, 2005B, 2005C-1, and 2005D-1
2 /24/2005	Dormitory Authority of the State of New York, City University System Consolidated Fifth General Resolution Revenue Bonds, Series 2005A
3 /2 /2005	Dormitory Authority of the State of New York, Third General Resolution Revenue Bonds (State University Educational Facilities Issue), Series 2005A

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3 /2 /2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education), Series 2005A, 2005B
3 /3 /2005	Dormitory Authority of the State of New York, Upstate Community College Revenue Bonds, Series 2005A, 2005B, 2005C
3 /10/2005	New York State Housing Finance Agency, State Personal Income Tax Revenue Bonds (Economic Development and Housing), 2005 Series A, 2005 Series B and 2005 Series C
3 /16/2005	Office of the State Comptroller, New York State General Obligation Bonds, Series 2005A Tax-Exempt, 2005B Taxable and 2005C Tax-Exempt Refunding Bonds, Dated March 16, 2005
3 /24/2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2005B
3 /24/2005	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2005A
3 /24/2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education),Series 2005D, 2005E (Federally Taxable)
4 /12/2005	Dormitory Authority of the State of New York, Department of Health of the State of New York Refunding Revenue Bonds, Series 2005
5 /26/2005	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2005A
6 /22/2005	New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (Economic Dev. & Housing), Series 2005 A-1, Series 2005 A-2 (Federally Taxable)
6 /30/2005	Dormitory Authority of the State of New York, State Service Contract Revenue Bonds (Albany County Airport Project) Series 2005
7 /14/2005	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2005A
9 /8 /2005	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2005B
10/20/2005	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2005B and 2005C
11/22/2005	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2005B

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12/7 /2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education), Series 2005F, 2005 G (Federally Taxable)
12/15/2005	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2005ABCEF
1 /5 /2006	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2005B
1 /6 /2006	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds, Series 2006A, 2006B (Taxable)
3 /16/2006	New York State Housing Finance Agency, Personal Income Tax Revenue Bonds (Economic Development and Housing) 2006 Series A, 2006 Series B,(Federally Taxable) and 2006 Series C
3 /29/2006	Office of the State Comptroller, New York State General Obligation Bonds, Series 2006A Tax-Exempt and Series 2006B Taxable Bonds, Dated March 29, 2006
3 /30/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2006A and Series 2006B (Federally Taxable)
3 /30/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2006A (Federally Taxable)
4 /19/2006	Office of the State Comptroller, New York State General Obligation Bonds, Series 2006C Tax-Exempt and 2006D Taxable Refunding Bonds, Dated April 19, 2006
7 /6 /2006	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Bonds, Series 2006A
7 /12/2006	Dormitory Authority of the State of New York, City University System Consolidated Fifth General Resolution Revenue Bonds, Series 2006A
7 /27/2006	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2006A
8 /9 /2006	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2006A
8 /30/2006	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2006A
10/4 /2006	Dormitory Authority of the State of New York Revenue Bonds (Department of Education of the State of New York Issue), Series 2006A

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11/15/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2006C
12/20/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2006B
12/20/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2006D and Series 2006E (Federally Taxable)
1 /18/2007	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds, Series 2007A, 2007B (Federally Taxable)
1 /18/2007	New York State Environmental Facilities Corporation, Riverbank State Park Special Obligation Refunding Bonds, Series 2007
3 /15/2007	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2007B
3 /15/2007	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Dev. & Housing), Series 2007A
3 /21/2007	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2007A, 2007B, 2007C, 2007D
3 /22/2007	Office of the State Comptroller, New York State General Obligation Bonds, Series 2007A Tax-Exempt Bonds, Series 2007B Taxable Bonds, Dated March 22, 2007
3 /28/2007	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2007A
4 /4 /2007	New York State Housing Finance Agency, Personal Income Tax Revenue Bonds (Economic Development and Housing) Series 2007A, B & C
6 /13/2007	New York State Thruway Authority, Local Highway and Bridge Service Contract Bonds, Series 2007
6 /20/2007	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2007B
7 /11/2007	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2007A and B
8 /1 /2007	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2007

