NEW YORK STATE

STATEMENT OF UPDATED ANNUAL INFORMATION

PURSUANT TO CONTINUING DISCLOSURE AGREEMENTS

FISCAL YEAR 2009-10

JULY 29, 2010

NEW YORK STATE

STATEMENT OF UPDATED ANNUAL INFORMATION

DATED July 29, 2010

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Introduction

In accordance with the State of New York's (the "State") contractual secondary market disclosure obligations for the 2009-10 fiscal year ended March 31, 2010, the State herein provides, in electronic form to the Municipal Securities Rulemaking Board ("MSRB"), a Statement of Updated Annual Information, dated July 29, 2010 (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 updated annual information of the type included in the Annual Information Statement of the State (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.

This <u>Annual Update is different from and should not be confused with the State's AIS.</u> The updated information contained in Section 1 of this Annual Update is not intended to serve, nor does it serve, as the AIS. Although information contained in Section 1 may also be included in 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 will be filed separately with the MSRB through the EMMA when it becomes available and it is expected to contain other information which should be read by investors and other municipal market participants. Once available, an electronic copy of the AIS can be accessed through the 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.

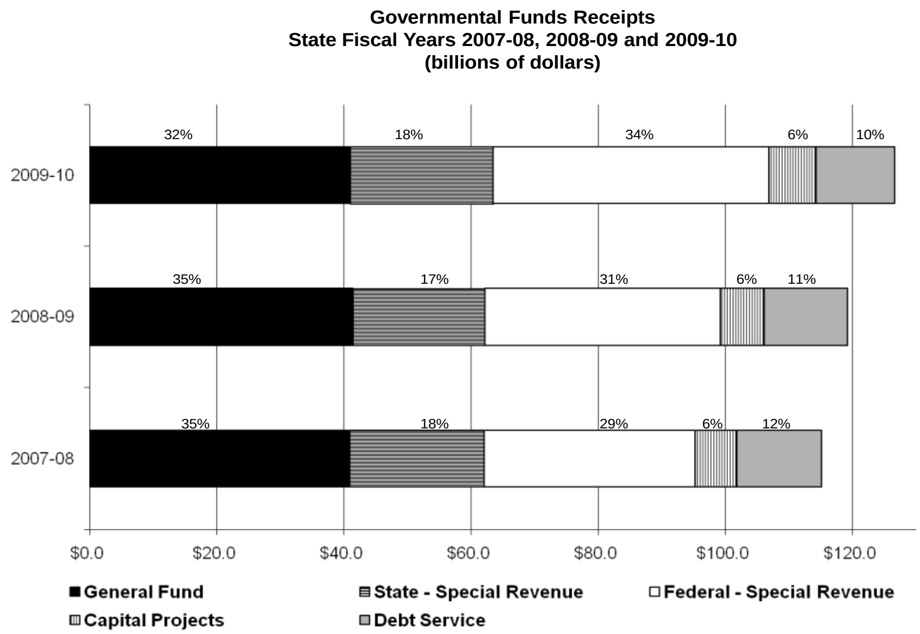
Section 1 - Update to Certain Sections of the Annual Information Statement of the State of New York

Information contained in this Section 1 is limited to that required to be updated pursuant to relevant disclosure obligations. Section 1 is not intended to serve, nor does it serve, as a full update to all information contained in the State's Annual Information Statement.

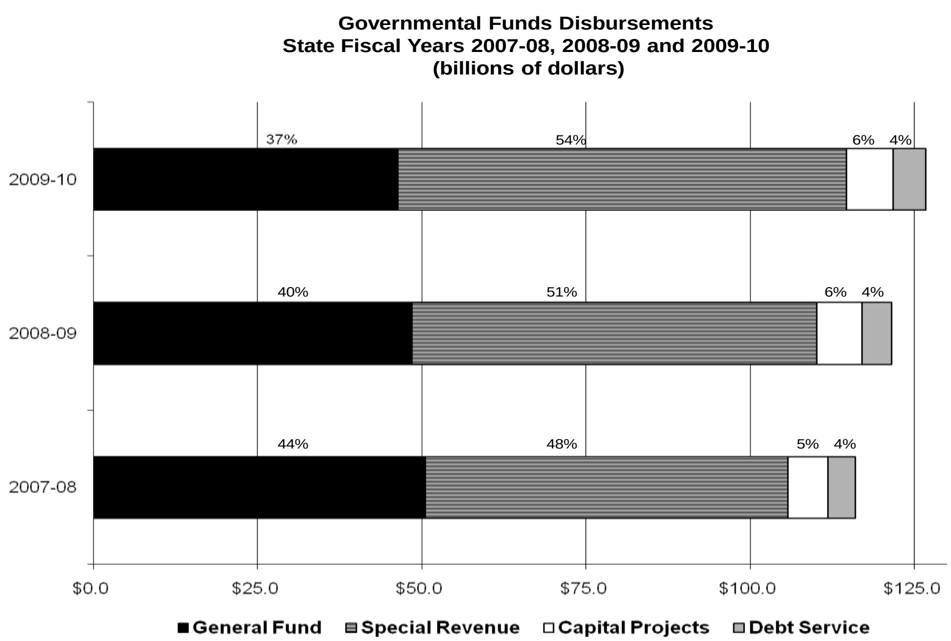
Section 1: Subsection A
“Prior Fiscal Years”

Prior Fiscal Years

The following four tables show the composition of the State's governmental funds and its General Fund as of March 31, 2010. Following the tables is a summary of the cash-basis results for the State's three most recent fiscal years.

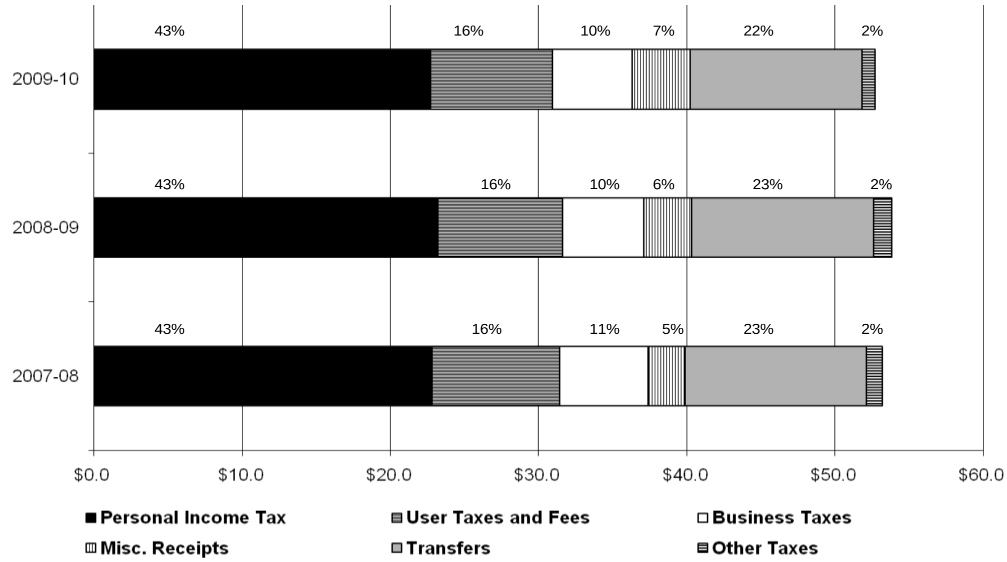


Note: Percentage total may not add due to rounding.



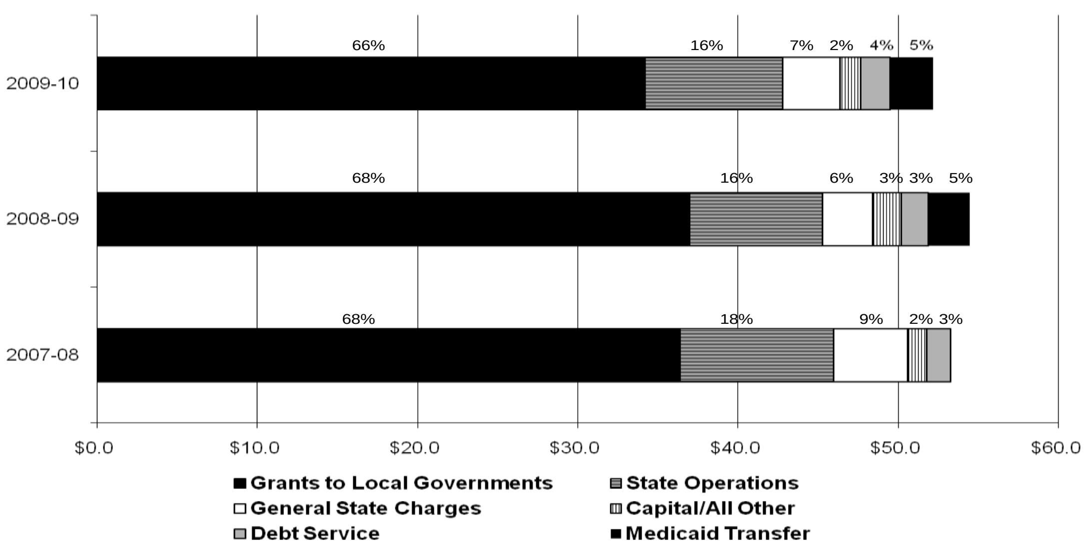
Note: Percentage total may not add due to rounding.

General Fund Receipts and Transfers by Source
State Fiscal Years 2007-08, 2008-09 and 2009-10
(billions of dollars)



Note: Percentage total may not add due to rounding.

General Fund Disbursements and Transfers by Type
State Fiscal Years 2007-08, 2008-09, and 2009-10
(billions of dollars)



Note: Percentage total may not add due to rounding.

Cash-Basis Results for Prior Fiscal Years

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 the Generally Accepted Accounting Principles ("GAAP"), showing revenues and expenditures. With the exception of 2009-10 results, the State's financial results set forth in this section have been audited.

General Fund 2007-08 through 2009-10

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 provided by law.

Recent Trends

The economic downturn has had a severe impact on State finances. Actual receipts have fallen consistently below projected levels, fixed costs for debt service and fringe benefits have risen steadily, and demand for State services has grown. Over the last two years, the State has been 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 has managed the timing of payments across fiscal years.

2009-10 Fiscal Year

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 2009-10. 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 2009-10 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 2009-10 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 2009-10 to 2010-11. On June 1, 2010, the State paid the $2.1 billion in school aid deferred from 2009-10.

General Fund receipts, including transfers from other funds were $1.2 billion below 2008-09 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 2008-09 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 Federal American Recovery and Reinvestment Act of 2009 ("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.

2008-09 Fiscal Year

General Fund receipts, including transfers from other funds and the impact of the tax refund reserve transaction, totaled $53.8 billion in 2008-09, an increase of $705 million from 2007-08 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 2008-09, an increase of $1.2 billion from 2007-08. The main source of annual growth was School Aid.

Similar to 2009-10, 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 2008-09. 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 the 2008-09 fiscal year 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 the Division of the Budget ("DOB") used for payments initially planned for 2008-09 that were delayed until 2009-10. 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.

2007-08 Fiscal Year

General Fund receipts, including transfers from other funds and the impact of the tax refund reserve transaction, totaled $53.1 billion in 2007-08, an increase of $1.7 billion from 2006-07 results. While tax receipts decreased by $273 million, transfers increased by $1.9 billion and miscellaneous receipts increased by $191 million. The decline in tax receipts was primarily attributable to a decline in business taxes and in personal income taxes. General Fund spending, including transfers to other funds, totaled

$53.4 billion in 2007-08, an increase of $1.8 billion from 2006-07. The main sources of annual growth were School Aid, Children and Family Services, and public assistance.

Receipts in 2007-08 were $578 million lower than the State's initial projections while disbursements for the year finished at $299 million lower than expectations. The result was a $279 million decrease in cash reserves. The reserves were used to finance the costs of labor settlements ($138 million), debt management actions, including defeasing certain auction rate bonds ($128 million), and to finance discretionary grants from the Community Projects Fund ($13 million).

The General Fund ended the 2007-08 fiscal year with a balance of $2.8 billion, which included dedicated balances of $1.2 billion in the State's rainy day reserve funds that can only be used for unforeseen mid-year shortfalls (after a $175 million deposit to the Rainy Day Reserve Fund at the close of 2007-08), the Contingency Reserve Fund ($21 million), the Community Projects Fund ($340 million) and $1.2 billion in general reserves.

State Operating Funds 2007-08 through 2009-10

State Operating Funds is comprised of the General Fund, State Special Revenue Funds (as defined by DOB), and debt service funds. The State Operating Funds perspective is primarily intended as a measure of State-financed spending.

Recent Trends

Since 2007-08, State Operating Funds spending has been nearly level, declining by approximately $130 million over the three-year period. The spending levels in State Operating Funds have been substantially affected by Federal ARRA funds and the deferral of payments in 2009-10 (see above). 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 2008-09 and 2009-10, and resulted in a corresponding increase in spending from Federal funds (see the discussion of All Funds below). In addition, payment deferrals in 2009-10 also resulted in a temporary reduction in State Operating Funds spending. Together, ARRA funding and payment deferrals reduced 2009-10 State Operating Funds spending by approximately $6.3 billion.

2009-10 Fiscal Year

State Operating Funds receipts totaled $75.8 billion in 2009-10, an increase of $611 million over the 2008-09 results. Disbursements totaled $76.9 billion in 2009-10, a decrease of $1.3 billion from the 2008-09 results. The State ended the 2009-10 fiscal year with a State Operating Funds cash balance of $4.7 billion. In addition to the $2.3 billion General Fund balance described above, the State's special revenue funds had a closing balance of approximately $2.0 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 the State University of New York ("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 timing of bond sales.

2008-09 Fiscal Year

State Operating Funds receipts totaled $75.2 billion in 2008-09, a decrease of $371 million from the 2007-08 results. Disbursements totaled $78.2 billion, an increase of $1.2 billion from the 2007-08 results. School aid was the largest source of annual program growth.

The State ended 2008-09 with a State Operating Funds cash balance of $4.7 billion. In addition to the $1.9 billion General Fund balance described above, the State's special revenue funds had a closing balance of $2.5 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 Health Care Reform Act ("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 timing of bond sales.

2007-08 Fiscal Year

State Operating Funds receipts totaled $75.6 billion in 2007-08, an increase of $3.0 billion from the 2006-07 results. In addition to the growth in General Fund receipts described above, tax receipts to other State Operating Funds also increased. Disbursements totaled $77.0 billion, an increase of $3.5 billion from the 2006-07 results. School Aid, School Tax Relief ("STAR"), and transportation aid were the main sources of annual program growth.

The State ended the 2007-08 fiscal year with a State Operating Funds cash balance of $6.6 billion. In addition to the $2.8 billion General Fund balance described above, the State's special revenue funds had a closing balance of $3.5 billion and the debt service funds had a closing balance of $286 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 ($838 million) and ongoing HCRA programs ($597 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 timing of bond sales.

All Funds 2007-08 through 2009-10

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. Since 2007-08, All Funds spending has increased by $10.8 billion. The growth includes nearly $2.3 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).

2009-10 Fiscal Year

All Funds receipts for 2009-10 totaled $126.7 billion, an increase of $7.5 billion over 2008-09 results. Annual growth in Federal grants and miscellaneous receipts was partially offset by a decline in tax receipts. All Funds disbursements for 2009-10 totaled $126.9 billion, an increase of $5.3 billion over 2008-09 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 2009-10 fiscal year with an All Funds cash balance of $4.9 billion. Along with the $4.7 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 $253 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 the Short-Term Investment Pool ("STIP") used to finance capital projects costs prior to the receipt of bond proceeds.

2008-09 Fiscal Year

All Funds receipts for 2008-09 totaled $119.2 billion, an increase of $3.8 billion over 2007-08 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 2008-09 totaled $121.6 billion, an increase of $5.5 billion over 2007-08 results. The annual change reflects growth in School Aid, Medicaid, transportation aid, economic development aid and other State programs.

The State ended the 2008-09 fiscal year with an All Funds cash balance of $4.6 billion. Along with the $4.7 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.

2007-08 Fiscal Year

All Funds receipts for 2007-08 totaled $115.4 billion, an increase of $3.0 billion over 2006-07 results. Moderate growth in tax collections and miscellaneous receipts were partially offset by a decline in Federal grants. All Funds disbursements for 2007-08 totaled $116.1 billion, an increase of $3.3 billion over 2006-07 results. The annual change reflects growth in School Aid, STAR, transportation aid and other State programs.

The State ended the 2007-08 fiscal year with an All Funds cash balance of $6.5 billion. Along with the $6.6 billion State Operating Funds balance described above, Federal operating funds had a closing balance of $359 million, offset by a negative capital project funds closing balance of $433 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.

