

STATE OF NEW YORK

2206

2023-2024 Regular Sessions

IN SENATE

January 19, 2023

Introduced by Sen. LIU -- 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, the executive law and the public officers law, in relation to clarifying the application of the accountability standards, open meetings law and freedom of information requirements to local development corporations

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

1 Section 1. Paragraph (a) of subdivision 2 of section 2800 of the
2 public authorities law, as amended by chapter 506 of the laws of 2009,
3 is amended to read as follows:
4 (a) Every local authority, [~~continued or created by this chapter or~~
5 ~~any other chapter of the laws of the state of New York~~] pursuant to
6 section two of this chapter shall submit to the chief executive officer,
7 the chief fiscal officer, the chairperson of the legislative body of the
8 local government or local governments and the authorities budget office,
9 within ninety days after the end of its fiscal year, a complete and
10 detailed report or reports setting forth: (1) its operations and accom-
11 plishments; (2) its financial reports, including (i) audited financials
12 in accordance with all applicable regulations and following generally
13 accepted accounting principles as defined in subdivision ten of section
14 two of the state finance law, (ii) grants and subsidy programs, (iii)
15 operating and financial risks, (iv) current ratings if any, of its bonds
16 issued by recognized municipal bond rating agencies and notice of chang-
17 es in such ratings, and (v) long-term liabilities, including leases and
18 employee benefit plans; (3) its mission statement and measurements
19 including its most recent measurement report; (4) a schedule of its
20 bonds and notes outstanding at the end of its fiscal year, together with
21 a statement of the amounts redeemed and incurred during such fiscal year
22 as part of a schedule of debt issuance that includes the date of issu-

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

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1 ance, term, amount, interest rate and means of repayment. Additionally,
2 the debt schedule shall also include all refinancings, calls,
3 refundings, defeasements and interest rate exchange or other such agree-
4 ments, and for any debt issued during the reporting year, the schedule
5 shall also include a detailed list of costs of issuance for such debt;
6 (5) a compensation schedule in addition to the report described in
7 section twenty-eight hundred six of this title that shall include, by
8 position, title and name of the person holding such position or title,
9 the salary, compensation, allowance and/or benefits provided to any
10 officer, director or employee in a decision making or managerial posi-
11 tion of such authority whose salary is in excess of one hundred thousand
12 dollars; (5-a) biographical information, not including confidential
13 personal information, for all directors and officers and employees for
14 whom salary reporting is required under subparagraph five of this para-
15 graph; (6) the projects undertaken by such authority during the past
16 year; (7) a listing and description, in addition to the report required
17 by paragraph a of subdivision three of section twenty-eight hundred
18 ninety-six of this article of all real property of such authority having
19 an estimated fair market value in excess of fifteen thousand dollars
20 that the authority acquires or disposes of during such period. The
21 report shall contain the price received or paid by the authority and the
22 name of the purchaser or seller for all such property sold or bought by
23 the authority during such period; (8) such authority's code of ethics;
24 (9) an assessment of the effectiveness of its internal control structure
25 and procedures; (10) a copy of the legislation that forms the statutory
26 basis of the authority; (11) a description of the authority and its
27 board structure, including (i) names of committees and committee
28 members, (ii) lists of board meetings and attendance, (iii) descriptions
29 of major authority units, subsidiaries, (iv) number of employees, and
30 (v) organizational chart; (12) its charter, if any, and by-laws; (13) a
31 listing of material changes in operations and programs during the
32 reporting year; (14) at a minimum a four-year financial plan, including
33 (i) a current and projected capital budget, and (ii) an operating budget
34 report, including an actual versus estimated budget, with an analysis
35 and measurement of financial and operating performance; (15) its board
36 performance evaluations provided, however, that such evaluations shall
37 not be subject to disclosure under article six of the public officers
38 law; (16) a description of the total amounts of assets, services or both
39 assets and services bought or sold without competitive bidding, includ-
40 ing (i) the nature of those assets and services, (ii) the names of the
41 counterparties, and (iii) where the contract price for assets purchased
42 exceeds fair market value, or where the contract price for assets sold
43 is less than fair market value, a detailed explanation of the justifica-
44 tion for making the purchase or sale without competitive bidding, and a
45 certification by the chief executive officer and chief financial officer
46 of the public authority that they have reviewed the terms of such
47 purchase or sale and determined that it complies with applicable law and
48 procurement guidelines; and (17) a description of any material pending
49 litigation in which the authority is involved as a party during the
50 reporting year, except that no provider of medical services need
51 disclose information about pending malpractice claims beyond the exist-
52 ence of such claims.

