

STATE OF NEW YORK

8336--A

2019-2020 Regular Sessions

IN ASSEMBLY

June 14, 2019

Introduced by M. of A. THIELE, HUNTER -- read once and referred to the Committee on Local Governments -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the local finance law, in relation to establishing an electronic open auction bond sale pilot program and providing for the repeal of such provisions upon expiration thereof

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

1 Section 1. The local finance law is amended by adding a new section
2 58.10 to read as follows:

3 § 58.10 Electronic open auction public bond sale pilot program. a. As
4 used in this section:

5 1. "Municipality" means a county with a population of four hundred
6 thousand or more, or a city or town with a population of one hundred
7 thousand or more that has issued at least twenty-five million dollars in
8 bonds within at least one of the preceding three years.

9 2. "Nationally recognized electronic securities bidding service" means
10 a bidding service that is approved by the state comptroller pursuant to
11 subdivision b of this section.

12 3. "Open auction" means a bond sale procedure that allows a bidder to
13 receive information with respect to the ranking of its bids prior to the
14 conclusion of the bidding period in accordance with the municipality's
15 notice of such bond sale circulated in accordance with applicable
16 requirements of this chapter.

17 4. "Program" means the electronic open auction public bond sale pilot
18 program established pursuant to this section.

19 b. 1. There is hereby established an electronic open auction bond sale
20 pilot program authorizing municipalities to conduct open auction public
21 bond sales through any nationally recognized electronic securities
22 bidding service approved by the state comptroller. Nationally recognized
23 electronic securities bidding services desiring to operate an electronic

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

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1 open auction shall apply to the state comptroller for authorization to
2 do so by filing an application with the state comptroller. The state
3 comptroller shall make available an application form that provides the
4 state comptroller with information regarding the technology and security
5 practices maintained by the nationally recognized electronic securities
6 bidding service, the requirements to be established for bidding by
7 bidders, the methods by which auction sales are conducted, the experi-
8 ence of the nationally recognized electronic securities bidding service
9 in conducting electronic open auctions of bonds, and other information
10 the state comptroller may deem relevant.

11 2. If the state comptroller determines that the requirements and
12 conditions of the open auction are in accordance with the provisions of
13 this chapter and the bidding service provides a secure, open and compet-
14 itive opportunity for qualified bidders to submit proposals, the appli-
15 cation shall be deemed approved.

16 3. The state comptroller shall post information regarding the
17 nationally recognized electronic securities bidding services that have
18 been approved for use by municipalities on the state comptroller
19 website.

20 c. If the chief fiscal officer of the municipality has authorized the
21 receipt of bids in an electronic open auction format, such electronic
22 bids may be submitted in the form of open auctions conducted through a
23 nationally recognized electronic securities bidding service which entity
24 shall be deemed to be the designated receiving device pursuant to
25 section 58.00 of this title. Notice of any bond sale shall provide for
26 the manner in which the bidding period may be extended and the basis for
27 determination of the winning bidder.

28 d. Notwithstanding the provisions of subdivision one of section three
29 hundred five of the state technology law, if the notice of sale for the
30 open auction public bond contains a provision that bids will only be
31 accepted electronically in the manner provided in such notice of sale,
32 the municipality shall not be required to accept non-electronic bids in
33 any form.

34 e. The municipality's chief fiscal officer shall administer the
35 program and shall publish its policies and procedures for the procure-
36 ment of nationally recognized electronic securities bidding services on
37 the municipality's internet website. Such policies and procedures shall
38 include policies to prevent fraud. Except as modified by this section,
39 the municipal program shall comply with this chapter and all other
40 applicable laws, rules and regulations related to the sale of bonds.

41 f. The municipality's chief fiscal officer shall review the electronic
42 open auction bidding process to ensure that the bond sale was completed
43 in a timely fashion; the sale was completed without errors; and the
44 process was favorable as compared to the method currently used by the
45 municipality.

46 g. The municipality shall conduct evaluations of the program annually
47 with a summary evaluation at the end of the two year program. The muni-
48 cipality shall submit the evaluations to the state comptroller, the
49 temporary president of the senate and the speaker of the assembly. Such
50 report shall include, but not be limited to, any demonstrated evidence
51 that sale of public bonds using electronic open auctions is comparable
52 to the cost of issuing public bonds through the current sealed bid proc-
53 ess, the fees associated with nationally recognized electronic securi-
54 ties bidding services, whether the use of electronic open auctions
55 resulted in an increased number of bidders and whether the process was
56 favorable as compared to the method currently used by the municipality.

1 § 2. This act shall take effect on the first of January next succeed-
2 ing the date on which it shall have become a law and shall expire two
3 years after such effective date, when upon such date the provisions of
4 this act shall be deemed repealed.