

STATE OF NEW YORK

4196

2019-2020 Regular Sessions

IN SENATE

March 4, 2019

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the general municipal law and the New York state financial emergency act for the city of New York, in relation to certain variations from generally accepted accounting principles as applied to the budget and accounts of the city of New York

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

1 Section 1. The general municipal law is amended by adding a new
2 section 25 to read as follows:

3 § 25. Treatment of capital costs and restricted fund balances.
4 Notwithstanding the provisions of any general or special state law or
5 local law to the contrary, including but not limited to the New York
6 city charter, the following shall apply with respect to the budget and
7 accounts of the city of New York:

8 1. All costs that would be capital costs in accordance with generally
9 accepted accounting principles, but for the application of governmental
10 accounting standards board statement number forty-nine, shall be deemed
11 to be capital costs for purposes of this chapter and any other provision
12 of state or local law, including but not limited to the New York city
13 charter, relevant to the treatment of such costs; and

14 2. The determination as to the existence of a deficit pursuant to the
15 New York state financial emergency act for the city of New York, while
16 such act remains in effect, and any other provision of state or local
17 law, including but not limited to the New York city charter, shall be
18 made without regard to changes in restricted fund balances, as defined
19 by the governmental accounting standards board, where restrictions in
20 relation to such fund balances are imposed by state or federal law or
21 regulation, or otherwise by private or governmental parties other than
22 the city of New York, and without regard to funds held in the health

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

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1 stabilization fund, the school crossing guards health insurance fund and
2 the management benefits fund established by the city of New York.

3 § 2. Paragraph a of subdivision 1 of section 8 of section 2 of chapter
4 868 of the laws of 1975, constituting the New York state financial emer-
5 gency act for the city of New York, as amended by section 1 of part PP
6 of chapter 56 of the laws of 2010, is amended to read as follows:

7 a. For its fiscal years ending June thirtieth, nineteen hundred seven-
8 ty-nine through June thirtieth, nineteen hundred eighty-one, the city's
9 budget covering all expenditures other than capital items shall be
10 prepared and balanced so that the results thereof would not show a defi-
11 cit when reported in accordance with the accounting principles set forth
12 in the state comptroller's uniform system of accounts for munici-
13 palities, as the same may be modified by the comptroller, in consulta-
14 tion with the city comptroller, for application to the city; subject to
15 the provision of subdivision four of section three thousand thirty-eight
16 of the public authorities law with respect to contributions by the city
17 or other public employer to any retirement system or pension fund and
18 subject to the provision of paragraph (c) of subdivision five of section
19 three thousand thirty-eight of the public authorities law with respect
20 to expense items included in the capital budget of the city. For the
21 fiscal year ending June thirtieth, nineteen hundred eighty-two, and for
22 each fiscal year thereafter, the city's budget covering all expenditures
23 other than capital items shall be prepared and balanced so that the
24 results thereof would not show a deficit when reported in accordance
25 with generally accepted accounting principles and would permit compar-
26 ison of the budget with the report of actual financial results prepared
27 in accordance with generally accepted accounting principles. With
28 respect to financial plans that include the fiscal years ending June
29 thirtieth, nineteen hundred seventy-nine through June thirtieth, nine-
30 teen hundred eighty-one, the city's budget covering all expenditures
31 other than capital items shall be prepared in accordance with generally
32 accepted accounting principles and there shall be substantial progress
33 in each such fiscal year towards achieving a city budget covering all
34 expenditures other than capital items the results of which would not
35 show a deficit when reported in accordance with generally accepted
36 accounting principles. The city shall eliminate expense items from its
37 capital budget not later than the commencement of the fiscal year ending
38 June thirtieth, nineteen hundred eighty-two. For the fiscal year ending
39 June thirtieth, nineteen hundred eighty-nine, and for each fiscal year
40 thereafter, the budgets covering all expenditures other than capital
41 items of each of the covered organizations shall be prepared and
42 balanced so that the results thereof would not show a deficit when
43 reported in accordance with generally accepted accounting principles;
44 and for each fiscal year prior thereto, there shall be substantial
45 progress towards such goal. Notwithstanding the foregoing and the
46 provisions of any general or special state law or local law to the
47 contrary, including but not limited to the New York city charter[7]: (i)
48 all costs that would be capital costs in accordance with generally
49 accepted accounting principles, but for the application of governmental
50 accounting standards board statement number forty-nine, shall be deemed
51 to be capital costs for purposes of this [chapter] act and any other
52 provision of state or local law, including but not limited to the New
53 York city charter, relevant to the treatment of such costs; and (ii) the
54 determination as to the existence of a deficit pursuant to this act and
55 any other provision of state or local law, including but not limited to
56 the New York city charter, shall be made without regard to changes in

1 restricted fund balances, as defined by the governmental accounting
2 standards board, where restrictions in relation to such fund balances
3 are imposed by state or federal law or regulation, or otherwise by
4 private or governmental parties other than the city of New York, and
5 without regard to funds held in the health stabilization fund, the
6 school crossing guards health insurance fund and the management benefits
7 fund established by the city of New York.

8 § 3. This act shall take effect immediately.