

STATE OF NEW YORK

7288

2017-2018 Regular Sessions

IN ASSEMBLY

April 21, 2017

Introduced by M. of A. FARRELL -- (at request of the State Comptroller)
-- read once and referred to the Committee on Ways and Means

CONCURRENT RESOLUTION OF THE SENATE AND ASSEMBLY

proposing amendments to article 7 of the constitution, in relation to authorization of debt to respond to acts of terrorism, a limit on the total amount of state-funded debt, and the refunding of state debts

Section 1. Resolved (if the Senate concur), That section 10 of article 7 of the constitution be amended to read as follows:

§ 10. In addition to the above limited power to contract debts, the state may contract debts to repel invasion, suppress insurrection, ~~[or]~~ defend the state in war, ~~[or]~~ to suppress forest fires or to respond to an act of terrorism; but the money arising from the contracting of such debts shall be applied for the purpose for which it was raised, or to repay such debts, and to no other purpose whatever.

§ 2. Resolved (if the Senate concur), That section 11 of article 7 of the constitution be amended to read as follows:

§ 11. 1. Except the debts or refunding debts specified in sections 9, 10 and 13 of this article, no debt shall be hereafter contracted by or ~~[in]~~ on behalf of the state, unless such debt shall be authorized by law pursuant to this section, for some single work or purpose, to be distinctly specified therein. ~~[No such law]~~ Debt subject to the provisions of this section shall include any debt or obligation, other than debt or refunding debt incurred pursuant to sections 9, 10 and 13 of this article, supported in whole or in part by any financing arrangement whereby the state agrees, whether by law, contract, or otherwise, to make payments which are to be used, directly or indirectly, for the payment of principal, interest, or related payments on indebtedness incurred or contracted by the state itself for any purpose, or by any state agency, municipality, individual, public authority or other public or private corporation or any other entity for state capital or operating purposes or to finance grants, loans or other assistance payments made or to be made by or on behalf of the state for any purpose. If the

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

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1 state agrees or has agreed on or after April first, nineteen hundred
2 ninety-seven to make future revenues from a specific state source avail-
3 able for the purpose of supporting debt of any municipality, individual,
4 public or private corporation or any other entity, or, if on or after
5 such date, a program of debt is authorized to be issued where state aid
6 is intended to be the sole source of payment of debt service, such debt
7 shall be considered to be a debt for the purpose of financing a state
8 grant, loan or other assistance payment and shall be subject to the
9 provisions of this section. The provisions of this section shall apply
10 (i) whether or not the obligation of the state to make payments is
11 subject to appropriation, or (ii) whether or not debt service is to be
12 paid from a revenue stream transferred by the state to another party
13 that is responsible for making such payments.

14 2. The legislature may, by law, authorize the state to contract debt
15 secured by a pledge of specific state revenues authorized by such law to
16 be deposited in a dedicated trust fund or funds created for capital
17 works or purposes. The legislature shall, by law, identify the capital
18 works or purposes to be financed with such debt. Revenues in excess of
19 the required payments of debt service and related payments on such debt
20 shall be available for other purposes, as provided by law.

21 3. Except as provided in subdivision 5 of this section, no law author-
22 izing debt to be created by the state pursuant to subdivisions 1 and 2
23 of this section shall take effect until it shall, at a general election,
24 have been submitted to the people, and have received a majority of all
25 the votes cast for and against it at such election nor shall it be
26 submitted to be voted on within three months after its passage ~~[nor at~~
27 ~~any general election when any other law or any bill shall be submitted~~
28 ~~to be voted for or against]~~ by the legislature.

29 The legislature may, at any time after the approval of such law by the
30 people, if no debt shall have been contracted in pursuance thereof,
31 repeal the same; and may at any time, by law, forbid the contracting of
32 any further debt or liability under such law.

33 4. During the fiscal year beginning April first, two thousand twenty-
34 seven and in every fiscal year thereafter, no debt authorized pursuant
35 to this section shall be incurred unless the total principal amount of
36 debt to be incurred pursuant to such law, together with the total prin-
37 cipal amount of debt already outstanding, shall be equal to or less than
38 five percent of the total personal income of the state as determined by
39 law. Debts subject to the limits imposed by this section shall include
40 all debt, whenever issued, described in subdivisions 1 and 2 of this
41 section but shall not include the debts specified in sections 9, 10 and
42 13 of this article.

43 5. During any fiscal year, debt in the combined aggregate amount of
44 one-half of one percent of total governmental funds tax receipts in the
45 immediately preceding fiscal year may be incurred pursuant to a law or
46 laws that are not submitted for approval by the people. Such debt shall
47 be incurred only for critical capital needs. However, in no event shall
48 debt incurred in fiscal years beginning in two thousand twenty-seven and
49 thereafter pursuant to such law or laws result in a total principal
50 amount of debt in excess of the limit determined pursuant to subdivision
51 4 of this section.

