



A PERIODIC UPDATE ON POLICY ISSUES OF  
INTEREST TO CITY AND VILLAGE OFFICIALS

New York State Conference of Mayors and Municipal Officials  
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***Update on FMAP Contingency Plan and its  
Impact on 2010-11 AIM Funding***

As you may recall, in addition to completing passage of the state budget earlier this month, the Senate and Assembly also approved legislation to address a potential shortfall in federal Medicaid funding. The plan ultimately approved by the federal government did include an FMAP (Federal Medical Assistance Percentage) extension but at a lesser amount than what the State financial plan had assumed. To make up for the approximately \$280 million shortfall, the State is planning to take the following action:

- Beginning September 16, 2010 and continuing through March 31, 2011, most payments from aid to localities appropriations in the State's General Fund (including AIM funding) and State special revenue funds will be reduced by a uniform percentage.
- The specific percentage reductions will be set forth in an allocation plan prepared by the NYS Division of Budget (DOB), once they have been calculated. *Based on preliminary information we have received from DOB, it is expected this reduction will be in the 1% range, with this percentage being applied to each of your remaining payments.* For example, if you receive your AIM payments in September, December and March, 1% would be deducted from each of those payment amounts.
- Payments for public assistance, debt service, CUNY senior college aid, MTA mobility tax payments, and court judgments are exempt from reduction. In addition, CHIPS funding **will not** be affected.

DOB is expected to have the allocation plan prepared sometime next week. As soon as this information is shared with NYCOM, we will pass it along to you.

***Pension Contribution Rates for 2012 to be Announced***

We have been told by the Office of the State Comptroller that 2012 pension contribution rates will be announced **tomorrow, September 2**. Although the pension fund performed well this past year compared to last, we anticipate the increase in rates from 2011 to 2012 will be significant. The State Comptroller also plans to announce the new assumed rate of return on pension fund investments, which we understand will be less than the current 8% but greater than 7%. Since this rate of return is one of the factors used to determine employer contribution rates, any change in this rate will likely affect required contributions made by local governments. You should be receiving something in the mail from the State Comptroller's Office by the end of this week regarding both the contribution rates and the new assumed rate of return.

## ***Legislative Update***

The following provides an update on several bills that NYCOM was monitoring throughout the 2010 Legislative session. Keep in mind, NYCOM will be publishing its annual *Summary of Legislation* in the fall, which will include the final status of all bills passed by both the Senate and Assembly directly affecting cities and villages.

### ***Bills that Passed Both Houses***

#### **Procurement Reform – A.9706-C / S.6606-B (Budget Bill) – NYCOM Supported**

The 2010-11 State Budget increased the competitive bidding limit, from \$10,000 to \$20,000, for *purchase contracts* and permits municipalities to require electronic bid submission for technology contracts. It should also be noted that Chapter 494 of the Laws of 2009 increased the local competitive bidding threshold on *public works contracts* from \$20,000 to \$35,000, effective November 12, 2009.

**(Chapter 56, effective June 22, 2010)**

#### **Local Finance Reforms – A. 8565-A (Hoyt) / S. 4601 (Stewart-Cousins) – NYCOM Supported**

Introduced at the request of the State Comptroller, this bill extends the “roll over” period for bond anticipation notes from 5 years to 7 years; increases the cap for allowing certain bonds to be sold at private sale without limitation, from \$1 million to \$5 million; and allows municipalities to issue budget notes in the event of an unforeseen revenue shortfall.

**(Chapter 386, effective August 13, 2010)**

#### **Health Insurance Continuation for Those Incurring an Occupational Injury – A. 9943 (Abbate) / S. 6785 (Savino) – NYCOM Opposed**

Would have added §159-d to the Civil Service Law to require that health insurance be continued for a public employee incurring an occupational injury, until the individual either returns to service, has separated from service, or has retired. This bill would have imposed a significant unfunded mandate aimed primarily at those individuals receiving municipal disability benefits pursuant to §207-a or §207-c of the General Municipal Law.

**(Veto No. 673, July 30, 2010)**

#### **Broadened Scope of Prevailing Wage for Service Employees – A. 10257-B (Gianaris) / S. 7096-A (Schneiderman) – NYCOM Opposes**

Would significantly expand the definition of “service work” and “service employees” that would be subject to the payment of prevailing wage.

