S T A T E O F N E W Y O R K

2571

2011-2012 Regular Sessions

I N A S S E M B L Y

January 19, 2011

Introduced by M. of A. FITZPATRICK -- read once and referred to the Committee on Housing

AN ACT to amend the private housing finance law, in relation to the creation of a tax increment financing program

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

Section 1. The private housing finance law is amended by adding a new article 21-A to read as follows:

ARTICLE XXI-A

TAX INCREMENT FINANCING ACT

SECTION 1134. SHORT TITLE.
1135. LEGISLATIVE FINDINGS.
1136. DEFINITIONS.
1137. ADOPTION OF PROJECT PLAN.
1138. AUTHORIZATION TO UNDERTAKE PROJECTS; POWERS.
1139. ISSUANCE OF SPECIAL OBLIGATION BONDS.
1140. SECURITY FOR BONDS.
1141. PLEDGE OF PROJECT REVENUES VALIDATED.
1142. TEMPORARY ANTICIPATION NOTES.
1143. TAX INCREMENT BOND FUNDS.
1144. CREDIT OF CITY, TOWN OR VILLAGE NOT PLEDGED.
1145. INVESTMENT OF FUNDS.
1146. REMEDIES OF BONDHOLDERS AND NOTEHOLDERS.
1147. BONDS AND NOTES AS LEGAL INSTRUMENTS.
1148. BONDS AND NOTES AS INVESTMENT SECURITIES.
1149. EXEMPTION FROM TAXATION.
1149-A. DURATION OF DISTRICTS.
1149-B. ANNUAL REPORT.
1149-C. TECHNICAL ASSISTANCE.

S 1134. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "TAX INCREMENT FINANCING ACT".

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

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S 1135. LEGISLATIVE FINDINGS. THE LEGISLATURE FINDS AND DECLARES THAT IT IS A FUNDAMENTAL PURPOSE OF THE STATE'S SOCIAL ECONOMY TO PROVIDE HOUSING AND THAT STATEWIDE THERE IS AN INADEQUATE SUPPLY OF DECENT, SAFE AND SANITARY HOUSING AFFORDABLE TO PERSONS AND FAMILIES OF LOW AND MODERATE INCOME WHICH THREATENS STATEWIDE JOB CREATION, THE ATTRACTION OF NEW PRIVATE INVESTMENT, AND THE CREATION OF PHYSICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL CONDITIONS TO REMOVE AND PREVENT THE RECURRENCE OF BLIGHT. THE LEGISLATURE FURTHER FINDS THAT THE USE OF TAX INCREMENT FINANCING AS A METHOD TO REDUCE THE COSTS OF AFFORDABLE HOUSING IS OF STATEWIDE BENEFIT AND OF PARTICULAR BENEFIT AND ASSISTANCE TO ALL LOCAL GOVERNMENTS WHICH WISH TO ENCOURAGE THE FURTHER PROVISION OF HOUSING FOR ITS RESIDENTS.

S 1136. DEFINITIONS. AS USED IN THIS ARTICLE:

1. "BASE DATE" SHALL MEAN THE LAST ASSESSMENT DATE NEXT PRECEDING THE ADOPTION OF THE PROJECT PLAN.

2. "PROJECT" SHALL MEAN THE UNDERTAKING OF THE FOLLOWING ACTIVITIES IN ACCORDANCE WITH A PROJECT PLAN:

A. THE ACQUISITION OF LAND AND IMPROVEMENTS THEREON, IF ANY, WITHIN THE PROJECT AREA AND THE ASSEMBLY AND CLEARANCE OF THE LAND SO ACQUIRED; OR

B. THE DEVELOPMENT, REDEVELOPMENT, REVITALIZATION OR CONSERVATION OF THE PROJECT AREA THROUGH THE CONSTRUCTION OR REHABILITATION OF RESIDENTIAL OR COMMERCIAL DWELLINGS OR OTHER IMPROVEMENTS OR THROUGH ACQUISITION BY GIFT, PURCHASE OR EMINENT DOMAIN OF LAND AND ANY IMPROVEMENTS THEREON, AND DEMOLITION, REMOVAL OR REHABILITATION OF THOSE IMPROVEMENTS, WHENEVER THE FOREGOING ACTIVITIES ARE NECESSARY TO PROVIDE LAND FOR NEEDED PUBLIC FACILITIES OR RESIDENTIAL OR COMMERCIAL DWELLINGS, OR TO ELIMINATE UNHEALTHY, UNSAFE OR UNSANITARY CONDITIONS OR OTHERWISE REMOVE OR PREVENT THE SPREAD OF BLIGHT OR DETERIORATION; OR

C. THE INSTALLATION OR UPGRADING OF WATER AND SEWER LINES TO A PUBLIC CONNECTION, THE INSTALLATION OR UPGRADING OF PRIVATE WELLS AND SANITARY SYSTEMS, STORM SEWERS AND ROAD AND SIDEWALK CONSTRUCTION WHERE REQUIRED BY LOCAL ZONING ORDINANCES AND THE INSTALLATION OF GAS AND ELECTRIC LINES AND OTHER SITE IMPROVEMENTS OR SITE PREPARATION WHICH IS NECESSARY FOR THE DEVELOPMENT OR REHABILITATION OF RESIDENTIAL AND COMMERCIAL DWELLINGS.