COMPARISON OF ACTUAL GENERAL FUND RECEIPTS AND DISBURSEMENTS
2007-2008 THROUGH 2009-2010
(millions of dollars)

	2007-2008	2008-2009	2009-2010*
OPENING FUND BALANCE (1)	3,045	2,754	1,948
Personal Income Tax (1) (2)	22,759	23,196	22,655
User Taxes and Fees:			
Sales and Use Tax (3)	7,945	7,707	7,405
Cigarette and Tobacco Tax	409	446	456
Motor Vehicle Fees	(51)	(42)	15
Alcoholic Beverage Taxes and Fees	252	250	275
Subtotal	8,555	8,361	8,151
Business Taxes:			
Corporation Franchise Tax	3,446	2,755	2,145
Corporation and Utilities Taxes	603	654	722
Insurance Taxes	1,088	1,086	1,331
Bank Tax	880	1,061	1,173
Subtotal	6,017	5,556	5,371
Other Taxes:			
Estate and Gift Taxes	1,038	1,165	866
Real Property Gains Tax	1	0	0
Pari-mutuel Tax	23	22	19
Other Taxes	1	1	1
Subtotal	1,063	1,188	886
Miscellaneous Receipts & Federal Grants	2,529	3,150	3,894
Transfers from Other Funds:			
PIT in excess of Revenue Bond debt service	8,473	8,404	7,641
Sales Tax in Excess of LGAC Debt Service	2,358	2,195	2,123
All Other Transfers	1,342	1,751	1,836
Subtotal	12,173	12,350	11,600
TOTAL RECEIPTS	53,096	53,801	52,557
Grants to Local Governments	36,414	37,040	34,234
State Operations:			
Personal Service	6,659	6,168	6,611
Non-Personal Service	2,920	2,144	1,977
General State Charges	4,620	3,084	3,594
Debt Service	0	0	0
Transfers to Other Funds:			
In Support of Debt Service	1,548	1,734	1,844
In Support of Capital Projects	141	473	206
State Share Medicaid	0	2,625	2,654
All Other Transfers	1,085	1,339	1,083
Subtotal	2,774	6,171	5,787
TOTAL DISBURSEMENTS	53,387	54,607	52,203
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	(291)	(806)	354
CLOSING FUND BALANCE	2,754	1,948	2,302

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) Excludes sales tax in excess of LGAC Debt Service.

*2009-10 year-end results are preliminary and unaudited.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2007-2008
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	3,045	3,671	233	6,949
Receipts:				
Taxes	38,395	7,834	12,595	58,824
Miscellaneous receipts	2,460	13,403	843	16,706
Federal grants	69	0	0	69
Total receipts	40,924	21,237	13,438	75,599
Disbursements:				
Grants to local governments	36,414	16,157	0	52,571
State operations:				
Personal Service	6,659	3,072	0	9,731
Non-Personal Service	2,920	2,386	32	5,338
General State charges	4,620	632	0	5,252
Debt service	0	0	4,104	4,104
Capital projects	0	7	0	7
Total disbursements	50,613	22,254	4,136	77,003
Other financing sources (uses):				
Transfers from other funds	12,172	1,579	5,434	19,185
Transfers to other funds	(2,774)	(713)	(14,683)	(18,170)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	9,398	866	(9,249)	1,015
Change in fund balance	(291)	(151)	53	(389)
Closing fund balance	2,754	3,520	286	6,560

Source: NYS DOB

Note: DOB calculation of State Operating Funds includes the General Fund and funds specified for dedicated purposes, but excludes capital projects and Federal Funds. Activity in certain miscellaneous special revenue funds that is financed primarily with Federal Funds is treated as Federal Funds and captured in the All Governmental Funds Financial Plan.

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	3,520	286	6,560
Receipts:				
Taxes	38,301	7,780	12,241	58,322
Miscellaneous receipts	3,105	12,911	845	16,861
Federal grants	45	0	0	45
Total receipts	41,451	20,691	13,086	75,228
Disbursements:				
Grants to local governments	37,040	16,944	0	53,984
State operations:				
Personal Service	6,168	4,161	0	10,329
Non-Personal Service	2,144	2,725	56	4,925
General State charges	3,084	1,307	0	4,391
Debt service	0	0	4,530	4,530
Capital projects	0	9	0	9
Total disbursements	48,436	25,146	4,586	78,168
Other financing sources (uses):				
Transfers from other funds	12,350	4,562	5,976	22,888
Transfers to other funds	(6,171)	(1,156)	(14,464)	(21,791)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,179	3,406	(8,488)	1,097
Change in fund balance	(806)	(1,049)	12	(1,843)
Closing fund balance	1,948	2,471	298	4,717

Source: NYS DOB

Note: DOB calculation of State Operating Funds includes the General Fund and funds specified for dedicated purposes, but excludes capital projects and Federal Funds. Activity in certain miscellaneous special revenue funds that is financed primarily with Federal Funds is treated as Federal Funds and captured in the All Governmental Funds Financial Plan.

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	1,948	2,471	298	4,717
Receipts:				
Taxes	37,063	7,801	11,448	56,312
Miscellaneous receipts	3,888	14,646	974	19,508
Federal grants	6	0	13	19
Total receipts	40,957	22,447	12,435	75,839
Disbursements:				
Grants to local governments	34,234	17,644	0	51,878
State operations:				
Personal Service	6,611	4,263	0	10,874
Non-Personal Service	1,977	2,488	51	4,516
General State charges	3,594	1,040	0	4,634
Debt service	0	0	4,961	4,961
Capital projects	0	11	0	11
Total disbursements	46,416	25,446	5,012	76,874
Other financing sources (uses):				
Transfers from other funds	11,600	4,172	6,645	22,417
Transfers to other funds	(5,787)	(1,686)	(13,956)	(21,429)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,813	2,486	(7,311)	988
Change in fund balance	354	(513)	112	(47)
Closing fund balance	2,302	1,958	410	4,670

Source: NYS DOB

*2009-10 year-end results are preliminary and unaudited.

Note: DOB calculation of State Operating Funds includes the General Fund and funds specified for dedicated purposes, but excludes capital projects and Federal Funds. Activity in certain miscellaneous special revenue funds that is financed primarily with Federal Funds is treated as Federal Funds and captured in the All Governmental Funds Financial Plan.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2007-2008
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	3,045	4,007	(432)	233	6,853
Receipts:					
Taxes	38,395	7,834	2,047	12,595	60,871
Miscellaneous receipts	2,460	13,605	2,735	843	19,643
Federal grants	69	33,095	1,745	0	34,909
Total receipts	40,924	54,534	6,527	13,438	115,423
Disbursements:					
Grants to local governments	36,414	45,712	1,078	0	83,204
State operations:					
Personal Service	6,659	5,195	0	0	11,854
Non-Personal Service	2,920	3,408	0	32	6,360
General State charges	4,620	856	0	0	5,476
Debt service	0	0	0	4,104	4,104
Capital projects	0	7	5,053	0	5,060
Total disbursements	50,613	55,178	6,131	4,136	116,058
Other financing sources (uses):					
Transfers from other funds	12,172	4,000	272	5,434	21,878
Transfers to other funds	(2,774)	(3,484)	(938)	(14,683)	(21,879)
Bond and note proceeds	0	0	269	0	269
Net other financing sources (uses)	9,398	516	(397)	(9,249)	268
Change in fund balance	(291)	(128)	(1)	53	(367)
Closing fund balance	2,754	3,879	(433)	286	6,486

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

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	(433)	286	6,486
Receipts:					
Taxes	38,301	7,780	2,015	12,241	60,337
Miscellaneous receipts	3,105	13,089	3,025	845	20,064
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	790	5,976	26,424
Transfers to other funds	(6,171)	(4,397)	(1,413)	(14,464)	(26,445)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	6,179	2,911	(166)	(8,488)	436
Change in fund balance	(806)	(1,033)	(73)	12	(1,900)
Closing fund balance	1,948	2,846	(506)	298	4,586

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

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	1,948	2,846	(506)	298	4,586
Receipts:					
Taxes	37,063	7,801	1,422	11,448	57,734
Miscellaneous receipts	3,888	14,812	3,882	974	23,556
Federal grants	6	43,379	2,061	13	45,459
Total receipts	40,957	65,992	7,365	12,435	126,749
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	6,645	26,200
Transfers to other funds	(5,787)	(5,318)	(1,185)	(13,956)	(26,246)
Bond and note proceeds	0	0	448	0	448
Net other financing sources (uses)	5,813	1,900	0	(7,311)	402
Change in fund balance	354	(446)	253	112	273
Closing fund balance	2,302	2,400	(253)	410	4,859

Source: NYS DOB

*2009-10 year-end results are preliminary and unaudited.

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 Governmental Accounting Standards Board ("GASB"). The Basic Financial Statements, released in July each year, include the Statement 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. For information regarding the State's accounting and financial reporting requirements, see the section entitled "State Organization (including State Employment)."

Both the Basic Financial Statements and Other Supplementary Information and 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 following table summarizes recent governmental funds results on a GAAP basis.

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

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 Plan") within 30 days of the enactment of the State Budget. The proposed 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. A copy of the Executive Budget and, when available, 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.state.ny.us.

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. At the end of the 2009-10 fiscal year, total State-related debt outstanding was $55 billion. Debt measures continue to remain stable with debt outstanding as a percentage of personal income at about 6.0 percent.

DOB measures its debt burden 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. Since 2002, the State has financed most of its capital program with State Personal Income Tax ("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 service contractual obligations of public authorities.

State-related debt is a broader measure of State debt that is based on the methodology used by State's independent accountants in preparing the State's audited financial statements, specifically the CAFR, published by the Office of the State Comptroller ("OSC") on an annual basis. In addition to State-supported debt, this measure 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 needed.

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 local 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 is not reported because it: (1) was not issued by the State (nor on behalf of the State), (2) does not result in a State obligation to pay debt service, and (3) is not considered State debt in the CAFR. 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.

General Obligation debt and debt of the New York Local Government Assistance Corporation is issued by OSC. Other State-supported and State-related debt is issued by the State's Authorized Issuers under the direction of DOB. The Authorized Issuers include the New York State Thruway Authority

("NYSTA"), the Dormitory Authority of the State of New York ("DASNY"), the Empire State Development Corporation ("ESDC"), the Environmental Facilities Corporation ("EFC"), and the Housing Finance Agency ("HFA"), (collectively, the “Authorized Issuers”). Prior to any issuance of such bonds, approval is required by 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-RELATED DEBT*
(millions of dollars)

	As of 3/31/08	As of 3/31/09	As of 3/31/10
State-Supported Debt			
General Obligation	$3,221	$3,323	$3,400
Local Government Assistance Corporation	4,021	3,848	3,639
Other Lease-Purchase and Contractual-Obligation Financing Arrangements	26,381	26,070	25,095
State Personal Income Tax Revenue Bond Financing	10,785	13,738	18,189
Total State-Supported Debt	$44,408	$46,978	$50,323
Contingent Contractual-Obligation Financing			
DASNY/MCFFA - Secured Hospital Program	713	682	637
Tobacco Settlement Financing Corporation	3,870	3,588	3,257
Total Contingent Contractual-Obligation Financing	4,583	4,270	3,894
Moral Obligation Financing			
Housing Finance Agency	47	36	28
MCFFA-Hospitals and Nursing Homes	4	3	3
Total Moral Obligation Financing	51	39	31
State-Guaranteed Debt			
Job Development Authority	37	32	28
Other State Financings			
MBBA Prior Year School Aid Claims	464	442	419
Capital Leases	246	296	266
Mortgage Loan Commitments	96	92	155
	806	830	840
TOTAL STATE-RELATED DEBT	**$49,885**	**$52,149**	**$55,116**

Source: Data based on the Comprehensive Annual Financial Report (CAFR), specifically DOB's cash estimate of the GAAP numbers contained therein (CAFR Tables 5 and Note 10) for year ending 3/31/08 and 3/31/09. Data provided by DOB for year ending 3/31/10. Presentation of data and composition of State-Related Debt supplied by DOB. Amounts for DASNY/MCFFA-Secured Hospital Program, Moral Obligation Financing and State-Guaranteed Debt are reported as a contingent liability to the State in Note 10 of the CAFR and not counted as debt outstanding in Table 5 of the CAFR.

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

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, Local Government Assistance Corporation ("LGAC") revenue 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. The table below summarizes State-supported debt outstanding by financing program for the past three years.

State-Supported Debt By Financing Program
(millions of dollars)

	2007-08	2008-09	2009-10
General Obligation	$3,221	$3,323	$3,400
Personal Income Tax	10,785	13,738	18,189
Local Government Assistance Corporation	4,021	3,848	3,639
Service Contract & Lease Purchase	15,056	14,194	13,271
Other Revenue Bonds	11,325	11,875	11,824
Total State-Supported Debt	**$44,408**	**$46,978**	**$50,323**

Source: NYS DOB

General Obligation Financings

Under the State Constitution, the State may not, with limited exceptions for emergencies, undertake 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 final maturity greater than 30 years.

Under the State Constitution, the State may undertake short-term borrowings without voter approval (i) in anticipation of the receipt of taxes and revenues, by issuing general obligation tax and revenue anticipation notes ("TRANs"), and (ii) in anticipation of the receipt of 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 State fiscal year 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 utilized the BANs authorization to conduct a commercial paper program to fund disbursements eligible for general obligation bond financing.

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.

General obligation financed spending is authorized through the continued implementation of eight previously authorized bond acts (three for transportation and five for environmental and recreational programs). The bulk of projected general obligation bond financed spending supports authorizations for the 2005 Rebuild and Renew New York Bond Act. Spending authorizations from the remaining seven bond acts will be virtually depleted by 2013. The following table sets forth information regarding the levels of authorized, unissued and outstanding State general obligation debt by purpose as of March 31, 2010.

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STATE GENERAL OBLIGATION DEBT
March 31, 2010
(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	521
Mass Transit - DOT	Note 2	Note 2	11
Rail & Port	Note 2	Note 2	50
Canals & Waterways	Note 2	Note 2	14
Aviation	Note 2	Note 2	33
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	1,450	781	629
Mass Transit - Metropolitan Transportation Authority	1,450	970	459
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000	26	552
Rebuild New York Through Transportation Infrastructure Renewal (1983)			
Highway Related Projects	1,064	23	4
Ports, Canals, and Waterways	49	-	- [3]
Rapid Transit, Rail and Aviation Projects	137	-	22
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	-	-
Rapid Transit and Rail Freight	400	-	21
Rail Preservation (1974)	250	-	12
Transportation Capital Facilities (1967)			
Highways	1,250	-	-
Mass Transportation	1,000	-	17
Aviation	250	-	23
Total Transportation Bonds	**10,400**	**1,800**	**1,739**
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	32	72
Safe Drinking Water	355	-	49
Clean Water	790	155	496
Solid Waste	175	3	94
Environmental Restoration	200	84	88
Environmental Quality (1986)			
Land and Forests	250	3	46
Solid Waste Management	1,200	79	472
Environmental Quality (1972)			
Air	150	12	18
Land and Wetlands	350	10	40
Water	650	5	113
Outdoor Recreation Development (1966)	200	-	-
Pure Waters (1965)	1,000	25	83
Park and Recreation Land Acquisition (1960)	100	1	- [4]
Total Environmental Bonds	**5,650**	**409**	**1,571**
Housing Bonds:			
Low-Income Housing (through 1958)	960	8	49
Middle-Income Housing (through 1958)	150	1	41
Urban Renewal (1958)	25	1	-
Total Housing Bonds	**1,135**	**10**	**90**
TOTAL GENERAL OBLIGATION DEBT	**17,185**	**2,219**	**3,400**

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 $111,526.01 at March 31, 2010.
[4] This amount rounds to zero, but there was an outstanding balance of $33,056.10 at March 31, 2010.

State Personal Income Tax 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 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 Revenue Bond Tax Fund 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 Revenue Bond Tax Fund 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, 2010, approximately $18 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 Health and Mental Hygiene. In 2009, pursuant to State law, State PIT Revenue Bonds began to be issued under new General Purpose resolutions that permitted the issuance of bonds on a consolidated basis for all purposes. This enhanced flexibility has improved the marketability of the State PIT Revenue Bonds, particularly in the taxable market where State PIT Revenue Bonds have been issued as Build America Bonds (BABs). The State expects to continue to use the General Purpose approach for future issuances of State PIT Revenue Bonds, except for Transportation.

Outstanding State Personal Income Tax Revenue Bonds
(millions of dollars)

	2007-08	2008-09	2009-10
State Personal Income Tax Revenue Bonds			
Education	$4,332	$5,552	$5,416
Economic Development & Housing	2,193	2,779	2,732
State Facilities & Equipment	1,879	2,417	2,290
Transportation	1,645	1,933	2,269
Environment	667	910	864
Health & Mental Hygiene	69	147	137
General Purpose	-	-	4,481
Total State Personal Income Tax Revenue Bonds	**$10,785**	**$13,738**	**$18,189**

Source: NYS DOB

Legislation enacted in fiscal year 2009-10 and extended for fiscal year 2010-11 permits the DASNY and the Urban Development Corporation 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 on a timely basis. This has enabled the State to improve the scheduling and sizing of State PIT Revenue Bond sales, produced savings through efficiencies in bond pricing, and lowered overall administrative costs.

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 for an additional year. 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.

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 fiscal year ("seasonal borrowing") of the State 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 provided 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). This 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 impact of the LGAC changes, as well as other changes in revenue and spending patterns, is that the State has been able 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 currently 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 possible 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 2010-11 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 Contractual-Obligation Financings

Prior to the commencement of issuance of State PIT Revenue Bonds in 2002, the State routinely issued long-term, lease-purchase and contractual obligation debt, which involve obligations of public authorities or municipalities where debt service is payable by the State, but which are not general obligations of the State. Under these financing arrangements, certain public authorities and municipalities have issued obligations to finance various capital programs, including those which finance the State's highway and bridge program, SUNY and City University of New York ("CUNY") educational facilities, health and mental hygiene facilities, prison construction and rehabilitation, economic development projects, State buildings and housing programs, and equipment acquisitions, and expect to meet their debt service requirements through the receipt of rental or other contractual payments made by the State.

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 charges). 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 generally expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments.

Under legislation enacted for the 2010-11 fiscal year, the State is authorized 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

Dedicated Highway and Bridge Trust Fund bonds are issued by NYSTA for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation taxes and fees.

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. These bonds support the expansion and renovation of SUNY Dormitory Facilities under the SUNY multi-year capital investment programs enacted in 2009-10.

