

STATE OF NEW YORK

8413

2025-2026 Regular Sessions

IN SENATE

June 9, 2025

Introduced by Sen. GOUNARDES -- (at request of the Governor) -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT in relation to authorizing a loan from the state to the city of Dunkirk (Part A); and making an appropriation therefor (Part B)

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

1 Section 1. This act enacts into law components of legislation neces-
2 sary to authorize a loan for the city of Dunkirk. Each component is
3 wholly contained within a Part identified as Parts A through B. The
4 effective date for each particular provision contained within such Part
5 is set forth in the last section of such Part. Any provision in any
6 section contained within a Part, including the effective date of the
7 Part, which makes a reference to a section "of this act", when used in
8 connection with that particular component, shall be deemed to mean and
9 refer to the corresponding section of the Part in which it is found.
10 Section three of this act sets forth the general effective date of this
11 act.

12 PART A

13 Section 1. Legislative findings. The legislature hereby finds and
14 declares that a condition of severe fiscal difficulties exists in the
15 city of Dunkirk as a result of expenditures exceeding revenues over
16 numerous years, with the substantial accumulation of deficits expected
17 for the close of the city's fiscal year 2024. Such condition, including
18 late and overdue financial statements, has contributed to a current loss
19 of confidence by investors in short-term and long-term obligations of
20 the city of Dunkirk as demonstrated by major municipal credit rating
21 agencies withdrawing credit ratings of the city.

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

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1 It is hereby further found and declared that the city of Dunkirk pres-
2 ently has a \$12.7 million revenue anticipation note with a maturity date
3 of July 24, 2025. The city has indicated that it would not have suffi-
4 cient cash to repay the revenue anticipation note's principal and inter-
5 est and has not attained the willingness of investors to purchase new
6 obligations of the city in time to provide for the repayment of such
7 \$12.7 million note so owed.

8 It is hereby further found and declared that the inability to pay the
9 revenue anticipation note could have significant negative financial
10 implications for the city, other municipalities across the state, and
11 the people of the state through a loss of credit access or higher cost
12 for borrowing.

13 Based upon the fiscal condition of the city of Dunkirk and the state-
14 wide concerns of the financial implications that an inability to pay the
15 revenue anticipation note may result in, the legislature through this
16 act authorizes an additional debt option for the city of Dunkirk as a
17 matter of last resort.

18 § 2. Short title. This act shall be known and may be cited as the
19 "City of Dunkirk Revenue Anticipation Note Refinancing Act".

20 § 3. Definitions. As used in this act, the following words and terms
21 shall have the following meanings respectively, unless the text shall
22 indicate another or different meaning or intent:

- 23 (a) "Budget director" means the state director of the budget.
24 (b) "City" means the city of Dunkirk, in the county of Chautauqua.
25 (c) "City council" means the city council of the city.
26 (d) "Deficit bonds" means the bonds authorized by the Dunkirk fiscal
27 recovery act.

28 (e) "Deficit notes" means bond anticipation notes issued in antic-
29 ipation of the issuance of deficit bonds, as authorized by the Dunkirk
30 fiscal recovery act.

31 (f) "Dunkirk fiscal recovery act" means the act pursuant to part DD of
32 chapter 56 of the laws of 2024.

33 (g) "Mayor" means the mayor of the city.

34 § 4. Establishment of a state loan to the city. Any payment made to
35 the city from an appropriation made by part B of this chapter, enacted
36 by a chapter of the laws of 2025, shall be used by the city for the
37 repayment and settlement of its revenue anticipation note due July 24,
38 2025, and shall, notwithstanding any provision of the local finance law
39 to the contrary, constitute a loan from the state to the city to address
40 a budgetary deficit, the repayment of which by the city shall be a
41 general obligation of the city and which shall be backed by the full
42 faith and credit of the city, pursuant to the terms and structure set
43 forth in this act.

