

One World Trade Center, Sui' 8901
New York, New York 10048
Telephone: (212) 775-0010

**MUNICIPAL
ASSISTANCE
CORPORATION
FOR THE CITY
OF NEW YORK**

6 February 1992

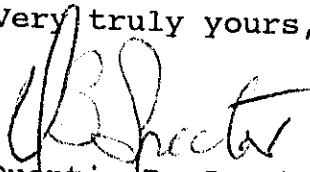
Mr. Patrick J. Bulgaro
Director of the Budget
State of New York
Division of the Budget
State Capitol, Room 113
Albany, New York 12224

Dear Mr. Bulgaro:

We have reviewed the attached Budget Bill S.6809/A.9309.

Insomuch as S.6809/A.9309 preserves the Corporation's claim to Per Capita Aid revenues to be used for debt service on bonds issued pursuant to the Second and 1991 General Bond Resolutions and the operating expenses of the Corporation, prior to the new claim on such revenues asserted by the State, we do not object to the enactment of the legislation.

Very truly yours,



Quentin B. Spector
Executive Director

LK:ca

Markowitz

STATE OF NEW YORK

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SENATE - ASSEMBLY

January 23, 1992

IN SENATE -- A BUDGET BILL, submitted by the Governor pursuant to article seven of the Constitution -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

IN ASSEMBLY -- A BUDGET BILL, submitted pursuant to article seven of the Constitution -- read once and referred to the Committee on Ways and Means

AN ACT to amend the state finance law and the public authorities law, in relation to the payment of municipal assistant state aid to cities for which a municipal assistance corporation has been created under article 10 of the public authorities law and to repeal certain provisions of the state finance law relating thereto

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

- 1 Section 1. Paragraph c of subdivision 7 of section 54 of the state
- 2 finance law, as amended by chapter 870 of the laws of 1975, is amended
- 3 to read as follows:
- 4 c. Upon such certification of the amounts payable to counties, cities,
- 5 villages and towns for town-wide and town outside village purposes, such
- 6 per capita aid shall be apportioned and paid to the chief fiscal officer
- 7 of each such locality pursuant to this section on audit and warrant of
- 8 the state comptroller out of moneys appropriated by the legislature for
- 9 such purpose to the credit of the local assistance fund in the general
- 10 fund of the state treasury; provided however that upon such certifica-
- 11 tion of amounts payable to the city of New York, such per capita aid
- 12 shall be apportioned and paid as follows: (i) any amounts required to be
- 13 paid to the city university construction fund pursuant to the city
- 14 university construction fund act, (ii) any amounts required to be paid
- 15 to the New York city housing development corporation pursuant to the New
- 16 York city housing development corporation act, (iii) any amounts
- 17 required to be paid by the city to the New York city transit authority
- 18 pursuant to the provisions of chapter seven of the laws of nineteen hun-
- 19 dred seventy-two, (iv) any amounts required to be paid by the city to
- 20 the state to repay an advance made in nineteen hundred seventy-four to

