S T A T E O F N E W Y O R K

5666

2015-2016 Regular Sessions

I N A S S E M B L Y

March 3, 2015

Introduced by M. of A. KOLB, MONTESANO -- Multi-Sponsored by -- M. of A. BARCLAY, BUTLER, CROUCH, DUPREY, FINCH, FITZPATRICK, GOODELL, HAWLEY, McDONOUGH, McKEVITT, OAKS, RAIA, SALADINO, TEDISCO, TENNEY -- read once and referred to the Committee on Ways and Means

AN ACT to amend the state finance law and the education law in relation to extending the state fiscal year; and to amend the state finance law in relation to requiring the use of generally accepted accounting principles in the state fiscal plan

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 3 of the state finance law, as added by chapter 1 of the laws of 1943 and as separately renumbered by chapters 405 and 957 of the laws of 1981, is amended to read as follows:

S 3. Fiscal year. 1. The current fiscal year of the state which commenced with the first day of [July, nineteen hundred forty-two] APRIL, TWO THOUSAND FOURTEEN, is hereby [abridged] EXTENDED and shall end with the [thirty-first] THIRTIETH day of [March, nineteen hundred forty-three] APRIL, TWO THOUSAND FIFTEEN. For all purposes of determining annual increments of state employees pursuant to the education law, the civil service law or other state law, and for all purposes whenever by law some act is to be performed or time is to be measured by the fiscal year of the state, the current fiscal year, as so [abridged] EXTENDED, shall be deemed to be a full year unless the context clearly requires a contrary construction.

On and after the first day of [April, nineteen hundred forty-three] MAY, TWO THOUSAND FIFTEEN, the fiscal year of the state, for the purpose of budget, appropriations, receipts and disbursements of state moneys and all other state affairs which are regulated in accordance with or based on fiscal years, including the fiscal affairs of all state departments, commissions, boards, agencies, offices and institutions, shall

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

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begin with the first day of [April] MAY and end with the next following [thirty-first] THIRTIETH day of [March] APRIL.

2. All books and accounts in the offices of the comptroller and the department of taxation and finance shall be kept by fiscal years. All annual accounts required to be rendered to the comptroller or to such department by any person shall be closed on the [thirty-first] THIRTIETH day of [March] APRIL in each year, and be rendered as soon thereafter as practicable, if no time is specially prescribed by law.

3. Where any statute provides, in terms or effect, that any inventory or account, or a report relating in whole or in part to receipts and disbursements of money, be made to the legislature or any state officer annually, or for a year, by a department, commission, board, or officer under the state government, such inventory or account, and such report so far as it relates to such receipts and disbursements, shall be for the preceding fiscal year, unless the calendar year be expressly mentioned.

4. Existing provisions of other laws describing or referring to a fiscal year of the state as beginning July first and ending June thirtieth OR AS BEGINNING APRIL FIRST AND ENDING MARCH THIRTY-FIRST, or making any requirement with respect to such fiscal year, or referring to any year so beginning and ending which applies to inventories or accounts in state matters, or to reports relating to state money or property, shall be deemed modified by and be construed in connection with this section, and be deemed to refer to a fiscal or to another year or period beginning and ending as [herein] prescribed IN THIS SECTION for a fiscal year.

S 2. Subdivision 1 of section 2022 of the education law, as amended by section 7 of part A of chapter 97 of the laws of 2011, is amended to read as follows:

1. Notwithstanding any law, rule or regulation to the contrary, the election of trustees or members of the board of education, and the vote upon the appropriation of the necessary funds to meet the estimated expenditures, in any common school district, union free school district, central school district or central high school district shall be held at the annual meeting and election on the third Tuesday in [May] JUNE, provided, however, that such election shall be held on the second Tuesday in [May] JUNE if the commissioner at the request of a local school board certifies no later than March first that such election would conflict with religious observances. The sole trustee, board of trustees or board of education of every common, union free, central or central high school district and every city school district to which this article applies shall hold a budget hearing not less than seven nor more than fourteen days prior to the annual meeting and election or special district meeting at which a school budget vote will occur, and shall prepare and present to the voters at such budget hearing a proposed school district budget for the ensuing school year.

