

2008 ANNUAL REPORT

NEW YORK STATE ASSEMBLY

COMMITTEE ON
CORPORATIONS, AUTHORITIES
AND COMMISSIONS



Sheldon Silver, Speaker

Richard L. Brodsky, Chairman

December 15, 2008

The Honorable Sheldon Silver
Speaker of the Assembly
State Capitol, Room 349
Albany, New York 12248

Dear Speaker Silver:

As Chairman of the Assembly Standing Committee on Corporations, Authorities and Commissions, I am pleased to submit the Committee's 2008 Annual Report. During the 2008 session, the Committee held 13 meetings and reviewed 82 bills, acting favorably on all of them. Of those bills, 17 became law.

Throughout budget negotiations, the Committee continued its advocacy for parity in upstate and downstate transit systems to ensure equitable funding of the State's public transit systems. The Committee also sought to obtain additional funding for transit systems, specifically, the Metropolitan Transportation Authority (MTA) and certain upstate systems. In addition, the Committee remained committed to ensuring funding for the expansion of broadband access throughout the State.

The Committee worked throughout the 2008 session to advance legislation affecting mass transit systems, corporations, public authorities, and the telecommunications industry. Specifically, the Committee advanced legislation to increase the safety of MTA riders and employees, and legislation aimed at promoting efficient and economical procurement practices by the MTA. The Committee's work also led to the enactment of laws including legislation clarifying the filing procedures for mergers and consolidations; authorizing the use of other methods to elect directors of corporation boards; and providing for the payment of corporate dividends out of net profits. The Committee advanced a number of bills relating to the operations, practices, and governance of public authorities. Such legislation included a bill passed by the Assembly and Senate to prohibit non-disclosure agreements, and legislation to modify the structure of the Thruway Authority Board.

Additionally, the work of the Corporations Committee this session led to enactment of a bill to rename the Triborough Bridge in New York City as the Robert F. Kennedy, Jr. Bridge in honor of the late former Senator's service to the state.

The Corporations Committee advanced a number of important telecommunications bills. Such bills include legislation to extend the operations of the State's Telecommunications Relay Service Center which would provide telecommunications assistance to individuals with disabilities for an additional five years.

It has been a privilege to serve as Chairman of the Corporations, Authorities and Commissions Committee. I look forward to our further collaboration in the coming year.

Sincerely,

A handwritten signature in black ink, reading "Richard L. Brodsky". The signature is written in a cursive style with a large initial "R" and "B".

Richard L. Brodsky, Chairman
Assembly Standing Committee on
Corporations, Authorities
and Commissions

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I. INTRODUCTION

The Committee on Corporations, Authorities and Commissions has jurisdiction over the laws concerning private, not-for-profit and public corporations in New York State. Much of the Committee's work focuses on the organizational framework and activities of the State's many public authorities. These authorities, which provide services in areas such as health care, transportation, financing and environmental services, operate as quasi-governmental agencies at the state and local level. While these entities perform vital public functions and are at times more efficient than other governmental agencies, it is imperative that they be held accountable through oversight by public officials, which is the reason that the Committee devotes much of its time to public authority reform.

The Committee has a particular interest in the Metropolitan Transportation Authority (MTA), as well as the other authorities providing public transportation in the State. The Assembly Majority and this Committee have fought for adequate financing for mass transit for many years, and have worked to ensure that money is spent wisely in improving and expanding these systems.

In addition, the Committee monitors the operations and policies of the State Public Service Commission (PSC). This five-person panel within the Department of Public Service has the mandate to ensure that customers of the investor-owned electric, gas, telephone and water utilities in the State obtain adequate service at reasonable rates and in a manner that has the least adverse effect on the environment. In the Assembly, it is the Corporations Committee that is charged with making sure that the interests of utility consumers receive a fair hearing before the PSC when the investor-owned utilities plead their cases.

The Committee is also charged with examining proposals affecting the governance of both for-profit and not-for-profit private corporations in the State. Providing adequate oversight of corporations based in the State while promoting an attractive business environment is a Committee priority.

II. 2008 COMMITTEE ACTIVITIES AND INITIATIVES

A. MASS TRANSIT OPERATIONS AND FINANCE

The following bills were signed into law:

A.9360, John; Chapter 29 of the Laws of 2008 This law increases membership of the New York City Transit Authority (NYCTA) Safety Task Force by one additional person by providing for the appointing of the Commissioner of Labor or his or her designee.

A.11505, Rules (Brodsky); Chapter 135 of the Laws of 2008 This law extends the provisions of the law allowing the MTA and NYCTA to procure goods and services in ways designed to save time and money for an additional three years, and requires the MTA to begin procedures for the collection of debts.

