

STATE OF NEW YORK

173

2025-2026 Regular Sessions

IN ASSEMBLY

(Prefiled)

January 8, 2025

Introduced by M. of A. PAULIN, OTIS, JACOBSON, SHIMSKY -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the not-for-profit corporation law and the public authorities law, in relation to the applicability of open meetings and freedom of information laws to certain not-for-profit corporations

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

1 Section 1. Section 104 of the not-for-profit corporation law is
2 amended by adding a new paragraph (h) to read as follows:

3 (h) The department shall transmit electronically to the authorities
4 budget office a copy of every certificate of incorporation filed or
5 delivered where the incorporator has indicated on the certificate that
6 such incorporator is filing said certificate on the behalf or at the
7 behest of a municipal corporation, state or local authority, or
8 district.

9 § 2. Subparagraph 2-b of paragraph (a) of section 402 of the not-for-
10 profit corporation law, as added by chapter 23 of the laws of 2014, is
11 amended to read as follows:

12 (2-b) If it is not formed to engage in any activity or for any purpose
13 requiring consent or approval of any state official, department, board,
14 agency or other body, or does not require consent pursuant to paragraph
15 (w) of section 404 (Approvals, notices and consents) of this article a
16 statement that no such consent or approval is required. Such statement
17 shall be deemed conclusive for purposes of filing by the department of
18 state. If subsequent to submitting the certificate of incorporation for
19 filing, the corporation plans to engage in any activity requiring
20 consent or approval pursuant to section 404 [~~approvals~~] (Approvals,
21 notices and consents) of this [~~chapter~~] article, the corporation shall
22 obtain such consent or approval and accordingly amend its certificate of
23 incorporation pursuant to article eight of this chapter.

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

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§ 3. Paragraph (a) of section 402 of the not-for-profit corporation law is amended by adding a new subparagraph 9 to read as follows:

(9) A statement whether the corporation is being incorporated on the behalf or at the behest of any municipal corporation, state or local authority, or district. If so, the incorporator shall identify such municipal corporation, state or local authority, or district.

§ 4. Section 404 of the not-for-profit corporation law is amended by adding a new paragraph (w) to read as follows:

(w) Every certificate of incorporation which includes any of the following shall have endorsed thereon or annexed thereto the consent of the director of the authorities budget office:

(1) indicates that one or more individuals who serve as officers or employees of any municipal corporation, state or local authority, or district shall: (i) select either a majority of the corporation's board of directors or the corporation's chief executive officer; (ii) constitute a majority of the voting strength that selects either a majority of the corporation's board of directors or the corporation's chief executive officer; or (iii) serve as: (A) a majority of the corporation's board of directors; or (B) in their official capacity, the corporation's chief executive officer; or

(2) indicates that such corporation is being incorporated on the behalf or at the behest of any municipal corporation, state or local authority, or district.

The director shall make such inquiry into the purposes of the proposed corporation as the director shall deem advisable.

§ 5. Subparagraph 2 of paragraph (d) of section 1411 of the not-for-profit corporation law is amended to read as follows:

(2) Notwithstanding the provisions of any general, special or local law, charter or ordinance to the contrary, such sale or lease may be made without appraisal (except as may be necessary in regard to subparagraph (4) of this paragraph), public notice~~[7]~~ (except as provided in subparagraph (4) of this paragraph), or public bidding for such price or rental and upon such terms as may be agreed upon between the county, city, town or village and said local development corporation; provided, however, that in case of a lease the term may not exceed ~~[ninety-nine]~~ twenty-five years and provided, further, that in cities having a population of one million or more, no such sale or lease shall be made without the approval of a majority of the members of the borough improvement board of the borough in which such real property is located.

§ 6. Subparagraph 4 of paragraph (d) of section 1411 of the not-for-profit corporation law is amended to read as follows:

(4) Notice of such hearing shall be published at least ~~[ten]~~ twenty-one days before the date set for the hearing in such publication and in such manner as may be designated by the local legislative body, or the board of estimate as the case may be. Such notice shall also include: a description of the property at issue; the value of the proposed consideration to be received from the sale or lease; the estimated fair market value of the asset; and a statement of the intended use or disposition of the property by the local development corporation.

§ 7. Paragraph (i) of section 1411 of the not-for-profit corporation law is amended to read as follows:

(i) Contracts between a municipal corporation, public authority, or district and a local development corporation.

Any contract or other agreement between a local development corporation and a municipal corporation, state authority or local authority, or district for one or more of the purposes enumerated in paragraph (a)

1 of this section shall: (1) cause the local development corporation to be
2 defined as a local authority pursuant to subdivision two of section two
3 of the public authorities law; (2) provide for the municipal corpo-
4 ration, state authority or local authority, or district to receive fair
5 and adequate consideration; (3) be subject to the requirements of arti-
6 cle five-A of the general municipal law; and (4) have a term not to
7 exceed twenty-five years, subject to one or more subsequent renewals for
8 a term not to exceed twenty-five years each upon the mutual consent of
9 the parties; provided however that a contract with a municipal corpo-
10 ration shall not be used to finance the municipal corporation's oper-
11 ations or to acquire or improve an asset for use of the municipal corpo-
12 ration.

