§ 6-e. Contingency and tax stabilization reserve fund for municipal corporations. 1. As used in this section:

a. "Annual budget" means the annual budget or estimate, as finally adopted, of a municipal corporation which is required by law to adopt an annual budget or estimate of the expenditures to be made for a fiscal year for the general support or for the expenses of the government of such municipal corporation during such fiscal year.

b. "Base year" means the most recent fiscal year for which an annual report has been filed with the state comptroller pursuant to section thirty of this chapter.

c. "Chief executive officer" means a chief executive officer as defined in paragraph five-a of section 2.00 of the local finance law.

d. "Chief fiscal officer" means a chief fiscal officer as defined in paragraph five of section 2.00 of the local finance law.

e. "Eligible portion of the annual budget" means:

(1) in the case of a contingency and tax stabilization reserve fund established for a county, city, village or fire district, the general fund portion of the annual budget;

(2) in the case of a contingency and tax stabilization reserve fund established for a town, the town-wide general fund and highway fund portions of the annual budget; and

(3) in the case of a contingency and tax stabilization reserve fund established for the part of a town outside any villages, the general fund and highway fund portions of the annual budget for such part of the town.

f. "Estimated revenue" means revenue from a specific source which is expected to be received during a fiscal year and which is included in the annual budget as finally adopted for that fiscal year.

g. "Governing board" means a governing board as defined in section two of this chapter and, in the case of a fire district, shall mean the

board of fire commissioners.

h. "Municipal corporation" means a municipal corporation as defined in section two of this chapter and shall also include a fire district.

i. "Public emergency" means an epidemic, conflagration, riot, storm, flood or other sudden, unforeseen or unexpected occurrence or condition which requires the immediate expenditure of moneys to protect the public health, safety or welfare of the inhabitants of the municipal corporation.

j. "Tentative budget" means the tentative budget prepared pursuant to section three hundred fifty-four of the county law, section one hundred six of the town law or section 5-504 of the village law, the statement of expenditures prepared pursuant to section one hundred eighty-one of the town law, or similar document prepared pursuant to general, special or local law.

k. "Unanticipated expenditure" means an expenditure for a specific purpose for which there is no or insufficient appropriation or which will cause an appropriation to be insufficient that is necessitated by a change in federal or state laws, rules or regulations, a court order, judgement or decree, a public emergency, or an industry-wide price, rate or premium increase, which takes effect or occurs after final adoption of the annual budget and which could not have been reasonably anticipated prior to final adoption of the annual budget.

l. "Unanticipated revenue loss" means estimated revenue which is rendered unreceivable because of a change in federal or state laws, rules or regulations, a court order, judgement or decree, or other circumstance, which takes effect or occurs after final adoption of the annual budget and which could not have been reasonably anticipated prior to final adoption of the annual budget.

m. "Unappropriated unreserved fund balance" means the difference between the total assets for a fund and the total liabilities, deferred revenues, encumbered appropriations, amounts appropriated for the

ensuing fiscal year's budget, and amounts reserved for stated purposes pursuant to law, including reserve funds established pursuant to the general municipal law for the fund, as determined through application of the system of accounts prescribed by the state comptroller pursuant to section thirty-six of this chapter.

n. "Voting strength" means the aggregate number of votes which all the members of the governing board are entitled to cast.

2. The governing board of any municipal corporation, by resolution subject to a permissive referendum, may establish a contingency and tax stabilization reserve fund for the municipal corporation and, in the case of a town, also for the part of the town outside any villages. Such permissive referendum shall be governed by:

a. in the case of a county, sections one hundred one through one hundred three of the county law;

b. in the case of a city, sections twenty-four through twenty-six of the municipal home rule law;

c. in the case of a town or the part of a town outside any villages, article seven of the town law;

d. in the case of a village, article nine of the village law; and

e. in the case of a fire district, subdivision four of section six-g of this article.

3. There may be paid into the contingency and tax stabilization reserve fund such amounts as may be provided therefor by budgetary appropriation, unappropriated unreserved fund balance in the eligible portion of the annual budget, and such revenues as are not required by law to be paid into any other fund or account; provided, however, that no amount may be appropriated for payment into a contingency and tax stabilization reserve fund which would cause the balance of the fund to exceed ten percent of the eligible portion of the annual budget for the

fiscal year for which the appropriation would be made.