S 3. Subdivision 1 of section 2022 of the education law, as amended by section 8 of part C of chapter 58 of the laws of 1998, is amended to read as follows:

1. Notwithstanding any law, rule or regulation to the contrary, the election of trustees or members of the board of education, and the vote upon the appropriation of the necessary funds to meet the estimated expenditures, in any common school district, union free school district, central school district or central high school district shall be held at the annual meeting and election on the third Tuesday in [May] JUNE, provided, however, that such election shall be held on the second Tues-

day in [May] JUNE if the commissioner at the request of a local school board certifies no later than March first that such election would conflict with religious observances. When such election or vote is taken by recording the ayes and noes of the qualified voters attending, a majority of the qualified voters present and voting, by a hand or voice vote, may determine to take up the question of voting the necessary funds to meet the estimated expenditures for a specific item separately, and the qualified voters present and voting may increase the amount of any estimated expenditures or reduce the same, except for teachers' salaries, and the ordinary contingent expenses of the schools. The sole trustee, board of trustees or board of education of every common, union free, central or central high school district and every city school district to which this article applies shall hold a budget hearing not less than seven nor more than fourteen days prior to the annual meeting and election or special district meeting at which a school budget vote will occur, and shall prepare and present to the voters at such budget hearing a proposed school district budget for the ensuing school year.

S 4. Subdivision 2 of section 2601-a of the education law, as amended by section 9 of part A of chapter 97 of the laws of 2011, is amended to read as follows:

2. The board of education shall conduct all annual and special school district meetings for the purpose of adopting a school district budget in the same manner as a union free school district in accordance with the provisions of article forty-one of this title, except as otherwise provided by this section. The annual meeting and election of each such city school district shall be held on the third Tuesday of [May] JUNE in each year, provided, however that such annual meeting and election shall be held on the second Tuesday in [May] JUNE if the commissioner at the request of a local school board certifies no later than March first that such election would conflict with religious observances, and any school budget revote shall be held on the date and in the same manner specified in subdivision three of section two thousand seven of this title. The provisions of this article, and where applicable subdivisions nine and nine-a of section twenty-five hundred two of this title, governing the qualification and registration of voters, and procedures for the nomination and election of members of the board of education shall continue to apply, and shall govern the qualification and registration of voters and voting procedures with respect to the adoption of a school district budget.

S 5. Subdivision 2 of section 2601-a of the education law, as amended by section 6 of part M of chapter 57 of the laws of 2005, is amended to read as follows:

2. The board of education shall conduct all annual and special school district meetings for the purpose of adopting a school district budget in the same manner as a union free school district in accordance with the provisions of article forty-one of this title, except as otherwise provided by this section. The annual meeting and election of each such city school district shall be held on the third Tuesday of [May] JUNE in each year, provided, however that such annual meeting and election shall be held on the second Tuesday in [May] JUNE if the commissioner at the request of a local school board certifies no later than March first that such election would conflict with religious observances, and any school budget revote shall be held on the date and in the same manner specified in subdivision three of section two thousand seven of this title. The provisions of this article, and where applicable subdivisions nine and nine-a of section twenty-five hundred two of this title, governing the

qualification and registration of voters, and procedures for the nomination and election of members of the board of education shall continue to apply, and shall govern the qualification and registration of voters and voting procedures with respect to the adoption of a school district budget.

S 6. Section 2515 of the education law, as added by chapter 171 of the laws of 1996, is amended to read as follows:

S 2515. Fiscal year. The fiscal year for city school districts of cities with less than one hundred twenty-five thousand inhabitants shall be the period commencing with [July] AUGUST first and ending with [June thirtieth] JULY THIRTY-FIRST next following.

