STATE OF NEW YORK

9801

IN ASSEMBLY

April 9, 2024

Introduced by M. of A. THIELE -- read once and referred to the Committee on Local Governments

AN ACT to amend the general municipal law, in relation to the powers of the New York state industrial development agency and certain loans and grants to eligible entities

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

Section 1. Subdivision 17 of section 858 of the general municipal law, as renumbered by chapter 356 of the laws of 1993, is renumbered subdivision 19 and two new subdivisions 17 and 18 are added to read as follows:

(17) To provide loans in accordance with section eight hundred fifty-nine-c of this article, to any eligible entity as defined in paragraph a of subdivision one of section eight hundred fifty-nine-c of this title, provided such loan is memorialized in an appropriate loan agreement and further provided that the loan proceeds are used in furtherance of the agency's corporate purposes;

(18) To provide grants to any eligible entity as defined in paragraph a of subdivision one of section eight hundred fifty-nine-c of this title, provided said grant is memorialized in an appropriate grant agreement stipulating the services to be provided in furtherance of the agency's corporate purposes, to be provided in a manner consistent with uniform criteria, as defined in subdivision two of section eight hundred fifty-nine-c of this title, said uniform criteria to be established for the evaluation and selection of eligible entities;

§ 2. The general municipal law is amended by adding a new section 859-c to read as follows:

§ 859-c. Uniform criteria for evaluation and selection of eligible entities for loans. 1. For the purposes of this section, the following terms shall have the following meanings:

(a) "eligible entity" shall mean a small business or not-for-profit with not more than fifty employees that is physically located in the jurisdiction of the applicable agency.

(b) "small business" means a business with not more than fifty employees.

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

LBD14908-01-4

2. (a) An agency shall develop, and adopt by resolution, uniform criteria for the evaluation and selection of an eligible entity for a loan through the funding program, such criteria may include, but is not limited to, whether the eligible entity:

(i) is a financially viable entity;

(ii) conducts business in the area served by the agency;

(iii) is creditworthy;

(iv) has a proposed plan to use the funds received through this program; and

(v) will undertake efforts to retain jobs.

(b) Any agencies that serve within the same municipalities shall coordinate the distribution of funds to a single entity.

(c) No eligible entity may receive a grant or loan from more than one agency per project.

(d) An outstanding loan must be paid back in full prior to an agency issuing an additional loan agreement to the same eligible entity.

2. Prior to administering a loan program, an agency shall develop, and adopt by resolution, the terms and conditions of such loans, provided that the amount of any funding provided pursuant to this section shall not exceed twenty-five thousand dollars, and further provided that the total amount of all funds received by an eligible entity shall not exceed twenty-five thousand dollars.

3. Each agency shall maintain records related to the loan program, including a record of the number of loans issued and of payments received, the number of loans fully repaid, any outstanding loans, defaults and bad debts, and include such information in the annual report required by section twenty-eight hundred of the public authorities law.

4. Any interest deferred or not charged related to a loan issued pursuant the loan program shall be exempt from all state taxes that may be applicable to such interest amounts as such taxes relate to an eligible entity. Agencies shall disclose to eligible entity borrowers in loan documents that there may be federal tax consequences to the program loans.

§ 3. This act shall take effect immediately.