The following bill was vetoed by the Governor:

A.1310 Brodsky Veto Memo 133 This bill would have required the MTA, the NYC Office of Emergency Management, and the Port Authority of New York and New Jersey to each submit a report to the Governor and the Legislature on the capabilities of the respective agency to respond to the need for evacuation of all or portions of New York City, and Nassau and Suffolk Counties, due to any weather-related condition, event, or emergency.

The following bills passed the Assembly but failed to pass the Senate:

A.1545-A Brodsky This legislation would have required the MTA to submit to the Governor and Legislature an annual report of all assaults or attacks on employees, non-employees and passengers on or in connection with any MTA bus, subway or train and on or in any MTA premises; and an annual report of all injuries or deaths of employees, non-employees and passengers caused by the physical infrastructure, safety, condition, security or other health hazards identified by the authority. Furthermore, each report would have provided recommendations to avoid or reduce the frequency of such incidents.

A.3030, DelMonte This bill would require that the Niagara Frontier Transportation Authority (NFTA) provide written notice within 30 days prior to the acquisition of any real property, or any agreement to make such acquisition, whichever is sooner, to the city, town, or village in which the property is located.

A.3589 Cook Currently, The MTA Inspector General is authorized to delegate the power to take testimony only to the Deputy Inspector General. This bill would have broadened the authority of the Inspector General so that he or she may delegate the power to take testimony to a first Deputy Inspector General, a Deputy Inspector General, an Assistant Deputy Inspector General, a General Counsel, a supervising Associate General Counsel, an Associate General Counsel, an Assistant General Counsel, a Chief Investigator, a Deputy Chief Investigator, a Senior Principal Investigator, a Principal Investigator, an Audit Manager, or an Auditor-in-Charge.

A.3946-A Peoples This bill would allow the Mayor of Buffalo and the City of Buffalo Common Council to each appoint one member to the NFTA Board. The terms of both of the first appointed members would terminate June 30, 2015.

A.5421 Nolan This bill would have put into statute the Permanent Citizen's Advisory Committee (PSAC) to the MTA to coordinate the activities of the NYC Transit Authority Advisory Council, the Long Island Rail Road Commuter's Council and the Metro North Commuter's Council, and to serve as a source of informed, timely information to the MTA and its subsidiaries about the finance, operations, and management of the agencies and the MTA Capital Program.

A.5553-A Wright This legislation would have created a seven-member NYC Transit Authority Safety Advisory Panel to study, monitor, and make recommendations with respect to public safety from terrorist threats and criminal mischief in stations at the NYCTA and the Staten Island Transit Operating Authority.

A.5644 Nolan This legislation would prohibit the MTA from entering into contracts for services prior to undergoing a cost effectiveness and accountability review. Such review would include a demonstration that the proposed contract would result in cost savings and include a description of service quality expectations with specific reference to the quality of the staff. Prior to executing a contract for services, the MTA would be required to disclose information concerning whether or not any corporate officers, partners or associates involved in the contract have been found in violation of the labor law or the occupational health and safety act within the past three years. Under this legislation, a labor organization representing employees of the MTA would be provided with the proposed contract and given at least 90 days to object.

A.7055 Abbate This bill would require the MTA and its subsidiaries to reimburse each retiree and his or her dependents the total amount of the premium for coverage under Medicare Part B.

A.10734-A Kellner This bill would have established the MTA Riders' Council for People with Disabilities to be composed of fifteen members who have a disability and regularly use the transportation system to study, investigate, monitor, and make recommendations to the MTA and its subsidiaries with respect to the accommodations of the needs of people with disabilities, and recommend a non-voting member to the MTA Board.

B. CORPORATIONS LAW

The following bills were signed into law:

A.9060 Brodsky, Chapter 177 of the Laws of 2008 This law clarifies procedures for filing certificates of merger or consolidation for business corporations, limited liability companies and limited partnerships with the Department of State, and provides for filing fees for the merger or consolidation of business corporations into non-profit corporations.

A.10824 Brodsky, Chapter 314 of the Laws of 2008 This law authorizes the use of another method for the election of directors outside of the plurality rule when such method is specified in the by-laws. Prior to the enactment of this legislation, other methods for the election of directors were allowed only when specified in a certificate of incorporation.

A.10825 Brodsky, Chapter 313 of the Laws of 2008 This law would allow dividends to be paid out of net profits for the current or prior year, in the event that there is no surplus. Prior to this bill's enactment, dividends were only allowed to be paid out of surplus.

