STATE OF NEW YORK

4746--A

2023-2024 Regular Sessions

IN SENATE

February 14, 2023

Introduced by Sens. HOYLMAN-SIGAL, BRISPORT, CHU, CLEARE, FERNANDEZ, GIANARIS, GONZALEZ, GOUNARDES, HARCKHAM, HINCHEY, JACKSON, KAVANAGH, KRUEGER, LIU, MANNION, MAY, MYRIE, RIVERA, RYAN, SALAZAR, SEPULVEDA, SERRANO, SKOUFIS, WEBB -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- recommitted to the Committee on Consumer Protection in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general business law, in relation to requiring fashion sellers to be accountable to environmental standards and establishing the interstate fashion environment accountability act compact; and to amend the state finance law, in relation to establishing a fashion remediation fund

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

Section 1. Short title. This act shall be known and may be cited as the "Fashion environmental accountability act".

§ 2. The general business law is amended by adding two new sections 399-mm and 399-mmm to read as follows:

§ 399-mm. Fashion environmental accountability act. 1. Definitions. As used in this section, the following terms shall have the following meanings:

(a) "Doing business in this state" shall mean actively engaging in any transaction for the purpose of financial or pecuniary gain or profit.

(b) "Gross receipts" shall mean the gross amounts realized, otherwise known as the sum of money and the fair market value of other property or services received, on the sale or exchange of property, the performance of services, or the use of property or capital, including rents, royalties, interest, and dividends, in a transaction that produces business income, in which the income, gain, or loss is recognized, or would be recognized if the transaction were in the United States, under the

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

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Internal Revenue Code, as applicable for purposes of this section. Amounts realized on the sale or exchange of property shall not be reduced by the cost of goods sold or the basis of property sold. Gross receipts, even if business income, shall not include the following items:

(i) repayment, maturity, or redemption of the principal of a loan, bond, mutual fund, certificate of deposit, or similar marketable instrument;

(ii) the principal amount received under a repurchase agreement or other transaction properly characterized as a loan;

(iii) proceeds from issuance of the taxpayer's own stock or from sale of treasury stock;

(iv) damages and other amounts received as the result of litigation;

(v) property acquired by an agent on behalf of another;

(vi) tax refunds and other tax benefit recoveries;

(vii) pension reversions;

(viii) contributions to capital, except for sales of securities by securities dealers;

(ix) income from discharge of indebtedness;

(x) amounts realized from exchanges of inventory that are not recognized under the Internal Revenue Code;

(xi) amounts received from transactions in intangible assets held in connection with a treasury function of the taxpayer's unitary business and the gross receipts and overall net gains from the maturity, redemption, sale, exchange, or other disposition of those intangible assets; and

(xii) amounts received from hedging transactions involving intangible assets. A "hedging transaction" means a transaction related to the taxpayer's trading function involving futures and options transactions for the purpose of hedging price risk of the products or commodities consumed, produced, or sold by the taxpayer.

(c) "Fashion seller" shall mean a business entity which sells articles of wearing apparel, footwear, or fashion bags that together exceed one hundred million dollars in annual gross receipts, but shall not include the sale of used wearing apparel, footwear, or fashion bags, nor shall it include multi-brand retailers, except where the apparel, footwear, and fashion bag private labels of those companies together exceed one hundred million dollars in global revenue.

(d) "Article of wearing apparel" shall mean any costume or article of clothing worn or intended to be worn by individuals.

(e) "Footwear" shall mean any covering worn or intended to be worn on the foot.

(f) "Fashion bag" shall mean flexible packaging made of textiles, leather or other animal products, woven material or other similar materials intended for repeated use.

(g) "Due diligence" shall mean the comprehensive process companies shall carry out to identify, cease, prevent, mitigate, account for, and remediate actual and potential adverse impacts to the environment in their own operations and in their supply chain, in compliance with, at a minimum, the standards outlined in the most recent Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the most recent Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

(h) "Due diligence report" shall mean the document prepared by the company to communicate all relevant information concerning the exist-

ence, implementation and outcomes of due diligence in order to comply with the requirements of this section, and to comply with any rules or regulations established pursuant to this section.

