



**Testimony of Kate Donovan, Northeast Director for Environmental Health,
Natural Resources Defense Council
Joint Legislative Budget Hearing,
Environmental Conservation and Energy Committees**

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Thank you for the opportunity to submit this testimony on behalf of the Natural Resources Defense Council (NRDC) to provide our recommendations on proposals contained or omitted in Governor Hochul's Executive SFY 2026-27 Budget proposal. NRDC is a nonprofit organization dedicated to protecting public health and the environment and committed to tackling the climate crisis. Since its founding in 1970, NRDC has advocated for ambitious and pragmatic policies that address pressing environmental challenges. As the federal government abdicates its responsibility to safeguard public health and the environment, slashes investments, guts or weakens established protections for our air, water, land, and wildlife, and denies the climate crisis, it is critical that New York lead as an example to other states.

Safeguarding public health and the environment is not inherently incompatible with economic growth and development, although some falsely pit these priorities against one another. Strong environmental standards can be focused and nimble and are essential to ensure growth is durable, benefits New Yorkers, and does not needlessly come at the expense of clean air, safe water, climate resilience, or disproportionately impact the wellbeing of communities already bearing the heaviest burdens.

Clean Water Infrastructure Programs

The Clean Water Infrastructure Act (CWIA) supports many crucial programs that help provide clean drinking water to New Yorkers. We were pleased to see a historic investment in the Executive Budget of [\\$3.75 billion](#) over five years (\$750 million per year).¹ The annual foundational investment of \$500 million in the State's clean water fund is necessary to continue the progress New York is making, especially in the face of federal rollbacks and funding cuts, and it is worth applauding.

¹ Press Release: Governor Hochul Unveils Plan to Strengthen Our Communities by Investing in Critical Infrastructure (Jan 13, 2026) <https://www.governor.ny.gov/news/governor-hochul-unveils-plan-strengthen-our-communities-investing-critical-infrastructure>

However, we are concerned that the additional \$250 million, touted as an investment in water infrastructure, is not what it seems. Without guidance beyond that annual investment being earmarked to promote housing (on its own, a worthwhile investment), it is difficult to see this investment going to the highest needs for water infrastructure that deliver the most benefits to New Yorkers. For that annual \$250 allotment, the new allocation of funds are divided into two buckets: \$50 million for water infrastructure intended to support housing preservation in rural communities, and \$200 million for the far broader—and vaguer—purpose of “promot[ing] water infrastructure projects necessary to promote housing preservation and development in regions throughout the state.” NRDC and many advocates have long advocated for earmarks (and still do) to ensure specificity across the wide array of programs supported in CWIA. This specific but vague earmark for housing without assurances gives us significant pause. It is crucial that any new investments serve the populations with the greatest need and environmental health burdens, be constructed to be durable with a changing environment, and bring quality jobs to New Yorkers.

Existing needs are oversubscribed

The \$250 million per year investment for housing as presented in the Executive Budget is a concern absent the addition of direction and safeguards to ensure the funds go to the areas of greatest need and impact. The water infrastructure needs in New York are so great that the historic annual \$500 million investment is a proverbial drop in the bucket. Existing needs in New York range from the enormous and growing need to secure the safety and durability of our pipes and prevent and eliminate dangerous water contamination from known and emerging contaminants. The U.S. Environmental Protection Agency (EPA) has estimated that a \$59 billion investment² is needed to upgrade New York's wastewater infrastructure and a \$35 billion investment³ is needed to upgrade drinking water infrastructure, for a total need of \$94 billion. Our aging and failing infrastructure cause concrete harm to public health and drinking water quality. On top of these challenges, water utilities will soon need to comply with two new federal regulations that will significantly increase the need for clean water funding.