A PROJECT MAY INVOLVE A COMBINATION OF THE AFOREMENTIONED ACTIVITIES; HOWEVER, A PROJECT SHALL NOT QUALIFY UNDER THIS ARTICLE IF THE FAIR MARKET VALUE OF THE IMPROVEMENTS WHICH ARE CONSTRUCTED OR REHABILITATED FOR COMMERCIAL USES OR FOR USES OTHER THAN RESIDENTIAL HOUSING CONSISTS OF MORE THAN ONE-THIRD OF THE TOTAL FAIR MARKET VALUE OF THE PLANNED IMPROVEMENTS IN THE PROJECT PLAN. THE FAIR MARKET VALUE OF THE IMPROVEMENTS SHALL BE DETERMINED USING THE COST OF CONSTRUCTION, CAPITALIZED INCOME OR OTHER APPROPRIATE METHOD OF ESTIMATING MARKET VALUE.

3. "PROJECT AREA" SHALL MEAN A PARCEL OR PLOT OF LAND ESTABLISHED PRIOR TO THE CERTIFICATION OF THE PROJECT AS A SINGLE UNIT FOR PURPOSES OF ASSESSMENT AND WHICH SHALL CONSTITUTE THE TAX INCREMENT AREA. THE PROJECT AREA MAY CONSIST OF ONE OR MORE PARCELS OR PLOTS OF LAND, WHETHER OR NOT CONTIGUOUS.

4. "PROJECT PLAN" SHALL MEAN A PLAN ADOPTED BY A CITY, TOWN OR VILLAGE IN THE MANNER PROVIDED IN SECTION ELEVEN HUNDRED THIRTY-SEVEN OF THIS ARTICLE FOR A PROJECT. THE PROJECT PLAN SHALL SET FORTH AN ESTIMATE OF PROJECT COSTS AND THE AMOUNTS AND SOURCES OF FUNDS TO BE USED TO DEFRAY THOSE COSTS AND SHALL INCLUDE PROVISIONS FOR TAX INCREMENT FINANCING OF PROJECT COSTS IN WHOLE OR IN PART. THE TAX INCREMENT FINANCING PROVISIONS OF THE PROJECT PLAN SHALL SET FORTH THE ESTIMATED AMOUNT OF

INDEBTEDNESS TO BE INCURRED PURSUANT TO THIS ARTICLE, SHALL SET FORTH AN ESTIMATE OF THE TAX INCREMENT TO BE GENERATED AS A RESULT OF THE PROJECT, SHALL SET FORTH THE METHOD OF CALCULATING THE TAX INCREMENT, TOGETHER WITH ANY PROVISIONS FOR ADJUSTMENT OF THE METHOD OF CALCULATION, AND SHALL DESIGNATE THE BOARD OR OFFICER OF THE CITY, TOWN OR VILLAGE RESPONSIBLE FOR CALCULATING THE TAX INCREMENT. FUNDS MAY BE PROVIDED TO CARRY OUT THE PLAN FROM ANY LAWFUL SOURCE INCLUDING THE ISSUANCE OF BONDS AND NOTES UNDER THIS ARTICLE. THE PLAN MAY INCLUDE SUCH OTHER PROVISIONS AS MAY BE DEEMED NECESSARY IN ORDER TO CARRY OUT THE TAX INCREMENT FINANCING OF THE PROJECT. THE PROJECT SHALL BE CONSISTENT WITH SUCH COMPREHENSIVE PLAN FOR THE CITY, TOWN OR VILLAGE AS IS THEN APPLICABLE, SHALL BE SUFFICIENTLY COMPLETE TO INDICATE THE LOCATION AND BOUNDARIES OF THE TAX INCREMENT AREA, AND SUCH LAND ACQUISITION, CONSTRUCTION, REHABILITATION, DEMOLITION AND REMOVAL OF RESIDENTIAL AND COMMERCIAL DWELLINGS AND SUCH DEVELOPMENT, REDEVELOPMENT, AND GENERAL PUBLIC IMPROVEMENTS AS ARE PROPOSED TO BE CARRIED OUT WITHIN THE TAX INCREMENT AREA.

5. "PROJECT REVENUES" SHALL MEAN ANY RECEIPTS OF A CITY, TOWN OR VILLAGE WITH RESPECT TO A PROJECT INCLUDING, BUT NOT LIMITED TO, TAX INCREMENTS, REPAYMENTS OF LOANS MADE UNDER SECTION ELEVEN HUNDRED THIRTY-EIGHT OF THIS ARTICLE, INVESTMENT EARNINGS, PROCEEDS OF INSURANCE OR DISPOSITION OF PROPERTY AND PROCEEDS OF BORROWING UNDER THIS ARTICLE.

6. "RESIDENTIAL DWELLINGS" OR "RESIDENTIAL HOUSING" SHALL MEAN HOUSING FOR PERSONS FOR WHOM THERE ARE NO OTHER REASONABLE AND AFFORDABLE HOME OWNERSHIP, REHABILITATION OR RENTAL ALTERNATIVES, AS THE CASE MAY BE, IN THE PRIVATE MARKET AND WHO SHALL OCCUPY A DWELLING OR HOME ASSISTED UNDER THIS ARTICLE AS THEIR PRINCIPAL PLACE OF RESIDENCE.