**(Awaiting Delivery to the Governor)**

### ***Other Bills of Interest***

#### **Amendments to New Consolidation/Dissolution Law – A. 10432 (Schimel) / S. 7238 (C. Johnson) – NYCOM Supported**

Would have amended the General Municipal Law’s new Article 17-A governing the consolidation and dissolution of local governments. Along with several technical changes, the bill would have extended the timeframe for the development of a dissolution plan, established a time limit for circulating consolidation/dissolution petitions and, most importantly, required a mandatory referendum on the proposed consolidation/dissolution plan.

**STATUS:**     **Assembly:** Local Government

**Senate:** Local Government

**Tax Increment Financing (TIF) – A. 2378-A (Schimminger) / S. 1716-A (Stachowski) –  
NYCOM Supported**

Would have authorized schools to allow the school portion of real property taxes -- typically the largest portion of the real property tax bill -- to be used to pay off TIF bonds. By increasing the amount of money available to pay off bonds that are used to redevelop property, projects that were previously unworkable would have become viable, and municipal and school property tax revenues would have increased in the long run.

**STATUS: Assembly:** Ways & Means

**Senate:** Floor

**Land Banks – A. 700-A (Hoyt) / S. 4281-A (Valesky) – NYCOM Supported**

Would have permitted any “foreclosing governmental unit” to establish a land bank to acquire, manage and develop tax-foreclosed properties. This economic development tool is being used successfully by other states to help them address vacant and abandoned property.

**STATUS: Assembly:** Ways & Means

**Senate:** Passed

**Expansion of Municipal Deposits Options – A. 4370-A (Heastie) / S. 1782-A (Parker) –  
NYCOM Supported**

Would have allowed credit unions, savings banks, savings and loan associations and federal savings associations to accept and secure deposits from municipal corporations. Broadening the number of depository choices would have enabled municipalities to take advantage of the best available interest rates.

**STATUS: Assembly:** Banks

**Senate:** Rules

**Vested Rights – A. 9563 (Paulin) / S. 1988-A (Valesky) – NYCOM Opposed**

Would have provided that any city, town or village zoning, planning and environmental regulation in place 180 days after the filing of a completed application for the development of land would have remained applicable to such application for a period of six years after the filing, so long as the applicant proceeded with the proposed development with due diligence.

**STATUS: Assembly:** Codes

**Senate:** Local Government

**Conflicts of Interest of Municipal Officers and Employees – A. 10682 (Destito) / S. 7400  
(Stewart-Cousins)**

Would have amended Article 18 of the General Municipal Law to prohibit municipal attorneys from having an interest in any contract for rendition of legal services to the municipality. Also would have required municipalities with populations greater than 50,000 to establish their own ethics board. All other municipalities would have had the option to create their own ethics board, form a joint ethics board with other municipalities, or defer to the county’s ethics board. Training for all ethics board members would also have been required.

**STATUS: Assembly:** Rules

**Senate:** Passed

# REGISTER NOW

## **NYCOM'S Fall Training School for City & Village Officials September 20 - 23, 2010 Crowne Plaza Hotel, Lake Placid**

Join hundreds of other local officials at NYCOM's Fall Training School for a variety of innovative training sessions. This educational experience also provides networking opportunities such as the Fall Training School Golf Classic, 5K Fun-Run/Walk around Mirror Lake and the Dine Around in downtown Lake Placid.

Sessions will be offered on a variety of topics, including:

- Conflicts of Interest
- Federal Health Care Reform
- Meetings and Minutes
- Maximizing Revenues and Minimizing Costs
- Self-Funding Employee Health Benefits
- Online Banking
- Accounting Standards and Processes
- Minimum Wage and Overtime
- Village Dissolution

## **NYCOM'S Public Works Training School October 18 - 20, 2010 High Peaks Resort, Lake Placid**

This specialized educational program is for the municipal public works official and municipal engineer to exchange ideas, gain continuing education and training specific to their field, as well as meet with public sector consultants. Some of the program's featured sessions include:

- Excavator Safety and Utility Damage Prevention
- Protecting Critical Infrastructure
- An Introduction to GPS and GIS System Mapping
- Stormwater Management and Green Infrastructure
- Petroleum and Chemical Bulk Storage

**For additional information, a tentative agenda and to [register online](http://events.nycom.org) for either meeting, go to <http://events.nycom.org>.**