

STATE OF NEW YORK

8400

IN SENATE

May 21, 2020

Introduced by Sen. BENJAMIN -- read twice and ordered printed, and when printed to be committed 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 the establishment by the city of New York of a revenue stabilization fund and variations from generally accepted accounting principles as applied to the budget and accounts of such city in connection with such fund

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

1 Section 1. Section 25 of the general municipal law, as added by chap-
2 ter 406 of the laws of 2019, is amended to read as follows:

3 § 25. Treatment of capital costs and [~~restricted~~] certain fund
4 balances of the city of New York; revenue stabilization fund of such
5 city. Notwithstanding the provisions of any general or special state
6 law or local law to the contrary, including but not limited to the New
7 York city charter, the following shall apply with respect to the budget
8 and accounts of the city of New York:

9 1. All costs that would be capital costs in accordance with generally
10 accepted accounting principles, but for the application of governmental
11 accounting standards board statement number forty-nine, shall be deemed
12 to be capital costs for purposes of this chapter and any other provision
13 of state or local law, including but not limited to the New York city
14 charter, relevant to the treatment of such costs; [~~and~~]

15 2. The determination as to the existence of a deficit pursuant to the
16 New York state financial emergency act for the city of New York, while
17 such act remains in effect, and any other provision of state or local
18 law, including but not limited to the New York city charter, shall be
19 made without regard to changes in restricted fund balances, as defined
20 by the governmental accounting standards board, where restrictions in
21 relation to such fund balances are imposed by state or federal law or
22 regulation, or otherwise by private or governmental parties other than
23 the city of New York, and without regard to funds held in the health
24 stabilization fund, the school crossing guards health insurance fund,
25 any revenue stabilization fund established pursuant to section fifteen

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

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1 hundred twenty-eight of the New York city charter and the management
2 benefits fund established by the city of New York. Deposits into any
3 such revenue stabilization fund shall be deemed to be expenses of such
4 city for all purposes in the fiscal year during which such deposits are
5 made, and withdrawals from such fund shall be deemed to be revenues of
6 such city for all purposes in the fiscal year during which such with-
7 drawals are made; provided however, that surpluses of such city, whether
8 accumulated from fiscal years ending prior to the effective date of the
9 chapter of the laws of two thousand twenty that amended this subdivision
10 or existing at the close of any fiscal year ending after such effective
11 date, shall be deposited into such revenue stabilization fund as soon as
12 practicable, and such deposits shall not be deemed expenses of the city
13 in the fiscal years during which such deposits are made; and

14 3. The city of New York may establish and maintain a revenue stabili-
15 zation fund pursuant to section fifteen hundred twenty-eight of the New
16 York city charter. Except as required by subdivision two of this section
17 with respect to surpluses, deposits into and withdrawals from such fund
18 may be made by means of the procedures set forth in such charter for
19 adoption or modification of the expense budget of such city, as applica-
20 ble, provided that no more than fifty percent of the total amount of
21 such fund may be withdrawn in any fiscal year unless the mayor has
22 certified that there is a compelling fiscal need, which may be based on
23 circumstances including, but not be limited to, a national or regional
24 recession, a reduction in total revenues from the preceding fiscal year
25 as projected in the financial plan of the city of New York, a natural or
26 other disaster, or a declared state of emergency in the city of New York
27 or the state of New York. The authority to establish a revenue stabili-
28 zation fund set forth in this subdivision shall be in addition to any
29 other authorization set forth in this article or other applicable law.

