

S 8181-A MAY Same as [A 10294-A](#) Stirpe
 ON FILE: 05/24/20 Public Authorities Law
 TITLE....Establishes a state disaster emergency loan
 program
 04/13/20 REFERRED TO CORPORATIONS,
 AUTHORITIES AND COMMISSIONS
 05/24/20 AMEND (T) AND RECOMMIT TO
 CORPORATIONS, AUTHORITIES AND
 COMMISSIONS
 05/24/20 PRINT NUMBER 8181A
 05/26/20 REPORTED AND COMMITTED TO
 RULES
 05/27/20 ORDERED TO THIRD READING
 CAL.646
 05/27/20 PASSED SENATE
 05/27/20 DELIVERED TO ASSEMBLY
 05/27/20 referred to ways and means
 05/27/20 substituted for a10294a
 05/27/20 ordered to third reading rules cal.32
 05/27/20 passed assembly
 05/27/20 returned to senate

A10294-A Stirpe Same as [S 8181-A](#) MAY
 General Municipal Law
 TITLE....Establishes a state disaster emergency loan
 program
 04/15/20 referred to corporations, authorities and
 commissions
 04/24/20 reference changed to local governments
 05/24/20 amend (t) and recommit to local
 governments
 05/24/20 print number 10294a
 05/26/20 reported referred to ways and means
 05/27/20 reported referred to rules
 05/27/20 reported
 05/27/20 rules report cal.32
 05/27/20 substituted by s8181a
S08181 MAY AMEND=A
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STATE OF NEW YORK

8181--A

IN SENATE

April 13, 2020

Introduced by Sens. MAY, BIAGGI -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law, in relation to establishing a state disaster emergency loan program; and providing for the repeal of such provisions upon the expiration thereof

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

1 Section 1. Subdivisions 16 and 17 of section 858 of the general municipal law, as added by chapter 1030 of the laws of 1969 and as renumbered
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3 by chapter 356 of the laws of 1993, are amended to read as follows:

4 (16) To establish and re-establish its fiscal year; [~~and~~]

5 (17) To provide loans to small businesses or not-for-profit corporations as authorized in section eight hundred fifty-nine-c of this title; and

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7
8 (18) To provide grants to small businesses and not-for-profit corporations, as defined in section eight hundred fifty-nine-c of this title, for the purpose of acquiring personal protective equipment or installing fixtures necessary to prevent the spread of novel coronavirus, COVID-19, during the period in which executive order two hundred two of two thousand twenty, as amended, is in effect. In order to be eligible for a grant pursuant to this subdivision, a small business or not-for-profit corporation must meet the requirements of paragraph a of subdivision three of section eight hundred fifty-nine-c of this title. No industrial development agency may provide a small business or not-for-profit corporation with more than ten thousand dollars pursuant to this subdivision; and

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19 (19) To do all things necessary or convenient to carry out its purposes and exercise the powers expressly given in this title.

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22 § 2. The general municipal law is amended by adding a new section
23 859-c to read as follows:

24 § 859-c. State disaster emergency loan program. 1. For purposes of this section:
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EXPLANATION--Matter in italics (underscored) is new; matter in brackets [~~-~~] is old law to be omitted.

LBD16066-09-0

1 a. "grace period" means the sixty-day period after a state disaster
2 emergency ends;

3 b. "eligible entity" means both a small business and a small not-for-
4 profit corporation that:

5 (i) is physically located in the state; and

6 (ii) was operational prior to the state disaster emergency.

7 c. "small business" means a business with not more than fifty employ-
8 ees;

9 d. "small not-for-profit corporation" means a not-for-profit corpo-
10 ration, formed pursuant to the not-for-profit corporation law with not
11 more than fifty employees; and

12 e. "state disaster emergency" means the period in which executive
13 order two hundred two of two thousand twenty, as amended, is in effect
14 to address the outbreak of novel coronavirus, COVID-19.

15 2. Any industrial development agency (IDA) may administer a state
16 disaster emergency loan program to provide loans from available revenue
17 to eligible entities pursuant to this section, provided that no IDA may
18 create more than one state disaster emergency loan program.

19 3. a. An IDA may make a loan to an eligible entity upon application
20 from such entity through the state disaster emergency loan program,
21 provided the IDA has determined that the applicant:

22 (i) was a financially viable entity prior to the state disaster emer-
23 gency;

24 (ii) conducts business in the area served by the IDA; and

25 (iii) has been negatively affected by the state disaster emergency.

