

6027

2009-2010 Regular Sessions

I N S E N A T E

June 19, 2009

Introduced by COMMITTEE ON RULES -- (at request of the Governor) -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the public authorities law and the local finance law, in relation to authorizing certain bonds to be issued or purchased by the municipal bond bank agency

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 Section 1. Section 2431 of the public authorities law is amended by
2 adding a new closing paragraph to read as follows:
3 IT IS FURTHER DECLARED TO BE IN THE PUBLIC INTEREST AND IT IS THE
4 POLICY OF THE STATE TO PROVIDE A MEANS BY WHICH A MUNICIPALITY IN THE
5 STATE CAN TAKE ADVANTAGE OF THE OPPORTUNITIES FOR BORROWING TO PROVIDE
6 FOR PUBLIC IMPROVEMENTS AFFORDED BY THE AMERICAN RECOVERY AND REINVEST-
7 MENT ACT OF 2009 AND TO DO SO BY AUTHORIZING A STATE INSTRUMENTALITY TO
8 BORROW MONEY AND USE THE PROCEEDS TO PURCHASE OBLIGATIONS ISSUED BY A
9 MUNICIPALITY UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009,
10 THEREBY RESULTING IN EFFICIENCIES AND INTEREST RATE SAVINGS TO THE MUNI-
11 CIPALITY.
12 S 2. Subdivisions 2, 3 and 10 of section 2432 of the public authori-
13 ties law, as amended by section 67 of part H of chapter 83 of the laws
14 of 2002, are amended, and two new subdivisions 25 and 26 are added to
15 read as follows:
16 (2) "Bonds" and "Notes". The bonds and notes, including any special
17 program bonds [and], special school purpose bonds, AND RECOVERY ACT
18 BONDS, respectively issued by the agency pursuant to this title. Bonds
19 and notes shall not include any tax lien collateralized securities
20 issued pursuant to this title.
21 (3) "Municipal Bond". A bond or note or evidence of debt payable from
22 any local revenues, including taxes, assessments and rents, which a
23 municipality may lawfully issue to finance local improvements and public

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

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1 purposes, INCLUDING LOCAL ARRA BONDS, but does not include (a) any bond
2 or note or evidence of debt issued by any other state or any public body
3 or municipal corporation thereof, (b) any special program agreement, or
4 (c) any special school purpose agreement or any special school deficit
5 program agreement.

6 (10) "Debt Service Reserve Fund Requirement". With respect to any debt
7 service reserve fund created by section [two thousand four] TWENTY-FOUR
8 hundred thirty-nine of this title relating to bonds other than special
9 program bonds or special school purpose bonds or special school deficit
10 program bonds OR RECOVERY ACT BONDS, as of any particular date of compu-
11 tation, an amount of money equal to the greatest of the respective
12 amounts, for the then current or any succeeding calendar year, of annual
13 debt service payments required to be made to the agency on all municipal
14 bonds purchased with the proceeds of bonds which bonds are secured by
15 such debt service reserve fund, such annual debt service payments for
16 any calendar year being an amount of money equal to the aggregate of (a)
17 all interest payable during such calendar year on all municipal bonds
18 purchased by the agency and then outstanding on said date of computation
19 which are secured by such debt service reserve fund, plus (b) the prin-
20 cipal amount of all municipal bonds purchased by the agency and then
21 outstanding on said date of computation which mature during such calen-
22 dar year and are secured by such debt service reserve fund; and with
23 respect to any debt service reserve fund created by section [two thou-
24 sand four] TWENTY-FOUR hundred thirty-nine of this title relating to an
25 issue or issues of special program bonds or special school purpose bonds
26 or special school deficit program bonds OR RECOVERY ACT BONDS, such
27 amount as shall be determined by the agency.

28 (25) "RECOVERY ACT BONDS". AN ISSUE OF BONDS OF THE AGENCY, ALL OR A
29 PORTION OF THE PROCEEDS OF WHICH ARE USED TO PURCHASE LOCAL ARRA BONDS.

30 (26) "LOCAL ARRA BONDS". A MUNICIPAL BOND ISSUED TO FINANCE OR REFI-
31 NANCE PURPOSES ELIGIBLE, IN WHOLE OR IN PART, FOR SUBSIDIES OR TAX CRED-
32 ITS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.

33 S 3. Section 2434 of the public authorities law is amended by adding a
34 new subdivision 7-b to read as follows:

35 (7-B) TO ACQUIRE AND CONTRACT TO ACQUIRE LOCAL ARRA BONDS, AND TO
36 ENTER INTO ARRANGEMENTS WITH A MUNICIPALITY FOR THE PURCHASE OF ITS
37 LOCAL ARRA BONDS;

38 S 4. Subdivisions 1 and 2 of section 2435 of the public authorities
39 law, subdivision 1 as amended by chapter 346 of the laws of 1974, subdivi-
40 sion 2 as added by chapter 902 of the laws of 1972, are amended to
41 read as follows:

