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I N   A S S E M B L Y

March 20, 2012

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Introduced by M. of A. PAULIN, GALEF, GUNTHER, LUPARDO, P. RIVERA,  
ROBERTS -- Multi-Sponsored by -- M. of A. BOYLAND, THIELE -- read once  
and referred to the Committee on Local Governments

AN ACT to amend the local finance law, in relation to the establishment  
of an electronic public bond sale pilot program for municipalities;  
and providing for the repeal of such provisions upon expiration there-  
of

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     58.20 to read as follows:  
3     S 58.20 ELECTRONIC PUBLIC BOND SALE PROGRAM; MUNICIPALITIES. A.     AS  
4     USED IN THIS SECTION:  
5     1. "CLOSED AUCTION" MEANS A BOND SALE PROCEDURE THAT DOES NOT ALLOW A  
6     BIDDER TO RECEIVE INFORMATION WITH RESPECT TO THE RANKING OF ITS BIDS  
7     PRIOR TO THE CONCLUSION OF THE BIDDING PERIOD.  
8     2. "MUNICIPALITY" MEANS A COUNTY, CITY, TOWN, VILLAGE OR SCHOOL  
9     DISTRICT.  
10    3. "NATIONALLY RECOGNIZED ELECTRONIC SECURITIES BIDDING SERVICE" MEANS  
11    A BIDDING SERVICE THAT IS RECOGNIZED NATIONALLY BY THE PREDOMINANT USERS  
12    OF ELECTRONIC SECURITIES BIDDING SERVICES AS PROVIDING AN ACCURATE,  
13    SECURE AND RELIABLE ON-LINE BIDDING SYSTEM.  
14    4. "OPEN AUCTION" MEANS A BOND SALE PROCEDURE THAT ALLOWS A BIDDER TO  
15    RECEIVE INFORMATION WITH RESPECT TO THE RANKING OF ITS BIDS PRIOR TO THE  
16    CONCLUSION OF THE BIDDING PERIOD IN ACCORDANCE WITH THE MUNICIPALITY'S  
17    NOTICE OF SUCH BOND SALE CIRCULATED IN ACCORDANCE WITH APPLICABLE  
18    REQUIREMENTS OF THIS CHAPTER.  
19    5. "PROGRAM" MEANS THE ELECTRONIC PUBLIC BOND SALE PILOT PROGRAM  
20    ESTABLISHED PURSUANT TO THIS SECTION.  
21    B. THERE IS HEREBY ESTABLISHED AN ELECTRONIC PUBLIC BOND SALE PILOT  
22    PROGRAM AUTHORIZING MUNICIPALITIES TO CONDUCT PUBLIC BOND SALES THROUGH  
23    ANY NATIONALLY RECOGNIZED ELECTRONIC SECURITIES BIDDING SERVICE.  
24    C. IF THE FINANCE COMMISSIONER OF A MUNICIPALITY HAS AUTHORIZED THE  
25    RECEIPT OF BIDS IN ELECTRONIC FORMAT, SUCH ELECTRONIC BIDS MAY BE

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

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1 SUBMITTED IN THE FORM OF OPEN AUCTIONS OR CLOSED AUCTIONS CONDUCTED  
2 THROUGH A NATIONALLY RECOGNIZED ELECTRONIC SECURITIES BIDDING SERVICE  
3 WHICH SHALL BE DEEMED TO BE THE DESIGNATED RECEIVING DEVICE. NOTICE OF  
4 ANY BOND SALE SHALL PROVIDE FOR THE MANNER IN WHICH THE BIDDING PERIOD  
5 MAY BE EXTENDED AND THE BASIS FOR DETERMINATION OF THE WINNING BIDDER.