Mental Health Facilities Improvement Bonds

Mental Health Facilities Improvement bonds are issued by DASNY and supported by patient revenues. These support capital projects to preserve and maintain both State and community-based facilities operated and/or licensed by Office of Mental Health ("OMH"), the Office for People With Developmental Disabilities ("OPWDD"), and Office of Alcoholism and Substance Abuse Services ("OASAS").

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, 2010, the State has never been required to make an unanticipated debt service payment on contingent contractual, moral obligation, or State-guaranteed obligations.

State-Related Debt By Financing Program
(millions of dollars)

	2007-08	2008-09	2009-10
State-Supported Debt	$44,408	$46,978	$50,323
Contingent Contractual	4,583	4,270	3,894
Moral Obligation	51	39	31
State-Guaranteed	37	32	28
Other Debt	806	830	840
Total State-Related Debt	**$49,885**	**$52,149**	**$55,116**

Source: NYS DOB

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, directly 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, 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 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 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, 2010, there were nine secured hospital borrowers and a total of $637 million in bonds outstanding with annual debt service payments of $81.5 million due during State fiscal year 2010-11.

As of March 31, 2010, three of the nine secured hospital borrowers were not current in making the monthly debt service payments required by their loan agreements. The State anticipates that the annual bond debt service payments due during the State's 2010-11 fiscal year on all outstanding Secured Hospital Program bonds will be paid pursuant to the loan agreements between the hospitals and DASNY or from other sources, other than payments by the State pursuant to the service contracts. However, as noted below, the State is evaluating the financial impact of a bankruptcy filing of the North General Hospital, one of the secured hospital participants.

In July 2010, North General Hospital, a not-for-profit hospital located in Harlem, ceased operations and filed for bankruptcy. Regarding the indebtedness of the hospital, DASNY expects to retire a portion of the bonds from an asset sale and will continue to pay debt service on the remaining bonds from expected lease rental payments on the facility. These revenues are not expected to be sufficient to meet on-going debt service payments. Consequently, the State expects designated reserve funds to be used for these payments, initially. When the reserve funds are depleted, the State will be responsible for making the debt service payments. As of July 2010, there were approximately $117 million of outstanding bonds.

Tobacco Settlement Financing Corporation

Legislation enacted in 2003 authorized the State to securitize all of its tobacco settlement payments to the Tobacco Settlement Financing Corporation ("TSFC"). A corporation created under the legislation that is a subsidiary of the Municipal Bond Bank Agency, 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 bonds 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 2003-04 ($3.8 billion) and 2004-05 ($400 million). As of March 31, 2010, approximately $3.257 billion in 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. 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 adjusted payments downward or indicated that they plan on adjusting subsequent payments downward to states and territories, or otherwise have deposited or will 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. The State does not intend 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 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 the 1986-87 fiscal year and no such requirements are anticipated during the 2010-11 fiscal year.

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 $42.4 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, 2010, JDA had approximately $28 million of bonds outstanding. The State does not anticipate that it will be called upon to make any payments pursuant to the State guarantee in the 2010-11 fiscal year.

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. 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.

2010-11 Borrowing Plan

A preliminary review of the projected borrowing plan for 2010-11 estimates that approximately $5.4 billion in bonds will be issued in support of the State's capital programs, as highlighted below.

2010-11 Issuances
By State Financing Program
(millions of dollars)

Personal Income Tax Bonds	$3,954
General Obligation Bonds	606
Dedicated Highway & Bridge Trust Fund Bonds	494
Mental Health Facilities Improvement Revenue Bonds [1]	232
SUNY Dormitory Bonds	78
Total Issuances:	**$5,365**

Source: NYS DOB

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

Transportation. The State Department of Transportation ("DOT") is primarily responsible for maintaining and rehabilitating the State's system of highways and bridges, which includes over 38,000 State highway lane miles and over 7,500 State bridges. DOT also oversees and funds programs for rail, port, transit and aviation projects and programs that help defray local capital expenses associated with road and bridge projects.

The 2010-12 State Transportation Plan reflects a two-year DOT capital plan of $7.0 billion and the funded first two years of the approved 2010-14 Metropolitan Transportation Authority ("MTA") capital program of $9.1 billion. The entire five-year MTA capital program contains project obligations totaling $23.8 billion, but current funding is only sufficient for 2010 and 2011. After that, the continuation of the capital program will require additional funding. The MTA capital program is financed by a combination of City, Federal, and MTA resources (see below). DOT's programs are financed by a combination of Federal grants, pay-as-you-go capital and bond proceeds supported by the Dedicated Highway and Bridge Trust Fund, transfers from the General Fund, and revenues from the Dedicated Mass Transportation Trust Fund. Legislation has been periodically adopted to increase the deposit of revenues into the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund to meet program needs. In addition, general obligation bond acts have been used to support capital transportation spending.

The State has supported the capital plans of the MTA through legislation adopted in 1992 and 1993 which authorized payments, subject to appropriation, of a portion of the petroleum business tax from the State's Dedicated Mass Transportation Trust Fund to the MTA and authorized it to be used as a source of payment for non-State-supported bonds to be sold by the MTA to support its capital program. Legislation adopted in 2000 provided for increases in amounts dedicated to the MTA through the Dedicated Mass Transportation Trust Fund by increasing the portion of the petroleum business tax and other transportation related taxes and fees that would flow to that Fund between 2000-01 and 2004-05. In 2002, the MTA implemented an overall debt restructuring program. The program simplified and restructured MTA credits, modernized resolutions and restructured existing debt to create new capital capacity and better match the bond maturities with the useful lives of the projects financed. In 2009, the State adopted legislation to collect a tax on payrolls, known as the Mobility Tax, in the MTA region, as well as an increase on fees for motor vehicle license and registrations, taxi rides, and auto rentals in the MTA region. These new and additional taxes and fees were dedicated to the MTA from the Mobility Tax Trust Account and the MTA Aid Trust Account, and the Authority was authorized to use these revenue streams as a source of payment for non-State-supported bonds to be sold by the Authority to support its capital program.

Education. The State finances the physical infrastructure of SUNY and CUNY, and their respective community colleges and State Education Department through direct State capital spending and through financing arrangements with DASNY, paying all capital costs of the senior colleges and sharing equally with local governments for the community colleges, except that SUNY dormitories are financed through dormitory fees. Also included are bond issuances to support school construction projects for the Expanding our Children's Education and Learning ("EXCEL") program.

SUNY State-operated campuses include nearly 2,300 buildings, encompassing classrooms, dormitories, libraries, research laboratories, athletic and recreation facilities, hospitals and dining halls. Together with the 30 SUNY community colleges, the SUNY system serves more than 425,000 students. The CUNY system is comprised of 11 senior colleges and 6 community colleges that serve more than 243,000 students.

Mental Hygiene/Health. The State provides care for its citizens with mental illness, mental retardation and developmental disabilities, and for those with chemical dependencies, through the OMH, OPWDD, and OASAS and their network of not-for-profit service providers. Capital investments for State-operated programs are primarily supported by patient revenues through financing arrangements with DASNY. Historically, this care was provided at large State institutions. Beginning in the 1980s, the State adopted policies to provide institutional care to only those most in need of this specialized setting and to expand care in community programs for the vast majority of those served.

OMH's capital program supports an institutional physical plant consisting of 21 campuses with over 450 actively used buildings as well as a State and non-profit operated community network of over 34,000 beds. The overall policy direction of this program has limited institutional capital projects to those that are necessary to ensure the health and safety of clients and staff, retain program accreditation, and maintain the condition of existing facilities. In addition, the program supports the preservation of existing State and community beds and the development of new non-profit operated community beds.

OPWDD's capital program supports a State institutional infrastructure comprising 13 service districts, as well as the Valley Ridge Center for Intensive Treatment and the Institute for Basic Research in Developmental Disabilities, with approximately 267 actively used buildings. Additionally, OPWDD provides capital support for a State and non-profit operated community network of over 35,000 beds. The program continues the recent shift in emphasis from the development of new facilities (primarily in the community) to the improvement and maintenance of existing State and non-profit infrastructure.

As the need for institutional beds has declined in recent years, both OMH and OPWDD have consolidated, reconfigured or closed many of their campuses, permitting the planned development of alternate uses for the surplus facilities.

Various capital programs for DOH facilities have also been financed by DASNY using patient revenues and contractual-obligation financing arrangements.

Public Protection. The State prison system currently houses slightly more than 57,000 inmates in 67 institutional facilities with 3,800 buildings. Continuing declines in the prison population, the closure of annexes, camps, and facilities, and ongoing consolidation of the system as a result of sentencing reforms negate the need for capital investments to expand general confinement capacity. However, significant investments are anticipated in the creation of specialized units for the treatment of inmates with severe mental illness. The capital program will continue to include major investments in the maintenance of the existing facilities, including projects which promote energy efficiency.

Equipment Acquisitions. Installment purchases represent the State's contractual obligation, subject to annual appropriation by the Legislature and availability of funds, to make installment or lease-purchase payments for the State's acquisition of equipment or real property. The State currently finances these purchases with State PIT Revenue Bonds.

Other Programs. The State will issue financing for the institutional facilities of Office for Children and Family Services ("OCFS", formerly known as the Division for Youth), the State's housing programs, and various environmental, economic development, and State building programs.

State-Related Debt Long-Term Trends

The following table provides an overview of State-related debt trends during the last ten years. The table compares (1) the growth in personal income in the State and (2) the number of State residents. Total outstanding State-related debt increased from $38.6 billion at the end of the 1999-2000 fiscal year to $54.7 billion (not including Capital Lease and Mortgage Lease Commitments) at the end of the 2009-10 fiscal year, an average annual increase of 3.6 percent. During the first five years of this ten-year period, State-related debt outstanding increased by an annual average rate of 4.1 percent; over the last five years of the period, the annual average growth in State-related debt outstanding was 3.2 percent. During the ten-year period, annual personal income in the State rose from $616.1 billion to $908.2 billion, an average annual increase of 4.0 percent. Thus, State-related obligations grew at a slower rate than personal income. Expressed in other terms, State-related debt outstanding as a share of personal income declined from 6.3 percent to 6.0 percent during this period.

STATE-RELATED DEBT COMPARED WITH PERSONAL INCOME AND POPULATION

As of March 31, 2010

Fiscal Year	NYS Personal Income ($ millions)[1]	Total State Population ($ millions)[1]	State-Related Debt Outstanding ($ millions)[2]	State-Related Debt As % of Personal Income	State-Related Debt/Capita ($ dollars)
1999-00	616,057	18.9	38,582	6.3%	2,043
2000-01	657,894	19.0	38,661	5.9%	2,037
2001-02	676,825	19.1	38,601	5.7%	2,022
2002-03	678,647	19.2	40,531	6.0%	2,115
2003-04	695,479	19.2	46,773	6.7%	2,432
2004-05	741,124	19.3	46,744	6.3%	2,422
2005-06	786,571	19.3	46,927	6.0%	2,427
2006-07	851,635	19.4	48,095	5.6%	2,483
2007-08	925,063	19.4	49,543	5.4%	2,568
2008-09	950,210	19.5	51,761	5.4%	2,656
2009-10	908,178	19.5	54,695	6.0%	2,802

Source: NYS Division of the Budget. Debt outstanding data based on: (1) NYS Comprehensive Annual Financial Report (CAFR), specifically DOB's cash estimate and presentation of the GAAP numbers and elements contained therein (on Table 5 and Note 10). State-Related debt outstanding includes amounts for DASNY/MCFFA-Secured Hospital loan Program, Moral Obligation Financing and State-Guaranteed Debt. These amounts are reported as a contingent liability to the State in the CAFR and not counted as debt outstanding.

(1) For calendar year ending in State's fiscal year. Based on US Department of Commerce, Bureau of Economic Analysis (BEA) data through March, 2010. Personal income for 2009-10 estimated by the BEA.

(2) Starting in 2003-04, debt outstanding includes the issuance of tobacco bonds, which are secured by the assignment of future revenues under the 1998 Master Settlement Agreement with participating cigarette manufacturers, and secondarily secured by a State contingent-contractual obligation.

DEBT SERVICE REQUIREMENTS ON STATE-RELATED DEBT
As of March 31, 2010
(millions of dollars)

Fiscal Year	Total State-Related Debt Service	Total Governmental Funds Receipts	State-Related Debt Service as a % of Total Governmental Funds Receipts (includes DRRF)	State-Related Debt Service as a % of Total Governmental Funds Receipts (excludes DRRF)
1999-00	$3,887	$76,804	5.06%	5.06%
2000-01	4,368 [1]	83,527	5.23%	4.72%
2001-02	4,437 [2]	84,312	5.26%	4.67%
2002-03	3,358	88,274	3.80%	3.80%
2003-04	3,847	99,698	3.86%	3.86%
2004-05	4,412	101,381	4.35%	4.35%
2005-06	4,264	107,027	3.98%	3.98%
2006-07	5,004 [3]	112,397	4.45%	4.23%
2007-08	4,672 [4]	115,423	4.05%	3.94%
2008-09	5,131 [5]	119,235	4.30%	4.26%
2009-10	$5,626	$126,748	4.44%	4.44%

Source: NYS DOB

[1] Reflects the disbursement of $422 million in Debt Reduction Reserve Fund (DRRF) monies used to defease high-cost debt.

[2] Reflects the disbursement of $500 million in Debt Reduction Reserve Fund (DRRF) monies used to defease or provide for the payment of high-cost debt.

[3] Reflects the disbursement of $250 million in Debt Reduction Reserve Fund (DRRF) monies used to defease high-cost

[4] Reflects the disbursement of $127 million in Debt Reduction Reserve Fund (DRRF) monies used to defease high cost debt for mental health and CUNY.

[5] Reflects the disbursement of $49 million in Debt Reduction Reserve Fund (DRRF) monies.

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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, 2010. 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(1)
As of March 31, 2010
(millions of dollars)

	Fiscal Years Ending March 31					
	2011	**2012**	**2013**	**2014**	**2015**	**Total**
General Obligation	505	471	432	390	352	2,150
Local Government Assistance Corporation	374	374	376	369	378	1,871
State Personal Income Tax Financing Obligations	1,749	1,711	1,659	1,600	1,554	8,273
Other State-Supported Financing Obligations	2,939	2,861	2,801	2,682	2,484	13,767
Tobacco (2)	395	451	453	455	457	2,211
All Other State-Related	142	142	140	138	132	694
Total	**$6,104**	**$6,010**	**$5,861**	**$5,634**	**$5,357**	**$28,966**

Source: NYS DOB

(1) Reflects debt issued as of March 31, 2010. Estimated debt service requirements are calculated based on swap rates in effect at March 31, 2010 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 ranging from 3.50 percent to 5.38 percent.

(2) Estimated debt service numbers are based on available information as of March 31, 2010. 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 manufactures 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 2000-01 and is fully phased-in at 4 percent of personal income in 2010-11. The cap on new State-supported debt service costs began at 0.75 percent of total governmental funds receipts in 2000-01 and will increase until it is fully phased in at 5 percent in 2013-14.

The Debt Reform Act requires that the limitations on the issuance of State-supported debt and debt service costs be calculated by October 31st 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 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. The prohibition on issuing new State-supported debt if the caps are met or exceeded provides a significant incentive to treat the debt caps as absolute limits that should not be reached, and therefore DOB intends to manage subsequent capital plans and issuance schedules under these limits.

Pursuant to the provisions of the Debt Reform Act, the most recent annual calculation of the limitations imposed by the Debt Reform Act was reported in the Financial Plan Update most proximate to October 31, 2009. The State reported that it was in compliance with both debt caps, with debt issued after March 31, 2000 and outstanding at March 31, 2009 at 2.67 percent of personal income and debt service on such debt at 1.58 percent of total governmental receipts, compared to the caps of 3.65 percent for each.

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 20 percent of total outstanding State-supported debt. Interest rate exchange agreements are also limited to a total notional amount of no more than 20 percent of total outstanding State-supported debt. As of March 31, 2010, State-supported debt of $50.3 billion results in variable rate exposure cap and interest rate exchange agreement cap authorizations of about $10 billion each. As discussed below, as of March 31, 2010, both the amount of outstanding variable rate debt instruments and interest rate exchange agreements are significantly less than the authorized totals of 20 percent of total outstanding State-supported debt.

Interest Rate Exchange Agreements

As of March 31, 2010, the State's Authorized issuers have a notional amount of $2.7 billion in interest rate exchange agreements that are subject to the interest rate exchange agreement cap, or 5.3 percent of total debt outstanding.

The State has materially reduced its swap exposure from $5.9 billion as of March 31, 2008 to $2.7 billion as of March 31, 2010, a fifty percent reduction. Over this two-year period, the State has terminated $3.2 billion of swaps, including $565 million that was terminated automatically due to the bankruptcy of Lehman Brothers Holdings, Inc. At this time, the State 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 past three years.

INTEREST RATE EXCHANGE AGREEMENT INFORMATION
(millions of dollars)

	2007-08	2008-09	2009-10
Interest Rate Exchange Cap	$8,882	$9,396	$10,065
Notional Amounts of Interest Rate Exchange Agreements	$5,860	$3,992	$2,671
Percent of Interest Rate Exchange Agreements to Debt Outstanding	13.2%	8.5%	5.3%

Net Variable Rate Obligations

As of March 31, 2010 the State had about $1.3 billion of outstanding variable rate debt instruments that are subject to the net variable rate exposure cap. This is equal to 2.5 percent of total debt outstanding and that amount includes $1.2 billion of unhedged variable rate obligations and $82 million of synthetic variable rate obligations.