30 § 2. Paragraph a of subdivision 1 of section 8 of section 2 of chapter
31 868 of the laws of 1975, constituting the New York state financial emer-
32 gency act for the city of New York, as amended by chapter 406 of the
33 laws of 2019, is amended to read as follows:

34 a. For its fiscal years ending June thirtieth, nineteen hundred seven-
35 ty-nine through June thirtieth, nineteen hundred eighty-one, the city's
36 budget covering all expenditures other than capital items shall be
37 prepared and balanced so that the results thereof would not show a defi-
38 cit when reported in accordance with the accounting principles set forth
39 in the state comptroller's uniform system of accounts for municipi-
40 palities, as the same may be modified by the comptroller, in consulta-
41 tion with the city comptroller, for application to the city; subject to
42 the provision of subdivision four of section three thousand thirty-eight
43 of the public authorities law with respect to contributions by the city
44 or other public employer to any retirement system or pension fund and
45 subject to the provision of paragraph (c) of subdivision five of section
46 three thousand thirty-eight of the public authorities law with respect
47 to expense items included in the capital budget of the city. For the
48 fiscal year ending June thirtieth, nineteen hundred eighty-two, and for
49 each fiscal year thereafter, the city's budget covering all expenditures
50 other than capital items shall be prepared and balanced so that the
51 results thereof would not show a deficit when reported in accordance
52 with generally accepted accounting principles and would permit compar-
53 ison of the budget with the report of actual financial results prepared
54 in accordance with generally accepted accounting principles. With
55 respect to financial plans that include the fiscal years ending June
56 thirtieth, nineteen hundred seventy-nine through June thirtieth, nine-

1 teen hundred eighty-one, the city's budget covering all expenditures
2 other than capital items shall be prepared in accordance with generally
3 accepted accounting principles and there shall be substantial progress
4 in each such fiscal year towards achieving a city budget covering all
5 expenditures other than capital items the results of which would not
6 show a deficit when reported in accordance with generally accepted
7 accounting principles. The city shall eliminate expense items from its
8 capital budget not later than the commencement of the fiscal year ending
9 June thirtieth, nineteen hundred eighty-two. For the fiscal year ending
10 June thirtieth, nineteen hundred eighty-nine, and for each fiscal year
11 thereafter, the budgets covering all expenditures other than capital
12 items of each of the covered organizations shall be prepared and
13 balanced so that the results thereof would not show a deficit when
14 reported in accordance with generally accepted accounting principles;
15 and for each fiscal year prior thereto, there shall be substantial
16 progress towards such goal. Notwithstanding the foregoing and the
17 provisions of any general or special state law or local law to the
18 contrary, including but not limited to the New York city charter: (i)
19 all costs that would be capital costs in accordance with generally
20 accepted accounting principles, but for the application of governmental
21 accounting standards board statement number forty-nine, shall be deemed
22 to be capital costs for purposes of this act and any other provision of
23 state or local law, including but not limited to the New York city char-
24 ter, relevant to the treatment of such costs; and (ii) the determination
25 as to the existence of a deficit pursuant to this act and any other
26 provision of state or local law, including but not limited to the New
27 York city charter, shall be made without regard to changes in restricted
28 fund balances, as defined by the governmental accounting standards
29 board, where restrictions in relation to such fund balances are imposed
30 by state or federal law or regulation, or otherwise by private or
31 governmental parties other than the city of New York, and without regard
32 to funds held in the health stabilization fund, the school crossing
33 guards health insurance fund, any revenue stabilization fund established
34 pursuant to section fifteen hundred twenty-eight of the New York city
35 charter and the management benefits fund established by the city of New
36 York. Deposits into any such revenue stabilization fund shall be deemed
37 to be expenses of such city in the fiscal year in which such deposits
38 are made, and withdrawals from such fund shall be deemed to be revenues
39 of such city in the year in which such withdrawals are made; provided
40 however, that surpluses of such city, whether accumulated from fiscal
41 years ending prior to the effective date of the chapter of the laws of
42 two thousand twenty that amended this paragraph or existing at the close
43 of any fiscal year ending after such effective date, shall be deposited
44 into such revenue stabilization fund as soon as practicable, and such
45 deposits shall not be deemed expenses of the city in the fiscal year in
46 which such deposits are made.

47 § 3. This act shall take effect immediately.