

## STATE OF NEW YORK

4941

2009-2010 Regular Sessions

## IN SENATE

April 27, 2009

Introduced by Sen. KRUGER -- read twice and ordered printed, and when printed to be committed to the Committee on Cities

AN ACT to amend the New York state financial emergency act for the city of New York and the New York city charter, in relation to bond anticipation notes

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

1 Section 1. Paragraph c of subdivision 4 of section 9-b of section 2 of  
2 chapter 868 of the laws of 1975, constituting the New York state finan-  
3 cial emergency act for the city of New York, as added by chapter 201 of  
4 the laws of 1978, is amended to read as follows:

5 c. Bond anticipation notes shall mature not later than [~~six months~~]  
6 one year after their date of issuance and may be renewed for a period  
7 not to exceed [~~six months~~] two years, or such longer period as may be  
8 permitted for bond anticipation notes of the state, from the date of  
9 original issue.

10 § 2. Paragraph 3 of subdivision h of section 266 of the New York city  
11 charter, as added by vote of the electors at the general election held  
12 in November 2005, is amended to read as follows:

13 (3) Bond anticipation notes shall mature not later than [~~six months~~]  
14 one year after their date of issuance and may be renewed for a period  
15 not to exceed [~~six months~~] two years, or such longer period as may be  
16 permitted for bond anticipation notes of the state, from the date of  
17 original issue.

18 § 3. This act shall take effect immediately.

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

LBD11660-01-9

**NEW YORK STATE SENATE  
INTRODUCER'S MEMORANDUM IN SUPPORT  
submitted in accordance with Senate Rule VI. Sec 1**

**BILL NUMBER:** S4941

**SPONSOR:** KRUGER

**TITLE OF BILL:**

An act to amend the New York state financial emergency act for the city of New York and the New York city charter, in relation to bond anticipation notes

**SUMMARY OF PROVISIONS:**

This bill would amend subdivision c of section 9-b of the New York State Financial Emergency Act for the City of New York, section 2 of chapter 868 of the Laws of 1975, and paragraph (3) of subdivision h of section 266 of the New York City Charter to require that bond anticipation notes issued by the City of New York mature no later than one year after their date of issuance and permit such notes to be renewed for a period not to exceed two years from the date of original issue, or such longer period as may be permitted for bond anticipation notes of the State.

**REASONS FOR SUPPORT:**

When the New York State Financial Emergency Act for the City of New York (the "FEA") was enacted 30 years ago, it limited the final maturity of bond anticipation notes issued by the City to six months following the date of issuance. That limitation was incorporated into the New York City Charter by the Charter revision of 2005. Both provisions are unnecessary in 2009 when City borrowing is expressly limited under applicable law to projects that are properly included in the City's capital budget. During the current global financial, liquidity and credit crisis, the City needs all the financing alternatives provided for under the Local Finance Law in order to be able to effectively access capital markets to fund necessary infrastructure improvements, such as bridges, roads and schools. The FEA's limitation of the term of bond anticipation notes to six months, with renewal permitted only for another six months, imposes constraints that would render such notes extremely difficult to sell in the current market. The constraints on the final maturity of an issue of bond anticipation notes set forth in the State Finance Law apply to bonds of the State and would, if this bill is enacted, apply also to the City. Those constraints, together with the other limitations on borrowing set forth in the Local Finance Law, the FEA and the City Charter, provide appropriate protection against potential abuse and needed financing flexibility for the City currently enjoyed by the State.

Accordingly, the Mayor urges the earliest possible favorable consideration of this proposal by the Legislature.



## STATE OF NEW YORK

8617

2009-2010 Regular Sessions

## IN ASSEMBLY

May 29, 2009

Introduced by M. of A. FARRELL, COOK, WRIGHT, BING, POWELL, ESPAILLAT,  
KELLNER -- Multi-Sponsored by -- M. of A. O'DONNELL -- read once and  
referred to the Committee on Ways and Means

AN ACT to amend the New York state financial emergency act for the city  
of New York and the New York city charter, in relation to bond antic-  
ipation notes

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

- 1 Section 1. Paragraph c of subdivision 4 of section 9-b of section 2 of  
2 chapter 868 of the laws of 1975, constituting the New York state finan-  
3 cial emergency act for the city of New York, as added by chapter 201 of  
4 the laws of 1978, is amended to read as follows:  
5 c. Bond anticipation notes shall mature not later than [~~six months~~]  
6 one year after their date of issuance and may be renewed for a period  
7 not to exceed [~~six months~~] two years, or such longer period as may be  
8 permitted for bond anticipation notes of the state, from the date of  
9 original issue.
- 10 § 2. Paragraph 3 of subdivision h of section 266 of the New York city  
11 charter, as added by vote of the electors at the general election held  
12 in November 2005, is amended to read as follows:  
13 (3) Bond anticipation notes shall mature not later than [~~six months~~]  
14 one year after their date of issuance and may be renewed for a period  
15 not to exceed [~~six months~~] two years, or such longer period as may be  
16 permitted for bond anticipation notes of the state, from the date of  
17 original issue.
- 18 § 3. This act shall take effect immediately.

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

LBD11660-01-9

**NEW YORK STATE ASSEMBLY**  
**MEMORANDUM IN SUPPORT OF LEGISLATION**  
**submitted in accordance with Assembly Rule III, Sec 1(f)**

**BILL NUMBER:** A8617

**SPONSOR:** Farrell (MS)

**TITLE OF BILL:** An act to amend the New York state financial emergency act for the city of New York and the New York city charter, in relation to bond anticipation notes

**SUMMARY OF PROVISIONS:**

This bill would amend subdivision c of section 9-b of the New York State Financial Emergency Act for the City of New York, section 2 of chapter 868 of the Laws of 1975, and paragraph (3) of subdivision h of section 266 of the New York City Charter to require that bond anticipation notes issued by the City of New York mature no later than one year after their date of issuance and permit such notes to be renewed for a period not to exceed two years from the date of original issue, or such longer period as may be permitted for bond anticipation notes of the State.

**JUSTIFICATION:**

When the New York State Financial Emergency Act for the City of New York (the "FEA") was enacted 30 years ago, it limited the final maturity of bond anticipation notes issued by the City to six months following the date of issuance. That limitation was incorporated into the New York City Charter by the Charter revision of 2005. Both provisions are unnecessary in 2009 when City borrowing is expressly limited under applicable law to projects that are properly included in the City's capital budget. During the current global financial, liquidity and credit crisis, the City needs all the financing alternatives provided for under the Local Finance Law in order to be able to effectively access capital markets to fund necessary infrastructure improvements, such as bridges, roads and schools. The FEA's limitation of the term of bond anticipation notes to six months, with renewal permitted only for another six months, imposes constraints that would render such notes extremely difficult to sell in the current market. The constraints on the final maturity of an issue of bond anticipation notes set forth in the State Finance Law apply to bonds of the State and would, if this bill is enacted, apply also to the City. Those constraints, together with the other limitations on borrowing set forth in the Local Finance Law, the FEA and the City Charter, provide appropriate protection against potential abuse and needed financing flexibility for the City currently enjoyed by the State.

**FISCAL IMPLICATIONS:** None to the State

**EFFECTIVE DATE:** Immediately