What has long been a public health and moral need—replacing legacy lead pipes that harm people of every age in every part of the state—is now a federal requirement that New York can get ahead of with smart investment, or fall behind and try to secure safer water on the backs of future ratepayers. In 2024, EPA finalized the Lead and Copper Rule Improvements (LCRI) requiring water utilities to replace 100 percent of New York's estimated 500,000 lead service lines by 2037, an initiative that may cost upwards of \$5 billion. EPA also finalized

² U.S. Environmental Protection Agency, *2022 Clean Watersheds Needs Survey Report to Congress* (April 2024). <https://www.epa.gov/system/files/documents/2024-05/2022-cwns-report-to-congress.pdf>

³ U.S. Environmental Protection Agency, Office of Water. *Drinking Water Infrastructure Needs Survey and Assessment, 7th Report to Congress* (September 2023). https://www.epa.gov/system/files/documents/2023-09/Seventh%20DWINS%20September2023_Final.pdf

new Maximum Contaminant Levels (MCLs) for PFOA, PFOS, and other PFAS chemicals that will require an estimated 296 water utilities across the state to install new treatment technology or find a new water source to eliminate these “forever chemicals” in drinking water. Without State investment to implement these EPA directives, significant costs will fall on water utilities, resulting in rising water rates that put financial strain on municipalities across the state. While we recognize the current administration is attempting to undercut these health-protective standards, New York should not backtrack and instead continue to fund the documented needs that currently exist.

Unfortunately, the Executive Budget language does not direct funds to communities with the highest water infrastructure needs, does not guard against the money becoming a functional giveaway to irresponsible developers, nor does it align these dollars with the state’s existing prioritization framework for water infrastructure. That framework typically focuses on helping communities offset the costs of complying with federal requirements—paying for projects New Yorkers already must undertake and reducing the pressure for rate increases, particularly in communities burdened by an unfair share of aging, leaky legacy infrastructure.

A potential opportunity exists with additional investments to clearly address one of New York’s housing and drinking water concerns simultaneously—lead service lines, which harm our most vulnerable communities every single day in New York. When we examine challenges like lead pipe replacement, we see that there are [oversubscribed pots of funding](#)⁴ that are not moving the state far enough or fast enough toward the 2037 federal deadline for replacing an estimated 550,000 plus dangerous lead pipes. There is an opportunity that the additional funding proposed by the Governor could be used to ramp up lead service line replacements across existing housing stock in New York, protecting the most vulnerable communities, and putting people to work at the same time.

We strongly urge the legislature to work on providing clarity and alignment with this historic investment to ensure existing clean water infrastructure needs are being met and to ensure any funds invested to support housing development focus first on preserving affordable and existing housing , such as increasing investments for lead service line replacements in communities already overburdened by pollution.

Water affordability

We note that, unlike the situation for electric and gas customers, New York lacks statewide programs to help low- and moderate-income New Yorkers afford their water bills, putting

⁴ Environmental Advocates NY, *Testimony of Environmental Advocates NY Regarding Lead Service Line Replacement Programs* Before the Joint Assembly Standing Committees on Oversight, Analysis and Investigation; Environmental Conservation; and Health (November 20, 2025). <https://www.eany.org/wp-content/uploads/2025/11/EANY-Testimony-for-Assembly-Lead-Pipes-Oversight-Hearing.pdf>

people at risk of water shutoffs when they cannot afford to pay. Creating—and funding—such a program would not only help those vulnerable families but would also help water systems secure the revenue they need to provide safe water for their communities.

We encourage the legislature to ensure protections to address water affordability are considered as part of a holistic approach to “utility” affordability, and we are ready to support such an effort.

Environmental Protection Fund

The Environmental Protection Fund (EPF) has provided critical funding for programs that deliver important environmental benefits to residents of communities in every county of New York since 1993. The EPF has conserved family farms and forests, supported ocean and Great Lakes fishing, tourism, and recreation, botanical gardens and aquaria, created municipal parks, advanced environmental justice, prevented pollution, protected clean drinking water, and eradicated invasive species. EPF programs expand New Yorkers’ access to nature, improve quality of life in communities, and support approximately 350,000 jobs across New York in industries including construction, agriculture, tourism, forestry, fishing, and more. The EPF is one of the state’s smartest investments.

