

STATE OF NEW YORK

8157

2025-2026 Regular Sessions

IN SENATE

May 15, 2025

Introduced by Sen. RAMOS -- read twice and ordered printed, and when printed to be committed to the Committee on Health

AN ACT to amend the public health law, the tax law and the state finance law, in relation to enacting the "NYS health care tax reform act"

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "NYS health care tax reform act".
3 § 2. Legislative findings. The legislature hereby finds that:
4 The affordability of health care and health insurance is extremely
5 important in ensuring that the maximum number of New York state resi-
6 dents can obtain high quality affordable health care.
7 Health care and health insurance are currently subject to several
8 taxes that directly and indirectly increase the cost of health insurance
9 coverage, including an annual flat tax on all privately insured people
10 in New York state called the covered lives assessment and a 9.63% sales
11 tax surcharge on certain hospital based health services (HCRA taxes).
12 Collectively, the taxes on health care, health insurance, and other
13 taxes were budgeted at \$6.5 billion in the FY 2025 state budget. These
14 taxes are now the fourth largest revenue source for the state behind
15 only the personal income, sales, and broad-based business taxes. These
16 taxes have been increased fourteen times since the program began in
17 1997. The program is now far larger and is used for purposes never
18 originally contemplated when first enacted.
19 The taxes on health care and health insurance are fundamentally
20 regressive taxes because the taxes are unrelated to a consumer's wealth
21 or ability to pay, directly impact hospitalization costs at a time when
22 consumers are facing some of their greatest health care challenges,
23 directly increase the cost of health insurance, and are counterproduc-
24 tive to the public policy objective of making health insurance as
25 affordable as possible. Even worse, these taxes are levied in a horribly

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD13012-02-5

1 unfair manner. They are levied on employees and their employers who are
2 doing the right thing by providing employer-based health benefits.
3 Employers who provide no health benefits to hourly workers, including
4 some of the largest employers in the state, pay nothing.

5 It is therefore the intent of the legislature that these HCRA taxes be
6 repealed and replaced so as to maintain the revenue needed to continue
7 all of the public goods services currently provided under HCRA, includ-
8 ing but not limited to indigent care grants, subsidies to medical malp-
9 ractice insurers, and the creation of a diverse pool of physicians in
10 training. Repeal of the current HCRA taxes may only occur in connection
11 with the preservation of all the public goods.

12 § 3. Subparagraph (i) of paragraph (b) and paragraphs (c), (d) and (e)
13 of subdivision 2 of section 2807-j of the public health law, as amended
14 by section 50 of part B of chapter 58 of the laws of 2009, are amended
15 to read as follows:

16 (i) the sum of (A) eight and eighteen-hundredths percent, provided,
17 however, that for services provided on and after July first, two thou-
18 sand three, the percentage shall be eight and eighty-five hundredths
19 percent, and further provided that for services provided on and after
20 January first, two thousand six, the percentage shall be eight and nine-
21 ty-five hundredths percent, and further provided that for services
22 provided on and after April first, two thousand nine, the percentage
23 shall be nine and sixty-three hundredths percent, and provided that for
24 services provided on and after April first, two thousand twenty-six, the
25 percentage shall be zero percent, plus (B) twenty-four percent,
26 provided, however, that for services provided on and after July first,
27 two thousand three, the percentage shall be twenty-five and ninety-seven
28 hundredths percent, and further provided that for services provided on
29 and after January first, two thousand six, the percentage shall be twen-
30 ty-six and twenty-six hundredths percent, and further provided that for
31 services provided on and after April first, two thousand nine, the
32 percentage shall be twenty-eight and twenty-seven hundredths percent,
33 and provided that for services provided on and after April first, two
34 thousand twenty-six, the percentage shall be zero percent, and plus (C)
35 for a specified third-party payor as defined in subdivision one-a of
36 section twenty-eight hundred seven-s of this article the percentage
37 allowance applicable for a general hospital for inpatient hospital
38 services pursuant to subdivision two of section twenty-eight hundred
39 seven-s of this article;

