

# STATE OF NEW YORK

7338

2019-2020 Regular Sessions

## IN ASSEMBLY

April 25, 2019

Introduced by M. of A. GALEF -- read once and referred to the Committee on Ways and Means

AN ACT to amend the state finance law and the legislative law, in relation to enacting a balanced budget requirement and creating the New York state governmental accounting review board

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

Section 1. The state finance law is amended by adding a new article 3-A to read as follows:

### ARTICLE III-A

#### BUDGETING ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

#### Section 35. Definitions.

36. Development of the executive budget submission and enacted budget.

37. New York state governmental accounting review board.

§ 35. Definitions. As used in this article, the following words and terms shall have the following meanings unless the context otherwise requires.

1. "Board" means New York state governmental accounting review board pursuant to section thirty-seven of this article.

2. "Revenues" mean all taxes, rents, fees, charges, payments, all proceeds from borrowings and other income and receipts paid or payable to or for the state's treasury.

3. "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.

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

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1     4. "Executive budget submission" means the document submitted by the  
2 governor to the legislature pursuant to section two of article seven of  
3 the state constitution.

4     5. "Enacted budget" means the document passed by both houses of the  
5 legislature pursuant to section four of article seven of the state  
6 constitution.

7     § 36. Development of the executive budget submission and enacted budg-  
8 et. 1. For fiscal years beginning on and after April first, two thousand  
9 twenty, the executive budget submission and the enacted budget covering  
10 all expenditures other than capital items shall be prepared and balanced  
11 so the results thereof would not show a deficit when reported in accord-  
12 ance with generally accepted accounting principles.

13     2. The governor, the legislature and the New York state governmental  
14 accounting review board shall confer concerning the requirement to  
15 balance the budget, as well as the projected effect on the budgets by  
16 any change in generally accepted accounting principles or change in the  
17 application of generally accepted accounting principles to the state.  
18 The governor and/or the legislature may petition the board to exempt  
19 either the executive budget submission or the enacted budget from the  
20 provisions of this section.

21     § 37. New York state governmental accounting review board. 1. There is  
22 hereby created the New York state governmental accounting review board.  
23 The board shall be a governmental agency and instrumentality as is set  
24 forth in this article.

25     2. The board shall have the following functions:

26     a. to confer with the governor and the legislature concerning the  
27 requirement to balance the budget as provided in section thirty-six of  
28 this article, the projected effect on the budgets by any change in  
29 generally accepted accounting principles, and change in the application  
30 of generally accepted accounting principles to the state budget;

31     b. to hear petitions from the governor or legislature with relation to  
32 modifying or exempting the executive budget submission or the enacted  
33 budget from the balanced budget requirement of section thirty-six of  
34 this article or from the requirements of any new or existing govern-  
35 mental accounting standards, board statements, interpretations, techni-  
36 cal bulletins, and concept statements; and

37     c. to determine whether immediate compliance with the provisions of  
38 section thirty-six of this article will have a material effect on state  
39 budgets over a time period insufficient to accommodate the effect with-  
40 out a substantial adverse impact on the delivery of essential services,  
41 and, upon such determination, to authorize and approve a method of phas-  
42 ing the requirements of this section into such budgets over such reason-  
43 ably expeditious time period as the board deems appropriate.

44     3. The board shall be comprised of five members, one of whom will  
45 serve as chair; who are nominated by the governor and appointed with  
46 advice and consent of the senate. All of the appointed members shall be  
47 residents of the state. Such appointed members shall serve a term of  
48 five years. All appointed members shall have academic or business expe-  
49 rience in governmental accounting standards and generally accepted  
50 accounting principles. The board shall act by a majority quorum vote of  
51 the entire board. The board shall maintain a record of its proceedings  
52 in such form as it may determine, but such record shall indicate attend-  
53 ance and all votes cast by each member.

54     4. Notwithstanding any inconsistent provisions of law, no officer or  
55 employee of the state, or political subdivision of the state, any  
56 governmental entity operating any public school or college or other

1 public agency or instrumentality or unit of government which exercises  
2 governmental powers under the laws of the state, shall forfeit his  
3 office or employment by reason of his acceptance or appointment as a  
4 member, representative, officer, employee or agent of the board nor  
5 shall service as such member, officer, employee or agent of the board be  
6 deemed incompatible or in conflict with such office or employment.

7 5. The members of the board shall serve without salary or per diem  
8 allowance but shall be entitled to reimbursement for actual and neces-  
9 sary expenses incurred in the performance of official duties under this  
10 act, provided however that such members and representatives are not, at  
11 the time such expenses are incurred, public employees otherwise entitled  
12 to such reimbursement.

13 6. All agencies, authorities, and institutions of the state shall  
14 cooperate with and provide such assistance to the board as the board may  
15 request.

16 7. The chair, in consultation with the board, may hire or appoint an  
17 executive director for the board if deemed necessary.

18 § 2. Section 22 of the state finance law is amended by adding a new  
19 subdivision 17 to read as follows:

20 17. Notwithstanding any provision of law to the contrary, budgets  
21 submitted pursuant to this section shall include:

22 (a) a description of all of the expenditures estimated to be made  
23 before the close of the current fiscal year and all of the expenditures  
24 proposed to be made during the ensuing fiscal year, both in accordance  
25 with generally accepted accounting principles as defined in article  
26 three-A of this chapter; and

27 (b) a description of all the revenues estimated to accrue before the  
28 close of the current fiscal year and during the ensuing fiscal year,  
29 inclusive of any revenues which are expected to result from the proposed  
30 legislation which the governor deems necessary to provide receipts  
31 sufficient to meet proposed disbursements, all in accordance with gener-  
32 ally accepted accounting principles as defined in article three-A of  
33 this chapter.

34 § 3. Paragraph (a) of subdivision 2 of section 54 of the legislative  
35 law, as added by chapter 1 of the laws of 2007, is amended to read as  
36 follows:

37 (a) The legislature shall enact a budget for the upcoming fiscal year  
38 that it determines is balanced [~~in the general fund~~].

39 § 4. Subdivision 2 of section 54 of the legislative law is amended by  
40 adding a new paragraph (d) to read as follows:

41 (d) Notwithstanding any provision of law to the contrary, budgets  
42 submitted pursuant to this section shall include:

43 (i) all of the expenditures estimated to be made before the close of  
44 the current fiscal year and all of the expenditures proposed to be made  
45 during the ensuing fiscal year, both in accordance with generally  
46 accepted accounting principles as defined in article three-A of the  
47 state finance law; and

48 (ii) a description of all of the revenues estimated to accrue before  
49 the close of the current fiscal year and during the ensuing fiscal year,  
50 inclusive of any revenues which are expected to result from the proposed  
51 legislation which the legislature deems necessary to provide receipts  
52 sufficient to meet proposed disbursements, all in accordance with gener-  
53 ally accepted accounting principles as defined in article three-A of the  
54 state finance law.

55 § 5. Separability clause. If any part or provision of this section or  
56 the application thereof to any person is adjudged by a court of compe-

1 tent jurisdiction to be unconstitutional or otherwise invalid, such  
2 judgment shall not affect or impair any other part or provision or the  
3 application thereof to any other person, but shall be confined to such  
4 part or provision.

5 § 6. This act shall take effect immediately, provided that if this act  
6 shall take effect after April 1, 2020, it shall be deemed to have been  
7 in effect on and after April 1, 2020.