

2392

2011-2012 Regular Sessions

I N S E N A T E

January 19, 2011

Introduced by Sen. LIBOUS -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to amend the state finance law, in relation to the creation of a debt management board, using surplus moneys to reduce outstanding state funded debt and limiting the amount of state funded debt that may be incurred; to amend the public authorities law, in relation to defining and listing public authorities, limiting the debt of public authorities, the approval by the comptroller of the terms and conditions of bonds or notes issued by public authorities, the powers and duties of the public authorities control board, and the issuance of bonds and notes of the New York state thruway authority; and to repeal article 5-B of the state finance law relating to limitations on state-supported debt

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

1 Section 1. Article 5-B of the state finance law is REPEALED and a new  
2 article 5-B is added to read as follows:

3 ARTICLE 5-B

4 DEBT MANAGEMENT BOARD

5 AND

6 LIMITATIONS ON STATE FUNDED DEBT

7 SECTION 67-A. DEFINITIONS.

8 67-B. USE OF SURPLUS MONEYS TO REDUCE OUTSTANDING STATE FUNDED  
9 DEBT.

10 67-C. NEW YORK STATE DEBT MANAGEMENT BOARD; CREATION; PROCEDURE.

11 67-D. POWERS AND DUTIES OF THE BOARD.

12 67-E. COMPTROLLER'S DUTIES WITH RESPECT TO BOARD.

13 67-F. LIMITATIONS ON STATE FUNDED DEBT AND STATE DEBT SERVICE  
14 PAYMENTS.

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

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1 S 67-A. DEFINITIONS. AS USED IN THIS ARTICLE AND ARTICLE FIVE-C OF  
2 THIS CHAPTER THE FOLLOWING TERMS SHALL HAVE THE MEANINGS SET FORTH  
3 BELOW:

4 1. "BOARD" SHALL MEAN THE NEW YORK STATE DEBT MANAGEMENT BOARD ESTAB-  
5 LISHED BY SECTION SIXTY-SEVEN-C OF THIS ARTICLE.

6 2. "CAPITAL PURPOSE" SHALL MEAN ANY PROJECT INVOLVING:

7 (A) THE ACQUISITION, CONSTRUCTION, DEMOLITION OR REPLACEMENT OF A  
8 FIXED ASSET;

9 (B) THE MAJOR REPAIR OR RENOVATION OF A FIXED ASSET, WHICH MATERIALLY  
10 EXTENDS ITS USEFUL LIFE OR MATERIALLY IMPROVES OR INCREASES ITS CAPACI-  
11 TY;

12 (C) THE PLANNING OR DESIGN OF THE ACQUISITION, CONSTRUCTION, DEMOLI-  
13 TION, REPLACEMENT, MAJOR REPAIR OR RENOVATION OF A FIXED ASSET, INCLUD-  
14 ING THE PREPARATION AND REVIEW OF PLANS AND SPECIFICATIONS INCLUDING  
15 ENGINEERING AND OTHER SERVICES, FIELD SURVEYS AND SUB-SURFACE INVESTI-  
16 GATIONS INCIDENTAL THERETO; OR

17 (D) THE COSTS OF ISSUING DEBT OBLIGATIONS TO FINANCE A CAPITAL  
18 PURPOSE.

19 3. "CASH SURPLUS" SHALL MEAN THE AMOUNT BY WHICH GENERAL FUND RECEIPTS  
20 IN A FISCAL YEAR EXCEED GENERAL FUND EXPENDITURES IN SUCH FISCAL YEAR.

21 4. "CONDUIT DEBT OBLIGATIONS" SHALL MEAN A DEBT OBLIGATION ISSUED BY A  
22 PUBLIC AUTHORITY (HEREINAFTER REFERRED TO IN THIS SUBDIVISION AS THE  
23 "CONDUIT ISSUER") ON BEHALF OF A THIRD PARTY (HEREINAFTER REFERRED TO IN  
24 THIS SUBDIVISION AS THE "CONDUIT BORROWER") OTHER THAN THE STATE OR A  
25 POLITICAL SUBDIVISION OF THE STATE, WHERE PAYMENT OF THE OBLIGATION IS  
26 TO BE MADE FROM FUNDS OF THE CONDUIT BORROWER, THE SECURITY FOR THE  
27 OBLIGATION IS THE CREDIT OF THE CONDUIT BORROWER AND NO FUNDS OF THE  
28 CONDUIT ISSUER, THE STATE OR A POLITICAL SUBDIVISION OF THE STATE ARE  
29 PLEDGED TO SECURE THE OBLIGATION, WHETHER OR NOT THE OBLIGATION OF THE  
30 CONDUIT ISSUER, THE STATE OR POLITICAL SUBDIVISION OF THE STATE IS  
31 SUBJECT TO APPROPRIATION OR IS OTHERWISE CONTINGENT.

