

# STATE OF NEW YORK

7151

## IN SENATE

(Prefiled)

January 3, 2018

Introduced by Sen. KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the New York state urban development corporation act and the economic development law, in relation to requiring certain business recipients of state aid to perform an annual assessment of the business' social and environmental impact as assessed against a third party standard

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 3 of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act is amended by adding a new subdivision 31 to read as follows:

(31) "Third party standard". A recognized standard for defining, reporting, and assessing business' social and environmental performance that:

(a) assesses the effects of the business and its operations upon the following:

(i) the employees and work force of the business, its subsidiaries, and its suppliers;

(ii) the interests of customers as beneficiaries of the business;

(iii) community and societal factors, including those of each community in which offices or facilities of the business, its subsidiaries, or its suppliers are located; and

(iv) the local and global environment; and

(b) is developed by an entity other than:

(i) the state; or

(ii) the business whose social and environmental impact is being assessed against the third party standard; and

(iii) such entity shall:

(A) have access to necessary expertise to assess overall business' social and environmental performance; and

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

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1 (B) use a balanced multi-stakeholder approach to develop the standard,  
2 including a reasonable public comment period; and

3 (c) makes the following information publicly available:

4 (i) the criteria considered when measuring the overall social and  
5 environmental performance of a business;

6 (ii) the relative weightings, if any, of those criteria;

7 (iii) the identity of the directors, officers, material owners, and  
8 the governing body of the entity that developed and controls revisions  
9 to the standard;

10 (iv) the process by which revisions to the standard and changes to the  
11 membership of the governing body are made; and

12 (v) an accounting of the revenue and sources of financial support for  
13 the entity, with sufficient detail to disclose any relationships that  
14 could reasonably be considered to present a potential conflict of inter-  
15 est.

16 § 2. Section 30 of section 1 of chapter 174 of the laws of 1968,  
17 constituting the New York state urban development corporation act is  
18 amended by adding a new subdivision (d) to read as follows:

19 (d) Report. In addition to any other requirements imposed by the act  
20 or otherwise regarding evaluations of programs administered by the  
21 corporation, the corporation shall report on an annual basis beginning  
22 October first, two thousand eighteen, and on each October first there-  
23 after, to the governor, the chairpersons of the senate committees on  
24 finance, commerce, economic development and small business, and corpo-  
25 rations, authorities and commissions, the chairpersons of the assembly  
26 committees on ways and means, economic development, corporations,  
27 authorities and commissions, and small business on the social and envi-  
28 ronmental impact of entities required to report under subdivision (j) of  
29 section thirty-a of this act. Such report shall include an analysis of  
30 the aggregate third party standard assessment results including aggre-  
31 gate assessment results by funding level.

32 § 3. Section 30-a of section 1 of chapter 174 of the laws of 1968,  
33 constituting the New York state urban development corporation act is  
34 amended by adding a new subdivision (j) to read as follows:

35 (j) The corporation shall, upon approval of an application or formal  
36 request for funding, in an amount of one hundred thousand dollars or  
37 more, or tax benefit assistance for any entity or project, require such  
38 recipient to perform an annual assessment of their social and environ-  
39 mental impact as assessed against a third party standard, as defined in  
40 subdivision thirty-one of section three of this act. Such assessment  
41 shall be submitted to the corporation by the entity receiving funding or  
42 tax benefit assistance approved by the corporation ninety days after the  
43 first year from the date of approval and annually thereafter. The corpo-  
44 ration shall select an independent third party standard as defined in  
45 subdivision thirty-one of section three of this act. Such standard shall  
46 be chosen within one hundred eighty days after the effective date of  
47 this subdivision. The corporation may use any funds necessary to admin-  
48 ister and implement this section.

49 § 4. The economic development law is amended by adding a new article  
50 23 to read as follows:

## 51 ARTICLE 23

### 52 FUNDING RECIPIENT ASSESSMENT

#### 53 Section 450. Definition.

##### 54 451. Report.

##### 55 452. Annual assessment.

1     § 450. Definition. "Third party standard" means a recognized standard  
2 for defining, reporting, and assessing business' social and environ-  
3 mental performance that:

4     (a) assesses the effects of the business and its operations upon the  
5 following:

6       (i) the employees and work force of the business, its subsidiaries,  
7 and its suppliers;

8       (ii) the interests of customers as beneficiaries of the business;

9       (iii) community and societal factors, including those of each communi-  
10 ty in which offices or facilities of the business, its subsidiaries, or  
11 its suppliers are located; and

12       (iv) the local and global environment; and

13     (b) is developed by an entity other than:

14       (i) the state; or

15       (ii) the business whose social and environmental impact is being  
16 assessed against the third party standard; and

17       (iii) such entity shall:

18           (A) have access to necessary expertise to assess overall business'  
19 social and environmental performance; and

20           (B) use a balanced multi-stakeholder approach to develop the standard,  
21 including a reasonable public comment period; and

22       (c) makes the following information publicly available:

23           (i) the criteria considered when measuring the overall social and  
24 environmental performance of a business;

25           (ii) the relative weightings, if any, of those criteria;

26           (iii) the identity of the directors, officers, material owners, and  
27 the governing body of the entity that developed and controls revisions  
28 to the standard;

29           (iv) the process by which revisions to the standard and changes to the  
30 membership of the governing body are made; and

31           (v) an accounting of the revenue and sources of financial support for  
32 the entity, with sufficient detail to disclose any relationships that  
33 could reasonably be considered to present a potential conflict of inter-  
34 est.

35     § 451. Report. In addition to any other requirements imposed by the  
36 act or otherwise regarding evaluations of programs administered by the  
37 department, the commissioner and the department shall report on an annu-  
38 al basis beginning October first, two thousand eighteen, and on each  
39 October first thereafter, to the governor, the chairpersons of the  
40 senate committees on finance, commerce, economic development and small  
41 business, and corporations, authorities and commissions, the chair-  
42 persons of the assembly committees on ways and means, economic develop-  
43 ment, corporations, authorities and commissions, and small business on  
44 the social and environmental impact of entities required to report under  
45 section four hundred fifty-two of this article. Such report shall  
46 include an analysis of the aggregate third party standard assessment  
47 results including aggregate assessment results by funding level.

48     § 452. Annual assessment. The commissioner and the department shall,  
49 upon approval of an application or formal request for funding, in an  
50 amount of one hundred thousand dollars or more, or tax benefit assist-  
51 ance for any entity or project, require such recipient to perform an  
52 annual assessment of their social and environmental impact as assessed  
53 against a third party standard, as defined in section four hundred fifty  
54 of this article. Such assessment shall be submitted to the department by  
55 the entity receiving funding or tax benefit assistance approved by the  
56 department ninety days after the first year from the date of approval

1 and annually thereafter. The department shall select an independent  
2 third party standard as defined in section four hundred fifty of this  
3 article. Such standard shall be chosen within one hundred eighty days  
4 after the effective date of this section. The department may use any  
5 funds necessary to administer and implement this section.

6 § 5. This act shall take effect immediately.