



NYSAC
— NEW YORK STATE —
ASSOCIATION OF COUNTIES

New York State Association of Counties

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Memorandum in Support

S.6323 (Gaughran) / A.7209 (Thiele)

AN ACT to amend the general municipal law, in relation to authorized investments for local governments

The New York State Association of Counties (NYSAC) has reviewed the above referenced legislation and strongly supports the enactment of this bill into law.

This legislation would expand the types of investment options available for counties to provide similar options as those available to New York City under current law. This enhanced authority was included as part of the Governor's Budget recommendation for SFY 2022 at the request of NYSAC and its member counties. Many items that did not have a direct fiscal impact on the state financial plan were left out of the budget to be addressed later. Many such items have already been acted on as stand-alone measures and we support those efforts for this proposal.

Currently, investment options available to counties offer minimal returns as they are strongly linked to conservative fiscal instruments and a subset of U.S. government debt options. Since the Great Recession, federal reserve rate policy has driven interest rates to historic lows and the pandemic has ensured they will remain there for the foreseeable future. For counties, this has severely hampered their investment returns. The low returns have recently been cited by the State Comptroller in municipal audits as an area where local governments need to focus their efforts to maximize returns for taxpayers.

The expanded list of investment options in this legislation are safely being used in many other states and by New York City. Had the investment options in this bill been provided to counties in recent years, financial experts that work closely with NYSAC have indicated, conservatively, that returns would have been at least 30 percent higher.

Over the next several weeks the U.S. Treasury will deposit the first half of more than \$2.2 billion in federal pandemic assistance payments directly into the bank accounts of the 57 counties, outside New York City. It is critically important that counties be provided the same safe investment options used by New York City to manage these resources. Every dollar increase in investment returns relieves the need to raise that dollar locally through taxes, thus providing local tax relief.

It is for the abovementioned reasons that NYSAC supports the enactment of this legislation.

The New York State Association of Counties is a bipartisan municipal association serving all the counties of New York. Organized in 1925, NYSAC's mission is to represent, educate, advocate for and serve our member counties and the elected and appointed county officials who serve the public. For more information, visit www.nysac.org.

TO: Senator & Assembly Sponsors; Senate & Assembly Local Government Committees
DAL 5.4.21