(i) "Risk-based approach" shall mean commensurate to the likelihood and severity of the harm. The fashion seller shall prioritize the order in which it takes action based on the likelihood and severity of harm. Severity of impacts shall be determined according to their scale or gravity, scope, and irremediable character.

(j) "Supply chain tiers" shall mean a four tier system defined as the following:

(i) "Tier one" shall mean suppliers who produce finished goods for fashion sellers, including suppliers' subcontractors, who provide the following services, including but not limited to sewing and embroidering;

(ii) "Tier two" shall mean suppliers to tier one, including subcontractors, who provide the following services or goods, including but not limited to knitting, weaving, washing, dyeing, finishing, printing for finished goods, and components and materials for finished goods when they are stand-alone operations and not integrated with tier one. Components shall mean materials used to build a product, including but not limited to buttons, zippers, rubber soles, down, and fusibles;

(iii) "Tier three" shall mean suppliers to tier two suppliers, including subcontractors, who process raw materials, such as ginning, spinning, and suppliers of chemicals; and

(iv) "Tier four" shall mean companies, including subcontractors, that provide raw materials to tier three.

(k) "Independently verified" shall mean audited by a verification body accredited by the department of state as described in subdivision five of this section.

(l) "Living wage" shall mean the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for such worker and their family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events. Living wage shall be determined exclusive of overtime wages and by net wages including in-kind and cash benefits, and deducting taxes and deductions.

(m) "Open data principles" shall mean data that can be freely used, reused and redistributed by anyone. Such data shall be findable or easily discoverable on a website or within a database, accessible or available in a machine readable, convenient, modifiable form and published as a whole, complete dataset, interoperable or able to be mixed with different datasets, and reusable or provided under an open license that permits reuse and redistribution, including the intermixing with other datasets.

(n) "Employee" shall mean all workers, whether full-time or part-time, permanent or fixed-term, directly contracted or hired indirectly through an agency or other intermediary.

2. Due Diligence. (a) Every fashion seller shall effectively carry out environmental due diligence for the portions of their business related to wearing apparel, footwear or fashion bags, including wearing apparel, footwear or fashion bags produced as a private label, which shall include:

(i) supply chain mapping:

(1) companies taking a risk-based approach and implementing good faith efforts to map suppliers across tier one through tier four of production.

(2) disclosure of suppliers of the production supply chain including: the name, parent company and product type at each site by country, filed by the following:

(A) Tier one suppliers shall be disclosed within twelve months of the effective date of this section, and shall contain a minimum of seventy-five percent of suppliers by volume.

(B) Tier two suppliers shall be disclosed within two years of the effective date of this section, and shall contain a minimum of seventy-five percent of suppliers by volume.

(C) Tier three suppliers shall be disclosed within three years of the effective date of this section and shall contain a minimum of fifty percent of suppliers by volume or dollar value.

(D) Tier four suppliers shall be disclosed within four years of the effective date of this section and shall contain a minimum of fifty percent of suppliers by volume or dollar value.

(ii) in carrying out effective due diligence, fashion sellers shall be in compliance with the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, requiring fashion sellers to, at a minimum:

(1) embed responsible business conduct into the company's policies and management systems;

(2) identify areas of significant risks in the contexts of its own activities and business and supply chain relationships;

(3) identify, prioritize, and assess the significant potential and actual adverse impacts of those risks;

(4) cease, prevent or mitigate those risks. This shall include, but not be limited to:

