

7167

2013-2014 Regular Sessions

I N A S S E M B L Y

May 3, 2013

Introduced by M. of A. PAULIN -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public service law, in relation to the issuance of stocks, bonds and other forms of indebtedness for the purpose of expanding broadband services

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

1 Section 1. Section 101 of the public service law, as amended by chap-
2 ter 443 of the laws of 2000, is amended to read as follows:
3 S 101. Authority to issue stock, bonds and other forms of indebt-
4 edness. A telegraph or telephone corporation may, when authorized by
5 the commission, issue stock, bonds, notes or other evidences of indebt-
6 edness payable at periods of more than twelve months after the date
7 thereof, or a receiver of such a corporation, if duly authorized by law,
8 may issue receiver's certificates, when necessary for the acquisition of
9 property, the construction, completion, extension or improvement of its
10 facilities or the improvement or maintenance of its service within the
11 state, or for the discharge or lawful refunding of its obligations, or
12 reimbursement of moneys actually expended from the income from any
13 source, within five years next prior to the filing of the application
14 therefor, or for any of such purposes, provided, however, that no
15 authority shall be granted authorizing such issue for reimbursement of
16 moneys expended from income for betterments or replacements unless the
17 applicant shall have kept its accounts and vouchers of such expenditures
18 in such manner as to enable the commission to ascertain the amount of
19 moneys so expended and the purposes for which such expenditures were
20 made. Stock may be issued to stockholders as a stock dividend provided
21 that there shall have been secured from the commission authority for
22 such issuance and for a transfer of surplus to capital in an amount
23 equal to the par or stated value of the stock so authorized and that the
24 applicant has certified in the application for authority that a sum

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

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1 equal to the amount to be so transferred was expended for the purposes
2 enumerated in this section. Stock may be issued to an employee or direc-
3 tor of a telegraph or telephone corporation under a stock option plan
4 pursuant to which such corporation grants options to its employees or
5 directors to purchase shares of stock, such options to be exercisable
6 for a stated period of time to purchase shares of stock at the market
7 value of the stock at the time of issuance of the option, provided that
8 there shall have been secured from the commission authority for such
9 issuance and that the applicant has certified in the application for
10 authority that the proceeds from the exercise of the stock options are
11 needed for one of the purposes enumerated in this section. The issue of
12 stocks, bonds or other evidences of indebtedness, within the meaning of
13 this section, shall include the sale by any such corporation of any such
14 securities previously issued in compliance with the provisions of this
15 section and subsequently reacquired by such corporation, provided,
16 however, for good cause shown the commission may exempt from the
17 restriction hereof stocks, bonds or other evidences of indebtedness. The
18 application for authority shall state the amount of any such issue and
19 the purposes to which it or its proceeds are to be applied and shall
20 certify that the money, property or labor procured or to be procured or
21 paid for by such issue or its proceeds has been or is reasonably
22 required for the purposes specified in the application for authority, OR
23 ARE THE PROCEEDS FROM A FEDERAL GRANT OR LOAN FOR THE EXPANSION OF
24 BROADBAND SERVICES, and that such purposes are in no part reasonably
25 chargeable to operating expenses or to income except in the case of
26 bonds, notes or other evidences of indebtedness as may be specifically
27 identified in the application for authority. For the purpose of enabling
28 the commission to determine whether it should authorize such issuance,
29 the commission shall have the power to make such inquiry or investi-
30 gation, hold such hearings and examine such witnesses, books, papers,
31 documents or contracts as it may determine of importance in enabling it
32 to reach a determination. [No] EXCEPT IN INSTANCES WHERE A TELEGRAPH OR
33 TELEPHONE CORPORATION IS ENGAGED IN SECURING A FEDERAL LOAN OR GRANT FOR
34 THE EXPANSION OF BROADBAND SERVICES, NO such corporation shall, without
35 the consent of the commission, apply any such issue or its proceeds to
36 any purpose not specified in the application for authority. Such tele-
37 graph corporation or telephone corporation may issue notes for proper
38 corporate purposes and not in violation of any provision of this chapter
39 or of any other act, payable at periods of not more than twelve months
40 without the consent of the commission; but no such note shall, in whole
41 or in part, directly or indirectly, be refunded by any issue of stock or
42 bonds, or by any evidences of indebtedness running for more than twelve
43 months, without the consent of the commission. No telegraph corporation
44 or telephone corporation shall be required, however, to apply to the
45 commission for authority to issue stocks, bonds, notes or other evidence
46 of indebtedness except for the acquisition of property, the
47 construction, completion, extension or improvement of its facilities, or
48 the improvement or maintenance of its service within the state, or the
49 discharge or refunding of obligations, or reimbursement of moneys actu-
50 ally expended for such purposes. The commission shall have power to
51 require every such corporation to file with the commission after the
52 issuance of stocks, bonds, notes or other evidences of indebtedness
53 issued with or without the approval of the commission as provided in
54 this section, a notice of such transaction in such form as the commis-
55 sion may prescribe. The commission shall have no power to authorize the
56 capitalization of any franchise or right to be a corporation, nor to

1 authorize the capitalization of any franchise or the right to own, oper-
2 ate or enjoy any franchise whatsoever in excess of the amount (exclusive
3 of any tax or annual charge) actually paid to the state or any political
4 subdivision thereof, as the consideration of the grant of such franchise
5 or right, nor to authorize the issuance of any stocks or other securi-
6 ties for any purposes other than those enumerated in this section. Nor
7 shall the corporate stock of the corporation formed by the merger or
8 consolidation of two or more other corporations exceed the sum of the
9 capital stock of the corporations so consolidated, at the par value
10 thereof, or such sum and any additional sum actually paid in cash; nor
11 shall any contract for consolidation or lease be capitalized in the
12 stock of any corporation whatever; nor shall any corporation hereafter
13 issue any bonds against or as a lien upon any contract for consolidation
14 or merger. Notwithstanding the foregoing provisions of this section, any
15 application for approval under this section shall be deemed granted by
16 the commission forty-five days after such application is filed for
17 approval, unless the commission, or its designee, determines and informs
18 the applicant in writing within such forty-five day period that the
19 public interest requires the commission's review and its written order.

20 S 2. This act shall take effect immediately.