



Proposed Legislative Amendment on Budget

Budget

Amendment Purpose: 1967 Constitutional Convention Amendment: Removes requirement for state debt approval but imposes constitutional limit on aggregate state and public authority debt

Summary of Amendment:

- Imposes debt ceiling on the state and certain public authorities by requiring that their total payment for debt service shall not exceed 12 percent of the average total revenues in the two preceding fiscal years.
- Permits debt limit to be raised up to 15 percent after a referendum.

Article X

State Taxation and Finance

Section 3. The article establishes a fiscal limitation on the amount of debt that the state and certain public authorities may contract. In place of the present referendum requirement, provision is made that the state may not contract debt unless authorized by law enacted by two regular sessions of the legislature separated by an intervening election and unless the total debt service shall not exceed twelve percent of the average state revenues in the two preceding fiscal years. The twelve percent limitation may be increased, not to exceed fifteen percent, by statute approved by the people at referendum.

Legislative Amendment Text:

Article X

State Taxation and Finance

§ 11. a. No debt, except that specified in section thirteen of this article, shall be contracted by or in behalf of the state, nor shall any power and authorization to contract debt be granted to any of its instrumentalities given responsibilities throughout the state after January first, nineteen hundred sixty-eight for any purpose, unless authorized for capital construction by law enacted by

two regular sessions of succeeding terms of the legislature, and unless the amount of debt service on such debt together with the total amount of all other debt services as hereinafter defined, for any fiscal year, shall not, except as provided in subdivision b of this section, exceed twelve percent of the average of the total amount of tax revenues and other revenues received by the state in its general fund in the two preceding fiscal years.

b. The legislature may increase the limitation for debt service set forth in subdivision a hereof, but in no event shall it exceed fifteen percent. No law providing for such increase shall take effect unless submitted to the people at a general or special election and approved by a majority of the electors voting thereon.

c. No such debt shall be contracted by the New York state housing finance agency, or any successor, or by any instrumentality of the state possessing responsibilities throughout the state prior to January first, nineteen hundred sixty-eight for programs and facilities for industry, manufacturing or commerce, unless the debt service on such debt, together with the total annual amount of all other debt service as hereinafter defined, in any fiscal year, shall not exceed the percent limitation for debt service applicable to the state.

d. No power and authorization to contract debt shall be granted by the state after January first, nineteen hundred sixty-nine, to any of its instrumentalities described in subdivision c above except in the manner set forth in subdivision a hereof.

e. For purposes of this article, capital construction shall include but not be limited to the acquisition of real property including the improvement and development thereof; the acquisition, construction, reconstruction, rehabilitation or improvement of facilities, structures, projects, capital equipment or apparatus including the preparation of plans, designs, estimates, surveys, appraisals, and incidental expenses rendered necessary therefor, the original furnishings, equipment, machinery or apparatus determined to be needed to furnish and equip such facilities, structures or projects and capital grants or loans therefor.

l. For the purposes of subdivisions a and c of this section debt service shall include the following, but in no event shall such inclusions be counted more than once: (1) the principal of and interest on all bonds then outstanding issued by the state, or by any of the instrumentalities possessing responsibilities throughout the state prior to January first, nineteen hundred sixty-eight for programs and facilities for industry, manufacturing or commerce, or any combination thereof, or given responsibilities throughout the state after such date for any purpose, and payable in any succeeding fiscal year; (2) the principal of and interest on all bonds then outstanding issued by the New York state housing finance agency, or any successor thereto, for the purposes of dwelling accommodations, nursing home accommodations or community development and payable in any succeeding fiscal year; (3) the interest on all notes or obligations, unless capitalized, then outstanding issued in anticipation of the receipt of the proceeds of the sale of bonds by the state, or any of its instrumentalities described in paragraphs (1) and (2) hereof, and payable in any succeeding fiscal year; (4) lawful payments by the state in the preceding fiscal year on account or in anticipation of a default in payment of bonds or other evidences of indebtedness of any instrumentality of the state; (5) all rental payments by the state, or instrumentality thereof, in any succeeding fiscal year, and all rental reserve account payments

related thereto, made pursuant to a periodic contract in excess of five years for the construction or acquisition of any facility, structure or project, or for the use or occupancy thereof, in full or part, by the state; (6) all payments by the state, or by any of its instrumentalities possessing responsibilities throughout the state for any purpose made pursuant to a periodic contract in excess of five years in aid of programs and facilities relating to economic and community development and, (7) all other amounts as provided by law.

