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

5997

2011-2012 Regular Sessions

I N A S S E M B L Y

March 3, 2011

Introduced by M. of A. BURLING, GIGLIO, FINCH, MONTESANO -- Multi-Sponsored by -- M. of A. CONTE, HAWLEY, J. MILLER -- read once and referred to the Committee on Local Governments

AN ACT to amend the local finance law, in relation to requirements for bids for the purpose of bonds

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

Section 1. Subdivision 3 of paragraph c of section 58.00 of the local finance law, as amended by chapter 386 of the laws of 2010, is amended to read as follows:

3. A requirement that as a condition precedent to the consideration of his or her bid, each bidder shall deposit with such official as the agency in charge of the sale may designate[,] (I) a certified or cashier's check drawn upon an incorporated bank or trust company OR (II) A FINANCIAL GUARANTY BOND OR SURETY BOND THAT IS RATED IN ONE OF THE TWO HIGHEST RATING CATEGORIES BY AT LEAST TWO OF THE NATIONALLY RECOGNIZED INDEPENDENT SECURITIES RATING AGENCIES; WHICH SHALL BE PAYABLE to the order of the municipality, school district or district corporation or such official, for the amount specified in the notice, but in no event less than one-half of one per centum of the amount of bonds to be bid for. Such notice may also provide that, in lieu of a certified or cashier's check, bidders may furnish as security cash in such amount remitted by wire transfer to an account specified in the notice or an eligible surety bond or an eligible letter of credit, approved by such official as to form, sufficiency, and manner of execution. For purposes of this section, "eligible surety bond" shall mean a bond executed by an insurance company authorized to do business in this state, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations; and "eligible letter of credit" shall mean an irrevocable letter of credit issued in favor of the municipality, school district or district corpo-

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

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ration, for a term not to exceed ninety days by a bank, as that term is defined in section two of the banking law, whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company's commercial paper and other unsecured short-term debt obligations) are rated in one of the three highest rating categories (based on the credit of such bank or holding company) by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

S 2. This act shall take effect immediately.