

STATE OF NEW YORK

11179

IN ASSEMBLY

May 1, 2026

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

AN ACT to amend the state finance law, in relation to requirements associated with contracts between state agencies and not-for-profit organizations

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

1 Section 1. Section 179-u of the state finance law, as added by chapter
2 166 of the laws of 1991, is amended to read as follows:

3 § 179-u. Advance payments. 1. When a state agency administering a
4 contract enters a new contract with a not-for-profit organization and
5 funds have been appropriated, the agency shall provide within thirty
6 days of executing the contract an advance payment of an amount equal to
7 twenty-five percent of the total award to cover expenses incurred and
8 services provided in the first quarter.

9 2. When a state agency administering a contract [~~shall advise~~] advises
10 the not-for-profit organization of the agency's intention to renew or
11 extend the contract, [~~the not-for-profit organization, may, upon receipt~~
12 ~~of a written directive, be entitled to an~~] and the funds have been
13 appropriated, the agency shall either fully execute such contract or
14 shall issue a written directive prior to the commencement date of the
15 succeeding contract. In either case, the agency shall issue, prior to
16 the commencement date of the succeeding contract, an advance payment of
17 an amount equal to twenty-five percent of the total award to cover
18 expenses incurred and services provided in the first quarter pending
19 execution of the renewal or extension contract [~~if such contract is not~~
20 ~~fully executed by the commencement date of the succeeding contract, the~~
21 ~~written directive shall specifically set forth the dollar amount and the~~
22 ~~period of time covered by the advance payment~~]. Such advance [~~payment~~]
23 payments shall offset future payments due to the organization for
24 services provided during the term of the prospective renewal or exten-
25 sion contract and shall not exceed the maximum contract amount set forth
26 in said renewal or extension contract.

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

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1 ~~[2-]~~ 3. A state agency providing an advance payment pursuant to subdi-
2 vision one or two of this section shall submit a written directive, a
3 voucher and such other documents as may be required to the comptroller
4 for approval.

5 4. Such advance payments shall not be required if funding for such
6 contract includes federal funding and the terms or conditions of such
7 federal funding prohibit such advance payments.

8 § 2. Subdivision 3 of section 179-ee of the state finance law, as
9 added by section 38 of part L of chapter 55 of the laws of 2012, is
10 amended and a new subdivision 4 is added to read as follows:

11 3. A modification to a contract that would result in a transfer of
12 funds among program activities or budget cost categories but does not
13 affect the amount, consideration, scope or other terms of such contract
14 shall not, by itself, require such contract and modification to be
15 submitted to the comptroller for review; provided, however, where the
16 amount of such modification is, as a portion of the total value of the
17 contract, equal to or greater than ten percent for contracts of less
18 than five million dollars, or five percent for contracts of more than
19 five million dollars, the comptroller may require that such modification
20 be submitted to ~~[him or her]~~ such comptroller for review. All modifica-
21 tions that do not require comptroller review shall be approved within
22 sixty days, and all modifications that require comptroller review shall
23 be approved within ninety days. When a contractor submits their final
24 vouchers or invoice, if such voucher or invoice would result in a
25 modification between budget categories of, as a portion of the total
26 value of the contract, equal to or lesser than ten percent for contracts
27 of less than five million dollars, or five percent for contracts of more
28 than five million dollars, then the agency may consider the voucher or
29 invoice a request for contract modification and may process the modifi-
30 cation as such.

31 4. Notwithstanding any other provisions of this article, de minimus
32 indirect costs shall be included in all not-for-profit organization
33 contracts with state agencies. Provided, however, such de minimus indi-
34 rect costs shall not be included if funding for such contract includes
35 federal funding and the terms or conditions of such federal funding
36 prohibit the inclusion of such costs.

37 § 3. This act shall take effect on the one hundred eightieth day after
38 it shall have become a law.