26 b. An IDA shall consider the following, before approving the applica-
27 tion of an eligible entity for a loan under the state disaster emergency
28 loan program:

29 (i) creditworthiness of the applicant prior to the state disaster
30 emergency;

31 (ii) the level of negative impact of the state disaster emergency on
32 the operations and finances of the applicant;

33 (iii) applicant's proposed plan to use the funds received through this
34 program;

35 (iv) applicant's ties to their community and the impact of their work
36 in the area served by the IDA;

37 (v) applicant's assurance that efforts will be made to retain jobs
38 during the state disaster emergency; and

39 (vi) other potential sources of funding available to the applicant.

40 c. An IDA shall give priority under the state disaster emergency loan
41 program to applications from applicants serving highly distressed areas
42 as defined pursuant to subdivision eighteen of section eight hundred
43 fifty-four of this title.

44 d. No applicant shall be permitted to receive loans from more than one
45 IDA.

46 e. Any IDAs that serve within the same municipalities shall coordinate
47 the distribution of loans in the state disaster emergency loan program.

48 4. Prior to administering a state disaster emergency loan program, an
49 IDA shall develop, and adopt by resolution, the terms and conditions of
50 such loans, provided that:

51 a. The amount of any loan provided pursuant to this section shall not
52 exceed twenty-five thousand dollars, provided that the total amount of
53 all loans received by an eligible entity shall not exceed twenty-five
54 thousand dollars;

55 b. The loan agreement shall not (i) require repayment during the grace
56 period, or (ii) charge interest on the principal amount;

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1 c. The loan agreement shall require that the eligible entity repay the
2 loan in full not later than one year after the end of the grace period;
3 and

4 d. The loan agreement shall not contain a fee or penalty for the
5 prepayment or early payment of the loan.

6 5. The IDA shall offer credit counseling services or refer eligible
7 entities to not-for-profit credit counselors.

8 6. a. Each IDA shall maintain records related to the state disaster
9 emergency loan program, including a record of loans issued and of
10 payments received, and include such information in the annual report
11 required by section twenty-eight hundred of the public authorities law.

12 b. An IDA that establishes a state disaster emergency loan program
13 pursuant to this section shall submit a report on the program including
14 but not limited to the number and aggregate amount of loans given, loans
15 fully repaid, any outstanding loans, defaults and bad debts, to the
16 governor, the speaker of the assembly, and the temporary president of
17 the senate one year after the state disaster emergency ends.

18 7. Any interest deferred or not charged related to a loan issued
19 pursuant to this section shall be exempt from all state taxes that may
20 be applicable to such interest amounts as they relate to an eligible
21 entity. IDAs shall disclose to eligible entity borrowers in loan docu-
22 ments that there may be federal tax consequences to the program loans.

23 8. No new loan applications pursuant to this section shall be accepted
24 after the state disaster emergency ends.

25 § 3. This act shall take effect immediately and shall expire and be
26 deemed repealed December 31, 2021.

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

BILL NUMBER: S8181A

SPONSOR: MAY

TITLE OF BILL:

An act to amend the general municipal law, in relation to establishing a state disaster emergency loan program; and providing for the repeal of such provisions upon the expiration thereof

PURPOSE:

To provide industrial development agencies (IDAs) with the flexibility to support small businesses and non-profits during public health emergencies.

SUMMARY OF SPECIFIC PROVISIONS:

Section 1 of the bill provides for grants and in-kind donations from Industrial Development Agencies (IDAs) to small businesses or not-for-profits for the purposes of purchasing personal protective equipment (PPE) and other fixtures needed to help prevent the spread of COVID-19.

Section 2 establishes the State disaster emergency loan program to allow IDAs to make loans to small businesses and not-for-profit organizations up to \$25,000 with certain considerations. IDAs who choose to administer a State disaster emergency loan program will have to maintain records related to the program, and report to the Governor, Speaker of the Assembly and Temporary President of the Senate one year following the end of the State disaster emergency declaration.

Section 3 establishes the effective date, and the expiration of the legislation on December 31; 2021.

JUSTIFICATION:

The current public health crisis is forcing small businesses and not-for-profit organizations across New York to slow down or shut down operations. This represents a significant threat to the viability of these businesses, who are significant employers and important pieces of their communities. Current restrictions limit the ability of local IDAs to provide loans to such small businesses and not-for-profit organizations to help ensure their short-term viability, especially until the Small Business Administration's funding in response to the crisis comes online. Granting IDAs a short-term authority to extend such moderate loans will help ensure New York's small businesses and not-for-profit organizations remain viable after this public health crisis and have more options in any future crises. Also, providing grants for Personal Protective Equipment (PPE) and installation of safety fixtures for these small businesses and not-for-profit organizations will allow safety for workers during the COVID-19 pandemic.

PRIOR LEGISLATIVE HISTORY:

New bill.

FISCAL IMPLICATIONS:

To be determined.

EFFECTIVE DATE:

Immediately.