



NEW YORK CITY COMPTROLLER
BRAD LANDER

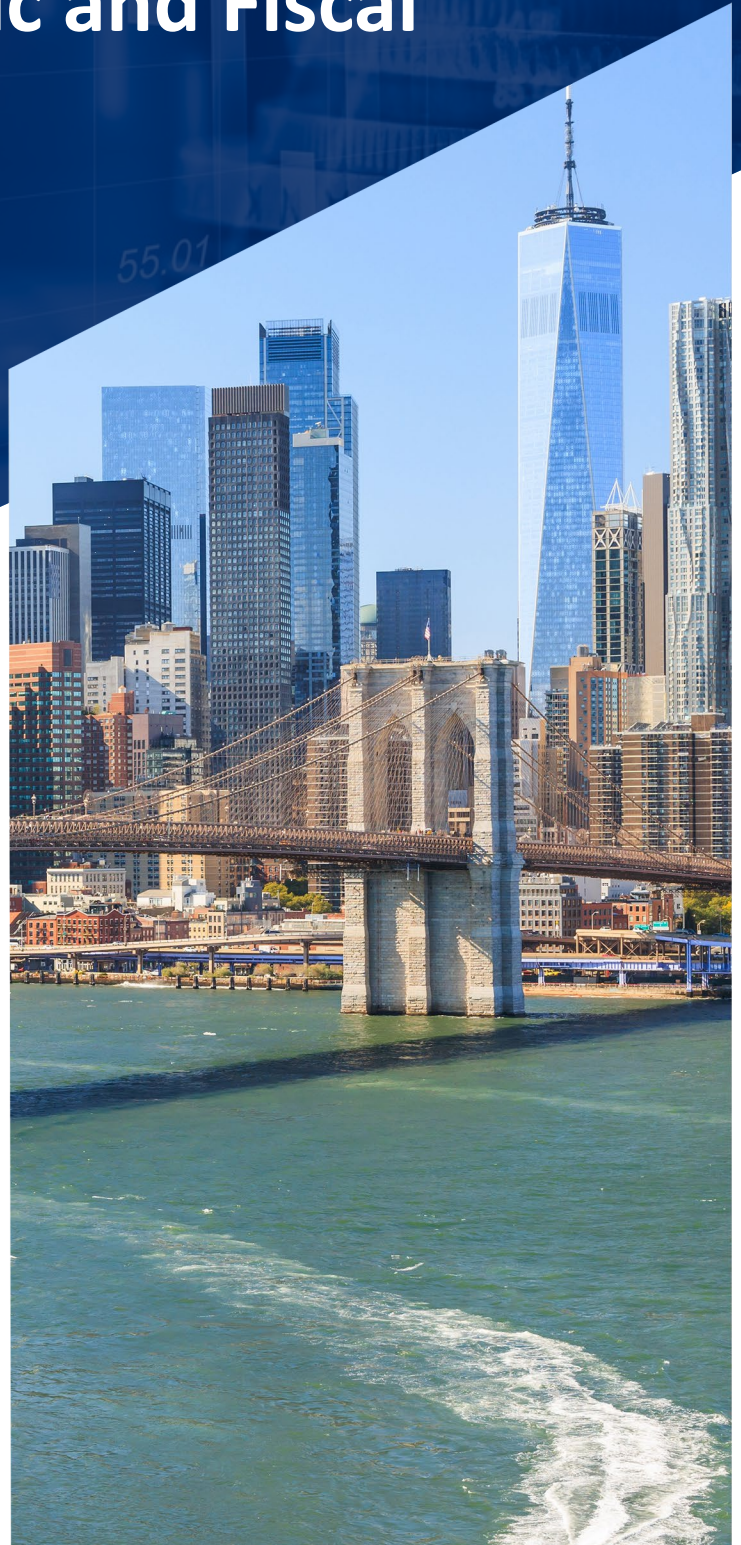
New York by the Numbers

Monthly Economic and Fiscal Outlook

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A Message from the Comptroller

Dear New Yorkers,

Did you miss us?! New York City's conflict-of-interest laws prohibit elected officials from sending out communications during a "blackout period" in advance of an election when they're on the ballot, so we haven't been able to e-mail you our monthly Economic Newsletters and Spotlights since March. (We take the rule-of-law very seriously over here).

If you missed them, you can check out the Spotlights from those months on [Student Loans and the Cost of Higher Education](#), [Job Quality in New York City](#), the [potential impacts of Trump's Tariffs](#), and [Tourism's Role in the NYC Economy](#).

There's been a lot of budget news as well. On June 30, the City Council adopted the City's FY 2026 Budget. At \$115.91 billion, it's an increase of \$842 million over the Mayor's Executive Budget proposal released in May – with increases for childcare (\$229M), rental assistance (\$100M), and legal services for immigrants (\$50M). One thing it does not include, unfortunately, is any deposits into the City's rainy day fund or reserves, despite repeated calls from my office to add \$1B to protect us from looming threats from Washington.

Alas, Trump's Budget Reconciliation Bill poses grave risks for New York City and State budgets, and essential services that so many New Yorkers rely on. As we detail below, the bill will likely kick 2 million children off the Child Tax Credit, take health insurance away from 1.5 million New Yorkers, and cut over \$13 billion in funding to New York State for health care.

Trump's bill adds \$4 trillion to the federal deficit and gives huge tax breaks to wealthy individuals and corporations. It increases funding for Immigrant and Customs Enforcement (ICE) by 500%—making it the largest federal law enforcement agency in history, ramping up Trump's cruel efforts to detain and deport asylum seekers, often with no legal basis. Last month, as you may have seen, I was detained myself by ICE agents, while asking to see a judicial warrant and questioning their legal authority. I've been back every week since, and I'm afraid things have only gotten worse.

On the brighter side, our [Spotlight](#) this month finds strong resilience in the NYC economy since the Covid-19 pandemic. The primary constraint on growth – no surprise – is housing. So look out for this month's Fiscal Note, which collects data on 44 completed, ongoing, and potential office-to-residential conversions totaling 15.2 million SF, which could absorb more than one third of the occupancy lost since the pandemic and produce approximately 17,400 apartments.

We'll keep watching the numbers. And doing what we can to insist on the rule of law, too.



Brad

Highlights

- The U.S. job market was mixed in July: overall payroll job creation was a bit above expectations, but all of the gain was concentrated in state & local government, healthcare and social assistance. Meanwhile, employment in the more cyclical sectors of the economy was essentially flat. Unemployment edged down, but so did labor force participation.
- Weekly jobless claims have remained subdued through early July, both nationally and locally.
- Regional consumer and business confidence have stabilized but at fairly weak levels as of June.
- The housing rental market has tightened further, while the sales market has been mostly flat. The Rent Guidelines Board recently approved a 3% rent cap for stabilized apartments for the coming year.
- The city's office market remains mixed but generally slack, aside from top-tier (5-star) properties in Manhattan. Estimated office attendance bounced back in June, both nationally and locally; New York continues to lead most major cities.
- The number of asylum-seekers in City shelters continued to trend down modestly in June; excluding asylum seekers, the shelter population was little changed.
- The City ended FY 2025 on June 30th with a cash balance of \$12.2 billion, up nearly 20% from a year earlier, but about the same as at the end of FY 2023.

Spotlights

New York City's Post-Pandemic Rebound: Resilience Meets Headwinds

This month's spotlight focuses on the city's economic rebound from yet another shock—the Covid pandemic—with a discussion of what makes the city so resilient, as well as what is constraining it from growing more rapidly (spoiler alert): housing.

Read more at:

comptroller.nyc.gov/nycs-post-pandemic-rebound

June: [Student Loans and the High Cost of Higher Education](#)

June's spotlight focuses on the brewing crisis in student loan debt, the high and rising cost of higher education, and proposed changes in federal policy and their potential effects.

