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:

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

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

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

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

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

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

(d) "Medallion driver-owner" shall mean any individual or group of 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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2. (a) The corporation, or its agent, shall establish a taxi medallion debt relief program to provide a loan loss reserve to assist medallion driver-owners in refinancing existing loans with financial institutions.

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

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

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

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

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

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

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

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

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

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

(ii) conduct an annual review and assessment of the performance of such third party in its capacity as agent for the corporation, to determine whether the contract referenced in subparagraph (i) of this paragraph should be renewed for an additional two year period. Such review

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

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

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

(v) promulgate rules and regulations with respect to the implementation of the taxi medallion debt relief program and any other rules and regulations necessary to fulfill the purposes of this section, which shall be consistent with the program plan required by subdivision nineteen of section one hundred of the economic development law.

(b) Any contract entered into pursuant to subparagraph (i) of paragraph (a) of this subdivision shall:

(i) be for a period of two years and shall be renewed for an additional two year period subject to the requirements of subparagraph (ii) of paragraph (a) of this subdivision; and

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

§ 3. This act shall take effect on the one hundred eightieth 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.