7. "TAX INCREMENT" SHALL MEAN THE TAX LEVIED ON THE REAL AND PERSONAL PROPERTY SITUATED IN OR OTHERWISE ASSIGNABLE FOR THE PURPOSES OF PROPERTY TAXATION TO A TAX INCREMENT AREA TO THE EXTENT THAT THE TAX IS ATTRIBUTABLE TO AN EXCESS OF THE AGGREGATE TAXABLE VALUATION OF THE PROPERTY OVER ITS AGGREGATE TAXABLE VALUATION AS OF THE BASE DATE. THE PORTION OF THE TAX LEVY ATTRIBUTABLE TO THE INCREASED VALUATION AFTER THE BASE DATE SHALL BE CALCULATED USING THE SAME CLASSIFICATION FACTORS AS WERE USED AS OF THE BASE DATE, OR WITHOUT CLASSIFICATION FACTORS IF PROPERTY WAS NOT CLASSIFIED FOR TAX PURPOSES AS OF THE BASE DATE. IN CALCULATING THE TAX INCREMENT, THERE SHALL BE EXCLUDED FROM THE TAX THE PORTION LEVIED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF OR INTEREST ON BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS WHICH ARE GENERAL OBLIGATIONS OF THE CITY, TOWN OR VILLAGE AND ARE NOT ISSUED PURSUANT TO THE PROVISIONS OF THIS ARTICLE.

8. "TAX INCREMENT AREA" SHALL MEAN A TAX INCREMENT AREA DESIGNATED IN A PROJECT PLAN ADOPTED PURSUANT TO SECTION ELEVEN HUNDRED THIRTY-SEVEN OF THIS ARTICLE. THE TAX INCREMENT AREA MAY CONSIST OF ONE OR MORE PARCELS OR PLOTS OF LAND, WHETHER OR NOT CONTIGUOUS, PROVIDED, HOWEVER, THAT UPON ADOPTION OF THE PROJECT PLAN THE AGGREGATE TAXABLE VALUATION OF THE PROPERTY WITHIN ALL TAX INCREMENT AREAS WITHIN THE CITY, TOWN OR VILLAGE DOES NOT EXCEED TWENTY-FIVE PERCENT OF THE TAXABLE VALUATION OF ALL PROPERTY SUBJECT TO TAXATION WITHIN THE CITY, TOWN OR VILLAGE.

S 1137. ADOPTION OF PROJECT PLAN. THE GOVERNING BODY OF ANY CITY, TOWN OR VILLAGE MAY ADOPT A PROJECT PLAN IF A FINDING IS MADE TO THE EFFECT THAT:

1. WITH RESPECT TO ANY PORTION OF THE PROJECT PROVIDING FOR THE DEVELOPMENT OF RESIDENTIAL HOUSING THAT THERE IS NOT WITHIN THE CITY, TOWN OR VILLAGE AN ADEQUATE SUPPLY OF AFFORDABLE HOUSING WITHIN THE PRIVATE

MARKET AND THAT THE FINANCING OF THAT PORTION OF THE PROJECT IN ACCORDANCE WITH THE PLAN IS IN THE PUBLIC INTEREST; OR

2. WITH RESPECT TO ANY PORTION OF THE PROJECT PROVIDING PUBLIC FACILITIES OR INFRASTRUCTURE IMPROVEMENTS OR LAND THEREFOR, THAT THE FACILITIES OR THE INFRASTRUCTURE IS NEEDED IN CONNECTION WITH THE DEVELOPMENT OF RESIDENTIAL HOUSING AND THAT THE FINANCING OF THAT PORTION OF THE PROJECT IN ACCORDANCE WITH THE PLAN IS IN THE PUBLIC INTEREST; OR

3. WITH RESPECT TO ANY PORTION OF THE PROJECT PROVIDING FOR THE DEVELOPMENT OF COMMERCIAL DWELLINGS THAT THERE EXISTS IN THE CITY, TOWN OR VILLAGE UNEMPLOYMENT OR THE THREAT THEREOF OR THAT SECURITY AGAINST FUTURE UNEMPLOYMENT IS REQUIRED, THAT THE PROJECT IS NEEDED, THAT IT WILL PROVIDE EMPLOYMENT OR SECURITY AGAINST LOSS OF EMPLOYMENT, HAVING A REASONABLE RELATIONSHIP TO THE PROBABLE COST OF ACQUIRING, ESTABLISHING, IMPROVING OR REHABILITATING THE FACILITIES IN WHICH THE EMPLOYMENT IS TO BE PROVIDED OR MAINTAINED, AND THAT THE FINANCING OF THAT PORTION OF THE PROJECT IN ACCORDANCE WITH THE PLAN IS IN THE PUBLIC INTEREST. NO PROJECT SHALL BE UNDERTAKEN PURSUANT TO THIS ARTICLE UNTIL THE PROJECT PLAN HAS BEEN ADOPTED AS PROVIDED IN THIS SECTION.

