STATE OF NEW YORK

3221

2025-2026 Regular Sessions

IN SENATE

January 24, 2025

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

AN ACT to amend the New York state urban development corporation act and the economic development law, in relation to requiring certain business recipients of state aid to perform an annual assessment of the business' social and environmental impact as assessed against a third party standard

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

Section 1. Section 3 of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act is amended by adding a new subdivision 31 to read as follows:

(31) "Third party standard". A recognized standard for defining, reporting, and assessing business' social and environmental performance that:

(a) assesses the effects of the business and its operations upon the following:

(i) the employees and work force of the business, its subsidiaries, and its suppliers;

(ii) the interests of customers as beneficiaries of the business;

(iii) community and societal factors, including those of each community in which offices or facilities of the business, its subsidiaries, or its suppliers are located; and

(iv) the local and global environment; and

(b) is developed by an entity other than:

(i) the state; or

(ii) the business whose social and environmental impact is being assessed against the third party standard; and

(iii) such entity shall:

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

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(A) have access to necessary expertise to assess overall business' social and environmental performance; and

(B) use a balanced multi-stakeholder approach to develop the standard, including a reasonable public comment period; and

(c) makes the following information publicly available:

(i) the criteria considered when measuring the overall social and environmental performance of a business;

(ii) the relative weightings, if any, of those criteria;

(iii) the identity of the directors, officers, material owners, and the governing body of the entity that developed and controls revisions to the standard;

(iv) the process by which revisions to the standard and changes to the membership of the governing body are made; and

(v) an accounting of the revenue and sources of financial support for the entity, with sufficient detail to disclose any relationships that could reasonably be considered to present a potential conflict of interest.

§ 2. Section 30 of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act is amended by adding a new subdivision (d) to read as follows:

(d) Report. In addition to any other requirements imposed by the act or otherwise regarding evaluations of programs administered by the corporation, the corporation shall report on an annual basis beginning October first, two thousand twenty-five, and on each October first thereafter, to the governor, the chairpersons of the senate committees on finance, commerce, economic development and small business, and corporations, authorities and commissions, the chairpersons of the assembly committees on ways and means, economic development, corporations, authorities and commissions, and small business on the social and environmental impact of entities required to report under subdivision (j) of section thirty-a of this act. Such report shall include an analysis of the aggregate third party standard assessment results including aggregate assessment results by funding level.

§ 3. Section 30-a of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act is amended by adding a new subdivision (j) to read as follows:

(j) The corporation shall, upon approval of an application or formal request for funding, in an amount of one hundred thousand dollars or more, or tax benefit assistance for any entity or project, require such recipient to perform an annual assessment of their social and environmental impact as assessed against a third party standard, as defined in subdivision thirty-one of section three of this act. Such assessment shall be submitted to the corporation by the entity receiving funding or tax benefit assistance approved by the corporation ninety days after the first year from the date of approval and annually thereafter. The corporation shall select an independent third party standard as defined in subdivision thirty-one of section three of this act. Such standard shall be chosen within one hundred eighty days after the effective date of this subdivision. The corporation may use any funds necessary to administer and implement this section.

§ 4. The economic development law is amended by adding a new article 23 to read as follows:

ARTICLE 23

FUNDING RECIPIENT ASSESSMENT

Section 450. Definition.

451. Report.

452. Annual assessment.

§ 450. Definition. "Third party standard" means a recognized standard for defining, reporting, and assessing business' social and environmental performance that:

(a) assesses the effects of the business and its operations upon the following:

(i) the employees and work force of the business, its subsidiaries, and its suppliers;

(ii) the interests of customers as beneficiaries of the business;

(iii) community and societal factors, including those of each community in which offices or facilities of the business, its subsidiaries, or its suppliers are located; and

(iv) the local and global environment; and

(b) is developed by an entity other than:

(i) the state; or

(ii) the business whose social and environmental impact is being assessed against the third party standard; and

(iii) such entity shall:

(A) have access to necessary expertise to assess overall business' social and environmental performance; and

(B) use a balanced multi-stakeholder approach to develop the standard, including a reasonable public comment period; and

(c) makes the following information publicly available:

(i) the criteria considered when measuring the overall social and environmental performance of a business;

(ii) the relative weightings, if any, of those criteria;

(iii) the identity of the directors, officers, material owners, and the governing body of the entity that developed and controls revisions to the standard;

(iv) the process by which revisions to the standard and changes to the membership of the governing body are made; and

(v) an accounting of the revenue and sources of financial support for the entity, with sufficient detail to disclose any relationships that could reasonably be considered to present a potential conflict of interest.

§ 451. Report. In addition to any other requirements imposed by the act or otherwise regarding evaluations of programs administered by the department, the commissioner and the department shall report on an annual basis beginning October first, two thousand twenty-five, and on each October first thereafter, to the governor, the chairpersons of the senate committees on finance, commerce, economic development and small business, and corporations, authorities and commissions, the chairpersons of the assembly committees on ways and means, economic development, corporations, authorities and commissions, and small business on the social and environmental impact of entities required to report under section four hundred fifty-two of this article. Such report shall include an analysis of the aggregate third party standard assessment results including aggregate assessment results by funding level.

§ 452. Annual assessment. The commissioner and the department shall, upon approval of an application or formal request for funding, in an amount of one hundred thousand dollars or more, or tax benefit assistance for any entity or project, require such recipient to perform an annual assessment of their social and environmental impact as assessed against a third party standard, as defined in section four hundred fifty of this article. Such assessment shall be submitted to the department by the entity receiving funding or tax benefit assistance approved by the

department ninety days after the first year from the date of approval and annually thereafter. The department shall select an independent third party standard as defined in section four hundred fifty of this article. Such standard shall be chosen within one hundred eighty days after the effective date of this section. The department may use any funds necessary to administer and implement this section.

§ 5. This act shall take effect immediately.