13 (j) Effect of section.

14 Corporations incorporated or reincorporated under this section shall
15 be organized and operated exclusively for the purposes set forth in
16 paragraph (a) of this section, shall have, in addition to the powers
17 otherwise conferred by law, the powers conferred by paragraph (c) of
18 this section and shall be subject to all the restrictions ~~[and]~~, limita-
19 tions and obligations imposed by ~~[paragraph]~~ paragraphs (e) ~~[and para-~~
20 ~~graph]~~, (g) and (i) of this section. In so far as the provisions of
21 this section are inconsistent with the provisions of any other law,
22 general or special, the provisions of this section shall be controlling
23 as to corporations incorporated or reincorporated hereunder.

24 § 8. Subdivisions 1 and 2 of section 2 of the public authorities law,
25 subdivision 1 as added by chapter 766 of the laws of 2005 and subdivi-
26 sion 2 as amended by chapter 257 of the laws of 2011, are amended to
27 read as follows:

28 1. "state authority" shall mean (a) a public authority or public bene-
29 fit corporation created by or existing under this chapter or any other
30 law of the state of New York, with one or more of its members appointed
31 by the governor or who serve as members by virtue of holding a civil
32 office of the state, other than an interstate or international authority
33 or public benefit corporation, including subsidiaries of such public
34 authority or public benefit corporation; or (b) certain membership
35 corporations as defined in paragraph (d) of subdivision five of section
36 fifty-three-a of the state finance law.

37 2. "local authority" shall mean (a) a public authority or public bene-
38 fit corporation created by or existing under this chapter or any other
39 law of the state of New York whose members do not hold a civil office of
40 the state, are not appointed by the governor or are appointed by the
41 governor specifically upon the recommendation of the local government or
42 governments; (b) a not-for-profit corporation, other than a fire corpo-
43 ration, a public group self-insurer regulated under the workers' compen-
44 sation law, statewide association of local governments or local offi-
45 cial, or business improvement district, affiliated with, sponsored by,
46 or created by a county, city, town or village government; (c) a local
47 industrial developmental agency or authority or other local public bene-
48 fit corporation; (d) an affiliate of such local authority; ~~[or]~~ (e) a
49 land bank corporation created pursuant to article sixteen of the not-
50 for-profit corporation law; or (f) a not-for-profit corporation, other
51 than a fire corporation, a public group self-insurer regulated under the
52 workers' compensation law or statewide association of local governments
53 or local officials, or business improvement district, that (i) has
54 issued or has the authority to issue tax exempt debt or (ii) provides
55 state or municipal tax exemptions through its participation in a project
56 undertaken in furtherance of its purposes.

1 For the purposes of paragraph (b) of the opening paragraph of this
2 subdivision, "affiliated with, sponsored by, or created by a county,
3 city, town or village government" shall also include, but not be limited
4 to, entities: (a) where one or more individuals who serve as officers
5 or employees of any county, city, town, village: (i) select either a
6 majority of the not-for-profit corporation's board of directors or the
7 not-for-profit corporation's chief executive officer; (ii) constitute a
8 majority of the voting strength that selects either a majority of the
9 not-for-profit corporation's board of directors or the corporation's
10 chief executive officer; or (iii) serve as: (1) a majority of the not-
11 for-profit corporation's board of directors; or (2) in their official
12 capacity, the not-for-profit corporation's chief executive officer; or
13 (b) which pay staff of a state or local government or state or local
14 authority to provide administrative or operational support.

15 § 9. Section 2829 of the public authorities law, as added by section 1
16 of subpart B of part SS of chapter 58 of the laws of 2024, is amended to
17 read as follows:

18 § 2829. State and local authorities subject to the open meetings and
19 freedom of information laws. All state and local authorities, as such
20 terms are defined in section two of this chapter, as well as all subsid-
21 iaries and affiliates of such state and local authorities, as such terms
22 are defined in section two of this chapter, shall be subject to the
23 provisions of articles six and seven of the public officers law relating
24 to the freedom of information and open meetings laws respectively. All
25 state and local authorities, as well as all subsidiaries and affiliates
26 of such state and local authorities, shall, to the extent practicable,
27 stream all open meetings and public hearings on their website in real-
28 time, post video recordings of all open meetings and public hearings on
29 their website within five business days of the meeting or hearing and
30 maintain such recordings for a period of not less than five years.

31 § 10. This act shall take effect on the thirtieth day after it shall
32 have become a law; provided, however, that the provisions of subpara-
33 graph 2 of paragraph (d) and paragraph (i) of section 1411 of the not-
34 for-profit corporation law, as amended by sections five and seven of
35 this act shall not apply retroactively to contracts or agreements
36 between a local development corporation and a municipal corporation,
37 state or local authority, or district entered into prior to the effec-
38 tive date of this act.