6 D. NOTWITHSTANDING THE PROVISIONS OF SECTION THREE HUNDRED FIVE OF THE  
7 STATE TECHNOLOGY LAW OR ANY OTHER LAW, IF THE NOTICE OF SALE CONTAINS A  
8 PROVISION THAT BIDS WILL ONLY BE ACCEPTED ELECTRONICALLY IN THE MANNER  
9 PROVIDED IN SUCH NOTICE OF SALE, THE MUNICIPALITY SHALL NOT BE REQUIRED  
10 TO ACCEPT NON-ELECTRONIC BIDS IN ANY FORM.

11 E. THE MUNICIPALITY'S CHIEF FISCAL OFFICER SHALL ADMINISTER THE  
12 PROGRAM AND SHALL PUBLISH ITS POLICIES AND PROCEDURES FOR THE PROCURE-  
13 MENT OF ELECTRONIC SECURITIES BIDDING SERVICES ON THE MUNICIPALITY'S  
14 INTERNET WEBSITE AND IN A NATIONALLY RECOGNIZED PUBLICATION USED BY  
15 PROFESSIONALS IN THE BOND MARKET. EXCEPT AS MODIFIED BY THIS SECTION,  
16 EACH MUNICIPAL PROGRAM SHALL COMPLY WITH THIS CHAPTER AND ALL OTHER  
17 APPLICABLE LAWS, RULES AND REGULATIONS RELATED TO THE SALE OF BONDS.

18 F. THE MUNICIPALITY'S CHIEF FISCAL OFFICER SHALL REVIEW THE ELECTRONIC  
19 BIDDING PROCESS TO ENSURE THAT THE BOND SALE WAS COMPLETED IN A TIMELY  
20 FASHION; THE SALE WAS COMPLETED WITHOUT ERRORS; AND THE RESULTS ACHIEVED  
21 WERE FAVORABLE AS COMPARED TO THE MANUAL METHOD CURRENTLY USED BY THE  
22 MUNICIPALITY.

23 G. EACH MUNICIPALITY, OR TWO OR MORE MUNICIPALITIES ACTING JOINTLY OR  
24 IN COOPERATION WITH ANY ENTITY REPRESENTING MUNICIPALITIES, SHALL, ON OR  
25 BEFORE FEBRUARY FIRST, CONDUCT ANNUAL EVALUATIONS OF THEIR PILOT PROGRAM  
26 OR PROGRAMS WITH A SUMMARY EVALUATION AT THE END OF THE THREE YEAR PILOT  
27 PROGRAM. THE MUNICIPALITY OR MUNICIPALITIES WILL SUBMIT THE EVALUATIONS  
28 TO THE STATE COMPTROLLER. SUCH REPORT SHALL INCLUDE, BUT NOT BE LIMITED  
29 TO, ANY DEMONSTRATED EVIDENCE THAT SALE OF PUBLIC BONDS USING ELECTRONIC  
30 AUCTIONS IS COMPARABLE TO THE COST OF ISSUING PUBLIC BONDS THROUGH THE  
31 CURRENT SEALED BID PROCESS, THAT THE USE OF ELECTRONIC AUCTIONS RESULTED  
32 IN AN INCREASED NUMBER OF BIDDERS AND WHETHER THE RESULTS ACHIEVED FOR  
33 PUBLIC BOND SALES CONDUCTED THROUGH ELECTRONIC AUCTIONS ACHIEVED SAVINGS  
34 COMPARED TO THE CURRENT BID PROCESS USED BY THE MUNICIPALITY. ANNUALLY,  
35 THE STATE COMPTROLLER SHALL COMPILE ALL THE INFORMATION RECEIVED FROM  
36 MUNICIPALITIES PURSUANT TO THIS PARAGRAPH, AND, ON OR BEFORE APRIL  
37 FIRST, SUBMIT SUCH COMPILED INFORMATION TO THE LEGISLATURE, THE TEMPO-  
38 RARY PRESIDENT OF THE SENATE, THE SPEAKER OF THE ASSEMBLY, THE MINORITY  
39 LEADER OF THE SENATE AND THE MINORITY LEADER OF THE ASSEMBLY.

40 S 2. This act shall take effect immediately, and shall expire and be  
41 deemed repealed 3 years after such effective date.