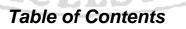
NEW YORK STATE

DEBT REFORM STATUTE

New York State Debt Reform Act of 2000

NEW YORK STATE FINANCE LAW -- ARTICLE 5-B LIMITATIONS ON STATE-SUPPORTED DEBT

Introduction: Article 5-B of the State Finance Law is the Debt Reform Act of 2000. It places limits on the amount and use of State-supported debt. The statute which follows provides the details of these limitations. In summary, new state-supported debt issued since April 1, 2000 is limited to 4 percent of state personal income and can be issued only for capital purposes, while new debt service costs are limited to 5 percent of all funds receipts. It does not cover contingent contractual debt.



- a. Definitions.
- b. Limitations on the issuance of statesupported debt

New York State Debt Reform Act of 2000 NEW YORK STATE FINANCE LAW -- ARTICLE 5-B LIMITATIONS ON STATE-SUPPORTED DEBT

Section 67-a. Definitions.

67-b. Limitations on the issuance of state-supported debt.

§ 67-a. Definitions. When used in this article the following terms shall have the meanings set forth below:

1. "State-supported debt" shall mean any bonds or notes, including bonds or notes issued to fund reserve funds and costs of issuance, issued by the state or a state public corporation for which the state is constitutionally obligated to pay debt service or is contractually obligated to pay debt service subject to an appropriation, except where the state has a contingent contractual obligation.

2. "Total personal income of the state" shall mean the most recently published estimate of the immediately preceding calendar year annual total personal income of the state of New York as published by the United States department of commerce or any successor agency from which information is available most proximate and prior to October thirty-first, two thousand one and to October thirty-first of each year thereafter. Subsequent revisions of the published estimated dollar amount for any calendar year estimate employed pursuant to the terms of this subdivision shall not affect the validity of the determination made for any fiscal year.

3. "Total governmental funds receipts" shall mean the total amount of receipts of all governmental funds of the state including general fund, special revenue funds, capital funds and debt service funds as finally reported by the state comptroller on a cash basis of accounting for the state fiscal year, but shall exclude cash transfers between funds and include any cash management or other related transactions whereby receipts in a state fiscal year were reduced and maintained for subsequent use.

4. "Capital work or purpose" shall mean any project involving:

(i) the acquisition, construction, demolition, or replacement of a fixed asset or assets;
(ii) the major repair or renovation of a fixed asset, or assets which materially extends its useful life or materially improves or increases its capacity; or

(iii) the planning or design of the acquisition, construction, demolition, replacement, major repair or renovation of a fixed asset or assets, including the preparation and review of plans and specifications including engineering and other services, field surveys and sub-surface investigations incidental thereto.

§ 67-b. Limitations on the issuance of state-supported debt.

1. (a) State-supported debt may not be contracted for unless, as of October thirty-first, two thousand one and as of each October thirty-first thereafter, the total outstanding principal amount of such debt, as of the last day of the immediately preceding fiscal year, is less than the designated percentage of the total personal income of the state. Nothing shall preclude the contracting of state-supported debt prior to October thirty-first of each year if, as of the last day of the immediately preceding fiscal year, the total outstanding principal amount of such debt was less than the designated percentage of the total percentage of the state. The total outstanding principal amount of debt

shall include all state-supported debt issued on and after April first, two thousand. Such designated percentage shall be seven and one-half-tenths of one percent for fiscal year two thousand - two thousand one, and shall increase by five-tenths of one percent in fiscal year two thousand one - two thousand two, by an additional fourtenths of one percent in fiscal year two thousand two - two thousand three, and by an additional one-third of one percent in each of the seven subsequent fiscal years. The designated percentage for fiscal year two thousand ten - two thousand eleven and for each fiscal year thereafter shall be four percent.

(b) If state-supported debt is issued to refund or otherwise affect the refunding, retirement or defeasance of state-supported debt originally issued on and after April first, two thousand, provided such refundings are conducted in accordance with section thirteen of article VII of the state constitution, the calculation of the total outstanding principal amount of debt shall exclude such refunding debt, and shall only include the amount of prior refunded debt, as if it were still outstanding, in each year until such refunding debt is finally retired. Notwithstanding the foregoing, the provisions of such section thirteen of article VII of the state constitution relating to the maintenance or management of escrow funds and sinking funds shall only be applicable to state-supported debt issued by the state comptroller. If state-supported debt is issued to refund or otherwise affect the refunding, retirement or defeasance of state-supported debt issued prior to April first, two thousand, then the amount of such refunding debt shall be excluded from the calculation of the total outstanding principal amount of debt in each year until such refunding debt is finally retired. In addition, if state-supported debt is retired or defeased with payments in any fiscal year made by the state that are not required by mandatory payments, such debt shall be excluded from the calculation of the total outstanding principal amount of debt, including retirements or defeasances accomplished on an economic basis.

2. State-supported debt may not be contracted for unless, as of October thirty-first, two thousand one and as of each October thirty-first thereafter, the total amount of interest, installments of principal, contributions to sinking funds, and related payments on a cash basis of accounting for state-supported debt in the immediately preceding fiscal year is less than the designated percentage of total governmental funds receipts for such fiscal year. Nothing shall preclude the contracting of state-supported debt prior to October thirty-first of each year if, in the immediately preceding fiscal year, the total amount of interest, installments of principal, contributions to sinking funds, and related payments was less than the designated percentage of total governmental funds receipts. This shall include the total amount of payments on such debt issued on and after April first, two thousand, but shall not include payments in any fiscal year made by the state to defease or retire debt not required by mandatory payments nor payments made by the state for debt issued to refund debt that was issued prior to April first, two thousand. In addition, if state-supported debt is issued to refund or otherwise affect the refunding, retirement or defeasance of state-supported debt originally issued on and after April first, two thousand, provided such refundings are conducted in accordance with section thirteen of article VII of the state constitution, the calculation of the total amount of interest, installments of principal, contributions to sinking funds, and related payments shall exclude payments made on such refunding debt, and shall only include the payments on the prior refunded debt, as if it were still

outstanding, in each year until such refunding debt is finally retired. Such designated percentage shall be seven and one-half-tenths of one percent for fiscal year two thousand one, and shall increase by five-tenths of one percent in fiscal year two thousand one - two thousand two, by an additional four-tenths of one percent in fiscal year two thousand two - two thousand three, and by an additional one-third of one percent in each of the ten subsequent fiscal years. The designated percentage for fiscal year two thousand thirteen - two thousand fourteen and for each fiscal year thereafter shall be five percent.

3. No state-supported debt shall be contracted except to finance capital works or purposes.

4. Notwithstanding any other provision of law to the contrary, no state-supported debt shall be issued with a final maturity of more than thirty years.

5. The provisions of this section shall apply to debt issued pursuant to section nine of article VII of the state constitution only to the extent that such notes remain outstanding.