42 1. The agency may purchase, and contract to purchase, municipal bonds
43 from municipalities at such price or prices, upon such terms and condi-
44 tions and in such manner, not inconsistent with the provisions of the
45 local finance law, as the agency shall deem advisable; provided, howev-
46 er, that the average interest rate payable on all municipal bonds (taken
47 as a group) purchased with the proceeds of an issue of bonds shall equal
48 or exceed the interest rate on such issue of bonds[; and provided
49 further, however, that the]. THE agency shall not purchase the municipal
50 bonds of any municipality if (I) the aggregate principal amount thereof,
51 together with the aggregate principal balances of the municipal bonds of
52 such municipality then outstanding and held by the agency, exceed an
53 amount equal to ten percent of the aggregate principal amount of the
54 statutory authorization at the time for the issuance of bonds and notes,
55 as provided in section twenty-four hundred thirty-eight of this title,
56 and [the agency shall not purchase the municipal bonds of any munici-

1 pality if] (II) the aggregate principal amount thereof exceeds an amount
2 equal to fifty percent of the aggregate principal amount of all municipi-
3 pal bonds proposed to be so purchased at the time; PROVIDED, HOWEVER,
4 THAT THIS SENTENCE SHALL NOT APPLY TO LOCAL ARRA BONDS.

5 2. The agency shall require as a condition of purchase of municipal
6 bonds from municipalities that each such municipality shall agree (i) to
7 pledge its full faith and credit for the payment of the principal of and
8 interest on such municipal bonds, (ii) to make annual appropriations for
9 amounts required for the payment of such principal and interest, and
10 (iii) if at any time the municipality fails to make the required appro-
11 priation to pay such principal and interest, or fails to make the
12 payment of the required principal and interest, the provisions of
13 section twenty-four hundred [and] thirty-six AND/OR TWENTY-FOUR HUNDRED
14 THIRTY-SIX-B of this title shall take effect. All municipalities selling
15 municipal bonds to the agency are hereby authorized to make and carry
16 out the agreements with the agency required in this subdivision.

17 S 5. The public authorities law is amended by adding a new section
18 2436-b to read as follows:

19 S 2436-B. LOCAL ARRA BONDS. (1) THE AGENCY MAY PURCHASE LOCAL ARRA
20 BONDS USING THE PROCEEDS OF RECOVERY ACT BONDS, SUBJECT TO THE
21 PROVISIONS OF THIS SECTION AND TO ANY OTHER PROVISION OF LAW APPLICABLE
22 TO THE MUNICIPALITY AND BONDS IT ISSUES, INCLUDING ANY DEBT LIMITATION
23 APPLICABLE TO THE MUNICIPALITY THAT ISSUED THE LOCAL ARRA BOND, AS WELL
24 AS TO THE OTHER PROVISIONS OF THIS TITLE. TO THE EXTENT THAT ANY SUCH
25 OTHER PROVISION OF LAW CONFLICTS WITH A PROVISION OF THIS SECTION, THE
26 PROVISION OF THIS SECTION SHALL CONTROL, EXCEPT AS OTHERWISE STATED.

27 (2) SUBJECT TO THE PROVISIONS OF THIS SECTION:

28 (A) LOCAL ARRA BONDS ISSUED BY A COUNTY, EXCEPT A COUNTY WHOLLY WITHIN
29 A CITY, MAY BE ADDITIONALLY SECURED BY A PLEDGE TO THE AGENCY OF ITS
30 AVAILABLE COUNTY SALES TAX REVENUES SUBJECT TO THE PROVISIONS OF SUBDI-
31 VISION FIVE OF THIS SECTION.

32 (B) LOCAL ARRA BONDS ISSUED BY A CITY MAY BE ADDITIONALLY SECURED BY A
33 PLEDGE TO THE AGENCY OF ITS AVAILABLE CITY SALES TAX REVENUES OR ITS
34 AVAILABLE MORTGAGE RECORDING TAX REVENUES, OR BOTH SUBJECT TO THE
35 PROVISIONS OF SUBDIVISION FIVE OF THIS SECTION.

36 (C) LOCAL ARRA BONDS ISSUED BY A SCHOOL DISTRICT MAY BE ADDITIONALLY
37 SECURED BY A PLEDGE TO THE AGENCY OF ITS AVAILABLE SCHOOL DISTRICT SALES
38 TAX REVENUES SUBJECT TO THE PROVISIONS OF SUBDIVISION FIVE OF THIS
39 SECTION.

40 (D) LOCAL ARRA BONDS ISSUED BY A TOWN MAY BE ADDITIONALLY SECURED BY A
41 PLEDGE TO THE AGENCY OF ITS AVAILABLE MORTGAGE RECORDING TAX REVENUES
42 SUBJECT TO THE PROVISIONS OF SUBDIVISION FIVE OF THIS SECTION.

43 (E) LOCAL ARRA BONDS ISSUED BY A VILLAGE MAY BE ADDITIONALLY SECURED
44 BY A PLEDGE TO THE AGENCY OF ITS AVAILABLE MORTGAGE RECORDING TAX REVEN-
45 UES SUBJECT TO THE PROVISIONS OF SUBDIVISION FIVE OF THIS SECTION.

46 (3) (A) NOTHING CONTAINED IN THIS TITLE SHALL LIMIT THE RIGHT AND
47 OBLIGATIONS OF A MUNICIPALITY TO COMPLY WITH THE PROVISIONS OF ANY
48 EXISTING CONTRACT WITH OR FOR THE BENEFIT OF THE HOLDERS OF ANY OF ITS
49 OTHER BONDS, NOTES OR OTHER OBLIGATIONS.

