

STATE OF NEW YORK

977

2021-2022 Regular Sessions

IN SENATE

(Prefiled)

January 6, 2021

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

AN ACT to amend the public authorities law and the not-for-profit corporation law, in relation to reviews by the authority budget office and granting the authorities budget office the authority to commence an action or special proceeding to annul the corporate existence or dissolve a corporation that has acted beyond its capacity or power or to restrain it from carrying on unauthorized activities

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

1 Section 1. The public authorities law is amended by adding a new
2 section 8 to read as follows:

3 § 8. Reports of public authorities by authorities budget office;
4 recommendations for corrective action. Whenever the authorities budget
5 office issues a letter or report regarding the activities and operations
6 of any public authority, the head of the public authority which the
7 letter or report was about shall submit a written response to the letter
8 or report within thirty days of the receipt of the letter or report. If
9 the letter or report makes recommendations for corrective action, such
10 head shall report within one hundred eighty days after receipt thereof
11 to the authorities budget office what steps were taken to implement such
12 recommendations, and, where recommendations were not implemented, the
13 reasons therefor. Failure to comply with the provisions of this section
14 shall make the authority delinquent in its reporting requirements.

15 § 2. Subdivision 3 of section 2800 of the public authorities law, as
16 amended by chapter 766 of the laws of 2005, is amended to read as
17 follows:

18 3. Every financial report submitted under this section shall be
19 approved by the board and shall be certified, under penalty of perjury,

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

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1 in writing by the chief executive officer and the chief financial offi-
2 cer of such authority that based on the officer's knowledge (a) the
3 information provided therein is accurate, correct and does not contain
4 any untrue statement of material fact; (b) does not omit any material
5 fact which, if omitted, would cause the financial statements to be
6 misleading in light of the circumstances under which such statements are
7 made; and (c) fairly presents in all material respects the financial
8 condition and results of operations of the authority as of, and for, the
9 periods presented in the financial statements. A knowing and willful

10 violation of this section shall constitute perjury in the third degree.

11 § 3. Subdivision 2 of section 2824 of the public authorities law, as
12 added by section 766 of the laws of 2005, is amended to read as follows:

13 2. (a) Individuals appointed to the board of a public authority shall
14 participate in state approved training regarding their legal, fiduciary,
15 financial and ethical responsibilities as directors of an authority
16 within one year of appointment to a board. Board members shall partic-
17 ipate in such continuing training as may be required to remain informed
18 of best practices, regulatory and statutory changes relating to the
19 effective oversight of the management and financial activities of public
20 authorities and to adhere to the highest standards of responsible gover-
21 nance.

22 (b) Except as otherwise provided in this chapter, a member in non-com-
23 pliance with the requirements set forth in this section shall be subject
24 to the enforcement powers of the authorities budget office, including
25 but not limited to removal from the board of said public authority. If
26 an individual appointed to the board of a public authority does not
27 complete their state approved training pursuant to paragraph (a) of this
28 subdivision the authority budget office shall notify said individual of
29 their official suspension as a board member. The suspension shall be for
30 a period of three months and shall commence with receipt of official
31 notice of the suspension by the authorities budget office. The suspen-
32 sion shall be terminated if such individual completes the required
33 training within the three month suspension period. If such individual
34 fails to complete the required training within the three month suspen-
35 sion period, the authorities budget office may remove the individual
36 from the public authority board.

37 (c) An individual that has been removed from a public authority board
38 by the authorities budget office pursuant to paragraph (b) of this
39 subdivision, may only be reinstated to that public authority board once
40 they provide the authorities budget office with official notice confirm-
41 ing the training requirements set forth in paragraph (a) of this subdi-
42 vision have been met.

43 § 4. Section 104 of the not-for-profit corporation law is amended by
44 adding a new paragraph (h) to read as follows:

45 (h) If an instrument which is delivered to the department of state for
46 filing relates to municipal economic development, is a not-for-profit
47 corporation created pursuant to section fourteen hundred eleven of this
48 chapter or if such instrument may be deemed a local authority as defined
49 by subdivision two of section two of the public authorities law, the
50 department of state shall review, make, certify and transmit electron-
51 ically a copy of each such instrument relating to local economic devel-
52 opment to the authorities budget office.

53 § 5. Paragraphs (i) and (j) of subdivision 2 of section 6 of the
54 public authorities law, as added by chapter 506 of the laws of 2009, are
55 amended and a new paragraph (k) is added to read as follows:

1 (i) compel any authority which is deemed to be in non-compliance with
2 this title and title one of this article or article nine of this chapter
3 to submit to the authorities budget office a detailed explanation of
4 such failure to comply; ~~and~~

5 (j) commence a special proceeding in supreme court, when it does not
6 receive from a state or local authority upon request information, books,
7 records or other documentation necessary to perform its duties, seeking
8 an order directing the production of the same~~[-]~~; and

9 (k) commence an action or special proceeding to annul the corporate
10 existence or dissolve a corporation that has acted beyond its capacity
11 or power or to restrain it from carrying on unauthorized activities.

12 § 6. This act shall take effect on the ninetieth day after it shall
13 have become a law.