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

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1 subsidize the fare of the New York city transit authority, (v) five hun-
2 dred thousand dollars to the chief fiscal officer of the city of New
3 York for payment to the trustees of the police pension fund of such city
4 pursuant to the provisions of paragraph e of this subdivision, (vi)
5 eighty million dollars to the special account for the municipal as-
6 sistance corporation for the city of New York in the municipal as-
7 sistance tax fund created pursuant to section ninety-two-d of [the state
8 finance law] this chapter to the extent that such amount has been in-
9 cluded by the municipal assistance corporation for the city of New York
10 in any computation for the issuance of bonds on a parity with outstand-
11 ing bonds pursuant to a contract with the holders of such bonds prior to
12 the issuance of any other bonds secured by payments from the municipal
13 assistance state aid fund created pursuant to section ninety-two-e of
14 [the state finance law] this chapter, and (vii) the balance to the
15 special account for the municipal assistance corporation for the city of
16 New York in the municipal assistance state aid fund created pursuant to
17 section ninety-two-e of [the state finance law] this chapter, and (viii)
18 any amounts to be refunded to the general fund of the state of New York
19 pursuant to the annual appropriation enacted for the municipal as-
20 sistance state aid fund. Notwithstanding any existing law, no payments
21 of per capita aid payable to the city of New York shall be paid to the
22 state of New York municipal bond bank agency, the New York state sports
23 authority or the transit construction fund so long as amounts of such
24 aid are required to be paid into the municipal assistance state aid
25 fund, and thereafter, after payment of the amounts described in subpara-
26 graphs (i) through [(vii)] (viii) the balance shall be paid (A) to the
27 state in repayment of the appropriation of two hundred fifty million
28 dollars made to the city pursuant to the chapter of the laws of nineteen
29 hundred seventy-five providing emergency financial assistance to the
30 city of New York at the extraordinary session held in such year, as
31 amended, (B) to the state of New York municipal bond bank agency to the
32 extent provided by section twenty-four hundred thirty-six of the public
33 authorities law, (C) to the New York state sports authority to the ex-
34 tent provided by section twenty-four hundred sixty-three of the public
35 authorities law, (D) to the transit construction fund to the extent
36 provided by section twelve hundred twenty-five-i of the public authori-
37 ties law, and thereafter (E) to the city.

38 § 2. Paragraph 1 of subdivision 7 of section 84 of the state finance
39 law is REPEALED and a new paragraph 1 is added to read as follows:
40 1. Notwithstanding paragraph f of subdivision two of this section, for
41 a city with a population of one million or more, the sum of forty-nine
42 million eight hundred eight thousand nine hundred eleven dollars
43 (\$49,808,911) of the amount apportioned to such city shall be paid on
44 December fifteenth subject to the provisions of subdivision seven of
45 section fifty-four of this chapter and subdivision 5-a of section 92-e
46 of this chapter.

47 § 3. Subdivisions 3 and 5 of section 92-e of the state finance law, as
48 added by chapter 859 of the laws of 1975, are amended to read as
49 follows:
50 3. Such per capita aid apportioned to a city in aid of which a municip-
51 al assistance corporation has been created, shall be deposited by the
52 comptroller to the credit of the special account established for the
53 municipal assistance corporation which has been created in aid of such
54 city in order to enable such corporation to fulfill the terms of any
55 agreements made with the holders of its notes and bonds and to carry out
56 its corporate purposes, including the maintenance of the capital reserve



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fund securing such bonds and notes, and, subject to the provisions of section fifty-four of (the state finance law) this chapter, and subdivisions five and five-a of this section, the balance, if any, shall be paid to the chief fiscal officer of the city in aid of which such corporation has been created as hereinafter provided.

9. Upon receipt by the comptroller of a certificate or certificates from the chairman of a municipal assistance corporation that such corporation requires a payment or payments in order to comply with any agreement with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund securing such bonds, from the appropriate special account established for such corporation, each of which certificates shall specify the required payment or payments and the date when the payment or payments is required, the comptroller shall pay from such special account on or before the specified date or within thirty days after receipt of such certificate or certificates, whichever is later, to such corporation, as the chairman thereof may direct in any such certificate, the amount or amounts so certified. The comptroller shall from time to time, but in no event later than the fifteenth day of October, January and April and the last day of June of each fiscal year, pay over and distribute to the chief fiscal officer of the city in aid of which such municipal assistance corporation has been created to be paid into the treasury of such city to the credit of the general fund all revenues in the special account established for such corporation in the municipal assistance state aid fund, if any, in excess of (i) the aggregate amount which the chairman of such corporation has certified to the comptroller and which has been previously paid to such corporation as herein above authorized, and (ii) amounts to be refunded to the general fund of the state of New York pursuant to subdivision five-a of this section. In no event shall the comptroller pay over and distribute any revenues to any person other than the municipal assistance corporation unless and until the aggregate of all payments certified to the comptroller as required by such corporation as of such date in order to comply with its agreements with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund securing such bonds, which remain unpaid to such corporation shall have been paid in full to such corporation; provided, however, that no person, including such corporation or the holders of its notes or bonds shall have any lien on such revenues and such agreement shall be executory only to the extent of such revenues available to the state in such special account.