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8 /22/2007	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2007A Refunding Bonds, Dated August 22, 2007
9 /6 /2007	New York State Thruway Authority, State Personal Income Tax Revenue Bonds, Series 2007A
9 /25/2007	New York State Thruway Authority, State Personal Income Tax Revenue Bonds, Series 2007A (Refunding)
10/5 /2007	New York State Urban Development Corporation, Service Contract Revenue Refunding Bonds, Series 2007A
10/18/2007	Dormitory Authority of the State of New York, State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2007
10/25/2007	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2007C
1 /10/2008	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2007C
1 /17/2008	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Development & Housing), Series 2008A-1, Series 2008A-2 (Federally Taxable)
2 /26/2008	New York State Thruway Authority, Local Highway and Bridge Service Contract Bonds, Series 2008
2 /28/2008	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2008A Refunding Bonds, Dated February 28, 2008
3 /12/2008	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Healthcare), Series 2008A
3 /12/2008	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2008A and Series 2008B (Federally Taxable)
3 /20/2008	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2008A
3 /27/2008	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds, Series 2008A, 2008B

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3 /27/2008	Office of the State Comptroller, New York State General Obligation Bonds, Series 2008A Tax-Exempt Bonds, 2008B Taxable Bonds, Dated March 27, 2008
6 /19/2008	New York State Housing Finance Agency State Personal Income Tax Revenue Variable Rate Refunding Bonds, Series 2008AB
6 /19/2008	New York State Housing Finance Agency State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2008AB
6 /24/2008	New York State Urban Development Corporation Correctional and Youth Facilities Service Contract Revenue Fixed Rate Refunding Bonds, Series 2008B
6 /24/2008	New York State Urban Development Corporation Correctional and Youth Facilities Service Contract Revenue Variable Rate Refunding Bonds, Series 2008A1-5
6 /26/2008	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding, Series 2008B variable rate bonds, Dated June 26, 2008
7 /9 /2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (Education), Series 2008A
7 /17/2008	New York State Urban Development Corporation State Personal Income Tax Revenue Variable Rate Remarketing Bonds, 2004A-3
7 /24/2008	Dormitory Authority of the State of New York Mental Health Services Facilities Improvement Bonds, Series 2008A-E
8 /21/2008	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2008C, Dated August 21, 2008
8 /28/2008	Dormitory Authority of the State of New York, City University System Consolidated Revenue Fixed Rate Refunding Bonds, Series 2008A and Series 2008B
9 /4 /2008	New York State Thruway Authority Second General Highway and Bridge Trust Fund Bonds, Series 2008B
9 /9 /2008	New York State Urban Development Corporation Correctional and Youth Facilities Service Contract Revenue Fixed Rate Refunding Bonds, Series 2008C
9 /10/2008	New York State Thruway Authority State Personal Income Tax Revenue Refunding Bonds, Series 2008A
9 /11/2008	Dormitory Authority for the State of New York, Lease Revenue Bonds State University Dormitory Facilities Issue), Series 2008A

