STATE OF NEW YORK

10185

IN SENATE

May 4, 2026

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

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:

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

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however, it was determined that the statutory authority permitting such a modification of the assessment basis had been repealed, and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

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

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

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

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

§ 5. This act shall take effect immediately.