53 § 2. Subdivision 2 of section 2801 of the public authorities law, as
54 amended by chapter 506 of the laws of 2009, is amended to read as
55 follows:

2. Local authorities. For the local authority fiscal year ending on or after December thirty-first, two thousand seven and annually thereafter, every local authority ~~[heretofore or hereafter continued or created by this chapter or any other chapter of the laws of the state of New York]~~, pursuant to section two of this chapter, shall submit to the chief executive officer, the chief fiscal officer, the chairperson of the legislative body of the local government or governments and the authorities budget office for their information, annually not more than ninety days and not less than sixty days before the commencement of its fiscal year, in the form submitted to its members or trustees, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year.

§ 3. Subdivision 1 of section 2895 of the public authorities law, as added by chapter 766 of the laws of 2005, is amended to read as follows:

1. "Contracting officer" shall mean the officer or employee of a public authority or local authority pursuant to section two of this chapter who shall be appointed by resolution of the board of the public or local authority to be responsible for the disposition of property.

§ 4. Section 2896 of the public authorities law, as added by chapter 766 of the laws of 2005 and subdivision 3 as amended by chapter 506 of the laws of 2009, is amended to read as follows:

§ 2896. Duties of public and local authorities with respect to the disposal of property. 1. Every public and local authority, as defined in section two of this chapter, shall adopt by resolution comprehensive guidelines which shall (a) detail the public or local authority's operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property, and (b) designate a contracting officer who shall be responsible for the public or local authority's compliance with, and enforcement of, such guidelines. Such guidelines shall be consistent with, and shall require the public or local authority's contracting activities to comply with this section, the ~~[authorities]~~ authority's enabling legislation and any other applicable law for the disposal of property, except that such guidelines may be stricter than the provisions of this section, the authorities enabling legislation and any other applicable law for the disposal of property if the public or local authority determines that additional safeguards are necessary to assure the integrity of its disposition activities. Guidelines approved by the public or local authority shall be annually reviewed and approved by the governing body of the public or local authority. On or before the thirty-first day of March in each year, the public or local authority shall file with the comptroller a copy of the guidelines most recently reviewed and approved by the public or local authority, including the name of the public or local authority's designated contracting officer. At the time of filing such guidelines with the comptroller, every public or local authority shall also post such guidelines on the public or local authority's internet website. If the local authority does not maintain its own website, then the guidelines shall be posted on the website of the locality which created such authority. Guidelines posted on the public or local authority's internet website shall be maintained on such website at least until the procurement guidelines for the following year are posted on such website.

2. Each public or local authority shall:

1 a. maintain adequate inventory controls and accountability systems for
2 all property under its control;
3 b. periodically inventory such property to determine which property
4 shall be disposed of;
5 c. produce a written report of such property in accordance with subdivi-
6 sion three of this section;
7 d. transfer or dispose of such property as promptly as possible in
8 accordance with section twenty-eight hundred ninety-seven of this title.

9 3. a. Each public or local authority shall publish, not less frequent-
10 ly than annually, a report listing all real property of the public or
11 local authority. Such report shall include a list and full description
12 of all real and personal property disposed of during such period. The
13 report shall contain the price received by the public or local authority
14 and the name of the purchaser for all such property sold by ~~the~~ such
15 public or local authority during such period.

16 b. The public authority shall deliver copies of such report to the
17 comptroller, the director of the budget, the commissioner of general
18 services, the legislature and the authorities budget office.

19 c. The local authority shall deliver copies of such report to the
20 comptroller, the chief executive officer of the locality, and the chair-
21 person of the legislative body of the local government.

22 § 5. Section 2897 of the public authorities law, as added by chapter
23 766 of the laws of 2005, subdivision 3 and paragraphs c and d of subdivi-
24 sion 6 as amended and subdivision 7 as added by chapter 506 of the
25 laws of 2009 and paragraph e of subdivision 6 as added by chapter 156 of
26 the laws of 2012, paragraph a as amended and paragraph f of subdivision
27 6 as added by section 1 of part F of chapter 58 of the laws of 2020, is
28 amended to read as follows:

29 § 2897. Disposal of public or local authority property. 1. Supervision
30 and direction. Except as otherwise provided in this section, the
31 contracting officer designated by each public or local authority shall
32 have supervision and direction over the disposition of property of such
33 public or local authority.