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11/25/2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Fixed Rate Refunding Bonds, Series 2008C (Federally Taxable) (Economic Development and Housing), Series 2008C (Education)
11/25/2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (Education), Series 2008B
11/25/2008	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2008D
12/11/2008	Dormitory Authority of the State of New York, City University System Consolidated Revenue Fixed Rate Refunding Bonds, Series 2008E
12/11/2008	Dormitory Authority of the State of New York, City University System Consolidated Revenue Variable Rate Refunding Bonds, Series 2008CD
12/12/2008	Dormitory Authority of the State of New York Mental Health Services Facilities Improvement Revenue Fixed Rate Refunding Bonds, Series 2008F
1 /14/2009	New York State Housing Finance Agency Service Contract Revenue Variable Rate Remarketing Bonds, Series 2003L, Series 2003M-1, and Series 2003M-2
1 /15/2009	New York State Urban Development Corporation State Personal Income Tax Revenue Bonds, Economic Development and Housing Series, 2009A-1, and 2009A-2 (Federally Taxable), State Facilities and Equipment Series, 2009B-1 and 2009B-2 (Federally Taxable)
2 /19/2009	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds, Series 2009A (EC DEV & HOUSE), Series 2009A (HEALTH), Series 2009A (ED) and Series 2009A (ST FAC & EQUIP)
3 /4 /2009	New York State Thruway Authority Second General Highway and Bridge Trust Fund Bonds, Series 2009A-1 and Series 2009A-2
3 /19/2009	New York State Environmental Facilities Corporation State Personal Income Tax Revenue Bonds, Series 2009A (Environment) and Series 2009B (Federally Taxable)
3 /19/2009	Office of the State Comptroller, State of New York General Obligation Bonds, Series 2009A Tax-Exempt and Series 2009B Taxable Bonds, Dated March 19, 2009
3 /26/2009	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Fixed Rate Refunding Bonds, Series 2009A
4 /1 /2009	Dormitory Authority of the State of New York, School Districts Revenue Bond Financing Program Revenue Bonds, Series 2009A

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6 /10/2009	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding, Series 2008B-C/D Tax-Exempt Bonds and 2003A-5/6 Tax-Exempt Bonds, dated June 10, 2009
6 /16/2009	New York State Thruway Authority Personal Income Tax Revenue Bonds, Series 2009A
6 /17/2009	Dormitory Authority of the State of New York, School Districts Revenue Bond Financing Program Revenue Bonds, Series 2009B, C, D, & E
6 /30/2009	New York State Thruway Authority 2nd General Highway and Bridge Trust Fund Bonds, Series 2009B
7 /1 /2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2009A, B, C
7 /9 /2009	Dormitory Authority of the State of New York, Master BOCES Program Lease Revenue Bonds, Nassau County Issue, Series 2009
8 /3 /2009	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2003A-8V (Substitution of Liquidity Facility and Cancellation of Bond Insurance Policy), Dated August 3, 2009.
8 /27/2009	New York State Housing Finance Agency State Personal Income Tax Revenue Bonds (Education and Housing), Series 2009AB
8 /31/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2009D, E, F
9 /24/2009	Dormitory Authority of the State of New York, State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009A
10/15/2009	New York State Thruway Authority Local Highway and Bridge Service Contract Bonds, Series 2009
10/20/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Qualified School Construction Bonds, Series 2009
10/20/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Qualified School Construction Tax Credit Bonds Series 2009 (ED), Series 2009G (Tax-Exempt) and Series 2009H (General Purpose-Federally Taxable Build America Bonds)
10/20/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2009G,H

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11/19/2009	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2010A
11/19/2009	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2009A
12/1 /2009	New York State Urban Development Corporation State Personal Income Tax Revenue Bonds, General Purpose 2009C, 2009D (Federally Taxable), & 2009E (Federally Taxable Build America Bonds)
12/3 /2009	Office of the State Comptroller, State of New York General Obligation Refunding, Series 2009C Tax-Exempt Bonds, Dated December 3, 2009
3 /10/2010	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2010A
3 /10/2010	Office of the State Comptroller, State of New York General Obligation Bonds, Series 2010A Tax-Exempt Bonds, 2010B Taxable Bonds and 2010C Build America Bonds (BABs), Dated March 3, 2010
3 /11/2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2010A,B,C
3 /17/2010	New York State Thruway Authority 2nd General Highway and Bridge Trust Fund Bonds, Series 2010A,B
5 /27/2010	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2010A, Dated May 27, 2010
6 /3 /2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2010D
6 /3 /2010	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2010A
6 /15/2010	Dormitory Authority of the State of New York, School Districts Revenue Bond Financing Program Revenue Bonds, Series 2010A,B,C,D
8 /4 /2010	Dormitory Authority of the State of New York, Master BOCES Program Lease Revenue Bonds, Herkimer-Fulton-Hamilton-Otsego Issue, Series 2010
9 /22/2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Qualified School Construction Bonds, Series 2010