S 1138. AUTHORIZATION TO UNDERTAKE PROJECTS; POWERS. CITIES, TOWNS AND VILLAGES ARE HEREBY AUTHORIZED TO UNDERTAKE PROJECTS PURSUANT TO DULY ADOPTED PROJECT PLANS. IN ADDITION TO POWERS GRANTED BY ANY OTHER LAW, FOR THE PURPOSES OF CARRYING OUT A PROJECT AS AUTHORIZED BY THIS ARTICLE, A CITY, TOWN OR VILLAGE SHALL HAVE THE FOLLOWING POWERS:

1. TO INCUR INDEBTEDNESS AS PROVIDED IN THIS ARTICLE AND TO PLEDGE TAX INCREMENTS AND OTHER PROJECT REVENUES FOR REPAYMENT THEREOF;

2. TO DESIGNATE A BOARD OR OFFICER OF THE CITY, TOWN OR VILLAGE TO BE RESPONSIBLE FOR ADMINISTERING THE PROJECT PLAN;

3. TO MAKE AND ENTER INTO ALL CONTRACTS AND AGREEMENTS NECESSARY IN ORDER TO UNDERTAKE THE PROJECT;

4. TO RECEIVE FROM THE FEDERAL GOVERNMENT OR THE STATE, LOANS OR GRANTS FOR OR IN AID OF A PROJECT AND TO RECEIVE CONTRIBUTIONS FROM ANY OTHER SOURCE TO DEFRAY PROJECT COSTS;

5. TO PURCHASE OR OTHERWISE ACQUIRE SUCH PROPERTY OR INTERESTS THEREIN WITHIN A PROJECT AREA AS THE CITY, TOWN OR VILLAGE MAY DEEM NECESSARY IN ORDER TO CARRY OUT THE PROJECT;

6. TO CLEAR AND IMPROVE PROPERTY ACQUIRED BY IT PURSUANT TO THE PROJECT PLAN AND TO CONTRACT FOR THE CONSTRUCTION, DEVELOPMENT, REDEVELOPMENT, REHABILITATION, REMODELING, ALTERATION, OR REPAIR OF RESIDENTIAL OR COMMERCIAL DWELLINGS ON THE PROPERTY;

7. TO LAY OUT, CONSTRUCT OR INSTALL WATER AND SEWER LINES, PRIVATE WELLS AND SANITARY SYSTEMS, STORM SEWERS, ROADS, SIDEWALKS, AND ANY OTHER PUBLIC IMPROVEMENTS WHICH IT IS AUTHORIZED TO UNDERTAKE IN CONNECTION WITH THE PROJECT;

8. TO CAUSE PARKS AND PLAYGROUNDS TO BE LAID OUT, CONSTRUCTED OR FURNISHED IN CONNECTION WITH THE PROJECT;

9. TO ADOPT ORDINANCES OR REPEAL OR MODIFY ORDINANCES OR ESTABLISH EXCEPTIONS TO EXISTING ORDINANCES REGULATING THE DESIGN, CONSTRUCTION, AND USE OF RESIDENTIAL AND COMMERCIAL DWELLINGS;

10. TO SELL, MORTGAGE, LEASE, TRANSFER OR DISPOSE OF ANY PROPERTY OR INTEREST THEREIN ACQUIRED BY IT PURSUANT TO THE PROJECT PLAN FOR DEVELOPMENT, REDEVELOPMENT OR REHABILITATION IN ACCORDANCE WITH THE PLAN;

11. TO LOAN THE PROCEEDS OF ANY ISSUE OF BONDS OR NOTES PURSUANT TO THIS ARTICLE TO ANY INDUSTRIAL DEVELOPMENT AGENCY, NOT-FOR-PROFIT CORPORATIONS OR CHARITABLE ORGANIZATIONS WHICH HAS AS ONE OF ITS PRIMARY PURPOSES THE IMPROVING OF HOUSING, OR ANY MUNICIPAL HOUSING AGENCY OR AUTHORITY IN ORDER TO FINANCE THE COST OF ACQUIRING LAND, CONSTRUCTING

OR REHABILITATING RESIDENTIAL OR COMMERCIAL DWELLINGS, AND CONSTRUCTING INFRASTRUCTURE IMPROVEMENTS AND PUBLIC FACILITIES WITHIN THE PROJECT AREA IN ACCORDANCE WITH THE PLAN OR TO LOAN BOND OR NOTE PROCEEDS IN ORDER TO REFINANCE ANY SUCH LOANS;

12. TO INVEST PROJECT REVENUES AS HEREINAFTER PROVIDED; AND

13. TO DO ALL THINGS REASONABLY NECESSARY TO CARRY OUT THE POWERS GRANTED IN THIS ARTICLE.

S 1139. ISSUANCE OF SPECIAL OBLIGATION BONDS. 1. A CITY, TOWN OR VILLAGE MAY BORROW MONEY BY THE ISSUANCE OF SPECIAL OBLIGATION BONDS FOR THE PURPOSE OF CARRYING OUT A PROJECT PURSUANT TO A DULY ADOPTED PROJECT PLAN. THE BONDS MAY BE ISSUED FOR PROJECT COSTS WHICH MAY INCLUDE INTEREST PRIOR TO AND DURING THE CARRYING OUT OF A PROJECT AND FOR A REASONABLE TIME THEREAFTER, SUCH RESERVES AS MAY BE REQUIRED BY ANY AGREEMENT SECURING THE BONDS AND ALL OTHER EXPENSES INCIDENTAL TO PLANNING, CARRYING OUT AND FINANCING THE PROJECT. WITH RESPECT TO THE ISSUANCE OF SPECIAL OBLIGATION BONDS, BONDS ISSUED PURSUANT TO THIS SECTION SHALL BE PAYABLE SOLELY FROM PROJECT REVENUES AND SHALL NOT BE DEEMED TO BE A PLEDGE OF FAITH AND CREDIT OF THE CITY, TOWN OR VILLAGE. EVERY SPECIAL OBLIGATION BOND ISSUED PURSUANT TO THIS SECTION SHALL RECITE ON ITS FACE THAT IT IS A SPECIAL OBLIGATION BOND PAYABLE SOLELY FROM PROJECT REVENUES PLEDGED FOR ITS REPAYMENT.

