

GOVERNOR'S PROGRAM BILL

2008

MEMORANDUM

AN ACT to amend the insurance law, in relation to municipal cooperative health benefit plans, a study of community rating and the provision of claims experience to a municipality; to amend the agriculture and markets law and the county law, in relation to the sharing of the duties of weights and measures between municipalities; to amend the general municipal law and the highway law, in relation to mutual aid; to amend the public health law, in relation to the composition of county and part-county boards of health; to amend the town law, in relation to eliminating compensation for town special district commissioners; to amend the town law, in relation to the provision of sanitary services in the areas of towns outside of villages; and to amend the general municipal law, the town law and the village law, in relation to the petition requirements for initiating a referendum regarding municipal consolidation or dissolution

Purpose:

This bill makes statutory changes necessary to implement recommendations of the Governor's Commission on Local Government Efficiency and Competitiveness with respect to municipal health benefit plan cooperatives, improved coordination of State and local highway services, certain inter-county functions, special districts, and petitions for municipal consolidations and dissolutions.

Summary of Provisions:

Sections 1 through 7 of the bill amend the Insurance Law to relax the requirements for forming a municipal cooperative health benefit plan pursuant to Article 47 of the Insurance Law by: (1) requiring insurers to provide up to three years of claims experience to a municipal corporation when it requests such information for the purposes of forming or joining such a cooperative; (2) reducing the minimum number of municipal corporations needed to establish such a cooperative from five to three; (3) providing flexibility in the reserve requirements for such cooperatives by allowing a qualified actuary to determine the amount of reserves each individual cooperative needs, and by allowing new cooperatives to amass these reserves over a five-year transition period; and (4) directing the Insurance Department to order a study, to be completed by September 1, 2009, of the

impact on the community-rated health insurance market of allowing municipalities with 50 or fewer employees to join with larger municipalities to purchase experience-rated policies.

Sections 8 and 9 of the bill amend the Agriculture and Markets Law to allow multiple counties to share one Director of Weights and Measures pursuant to an intermunicipal agreement. The bill also amends the County Law to update antiquated "Sealer" references to conform to current terminology.

Sections 10 through 13 of the bill amend the General Municipal Law and the Highway Law to facilitate shared services agreements among municipalities and between municipalities and State agencies. These amendments will: (1) expand the list of services that can be the subject of shared service contracts; (2) authorize non-monetary exchanges of goods and services; (3) allow the State Department of Transportation (DOT) to contract with municipalities for terms of up to five years; and (4) broaden the range of emergency situations for which DOT can provide assistance and allow municipalities to similarly assist the State.

Section 14 of the bill amends the Public Health Law to allow certain county and part-county health districts to share the same commissioner/director and, under these circumstances, to also have common district board members, subject to the approval of the State Department of Health (DOH). DOH would be required to periodically review approved director-sharing and board-sharing arrangements to verify that such joint membership continues to serve the interest of public health.

Section 15 of the bill amends the Town Law to prohibit special district commissioners from receiving compensation for their services. These officials would continue to be eligible to receive reimbursement for any actual and necessary expenses they incur in the performance of their official duties.

Sections 16 and 17 of the bill amend the Town Law to transfer to town boards most of the management responsibilities for town special districts providing sanitary, refuse, or garbage services. Special district commissioners would remain empowered to hold referenda on whether the level of services provided to district residents should be changed.

Sections 18 through 26 of the bill add a new Article 17-A to the General Municipal Law to establish uniform petition requirements for municipal consolidations and dissolutions, including a new petition form and a requirement that petitions contain signatures from 10 percent of registered voters to initiate the dissolution or consolidation process. The bill also makes conforming amendments to Village Law and Town Law provisions governing village consolidations and dissolutions, town consolidations, and fire and fire protection district consolidations.

Section 27 provides that the bill will take effect immediately, except that the amendments related to special district commissioner compensation and management of

sanitary districts made by sections 15 and 16 of this bill will take effect on January 1, 2009.

Statement in Support

The Governor's Commission on Local Government Efficiency and Competitiveness ("Commission") issued its final report and recommendations on April 30, 2008. This bill implements the Commission's recommendations with regard to the following issues:

Facilitating Municipal Cooperative Health Benefit Plans

Although municipal cooperative health benefit plans were first authorized in 1994, to date not a single plan has been established. This is due, in part, to the stringency of current statutory requirements, but municipalities also are deterred from forming or joining such cooperatives because they lack access to their claims experience and so cannot make an informed decision as to the potential risks and benefits of such an action. Nine counties are currently exploring countywide municipal health benefit plans, and almost all of the local government initiatives received by the Commission relating to municipal health insurance cooperatives identified the cost of community-rated policies as a problem. This bill therefore amends the Insurance Law to facilitate the formation of municipal health benefit plans.

Allowing Counties to Share Local Officials

The Agriculture and Markets Law currently requires each county to have its own Director of Weights and Measures, who must reside in the county. This bill allows counties to share this position, which has the potential not only to improve the delivery of such services, but also to generate cost savings for counties. There are three counties looking at sharing this position.

Residency requirements currently prohibit counties from sharing a single public health director that could report to a single board of health. This bill eliminates that prohibition, which will allow small county or part-county health districts to reduce their administrative expenses without lowering the quality of the services they provide. Two counties are currently looking at this option.

Expanding Highway Shared Services Agreements

Currently, DOT can contract with municipalities only for three-year terms and can provide only emergency snow and ice control services to municipalities. This bill expands the range of services that can be shared, and expands the circumstances under which the State and municipalities can provide mutual aid in emergencies, which will make the delivery of highway services more efficient and more cost-effective at both the state and local levels.

Eliminating Special District Commissioner Compensation

Under current law, special district commissioners can receive compensation of up to \$100 for each day spent in the service of the district, as well as health insurance and other perquisites. Eliminating compensation for these officials will bring special district commissioners into conformity with school board members and fire district commissioners, who are also barred from receiving compensation. Audits by the Nassau County Comptroller have shown that many special district commissioners currently receive significant salaries and benefits.

Controlling special district sanitation collection costs

This bill transfers the management of special sanitation districts to town boards, which will help address the wide variation in special district sanitation collection costs. As the Nassau County Comptroller has documented, some sanitation districts charge households up to three times more than other districts providing substantially the same level of services. Town management of sanitation districts has the potential to improve the management and reduce the costs of these special districts.

Simplifying Municipal Consolidations and Dissolutions

Currently, the petition requirements for citizen-initiated municipal consolidations and dissolutions are complex, confusing and difficult to meet. This bill will simplify these requirements by establishing a uniform, simplified process by which citizens can submit petitions to initiate village consolidations and dissolutions, town consolidations, and fire and fire protection district consolidations.

Legislative History:

These proposals were included in the 2008-09 Executive Budget.

Budget Implications:

This bill will have no impact on the State budget, but will promote local government efficiencies that will help minimize property tax growth.

Effective Date:

This bill will take effect immediately, except that sections 15 and 16 will take effect on January 1, 2009.