

1 **NYSAC 2021 Fall Seminar**
2 **NYSAC Board of Directors**
3 **Resolution #4**

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 Work to Immediately Sunset the Law**

7 **WHEREAS**, over the last two budget cycles the State has enacted legislation to divert
8 local sales tax so it can be spent in support of a state programs or to backfill state budget
9 shortfalls; and

10 **WHEREAS**, the state diversion of county and New York City sales tax is approaching
11 \$1 billion since first enacted three years ago; and

12 **WHEREAS**, in addition to the state sales tax diversions, counties were subject to a five
13 percent state reimbursement cut of \$160 million in SFY 2021, while also being required
14 to fund expanded state programs with no state fiscal support, and, when combined,
15 these state funding cuts and new local costs are approaching \$1 billion annually for the
16 counties outside of New York City; and

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

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

24 **WHEREAS**, the largest state diversion of county and New York City sales tax was
25 enacted to support a temporary, two-year, \$250 million annual fiscally distressed health
26 facilities pool to help them with fiscal impacts caused by the pandemic with this
27 diversion scheduled to sunset at the end of SFY 2022; and

28 **WHEREAS**, as of September 2021, \$375 million in local sales tax has been diverted by
29 the state with none of this funding being distributed to health facilities in New York; and

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

35 **WHEREAS**, the State Legislature does not support the diversion of local sales tax to
36 pay for what they view as a state responsibility if they feel such assistance becomes
37 necessary; and

1 **WHEREAS**, Congress recognized the fiscal stress that health facilities shouldered
2 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**, healthcare facilities and providers in New York State have received \$11.6
6 billion in federal assistance so far, with \$40 billion of the federal funding still to be
7 distributed; and

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

11 **NOW, THEREFORE, BE IT RESOLVED**, the New York State Association of
12 Counties calls on the Governor and State Legislature to suspend any further diversions
13 of local sales tax for this program, as the Governor declared the COVID public health
14 emergency had ended as of June 24, 2021, and begin work to sunset the law
15 immediately; and

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

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