

1 **NYSAC 2021 Fall Seminar**
2 **Standing Committee on Taxation and Finance**
3 **Resolution #2**

4 **Resolution Calling on the Governor, State Legislature and Comptroller to**
5 **Support Reforms of Contingency and Tax Stabilization Reserve Funds to**
6 **Provide More Flexibility in the Fund’s Use, and to Update Withdrawal**
7 **Provisions to Conform with the State’s Two Percent Property Tax Cap**

8 **WHEREAS**, local government officials have had a long and productive history working
9 with state elected leaders in regard to establishing appropriate and fiscally prudent local
10 fiscal reserves; and

11 **WHEREAS**, these reserve funds provide important continuity of mandatory and local
12 quality of life services during emergencies; and

13 **WHEREAS**, the reserve funds also provide local taxpayers with a level of comfort that
14 sharp property tax increases can be avoided and stabilized with the prudent use of these
15 reserve funds; and

16 **WHEREAS**, General Municipal Law Section 6-e allows counties to establish a
17 “Contingency and Tax Stabilization Reserve Fund”, to finance unanticipated revenue
18 losses or expenditures, under strict conditions and limitations, and to prevent property
19 tax levy increases of more than 2.5 percent; and

20 **WHEREAS**, counties believe that more flexibility is warranted in the use of this reserve
21 fund, because the provisions of the Contingency and Tax Stabilization Reserve Fund
22 have not been updated recently to accommodate changing conditions and circumstances
23 on the ground in most counties, whether it is a change in state or federal statutory
24 requirements, the greater frequency of natural disasters caused by changes in the
25 climate, or increasing threat of future public health emergencies; and

26 **WHEREAS**, due to the 2.5 percent threshold in the current wording of Section 6-e, a
27 county’s use of this reserve fund to lessen a tax increase would force the county to waive
28 the tax cap and risk the loss of state aid in certain programs, thereby potentially
29 worsening a financial situation the fund was designed to help mitigate; and.

30 **WHEREAS**, GML Section 6-e’s subsection 4.b.2 and 4.c.2 require a county to spend
31 down all other eligible funds before utilizing the Contingency and Tax Stabilization
32 Reserve Fund, thereby depleting fund balance and accounts set up for other priority
33 purposes.

34 **NOW, THEREFORE, BE IT RESOLVED**, that the New York State Association of
35 Counties (NYSAC) calls upon the Governor, state legislature and the State Comptroller
36 to update statutory provisions related to local Contingency and Tax Stabilization
37 Reserve Funds; and

1 **BE IT FURTHER RESOLVED**, the threshold for expending funds out of the
2 Contingency and Tax Stabilization Reserve Fund to prevent a property tax increase
3 above 2.5 percent over the prior year should be reduced to two percent, or the inflation
4 factor for the taxable year in question, to conform with the State's two percent property
5 tax cap; and

6 **BE IT FURTHER RESOLVED**, that the limitations of GML Section 6-e's subsection
7 4.b.2 and 4.c.2 be removed, and if funds are withdrawn from the Contingency and Tax
8 Stabilization Reserve Fund in response to a public health emergency or natural disaster
9 to secure public health and safety, it should be made acceptable to replace the
10 withdrawn funds with subsequent state or federal emergency response funds upon
11 receipt to ensure adequate funds remain in place for future emergencies; and

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

14 **BE IT FURTHER RESOLVED**, that NYSAC shall forward copies of this resolution to
15 Governor Kathy Hochul, the New York State Legislature and all others deemed
16 necessary and proper.