(A) establishing quantitative baseline and reduction targets on greenhouse gas emissions. Greenhouse gas emissions inventory shall be reported annually, starting in two thousand twenty-six for emissions in the prior fiscal year; include absolute figures; and conform with the accounting and reporting requirements of the most recent Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Scope Two Guidance, and, starting in two thousand twenty-seven, the most recent Corporate Value Chain Scope Three accounting and reporting standard promulgated by the World Resources Institute and the World Business Council for Sustainable Development. Greenhouse gas emissions inventory reported in the due diligence report required pursuant to subdivision three of this section shall be independently verified no less than once every two years. Fashion sellers shall not be subject to an administrative penalty under this section for any misstatements with regard to scope three emissions disclosures made with a reasonable basis and disclosed in good faith. Within four years of the effective date of this section, primary data shall be used to capture the fashion seller's tier two and tier three inventory of its most significant suppliers contributing to greenhouse gas emissions. Significant suppliers shall mean suppliers representing seventy-five percent of fabric by volume in tier two and fifty percent of fabric by volume in tier three. Greenhouse gas emission reduction targets must be near-term and long-term, covering scopes one, two and three emissions, and align with, at a minimum, Science Based Target initiative's most recent target validation criteria as promulgat-

ed by World Resources Institute, CDP, United Nations Global Compact and the World Wildlife Fund. For fashion sellers with global revenue over one billion dollars, the absolute contraction approach must be used to calculate scope three emissions. Fashion sellers shall meet targets and report their compliance on an annual basis in their due diligence report, as required pursuant to subdivision three of this section. If found to be out of compliance, fashion sellers shall have eighteen months to remedy their emissions and return to the necessary reduction pathway to deliver on their targets. In non-target years, non-compliance shall mean an increase in absolute emissions in three consecutive years, for companies over a billion dollars in revenue. In target years, non-compliance shall mean not reaching the target;

(B) being in compliance with, at a minimum, the Zero Discharge of Hazardous Chemicals Program's most recent wastewater guidelines, fashion sellers shall be required, for all significant tier two dyeing, finishing and garment washing suppliers, to sample and report on wastewater chemical concentrations and water usage, within two years of the effective date of this section. Such reports shall be independently verified. Fashion sellers shall also provide corrective action plans for their wastewater treatment within thirty months of the effective date of this section. After three years of the effective date of this section, fashion sellers shall be considered out of compliance if their significant tier two dyeing, finishing and garment suppliers have not made adequate progress in remediation of wastewater pollution concentrations. Significant suppliers shall mean suppliers representing seventy-five percent of fabric by volume;

(C) utilizing responsible exit or disengagement strategies;

(D) consulting and engaging with impacted and potentially impacted stakeholders and rights holders and their representatives;

(5) track implementation and results;

(6) provide for or co-operate in remediation in the event of an adverse impact:

(A) remedies shall seek to restore the affected person or persons, where practicable, to the situation they would have been in had the adverse impact not occurred and shall enable remediation that is proportionate to the significance and scale of the adverse impact; and

(B) remedies shall include, depending on the nature and extent of the adverse impact, remediation, restitution or financial or non-financial compensation, including establishing compensation funds for victims or for future outreach and educational programs, punitive sanctions including the dismissals of staff responsible for wrongdoing, and establishing and undertaking measures to prevent future adverse impacts, which may include, but are not limited to the development of internal protocols, practices and procedures to prevent future adverse impacts.

(b) The due diligence requirements pursuant to this subdivision shall not be conditional upon the company being effectively involved in the subsidiary's day-to-day operations or exercising a sufficient degree of control on companies within its supply chain.

3. Reporting. Every fashion seller shall develop and submit to the department of state annually, beginning within eighteen months of the effective date of this section, a due diligence report.

(a) Such report, excluding the information required in clause three of subparagraph (i) of paragraph (a) of subdivision two of this section, shall also be made publicly available on the fashion seller's website in a machine readable and reusable format, published in line with open data principles through a clear and easily discoverable link to the required

information. In the event the fashion seller does not have an internet website, the company shall provide a written disclosure to any person who has requested information within thirty days of receiving a request. Such report shall also include the fashion seller's annual volume of material produced, including breakdown by material type.

(b) Such report shall contain annual activities and financial spending to support supply chain due diligence.

(c) The department of state shall identify and notify fashion sellers that have failed to file a due diligence report that they have thirty days to file such report before being placed on a public non-compliant list and that they may be referred to the attorney general for investigation.