34 2. Custody and control. a. The custody and control of the property of
35 a public authority, pending its disposition, and the disposal of such
36 property, shall be performed by the public authority in possession ther-
37 eof or by the commissioner of general services when so authorized under
38 this section.

39 b. The custody and control of the property of a local authority, pend-
40 ing its disposition, and the disposal of such property shall be
41 performed by the local authority in possession thereof.

42 3. Method of disposition. Subject to section twenty-eight hundred
43 ninety-six of this title, any public or local authority may dispose of
44 property for not less than the fair market value of such property by
45 sale, exchange, or transfer, for cash, credit, or other property, with
46 or without warranty, and upon such other terms and conditions as the
47 contracting officer deems proper, and it may execute such documents for
48 the transfer of title or other interest in property and take such other
49 action as it deems necessary or proper to dispose of such property under
50 the provisions of this section. Provided, however, that no disposition
51 of real property, or any interest in real property, shall be made unless
52 an appraisal of the value of such property has been made by an independ-
53 ent appraiser and included in the record of the transaction, and,
54 provided further, that no disposition of any other property, which
55 because of its unique nature or the unique circumstances of the proposed

1 transaction is not readily valued by reference to an active market for
2 similar property, shall be made without a similar appraisal.

3 4. Sales by the commissioner of general services. When it shall be
4 deemed advantageous to the state, any public authority may enter into an
5 agreement with the commissioner of general services where under such
6 commissioner may dispose of property of such public authority under
7 terms and conditions agreed to by the public authority and the commis-
8 sioner of general services. In disposing of any such property of a
9 public authority, the commissioner of general services shall be bound by
10 the terms of this title and references to the contracting officer shall
11 be deemed to refer to such commissioner.

12 5. Validity of deed, bill of sale, lease, or other instrument. A deed,
13 bill of sale, lease, or other instrument executed by or on behalf of any
14 public or local authority, purporting to transfer title or any other
15 interest in property of a public or local authority under this title
16 shall be conclusive evidence of compliance with the provisions of this
17 title insofar as concerns title or other interest of any bona fide gran-
18 tee or transferee who has given valuable consideration for such title or
19 other interest and has not received actual or constructive notice of
20 lack of such compliance prior to the closing.

21 6. Bids for disposal; advertising; procedure; disposal by negotiation;
22 explanatory statement. a. All disposals or contracts for disposal of
23 property of a public or local authority made or authorized by the
24 contracting officer shall be made after publicly advertising for bids
25 except as provided in paragraphs c and f of this subdivision.

26 b. Whenever public advertising for bids is required under paragraph a
27 of this subdivision:

28 (i) the advertisement for bids shall be made at such time prior to the
29 disposal or contract, through such methods, and on such terms and condi-
30 tions as shall permit full and free competition consistent with the
31 value and nature of the property;

32 (ii) all bids shall be publicly disclosed at the time and place stated
33 in the advertisement; and

34 (iii) the award shall be made with reasonable promptness by notice to
35 the responsible bidder whose bid, conforming to the invitation for bids,
36 will be most advantageous to the state or the locality, price and other
37 factors considered; provided, that all bids may be rejected when it is
38 in the public interest to do so.

39 c. Disposals and contracts for disposal of property may be negotiated
40 or made by public auction without regard to paragraphs a and b of this
41 subdivision but subject to obtaining such competition as is feasible
42 under the circumstances, if:

43 (i) the personal property involved has qualities separate from the
44 utilitarian purpose of such property, such as artistic quality, antiqui-
45 ty, historical significance, rarity, or other quality of similar effect,
46 that would tend to increase its value, or if the personal property is to
47 be sold in such quantity that, if it were disposed of under paragraphs a
48 and b of this subdivision, would adversely affect the state or local
49 market for such property, and the estimated fair market value of such
50 property and other satisfactory terms of disposal can be obtained by
51 negotiation;

52 (ii) the fair market value of the property does not exceed fifteen
53 thousand dollars;

54 (iii) bid prices after advertising therefor are not reasonable, either
55 as to all or some part of the property, or have not been independently
56 arrived at in open competition;

(iv) the disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation; or

(v) under those circumstances permitted by subdivision seven of this section; or

(vi) such action is otherwise authorized by law.

d. (i) An explanatory statement shall be prepared of the circumstances of each disposal by negotiation of:

(A) any personal property which has an estimated fair market value in excess of fifteen thousand dollars;

(B) any real property that has an estimated fair market value in excess of one hundred thousand dollars, except that any real property disposed of by lease or exchange shall only be subject to clauses (C) and (D) of this subparagraph;

(C) any real property disposed of by lease, if the estimated annual rent over the term of the lease is in excess of fifteen thousand dollars;

(D) any real property or real and related personal property disposed of by exchange, regardless of value, or any property any part of the consideration for which is real property.