44 § 5. Authorized loan amortization period and interest rate. Notwith-
45 standing any provision of law to the contrary, the amortization period
46 of the loan and the period of probable usefulness shall be fifteen
47 years. The rate of interest applied to the principal amount owed on such
48 loan shall be seven and one-half percent per annum. If the reduction of
49 any payment or payments made on or on behalf of the city pursuant to
50 section six of this act is insufficient to satisfy the annual repayment
51 amount set forth in the loan repayment schedule, the budget director may
52 modify the terms of the loan, including term and interest.

53 § 6. Loan repayment by the city. The city shall be obligated to repay
54 the loan in accordance with a loan repayment schedule provided by the
55 budget director that reflects the amount and date of all loan payments
56 made by the state to the city from an appropriation pursuant to part B

1 of this chapter during the state fiscal year beginning April 1, 2025.
2 Such loan repayment schedule may be revised from time to time to reflect
3 any modification of the terms of the loan as provided in section five of
4 this act. By no later than September 30, of any year while such loan is
5 outstanding, the budget director shall notify the mayor, the city council,
6 the state comptroller, the chair of the assembly ways and means
7 committee, and the chair of the senate finance committee, of (a) any
8 offset payment deemed made by or on behalf of the city in accordance
9 with section seven of this act, and (b) the principal and interest
10 repayment schedule reflecting the remaining amounts owed by the city to
11 the state, for each state fiscal year, starting with the state fiscal
12 year that begins April 1, 2026.

13 § 7. City state aid withholding. For so long as the loan shall remain
14 outstanding, the budget director may direct any department, agency, or
15 instrumentality thereof, to reduce the amount of any payment or payments
16 owed in a fiscal year to the city of Dunkirk, or any department, agency,
17 or instrumentality thereof; provided however, that such reduction shall
18 be in an amount no greater than the amount due for such year as set
19 forth in the loan repayment schedule. The budget director shall effectuate
20 such reduction through a budget certification and authorization sent
21 to the office of the state comptroller. To the extent the city or any
22 department, agency, or instrumentality thereof is entitled to any cash
23 disbursement authorized by any appropriation, such entitlement shall be
24 reduced commensurate with the reductions determined pursuant to sections
25 four and five of this act.

26 § 8. Early termination and payoff of the loan. The state shall not
27 require the early termination of the loan or the prepayment of any
28 amounts set forth in the loan repayment schedule. The mayor, with separate
29 concurrence from a majority of the city council, may at any time,
30 upon fifteen days' notice to the budget director, the state comptroller,
31 the chair of the assembly ways and means committee, and the chair of the
32 senate finance committee, prepay the loan in whole or in part, and if in
33 whole, subject to the written confirmation of the budget director of the
34 calculated amount of principal and interest owed by the city as of the
35 proposed date of loan repayment.

36 § 9. Miscellaneous provisions. (a) This loan shall be treated as
37 indebtedness of the city with respect to article eight of the state
38 constitution, and, provided further, the amount of the annual principal
39 and interest of such loan necessary to be raised from a tax on city real
40 estate, in order to equally compensate and replenish the city's all
41 funds budget for the annual withholding of state payments to the city
42 pursuant to section seven of this act, shall be excluded from the tax
43 limit imposed by section ten of article eight of the New York state
44 constitution.

45 (b) For so long as the state loan shall remain outstanding, the city
46 shall comply with the requirements of sections seven, eight, nine, and
47 ten of the "Dunkirk fiscal recovery act", whether or not any deficit
48 bonds or deficit notes as authorized within such act shall be outstanding.
49

50 (c) Notwithstanding section four of the Dunkirk fiscal recovery act,
51 or any other law to the contrary, the period of probable usefulness of
52 the first issuance of deficit bonds or deficit notes pursuant to such
53 act shall be computed from the effective date of this act.