The State has made significant adjustments to its variable rate bond portfolio to mitigate risks and reduce costs. Since February 2008, the State has reduced its variable rate bond exposure by $4.2 billion.

In addition to the variable rate obligations described above, the State has $2.4 billion of fixed rate obligations that will convert to variable rate obligations in the future. This includes $1.75 billion in State-supported convertible rate bonds currently outstanding. These bonds bear a fixed rate until future mandatory tender dates in 2011, 2012 and 2013, at which times the State can convert them to either a fixed rate or continue them in a variable rate mode. Similar to these convertible bonds, the $618 million in forward starting synthetic variable rate obligations result in the State paying a fixed rate through 2014, and a variable rate between 2014 and 2030. 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 $760 million in fiscal year 2010-11.

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.

The following table shows the total amount of State-related debt outstanding as of March 31, 2010 by each bond authorization. Also included in the table are the amount of bonds authorized and bonds authorized but unissued for fiscal year 2010-11. The bond authorization amounts and related unissued amounts have been updated through June 30, 2010. The table also includes bond information for general obligation, LGAC, lease-purchase and contractual-obligation bonds. The information provided in the table for lease-purchase and contractual-obligation debt includes outstanding State PIT Revenue Bonds that have been issued to finance many of the capital programs included therein. All bond cap statutes and updated information can be found on DOB's website.

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STATE-RELATED DEBT
2010-11 BOND CAPS AND DEBT OUTSTANDING
As of June 30, 2010
(millions of dollars) (1)

Type of Cap (Gross or Net)*	Program	2010-11 Bond Caps	Authorized But Unissued (2)	Debt Outstanding (3) As of 3/31/10
Education:				
Gross	SUNY Educational Facilities (4)	10,089	4,445	5,591
Net	SUNY Dormitory Facilities (5)	1,230	408	1,044
Net	SUNY Upstate Community Colleges (5)	536	229	657
Gross	CUNY Educational Facilities (6)	6,843	2,259	3,710
Net	State Ed Department Facilities (7)	0	0	56
Gross	Library for the Blind	16	0	4
Net	SUNY Athletic Facilities	22	0	17
Net	RESCUE	195	0	96
Net	University Facilities (Jobs 2000)	48	0	21
Net	School District Capital Outlay Grants	140	40	25
Net	Judicial Training Institute	16	0	10
Net	Transportation Transition Grants	80	12	0
Net	Public Broadcasting Facilities	15	0	10
Net	Higher Education Capital Matching Grants	150	57	85
Net	EXCEL	2,600	482	1,912
Net	Library Facilities	70	28	36
Net	Cultural Education Storage Facilities	79	69	9
Environment:				
Net	Environmental Infrastructure Projects (8)	904	137	669
Net	Hazardous Waste Remediation (SFUND)	1,200	770	405
Net	Riverbank State Park	78	18	46
Net	Water Pollution Control (SRF)	600	97	92
Net	State Park Infrastructure	30	0	3
Net	Pipeline for Jobs (Jobs 2000)	34	2	13
Net	Western New York Nuclear Service Center	104	0	0
Net	Long Island Pine Barrens	15	0	8
Net	Pilgrim Sewage Plant	11	0	5
State Building/Equipment/Public Protection:				
Net	Empire State Plaza	133	13	6
Net	State Capital Projects (Attica)	200	0	165
Net	Division of State Police Facilities	114	79	34
Net	Division of Military & Naval Affairs	18	3	14
Net	Alfred E. Smith Building	89	0	67
Net	Sheridan Ave. (Elk St.) Parking Garage	25	0	23
Net	State Office Buildings and Other Facilities	166	14	140
Net	Judiciary Improvements	38	1	28
Net	OSC State Buildings	52	0	32
Net	Albany Parking Garage (East)	41	0	31
Net	OGS State Buildings and Other Facilities (9)	140	26	113
Net	Equipment Acquisition (COPs) (10)	751	300	198
Net	Food Laboratory	40	31	9
Net	OFT Facilities	121	118	3
Net	Courthouse Improvements	86	56	28
Gross	Prison Facilities	6,164	459	4,569
Net	Homeland Security	67	43	18
Gross	Youth Facilities	380	51	193
Net	E-911 Program	100	0	16
Net	NYRA Land Acquisition/VLT Construction	355	250	98
Economic Development:				
Gross	Housing Capital Programs	2,532	285	1,651
Gross	Javits Convention Center (Original)	375	0	81
Net	Community Enhancement Facilities (CEFAP)	425	49	88
Net	University Technology Centers (incl. HEAT)(11)	248	13	84
Gross	Onondaga Convention Center	40	0	31
Net	Sports Facilities	145	0	92
Net	Child Care Facilities	30	1	17
Net	Bio-Tech Facilities	10	10	0
Net	Strategic Investment Program	225	41	27
Net	Regional Economic Development (Fund 002) (12)	1,200	16	633

	Net	NYS Economic Development (2004) (13)	350	71	232
	Net	Regional Economic Development (2004) (14)	250	250	0
	Net	High Technology and Development	250	96	137
	Net	Regional Economic Development/SPUR	90	37	39
	Net	Buffalo Inner Harbor	50	25	22
	Net	Jobs Now	14	0	0
	Net	Economic Development 2006 (Various) (15)	2,318	1,025	1,208
	Net	Javits Convention Center (Expansion '06)	350	350	0
	Net	Queens Stadium (Mets)	75	0	66
	Net	Bronx Stadium (Yankees)	75	0	67
	Net	NYS Ec Dev Stadium Parking ('06)	75	75	0
	Net	State Modernization Projects (RIOC Tram, etc.)	50	15	34
	Net	Int. Computer Chip Research and Dev. Center	300	120	174
	Net	2008 and 2009 Economic Development Initiatives	1,310	797	484
	Net	H.H. Richardson Complex/Darwin Martin House	84	64	18
Health/Mental Hygiene:					
	Net	Department of Health Facilities (inc. Axelrod)	495	3	361
	Gross	Mental Health Facilities	7,367	1,638	3,882
	Net	HEAL NY Capital Program	750	535	190
Transportation:					
	Gross	Consolidated Highway Improvement Program (CHIPS)	5,861	380	3,680
	Net	Dedicated Highway & Bridge Trust	16,500	5,322	7,537
	Net	High Speed Rail	22	22	0
	Net	Albany County Airport	40	1	23
	N/A	MTA Transit and Commuter projects (16)	-	-	2,117
LGAC	Net	Local Government Assistance Corporation	4,700	0	3,639
GO	Gross	General Obligation	17,185	1,970	3,400
Total State-Supported Debt			**97,975**	**23,707**	**50,323**
Other State Financings:					
Tobacco Settlement Financing Corporation Bonds					3,257
MBBA Special Purpose School Aid Bonds					419
Capital Lease and Mortgage Loan Commitments					421
Other (17)					696
Total State-related Debt					**55,116**

** Gross caps include cost of issuance fees. Net caps do not.*

(1) Includes only authorized programs that are active at March 31, 2010 or have outstanding program balances or both.

(2) Amounts issued may exceed the stated amount authorized by premiums, by providing for the cost of issuance, reserve fund requirements and, in certain circumstances, refunding bonds. In some cases, Authorized but Unissued bond cap amounts have been reduced by the higher of (i) net bond proceeds available to fund program, or (ii) par amount of bonds issued.

(3) Amounts outstanding reflect original par amounts or original gross proceeds in the case of capital appreciation bonds.

(4) Authorization also includes any amount necessary to refund outstanding Housing Finance Agency (HFA) State University Construction Bonds, all of which have been refunded.

(5) Authorization applies to bonds issued after March 31, 2002, prior to that date there was no limit.

(6) The amount outstanding includes CUNY Community Colleges bonds for which the State pays debt service. New York City pays 50 percent of the debt service on most of CUNY CC bonds. The total amount authorized for CUNY Senior Colleges was unlimited for resolutions adopted prior to 7/1/85 and limited to $6.843 billion for both CUNY Senior and CUNY Community Colleges for resolutions adopted after 7/1/85.

(7) Legislation enacted in May 2002 prohibits further issuance of bonds for this purpose, except for refunding purposes.

(8) Includes bonds issued for West Valley, DEC Environmental Infrastructure Projects, Environmental Protection Fund, Onondaga Lake, and the Office of Parks and Recreation and Historic Preservation.

(9) Includes debt outstanding for Office of General Services Buildings: 44 Holland Ave., 50 Wolf Rd., 625 Broadway Ave., Hampton Plaza, and DOT Region 1.

(10)Authorized amounts includes Certificates of Participation, which have been issued as bonds after March 31, 2003.

(11) Includes authorizations for Science and Technology Center (Syracuse), Super Computer Center (Cornell), Center for Telecommunications (Columbia), HEAT, Center for Industrial Innovation (City of Troy), Center for Advanced materials (Clarkson), Center for Electro-Optic (Rochester), Center for Neural Sciences (NYU) and Center for Incubator Facilities.

(12) Includes bonds issued for Community Capital Assistance Program (CCAP), Rebuilding the Empire State Through Opportunities in Regional Economies Program (RESTORE), Empire Opportunity Fund (EOF), Generating Employment Through New York Science Program (Gen*NY*sis), Multi-Modal Transportation Program, and Center of Excellence Program. (Laws of 2002).

(13) Includes bonds issued for the EOF, RESTORE and CCAP.

(14) Includes bonds to be issued for economic development projects outside cities of 1 million or more in population.

(15) Includes bonds to be issued for economic development and environmental projects.

(16) Authorization is limited to $165 million in annual debt service maturing no later than July 1, 2031.

(17) Includes bonds issued for Secured Hospital Program, HFA and MCFFA Moral Obligation Bonds, and the JDA State-guaranteed bonds.

For More Information

Additional information on the State's debt portfolio is available on DOB's public website (www.budget.state.ny.us). 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.

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Section 1: Subsection C

“State Organization
(Including State Employment)”

State Organization

State Government

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, 2010.

Name	Office	Party Affiliation	First Elected
David A. Paterson*	Governor	Democrat	N/A
Richard Ravitch**	Lieutenant Governor	Democrat	N/A
Thomas P. DiNapoli***	Comptroller	Democrat	2007
Andrew M. Cuomo	Attorney General	Democrat	2006

**Sworn in as Governor on March 17, 2008 following the resignation of Governor Spitzer.*

***Appointed by the Governor on July 8, 2009.*

****Elected by the State Legislature on February 7, 2007 following the December 2006 resignation of Comptroller Hevesi.*

The Governor and Lieutenant Governor are elected jointly. David A. Paterson became Governor under provisions of the State Constitution following the resignation of former Governor Spitzer. The vacancy created in the office of Lieutenant Governor was filled on July 8, 2009 when the Governor appointed Richard Ravitch to serve as Lieutenant Governor. 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, 2010. 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 John Sampson (Democrat) and Pedro Espada Jr. (Democrat) in the Senate and Sheldon Silver (Democrat), Speaker of the Assembly. The Temporary President of the Senate is Malcolm Smith (Democrat). The minority leaders are Dean Skelos (Republican) in the Senate and Brian Kolb (Republican) in the Assembly.

State Financial Procedures

The State Budget Process

The requirements of the State budget process are set forth in Article VII of the State Constitution and the State Finance Law. The process begins with the Governor's submission of the Executive Budget to the Legislature each January, in preparation for the start of the fiscal year on April 1. (The submission date is February 1 in years following a gubernatorial election.) The Executive Budget must contain a complete plan of estimated available receipts and projected disbursements for the ensuing fiscal year ("State Financial Plan"). The proposed State Financial Plan must be balanced on a cash basis and must be accompanied by bills that: (i) set forth all proposed appropriations and reappropriations, (ii) provide for any new or modified revenue measures, and (iii) make any other changes to existing law necessary to implement the budget recommended by the Governor.

In acting on the bills submitted by the Governor, the Legislature has certain powers to alter the recommended appropriations and proposed changes to existing law. The Legislature may strike out or reduce an item of appropriation recommended by the Governor. The Legislature may add items of appropriation, provided such additions are stated separately. These additional items are then subject to line-item veto by the Governor. If the Governor vetoes an appropriation or a bill (or a portion thereof) related to the budget, these items can be reconsidered in accordance with the rules of each house of the Legislature. If approved by two-thirds of the members of each house, such items will become law notwithstanding the Governor's veto.

Once the appropriation bills and other bills become law, DOB revises the State Financial Plan to reflect the Legislature's actions, and begins the process of implementing the budget. Throughout the fiscal year, DOB monitors actual receipts and disbursements, and may adjust the estimates in the State Financial Plan. Adjustments may also be made to the State Financial Plan to reflect changes in the economy, as well as new actions taken by the Governor or the Legislature. As required by the State Finance Law, the Governor updates the State Financial Plan within 30 days of the close of each quarter of the fiscal year, generally issuing reports by July 30, October 30, and in January as part of the Executive Budget. The Governor is required to submit these updates to the Legislature and explain any changes from the previous State Financial Plan.

Subject to approval by the Governor, the Legislature may enact additional appropriation bills or revenue measures (including tax reductions) during any regular session or, if called into session for that purpose, any special session. In the event additional appropriation bills or revenue measures are disapproved by the Governor, the Legislature has authority to override the Governor's veto upon the vote of two-thirds of the members of each house of the Legislature. The Governor may present deficiency appropriations to the Legislature near the end of any fiscal year to supplement inadequate appropriations or to provide new appropriations for purposes not covered by the regular and supplemental appropriations.

Recent budget process reforms passed by the Legislature accelerate consensus revenue forecasting, provide for the State Comptroller to issue binding revenue forecasts when the Executive and the Legislature cannot agree, require the use of budget conference committees, and require the adoption of a balanced budget by the Legislature.

Fiscal Controls

The State Constitution requires the Comptroller to audit the accrual and collection of State receipts. In addition, the Comptroller is required to audit all official State accounts and all claims against the State before payment. No such payment may be made unless the Comptroller has approved it.

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. Contracts for disbursements in excess of $50,000 require the Comptroller's approval (except for the Office of General Services expenditure contracts, for which the threshold for Comptroller's approval is $85,000, and for small business and the Minority/Women-Owned Business Enterprises contracts, for which the threshold is $100,000) and depend in most cases 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.

No appropriation may be increased or decreased by transfer or otherwise, except by (i) the interchange within a fund, among items of a particular program or purpose, of moneys appropriated for such program or purpose in such fund, with limited exceptions, or (ii) the enactment of certain emergency 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 disbursements after the Legislature has enacted appropriation bills and revenue measures. The Governor may, primarily through DOB, limit spending by State departments, or delay construction projects to control disbursements. 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.

In May 2000, the State enacted several statutory provisions designed to restrict the amount of new debt that can be issued in the future. These debt reform provisions are discussed in the previous section entitled "Debt and Other Financing Activities".

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 Internal Service funds. The total outstanding balance of loans from STIP at March 31, 2010 was $1.486 billion, a decrease of $65 million from the outstanding loan balance of $1.551 billion at March 31, 2009.

Accounting, 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 is drawn. 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. Nonexchange 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, 2010, the State had approximately 195,784 full-time equivalent annual salaried employees funded from all funds including some part-time and temporary employees but excluding seasonal, legislative and judicial employees. The workforce is now 15 percent smaller than it was 20 years ago, when it peaked at 230,600 positions. The State expects to end the 2010-11 fiscal year with a total 195,701 filled positions, after implementation of workforce savings initiatives.

The State Public Employment Relations Board defines negotiating units for State employees. The Governor's Office of Employee Relations 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. The State has contracts with four labor unions, the Civil Service Employees Association ("CSEA"), United University Professions ("UUP"), Public Employees Federation ("PEF"), and District Council 37. Under terms of the four-year contracts, which run from April 2, 2007 through April 1, 2011 (July 2, 2007 through July 1, 2011 for UUP), employees received pay increases of 3 percent annually in 2007-08, 2008-09, and 2009-10, and will receive 4 percent in 2010-11. The unions representing corrections officers, graduate students, and supervisory security/park police had not reached settlements with the State as of March 31, 2010.

While approximately 93 percent of the State workforce is unionized, the remainder of the workforce (about 12,750) is designated as "managerial" or "confidential" and is excluded from collective bargaining. In practice, however, the results of collective bargaining negotiations are usually applied to all State employees within the Executive Branch. 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.

Section 1: Subsection D

“State Retirement Systems”

State Retirement Systems

General

The New York State and Local Retirement Systems (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 Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). The Comptroller is the administrative head of the Systems. State employees made up about 33 percent of the membership during the 2008-09 fiscal year. There were 3,025 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, 2009, 679,908 persons were members and 366,178 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.

Recent market volatility and the recent decline in the market value of many equity investments have negatively impacted the assets held for the Systems. The current actuarial smoothing method spreads the impact over a 5-year period, and thus contribution rate increases are expected for fiscal year 2012 through 2015. The amount of such increases would 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 fiscal year 2011 were released in early September 2009. The average 2011 ERS rate increased from 7.4 percent of salary in fiscal year 2010 to 11.9 percent of salary in fiscal year 2011, while the average 2011 PFRS rate increased from 15.1 percent of salary in fiscal year 2010 to 18.2 percent of salary in fiscal year 2011.

On December 10, 2009, the Governor signed a bill that amended Articles 14, 15 and 19 and created Article 22 of the Retirement and Social Security Law. This resulted in significant changes to benefits for members of ERS and PFRS. ERS members joining on or after January 1, 2010 will be covered by these benefits and will be in Tier 5. PFRS members joining on or after January 9, 2010 may also be covered by these benefits and may also be in Tier 5.