May: [The State of Job Quality in New York City](#)

May's spotlight focuses on levels of and trends in the number of “good” jobs across New York City—jobs that are well compensated (in terms of both pay and benefits), stable (providing year-round, full-time employment), and meet basic safety thresholds.

April: [Taking Trump's Tariffs Seriously: The Fiscal and Economic Impact for NYC](#)

April's spotlight focuses on the economic and fiscal outlook for New York City, with an emphasis on risks arising from federal policy changes.

March: [Tourism's Role in New York City's Economy](#)

This March spotlight focuses on New York City's tourism cluster, tracking it over time, comparing it with other major cities, and assessing its impact on tax revenues

February: [Access to Banking & Credit in New York City](#)

The February spotlight focuses on access to banking and consumer credit in New York City.

The U.S. Economy

- Real GDP (Gross Domestic Product) declined at a 0.5% annual pace in the 1st quarter (revised from 0.2%). As of early July, the New York & Atlanta Feds were estimating 2nd quarter GDP growth to have been 1.6% and 2.6%, respectively.
- Payroll employment rose by 147,000 in June, a bit higher than general expectations, while gains in April and May were revised up by 16,000 collectively. However, the increase is almost entirely attributed to Healthcare, Social Assistance, and State Government. The unemployment rate decreased to 4.1%, while labor force participation edged down to 62.3%. Initial weekly jobless claims have remained fairly subdued.
- While labor market indicators seem to be signaling continued, albeit subdued, growth, other indicators suggest incipient weakening in the national economy. New housing starts and building permits fell to 5-year lows in May, and real consumer spending weakened.
- Surveys of both businesses and consumers have also been giving weak signals in recent months, though sentiment has been a bit less negative in June than in April and May.
- Inflation remained fairly subdued in June. The CPI (Consumer Price Index) rose 0.3% in June and was up 2.7% from a year earlier, with an uptick in energy & medical care prices. The core CPI (excluding food and energy) rose 0.2% and was up 2.9% from a year ago.
- Uncertainty about tariffs, contractionary fiscal policy, and a crackdown on immigration continue to pose risks to the economic outlook. As of mid-July, the equity market has fluctuated near record highs, while long-term interest rates have moved up moderately.

New York City Economy

Payroll Employment & Industry Trends

- Private sector employment was little changed in May, edging up by 400, while April employment was revised down substantially: from a 6,300-job gain to a 3,500-job decline. It is down 7,000 over the past three months and down 11,000 year-to-date.
- Much of the recent weakness has been in two of the city's key sectors—Finance and Professional & Business Services—as well as in Construction and Retail Trade.
- Health & Social Assistance continued to be the main source of job creation in the city, though even this sector has seen some slowing in job creation. Without the sizable job gains in this sector, citywide employment would be on a slight downward trajectory and would still be short of pre-pandemic levels, as shown in Chart 1 below. This is of particular concern given huge cuts to Medicaid in the [Federal Reconciliation Bill](#), with NY State estimating that it will eventually face a \$13.5 billion annual reduction in federal funding.

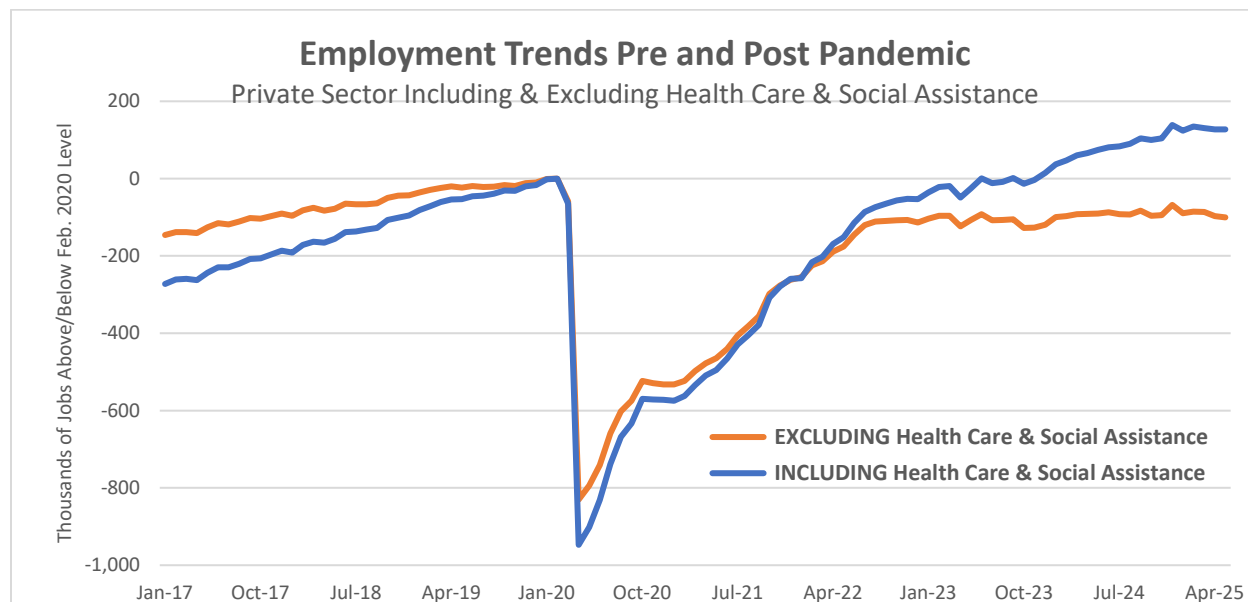
Table 1. Seasonally Adjusted NYC Employment, by Industry ('000s)

Note: This table has been reconfigured and no longer shows pre-pandemic comparisons.

(1,000s)	Seasonally Adjusted NYC Employment					May 2025 Change over		
Industry:	May '24	Feb. '25	Mar. '25	Apr. '25	May '25	12 Months	3 Months	1 Month
Total Non-farm	4,778.4	4,846.3	4,840.7	4,837.3	4,834.5	56.1	(11.8)	(2.8)
Total Private	4,182.5	4,243.0	4,239.0	4,235.6	4,236.0	53.5	(7.0)	0.4
Government	595.8	603.3	601.7	601.8	598.5	2.7	(4.9)	(3.3)
Financial Activities	507.0	507.0	507.0	505.4	505.2	(1.7)	(1.7)	(0.1)
Securities	201.1	199.1	198.4	198.2	198.4	(2.7)	(0.7)	0.3
Information	225.5	228.6	228.1	229.0	228.7	3.3	0.2	(0.3)
Prof. and Bus. Serv.	800.2	802.2	802.9	799.2	797.7	(2.5)	(4.5)	(1.5)
Educational Services	257.6	254.4	255.7	254.8	257.2	(0.4)	2.8	2.3
Health & Soc. Assist.	988.5	1,044.2	1,041.3	1,048.1	1,051.7	63.3	7.6	3.6
Leisure and Hospitality	445.9	446.4	446.3	444.3	443.2	(2.7)	(3.2)	(1.1)
Arts, Ent., and Rec.	89.9	87.2	87.5	85.2	85.0	(4.9)	(2.2)	(0.2)
Accomm. & Food Svc.	356.0	359.2	358.8	359.1	358.2	2.2	(1.0)	(0.9)
Retail Trade	299.7	296.1	295.4	295.2	293.5	(6.2)	(2.6)	(1.7)
Wholesale Trade	131.3	132.8	131.8	131.7	132.5	1.2	(0.3)	0.9
Trans. & Warehousing	133.6	141.2	140.6	137.2	138.9	5.2	(2.3)	1.6
Construction	143.5	140.2	139.5	139.8	137.5	(5.9)	(2.7)	(2.3)
Manufacturing	55.4	55.0	55.0	55.4	55.1	(0.4)	0.1	(0.3)

Sources: NY Department of Labor; NYC Office of Management and Budget; Office of the New York City Comptroller.