2. THE BONDS OF EACH ISSUE SHALL BE DATED AND MAY BE MADE REDEEMABLE BEFORE MATURITY WITH OR WITHOUT PREMIUM. SUBJECT TO THE AUTHORIZING VOTE, THE OFFICERS AUTHORIZED TO SELL THE BONDS SHALL DETERMINE THE DATE OR DATES OF THE BONDS, THEIR DENOMINATION OR DENOMINATIONS, THE PLACE OR PLACES OF PAYMENT OF THE PRINCIPAL AND INTEREST, WHICH MAY BE AT ANY BANK OR TRUST COMPANY WITHIN OR WITHOUT THE STATE, THEIR INTEREST RATE OR RATES, MATURITY OR MATURITIES, REDEMPTION PRIVILEGES, IF ANY, AND THE FORM AND OTHER DETAILS OF THE BONDS INCLUDING INTEREST COUPONS TO BE ATTACHED THERETO. THE BONDS SHALL BE SIGNED BY THE CITY, TOWN OR VILLAGE TREASURER, SHALL BE COUNTERSIGNED BY THE MAYOR OF A CITY OR VILLAGE OR BY THE TOWN SUPERVISOR OF THE TOWN EITHER MANUALLY OR BY FACSIMILE, AND SHALL BEAR THE SEAL OF THE CITY, TOWN OR VILLAGE OR A FACSIMILE THEREOF. ANY COUPONS ATTACHED THERETO SHALL BEAR THE FACSIMILE SIGNATURE OF THE CITY, TOWN OR VILLAGE TREASURER.

3. IN CASE ANY OFFICER WHOSE SIGNATURE OR A FACSIMILE OF WHOSE SIGNATURE SHALL APPEAR ON ANY BONDS, COUPONS OR NOTES ISSUED PURSUANT TO THIS ARTICLE SHALL CEASE TO BE AN OFFICER BEFORE THE DELIVERY THEREOF, THE SIGNATURE OR THE FACSIMILE SHALL NEVERTHELESS BE VALID AND SUFFICIENT FOR ALL PURPOSES THE SAME AS IF THE OFFICER HAD REMAINED IN OFFICE UNTIL THE DELIVERY.

4. THE BONDS MAY BE ISSUED IN COUPON OR IN REGISTERED FORM OR BOTH, AND PROVISION MAY BE MADE FOR THE REGISTRATION OF ANY COUPON BONDS AS TO PRINCIPAL ALONE AND ALSO AS TO PRINCIPAL AND INTEREST, FOR THE RECONVERSION INTO COUPON BONDS OR BONDS REGISTERED AS TO BOTH PRINCIPAL AND INTEREST, AND FOR THE INTERCHANGE OF REGISTERED AND COUPON BONDS. SUBJECT TO THE AUTHORIZING VOTE, THE OFFICERS AUTHORIZED TO SELL THE BONDS MAY SELL THE BONDS IN SUCH MANNER, EITHER AT PUBLIC OR PRIVATE SALE, AND FOR SUCH PRICE AS THEY MAY DETERMINE WILL BEST AFFECT THE PURPOSES OF THIS ARTICLE.

5. PRIOR TO THE PREPARATION OF DEFINITIVE BONDS, THE CITY, TOWN OR VILLAGE MAY ISSUE INTERIM RECEIPTS OR TEMPORARY BONDS, WITH OR WITHOUT COUPONS, EXCHANGEABLE FOR DEFINITIVE BONDS WHEN THOSE BONDS HAVE BEEN EXECUTED AND ARE AVAILABLE FOR DELIVERY. PROVISION MAY BE MADE FOR THE REPLACEMENT OF ANY BONDS WHICH SHALL HAVE BECOME MUTILATED OR SHALL HAVE BEEN DESTROYED OR LOST.

6. NOTWITHSTANDING ANY PROVISIONS OF ANY MUNICIPAL CHARTER OR GENERAL OR SPECIAL LAW TO THE CONTRARY, BONDS ISSUED PURSUANT TO THIS SECTION MAY PROVIDE FOR ANNUAL OR MORE FREQUENT INSTALLMENTS OF PRINCIPAL IN EQUAL, DIMINISHING OR INCREASING AMOUNTS WITH THE FIRST INSTALLMENT OF PRINCIPAL TO BE DUE AT ANY TIME WITHIN FIVE YEARS FROM THE DATE OF THE ISSUANCE OF THE BONDS.

