

STATE OF NEW YORK

8769--B

2025-2026 Regular Sessions

IN ASSEMBLY

June 2, 2025

Introduced by M. of A. TAPIA -- read once and referred to the Committee on Economic Development -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Economic Development in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the economic development law, in relation to enacting "the New York state credit risk transparency and investor protection act"

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

1 Section 1. This act shall be known and may be cited as the "New York
2 state credit risk transparency and investor protection act".

3 § 2. The economic development law is amended by adding a new section
4 103-a to read as follows:

5 § 103-a. State bond security. 1. For the purposes of this section,
6 the following terms shall have the following meanings:

7 (a) "credit risk decay" shall mean the natural reduction in the like-
8 lihood of bond default over time, resulting from the bond's amorti-
9 zation, improved issuer performance, or external economic factors that
10 reduce default risk;

11 (b) "material credit event" shall mean any event that significantly
12 impacts the issuer's ability to meet its obligations, including but not
13 limited to:

14 (i) changes in federal funding, including but not limited to Medicaid
15 cuts or infrastructure funding reductions;

16 (ii) tariffs, trade policy changes, or other external economic factors
17 that may alter the bond issuer's financial position; or

18 (iii) any significant modification of legal obligations that affects a
19 bond's performance;

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

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(c) "risk reconciliation statement" shall mean a quarterly report filed by an issuer of bonds, which provides an update on the bond's credit risk, including but not limited to:

(i) changes in credit ratings;
(ii) material credit events affecting bond performance; and
(iii) yield-to-maturity drift and other relevant credit performance metrics;

(d) "yield-to-maturity drift" or "YTM drift" shall mean the change in the yield of a bond over time due to shifts in the credit quality of the issuer, and the collateral or external credit factors, that impact such bond's risk profile and valuation;

(e) "fixed point scale" shall mean a standardized method used to assess the bond's current performance by comparing its original credit risk rating to the bond's current risk profile, including, but not limited to, yield-to-maturity drift and credit rating shifts;

(f) "investor right of action for value destruction" shall mean the legal right of an investor to seek damages if the bond issuer fails to disclose material credit events or if a bond's credit risk deteriorates without proper disclosure, resulting in financial harm to the investor; and

(g) "material deviation" shall mean a significant change in a bond's creditworthiness that differs from the issuer's original projections or credit ratings, including, but not limited to, a drop in credit rating or significant change in market price or arm's-length valuation due to a material credit event.

(h) "intentional action" shall mean any deliberate act or policy decision by any public, private, or governmental entity that is reasonably foreseeable to materially and disproportionately impair the creditworthiness, repayment, or market value of state-backed bonds.

(i) "arbitrary action" shall mean any action or policy decision lacking a rational or reasonable basis that results in the material and disproportionate devaluation of state-backed bonds, including actions taken without due consideration of predictable fiscal impacts on the state's debt obligations.

2. It shall be unlawful for any broker, dealer, or municipal securities dealer to issue state or municipal bonds unless such broker or dealer is in compliance with the requirements of this section.

3. All issuers of state and municipal state-backed bonds within the state shall file a quarterly risk reconciliation statement with the department in accordance with a filing schedule to be promulgated by the department. Such statements shall include, but not be limited to, the following:

(a) the name and address of the issuing authority;
(b) the name and purpose of the project or projects the fund is to be used for;

(c) the offering price, interest rate, selling compensation, aggregate principal amount, principal amount per maturity, and delivery dates of each bond;

(d) up-to-date credit risk projections and bond ratings where applicable;

(e) yield-to-maturity drift and its implications on bond valuation;

(f) any material credit events which have occurred or have impacted the issuer's credit risk during the relevant quarter; and

(g) any other disclosures required by state or federal law.

4. Notwithstanding any laws to the contrary, the department of economic development shall create a searchable database, or modify an existing

1 one, displaying the quarterly risk reconciliation statements of each
2 state-backed bond issuer within the state.

3 5. Where an issuer, dealer, or broker of state or municipal state-
4 backed bonds fails to disclose a material credit event or to update such
5 issuer, dealer, or broker's risk assessments on its quarterly risk
6 reconciliation statement, as required by this section, an investor or
7 bond-holder injured by such violation of this section may bring suit in
8 such investor or bond-holder's own name. Judgment may be entered in the
9 amount of actual damages reflecting the difference between the actual
10 amount paid for the bond and the fair market value of such bond, for
11 rescission of the bond purchase, upon which the issuer shall refund the
12 investor's original investment, or both such actions.

13 6. (a) The department shall have the authority to enforce the require-
14 ments of this section. The department shall, from time to time, conduct
15 audits of risk reconciliation statements filed by issuers.

16 (b) If an issuer is found to be in repeated violation of this section,
17 the department may, in its discretion, refer such issuer for investi-
18 gation by the state attorney general for the purposes of determining
19 compensation of damages to all investors.

20 § 3. Severability clause. If any clause, sentence, paragraph, subdivi-
21 sion, section or part of this act shall be adjudged by any court of
22 competent jurisdiction to be invalid, such judgment shall not affect,
23 impair, or invalidate the remainder thereof, but shall be confined in
24 its operation to the clause, sentence, paragraph, subdivision, section
25 or part thereof directly involved in the controversy in which such judg-
26 ment shall have been rendered. It is hereby declared to be the intent of
27 the legislature that this act would have been enacted even if such
28 invalid provisions had not been included herein.

29 § 4. This act shall take effect on the one hundred eightieth day after
30 it shall have become a law. Effective immediately, the addition, amend-
31 ment and/or repeal of any rule or regulation necessary for the implemen-
32 tation of this act on its effective date are authorized to be made and
33 completed on or before such effective date.