

1 **2021 NYSAC Legislative Conference**
2 **Standing Committee on Taxation and Finance**
3 **Resolution #4**

4 **Resolution Calling on the Governor and State Legislature to Provide**
5 **More Options for Local Governments to Invest Their Cash**

6 **WHEREAS**, local governments in New York are restricted under state law to a
7 very short list of investment options for cash management purposes; and

8 **WHEREAS**, the lack of investment options hinders local government’s ability to
9 safely manage their liquidity, while maximizing interest income; and

10 **WHEREAS**, a recent State Comptroller cash-management audit recommended that
11 municipalities across New York take more proactive steps to maximize their interest
12 income; and

13 **WHEREAS**, there are many very safe financial instruments available in the
14 marketplace beyond what are currently allowed for municipalities under state law; and

15 **WHEREAS**, many states provide more options for their local governments
16 to safely invest their cash resources; and

17 **WHEREAS**, New York City has been granted temporary authority to expand its
18 investment portfolio beyond what counties and other localities can invest in; and

19 **WHEREAS**, the Governor’s SFY 2021-22 budget recommendation proposes to expand
20 the enhanced investment authority granted to New York City to other
21 municipalities, which allows for investments such as;

- 22 • General obligation bonds and notes of any state other than New York, provided
23 that such bonds receive the highest rating of at least one independent rating
24 agency,
- 25 • Obligations of any corporation organized under the laws of any state, provided
26 that such obligations received the highest rating of two independent rating services
27 and that no more than \$250 million is invested in any one corporation,
- 28 • Bankers’ acceptances maturing within 270 days which are eligible for purchase in
29 the open market by federal reserve banks,
- 30 • Obligations of, or instruments issued by, any agency or instrument of the USA,
31 including federal home loans banks, the Tennessee Valley Authority, the Federal
32 National Mortgage Association, Federal Home Loan Mortgage Association, and the
33 United States Postal Service, provided that no more than \$250 million is invested in
34 any one agency, and
- 35 • No load money market mutual funds, provided that such funds are limited to
36 investments in obligations of agencies or instrumentalities of the [usaUSA](#), where
37 payment is guaranteed by the USA; and

1 **WHEREAS**, when combined with a comprehensive liquidity management program, a
2 broader array of safe investment options for municipalities can play an important role in
3 strengthening a municipality's credit rating and providing the opportunity for lower
4 borrowing costs, while stretching the value of local tax dollars.

5 **NOW, THEREFORE, BE IT RESOLVED** that the New York State Association of
6 Counties calls upon the State Legislature to support the Governor's budget proposal to
7 expand the investment options provided to New York City to other municipalities; and

8 **BE IT FURTHER RESOLVED**, that copies of this resolution be sent to the counties
9 of New York State encouraging member counties to enact similar resolutions; and

10 **BE IT FURTHER RESOLVED**, the New York State Association of Counties shall
11 forward copies of this resolution to Governor Andrew M. Cuomo, the New York State
12 Legislature and all others deemed necessary and proper.