STATE OF NEW YORK

7794--A

2025-2026 Regular Sessions

IN ASSEMBLY

April 11, 2025

Introduced by M. of A. SCHIAVONI -- read once and referred to the Committee on Governmental Employees -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to participation by free association libraries in the New York state and local employees' retirement system

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

Section 1. The retirement and social security law is amended by adding a new section 31-g to read as follows:

§ 31-g. Participation by free association libraries. A free association library as defined in section two hundred fifty-three of the education law and which meets the criteria set forth in this section, may by resolution adopted as provided in section seven hundred eight of the not-for-profit corporation law by its board of trustees and subject to the approval of the comptroller, elect to participate in the retirement system. Acceptance of its employees for membership in the retirement system shall be mandatory with the comptroller, who shall determine the amounts of contribution payable by such library and its employees, shall resolve questions of credit for prior service, and shall in all other respects assure that such employees share the same rights, obligations and benefits as other members of the retirement system. A free association library shall be eligible to join the retirement system under the following conditions:

(a) such library shall be chartered by the state board of regents;

(b) such library shall serve the entire population of its chartered service area;

(c) the board of trustees of such library shall be elected by the voters of its chartered service area;

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

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(d) such library's budget shall be approved by the voters of its chartered service area;

(e) at least fifty-one percent of such library's budget shall derive from public sources; and

(f) such library shall file the annual report with the comptroller as required of public libraries by section thirty of the general municipal law.

§ 2. This act shall take effect immediately.

FISCAL NOTE.--Pursuant to Legislative Law, Section 50:

This bill would permit any free association library which meets certain specific criteria to elect participation in the New York State and Local Employees' Retirement System (NYSLERS).

Internal Revenue Service (IRS) plan qualification risk: permitting participation of non-governmental employees in NYSLERS jeopardizes the Retirement System's governmental plan status and its exemption from the Employees Retirement Income Security Act (ERISA). This would result in the loss of critical tax benefits and would substantially impair the System's value to over 1.25 million participants.

Prior to the enactment of this legislation, we recommend that a favorable ruling be obtained from the IRS stating that these provisions would not harm the qualification status of the Retirement System. It is estimated that the costs to obtain such a ruling would be $50,000 for the services of the IRS, and $1,000 per hour for legal consultants.

An electing corporation's annual contributions will depend on the retirement plan adopted and the billable salary of the employees. Annual costs will vary as the billing rates and salary of the affected employees change.

The expected annual contributions of an electing corporation for FYE 2027 are as follows:

Tier	Percent of Payroll
1	14.4 to 27.8
2	13.8 to 26.0
3 and 4	21.1
5	18.1
6	13.6

In addition, there will be a deficiency cost to the electing corporation which may be amortized over a 25-year period. This cost will depend on the age, service, salary, plan and tier of the affected employees.

Summary of relevant resources:

Membership data as of March 31, 2025 was used to measure the impact of the bill, the same data used in the Actuarial Valuations dated April 1, 2025. Distributions and other statistics can be found in the 2025 Report of the Actuary and the 2025 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2025 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control. The fair value of assets and GASB disclosures can be found in the 2025 Financial Statements and Supplementary Information.

Assumptions, demographics, and other considerations may have been modified to better reflect specific provisions of any proposed benefit change(s).

This fiscal note does not constitute a legal opinion on the viability of the bill, nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated February 6, 2026, and intended for use only during the 2026 Legislative Session, is Fiscal Note Number 2026-104. As Chief Actuary of the New York State and Local Retirement System (NYSLRS), I, Aaron Schottin Young, hereby certify that this analysis complies with applicable Actuarial Standards of Practice as well as the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member. I am a member of NYSLRS but do not believe it impairs my objectivity.