Chart 1

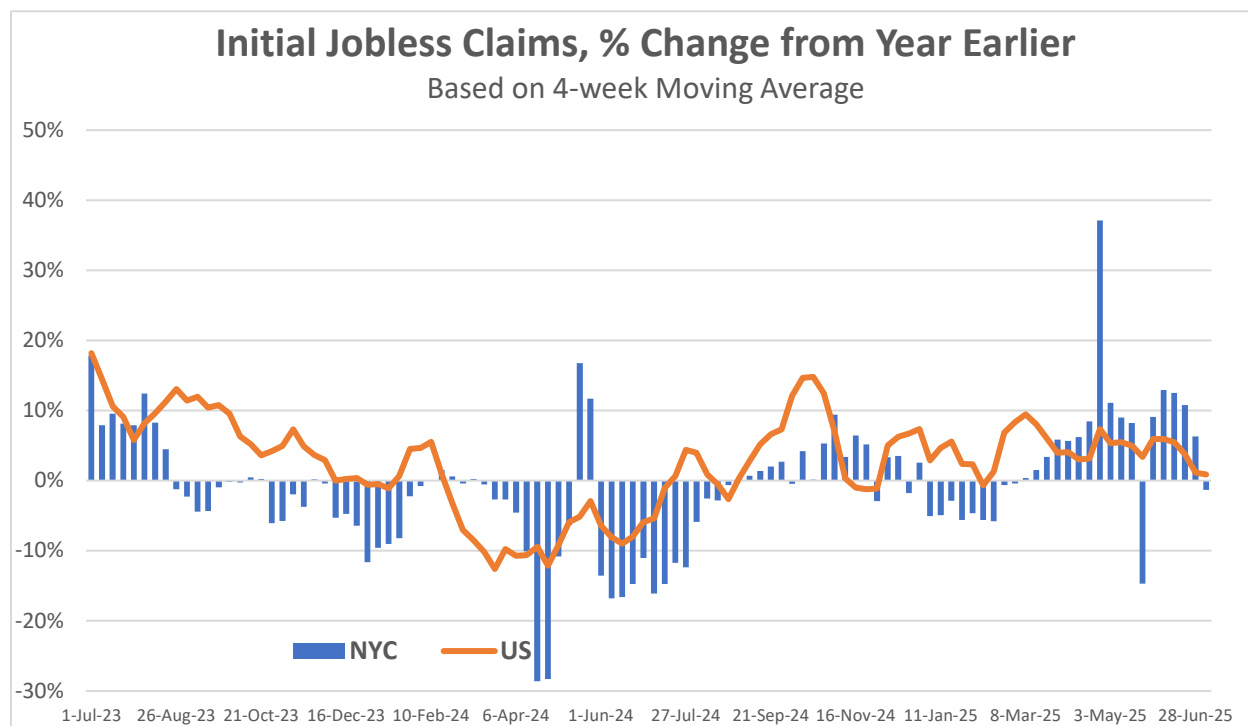


Source: NYC Office of Management and Budget

Labor Market Indicators

- Initial weekly jobless claims, one of the timeliest employment indicators, have been running roughly on par with year-earlier levels—both locally and nationwide—and remain at fairly low levels, as shown in Chart 2.

Chart 2



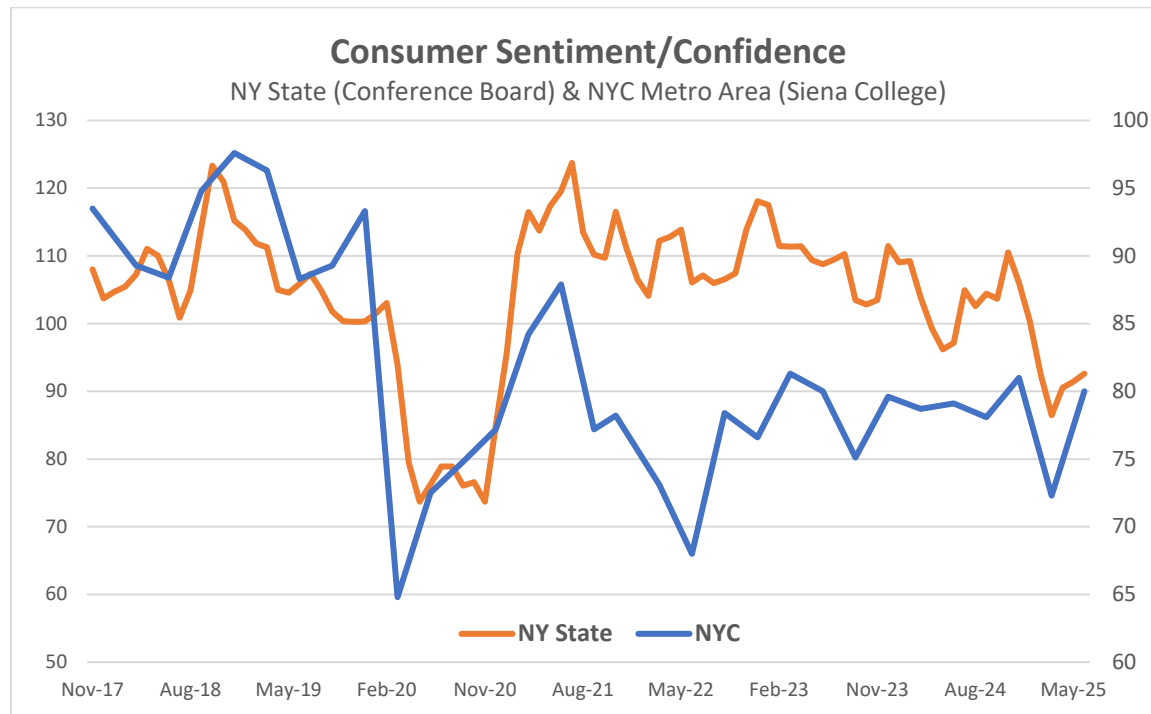
Sources: NY Department of Labor; U.S. Department of Labor; Office of the New York City Comptroller

- The unemployment rate for city residents edged down to a new post-pandemic low of 4.8% in May, reflecting a combination of more residents employed and fewer residents looking for work. The employment-to-population ratio among NYC residents, which climbed to a record high in April, held steady in May at 58.7%.

Consumer & Business Surveys

- Business sentiment across the region has remained fairly negative, as noted in our recent reports. The New York Fed’s May business surveys show [manufacturing firms](#) to be mildly pessimistic and [service firms](#) to be widely pessimistic about the near-term outlook. In both sectors, more respondents plan to cut than increase overall capital spending.
- Moreover, well over two-thirds of both manufacturing and service sector respondents expect to be paying more for inputs six months from now, and almost half plan to raise their own prices.
- Consumer confidence across New York State slipped in June, but the 3-month moving average edged up, based on the Conference Board’s monthly survey. Similarly, Siena College’s quarterly survey of New York metro area residents shows sentiment rising moderately, as shown in Chart 3 below.