50 (B) NOTHING CONTAINED IN THIS TITLE SHALL BE CONSTRUED TO LIMIT THE
51 POWER OF A MUNICIPALITY TO DETERMINE, FROM TIME TO TIME, WITHIN AVAIL-
52 ABLE FUNDS FOR THE MUNICIPALITY, THE PURPOSES FOR WHICH EXPENDITURES ARE
53 TO BE MADE BY THE MUNICIPALITY AND THE AMOUNTS OF SUCH EXPENDITURES.

54 (C) NOTHING CONTAINED IN THIS TITLE SHALL ALTER, LIMIT, MODIFY OR
55 IMPAIR THE RIGHT OF ANY SCHOOL DISTRICT OR OF ANY CITY, TOWN, OR VILLAGE
56 WITHIN A COUNTY TO RECEIVE FROM THE COUNTY NET COLLECTIONS, AS AUTHOR-

1 IZED BY SECTION TWELVE HUNDRED SIXTY-TWO OF THE TAX LAW OR OTHER APPLI-
2 CABLE PROVISION OF PART FOUR OF ARTICLE TWENTY-NINE OF THE TAX LAW OR BY
3 AN UNCONSOLIDATED STATE LAW THAT NOTWITHSTANDS SUCH PROVISION OF THE TAX
4 LAW, FROM THE COUNTY'S SALES AND COMPENSATING USE TAXES IMPOSED PURSUANT
5 TO THE AUTHORITY OF SUBPART B OF PART ONE OF ARTICLE TWENTY-NINE OF THE
6 TAX LAW. FURTHER, NOTHING CONTAINED IN THIS TITLE SHALL ALTER, LIMIT,
7 MODIFY OR IMPAIR THE RIGHT OF ANY CITY OR TOWN WITHIN A COUNTY TO
8 RECEIVE FROM THE COUNTY THE NET AMOUNT OF MORTGAGE RECORDING TAX REVEN-
9 UES IMPOSED BY SUBDIVISION ONE OF SECTION TWO HUNDRED FIFTY-THREE OF THE
10 TAX LAW, AS AUTHORIZED BY SUBDIVISION THREE OF SECTION TWO HUNDRED
11 SIXTY-ONE OF THE TAX LAW.

12 (D) THE AGENCY'S RECOVERY ACT BONDS SECURED BY PAYMENTS OF PRINCIPAL
13 AND INTEREST DUE WITH RESPECT TO LOCAL ARRA BONDS SHALL NOT BE A DEBT OF
14 EITHER THE STATE OR ANY MUNICIPALITY, AND NEITHER THE STATE NOR ANY
15 MUNICIPALITY SHALL BE LIABLE THEREON, NOR SHALL THEY BE PAYABLE OUT OF
16 ANY FUNDS OTHER THAN THOSE OF THE AGENCY; AND SUCH RECOVERY ACT BONDS
17 SHALL CONTAIN ON THE FACE THEREOF A STATEMENT TO SUCH EFFECT.

18 (E) SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH HOLDERS OF BONDS,
19 NOTES OR OTHER OBLIGATIONS, PROCEEDS OF RECOVERY ACT BONDS TO BE PAID TO
20 A MUNICIPALITY TO PURCHASE ITS LOCAL ARRA BONDS SHALL BE PAID TO THE
21 MUNICIPALITY AND SHALL NOT BE COMMINGLED WITH ANY OTHER MONEY OF THE
22 AGENCY.

23 (F) NOTHING CONTAINED IN THIS TITLE SHALL BE CONSTRUED TO CREATE A
24 DEBT OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY
25 PROVISIONS. ANY PROVISION WITH RESPECT TO STATE AID SHALL BE DEEMED
26 EXECUTORY ONLY TO THE EXTENT OF MONEYS AVAILABLE, AND NO LIABILITY SHALL
27 BE INCURRED BY THE STATE BEYOND THE MONEYS AVAILABLE FOR THAT PURPOSE,
28 AND ANY PAYMENT TO BE MADE BY THE COMPTROLLER OF STATE AID IS SUBJECT TO
29 ANNUAL APPROPRIATION OF STATE AID BY THE STATE LEGISLATURE.

30 (G) NOTHING CONTAINED IN THIS TITLE SHALL BE DEEMED TO RESTRICT THE
31 RIGHT OF THE STATE TO AMEND, REPEAL, MODIFY, OR OTHERWISE ALTER ANY
32 PROVISION OF LAW RELATING TO STATE AID TO MUNICIPALITIES. THE AGENCY
33 SHALL INCLUDE IN ANY RESOLUTION, CONTRACT, OR AGREEMENT WITH HOLDERS OF
34 ITS BONDS, NOTES OR OTHER OBLIGATIONS A PROVISION WHICH STATES THAT NO
35 DEFAULT OCCURS AS A RESULT OF THE STATE'S EXERCISING ITS RIGHT TO AMEND,
36 REPEAL, MODIFY, OR OTHERWISE ALTER ANY PROVISION OF LAW RELATING TO
37 STATE AID TO MUNICIPALITIES.

