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February 18, 2026

**Via USPS and Electronic Mail**

The Honorable Kathy Hochul  
Governor of the State of New York  
Executive Chamber  
State Capitol  
Albany, New York 12224

*Re: 2026/27 Executive Budget Concerns*

Dear Governor Hochul,

The New York State Bar Association (NYSBA) submitted testimony to the joint legislative fiscal committees regarding your proposed 2026-2027 budget, which is attached to this document. We respectfully draw your attention to three issues highlighted in that testimony that we believe can be swiftly resolved.

*1. Interest on Lawyer Account (IOLA) Fund*

Forty years ago State lawmakers joined NYSBA to create the IOLA Fund to help low-income New Yorkers facing legal problems that challenged their most fundamental needs. IOLA is not funded with taxpayer dollars. Rather, the IOLA fund is the pooled interest paid on lawyers' trust accounts- interest generated without taxing the public and at no cost to lawyers or their clients. Despite not emanating from the State's coffers, the dollars must be appropriated annually as part of the budget process. As currently proposed, the 2026-2027 budget does not grant IOLA an allocation sufficient to meet the current need. If the budget is adopted without additional IOLA spending authority, New York's vulnerable communities will be faced with diminished services. We request that the Executive and Legislature fully fund IOLA at requested levels.

*2. Indigent Legal Services Fund (ILSF)/ PPGG Part FF*

More than twenty years ago, New York State amended the State Finance Law to establish the ILSF. The goal was to bring about "real improvements in the quality of the public defense system

in New York.”<sup>1</sup> Its purposes are clearly enumerated in State Finance Law § 98-b. The maintenance and expansion of this program is vital to those seeking access to justice. Part FF of the Executive Budget Public Protection & General Government (“PPGG”) Art. VII bill (S.9005/A.10005), however, diverts hundreds of millions of dollars from the Indigent Legal Services account to the general fund. Diverting funds from ILSF weakens the public defense infrastructure, undermines constitutional mandates and disproportionately harms rural communities and underserved urban populations. NYSBA respectfully urges you to reaffirm a commitment to justice by ensuring that the ILSF Fund is used only as intended and exclusively to strengthen indigent defense services. Please amend PPGG Art. VII to remove this sweep.

*3. Statutory Caps on Non-Economic Damages/ TED Part EE*

NYSBA has long opposed statutory caps on non-economic damages in tort actions.<sup>2</sup> The tort system is designed to make victims whole by compensating not only for economic losses but also for real but intangible harms such as pain, suffering, and loss of enjoyment of life. Capping non-economic damages weakens deterrence by shifting the full cost of tortious conduct away from wrongdoers and onto victims and society. Please consider carefully the greater impact of capping damages, and request that Part EE of the Transportation, Economic Development, and Environmental Conservation Art. VII bill (S.9008/A.10008) be excluded from the final budget.

We stand ready to partner with you to ensure that the final budget reflects these critical priorities to secure communities.

If you have questions or need any additional information, please contact me or NYSBA’s Director of Government Relations, Matthew Pennello, at [mpennello@nysba.org](mailto:mpennello@nysba.org) or via telephone at (518) 487-5748.

Respectfully,



Kathleen M. Sweet,  
President

Cc: Brian M. Mahanna, Counsel to the Governor  
Blake Washington, Director of the Budget  
Shanna M. Cassidy, Deputy Secretary for Legislative Affairs

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<sup>1</sup> Chap. 62, 2003 Biennium, 227th Reg. Sess. (NY. 2003) p. 55, line 50

<sup>2</sup> Report of the Task Force to Consider Tort Reform Proposals Regarding the Civil Justice Reform Act, April 1999, <https://nysba.org/wp-content/uploads/2023/02/7.pdf>