32 5. "STATE BACKED DEBT" SHALL MEAN ANY DEBT OR OBLIGATION, OTHER THAN  
33 STATE DEBT, THAT IS SUPPORTED IN WHOLE OR IN PART BY ANY FINANCING  
34 ARRANGEMENT WHEREBY THE STATE AGREES OR HAS IN THE PAST AGREED, WHETHER  
35 BY LAW, CONTRACT OR OTHERWISE, TO MAKE PAYMENTS WHICH WILL BE USED,  
36 DIRECTLY OR INDIRECTLY, FOR THE PAYMENT OF PRINCIPAL, INTEREST OR  
37 RELATED PAYMENTS ON INDEBTEDNESS INCURRED OR CONTRACTED BY THE STATE  
38 ITSELF FOR ANY PURPOSE, OR BY ANY STATE AGENCY, MUNICIPALITY, INDIVID-  
39 UAL, PUBLIC AUTHORITY OR OTHER PUBLIC OR PRIVATE CORPORATION OR ANY  
40 OTHER ENTITY FOR STATE CAPITAL OR OPERATING PURPOSES OR TO FINANCE  
41 GRANTS, LOANS OR OTHER ASSISTANCE PAYMENTS MADE OR TO BE MADE BY OR ON  
42 BEHALF OF THE STATE FOR ANY PURPOSE. IF THE STATE AGREES TO MAKE FUTURE  
43 REVENUES FROM A SPECIFIC STATE SOURCE AVAILABLE FOR THE PURPOSE OF  
44 SUPPORTING DEBT OF ANY MUNICIPALITY, INDIVIDUAL, PUBLIC AUTHORITY OR  
45 OTHER PUBLIC OR PRIVATE CORPORATION OR ANY OTHER ENTITY, SUCH DEBT SHALL  
46 BE CONSIDERED TO BE A DEBT FOR THE PURPOSE OF FINANCING A STATE GRANT,  
47 LOAN OR OTHER ASSISTANCE PAYMENT AND SHALL BE A "STATE BACKED DEBT" FOR  
48 THE PURPOSES OF THIS ARTICLE. THE TERM "STATE BACKED DEBT" APPLIES TO  
49 ALL DEBT OR OBLIGATIONS DESCRIBED IN THIS SUBDIVISION FOR WHICH THE  
50 STATE AGREES, OR HAS IN THE PAST AGREED, TO MAKE PAYMENTS (A) WHETHER OR  
51 NOT THE OBLIGATION OF THE STATE TO MAKE PAYMENTS IS SUBJECT TO APPROPRI-  
52 ATION OR IS OTHERWISE CONTINGENT, OR (B) WHETHER OR NOT DEBT SERVICE IS  
53 TO BE PAID FROM A REVENUE STREAM TRANSFERRED BY THE STATE TO ANOTHER  
54 PARTY THAT IS RESPONSIBLE FOR MAKING SUCH PAYMENTS.

55 6. "STATE FUNDED DEBT" SHALL MEAN THE COMBINED TOTAL OF ALL STATE DEBT  
56 AND ALL STATE BACKED DEBT, EXCEPT SHORT TERM DEBT INCURRED IN ACCORDANCE

1 WITH SECTION NINE OF ARTICLE SEVEN OF THE CONSTITUTION, EMERGENCY DEBT  
2 INCURRED IN ACCORDANCE WITH SECTION TEN OF ARTICLE SEVEN OF THE CONSTI-  
3 TUTION, AND REFUNDING DEBT INCURRED IN ACCORDANCE WITH SECTION THIRTEEN  
4 OF ARTICLE SEVEN OF THE CONSTITUTION.

5 7. "STATE DEBT" SHALL MEAN ALL BONDS AND BOND ANTICIPATION NOTES  
6 ISSUED BY THE STATE COMPTROLLER PURSUANT TO ARTICLE FIVE OF THIS CHAP-  
7 TER.

8 8. "TOTAL PERSONAL INCOME OF THE STATE" SHALL MEAN THE MOST RECENTLY  
9 PUBLISHED ESTIMATED DOLLAR AMOUNT DETERMINED AS TOTAL PERSONAL INCOME OF  
10 THE STATE BY THE UNITED STATES DEPARTMENT OF COMMERCE OR ANY SUCCESSOR  
11 AGENCY FOR THE FOUR MOST RECENT SUCCESSIVE CALENDAR QUARTERS FOR WHICH  
12 INFORMATION IS AVAILABLE PRIOR TO OCTOBER THIRTY-FIRST OF EACH YEAR.  
13 SUBSEQUENT REVISIONS OF THE PUBLISHED ESTIMATED DOLLAR AMOUNT FOR SUCH  
14 CALENDAR QUARTERS SHALL NOT AFFECT THE VALIDITY OF THE DETERMINATION  
15 MADE BY THE BOARD FOR ANY FISCAL YEAR.

16 S 67-B. USE OF SURPLUS MONEYS TO REDUCE OUTSTANDING STATE FUNDED DEBT.  
17 AT THE CLOSE OF EACH FISCAL YEAR, A PORTION OF ANY CASH SURPLUS REMAIN-  
18 ING IN THE GENERAL FUND AFTER THE TRANSFER PURSUANT TO SECTION  
19 NINETY-TWO OF THIS CHAPTER SHALL BE TRANSFERRED TO THE DEBT REDUCTION  
20 RESERVE FUND ESTABLISHED BY SECTION NINETY-SEVEN-RRR OF THIS CHAPTER, AS  
21 ADDED BY SECTION THIRTY-SIX OF PART B OF CHAPTER FIFTY-SEVEN OF THE LAWS  
22 OF NINETEEN HUNDRED NINETY-EIGHT. THE PORTION TO BE TRANSFERRED SHALL  
23 BE EQUAL TO THE PROJECTED RATIO OF TOTAL DEBT SERVICE DISBURSEMENTS FOR  
24 THE FISCAL YEAR TO TOTAL GOVERNMENTAL FUNDS DISBURSEMENTS FOR STATE  
25 AGENCY OPERATIONS FOR THE FISCAL YEAR.

26 S 67-C. NEW YORK STATE DEBT MANAGEMENT BOARD; CREATION; PROCEDURE. 1.  
27 THE NEW YORK STATE DEBT MANAGEMENT BOARD IS HEREBY ESTABLISHED TO HAVE  
28 AND EXERCISE THE POWERS, DUTIES AND PREROGATIVES PROVIDED BY THE  
29 PROVISIONS OF THIS ARTICLE AND ANY OTHER PROVISION OF LAW.

