STATE OF NEW YORK

8596

IN SENATE

March 21, 2022

Introduced by Sens. KRUEGER, KAPLAN -- read twice and ordered printed, and when printed to be committed to the Committee on Commerce, Economic Development and Small Business

AN ACT to amend the economic development law, in relation to establishing the Supply Chain Transparency Assistance Program

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

Section 1. Legislative findings. The Legislature finds and declares the following:

1. The climate crisis is an immediate and urgent threat, and New York State is and must continue to be a leader in addressing it. New York has a statutory goal of achieving net-zero greenhouse gas emissions economy-wide by 2050. However, that goal does not include greenhouse gas emissions created outside of New York in the extraction, production, and transport of the goods we purchase. Currently, eight global supply chains - food, construction, fashion, fast-moving consumer goods, electronics, automobiles, professional services, and freight - account for over half of greenhouse gas emissions annually. Increasing supply chain transparency and traceability is an important part of fighting climate change and moving global production toward more environmentally sustainable practices.

2. The International Labor Organization estimates that over 25 million people are currently caught in forced labor, 4 million of whom are children. Over 160 million children between the ages of five to seventeen are engaged in child labor in 2021, and about 79 million of those are estimated to be engaged in hazardous labor. Across the United States, Canada and the European Union there are estimated to be 1.5 million people trapped in forced labor, while millions of other people live trapped in forced labor across the Asia-Pacific region, Africa, Latin America and the Middle East. The fruit of such forced labor, as well as additional health and safety risks and other impacts from substandard labor practices, can potentially be found in many of the goods we consume, making it incumbent on businesses to take action to ensure ethical labor practices throughout their supply chains.

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

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3. Businesses throughout the United States and across the world are increasingly engaged in efforts to ensure their supply chains are transparent, traceable, ethical, and environmentally sound, whether in reaction to consumer pressure or government regulation, or out of an understanding of corporate social responsibility. Businesses that achieve ethical and sustainable supply chains may also be able to increase their appeal with certain consumers, charge premium prices, or access previously untapped markets as a result of their efforts. In order to remain competitive, New York businesses, particularly small and medium-sized businesses and minority- and women-owned businesses, must be able to take advantage of and stay ahead of this socially responsible and beneficial trend.

4. It is therefore the intent of the Legislature to create a Supply Chain Transparency Assistance Program to encourage the shifting of the state's economy toward more ethical and sustainable supply chains, while ensuring New York businesses have the tools they need to compete in the national and global marketplace.

§ 2. The economic development law is amended by adding a new article 26 to read as follows:

ARTICLE 26

SUPPLY CHAIN TRANSPARENCY ASSISTANCE PROGRAM

Section 480. Definitions.

481. The supply chain transparency assistance program.

§ 480. Definitions. For purposes of this article:

1. "Small business" means small business as defined in section one hundred thirty-one of this chapter.

2. "Medium-sized business" shall mean a business that is resident in this state, independently owned and operated, not dominant in its field, and employs between one hundred and five hundred persons.

3. "Eligible business" shall mean any small and medium-sized business as defined in this article, and any minority-owned or women-owned business enterprise as defined in article fifteen-a of the executive law.

4. "Supply chain" shall mean a system of extraction, production, transportation, and distribution involving multiple processes, organizations, individuals, and resources, beginning with raw materials and culminating in the delivery of a product or service to a consumer.

§ 481. The supply chain transparency assistance program. 1. The department is hereby authorized and directed, within one year of the effective date of this article, to establish, develop, implement, and maintain, within available appropriations, a supply chain transparency assistance program to assist small and medium-sized businesses and minority- and women-owned businesses in achieving supply chains that are:

(a) Transparent, meaning a supply chain for which sufficient information has been disclosed regarding all relevant units of production from the raw material stage to the delivery of a product or service to a consumer, including, but not limited to, extraction sites, suppliers, manufacturers, transporters, wholesalers, and retailers, to allow consumers to determine whether the supply chain is ethical and sustainable.

(b) Traceable, meaning a supply chain for which distributors, retailers, and other businesses down the supply chain are able to gather sufficient relevant information regarding all units of production further up the supply chain to determine whether a supply chain is ethical and sustainable.

(c) Ethical, meaning a supply chain that upholds the human rights and all other legal rights, supports the well-being, and prevents the exploitation, of workers and communities, and guarantees the free, prior, and informed consent, land, and other legal rights of affected Indigenous peoples and other local and traditional communities.

(d) Sustainable, meaning a supply chain that takes all necessary measures to avoid, minimize, and reduce degradation of natural environmental systems, and maximizes efforts to contribute to the restoration and regeneration of impacted ecosystems.

2. The purpose of such program shall be to:

(a) Develop and share best practices and provide technical assistance to help participating eligible businesses develop and implement standards, plans, and benchmarks for transparency and traceability, environmental sustainability, and ethical practices throughout their supply chains.

(b) Assist participating eligible businesses with compliance with supply chain related regulations, procurement standards, or contracting requirements.

(c) Identify funding streams, grant monies, financial assistance and other resources that may be available to help participating eligible businesses achieve transparent, traceable, ethical, and sustainable supply chains.

(d) Help participating eligible businesses with marketing, communication, and other activities to achieve maximum competitive advantage from their transparent, traceable, ethical, and sustainable supply chains.

(e) Conduct market analysis to identify opportunities for participating eligible businesses to access new markets and increase competitiveness through achieving transparent, traceable, ethical, and sustainable supply chains.

(f) Conduct outreach to promote awareness of the program among eligible businesses, business organizations, and regional and local economic development agencies.

§ 3. This act shall take effect immediately.