

# STATE OF NEW YORK

6186

2021-2022 Regular Sessions

## IN SENATE

April 14, 2021

Introduced by Sens. KENNEDY, BAILEY, COMRIE, HOYLMAN -- read twice and ordered printed, and when printed to be committed to the Committee on Commerce, Economic Development and Small Business

AN ACT to amend the economic development law, in relation to authorizing local municipalities to establish tourism recovery improvement districts

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

Section 1. The economic development law is amended by adding a new article 23 to read as follows:

### ARTICLE 23

#### TOURISM RECOVERY IMPROVEMENT DISTRICTS

##### Section 447. Definitions.

448. District plan.

449. Powers and duties.

450. Notice and hearing.

451. Establishment or extension of the district.

452. Publication, filing and judicial review.

453. Amendments to the district plan.

454. Expense of the district.

455. Expenditure of district funds.

456. District management association.

457. Dissolution.

458. Severability.

§ 447. Definitions. For the purposes of this article, the following terms shall have the following meanings:

1. "Assessment" means a levy imposed on behalf of the district on a business as provided in the district plan.

2. "Benefited business" means businesses located within a district, which benefit from district improvements based on a rational nexus test.

Districts may include one or more types of businesses. Businesses need

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

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1 not profit equally to be considered to have benefited. Assessed busi-  
2 nesses located in a tourism recovery improvement district are not  
3 required to be contiguous.

4 3. "Business assessment" means any assessment made pursuant to this  
5 article upon a business.

6 4. "Business owner" means any person recognized by a municipality as  
7 the owner of the business.

8 5. "District" means a tourism improvement district established pursu-  
9 ant to this article, which may include an entire county or multiple  
10 counties provided that a district may not overlap in whole or in part  
11 with a city with a population of one million or more.

12 6. "District management association" means the association established  
13 pursuant to section four hundred fifty-six of this article.

14 7. "District plan" or "plan" means a proposal as described in section  
15 four hundred forty-eight of this article.

16 8. "Legislative body" means the local legislative body of a munici-  
17 pality empowered to adopt and amend local laws or ordinances.

18 9. "Municipality" means a county within the state of New York, except  
19 counties located within a city with a population of one million or more.  
20 In a district which includes more than one municipality, the munici-  
21 pality in which the district plan is filed shall be the lead munici-  
22 pality of the district. The county which shall serve as the lead munici-  
23 pality may not form a district within the territorial jurisdiction of  
24 another county without the consent of the legislative body of that coun-  
25 ty.

26 10. "Rational nexus" means the legal principle which requires that  
27 there is a rational benefit which accrues to any business owner assessed  
28 for said benefit in a district created pursuant to this article. All  
29 designated business owners within a designated district paying an  
30 assessment must benefit directly or indirectly from improvements  
31 provided by a district management association within the district,  
32 provided, however, that designated business owners need not benefit  
33 equally.

34 11. "Municipal clerk" means the clerk of the board of supervisors of  
35 the county legislature as appointed pursuant to section four hundred  
36 seventy-five of the county law.

37 § 448. District plan. 1. The legislative body shall provide for the  
38 preparation of a district plan. The district plan shall contain the  
39 following:

40 (a) a map of the district;

41 (b) a description of the boundaries of the district proposed for  
42 establishment or extension in a manner sufficient to identify the lands  
43 included;

44 (c) the improvements and activities proposed and the appropriate  
45 projected cost thereof;

46 (d) the total estimated annual amount proposed to be expended for  
47 improvements, activities, maintenance, and operation;

48 (e) the proposed source or sources of financing;

49 (f) the proposed time for implementation and completion of the  
50 district plan;

51 (g) any proposed rules and regulations to be applicable to the  
52 district;

53 (h) identification of a new or an existing entity, agency, or nonpro-  
54 fit corporation, charged with promoting tourism in that region, as the  
55 district management association; and

1 (i) any other item or matter required to be incorporated therein by  
2 the legislative body.

3 2. (a) Every municipality shall be authorized to adopt a local law,  
4 subject to permissive referendum, providing that the provisions of this  
5 section shall be applicable to the establishment or extension of  
6 districts in the municipality.