30 2. THE MEMBERSHIP OF THE BOARD SHALL CONSIST OF THREE PERSONS, INCLUD-  
31 ING THE GOVERNOR, THE COMPTROLLER AND A THIRD PERSON WHO SHALL BE JOINT-  
32 LY APPOINTED BY THE GOVERNOR AND THE COMPTROLLER. THE TERM OF OFFICE OF  
33 THE MEMBERS OF THE BOARD SHALL BE THE SAME AS THE TERMS OF OFFICE OF THE  
34 GOVERNOR AND THE COMPTROLLER. IF THE THIRD MEMBER OF THE BOARD RESIGNS,  
35 BECOMES INCAPACITATED, IS JOINTLY REMOVED BY THE GOVERNOR AND THE COMP-  
36 TROLLER OR IS OTHERWISE UNABLE TO SERVE, THE GOVERNOR AND THE COMP-  
37 TROLLER SHALL JOINTLY APPOINT A SUCCESSOR TO SERVE THE REMAINDER OF THE  
38 UNEXPIRED TERM. THE GOVERNOR SHALL BE THE CHAIRPERSON OF THE BOARD.  
39 THE BOARD SHALL ACT BY MAJORITY OF ALL OF THE MEMBERS OF THE BOARD,  
40 EXCEPT THAT CHANGING THE DEBT AFFORDABILITY LEVEL PREVIOUSLY ESTABLISHED  
41 BY THE BOARD SHALL REQUIRE UNANIMOUS APPROVAL BY ALL THE MEMBERS OF THE  
42 BOARD. ANY ACTION BY THE BOARD SHALL BE EVIDENCED BY A CERTIFICATION  
43 THEREOF SIGNED BY A MAJORITY OF ALL THE MEMBERS, EXCEPT THAT ALL MEMBERS  
44 SHALL SIGN A CERTIFICATION OF ANY ACTION REQUIRING UNANIMOUS APPROVAL.  
45 EACH MEMBER OF THE BOARD SHALL BE ENTITLED TO DESIGNATE A REPRESENTATIVE  
46 TO ATTEND MEETINGS OF THE BOARD IN HIS OR HER PLACE AND TO VOTE OR  
47 OTHERWISE ACT ON HIS OR HER BEHALF IN HIS OR HER ABSENCE. NOTICE OF SUCH  
48 DESIGNATION SHALL BE FURNISHED IN WRITING TO THE BOARD BY THE DESIGNAT-  
49 ING MEMBER. A REPRESENTATIVE SHALL SERVE AT THE PLEASURE OF THE DESIG-  
50 NATING MEMBER DURING THE MEMBER'S TERM OF OFFICE. A REPRESENTATIVE SHALL  
51 NOT BE AUTHORIZED TO DELEGATE ANY OF HIS OR HER DUTIES OR POWERS TO ANY  
52 OTHER PERSON.

53 3. THE THIRD MEMBER JOINTLY APPOINTED BY THE GOVERNOR AND THE COMP-  
54 TROLLER SHALL BE A FINANCIAL EXPERT WITH EXPERIENCE IN PUBLIC FINANCE,  
55 ECONOMICS, ACADEMICS OR GOVERNMENT.

1 4. ALL THE MEMBERS OF THE BOARD AND THEIR REPRESENTATIVES SHALL BE  
2 ENTITLED TO REIMBURSEMENT FOR THEIR ACTUAL AND NECESSARY EXPENSES  
3 INCURRED IN THE PERFORMANCE OF THEIR OFFICIAL DUTIES PURSUANT TO THIS  
4 SECTION OR ANY OTHER PROVISION OF LAW.

5 5. THE BOARD SHALL MEET SEMI-ANNUALLY OR MORE FREQUENTLY AT THE CALL  
6 OF THE CHAIRPERSON. MEETINGS OF THE BOARD SHALL BE SUBJECT TO THE OPEN  
7 MEETINGS LAW ESTABLISHED BY ARTICLE SEVEN OF THE PUBLIC OFFICERS LAW.

8 S 67-D. POWERS AND DUTIES OF THE BOARD. 1. THE BOARD SHALL HAVE THE  
9 POWER AND THE DUTY TO (A) ANNUALLY DETERMINE THE TOTAL DEBT LIMIT OF THE  
10 STATE BY CALCULATING THE DOLLAR AMOUNT EQUIVALENT TO FIVE PERCENT OF THE  
11 TOTAL PERSONAL INCOME OF THE STATE, AS DEFINED IN SECTION SIXTY-SEVEN-A  
12 OF THIS ARTICLE, AND (B) ANNUALLY PRESCRIBE A DEBT AFFORDABILITY LEVEL,  
13 WHICH ON AND AFTER APRIL FIRST, TWO THOUSAND NINETEEN SHALL BE NO HIGHER  
14 THAN THE TOTAL DEBT LIMIT OF THE STATE.

15 2. ON OR BEFORE OCTOBER THIRTY-FIRST OF EACH YEAR, THE BOARD SHALL  
16 DETERMINE THE TOTAL DEBT LIMIT OF THE STATE FOR THE NEXT FISCAL YEAR,  
17 AND REPORT THE LIMIT TO THE TEMPORARY PRESIDENT OF THE SENATE, THE  
18 SPEAKER OF THE ASSEMBLY, THE CHAIRPERSON AND RANKING MINORITY MEMBER OF  
19 THE SENATE FINANCE COMMITTEE, AND THE CHAIRPERSON AND RANKING MINORITY  
20 MEMBER OF THE ASSEMBLY WAYS AND MEANS COMMITTEE. ON OR BEFORE THE SAME  
21 DATE, THE BOARD SHALL ISSUE A PUBLIC ANNOUNCEMENT OF SUCH LIMIT.

