§ 2436-b. Local ARRA bonds. (1) The agency may purchase local ARRA bonds using the proceeds of recovery act bonds, subject to the provisions of this section and to any other provision of law applicable to the municipality and bonds it issues, including any debt limitation applicable to the municipality that issued the local ARRA bond, as well as to the other provisions of this title. To the extent that any such other provision of law conflicts with a provision of this section, the provision of this section shall control, except as otherwise stated.

(2) Subject to the provisions of this section:

(a) Local ARRA bonds issued by a county, except a county wholly within a city, may be additionally secured by a pledge to the agency of its available county sales tax revenues subject to the provisions of subdivision five of this section.

(b) Local ARRA bonds issued by a city may be additionally secured by a pledge to the agency of its available city sales tax revenues or its available mortgage recording tax revenues, or both subject to the provisions of subdivision five of this section.

(c) Local ARRA bonds issued by a town may be additionally secured by a pledge to the agency of its available mortgage recording tax revenues subject to the provisions of subdivision five of this section.

(d) Local ARRA bonds issued by a village may be additionally secured by a pledge to the agency of its available mortgage recording tax revenues subject to the provisions of subdivision five of this section.

(3) (a) Nothing contained in this title shall limit the right and obligations of a municipality to comply with the provisions of any existing contract with or for the benefit of the holders of any of its other bonds, notes or other obligations.

(b) Nothing contained in this title shall be construed to limit the power of a municipality to determine, from time to time, within available funds for the municipality, the purposes for which expenditures are to be made by the municipality and the amounts of such expenditures.

(c) Nothing contained in this title shall alter, limit, modify or impair the right of any school district or of any city, town, or village within a county to receive from the county net collections, as authorized by section twelve hundred sixty-two of the tax law or other applicable provision of part four of article twenty-nine of the tax law

or by an unconsolidated state law that notwithstands such provision of the tax law, from the county's sales and compensating use taxes imposed pursuant to the authority of subpart B of part one of article twenty-nine of the tax law. Further, nothing contained in this title shall alter, limit, modify or impair the right of any city or town within a county to receive from the county the net amount of mortgage recording tax revenues imposed by subdivision one of section two hundred fifty-three of the tax law, as authorized by subdivision three of section two hundred sixty-one of the tax law.

(d) The agency's recovery act bonds secured by payments of principal and interest due with respect to local ARRA bonds shall not be a debt of either the state or any municipality, and neither the state nor any municipality shall be liable thereon, nor shall they be payable out of any funds other than those of the agency; and such recovery act bonds shall contain on the face thereof a statement to such effect.

(e) Subject to the provisions of any contract with holders of bonds, notes or other obligations, proceeds of recovery act bonds to be paid to a municipality to purchase its local ARRA bonds shall be paid to the municipality and shall not be commingled with any other money of the agency.

(f) Nothing contained in this title shall be construed to create a debt of the state within the meaning of any constitutional or statutory provisions. Any provision with respect to state aid shall be deemed executory only to the extent of moneys available, and no liability shall be incurred by the state beyond the moneys available for that purpose, and any payment to be made by the comptroller of state aid is subject to annual appropriation of state aid by the state legislature.

(g) Nothing contained in this title shall be deemed to restrict the right of the state to amend, repeal, modify, or otherwise alter any provision of law relating to state aid to municipalities. The agency shall include in any resolution, contract, or agreement with holders of its bonds, notes or other obligations a provision which states that no default occurs as a result of the state's exercising its right to amend, repeal, modify, or otherwise alter any provision of law relating to state aid to municipalities.

