STATE OF NEW YORK

5650

2025-2026 Regular Sessions

IN ASSEMBLY

February 19, 2025

Introduced by M. of A. ZINERMAN, BUTTENSCHON, WOERNER -- 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:

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

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

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

11. "Small not-for-profit corporation" means any not-for-profit corporation, as defined by section one hundred two of the not-for-profit

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

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corporation law, whose annual budget is one million five hundred thousand dollars or less.

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

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

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

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

(c) Small not-for-profit corporations which do not receive their contractual disbursements within the time frames provided by this subdivision may petition the contracting agency to disburse any moneys owed within twenty days of receipt of such petition. If the contracting agency has not disbursed such moneys within twenty days, the small not-for-profit corporation affected may bring an article seventy-eight proceeding in a court of competent jurisdiction to enforce such contract and the provisions of this article.

§ 4. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.