38 (4) (A) A MUNICIPALITY MAY COVENANT AND AGREE THAT THE MUNICIPALITY
39 WILL NOT LIMIT, ALTER OR IMPAIR THE RIGHTS HEREBY VESTED IN THE AGENCY
40 TO FULFILL THE TERMS OF ANY AGREEMENTS MADE WITH HOLDERS OF THE AGENCY'S
41 RECOVERY ACT BONDS, THE PROCEEDS OF WHICH WERE USED TO PURCHASE THE
42 MUNICIPALITY'S LOCAL ARRA BONDS, SUCH HOLDERS PURSUANT TO THIS TITLE, OR
43 IN ANY WAY IMPAIR THE RIGHTS AND REMEDIES OF SUCH HOLDERS OR THE SECURI-
44 TY FOR SUCH BONDS, UNTIL SUCH BONDS, TOGETHER WITH THE INTEREST THEREON
45 AND ALL COSTS AND EXPENSES IN CONNECTION WITH ANY ACTION OR PROCEEDING
46 BY OR ON BEHALF OF SUCH HOLDERS, ARE FULLY PAID AND DISCHARGED. NOTHING
47 CONTAINED IN THIS TITLE SHALL BE DEEMED TO RESTRICT ANY RIGHT OF THE
48 MUNICIPALITY TO AMEND, MODIFY, REPEAL OR OTHERWISE ALTER ANY LOCAL LAWS,
49 ORDINANCES OR RESOLUTIONS IMPOSING OR RELATING TO TAXES OR FEES, OR
50 APPROPRIATIONS RELATING TO SUCH TAXES OR FEES, OR SETTING ASIDE OR ALLO-
51 CATING AND APPLYING, PAYING OR USING NET COLLECTIONS PURSUANT TO THE
52 AUTHORITY OF PART FOUR OF ARTICLE TWENTY-NINE OF THE TAX LAW OR PURSUANT
53 TO THE AUTHORITY OF ANY OTHER PROVISION OF STATE LAW THAT NOTWITHSTANDS
54 A PROVISION OF SUCH PART, SO LONG AS, AFTER GIVING EFFECT TO SUCH AMEND-
55 MENT, MODIFICATION OR OTHER ALTERATION, THE AGGREGATE AMOUNT AS THEN
56 PROJECTED BY THE MUNICIPALITY OF (I) SALES AND COMPENSATING USE TAXES

1 IMPOSED BY THE MUNICIPALITY PURSUANT TO THE AUTHORITY OF SUBPART B OF
2 PART ONE OF ARTICLE TWENTY-NINE OF THE TAX LAW (TO THE EXTENT THAT THE
3 MUNICIPALITY IS AUTHORIZED TO IMPOSE SUCH TAXES AND IS IMPOSING THEM AT
4 THE TIME IT ISSUES ITS LOCAL ARRA BONDS); AND (II) ALL SUCH NET
5 COLLECTIONS TO BE SET ASIDE OR TO BE ALLOCATED AND APPLIED, PAID OR USED
6 BY THE MUNICIPALITY PURSUANT TO THE AUTHORITY OF PART FOUR OF ARTICLE
7 TWENTY-NINE OF THE TAX LAW OR PURSUANT TO ANY OTHER PROVISION OF STATE
8 LAW THAT NOTWITHSTANDS A PROVISION OF SUCH PART FOUR DURING EACH OF THE
9 AGENCY'S FISCAL YEARS FOLLOWING THE EFFECTIVE DATE OF SUCH AMENDMENT,
10 MODIFICATION OR OTHER ALTERATION SHALL BE NOT LESS THAN TWO HUNDRED
11 PERCENT OF MAXIMUM ANNUAL DEBT SERVICE ON THE MUNICIPALITY'S LOCAL ARRA
12 BONDS THEN OUTSTANDING. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS
13 SECTION, A MUNICIPALITY THAT IMPOSES SALES AND COMPENSATING USE TAXES AT
14 THE TIME IT ISSUES LOCAL ARRA BONDS FURTHER AGREES THAT IT SHALL CONTIN-
15 UE TO IMPOSE SUCH TAXES DURING THE TIME SUCH BONDS ARE OUTSTANDING AT
16 THE MAXIMUM RATE AUTHORIZED THEREFOR, WITHOUT REGARD TO ANY ADDITIONAL
17 RATE, PROVIDED THAT ANY INCREASE IN THE RATE OF SUCH TAXES TO SATISFY
18 THIS OBLIGATION SHALL COMPLY WITH THE APPLICABLE PROVISIONS OF SUBPART B
19 OF PART ONE OF ARTICLE TWENTY-NINE OF THE TAX LAW.

20 (B) ANY SUCH AGREEMENT WITH A MUNICIPALITY MAY BE PLEDGED BY THE AGEN-
21 CY TO SECURE ITS RECOVERY ACT BONDS USED TO PURCHASE LOCAL ARRA BONDS
22 ISSUED BY THAT MUNICIPALITY AND MAY NOT BE MODIFIED THEREAFTER EXCEPT AS
23 PROVIDED BY THE TERMS OF THE PLEDGE OR SUBSEQUENT AGREEMENTS WITH THE
24 HOLDERS OF SUCH RECOVERY ACT BONDS.

