

Written Testimony on the FY 2026–27 Executive Budget

**Submitted to the Senate Tax Hearing**

Chair Krueger, Chair Pretlow, and Members of the Committee:

Thank you for the opportunity to submit testimony regarding tax policy and the structural drivers of property tax pressure in New York State.

Due to shifting federal policies, including reductions in healthcare funding, uncertainty around new Medicaid requirements, a failure to extend ACA subsidies and changes to food and nutrition assistance programs, more costs are being pushed onto states and families. Inflation continues to drive up the cost of essentials like housing, groceries, utilities, childcare, and healthcare while wages have not kept pace with the cost of living, leaving families overburdened and overwhelmed.

When federal support shrinks and everyday expenses rise, the financial obligations do not disappear, the cost simply shifts to states, local governments and residents. The result is higher local budget pressure, rising property taxes, and greater economic insecurity for New Yorkers who are already struggling to get by.

Property taxes are particularly vulnerable because they are designed to close budget gaps. When mandated costs rise, localities have limited options: reduce services or increase the tax levy. One of the most significant drivers of those rising local costs is healthcare spending.

Counties, municipalities, and school districts collectively spend billions of dollars annually on employee and retiree health insurance, as well as the county share of Medicaid. These expenditures are embedded in local budgets and passed directly to taxpayers. Unlike other costs, healthcare inflation is largely outside the control of local officials. Premiums, hospital pricing, pharmaceutical costs, and insurance administrative overhead are dictated by a fragmented private market that local governments are obligated to pay.

We firmly believe that every New Yorker deserves high-quality, comprehensive healthcare. The question before us is not whether to fund healthcare, but how to fund it more efficiently.

Analyses of the New York Health Act have consistently found that total healthcare spending would decline due to reduced administrative waste and negotiated pricing power<sup>1</sup>. By eliminating duplicative insurance bureaucracy and consolidating purchasing power across nearly 20 million residents, the state could generate substantial system-wide savings. These are significant reductions, measured in the billions annually.

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<sup>1</sup> Liu, J. L. (n.d.). An Assessment of the New York Health Act. *RAND*.  
[https://www.rand.org/pubs/research\\_reports/RR2424.html](https://www.rand.org/pubs/research_reports/RR2424.html)

Under the New York Health Act:

- Counties would no longer pay the Medicaid county share
- Local governments and school districts would no longer purchase private health insurance for employees
- Escalating premiums would no longer dictate local budget increases

When local governments are no longer required to budget for rising insurance premiums and Medicaid county obligations, that relief creates space for property tax relief, reinvesting in infrastructure and public service, reducing fiscal stress on school districts and improving municipal credit stability.

At a time when affordability is the central concern for New Yorkers, it is incumbent upon the Legislature to recognize that healthcare inflation is one of the most powerful structural drivers of property tax growth. Addressing that driver directly is one of the most effective tax relief strategies available.

If New York State is serious about protecting residents' healthcare while making life more affordable, the New York Health Act offers a comprehensive solution that reduces costs system-wide rather than redistributing them within a fragmented framework.

Thank you for your consideration and for your commitment to fiscal responsibility and long-term affordability for all New Yorkers.

Respectfully submitted,

Melanie D'Arrigo  
Executive Director, Campaign for New York Health  
February 24, 2026