

STATE OF NEW YORK

7642

2023-2024 Regular Sessions

IN ASSEMBLY

May 26, 2023

Introduced by M. of A. BRAUNSTEIN -- read once and referred to the
Committee on Cities

AN ACT to amend the local finance law, in relation to the maintenance
and application of a general debt service fund for the city of New
York, and agreements and covenants with respect to obligations issued
by such city

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. The local finance law is amended by adding a new section
2 54.15 to read as follows:

3 § 54.15 Maintenance and application of a general debt service fund for
4 the city of New York. (a) The following words shall have the following
5 meanings unless the context shall indicate another or different meaning
6 or intent.

7 (i) "Available tax levy" with respect to an issue of tax anticipation
8 notes means, at any date of computation, the total amount of city real
9 estate taxes or assessments projected, consistent with the financial
10 plan then in effect, to be received in cash on or before the fifth day
11 preceding the maturity date of such tax anticipation note issue, less
12 amounts required during the period between the date of computation and
13 the fifth day preceding such maturity date to be paid into the general
14 debt service fund or otherwise required to pay interest payable on other
15 outstanding city bonds and notes, principal, including payments into
16 sinking funds, coming due on outstanding city bonds and principal to be
17 paid from sources other than the proceeds of bonds or renewal notes on
18 other outstanding city notes, exclusive of revenue anticipation notes or
19 renewals thereof issued less than two years prior to the date of compu-
20 tation, but not including payments from sinking funds required by the
21 terms of certain city bonds.

22 (ii) "City" means the city of New York.

23 (iii) "Comptroller" means the comptroller of the state of New York.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 (iv) "Fund" means the general debt service fund established pursuant
2 to this section.

3 (v) "RAN debt service account" means the revenue anticipation note
4 debt service account established within the fund pursuant to this
5 section.

6 (vi) "TAN debt service account" means the tax anticipation note debt
7 service account established within the fund pursuant to this section.

8 (b) The city shall maintain a general debt service fund for the
9 purpose of paying debt service due or becoming due in the current fiscal
10 year and in subsequent fiscal years. All monies in the fund shall be
11 held by the comptroller, who shall administer and maintain the fund in
12 accordance with the provisions of this section.

13 (c) All payments of or on account of real estate taxes or assessments,
14 other than the proceeds of tax anticipation notes, shall be immediately
15 upon receipt deposited in such fund. The comptroller shall retain,
16 disburse and apply monies in the fund during each month as follows:

17 (i) During the first month of each fiscal quarter, there shall be
18 retained in the fund all real estate tax payments deposited in the fund
19 until there shall have been retained from monies so deposited during
20 such month an amount equal to the total monthly debt service, computed
21 as of the date of any disbursement of money from the fund, for the
22 second and third months of such fiscal quarter; provided that such
23 amount shall be reduced by any amount already on deposit in the fund,
24 which may be used to pay the monthly debt service for such months. For
25 purposes of this section, the term "fiscal quarter" shall mean the
26 three-month period beginning July first, October first, January first or
27 April first, and the term "monthly debt service" shall mean, as of any
28 date of computation, the amount of monies equal to the aggregate of (1)
29 all interest payable during such month on bonds and notes of the city,
30 plus (2) the amount of principal, including payments into sinking funds,
31 maturing or otherwise coming due during such month on all bonds of the
32 city, excluding principal payments made from sinking funds required by
33 the terms of certain city bonds, plus (3) the amount of principal to be
34 paid on notes of the city during such month from sources other than the
35 proceeds of bonds or renewal notes, exclusive of revenue anticipation
36 notes and tax anticipation notes or renewals thereof issued less than
37 two years prior to the date of computation.

38 (ii) During the second and third months of each fiscal quarter, there
39 shall be retained in the fund all real estate tax payments deposited in
40 the fund until there shall have been retained from monies so deposited
41 during such month an amount equal to the total monthly debt service,
42 computed as of the date of any disbursement of monies from the fund, for
43 the first month of the next succeeding fiscal quarter; provided that
44 such amount shall be reduced by any amount already on deposit in the
45 fund, which may be used to pay the monthly debt service for such month.