(d) The department of state shall review the due diligence reports for completeness.

(e) Fashion sellers shall have twelve months from the introduction of any updated guidance documents to integrate such guidance into the next annual due diligence report.

4. Regulations. (a) The department of state shall, in consultation with the department of environmental conservation, promulgate all rules and regulations necessary to implement the provisions of this section within six months from the effective date of this section.

(b) The department of state, in consultation with the department of environmental conservation, shall also develop and disseminate educational materials to fashion sellers, including providing alerts on time sensitive issues, emerging issues, and high-risk country situations, and assisting fashion sellers in improving the quality of their due diligence processes.

(c) The department of state shall consult the most recent Greenhouse Gas Protocol Corporate Accounting and Reporting Standard to develop methodologies to calculate data capture as laid out in item (A) of clause four of subparagraph (ii) of paragraph (a) of subdivision two of this section, prior to that requirement becoming effective.

(d) The department of state shall develop regulations on reporting requirements that minimize duplication of effort and allows a fashion seller to submit a due diligence report to the department of state that is prepared to meet other national and international reporting requirements, including any reports required by the federal government, as long as such reports satisfy all of the requirements of subdivision two of this section.

5. Verification. (a) The department of state shall, in consultation with the department of environmental conservation, develop a process for accrediting verification bodies authorized to provide verification services for the purposes of this section, including which requirements the entity is authorized to verify.

(b) Such process shall at a minimum consider:

(i) the demonstrated qualifications of verification staff, including their education, experience, and professional licenses. Verification bodies must employ and retain at least five total full-time staff with expertise in the requirements they seek to verify under this section;

(ii) any judicial proceedings, enforcement actions, or administrative actions filed against the body within the previous five years; and

(iii) the policies and mechanisms in place to prevent conflicts of interest and to identify and resolve potential conflict of interest situations if they arise. The department shall require applicants to submit the following information, at a minimum:

(1) identification of services provided by the verification body, the industries that the body serves, and the locations where those services are provided;

(2) a detailed organizational chart that includes the verification body, its management structure, and any related entities; and

(3) the verification body's internal conflict of interest policy that identifies activities and limits to monetary or non-monetary gifts that apply to all employees and procedures to monitor conflicts of interest.

(c) Verification bodies shall not be authorized to provide services to a company where a conflict of interest exists. A conflict of interest shall include:

(i) where the verification body and reporting entity share any management staff or board of directors membership, or any of the senior management staff of the reporting entity have been employed by the verification body, or vice versa, within the previous five years;

(ii) any employee of the verification body, or any employee of a related entity, or a subcontractor who is a member of the verification team has provided the reporting entity with services related to the areas of verification, or any services designated by the department of state, within the previous five years;

(iii) any staff member of the verification body provides any type of non-monetary incentive to a reporting entity to secure a verification services contract; and

(iv) any additional criteria provided by the department of state.

(d) Verification bodies that have been accredited by the department of state shall notify the department within thirty days if they no longer meet the verification requirements set forth by this section.

6. Monitoring and enforcement. (a) The requirements imposed on fashion sellers by this section shall be monitored, investigated, and enforced by the attorney general or an administrator designated by the attorney general to bring civil proceedings for an injunction, or fines for monetary damages as described in this section, or civil performance of a statutory duty. Fashion sellers shall be deemed non-compliant with this section if they fail to conduct effective due diligence pursuant to subdivision two of this section or fail to file a due diligence report pursuant to subdivision three of this section.

(b) The department of state shall identify and notify fashion sellers that have failed to file a complete due diligence report. If such fashion sellers fail to file a complete report, after a period of three months, the department of state shall refer fashion sellers to the attorney general for enforcement for failure to file a complete report.

(c) The department of environmental conservation shall review and certify effective due diligence for environmental matters in the due diligence report and identify fashion sellers for referral to the secretary of state for any failures.

(d) The department of state shall compile and maintain a list of non-compliant fashion sellers on the department's website. The department of state shall refer to the attorney general for investigation any fashion seller who fails to file a due diligence report or fails to conduct effective due diligence, once any grace period lapses and the fashion seller remains in non-compliance.