(4) (a) A municipality may covenant and agree that the municipality will not limit, alter or impair the rights hereby vested in the agency

to fulfill the terms of any agreements made with holders of the agency's recovery act bonds, the proceeds of which were used to purchase the municipality's local ARRA bonds, such holders pursuant to this title, or in any way impair the rights and remedies of such holders or the security for such bonds, until such bonds, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. Nothing contained in this title shall be deemed to restrict any right of the municipality to amend, modify, repeal or otherwise alter any local laws, ordinances or resolutions imposing or relating to taxes or fees, or appropriations relating to such taxes or fees, or setting aside or allocating and applying, paying or using net collections pursuant to the authority of part four of article twenty-nine of the tax law or pursuant to the authority of any other provision of state law that notwithstands a provision of such part, so long as, after giving effect to such amendment, modification or other alteration, the aggregate amount as then projected by the municipality of (i) sales and compensating use taxes imposed by the municipality pursuant to the authority of subpart B of part one of article twenty-nine of the tax law (to the extent that the municipality is authorized to impose such taxes and is imposing them at the time it issues its local ARRA bonds); and (ii) all such net collections to be set aside or to be allocated and applied, paid or used by the municipality pursuant to the authority of part four of article twenty-nine of the tax law or pursuant to any other provision of state law that notwithstands a provision of such part four during each of the agency's fiscal years following the effective date of such amendment, modification or other alteration shall be not less than two hundred percent of maximum annual debt service on the municipality's local ARRA bonds then outstanding. Notwithstanding anything to the contrary in this section, a municipality that imposes sales and compensating use taxes at the time it issues local ARRA bonds further agrees that it shall continue to impose such taxes during the time such bonds are outstanding at the maximum rate authorized therefor, without regard to any additional rate, provided that any increase in the rate of such taxes to satisfy this obligation shall comply with the applicable provisions of subpart B of part one of article twenty-nine of the tax law.

(b) Any such agreement with a municipality may be pledged by the agency to secure its recovery act bonds used to purchase local ARRA bonds issued by that municipality and may not be modified thereafter except as provided by the terms of the pledge or subsequent agreements with the holders of such recovery act bonds.

(c) The agency shall not include within any resolution, contract or agreement with holders of recovery act bonds any provision which provides that a default occurs as a result of a municipality exercising its right to amend, modify, repeal or otherwise alter such taxes, fees or appropriations or such net collections. Nothing in this title shall be deemed to obligate a municipality to make any payments or impose any taxes or set aside or allocate and apply, pay or use net collections pursuant to the authority of part four of article twenty-nine of the tax law or pursuant to the authority of an unconsolidated state law that notwithstands a provision of such part; except that a municipality shall impose taxes pursuant to the authority of subpart B of part one of article twenty-nine of the tax law at the maximum rate authorized therefor, without regard to any additional rate, provided that any increase in the rate of such taxes to satisfy this obligation shall comply with the applicable provisions of subpart B of part one of article twenty-nine of the tax law.

(5) (a) If a municipality fails to pay to the agency any principal or interest due on its local ARRA bonds secured by a pledge of its available local sales and use tax revenues or its available mortgage recording tax revenues, or both, as described in subdivision two of this section, the chairman of the agency shall notify the comptroller in writing that such municipality has failed to meet its obligations. Such notice shall set forth in detail the term, amount, interest rate, and payment schedule of the local ARRA bonds in default, and the exact amounts of principal and interest due from such municipality in default. The agency shall provide a copy of such notice to the chief fiscal officer of such municipality in default and, in the case of a default by a city, town, or village with respect to local ARRA bonds secured by mortgage recording tax revenues, also to the chief fiscal officer of the county in which the city, town, or village is located. The agency shall provide such notice to the comptroller at least thirty days prior to the date that the comptroller is expected to withhold and pay over local

sales and use tax revenues to the agency.

(b) Upon the comptroller receiving such complete, certified written notice from the agency, the comptroller shall, notwithstanding any provision of section twelve hundred sixty-one of the tax law to the contrary, pay to the agency, on or before the fifteenth day of each month, all or a portion of the local sales and use tax revenues due the municipality in default, until the amount certified in default has been extinguished. The comptroller shall make such payments to the agency only out of net collections not otherwise pledged, required to be intercepted or otherwise encumbered by provisions of law in effect immediately prior to the date the municipality's local ARRA bonds secured by a pledge authorized by this section shall have been issued.