S 7. Subdivision 3 of section 2006 of the education law, as added by section 4 of part M of chapter 57 of the laws of 2005, is amended to read as follows:

3. Whenever the voters shall have defeated the budget of the school district at the annual meeting and election, the trustees may call a special district meeting for a school budget revote to be held on the third Tuesday of [June] JULY, provided, however that such budget revote shall be held on the second Tuesday in [June] JULY if the commissioner at the request of a local school board certifies no later than March first that such vote would conflict with religious observances. The trustees shall give the notices required by subdivision one of section two thousand three of this part and this section by publishing such notices once in each week within the two weeks next preceding such special meeting, the first publication to be at least fourteen days before such meeting, with any required posting to be fourteen days before the time of such meeting.

S 8. Paragraph b of subdivision 3 of section 2007 of the education law, as amended by section 5 of part M of chapter 57 of the laws of 2005, is amended to read as follows:

b. A school budget revote called pursuant to paragraph a of this subdivision shall be held on the third Tuesday of [June] JULY, provided, however that such budget revote shall be held on the second Tuesday in [June] JULY if the commissioner at the request of a local school board certifies no later than March first that such vote would conflict with religious observances.

S 9. The state finance law is amended by adding a new article 3-A to read as follows:

ARTICLE III-A

BALANCED BUDGETING ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

SECTION 35. DEFINITION.

36. COMPTROLLER ADVICE TO THE DIRECTOR OF BUDGET; LEGISLATURE.

37. IDENTIFYING BUDGET GAPS; PRO RATA SPENDING REDUCTIONS.

S 35. DEFINITION. AS USED IN THIS ARTICLE: "GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" MEANS THE SET OF ACCOUNTING PRINCIPLES FOR FINANCIAL REPORTING ESTABLISHED BY THE FINANCIAL ACCOUNTING STANDARDS ADVISORY BOARD AND GOVERNED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FOR FEDERAL REPORTING ENTITIES.

S 36. COMPTROLLER ADVICE TO THE DIRECTOR OF BUDGET; LEGISLATURE. UPON RECEIPT OF A FINANCIAL PLAN AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, THE STATE COMPTROLLER SHALL, WITHIN SEVEN DAYS, PROVIDE ADVICE TO THE DIRECTOR OF THE BUDGET, THE CHAIR OF THE SENATE FINANCE COMMITTEE, THE CHAIR OF THE ASSEMBLY WAYS AND MEANS COMMITTEE, THE RANKING MINORITY MEMBER OF THE SENATE FINANCE COMMITTEE, AND THE RANKING MINORITY MEMBER OF THE ASSEMBLY WAYS AND MEANS COMMITTEE OR THEIR DESIGNEES, CONCERNING

PRESENT "CASH-BASIS" BALANCED BUDGET ISSUES AND INCREMENTAL STEPS IN MOVEMENT TOWARD ACHIEVING A BALANCED BUDGET ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BY THE THIRTIETH DAY OF APRIL, TWO THOUSAND FIFTEEN.

S 37. IDENTIFYING BUDGET GAPS; PRO RATA SPENDING REDUCTIONS. 1. UPON RECEIPT OF EACH FINANCIAL PLAN AND QUARTERLY FINANCIAL PLAN UPDATE DURING THE FIRST OR THIRD QUARTER OF A STATE FISCAL YEAR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, THE STATE COMPTROLLER SHALL, WITHIN SEVEN DAYS, DETERMINE IF THE SUBMITTED FINANCIAL PLAN IS BALANCED ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

2. IF THE STATE COMPTROLLER DETERMINES THAT THE CURRENT YEAR PORTION OF A FINANCIAL PLAN OR QUARTERLY FINANCIAL PLAN UPDATE DURING THE FIRST OR THIRD QUARTER OF A STATE FISCAL YEAR IDENTIFIES A BUDGET GAP, THE STATE COMPTROLLER SHALL ADVISE THE DIRECTOR OF THE BUDGET, THE CHAIR OF THE SENATE FINANCE COMMITTEE, THE CHAIR OF THE ASSEMBLY WAYS AND MEANS COMMITTEE, THE RANKING MINORITY MEMBER OF THE SENATE FINANCE COMMITTEE, AND THE RANKING MINORITY MEMBER OF THE ASSEMBLY WAYS AND MEANS COMMITTEE OR THEIR DESIGNEES OF HIS OR HER FINDINGS AND MAKE RECOMMENDATIONS CONCERNING ACTIONS TO CLOSE SUCH BUDGET GAPS.