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9 /24/2010	New York State Thruway Authority Personal Income Tax Revenue Bonds, Series 2010A
9 /29/2010	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2010A
9 /30/2010	Dormitory Authority of the State of New York, City University System Consolidated Fifth General Resolution Revenue Bonds, Series 2010A
10/5 /2010	New York State Urban Development Corporation Service Contract Revenue Bonds, Series 2010B
10/14/2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2010E,F,G,H
12/1 /2010	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2010A, Dated May 27, 2010
12/1 /2010	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2003A-4V (Substitution of Liquidity Facility and Cancellation of Bond Insurance Policy), Dated December 1, 2010.
12/8 /2010	New York State Urban Development Corporation Income Tax Revenue Bonds, General Purpose 2010 A, 2010 B (Federally Taxable), & 2010 C (Federally Taxable Build America Bonds)
12/9 /2010	Dormitory Authority of the State of New York, Pledged Assessment Revenue Bonds, Series 2010A
12/16/2010	Dormitory Authority of the State of New York, State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2010
12/22/2010	Dormitory Authority of the State of New York, Revenue Bonds The Summit School (853 Schools), Series 2010
3 /30/2011	Office of the State Comptroller, State of New York General Obligation Bonds, Series 2011A Tax-Exempt, Series 2011B Taxable, Series 2011C Tax-Exempt Refunding and 2011D Taxable Refunding Bonds, Dated March 30, 2011
3 /30/2011	Dormitory Authority of the State of New York, Secured Hospital Revenue Refunding Bonds, Series 2011

Appendix B

APPENDIX B
Bonds with a Section 2 Disclosure Obligation

7 /6 /1995	Office of the State Comptroller, New York Local Government Assistance Corporation, 1995 Variable Rate Bonds, Dated July 6, 1995
3 /27/1996	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 1996B and Series 1996C
12/18/1996	Dormitory Authority of the State of New York, Department of Health Veterans Home Issue, Series 1996
4 /23/1998	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Refunding Bonds, Series 1998
8 /6 /1998	Dormitory Authority of the State of New York, Mental Health Facilities Improvement Revenue Bonds, Series 1998D
11/4 /1998	Dormitory Authority of the State of New York, Mental Health Service Facilities Improvement Revenue Bonds, Series 1998E, Series 1998F and Series 1998G
12/10/1998	Dormitory Authority of the State of New York, Special Act School Districts Program Insured Revenue Bonds, Series 1998
1 /7 /1999	Dormitory Authority of the State of New York Revenue Bonds (New York State Department of Health Issue), Series 1999A
3 /25/1999	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 1999A, Series 1999B and Series 1999C
4 /1 /1999	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 1999A, Series 1999B
8 /11/1999	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 1999D
10/28/1999	Dormitory Authority of the State of New York, Special Act School District Program Insured Revenue Bonds, Series 1999A
3 /16/2000	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2000A and 2000B
10/26/2000	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2000C & 2000D
1 /10/2002	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2001A & 2001B

