

# Nassau County moves toward debt refinancing



Nassau County Legislator presiding officer Richard Nicoletto during the meeting on Monday, Feb. 24, 2020 in Mineola. Credit: Howard Schnapp

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Nassau County on Monday moved closer to formally asking its state financial control board to refinance \$473 million in county debt as officials work to avoid a budget crisis stemming from the coronavirus pandemic.

On Monday, the county Legislature's Finance and Rules committees approved a "declaration of need" asking the Nassau Interim Finance Authority to refinance county debt over a 15-year period. The full Legislature also must approve the declaration.

Nassau and NIFA officials say the county could save a total of \$435 million next year and in 2022 if NIFA were to restructure county debt and borrowing the control board has undertaken on the county's behalf.

NIFA officials say without the refinancing Nassau could have to resort to major cuts in services and staff.

NIFA has better bond ratings than the county and can obtain better interest rates.

"These are unprecedented times, but by refinancing the County's debt over the next 15 years, Nassau will be able to keep essential health and public safety services fully-funded and intact without raising any taxes," said Michael Fricchione, spokesman for Nassau County Executive Laura Curran.

The majority Republican caucus on Monday announced the hiring of economist Martin Cantor, director of the Long Island Center for Socioeconomic Policy, to study the debt restructuring.

Presiding Officer Richard Nicoletto (R-New Hyde Park) said Cantor would, "provide an independent review" of the plan and focus "on assisting the Majority in continuing our focus on Nassau's fiscal stability as we recover from the financial impact of COVID-19."

Republicans have not offered an alternative to Curran's debt restructuring plan.

Democrats retained Joah Sapphire, a Columbia University professor and former legislative finance official, to review the county's refinancing plan on a pro-bono basis, said William Biamonte, the Democrats' chief of staff.

NIFA and Curran administration officials advanced a proposal earlier this year that would have resulted in 25 additional years of NIFA borrowing.

But Republicans balked at the effort, concerned that the restructuring could extend NIFA's life until 2051.

Curran then proposed a scaled-down plan.

With restructuring of \$240 million in NIFA debt and \$120 million in county debt, Nassau would save a total of \$285 million in 2021, officials said.

The county hopes to save another \$150 million in debt service in 2022.

The projected savings this year include \$75 million from NIFA's deferral of a bond payment until 2021.

Delaying that payment will allow NIFA to provide \$75 million more this year in sales tax to Nassau.

The county legislature must enact a declaration of need in order for NIFA to restructure the county's debt. NIFA can refinance its own debt.

The bill passed Monday in committees is expected to go to the full 19-member county Legislature for approval later this month.



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