

# STATE OF NEW YORK

11207

## IN ASSEMBLY

May 1, 2026

Introduced by M. of A. GALLAHAN -- read once and referred to the Committee on Local Governments

AN ACT to authorize the town of Aurelius to continue the use of an existing water district capital reserve fund

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

1 Section 1. Legislative findings. It is hereby found and determined  
2 that the town of Aurelius, modified the manner in which the costs of  
3 "Water District III" were apportioned from a special ad valorem assess-  
4 ment upon properties benefited within the water district to a unit-based  
5 tax levy upon an expanded "Water District III" in violation of the town  
6 law. The specific actions taken by the town are more fully described as  
7 follows:

8 On March 13, 2003, the town of Aurelius (the Town), New York, estab-  
9 lished a capital reserve fund pursuant to section 6-c of the general  
10 municipal law for the purpose of financing the reconstruction or major  
11 repair of water lines serving "Water District III" within the town. From  
12 2003 until on or about January 1, 2015, the costs associated with "Water  
13 District III" and related improvements were financed and collected  
14 through a special ad valorem assessment levied upon the properties bene-  
15 fited within the water district. On June 14, 2012, the Town expanded the  
16 water district through a joint or shared special improvement district  
17 with the Village of Cayuga (the Village), and a bond resolution was duly  
18 adopted authorizing the issuance of obligations to finance the Town  
19 share of a joint water project. As a result of this expansion, the tax  
20 base of the water district became larger than that of the former  
21 district. On or about January 1, 2015, the Town modified the manner in  
22 which the costs of the water district were apportioned by changing from  
23 a special ad valorem assessment to a unit-based tax levy. At the time of  
24 this modification, the Town acted under the mistaken belief that it was  
25 authorized to change the assessment pursuant to former provisions of the  
26 town law which had previously permitted such a change. After the Town's  
27 action, however, it was determined that the statutory authority permit-  
28 ting such a modification of the assessment basis had been repealed, and

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

LBD15658-01-6

1 that the Town therefore lacked legal authority for the change. In 2024,  
2 the Town requested a formal opinion from the New York state comp-  
3 troller's office regarding the permissible use of the water district  
4 capital reserve fund. After extended review, the comptroller's office  
5 was unable to provide guidance and recommended that the Town seek an act  
6 of the legislature to address the issue.

7 § 2. Unit-based tax levy validated. Notwithstanding the unauthorized  
8 action taken by the town of Aurelius, county of Cayuga, in modifying the  
9 manner in which the costs of the water district were apportioned, the  
10 establishment of a unit-based tax levy described in section one of this  
11 act is hereby legalized, validated, ratified, and confirmed.

12 § 3. Authorization for the transfer of ad valorem tax revenues. The  
13 town of Aurelius, upon resolution and permissive referendum, may trans-  
14 fer any funds currently held from ad valorem tax collections by the  
15 former "Water District III" reserve fund to "Water District III", and  
16 such funds shall be used solely by "Water District III" for the purposes  
17 which the funds were originally collected, including reconstruction or  
18 major repairs, provided that the purposes for creating the former "Water  
19 District III" reserve fund have been performed and any outstanding  
20 claims arising from the purposes of the former "Water District III"  
21 reserve fund have been paid from the funds.

22 § 4. Severability. If any clause, sentence, subdivision, paragraph,  
23 section or part of this act be adjudged by any court of competent juris-  
24 diction to be invalid, judgment shall not affect, impair, or invalidate  
25 the remainder thereof, but shall be confined in its operation to the  
26 clause, sentence, subdivision, paragraph, section, or part thereof  
27 directly involved in the controversy in which such judgment shall have  
28 been rendered.

29 § 5. This act shall take effect immediately.