§ 4. Section 52-a of the state finance law is amended by adding a new subdivision 5-a to read as follows:

5-a. In no event shall the comptroller pay over any revenues to the city in aid of which such municipal assistance corporation has been created as specified in subdivision five of this section unless and until the director of the budget certifies the amount or amounts to be refunded to the general fund of the state of New York pursuant to section fifty-four of this chapter. Such amount shall be deducted from the first amounts available for payment to such city after certification by the chairman of, and payment to, if required, the municipal assistance corporation as specified in subdivision five of this section and refunded to the general fund of the state. The remainder shall be paid to the chief fiscal officer of the city in aid of which such municipal assistance corporation has been created.

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1 § 5. Subdivision 1 of section 3035-a of the public authorities law, as
 2 added by chapter 948 of the laws of 1975, is amended to read as follows:
 3 1. In addition to the total amount certified by each chairman for each
 4 fiscal year, all as referred to in subdivision one of section three
 5 thousand thirty-six, the chairman shall at the same time certify to the
 6 state comptroller and to the mayor a schedule setting forth additional
 7 cash requirements of the corporation which shall be equal to: (i) the
 8 amounts which are required to be deposited in the capital reserve fund
 9 authorized to be created and established pursuant to subdivision two of
 10 this section (in this section called the capital reserve fund) during
 11 such fiscal year in order to maintain the capital reserve fund at the
 12 level required in accordance with subdivision four of this section; (ii)
 13 the amounts required to be deposited in the bond service fund of the
 14 corporation to pay all interest and all payments of principal and
 15 redemption premium, if any, on notes and bonds payable from the sources
 16 hereinafter identified in this section and maturing or otherwise coming
 17 due during such fiscal year; and (iii) the amounts required to be depo-
 18 sited in the operating fund of the corporation heretofore established,
 19 as determined by the corporation during such fiscal year. If any in-
 20 crease shall occur in such additional cash requirements specified above,
 21 or if payments are required at a time or times earlier than previously
 22 certified or if the city shall for any reason fail to make timely
 23 payment of the principal and accrued interest due on any obligation is-
 24 sued by the city to the corporation and maturing within the same fiscal
 25 year, such chairman shall certify a revised schedule of such additional
 26 cash requirements for such fiscal year to the state comptroller and to
 27 the mayor. The schedule accompanying each certification (or revision
 28 thereof) shall provide for such payment dates as the corporation deems
 29 appropriate to assure that sufficient funds will be available from the
 30 sources identified below to enable it to meet its current obligations
 31 under this section as they come due. Upon receipt of such certification,
 32 or any revision thereof, the state comptroller shall pay such amount to
 33 the corporation for deposit in the appropriate funds referred to in this
 34 section, in accordance with such certification from the special account
 35 established for the corporation in the municipal assistance state aid
 36 fund in accordance with subdivision one of section ninety-two-a of the
 37 state finance law and, subject to agreements with outstanding bond and
 38 note holders of the corporation, from the special account established
 39 for the corporation in the municipal assistance tax fund, in accordance
 40 with subdivision one of section ninety-two-d of the state finance law,
 41 including any amount transferred to the municipal assistance tax fund
 42 from the stock transfer tax fund pursuant to subdivision four of section
 43 ninety-two-b of the state finance law. Any such payment shall be made
 44 within thirty days of receipt of the certification or at the time speci-
 45 fied in the certification, whichever is later; provided that any such
 46 amounts shall have been first appropriated by the state for such purpose
 47 or shall have been otherwise made available. Any amount paid to the cor-
 48 poration from such municipal assistance state aid fund shall be deducted
 49 from the amount otherwise payable to the city as per capita aid pursuant
 50 to [section] ~~ninety-four and ninety-two-g~~ of the state finance
 51 law and shall not obligate the state to make, nor entitle the city to
 52 receive, any additional payments of per capita aid. Any amount so paid
 53 to the corporation from the municipal assistance tax fund shall, in ad-
 54 dition to the amount deducted pursuant to subdivision one of section
 55 three thousand thirty-six, be deducted from the amount otherwise payable
 56