(ii) Each such statement shall be transmitted to the persons entitled to receive copies of the report required under section twenty-eight hundred ninety-six of this title not less than ninety days in advance of such disposal, and a copy thereof shall be preserved in the files of the public authority making such disposal.

e. Disposals and contracts for disposal of real property by the canal corporation may be made by negotiated sale rather than public auction provided that all of the following conditions have been satisfied:

(i) The canal corporation has determined that: such real property is no longer necessary or useful to the purposes of the canal corporation; disposal of such real property complies with all applicable provisions of the canal law; and disposal of such real property is in the best interest of the canal corporation;

(ii) An appraisal of the fair market value of such property has been made by an independent appraiser and included in the record of the transaction;

(iii) The fair market value of such real property is greater than fifteen thousand dollars but not greater than seventy-five thousand dollars;

(iv) Such real property was improved prior to April first, nineteen hundred ninety-two under a municipal permit or a permit issued pursuant to section one hundred of the canal law, thereby creating an encroachment on canal corporation real property;

(v) The purchaser of such real property is, or will be, the owner of the improvement that either fully or partially encroaches on canal corporation real property; and

(vi) The consideration paid for such real property will be not less than the fair market value of the real property exclusive of the value, fair market or otherwise, of the encroaching improvements.

f. Notwithstanding anything to the contrary in this section, disposals for use of the thruway authority's fiber optic system, or any part thereof, may be made through agreements based on set fees that shall not require public auction, provided that:

~~(i)~~ (i) the thruway authority has determined the disposal of such property complies with all applicable provisions of this chapter;

1 ~~(i)~~ (ii) the thruway authority has determined that disposal of such
2 property is in the best interest of the thruway authority;

3 ~~(ii)~~ (iii) the set fees established by the thruway authority for use
4 of the fiber optic system, or part thereof, shall be based on an inde-
5 pendent appraisal of the fair market value of the property; and

6 ~~(iii)~~ (iv) any public authority, state agency, municipality, not-for-
7 profit hospital organized under section forty-three hundred one of the
8 insurance law, public library, or institution of higher education
9 located in New York state shall be required only to pay the actual cost
10 of providing for use of the fiber optic system, but not exceeding the
11 fair market value determined pursuant to subparagraph (iii) of this
12 paragraph. For purposes of this paragraph, "public authority" shall
13 refer to entities defined in section two of the public authorities law.
14 For purposes of this paragraph, "institution of higher education" shall
15 refer to entities as defined in subdivisions two and three of section
16 six hundred one of the education law.

17 Disposals of the fiber optic system, or any part thereof, through
18 agreements based on set fees shall not require the explanatory state-
19 ments required by this section. Any disposal of property, contract for
20 disposal of property or agreement made pursuant to this paragraph shall
21 not be deemed valid and enforceable unless it shall first have been
22 approved by both the comptroller and the attorney general.

23 7. Disposal of property for less than fair market value. a. No asset
24 owned, leased or otherwise in the control of a public or local authority
25 may be sold, leased, or otherwise alienated for less than its fair
26 market value except if:

27 (i) the transferee is a government or other public entity, and the
28 terms and conditions of the transfer require that the ownership and use
29 of the asset will remain with the government or any other public entity;

30 (ii) the purpose of the transfer is within the purpose, mission or
31 governing statute of the public or local authority; or