A.11467 Rules (Latimer), Chapter 424 of the Laws of 2008 This legislation renames the "Library and Reading Room of the Village of Port Chester," the "Port Chester-Rye Brook Public Library." It alters the structure of the board to include at least seven but no more than eleven members, and the mayor of each village. The law also prohibits elected officials of a school district or municipality from serving as a trustee, and provides for trustee representation based on residency and ratio of funding.

The following bill passed the Assembly but failed to pass the Senate:

A.8948 Magnarelli This bill would have required a limited liability company to include in its articles of organization, the names and addresses of each member of the company along with a description of each member's duties and responsibilities, the name and address of the designated member(s) to which the Secretary of State must mail a copy of any process against the company, and the actual address for all offices of the company, including those located outside of New York State.

C. PUBLIC AUTHORITIES

The following bills were signed into law:

A.9164, Brodsky; Chapter 352 of the Laws of 2008 This law authorizes Dormitory Authority financing to the Educational Housing Services, Inc. to fund the construction of four additional dormitories at 401 West 130th Street for the City College of New York; at 55 John Street; at 231 East 55th Street; and at 1760 3rd Avenue, all of which are located in Manhattan.

A.10039, Gunther; Chapter 33 of the Laws of 2008 This law increases the aggregate bonding authorization for the Medical Care Facility Finance Agency from \$13.4 million to \$14.2 million.

A.10592, Weisenberg; Chapter 194 of the Laws of 2008 This law extends for an additional 5 years, until 2013, Dormitory Authority financing for the New York State Association for Retarded Children.

A. 10789, Silver; Chapter 453 of the Laws of 2008 This law memorializes Robert F. Kennedy and renames the Triborough Bridge located in New York City as the Robert F. Kennedy Bridge.

A.10966, P. Rivera; Chapter 272 of the Laws of 2008 This law extends for 5 years, until 2013, the eligibility of the New York State Rehabilitation Association to receive Dormitory Authority financing for the construction of facilities.

A.11178, Lavine; Chapter 233 of the Laws of 2008

This law adds the Plainview-Old Bethpage Public Library to the list of libraries eligible to receive financing assistance from the Dormitory Authority.

A.11255-B, Tedisco; Chapter 468 of the Laws of 2008 This law increases the bonding authority of the Schenectady Metroplex Development Authority (SMDA) from \$50 million to \$75 million, sustains the SMDA for an additional five years, until 2033, and increases the time in which certain SMDA projects are fully exempted from real property taxes from five years to ten years. It also changes the composition of the SMDA Board by prohibiting a member from holding an elected or management/confidential-exempt position in any county government, except for the Schenectady County Commissioner of Economic Development and Planning, and bars individuals who have held the position of political party chairperson of a city, town, or village within the previous four years from serving on the Board.

A.11576, Rules (Brotsky); Chapter 280 of the Laws of 2008 This law extends for an additional five years, until 2013, the eligibility of Educational Housing Services, Inc. to receive Dormitory Authority financing.

A.11631, Rules (Raia); Chapter 283 of the Laws of 2008 This law authorizes the Commack Public Library to receive Dormitory Authority financing.

A.11687, Rules (Powell); Chapter 273 of the Laws of 2008 This law extends the authority of the Terence Cardinal Cooke Health Care Center to receive Dormitory Authority financing for an additional five years, until December 31, 2013.

The following bills were vetoed by the Governor:

A.3414-A, Magnarelli; Veto Memo 142 This legislation would have created, within the New York State Energy Research and Development Authority (NYSERDA), the New York State Greenhouse Gases Management Research and Development Program. This Program would make grants and loans to research entities that promote new technologies to mitigate the release of greenhouse gases and carbon dioxide.

A.4573, Abbate; Veto Memo 37 This bill would have required the Triborough Bridge and Tunnel Authority (TBTA) to periodically submit a report to the Department of Criminal Justice Services (DCJS), which shall include the number of traffic infractions issued by officers of the TBTA; the number of violations of TBTA traffic rules and regulations; the number of arrests made by bridge and tunnel officers, sergeants and lieutenants of the TBTA; and the number of motor vehicle accidents and fires as reported by the TBTA on their facilities.

A.11506 Rules (Brotsky); Veto Memo 134 This bill would have prohibited public authorities from requesting or requiring as a condition of employment that members of the board, officers, or employees enter into contracts or agreements that would require them to refuse to disclose information they received while employed by said public authority. Any such agreements entered into between members of the board, officers, or employees and public authorities prior to its enactment would be nullified.

