STATE OF NEW YORK

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2296--A

2019-2020 Regular Sessions

IN SENATE

January 23, 2019
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Introduced by Sen. SANDERS -- read twice and ordered printed, and when
  printed to be committed to the Committee on Corporations, Authorities
  and   Commissions -- committee discharged, bill amended, ordered
  reprinted as amended and recommitted to said committee

AN ACT to amend the urban development corporation act, in relation to
  allowing businesses to use funds received from the minority and
  women-owned business development and lending program for the purpose
  of refinancing existing debt

  *The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:*

 1   Section 1. Subparagraph (vii) of paragraph (c) of subdivision 1 of
 2 section 16-c of section 1 of chapter 174 of the laws of 1968, constitut-
 3 ing the urban development corporation act, as amended by section 1 of
 4 part AA of chapter 55 of the laws of 2014, is amended to read as
 5 follows:
 6   (vii) refinancing of debt or equity invested in an enterprise or
 7 project*, unless the chairperson of the corporation finds the terms of*
 8 *the original debt to be unreasonable as provided in subparagraph (ix) of*
 9 *paragraph (d) of this subdivision*.
10   § 2. Subparagraphs (vii) and (viii) of paragraph (d) of subdivision 1
11 of section 16-c of section 1 of chapter 174 of the laws of 1968, consti-
12 tuting the urban development corporation act, subparagraph (vii) as
13 amended and subparagraph (viii) as added by section 1 of part AA of
14 chapter 55 of the laws of 2014, are amended and a new subparagraph (ix)
15 is added to read as follows:
16   (vii) establish a comprehensive technical assistance program in coop-
17 eration with the department of economic development to assist minority-
18 and women-owned businesses and potential minority and women-entrepren-
19 eurs; [and]
20   (viii) notwithstanding any provision of law to the contrary, establish
21 a minority- and women-owned business investment fund to provide critical

EXPLANATION--Matter in **italics** (underscored) is new; matter in brackets
                     [-] is old law to be omitted.
                                                        LBD00792-02-9

1 financial support to foster the development of new and emerging ideas
2 and products of minority- and women-owned business enterprises as well
3 as to promote the long-term financial performance and success of early
4 stage enterprises that are minority- and women-owned start-ups. The
5 selection of an eligible applicant and beneficiary companies for the
6 minority- and women-owned business investment fund shall be selected by
7 the process established pursuant to subdivisions two through four of
8 section sixteen-u of this act. Minority- or women-owned business enter-
9 prises who participate in such minority- and women-owned business
10 investment fund under this subdivision shall not be precluded from qual-
11 ifying for any other assistance, grant or loan made available from the
12 state[~]**; and**
13 **(ix) provide for the refinancing of debt or equity invested in an**
14 **enterprise or project, provided that the chairperson of the corporation**
15 **determines the terms of the original debt to be unreasonable. The appli-**
16 **cant must submit a written justification to the chairperson of the**
17 **corporation for each loan explaining why the current loan is not on**
18 **reasonable terms. Unreasonable terms of debt may include but are not**
19 **limited to:**
20 **(1) a demand or balloon maturity feature in the existing note;**
21 **(2) the current maturity is not appropriate for the original purpose**
22 **of the loan;**
23 **(3) the existing debt being refinanced is on a revolving line or a**
24 **credit card;**
25 **(4) the interest rate is deemed unreasonable by the corporation; or**
26 **(5) the loan is over-collateralized.**
27   § 3. This act shall take effect on the ninetieth day after it shall
28 have become a law. Effective immediately, the addition, amendment and/or
29 repeal of any rule or regulation necessary for the implementation of
30 this act on its effective date are authorized and directed to be made
31 and completed on or before such effective date.