§ 73. State subsidies. The commissioner may in the name of the state enter into contracts to make periodic subsidies (1) to an authority or a municipality for one or more projects to assist in achieving and maintaining the low rent character of a project, or, (2) to a municipality to assist in the clearance, replanning, reconstruction and rehabilitation of substandard and insanitary areas pursuant to and in accordance with the provisions of this chapter, the general municipal law and any other laws authorizing municipalities to establish and carry out a federal program of urban renewal with federal aid, payable in either case only with moneys appropriated therefor from the general fund of the state, provided, however, (a) that no contracts for periodic subsidies shall be entered into in any one year requiring payments for both such purposes aggregating more than two million eight hundred sixty thousand dollars in any one year, of which amount not more than two million five hundred thousand dollars shall be with respect to contracts for payments to assist in achieving and maintaining the low rent character of projects; (b) that there shall not be outstanding at any one time contracts for periodic subsidies requiring payments exceeding an aggregate of forty-four million dollars in any one year, of which amount not more than forty-two million fifty thousand dollars shall be with respect to contracts for payments to assist in achieving and maintaining the low rent character of the projects. All such contracts shall be subject to approval by the state comptroller, and by the attorney general as to form.

The periodic subsidy for any project shall be payable on an annual basis, in amounts which need not be uniform, over a fixed period of years not exceeding the life of the project assisted by such subsidy and in any event for not more than fifty years. Portions of the periodic subsidy payable for any one year may be paid from time to time as required. The period of years during which the periodic subsidy shall be payable shall commence on the date of substantial completion of the project, as determined by the commissioner. The maximum subsidy payable in any one year on any one project shall not exceed a sum equal to the largest annual interest charge on funds borrowed from the state to finance such project plus one per centum of the project cost not including, however, funds borrowed from the state for working capital.

Where all or any part of the funds necessary to finance the project are borrowed from sources other than the state or federal government the periodic subsidy may equal but shall not exceed the largest annual interest charge on all borrowed funds plus one per centum of the project cost. The periodic subsidies shall be further limited to amounts and periods necessary in the determination of the commissioner to assure the low-rent character of the project involved.

The contract of the commissioner providing for such periodic subsidies shall guarantee their payment over such fixed period of years. The faith of the state is pledged to the payment of all periodic subsidies contracted for by the commissioner. Such periodic subsidies shall be paid upon the audit and warrant of the state comptroller upon vouchers approved by the commissioner.

No state subsidy shall be made available for any project unless and until: (a) the municipality in which such project is situated shall contract or have contracted to make subsidies to such project in an amount at least equal to the subsidy contracted to be made by the state, all or any part of which municipal subsidy may be in the form of exemption of the project from county, city, village, town, school and special district taxes to the extent specified in subdivision four of section fifty-two of this chapter; (b) the findings required by section seventy-one of this chapter have been made by the commissioner. Such findings shall be conclusive evidence of the facts therein contained except upon proof of fraud or willful misfeasance by the commissioner. For the purpose of determining the amount of subsidy to be paid by a municipality in any year pursuant to clause (a) of this paragraph, a project shall be deemed to have been granted tax exemption for that year for so much of the actual incurred development cost of the project at the close of the period for which state subsidy is payable as represents an increase over the assessed valuation of the real property, both land and improvements, included in the project on the date of the contract for a state subsidy, notwithstanding the fact that at the close of such period tax assessments or assessment-rolls reflecting the actual value of the project have not as yet been prepared, entered, or completed, nor

that the due date for the payment of the taxes has not as yet occurred, and provided further that whenever there has been a change in the overall level of assessment and the commissioner of taxation and finance has certified a percentage change in the level of assessment pursuant to the provisions of subdivision four of section fifty-two of this chapter, the value of the tax exemption shall be computed by multiplying the tax rate which is to be applied to the assessed value deemed to be tax exempt under this paragraph by the percentage change in the level of assessment plus one hundred percent.