

STATE OF NEW YORK

4393

2021-2022 Regular Sessions

IN SENATE

February 4, 2021

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

AN ACT to amend the urban development corporation act, in relation to establishing the New York state taxi medallion debt relief program act

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

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York state taxi medallion debt relief program act".

3 § 2. Section 1 of chapter 174 of the laws of 1968, constituting the
4 New York state urban development corporation act, is amended by adding a
5 new section 57 to read as follows:

6 § 57. New York state taxi medallion debt relief program. 1. For the
7 purposes of this section:

8 (a) "Financial institution" shall mean any bank, trust company,
9 savings bank, savings and loan association, or cooperative bank char-
10 tered by the state or any national banking association, federal savings
11 and loan association or federal savings bank, any community development
12 financial institution or community-based lending organization, or any
13 state or federally chartered credit union, or any other federal or
14 state-chartered entity whose principal business is the originating,
15 purchasing, or servicing of commercial financial obligations of or
16 relating to medallions.

17 (b) "Participating financial institution" shall mean any financial
18 institution participating in the New York state taxi medallion debt
19 relief program.

20 (c) "Medallion" shall have the same meaning as defined by section
21 twelve hundred eighty of the tax law.

22 (d) "Medallion driver-owner" shall mean any individual or group of
23 individuals who own, operate, and drive a single medallion.

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

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1 2. (a) The corporation, or its agent, shall establish a taxi medallion
2 debt relief program to provide a loan loss reserve to assist medallion
3 driver-owners in refinancing existing loans with financial institutions.

4 (b)(i) Assistance under the taxi medallion debt relief program shall
5 be provided by the corporation or its agent, who shall be authorized to
6 assist medallion driver-owners that otherwise find it difficult to
7 obtain regular or sufficient bank financing or restructuring of any
8 existing loan.

9 (ii) Any financial institution desiring to become a participating
10 financial institution shall execute an agreement in such form as the
11 corporation or its agent shall prescribe. Such agreement shall contain
12 the terms and provisions set forth in paragraph (c) of this subdivision
13 and such other terms and provisions as the corporation or its agent
14 shall deem necessary or appropriate.

15 (c) A participating financial institution refinancing a loan to a
16 medallion driver-owner pursuant to this section shall:

17 (i) reduce the balance of the outstanding loan to one hundred twenty-
18 five thousand dollars of debt on such original loan;

19 (ii) certify to the corporation or its agent in such fashion and with
20 such supporting information as the corporation or its agent shall
21 prescribe, in addition to any medallion loans that it has restructured;
22 and

23 (iii) upon refinancing, extend the date of maturity on the original
24 loan by at least twenty years and the interest payments shall be reduced
25 to four percent.

26 (d) The corporation or its agent shall, after such certification as
27 provided by subparagraph (ii) of paragraph (c) of this subdivision,
28 transfer to the participating financial institution an amount equal to
29 the total contributions of such participating financial institution and
30 the medallion owner or such additional amount up to one hundred twenty-
31 five thousand dollars of such contributions as determined by the corpo-
32 ration or its agent, provided however that prior to such transfer such
33 participating financial institution must first exhaust all other options
34 for recovering the outstanding loan amount from the loan documents
35 including, but not limited to those options available under article nine
36 of the uniform commercial code.

37 (e) Once a participating financial institution has exhausted its
38 recovery efforts under a medallion loan and security agreement, if such
39 recoveries amount to less than one hundred twenty-five thousand dollars,
40 such participating financial institution may draw upon the funds in the
41 loan loss reserve established by this section to repay such loan in the
42 amount equal to the difference between one hundred twenty-five thousand
43 dollars and the amount otherwise recovered.

44 3. Administration of the taxi medallion debt relief program. (a) The
45 corporation is hereby authorized to:

46 (i) enter into contracts with third party financial institutions,
47 including but not limited to the New York business development corpo-
48 ration established under article five-A of the banking law, to act as
49 agent of the corporation with respect to the administration of the
50 program, provided that the selection of a third party other than the New
51 York business development corporation shall be made pursuant to a
52 competitive process;

53 (ii) conduct an annual review and assessment of the performance of
54 such third party in its capacity as agent for the corporation, to deter-
55 mine whether the contract referenced in subparagraph (i) of this para-
56 graph should be renewed for an additional two year period. Such review

1 shall be based on whether such third party agent has satisfactorily met
2 the terms and conditions of such contract. If the third party agent has
3 not satisfactorily met the terms and conditions of such contract they
4 shall be barred from entering into other contracts with the state for
5 five years;

6 (iii) allow such third party agent the opportunity to take corrective
7 action where an initial determination has found that such third party
8 agent's performance is unsatisfactory;

9 (iv) submit to the speaker of the assembly and the temporary president
10 of the senate its recommendation to terminate the contract with such
11 third party agent and transfer such contract to another agent where a
12 final review of the third party agent's performance continues to
13 conclude that such third party agent's performance is unsatisfactory;
14 and

15 (v) promulgate rules and regulations with respect to the implementa-
16 tion of the taxi medallion debt relief program and any other rules and
17 regulations necessary to fulfill the purposes of this section, which
18 shall be consistent with the program plan required by subdivision nine-
19 teen of section one hundred of the economic development law.

20 (b) Any contract entered into pursuant to subparagraph (i) of para-
21 graph (a) of this subdivision shall:

22 (i) be for a period of two years and shall be renewed for an addi-
23 tional two year period subject to the requirements of subparagraph (ii)
24 of paragraph (a) of this subdivision; and

25 (ii) provide for compensation of expenses incurred by the third party
26 agent in connection with its services as agent and for such other
27 services as the corporation may deem appropriate including, but not
28 limited to, the use of the premises, personnel, and personal property of
29 such third party agent.

30 § 3. This act shall take effect on the one hundred eightieth day after
31 it shall have become a law. Effective immediately, the addition, amend-
32 ment and/or repeal of any rule or regulation necessary for the implemen-
33 tation of this act on its effective date are authorized to be made and
34 completed on or before such effective date.