

# STATE OF NEW YORK

9317

## IN ASSEMBLY

February 29, 2024

Introduced by M. of A. ZINERMAN -- read once and referred to the Committee on Governmental Operations

AN ACT to amend the state finance law, in relation to providing timely and up-front payments from the state to small not-for-profit corporations and enabling the competitiveness of smaller not-for-profit corporations serving the state

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

1 Section 1. Legislative findings. The Legislature acknowledges the New  
2 York Council of Nonprofits' first State of the Sector and finds that  
3 small not-for-profit corporations in the State of New York are struggl-  
4 ing to attract new talent, make timely payments, and cover their annual  
5 operating expenses, further exacerbated by financial difficulties stem-  
6 ming from the shifting post-pandemic economic landscape. Inflation and  
7 labor shortages have harmed the not-for-profit community in ways  
8 disproportionate to the for-profit community. In particular, these  
9 economic trends have harmed small not-for-profit corporations more  
10 acutely than larger not-for-profit corporations.

11 The purpose of this legislation is to address that gap by altering the  
12 structure and schedule of payments from the state to small not-for-pro-  
13 fit corporations, helping them to better adapt their budgets and expend-  
14 itures and compete more effectively with larger, better-capitalized  
15 not-for-profit corporations who can more easily absorb large costs.  
16 Uncertain budgeting for not-for-profit corporations results in less  
17 action, unstable employment, less clarity with timelines, general stress  
18 and anguish for employees, and more. Helping small not-for-profit corpo-  
19 rations budget better will help the entire economy and society.

20 § 2. Section 179-e of the state finance law is amended by adding a new  
21 subdivision 11 to read as follows:

22 11. "Small not-for-profit corporation" means any not-for-profit corpo-  
23 ration, as defined by section one hundred two of the not-for-profit  
24 corporation law, whose annual budget is one million five hundred thou-  
25 sand dollars or less.

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

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1 § 3. Section 179-t of the state finance law is amended by adding two  
2 new subdivisions 6 and 7 to read as follows:

3 6. Every calendar year, on or before January thirty-first, the attor-  
4 ney general shall publish a list of not-for-profit corporations in good  
5 standing with the state and eligible to receive funding from the state.  
6 Such list shall be constructed based upon the compliance paperwork of  
7 not-for-profit corporations submitted for the previous calendar year.  
8 For not-for-profit corporations who submit their compliance paperwork  
9 after January thirty-first and before April first, the attorney general  
10 shall publish addendums to said list including not-for-profit corpo-  
11 rations that are in good standing and eligible to receive funding from  
12 the state. Any agency executing contract renewals for not-for-profit  
13 corporations on such list shall not be required to submit said renewal  
14 contract to the comptroller for review.

15 7. (a) Notwithstanding the time frame requirements set forth in this  
16 section, a state agency administering a contract renewal with a small  
17 not-for-profit corporation as defined in this article shall make best  
18 efforts to ensure the disbursement of moneys to the small not-for-profit  
19 corporation within sixty days after the agency receives the appropri-  
20 ation or funding for the contract unless the agency receives the funding  
21 more than sixty days before the effective date of the contract. If the  
22 agency receives the applicable funding more than sixty days before the  
23 effective date of the contract, the agency shall disburse the money to  
24 the small not-for-profit corporation prior to the effective date of the  
25 contract. The agency shall disburse the entire sum of money in a single  
26 disbursement.

27 (b) A small not-for-profit corporation may opt not to receive funds in  
28 a single disbursement by attaching a statement with their compliance  
29 paperwork requesting payment under the provisions of this chapter which  
30 would otherwise be applicable.

31 (c) Small not-for-profit corporations which do not receive their  
32 contractual disbursements within the time frames provided by this subdi-  
33 vision may petition the contracting agency to disburse any moneys owed  
34 within twenty days of receipt of such petition. If the contracting agen-  
35 cy has not disbursed such moneys within twenty days, the small not-for-  
36 profit corporation affected may bring an article seventy-eight proceed-  
37 ing in a court of competent jurisdiction to enforce such contract and  
38 the provisions of this article.

39 § 4. This act shall take effect on the first of January next succeed-  
40 ing the date on which it shall have become a law.