Chart 3



Sources: The Conference Board; Siena Research Institute; Moody’s economy.com

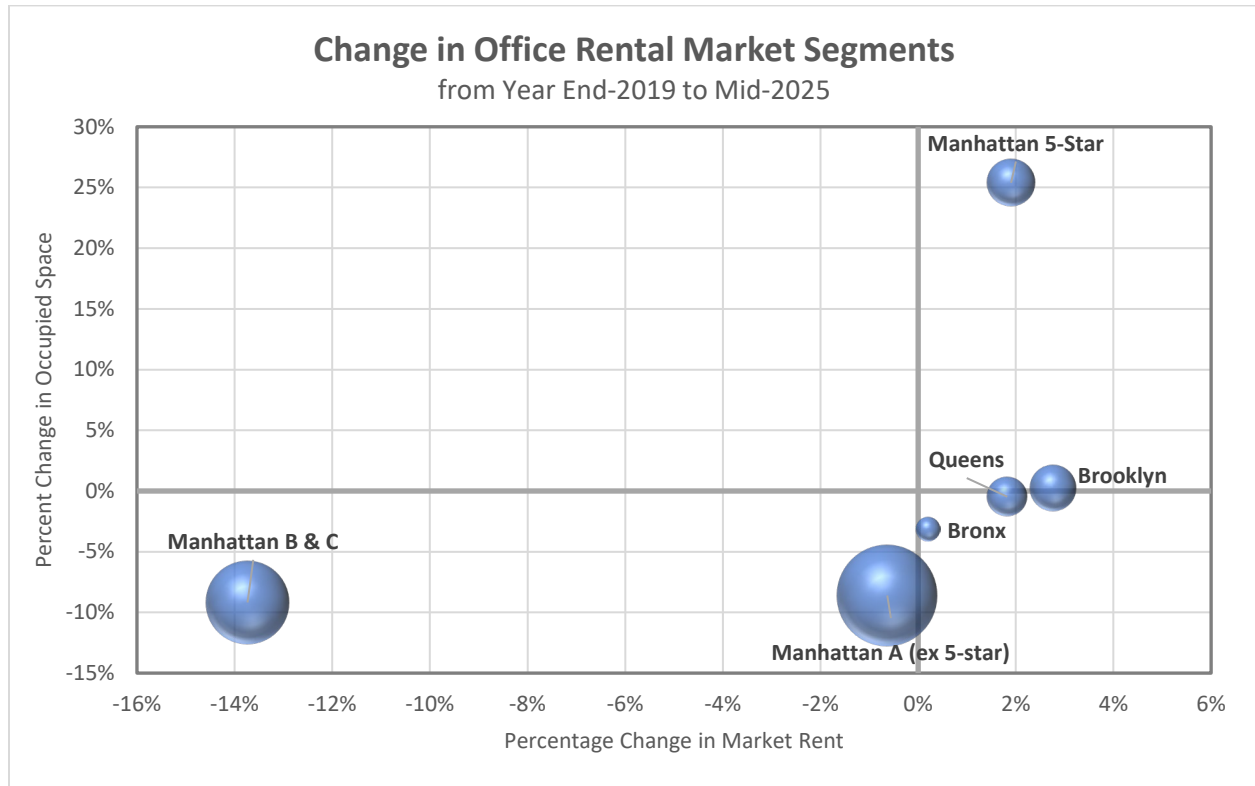
Inflation

- Local area inflation picked up again in June, running well above the nationwide pace. The CPI (Consumer Price Index) for the New York metropolitan region rose 0.7%, following an unchanged reading in May, and was up 3.5% from a year earlier, substantially exceeding the nationwide rise of 2.7%.
- Much of the steep gain in June was driven by an outsized 7% monthly surge in energy costs, which were up 3.9% over the past 12 months. Food prices were flat. Excluding food and energy, the local area CPI was up 0.4% from May and up 3.6% from a year earlier, moderately exceeding the nationwide increases.

Office Market and Attendance

- New York City's office market has shown signs of improvement over the past year, but the pickup has not been broad-based.
- Chart 4 below shows how conditions have changed for various segments of the office market—each one represented by a bubble whose size reflects the size of the segment—since the start of the pandemic. The horizontal scale shows the percentage change in rents and the vertical scale shows percentage change in occupied space.
- The high end of the market—top tier (“5-star”) buildings in Manhattan—has shown strength, with market rents up slightly and the volume of occupied space up by an impressive 25%.
- The next highest tier of space in Manhattan, Class A excluding 5-star, has not done as well: rents are little changed but the volume of occupied space is down 8%. And the market for Class B & C buildings in Manhattan has languished, with rents down 14% and occupied space down 9%. These two segments combined represent about three-quarters of citywide office space.
- Finally, office markets in the outer boroughs, the vast majority of which are Class B & C, have held up reasonably well, with rents up slightly and little change in occupied space. However, this represents a very small share of the city's total office market in terms of square feet of space and an even smaller share in terms of dollar value.

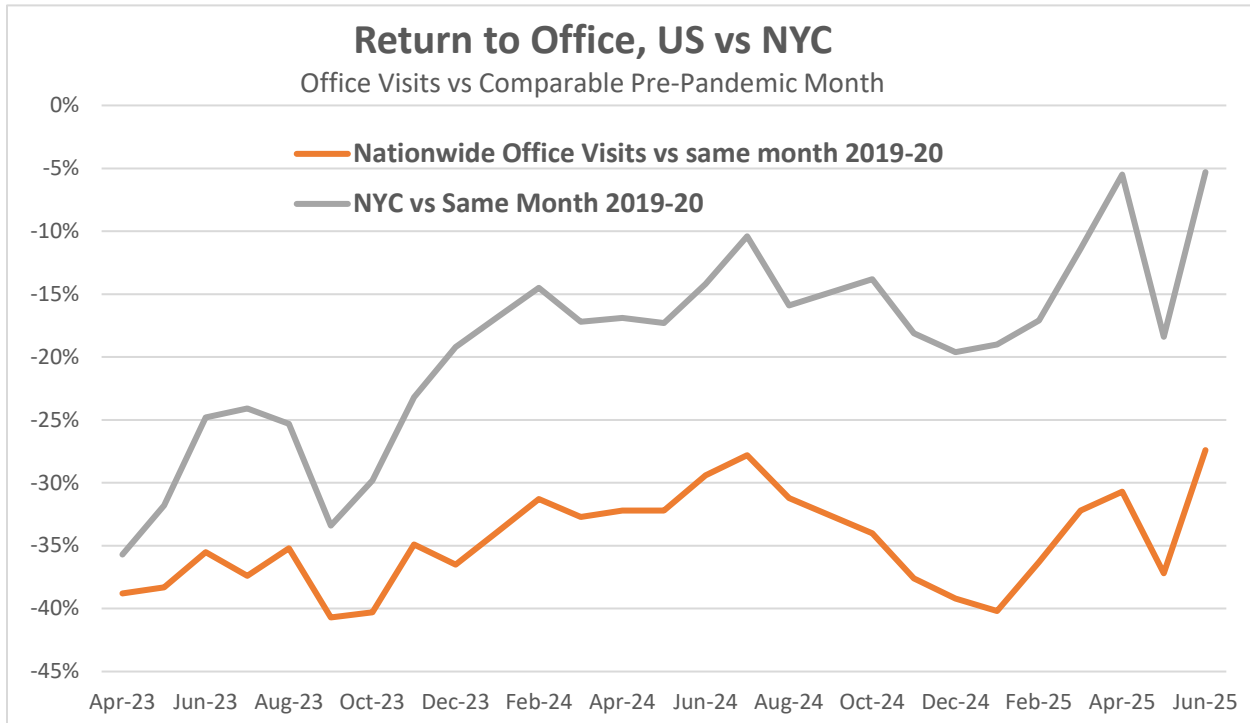
Chart 4



Sources: Costar, Office of the New York City Comptroller

- Transit ridership has been fairly stable in recent months, running about 20% below comparable pre-pandemic levels.
- Placer.ai, which tracks office visits based on cell phone locations, estimates that office attendance stood at just 5% below pre-pandemic levels in June, versus a nationwide shortfall of roughly 27%. This represents a strong rebound in NYC's "return to office" metric, following a pullback in May, as shown in Chart 5. New York continues to outpace the other major cities that they track, in terms of the office attendance rebound.