3. IF WITHIN THIRTY DAYS, THE GOVERNOR AND THE LEGISLATURE DO NOT ENACT MEASURES TO CLOSE SUCH GAPS, THE GOVERNOR WILL BE GRANTED THE AUTHORITY TO MAKE PRO RATA SPENDING REDUCTIONS TO CLOSE SUCH GAPS, EXCEPTING APPROPRIATIONS FOR THE OPERATION OF THE LEGISLATIVE AND JUDICIAL BRANCHES OF STATE GOVERNMENT.

S 10. Subdivision 1 of section 22 of the state finance law, as amended by chapter 762 of the laws of 1992, is amended and a new subdivision 1-d is added to read as follows:

1. include (A) BOTH THE CURRENT YEAR PLAN AND A FIVE YEAR FINANCIAL PLAN THAT EMPLOYS GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, AS SUCH TERM IS DEFINED IN SECTION THIRTY-FIVE OF THIS CHAPTER, IDENTIFIES CURRENT AND FUTURE BUDGET GAPS, AND PROPOSES ACTIONS TO CLOSE GAPS; (B) a summary financial plan showing for each of the governmental fund types: [(a)] (I) the disbursements estimated to be made before the close of the current fiscal year and the moneys estimated to be available from receipts and other sources therefor; and [(b)] (II) the disbursements proposed to be made during the ensuing fiscal year, and the moneys estimated to be available from receipts and other sources therefor inclusive of any receipts which are expected to result from proposed legislation which he OR SHE deems necessary to provide receipts sufficient to meet such proposed disbursements. For the purposes of this summary financial plan, disbursements shall be presented by the following purposes: state purposes, local assistance, capital projects, debt service, and general state charges; receipts shall be presented for each fund type by each revenue source which accounts for at least one per centum of all such receipts and otherwise by categories of revenue sources; receipts and disbursements for special revenue funds shall be presented separately for federal funds and all other special revenue funds. Whenever receipts or disbursements are proposed to be moved to a different fund type, each significant amount so moved shall be identified.

1-D. PROVIDE THAT QUARTERLY UPDATES TO BOTH THE CURRENT YEAR AND THE FIVE YEAR FINANCIAL PLANS REQUIRED BY PARAGRAPH (A) OF SUBDIVISION ONE OF THIS SECTION SHALL BE SUBMITTED TO THE STATE COMPTROLLER, THE CHAIR OF THE SENATE FINANCE COMMITTEE, THE CHAIR OF THE ASSEMBLY WAYS AND MEANS COMMITTEE, THE RANKING MINORITY MEMBER OF THE SENATE FINANCE COMMITTEE, AND THE RANKING MINORITY MEMBER OF THE ASSEMBLY WAYS AND

MEANS COMMITTEE OR THEIR DESIGNEES, WITHIN TEN DAYS AFTER THE COMMENCEMENT OF EACH QUARTER OF THE STATE FISCAL YEAR.

S 11. Separability. If any clause, sentence, paragraph, section, or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section, or part thereof involved in the controversy in which such judgment shall have been rendered.

S 12. This act shall take effect immediately, provided that the amendments to subdivision 1 of section 2022 of the education law made by section two of this act shall be subject to the expiration and reversion of such section pursuant to chapter 97 of the laws of 2011 as amended, when upon such date the provisions of section three of this act shall take effect; and provided further that the amendments to subdivision 2 of section 2601-a of the education law made by section four of this act shall be subject to the expiration and reversion of such section pursuant to chapter 97 of the laws of 2011 as amended, when upon such date the provisions of section five of this act shall take effect.