

6483

I N S E N A T E

February 15, 2012

Introduced by Sen. MARTINS -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the local finance law, in relation to limitations on insurers that may provide certain surety bonds

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

1 Section 1. Subdivision 3 of paragraph c of section 58.00 of the local
2 finance law, as amended by chapter 386 of the laws of 2010, is amended
3 to read as follows:
4 3. A requirement that as a condition precedent to the consideration of
5 his or her bid, each bidder shall deposit with such official as the
6 agency in charge of the sale may designate, a certified or cashier's
7 check drawn upon an incorporated bank or trust company to the order of
8 the municipality, school district or district corporation or such offi-
9 cial, for the amount specified in the notice, but in no event less than
10 one-half of one per centum of the amount of bonds to be bid for.
11 Such notice may also provide that, in lieu of a certified or cashier's
12 check, bidders may furnish as security cash in such amount remitted by
13 wire transfer to an account specified in the notice or an eligible sure-
14 ty bond or an eligible letter of credit, approved by such official as to
15 form, sufficiency, and manner of execution. For purposes of this
16 section, "eligible surety bond" shall mean a bond executed by an insur-
17 ance company authorized to do business in this state, the claims-paying
18 ability of which is rated in ONE OF the THREE highest rating [category]
19 CATEGORIES by at least [two] ONE nationally recognized statistical
20 rating [organizations] ORGANIZATION; and "eligible letter of credit"
21 shall mean an irrevocable letter of credit issued in favor of the muni-
22 cipality, school district or district corporation, for a term not to
23 exceed ninety days by a bank, as that term is defined in section two of
24 the banking law, whose commercial paper and other unsecured short-term
25 debt obligations (or, in the case of a bank which is the principal
26 subsidiary of a holding company, whose holding company's commercial
27 paper and other unsecured short-term debt obligations) are rated in one
28 of the three highest rating categories (based on the credit of such bank

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

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1 or holding company) by at least one nationally recognized statistical
2 rating organization or by a bank that is in compliance with applicable
3 federal minimum risk-based capital requirements.
4 S 2. This act shall take effect immediately.