S 1140. SECURITY FOR BONDS. 1. IN THE DISCRETION OF THE OFFICERS AUTHORIZED TO SELL THE BONDS, BUT SUBJECT TO THE PROVISIONS OF THE VOTE AUTHORIZING THE BONDS, BONDS ISSUED PURSUANT TO THIS ARTICLE MAY BE SECURED BY ONE OR MORE TRUST AGREEMENTS BETWEEN THE CITY, TOWN OR VILLAGE AND A CORPORATE TRUSTEE OR TRUSTEES, WHICH MAY BE ANY TRUST COMPANY OR BANK HAVING THE POWERS OF A TRUST COMPANY WITHIN OR WITHOUT THE STATE. A TRUST AGREEMENT PURSUANT TO THIS SECTION SHALL BE IN SUCH FORM AND EXECUTED IN SUCH MANNER AS MAY BE DETERMINED BY THE OFFICERS. A TRUST AGREEMENT MAY PLEDGE OR ASSIGN PROJECT REVENUES, IN WHOLE OR IN PART. IT MAY CONTAIN SUCH PROVISIONS FOR PROTECTING AND ENFORCING THE RIGHTS, SECURITY AND REMEDIES OF THE BONDHOLDERS AS MAY BE REASONABLE AND PROPER AND NOT IN VIOLATION OF LAW, INCLUDING WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PROVISIONS DEFINING DEFAULTS AND PROVIDING FOR REMEDIES IN THE EVENT THEREOF, WHICH MAY INCLUDE THE ACCELERATION OF MATURITIES, AND COVENANTS SETTING FORTH DUTIES OF, AND LIMITATIONS ON THE CITY, TOWN OR VILLAGE IN RELATION TO CARRYING OUT AND OTHERWISE ADMINISTERING THE PROJECT OR PROJECTS, THE CUSTODY, SAFEGUARDING, INVESTMENT AND APPLICATION OF PROJECT REVENUES, THE ISSUE OF ADDITIONAL BONDS PURSUANT TO THIS ARTICLE, THE DETERMINATION OF TAX INCREMENTS, THE FIXING OF FEES AND CHARGES, IF ANY, IN RELATION TO THE PROJECT OR PROJECTS, THE COLLECTION OF PROJECT REVENUES, THE USE OF ANY SURPLUS BOND PROCEEDS, THE ESTABLISHMENT OF RESERVES, AND THE REPLACEMENT OF BONDS OR COUPONS WHICH SHALL BECOME MUTILATED OR BE DESTROYED OR LOST. SUBJECT TO THE PROVISIONS OF THIS ARTICLE, MONEYS SUBJECT TO THE TRUST AGREEMENT SHALL BE HELD, INVESTED AND APPLIED AS PROVIDED THEREIN, PROVIDED THAT MONEYS NOT DEPOSITED IN TRUST WITH A CORPORATE TRUSTEE SHALL BE IN THE CUSTODY OF THE CITY, TOWN OR VILLAGE TREASURER PURSUANT TO THE PROVISIONS OF SECTION ELEVEN HUNDRED FORTY-THREE OF THIS ARTICLE.

2. IT SHALL BE UNLAWFUL FOR ANY BANK OR TRUST COMPANY TO ACT AS A DEPOSITORY OR TRUSTEE OF THE PROCEEDS OF BONDS OR OF OTHER MONEYS UNDER ANY TRUST AGREEMENT AND TO FURNISH SUCH INDEMNIFYING BONDS OR TO PLEDGE SUCH SECURITIES AS MAY BE REQUIRED BY THE TRUST AGREEMENT. THE TRUST AGREEMENT OR RESOLUTION MAY SET FORTH THE RIGHTS AND REMEDIES OF THE BONDHOLDERS AND OF THE TRUSTEE, AND MAY RESTRICT THE INDIVIDUAL RIGHT OF ACTION BY BONDHOLDERS. ALL EXPENSES INCURRED IN CARRYING OUT THE PROVISIONS OF THE TRUST AGREEMENT OR RESOLUTION MAY BE TREATED AS CURRENT OPERATING EXPENSES.

S 1141. PLEDGE OF PROJECT REVENUES VALIDATED. 1. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, INCLUDING, BUT NOT LIMITED TO THE UNIFORM COMMERCIAL CODE:

A. ANY PLEDGE PURSUANT TO THIS ARTICLE SHALL BE VALID AND BINDING AND SHALL BE DEEMED CONTINUOUSLY PERFECTED FROM THE TIME IT IS MADE;

B. NO FILING NEED BE MADE UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE;

C. UNLESS OTHERWISE PROVIDED IN THE FINANCING INSTRUMENTS, A PLEDGE OF PROJECT REVENUES SHALL BE DEEMED TO INCLUDE A PLEDGE OF ANY ACCOUNTS OR GENERAL INTANGIBLES FROM WHICH REVENUES ARE DERIVED, WHETHER EXISTING AT THE TIME OF THE PLEDGE OR THEREAFTER ACQUIRED BY THE CITY, TOWN OR VILLAGE AND THE PROCEEDS OF THE ACCOUNTS OR GENERAL INTANGIBLES; AND

D. THE PLEDGE OF PROJECT REVENUES, ACCOUNTS AND GENERAL INTANGIBLES SHALL BE SUBJECT TO THE LIEN OF THE PLEDGE WITHOUT DELIVERY OR SEGREGATION AND THE LIEN OF THE PLEDGE SHALL BE VALID AND BINDING AGAINST ALL PARTIES HAVING CLAIMS OF CONTRACT OR TORT OR OTHERWISE AGAINST THE CITY, TOWN OR VILLAGE.

2. A PLEDGE OF PROJECT REVENUES UNDER THIS ARTICLE SHALL CONSTITUTE A SUFFICIENT APPROPRIATION THEREOF FOR THE PURPOSES OF ANY PROVISION FOR APPROPRIATION AND THE REVENUES MAY BE APPLIED AS REQUIRED BY THE PLEDGE WITHOUT FURTHER APPROPRIATION.

3. FOR THE PURPOSES OF THIS SECTION, THE TERM "PLEDGE" SHALL BE CONSTRUED TO INCLUDE THE GRANT OF A SECURITY INTEREST UNDER THE UNIFORM COMMERCIAL CODE.