The following bills passed the Assembly but failed to pass the Senate:

A.10286, Gantt This bill would have expired the terms of members of the New York State Thruway Authority board (the “Board”), on March 31, 2008 or on the bill’s effective date and would have required a member to continue to serve until a successor is appointed. The bill would have set the term limits for appointments to the Board after April 1, 2008 as follows: two members at three years, two members at four years, and three members at five years. The bill also would have required that the term of each Board member be terminated 60 days after the inauguration of a new Governor unless such Governor orders the continuation of a member’s term, which would not require confirmation by the Senate.

A.11535, Rules (Galef) This bill would have reauthorized the New York State Bridge Authority (NYSBA) to issue bonds in an aggregate principal amount up to \$100 million.

D. TELECOMMUNICATIONS AND UTILITIES

The following bill was signed into law:

A.11361, Magnarelli; Chapter 128 of the Laws of 2008 Current law provides for a Telecommunications Relay Center to be located in Syracuse. The Center provides services for individuals who are hearing-impaired. This law would extend the provisions of law establishing the telecommunications center for five years, until June 1, 2013.

The following bills were vetoed by the Governor:

A.606, Cahill; Veto Memo 138 This bill would have required public utility companies to establish call center service areas in the geographic area they service to handle requests for new or additional services and information about current services; billing rates and deposit information; meter and service orders; investigations of problems; and program referrals.

A.6164, Sweeney; Veto Memo 90 This bill would have required LIPA and its subsidiaries to obtain the approval of the PSC prior to any rate increase or extension of a rate increase exceeding two and one half percent over a twelve month period.

The following bills passed the Assembly but failed to pass the Senate:

A.250, Fields This bill would require the Public Service Commission (PSC) to review the proposed or existing salary and benefits paid to any high-level managerial position employee of a gas or electric corporation to determine if such payments are just, reasonable, and in the public interest. The PSC in making such determination would be required to consider several factors such as the cost to ratepayers for the service provided by a utility compared to that of other utilities in the State, service reliability, the general economic climate of the region served, the number of consumer complaints and other factors related to the efficiency and productivity of the utility corporation. Such review would take place each time a utility has a major rate increase but no less than every three years. The Power Authority of New York State (PASNY) and the Long Island Power Authority (LIPA) would each conduct the same review, and report their findings to the

Governor and Legislature within 90 days.

A. 10043, Brodsky Current law authorizes the transfer or lease of a telephone corporation between affiliated corporations or non-affiliated corporations without the written consent of the PSC under certain conditions. This bill would remove this provision, hence requiring the consent of the PSC for a transfer or lease under any circumstances.

Additionally, this bill would require that no consent be given for the merger of any right or franchise to operate a telecommunications entity unless it is proven to be in the public interest. The bill would establish conditions for which a proposal for the merger, acquisition, lease, or transfer of any telephone corporation having more than \$200 million in gross annual New York revenues must meet, and would subject proposals for the acquisition of stock by a telecommunications entity to such conditions. The bill also would require the Commission to consider reasonable alternatives to a proposal for merger, acquisition, or transfer of control.

A.10513-A, Kavanagh Current law requires utility corporations to permit a residential customer to designate a third-party to receive copies of all notices relating to termination of service or collection of amounts due. This bill would extend this provision to require utilities to permit a third-party to receive notice of the total amount due or past due on all bills and the amounts of any payments paid by or on behalf of the customer. The bill also would extend such third-party notification to telephone corporations, cable television corporations, and cell phone service providers.

A.11026, Jeffries Current law prohibits a stock corporation from acquiring more than 10 per centum of the franchises or stock of certain utility corporations without prior consent of the PSC. This would expand PSC jurisdiction to other business entities including, but not limited to, companies, associations, partnerships, or persons proposing to acquire such franchises or stock.

III. 2008 PUBLIC HEARINGS

The Committee convened the following hearings:

A. Plans and Progress of West Side Manhattan Redevelopment

January 3rd
11:00 a.m.
New York City

The Assembly Corporations Committee held a public hearing to obtain information on the plans for the expansion projects related to the redevelopment of Manhattan's West Side including the expansion of the Jacob Javits Convention Center, the extension of the number 7 subway line, the development of Manhattan's Hudson Yards, the Moynihan Station development project, the ARC project, and construction of a new boulevard between 10th and 11th Avenues.

The Committee heard testimony from Richard Ravitch, former MTA Chairman; Anna Levin, Chair of Clinton Hell's Kitchen Land Use Committee; Joe Restuccia, Executive Director of Clinton Housing Development Company; Robert Yaro, President of the Regional Plan Association; Kent Barwick, President of Municipal Arts Society; Marc Sheinberg, President of the Automobile Dealers Association and representative of Friends of Javits; and Joseph Spinnato, President & CEO of the Hotel Association of New York City.