25 (C) THE AGENCY SHALL NOT INCLUDE WITHIN ANY RESOLUTION, CONTRACT OR
26 AGREEMENT WITH HOLDERS OF RECOVERY ACT BONDS ANY PROVISION WHICH
27 PROVIDES THAT A DEFAULT OCCURS AS A RESULT OF A MUNICIPALITY EXERCISING
28 ITS RIGHT TO AMEND, MODIFY, REPEAL OR OTHERWISE ALTER SUCH TAXES, FEES
29 OR APPROPRIATIONS OR SUCH NET COLLECTIONS. NOTHING IN THIS TITLE SHALL
30 BE DEEMED TO OBLIGATE A MUNICIPALITY TO MAKE ANY PAYMENTS OR IMPOSE ANY
31 TAXES OR SET ASIDE OR ALLOCATE AND APPLY, PAY OR USE NET COLLECTIONS
32 PURSUANT TO THE AUTHORITY OF PART FOUR OF ARTICLE TWENTY-NINE OF THE TAX
33 LAW OR PURSUANT TO THE AUTHORITY OF AN UNCONSOLIDATED STATE LAW THAT
34 NOTWITHSTANDS A PROVISION OF SUCH PART; EXCEPT THAT A MUNICIPALITY SHALL
35 IMPOSE TAXES PURSUANT TO THE AUTHORITY OF SUBPART B OF PART ONE OF ARTI-
36 CLE TWENTY-NINE OF THE TAX LAW AT THE MAXIMUM RATE AUTHORIZED THEREFOR,
37 WITHOUT REGARD TO ANY ADDITIONAL RATE, PROVIDED THAT ANY INCREASE IN THE
38 RATE OF SUCH TAXES TO SATISFY THIS OBLIGATION SHALL COMPLY WITH THE
39 APPLICABLE PROVISIONS OF SUBPART B OF PART ONE OF ARTICLE TWENTY-NINE OF
40 THE TAX LAW.

41 (5) (A) IF A MUNICIPALITY FAILS TO PAY TO THE AGENCY ANY PRINCIPAL OR
42 INTEREST DUE ON ITS LOCAL ARRA BONDS SECURED BY A PLEDGE OF ITS AVAIL-
43 ABLE LOCAL SALES AND USE TAX REVENUES OR ITS AVAILABLE MORTGAGE RECORD-
44 ING TAX REVENUES, OR BOTH, AS DESCRIBED IN SUBDIVISION TWO OF THIS
45 SECTION, THE CHAIRMAN OF THE AGENCY SHALL NOTIFY THE COMPTROLLER IN
46 WRITING THAT SUCH MUNICIPALITY HAS FAILED TO MEET ITS OBLIGATIONS. SUCH
47 NOTICE SHALL SET FORTH IN DETAIL THE TERM, AMOUNT, INTEREST RATE, AND
48 PAYMENT SCHEDULE OF THE LOCAL ARRA BONDS IN DEFAULT, AND THE EXACT
49 AMOUNTS OF PRINCIPAL AND INTEREST DUE FROM SUCH MUNICIPALITY IN DEFAULT.
50 THE AGENCY SHALL PROVIDE A COPY OF SUCH NOTICE TO THE CHIEF FISCAL OFFI-
51 CER OF SUCH MUNICIPALITY IN DEFAULT AND, IN THE CASE OF A DEFAULT BY A
52 CITY, TOWN, OR VILLAGE WITH RESPECT TO LOCAL ARRA BONDS SECURED BY MORT-
53 GAGE RECORDING TAX REVENUES, ALSO TO THE CHIEF FISCAL OFFICER OF THE
54 COUNTY IN WHICH THE CITY, TOWN, OR VILLAGE IS LOCATED. THE AGENCY SHALL
55 PROVIDE SUCH NOTICE TO THE COMPTROLLER AT LEAST THIRTY DAYS PRIOR TO THE

1 DATE THAT THE COMPTROLLER IS EXPECTED TO WITHHOLD AND PAY OVER LOCAL
2 SALES AND USE TAX REVENUES TO THE AGENCY.

3 (B) UPON THE COMPTROLLER RECEIVING SUCH COMPLETE, CERTIFIED WRITTEN
4 NOTICE FROM THE AGENCY, THE COMPTROLLER SHALL, NOTWITHSTANDING ANY
5 PROVISION OF SECTION TWELVE HUNDRED SIXTY-ONE OF THE TAX LAW TO THE
6 CONTRARY, PAY TO THE AGENCY, ON OR BEFORE THE FIFTEENTH DAY OF EACH
7 MONTH, ALL OR A PORTION OF THE LOCAL SALES AND USE TAX REVENUES DUE THE
8 MUNICIPALITY IN DEFAULT, UNTIL THE AMOUNT CERTIFIED IN DEFAULT HAS BEEN
9 EXTINGUISHED. THE COMPTROLLER SHALL MAKE SUCH PAYMENTS TO THE AGENCY
10 ONLY OUT OF NET COLLECTIONS NOT OTHERWISE PLEDGED, REQUIRED TO BE INTER-
11 CEPTED OR OTHERWISE ENCUMBERED BY PROVISIONS OF LAW IN EFFECT IMMEDIATE-
12 LY PRIOR TO THE DATE THE MUNICIPALITY'S LOCAL ARRA BONDS SECURED BY A
13 PLEDGE AUTHORIZED BY THIS SECTION SHALL HAVE BEEN ISSUED.