S 1142. TEMPORARY ANTICIPATION NOTES. IN ANTICIPATION OF THE ISSUANCE OF BONDS PURSUANT TO THIS ARTICLE AND SUBJECT TO ANY PROVISIONS OF THE VOTE AUTHORIZING THE BONDS, THE OFFICERS AUTHORIZED TO SELL THE BONDS MAY WITHOUT FURTHER AUTHORIZATION ISSUE TEMPORARY NOTES. THE NOTES MAY BE SECURED AS IN THE CASE OF BONDS AND, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF THIS ARTICLE REFERRING TO BONDS SHALL ALSO BE DEEMED TO REFER TO THE NOTES. THE NOTES NEED NOT BEAR THE SEAL OF THE CITY, TOWN OR VILLAGE OR A FACSIMILE THEREOF. THE NOTES SHALL BE PAYABLE WITHIN THREE YEARS FROM THEIR RESPECTIVE DATES, BUT THE PRINCIPAL OF AND INTEREST ON NOTES ISSUED FOR A SHORTER PERIOD MAY BE REFUNDED FROM TIME TO TIME BY THE ISSUE OF OTHER NOTES MATURING WITHIN THREE YEARS FROM THE ORIGINAL DATE OF ISSUE OF THE INDEBTEDNESS BEING REFUNDED.

S 1143. TAX INCREMENT BOND FUNDS. 1. THE GOVERNING BODY OF ANY CITY, TOWN OR VILLAGE WHICH HAS AUTHORIZED THE ISSUANCE OF BONDS PURSUANT TO THE PROVISIONS OF THIS ARTICLE SHALL ESTABLISH AND MAINTAIN A SPECIAL FUND ENTITLED THE "TAX INCREMENT BOND FUND".

2. FOR THE PURPOSES OF THIS ARTICLE, THE USES OF THE FUND BY THE CITY, TOWN OR VILLAGE MAY INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING:

A. RECEIVING THE PROCEEDS OF BONDS AND NOTES ISSUED PURSUANT TO THIS ARTICLE AND ANY OTHER MONEYS WHICH MAY BE AVAILABLE TO THE CITY, TOWN OR VILLAGE FOR THE PROJECT FROM ANY OTHER SOURCE;

B. PAYING THE PROJECT COSTS AND EXPENSES;

C. PAYING THE PRINCIPAL OF AND INTEREST ON BONDS AND NOTES ISSUED PURSUANT TO THIS ARTICLE; AND

D. PAYING ADDITIONAL TAX INCREMENT REVENUE, IF ANY, TO THE CITY, TOWN OR VILLAGE IN WHICH THE TAX INCREMENT AREA IS LOCATED PROVIDED THAT NO LESS THAN TWENTY PERCENT OF SUCH REVENUES BE ALLOCATED BY THE CITY, TOWN OR VILLAGE TO THE DEVELOPMENT, REDEVELOPMENT, CONSTRUCTION OR REHABILITATION OF RESIDENTIAL HOUSING.

S 1144. CREDIT OF CITY, TOWN OR VILLAGE NOT PLEDGED. ANY SPECIAL OBLIGATION BONDS AND NOTES ISSUED UNDER THIS ARTICLE SHALL BE PAYABLE SOLELY FROM PROJECT REVENUES. THESE BONDS AND NOTES SHALL NOT AT ANY TIME BE INCLUDED IN THE DEBT OF THE CITY, TOWN OR VILLAGE FOR THE PURPOSE OF ASCERTAINING ITS LEGAL BORROWING CAPACITY.

S 1145. INVESTMENT OF FUNDS. SUBJECT TO ANY AGREEMENT SECURING BONDS OR NOTES ISSUED UNDER THIS ARTICLE, THE PROCEEDS OF THE BONDS AND NOTES, PLEDGED TAX INCREMENTS, AND OTHER PROJECT REVENUES MAY BE DEPOSITED OR INVESTED IN:

1. OBLIGATIONS OF THE STATE OR THE UNITED STATES;

2. OBLIGATIONS OF THE PRINCIPAL AND INTEREST OF WHICH ARE GUARANTEED BY THE STATE OR THE UNITED STATES;

3. OBLIGATIONS OF AGENCIES AND INSTRUMENTALITIES OF THE STATE OR THE UNITED STATES; OR

4. CERTIFICATES OF DEPOSIT OF, AND REPURCHASE AGREEMENTS, SO-CALLED, ISSUED WITH RESPECT TO OBLIGATIONS OF THE UNITED STATES BY BANKS AND TRUST COMPANIES ORGANIZED UNDER THE LAWS OF THE STATE OR DOING BUSINESS IN THE STATE.

S 1146. REMEDIES OF BONDHOLDERS AND NOTEHOLDERS. ANY HOLDER OF BONDS OR NOTES ISSUED UNDER THIS ARTICLE, OR OF ANY OF THE COUPONS APPERTAINING THERETO, AND THE TRUSTEE UNDER ANY TRUST AGREEMENT SECURING THE BONDS OR NOTES, EXCEPT TO THE EXTENT THE RIGHTS GRANTED PURSUANT TO THIS SECTION MAY BE RESTRICTED BY ANY AGREEMENT SECURING THE BONDS OR NOTES, MAY BRING SUIT UPON THE BONDS, NOTES OR COUPONS AND MAY, EITHER AT LAW OR IN EQUITY, BY SUIT, ACTION, MANDAMUS OR OTHER PROCEEDINGS, PROTECT AND ENFORCE ANY AND ALL RIGHTS UNDER THE LAWS OF THE STATE OR GRANTED UNDER THIS ARTICLE OR UNDER ANY SUCH AGREEMENT, AND MAY ENFORCE OR COMPEL THE PERFORMANCE OF ALL DUTIES REQUIRED BY THIS ARTICLE OR BY AN AGREEMENT TO BE PERFORMED BY THE CITY, TOWN OR VILLAGE OR BY ANY OFFICER THEREOF.

