STATE OF NEW YORK

8412

IN SENATE

May 4, 2018

Introduced by Sens. YOUNG, AKSHAR, FELDER, GOLDEN, HANNON, LANZA, MURPHY, PHILLIPS -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend chapter 58 of the laws of 2005 authorizing reimbursements for expenditures made by or on behalf of social services districts for medical assistance for needy persons and the administration thereof, in relation to medical assistance expenditure amounts; to amend the general municipal law, in relation to county property tax levy reductions resulting from medical assistance program expenditure reductions; and to amend the general municipal law and the municipal home rule law, in relation to establishing limitations upon real property tax levies in cities with a population of one million or more

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

Section 1. Section 1 of part C of chapter 58 of the laws of 2005, authorizing reimbursements for expenditures made by or on behalf of social services districts for medical assistance for needy persons and the administration thereof is amended by adding a new subdivision (c-2) to read as follows:

(c-2) Notwithstanding any provisions of subdivision (c) or (c-1) of this section to the contrary, effective April 1, 2019, for the period January 1, 2019 through December 31, 2019, and for each calendar year thereafter, the medical assistance expenditure amount for the social services district for such period shall be the greater of (1) zero; or (2) the previous calendar year's medical assistance expenditure amount minus ten percent of the medical assistance expenditure amount for the period January 1, 2018 through December 31, 2018. Provided, however, the local contribution for a city with a population of one million or more shall not be reduced by more than two billion three hundred million dollars.

§ 2. The general municipal law is amended by adding a new section 3-e to read as follows:

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

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§ 3-e. County property tax levy reduction resulting from medical assistance program expenditure reductions. Notwithstanding any other provision of law to the contrary, in the event a county's local contribution to New York state's share of payments under the medical assistance program are reduced or eliminated as a result of changes in federal or state statute, the amount of such reduction or elimination shall be applied as an equal dollar amount reduction in the property tax levy of such county.

§ 3. Notwithstanding any other provision of law to the contrary, for a city with a population of one million or more, in the event the local contribution to New York state's share of payments under the medical assistance program are reduced or eliminated as a result of changes in federal or state statute, the amount of such reduction or elimination shall reduce city personal income taxes in an amount equal to the reduction in such city's share of payments. Such reduction shall be an equal rate reduction applied to all tax brackets.

§ 4. The general municipal law is amended by adding a new section 3-f to read as follows:

§ 3-f. Limitation upon real property tax levies by cities having a population of one million or more. 1. Unless otherwise provided by law, the amount of real property taxes that may be levied by or on behalf of any city having a population of one million or more shall not exceed the tax levy limitation established pursuant to this section.

2. When used in this section:

(a) "Allowable levy growth factor" shall be the lesser of: (i) one and two one-hundredths; or (ii) the sum of one plus the inflation factor; provided, however, that in no case shall the levy growth factor be less than one.

(b) "Approved capital expenditures" means the expenditures associated with capital projects that have been approved by the qualified voters of the local government.

(c) "Available carryover" means the sum of the amount by which the tax levy for the prior fiscal year was below the tax levy limit for such fiscal year, if any, but no more than one and one-half percent of the tax levy limit for such fiscal year.

(d) "Capital tax levy" means the tax levy necessary to support capital expenditures, if any.

(e) "Coming fiscal year" means the fiscal year of the local government for which a tax levy limitation shall be determined pursuant to this section.

(f) "Inflation factor" means the quotient of: (i) the average of the national consumer price indexes determined by the United States department of labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the national consumer price indexes determined by the United States department of labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the national consumer price indexes determined by the United States department of labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places.

(g) "Local government" means a city having a population of one million or more.

(h) "Prior fiscal year" means the fiscal year of the local government immediately preceding the coming fiscal year.

(i) "Tax levy limitation" means the amount of taxes a local government is authorized to levy pursuant to this section, provided, however, that the tax levy limit shall not include the local government's approved capital tax levy, if any.

3. (a) Beginning with the fiscal year that begins in two thousand nineteen, no local government shall adopt a budget that requires a tax levy that is greater than the tax levy limitation for the coming fiscal year.

(b) The state comptroller shall calculate the tax levy limitation for each local government by the one hundred twentieth day preceding the commencement of each local government's fiscal year, and shall notify each local government of the tax levy limitation so determined.

(c) The tax levy limitation applicable to the coming fiscal year shall be determined as follows:

(i) Ascertain the total amount of taxes levied for the prior fiscal year.

(ii) Add any payments in lieu of taxes that were receivable in the prior fiscal year.

(iii) Subtract the approved capital tax levy for the prior fiscal year, if any.

(iv) Subtract the levy attributable to a large legal settlement of a tort action excluded from the levy limitation in the prior fiscal year, if any.

(v) Multiply the result by the allowable levy growth factor.

(vi) Subtract any payments in lieu of taxes receivable in the coming fiscal year.

(vii) Add the available carryover, if any.

(d) In the event the city council of a local government has approved a legal settlement of a tort action against the government, the annual costs of which exceed ten percent of the property taxes levied by the local government in the prior fiscal year, the state comptroller, upon application by the local government, may adjust the tax levy limitation for the coming fiscal year applicable to such local government, by adding the annual costs of such settlement to the tax levy limitation.

(e) The state comptroller shall determine the portion of the tax levy of each local government that is attributable to any increase or decrease over the prior year in the cost of the local government share of direct cash assistance to persons eligible for the federal-state-local temporary assistance to needy families program or the state-local safety net assistance program and shall adjust the tax levy limitation for such local government to reflect such change.

4. A local government may adopt a budget that requires a tax levy that is greater than the tax levy limitation for the coming fiscal year only if the city council of such local government first enacts, by a two-thirds vote of the total voting power of such city council, a local law to override such limitation for such coming fiscal year only.

5. In the event a local government's actual tax levy for a given fiscal year exceeds the maximum allowable levy as established pursuant to this section due to clerical or technical errors, the local government shall place the excess amount of the levy in reserve in accordance with such requirements as the state comptroller may prescribe, and shall use such funds and any interest earned thereon to offset the tax levy for the ensuing fiscal year.

§ 5. Paragraphs j and k of subdivision 2 of section 23 of the municipal home rule law are relettered paragraphs k and l, and a new paragraph j is added to read as follows:

j. Overrides the tax levy limitation applicable for the coming fiscal year in accordance with section three-f of the general municipal law.

§ 6. This act shall take effect immediately and sections four and five of this act shall first apply to the levy of taxes by local governments for the fiscal year that begins in 2019.