22 3. ON OR BEFORE OCTOBER THIRTY-FIRST OF EACH YEAR, THE BOARD SHALL  
23 PRESCRIBE THE DEBT AFFORDABILITY LEVEL OF THE STATE FOR THE NEXT FISCAL  
24 YEAR, AND REPORT THE LEVEL TO THE TEMPORARY PRESIDENT OF THE SENATE, THE  
25 SPEAKER OF THE ASSEMBLY, THE CHAIRPERSON AND RANKING MINORITY MEMBER OF  
26 THE SENATE FINANCE COMMITTEE, AND THE CHAIRPERSON AND RANKING MINORITY  
27 MEMBER OF THE ASSEMBLY WAYS AND MEANS COMMITTEE. ON OR BEFORE THE SAME  
28 DATE, THE BOARD SHALL ISSUE A PUBLIC ANNOUNCEMENT OF SUCH LEVEL. WITHIN  
29 THE LIMITATION ESTABLISHED BY THE TOTAL DEBT LIMIT OF THE STATE, THE  
30 DEBT AFFORDABILITY LEVEL OF THE STATE SHALL BE BASED UPON THE BOARD'S  
31 EVALUATION OF THE TOTAL AMOUNT OF ADDITIONAL DEBT THAT MAY BE INCURRED  
32 AND THE TOTAL DEBT SERVICE OBLIGATIONS AND RELATED PAYMENTS THAT MAY BE  
33 UNDERTAKEN BY THE STATE WITHOUT OVERBURDENING PRESENT OR FUTURE GENER-  
34 ATIONS, TAKING INTO ACCOUNT THE CURRENT AND EXPECTED REVENUES AND  
35 EXPENSES OF THE STATE, THE CURRENT AND EXPECTED TRENDS AFFECTING THE  
36 ECONOMY OF THE STATE, AND SUCH OTHER FACTORS AS THE BOARD DEEMS RELE-  
37 VANT. IN ADDITION TO THE DEBT AFFORDABILITY LEVEL OF THE STATE FOR THE  
38 NEXT FISCAL YEAR, THE BOARD'S REPORT TO THE LEGISLATURE AND ANNOUNCEMENT  
39 TO THE PUBLIC SHALL INCLUDE THE BOARD'S FORECAST OF THE DEBT AFFORDABIL-  
40 ITY LEVELS EXPECTED FOR THE TWO SUCCEEDING FISCAL YEARS. FOLLOWING THE  
41 BOARD'S ESTABLISHMENT OF A DEBT AFFORDABILITY LEVEL OF THE STATE FOR A  
42 FISCAL YEAR, THERE SHALL BE NO CHANGE IN SUCH LEVEL (OTHER THAN A DEBT  
43 AFFORDABILITY LEVEL FORECAST FOR A FISCAL YEAR AFTER THE NEXT FISCAL  
44 YEAR) EXCEPT WITH THE UNANIMOUS APPROVAL OF THE MEMBERS OF THE BOARD.

45 4. THE BOARD SHALL HAVE THE POWER AND IT SHALL BE ITS DUTY TO MAKE  
46 RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE OF POLICIES TO  
47 GOVERN THE ISSUANCE OF ALL STATE FUNDED DEBT AND OTHER CAPITAL FINANCING  
48 MATTERS.

49 5. THE BOARD SHALL ADOPT POLICY STANDARDS RELATING TO THE ISSUANCE OF  
50 ALL STATE FUNDED DEBT AND FOR CAPITAL FINANCING. SUCH STANDARDS SHALL  
51 REQUIRE THE UNANIMOUS APPROVAL OF ALL THREE MEMBERS OF THE BOARD, AND  
52 SHALL COVER, AMONG OTHER ITEMS, THE FOLLOWING:

53 (A) STRUCTURES FOR STATE FUNDED DEBT, SUCH AS RATE OF AMORTIZATION OF  
54 PRINCIPAL, THE USE OF PREMIUMS AND CAPITALIZATION OF INTEREST ON STATE  
55 FUNDED DEBT;

1 (B) CRITERIA FOR REFUNDING OUTSTANDING STATE FUNDED DEBT INCLUDING,  
2 BUT NOT LIMITED TO, SUCH MATTERS AS EXTENSION OF THE TERM OF OUTSTANDING  
3 DEBT, PRESENT VALUE SAVINGS AND DISTRIBUTION OF ACTUAL SAVINGS;

4 (C) THE USE OF CREDIT ENHANCEMENTS, DERIVATIVE INSTRUMENTS AND VARI-  
5 ABLE OR FIXED RATE DEBT OBLIGATIONS WITH RESPECT TO STATE FUNDED DEBT;

6 (D) GOALS FOR THE PROPORTION OF STATE CAPITAL SPENDING TO BE FINANCED  
7 WITH DEBT AND THE PROPORTION TO BE FINANCED WITH CURRENT APPROPRIATIONS;

8 (E) THE METHOD OF SALE, SUCH AS COMPETITIVE OR NEGOTIATED, OF STATE  
9 FUNDED DEBT OBLIGATIONS;

10 (F) CRITERIA TO BE USED IN SELECTING STATE FUNDED DEBT OBLIGATIONS TO  
11 BE RETIRED OR DEFEASED BY THE USE OF THE PORTION OF ANY CASH SURPLUS,  
12 DETERMINED PURSUANT TO SECTION SIXTY-SEVEN-B OF THIS ARTICLE, THAT SHALL  
13 BE DEDICATED TO THE EXCLUSIVE PURPOSE OF REDUCING THE AGGREGATE AMOUNT  
14 OF OUTSTANDING STATE FUNDED DEBT OBLIGATIONS;

15 (G) THE DEFINITION OF NON-RECURRING REVENUES WHICH SHALL BE USED FOR  
16 THE FUNDING OF CAPITAL PROJECTS WHICH HAVE BEEN AUTHORIZED BY LAW TO BE  
17 FINANCED THROUGH THE ISSUANCE OF STATE FUNDED DEBT OR FOR THE PURPOSE OF  
18 RETIRING OR DEFEASING BONDS OR NOTES PREVIOUSLY ISSUED;

19 (H) SUCH OTHER POLICY MATTERS RELATING TO THE ISSUANCE OF STATE FUNDED  
20 DEBT AS THE BOARD MAY DETERMINE TO BE APPROPRIATE; AND

21 (I) POLICY STANDARDS TO BE FOLLOWED BY STATE AUTHORITIES, AS DEFINED  
22 IN SECTION TWO OF THE PUBLIC AUTHORITIES LAW, IN RELATION TO THE ISSU-  
23 ANCE BY SUCH PUBLIC AUTHORITIES OF DEBT OBLIGATIONS OTHER THAN CONDUIT  
24 DEBT OBLIGATIONS. IN THE DISCRETION OF THE COMPTROLLER, SUCH POLICY  
25 STANDARDS MAY BE APPLIED BY THE COMPTROLLER IN THE EXERCISE OF HIS OR  
26 HER CONSTITUTIONAL AUTHORITY TO SUPERVISE THE ACCOUNTS OF PUBLIC AUTHOR-  
27 ITIES, AS DEFINED IN SECTION TWO OF THE PUBLIC AUTHORITIES LAW, AND  
28 POLITICAL SUBDIVISIONS.

