STATE OF NEW YORK

5654--A

2023-2024 Regular Sessions

IN SENATE

March 10, 2023

Introduced by Sen. MARTINEZ -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the local finance law, in relation to the delivery of the good faith deposit following award of the bonds to the successful bidder

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

Section 1. Subdivision 3 of paragraph c of section 58.00 of the local finance law, as amended by chapter 416 of the laws of 2012, is amended to read as follows:

3. A requirement that [~~as a condition precedent to the consideration of his or her bid, each~~] **the successful** bidder shall deposit with such official as the agency in charge of the sale may designate, a certified or cashier's check drawn upon an incorporated bank or trust company to the order of the municipality, school district or district corporation or such official, for the amount specified in the notice, but in no event less than one-half of one per centum of the amount of bonds to be bid for. **Notwithstanding the provisions of this subdivision, a municipality, school district or district corporation may require that such deposit be made as a condition precedent to the consideration of a bid for the bonds.** Such notice may also provide that, in lieu of a certified or cashier's check, [~~bidders may furnish as security~~] **the deposit may also be in the form of** cash in such amount remitted by wire transfer to an account specified in the notice or an eligible surety bond or an eligible letter of credit, approved by such official as to form, sufficiency, and manner of execution. For purposes of this section, "eligible surety bond" shall mean a bond executed by an insurance company authorized to do business in this state, the claims-paying ability of which is rated in one of the three highest rating categories

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

LBD05688-04-3

by at least one nationally recognized statistical rating organization; and "eligible letter of credit" shall mean an irrevocable letter of credit issued in favor of the municipality, school district or district corporation, for a term not to exceed ninety days by a bank, as that term is defined in section two of the banking law, whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company's commercial paper and other unsecured short-term debt obligations) are rated in one of the three highest rating categories (based on the credit of such bank or holding company) by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

§ 2. This act shall take effect immediately.