

# STATE OF NEW YORK

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6804

2019-2020 Regular Sessions

## IN SENATE

October 25, 2019

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

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 expenditures supported by monies retained in a municipal contingency and tax stabilization reserve fund

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

1 Section 1. Paragraph 1 of subdivision 1 of section 6-e of the general  
2 municipal law, as added by chapter 655 of the laws of 1992, is amended  
3 and a new paragraph o is added to read as follows:

4 1. "Unanticipated revenue loss" means estimated revenue which is  
5 rendered unreceivable because of a change in federal or state laws,  
6 rules or regulations, a court order, judgement or decree, an economic  
7 recession, or other circumstance, which takes effect or occurs after  
8 final adoption of the annual budget and which could not have been  
9 reasonably anticipated prior to final adoption of the annual budget.

10 o. "Economic recession" means two quarters of negative economic growth  
11 as evidenced by a decline in income, employment or spending.

12 § 2. Subdivisions 3 and 4 of section 6-e of the general municipal law,  
13 subdivision 3 and paragraph d of subdivision 4 as amended by chapter 528  
14 of the laws of 2000 and subdivision 4 as added by chapter 655 of the  
15 laws of 1992, are amended to read as follows:

16 3. There may be paid into the contingency and tax stabilization  
17 reserve fund such amounts as may be provided therefor by budgetary  
18 appropriation, unappropriated unreserved fund balance in the eligible  
19 portion of the annual budget, and such revenues as are not required by  
20 law to be paid into any other fund or account; provided, however, that  
21 no amount may be appropriated for payment into a contingency and tax  
22 stabilization reserve fund which would cause the balance of the fund to  
23 exceed ten percent of the eligible portion of the annual budget for the

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

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1 fiscal year for which the appropriation would be made ; provided, howev-  
2 er, that no such limitation shall exist for funds established in a city  
3 having a population of one million or more.

4 4. a. The moneys in a contingency and tax stabilization reserve fund  
5 may be expended only pursuant to an appropriation for a purpose author-  
6 ized by this subdivision. Except as provided in paragraph [~~e~~] f of this  
7 subdivision, such an appropriation shall be made only upon the recommen-  
8 dation of the chief executive officer and the adoption of a resolution  
9 appropriating the recommended amount by at least two-thirds of the  
10 voting strength of the governing board.

11 b. The moneys in a contingency and tax stabilization reserve fund may  
12 be used to finance an unanticipated revenue loss chargeable to the  
13 eligible portion of the annual budget, subject to the following limita-  
14 tions:

15 (1) the maximum amount of moneys in the fund that may be used to  
16 finance an unanticipated revenue loss shall equal either the amount of  
17 the revenue actually received for the base year or the amount of the  
18 estimated revenue for the current fiscal year, whichever is less, minus  
19 the amount of the revenue actually received for the current fiscal year;  
20 and

21 (2) the moneys in the fund may be used only to finance that portion of  
22 the unanticipated revenue loss which, as a matter of law, cannot be  
23 financed with amounts available in any other account or fund.

24 c. The moneys in a contingency and tax stabilization reserve fund may  
25 be used to finance an unanticipated revenue loss due to an economic  
26 recession chargeable to the eligible portion of the annual budget,  
27 subject to the following limitations:

28 (1) the maximum amount of moneys in the fund that may be used to  
29 finance an unanticipated revenue loss due to a recession shall not  
30 exceed one hundred two percent of expenditures in the base year or the  
31 amount of the estimated expenditures for the current fiscal year, which-  
32 ever is less, minus the amount of the revenue actually received for the  
33 current fiscal year; and

34 (2) the moneys in the fund may be used only to finance that portion of  
35 the unanticipated revenue loss which, as a matter of law, cannot be  
36 financed with amounts available in any other account or fund.

37 d. The moneys in a contingency and tax stabilization reserve fund may  
38 be used to finance an unanticipated expenditure chargeable to the eligi-  
39 ble portion of the annual budget, subject to the following limitations:

40 (1) the maximum amount of moneys in the fund that may be used to  
41 finance an unanticipated expenditure shall equal the sum of the amount  
42 of the unanticipated expenditure and the amount appropriated for that  
43 purpose for the current fiscal year minus either the amount appropriated  
44 for that purpose for the current fiscal year or the actual expenditure  
45 for the same purpose in the base year, whichever is greater; and

46 (2) the moneys in the fund may be used only to finance that portion of  
47 an unanticipated expenditure which, as a matter of law, cannot be  
48 financed with amounts available in any other account or fund.