(c) Upon receiving such complete, certified written notice from the agency, the chief fiscal officer of a county, notwithstanding the provisions of section two hundred sixty-one of the tax law, shall pay over to the comptroller, the net amount of mortgage recording tax revenues imposed by subdivision one of section two hundred fifty-three of the tax law due to the city, town, or village in default. The chief fiscal officer of the county shall continue to make those payments to the comptroller until the agency sends certified notice to the officer and to the comptroller that the city or town is no longer in default. The comptroller shall pay to the agency, on or before the fifteenth day of each month, all or a portion of the mortgage recording tax revenues received from the chief fiscal officer of the county, until the amount certified in default has been extinguished.

(d) Such payments by the comptroller to the agency shall be made on account of, and for the benefit of, the municipality in default. If so requested by the agency, as indicated in its certified notice to the comptroller, the comptroller shall make such payments to a trustee pursuant to an indenture for holders of the recovery act bonds issued by the agency that were used to purchase the municipality's local ARRA bonds in default. Such payments by the comptroller on behalf of such municipality shall be applied by the agency or, if paid directly to the trustee, by such trustee, to cure that municipality's default. To the extent the comptroller makes any such payment to the agency or to such a trustee, the municipality's default shall be cured.

(e) The comptroller shall not be responsible for any inaccuracy in the

amount of such payments based upon the notice furnished by the agency. The comptroller shall not be required to make payments under this subdivision which are greater than the amounts of local sales and use tax revenues due the municipality, as certified to the comptroller by the commissioner of taxation and finance as provided in subdivision (c) of section twelve hundred sixty-one of the tax law (subject to the limitation in paragraph (b) of this subdivision), or which are greater than the amount of net mortgage recording tax revenues paid to the comptroller by the chief fiscal officer of the county. After the comptroller makes any payments of net collections required under this section, the comptroller shall pay any balance of net collections due such municipality to such municipality in the manner provided in subdivision (c) of section twelve hundred sixty-one of the tax law or other applicable law. The comptroller shall be required to make payments under this section for only so long as the municipality is in default as certified in the agency's notice to the comptroller.

(f) The authority in this section to withhold local sales and use tax revenues and mortgage recording tax revenues and pay them over to the agency shall be in addition to the state aid guaranty set forth in section twenty four hundred thirty-six of this title; and the agency may certify that either or both revenue sources may be withheld to the extent necessary to satisfy the municipality's unmet obligations to the agency.

(g) Any withholding of revenues pursuant to this subdivision or state aid pursuant to section twenty-four hundred thirty-six of this title with respect to local ARRA bonds shall be made in consultation with the director of the budget of the state; provided, however, such consultation shall not delay or otherwise adversely affect the agency's right to receive timely payment of such revenues and/or state aid.

(6) When used in this section, the following terms shall have the following meanings unless the context clearly indicates otherwise:

(a) "Sales and compensating use taxes" means taxes imposed by a county or city pursuant to the authority of subpart B of part one of article twenty-nine of the tax law.

(b) "Net collections" shall have the same meaning as in subdivision (f) of section twelve hundred sixty-two of the tax law.

(c) "County sales tax revenues" means net collections set aside for

county purposes pursuant to subdivision (a) of section twelve hundred sixty-two of the tax law or other applicable provision of part four of article twenty-nine of the tax law, from a county's sales and compensating use taxes.

(d) "City sales tax revenues" means net collections from a city's sales and compensating use taxes.

(e) "Municipality" means municipality as defined in paragraph one of section 2.00 of the local finance law.

(f) "Local sales and use tax revenues" means any of the tax revenues defined in paragraph (c) or (d) of this subdivision, or any combination of them, as the case may be.

(g) "Secure" means a pledge of sales and compensating use taxes or mortgage recording taxes for the purposes of default by a municipality as a result of a failure to pay debt service on its local ARRA bonds.