7 (b) Every existing district previously formed is declared valid,  
8 effective, and in compliance with this article. Such existing districts  
9 are subject solely to the provisions of this article notwithstanding any  
10 provision of prior law.

11 § 449. Powers and duties. 1. Upon establishment of a district pursu-  
12 ant to the provisions of this article, the legislative body shall have  
13 authority to exercise the following powers with respect to such  
14 district, subject to the provisions of this section:

15 (a) provide for activities and other additional services required for  
16 tourism promotion and enhancement of the district, whether or not in  
17 conjunction with improvements authorized by this article;

18 (b) provide for district improvements which will fund the promotion of  
19 tourism activities in the district including, but not limited to, the  
20 acquisition, construction, installation, or maintenance of any tangible  
21 property with an estimated useful life of five years or more; and

22 (c) provide for the operation and maintenance of any district improve-  
23 ment.

24 2. (a) Notwithstanding any provision of law to the contrary, all  
25 rights or benefits, including terms and conditions of employment, and  
26 protection of civil service and collective bargaining status of all  
27 employees of a public employer shall be preserved and protected.

28 (b) Nothing in this article shall result in the: (i) displacement of  
29 any currently employed worker or loss of position, including partial  
30 displacement such as a reduction in the hours of non-overtime work,  
31 wages or employment benefits, or result in the impairment of existing  
32 collective bargaining agreements; (ii) transfer of existing duties and  
33 functions related to maintenance and operations currently performed by  
34 existing employees of a public employer to a contracting entity; or  
35 (iii) transfer of future duties and functions ordinarily performed by  
36 employees of a public employer to a contracting entity.

37 (c) Employees performing maintenance and operations of any district  
38 improvement serving in positions in newly created titles shall be  
39 assigned to the appropriate bargaining unit. Nothing contained in this  
40 article shall be construed to affect: (i) the existing rights of employ-  
41 ees pursuant to an existing collective bargaining agreement; (ii) the  
42 existing representational relationships among employee organizations  
43 representing employees of public employers; or (iii) the bargaining  
44 relationships between public employers and such employee organizations.

45 3. After the establishment of a management district, the legislative  
46 body shall not decrease the level of publicly funded tourism promotion  
47 services in the management district existing prior to the creation of  
48 the district.

49 4. Assessments levied on businesses pursuant to this article shall be  
50 levied on the basis of the estimated benefit to the businesses within  
51 the tourism improvement district. The legislative body of the munici-  
52 pality may classify businesses for purposes of determining the benefit  
53 to the businesses of the improvements and activities provided pursuant  
54 to subdivision one of this section. A municipality is authorized to form  
55 a district that levies assessments on businesses located in the munici-  
56 pality, including those located in a city, town and village.

1     5. A municipality shall be authorized to form a district that includes  
2 other municipalities.

3     6. The district plan shall be filed with the office of the municipal  
4 clerk. The establishment or extension of a district shall be based upon  
5 the district plan filed in the office of the municipal clerk. All  
6 district plans shall conform with the requirements of this article.

7     § 450. Notice and hearing. 1. After the filing of the district plan  
8 in the office of the municipal clerk pursuant to section four hundred  
9 forty-nine of this article, the legislative body may adopt a resolution  
10 and shall enter the same in the minutes of its proceedings. This resolu-  
11 tion shall contain a copy of the district plan, the fact that a  
12 district plan is on file in the municipal clerk's office for public  
13 inspection and the time when and the place where the legislative body  
14 will meet and hold a public hearing to hear all persons interested in  
15 the subject thereof.

16     2. The resolution shall also contain a statement that any assessed  
17 business owner, deemed benefited and therefore within the district,  
18 objecting to the plan shall file an objection at the office of the  
19 municipal clerk within thirty days of the conclusion of the hearing on  
20 forms made available by the clerk, and, further, that if business owners  
21 that shall pay more than fifty percent of the amount raised by the  
22 assessed businesses situated within the boundaries of the district  
23 proposed for establishment or extension, as shown upon the latest  
24 completed municipal business list, file their objections, the district  
25 will not be established or extended.

