



NEW YORK STATE SENATOR

Patty Ritchie

## Ritchie 'Prompt Pay' Bill Seeks to Help Cash-Strapped Counties

PATTY RITCHIE October 3, 2011

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### **Legislation would speed payments of money owed by Albany**

State Senator Patty Ritchie today announced that she has drafted legislation to help cash-strapped counties by requiring Albany to speed up its payments for mandated services—or pay interest on the overdue amounts.

Senator Ritchie's bill was prompted by complaints from officials in St. Lawrence and other counties that Albany was holding back millions of dollars of overdue payments to balance its own budget, forcing county governments to borrow money to pay their bills.

"State laws require counties to pay their bills on time, but Albany drags its feet on money the state owes to counties," Senator Ritchie. "This has caused counties, like St. Lawrence County, to have to turn to expensive borrowing to balance its books, while Albany gets an interest-free loan from our taxpayers."

"If counties are late with payments they owe to Albany, they have to pay interest. It's only fair that the state should have to meet its obligations, or face consequences, so that local taxpayers aren't the ones left holding the bag," Senator Ritchie said.

The problem of overdue state payments isn't unique to St. Lawrence County, which recently announced it was borrowing up to \$8.5 million—with interest charges that could run into the thousands of dollars—to help cover its expenses for the rest of the year.

Neighboring Franklin County is also considering short-term borrowing, even though it is owed \$3.8 million by the state. Clinton County is owed \$6.1 million.

Prompted by an outcry from private businesses and non-profit agencies that do business with the state, Albany was forced to enact a "prompt pay" law in the 1990s that required interest payments after a set deadline. The law didn't cover payments owed to counties and local governments.

The state also pays interest on income tax refunds that are delayed more than 45 days after the April 15 due date. Interest rates are set by the Commissioner of Taxation and Finance, and currently range from 2 percent to 12 percent, the same rates that would apply to payments under Senator Ritchie's bill.