

# STATE OF NEW YORK

8844

## IN SENATE

March 20, 2024

Introduced by Sen. RYAN -- read twice and ordered printed, and when printed to be committed to the Committee on Procurement and Contracts

AN ACT to amend the state finance law, in relation to adding employee-owned enterprises to the list of preferred contractors for public contracts in the state

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

1 Section 1. Subdivisions 6, 7, 8, 9 and 10 of section 160 of the state  
2 finance law are renumbered subdivisions 7, 8, 9, 10 and 11, and a new  
3 subdivision 6 is added to read as follows:

4 6. "Employee-owned enterprise" shall have the same meaning as defined  
5 by section eighteen hundred thirty-six-b of the public authorities law.

6 § 2. Subdivision 2 of section 162 of the state finance law is amended  
7 by adding a new paragraph g to read as follows:

8 g. Commodities and services produced by an employee-owned enterprise  
9 or a worker cooperative incorporated under the laws of this state and  
10 governed by article five-A of the cooperative corporations law.

11 § 3. Subparagraph (iii) of paragraph a and the opening paragraph of  
12 paragraph b of subdivision 4 of section 162 of the state finance law, as  
13 amended by chapter 565 of the laws of 2022, are amended to read as  
14 follows:

15 (iii) When commodities are available, in the form, function and utili-  
16 ty required by, a state agency or political subdivision or public bene-  
17 fit corporation having their own purchasing agency, and such commodities  
18 are not available pursuant to subparagraphs (i) and (ii) of this para-  
19 graph, said commodities shall then be purchased from a qualified non-  
20 profit-making agency for other disabled persons, a qualified special  
21 employment program for mentally ill persons, ~~[or]~~ a qualified veterans'  
22 entity, or a qualified employee-owned enterprise or worker cooperative;  
23 provided, however, the preferred source shall perform fifty percent or  
24 more of the work;

25 When services are available, in the form, function and utility  
26 required by, a state agency or political subdivision or public benefit  
27 corporation having their own purchasing agency, equal priority shall be  
28 accorded the services rendered and offered for sale by qualified non-  
29 profit-making agencies for the blind and those for the other disabled,  
30 by qualified special employment programs for mentally ill persons ~~[and]~~.

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

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1 by qualified veterans' entities, and by qualified employee-owned enter-  
2 prises or worker cooperatives; provided, however, the preferred source  
3 shall perform fifty percent or more of the work. In the case of  
4 services:

5 § 4. Subparagraph (iii) of paragraph a and the opening paragraph of  
6 paragraph b of subdivision 4 of section 162 of the state finance law, as  
7 added by chapter 83 of the laws of 1995, are amended to read as follows:

8 (iii) When commodities are available, in the form, function and utili-  
9 ty required by, a state agency or political subdivision or public bene-  
10 fit corporation having their own purchasing agency, and such commodities  
11 are not available pursuant to subparagraphs (i) and (ii) of this para-  
12 graph, said commodities shall then be purchased from a qualified non-  
13 profit-making agency for other [~~severely~~] disabled persons, a qualified  
14 special employment program for mentally ill persons, [~~or~~] a qualified  
15 veterans' [~~workshop~~] entity, or a qualified employee-owned enterprise or  
16 worker cooperative;

17 When services are available, in the form, function and utility  
18 required by, a state agency or political subdivision or public benefit  
19 corporation having their own purchasing agency, equal priority shall be  
20 accorded the services rendered and offered for sale by qualified non-  
21 profit-making agencies for the blind and those for the other [~~severely~~]  
22 disabled, by qualified special employment programs for mentally ill  
23 persons [~~and~~], by qualified veterans' [~~workshops~~] entities, and by qual-  
24 ified employee-owned enterprises or worker cooperatives. In the case of  
25 services:

26 § 5. Section 162 of the state finance law is amended by adding a new  
27 subdivision 6-a to read as follows:

28 6-a. Prices charged by employee-owned enterprises or worker cooper-  
29 atives.

30 a. Qualified employee-owned enterprises or worker cooperatives may  
31 make purchases of materials, equipment or supplies, except printed mate-  
32 rial, from centralized contracts for commodities in accordance with the  
33 conditions set by the office of general services; provided that such  
34 qualified employee-owned enterprise or worker cooperative shall accept  
35 sole responsibility for any payment due to the vendor.

36 b. The state comptroller may conduct audits and examinations of all  
37 records, books and data of any employee-owned enterprise or worker coop-  
38 erative qualified under this section to determine the costs of manufac-  
39 turing or the rendering of services and the manner and efficiency of  
40 production and administration of such employee-owned enterprise or work-  
41 er cooperative with relation to any product or services purchased by a  
42 state agency or political subdivision or public benefit corporation and  
43 to furnish the results of such audit and examination to the commissioner  
44 for such action as he or she may deem appropriate under this section.

45 § 6. This act shall take effect on the ninetieth day after it shall  
46 have become a law; provided, however, that the amendments to subpara-  
47 graph (iii) of paragraph a and the opening paragraph of paragraph b of  
48 subdivision 4 of section 162 of the state finance law made by section  
49 three of this act shall be subject to the expiration and reversion of  
50 such subparagraph and opening paragraph pursuant to section four of  
51 chapter 565 of the laws of 2022, as amended, when upon such date the  
52 provisions of section four of this act shall take effect. Effective  
53 immediately, the addition, amendment and/or repeal of any rule or regu-  
54 lation necessary for the implementation of this act on its effective  
55 date are authorized to be made and completed on or before such effective  
56 date.