STATE OF NEW YORK

968

2023-2024 Regular Sessions

IN ASSEMBLY

January 11, 2023

Introduced by M. of A. BICHOTTE HERMELYN -- 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 a chapter of the laws of 2022 amending the urban development corporation act relating 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, as proposed in legislative bills numbers S.571 and A. 6420, is amended to read as follows:

(vii) refinancing of **commercial or business related** debt or equity invested in [~~an~~] **a commercial or business related** enterprise or **commercial or business related** 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. Subparagraph (ix) 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, as added by a chapter of the laws of 2022 amending the urban development corporation act relating 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, as proposed in legislative bills numbers S.571 and A. 6420, is amended to read as follows:

(ix) provide for the refinancing of **commercial or business related** debt or equity invested in an enterprise or project, provided that [~~the~~

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

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~~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 same date and in the same manner as a chapter of the laws of 2022 amending the urban development corporation act relating 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, as proposed in legislative bills numbers S.571 and A. 6420, takes effect.