52 6. (i) All debt subject to the provisions of this section shall,
53 except for refunding debt, be incurred only for a capital purpose
54 authorized by law, and (ii) all debt subject to the provisions of this
55 section and all debt and refunding debt specified in sections 9, 10 and
56 13 of this article shall, if incurred on or after the first day of the

1 first fiscal year beginning at least one year after the date this subdivi-
2 vision shall have taken effect, be in the form of obligations issued by
3 the comptroller.

4 7. Nothing contained in this section shall invalidate debt obligations
5 outstanding on the date this subdivision shall have taken effect that
6 would be subject to the provisions of this section if incurred after the
7 date this subdivision shall have taken effect, and the state may contin-
8 ue to provide for payments related to such debt on the same terms under
9 which such debt was incurred; provided, however, that no such debt shall
10 be refunded unless such refunding complies in all respects with the
11 requirements of section 13 of this article. The provisions of section 16
12 of this article shall not apply to state payments with respect to any
13 such outstanding obligations unless such provisions would have applied
14 prior to the date this subdivision shall have taken effect.

15 8. Debt obligations issued to refund outstanding state debt, regard-
16 less of whether such outstanding debt was incurred prior to the date
17 this subdivision shall have taken effect, shall not be counted for the
18 purposes of the limit imposed by subdivision 4 of this section if such
19 refunding complies in all respects with section 13 of this article. For
20 purposes of this subdivision and subdivision 7 of this section, any
21 refunding debt that does not extend beyond the final maturity of the
22 debt being refunded shall be deemed to comply with the provisions of
23 subdivision 6 of section 13 of this article, provided that there is an
24 actual debt service savings in every year to maturity as a result of the
25 issuance of the refunding debt.

26 9. After the date this section shall have taken effect, the state
27 shall not, except as specifically authorized in another section of this
28 constitution, agree to make payments, directly or indirectly, whether or
29 not subject to appropriation, that are to be available to pay interest,
30 installments of principal, contributions to sinking funds, and related
31 payments on any debt incurred by a municipality, individual, public
32 authority or other public or private corporation or any other entity,
33 for any purpose, if such payments are expected to be used to pay inter-
34 est, installments of principal, contributions to sinking funds, and
35 related payments only if other sources available for the payment of
36 interest, installments of principal, contributions to sinking funds, and
37 related payments are inadequate. Any provision requiring the state to
38 replace monies used to pay interest, installments of principal, contrib-
39 utions to sinking funds, and related payments shall be included in the
40 prohibition set forth in this subdivision. Outstanding debt that would
41 be prohibited by this subdivision if such debt had been incurred after
42 the date this subdivision shall have taken effect may be refunded by the
43 entity that incurred the outstanding debt provided that the provisions
44 of subdivisions 7 and 8 of this section are complied with except the
45 requirement that such refunding debt obligations be issued by the comp-
46 troller.

47 § 3. Resolved (if the Senate concur), That section 16 of article 7 of
48 the constitution be amended to read as follows:

49 § 16. The legislature shall annually provide by appropriation for the
50 payment of the interest upon and installments of principal of all debts
51 or refunding debts created on behalf of the state except those
52 contracted under section 9 of this article, as the same shall fall due,
53 and for the contribution to all of the sinking funds created by law, of
54 the amounts annually to be contributed under the provisions of section
55 12, 13 or 15 of this article. ~~It~~ With respect to debt contracted other
56 than pursuant to subdivision 2 of section 11 of this article, if at any

1 time the legislature shall fail to make any such appropriation, the
2 comptroller shall set apart from the first revenues thereafter received,
3 applicable to the general fund of the state, a sum sufficient to pay
4 such interest, installments of principal, or contributions to such sink-
5 ing fund, as the case may be, and shall so apply the moneys thus set
6 apart. If at any time the legislature shall fail to make an appropri-
7 ation for the payment of interest or installments of principal or sink-
8 ing fund payments or related payments on any debt contracted pursuant to
9 subdivision 2 of section 11 of this article, the comptroller shall set
10 apart from the first revenues received and pledged to such payments, a
11 sum sufficient to pay such interest or installment of principal or
12 contributions to such sinking fund payments, and shall so apply the
13 moneys thus set apart, provided however that such revenues must be set
14 aside and applied in a manner which ensures that pledged revenues are
15 applied only to payments on debt for which such revenues were pledged
16 pursuant to subdivision 2 of section 11 of this article. The comptroller
17 may be required to set aside and apply such revenues as aforesaid, at
18 the suit of any holder of such bonds.

19 Notwithstanding the foregoing provisions of this section, the comp-
20 troller may covenant with the purchasers of any state obligations that
21 they shall have no further rights against the state for payment of such
22 obligations or any interest thereon after an amount or amounts deter-
23 mined in accordance with the provisions of such covenant is deposited in
24 a described fund or with a named or described agency or trustee. In such
25 case, this section shall have no further application with respect to
26 payment of such obligations or any interest thereon after the comp-
27 troller has complied with the prescribed conditions of such covenant.

28 § 4. Resolved (if the Senate concur), That the foregoing amendments be
29 referred to the first regular legislative session convening after the
30 next succeeding general election of members of the assembly, and, in
31 conformity with section 1 of article 19 of the constitution, be
32 published for 3 months previous to the time of such election.