S 1147. BONDS AND NOTES AS LEGAL INSTRUMENTS. BONDS AND NOTES ISSUED UNDER THE PROVISIONS OF THIS ARTICLE ARE HEREBY MADE SECURITIES IN WHICH ALL PUBLIC OFFICERS AND PUBLIC BODIES OF THE STATE AND ITS POLITICAL SUBDIVISIONS, ALL INSURANCE COMPANIES, TRUST COMPANIES IN THEIR COMMERCIAL DEPARTMENTS, SAVINGS BANKS, COOPERATIVE BANKS, BANKING ASSOCIATIONS, INVESTMENT COMPANIES, EXECUTORS, ADMINISTRATORS, TRUSTEES, AND OTHER FIDUCIARIES MAY PROPERLY AND LEGALLY INVEST FUNDS, INCLUDING CAPITAL IN THEIR CONTROL OR BELONGING TO THEM. THESE BONDS ARE HEREBY MADE SECURITIES WHICH MAY PROPERLY AND LEGALLY BE DEPOSITED WITH AND RECEIVED BY ANY STATE OR MUNICIPAL OFFICER OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE FOR ANY PURPOSE FOR WHICH THE DEPOSIT OF BONDS OR OBLIGATIONS OF THE STATE IS NOW OR MAY HEREAFTER BE AUTHORIZED BY LAW.

S 1148. BONDS AND NOTES AS INVESTMENT SECURITIES. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, OR ANY RECITALS IN ANY BONDS OR NOTES ISSUED UNDER THIS ARTICLE, ALL SUCH BONDS AND NOTES SHALL BE DEEMED TO BE INVESTMENT SECURITIES UNDER THE UNIFORM COMMERCIAL CODE.

S 1149. EXEMPTION FROM TAXATION. THE BONDS AND NOTES ISSUED UNDER THIS ARTICLE, TOGETHER WITH THE INCOME THEREFROM, SHALL AT ALL TIMES BE FREE OF TAXATION.

S 1149-A. DURATION OF DISTRICTS. 1. SUBJECT TO THE LIMITATIONS CONTAINED IN THIS ARTICLE, EACH TAX INCREMENT AREA SHALL REMAIN IN EXISTENCE UNTIL THE BONDED OBLIGATIONS FOR A PROJECT IN SUCH AREA CEASE TO BE OUTSTANDING; HOWEVER, THE TAX INCREMENT AREA MAY BE TERMINATED IF SUFFICIENT MONEYS HAVE BEEN DEPOSITED IN THE TAX INCREMENT BOND FUND FOR THE FULL PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS AT MATURITY.

2. WHEN THE BONDED OBLIGATIONS OF THE TAX INCREMENT AREA HAVE BEEN PAID IN FULL OR MONEY SUFFICIENT TO PAY ALL THE OUTSTANDING PRINCIPAL AND INTEREST ON THE BONDS AT MATURITY HAS BEEN DEPOSITED IN THE TAX INCREMENT BOND FUND, THE TAX INCREMENT AREA SHALL BE DISSOLVED.

S 1149-B. ANNUAL REPORT. NO LATER THAN SEPTEMBER FIRST OF EACH YEAR, EVERY CITY, TOWN OR VILLAGE IN WHICH A PROJECT PLAN CREATED PURSUANT TO THIS ARTICLE IS IN EFFECT, SHALL MAKE A REPORT TO THE COMMISSIONER. THE ANNUAL REPORT SHALL SET FORTH FOR THE PRECEDING FISCAL YEAR THE ACTIVITIES FINANCED BY TAX INCREMENT FINANCING, THE TAXABLE VALUATION OF THE CITY, TOWN OR VILLAGE AND FOR EACH TAX INCREMENT AREA WITHIN THE CITY, TOWN OR VILLAGE, THE TAXABLE VALUATION OF THE PROPERTY WITHIN THE TAX INCREMENT AREA, THE AMOUNT OF THE TAX INCREMENT, AND THE AMOUNT USED OR SET ASIDE FOR THE PURPOSES OF THE PLAN. THE REPORT SHALL ALSO INCLUDE ANY OTHER RELEVANT INFORMATION REQUESTED BY THE COMMISSIONER.

S 1149-C. TECHNICAL ASSISTANCE. THE DIVISION OF HOUSING AND COMMUNITY RENEWAL MAY PROVIDE TECHNICAL SERVICES AND ASSISTANCE OR CONTRACT TO PROVIDE TECHNICAL SERVICES AND ASSISTANCE TO CITIES, TOWNS AND VILLAGES TO COMPLY WITH THE PROVISIONS AND INTENT OF THIS ARTICLE WHICH SERVICES AND ASSISTANCE MAY INCLUDE BUT SHALL NOT NECESSARILY BE LIMITED TO SITE SELECTION, FINANCIAL PACKAGING, AND ENGINEERING AND ARCHITECTURAL SERVICES NECESSARY FOR THE PREPARATION OF PROJECT PLANS.

S 2. This act shall take effect on the one hundred eightieth day after it shall have become a law.