The Committee expressed the need to maximize public participation in the process. Testimony provided concurred with the Committee's concern and indicated that more "public conversation" needed to take place. Witnesses also testified that the authorities and other entities involved need to take a more coordinated approach to planning, and that the projects need to be looked at comprehensively from an authority within the "development business" that could offer better public leadership and oversight to ensure that any final plans comprise what is best for the citizens and users.

The Committee also heard testimony regarding alternative locations for an expanded Jacob Javits Convention Center and the economic impact of an expanded Javits. In regard to the financing of the Hudson Yards project, public financing and the use of excess revenues and unused bonding capacity from the Battery Park City Authority were suggested. Testimony provided also questioned the sale of Hudson Yards by the MTA. Also discussed was the financing of the number 7 line extension, and whether or not the project should be considered a priority.

B. Review of the MTA's Accelerated Five-Year Capital Plan for 2008-2013

March 6th
10:30 a.m.
New York City

The Corporations and Ways and Means Committees held a joint public hearing to review, analyze, and discuss the details of the proposed MTA Five-Year Capital Plan for State Fiscal Years 2008-2013. In 2007, the Legislature enacted Chapter 387 which required the MTA to

submit an accelerated Five-Year Capital Plan that takes into account the elements of a congestion mitigation plan if adopted. The focus of this hearing was identifying additional capital needs created by a congestion mitigation plan and the proposed use of any revenues derived from such plan for the identified capital needs.

Testimony provided by the MTA Executive Director and CEO, Elliot Sander, provided a breakdown of the core components of the \$29.5 billion plan. Mr. Sander stressed the importance of investments related to capacity expansion to address the anticipated population increase in the region over the next 20 to 30 years. His testimony provided a description of each capital project within the plan, the current status of previously approved projects, the amount of funding required and potential sources of such funding. He testified that funding the “critical plan was the biggest challenge,” and identified \$20 billion in possible funding sources which included \$4.5 billion to be generated by congestion pricing revenues.

The Committees expressed a number of concerns with the proposed plan such as the \$9.5 billion funding gap, and the fact that there were no identified funding sources for the additional monies necessary for the completion of the Authority’s major expansion projects like East Side Access and the Second Avenue Subway. Questions were raised as to how components of the current Five-Year Capital Plan and their associated funding would be carried over to the new plan, and about the possibility that debt service amounts may significantly inflate the total amount of the plan. The Committees also questioned the accuracy of the MTA’s assumptions as it relates to the proposed funding sources such as the \$8.1 billion in federal aid, and the \$500 million to be generated by asset sales.

C. The Plans and Progress of West Side Manhattan Redevelopment

May 23rd
10:00 a.m.
New York City

The Corporations Committee held a second hearing pertaining to the projects associated with the redevelopment of Manhattan’s West Side. The primary purpose of this hearing was to gather information on the specific details associated with the plans for these projects, including the advancement of such plans, prospective financing of each project, and other issues related to the implementation of such plans.

The Committee heard testimony from MTA Executive Director and CEO, Elliot Sander; Empire State Development Corporation (ESDC) President and Acting CEO, Avi Schick; NYC Deputy Mayor, Robert Leiber; MTA Chief Financial Officer, Gary Dellaverson; and James Henley of the MTA.

The Committee heard testimony regarding the financing model for the projects that included a new Hudson Yards Infrastructure Corporation (HYIC) that would provide financing for the 7 line extension and other projects through the issuance of tax-exempt bonds. Revenue sources for HYIC would include, but not be limited to, payments-in-lieu of taxes (PILOTS), payments-in-lieu of mortgage recording taxes (PILOMORTS), tax equivalent payments from the City, and

revenue from the sale of the MTA Eastern Rail Yards development rights. Also discussed was the use of public financing, funding of the Moynihan and Javits projects, and the roles of the entities involved in the projects such as ESDC and the Port Authority.

D. General Oversight of the MTA

June 11th
11:00 a.m.
Albany

The Corporations Committee convened a general oversight hearing to review the finances and a series of other issues related to the long-term financial health of the MTA.

At the hearing, the Committee heard testimony from Elliot Sander, Executive Director and CEO of the MTA. Mr. Sander's testimony focused on the negative impact of the economic downturn on the Authority's finances. He discussed pending actions to increase operating efficiency and fiscal responsibility that include: a commitment to a six percent budget reduction; a new business service center that will integrate the back office functions of the MTA's eight agencies; and combining the management of the three bus companies (NYCT Department of Buses, LI Bus, and MTA Bus). He also discussed some of the issues affecting projects in the MTA's capital program such as high increases in construction costs.