40 (c) If an election in accordance with subdivision five of this section
41 is in effect for a third-party payor and in addition in accordance with
42 section twenty-eight hundred seven-t of this article for a specified
43 third-party payor, the total percentage allowance factor shall be
44 reduced to eight and eighteen-hundredths percent, provided, however,
45 that for services provided on and after July first, two thousand three
46 the total percentage allowance factor shall be reduced to eight and
47 eighty-five hundredths percent, and further provided that for services
48 provided on and after January first, two thousand six, the total
49 percentage allowance factor shall be reduced to eight and ninety-five
50 hundredths percent, and further provided that for services provided on
51 and after April first, two thousand nine, the total percentage allowance
52 factor shall be reduced to nine and sixty-three hundredths percent, and
53 further provided that for services provided on and after April first,
54 two thousand twenty-six, the total percentage allowance factor shall be
55 zero percent.

1 (d) The total percentage allowance for payments by governmental agen-
2 cies, as determined in accordance with paragraphs (a) and (a-1) of
3 subdivision one of section twenty-eight hundred seven-c of this article
4 as in effect on December thirty-first, nineteen hundred ninety-six, or
5 health maintenance organizations for services provided to subscribers
6 eligible for medical assistance pursuant to title eleven of article five
7 of the social services law, or approved organizations for services
8 provided to subscribers eligible for the family health plus program
9 pursuant to title eleven-D of article five of the social services law,
10 shall be five and ninety-eight-hundredths percent, provided, however,
11 that for services provided on and after July first, two thousand three
12 the total percentage allowance shall be six and forty-seven hundredths
13 percent, and further provided that for services provided on and after
14 January first, two thousand six, the total percentage allowance shall be
15 six and fifty-four hundredths percent, and further provided that for
16 services provided on and after April first, two thousand nine, the total
17 percentage allowance shall be seven and four hundredths percent, and
18 further provided that for services provided on and after April first,
19 two thousand twenty-six, the total percentage allowance shall be zero
20 percent, except that an entity covered by paragraph a of subdivision one
21 of section twenty-eight hundred seven-c of this article may choose
22 whether to apply surcharges and assessments pursuant to this section to
23 its own health benefits and services provided for its own employees and
24 their covered lives or to health maintenance organizations for services
25 provided to subscribers eligible for medical assistance pursuant to
26 title eleven of article five of the social services law, or approved
27 organizations for services provided to subscribers eligible for the
28 family health plus program pursuant to title eleven-D of article five of
29 the social services law.

30 (e) The total percentage allowance for payments for services provided
31 by designated providers of services for which there is no third-party
32 coverage in whole or in part shall be eight and eighteen-hundredths
33 percent, provided, however, that for services provided on and after July
34 first, two thousand three the total percentage allowance shall be eight
35 and eighty-five hundredths percent, and further provided that for
36 services provided on and after January first, two thousand six, the
37 total percentage allowance shall be eight and ninety-five hundredths
38 percent, and further provided that for services provided on and after
39 April first, two thousand nine, the total percentage allowance shall be
40 nine and sixty-three hundredths percent, and further provided that for
41 services provided on and after April first, two thousand twenty-six, the
42 total percentage allowance shall be zero percent. This paragraph shall
43 not apply to patient deductibles and coinsurance amounts.

44 § 4. Subparagraph (iv) of paragraph (c) of subdivision 2 of section
45 2807-s of the public health law, as added by section 21 of part A of
46 chapter 58 of the laws of 2007, is amended to read as follows:

47 (iv) The regional percentage allowance for [~~periods on and after~~] July
48 first, two thousand seven through March thirtieth, two thousand twenty-
49 six, for all general hospitals in the region applicable to specified
50 third-party payors, and applicable to related patient coinsurance and
51 deductible amounts, shall be the same regional percentage allowance
52 calculated pursuant to subparagraph (iii) of this paragraph for the
53 period January first, two thousand six through June thirtieth, two thou-
54 sand seven.