Contributions

Funding is provided in large part by employer and employee contributions. 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 are required to contribute 3 percent of their salaries for their career. Certain PFRS members joining since mid-2009 are required to contribute 3 percent of their salaries for their career, depending upon their contract.

Legislation enacted in May 2003 realigned the Retirement Systems billing cycle to match governments' budget cycles and also instituted a minimum annual payment. The employer contribution for a given fiscal year will be 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.

The State paid, in full, its employer contributions for the fiscal year ended March 31, 2010. Payments totaled $994.4 million.

The State bill for the current fiscal year ending March 31, 2011 is $1,552.4 million, assuming a payment on March 1, 2011.

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 Common Retirement Fund, a pooled investment vehicle. OSC reports that the net assets available for benefits as of March 31, 2009 were $110.9 billion (including $2.9 billion in receivables), a decrease of $44.9 billion or 28.8 percent from the 2007-08 level of $155.8 billion, reflecting, in large part, equity market performance. OSC reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $170.5 billion on April 1, 2008 to $176.6 billion (including $69.0 billion for current retirees and beneficiaries) on April 1, 2009. 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, 2009 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 2009 fiscal year, 40 percent of the unexpected gain for the 2008 fiscal year, 60 percent of the unexpected gain for the 2007 fiscal year and 80 percent of the unexpected gain for the 2006 fiscal year. Actuarial assets decreased from $151.8 billion on April 1, 2008 to $149.0 billion on April 1, 2009. The funded ratio, as of April 1, 2009, using the entry age normal funding method, was 101 percent. 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.

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)

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, 2009 includes approximately $2.9 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.

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

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid(2)
	All Participating Employers(1)	Local Employers(1)	State(1)	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

(1) Includes employer premiums to Group Life Insurance Plan.

(2) Includes payments from Group Life Insurance Plan.

Section 1: Subsection E

“Authorities and Localities”

Authorities and Localities

Public Authorities

For the purposes of this disclosure, public authorities refer to certain of the State's public benefit corporations, created pursuant to State law. Public 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 public authorities were to default on their respective obligations, particularly those using the financing techniques referred to as State-supported or State-related debt under the section entitled "Debt and Other Financing Activities." As of December 31, 2009, each of the 19 public authorities below had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, of these public authorities was approximately $152 billion, only a portion of which constitutes State-supported or State-related debt. The table below summarizes the outstanding debt of these public authorities.

Outstanding Debt of Certain Public Authorities (1) (2) (3)
As of December 31, 2009
(millions of dollars)

Public Authority	State-Related Conduit (4)	Authority Revenue Bonding	Other Conduit Bonding	Total
Dormitory Authority (5)	19,273	0	22,835	**42,108**
Metropolitan Transportation Authority	2,144	17,754	0	**19,898**
Port Authority of NY & NJ	0	14,511	0	**14,511**
Thruway Authority	10,770	3,009	0	**13,779**
Housing Finance Agency	1,474	8,587	0	**10,061**
Triborough Bridge and Tunnel Authority	85	8,798	0	**8,883**
UDC/ESDC	8,528	256	0	**8,784**
Environmental Facilities Corporation	1,043	7,129	267	**8,439**
Long Island Power Authority (6)	0	6,857	0	**6,857**
Local Government Assistance Corporation	3,639	0	0	**3,639**
Energy Research and Development Authority (6)	0	0	3,627	**3,627**
Tobacco Settlement Financing Corporation	3,257	0	0	**3,257**
State of New York Mortgage Agency	0	3,237	0	**3,237**
Power Authority	0	2,013	0	**2,013**
Battery Park City Authority	0	1,092	0	**1,092**
Convention Center Development Corporation	0	700	0	**700**
Municipal Bond Bank Agency	419	219	0	**638**
Niagara Frontier Transportation Authority	0	185	0	**185**
United Nations Development Corporation	0	113	0	**113**
TOTAL OUTSTANDING	50,632	74,460	26,729	**151,821**

Source: Office of the State Comptroller. Debt Classifications are estimated by Budget Division.

(1) Includes only certain of the public authorities which have more than $100 million in outstanding debt.

(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.

(6) Includes $155 million in bonds issued by the New York State Energy Research and Development Authority and included in amounts reported for both NYSERDA and LIPA.

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. Public authorities generally pay their 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, rentals charged for housing units, and charges for occupancy at medical care facilities. In addition, State legislation authorizes several financing techniques for public authorities.

Also, there are statutory arrangements providing for State local assistance payments otherwise payable to localities to be made under certain circumstances to public authorities. Although the State has no obligation to provide additional assistance to localities whose local assistance payments have been paid to public authorities under these arrangements, the affected localities may seek additional State assistance if local assistance payments are diverted. Some authorities also receive moneys from State appropriations to pay for the operating costs of certain of their programs.

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	---	6,116	---	---	---	995	(295)	12,995
1990	13,499	---	7,122	---	---	---	1,077	(1,671)	20,027
1995	24,992	---	4,882	---	---	---	1,299	(1,243)	29,930
1996	26,627	---	4,724	---	---	---	1,394	(1,122)	31,623
1997	27,549	---	4,424	---	---	---	1,464	(391)	33,046
1998	27,310	2,150	4,066	---	---	---	1,529	(365)	34,690
1999	27,834	4,150	3,832	---	---	---	1,835	(299)	37,352
2000	27,245	6,438 (5)	3,532	---	709	---	2,065	(230)	39,759
2001	27,147	7,386	3,217	---	704	---	2,019	(168)	40,305
2002	28,465	10,489 (6)	2,880	---	740	---	2,463	(116)	44,921
2003	29,679	13,134 (7)	2,151	---	1,258	---	2,328	(64)	48,486
2004	31,378	13,364	1,758	---	1,256	---	2,561	(52)	50,265
2005	33,903	12,977	---	2,551	1,283	---	3,746	(39)	54,421
2006	35,844	12,233	---	2,470	1,334	---	3,500	---	55,381
2007	34,506	14,607	---	2,368	1,317	2,100	3,394	---	58,292
2008	36,100	14,828	---	2,339	1,297	2,067	2,556	---	59,187
2009	39,991	16,913	---	2,253	1,274	2,033	2,442	---	64,906

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 22 bond issuances to finance local government operating deficits. There were five new or additional deficit financing authorizations during 2010. In addition, 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 exercised Control Period powers with respect to the City of Buffalo for the City's 2009-10 fiscal year, but expects to transition to Advisory Period powers sometime during the first six months of the City's 2010-11 fiscal year. The counties of Nassau and Erie 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 will operate 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 2010-11 fiscal year 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 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, State policymakers have expressed interest in implementing a property tax cap for local governments. Adoption of a property tax cap would affect the amount of property tax revenue available for local government purposes and could adversely affect their operations, particularly those that are heavily dependent on property tax revenue such as school districts. Ultimately, localities or any of their respective 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, increasing pension, health care and other fixed costs, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate 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	---	6,835	1,793	19,830	1,793
1990	20,027	---	10,253	3,082	30,280	3,082
1995	29,930	---	15,829	3,219	45,759	3,219
1996	31,623	---	16,414	3,590	48,037	3,590
1997	33,046	---	17,526	3,208	50,572	3,208
1998	34,690	---	17,100	3,203	51,790	3,203
1999	37,352	---	18,448	3,420	55,800	3,420
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	---	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	---	26,684	4,979	76,949	4,979
2005	54,421	---	29,245	4,832	83,666	4,832
2006	55,381	---	30,752	4,755	86,133	4,755
2007	58,192	100	32,268	4,558	90,460	4,558
2008	59,120	67	33,243	5,418	92,363	5,418

Source: Office of the State Comptroller.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 through 1997 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

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 Annual Update, although continuing disclosure requirements for this Annual Update require analysis only through March 31, 2010.

The U.S. Economy

The DOB outlook for the national economy reflects uncertainty. The nation's recovery from the longest and most severe recession since the 1930s has failed to gain momentum. Although the national labor market has added private sector jobs every month through June 2010, the 116,000 jobs added in May and June combined was well below the 400,000 jobs added during the prior two months. This loss of momentum occurred while hundreds of thousands of temporary Census workers were leaving the workforce. The intervening period also revealed grave debt problems among a number of euro-zone countries. The specter of default by a sovereign nation appeared to send shock waves through the international financial system, resulting in the benchmark ten-year Treasury yield falling below 3 percent and a 200 point decline in the S&P 500. Increased risk aversion and heightened market volatility add a significant degree of uncertainty to an environment already dominated by a historically weak labor market, tight credit, and ongoing deleveraging. The national economy, as measured by real U.S. gross domestic product ("GDP"), is now projected to grow 2.9 percent in 2010, followed by growth of 3.1 percent in 2011.

Despite fiscal and monetary policy actions of historic proportion, the nation's housing market remains weak. Although home prices are stabilizing and the rate at which homes are entering foreclosure appears to have peaked, the level of foreclosure activity continues to depress new home construction. The extension of the Federal home buyer's credit through April 2010 resulted in a brief spike in real estate activity during the second quarter, but appeared to do little more than spin up future sales, despite record low mortgage interest rates. After two consecutive months of growth, the first since January 2007, construction employment fell again in May and June 2010. DOB estimates growth in private residential fixed investment at 1.6 percent for 2010, followed by growth of 9.9 percent for 2011. The housing market represents a critical economic sector due not only to the direct demand for labor and other building supplies, but also to the indirect demand it generates for autos and other consumer durables.

DOB projects U.S. personal income growth of 3.4 percent for 2010, followed by growth of 4.1 percent for 2011. This forecast reflects wage growth of 2.3 percent projected for 2010 and 4.0 percent for 2011. Consistent with slow job and income growth, as well as depressed equity and real estate markets, consumer demand appears weakened. Correspondingly, the Consumer Price Index fell during all three months of the second quarter, with some components below their year-ago levels in June. DOB projects inflation for both this year and next to be 1.5 percent. The disinflation that is currently being witnessed, combined with a weaker outlook for the second half of 2010, is likely to induce the Federal Reserve to further delay a shift in its policy stance. The central bank's interest rate policy target is likely to remain between zero and 0.25 percent until the first quarter of 2011.

While the current outlook calls for the national recovery to lose some momentum during the second half of 2010, DOB does not foresee the economy falling back into recession. Healthy corporate earnings, particularly for export oriented firms are expected to return equity markets to a modestly upward path, accompanied by slow but steady employment and income growth. However, there are significant risks to this forecast. Although credit markets have improved substantially since a year ago, households and small businesses continue to have difficulty borrowing and credit continues to contract. Revelations related to the international volume of sovereign debt continues to feed the uncertainty surrounding the global financial system. If the labor market recovery should come to a halt, household spending growth could be even lower. If Federal stimulus spending should proceed more slowly than expected or be reduced or eliminated, already struggling state and local governments would be adversely affected. On the positive side, global growth could be stronger than anticipated, resulting in greater export and earnings growth than anticipated.

ECONOMIC INDICATORS FOR THE UNITED STATES

	2006	2007	2008	2009	2010 [1]
Gross Domestic Product					
Nominal ($ billions)	13,399.0	14,077.6	14,441.4	14,256.2	14,796.5
Percent Change	6.0	5.1	2.6	(1.3)	3.8
Real ($ billions)	12,976.3	13,254.1	13,312.2	12,987.4	13,366.7
Percent Change	2.7	2.1	0.4	(2.4)	2.9
Personal Income					
($ billions)	11,268.1	11,894.1	12,238.8	12,019.0	12,423.1
Percent Change	7.5	5.6	2.9	(1.8)	3.4
Nonagricultural Employment					
(millions)	136.1	137.6	136.8	130.9	130.3
Percent Change	1.8	1.1	(0.6)	(4.3)	(0.4)
Unemployment Rate (%)	4.6	4.6	5.8	9.3	9.7
Consumer Price Index					
(1982-84=100)	201.5	207.3	215.2	214.5	217.8
Percent Change	3.2	2.9	3.8	(0.3)	1.5

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 June 2010.

The New York Economy

DOB estimates State wages to have fallen 7.2 percent for 2009. However, there are also indications that the State economy picked up substantial momentum during the first quarter of 2010, with the State labor market adding private sector jobs month-over-month on a seasonally adjusted basis during the first four months of the year. Consequently, DOB now projects a smaller employment decline of 0.3 percent on an annual average basis for 2010, followed by growth of 1.0 percent for 2011. Private sector jobs are projected to fall 0.5 percent for 2010 and grow 1.2 percent in 2011.

Wage growth of 5.1 percent is projected for 2010. However, going forward, the loss of momentum witnessed nationally, appears to be affecting New York as well. Due to the importance of financial markets to the State economy, the 15 percent equity market correction recently observed is likely to disproportionately affect New York. The most recent data indicate that the State lost over 20,000 private sector jobs in May and June combined.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, credit and equity market volatility pose a particularly large degree of uncertainty for New York. The Federal government has recently passed the long-awaited financial reform package. This program's impact on the profitability of the State's finance industry is as yet unknown and consequently represents a major risk to the DOB forecast for bonuses and income going forward. Lower bonuses than projected reduce the level of economic activity generated by the spending of those wages. Similarly, should equity markets fail to recover as anticipated, both financial sector income and taxable capital gains realizations could be negatively affected. These effects would ripple through the State economy, depressing both employment and wage growth. An even weaker labor market than projected could also result in lower wages, which in turn could result in weaker household consumption. In contrast, stronger national and world economic growth, or a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonuses growth than projected.

ECONOMIC INDICATORS FOR NEW YORK STATE

	2006	2007	2008	2009	2010 [1]
Personal Income					
($ billions)	851.6	925.1	950.2	917.5	959.8
Percent Change	8.3	8.6	2.7	(3.4)	4.6
Nonagricultural Employment					
(thousands)	8,408.1	8,528.2	8,573.7	8,327.2	8,299.7
Percent Change	1.0	1.4	0.5	(2.9)	(0.3)
Unemployment Rate (%)	4.6	4.5	5.3	8.4	8.5

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 DOB, based on National Income and Product Account data and employment data available through June 2010.

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 in New York, as in most other states, and 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.

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	3.8	4.6	4.1	5.0
Manufacturing	5.6	9.1	5.4	10.5
Trade, Transportation, and Utilities	17.0	19.1	12.4	15.8
Information	3.0	2.1	4.4	3.2
Financial Activities	7.9	5.9	20.4	9.0
Professional and Business Services	12.8	12.7	16.4	15.8
Educational and Health Services	19.5	14.7	14.1	13.1
Leisure and Hospitality	8.3	10.0	4.1	4.5
Other Services	4.3	4.1	2.9	3.2
Government	17.8	17.2	15.8	18.7

Source: NYS Department of Labor; 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. 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.

COMPARITIVE 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
2009	19,490	3.0	6.3	307,007	9.1

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
2009	8,556	130,920	6.5	8.4	9.3

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

Note: Nonagricultural employment and unemployment rates are generated from separate surveys.

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	2,821	2,269	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
2009	46,957	39,138	1.20

Source: US Department of Commerce, Bureau of Economic

Section 2 - Annual Update of Official Statement Information

Information contained in this Section 2 is limited to that required to be updated pursuant to relevant disclosure obligations. This section contains additional updated annual information for extracts from the Official Statements for certain series of bonds. 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, and defined terms therein, to which this update applies.

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 words 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 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 18 percent of State tax receipts in all State Funds in the State's 2009-10 fiscal year. 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 2001-02 receipts of $8.175 billion reflect a decline of 2 percent in the continuing Sales Tax base, the loss of $40 million from Empire Zones legislation, and the first full year impact of legislation enacted in 2000. Empire Zones legislation provides a sales and use tax exemption for property and services used or consumed by qualifying businesses located in Empire Zones. Empire Zones are geographic areas created to assist in economic development authorized by the Legislature and designated by ESDC. Eight new Empire Zones were added effective March 1, 2002 and six new Empire Zones were added effective May 29, 2002. The attacks on the World Trade Center resulted in revenue losses due to destroyed and shuttered businesses and sharp declines in tourism spending. Business equipment purchases rose after the attack, which partially offset some of the negative impact on receipts.

Actual 2002-03 receipts of $8.434 billion reflect an increase of 2.8 percent in the continuing Sales Tax base, 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 2003-04 receipts of $9.508 billion reflect an increase of 4.5 percent in the continuing Sales Tax base and changes to the tax law. The 2003-04 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 2003-04 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 2004-05 receipts of $10.587 billion reflect an increase of 6.8 percent in the continuing Sales Tax base as well as tax law changes. The 2004-05 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 2004-05 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 2005-06 receipts of $10.592 billion reflect an increase of 5.3 percent in the continuing Sales Tax base. The 2005-06 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 2005-06. This legislation is estimated to have generated about $476 million in additional revenue.

Actual 2006-07 receipts of $10.050 billion reflect an increase of 4.4 percent in the continuing Sales Tax base as well as tax law changes. In 2006-07, 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 2007-08 receipts of $10.591 billion reflect an increase of 5.4 percent in the continuing Sales Tax base.

Actual 2008-09 Sales Tax receipts of $10.274 billion reflect a decrease of 2.5 percent in the continuing Sales Tax base. The 2008-09 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 2009-10 receipts of $9.871 billion reflect a decrease of 7.0 percent in the continuing Sales Tax base. The 2009-10 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.

The 2010-11 receipts are estimated to be $10.380 billion, reflecting a base increase of 6.1 percent. The 2010-11 Executive Budget included the allowance of statistical sampling.

Table 1 sets forth historical information relating to Sales Tax receipts from State fiscal years 2001-02 through 2009-10 and estimated amounts for the 2010-11 fiscal year. Table 2 sets forth monthly Sales Tax receipts from the State's 2003-04 fiscal year through March 31, 2010. 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)
2001-02	$ 8,174,974	$2,043,674	(2.25)%
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(4)	10,380,000	2,595,000	5.21

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 2010-11 Executive Budget Financial Plan and supplemented by the 21-day amendments thereto.