APPENDIX B
Bonds with a Section 2 Disclosure Obligation

3 /19/2002	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2002A
5 /9 /2002	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities and Equipment) 2002A
5 /9 /2002	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Development & Housing), Series 2002B
7 /10/2002	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2002B
8 /7 /2002	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2002A
8 /8 /2002	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2002C
9 /5 /2002	Dormitory Authority of the State of New York, State University Dormitory Facilities Issue Lease Revenue Bonds, Series 2002
12/12/2002	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment) Series 200C-1, 2002C-2(Taxable), (Economic Development & Housing), Series 2002D
1 /9 /2003	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education), Series 2003A and Series 2003B (Federally Taxable)
2 /20/2003	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2003A Refunding Bonds, Dated February 20, 2003
2 /26/2003	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2003A-1 (State Facilities and Equipment), 2003A-2 (Taxable)
3 /25/2003	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (State Facilities and Equipment), Series 2003A
3 /25/2003	New York State Housing Finance Agency, State Personal Income Tax Revenue Bonds (Economic Development and Housing) 2003 Series A Refunding and 2003 Series B Refunding (Federally Taxable)
3 /25/2003	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Economic Development and Housing) Series 2003A and Series 2003B (Federally Taxable)

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Bonds with a Section 2 Disclosure Obligation

4 /3 /2003	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2003A
7 /16/2003	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2003B
7 /23/2003	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2003A
10/9 /2003	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment) Series 2003B, (Economic Development & Housing), 2003C-1, and 2003C-2 (Taxable)
12/3 /2003	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Refunding Bonds, Series 2003
1 /8 /2004	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2003A, Series 2003B
2 /26/2004	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2004A Refunding Bonds, Dated February 26, 2004
3 /24/2004	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2004A
3 /25/2004	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education) Series 2004A, 2004B (Federally Taxable)
3 /25/2004	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing) Series 2004A, 2004B (Federally Taxable)
4 /6 /2004	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Refunding Bonds, Series 2004
7 /28/2004	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2004B
10/14/2004	New York State Thruway Authority, State Personal Income Tax Revenue Bonds Transportation), Series 2004A
12/21/2004	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds (Environment), Series 2004A, 2004B (Taxable)

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Bonds with a Section 2 Disclosure Obligation

12/22/2004	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2004A-1, 2004A-2, 2004A-3, 2004A-4 (Economic Development & Housing), 2004B-1, 2004B-2, 2004B-3 (Taxable)
3 /2 /2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education), Series 2005A, 2005B
3 /10/2005	New York State Housing Finance Agency, State Personal Income Tax Revenue Bonds (Economic Development and Housing), 2005 Series A, 2005 Series B and 2005 Series C
3 /24/2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2005B
3 /24/2005	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2005A
3 /24/2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education),Series 2005D, 2005E (Federally Taxable)
4 /7 /2005	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2005A
4 /12/2005	Dormitory Authority of the State of New York, Department of Health of the State of New York Refunding Revenue Bonds, Series 2005
6 /22/2005	New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (Economic Dev. & Housing), Series 2005 A-1, Series 2005 A-2 (Federally Taxable)
7 /14/2005	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2005A
9 /8 /2005	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2005B
10/20/2005	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2005B and 2005C
11/22/2005	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2005B
12/7 /2005	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education), Series 2005F, 2005 G (Federally Taxable)
12/15/2005	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2005ABCEF

APPENDIX B
Bonds with a Section 2 Disclosure Obligation

1 /5 /2006	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2005B
1 /6 /2006	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds, Series 2006A, 2006B (Taxable)
3 /16/2006	New York State Housing Finance Agency, Personal Income Tax Revenue Bonds (Economic Development and Housing) 2006 Series A, 2006 Series B,(Federally Taxable) and 2006 Series C
3 /30/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2006A (Federally Taxable)
3 /30/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2006A and Series 2006B (Federally Taxable)
7 /6 /2006	Dormitory Authority of the State of New York, Department of Health of the State of New York Revenue Bonds, Series 2006A
7 /27/2006	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2006A
8 /9 /2006	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2006A
8 /30/2006	New York State Thruway Authority, State Personal Income Tax Revenue Bonds (Transportation), Series 2006A
11/15/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2006C
12/20/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2006D and Series 2006E (Federally Taxable)
1 /18/2007	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds, Series 2007A, 2007B (Federally Taxable)
3 /15/2007	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Dev. & Housing), Series 2007A
3 /15/2007	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2007B
3 /21/2007	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2007A, 2007B, 2007C, 2007D

