

STATE OF NEW YORK

S. 7429

A. 10804

SENATE - ASSEMBLY

April 24, 2006

IN SENATE -- Introduced by Sens. FARLEY, ALESI, FLANAGAN, GOLDEN, LAVALLE, LEIBELL, MARCHI, MORAHAN, PADAVAN, RATH, SALAND, SEWARD, TRUNZO, VOLKER -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

IN ASSEMBLY -- Introduced by M. of A. TONKO -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public authorities law, in relation to the limitation on bonds issued by the dormitory authority for the purpose of financing the costs related to residential institutions for children

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

1 Section 1. Paragraph b of subdivision 40 of section 1680 of the public
2 authorities law, as added by chapter 472 of the laws of 2004, is amended
3 to read as follows:

4 b. The dormitory authority shall not issue any bonds or notes in
5 excess of [~~thirty~~ sixty] million dollars for the purpose of financing
6 the costs related to residential institutions for children as defined in
7 subdivision forty-four of section sixteen hundred seventy-six of this
8 title. In calculating the amount of bonds or notes outstanding pursuant
9 to this subdivision, the principal amount of bonds or notes issued to
10 fund one or more debt service reserve funds, the principal amount of
11 bonds or notes issued to pay the costs of issuance of such bonds, and
12 the principal amount of bonds or notes issued to refund or otherwise
13 repay such bonds and bonds or notes previously issued shall be excluded
14 therefrom. Except for purposes of complying with the internal revenue
15 code, any interest income earned on bond proceeds shall only be used to
16 pay debt service on such bonds or notes.

17 § 2. This act shall take effect immediately.

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

LBD16037-01-6

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

BILL NUMBER: S7429

SPONSOR: FARLEY

TITLE OF BILL:

An act to amend the public authorities law, in relation to the limitation on bonds issued by the dormitory authority for the purpose of financing the costs related to residential institutions for children

PURPOSE:

This bill would increase the the cap on the amount of bonds which may be issued by the Dormitory Authority to finance capital construction projects undertaken by residential institutions for children.

SUMMARY OF PROVISIONS:

Amends section 1680 of the Public Authorities Law to increase to \$60 million, from \$30 million, the maximum amount of bonds which may be issued by the Dormitory Authority for the purpose of financing capital construction costs of residential institutions for children.

EXISTING LAW:

Current law "caps" the maximum bonding authority at \$30 million.

JUSTIFICATION:

The current provisions of section 1680 of the Public Authorities Law permitting Dormitory Authority bonding for these residential institutions were established for the first time in 2004 (Ch. 472, Laws of 2004). At that time~ the bond "cap" was established based on best available estimates of need. The first round of bonding requests for health and safety renovations now totals more than \$50 million. Raising the "cap" will permit all of these projects to be undertaken, thereby ensuring the health and safety of the children residing in these institutions.

LEGISLATIVE HISTORY:

New in 2006.

FISCAL IMPLICATIONS:

Tuition payments to residential institutions for children are primarily paid by school districts using local and State funds. Given that capital projects required to ensure the health and safety of children attending these institutions would eventually have to be undertaken, the availability of lower-cost financing through the Dormitory Authority will reduce total project costs compared with what the cost would be if commercial financing were required. Hence, the higher the value of projects which can be financed through the Dormitory Authority, the

lower the cost to State and local taxpayers.

LOCAL FISCAL IMPLICATIONS:

See Fiscal Implications above.

EFFECTIVE DATE:

Immediate.