1 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 2
MONTHLY SALES TAX RECEIPTS [1]
April 1, 2003 Through March 31, 2010
(millions of dollars)

MONTH	2003-04	%[2]	2004-05	%[2]	2005-06	%[2]	2006-07	%[2]	2007-08	%[2]	2008-09	%[2]	2009-10	%[2]
APRIL	$ 599	6	$ 817	8	$ 792	7	$ 719	7	$ 819	8	$ 764	7	$ 731	8
MAY	615	6	753	7	803	8	727	7	759	7	793	8	713	7
JUNE	917	10	1,121	11	1,104	10	1,044	10	1,090	10	1,080	11	987	10
JULY	716	8	814	8	822	8	768	8	811	8	832	8	724	7
AUGUST	729	8	780	7	766	7	737	7	784	7	833	8	741	8
SEPTEMBER	1,063	11	1,081	10	1,113	11	1,063	11	1,086	10	1,082	11	1,060	11
OCTOBER	732	8	769	7	766	7	750	8	768	7	781	8	755	8
NOVEMBER	713	7	769	7	771	7	737	7	822	8	764	7	732	7
DECEMBER	1,070	11	1,130	11	1,062	10	1,111	11	1,079	10	955	9	1,011	10
JANUARY	768	8	848	8	892	8	788	8	850	8	830	8	813	8
FEBRUARY	634	7	663	6	695	7	663	7	733	7	661	6	686	7
MARCH	952	10	1,042	10	1,007	10	943	9	987	9	899	9	918	9
TOTAL*	$9,508	100%	$10,587	100%	$10,592	100%	$10,050	100%	$10,591	100%	10,274	100%	$9,871	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 2009-10 fiscal year, (2) receipts from the 1 percent Sales Tax receipts for the State's 2009-10 fiscal year, (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 the 2009-10 fiscal year 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)

2009-10 Fiscal Year Sales Tax Receipts	$9,870,977
2009-10 Fiscal Year 1% Sales Tax Receipts [(1)]	$2,466,528
Maximum Annual Debt Service [(2)]	$ 394,271
Debt Service Coverage	6.26x

____

(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 2033. 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"

This Subsection H contains information required to be updated relating solely to obligations issued by the Metropolitan Transportation Authority for Dedicated Tax Fund Bonds. Capitalized words used in this Subsection are defined as set forth in the related Official Statement.

The 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, Transit Facilities 1987 Service Contract Bonds, Series 8, Transit Facilities Service Contract Bonds, Series Q and Series R; and MTA Commuter Facilities Revenue Bonds, Series 1996A, Commuter Facilities 1987 Service Contract Bonds, Series 8, Commuter Facilities Service Contract Bonds, Series Q and Series R; have been legally defeased and, therefore, the State Annual Information is no longer being provided.

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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 words used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statements.

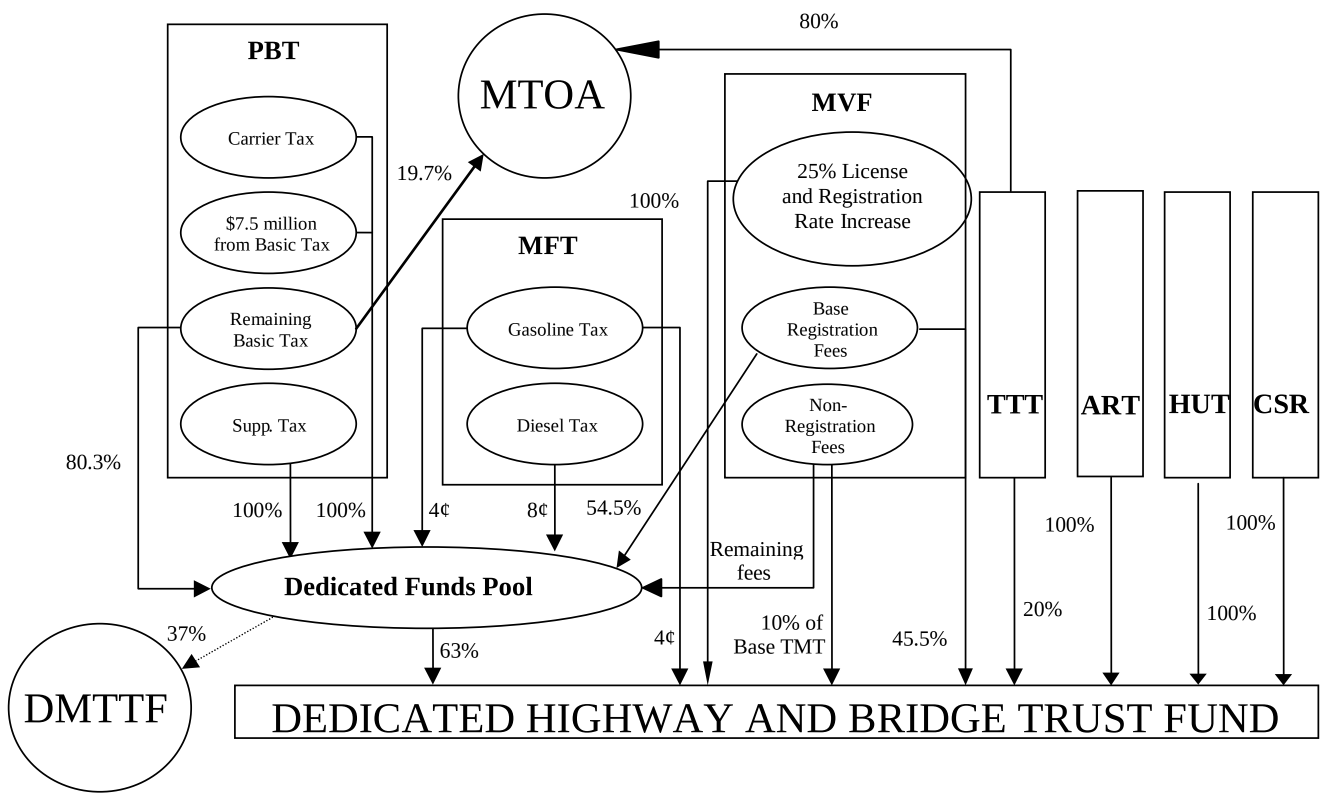
Sources of Revenue for the Trust Fund

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 State Fiscal Year 2010–11.

Transportation-Related Taxes & Fees Allocation



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, in general, is applied at a uniform rate. For State Fiscal Year 2002–03, most of the net PBT receipts from the basic tax and all of the supplemental tax were earmarked to the Dedicated Funds Pool. Since State Fiscal Year 1995–96, 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 2000–01 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 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. Highway use registrations are required for operators of vehicles that are subject to the highway use tax.

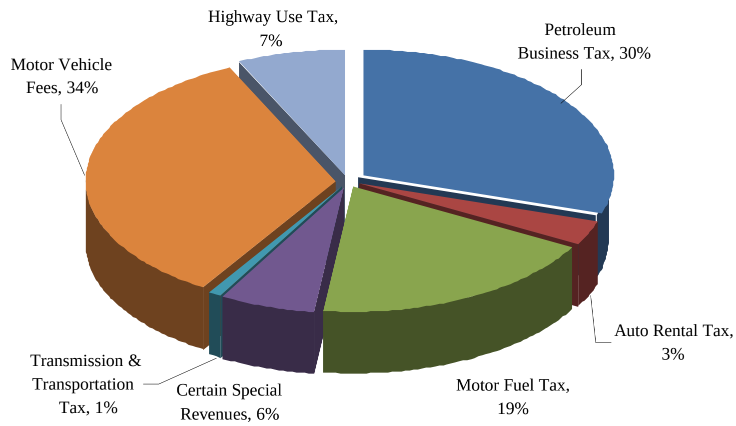
A large portion of the State's motor vehicle fees is earmarked to the Trust Fund. Motor vehicle fees are mainly derived from vehicle registration and driver licensing fees. Of the aggregate amount of motor vehicle registration fees, 45.5 percent is earmarked to the Trust Fund. The remaining 54.5 percent 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 2001–02. The 2005–06 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 2002–03 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 2003–04 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 State Fiscal Year 2010–11 Trust Fund Revenues that is estimated in the 2010-2011 Executive Budget to be derived from each of the revenue sources.

Dedicated Highway and Bridge Trust Fund Revenue Sources
Executive Budget State Fiscal Year 2010–11



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 Highway and Bridge Trust Fund Revenue Sources Executive Budget State Fiscal Year 2010–11

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 2000–01 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)
2000–01	13.08	2002	5.00
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	10.55	2011[a]	5.00

[a] Estimated.

The table below shows the rates per gallon for the PBT in effect for 2009 and 2010 and projected rates for 2011, respectively.

PETROLEUM BUSINESS NET TAX RATES FOR 2009-11
(cents per gallon)

	2009[1]			2010[1]			2011[2]		
Petroleum Products	**Base**	**Supp**	**Total**	**Base**	**Supp**	**Total**	**Base**	**Supp**	**Total**
Automotive fuel									
Gasoline and other non-diesel	10.30	6.80	17.10	9.80	6.50	16.30	10.20	6.80	17.00
Diesel	10.30	5.05	15.35	9.80	4.75	14.55	10.20	5.05	15.25
Aviation gasoline or Kero-jet fuel	6.80	0.00	6.80	6.50	0.00	6.50	6.80	0.00	6.80
Non-automotive diesel fuels									
Commercial gallonage	9.30	0.00	9.30	8.90	0.00	8.90	9.30	0.00	9.30
Nonresidential heating	5.00	0.00	5.00	4.80	0.00	4.80	5.00	0.00	5.00
Residual petroleum products									
Commercial gallonage	7.10	0.00	7.10	6.80	0.00	6.80	7.10	0.00	7.10
Nonresidential heating	3.80	0.00	3.80	3.70	0.00	3.70	3.80	0.00	3.80
Railroad diesel fuel	9.00	0.00	9.00	8.50	0.00	8.50	8.90	0.00	8.90

[1] The tax rates represent the net tax rate after credits.
[2] Projected — The projected petroleum producer price index increase of 10.6 percent through August 2010 will result in an increase of not more than 5.0 percent in the PBT tax rates on January 1, 2011.

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 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.

Legislation adopted with the 2000–01 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 2000–01 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 2004–05 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 2005–06 Enacted Budget exempted or partially exempted PBT on alternative fuels, including ethanol (e85) and biodiesel (B20).

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 State Fiscal Year 2008–09, 23 taxpayers, accounting for 90 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 State Fiscal Year 1991–92. Full-year collections of both the basic PBT and the supplemental PBT began in State Fiscal Year 1992–93.

The following table provides historical information since 2000–01 on the basic PBT and the supplemental PBT, the major funding source for the Trust Fund.

ACTUAL BASIC AND SUPPLEMENTAL PBT COLLECTIONS
(millions of dollars)

Collection Period State Fiscal Year	Basic PBT	Supplemental PBT
2000–01	$562.4	$389.3
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

Source: New York State Department of Taxation and Finance.

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

Tax receipts in State Fiscal Year 2000–01 were lower than the previous fiscal year mainly due to the economic slowdown and high fuel prices. However, tax receipts from residual fuel used by utilities were higher due to the decrease in the relative price of residual fuel compared to natural gas. Tax collections for State Fiscal Year 2000–01 also reflect the five percent decrease in PBT rates that took effect on January 1, 2000, and the five percent increase effective January 1, 2001.

Receipts for State Fiscal Year 2001–02 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 State Fiscal Year 2002–03 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 State Fiscal Year 2003–04 increased significantly over State Fiscal Year 2002–03. The main reason for the increase was the decrease in the relative price of residual fuel compared to natural gas. Tax collections for State Fiscal Year 2003–04 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 State Fiscal Year 2004–05 increased over State Fiscal Year 2003–04. 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 State Fiscal Year 2005–06 increased over State Fiscal Year 2004–05. 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 2006–07 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 2006–07 due to a reduction in residual fuel use. Residual fuel use declined significantly in 2006–07 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 2007–08 increased over State Fiscal Year 2006–07. 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 2008–09 decreased over State Fiscal year 2007–08. 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 2009-10 decreased slightly over state fiscal year 2008-09. 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.

Actual and Estimated Revenues from Dedicated PBT. Actual receipts since State Fiscal Year 2001–02 and DOB's estimates of receipts from the dedicated PBT for State Fiscal Years 2009–10 and 2010–11 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	977.2	612.5	63.0
2010–11[(a)]	954.3	602.5	63.0

[(a)] Estimated.

The estimates reflect the 2010–11 Executive Budget. In formulating its estimates for 2009–10 and projection for 2010–11, 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, 2009, decreased the rates by 5 percent on January 1, 2010, and are estimated to increase the rates by 5 percent on January 1, 2011.

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 dropped significantly in 2009–10 and is estimated to remain flat in 2010–11.

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 be unchanged 2010–11. The estimated receipts include $21 million in 2010–11 from the carrier tax.

Legislation adopted with the 2006–07 Enacted Budget provided a partial or full exemption for alternative fuels from the PBT. The financial impact to the 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 2000–01 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 State Fiscal Year 2008–09, 21 taxpayers, accounting for 91 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 2001–2002 and DOB's estimates of Trust Fund receipts from the gasoline and diesel MFT for State Fiscal Years 2009–10 and 2010–11 are set forth in the following table:

TRUST FUND REVENUES FROM MFT
(millions of dollars)

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[a]	350.0	46.9	396.9

[a] Estimated.

In formulating the gasoline motor fuel tax estimate, 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.

To develop the diesel MFT estimate, DOB relied primarily on its own forecasts of State economic conditions, as reflected in real GDP. Legislation adopted with the 2006–07 Enacted Budget provided a partial or full exemption for alternative fuels from the MFT. The financial impact to the 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 2000–01 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 2009–10 Enacted Budget, all permits cost $15.

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 later 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 State Fiscal Year 2001–02 and DOB's estimate of HUT receipts for State Fiscal Year 2009–10 and projection for State Fiscal Year 2010–11. The estimate reflects the 2009–10 Executive 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 of dollars)
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[a]	134.2

[a] Estimated.

Legislation adopted with the 2006–07 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. The financial impact to the Highway and Bridge Trust Fund is minimal.

Legislation adopted with the 2009–10 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 devise.

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 enacted with the State's 1998–99 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 1998–99 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 2000–01 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 2000–01 Enacted Budget directed the State Comptroller to deposit the following amounts of non-registration motor vehicle fees to the Dedicated Funds Pool.

ADDITIONAL OTHER MOTOR VEHICLE FEE DEPOSITS
(millions of dollars)

State Fiscal Year	Dedicated Funds Pool	Trust Fund Share
2002–03	$ 28.4	$ 17.9
2003–04	67.9	42.8
2004–05	170.1	107.2

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 2000–01 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 2001–02 State Budget directed the deposit of $169 million of non-registration motor vehicle fee revenues to the Trust Fund in State Fiscal Year 2001–02. Legislation enacted with the 2002–03 State Budget redirected $171.6 million of non-registration motor vehicle fees to the Trust Fund in State Fiscal Year 2002–03 and $152.7 million in State Fiscal Year 2003–04.

The 2003–04 Enacted Budget directed $170.1 million of additional other motor vehicle fees to the Dedicated Funds Pool in State Fiscal Year 2004–05 and thereafter and directed $59.9 million from the General Fund to the Trust Fund in State Fiscal Year 2004–05. 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 State Fiscal Years 2004–05 and thereafter for deposit to the Trust Fund.

The 2005–06 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. The 2005–06 Enacted Budget increased certain non-registration fees, including title fees estimated to be $39.4 million in 2005–06 and $78.8 million thereafter. Revenues from these fee increases are deposited in the Dedicated Funds Pool in 2005–06 and thereafter.

Legislation adopted with the 2009–10 Enacted Budget increased license fees by 25 percent for a revenue increase of $18.8 million in 2009–10 and $37.6 million thereafter. The additional revenues from this increase will be directed to the Trust Fund.

In addition, most registrations will increase by 25 percent for a revenue increase of $51.9 million in 2009–10 and $103.7 million thereafter. The additional revenues from this increase will be directed to the Trust Fund.

Also, the license plate fee will increase from $15 to $25 effective April 1, 2010. 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 estimated the registration fees for passenger and commercial motor vehicles and other motor vehicle fees for State Fiscal Year 2009–10 and 2010–11. The estimate reflects the State's 2010–11 Executive Budget. The estimate 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 of dollars)
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[a]	692.7

[a] Estimated.

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. The tax rate was increased from five percent to six percent on charges for the rental. Legislation enacted with the 2002–03 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 2009–10 Enacted Budget increased the auto rental tax from 5 percent 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.

Auto Rental Tax

State Fiscal Year	Revenues (millions of dollars)
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[a]	59.7

[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 2003-04 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 2005-06 Enacted Budget continued these additional deposits through March 31, 2010. 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 State Fiscal Year 2004-05 and DOB estimate of such deposits for State Fiscal Years 2009-10 and 2010-11. The estimate for State Fiscal Years 2009-10 and 2010-11 reflects the 2010-11 Executive Budget.

Transmission and Transportation Taxes
Deposits to MTOAF and Trust Fund

State Fiscal Year	MTOAF ($ millions)	Trust Fund (millions of dollars)
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[(a)]	71.2	17.8

(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 1999-2000, these transportation-related fees were deposited to the credit of four State special revenue funds. The 1999-2000 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 2000-01 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 2003-04 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 2003-04 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 2004-05 Enacted Budget increased overweight truck fees, which were estimated to bring in an additional $0.8 million in State Fiscal Year 2004-05, and $1.5 million per year thereafter.

