STATE OF NEW YORK

4078--A

2021-2022 Regular Sessions

IN ASSEMBLY

February 1, 2021

Introduced by M. of A. COLTON, ZEBROWSKI, ABINANTI, BRONSON, REYES, NORRIS, DINOWITZ, DICKENS, MAGNARELLI, ENGLEBRIGHT, ZINERMAN, GALEF -- Multi-Sponsored by -- M. of A. McDONOUGH -- read once and referred to the Committee on Consumer Affairs and Protection -- reference changed to the Committee on Corporations, Authorities and Commissions -- recommitted to the Committee on Corporations, Authorities and Commissions in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public authorities law, in relation to prohibiting the formation of a subsidiary of a public authority without prior permission of the legislature

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

Section 1. Subdivision 1 of section 2827-a of the public authorities law, as added by chapter 506 of the laws of 2009, is amended to read as follows:

1. Notwithstanding any law to the contrary, no state authority shall hereafter have the power to organize any subsidiary corporation unless the legislature shall have enacted a law granting such state authority such power for the organization of a specific corporation, provided, however, that a state authority may organize a subsidiary corporation [~~pursuant to the following requirements:~~

~~a. the purpose for which the subsidiary corporation shall be organized shall be for a project or projects which the state authority has the power to pursue pursuant to its corporate purposes;~~

~~b. the primary reason for which the subsidiary corporation shall be organized shall be to limit the potential liability impact of the subsidiary's project or projects on the authority or because state or federal law requires that the purpose of a subsidiary be undertaken through a specific corporate structure; and~~

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

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~~c. the~~] without the legislature enacting a law granting such state authority such power if such authority provides written notification of its intention to organize such subsidiary corporation sixty days prior to such organization. Such written notice shall be provided to the governor, the speaker of the assembly, and the temporary president of the senate and shall be subject to denial by the governor, the senate, or the assembly. Denial by the governor shall take the form of a signed certification by the governor. Denial by either house of the legislature shall take the form of a resolution by such house. If the governor and each house of the legislature receives notification of a proposed organization during the months of January through March, the governor and each house of the legislature may take any such action within sixty days of receiving such notification, provided however, if the governor and each house of the legislature receives notification of a proposed organization and there is not sixty days remaining during the legislative session, the legislature may take any such action within sixty days of January first of the following year. The state authority may not effectuate the proposed organization of the subsidiary until such sixty day period has elapsed. Any subsidiary corporation shall make the reports and other disclosures as are required of state authorities, unless the subsidiary corporation's operations and finances are consolidated with those of the authority of which it is a subsidiary.

§ 2. This act shall take effect immediately.