26     3. The legislative body shall cause a copy of the resolution or a  
27 summary thereof to be published at least once in the official paper or a  
28 newspaper in general circulation in the municipality, the first publica-  
29 tion to be not less than ten nor more than thirty days before the day  
30 set for the hearing required by this section. In addition, not less than  
31 ten nor more than thirty days before the date set for the hearing, the  
32 legislative body shall cause a copy of the resolution or a summary ther-  
33 eof to be mailed to each owner of an assessed business within the  
34 proposed district at the address shown on the latest municipal business  
35 list. If the legislative body publishes or mails a summary of the resolu-  
36 tion, such summary shall include the business address of the municipal  
37 clerk, a statement that copies of the resolution shall be made available  
38 free of charge to the public, the improvements, activities, or services  
39 proposed, the total estimated annual amount proposed to be expended for  
40 improvements, activities, maintenance and operation, and a statement  
41 indicating the rights of owners to object pursuant to subdivision two of  
42 this section.

43     4. The resolution may further state the place, other than the muni-  
44 pal clerk's office, where the district plan may be inspected in advance  
45 of the hearing, if the legislative body determines that, in the public  
46 interest, any additional place of inspection is necessary or desirable.

47     § 451. Establishment or extension of the district. 1. Not earlier  
48 than thirty days after the conclusion of the last day of the public  
49 hearing held pursuant to section four hundred fifty of this article, the  
50 legislative body shall determine:

51     (a) whether the notice of hearing for all hearings required to be held  
52 was published and mailed as required by law and is otherwise sufficient;

53     (b) whether all the assessed businesses within the boundaries of the  
54 proposed district or extension will benefit from the establishment or  
55 extension of the district; and

1 (c) whether the establishment or extension of the district is in the  
2 public interest.

3 2. (a) If the legislative body shall determine the establishment or  
4 extension of the district is not in the public interest pursuant to  
5 paragraph (c) of subdivision one of this section, or if the requisite  
6 number of owners shall have filed their objections as provided in  
7 section four hundred fifty of this article, the legislative body shall  
8 adopt a resolution disapproving the establishment or extension of the  
9 district, stating the reasons for its determination and enter the same  
10 in the minutes of its proceedings. Thereafter no plan for the estab-  
11 lishment or extension of a district to include any business proposed to  
12 be included in the disapproved district may be prepared as provided in  
13 section four hundred fifty of this article until the expiration of at  
14 least one year from the date of disapproval.

15 (b) If the legislative body shall find that notice was incorrectly or  
16 insufficiently given or that, except as otherwise provided in section  
17 four hundred forty-eight of this article, any assessed business within  
18 the boundaries of the proposed district or extension is not benefited  
19 thereby or that certain businesses benefited thereby had not been  
20 included therein, it shall call a further hearing at a definite place  
21 and time not less than ten nor more than thirty days after this determi-  
22 nation. In the resolution calling such hearing, it shall specify the  
23 necessary changes, if any, to the boundaries of the proposed district or  
24 extension to be made in order that, except as otherwise provided in  
25 section four hundred forty-eight of this article, all of the businesses  
26 and only those businesses as deemed benefited shall be included within  
27 the boundaries of the proposed district or extension. Benefited busi-  
28 nesses located in a district are not required to be contiguous. Notice  
29 of the further hearing shall be published and mailed in the manner  
30 provided in section four hundred fifty of this article, except that,  
31 where boundaries are to be altered, this notice shall also specify the  
32 manner in which it is proposed to alter the boundaries of the proposed  
33 district or extension. The further hearing shall be conducted in the  
34 same manner as the original hearing.

35 3. If and when the legislative body shall determine in the affirmative  
36 all of the questions set forth in subdivision one of this section, and  
37 provided that the requisite number of owners shall not have objected as  
38 provided in section four hundred fifty of this article, it may adopt a  
39 local law approving the establishment or extension of the district as  
40 the boundaries shall be finally determined and the construction of the  
41 improvement or providing of the activity or service in the district.

42 4. Upon the recommendation of the district management association and  
43 after a public hearing, the legislative body may adopt a local law at  
44 any time prior to or after the establishment of a district to change the  
45 method of assessment as set forth in the plan. Notice of such public  
46 hearing and a description of the proposed change shall be given in the  
47 manner set forth in section four hundred fifty of this article.