14 (C) UPON RECEIVING SUCH COMPLETE, CERTIFIED WRITTEN NOTICE FROM THE
15 AGENCY, THE CHIEF FISCAL OFFICER OF A COUNTY, NOTWITHSTANDING THE
16 PROVISIONS OF SECTION TWO HUNDRED SIXTY-ONE OF THE TAX LAW, SHALL PAY
17 OVER TO THE COMPTROLLER, THE NET AMOUNT OF MORTGAGE RECORDING TAX REVEN-
18 UES IMPOSED BY SUBDIVISION ONE OF SECTION TWO HUNDRED FIFTY-THREE OF THE
19 TAX LAW DUE TO THE CITY, TOWN, OR VILLAGE IN DEFAULT. THE CHIEF FISCAL
20 OFFICER OF THE COUNTY SHALL CONTINUE TO MAKE THOSE PAYMENTS TO THE COMP-
21 TROLLER UNTIL THE AGENCY SENDS CERTIFIED NOTICE TO THE OFFICER AND TO
22 THE COMPTROLLER THAT THE CITY OR TOWN IS NO LONGER IN DEFAULT. THE COMP-
23 TROLLER SHALL PAY TO THE AGENCY, ON OR BEFORE THE FIFTEENTH DAY OF EACH
24 MONTH, ALL OR A PORTION OF THE MORTGAGE RECORDING TAX REVENUES RECEIVED
25 FROM THE CHIEF FISCAL OFFICER OF THE COUNTY, UNTIL THE AMOUNT CERTIFIED
26 IN DEFAULT HAS BEEN EXTINGUISHED.

27 (D) SUCH PAYMENTS BY THE COMPTROLLER TO THE AGENCY SHALL BE MADE ON
28 ACCOUNT OF, AND FOR THE BENEFIT OF, THE MUNICIPALITY IN DEFAULT. IF SO
29 REQUESTED BY THE AGENCY, AS INDICATED IN ITS CERTIFIED NOTICE TO THE
30 COMPTROLLER, THE COMPTROLLER SHALL MAKE SUCH PAYMENTS TO A TRUSTEE
31 PURSUANT TO AN INDENTURE FOR HOLDERS OF THE RECOVERY ACT BONDS ISSUED BY
32 THE AGENCY THAT WERE USED TO PURCHASE THE MUNICIPALITY'S LOCAL ARRA
33 BONDS IN DEFAULT. SUCH PAYMENTS BY THE COMPTROLLER ON BEHALF OF SUCH
34 MUNICIPALITY SHALL BE APPLIED BY THE AGENCY OR, IF PAID DIRECTLY TO THE
35 TRUSTEE, BY SUCH TRUSTEE, TO CURE THAT MUNICIPALITY'S DEFAULT. TO THE
36 EXTENT THE COMPTROLLER MAKES ANY SUCH PAYMENT TO THE AGENCY OR TO SUCH A
37 TRUSTEE, THE MUNICIPALITY'S DEFAULT SHALL BE CURED.

38 (E) THE COMPTROLLER SHALL NOT BE RESPONSIBLE FOR ANY INACCURACY IN THE
39 AMOUNT OF SUCH PAYMENTS BASED UPON THE NOTICE FURNISHED BY THE AGENCY.
40 THE COMPTROLLER SHALL NOT BE REQUIRED TO MAKE PAYMENTS UNDER THIS SUBDI-
41 VISION WHICH ARE GREATER THAN THE AMOUNTS OF LOCAL SALES AND USE TAX
42 REVENUES DUE THE MUNICIPALITY, AS CERTIFIED TO THE COMPTROLLER BY THE
43 COMMISSIONER OF TAXATION AND FINANCE AS PROVIDED IN SUBDIVISION (C) OF
44 SECTION TWELVE HUNDRED SIXTY-ONE OF THE TAX LAW (SUBJECT TO THE LIMITA-
45 TION IN PARAGRAPH (B) OF THIS SUBDIVISION), OR WHICH ARE GREATER THAN
46 THE AMOUNT OF NET MORTGAGE RECORDING TAX REVENUES PAID TO THE COMP-
47 TROLLER BY THE CHIEF FISCAL OFFICER OF THE COUNTY. AFTER THE COMPTROLLER
48 MAKES ANY PAYMENTS OF NET COLLECTIONS REQUIRED UNDER THIS SECTION, THE
49 COMPTROLLER SHALL PAY ANY BALANCE OF NET COLLECTIONS DUE SUCH MUNICI-
50 PALITY TO SUCH MUNICIPALITY IN THE MANNER PROVIDED IN SUBDIVISION (C) OF
51 SECTION TWELVE HUNDRED SIXTY-ONE OF THE TAX LAW OR OTHER APPLICABLE LAW.
52 THE COMPTROLLER SHALL BE REQUIRED TO MAKE PAYMENTS UNDER THIS SECTION
53 FOR ONLY SO LONG AS THE MUNICIPALITY IS IN DEFAULT AS CERTIFIED IN THE
54 AGENCY'S NOTICE TO THE COMPTROLLER.