29 THE BOARD SHALL ANNUALLY REVIEW THE POLICY STANDARDS AND ADOPT SUCH  
30 CHANGES OR ADDITIONS AS IT DEEMS ADVISABLE ON OR BEFORE THE ANNIVERSARY  
31 DATE OF ITS ORIGINAL STANDARDS.

32 S 67-E. COMPTROLLER'S DUTIES WITH RESPECT TO BOARD. THE COMPTROLLER  
33 SHALL COLLECT AND ANALYZE DATA WITH RESPECT TO OUTSTANDING STATE FUNDED  
34 DEBT AND, AT LEAST ANNUALLY, ON OR BEFORE THE ONE HUNDRED FIFTIETH DAY  
35 FOLLOWING THE END OF THE STATE FISCAL YEAR, REPORT TO THE BOARD, THE  
36 GOVERNOR, THE TEMPORARY PRESIDENT AND THE MINORITY LEADER OF THE SENATE,  
37 AND THE SPEAKER AND MINORITY LEADER OF THE ASSEMBLY ON THE CONDITION OF  
38 STATE FUNDED DEBT. SUCH REPORT SHALL INCLUDE, BUT NOT BE LIMITED TO,  
39 THE AMOUNT OF STATE FUNDED DEBT OUTSTANDING, THE DIFFERENT ISSUERS AND  
40 CATEGORIES OF SUCH DEBT, AND ANY DIFFERENCES IN CREDIT RATINGS AMONG  
41 CATEGORIES AND ISSUES.

42 S 67-F. LIMITATIONS ON STATE FUNDED DEBT AND STATE DEBT SERVICE  
43 PAYMENTS. 1. NO ADDITIONAL STATE FUNDED DEBT SHALL BE INCURRED AFTER  
44 APRIL FIRST, TWO THOUSAND NINETEEN IF THE TOTAL PRINCIPAL AMOUNT OF SUCH  
45 ADDITIONAL DEBT, TOGETHER WITH THE TOTAL PRINCIPAL AMOUNT OF STATE FUND-  
46 ED DEBT ALREADY OUTSTANDING AND THE TOTAL PRINCIPAL AMOUNT OF STATE  
47 FUNDED DEBT ALREADY AUTHORIZED BUT NOT YET INCURRED, IS EQUAL TO OR  
48 GREATER THAN THE TOTAL DEBT LIMIT OF THE STATE AS DETERMINED BY THE  
49 BOARD PURSUANT TO SECTION SIXTY-SEVEN-D OF THIS ARTICLE.

50 2. WITH THE EXCEPTION OF SHORT TERM DEBT INCURRED IN ACCORDANCE WITH  
51 SECTION NINE OF ARTICLE SEVEN OF THE CONSTITUTION, EMERGENCY DEBT  
52 INCURRED IN ACCORDANCE WITH SECTION TEN OF ARTICLE SEVEN OF THE CONSTI-  
53 TUTION, AND REFUNDING DEBT, NO STATE FUNDED DEBT SHALL BE INCURRED  
54 EXCEPT TO FINANCE A CAPITAL PURPOSE.

55 3.(A) ALL DEBT SUBJECT TO THE PROVISIONS OF THIS SECTION (I) SHALL,  
56 EXCEPT FOR REFUNDING DEBT, BE INCURRED ONLY FOR A CAPITAL PURPOSE

1 AUTHORIZED BY LAW, AND (II) SHALL, IF INCURRED ON OR AFTER THE FIRST DAY  
2 OF THE FIRST FISCAL YEAR BEGINNING AT LEAST ONE YEAR AFTER THE EFFECTIVE  
3 DATE OF AN AMENDMENT TO SECTION ELEVEN OF ARTICLE SEVEN OF THE CONSTITU-  
4 TION, BE IN THE FORM OF OBLIGATIONS ISSUED BY THE COMPTROLLER.

5 (B) ON AND AFTER APRIL FIRST, TWO THOUSAND FOURTEEN, NO DEBT OBLI-  
6 GATION SUBJECT TO THE PROVISIONS OF THIS SECTION SHALL BE ISSUED UNLESS  
7 THE COMPTROLLER DETERMINES THAT SUCH ISSUANCE IS WITHIN THE DEBT AFFORD-  
8 ABILITY LEVEL FOR THAT FISCAL YEAR ESTABLISHED BY THE DEBT MANAGEMENT  
9 BOARD PURSUANT TO SECTION SIXTY-SEVEN-D OF THIS ARTICLE. ON OR AFTER  
10 APRIL FIRST, TWO THOUSAND NINETEEN, NO SUCH DEBT OBLIGATION SHALL BE  
11 ISSUED UNLESS THE COMPTROLLER DETERMINES THAT SUCH ISSUANCE IS WITHIN  
12 (I) THE LIMIT ON STATE DEBT AND (II) THE DEBT AFFORDABILITY LEVEL ESTAB-  
13 LISHED BY THE BOARD PURSUANT TO SECTION SIXTY-SEVEN-D OF THIS ARTICLE.

14 4. NO STATE FUNDED DEBT SHALL BE INCURRED IN THE FORM OF AN OBLIGATION  
15 WITH A FINAL MATURITY EXCEEDING THE PROBABLE LIFE OF THE CAPITAL PROJECT  
16 FINANCED BY SUCH DEBT, AS SPECIFIED IN SECTION SIXTY-ONE OF THIS CHAP-  
17 TER. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, NO  
18 STATE FUNDED DEBT SHALL BE INCURRED IN THE FORM OF AN OBLIGATION WITH A  
19 FINAL MATURITY OF MORE THAN THIRTY YEARS.

20 5. DURING EACH FISCAL YEAR BEGINNING ON OR AFTER THE EFFECTIVE DATE OF  
21 THIS SECTION, UP TO AND INCLUDING ANY FISCAL YEAR ENDING IN TWO THOUSAND  
22 EIGHTEEN NO NEW STATE FUNDED DEBT SHALL BE INCURRED IN AN AGGREGATE  
23 PRINCIPAL AMOUNT EXCEEDING NINETY-FIVE PERCENT OF THE AGGREGATE PRINCI-  
24 PAL AMOUNT OF NEW STATE FUNDED DEBT INCURRED IN THE PRECEDING FISCAL  
25 YEAR.