32 (iii) in the event a public or local authority seeks to transfer an
33 asset for less than its fair market value to other than a governmental
34 entity, which disposal would not be consistent with the authority's
35 mission, purpose or governing statutes, such authority shall provide
36 written notification thereof to the governor, the speaker of the assem-
37 bly, and the temporary president of the senate, and such proposed trans-
38 fer shall be subject to denial by the governor, the senate, or the
39 assembly. Denial by the governor shall take the form of a signed
40 certification by the governor. Denial by either house of the legislature
41 shall take the form of a resolution by such house. The governor and each
42 house of the legislature shall take any such action within sixty days of
43 receiving notification of such proposed transfer during the months of
44 January through June, provided that if the legislature receives notifi-
45 cation of a proposed transfer during the months of July through Decem-
46 ber, the legislature may take any such action within sixty days of Janu-
47 ary first of the following year. If no such resolution or certification
48 is performed within sixty days of such notification of the proposed
49 transfer to the governor, senate, and assembly, the public authority may
50 effectuate such transfer. Provided, however, that with respect to a
51 below market transfer by a local authority that is not within the
52 purpose, mission or governing statute of the local authority, if the
53 governing statute provides for the approval of such transfer by the
54 executive and legislative branches of the political subdivision in which
55 such local authority resides, and the transfer is of property obtained

1 by the authority from that political subdivision, then such approval
2 shall be sufficient to permit the transfer.

3 b. In the event a below fair market value asset transfer is proposed,
4 the following information must be provided to the authority board and
5 the public:

6 (i) a full description of the asset;

7 (ii) an appraisal of the fair market value of the asset and any other
8 information establishing the fair market value sought by the board;

9 (iii) a description of the purpose of the transfer, and a reasonable
10 statement of the kind and amount of the benefit to the public resulting
11 from the transfer, including but not limited to the kind, number,
12 location, wages or salaries of jobs created or preserved as required by
13 the transfer, the benefits, if any, to the communities in which the
14 asset is situated as are required by the transfer;

15 (iv) a statement of the value to be received compared to the fair
16 market value;

17 (v) the names of any private parties participating in the transfer,
18 and if different than the statement required by subparagraph (iv) of
19 this paragraph, a statement of the value to the private party; and

20 (vi) the names of other private parties who have made an offer for
21 such asset, the value offered, and the purpose for which the asset was
22 sought to be used.

23 c. Before approving the disposal of any property for less than fair
24 market value, the board of an authority shall consider the information
25 described in paragraph b of this subdivision and make a written determi-
26 nation that there is no reasonable alternative to the proposed below-
27 market transfer that would achieve the same purpose of such transfer.

28 § 6. Section 51 of the executive law, as added by chapter 766 of the
29 laws of 2005, is amended to read as follows:

30 § 51. Jurisdiction. This article shall, subject to the limitations
31 contained herein, confer upon the office of the state inspector general,
32 jurisdiction over all covered agencies. For the purposes of this article
33 "covered agency" shall include all executive branch agencies, depart-
34 ments, divisions, officers, boards and commissions, public and local
35 authorities, as defined in section two of the public authorities law
36 (other than multi-state or multi-national authorities), and public bene-
37 fit corporations, the heads of which are appointed by the governor and
38 which do not have their own inspector general by statute. Wherever a
39 covered agency is a board, commission, a public authority or public
40 benefit corporation, the head of the agency is the chairperson thereof.

41 § 7. Subdivision 3 of section 86 of the public officers law, as added
42 by chapter 933 of the laws of 1977, is amended to read as follows:

43 3. "Agency" means any state or municipal department, board, bureau,
44 division, commission, committee, public or local authority (as defined
45 in section two of the public authorities law), public corporation, coun-
46 cil, office or other governmental entity performing a governmental or
47 proprietary function for the state or any one or more municipalities
48 thereof, except the judiciary or the state legislature.

49 § 8. Subdivision 2 of section 102 of the public officers law, as
50 amended by chapter 115 of the laws of 2022, is amended to read as
51 follows:

52 2. "Public body" means any entity, for which a quorum is required in
53 order to conduct public business and which consists of two or more
54 members, performing a governmental function for the state or for an
55 agency or department thereof, or for a public corporation as defined in
56 section sixty-six of the general construction law, or a local authority

1 as defined by section two of the public authorities law, or committee or
2 subcommittee or other similar body consisting of members of such public
3 body, or an entity created or appointed to perform a necessary function
4 in the decision-making process for which a quorum is required in order
5 to conduct public business and which consists of two or more members. A
6 necessary function in the decision-making process shall not include the
7 provision of recommendations or guidance which is purely advisory and
8 which does not require further action by the state or agency or depart-
9 ment thereof or public corporation as defined in section sixty-six of
10 the general construction law.

11 § 9. This act shall take effect on the one hundred twentieth day after
12 it shall have become a law. Effective immediately, the addition, amend-
13 ment and/or repeal of any rule or regulation necessary for the implemen-
14 tation of this act on its effective date are authorized to be made and
15 completed on or before such effective date.