55 (F) THE AUTHORITY IN THIS SECTION TO WITHHOLD LOCAL SALES AND USE TAX
56 REVENUES AND MORTGAGE RECORDING TAX REVENUES AND PAY THEM OVER TO THE

1 AGENCY SHALL BE IN ADDITION TO THE STATE AID GUARANTY SET FORTH IN
2 SECTION TWENTY FOUR HUNDRED THIRTY-SIX OF THIS TITLE; AND THE AGENCY MAY
3 CERTIFY THAT EITHER OR BOTH REVENUE SOURCES MAY BE WITHHELD TO THE
4 EXTENT NECESSARY TO SATISFY THE MUNICIPALITY'S UNMET OBLIGATIONS TO THE
5 AGENCY.

6 (G) ANY WITHHOLDING OF REVENUES PURSUANT TO THIS SUBDIVISION OR STATE
7 AID PURSUANT TO SECTION TWENTY-FOUR HUNDRED THIRTY-SIX OF THIS TITLE
8 WITH RESPECT TO LOCAL ARRA BONDS SHALL BE MADE IN CONSULTATION WITH THE
9 DIRECTOR OF THE BUDGET OF THE STATE; PROVIDED, HOWEVER, SUCH CONSULTA-
10 TION SHALL NOT DELAY OR OTHERWISE ADVERSELY AFFECT THE AGENCY'S RIGHT TO
11 RECEIVE TIMELY PAYMENT OF SUCH REVENUES AND/OR STATE AID.

12 (6) WHEN USED IN THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE
13 FOLLOWING MEANINGS UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

14 (A) "SALES AND COMPENSATING USE TAXES" MEANS TAXES IMPOSED BY A COUN-
15 TY, CITY, OR SCHOOL DISTRICT PURSUANT TO THE AUTHORITY OF SUBPART B OF
16 PART ONE OF ARTICLE TWENTY-NINE OF THE TAX LAW.

17 (B) "NET COLLECTIONS" SHALL HAVE THE SAME MEANING AS IN SUBDIVISION
18 (F) OF SECTION TWELVE HUNDRED SIXTY-TWO OF THE TAX LAW.

19 (C) "COUNTY SALES TAX REVENUES" MEANS NET COLLECTIONS SET ASIDE FOR
20 COUNTY PURPOSES PURSUANT TO SUBDIVISION (A) OF SECTION TWELVE HUNDRED
21 SIXTY-TWO OF THE TAX LAW OR OTHER APPLICABLE PROVISION OF PART FOUR OF
22 ARTICLE TWENTY-NINE OF THE TAX LAW, FROM A COUNTY'S SALES AND COMPENSAT-
23 ING USE TAXES.

24 (D) "CITY SALES TAX REVENUES" MEANS NET COLLECTIONS FROM A CITY'S
25 SALES AND COMPENSATING USE TAXES.

26 (E) "SCHOOL DISTRICT SALES TAX REVENUES" MEANS NET COLLECTIONS FROM A
27 SCHOOL DISTRICT'S SALES AND COMPENSATING USE TAXES IMPOSED PURSUANT TO
28 THE AUTHORITY OF SECTION TWELVE HUNDRED TWELVE OF THE TAX LAW AND, IF A
29 CITY IMPOSES SALES AND COMPENSATING USE TAXES FOR SCHOOL DISTRICT
30 PURPOSES PURSUANT TO THE AUTHORITY OF SECTION TWELVE HUNDRED ELEVEN OF
31 THE TAX LAW, NET COLLECTIONS FROM SUCH CITY TAXES AND FROM ANY TAXES
32 IMPOSED BY A SCHOOL DISTRICT LOCATED PARTLY IN THAT CITY IMPOSED PURSU-
33 ANT TO THE AUTHORITY OF SUBDIVISION (B) OF SECTION TWELVE HUNDRED ELEVEN
34 OF THE TAX LAW.

35 (F) "LOCAL SALES AND USE TAX REVENUES" MEANS ANY OF THE TAX REVENUES
36 DEFINED IN PARAGRAPH (C), (D) OR (E) OF THIS SUBDIVISION, OR ANY COMBI-
37 NATION OF THEM, AS THE CASE MAY BE.

38 S 6. Subdivision 5 of section 2437 of the public authorities law, as
39 amended by section 73 of part H of chapter 83 of the laws of 2002, is
40 amended to read as follows:

41 (5) Any bonds or notes of the agency other than special program bonds,
42 special school purpose bonds [or], special school deficit program bonds
43 OR RECOVERY ACT BONDS shall be sold at public sale and from time to time
44 upon such terms and at such prices as may be determined by the agency,
45 and the agency may pay all expenses, premiums and commissions which it
46 may deem necessary or advantageous in connection with the issuance and
47 sale thereof. Any special program bonds, special school purpose bonds
48 [or], special school deficit program bonds OR RECOVERY ACT BONDS shall
49 be sold at public or private sale and from time to time upon such terms
50 and at such prices as may be determined by the agency, and the agency
51 may pay all expenses, premiums and commissions which it may deem neces-
52 sary or advantageous in connection with the issuance and sale thereof
53 provided, however, that special program bonds relating to a special
54 program agreement entered for the purpose described in paragraph (b) of
55 subdivision one of section twenty-four hundred thirty-five-a of this
56 title shall be sold on or before June thirtieth, two thousand one. No

1 special program bonds, special school purpose bonds [or], special school
2 deficit program bonds, OR RECOVERY ACT BONDS of the agency may be sold
3 by the agency at private sale, however, unless such sale and the terms
4 thereof have been approved in writing by (a) the comptroller, where such
5 sale is not to the comptroller, or (b) the director of the budget, where
6 such sale is to the comptroller.