g. The total amounts of debt service and revenues required to be ascertained for the purposes of this section shall be determined by the state comptroller, as provided by law, which determination shall be conclusive.

h. No debt described in subdivisions a, c and k hereof shall be issued unless certified by the governor in the manner provided by law.

i. Such debt shall not be contracted for a period longer than the probable useful life of the purpose for which the debt is issued, to be determined by law, which determination shall be conclusive. Such period of probable useful life shall not exceed forty years, except that for any economic and community development purposes, the period shall not exceed fifty years.

j. All such debt, except that specified in subdivision k of this section and section thirteen of this article shall be financed by serial bonds provided that (1) the principal of all serial bonds issued by the state for the purposes of higher education, transportation, mental and environmental health, recreation, or conservation shall be paid in equal annual installments commencing not later than one year after issuance and (2) that the payment of the principal of all serial bonds issued by the state, or any of the instrumentalities described in subdivisions a and c hereof, for any economic and community development purposes shall commence not later than five years after issuance.

k. Notes or obligations may also be issued in anticipation of the receipt of the proceeds of the sale of bonds evidencing such debt theretofore authorized, for the purposes and within the amounts of the bonds so authorized, and shall be payable from the proceeds of the sale of such bonds, or from otherwise available revenues, provided that (1) if the purposes theretofore authorized be for programs and facilities for higher education, transportation, mental and environmental health, recreation or conservation such notes or obligations issued by the state shall be payable not later than two years after issuance and (2) if the purposes be for programs and facilities for residences, urban or community renewal, industry, manufacturing or commerce such notes or obligations issued by the state, or any of the instrumentalities described in subdivisions a and c hereof, shall be payable not later than five years after issuance.

l. The proceeds arising from the creation of all such debts shall be applied only to the purpose specified by the legislature when authorizing it, or for the payment of such debt including any notes or obligations issued in anticipation of the sale of bonds evidencing the debt.

m. Whenever the legislature authorizes the contracting of such debt it may authorize payment prior to maturity in such manner as the authorization may provide.

n. No such debt may be refunded unless the privilege to pay such debt prior to maturity was reserved when it was contracted and unless the debt as refunded be paid in annual installments of principal which shall not be less in amount than the annual installments of principal of the debt so refunded.

Legislative History:

In 1967, the New York State Constitutional Convention proposed a whole new Constitution that contained this provision and these changes to a vote of the people of the State of New York at the General Election asking "Shall the proposed new Constitution, adopted by the Constitutional Convention, and the Resolution submitting same, be approved?" The Constitution as a whole was voted down by the people, which included these changes.

Learn more on our page devoted to the [1967 Convention](#)^[1]. The Proceedings of the Convention are available from the [New York State Library](#) ^[2] and you can [download](#) <http://effectiveny.org/sites/all/modules/contrib/extlink/extlink.png> ^[3]); background-attachment: initial; background-origin: initial; background-clip: initial; background-color: initial; background-position: 100% 50%; background-repeat: no-repeat no-repeat; "> a PDF copy of the Constitution proposed by the 1967 Constitutional Convention.

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[1] <http://effectiveny.org/1967-convention>

[2] <http://www.nysl.nysed.gov/scandocs/nyconstitution.htm>

[3] http://effectiveny.org/sites/default/files/1967_Proposed_Constitution-Text_Abstract_Highlights.pdf