

# STATE OF NEW YORK

7636

2023-2024 Regular Sessions

## IN SENATE

August 18, 2023

Introduced by Sen. MARTINEZ -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the local finance law, in relation to authorizing school districts to borrow against certain reserve funds

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

1 Section 1. The local finance law is amended by adding a new section  
2 25.11 to read as follows:

3 § 25.11 Borrowing from reserve funds. a. 1. Pursuant to a resolution  
4 adopted by the board of education of any school district, such school  
5 district may borrow from certain reserve funds to reduce reliance on tax  
6 anticipation notes and revenue anticipation notes.

7 2. Such resolution shall include the following information:

8 (a) the amount to be borrowed;

9 (b) the reserve from which the school district intends to borrow;

10 (c) the amount and source of taxes or other revenue anticipated to be  
11 received; and

12 (d) the timeframe in which such taxes or other revenue is anticipated  
13 to be received and the schedule upon which repayment shall be made,  
14 including a specific date for final repayment; provided, however, that  
15 nothing shall prohibit a school district from paying ahead of such sche-  
16 dule.

17 3. School districts shall not borrow in excess of seventy-five percent  
18 of the total of each reserve fund.

19 b. 1. Borrowing from reserve funds shall be limited to taxes and  
20 revenue anticipated to be received in the same fiscal year in which such  
21 borrowing takes place; provided, however, that during the final two  
22 weeks of a given fiscal year, such borrowing may be initiated by a  
23 school district in anticipation of moneys to be received in the follow-  
24 ing fiscal year.

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

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1 2. Final repayment shall be scheduled within the same fiscal year in  
2 which the borrowing takes place; provided, however, that if such borrow-  
3 ing was initiated in the final two weeks of the prior fiscal year in  
4 anticipation of moneys to be received in the current fiscal year pursu-  
5 ant to subdivision one of this paragraph, such final repayment may be  
6 scheduled within the fiscal year during which such anticipated moneys  
7 are received.

8 c. The following reserve funds may be borrowed from pursuant to para-  
9 graph a of this section:

10 1. Workmen's compensation reserve fund, as authorized by section six-j  
11 of the general municipal law;

12 2. Unemployment insurance payment reserve fund, as authorized by  
13 section six-m of the general municipal law;

14 3. Repair reserve fund, as authorized by section six-d of the general  
15 municipal law;

16 4. Insurance reserve fund, as authorized by section six-n of the  
17 general municipal law;

18 5. Property loss reserve fund, as authorized by section seventeen  
19 hundred nine of the education law;

20 6. Employee benefit accrued liability reserve fund, as authorized by  
21 section six-p of the general municipal law; and

22 7. Tax reduction reserve fund, as authorized by sections sixteen  
23 hundred four and seventeen hundred nine of the education law.

24 § 2. This act shall take effect July 1, 2024.