48 § 452. Publication, filing and judicial review. 1. The municipal clerk  
49 shall cause a certified copy of the local law of the legislative body  
50 adopted pursuant to the provisions of this article establishing or  
51 extending any district, or increasing the maximum total amount proposed  
52 to be expended for the improvement, activities, or additional services  
53 in any district or extension, or changing the method of assessment, or  
54 authorizing the district to incur debt to provide for additional  
55 improvements, activities, or services within the district, to be duly  
56 recorded in the municipal clerk's office within ten days after such



1 local law becomes effective. When recorded this local law shall be  
2 presumptive evidence of the regularity of the proceedings for the estab-  
3 lishment or extension of the district, of the proceedings instituted for  
4 the construction of any improvement and of all other actions taken in  
5 relation to it.

6 2. Within ten days after the local law becomes effective, the munici-  
7 pal clerk shall, in addition to any other filing required by law, cause  
8 a copy of the local law or a summary thereof to be published at least  
9 once in the official paper or newspaper of general circulation in the  
10 municipality.

11 3. This local law shall be final and conclusive unless a proceeding to  
12 review is commenced in accordance with this article. Any person  
13 aggrieved by any local law adopted pursuant to this article may seek  
14 judicial review of the local law in the manner provided by article  
15 seventy-eight of the civil practice law and rules, provided the proceed-  
16 ing is commenced within thirty days from the date of the publication of  
17 the copy or summary of the local law pursuant to subdivision two of this  
18 section. No review shall be had unless the petitioner shall give an  
19 undertaking approved by the supreme court, or a justice thereof, as to  
20 form, amount and sufficiency of sureties, that, in the event of failure  
21 to modify the local law he or she will pay to the municipality, all  
22 costs and expenses as are incurred by it on account of the proceedings,  
23 as shall be determined by the court. In the event that upon this review  
24 there shall be any modification by the court of the local law, the court  
25 shall direct the modification by judgment which shall be final and  
26 conclusive, and the municipal clerk shall cause the judgment to be  
27 recorded and filed in the same places and manner as was the local law  
28 which was modified.

29 § 453. Amendments to the district plan. 1. At any time after the  
30 establishment or extension of a district pursuant to the provisions of  
31 this article, the district plan upon which the establishment or exten-  
32 sion was based, may, upon the recommendation of the district management  
33 association, be amended by the legislative body after compliance with  
34 the procedures set forth in this article.

35 2. Amendments to the district plan which provide for changes to the  
36 improvements, activities, or services provided under the district plan  
37 may be adopted by the district management association and do not require  
38 actions by the legislative body.

39 3. Amendments to the district plan which provide for changes to the  
40 boundaries of the district or any change in the method of assessment  
41 upon which the business assessment is based may be adopted by local law  
42 of the legislative body, provided that the legislative body of the muni-  
43 cipality shall, after a public hearing, determine that it is in the  
44 public interest to authorize such changes to the boundaries of the  
45 district or changes to the method of assessment. The legislative body  
46 shall give notice of the hearing by publication of a notice on the  
47 legislative body's website or in at least one newspaper having general  
48 circulation in the district specifying the time when and the place where  
49 the hearing will be held and stating any changes to the boundaries of  
50 the district, or any change in the method of assessment upon which the  
51 business assessment is based. The notice shall be published once at  
52 least ten days prior to the date specified for the hearing.

53 4. Amendments to the district plan which provide for the district to  
54 incur indebtedness in order to provide for additional improvements or  
55 activities, or which provide an increase only in the amount to be  
56 expended annually for improvements, activities, services, maintenance

1 and operation, or which provide for an increase in the total maximum  
2 amount to be expended for improvements or activities in the district,  
3 may be adopted by local law of the legislative body. Adoption of a local  
4 law of the legislative body regarding the amendments as provided in this  
5 paragraph requires that the legislative body shall, after a public hear-  
6 ing, determine that it is in the public interest to authorize the  
7 district to incur indebtedness to provide for additional improvements or  
8 activities, or to increase only in the amount to be expended annually,  
9 or to increase the maximum total amount to be expended for improvements  
10 or activities in the district. Notice of the hearing shall be published  
11 and mailed in the manner provided in section four hundred fifty of this  
12 article.

