§ 1689-c. Capital facility program, authority financing of eligible projects. 1. The authority is authorized to finance eligible capital facility program projects pursuant to the Jobs two thousand for New York State (J2K) Act.

2. (a) Notwithstanding the provisions of any general or special law to the contrary, and subject to the making of annual appropriations therefor by the legislature, in order to assist the authority in the financing and refinancing of such eligible capital facility program projects, the director of the budget is authorized to enter into one or more service contracts, none of which shall exceed thirty years in duration, with the authority, upon such terms as the director of the budget and the dormitory authority agree;

(b) Any service contract entered into pursuant to paragraph (a) of this subdivision or any payments made or to be made thereunder may be assigned and pledged by the authority as security for its bonds, notes, or other obligations;

(c) Any such service contract shall provide that the obligation of the director of the budget or of the state to fund or to pay the amounts therein provided for shall not constitute a debt of the state within the meaning of any constitutional or statutory provision in the event the authority assigns or pledges the service contract payments as security for its bonds, notes, or other obligations and shall be deemed executory only to the extent moneys are available and that no liability shall be incurred by the state beyond the moneys available for the purpose, and that such obligation is subject to annual appropriation by the legislature;

(d) Any service contract or contracts entered into pursuant to this subdivision shall provide for state commitments to provide annually to the authority a sum or sums, upon such terms and conditions as shall be deemed appropriate by the director of the budget, to fund the principal, interest, or other related expenses required for any such bonds, notes, or other obligations.

(e) On or before November fifteenth of each year and again on or after February fifteenth of each year, the authority shall submit, and thereafter may resubmit, to the director of the budget, the state comptroller, the executive director of the New York state office of

science, technology and academic research, the chair of the senate finance committee and the chair of the assembly ways and means committee a report setting forth the amounts, if any, of all annual payments estimated to be appropriated to the authority pursuant to such service contracts between the authority and the director of the division of the budget pursuant to this subdivision.

3. (a) To obtain funds for the purposes of this subdivision, the authority shall have power from time to time, in accordance with a schedule certified to the authority by the executive director of the New York state office of science, technology and academic research identifying eligible capital facility program projects approved for payment pursuant to the Jobs two thousand for New York State (J2K) Act, to issue negotiable bonds or notes of the authority. Unless the context shall clearly indicate otherwise, whenever the words "bond" or "bonds" are used in this section, such words shall include a note or notes of the authority.

(b) The authority shall not issue any bonds or notes in an amount in excess of forty-seven million five hundred thousand dollars for the purposes of this subdivision, excluding a principal amount of bonds or notes issued to fund one or more debt service reserve funds, to pay for the costs of issuance of such bonds, and bonds or notes issued to refund or otherwise repay such bonds, and bonds or notes previously issued. Except for the purposes of complying with the internal revenue code, any interest income earned on bond proceeds shall only be used to pay debt service on such bonds or notes.

In computing for the purposes of this subdivision, the aggregate amount of indebtedness evidenced by bonds and notes of the authority issued pursuant to this subdivision, there shall be excluded the amount of such indebtedness represented by such bonds or notes issued to refund or otherwise repay bonds or notes, provided that the amount so excluded under this paragraph may exceed the principal amount of such bonds or notes that were issued to refund or otherwise repay only if the present value of the aggregate debt service on the refunding or repayment bonds or notes shall not have at the time of their issuance exceeded the present value of the aggregate debt service of the bonds or notes they

were issued to refund or repay, such present value in each case being calculated by using the effective interest rate of the refunding or repayment bonds or notes, which shall be that rate arrived at by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the refunding or repayment bonds or notes from the payment date thereof to the date of issue of the refunding or repayment bonds or notes and to the price bid therefor, or to the proceeds received by the dormitory authority from the sale thereof, in each case including estimated accrued interest.