

STATE OF NEW YORK

6653

2021-2022 Regular Sessions

IN ASSEMBLY

March 23, 2021

Introduced by M. of A. REYES -- read once and referred to the Committee on Economic Development

AN ACT to amend the urban development corporation act, in relation to establishing the New York state taxi medallion guaranty 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 guaranty 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 guaranty 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 guaranty
19 program.

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

22 2. (a) The corporation, or its agent, shall establish a taxi medallion
23 guaranty program to provide a loan loss reserve to assist medallion
24 owners that otherwise find it difficult to obtain regular bank financ-
25 ing, refinancing, or restructuring of any existing loan.

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

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1 (b)(i) Assistance under the taxi medallion guaranty program shall be
2 provided by the corporation or its agent, who shall be authorized to
3 assist small businesses and individuals that otherwise find it difficult
4 to obtain regular or sufficient bank financing or restructuring of any
5 existing loan.

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

12 (c) A participating financial institution refinancing or restructuring
13 a loan to a small business pursuant to this section shall:

14 (i) upon refinancing or restructuring of any loan, forgive at least
15 one hundred seventy-five thousand dollars of debt on such original loan;

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

20 (iii) upon refinancing or restructuring of any loan, extend the date
21 of maturity on the original loan by at least four years.

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

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

40 3. Administration of the taxi medallion guaranty program. (a) The
41 corporation is hereby authorized to:

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

49 (ii) conduct an annual review and assessment of the performance of
50 such third party in its capacity as agent for the corporation, to deter-
51 mine whether the contract referenced in subparagraph (i) of this para-
52 graph should be renewed for an additional two year period. Such review
53 shall be based on whether such third party agent has satisfactorily met
54 the terms and conditions of such contract;

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

4 (iv) submit to the speaker of the assembly and the temporary president
5 of the senate its recommendation to terminate the contract with such
6 third party agent and transfer such contract to another agent where a
7 final review of the third party agent's performance continues to
8 conclude that such third party agent's performance is unsatisfactory;
9 and

10 (v) promulgate rules and regulations with respect to the implementa-
11 tion of the taxi medallion guaranty program and any other rules and
12 regulations necessary to fulfill the purposes of this section, which
13 shall be consistent with the program plan required by subdivision nine-
14 teen of section one hundred of the economic development law.

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

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

20 (ii) provide for compensation of expenses incurred by the third party
21 agent in connection with its services as agent and for such other
22 services as the corporation may deem appropriate including, but not
23 limited to, the use of the premises, personnel, and personal property of
24 such third party agent.

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