

Memorandum in Support

May 16, 2024

S. 9130
A. 10253

By: Senator Ryan
By: M of A Solages

Senate Committee: Finance
Assembly Committee: Governmental Operations
Effective Date: Immediately

AN ACT to amend the state finance law, in relation to allowing certain payments from the IOLA fund to be made without appropriation by law.

LAW AND SECTIONS REFERRED TO: Section 97-v of the State Finance Law

The New York State Bar Association strongly supports S.9130, which would allow appropriations from the IOLA (interest on lawyer accounts) fund to occur outside the budget process, ensuring that the State adhere to the original legislative intent of the IOLA authorizing statute.

No taxpayer monies are used to support the IOLA fund; rather, funding is derived solely from interest on attorney escrow accounts. Those dollars are then expected to be used to support non-profit legal services organizations that help underserved and otherwise unrepresented New Yorkers in their time of greatest need. The enabling legislation made clear that “the purpose of this act is to provide funding for the providers of civil legal services in order to ensure effective access to the judicial system for all citizens of the state to the extent practicable” and further provided that “the beneficial interest in [the revenue generated from IOLA accounts] will be held by the IOLA fund exclusively for charitable purposes.” L 1983, ch 659, § 1. Nonetheless, the FY2025 New York State Enacted Budget appropriated \$55 million dollars from the IOLA fund to be used for purposes outside the stated intent of its enabling statute. The New York State Bar Association along with other bar associations and legal services organizations strongly opposed this appropriation.

S.9130 will ensure that the IOLA Board of Trustees is able to act on its own authority to make appropriations to legal services organizations, in line with the state’s intentions when IOLA was created. This will help preserve the integrity of IOLA’s original purpose and ensure that low-income New Yorkers will continue to have access to civil legal services.

For the above reasons, the New York State Bar Association **SUPPORTS** this legislation.