Chart 5

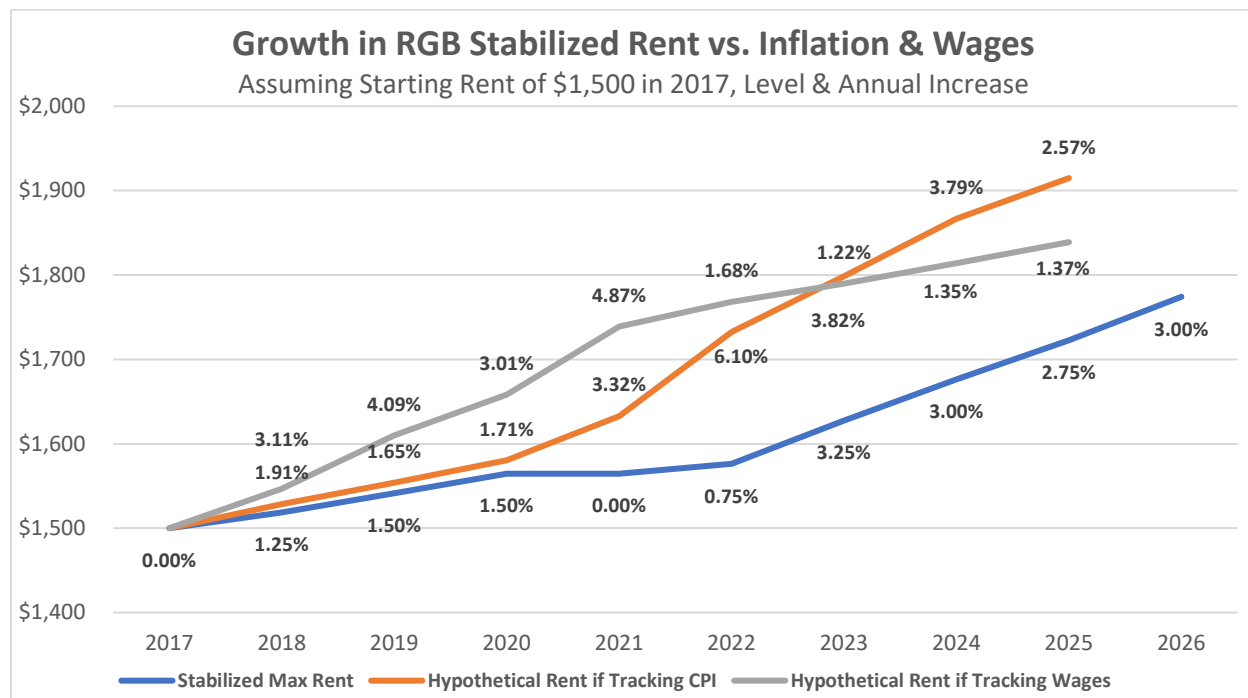


Sources: Placer.ai; Office of the New York City Comptroller

Residential Real Estate

- As noted in our last few Newsletters, the residential rental market has been increasingly tight, whereas the home sales market has been fairly steady.
- Chart 6 below shows rent increases over the past 8 years alongside trends in wages and prices. The bottom curve represents what monthly rent would be each year for an individual starting with \$1,500 rent in 2017 for a rent stabilized apartment. The other two curves represent the hypothetical paths rents would have followed if they tracked the CPI and average hourly earnings, respectively, in terms of percent change each year.
- The Rent Guidelines Board (RGB) recently approved a 3% increase in rent for one-year leases for 2026 compared to a 2.75% increase in rent in 2025. Aside from the flattening out in 2021 and 2022, the growth rate in regulated rent caps has tracked fairly closely with both inflation and wage growth over this period.

Chart 6

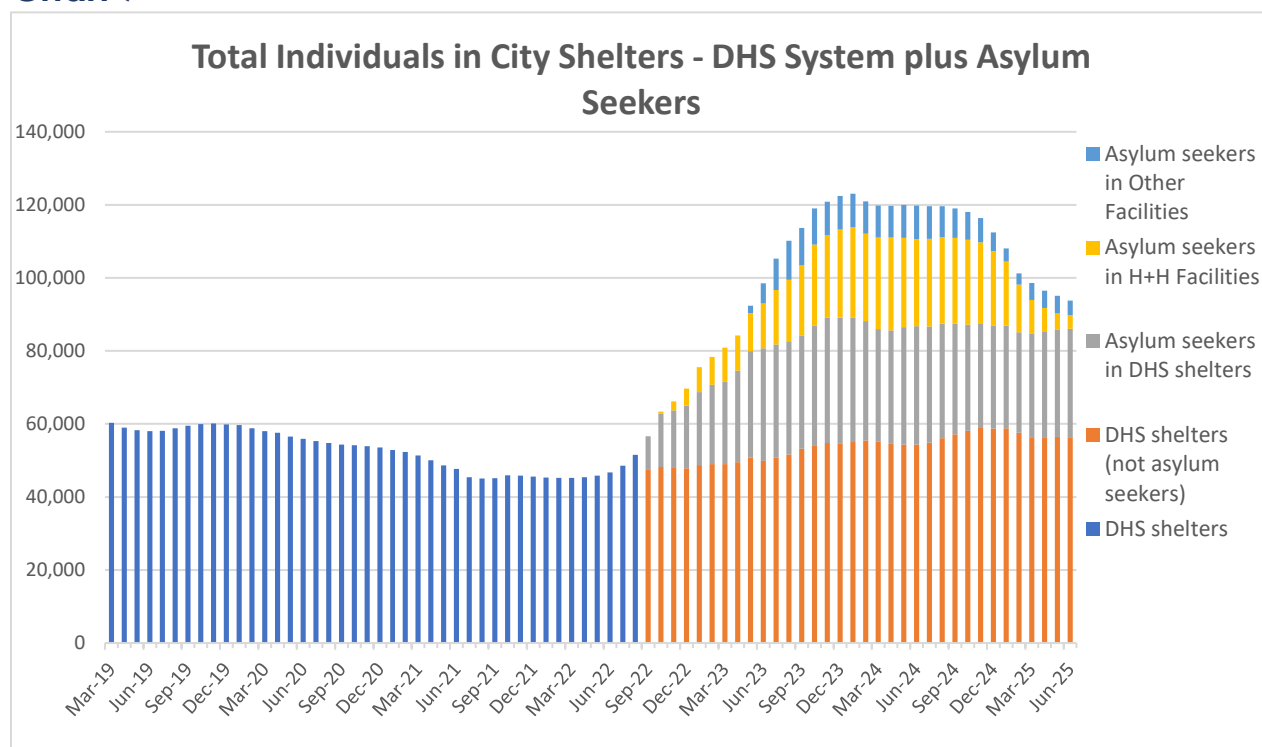


Sources: NYC Rent Guidelines Board; Moody's economy.com; NY Department of Labor

Homelessness & Asylum Seekers

- Chart 7 shows the monthly average number of individuals in City shelters through June 29, 2025. In June, the average number of asylum seekers in City shelters was approximately 37,370, marking a decrease of 1,260 individuals from May 2025. Overall, this population represents approximately 40% of the total individuals in shelter, down from 55% in January 2024. From July through June, the average shelter census has decreased by more than 27,360 individuals.
- *The Administration has informed the Comptroller's Office that it is revamping its emergency shelter 30/60-day notice system and pausing the distribution of metrics on families with children who have been given notices and their status.*

Chart 7



Sources: NYC DHS; NYC Mayor's Office; Office of the NYC Comptroller

Note: Figures shown are monthly averages. June 2025 represents June 1-29. Data on the asylum seeker population within DHS shelters are not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

City Finances

Final Budget Reconciliation Bill

On July 4th, President Trump signed into law the Budget Reconciliation Bill, which had been approved by the Senate and then the House earlier that week. The Senate had passed a version that was more draconian and regressive than the House's original version, which was described in the June newsletter. Ultimately, House Republicans agreed to the Senate version. Over time, this bill will have significant ramifications for the NYC's economy, the State and City's budgets, and New Yorkers. However, some of its worst impacts are delayed until after the Midterm elections of 2026.