(e) Fashion sellers found to be out of compliance with this section after the attorney general, or the attorney general's designated administrator as applicable, has provided notice of non-compliance, and after a three-month period to meet obligations under this section has lapsed, may be fined up to two percent of annual revenues. Such fines shall be

deposited in the community benefit fund established by section ninety-seven-ccc of the state finance law.

(f) The attorney general, or the attorney general's designated administrator shall use a risk-based approach in enforcement and shall publish enforcement guidelines.

(g) Any person may report a violation of this section to the attorney general's office.

§ 399-mmm. Fashion environmental accountability act compact. 1. Rules of construction. (a) This compact shall not be construed to displace federal rules or regulations relating to the regulation of garments or other such products covered by the fashion environmental accountability act.

(b) This compact shall be construed in a manner to achieve the purposes and intent enunciated in the fashion environmental accountability act. It is the intent of this compact to establish a basic structure by which the commission may achieve those purposes through the application, adaptation, and development of the regulatory techniques pursuant to the fashion environmental accountability act and to afford the commission sufficient flexibility to devise regulatory mechanisms to achieve the purposes of this compact in line with the intent of the fashion environmental accountability act. In accordance with this intent, the commission shall use the terms and purpose defined in this act, solely for the intent of coordinating rules and regulations excluding implementation, which shall be the responsibility of the participating states. The commission may further define the terms used in this compact, develop additional concepts and define additional terms as it may find appropriate to achieve its purposes and responsibilities.

(c) This compact shall come into force upon entry of two or more participating states.

2. Interstate fashion environmental accountability commission. There is hereby created an interstate fashion environmental accountability commission to administer the compact, composed of representatives from each participating state. A representative shall be appointed by a participating state at such state's discretion. A state's representative shall be a resident of such state with relevant expertise or scientific knowledge in the areas including but not limited to fashion environmental sustainability, environmental protection, international supply chains, the establishment of by-laws, rules, and regulations for interstate compacts, interstate commerce, and subject to such confirmation process as is provided for in the appointing state. In all other respects, such representative shall serve in accordance with the laws of the participating state and for a time as determined by the participating state. The compensation, if any, shall be determined by the by-laws of the compact. Each state representative shall be entitled to one vote in the conduct of the commission's affairs. Any expenses incurred for the purposes of participation shall be paid by the commission and shall be shared equitably across participating states.

3. Voting requirements. All actions taken by the commission, shall be by majority vote of the representatives present, except for the adoption of by-laws, which shall be by a two-thirds vote. A majority of the representatives from the participating states shall constitute a quorum for the conduct of the commission's business.

4. Administration and management. (a) The commission shall elect annually from among the representatives of the participating states a chairperson, a vice-chairperson, a secretary, and a treasurer. The commission shall appoint an executive director and fix their duties in carrying out

the intent of the compact as well as compensation. The executive director shall serve at the pleasure of the commission, and, together with the treasurer, shall be bonded in an amount determined by the commission.

(b) The commission shall adopt by-laws for the conduct of its business by a two-thirds vote, and shall have the power by the same vote to amend or rescind sections of such by-laws. The commission shall publish its by-laws in a convenient form which shall be accessible to the public with the appropriate agency or officer in each of the participating states. The by-laws shall provide for appropriate notice, to the state representatives, of all commission meetings and hearings and of the business to be transacted at such meetings or hearings. Notice also shall be given to other agencies or officers of participating states as provided by the laws of those states.

(c) The commission shall file an annual report with respect to its activities and outcomes for the preceding year with each of the participating states by submitting copies to the governor, both houses of the legislature, and the head of the state's departments deemed necessary by each respective participating state for the implementation of this act.

