

STATE OF NEW YORK

4804--A

2019-2020 Regular Sessions

IN SENATE

March 26, 2019

Introduced by Sen. RANZENHOFER -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the local finance law, in relation to the establishment of an electronic open auction public bond sale pilot program solely for certain municipalities; 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 58.20 to read as follows:

3 § 58.20 Electronic open auction public bond sale pilot program; munici-
4 palities. a. As used in this section:

5 1. "Closed auction" means a bond sale procedure that does not allow a
6 bidder to receive information with respect to the status or rank of its
7 bids prior to the conclusion of the bid submission period.

8 2. "Municipality" means the county of Genesee.

9 3. "Nationally recognized electronic securities bidding service" means
10 a bidding service that is recognized nationally by municipal users of
11 electronic securities bidding services as providing an accurate, secure
12 and reliable on-line bidding system.

13 4. "Open auction" means a bond sale procedure that allows a bidder to
14 receive information with respect to the status or rank of its bids prior
15 to the conclusion of the bid submission period and improve its bid by
16 submitting a bid at a lower interest rate, as a result of the received
17 information in accordance with the municipality's notice of such bond
18 sale circulated in accordance with applicable requirements of this chap-
19 ter.

20 5. "Program" means the electronic open auction public bond sale pilot
21 program established pursuant to this section.

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

LBD10912-04-9

1 b. There is hereby established an electronic open auction public bond
2 sale pilot program solely for municipalities, authorizing municipalities
3 to conduct open auction public bond sales through any nationally recog-
4 nized electronic securities bidding service.

5 c. The chief fiscal officer of a municipality may accept electronic
6 bids submitted in the form of open auctions conducted through a
7 nationally recognized electronic securities bidding service which shall
8 be deemed to be the designated receiving device. Notice of any bond sale
9 shall provide for the manner in which the bid submission period may be
10 extended and the basis for determination of the winning bidder.

11 d. Notwithstanding the provisions of section three hundred five of the
12 state technology law or any other law, the notice of sale may contain a
13 provision that bids will only be accepted electronically in the manner
14 provided in such notice of sale.

15 e. The municipality's chief fiscal officer shall administer the
16 program and may utilize the program in accordance with the powers here-
17 tofore or hereafter delegated to the chief fiscal officer by the legis-
18 lative body of the municipality. Except as modified by this section,
19 each municipal program shall comply with this chapter and all other
20 applicable laws related to the sale of bonds.

21 f. The municipality's chief fiscal officer shall review the electronic
22 open auction bidding process to ensure that the bond sale was completed
23 in a timely fashion; and the sale was completed without errors.

24 g. 1. Each municipality, or two or more municipalities acting jointly
25 or in cooperation with any entity representing municipalities, shall, on
26 or before February first of each year, conduct annual evaluations of
27 their pilot program or programs with a summary evaluation at the end of
28 the two year open auction pilot program. The municipality or munici-
29 palities shall submit the evaluations to the state comptroller.

30 2. Such report shall include, but not be limited to: (i) the cost of
31 using an open auction platform; (ii) a bidding activity report detailing
32 the winning bidder, the number of bidders, the number of bids, the
33 number of bid improvements, and the number of auction extensions (if
34 any); and (iii) any savings achieved through the open auction. Any
35 savings shall be calculated by determining the cost differential between
36 the initial bid submitted and the winning bid in an open auction. If the
37 initial bid submitted is the ultimate winning bid, the open auction
38 savings would be zero dollars.

39 3. Annually, the state comptroller shall compile all the information
40 received from municipalities pursuant to this paragraph, and, on or
41 before April first of each year, submit such compiled information to the
42 legislature, the temporary president of the senate, the speaker of the
43 assembly, the minority leader of the senate and the minority leader of
44 the assembly.

45 § 2. This act shall take effect immediately, and shall expire and be
46 deemed repealed 2 years after such date.