55 § 5. The tax law is amended by adding a new section 1510-a to read as
56 follows:

1 § 1510-a. Public goods surcharge on insurance corporations. (a) Beginning
2 on April first, two thousand twenty-six and expiring on March thirty-
3 first, two thousand twenty-nine, in addition to any taxes imposed on
4 insurance corporations pursuant to section fifteen hundred ten of this
5 article, and except as hereinafter provided, for taxable years beginning
6 January first, two thousand twenty-six, every domestic insurance corpo-
7 ration, every foreign insurance corporation, and every alien insurance
8 corporation, other than such corporations transacting the business of
9 life insurance, which are (1) authorized to transact business in this
10 state under a certificate of authority from the superintendent of finan-
11 cial services or (2) a risk retention group as defined in subsection (n)
12 of section five thousand nine hundred two of the insurance law, shall,
13 to support the provision of public goods provided for in sections twen-
14 ty-eight hundred seven-l, twenty-eight hundred seven-m, and twenty-eight
15 hundred seven-v of the public health law and for the privilege of exer-
16 cising corporate franchises or for carrying on business in a corporate
17 or organized capacity within this state, and in addition to any other
18 taxes imposed for such privilege, pay a surcharge on the tax liability
19 owed for all gross direct premiums, less return premiums thereon, writ-
20 ten on risks located or resident in this state.

21 (b) The rate of the surcharge imposed by this section shall be ten and
22 two-tenths percent on the tax liability owed for all gross direct premi-
23 ums, less return premiums thereon, written on risks located or resident
24 in this state, except that for any employer that contributes for employ-
25 ee health benefits in any manner and is subject to the surcharge under
26 this section that offers or provides such health benefits to its employ-
27 ees that would be equivalent to at least a bronze level plan provided
28 for by the patient protection and affordable care act, the rate of the
29 surcharge shall instead be five and four-tenths percent.

30 § 6. The tax law is amended by adding a new section 220 to read as
31 follows:

32 § 220. Public goods surcharge on business corporations. 1. Except for
33 employers of fewer than fifty employees or full time equivalents in a
34 calendar year, beginning on April first, two thousand twenty-six and
35 expiring on March thirty-first, two thousand twenty-nine, and as herein-
36 after provided, for taxable years beginning January first, two thousand
37 twenty-six, and except for corporations taxed pursuant to section
38 fifteen hundred ten-a of this chapter, every domestic corporation, every
39 foreign corporation and every alien corporation authorized to transact
40 business in this state under a certificate of authority from the secre-
41 tary of state shall, to support the provision of public goods provided
42 for in sections twenty-eight hundred seven-l, twenty-eight hundred
43 seven-m, and twenty-eight hundred seven-v of the public health law and
44 for the privilege of exercising corporate franchises or for carrying on
45 business in a corporate or organized capacity within this state, and in
46 addition to any other taxes imposed for such privilege, pay a franchise
47 tax surcharge, upon the basis of its business income base, or upon such
48 other basis as may be applicable as provided by this article.

49 2. In addition to any tax imposed, there shall be a surcharge of ten
50 and two-tenths percent, upon the tax liability provided by this article,
51 except that for any employer that contributes for employee health bene-
52 fits in any manner and is subject to the surcharge under this section
53 that offers or provides such health benefits to its employees that would
54 be equivalent to at least a bronze level plan provided for by the
55 patient protection and affordable care act, the rate of surcharge shall
56 instead be five and four-tenths percent.