Sustained investments in the Ocean and Great Lakes programs are essential to New York’s economy. Ocean and Great Lakes industries, such as fishing, tourism, and recreation, contribute billions of dollars and hundreds of thousands of jobs annually. In 2021 alone, the most recent year on record, they generated more than \$27 billion for the State’s gross domestic product and supported over 280,000 jobs. Funding from the EPF Ocean and Great Lakes Program provides New York State with the tools and data it needs to protect the health of marine resources and the families and businesses that rely on them, including nearly 4,000 new marine businesses that opened between 2011 and 2021. In particular, tourism and recreation—which account for 86 percent of marine industry jobs in New York—rely on clean water and thriving wildlife populations including fish, birds, and whales. We are happy to see Governor Hochul’s support for sustained funding of \$425 million for the EPF, including \$24.6 million for the Ocean and Great Lakes Program.

We encourage the legislature to maintain an EPF at least \$425 million to meet the growing demand of necessary projects to mitigate the effects of climate change, protect water sources, advance conservation efforts, and more.

Toxic “Forever” PFAS Chemicals

Addressing PFAS contamination is critical to protecting public health and controlling long-term costs in New York State. New York already faces tremendous costs associated with existing contaminated drinking water supplies. An analysis conducted by NRDC found that drinking water utilities and the Department of Defense have already spent \$436 million to clean up PFAS and are planning to spend more than \$1 billion to address PFAS in New York.⁵ Our study also found that health care–related costs related to PFAS contamination in New York are conservatively estimated to range between \$2.7 and \$4.4 billion annually, and the expected costs to clean up PFAS to a level that meets federal drinking water standards are estimated to be \$32–\$54 million annually.⁶ Many of these costs are borne by the public, from costs associated with health harms to increased water utility bills and the use of taxpayer monies and massive cleanup costs for water systems, military sites, and landfills.⁷

For many New Yorkers, the primary route of PFAS exposure is drinking water. Nationally, it is estimated that at least 45 percent of drinking water supplies contain PFAS,⁸ and New York has seen a troubling number of public water systems report detections of PFOA and PFOS since statewide monitoring began in 2020.⁹ These detections are not isolated incidents; they reflect ongoing releases of PFAS into the environment from upstream sources including:

- industrial discharges that enter surface or wastewater systems;
- industrial air emissions;
- use of cleaning and personal care products washed down household drains;
- disposal or incineration of PFAS-laden consumer products;
- discharge of contaminated landfill leachate; and
- spreading of contaminated sewage sludge on agricultural lands.

While critical water infrastructure funds allocated in the Executive Budget do support treatment and remediation of emerging contaminants like PFAS in drinking water, these funds are not sufficient to support investments to address upstream solutions needed to tackle the statewide PFAS contamination crisis.

⁵ Natural Resources Defense Council (NRDC). *Backgrounder: The Social Burden of PFAS “Forever Chemicals” in New York* (June 9, 2025). <https://www.nrdc.org/media/social-burden-pfas-forever-chemicals-new-york>

⁶ *Ibid.*

⁷ *Ibid.*

⁸ United States Geological Survey (USGS). *National News Release: Tap water study detects PFAS ‘forever chemicals’ across US* (July 5, 2023). <https://www.usgs.gov/news/national-news-release/tap-water-study-detects-pfas-forever-chemicals-across-us>

⁹ Department of Health. *Drinking Water Contaminants Tracker*. https://apps.health.ny.gov/statistics/environmental/public_health_tracking/tracker/index.html#/waterMaps

While much more is needed to hold polluters accountable in New York responsible for contamination, the Department of Environmental Conservation (DEC) could be additionally supported to do the work to support upstream policy, such as their work in updating permits to ensure facilities discharging PFAS in air emissions and water effluents are regulated; enforcing existing laws that have phased out PFAS in food packaging, apparel, and carpets, and recently passed legislation to phase out PFAS in menstrual products; and to ultimately build the infrastructure and capacity at DEC to support a comprehensive and currently unavoidable use approach similar to the laws being implemented in Minnesota¹⁰ and Maine.¹¹

We encourage the legislature to support additional funding to address the work DEC is embarking on to address upstream problems.