Increase to Federal Debt

- The final reconciliation bill is [estimated to add \\$4.1 trillion](#) to the national debt through Federal FY 2034, increasing annual deficits by over \$600 billion, on average.

- Federal debt is now projected to grow considerably faster than the economy in the coming years, driving up the debt/GDP ratio to record levels. An increasing federal debt puts upward pressure on long-term interest rates, making it more expensive for the City to borrow funds for capital improvements, for residents to take out loans for houses, cars, or higher education, and for businesses to make capital investments or cover operating expenses.

Changes to SALT deductions and other tax changes

- The final reconciliation bill increases the 2025 cap on deductible state and local tax paid (SALT) from \$10,000 to \$40,000 for taxpayers with modified adjusted gross income (MAGI) under \$500K, phasing down to \$10,000 for MAGI of \$600K and above. These caps grow by 1% each year thereafter through 2029 and then revert to a permanent level of \$10,000 in 2030, regardless of income.
- The final law does not include the House version's proposed changes to curtail SALT cap workarounds—e.g. the New York State's and City's Pass-Through Entity Taxes, which were discussed in our recent [fiscal note](#). Taxpayers currently able to utilize such methods of avoiding a SALT deduction cap can continue to do so indefinitely.
- The legislation also makes permanent the lower individual tax rates and higher standard deduction amounts that were first enacted, on a temporary basis, in the Tax Cut and Jobs Act of 2017.
- The child tax credit maximum was also extended permanently, and the maximum was increased by \$200 to \$2,200 in 2026 (lower than the House proposal of \$2,500). However, children *and* at least one of their parents or guardians must now have a Social Security number to claim the credit. In the past, only the child had to have a Social Security number, and thus an [estimated 2 million children](#) who currently receive the tax credit will no longer be eligible. In addition, the bill increases the income threshold for eligibility so that [many more low-income families will become ineligible](#) for the full credit.
- The reconciliation bill significantly scales back the clean energy tax credits included in the 2022 Inflation Reduction Act, in part by significantly narrowing the time period for eligibility depending on the type of project. The bill's changes will [reduce clean energy construction jobs](#) and potentially [increase energy prices](#) for consumers and businesses.
- The law also permanently expands the Low-Income Housing Tax Credit for builders creating new or rehabilitated housing for low-income renters.

Medicaid and Essential Plan

The final reconciliation bill contains substantial cuts and eligibility changes to Medicaid and the Affordable Care Act (ACA), many of which are similar to the House-passed version discussed in last month's newsletter. In total, NY State estimates that it will face a combined \$13.5 billion in reduced federal funding and increased costs each year due to these changes to Medicaid and the

ACA, once fully implemented. NYC congressional districts' share of that fiscal impact is \$7.9 billion.

The State budget director has [stated](#) that the State is facing a \$750 million shortfall in the current fiscal year and an estimated \$3 billion gap in Fiscal Year 2027.

- The final bill maintains the work reporting requirements of the House-passed version for adults ages 19 to 64 but further limits the caretaking version to children ages 13 and under. This requirement begins December 2026.
- Many lawfully present immigrants who are currently enrolled in the NY State Essential Plan are made ineligible for coverage. The [State Department of Health](#) estimates that 303,123 current Essential Plan enrollees in NYC Congressional Districts will move to State-only funded Medicaid (effective January 2026), and 134,114 individuals will lose coverage entirely (effective January 2027). The estimated statewide fiscal impact of this change alone is over \$10 billion due to the reduction in federal funding and increased state cost.
- The final bill includes a provision to limit the rate at which certain states (those that expanded Medicaid eligibility as part of the ACA) can tax providers to fund Medicaid, but unlike the House bill it does not grandfather in existing taxes for those states, like NY, that expanded Medicaid as allowed by the ACA. NY will lose its recently approved Managed Care Organization tax a year early, originally worth \$3.7 billion over two years, and may need to reduce some of its long-standing provider tax rates beginning in 2030 depending on how certain provisions are interpreted.
- NYC's Health + Hospitals (H+H), the city's public hospital system, will face increases in uncompensated care and lower reimbursement due to the above changes. In addition, unlike the original House-passed version, the final bill did not defer significant cuts to Disproportionate Share Hospital payments which have been delayed previously each year since the passage of the ACA. In NY, these cuts fall first on H+H and could reduce their federal funding by approximately \$622 million a year.
- The final bill also included limits on [State Directed Payments](#), reducing payments to hospitals (which currently can equal average commercial rates) by 10% a year until they reach the Medicare rate. These payments are a mechanism that NY and other states have used to help H+H and other safety net hospitals address gaps between low Medicaid rates and uncompensated care and their actual cost of care.
- The reconciliation bill did not extend the enhanced ACA tax credits that are set to expire at the end of 2025. As a result, the average monthly ACA health insurance premium for a couple in NYC will increase by [\\$211, a 38% increase](#).
- The bill prohibits Medicaid funds to be paid to providers, such as Planned Parenthood, that are nonprofit organizations and essential community providers primarily engaged in

family planning services and reproductive health and that provide abortions and received \$800,000 or more in Medicaid payments in 2023, effective upon enactment for one year.

- On the positive side, the final bill did eliminate the House-version's proposed penalty for states that cover undocumented immigrants with state-only funds.
- And, the final bill did not include previously proposed language that would have prohibited Medicaid coverage of gender-affirming care.

Student Loan and Financial Aid Assistance

- As noted in last month's [Spotlight](#), the House budget bill proposed a variety of changes to student loans. The final Reconciliation bill does not include some of the more troubling provisions in the earlier version:
 - A provision in the House bill that would have limited access to financial assistance for certain categories of noncitizens; the final bill does not include any changes to student eligibility.
 - Changes to the calculation of student need using the median cost of college rather than the student's specific college cost.
 - The elimination of subsidized loans for undergraduate students.
 - The ineligibility for Pell Grants of students enrolled less than half-time.
- While the final bill does not include any changes to undergraduate loan limits, it does cap annual graduate loan limits at \$20,500 for graduate students and \$50,000 for professional students and eliminates Grad PLUS loans. The aggregate limit is capped at \$100,000 for graduate students and \$200,000 for professional students, and a lifetime cap of \$257,500 on all federal student loans.
 - This is anticipated to have a particular impact on medical students who often graduate with high levels of debt. At the same time, NYC academic medical centers and teaching hospitals will also be facing cuts to NIH research funding and reduced reimbursement from Medicaid and Essential Plan cuts. However, the final bill does not include an earlier provision that would have excluded time spent in a medical or dental residency program from counting towards Public Service Loan Forgiveness.
- The bill includes provisions limiting loan repayment options and eliminates the Economic Hardship Deferment and Unemployment for borrowers who receive a loan on or after July 1, 2027.
- Lastly, while the final bill increases the tax on college endowments, the maximum tax rate is 8% (compared to 21% in the House bill) and does *not* exclude international students from the student count for the purposes of calculating the tax, which reduces

the potential impact on colleges with high endowments and high numbers of international students.

