

1 **2021 NYSAC Legislative Conference**
2 **Standing Committee on Taxation and Finance**
3 **Resolution #2**

4 **Resolution Calling on the Governor and the Legislature to End the**
5 **State Diversion of Local Sales Tax**

6 **WHEREAS**, over the last two budget cycles the State has enacted legislation to
7 divert local sales tax so it can be spent in support of a state program, or to fill state
8 budgets gaps; and

9 **WHEREAS**, these diversions are approaching nearly \$500 million annually in local
10 sales tax; and

11 **WHEREAS**, in addition to the state sales tax diversions counties are scheduled for a
12 five percent state aid cut that could reach \$160 million, while also being required to
13 fund expanded state programs with no state fiscal support, and combined, these state
14 funding cuts are approaching \$1 billion annually for counties, outside of New York City;
15 and

16 **WHEREAS**, sales tax is the number one revenue source for many counties across the
17 state and the primary local revenue to support services in our communities, especially
18 for front line workers responding to the pandemic; and

19 **WHEREAS**, sales tax is also the number one local revenue source for counties that
20 help keep property taxes lower, including those of hundreds of cities, towns and villages
21 across the state that receive a share of the county sales tax; and

22 **WHEREAS**, the latest diversion is to support a temporary \$250 million fiscally
23 distressed health facilities pool; and

24 **WHEREAS**, the support of fiscally distressed health facilities has been a federal and
25 state responsibility for decades as they set nearly all the rules of operation for the health
26 care system, as well as the reimbursement levels for Medicare, Medicaid and other
27 public health programs which account for nearly half of all health care spending in the
28 United States; and

29 **WHEREAS**, in recent years and in the state fiscal year 2022 budget proposal, the state
30 has cut hundreds of millions of dollars in state funding for fiscally distressed health
31 facilities, as well as funding to incentivize health care facilities and providers to deliver
32 higher quality health care; and

33 **WHEREAS**, the first annual diversion of \$250 million in local sales tax is just weeks
34 away and the state has provided no criteria for determining what a fiscally distressed
35 health facility is, nor a list of these facilities, nor whether their own funding cuts are
36 placing health facilities in fiscal stress; and

37 **WHEREAS**, health facilities in New York have been hit hard by the pandemic; and

1 **WHEREAS**, Congress has recognized the fiscal stress that health facilities have
2 shouldered during the pandemic; and

3 **WHEREAS**, Congress has authorized \$178 billion in direct payments to health care
4 facilities and providers through several different federal COVID response bills; and

5 **WHEREAS**, health care facilities and providers in New York State have received \$11.5
6 billion in federal assistance so far, with \$70 billion of the federal funding still to be
7 distributed; and

8 **WHEREAS**, according to press statements from Senators Schumer and Gillibrand, the
9 most recent payments from these federal emergency funds replaced 87 percent of the
10 lost revenues for health facilities in New York through the first half of 2020; and

11 **WHEREAS**, the counties of New York have not received unrestricted federal aid to
12 fight the COVID pandemic and ensure economic stability and recovery.

13 **NOW, THEREFORE, BE IT RESOLVED**, the New York State Association calls on
14 the Governor and State Legislature to suspend the diversion of local sales tax for the
15 fiscally distressed health facilities pool given the alignment of federal aid to health
16 facilities and the state funding cuts to counties; and

17 **BE IT FURTHER RESOLVED**, that copies of this resolution be sent to the counties
18 of New York State encouraging member counties to enact similar resolutions; and

19 **BE IT FURTHER RESOLVED**, the New York State Association of Counties shall
20 forward copies of this resolution to Governor Andrew M. Cuomo, the New York State
21 Legislature and all others deemed necessary and proper.