4. a. The moneys in a contingency and tax stabilization reserve fund may be expended only pursuant to an appropriation for a purpose authorized by this subdivision. Except as provided in paragraph e of this subdivision, such an appropriation shall be made only upon the recommendation of the chief executive officer and the adoption of a resolution appropriating the recommended amount by at least two-thirds of the voting strength of the governing board.

b. The moneys in a contingency and tax stabilization reserve fund may be used to finance an unanticipated revenue loss chargeable to the eligible portion of the annual budget, subject to the following limitations:

(1) the maximum amount of moneys in the fund that may be used to finance an unanticipated revenue loss shall equal either the amount of the revenue actually received for the base year or the amount of the estimated revenue for the current fiscal year, whichever is less, minus the amount of the revenue actually received for the current fiscal year; and

(2) the moneys in the fund may be used only to finance that portion of the unanticipated revenue loss which, as a matter of law, cannot be financed with amounts available in any other account or fund.

c. The moneys in a contingency and tax stabilization reserve fund may be used to finance an unanticipated expenditure chargeable to the eligible portion of the annual budget, subject to the following limitations:

(1) the maximum amount of moneys in the fund that may be used to finance an unanticipated expenditure shall equal the sum of the amount of the unanticipated expenditure and the amount appropriated for that purpose for the current fiscal year minus either the amount appropriated for that purpose for the current fiscal year or the actual expenditure for the same purpose in the base year, whichever is greater; and

(2) the moneys in the fund may be used only to finance that portion of an unanticipated expenditure which, as a matter of law, cannot be financed with amounts available in any other account or fund.

d. The moneys in the contingency and tax stabilization reserve fund may be used to lessen or prevent any projected increase in excess of two and one-half percent in the amount of the real property tax levy needed to finance the eligible portion of the annual budget for the next succeeding fiscal year. The maximum amount of moneys in the fund that may be used for this purpose shall equal the difference between the projected amount of such real property tax levy and one hundred two and one-half percent of the amount of the real property tax levy needed to finance the eligible portion of the annual budget for the current fiscal year.

e. When preparing the tentative budget of a municipal corporation, if the current balance of a contingency and tax stabilization reserve fund, as shown by the statement of the chief fiscal officer required by subdivision six of this section, exceeds ten percent of the eligible portion of the annual budget for the current fiscal year, such excess shall be used to reduce the amount of real property taxes needed to finance the eligible portion of the annual budget for the next succeeding fiscal year.

5. The moneys in the contingency and tax stabilization reserve fund shall be deposited in one or more of the banks or trust companies designated, in the manner provided by law, as depositories of the funds of such municipal corporation. The governing board, or the chief fiscal officer having custody of such money of such municipal corporation, if the governing board shall delegate such duty to him, may invest the moneys in such fund in obligations specified in section eleven of this article. Any interest earned or capital gain realized on the money so deposited or invested shall accrue to and become part of such fund.

6. The chief fiscal officer shall account for the contingency and tax stabilization reserve fund separate and apart from all other funds of the municipal corporation. Such accounting shall show: the source, date and amount of each sum paid into the fund; the interest earned by such fund; capital gains or losses resulting from the sale of investments of the fund; the order, source thereof, date and amount of each

appropriation from this fund; the assets of the fund, indicating cash balance and a schedule of investments. Not later than sixty days after the start of each fiscal year and at such times as may be required by the governing board, the chief fiscal officer shall furnish to the governing board a detailed report of the operation and condition of the fund during the preceding fiscal year which shall include a statement of receipts and disbursements, and a statement of the balance of the fund as of the last day of such preceding fiscal year and such other dates as may be specified by the governing board. Not later than thirty days prior to the last date provided by law for the filing of the tentative budget, the chief fiscal officer shall furnish to the officer or body responsible for preparing the tentative budget a statement of the current balance of the fund.

7. The members of the governing board are hereby declared trustees of the moneys in the contingency and tax stabilization reserve fund and shall be subject to all duties and responsibilities imposed by law on trustees, and such duties and responsibilities may be enforced by the municipal corporation or by any board, commission, agency, officer or taxpayer thereof.

8. Any officer of a municipal corporation shall be guilty of a misdemeanor if he or she willfully and knowingly causes the municipal corporation to:

a. Appropriate moneys from the contingency and tax stabilization reserve fund for any purpose not authorized by this section.

b. Expend any money from the contingency and tax stabilization reserve fund for a purpose other than that for which it was appropriated.
The provisions of this subdivision shall be considered to be in addition to any other penalties provided by law.

* 4. Moneys in such fund shall be deposited and secured in the manner provided by section ten of this article. The moneys in such fund so deposited shall be kept in a separate bank account. The governing board or the chief fiscal officer of such municipality, if the governing board shall delegate such duty to him, may invest the moneys in such fund in

the manner provided in section eleven of this article. Any interest earned or capital gains realized on the moneys so deposited or invested shall accrue to and become part of such fund. Such board or officer shall incur no personal liability on account of any investment made pursuant to the provisions of this section.

* NB sb. 4 amended by Ch. 708/92, § 3 is to former section 6-E - repealed Ch. 655/92