7 S 7. Subdivision 1 of section 2438 of the public authorities law, as
8 amended by section 24 of part A4 of chapter 58 of the laws of 2006, is
9 amended to read as follows:

10 (1) The agency shall not issue bonds and notes in an aggregate princi-
11 pal amount at any one time outstanding exceeding one billion dollars,
12 excluding tax lien collateralized securities, special school purpose
13 bonds, special school deficit program bonds, special program bonds
14 issued to finance the reconstruction, rehabilitation or renovation of an
15 educational facility pursuant to the provisions of subdivision (b) of
16 section sixteen of chapter six hundred five of the laws of two thousand,
17 special program bonds issued to finance the cost of a project for
18 design, reconstruction or rehabilitation of a school building pursuant
19 to the provisions of section fourteen of the city of Syracuse and the
20 board of education of the city school district of the city of Syracuse
21 cooperative school reconstruction act, RECOVERY ACT BONDS and bonds and
22 notes issued to refund outstanding bonds and notes.

23 S 8. Section 2442 of the public authorities law, as amended by chapter
24 203 of the laws of 2000, is amended to read as follows:

25 S 2442. Agreement of the state. (1) The state of New York does hereby
26 pledge to and agree with the holders of any bonds, notes or tax lien
27 collateralized securities issued under this title that the state will
28 not limit or alter the rights hereby vested in the agency to fulfill the
29 terms of any agreements made with the holders thereof, or in any way
30 impair the rights and remedies of such holders until such bond, notes or
31 tax lien collateralized securities together with the interest thereon,
32 with interest on any unpaid installments of interest, and all costs and
33 expenses in connection with any action or proceedings by or on behalf of
34 such holders, are fully met and discharged. The agency is authorized to
35 include this pledge and agreement of the state in any agreement with the
36 holders of such bonds, notes or tax lien collateralized securities.
37 NOTHING CONTAINED IN THIS TITLE SHALL BE DEEMED TO RESTRICT ANY RIGHT OF
38 THE STATE TO AMEND, MODIFY, REPEAL OR OTHERWISE ALTER (A) ANY PROVISION
39 OF LAW RELATING TO STATE AID, OR (B) STATUTES IMPOSING OR RELATING TO
40 TAXES OR FEES, OR (C) APPROPRIATIONS RELATING THERETO.

41 (2) THE AGENCY SHALL NOT INCLUDE WITHIN ANY RESOLUTION, CONTRACT OR
42 AGREEMENT WITH HOLDERS OF THE BONDS, NOTES OR OTHER OBLIGATIONS ISSUED
43 UNDER THIS TITLE ANY PROVISION WHICH PROVIDES THAT A DEFAULT OCCURS AS A
44 RESULT OF THE STATE EXERCISING ITS RIGHT TO AMEND, MODIFY, OR REPEAL OR
45 OTHERWISE ALTER (A) ANY PROVISION OF LAW RELATING TO STATE AID; OR (B)
46 STATUTES IMPOSING OR RELATING TO TAXES OR FEES, OR (C) APPROPRIATIONS
47 RELATING THERETO. NOTHING IN THIS TITLE SHALL BE DEEMED TO OBLIGATE THE
48 STATE TO MAKE ANY PAYMENTS OR IMPOSE ANY TAXES TO SATISFY THE DEBT
49 SERVICE OBLIGATIONS OF THE AGENCY.

50 S 9. Section 85.80 of the local finance law, as amended by chapter 777
51 of the laws of 1978, is amended to read as follows:

52 S 85.80 Authority for municipality or emergency financial control
53 board to file petition under federal statute. A municipality or its
54 emergency financial control board in addition to, or in lieu of, filing
55 a petition under this title, or the city of New York or the New York
56 state financial control board, may file any petition with any United

1 States district court or court of bankruptcy under any provision of the
2 laws of the United States, now or hereafter in effect, for the composi-
3 tion or adjustment of municipal indebtedness. Nothing contained in this
4 title shall be construed to limit the authorization granted by this
5 section. HOWEVER, NO MUNICIPALITY SHALL FILE ANY PETITION AUTHORIZED BY
6 THIS SECTION FOR SO LONG AS ITS LOCAL ARRA BONDS, AS DEFINED IN SECTION
7 TWENTY-FOUR HUNDRED THIRTY-TWO OF THE PUBLIC AUTHORITIES LAW, PURCHASED
8 BY THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND SECURED BY ITS
9 PLEDGE OF TAX REVENUES PURSUANT TO THE AUTHORITY OF SECTION TWENTY-FOUR
10 HUNDRED THIRTY-SIX-B OF THE PUBLIC AUTHORITIES LAW REMAIN OUTSTANDING.
11 S 10. This act shall take effect immediately.