Landfill leachate

In her State of the State address, the Governor directed DEC to develop draft regulations to require landfills to treat leachate for harmful contaminants at the source before discharging it into surface waters or sewer treatment works. Developing these regulations to treat landfill leachate at the source addresses a significant regulatory loophole that once implemented will better protect the environment and drinking water sources and save taxpayers millions in potential future cleanup costs. The practice of disposing of landfill leachate at sewage plants that are not equipped to handle it is common throughout New York State and beyond the state's borders. The State is aware of the costs to filter out these toxic chemicals from drinking water sources. Despite the Governor directing DEC to promulgate these regulations, funding was not allocated to help local governments comply with treatment requirements.

We encourage the legislature to allocate funding for local governments to test and treat toxic landfill leachate.

Sewage sludge

While we grapple with the constant flow of PFAS chemicals in our waste stream, the emerging issue of land spreading of PFAS-laden sewage sludge is nearing a tipping point and a looming crisis. Through legislation, New York State should pause and ultimately stop land-application of sewage sludge due to the toxic nature of chemicals found in the sludge (S.5759-C/A.6192-D). Such a moratorium should be accompanied by a compensation fund

¹⁰ Minnesota Pollution Control Agency, *PFAS in products: Currently unavoidable use*.
<https://www.pca.state.mn.us/get-engaged/pfas-in-products-currently-unavoidable-use>

¹¹ Maine Department of Environmental Protection, *PFAS in Products*.
<https://www.maine.gov/dep/spills/topics/pfas/PFAS-products/>

to support farmers who may lose their livelihoods and ability to farm their agricultural lands when PFAS contamination is found.

We encourage the legislature to include S.5759-C/A.6192-D and a compensation fund in the one-house budget proposals.

Private well testing

There are an estimated 800,000 private wells across New York serving an estimated two million New Yorkers.¹² These New Yorkers do not enjoy the protections from the Safe Drinking Water Act that water system customers have. Throughout the country, this is a problem in rural communities that typically also have higher barriers to accessing quality, affordable healthcare. A landmark study by the U.S. Geological Survey predicted that 56 percent of these New York private well owners are likely to be affected by PFAS in their drinking water. Unfortunately, many private well owners with PFAS-contaminated water cannot afford to pay thousands of dollars to install and maintain treatment technology or hook up to an uncontaminated public water system. That is why the maintained funding allocated in the CWIA is so critical.

We strongly encourage the legislature to include funding for private well testing and remediation of PFAS in the budget and consider clarifying, especially in relation to rural systems, that some of the additional \$250 million be set aside for private wells in support of preserving existing housing stock.

SEQRA Amendments

Since 1976, the State Environmental Quality Review Act (SEQRA) has required local, regional, and state government agencies to equally examine the environmental impacts and social and economic considerations for a certain project or action during their discretionary review and to assess the environmental significance of all actions. SEQRA serves as a critical bedrock environmental law in New York that supports safeguarding the state's natural resources from the potential impacts of development.

NRDC is and continues to be an advocate of affordable housing development and as such is carefully examining the proposed amendments presented in Part R of the Transportation, Economic Development and Environmental Conservation Article VII legislation intended to support the housing and infrastructure needs of the Governor's Let Them Build agenda.