Supplemental Nutrition Assistance Program

- The final reconciliation bill moderated the SNAP cost-sharing cuts slightly —still tying a new State cost-sharing requirement to a State’s payment error rate, but eliminating the minimum State share back to 0% if the error rates are less than 6 percent and capping the State share at 15% if the error rate is above 10% (compared to the House-passed version where the proposed State share ranged from 5% to 25%).
- In its effort to appease Alaska Senator Lisa Murkowski, the final version includes an up to two-year delay for states with higher payment errors. States with a payment error rate of 13.34% or above in federal fiscal years 2025 and/or 2026 will delay cost sharing by one or two years. New York State is currently within the threshold to receive the waiver but will have to maintain its [2024 error rate](#) at roughly the same level or higher for FYs 2025 and 2026 to receive the exemption. Without the exemption, the cost-sharing will begin in federal FY 2028.
- Any cost-sharing would be at the State level, so the NYC fiscal impact would be determined by how the State allocates the cost – either by absorbing it within the State budget, passing the cost on to localities, or changing the program to reduce costs by passing the reduction on to beneficiaries. We estimate the maximum fiscal impact of a 15% cost share, if passed on directly to the City’s budget, to be roughly \$750 million.
- The federal matching for SNAP administrative costs was reduced from 50% to 25%. The City currently receives about \$194 million in federal funding for SNAP program administration and would take an approximate hit of \$97 million beginning in FY 2027.
- The work requirement for adults was extended from 54 to 64 years of age, the definition of a dependent child was narrowed to those under 14 years of age, and the protections currently in place for veterans, individuals experiencing homelessness, and youth aging out of foster care were removed.
- Eligibility was restricted to U.S. citizens and lawful permanent residents and removed for refugees, asylees, and certain other categories of immigrants who have not obtained lawful permanent resident status.
- Future benefits were capped at the growth rate of inflation, regardless of whether food prices increase at a faster rate.

Immigration Enforcement and Benefit Eligibility

- The final reconciliation bill dramatically increases funding for border and immigration enforcement by \$171 billion, to be spent over the next 5 years.

- \$82 billion for construction of the border wall, Customs and Border protection personnel, facilities and vehicles and border technology and surveillance, including \$300 million for vetting sponsors and physical examinations of unaccompanied children.
- \$45 million for immigration jails for single adults and families and allows for the long-term and indefinite use of family detention for children
- \$1 billion for the Department of Defense for border operations
 - \$33 billion for immigration agents, transportation, personnel and operations related to enforcement and removal, prosecution and incarceration of noncitizens.
 - \$10 billion for the Department of Homeland Security for safeguarding borders, with few guidelines on how these funds should be spent.
- This bill significantly [increases fees](#) for certain immigration applications and forms of protection, including:
 - New and increased fees for asylum protections (\$100), temporary protected status registration (\$500), humanitarian parole (\$1,000) and green card applications (\$1,500), initial work permits (\$550) and renewals (\$275), and a \$5,000 fee for any inadmissible noncitizen who is apprehended between ports of entry.
 - Additional fees are added for filing appeals and motions to reconsider (\$900 - \$1,325), and a \$5,000 fee for any noncitizen who is ordered removed for missing their hearing and subsequently arrested by Immigration and Customs Enforcement (ICE).
- The final Bill imposes a 1% tax on remittance transfers aimed at immigrants sending money back to their families. The tax only applies to cash transfers, money orders, cashier's checks or other physical instruments, but does not include funds withdrawn from financial institutions or charged to a credit or debit card.
- As mentioned above, the Bill removes eligibility for many lawfully present immigrants to health and nutrition programs, and requires parents to have a Social Security number in order to claim the Child Tax Credit.

NYC's FY 2026 Adopted Budget

- On June 30, the City Council adopted the City's FY 2026 Budget. At \$115.91 billion, it is an increase of \$842 million over the Mayor's Executive Budget proposal released in May.
- About a third of the increase came from higher projections of tax revenues—\$309 million more than forecast by the Mayor's Office of Management and Budget (OMB) in the Executive Budget. The tax forecast increase is primarily due to higher forecasted Personal Income Tax and Pass-Through Entity Tax (\$315 million increase) and higher forecasted business income taxes (\$149 million increase), partially offset by lower property taxes (\$199 million decrease), among other changes.
- State aid increased by \$506 million, largely driven by a net \$340 million increase in education aid and a \$102 million increase in budgeted State asylum seeker aid. Most of the increase in State education aid (\$241 million) is budgeted to help implement the State's smaller class size mandate. Budgeted Federal aid for FY 2026 increased by \$7 million.
- The prepayment of FY 2026 expenses in FY 2025 totals \$3.79 billion, a \$837 million increase over the Executive Budget. This is less than the prior year's prepayment of \$4.40 billion, meaning the City is projecting that *expenditures for FY 2025 will exceed revenues by approximately \$610 million* (final numbers will be available in October when our Office publishes the City's financial statements).
- City-funded expenditures for FY 2026 (before the prepayment) increased by a net \$1.14 billion compared to the Executive Budget. Some of the additions to City-funded expenditures include: \$229 million for childcare vouchers, following an increase in the City's required contribution by the State; \$128 million in hold harmless funding for schools that would otherwise see budget cuts because of reduced enrollment; \$160 million for Department of Homeless Services non asylum-seeker related shelter costs; \$100 million for rental assistance; \$70 million for special education Pre-K costs, and more than \$50 million for legal services to immigrants.
- The June Plan did not include a deposit into the City's rainy day fund for FY 2025, nor did it increase budgeted reserves for FY 2026. The Comptroller's Office has repeatedly recommended increasing these reserves to help protect the City from future economic downturns more generally, and from the economic impact of the Trump administration on City revenues and cuts to Federal aid.
- The Council also adopted the City's FY 2026 Capital Budget, which included \$2.3 billion in additions compared with the Executive Capital Budget.
- Of that, \$1 billion was added for transit-related projects for the Metropolitan Transit Authority (MTA). The State's Enacted Budget required the City to contribute a total of \$3 billion to the MTA's FY 2025 through FY 2029 Capital Plan. The City's Adopted Capital

Commitment Plan, typically released in the fall, will provide additional details on planned capital spending.

- Our Office will be releasing a detailed analysis of the City’s Adopted Budget and June Financial Plan in the coming weeks, along with our own expenditure and revenue estimates.

Personal and Business Income Tax Estimated Payments

- In June, estimated payments are due for all of NYC’s income taxes—personal income tax (PIT), pass-through entity tax (PTET), corporate tax, and unincorporated business tax (UBT). Table 2 shows how collections in June 2025 compared to June of the prior year, as well as the fiscal year to-date through June.
- PIT estimated tax and PTET payments (which are usually a close substitute for PIT installments) surpassed FY 2024 levels at a combined rate of nearly 18%. This was a continuation of the strong growth that had been seen throughout the recently finished FY 2025.
- The performance of business income taxes appears to be more mixed. A preliminary tally of June corporate tax shows a decline of almost 11% compared with June 2024. FY 2024 had been a very strong year of nearly 15% growth in corporate tax collections, while FY 2025 to-date grew by less than 2%. Meanwhile, preliminary unincorporated business taxes were up 9% in June (versus the year prior) with FY 2025 to-date up by 21%.

Table 2. Preliminary June 2025 Personal and Business Income Tax Estimated Payments

In \$ Millions	NYC June Collections			NYC Collections Fiscal Year to Date Thru June		
	2025	2024	% chg	2025	2024	% chg
Collections:						
Personal Income Tax						
Estimated Tax Installments	316	294	7.5%	2,632	2,106	25.0%
Pass-Through Entity Tax ¹	385	301	27.8%	2,342	1,592	47.1%
Combined Total	700	595	17.8%	4,974	3,697	34.5%
Business Income Taxes						
Corporate Taxes	1,158	1,298	-10.8%	6,694	6,572	1.9%
Unincorporated Business Tax	604	556	8.7%	3,305	2,740	20.6%
Combined Total	1,762	1,854	-5.0%	9,999	9,312	7.4%

Sources: NYS Office of Tax and Revenue, NYC Office of Management and Budget, Office of the NYC Comptroller. Note: 1/ Total PTET collections are shown. While primarily estimated payments, the total includes refunds, offsets, and return payments.