26 6. NO STATE FUNDED DEBT OUTSTANDING ON THE EFFECTIVE DATE OF THIS  
27 SUBDIVISION SHALL BE REFUNDED UNLESS (A) SUCH REFUNDING IS CONDUCTED IN  
28 ALL RESPECTS AS IF SECTION THIRTEEN OF ARTICLE SEVEN OF THE CONSTITUTION  
29 APPLIED, AND (B) ANY SUCH REFUNDING OBLIGATIONS ISSUED ON OR AFTER THE  
30 FIRST DAY OF THE FIRST FISCAL YEAR BEGINNING AT LEAST ONE YEAR AFTER THE  
31 EFFECTIVE DATE OF AN AMENDMENT TO SECTION ELEVEN OF ARTICLE SEVEN OF THE  
32 CONSTITUTION IMPOSING A LIMIT ON THE TOTAL AMOUNT OF STATE DEBT, ARE  
33 ISSUED BY THE COMPTROLLER. SUCH OUTSTANDING DEBT OBLIGATIONS AND THE  
34 DEBT SERVICE EXPENSES, DIRECT OR INDIRECT, REQUIRED FOR SUCH OBLIGATIONS  
35 SHALL BE INCLUDED IN THE DETERMINATION OF THE DEBT LIMIT AND THE DEBT  
36 AFFORDABILITY LEVEL PURSUANT TO SECTION SIXTY-SEVEN-D OF THIS ARTICLE.

37 7. DEBT OBLIGATIONS ISSUED TO REFUND OUTSTANDING STATE FUNDED DEBT,  
38 REGARDLESS OF WHETHER SUCH OUTSTANDING DEBT WAS INCURRED PRIOR TO THE  
39 EFFECTIVE DATE OF THIS SUBDIVISION, SHALL NOT BE COUNTED FOR THE  
40 PURPOSES OF THE DEBT LIMIT AND THE DEBT AFFORDABILITY LEVEL DETERMINED  
41 PURSUANT TO SECTION SIXTY-SEVEN-D OF THIS ARTICLE IF SUCH REFUNDING IS  
42 CONDUCTED IN ALL RESPECTS AS IF SECTION THIRTEEN OF ARTICLE SEVEN OF THE  
43 CONSTITUTION APPLIED. DEBT SERVICE EXPENSES ON DEBT THAT HAS BEEN  
44 REFUNDED IN ACCORDANCE WITH SECTION THIRTEEN OF ARTICLE SEVEN OF THE  
45 CONSTITUTION SHALL BE EXCLUDED FOR THE DEBT AFFORDABILITY LEVEL TO THE  
46 EXTENT THAT SUCH DEBT SERVICE EXPENSES ARE TO BE PAID FROM AN ESCROW  
47 FUND ESTABLISHED WITH PROCEEDS OF THE REFUNDING DEBT, BUT DEBT SERVICE  
48 EXPENSES ON THE REFUNDING DEBT SHALL BE INCLUDED EXCEPT TO THE EXTENT  
49 THAT SUCH DEBT SERVICE EXPENSES ARE TO BE PAID FROM SUCH AN ESCROW FUND.  
50 FOR THE PURPOSES OF THIS SUBDIVISION AND SUBDIVISIONS SIX AND EIGHT OF  
51 THIS SECTION, ANY REFUNDING DEBT THAT DOES NOT EXTEND BEYOND THE FINAL  
52 MATURITY OF THE DEBT BEING REFUNDED SHALL BE DEEMED TO BE IN COMPLIANCE  
53 WITH THE PROVISIONS OF SUBDIVISION SIX OF SECTION THIRTEEN OF ARTICLE  
54 SEVEN OF THE CONSTITUTION MADE APPLICABLE BY THIS SUBDIVISION IF THERE  
55 IS AN ACTUAL DEBT SERVICE SAVINGS IN EVERY YEAR TO MATURITY AS A RESULT  
56 OF THE ISSUANCE OF THE REFUNDING DEBT.

1 8. AFTER THE EFFECTIVE DATE OF THIS SECTION THE STATE SHALL NOT,  
2 EXCEPT AS SPECIFICALLY AUTHORIZED BY A PROVISION OF THE CONSTITUTION  
3 OTHER THAN SECTION ELEVEN OF ARTICLE SEVEN OF THE CONSTITUTION, AGREE TO  
4 MAKE PAYMENTS, DIRECTLY OR INDIRECTLY, WHETHER OR NOT SUBJECT TO APPRO-  
5 PRIATION, THAT ARE TO BE AVAILABLE TO PAY DEBT SERVICE ON ANY DEBT  
6 INCURRED BY A MUNICIPALITY, INDIVIDUAL, PUBLIC AUTHORITY OR OTHER PUBLIC  
7 OR PRIVATE CORPORATION OR ANY OTHER ENTITY, FOR ANY PURPOSE, IF SUCH  
8 PAYMENTS ARE EXPECTED TO BE USED TO PAY DEBT SERVICE ONLY IF OTHER  
9 SOURCES AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ARE INADEQUATE.  
10 OUTSTANDING DEBT THAT WOULD BE PROHIBITED BY THIS SUBDIVISION IF SUCH  
11 DEBT HAD BEEN INCURRED AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION MAY  
12 BE REFUNDED BY THE ENTITY THAT INCURRED THE OUTSTANDING DEBT PROVIDED  
13 THAT ALL PROVISIONS OF SUBDIVISIONS SIX AND SEVEN OF THIS SECTION ARE  
14 COMPLIED WITH EXCEPT THE REQUIREMENT THAT SUCH REFUNDING DEBT OBLI-  
15 GATIONS BE ISSUED BY THE COMPTROLLER, AND REFUNDING DEBT SERVICE  
16 EXPENSES SHALL ONLY BE INCLUDED IN DEBT AFFORDABILITY DETERMINATIONS IF  
17 DEBT SERVICE EXPENSES ON THE DEBT BEING REFUNDED WOULD HAVE BEEN  
18 INCLUDED.