E. Public Financing for Construction of a New Yankee Stadium in New York City

July 2nd
10:00 a.m.
New York City

The Corporations Committee along with the Committees on Local Government, Cities, and Ways and Means convened a public hearing to investigate the requests by the New York Yankees for additional funding in the form of tax-exempt bonds to complete construction of a new Yankee Stadium in the Bronx. In 2006, the sports team had been issued \$920 million in tax-exempt financing for the initial construction of the stadium by the New York City Industrial Development Authority (NYC IDA) upon a waiver granted by the IRS from regulations prohibiting the use of public financing for sports facilities. After the waiver was granted, the IRS enforced stricter regulations prohibiting the use of such bonds. This hearing provided an opportunity for the Committees to gather information on the request and the status of the financing plans for the stadium's construction, and to examine the operations of the NYC IDA.

Testimony was provided by Seth Pinsky, President of the NYC Economic Development Corporation and Chairman of the NYC IDA. Mr. Pinsky provided an overview of the role of the NYC IDA and its financing arm, the Capital Resource Corporation. He described the Yankees and Mets Stadium projects, the City and State contribution to those projects, and the public financing component. Overall, Mr. Pinsky contended that the processes for issuing tax-exempt financing for the projects were open and transparent, and that construction of both stadiums was in the best economic development interests of the City and State.

Committee members asked a series of questions that focused on: the operations of the NYC IDA such as the amount and type of projects for which the agency provides assistance and the benefits of IDA financing; the process associated with the issuance of the tax-exempt bonds such as the IRS waiver and deviation from federal tax policies; and the economic development benefits of the Yankee Stadium project to the Bronx including the number of permanent jobs that would be created and the percentage of contracts awarded to local businesses. The Committees expressed concerns about the use of additional funding and the cost of IDA financing to the City and State. Also discussed were whether or not ticket prices would be increased, and what the role of elected officials should be in the process of issuing tax-exempt bond financing.

F. General Oversight of the MTA

December 10th
10:30 a.m.
New York City

The Corporations Committee held a public hearing to address the short and long term fiscal and budgetary issues facing the MTA as a result of the national economic crisis and years of poor fiscal management. The primary purpose of this hearing was to examine the work of the Commission on MTA Financing that was established by the Governor to review the MTA's finances and present recommendations on how to address the Authority's funding needs. The Committee also sought to review the MTA's proposed budget for 2009 which included significant service cuts and fare increases to address the Authority's severe operating budget shortfalls. The Committee heard testimony from Richard Ravitch, Chairman of the Commission on MTA Financing; and Elliot Sander, Executive Director and CEO of the MTA.

Testimony provided by Mr. Ravitch explained the recommendations presented by the Commission which included institution of a Mobility Tax, the imposition of tolls on the four East River Bridges (the Manhattan, Brooklyn, Queensboro, and Williamsburg Bridges), modifying the process in which the Authority imposes fare increases, the creation of a new Capital Finance Authority, and changes in the organizational and governance structure of the MTA. Mr. Ravitch contended that the Commission believed that tolling the East River bridges was "reasonable public policy" in that both public transit users and motorists would benefit. He stated that the \$600 million in anticipated net revenues would go toward improving and expanding the currently inadequate bus service (which he described as the single biggest problem that people faced), and tolls should be implemented only after bus service improvements are made. He also testified that tolling the East River Bridges was a more effective way of reducing congestion. In addition, Mr. Ravitch asserted that the process in which fare increases are imposed should be modified to limit the public hearing requirement stating that public hearings are "toxic" and often "politically charged." He also testified that existing law should be amended to reflect prior law where the MTA Board Chairman (instead of the MTA Executive Director as it is currently) was also the Authority's CEO. He contended that the Chairman's term-limit would increase the Board's independence from political interference.

MTA testimony provided an overview of the Authority's current financial and budgetary

situation which included a \$1.2 billion budget shortfall, significant reductions in service, a 23% revenue yield increase, employee reductions, and a 1.5% cost reduction plan for MTA agencies.

In regard to Mr. Ravitch's testimony, the Committee expressed concerns about the "regressive" and "punitive" nature of imposing tolls on the East River Bridges. Committee members also expressed concern about the use of MTA assets, and how secure the proposed Capital Finance Authority would be as a "lockbox" for funding capital projects. In regard to the testimony provided by the MTA, Committee members sought information on the independence of the Authority's Board, the specific amount of administrative and managerial cuts that would be made, the impact of the Authority's capital plan on minority and women-owned businesses, and raised the issue of increasing the safety of MTA employees and riders.