¹² NY Department of Health, Summary of Regulatory Impact Statement for proposed rulemakings amending 10 NYCRR Subpart 5-1. <https://regs.health.ny.gov/sites/default/files/proposed-regulations/Maximum%20Contaminant%20Levels%20%28MCLs%29.pdf>

In undertaking our review of these amendments to SEQRA, we ultimately want to ensure the proposed updates do not weaken critical provisions that historically have protected communities from environmental harm, but at the same time, recognize the need for affordable housing. Sections of the proposed amendments that require further examination to ensure both considerations are effectively integrated include: the exemptions for certain types of development; actions involving water and wastewater infrastructure projects; the distinctions between rural and urban areas; and the definitions of “previously disturbed sites,” “agricultural activity,” and “maintained lawns or other non-vegetated maintained areas.”

Of course, the devil is in the details, but we encourage the legislature to work with the Executive to ensure any amendments to SEQRA are narrow in scope and carefully drafted to advance much-needed affordable housing development and critical infrastructure without having unintended consequences that allow for sprawl and impacts to precious open space and agricultural lands.

Climate and Energy Policies

There have been significant headwinds in moving forward on our work to achieve a net zero emissions economy in New York. But the key pillars to achieve the affordability, economic growth, and health benefits of the Climate Leadership and Community Protection Act (CLCPA) for the people of New York are evergreen.

We must accelerate investments in efficient, affordable, healthy, and comfortable homes through EmPower+, and other NYSERDA and utility programs that deliver efficiency, clean heat, and load flexibility. These investments will deliver better housing and cleaner air for New Yorkers. They also continually yield large and durable cost savings for every dollar invested, reduce energy prices and stress on the grid, and should always be considered our “first fuel.” Other states in the northeast spend significantly more per capita on cost-effective efficiency and clean heat programs—for example, Massachusetts spends 400 percent more—and New York should fully invest in procuring all cost-effective efficiency resources and the one house budgets should legislate that investment for affordability. As proposed in the Executive Budget, encouraging customers to install smart thermostats with the Excelsior Power program is a good start, and then implementing programs to utilize those thermostats to participate in demand response programs will ensure benefits are realized.

We must deliver on the promise of good jobs and the critical clean electricity supply from our offshore wind projects and other large-scale renewable projects. We must also invest in the broad range of smaller-scale distributed energy resources, like storage that makes the grid more affordable and resilient, and demand response and other demand-side resources, aggregated into “virtual power plants” that lower costs and increase flexibility and resilience.

We urge the Legislature to ensure that one house budgets provide that commercial energy storage be treated equally with other clean energy technologies and receive a sales tax exemption.

Strategic Future Fund and Clean Air Initiative

In the long term, the Clean Air Initiative is critical to achieve the promise of our low carbon future, delivering huge affordability, good jobs, and cleaner air benefits. Until the Clean Air Initiative is fully implemented, the Sustainable Future Program should be funded again this year to continue to deliver these foundational investments that improve affordability and air quality for our communities as we move toward a full Cap and Invest program.

We urge the legislature to include the Sustainable Future Program in one house budgets.

Obligation to serve gas

Changing the utility obligation to serve gas will also create a foundational change in the long-lived investments that serve energy to our buildings and deliver huge affordability benefits. Forcing gas customers to spend more than \$150 billion to extend the life of the gas system, when there is zero emission technology that will improve affordability, health, and performance of our buildings, directly contradicts the objective of making smart investments that improve affordability while they also help people and the environment.

J-51 tax abatement for buildings in New York City

Other important budget language on investments in buildings includes the extension of the J-51 tax abatement for buildings in New York City through 2036 (Part O of the Education, Labor, and Family Assistance Budget), which will enable important improvements including efficiency and clean heat projects, reducing climate and air pollution, and improving tenant comfort and health, and should be part of the final budget.

We support the inclusion of this language in the one house budgets.

