

# STATE OF NEW YORK

8181

## IN SENATE

April 13, 2020

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public authorities law, in relation to establishing the industrial development agency public health state of emergency loan program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Article 9 of the public authorities law is amended by  
2 adding a new title 7-A to read as follows:

### TITLE 7-A

#### INDUSTRIAL DEVELOPMENT AGENCY PUBLIC HEALTH

#### STATE OF EMERGENCY LOAN PROGRAM

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6 Section 2928. Industrial development agency public health state of  
7 emergency loan program.

8 § 2928. Industrial development agency public health state of emergency  
9 loan program. 1. Definitions. As used in this section, the following  
10 terms shall have the following meanings:

11 (a) "Affected business or organization" means and includes both a  
12 small business and a small not-for-profit organization located within  
13 this state during a state of emergency;

14 (b) "Grace period" means the sixty-day period after a state of emer-  
15 gency is over;

16 (c) "Industrial development agency" or "IDA" means any industrial  
17 development agency established pursuant to this chapter, by special act  
18 or by any other provision of law.

19 (d) "Small business" means a business with not more than fifty employ-  
20 ees;

21 (e) "Small not-for-profit organization" means a not-for-profit organ-  
22 ization with not more than fifty employees; and

23 (f) "State of emergency" means the period beginning with a declaration  
24 by the governor that a public health state of emergency exists.

25 2. Industrial development agency public health state of emergency loan  
26 program. Notwithstanding any other provision of law, any IDA may admin-

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

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1 ister an industrial development agency public health state of emergency  
2 loan program to provide loans to affected businesses and organizations  
3 pursuant to this section.

4 3. Loan eligibility. An IDA may make a loan to an affected business or  
5 organization, provided:

6 (a) The affected business or organization has provided to the IDA  
7 proof satisfactory to such IDA that such affected business or organiza-  
8 tion is an affected business or organization located within the state of  
9 New York.

10 (b) The amount of the loan shall not exceed twenty-five thousand  
11 dollars.

12 (c) The affected business or organization's creditworthiness shall not  
13 be a factor used for the purposes of determining eligibility.

14 (d) The loan agreement shall not (i) require repayment during the  
15 grace period, or (ii) charge interest on the principal amount before or  
16 during the grace period or for one hundred eighty days after the grace  
17 period, provided after such one hundred eighty-day period, the IDA may  
18 charge interest or fees according to the terms of the loan agreement.

19 (e) The loan agreement shall require that the affected business or  
20 organization repay the loan in full not later than one hundred eighty  
21 days after the end of the grace period by making at least three, and no  
22 more than six, equal installment payments. The loan agreement shall not  
23 contain a fee or penalty for the prepayment or early payment of the  
24 loan.

25 (f) The IDA shall offer credit counseling services or refer such  
26 affected business or organization to nonprofit credit counselors.

27 4. Additional loans. An affected business or organization who has  
28 received a loan pursuant to this section may apply to the same IDA for  
29 an additional loan for each thirty-day period such small business or  
30 not-for-profit organization remains an affected business or organiza-  
31 tion, provided no affected business or organization may receive more  
32 than three loans under the program. Each additional loan shall be made  
33 in accordance with subdivision three of this section. The total amount  
34 of all loans received by an affected business or organization shall not  
35 exceed twenty-five thousand dollars.

36 5. Collection of loans. On and after one hundred eighty days from the  
37 end of the grace period, an IDA that has made a good-faith effort to  
38 collect the outstanding principal from a loan issued pursuant to this  
39 section may make a claim to the comptroller for recovery of an amount  
40 equal to the outstanding principal for such loan. Prior to the comp-  
41 troller approving such claim, such IDA shall demonstrate to the satis-  
42 faction of the comptroller that the IDA has made a good-faith effort to  
43 collect the outstanding principal from the affected small business or  
44 organization. Upon payment of a claim, the loan shall be assigned to the  
45 state, and the comptroller shall have the right to continue collection  
46 efforts on the loan.

47 6. Records. Each IDA shall maintain records in the regular course of  
48 administration of the loan guarantee program, including a record of  
49 loans issued and of payments made.

50 7. Taxability. Any interest deferred or not charged related to a loan  
51 issued pursuant to this section shall be exempt from all state taxes  
52 that may be applicable to such interest amounts as they relate to an  
53 affected business or organization. Eligible IDAs shall disclose to  
54 affected business or organization borrowers in loan documents that there  
55 may be federal tax consequences to the program loans.

1     8. End of state of emergency. No new loan applications shall be  
2     submitted under the program after the state of emergency ends. The  
3     program shall expire upon the repayment of all loans made under the  
4     program and, for all loans in default, the repayment of claims made  
5     under the program.

6     § 2. This act shall take effect immediately.