

STATE OF NEW YORK

8737

2019-2020 Regular Sessions

IN ASSEMBLY

November 25, 2019

Introduced by M. of A. CARROLL -- read once and referred to the Committee on Cities

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 l 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 l. "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.