(d) In addition to the powers and duties elsewhere prescribed in this compact, the commission shall have the power to:

(i) acquire, hold, and dispose of real and personal property by gift, purchase, lease, license, or other similar manner, for the exclusive purpose of coordinating implementation of the act between participating states;

(ii) appoint such officers, agents, and employees as it may deem necessary and prescribe their powers, duties, and qualifications; and

(iii) create and abolish such employments and positions as it deems necessary for the purposes of the compact and provide for the removal, term, tenure, compensation, fringe benefits, pension, and retirement rights of its employees and positions. The commission may also retain personal services on a contract basis for the exclusive purpose of coordinating implementation of the fashion environmental accountability act between participating states.

5. Rulemaking power. The commission is further empowered to adopt uniform administrative procedures and rules and regulations for the implementation of the fashion environmental accountability act and to make and enforce such additional rules and regulations as it deems necessary to implement any provisions of this compact. The commission shall also provide a concise general statement of basis and purpose as required by section 4(b) of the Federal Administrative Procedure Act, as amended (5 U.S.C. Sec. 553(c)).

6. Powers to promote regulatory uniformity, simplicity, and interstate cooperation. The commission is hereby empowered to:

(a) conduct monitoring and evaluation of the relevant laws and rules and regulations of the participating states, including the quality and extent of their implementation and their impact related to regulated entities to ensure compliance with the intent of the fashion environmental accountability act;

(b) prepare and transmit to participating states model rules and regulations to ensure the effective administration of the fashion environmental accountability act and its intent;

(c) study and recommend to the participating states joint or coordinated programs for the administration of the fashion environmental accountability act and to prepare estimates of cost savings and benefits of such programs;

(d) encourage collaborative relationships between the regulated entities of the fashion environmental accountability act and participating states for the proper compliance of fashion sellers pursuant to the fashion environmental accountability act and participating states' mutual challenges to enforcement, including through meetings, symposiums or conferences designed to improve industry relations, coordination between participating states, or a better understanding of challenges with regards to the achieving intent of the fashion environmental accountability act;

(e) prepare and release periodic reports on activities and results of the commission's efforts with the participating states which shall be readily accessible to the public;

(f) review the interpretation and implementation of due diligence procedures and compliance with the fashion environmental accountability act between participating states and make recommended changes as necessary to ensure uniformity and continuity of compliance between such participating states in keeping with the intent of the fashion environmental accountability act; and

(g) facilitate the sharing between participating states of data regarding regulated entities and the implementation of the intent of the act.

7. Rulemaking procedure. Upon entry into force of this compact, the commission shall conduct an informal rulemaking proceeding, including no less than one public hearing per participating state, to provide interested persons with an opportunity to present data and views. Such rulemaking proceeding shall be governed by section four of the Federal Administrative Procedure Act, as amended (5 U.S.C. Sec. 553). In addition, the commission shall publish notice of rulemaking proceedings in the official register and websites of the designated departments of each participating state, at minimum. The commission may commence a rulemaking proceeding on its own initiative or may in its sole discretion act upon the petition of any person or regulated entity, consumer or public interest groups, and local, state, or federal officials.

8. Records, reports, access to premises. (a) The commission may by rule and regulation prescribe recordkeeping and reporting requirements for all participating states for the purposes of coordinating implementation. For purposes of the administration and implementation of this compact, the commission is authorized to examine the books and records of any participating state relating to the enforcement of the fashion environmental accountability act. The commission's properly designated employees or agents shall have full access during normal business hours to the premises and relevant records of all relevant departments of participating states.

(b) Information furnished to or acquired by the commission officers, employees, or its agents pursuant to this section shall be available to all participating states but confidential with respects to any law, rule, or regulation regarding proprietary information and not subject to public disclosure except to the extent that the commission deems disclosure to be necessary in any administrative or judicial proceeding involving the administration or implementation of this compact or other regulations of the commission. The commission may promulgate regulations further defining the confidentiality of information pursuant to this subdivision. Nothing in this subdivision shall be deemed to prohibit the publication by direction of the commission of the name of any participating state violating any regulation of the commission, together with a statement of the particular provisions violated by such state. The

commission is authorized to require compliance of a participating state violating any regulation of the commission by majority vote of the commission. Failure to adhere to such compliance shall deem such participating state not-in-good standing with the compact and be void of all participation or requirements pursuant to the by-laws established by the commission.