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1 to the city from the municipal assistance tax fund and shall not obli-
 2 gate the state to make, nor entitle the city to receive, any additional
 3 payments from such municipal assistance tax fund.
 4 § 6. Subdivision 1 of section 3036-b of the public authorities law, as
 5 added by chapter 449 of the laws of 1991, is amended to read as follows:
 6 1. In addition to the total amount certified by such chairman for such
 7 fiscal year, all as referred to in subdivision one of each of sections
 8 three thousand thirty-six and three thousand thirty-six-a of this title,
 9 the chairman shall at the same time certify to the state comptroller and
 10 to the mayor a schedule setting forth additional cash requirements of
 11 the corporation which shall be equal to: (i) the amounts required to be
 12 deposited in the bond payment fund of the corporation to pay all in-
 13 terest and all payments of principal and redemption premium, if any, on
 14 bonds and notes payable from the sources hereinafter identified in this
 15 section and maturing or otherwise coming due during such fiscal year;
 16 (ii) the amounts required to be deposited in the operating fund of the
 17 corporation heretofore established, as determined by the corporation, to
 18 meet the operating requirements and other expenses of the corporation
 19 during such fiscal year to the extent not otherwise provided for; and
 20 (iii) the amounts required to be deposited in the bond reserve fund
 21 created and established pursuant to the agreements of the corporation
 22 made with the holders of its bonds or notes issued pursuant to subdivi-
 23 sion two-b of section three thousand thirty-three of this title during
 24 such fiscal year in order to maintain the bond reserve fund at the level
 25 required in accordance with the agreements of the corporation made with
 26 the holders of its bonds or notes issued pursuant to subdivision two-b
 27 of section three thousand thirty-three of this title. If any increase
 28 shall occur in such additional cash requirements specified above, or if
 29 payments are required at a time or times earlier than previously certi-
 30 fied or if the city shall, for any reason, fail to make timely payment
 31 of the principal and accrued interest due on any obligation issued by
 32 the city to the corporation and maturing within the same fiscal year,
 33 such chairman shall certify a revised schedule of such additional cash
 34 requirements for such fiscal year to the state comptroller and to the
 35 mayor. The schedule accompanying each certification, or revision
 36 thereof, shall provide for such payment dates as the corporation deems
 37 appropriate to assure that sufficient funds will be available from the
 38 sources identified below to enable it to meet its current obligations
 39 under this section as they come due. Upon receipt of such certification,
 40 or any revision thereof, the state comptroller shall pay such amount to
 41 the corporation for deposit in the appropriate funds referred to in this
 42 section, in accordance with such certification and subject to agreements
 43 with holders of outstanding bonds and notes of the corporation, from the
 44 special account established for the corporation in the municipal as-
 45 sistance state aid fund in accordance with subdivision one of section
 46 ninety-two-e of the state finance law and from the special account estab-
 47 lished for the corporation in the municipal assistance tax fund in ac-
 48 cordance with subdivision one of section ninety-two-d of the state
 49 finance law, including any amount transferred to the municipal as-
 50 sistance tax fund from the stock transfer tax fund pursuant to subdivi-
 51 sion four of section ninety-two-b of the state finance law. Any such
 52 payment shall be made within thirty days of receipt of the certification
 53 or at the time specified in the certification, whichever is later,
 54 provided that any such amounts shall have been first appropriated by the
 55 state for such purpose or shall have been otherwise made available. Any
 56 amount paid to the corporation from such municipal assistance state aid

