



April 17, 2026

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Executive Chamber
Albany, NY 12224

Dear Governor Hochul,

We write on behalf of licensed professionals across New York State including physicians, dentists, and other regulated practitioners to respectfully urge you to reject provisions in the Legislature’s one-house budget bills that would reduce pass-through entity tax (“PTET”) credits. These proposals would effectively increase taxes on professional practices that form the backbone of New York’s healthcare, financial, and advisory services sectors.

For many licensed professionals, the pass-through entity structure is not a tax strategy — it is the standard business model through which they deliver essential services to New Yorkers. The PTET regime, adopted in 2021 in response to the federal SALT deduction cap, was designed to preserve fairness by allowing these professionals to maintain parity with C corporations and avoid punitive double taxation.

The proposed reductions, limiting the credit below 100 percent, would fundamentally alter that structure. What was intended as a neutral, dollar-for-dollar mechanism would instead become a real tax increase on professional income that has already been taxed at the entity level. For the many professionals operating small practices and managing rising equipment and staffing costs, this change would directly reduce the resources available to reinvest in patient care, staff compensation, technology, and community services.

Impact on Licensed Professional Practices

Licensed professionals differ from large corporations in critical ways. Many operate small or mid-sized practices where reported income reflects not personal take-home pay, but the gross revenue required to sustain operations—paying employees, covering overhead, and complying with regulatory obligations. Reducing the PTET credit would place additional financial strain on these practices, particularly those already facing workforce shortages, inflationary pressures, and increased compliance costs.

Moreover, these proposals would reintroduce inequities the PTET was designed to solve. By denying full credit for taxes paid at the entity level, professionals would effectively face double taxation, once at the business level and again at the individual level, contrary to longstanding principles embedded in federal and state tax policy.

Economic and Workforce Implications

New York’s licensed professionals are highly mobile—they can and increasingly do relocate to states with more favorable tax environments. At a time when New York is already grappling with outmigration and workforce shortages, particularly in healthcare, imposing additional tax burdens risks accelerating these trends.

These changes would not only affect individual practitioners but also the communities they serve. Reduced investment in practices can lead to fewer staff hires, delayed equipment upgrades, and diminished access to care and professional services — especially in underserved areas. Indeed, the impact will be most acute in rural and

underserved communities, where margins are already thin and recruitment challenges are most severe. Even modest increases in tax burden can determine whether a practice expands, contracts, or closes.

Consistency with Fiscal Commitments

We are also concerned that these proposals are inconsistent with the State’s commitment to avoid new income tax increases. While framed as technical adjustments, reducing the PTET credit would function as a substantive tax increase on licensed professionals whose income has already been taxed at the entity level.

Preserving Stability and Certainty

Since its enactment, the PTET has provided stability and predictability for professional practices planning long-term investments. Altering this framework now would undermine that certainty and send a negative signal about New York’s commitment to supporting its professional workforce.

While the Legislature’s proposals may be intended to generate additional State revenue, any short-term gains must be weighed against the long-term erosion of the professional tax base as practices scale back, relocate, or defer investment. This risk is not theoretical. New York has already experienced sustained outmigration of high-income taxpayers and licensed professionals in recent years. Increasing the effective tax burden on pass-through income would exacerbate this trend.

Accordingly, we respectfully urge you to reject the PTET credit reduction proposals and preserve full, dollar-for-dollar credits at both the State and City levels. Doing so will protect the viability of licensed professional practices, support workforce retention, and ensure continued access to essential services for New Yorkers.

We appreciate your leadership and your commitment to affordability, fairness, and economic competitiveness.

Sincerely,

Michael D. Turner, DDS, MD



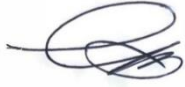
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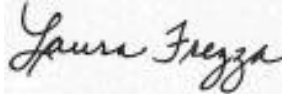
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