G. Implementation of the Public Authorities Accountability Act of 2005

December 11th
10:30 a.m.
New York City

The Corporations Committee along with the Cities Committee convened a joint public hearing to discuss implementation of the Public Authorities Accountability Act of 2005 (the Act), and to specifically review the decision by the New York City Conflicts of Interest Board to not subject board members of certain not-for-profit organizations to the financial disclosure requirement of the Act.

The Committees heard testimony from Mark Davies, Executive Director and Julia Davis, Special Counsel and Director of Financial Disclosure of the NYC Conflicts of Interest Board; Anthony Crowell, Counselor to the Mayor of the City of New York; and DeNora Getachew, Director of Public Policy and Legislative Counsel, and Rachael Fauss, Research and Policy Associate of Citizens Union of the City of New York.

Testimony provided by representatives of the NYC Conflicts of Interest Board (the Board) provided an overview of actions taken by the Board to clarify what they determined was "unclear" in the Act's mandate for annual financial disclosure requirements. The Board, in consultation with the City's Law Department, determined that the following not-for-profit corporations would be subject to the Act's financial disclosure requirement: not-for-profit corporations where the majority of the policy-making decisions are made by persons appointed by the City and removable by City officials; not-for-profit corporations primarily supported by the City that use City funds to further programs that the City controls; or not-for-profit corporations created by or required to be created by local law or regulation to carry out a public purpose.

Testimony provided by the Mayor's Office stressed that the financial disclosure requirement of the Act was too broad. Mr. Crowell contended that charitable organizations should not be subject to the requirement in that they are already subject to federal and state regulations requiring transparency in these organizations. He also contended that the requirement would prove burdensome and would deter individuals from serving on the boards of charitable

organizations. The Mayor's Office and the NYC Conflicts of Interest Board requested that the Act be amended so that it applies only to type C not-for-profit corporations.

Testimony provided by Citizens Union indicated that the organization had serious concerns with lessening disclosure requirements for City officials and employees.

The Committees contended that they were not convinced that the actions and requested changes by the City are the correct way to deal with the situation. They expressed concern about the effect that narrowing the law would have on the Act's ability to increase transparency and deter conflicts of interest.

IV. OUTLOOK FOR 2008

In the year ahead, a primary focus of the Committee on Corporations, Authorities and Commissions will be to continue its work aimed at reforming public authorities. The Committee is also interested in pursuing legislation which will subject the Port Authority to similar reforms. The Committee will also continue its oversight of the Metropolitan Transportation Authority (MTA). Among the Committee's priorities will be to continue to monitor the progress of the MTA's capital program projects such as the Fulton Street Station, East Side Access, Second Avenue Subway, Number 7 Line Extension, and Moynihan Station.

The Committee will also continue its oversight of the telecommunications industry. Legislation aimed at strengthening consumer protections within cable corporations, advancing legislation aimed at net neutrality, and exploring the idea of statewide cable franchises is a Committee priority. The Committee plans to continue to advocate for the passage of a meaningful telecommunications reform bill.

There are a number of issues the Committee will continue to be active in and closely monitor over the next year. These issues include, but are not limited to, the progress made at Ground Zero, as well as constant oversight of the dealings of large public authorities, such as the Empire State Development Corporation (ESDC). These are all issues which will require constant monitoring over the next year to ensure that actions taken are in the best interest of the citizens of New York State.

APPENDIX A

2008 SUMMARY SHEET

**Summary of Action on All Bills Referred to the Committee on
CORPORATIONS, AUTHORITIES, AND COMMISSIONS**

<u>Final Action</u>	<u>Assembly Bills</u>	<u>Senate Bills</u>	<u>Total Bills</u>
<u>Bills Reported With or Without Amendment</u>			
To Floor; not returning to Committee	11	0	11
To Floor; recommitted and died			
To Ways and Means Committee	48	0	48
To Codes Committee	12	0	12
To Rules Committee	11	0	11
To Judiciary Committee	0	0	0
Total	82	0	82
<u>Bills Having Committee Reference Changed</u>			
To Higher Education	1	0	1
Total	1	0	1
<u>Senate Bills Substituted or Recalled</u>			
Substituted		13	13
Recalled		0	0
Total		13	13
<u>Bills Defeated in Committee</u>	0	0	0
<u>Bills Never Reported, Held in Committee</u>	57	0	57
<u>Bills Never Reported, Died in Committee</u>	216	24	240
<u>Bills Having Enacting Clauses Stricken</u>	2	0	2
<u>Motion to Discharge Lost</u>	0	0	0
Total Bills in Committee	358	37	395
<u>TOTAL NUMBER OF COMMITTEE MEETINGS HELD</u>		13	