1 § 7. The tax law is amended by adding a new section 866-a to read as
2 follows:

3 § 866-a. Public goods surcharge on pass-through entities. (a) Any
4 entity electing to be taxed pursuant to this article shall, to support
5 the provision of public goods provided for in sections twenty-eight
6 hundred seven-l, twenty-eight hundred seven-m, and twenty-eight hundred
7 seven-v of the public health law and for the privilege of exercising
8 corporate franchises or for carrying on business in a corporate or
9 organized capacity within this state, and in addition to any other taxes
10 imposed for such privilege, pay a surcharge upon the basis of its busi-
11 ness income base, excluding income credited pursuant to section eight
12 hundred sixty-three of this article, or upon such other basis as may be
13 applicable as provided by this article.

14 (b) In addition to any tax imposed, there shall be a surcharge of ten
15 and two-tenths percent upon the tax liability provided by this article.
16 On or after January first, two thousand twenty-six, for any employer
17 that contributes for employee health benefits in any manner and is
18 subject to the surcharge under this section that offers or provides such
19 health benefits to its employees that would be equivalent to at least a
20 bronze level plan provided for by the patient protection and affordable
21 care act, the rate of surcharge shall instead be five and four-tenths
22 percent.

23 § 8. Paragraph 3 of subsection (c) of section 658 of the tax law, as
24 amended by section 1 of part H1 of chapter 57 of the laws of 2009,
25 subparagraph (A) as amended by section 13 of part Q of chapter 60 of the
26 laws of 2016, and subparagraph (E) as added by section 13 of part S of
27 chapter 59 of the laws of 2015, is amended to read as follows:

28 (3) Filing fees. (A) Every subchapter K limited liability company,
29 every limited liability company that is a disregarded entity for federal
30 income tax purposes, and every partnership which has any income derived
31 from New York sources, determined in accordance with the applicable
32 rules of section six hundred thirty-one of this article as in the case
33 of a nonresident individual, shall on or before the fifteenth day of the
34 third month following the close of each taxable year make a payment of a
35 filing fee and filing fee surcharge. The amount of the filing fee [~~is~~]
36 and filing fee surcharge are the [~~amount~~] amounts set forth in subpara-
37 graph (B) of this paragraph. The minimum filing fee is twenty-five
38 dollars for taxable years beginning in two thousand eight and thereaft-
39 er. Limited liability companies that are disregarded entities for feder-
40 al income tax purposes must pay a filing fee of twenty-five dollars for
41 taxable years beginning on or after January first, two thousand eight.

42 (B) (i) The filing fee and filing fee surcharge will be based on the
43 New York source gross income of the limited liability company or part-
44 nership for the taxable year immediately preceding the taxable year for
45 which the fee is due. If the limited liability company or partnership
46 does not have any New York source gross income for the taxable year
47 immediately preceding the taxable year for which the fee is due, the
48 limited liability company or partnership shall pay the minimum filing
49 fee. Partnerships, other than limited liability partnerships under arti-
50 cle eight-B of the partnership law and foreign limited liability part-
51 nerships, with less than one million dollars in New York source gross
52 income are exempt from the filing fee. New York source gross income is
53 the sum of the partners' or members' shares of federal gross income from
54 the partnership or limited liability company derived from or connected
55 with New York sources, determined in accordance with the provisions of
56 section six hundred thirty-one of this article as if those provisions

1 and any related provisions expressly referred to a computation of feder-
 2 al gross income from New York sources. For this purpose, federal gross
 3 income is computed without any allowance or deduction for cost of goods
 4 sold.

5 (ii) The amount of the filing fee for taxable years beginning on or
 6 after January first, two thousand eight will be determined in accordance
 7 with the following table:

8 If the New York source gross income is:	The fee is:
9 not more than \$100,000	\$25
10 more than \$100,000 but not over \$250,000	\$50
11 more than \$250,000 but not over \$500,000	\$175
12 more than \$500,000 but not over \$1,000,000	\$500
13 more than \$1,000,000 but not over \$5,000,000	\$1,500
14 more than \$5,000,000 but not over \$25,000,000	\$3,000
15 Over \$25,000,000	\$4,500