46 (iii) During any month of a fiscal quarter, after the retentions
47 required by subparagraphs (i) and (ii) of this paragraph have been made
48 for such month, the comptroller shall deposit any remaining balance of
49 real estate taxes received during such month, first into the TAN debt
50 service account to the extent required under paragraph (f) of this
51 section, and second into the general fund of the city.

52 (iv) The city may at any time pay into the fund any monies required by
53 law to be used to pay monthly debt service and any other monies avail-
54 able for such purpose.

55 (d) If the mayor of the city at any time determines that retentions in
56 the fund pursuant to the provisions of paragraph (c) of this section are

1 or are likely to be insufficient to provide for the payment of monthly
2 debt service when due, in order to ensure that the amounts on deposit in
3 the fund will be sufficient to pay monthly debt service when due, the
4 mayor of the city shall require (i) that real estate tax receipts be
5 retained in the fund in greater amounts or at earlier dates than the
6 provisions of such paragraph require, or (ii) that other revenues or
7 cash resources of the city be paid into the fund.

8 (e) The payment of monthly debt service of the city shall be made
9 first from amounts retained in the fund. Amounts retained in the fund
10 shall be used only to pay debt service of the city.

11 (f) Upon the issuance of any tax anticipation notes following the
12 effective date of this section, the comptroller shall establish and, so
13 long as any tax anticipation notes shall be outstanding, shall maintain
14 a TAN debt service account within the fund for the purpose of paying the
15 principal of tax anticipation notes.

16 (g) The city shall determine the date on which the principal due or to
17 become due on an outstanding issue of tax anticipation notes shall equal
18 ninety percent of the available tax levy with respect to such issue, and
19 upon reasonable notice thereof, the comptroller shall commence on such
20 date to pay into the TAN debt service account from collections of such
21 taxes and assessments, after retaining amounts required to be deposited
22 in the fund, amounts sufficient to pay when due, the principal of such
23 issue of tax anticipation notes. The payments of the principal of tax
24 anticipation notes shall be made first from amounts retained in the TAN
25 debt service account.

26 (h) Upon the issuance of any revenue anticipation notes following the
27 effective date of this section, the comptroller shall establish and, so
28 long as any revenue anticipation notes shall be outstanding, shall main-
29 tain a RAN debt service account within the fund for the purpose of
30 paying the principal of revenue anticipation notes. Each specific type
31 of revenue in anticipation of which such notes are issued and available
32 for such purpose shall be deposited in such account immediately upon
33 receipt by the city. Where such revenue consists of state aid or other
34 revenue to be paid to the city by the comptroller, on the date such
35 revenue is payable to the city, the comptroller shall deposit such
36 revenue directly into such account in lieu of payment to the city for
37 the purpose of paying the principal of revenue anticipation notes.

38 (i) The city shall determine the date on which the principal due or to
39 become due on an outstanding issue of revenue anticipation notes shall
40 equal ninety percent of the total amount of revenue against which such
41 notes were issued remaining to be paid to the city on or before the
42 fifth day prior to the maturity date of such notes, and upon reasonable
43 notice thereof, the comptroller shall commence on such date to retain in
44 the RAN debt service account from amounts deposited or to be deposited
45 therein of each specific type of revenue in anticipation of which reven-
46 ue such anticipation notes were issued, an amount sufficient to pay when
47 due, the principal of such revenue anticipation notes. Monies retained
48 in such account shall vest immediately in the comptroller in trust for
49 the benefit of the holders of the revenue anticipation notes in antic-
50 ipation of which such notes were issued. No person having any claim of
51 any kind in tort, contract or otherwise against such city shall have any
52 right to or claim against any monies of the state appropriated by the
53 state and in anticipation of which such notes have been issued, other
54 than a claim for payment by the holders of such notes, and such monies
55 shall not be subject to any order, judgment, lien, execution, attach-
56 ment, setoff or counter-claim by any such person; provided, however,

