

DECEMBER 9, 1975

Office of the White House Press Secretary
-----NOTICE TO THE PRESS

The President has signed H. R. 10481 -- New York City Seasonal Financing Act of 1975. This bill authorizes Federal loans to New York City to meet seasonal financing needs.

The Secretary of the Treasury is authorized by the bill to make loans to New York City, or to any agency authorized by the State to act for the City, for seasonal financing needs. The total amount of such loans outstanding at any time is limited to \$2.3 billion. These loans will bear an interest rate one percent higher than the market rate on U.S. obligations of comparable maturity. Each loan must mature no later than the end of the City's fiscal year (June 30) in which the loan is made. Loans may be made only if the Secretary determines that there is a reasonable prospect of repayment, but no loan may be provided unless all matured loans have been repaid. The Secretary may require security for the loans. Moreover, in order to offset Federal claims against New York in connection with delinquent repayment of loans made under this Act, appropriation acts may provide for the withholding of Federal payments to the City directly or through the State.

The bill establishes a revolving New York City Seasonal Financing Fund, to be administered by the Secretary of the Treasury, and authorizes the appropriation of \$2.3 billion to the Fund for the purpose of making loans. All repayments of principal are to be returned to the Fund, but all income from Fund investments and loans reverts to the Treasury as miscellaneous receipts. Upon termination of the Fund's authority on June 30, 1978, the balance is returned to the Treasury. The Secretary is authorized to sell any note or loan obligation held by the Fund to the Federal Financing Bank. Such sale would have the effect of taking the loans "off budget."

Finally, an appropriation authorization of such sums as may be necessary is provided for administrative expenses under this Act.

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