16 (iii) The amount of the filing fee surcharge for taxable years begin-
 17 ning on or after January first, two thousand twenty-six will be deter-
 18 mined in accordance with the following table:

19 <u>If the New York source gross income is:</u>	<u>The surcharge is:</u>
20 <u>not more than \$1,000,000</u>	<u>\$0</u>
21 <u>more than \$1,000,000 but not over \$5,000,000</u>	<u>\$1,000</u>
22 <u>more than \$5,000,000 but not over \$10,000,000</u>	<u>\$4,000</u>
23 <u>more than \$10,000,000 but not over \$25,000,000</u>	<u>\$10,000</u>
24 <u>more than \$25,000,000 but not over \$100,000,000</u>	<u>\$35,000</u>
25 <u>more than \$100,000,000 but not over \$500,000,000</u>	<u>\$175,000</u>
26 <u>more than \$500,000,000 but not over \$1,000,000,000</u>	<u>\$450,000</u>
27 <u>Over \$1,000,000,000</u>	<u>\$1,200,000</u>

28 (C) No credits provided by this article may be taken against the fee
 29 or surcharge imposed by this paragraph.

30 (D) Where the filing fee or surcharge is not timely paid, it shall be
 31 paid upon notice and demand and shall be assessed, collected and paid in
 32 the same manner as taxes, and for those purposes any reference in this
 33 article to tax imposed by this article shall be deemed also to refer to
 34 this filing fee and surcharge.

35 (E) Notwithstanding the provisions of subsection (e) of section six
 36 hundred ninety-seven of this article, the commissioner shall provide the
 37 statements and other required information included on the filing fee and
 38 surcharge payment form under section three hundred one of the limited
 39 liability company law, subdivision (g) of section 121-1500 of the part-
 40 nership law, and subdivision (f) of section 121-1502 of the partnership
 41 law, to the secretary of state for filing. Such provision may also
 42 include a copy or image of that portion of the report solely pertinent
 43 to such information to the extent feasible. The commissioner may also
 44 provide information on noncompliance.

45 (F) The filing fee surcharge set forth in clause (iii) of subparagraph
 46 (B) of this paragraph shall be collected for the purpose of supporting
 47 the provision of public goods provided for in sections twenty-eight
 48 hundred seven-l, twenty-eight hundred seven-m and twenty-eight hundred
 49 seven-v of the public health law.

50 § 9. Subdivision (a) of section 92-dd of the state finance law, as
 51 amended by section 2 of part UU of chapter 59 of the laws of 2019, is
 52 amended to read as follows:

1 (a) On and after April first, two thousand five, such fund shall
2 consist of the revenues heretofore and hereafter collected or required
3 to be deposited pursuant to paragraph (a) of subdivision eighteen of
4 section twenty-eight hundred seven-c, and sections twenty-eight hundred
5 seven-j, twenty-eight hundred seven-s and twenty-eight hundred seven-t
6 of the public health law, subdivision (b) of section four hundred eight-
7 y-two, clause (iii) of subparagraph (B) of paragraph three of subsection
8 (c) of section six hundred fifty-eight and [~~section~~] sections fifteen
9 hundred ten-a, two hundred twenty, eight hundred sixty-six-a and eleven
10 hundred eighty-six of the tax law and required to be credited to the
11 tobacco control and insurance initiatives pool, subparagraph (O) of
12 paragraph four of subsection (j) of section four thousand three hundred
13 one of the insurance law, section twenty-seven of part A of chapter one
14 of the laws of two thousand two and all other moneys credited or trans-
15 ferred thereto from any other fund or source pursuant to law.

16 § 10. This act shall take effect April 1, 2026; provided, however,
17 that the amendments to section 2807-j of the public health law made by
18 section three of this act shall not affect the expiration of such
19 section and shall expire and be deemed repealed therewith; and provided
20 further, however, that the amendments to section 2807-s of the public
21 health law made by section four of this act shall not affect the expira-
22 tion of such section and shall expire and be deemed repealed therewith.