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Bonds with a Section 2 Disclosure Obligation

3 /28/2007	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2007A
4 /4 /2007	New York State Housing Finance Agency, Personal Income Tax Revenue Bonds (Economic Development and Housing) Series 2007A, B & C
6 /20/2007	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2007B
7 /11/2007	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2007A
8 /1 /2007	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2007
8 /22/2007	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2007A Refunding Bonds, Dated August 22, 2007
9 /6 /2007	New York State Thruway Authority, State Personal Income Tax Revenue Bonds, Series 2007A
9 /25/2007	New York State Thruway Authority, State Personal Income Tax Revenue Bonds, Series 2007A (Refunding)
10/25/2007	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (State Facilities & Equipment), Series 2007C
1 /10/2008	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Series 2007C
1 /17/2008	New York State Urban Development Corporation, State Personal Income Tax Revenue Bonds (Economic Development & Housing), Series 2008A-1, Series 2008A-2 (Federally Taxable)
2 /28/2008	Office of the State Comptroller, New York Local Government Assistance Corporation, Series 2008A Refunding Bonds, Dated February 28, 2008
3 /12/2008	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Healthcare), Series 2008A
3 /12/2008	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2008A and Series 2008B (Federally Taxable)

APPENDIX B
Bonds with a Section 2 Disclosure Obligation

3 /20/2008	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2008A
3 /27/2008	Office of the State Comptroller, New York State General Obligation Bonds, Series 2008A Tax-Exempt Bonds, 2008B Taxable Bonds, Dated March 27, 2008
3 /27/2008	New York State Environmental Facilities Corporation, State Personal Income Tax Revenue Bonds, Series 2008A, 2008B
6 /19/2008	New York State Housing Finance Agency State Personal Income Tax Revenue Variable Rate Refunding Bonds, Series 2008AB
6 /19/2008	New York State Housing Finance Agency State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2008AB
6 /26/2008	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding, Series 2008B variable rate bonds, Dated June 26, 2008
7 /9 /2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (Education), Series 2008A
7 /17/2008	New York State Urban Development Corporation State Personal Income Tax Revenue Variable Rate Remarketing Bonds, 2004A-3
7 /24/2008	Dormitory Authority of the State of New York Mental Health Services Facilities Improvement Bonds, Series 2008A-E
8 /21/2008	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2008C, Dated August 21, 2008
9 /4 /2008	New York State Thruway Authority Second General Highway and Bridge Trust Fund Bonds, Series 2008B
9 /10/2008	New York State Thruway Authority State Personal Income Tax Revenue Refunding Bonds, Series 2008A
9 /11/2008	Dormitory Authority for the State of New York, Lease Revenue Bonds State University Dormitory Facilities Issue), Series 2008A
11/25/2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Fixed Rate Refunding Bonds, Series 2008C (Federally Taxable) (Economic Development and Housing), Series 2008C (Education)
11/25/2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (Education), Series 2008B

