

# STATE OF NEW YORK

8769--A

2025-2026 Regular Sessions

## IN ASSEMBLY

June 2, 2025

Introduced by M. of A. TAPIA -- read once and referred to the Committee on Economic Development -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the economic development law, in relation to enacting "the New York state credit risk transparency and investor protection act"

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

1 Section 1. This act shall be known and may be cited as the "New York  
2 state credit risk transparency and investor protection act".

3 § 2. The economic development law is amended by adding a new section  
4 103-a to read as follows:

5 § 103-a. State bond security. 1. For the purposes of this section,  
6 the following terms shall have the following meanings:

7 (a) "credit risk decay" shall mean the natural reduction in the like-  
8 likelihood of bond default over time, resulting from the bond's amorti-  
9 zation, improved issuer performance, or external economic factors that  
10 reduce default risk;

11 (b) "material credit event" shall mean any event that significantly  
12 impacts the issuer's ability to meet its obligations, including but not  
13 limited to:

14 (i) changes in federal funding, including but not limited to Medicaid  
15 cuts or infrastructure funding reductions;

16 (ii) tariffs, trade policy changes, or other external economic factors  
17 that may alter the bond issuer's financial position; or

18 (iii) any significant modification of legal obligations that affects a  
19 bond's performance;

20 (c) "risk reconciliation statement" shall mean a quarterly report  
21 filed by an issuer of bonds, which provides an update on the bond's  
22 credit risk, including but not limited to:

23 (i) changes in credit ratings;

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

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1 (ii) material credit events affecting bond performance; and  
2 (iii) yield-to-maturity drift and other relevant credit performance  
3 metrics;

4 (d) "yield-to-maturity drift" or "YTM drift" shall mean the change in  
5 the yield of a bond over time due to shifts in the credit quality of the  
6 issuer, and the collateral or external credit factors, that impact such  
7 bond's risk profile and valuation;

8 (e) "fixed point scale" shall mean a standardized method used to  
9 assess the bond's current performance by comparing its original credit  
10 risk rating to the bond's current risk profile, including, but not  
11 limited to, yield-to-maturity drift and credit rating shifts;

12 (f) "investor right of action for value destruction" shall mean the  
13 legal right of an investor to seek damages if the bond issuer fails to  
14 disclose material credit events or if a bond's credit risk deteriorates  
15 without proper disclosure, resulting in financial harm to the investor;  
16 and

17 (g) "material deviation" shall mean a significant change in a bond's  
18 creditworthiness that differs from the issuer's original projections or  
19 credit ratings, including, but not limited to, a drop in credit rating  
20 or significant change in market price or arm's-length valuation due to a  
21 material credit event.

22 (h) "intentional action" shall mean any deliberate act or policy deci-  
23 sion by any public, private, or governmental entity that is reasonably  
24 foreseeable to materially and disproportionately impair the creditwor-  
25 thiness, repayment, or market value of state-backed bonds.

26 (i) "arbitrary action" shall mean any action or policy decision lack-  
27 ing a rational or reasonable basis that results in the material and  
28 disproportionate devaluation of state-backed bonds, including actions  
29 taken without due consideration of predictable fiscal impacts on the  
30 state's debt obligations.

31 2. It shall be unlawful for any broker, dealer, or municipal securi-  
32 ties dealer to issue state or municipal bonds unless such broker or  
33 dealer is in compliance with the requirements of this section.

34 3. All issuers of state and municipal state-backed bonds within the  
35 state shall file a quarterly risk reconciliation statement with the  
36 department in accordance with a filing schedule to be promulgated by the  
37 department. Such statements shall include, but not be limited to, the  
38 following:

39 (a) the name and address of the issuing authority;

40 (b) the name and purpose of the project or projects the fund is to be  
41 used for;

42 (c) the offering price, interest rate, selling compensation, aggregate  
43 principal amount, principal amount per maturity, and delivery dates of  
44 each bond;

45 (d) up-to-date credit risk projections and bond ratings where applica-  
46 ble;

47 (e) yield-to-maturity drift and its implications on bond valuation;

48 (f) any material credit events which have occurred or have impacted  
49 the issuer's credit risk during the relevant quarter; and

50 (g) any other disclosures required by state or federal law.

51 4. Notwithstanding any laws to the contrary, the department of econom-  
52 ic development shall create a searchable database, or modify an existing  
53 one, displaying the quarterly risk reconciliation statements of each  
54 state-backed bond issuer within the state.

55 5. Where an issuer, dealer, or broker of state or municipal state-  
56 backed bonds fails to disclose a material credit event or to update such

1 issuer, dealer, or broker's risk assessments on its quarterly risk  
2 reconciliation statement, as required by this section, an investor or  
3 bond-holder injured by such violation of this section may bring suit in  
4 such investor or bond-holder's own name. Judgment may be entered in the  
5 amount of actual damages reflecting the difference between the actual  
6 amount paid for the bond and the fair market value of such bond, for  
7 rescission of the bond purchase, upon which the issuer shall refund the  
8 investor's original investment, or both such actions.

9 6. (a) The department shall have the authority to enforce the require-  
10 ments of this section. The department shall, from time to time, conduct  
11 audits of risk reconciliation statements filed by issuers.

12 (b) If an issuer is found to be in repeated violation of this section,  
13 the department may, in its discretion, refer such issuer for investi-  
14 gation by the state attorney general for the purposes of determining  
15 compensation of damages to all investors.

16 7. (a) The attorney general may initiate investigations and  
17 proceedings against any entity, public, private, or governmental, which  
18 causes, by its actions, material devaluation of state-backed bonds which  
19 disproportionally harm state-backed debt obligations. The attorney  
20 general may consider, but is not limited to, the following factors:

21 (i) the foreseeability of the impact on the state's bonded debt;

22 (ii) whether reasonable alternatives were available;

23 (iii) the proportionality of the impact relative to the stated purpose  
24 of the action; and

25 (iv) the degree of transparency or concealment surrounding the action.

26 (b) Upon a finding that a public or governmental entity has engaged in  
27 an intentional action or arbitrary action that materially devalues  
28 state-backed bonds, the attorney general may:

29 (i) initiate legal proceedings to enjoin such actions;

30 (ii) pursue claims for compensatory or equitable relief on behalf of  
31 the state or its bondholders; and

32 (iii) recover damages to offset increased borrowing costs or other  
33 financial harm incurred by the state as a result of the material devalu-  
34 ation.

35 (c) The attorney general shall have standing to bring claims in any  
36 court of competent jurisdiction, whether the responsible party is within  
37 or outside the state, to protect New York's credit reputation and the  
38 value of its public debt obligations.

39 (d) Nothing in this section shall be construed to limit any other  
40 cause of action or remedy available to the state under law.

41 § 3. Severability clause. If any clause, sentence, paragraph, subdivi-  
42 sion, section or part of this act shall be adjudged by any court of  
43 competent jurisdiction to be invalid, such judgment shall not affect,  
44 impair, or invalidate the remainder thereof, but shall be confined in  
45 its operation to the clause, sentence, paragraph, subdivision, section  
46 or part thereof directly involved in the controversy in which such judg-  
47 ment shall have been rendered. It is hereby declared to be the intent of  
48 the legislature that this act would have been enacted even if such  
49 invalid provisions had not been included herein.

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