Data center policy

In the near-term, it is critical that the legislature introduce and adopt strong guardrails around data centers, and we were heartened to hear the Governor's recognition of this issue in her State of the State address. NRDC's recommendations for actions to address

data centers are as follows, and greater detail can be found in our report, *At the Crossroads: A Better Path to Managing Data Center Load Growth*.¹³

Data Center policy must:

- Require data centers pay their fair share
Without transparent processes to develop consumer protections, data centers could shift their costs onto other bill payers, driving electricity bills even higher, as they already have in the PJM region. Developing a large load tariff applicable to projects above a certain MW threshold can address these financial risks. Large load customers should be required to commit to their requested capacity through a long-term contract with high initial payments (including non-refundable deposits, study fee deposits, and collateral), minimum bills that ensure sufficient revenue recovery, and an exit fee to cover stranded costs in the case contracted capacity is reduced or terminated.
- Improve forecast certainty
If actual load is too low relative to current forecasts, costs can be shifted and stranded with other customers, whereas if actual load exceeds expectations, reliability and clean energy compliance could be put at risk. Implementing a large load tariff with stringent financial requirements as outlined above can reduce speculative requests. It is also critical for utilities to report frequent updates regarding interconnection updates, such as the number, size, and financial contributions of projects in the queue, project development milestones, and changes to contracted capacity.
- Develop interconnection standards for extremely large loads
Given the unique load profiles and sensitivities of extremely large loads—particularly data centers and similar facilities with demands of 25 MW or greater, and especially those at 50 MW and above—it is also necessary to develop technical interconnection standards.
- Maximize Load Flexibility
If data centers operate flexibly during the few highest-stress hours of the year, peak system needs and costs can be reduced. Data centers should have incentives or requirements that reflect the true value of their operational flexibility and investments in other peak-reducing programs (i.e., demand side management, battery energy storage, energy efficiency, etc.). Recent analysis of “curtailment-enabled headroom” for large, flexible loads in U.S. power systems likewise demonstrates that even modest amounts of load flexibility can unlock substantial headroom within existing generation and transmission infrastructure, including in the NYISO region. The value of flexibility is disproportionately large relative to the share of hours or energy affected. NYISO’s 2025–2034 Comprehensive Reliability

¹³ Natural Resources Defense Council (NRDC). *Report: At the Crossroads: A Better Path to Managing Data Center Load Growth* (September 15, 2025). <https://www.nrdc.org/resources/crossroads-better-path-managing-data-center-load-growth>

Plan likewise recognizes that the operational flexibility of large loads can be a material reliability asset and explicitly flags “Flexible Load Models – Large Loads” as an emerging area for market design.

Increased Department of Environmental Conservation Staffing

New York’s environmental agencies require staff and capacity to implement their missions, which include natural resources conservation, recreation, public health and safety, permitting, pollution reduction, ensuring New York meets the requirements of the State’s climate law, and more. The Executive Budget proposes 45 additional staff for DEC, including staff to support environmental enforcement, fish and wildlife, and air and water programs.

Increasing staff at DEC is critically important to advance enforcement and implementation of New York State’s environmental laws, as well as to support environmentally responsible economic development as outlined in the Governor’s Let Them Build agenda. In the past, DEC’s lack of staff and financial capacity has challenged the agency’s ability to carry out these functions as efficiently and effectively as possible. For instance, staff limitations have the potential to impact the implementation of regulations to support the Wetlands Protection Act and Greenhouse Gas Reporting Rule, as well as the development of regulations and implementation of critical public health laws such as the PFAS in Apparel Law, Toxic Chemicals in Children’s Products law, the Family and Fire Fighter Protection Act, the ban on 1,4-dioxane, and the newly announced initiative to treat leachate from landfills to prevent exposure to harmful contaminants. In addition, staff resources and agency capacity will be needed as new laws, mandates, and policies are advanced by the Governor and the legislature, including efforts to streamline environmental permitting as described in the Governor’s Let Them Build agenda, enhanced efforts and investments to improve climate resilience statewide, the development of a potential future Cap-and-Invest program, and the proposed bans on toxics and PFAS in consumer products, menstrual products, cosmetics, and personal care products sold in New York State.