The 2005-06 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 State Fiscal Year 2006-07.

The 2006-07 Enacted Budget dedicated DMV fee increases of $3.6 million for the driver responsibility program in State Fiscal Year 2006-07, and increasing to $28.6 million per year thereafter.

The 2010-11 Executive Budget proposes the redirection and dedication of $12.5 million in annual accident damage recoveries to the Trust Fund.

CERTAIN SPECIAL REVENUES

State Fiscal Year	Revenues (millions of dollars)
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[a]	134.5

[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 of dollars)

State Fiscal Year	PBT	MFT	HUT	MVF	ART	TTT	CSR	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	121.5	1,971.8
2010–11[a]	602.5	396.9	134.2	692.7	59.7	17.8	134.5	2,038.3

[a] Estimated.

Factors Affecting Trust Fund Revenues

The discussion above has generally covered receipts since State Fiscal Year 2001-02. 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 Dormitory Authority of the State of New York for Mental Health Services Facilities Improvement Revenue Bonds. Capitalized words 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, 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 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
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 Psychiatric Center
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(1)
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(1)

(1) 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 State Fiscal Year 2010-11, consistent with the Executive Budget recommendation, OMH will staff and operate 3,380 beds in adult psychiatric centers, 538 children's beds and 695 forensic beds (with contingency plans for up to 715 depending on need). 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 developmentally disabled individuals 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 2010-11 Executive Budget supports a census of 1,434 individuals at the beginning of the State fiscal year. During 2010-11, 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 2010-11 Executive 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 2010-11 Executive Budget includes resources for a 2010-11 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 600 during the State's 2010-11 fiscal year.

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
2001	4,529	24,200	1,720	34,500	652
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 (estimated)	3,380	35,800	1,350	36,346	600

(1) The actual and the estimated population statistics exclude 695 forensic beds and 538 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 State Fiscal Years 2005-06 through 2009-10 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)

	2005-06	2006-07	2007-08	2008-09	2009-10
Medicaid	$2,629.48	$2,569.14	$2,762.83	$3,076.59	$3,559.22
Medicare	32.42	78.97	49.81	53.57	105.68
Other	95.52	125.18	129.35	137.85	164.67
Total	$2,757.42	$2,773.29	$2,941.99	$3,268.01	$3,829.57
Annual Debt Service*	$ 285.42	$ 293.70	$ 268.65	$ 204.33	$ 351.30
Debt Service Coverage	9.66x	9.44x	10.95x	15.99x	10.90x

The following table prepared by OPWDD, OMH and OASAS, in consultation with the State DOB, is based upon the 2010-11 Executive Budget recommendation, 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)

	2010-11	2011-12	2012-13	2013-14	2014-15
OMRDD					
Medicaid	$3,181.74	$2,671.84	$2,671.84	$2,671.84	$2,671.84
Medicare	0.10	0.10	0.10	0.10	0.10
Other	64.56	64.56	64.56	64.56	64.56
Subtotal	$3,264.40	$2,736.50	$2,736.50	$2,736.50	$2,736.50
OMH					
Medicaid	$ 595.68	$ 579.71	$ 578.87	$ 578.87	$ 578.87
Medicare	90.66	77.33	79.00	79.00	79.00
Other	56.98	52.97	52.98	52.98	52.98
Subtotal	739.32	$ 710.01	$ 710.85	$ 710.85	$ 710.85
OASAS					
Other	$ 15.00	$ 16.00	$ 16.00	$ 17.00	$ 17.00
Subtotal	$ 15.00	$ 16.00	$ 16.00	$ 17.00	$ 17.00
CQCAPD	$ 2.70	$ 2.70	$ 2.70	$ 2.70	$ 2.70
Gross Receipts	$4,003.42	$3,465.21	$3,466.05	$3,467.05	$3,467.05
Annual Debt Service*	$ 336.11	$ 337.24	$ 334.18	$ 325.13	$ 323.45
Debt Service Coverage*	12.00x	10.34x	10.44x	10.73x	10.72x

* Includes debt service on all outstanding bonds (but does not include debt service any bonds to be issued after March 1, 2010. Although the 2010-11 Executive Budget projects the average issuance of approximately $600 million of bonds annually, through fiscal year 2014-15, to finance State Facilities and Voluntary Agency Facilities. Also, does not include amounts equal to debt service on the MH PIT Bonds required to be retained in the Services Fund and *transferred to the* Revenue Bond Tax Fund.

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 2010-11 through 2013-14 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. 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 State Fiscal Years 2000-01 through 2009-10 and as recommended for 2010-11 are as follows:

Fiscal Year	OMH	OPWDD	OASAS	Total
2000-01	$536,537,000	$131,455,000	$45,243,000	$713,235,000
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 (recommended)	863,466,000	537,910,000	97,725,000	1,498,501,000

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1 Beginning in SFY 2008-09, 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 the State Fiscal Years 2000-01 through 2009-10 and as recommended for 2010-11 are as follows:

Fiscal Year	OMH	OMRDD	OASAS	Total
2000-01	$ 494,540,000	$1,343,807,000	$16,050,000	$1,854,397,000
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 (recommended)	1,242,974,000	2,043,852,000	22,848,000	3,309,674,000

[1] For the period prior to SFY 2009-10, the appropriation for OASAS included funds made available through the OASAS Federal Salary Sharing Account. That account was eliminated beginning in SFY 2009-10.

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 words 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 State Fiscal Years ended March 31, 2003 through March 31, 2009 (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]
2003-04	$6,506,582,324
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

(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 the fiscal year ended March 31, 2008 was approximately $482,443,039. The total amount for the fiscal year ended March 31, 2009 was approximately $480,182,087.

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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 words 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 fiscal year 2010-11 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 Governor's 2010-11 Executive Budget includes funds appropriated to the Department from 97 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 Roswell Park Cancer Institute (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 fiscal year 2009-10 and estimated for fiscal year 2010-11, 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).

HEALTH INCOME FUND
(thousands of dollars)

Fiscal Year Ended March 31	Receipts in Health Income Fund	Health Income Fund Debt Service Payments	Available for Transfer to Facility-Specific Operating Accounts or RPCI[(1)]
2006	$304,414	$25,651[(2)]	$278,763
2007	343,505	25,936[(3)]	317,569
2008	366,840	29,559[(3)]	337,281
2009	387,467	30,102[(3)]	357,365
2010 (Preliminary)	434,842	30,043[(3)]	404,799
2011 (Estimated)	462,207	30,655[(3)]	431,552

Source: Department of Health.
(1) Available balance may be increased or decreased, depending on the need to set aside future debt service payments, resulting in the transfer amount being adjusted accordingly.
(2) Beginning in 2005-06,amount does not include $1.6 million in debt service paid from NYC Veterans' Home Income Fund.
(3) Amount does not include $1.5 million in debt service paid from NYC Veterans' Home Income Fund.

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 Governor's 2010-11 Executive 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 fiscal year 2009-10 when there was an appropriation, nor is such need currently foreseen during fiscal year 2010-11. 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)
2006	$150,524,000
2007	139,942,000
2008	138,955,000
2009	154,772,000
2010	165,357,100
2011(3)	157,733,787

(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 Governor's 2010-11 Executive Budget.

Employee Relations and Indemnity

As of March 31, 2010, the Department employed approximately 5,380 full-time equivalent employees, including approximately 1,520 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 primary physical plant covers several city blocks in downtown Buffalo.

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 fiscal year 2009-10 and estimated for 2010-11.

Fiscal Year Ended March 31	Annual Average Beds in Service	Annual Average Inpatient Occupancy Rate*	Outpatient Visits
2006-	101	79	151,293
2007	101	81	161,869
2008	106	83	168,845
2009	113	80	186,110
2010 (Preliminary)	119	82	196,694
2011 (Estimated)	122	84	205,532

*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. The modernization of the Institute has been completed. RPCI's responsibility is to ensure the fiscal and programmatic integrity of the facility. To achieve this objective, RPCI has updated the strategic plan for the Institute which includes major programmatic and scientific, as well as, fiscal goals. Some of the key goals include the recruitment of top-tier clinical and scientific talent; developing a methodology to monitor the effectiveness of programs and faculty; enhancing financial viability through revenue and expense controls; building a strong and profitable biotechnology transfer program in collaboration with peer facilities; emphasis on clinical and translation research, as well as developing and implementing new clinical trials and establishing a cancer disease management and clinical outcomes program.

The Institute is a formally designated unit of the Graduate School of 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, 2011, the Institute is projected to generate 74 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 fiscal year 2009-10 and estimated for fiscal year 2010-11.

Fiscal Year Ending March 31	Annual Average Occupancy Rate	Outpatient Visits
2006	75	68,067
2007	71	68,018
2008	74	68,500
2009	68	69,266
2010(Preliminary)	68	67,471
2011 (Estimated)	69	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, 2011, the Hospital is projected to generate 12 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, 2011 on the average, to 239 residents.

The annual average occupancy rate for the Home for the four most recent fiscal years, preliminary for fiscal year 2009-10 and estimated for fiscal year 2010-11, is described in the following table:

Fiscal Year Ending March 31	Annual Average Inpatient Occupancy Rate
2006	99
2007	98
2008	99
2009	97
2010 (Preliminary)	95
2011 (Estimated)	97

For the fiscal year ending March 31, 2011, the Home is projected to generate 6 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 and is estimated to generate 3 percent of the patient care revenues deposited into the Health Income Fund.

The annual average occupancy rate for the WNY Veterans Home for the four most recent fiscal years, preliminary for fiscal year 2009-10 and estimated for fiscal year 2010-11, is described in the following table:

Fiscal Year Ending March 31	Annual Average Inpatient Occupancy Rate
2006	97
2007	96
2008	94
2009	97
2010 (Preliminary)	95
2011 (Estimated)	98

New York State Home for Veterans in the Lower Hudson Valley

The HV Veterans' Home was authorized by legislation in 1994. 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.

Construction was completed in mid-2001 and resident admissions began in September 2001. For the fiscal year ending March 31, 2010 the facility's patient care revenues is projected to generate 5 percent of the patient care revenue deposited into the Health Income Fund.

The annual average occupancy rate for the HV Veterans' Home for the four most recent fiscal years, preliminary for fiscal year–2009-10 and estimated for fiscal year 2010-11, is described in the following table:

Fiscal Year Ending March 31	Annual Average Inpatient Occupancy Rate*
2006	90
2007	90
2008	96
2009	96
2010 (Preliminary)	96
2011 (Estimated)	98

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

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 continues to be considered an exempt facility for Medicare and is reimbursed on a per diem basis for this payor. At the Hospital, Medicare established a new Prospective Payment System ("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 1996-97.

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

	2005-06	2006-07	2007-08	2008-09	2009-10
Roswell Park Cancer Institute					
Medicare	$ 34,099,280	$ 33,867,930	$ 32,106,894	$ 34,737,015	$ 41,374,131
Medicaid	7,866,718	8,910,877	7,752,295	10,602,398	9,619,405
Blue Cross	51,877,928	53,217,268	68,243,127	73,050,556	91,281,139
Other Third Party Payors	75,908,717	99,956,298	120,385,112	132,272,390	147,358,848
Self-Pay	3,575,116	3,202,040	2,671,260	2,013,983	3,637,475
TOTAL	$173,327,759	$199,154,413	$231,158,688	$252,676,342	$293,270,998
Helen Hayes Hospital					
Medicare	$27,878,541	$32,709,646	$25,820,436	$25,188,996	$25,331,902
Medicaid	6,421,485	7,668,463	6,569,196	5,059,541	7,780,807
Blue Cross	3,735,548	3,005,843	3,742,784	5,287,692	6,350,664
Other Third Party Payors	14,300,557	12,127,399	13,933,992	12,703,090	14,568,439
Self-Pay	1,072,131	981,539	666,567	608,228	305,485
Other	1,945,731	1,863,775	3,906,610	6,068,639	5,713,159
TOTAL	$55,353,993	$58,356,665	$54,639,585	$54,916,186	$60,050,456
Oxford Home					
Medicaid	$10,833,263	$10,272,334	$11,670,892	$14,040,144	$ 9,880,766
Self-Pay	5,549,530	5,672,877	6,183,774	6,322,291	5,659,741
VA Reimbursement	3,251,467	3,270,869	3,614,002	3,829,512	3,783,630
Medicare	1,474,556	1,369,632	1,239,013	1,296,829	1,027,873
Miscellaneous	301,089	747,982	613,577	556,496	160.281
TOTAL	$21,409,905	$21,333,694	$23,321,258	$26,045,272	$20,512,291
WNY Veterans Home					
Medicaid	$ 6,790,537	$ 6,222,467	$ 6,047,540	$ 6,592,920	$ 5,086,149
Self-Pay	2,651,939	2,864,425	3,144,178	2,828,082	3,342,666
VA Reimbursement	2,196,407	2,208,984	2,377,746	2,449,370	2,617,905
Medicare	594,209	642,017	174,025	303,238	620,431
TOTAL	$12,223,092	$11,937,893	$11,743,489	$12,173,610	$11,667,151
HV Veterans Home					
Medicaid	$ 7,954,035	$10,649,202	$ 7,765,788	$ 8,268,368	$19,235,293
Self-Pay	6,716,409	7,054,338	7,604,514	7,373,294	8,042,537
VA Reimbursement	3,954,688	4,634,749	5,065,115	5,202,853	5,962,490
Medicare	3,093,988	3,302,608	3,181,580	3,658,527	3,151,481
TOTAL	$21,719,120	$25,640,897	$23,616,997	$24,503,042	$36,391,801

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	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Roswell Park	$294,848,172	$343,144,840	$379,619,689	$407,168,248
Helen Hayes Hospital	68,677,824	64,043,849	73,104,610	70,968,542
Oxford Home	29,542,362	27,194,486	28,595,575	33,350,130
WNY Veterans Home	15,674,941	15,364,255	17,607,946	16,785,108
HV Veterans Home	48,584,078	34,889,101	32,164,171	33,525,282
Total Revenues	$457,327,377	$484,636,531	$531,091,991	$561,797,310
Expenses				
Roswell Park	$281,256,227	$325,102,242	$374,701,507	$404,956,252
Helen Hayes Hospital	72,475,142	72,175,483	72,223,675	78,457,339
Oxford Home	26,441,824	26,992,487	29,139,178	29,280,591
WNY Veterans Home	14,685,251	14,866,392	16,228,884	17,252,038
HV Veterans Home	33,052,653	34,916,662	32,164,171	35,084,616
Total Expenses	$427,911,097	$474,053,266	$524,457,415	$565,030,836
Results from Operation	$ 29,416,280	$ 10,583,265	$ 6,634,576	($3,233,526)

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 words used in this Subsection and not otherwise defined shall have the meanings ascribed to them in the related Official Statement.

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 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 Health Income Fund. The Legislature appropriated $7,600,000 from the State's Capital Projects Fund for fiscal year 2010-11 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 Governor's 2010-11 Executive Budget includes funds appropriated to the Department from 97 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 are 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 fiscal year 2009-10 and estimated for fiscal year 2010-11, 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).

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HEALTH INCOME FUND
(THOUSANDS OF DOLLARS)

Fiscal Year Ended March 31	Receipts in Health Income Fund	Health Income Fund Debt Service Payments	Available for Transfer to Facility-Specific Operating Accounts or RPCI Corporation(1)
2006	$304,414	$25,651(2)	$278,763
2007	343,505	25,936(3)	317,569
2008	366,840	29,559(3)	337,281
2009	387,467	30,102(3)	357,365
2010 (Preliminary)	434,842	30,043(3)	404,799
2011 (Estimated)	462,207	30,655(3)	431,552

Source: Department of Health.
(1) Available fund balance may be increased or decreased, depending on the need to set aside future debt service payments, resulting in the transfer amount being adjusted accordingly.
(2) Beginning in 2005-06, amount does not include $1.6 million in debt service paid from the NYC Veterans' Home Income Fund.
(3) Does not include $1.5 million in debt service paid from the NYC Veterans' Home Income Fund.

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 for the 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. A contingent appropriation of $20,000,000 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 fiscal year 2009-10 when there was an appropriation, nor is such need currently foreseen during fiscal year 2010-11. See preceding section entitled "The Health Income Fund," for information on RPCI revenue.

The New York City Veterans' Home Income Fund

The New York City 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 New York City 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 NYC Veterans' Home, together with certain other moneys and miscellaneous receipts less certain payments and refunds made pursuant to law are to be paid by the Commissioner to the

Comptroller for deposit in the New York City Veterans' Home Income Fund. The Dormitory Authority has issued its DASNY Revenue Bonds (DOH Veterans' Home Issue) (the "Veterans' Home Bonds") to finance the construction of the NYC Veterans' Home under a separate and distinct bond resolution. The amounts on deposit in the New York City Veterans' Home Income Fund are pledged to pay the debt service on the Veterans' Home Bonds.

Section 409-a of the Public Health Law requires that the Comptroller maintain at all times in the New York City 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 Veterans' Home Bonds. Related to the discussion above under the subheading "DOH Hospital Holding Account and Facility-Specific Operating Accounts," 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 New York City Veterans' Home Account all moneys in the New York City 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 New York City 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.

Sources of Operating Funds

The following table below reflects the Department's State Operations appropriations for the Medical Care Facilities. 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)
2006	$150,524,000
2007	139,942,000
2008	138,955,000
2009	154,772,000
2010	165,357,100
2011(3)	157,733,787

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(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 each of the Department's facilities. The amounts shown here are from revenues derived from the Medical Care Facilities and vary in some degree from the revenues of the Medical Care Facilities as reflected in their financial statements for the years indicated, due to differences in accounting procedures and other factors.

