STATE OF NEW YORK

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2021-2022 Regular Sessions

IN ASSEMBLY

March 17, 2021

Introduced by M. of A. BICHOTTE HERMELYN, PEOPLES-STOKES -- read once and referred to the Committee on Economic Development

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 Assembly, do enact as follows:

Section 1. Subparagraph (vii) of paragraph (c) of subdivision 1 of section 16-c of section 1 of chapter 174 of the laws of 1968, constituting the urban development corporation act, as amended by section 1 of part AA of chapter 55 of the laws of 2014, is amended to read as follows:

(vii) refinancing of debt or equity invested in an enterprise or project**, unless the chairperson of the corporation finds the terms of the original debt to be unreasonable as provided in subparagraph (ix) of paragraph (d) of this subdivision**.

§ 2. Subparagraphs (vii) and (viii) of paragraph (d) of subdivision 1 of section 16-c of section 1 of chapter 174 of the laws of 1968, constituting the urban development corporation act, subparagraph (vii) as amended and subparagraph (viii) as added by section 1 of part AA of chapter 55 of the laws of 2014, are amended and a new subparagraph (ix) is added to read as follows:

(vii) establish a comprehensive technical assistance program in cooperation with the department of economic development to assist minority- and women-owned businesses and potential minority and women-entrepreneurs; [~~and~~]

(viii) notwithstanding any provision of law to the contrary, establish a minority- and women-owned business investment fund to provide critical financial support to foster the development of new and emerging ideas and products of minority- and women-owned business enterprises as well

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

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as to promote the long-term financial performance and success of early stage enterprises that are minority- and women-owned start-ups. The selection of an eligible applicant and beneficiary companies for the minority- and women-owned business investment fund shall be selected by the process established pursuant to subdivisions two through four of section sixteen-u of this act. Minority- or women-owned business enterprises who participate in such minority- and women-owned business investment fund under this subdivision shall not be precluded from qualifying for any other assistance, grant or loan made available from the state[~~.~~]**; and**

(ix) provide for the refinancing of debt or equity invested in an enterprise or project, provided that the chairperson of the corporation determines the terms of the original debt to be unreasonable. The applicant must submit a written justification to the chairperson of the corporation for each loan explaining why the current loan is not on reasonable terms. Unreasonable terms of debt may include but are not limited to:

(1) a demand or balloon maturity feature in the existing note;

(2) the current maturity is not appropriate for the original purpose of the loan;

(3) the existing debt being refinanced is on a revolving line or a credit card;

(4) the interest rate is deemed unreasonable by the corporation; or

(5) the loan is over-collateralized.

§ 3. This act shall take effect on the ninetieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.