19 S 2. Subdivision 2 of section 68-a of the state finance law, as  
20 amended by chapter 79 of the laws of 2010, is amended to read as  
21 follows:

22 2. "Authorized purpose" for purposes of this article and section nine-  
23 ty-two-z of this chapter shall mean any [purposes] PURPOSE for which  
24 [state-supported] STATE FUNDED debt, as defined by section sixty-seven-a  
25 of this chapter, may BE or has been issued except debt for which the  
26 state is constitutionally obligated thereunder to pay debt service and  
27 related expenses, and except (a) as authorized in paragraph (b) of  
28 subdivision one of section three hundred eighty-five of the public  
29 authorities law, (b) as authorized for the department of health of the  
30 state of New York facilities as specified in paragraph a of subdivision  
31 two of section sixteen hundred eighty of the public authorities law, (c)  
32 state university of New York dormitory facilities as specified in subdivi-  
33 sion eight of section sixteen hundred seventy-eight of the public  
34 authorities law, and (d) as authorized for mental health services facil-  
35 ities by section nine-a of section one of chapter three hundred ninety-  
36 two of the laws of nineteen hundred seventy-three constituting the New  
37 York state medical care facilities [financing] FINANCE AGENCY act.  
38 Notwithstanding the provisions of clause (d) of this subdivision, for  
39 the period April first, two thousand nine through March thirty-first,  
40 two thousand eleven, mental health services facilities, as authorized by  
41 section nine-a of section one of chapter three hundred ninety-two of the  
42 laws of nineteen hundred seventy-three constituting the New York state  
43 medical care facilities [financing] FINANCE AGENCY act, shall constitute  
44 an authorized purpose.

45 S 3. Subdivision 6 of section 68-c of the state finance law, as added  
46 by section 2 of part I of chapter 383 of the laws of 2001, is amended  
47 and a new subdivision 7 is added to read as follows:

48 6. Any resolution or other agreement authorizing revenue bonds under  
49 this article shall reserve the right of the state, upon amendment OF  
50 SECTION ELEVEN OF ARTICLE SEVEN of the New York state constitution  
51 allowing the issuance or assumption of bonds, notes or other obligations  
52 secured by revenues, which may include the revenues securing revenue  
53 bonds of authorized issuers (a) to assume, in whole or in part, revenue  
54 bonds of the authorized issuers, (b) to extinguish the existing lien of  
55 such resolution, or other agreement and (c) to substitute security for  
56 the revenue bonds of the authorized issuers, in each case only so long

1 as such assumption, extinguishment or substitution is done in accordance  
2 with such resolution or other agreement AND SUCH CONSTITUTIONAL AMEND-  
3 MENT.

4 7. ON AND AFTER THE FIRST DAY OF THE FIRST FISCAL YEAR BEGINNING AT  
5 LEAST ONE YEAR AFTER THE EFFECTIVE DATE OF AN AMENDMENT OF SECTION ELEV-  
6 EN OF ARTICLE SEVEN OF THE CONSTITUTION IMPOSING A LIMIT ON THE TOTAL  
7 AMOUNT OF STATE DEBT, NO REVENUE BONDS SHALL BE ISSUED.

8 S 4. Section 97-rrr of the state finance law, as amended by section 45  
9 of part H of chapter 56 of the laws of 2000, is amended to read as  
10 follows:

11 S 97-rrr. Debt reduction reserve fund. 1. There is hereby established  
12 in the joint custody of the comptroller and the commissioner of taxation  
13 and finance a fund to be known as the debt reduction reserve fund. [Such  
14 fund shall be established as a capital projects fund.]

15 2. Such fund shall consist of all monies credited or transferred ther-  
16 eto from the general fund or from any other fund or sources pursuant to  
17 law.

18 3. The monies in such fund, following appropriation by the legislature  
19 and allocation by the director of the budget, shall be available [for  
20 the following purposes:

21 (a) for the payment of principal, interest, and related expenses on  
22 general obligation bonds, lease purchase payments, or special contractu-  
23 al obligation payments, or] ONLY for the [purposes] PURPOSE of retiring  
24 or defeasing bonds OR NOTES previously issued, including any accrued  
25 interest thereon, for any [state-supported bonding program or programs,  
26 and;

27 (b) for the funding of capital projects, equipment acquisitions, or  
28 similar expenses which have been authorized by law to be financed  
29 through the issuance of bonds, notes, or other obligations] STATE FUNDED  
30 DEBT.

31 S 5. Section 24 of the state finance law is amended by adding a new  
32 subdivision 6 to read as follows:

33 6. THE BUDGET BILLS SHALL INCLUDE AN APPROPRIATION OF THE AVAILABLE  
34 BALANCE FROM THE DEBT REDUCTION RESERVE FUND CREATED BY SECTION NINETY-  
35 SEVEN-RRR OF THIS CHAPTER, AS ADDED BY SECTION THIRTY-SIX OF PART B OF  
36 CHAPTER FIFTY-SEVEN OF THE LAWS OF NINETEEN HUNDRED NINETY-EIGHT, TO BE  
37 USED EXCLUSIVELY FOR THE PURPOSE OF RETIRING OR DEFEASING STATE FUNDED  
38 DEBT OBLIGATIONS IN ACCORDANCE WITH THE CRITERIA ESTABLISHED BY THE NEW  
39 YORK STATE DEBT MANAGEMENT BOARD.