(c) No officer, employee, or agent of the commission shall intentionally disclose information, by inference or otherwise, which is made confidential pursuant to this section. Any person violating the provisions of this section, upon conviction, shall be removed from office.

(d) The commission shall refer any allegation of a violation of a representative pursuant to this subdivision to the respective participating state and appropriate state enforcement authority.

9. Finance of startup and regular costs. In order to finance the costs of administration and implementation of this compact the commission is hereby empowered to collect an assessment from each participating state, pursuant to rules and regulations enacted by the commission. Such rules and regulations shall provide for establishment of a reserve for the commission's ongoing operating expenses. Participating states may fund the initial expenses associated with the establishment of the by-laws, rules and regulations of the compact and commission staff.

10. Audit and accounts. (a) The commission shall keep accurate accounts of all receipts and disbursements, which shall be subject to the audit and accounting procedures established under its rules and regulations. In addition, all receipts and disbursements of funds handled by the commission shall be audited yearly by a qualified public accountant and the report of the audit shall be included in and become part of the annual report and the annual budget of the commission.

(b) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted representatives of the participating states and by any persons authorized by the commission.

(c) Nothing contained in this compact shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any participating state or of the United States.

11. Entry into force; additional members. The compact shall enter into force for a participating state effective when enacted into law by such state, district, or territory of the United States of America.

12. Voluntary withdrawal from compact. Any participating state may withdraw from this compact by enacting a statute repealing the same, but no such withdrawal shall take effect until one year after notice in writing of the withdrawal is given to the commission and the governors of all other participating states. No withdrawal shall affect any liability already incurred by or chargeable to a participating state prior to the time of such withdrawal.

13. Reservation of rights; in general. The right to alter, amend, or repeal this compact is expressly reserved.

§ 3. The state finance law is amended by adding a new section 97-ccc to read as follows:

§ 97-ccc. Fashion remediation fund. 1. There is hereby established in the joint custody of the comptroller, the commissioner of taxation and finance, the commissioner of environmental conservation, and the commissioner of labor a special fund to be known as the fashion remediation fund.

2. Such fund shall consist of all moneys deposited pursuant to paragraph (c) of subdivision six of section three hundred ninety-nine-mm of the general business law.

3. The moneys in the fund shall be expended by the comptroller for the purpose of implementing one or more environmental benefit projects or environmental remediation projects that directly and verifiably benefit the workers and communities directly impacted, to the extent practicable, at the location the injury has occurred.

4. On or before the first day of February each year, the comptroller shall certify to the temporary president of the senate, and the speaker of the assembly, the amount of money deposited by source in the fund during the preceding calendar year, as well as all disbursements from the fund during the preceding calendar year.

5. Moneys shall be payable from the fund on the audit and warrant of the comptroller on vouchers certified and approved by the commissioner of environmental conservation as applicable.

§ 4. The attorney general shall certify to the governor that the office of the attorney general is prepared to execute the duties assigned in subdivision 6 of section 399-mm of the general business law within one year following the effective date of this act. If, after the expiration of one year, the attorney general requires more time to certify that the office of the attorney general is prepared to execute such duties, the attorney general may, for good cause shown, apply to the governor for an extension of time. The governor may grant or deny an extension of up to one year according to their discretion.

§ 5. Severability. If any word, phrase, clause, sentence, paragraph, section, or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the word, phrase, clause, sentence, paragraph, section, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

§ 6. This act shall take effect immediately; provided, however, that subdivision 6 of section 399-mm of the general business law as added by section two of this act shall take effect one year after the attorney general certifies that the office of the attorney general is prepared to execute the duties assigned in such subdivision. The attorney general shall notify the legislative bill drafting commission upon the occurrence of such certification in order that the commission may maintain an accurate and timely effective data base of the official text of the laws of the state of New York in furtherance of effectuating the provisions of section 44 of the legislative law and section 70-b of the public officers law.