§ 16-d. Amortization of a portion of the state's contribution bill for fiscal year ending March thirty-first, two thousand six. a. If the comptroller, in his or her discretion, decides to permit amortization of employer contributions pursuant to this section, then, on the basis of the annual actuarial valuation made as of April first, two thousand four as provided for in this chapter, the comptroller shall determine the amount (exclusive of payments for group term life insurance, deficiency payments, adjustments relating to prior fiscal years' obligations and obligations pertaining to retirement incentives or any other obligations that the state is permitted to pay on an amortized basis) required to be paid pursuant to section twenty-three-a of this article for the fiscal year ending March thirty-fist, two thousand six. The amount by which the contribution amount with respect to the fiscal year ending March thirty-first, two thousand six exceeds nine and one-half percent of the estimated pensionable salary base for the fiscal year ending March thirty-first, two thousand six shall be the "amount eligible for amortization." The "amount eligible for amortization" may be amortized over a ten-year period at eight percent interest per annum, with the first of ten equal payments payable during the fiscal year ending March thirty-first, two thousand seven, provided, however, that on or before September first, two thousand five, the comptroller, in his or her discretion, may establish a fixed rate of interest per annum to be applied to the unpaid balance of the amounts eligible for amortization of all employers, which more closely approximates a market rate of return on taxable fixed rate securities with similar terms issued by comparable issuers.

b. The state may, in lieu of paying its bill for fiscal year ending March thirty-first, two thousand six, pay a lesser amount during the fiscal year ending March thirty-first, two thousand six which shall be determined by the comptroller by adding the following two amounts together:

(1) the entire bill for the fiscal year ending on March thirty-first, two thousand six, calculated pursuant to section twenty-three-a of this article (without reference to this section) less the "amount eligible for amortization" determined pursuant to subdivision a of this section, and

(2) the first annual installment of the "amount eligible for amortization" determined pursuant to subdivision a of section sixteen-c of this article, if applicable.

c. If the state makes the payment provided for in subdivision b of this section, the state shall pay during the fiscal year ending March thirty-first, two thousand seven an amount determined by the comptroller by adding the following three amounts together:

(1) the state's entire bill for the fiscal year ending March thirty-first, two thousand seven, calculated pursuant to section twenty-three-a of this article (without reference to this section),

(2) the first annual installment of the "amount eligible for amortization" determined pursuant to subdivision a of this section, and

(3) the second annual installment of the "amount eligible for amortization" determined pursuant to subdivision a of section sixteen-c of this title, if applicable.

d. The remaining amortized payments determined pursuant to section sixteen-c of this title and pursuant to this section shall be due and payable each subsequent fiscal year during the applicable amortization period. The comptroller shall have the authority to permit the pre-payment of the remaining balance of the "amount eligible for amortization," determined pursuant to both such sections subject to the following:

(1) on or before August first, two thousand five, in addition to advising with respect to the amount due for the current year billing and for the payment of the amortized annual installments determined pursuant to section sixteen-c of this title and pursuant to this section, the comptroller shall advise the state of the total amount due and be authorized to accept pre-payment in full of said amount for fiscal year ending March thirty-first, two thousand six.

(2) on or before each subsequent August first during the amortization periods, in addition to the amount due for the current year billing and for the payment of the annual amortized installments, the comptroller shall advise the state of the total amount still outstanding and be authorized to accept the pre-payment of any balance remaining to be paid for that fiscal year.