49 [~~d~~] e. The moneys in the contingency and tax stabilization reserve  
50 fund may be used to lessen or prevent any projected increase in excess  
51 of two and one-half percent in the amount of the real property tax levy  
52 needed to finance the eligible portion of the annual budget for the next  
53 succeeding fiscal year. The maximum amount of moneys in the fund that  
54 may be used for this purpose shall equal the difference between the  
55 projected amount of such real property tax levy and one hundred two and  
56 one-half percent of the amount of the real property tax levy needed to

1 finance the eligible portion of the annual budget for the current fiscal  
2 year.

3 ~~[e-]~~ f. When preparing the tentative budget of a municipal corpo-  
4 ration, if the current balance of a contingency and tax stabilization  
5 reserve fund, as shown by the statement of the chief fiscal officer  
6 required by subdivision six of this section, exceeds ten percent of the  
7 eligible portion of the annual budget for the current fiscal year, such  
8 excess shall be used to reduce the amount of real property taxes needed  
9 to finance the eligible portion of the annual budget for the next  
10 succeeding fiscal year; provided, however, that no such requirement  
11 shall exist for funds established in a city having a population of one  
12 million or more.

13 § 3. Paragraph a of subdivision 1 of section 8 of section 2 of chapter  
14 868 of the laws of 1975, constituting the New York state financial emer-  
15 gency act for the city of New York, as amended by section 1 of part PP  
16 of chapter 56 of the laws of 2010, is amended to read as follows:

17 a. (i) For its fiscal years ending June thirtieth, nineteen hundred  
18 seventy-nine through June thirtieth, nineteen hundred eighty-one, the  
19 city's budget covering all expenditures other than capital items shall  
20 be prepared and balanced so that the results thereof would not show a  
21 deficit when reported in accordance with the accounting principles set  
22 forth in the state comptroller's uniform system of accounts for munici-  
23 palities, as the same may be modified by the comptroller, in consulta-  
24 tion with the city comptroller, for application to the city; subject to  
25 the provision of subdivision four of section three thousand thirty-eight  
26 of the public authorities law with respect to contributions by the city  
27 or other public employer to any retirement system or pension fund and  
28 subject to the provision of paragraph (c) of subdivision five of section  
29 three thousand thirty-eight of the public authorities law with respect  
30 to expense items included in the capital budget of the city. For the  
31 fiscal year ending June thirtieth, nineteen hundred eighty-two, and for  
32 each fiscal year thereafter, the city's budget covering all expenditures  
33 other than capital items shall be prepared and balanced so that the  
34 results thereof would not show a deficit when reported in accordance  
35 with generally accepted accounting principles and would permit compar-  
36 ison of the budget with the report of actual financial results prepared  
37 in accordance with generally accepted accounting principles. With  
38 respect to financial plans that include the fiscal years ending June  
39 thirtieth, nineteen hundred seventy-nine through June thirtieth, nine-  
40 teen hundred eighty-one, the city's budget covering all expenditures  
41 other than capital items shall be prepared in accordance with generally  
42 accepted accounting principles and there shall be substantial progress  
43 in each such fiscal year towards achieving a city budget covering all  
44 expenditures other than capital items the results of which would not  
45 show a deficit when reported in accordance with generally accepted  
46 accounting principles. The city shall eliminate expense items from its  
47 capital budget not later than the commencement of the fiscal year ending  
48 June thirtieth, nineteen hundred eighty-two. For the fiscal year ending  
49 June thirtieth, nineteen hundred eighty-nine, and for each fiscal year  
50 thereafter, the budgets covering all expenditures other than capital  
51 items of each of the covered organizations shall be prepared and  
52 balanced so that the results thereof would not show a deficit when  
53 reported in accordance with generally accepted accounting principles;  
54 and for each fiscal year prior thereto, there shall be substantial  
55 progress towards such goal. Notwithstanding the foregoing and the  
56 provisions of any general or special state law or local law to the

1 contrary, including but not limited to the New York city charter, all  
2 costs that would be capital costs in accordance with generally accepted  
3 accounting principles, but for the application of governmental account-  
4 ing standards board statement number forty-nine, shall be deemed to be  
5 capital costs for purposes of this chapter and any other provision of  
6 state or local law, including but not limited to the New York city char-  
7 ter, relevant to the treatment of such costs.

8 (ii) Expenditures supported by monies retained in a municipal contin-  
9 gency and tax stabilization reserve fund created pursuant to, and in  
10 accordance with, section six-e of the general municipal law shall be  
11 excluded from the budget when determining whether the budget is balanced  
12 in accordance with generally accepted accounting principles set forth in  
13 the state comptroller's uniform system of accounts for municipalities,  
14 as the same may be modified by the comptroller, in consultation with the  
15 city comptroller.

16 § 4. This act shall take effect immediately.