Hudson Yards: Expansion of Authorized Purposes for Financing

With the passage of **Resolution 960 on June 30th, 2025**, the City Council has approved potentially the largest expansion of investment in the Hudson Yards Financing District (“HYFD”) since its creation, including for a platform over the Western Rail Yards (“WRY”). While the resolution cites the provision of income-restricted housing units (a [June 10th press release](#) touted the creation of at least 625 such units on site and the preservation of 139 units “nearby”) as the primary motivation for the resolution, it relies on representations from the “Sponsor” (the Related Companies that are developing properties within the HYFD) as it pertains to projected incremental revenues and the impact on residual revenues accruing to the City’s General Fund. More strikingly, the resolution assigns no limitation on the amount of borrowing to fund additional investments within the HYFD.

To appreciate the nature and scope of the June 30th resolution, it is useful to recount the **prior City Council actions** mentioned in this most recent resolution:

- **[Resolution No. 760](#) adopted January 19, 2005:** This resolution was the initial support of the financing plan for infrastructure projects within Hudson Yards. Those projects included “the extension of the Number 7 subway line, the building of a platform over the Eastern Rail Yards (“ERY”) and a network of streets and open spaces”. The notion of a defined set of approved infrastructure projects is essential to what can and cannot be financed by the Hudson Yards Infrastructure Corporation (“HYIC”) – giving rise to subsequent City Council resolutions expanding the universe of projects to finance. Additionally, it envisioned interest cost savings from having the City, subject to appropriation, cover the shortfall (if any) between revenues and interest expense. Specifically, the resolution provided for:
 - i. Debt issuance of “approximately” \$3 billion for infrastructure projects
 - ii. The payment of current interest on bonds to the extent not paid from revenues subject to appropriation by the City Council. This became the Interest Support Payment (“ISP”) mechanism which backed subsequent HYIC bond issues.
 - iii. The payment by the City, subject to City Council appropriation, of “residential real property taxes or other real property taxes in the...[HYFD]...not captured by PILOT mechanisms.” This became the Tax Equivalency Payment (“TEP”) which is a major part (along with Payment In Lieu of Taxes or PILOTs) of the credit supporting HYIC bonds.
 - iv. Approval, upon a unanimous vote of the New York City Transitional Finance Authority (“TFA”), of “the use of the TFA’s credit to support no more than \$750 million of the HYIC indebtedness.” This provision was never implemented by HYIC or TFA as the ISP was a much more cost-effective way to support debt service prior to HYIC revenues fully covering debt service.

- v. Finally, the resolution “supports an undertaking by HYIC to apply revenues in excess of HYICs debt service costs to begin to discharge HYIC debt early, subject to appropriation by the City Council of such excess revenues back to HYIC in accordance with the Charter”. The early retirement of debt never took place. The 2017 refinancing of the outstanding debt freed up retained excess revenues for general fund benefit rather than retirement of HYIC debt.
- [Local Law 73 of 2005 and Resolution No. 1214 adopted October 27, 2005](#): Local Law 73 enacted July 20th provided that PILOTs not paid to the General Fund may only be spent pursuant to an agreement between the Mayor and City Council. The subsequent resolution provided more specificity by approving an agreement to spend PILOT monies on infrastructure projects defined in Resolution 760.
- [Resolution No. 547 adopted October 11, 2006](#): This resolution redefined and expanded the geographic area of the HYFD. It also changed the definition of projects to be financed by excluding the platform covering the ERY and including the purchase of ERY transferrable development rights and ERY/WRY planning costs. Additionally, the resolution approved the use of PILOTs to repay debt service on HYIC bonds.
- [Resolution No. 469 adopted July 19, 2018](#): This resolution accommodated additional debt issuance to fund Phase 2 including the Bella Abzug Park within the HYFD. Specifically, it:
 - i. Provides “additional borrowing in an amount not to exceed \$500 million by HYIC to be repaid in the same manner and from the same sources as the outstanding HYIC bonds to finance the completion of infrastructure projects in the HYFD, including Phase 2 Hudson Boulevard and Park.”
 - ii. Allows for ISP to support such additional borrowing.
 - iii. Reaffirms the ISP for prior debt.

At an HYIC board meeting on May 12, 2025, in connection with the approval of the HYIC budget, the management of HYIC included a memo in board materials revealing that the cost of the park could reach \$570 million, which exceeds the authorized amount noted above. In spite of this revelation, the HYIC budget reflected a cost estimate dating back to 2017 of approximately \$380 million.

The most recent City Council resolution, [Resolution No. 960 adopted on June 30th, 2025](#), heeds a request from Related to expand the description of authorized purposes for which PILOT may be spent (and thus financed by HYIC) to include:

- A platform over the WRY.
- The development of approximately 6 acres of open space in the WRY.
- The construction of an approximately 120,000 square foot K-8 public school with approximately 750 seats.
- Payments to the MTA for rent and site acquisition.

In contrast to prior resolutions, **no amount of financing is specified to cover investment in the above infrastructure**. However, an accompanying presentation by Related indicates the platform over the WRY may cost \$2 billion. There is no estimate of cost for the open space, school, and MTA payments being requested. Additionally, there is no mention of ISP, which would have been sensible given that HYFD is generating significant surplus (history & forecast listed in Table 3 of our [June 2025 Newsletter](#) – a previous analysis of HYIC’s revenues can be found in the [June 2023 Newsletter](#)) such that no additional City support is plausibly necessary. The resolution explicitly cites the following representations from Related Companies:

- Projected revenues from the development over the WRY “will be available and sufficient to pay projected debt service on future HYIC borrowing related to the WRY Project (not including the debt service costs associated with the financing of the K-8 public school).”
- Additionally, “it should be possible for the HYIC to provide financial support to the WRY Project without affecting the amount of surplus available for the City.”

Beyond the expansion of defined projects to be financed and representations from Related that there would be no budgetary impact to NYC, the resolution conditions the expansion on Related closing on an initial commercial building which shall include a signed lease or purchase agreement with an anchor tenant and delivery of a completion guarantee for such initial commercial building.

The financing will require changes to NYC Industrial Development Agency’s [Uniform Tax Exemption Policy](#) (UTEP) as it pertains to Hudson Yards, approval by the HYIC board, as well as the actual issuance of the bonds. While our Office is represented on these entities’ boards and has participated in HYIC’s bond issuances in the past, it was not involved in the negotiations leading up to Resolution 960 and is not a member the project’s working group.

New York City’s Cash Balances

- The City ended FY 2025 on June 30th with a cash balance of \$12.229 billion, compared to \$10.410 billion in FY 2024, \$12.387 billion in FY 2023 and \$8.159 billion in FY 2022.
- Prepayments of \$3.787 billion were made in June towards FY 2026 expenditures, enabled by the higher than anticipated revenues. The City prepaid \$1.443 billion for GO debt service and \$2.344 billion for TFA FTS debt service and, as mentioned in the Adopted Budget section, less than the prior year’s by \$610 million.
- In July, cash balances typically rise sharply due to the arrival of property tax receipts. As of July 8th, the cash balance stood at \$14.773 billion, compared to \$15.322 billion at the same time last year. The main reason this year’s cash balance is currently lower than last year’s is the City’s decision to increase advance payments to nonprofit organizations, particularly health and welfare providers. In April, the City [announced](#) plans to issue \$5 billion in advances to City-contracted nonprofits in FY 2026, up from \$2.8 billion in FY 2025.

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