S T A T E  O F  N E W  Y O R K

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I N  A S S E M B L Y

April 14, 2011

Introduced by M. of A. N. RIVERA, CAHILL, MAGNARELLI, COLTON, JAFFEE, CASTRO, P. RIVERA, STEVENSON, ROBERTS, COOK, ENGLEBRIGHT -- Multi-Sponsored by -- M. of A. ARROYO, BARRON, BOYLAND, CAMARA, CASTELLI, CLARK, CRESPO, GOODELL, JEFFRIES, LINARES, MARKEY, MENG, MOYA, RAMOS, J. RIVERA, RODRIGUEZ, SIMOTAS -- read once and referred to the Committee on Environmental Conservation

AN ACT providing for the creation of a temporary state commission on the economic costs and benefits of hydraulic fracturing in New York state; and providing for the repeal of such provisions upon expiration thereof

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. A temporary state commission, to be known as the commission on the economic costs and benefits of hydraulic fracturing in New York state, hereinafter referred to as the commission, is hereby created to examine, evaluate, make recommendations and to collect data concerning the economic impact of hydraulic fracturing on the entire economy of New York state and the impact on local economies where hydraulic fracturing will occur. Specifically, such data shall include at least the following:

(a) the impact and costs to the housing sector including rental and home ownership;

(b) the impact on infrastructure including roads and bridges;

(c) the impact on the environment;

(d) the impact on costs to the state for the displacement of individuals and families from affected areas;

(e) the projected public safety costs for municipalities housing hydraulic operations; and

(f) all foreseen costs to the state from allowing hydraulic fracturing operations to be established, maintained, operated, dismantled and decommissioned as well as run dry.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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S 2. The commission shall consist of fifteen members, to be appointed as follows: seven members to be appointed by the governor; three members to be appointed by the temporary president of the senate and shall include at least one member of the Business Council of New York State or the Partnership for New York city and one member of the Sierra Club or the New York Public Interest Group; three members to be appointed by the speaker of the assembly and shall include at least one member of the Business Council of New York State or the Partnership for New York City and one member of the Sierra Club or the New York Public Interest Group; one member to be appointed by the minority leader of the senate; and one member to be appointed by the minority leader of the assembly. The commission shall be housed at and staffed by the New York state department of economic development and of the fifteen appointed members at least one representative from that agency and each of the following agencies; department of transportation, division of home and community renewal, department of environmental conservation, the department of tax and finance, and the office of temporary and disability assistance. The governor shall designate the chairperson and vice-chairperson of the commission. Vacancies in the membership of the commission and among its officers shall be filled in the manner provided for original appointments or designations.

S 3. Members of the commission shall receive no compensation for their services, but shall be allowed their actual and necessary expenses incurred in the performance of their duties hereunder. To the maximum extent feasible, the commission shall be entitled to request and receive and shall utilize and be provided with such facilities, resources, and data of any court, department, division, board, bureau, commission, or agency of the state or any political subdivision thereof as it deems necessary or desirable to carry out properly its powers and duties hereunder.

S 4. The commission may employ and at pleasure remove such personnel as it may deem necessary for the performance of its functions and fix their compensation within the amounts made available therefor.

S 5. The commission may meet within and outside the state, shall hold public hearings, and shall have all the powers of a legislative committee pursuant to the legislative law.

S 6. (a) The commission shall make and submit its findings, including any recommendations for legislative action as it may deem necessary and appropriate in a report to the governor, the temporary president of the senate, the speaker of the assembly, the minority leader of the senate and the minority leader of the assembly not later than one hundred eighty days after it first convenes. Such report shall include:

(1) the overall environmental and social impact of hydraulic fracturing in other states where the industry has been established;

(2) tax collection rates and tax schedules of those states which were imposed on hydraulic fracturing operations; and

(3) a comparison of the annual revenue collected by the state from hydraulic operations to costs incurred by those states in maintaining and repairing infrastructure, cost to remedy displacement of families and individuals, cost of environmental damage and remediation, cost from loss of affordable housing due to demand for housing by hydraulic fracturing workforce, and any and all related costs to New York state that will be incurred by hydraulic fracturing operations.

(b) Recommendations included in such report shall include:

(1) a tax structure for hydraulic fracturing firms and operations that will take into account related costs to New York in order for policy

makers to assess any potential tax collection benefits, if any, if full-scale hydraulic fracturing is allowed to take place in New York;

(2) the projected potential number of total jobs created by hydraulic fracturing;

(3) the projected revenue from tax collection under current business tax structure;

(4) the projected number of housing units needed by new workforce; and

(5) the recommended amount of bonding and/or insurance needed for hydraulic fracturing firms to cover potential natural and/or environmental disasters and/or accidents.

S 7. This act shall take effect immediately; provided that the appointment of members to the New York state commission on the economic costs and benefits of hydraulic fracturing shall be completed within thirty days of such effective date, provided further, that this act shall remain in effect until thirty days after the commission submits the report required by section six of this act, at which time this act shall expire and be deemed repealed.