1 that nothing contained in this paragraph shall be construed to limit,
2 impair, impede or otherwise adversely affect in any manner the rights or
3 remedies of the purchasers and holders and owners of any bonds or notes
4 of the state or any agency, instrumentality, public benefit corporation
5 or political subdivision thereof, including the city of New York, under
6 which such purchasers and holders and owners have any right of payment
7 of such bonds or notes by recourse to state aid or local assistance
8 monies held by the state or for the payment of which bonds or notes
9 state aid or local assistance monies are a designated source. The
10 payment of the principal of revenue anticipation notes shall be made
11 first from amounts retained in the RAN debt service account.

12 (j) Whenever the amount contained in the TAN debt service account or
13 the RAN debt service account exceeds the amount required to be retained
14 in such account such excess monies, including earnings on investments of
15 monies in the fund, shall be withdrawn from such account and paid into
16 the general fund of the city.

17 (k) The comptroller shall invest the monies retained in the fund in
18 accordance with law.

19 (l) The limitations imposed upon the city by this section shall be in
20 addition to any other limitations imposed upon the city by this chapter.
21 In the event any other provisions of this chapter shall be inconsistent
22 with the provisions of this section, the provisions of this section
23 shall prevail.

24 (m) While the New York state financial emergency act for the city of
25 New York remains in effect, such act shall prevail in the event any
26 provision of such act shall be inconsistent with the provisions of this
27 section. The powers, duties and obligations set forth in this section
28 shall be subject to the powers, duties and obligations placed upon any
29 state or local officer or agency, including but not limited to the New
30 York state financial control board, by or pursuant to such act while
31 such act remains in effect.

32 (n) Notwithstanding any other provision of this section, the city may
33 at any time, subject to approval by the comptroller, designate a trust
34 company or bank having its principal place of business in the state of
35 New York and having the powers of a trust company in the state of New
36 York to hold all or any part of the monies in the fund and to administer
37 and maintain the monies so held in accordance with the applicable
38 provisions of this section and any agreements made pursuant thereto.

39 (o) The mayor of the city is hereby authorized to enter into agree-
40 ments and to make covenants with any purchaser or holder of obligations
41 issued by the city to protect and safeguard the security and rights of a
42 purchaser or holder or to protect and safeguard the source of payment of
43 such obligations or as deemed appropriate by the mayor which agreements
44 or covenants may contain provisions providing for (i) the compliance by
45 the city with any of the provisions of this section, (ii) restrictions
46 on the issuance by the city of its obligations, limitations on the
47 inclusion of expense items in its capital budgets and financial records,
48 reporting and disclosure requirements in addition to any such
49 restrictions, limitations or requirements contained in this section,
50 (iii) compliance by the city with its financial plan as modified from
51 time to time, (iv) conditions that would give rise to an event of
52 default on such obligations, and (v) remedies available to a purchaser
53 or holder of such obligations, other than acceleration or the required
54 elimination or reduction of specific municipal expenditures, including
55 the circumstances, if any, under which a trustee or trustees or a fiscal
56 agent may be appointed or may act as a representative of holders of

obligations issued by the city in connection with an issue or issues of obligations of the city and the rights, powers and duties which may be vested in such trustee, trustees or fiscal agent as such representative. The state of New York hereby pledges and agrees that it will take no action that would impair the power of the city to comply with or to perform any covenant or agreement made pursuant to this paragraph, or any right or remedy of a purchaser or holder to enforce such covenant or agreement; and the city is hereby authorized to include such pledge and agreement in any agreement made pursuant to this paragraph. Nothing contained in this paragraph shall preclude the state from authorizing the city to exercise, or the city from exercising, any power provided by law to seek application of laws then in effect under the bankruptcy provisions of the United States constitution or shall preclude the state from validly exercising its police powers.

§ 2. This act shall take effect immediately.