54 (d) On or before July 9 of each state fiscal year for which the loan
55 is still outstanding, beginning with state fiscal year 2026, the mayor
56 shall attest and provide notice of such attestation to the state direc-

1 tor of the budget, the state comptroller, the chair of the assembly ways
2 and means committee, and the chair of the senate finance committee, that
3 either: (i) the city, after a good faith effort, has been unable to
4 issue deficit notes or deficit bonds pursuant to the Dunkirk fiscal
5 recovery act, in order to prepay in whole or in part the loan made
6 pursuant to this act, or (ii) the city has issued deficit notes or defi-
7 cit bonds and is able to use such proceeds to prepay in whole the loan
8 made pursuant to this act.

9 § 10. This act shall take effect on the same date and in the same
10 manner as part B of this chapter, takes effect.

11

PART B

12 Section 1. The sum of up to thirteen million, seven hundred thousand
13 dollars (\$13,700,000), or so much thereof as may be necessary, is hereby
14 appropriated from any moneys in the state treasury in the general fund
15 for payment to the city of Dunkirk solely to refinance its revenue
16 anticipation note with a final maturity and due date of July 24, 2025.
17 No payment shall be made from this appropriation without a written,
18 signed attestation by the mayor of the city of Dunkirk sent electron-
19 ically to the budget director, the state comptroller, the chair of the
20 assembly ways and means committee, and the chair of the senate finance
21 committee by no later than July 9, 2025, stating that the city of
22 Dunkirk has made good faith efforts, to date, to secure the full amount
23 of principal and interest due on the city of Dunkirk's revenue antic-
24 ipation note due on July 24, 2025 through and including any combination
25 of city cash on hand, issuances of new city revenue or tax anticipation
26 notes, or issuances of new deficit bonds or deficit bond anticipation
27 notes, yet the city is unable to secure enough funding to pay the full
28 amount of principal and interest owed, and is in need of a specified
29 dollar amount of the full principal and interest amount due to be loaned
30 from the state on behalf of the city of Dunkirk by means of this appro-
31 priation. Such attestation and request shall also include, on behalf of
32 the city of Dunkirk, a pledge that the repayment of such loan shall be
33 met with the full faith and credit of the city of Dunkirk. If the amount
34 of the state loan so requested by the mayor of the city of Dunkirk is
35 less than the total principal and interest owed on the revenue antic-
36 ipation note, the mayor shall further attest and certify, within such
37 communication to the state no later than July 9, 2025, that the city of
38 Dunkirk has secured and shall cause to be deposited no later than July
39 24, 2025, sufficient funds that, together with the requested state loan
40 amount paid to the city of Dunkirk, shall completely pay off and settle
41 the principal and interest of the note so due, thus avoiding a city
42 default of non-payment. Such funds shall be payable on the audit and
43 warrant of the state comptroller on vouchers certified or approved in
44 the manner provided by law.

45 § 2. This act shall take effect upon receipt of the written, signed
46 attestation submitted by the mayor of the city of Dunkirk required by
47 section one of this act; provided, however, that the state director of
48 the budget, state comptroller, chair of the assembly ways and means
49 committee, and chair of the senate finance committee shall notify the
50 legislative bill drafting commission upon receipt of such written,
51 signed attestation in order that the commission may maintain an accurate
52 and timely effective data base of the official text of the laws of the
53 state of New York in furtherance of effectuating the provisions of

1 section 44 of the legislative law and section 70-b of the public offi-
2 cers law.

3 § 2. Severability clause. If any clause, sentence, paragraph, subdivi-
4 sion, section or part of this act shall be adjudged by any court of
5 competent jurisdiction to be invalid, such judgment shall not affect,
6 impair, or invalidate the remainder thereof, but shall be confined in
7 its operation to the clause, sentence, paragraph, subdivision, section
8 or part thereof directly involved in the controversy in which such judg-
9 ment shall have been rendered. It is hereby declared to be the intent of
10 the legislature that this act would have been enacted even if such
11 invalid provisions had not been included herein.

12 § 3. This act shall take effect immediately; provided, however, that
13 the applicable effective date of Parts A through B of this act shall be
14 as specifically set forth in the last section of such Parts.