(3) Reflects the Governor's 2010-11 Executive Budget.

Employee Relations and Indemnity

As of March 31, 2010, the Department employed approximately 5,380 full-time equivalent employees, including approximately 1,520 personnel at the Hospital, the Home, the WNY Veterans' Home, the HV Veterans' Home and the Veterans' Home. (Individuals at the Institute are now considered employees of the RPCI rather than the Department and are no longer 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 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.

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 fiscal year 2009-10 and estimated for fiscal year 2010-11 is as follows:

Fiscal year Ending March 31	Annual Average Inpatient Occupancy Rate
2006	96
2007	95
2008	93
2009	96
2010 (Preliminary)	97
2011 (Estimated)	97

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

	2006-07	2007-08	2008-09	2009-10
Medicaid	$14,750,639	$13,660,368	$13,740,369	$12,022,408
Medicare	1,983,877	1,776,757	690,530	2,549,169
VA Reimbursement	5,128,712	5,413,867	5,691,262	5,651,947
Self Pay	5,017,035	5,217,664	4,756,709	5,151,876
Misc. Income	579,103	451,213	14,670	26,007
Total	$27,459,366	$26,519,869	$24,893,540	$25,401,407

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*

	2005-06	2006-07	2007-08	2008-09
Net Patient Care Revenues and Other Revenue	$31,989,769	$33,607,395	$27,881,835	$ 27,206,151
Expenses	28,143,327	28,346,425	27,140,292	30,327,247
Results from Operation	$ 3,846,442(1)	$ 5,260,970(1)	$ 741,543(1)	$ (3,121,096)(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 home's fund balance.

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

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 words 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 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 STAR. 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 $8.2 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 4.7 times the maximum annual Debt Service for all Outstanding State PIT Revenue Bonds, as of March 31, 2010.

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

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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

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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

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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

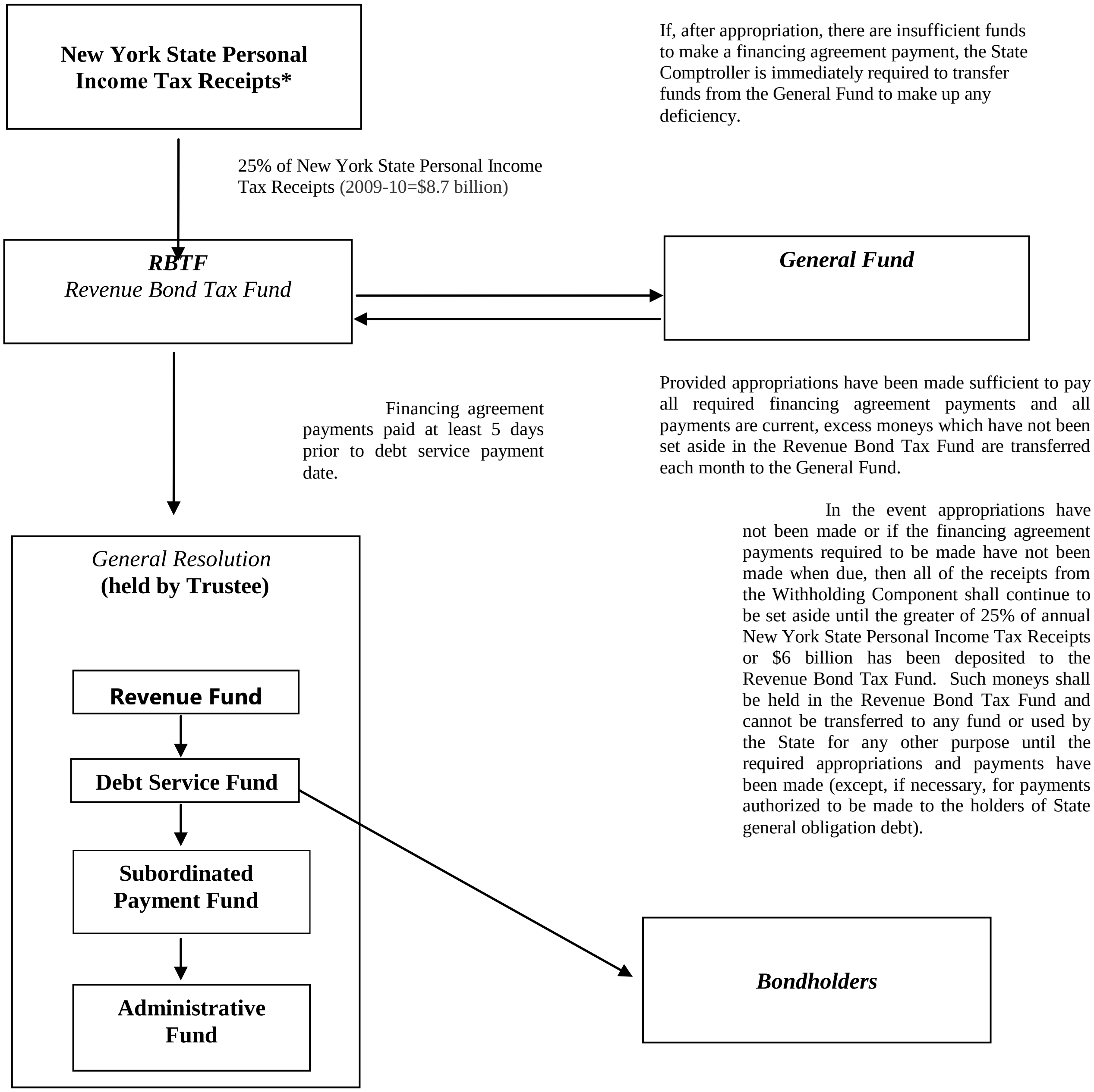
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to the Authorized Issuers (which are paid to the applicable 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, 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; 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 State Fiscal Year 1998-99 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 State Fiscal Years 2000-01 and 2001-02, $250 million was deposited from New York State PIT Receipts to the Debt Reduction Reserve Fund. New York State PIT Receipts for State Fiscal Years 2000-01 and 2001-02 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 State Fiscal Year 2009-10, New York State PIT Receipts were approximately $34.8 billion and accounted for approximately 58.5 percent of State tax receipts in all State Funds. The 2010-11 Executive Budget Financial Plan as supplemented by the 21 Day Amendments estimates New York State PIT Receipts at $37.4 billion for State Fiscal Year 2010-11.

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 State Fiscal Years 2000-01 through 2010-11. For State Fiscal Years 2000-2001 through 2002-03, 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 State Fiscal Year 2006-07, deposits into the STAR Fund. For example, in State Fiscal Year 2003-04, 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 2000-01 THROUGH 2010-11

State Fiscal Year	New York State PIT Receipts	Withholding Component	Withholding/ State PIT Receipts	Revenue Bond Tax Fund Receipts*
2000-01	$23,116,012,541	$20,955,093,052	90.7%	$5,779,003,135
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 (est.)	34,751,381,665**	29,443,180,489	84.7	8,687,845,416**
2010-11 (proj.)	37,443,000,000**	30,715,000,000	82.0	9,360,800,000**

* Twenty-five percent of New York State PIT Receipts shown on an annualized and pro forma basis for State Fiscal Years 2000-2001 through 2002-03.

** Reflects legislation enacted in 2007 and 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 State Fiscal Year 2009-10, New York State PIT Receipts totaled approximately $34.8 billion. The 2010-11 Executive Budget Financial Plan as supplemented by the 21 Day Amendments estimates that total New York State PIT Receipts (net of refunds to taxpayers but before deposits to the STAR Fund) will increase by 7.7 percent to $37.4 billion in 2010-11.

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 1964-65, 1971-72, 1977-78, 1990-91, 2002-03, and 2009-10.

The following table shows the pattern of State adjusted gross income growth and PIT liability for 2001 through 2010.

NYS ADJUSTED GROSS INCOME (AGI) AND PIT LIABILITY
2001 TO 2010*

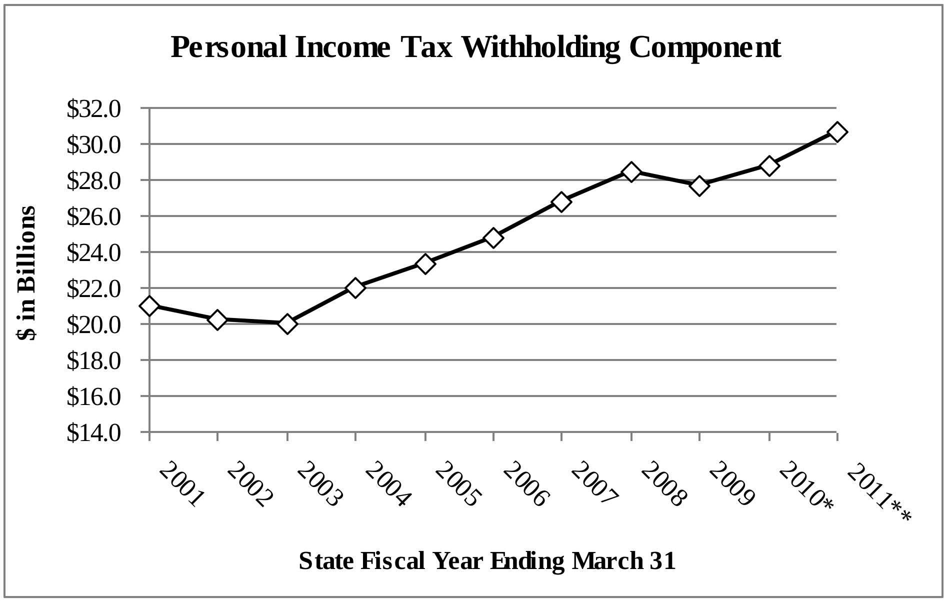
Tax Year	NYS AGI ($ millions)	Percent Change	PIT Liability ($ millions)	Percent Change
2001	$481,001	(5.5)%	$22,406	(8.5)%
2002	459,919	(4.4)	20,729	(7.5)
2003	473,778	3.0	22,456	8.3
2004	525,964	11.0	25,769	14.8
2005	571,916	8.7	28,484	10.5
2006	632,601	10.6	29,605	3.9
2007	725,245	14.6	35,215	19.0
2008 (est.)	665,908	(8.2)	31,590	(10.3)
2009 (est.)	602,662	(9.5)	30,785	(2.5)
2010 (proj.)	653,182	8.4	34,403	11.8

* NYS AGI and PIT 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 2001 and 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 are estimated to have fallen for both 2008 and 2009.

Tax liability for tax years 2003 through 2005 reflect a temporary tax rate surcharge on high-income taxpayers, which increased overall liability by about 7 percent, while the low 4.8 percent growth in tax liability for tax year 2006 reflects the expiration of the surcharge at the end of 2005. Likewise, a temporary tax rate surcharge on high-income taxpayers enacted for tax years 2009 through 2011 makes the decline in tax liability much smaller in 2009. A strong recovery in liability is expected for 2010 due to a recovering financial sector and the anticipated shifting of income from 2011 to 2010 with the expiration of the 2001 and 2003 Federal tax cuts.

The following graph shows the history of withholding receipts since State Fiscal Year 2000-2001. 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 and 2010-11 estimates, which reflects the temporary tax rate increase.



**Estimated.*
** *Projected*

Appendix A

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Bonds with a Section 1 Disclosure Obligation

3 /15/1995	Office of the State Comptroller, New York State General Obligation Bonds, Series 1995B, Dated March 15, 1995
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
10/26/1995	Office of the State Comptroller, New York State General Obligation Refunding Bonds, Series 1995C, Dated October 1, 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 (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
8 /29/1996	Office of the State Comptroller, New York State General Obligation Refunding Bonds, Dated August 1, 1996

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12/4 /1996	Dormitory Authority of the State of New York, Library Facilities Service Contract Bonds, Series 1996
12/18/1996	Dormitory Authority of the State of New York, Department of Health Veterans Home Issue, Series 1996
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
12/3 /1997	Dormitory Authority of the State of New York, Lease Revenue Bonds (State University Dormitory Facilities), Series 1997
1 /6 /1998	Dormitory Authority of the State of New York, State Service Contract Bonds -- Albany County Airport Project, 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, 1998I, 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 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

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7 /29/1998	Office of the State Comptroller, New York State General Obligation Refunding Bonds, Series 1998F, Dated July 15, 1998
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
9 /3 /1998	Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds, Series 1998B
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
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
12/15/1998	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 /1 /1999	Dormitory Authority of the State of New York Office Facilities Lease Revenue Bonds (Department of Audit and Control), Series 1999
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

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9 /15/1999	Dormitory Authority of the State of New York Lease Revenue Bonds (State University Dormitory Facilities Issue), Series 1999C
10/7 /1999	Dormitory Authority of the State of New York, City University System Consolidated Third General Resolution Revenue Bonds 1999, Series 1
10/27/1999	New York State Urban Development Corporation, Correctional Facilities Service Contract Revenue Bonds, Series C
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
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 /22/2000	New York State Thruway Authority Highway and Bridge Trust Fund Bonds, Series 2000A
3 /30/2000	Dormitory Authority of the State of New York, Lease Revenue Bonds State University Dormitory Facilities Issue, Series 2000A
4 /6 /2000	Dormitory Authority of the State of New York, City University System Consolidated Second General Resolution Revenue Bonds, Series 2000A and 2000B
6 /28/2000	Dormitory Authority of the State of New York, Upstate Community College Revenue Bonds, Series 2000A
7 /27/2000	Office of the State Comptroller, New York State GO Bonds, Series 2000D, Dated 7/15/2000
8 /17/2000	Dormitory Authority of the State of New York, State Judicial Institute of Pace University, Series 2000
9 /7 /2000	New York State Thruway Authority, Local Highway and Bridge Service Contract Bonds, Series 2000

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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
12/14/2000	Dormitory Authority of the State of New York, City University System Consolidated Second General Resolution Revenue Bonds, 2000B
12/14/2000	Dormitory Authority of the State of New York, City University System Consolidated Fourth General Resolution Revenue Bonds, Series 2000A
2 /22/2001	Office of the State Comptroller, $335,120,000 General Obligation Refunding Bonds, Series 2001A, Dated February 22, 2001
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 /14/2001	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2001A
3 /22/2001	Office of the State Comptroller, $156,175,000 General Obligation Bonds, Series 2001B, 2001C (tax-exempt) & 2001D (taxable), 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
10/25/2001	New York State Thruway Authority Highway and Bridge Trust Fund Bonds, Series 2001B
11/29/2001	New York State Thruway Authority, Local Highway and Bridge Service Contract Bonds, Series 2001

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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
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

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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
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	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	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 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

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4 /10/2003	Dormitory Authority of the State of New York, City University System Consolidated Third General Resolution Revenue Bonds, 2003 Series 1
5 /14/2003	Office of the State Comptroller, $251,765,000 General Obligation Refunding Bonds, Series 2003C, Dated May 14, 2003
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	New York State Thruway Authority, Local Highway and Bridge Service Contract Bonds, Series 2003A
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

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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, (Economic Development and Housing) Series 2004A, 2004B (Federally Taxable)
3 /25/2004	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (State Facilities and Equipment), 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)
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)

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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
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 (Education),Series 2005D, 2005E (Federally Taxable)
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 (Economic Development and Housing), Series 2005B
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

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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
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

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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
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)
12/20/2006	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, (Economic Development and Housing), Series 2006B
1 /18/2007	New York State Environmental Facilities Corporation, Riverbank State Park Special Obligation Refunding Bonds, Series 2007
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 (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

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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
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

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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	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 /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 Bonds, Series 2008B, 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

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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
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	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2008D
11/25/2008	Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (Education), Series 2008B
12/4 /2008	Dormitory Authority of the State of New York, Upstate Community Colleges Revenue Refunding Bonds, Series 2005C
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

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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 /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 2008-CD 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
7 /13/2009	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Bonds Variable Rate Remarketing
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,B
10/15/2009	New York State Thruway Authority Local Highway and Bridge Service Contract Bonds, Series 2009

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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 Bonds, (General Purpose), Series 2009G,H
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)
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 Bonds, Series 2009C Tax-Exempt, 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
6 /3 /2010	New York State Urban Development Corporation Service Contract Revenue Refunding Bonds, Series 2010A
12/3 /2010	Office of the State Comptroller, State of New York General Obligation Refunding Bonds, Series 2009C

Appendix B

APPENDIX B
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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
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
3 /16/2000	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2000A and 2000B
3 /22/2000	New York State Thruway Authority Highway and Bridge Trust Fund Bonds, Series 2000A
10/26/2000	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2000C & 2000D
3 /14/2001	New York State Thruway Authority, Highway and Bridge Trust Fund Bonds, Series 2001A
10/25/2001	New York State Thruway Authority Highway and Bridge Trust Fund Bonds, Series 2001B

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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
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	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

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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
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

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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)
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	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds (Education),Series 2005D, 2005E (Federally Taxable)
3 /24/2005	New York State Thruway Authority, Second General Highway and Bridge Trust Fund Bonds, Series 2005A
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)

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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 /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 (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

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Bonds with a Section 2 Disclosure Obligation

3 /21/2007 Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Revenue Bonds, Series 2007A, 2007B, 2007C, 2007D

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

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Bonds with a Section 2 Disclosure Obligation

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	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 Bonds, Series 2008B, 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 Bonds (Education), Series 2008B

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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)
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 2008-CD 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

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7 /13/2009	Dormitory Authority of the State of New York, Mental Health Services Facilities Improvement Bonds Variable Rate Remarketing
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 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
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)
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)
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