40 S 6. Subdivision 1 of section 51 of the public authorities law, as  
41 added by chapter 838 of the laws of 1983, paragraph k as added by chap-  
42 ter 506 of the laws of 1995, paragraph l as added by chapter 468 of the  
43 laws of 2004, paragraph m as added by section 10 of part E of chapter  
44 494 of the laws of 2009 and paragraph n as added by chapter 533 of the  
45 laws of 2010, is amended to read as follows:

46 1. [The] SUBJECT TO (A) THE COMPTROLLERS' CONSTITUTIONAL AUTHORITY TO  
47 SUPERVISE THE ACCOUNTS OF PUBLIC AUTHORITIES, (B) THE COMPTROLLER'S  
48 STATUTORY AUTHORITY TO APPROVE THE TERMS AND CONDITIONS OF DEBT OBLI-  
49 GATIONS ISSUED BY PUBLIC AUTHORITIES, AND (C) THE POLICY STANDARDS  
50 ESTABLISHED BY THE NEW YORK STATE DEBT MANAGEMENT BOARD PURSUANT TO  
51 SECTION SIXTY-SEVEN-D OF THE STATE FINANCE LAW IN RELATION TO PUBLIC  
52 AUTHORITY DEBT, THE New York state public authorities control board  
53 shall have the power and it shall be its duty to receive applications  
54 for approval of the financing and construction of any project proposed  
55 by any [of the following state public benefit corporations:

56 a. New York state environmental facilities corporation

- 1 b. New York state housing finance agency
- 2 c. New York state medical care facilities finance agency
- 3 d. Dormitory authority
- 4 e. New York state urban development corporation
- 5 f. Job development authority
- 6 g. Battery park city authority
- 7 h. New York state project finance agency
- 8 i. State of New York mortgage agency
- 9 j. New York state energy research and development authority
- 10 k. Long Island Power Authority
- 11 l. Albany Convention Center Authority
- 12 m. State of New York Municipal Bond Bank Agency for bonds issued
- 13 pursuant to section two thousand four hundred thirty-six-b of this chap-
- 14 ter

15 n. North Country Power Authority] CLASS A OR CLASS B PUBLIC AUTHORITY,  
16 AS DEFINED IN SECTION TWO OF THIS CHAPTER.

17 Any application made concerning a project shall include the terms,  
18 conditions and dates of the repayment of state appropriations authorized  
19 by law pursuant to a repayment agreement, AND A CURRENT LISTING OF ALL  
20 OUTSTANDING DEBT AND DEBT SERVICE OBLIGATIONS OF THE APPLICANT. Any  
21 subsidiary of, or corporation with the same members or directors as, a  
22 public benefit corporation subject to the provisions of this section  
23 shall also be subject to the provisions of this section. All applica-  
24 tions and submissions to the board required to be made by a subsidiary  
25 shall be made on behalf of such subsidiary by the public benefit corpo-  
26 ration which created the subsidiary. No public benefit corporation  
27 subject to the provisions of this section shall make any commitment,  
28 enter into any agreement or incur any indebtedness for the purpose of  
29 acquiring, constructing, or financing any project unless prior approval  
30 has been received from the board by such public benefit corporation as  
31 provided herein.

32 S 7. Section 51 of the public authorities law is amended by adding a  
33 new subdivision 6 to read as follows:

34 6. NOT LATER THAN NINETY DAYS AFTER THE END OF EACH FISCAL YEAR, THE  
35 BOARD SHALL SUBMIT TO THE GOVERNOR, THE COMPTROLLER, THE TEMPORARY PRES-  
36 IDENT AND THE MINORITY LEADER OF THE SENATE, AND THE SPEAKER AND THE  
37 MINORITY LEADER OF THE ASSEMBLY AN ANNUAL REPORT DETAILING: (A) THE  
38 AGGREGATE AMOUNT OF DEBT APPROVED BY THE BOARD DURING SUCH FISCAL YEAR;

39 (B) A LIST OF THE INDIVIDUAL PROJECTS APPROVED BY THE BOARD FOR EACH  
40 PUBLIC AUTHORITY DURING SUCH FISCAL YEAR; AND

41 (C) THE TOTAL AMOUNT OF NEW DEBT OBLIGATIONS THE BOARD HAS APPROVED  
42 DURING SUCH FISCAL YEAR FOR ISSUANCE BY EACH PUBLIC AUTHORITY.

43 THE BOARD SHALL PUBLISH SUCH REPORT BY POSTING SUCH REPORT ON THE  
44 BOARD'S INTERNET WEBSITE. EACH SUCH REPORT POSTED ON THE BOARD'S INTER-  
45 NET WEBSITE SHALL BE MAINTAINED ON SUCH WEBSITE FOR AT LEAST TWELVE  
46 MONTHS OR UNTIL THE NEXT SUCH REPORT IS POSTED ON SUCH WEBSITE, WHICHEV-  
47 ER IS LATER. THE BOARD SHALL ISSUE A NEWS RELEASE ANNOUNCING SUCH REPORT  
48 TO NEWSPAPERS OF GENERAL CIRCULATION AND RADIO AND TELEVISION NEWS  
49 BUREAUS WITHIN THE STATE.

50 S 8. Subdivision 2 of section 365 of the public authorities law, as  
51 separately amended by sections 349 and 381 of chapter 190 of the laws of  
52 1990, is amended to read as follows:

53 2. The notes and bonds shall be authorized by resolution of the board,  
54 shall bear such date or dates and mature at such time or times, in the  
55 case of notes and any renewals thereof within five years after their  
56 respective dates and in the case of bonds not exceeding forty years from

1 their respective dates, as such resolution or resolutions may provide.  
2 The notes and bonds shall bear interest at such rate or rates, be in  
3 such denominations, be in such form, either coupon or registered, carry  
4 such registration privileges, be executed in such manner, be payable in  
5 such medium of payment, at such place or places, and be subject to such  
6 terms of redemption as such resolution or resolutions may provide. Bonds  
7 and notes shall be sold by the authority, at public or private sale, at  
8 such price or prices as the authority may determine. Bonds and notes of  
9 the authority shall not be sold by the authority at private sale unless  
10 such sale and the terms thereof have been approved in writing by the  
11 comptroller, where such sale is not to the comptroller, or by the direc-  
12 tor of the budget, where such sale is to the comptroller. [Bonds and  
13 notes sold at public sale shall be sold by the comptroller, as agent of  
14 the authority, in such manner as the authority, with the approval of the  
15 comptroller, shall determine.]

16 S 9. This act shall take effect immediately; provided, however, that  
17 paragraph a of subdivision 3 and subdivision 6 of section 67-f of the  
18 state finance law, as added by section one of this act, and section  
19 three of this act, shall take effect on the same date as a concurrent  
20 resolution of the Senate and Assembly entitled "proposing amendments to  
21 article 7 of the constitution, in relation to the authorization of debt  
22 in times of public emergency, a limit on the total amount of state debt,  
23 the establishment of a debt management board and refunding of state  
24 debts", takes effect.