

STATE OF NEW YORK

5886

2019-2020 Regular Sessions

IN SENATE

May 16, 2019

Introduced by Sen. GAUGHRAN -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

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 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 58.10 to read as follows:

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

5 1. "Municipality" means a county, city, town, village, fire district,
6 or school district.

7 2. "Nationally recognized electronic securities bidding service" means
8 a bidding service that is recognized nationally by municipal users of
9 electronic securities bidding services as providing an accurate, secure
10 and reliable online bidding system.

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

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

20 b. There is hereby established an electronic open auction public bond
21 sale pilot program for municipalities. Such public bond sale pilot
22 program shall authorize municipalities to conduct open auction public

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

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1 bond sales through any nationally recognized electronic securities
2 bidding service.

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

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

13 e. The chief fiscal officer of a municipality shall administer the
14 pilot program, and may utilize the program in accordance with the powers
15 delegated to the chief fiscal officer by the legislative body of such
16 municipality. Except as modified by this section, each municipal pilot
17 program shall comply with this section and all other applicable laws
18 related to the sale of bonds.

19 f. The chief fiscal officer of a municipality shall review the elec-
20 tronic open auction bidding process to ensure that the bond sale was:

21 1. completed in a timely fashion; and

22 2. completed without errors.

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

30 2. Such annual report shall include, but not be limited to: (i) the
31 cost of using an open auction platform; (ii) a bidding activity report
32 detailing the winning bidder, the number of bidders, the number of bids,
33 the number of bid improvements, and the number of auction extensions, if
34 any; and (iii) any savings achieved through the open auction, provided
35 that such savings shall be calculated by determining the cost differen-
36 tial between the initial bid submitted and the winning bid in an open
37 auction. If the initial bid submitted is the ultimate winning bid, the
38 open auction savings would be zero dollars (\$0.00).

39 3. Annually, the state comptroller shall compile all the information
40 received from municipalities pursuant to this subdivision, 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 two years after such date.