

Seventh Extraordinary Session

I N S E N A T E

June 28, 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 chapter 915 of the laws of 1982, amending the public authorities law relating to the powers of the state of New York mortgage agency, in relation to the effective date thereof; and to amend the public authorities law, in relation to the powers of the state of New York mortgage agency

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

1 Section 1. Section 16 of chapter 915 of the laws of 1982 amending the
2 public authorities law relating to the powers of the state of New York
3 mortgage agency, as amended by chapter 148 of the laws of 2008, is
4 amended to read as follows:
5 S 16. This act shall take effect immediately except that the amend-
6 ments to law effected by sections one through ten of this act, as
7 amended, shall cease to be of force and effect on and after July 16,
8 [2009] 2010, on which date the provisions of the public authorities law
9 amended by such sections shall be as they were in force and effect im-
10 mediately prior to this act taking effect.
11 S 2. Section 2407 of the public authorities law, as amended by chapter
12 148 of the laws of 2008, is amended to read as follows:
13 S 2407. Bond limits. (1) Except for notes issued in nineteen hundred
14 seventy and nineteen hundred seventy-one, the agency shall not issue
15 bonds and notes, the interest on which is not included in the gross
16 income of the holders of the bonds and notes under the United States
17 Internal Revenue Code of 1986, as amended, or any subsequent correspond-
18 ing internal revenue law of the United States, in an aggregate principal
19 amount exceeding eight billion [four] SEVEN hundred twenty million
20 dollars, excluding from such limitation (a) an amount equal to any
21 original issue discount from the principal amount of any bonds or notes
22 issued, (b) bonds and notes issued to refund outstanding bonds and
23 notes, and (c) bonds and notes not described in paragraph (b) of this
24 subdivision issued to refund outstanding bonds and notes in accordance

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

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1 with the provisions of the Internal Revenue Code of 1986 or the Tax
2 Reform Act of 1986, as amended, where such bonds or notes are not
3 included in the statewide volume cap on private purpose bonds under
4 section 146 of such code provided, however, that upon any refunding
5 pursuant to this paragraph or paragraph (b) of this subdivision, such
6 exclusion shall apply only to the extent that the amount of the refund-
7 ing bonds or notes does not exceed (i) the outstanding amount of the
8 refunded bonds or notes, plus (ii) to the extent permitted by applicable
9 federal tax law, costs of issuance of the refunding bonds or notes to be
10 financed from the proceeds of the refunding bonds or notes. No such
11 bond or note shall be issued by the agency on or after July sixteenth,
12 two thousand [nine] TEN, excluding bonds and notes issued to refund
13 outstanding bonds and notes. No more than five hundred million dollars
14 of proceeds of bonds or notes issued by the agency pursuant to this
15 subdivision shall be used for mortgage purposes by blending with
16 proceeds of bonds issued pursuant to subdivision two of this section.

17 (2) In connection with the issuance of bonds for the purpose of
18 furthering programs described in this title, the agency is authorized to
19 covenant and consent that the interest on any of its bonds, notes or
20 other obligations shall be includable, under the United States Internal
21 Revenue Code of 1986, as amended or any subsequent corresponding inter-
22 nal revenue law of the United States, in the gross income of the holders
23 of the bonds to the same extent and in the same manner that the interest
24 on bills, bonds, notes or other obligations of the United States is
25 includable in the gross income of the holders thereof under said Inter-
26 nal Revenue Code or any such subsequent law. Pursuant to this subdivi-
27 sion, the agency shall not issue bonds, notes or other obligations in an
28 aggregate principal amount exceeding eight hundred million dollars,
29 excluding from such limitation bonds, notes or other obligations issued
30 to refund outstanding bonds, notes or other obligations. No such bond,
31 note or other obligation shall be issued by the agency on or after July
32 sixteenth, two thousand [nine] TEN, excluding bonds, notes or other
33 obligations issued to refund outstanding bonds, notes or other obli-
34 gations and no mortgages shall be purchased with the proceeds of such
35 bonds, notes or other obligations after such date. The board of direc-
36 tors of the agency shall establish program guidelines for purposes of
37 bonds, notes or other obligations issued pursuant to this subdivision.
38 The board of directors shall establish from time to time maximum income
39 limits of persons eligible to receive mortgages financed by bonds, notes
40 or other obligations issued pursuant to this subdivision, which income
41 limits with respect to one-third of the total principal amount of mort-
42 gages authorized to be so financed shall not exceed one hundred twenty-
43 five percent of the latest maximum income limits permitted under the
44 Internal Revenue Code of 1986, as amended, for mortgagors financed by
45 mortgage revenue bonds, with respect to one-third of such principal
46 amount authorized to be so financed, shall not exceed one hundred thir-
47 ty-five percent of such income limits, and with respect to one-third of
48 such principal amount authorized to be so financed, shall not exceed one
49 hundred fifty percent of such limits.

50 (3) The fixing of the statutory maximums in this section shall not be
51 construed as constituting a contract between the agency and the holders
52 of its bonds or notes that additional bonds and notes may not be issued
53 subsequently by the agency in the event that such statutory maximums
54 shall subsequently be increased by law.

55 S 3. This act shall take effect immediately.