APPENDIX B

BILLS THAT BECAME LAW

BILL NUMBER	SPONSOR	CHAPTER	DESCRIPTION
A.9060	Brodsky	177	Clarifies filing procedures for certificates of merger or consolidation for business corporations, limited liability companies and limited partnerships, and provides for related filing fees.
A. 9164	Brodsky	352	Authorizes Dormitory Authority financing to Educational Housing Services, Inc. for the construction of additional dormitories in Manhattan.
A. 9360	John	29	Increases the membership of the New York City Transit Authority Safety Task Force from three to four people by providing for the inclusion of the Commissioner of Labor or his or her designee.
A.10039	Gunther	33	Increases from \$13.4 billion to \$14.2 billion, the aggregate amount in which the Dormitory Authority is authorized to issue hospital and nursing home project notes and bonds.
A.10592	Weisenberg	194	Extends for an additional five years, until 2013, Dormitory Authority financing for NYSARC, Inc.
A.10789	Silver	453	Renames the Triborough Bridge Authority as the Robert F. Kennedy Bridge.
A.10824	Brodsky	314	Currently, directors are elected by a plurality of shareholder votes unless otherwise provided for in a certificate of incorporation. This bill would allow the plurality rule to be changed by amending the by-laws.
A.10825	Brodsky	313	Currently, dividends are made out of surplus. This allows dividends to be paid out of net profits for the current or prior year, in the event that there is no surplus.
A.10966	P. Rivera	272	Extends for five years, until 2013, the eligibility of the New York State Rehabilitation Association to obtain financing from the Dormitory Authority.

BILL NUMBER	SPONSOR	CHAPTER	DESCRIPTION
A.11178	Lavine	233	Adds the Plainview-Old Bethpage Public Library to the list of libraries eligible for financing assistance from the Dormitory Authority.
A.11255-B	Tedisco	468	Extends and increases the bonding authority of the Schenectady Metroplex Bonding Authority (SMDA).
A.11361	Magnarelli	233	Extends for an additional five years, until June 1, 2013, provisions of law related to the establishment of the New York Telecommunications Relay Service Center.
A.11467	Rules/Latimer	424	Restructures the Library and Reading Room of Port Chester and renames it "The Port Chester-Rye Brook Library."
A.11505	Rules/Brodsky	135	Extends the provisions of law allowing the MTA and NYCT to procure goods and services in ways designed to save time and money from June 30, 2008 to June 30, 2011, and requires the MTA to begin procedures for the collection of debts.
A.11576	Rules/Brodsky	280	Extends for an additional five years, until 2013, the eligibility of Educational Housing Services, Inc. to apply for Dormitory Authority financing.
A.11631	Rules/Raia	283	Adds the Commack Public Library to the list of libraries eligible to apply for financing from the Dormitory Authority.
A.11687	Rules/Powell	273	Extends the authority of the Terence Cardinal Cooke Health Care Center to receive Dormitory Authority financing for an additional five years, until December 31, 2013.

APPENDIX C**BILLS VETOED BY THE GOVERNOR**

BILL NUMBER	SPONSOR	VETO NUMBER	DESCRIPTION
A.606	Cahill	138	Directs public utilities to provide call center service assistance from centers located within the state and the utilities' service area.
A. 1310	Brodsky	133	Requires the MTA, NYC Office of Emergency Management, and the PANY/NJ to report to the Governor and the Legislature on weather-related evacuation capabilities.
A.3414-A	Magnarelli	142	Establishes the NYS Greenhouse Gases Management Research and Development Program to promote new technologies which will mitigate the dissemination of greenhouse gases and carbon dioxide
A. 4573	Abbate	37	Requires the Triborough Bridge and Tunnel Authority (TBTA) to submit a report to DCJS to include the number of traffic infractions, arrests, violations of TBTA rules and regulations, and the number of motor vehicle accidents and fires as reported by the TBTA on their facilities.
A.6164	Sweeney	90	Requires LIPA to obtain prior approval of the PSC for any rate increase or extension of a rate increase exceeding two and one half percent over a twelve month period, and to notify the PSC of any proposed rate increase of more than two and one half percent.
A.11506	Rules/Brodsky	134	Prohibits public authorities from requiring employees to enter into public non-disclosure agreements as a condition of employment.
A.11607	Rules/Peoples	85	Clarifies the definition of Buffalo Fiscal Stability Authority assistance as it relates to making determinations as to a financial crisis.
A.11610	Rules/Schroeder	136	Authorizes borrowing by Erie County without prior approval from the Erie County Fiscal Stability Authority, provided that the county has a rating of investment grade from at least two nationally-recognized borrowing agencies.

