

STATE OF NEW YORK

10741

IN ASSEMBLY

March 27, 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 contracting 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. Subdivisions 9 and 14 of section 179-g of the state finance
2 law, as added by chapter 166 of the laws of 1991, are amended to read as
3 follows:

4 9. "Renewal contract" means the documents necessary to continue in
5 effect an existing contract between a state agency and not-for-profit
6 organization, including any simplified contract documents in a form
7 approved by the office of the state comptroller. "Renewal contract"
8 shall also include any new contract between a state agency and a not-
9 for-profit organization to provide the same or similar services as were
10 provided by such not-for-profit organization to the state agency under a
11 previously approved contract. Similar services are services that are
12 comparable to those provided in a prior executed contract from the same
13 agency.

14 14. "Written directive" means a written request by a state agency to a
15 not-for-profit organization authorizing such organization either to
16 begin providing services during the negotiation of a contract or to
17 continue providing services during the negotiation of a renewal
18 contract. All written directives shall include a schedule for
19 submission of invoices for work completed by the not-for-profit organ-
20 ization and the state agency's scheduled payment dates for submitted
21 invoices. All written directives shall state that payment for the
22 services provided is subject to the availability of appropriations,
23 execution of either the contract or renewal contract, and approval of
24 the contract or renewal contract by the comptroller and the attorney
25 general. All written directives shall also include instructions on how
26 to access the not-for-profit short-term revolving loan fund pursuant to
27 section one hundred seventy-nine-z of this article.

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

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1 § 2. Subdivision 1 of section 179-s of the state finance law, as added
2 by chapter 166 of the laws of 1991, is amended and a new subdivision 4
3 is added to read as follows:

4 1. A state agency shall have not more than one hundred fifty days
5 following the latest date on which any of the appropriations covered by
6 the program plan become law to execute contracts with not-for-profit
7 organizations pursuant to the program plan. Upon execution of each
8 contract by the state agency and the not-for-profit organization, the
9 contract shall immediately be delivered to the attorney general for
10 approval. The attorney general shall within fifteen days of receipt
11 either approve such contract or disapprove and return the contract to
12 the state agency with reasons therefor. Upon approval, the contract
13 shall be delivered to the comptroller who shall within fifteen days of
14 receipt either approve and file such contract or disapprove and return
15 the contract to the state agency with [~~his~~] such comptroller's reasons
16 therefor.

17 4. When a state agency deems it necessary for a not-for-profit organ-
18 ization to commence the provision of services prior to full execution of
19 a new, renewal, or extension contract and issues a written directive to
20 the not-for-profit organization requesting the commencement of such
21 services, the written directive shall provide a schedule and procedure
22 for the not-for-profit organization to receive payment for work
23 performed, including a commencement date for services that the state
24 agency is requesting, a schedule and procedure for the not-for-profit
25 organization to submit invoices to the state agency for work performed,
26 and a schedule under which the not-for-profit organization can expect
27 payment from the state agency.

28 § 3. Subdivisions 1 and 4 of section 179-z of the state finance law,
29 as added by chapter 166 of the laws of 1991, are amended and a new
30 subdivision 5 is added to read as follows:

31 1. The state comptroller is authorized to provide loans from the not-
32 for-profit short-term revolving loan fund established by section nine-
33 ty-seven-jj of this chapter to any not-for-profit organization in
34 receipt of a written directive from a state agency. The state comp-
35 troller may provide such a loan to a not-for-profit organization upon
36 receipt of a written agreement providing reasonable assurances of repay-
37 ment that is satisfactory to the comptroller. Such loan shall not bear
38 interest and repayment of such loan may be prorated over the term of the
39 expected or renewal contract, provided the term of the loan does not
40 exceed one year. The amount of each such loan shall not exceed [~~one-half~~
41 ~~of the first quarter~~] the full payment of the subject contract.

42 4. Any not-for-profit organization receiving a loan from the not-for-
43 profit short-term revolving loan fund shall be ineligible [~~to receive~~
44 ~~interest from a state agency, notwithstanding the provisions of section~~
45 ~~one hundred seventy-nine-v of this article and shall be ineligible~~] to
46 receive advance payments for the amount that they received in the loan,
47 notwithstanding section one hundred seventy-nine-u of this article.

48 5. Instructions on how to access the not-for-profit short-term revolv-
49 ing loan fund shall be provided to every not-for-profit organization
50 that receives a written directive, contract, or renewal contract from a
51 state agency. Such instructions shall also be posted in a conspicuous
52 manner on the websites of the state comptroller and the New York State
53 Nonprofit Unit.