APPENDIX B
Bonds with a Section 2 Disclosure Obligation

12/12/2008	Dormitory Authority of the State of New York Mental Health Services Facilities Improvement Revenue Fixed Rate Refunding Bonds, Series 2008F
1 /15/2009	New York State Urban Development Corporation State Personal Income Tax Revenue Bonds, Economic Development and Housing Series, 2009A-1, and 2009A-2 (Federally Taxable), State Facilities and Equipment Series, 2009B-1 and 2009B-2 (Federally Taxable)
2 /19/2009	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds, Series 2009A (EC DEV & HOUSE), Series 2009A (HEALTH), Series 2009A (ED) and Series 2009A (ST FAC & EQUIP)
3 /4 /2009	New York State Thruway Authority Second General Highway and Bridge Trust Fund Bonds, Series 2009A-1 and Series 2009A-2
3 /19/2009	New York State Environmental Facilities Corporation State Personal Income Tax Revenue Bonds, Series 2009A (Environment) and Series 2009B (Federally Taxable)
3 /26/2009	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Fixed Rate Refunding Bonds, Series 2009A
4 /1 /2009	Dormitory Authority of the State of New York, School Districts Revenue Bond Financing Program Revenue Bonds, Series 2009A
6 /10/2009	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding, Series 2008B-C/D Tax-Exempt Bonds and 2003A-5/6 Tax-Exempt Bonds, dated June 10, 2009
6 /16/2009	New York State Thruway Authority Personal Income Tax Revenue Bonds, Series 2009A
6 /17/2009	Dormitory Authority of the State of New York, School Districts Revenue Bond Financing Program Revenue Bonds, Series 2009B, C, D, & E
6 /30/2009	New York State Thruway Authority 2nd General Highway and Bridge Trust Fund Bonds, Series 2009B
7 /1 /2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2009A, B, C
7 /9 /2009	Dormitory Authority of the State of New York, Master BOCES Program Lease Revenue Bonds, Nassau County Issue, Series 2009
8 /3 /2009	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2003A-8V (Substitution of Liquidity Facility and Cancellation of Bond Insurance Policy), Dated August 3, 2009.

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8 /27/2009	New York State Housing Finance Agency State Personal Income Tax Revenue Bonds (Education and Housing), Series 2009AB
8 /31/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2009D, E, F
10/20/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Qualified School Construction Tax Credit Bonds Series 2009 (ED), Series 2009G (Tax-Exempt) and Series 2009H (General Purpose-Federally Taxable Build America Bonds)
10/20/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2009G,H
10/20/2009	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Qualified School Construction Bonds, Series 2009
11/19/2009	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2009A
11/19/2009	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2010A
12/1 /2009	New York State Urban Development Corporation State Personal Income Tax Revenue Bonds, General Purpose 2009C, 2009D (Federally Taxable), & 2009E (Federally Taxable Build America Bonds)
3 /10/2010	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2010A
3 /11/2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2010A,B,C
3 /17/2010	New York State Thruway Authority 2nd General Highway and Bridge Trust Fund Bonds, Series 2010A,B
5 /27/2010	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2010A, Dated May 27, 2010
6 /3 /2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2010D
6 /15/2010	Dormitory Authority of the State of New York, School Districts Revenue Bond Financing Program Revenue Bonds, Series 2010A,B,C,D

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Bonds with a Section 2 Disclosure Obligation

8 /4 /2010	Dormitory Authority of the State of New York, Master BOCES Program Lease Revenue Bonds, Herkimer-Fulton-Hamilton-Otsego Issue, Series 2010
9 /22/2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Education), Qualified School Construction Bonds, Series 2010
9 /24/2010	New York State Thruway Authority Personal Income Tax Revenue Bonds, Series 2010A
9 /29/2010	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 2010A
9 /30/2010	Dormitory Authority of the State of New York, City University System Consolidated Fifth General Resolution Revenue Bonds, Series 2010A
10/14/2010	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (General Purpose), Series 2010E,F,G,H
12/1 /2010	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2010A, Dated May 27, 2010
12/1 /2010	Office of the State Comptroller, New York Local Government Assistance Corporation Refunding Bonds, Series 2003A-4V (Substitution of Liquidity Facility and Cancellation of Bond Insurance Policy), Dated December 1, 2010.
12/9 /2010	Dormitory Authority of the State of New York, Pledged Assessment Revenue Bonds, Series 2010A
12/16/2010	Dormitory Authority of the State of New York, State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2010
12/22/2010	Dormitory Authority of the State of New York, Revenue Bonds The Summit School (853 Schools), Series 2010
3 /30/2011	Dormitory Authority of the State of New York, Secured Hospital Revenue Refunding Bonds, Series 2011