

1 **2022 NYSAC Legislative Conference**
2 **NYSAC Board of Directors**
3 **Resolution #3**

4 **Resolution Calling on the Governor and the Legislature to Suspend Any**
5 **Further State Diversion of Local Sales Tax for Distressed Health Facilities**
6 **and Sunset the Law**

7 **WHEREAS**, over the last three years the State has enacted legislation to divert local
8 sales tax to state coffers so it can be used to supplant state funding support for their own
9 programs, or to simply fill gaps in the state financial plan; and

10 **WHEREAS**, county officials believe local sales tax is too valuable and important for
11 county government and local taxpayers to be interfered with – it is sacrosanct; and

12 **WHEREAS**, the state diversion of county and New York City sales tax, along with
13 indirect actions that force local sales tax to be spent as directed by the state, has reached
14 \$1.2 billion since enacted three years ago; and

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

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

22 **WHEREAS**, the largest state diversion of county and New York City sales tax was
23 enacted to support a temporary, two year, \$250 million per year fiscally distressed
24 health facilities pool to help them with fiscal impacts caused by the pandemic; and

25 **WHEREAS**, the \$50 million county share of this sales tax diversion is equal to about
26 one-half of the annual allowable property tax cap growth in a typical county; and

27 **WHEREAS**, \$500 million in local sales tax has been diverted by the state with none of
28 this funding being distributed to health facilities in New York; and

29 **WHEREAS**, while these diversions occurred during the height of the pandemic
30 through multiple waves of infections, hospitalizations, and deaths; still no funds were
31 provided to health care providers from the Distressed Provider Assistance Fund; and

32 **WHEREAS**, on the final day of state fiscal year 2021, \$250 million of local sales tax
33 was transferred out of the Distressed Provider Assistance Fund and deposited into the
34 State General Fund; and

1 **WHEREAS**, at the beginning of the pandemic the state actually increased fiscal
2 distress for health facilities by cutting reimbursements to them by hundreds of millions
3 of dollars annually, including across-the-board rate cuts, eliminating Enhanced Safety
4 Net Funding Pools, eliminating equity funding pools to facilities, reducing indigent care
5 pools, among other reductions; and

6 **WHEREAS**, the support of fiscally distressed health facilities has been a federal and
7 state responsibility for decades as they set nearly all the rules of operation for the
8 healthcare system, as well as the reimbursement levels for Medicare, Medicaid and
9 other public health programs which account for nearly half of all health care
10 expenditures in the United States; and

11 **WHEREAS**, low state established Medicaid reimbursement rates to health providers,
12 that safety net hospitals have identified reimburses less than 68 percent of their actual
13 costs of providing health care, is the leading cause of fiscal distress for these facilities;
14 and

15 **WHEREAS**, the State Legislature does not support the diversion of local sales tax to
16 pay for a distressed health facilities fund as this has historically been a state
17 responsibility; and

18 **WHEREAS**, a key reason to not rely on highly regressive local property and sales taxes
19 to support state programs, is that the state tax base is far broader and the tax code is
20 vastly more progressive so it can call on high income individuals and multi-billion dollar
21 corporations to generate revenues; and

22 **WHEREAS**, the Executive Budget is assuming \$38 billion in surpluses over the next
23 four years with large surpluses in each year of the State Financial Plan, which has never
24 happened before in the state budget; and

25 **WHEREAS**, the SFY 2023 Executive Budget proposes to increase health care spending
26 by \$10 billion over the next several years to support the health care industry, which
27 includes repealing some of the cuts they imposed at the start of the pandemic thereby
28 significantly reducing fiscal stress among New York's health care providers; and

29 **WHEREAS**, this vast increase in state financial supports eliminates the need for local
30 sales tax diversions to support distressed health providers; and

31 **WHEREAS**, the counties and New York City will continue to pay \$8 billion annually to
32 support state Medicaid services and benefits, which will directly support health care
33 providers; and

34 **WHEREAS**, Congress recognized the fiscal stress that health facilities shouldered
35 during the pandemic; and

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

4 **WHEREAS**, health care facilities and providers in New York State have received \$14.1
5 billion in federal assistance released in 19 separate installments the latest being in
6 January 2022, with \$36 billion of the federal funding still to be distributed; and

7 **WHEREAS**, according to press statements from Senators Schumer and Gillibrand,
8 these federal payments replaced 87 percent of the lost revenues for health facilities in
9 New York through the first half of 2020, and more than half of the federal assistance
10 delivered to health providers in New York state occurred after these statements; and

11 **WHEREAS**, the magnitude of the federal assistance to health providers in New York
12 State cannot be understated as it would take 56 years of annual diversions of \$250
13 million in local sales tax revenues to equal the amount of federal aid provided in less
14 than two years to New York's health facilities.

15 **NOW, THEREFORE, BE IT RESOLVED**, the New York State Association of
16 Counties calls on the Governor and State Legislature to sunset this program as
17 scheduled, or in conjunction with the end of the federally declared public health
18 emergency for the COVID-19 pandemic, but no later than September 30, 2022; and

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

21 **BE IT FURTHER RESOLVED**, the New York State Association of Counties shall
22 forward copies of this resolution to Governor Kathy Hochul, the New York State
23 Legislature and all others deemed necessary and proper.