54 § 4. Section 179-aa of the state finance law, as amended by chapter
55 672 of the laws of 2019, is amended to read as follows:

1 § 179-aa. Advisory committee. There is hereby established a not-for-
2 profit contracting advisory committee. The advisory committee shall
3 consist of sixteen members which shall include eight appointed members,
4 four to be appointed by the governor who shall be representatives of
5 not-for-profit organizations providing services in the state, and two
6 each to be appointed by the governor upon recommendation of the tempo-
7 rary president of the senate and speaker of the assembly, and eight ex
8 officio members of the committee, one each designated from the division
9 of the budget, the department of law, the office of the state comp-
10 troller, and the education department. The governor shall also designate
11 four members from among the following agencies: the department of state,
12 the office of children and family services, the office of temporary and
13 disability assistance, the department of health, the office of mental
14 hygiene, the office for people with developmental disabilities, and the
15 department of labor. The governor shall designate an appointee to serve
16 as chair of the committee. The advisory committee shall meet at least
17 quarterly and ~~[upon its own initiative may]~~ shall: comment and report
18 on the implementation and operation of the not-for-profit short-term
19 revolving loan fund; advise the governor, comptroller, legislature,
20 attorney general and state agencies on the implementation and operation
21 of this article; evaluate the benefits of requiring all state agencies
22 to use standard contract language and the extent to which standard
23 language may be effectively included in contracts with not-for-profit
24 organizations; evaluate and provide feedback on improvements to the
25 statewide financial system; review annually the report of the office of
26 the state comptroller made pursuant to section one hundred seventy-nine-
27 bb of this article; and propose any legislation they deem necessary to
28 improve the fund and this article. The committee shall report to the
29 comptroller's office, the office of the attorney general, the governor
30 and the legislature with recommendations on improving the contracting
31 procedures with not-for-profit organizations which receive state funds
32 through the intermediary of municipalities. Such reports shall be due
33 annually not later than December first, and shall be made available to
34 the general public, including a conspicuous posting on the website of
35 the New York State Nonprofit Unit.

36 § 5. Paragraphs (a) and (e) of subdivision 2 and subdivision 3 of
37 section 179-f of the state finance law, paragraphs (a) and (e) of subdivi-
38 sion 2 as amended by chapter 36 of the laws of 2016 and subdivision 3
39 as amended by chapter 568 of the laws of 2015, are amended to read as
40 follows:

41 (a) the state comptroller in the course of ~~[his or her]~~ such comp-
42 troller's audit determines that there is reasonable cause to believe
43 that payment may not properly be due, in whole or in part;

44 (e) the goods or property have not been delivered or the services have
45 not been rendered by the contractor in compliance with the terms or
46 conditions of the contract, except that where the contractor presents an
47 invoice of a subcontractor as proof of the cost and may pay subcontrac-
48 tors upon receipt of payment on the invoice or voucher by the agency,
49 proof of such payment by the contractor to the subcontractor shall be
50 provided by the contractor to the state agency within thirty days of the
51 receipt of the voucher payment;

52 3. Each state agency shall have fifteen calendar days after receipt of
53 an invoice by the state agency at its designated payment office, or in
54 the case of an invoice received from a small business, seven calendar
55 days, to notify the contractor of (a) material defects in the delivered
56 goods, property, or services, (b) material defects in the invoice, or

1 (c) suspected improprieties of any kind~~[, and the]~~. The existence of
2 such material defects or improprieties shall [~~prevent the commencement~~
3 ~~of~~] pause the calculation of the time period specified in subdivision
4 two of this section until such material defects or improprieties have
5 been corrected. [~~When a state agency fails to notify a contractor of~~
6 ~~such defects or suspected improprieties within fifteen calendar days, or~~
7 ~~seven calendar days if such contractor is a small business, of receiving~~
8 ~~the invoice, the number of days allowed for payment of the corrected~~
9 ~~proper invoice will be reduced by the number of days between the~~
10 ~~fifteenth day, or seventh day if payment of such proper invoice is for a~~
11 ~~small business, and the day that notification was transmitted to the~~
12 ~~contractor.~~] If the agency notifies the contractor of a material defect
13 or impropriety that was present in the original invoice after the
14 initial fifteen calendar days from when the invoice was originally
15 submitted, then the time period specified in subdivision two of this
16 section shall continue to run and shall not be affected by such notifi-
17 cation. If the state agency, in such situations, fails to provide
18 reasonable grounds for its contention that a material defect or impro-
19 priety exists, the required payment date shall be calculated from the
20 date of receipt of an invoice. Scrivener's errors or rounding errors
21 that result in a variance of less than one hundred dollars shall not be
22 considered material defects for the purposes of this section.
23 § 6. This act shall take effect on the one hundred eightieth day after
24 it shall have become a law.