13 § 454. Expense of the district. 1. The expense incurred in the  
14 construction or operation of any improvement, activities, or provision  
15 of additional services in a district pursuant to this article shall be  
16 financed in accordance with the district plan upon which the establish-  
17 ment or extension of the district was based. Activities or services for  
18 which district business owners are assessed pursuant to the plan shall  
19 be in addition to or an enhancement of those provided by the munici-  
20 pality prior to the establishment of the district. The expense and cost  
21 apportioned to benefited businesses in accordance with the plan shall be  
22 a business assessment upon each benefited business within the district.

23 2. The business assessment levied upon benefited businesses pursuant  
24 to this article shall be imposed as provided in the district plan.

25 3. Any municipality which has established a district pursuant to this  
26 article, may, for the purpose of providing funds for making capital  
27 improvements, within a district, issue and sell bonds or other municipal  
28 obligations as provided in the local finance law and other applicable  
29 laws and statutes. Principal and interest payments on these bonds or  
30 other municipal obligations may be made in whole or in part from the  
31 proceeds of business assessments imposed upon benefited businesses with-  
32 in the district.

33 § 455. Expenditure of district funds. The proceeds of any business  
34 assessment imposed pursuant to this article shall be remitted to the  
35 district management association by the municipality within sixty days  
36 following the collection of assessments from assessed businesses. None  
37 of the proceeds collected pursuant to this article shall be used for any  
38 purposes other than those set forth in the district plan.

39 § 456. District management association. 1. There shall be a district  
40 management association for each district established pursuant to the  
41 provisions of this article, which, if a non-profit corporation, shall  
42 pursuant to the not-for-profit corporation law have one or more classes  
43 or membership, voting or non-voting for the purpose of carrying out such  
44 activities as may be prescribed in the plan.

45 2. The board of directors of the association may include, but shall  
46 not be limited to, representatives of business owners within the  
47 district.

48 3. In addition to such other powers as are conferred on it by law, the  
49 district management association may make recommendations to the legisla-  
50 tive body with respect to any matter involving or relating to the  
51 district.

52 § 457. Dissolution. Any district established or extended pursuant to  
53 the provisions of this article, where there is no indebtedness,  
54 outstanding and unpaid, incurred to accomplish any of the purposes of  
55 the district, may be dissolved by resolution of the legislative body of  
56 the municipality, if the legislative body of the municipality finds

1 there has been misappropriation of funds, malfeasance, or a violation of  
2 law in connection with the management of the district. It shall provide  
3 a notice of a hearing on disestablishment pursuant to section four  
4 hundred fifty of this article. Each year on the anniversary of formation  
5 of the district there shall be a thirty-day window where petitions of  
6 the business owners, or business owner representatives, that shall pay  
7 more than fifty percent of the total amount raised by all benefited  
8 businesses included in the boundaries of the district may petition to  
9 dissolve the district. The legislative body shall request and consider  
10 the recommendations of the district management association concerning  
11 any proposed dissolution, provided that if the association has not  
12 submitted recommendations to the legislative body within ninety days  
13 after request therefore, the legislative body shall adopt any such  
14 proposed dissolution without considering such recommendations. In the  
15 event of dissolution, any remaining revenues, after all outstanding  
16 debts are paid, derived from the levy of assessments, or derived from  
17 the sale of assets acquired with the revenues, or from bond reserve or  
18 construction funds, shall be spent in accordance with the district plan  
19 or shall be refunded to the assessed business owners by applying the  
20 same method and basis that was used to calculate the district assess-  
21 ments that were levied.

22 § 458. Severability. If any provision of this article or the applica-  
23 tion thereof to any person or circumstance shall be adjudged invalid by  
24 any court of competent jurisdiction, such order or judgment shall be  
25 confined in its operation to the controversy in which it was rendered  
26 and shall not affect or invalidate the remainder of any provisions of  
27 this article or the application of any part thereof to any other person  
28 or circumstance and to this end the provisions of this article are here-  
29 by declared to be severable.

30 § 2. This act shall take effect immediately.