

NEW YORK STATE ASSEMBLY

ANNUAL REPORT

2020



COMMITTEE ON
CORPORATIONS, AUTHORITIES AND COMMISSIONS

CARL E. HEASTIE
SPEAKER

AMY R. PAULIN
CHAIR



**THE ASSEMBLY
STATE OF NEW YORK
ALBANY**

**CHAIR
COMMITTEE ON
CORPORATIONS, AUTHORITIES
AND COMMISSIONS**

**COMMITTEES
EDUCATION
HEALTH
RULES**

**AMY PAULIN
ASSEMBLYWOMAN 88TH
DISTRICT
WESTCHESTER COUNTY**

December 15, 2020

The Honorable Carl Heastie, Speaker
New York State Assembly
State Capitol, Room 349
Albany, New York 12248

Dear Speaker Heastie:

As Chair of the Assembly Standing Committee on Corporations, Authorities and Commissions, I am pleased to submit the Committee's 2020 Annual Report.

The 2020 legislative session was unlike any other as a result of the COVID-19 pandemic. The impacts of the pandemic on the Metropolitan Transportation Authority (MTA), for-profit and not-for-profit corporations, and cemetery operations required special attention by the Committee. At the same time the Committee continued to focus on perennial issues related to public authorities and Local Development Corporations (LDCs).

Nearly nine million customers rely on the MTA every day for subways, buses, and railroad service. However, at the height of the pandemic, the MTA saw ridership plummet by 90% resulting in immense financial loss, including a \$16 billion projected deficit in its operating funding over the course of the next five years. As the pandemic intensified, the MTA's finances became bleaker with federal funding in limbo. The Committee shifted its focus from monitoring the rollout of the MTA's Capital Plan to finding additional funding sources for the agency while ensuring employees and riders remained safe.

The Committee also reported, and the Governor signed, several bills pertaining to business and not-for-profit corporations. As new precautions had to be taken to control the spread of the COVID-19 virus, businesses and not-for-profit corporations found themselves with additional expenses, such as the provision of personal protective equipment to employees. Simultaneously, cemeteries became overwhelmed with burials and cremations at the peak of the pandemic. In-

person visits to purchase plots and services from a cemetery became a health risk. Legislation was needed to modernize cemetery operations. Chapter 119 of the Laws of 2020 allowed cemeteries to use internet web portals for the sale of cemetery lots and services, simplifying the process and reducing the need for in-person sales.

As the virus intensified, many in the State shifted to working from home which required businesses and not-for-profit corporations, and religious institutions to conduct business remotely. Chapter 122 of the Laws of 2020 allowed such entities, and cooperatives, to hold meetings of shareholders, trustees, and members through electronic communication during the pandemic.

Millions of Americans found themselves suddenly out of work and measures were needed to ensure services such as electricity, heat, and water were not disconnected. In the area of utilities, the Committee advanced, and the Governor signed, Chapter 108 of the Laws of 2020 which issued a moratorium on utility terminations during the pandemic state of emergency. This allowed gas, electric, telephone and water customers whose financial circumstances had been affected by the pandemic to keep service on by entering into a deferred payment agreement, or by reformatting an existing agreement.

As part of its oversight function, the Committee co-hosted two hearings this year. The first hearing evaluated the ability of public utility companies and telecommunications providers to restore power after Tropical Storm Isaias, and explored what emergency response measures should be taken in the future. The second hearing investigated the impact of COVID-19 on the MTA's finances, employees and riders.

This Committee looks forward to meeting the challenges of the upcoming 2021 Legislative Session as we continue to navigate the pandemic. It has been a privilege to serve as Chairwoman 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 that reads "Amy R. Paulin". The signature is written in a cursive, flowing style.

Amy Paulin, Chair
Assembly Standing Committee on
Corporations, Authorities and
Commissions

2020 Annual Report

New York State Assembly Standing Committee On Corporations, Authorities and Commissions

Amy Paulin, Chair

Committee Members

Majority

Vivian E. Cook
Sandra R. Galef
Robert J. Rodriguez
Daniel Quart
Steven Otis
Nily Rozic
Ron Kim
David Buchwald
Rebecca A. Seawright
Erik Martin Dilan
Diana C. Richardson
Carmen De La Rosa
Stacey Pheffer Amato
Clyde Vanel
Robert C. Carroll
Yuh-Line Niou
Charles D. Fall
Kimberly Jean-Pierre

Minority

Peter A. Lawrence
Kenneth D. Blankenbush
Christopher S. Friend
Nicole Malliotakis
Phillip A. Palmesano
Kieran M. Lalor
Michael LiPetri

Staff

Dallas Trombley, Assistant Secretary for Program and Policy
Corey Reisman, Associate Counsel
Kristen Olby, Legislative Analyst
Stephanie Amann, Legislative Director
Anais Vasquez, Committee Clerk
Catherine Draper, Legislative Aide
Megan Byrne, Program and Counsel Executive Secretary

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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 focus is on the organizational framework and activities of the state's public corporations, often referred to as public authorities. Public authorities are created by state law, operate at the state and local government levels, and provide services such as mass transit, development and operation of infrastructure, power generation, and capital construction. While these entities perform vital public services, it is imperative that they act with transparency and are held accountable through public oversight. Consequently, the committee devotes significant time to considering legislation that promotes accountability and transparency of public authorities.

During the annual state budget process, the Committee reviews funding for transportation authorities and works to ensure that funds are appropriated wisely. New York has a mass transit system in nearly every major population center across the state with a public authority operating most of these systems. The Committee has a particular interest in the Metropolitan Transportation Authority (MTA), which runs the largest mass transit system in the nation and has extensive capital requirements.

In addition, the Committee monitors the operations and policies of the New York State Public Service Commission (PSC) and considers legislation that amends Public Service Law. The Commission's five commissioners and the Department of Public Service are required by Public Service Law to ensure that investor-owned electric, gas, telephone, water, and cable utilities in the state provide adequate service at reasonable rates. The Committee takes an active role in protecting consumers and reports significant legislation that modernizes and amends Public Service Law.

The Committee also examines legislation affecting the governance of for-profit and not-for-profit corporations in the state. This includes cemetery corporations, which are a special type of not-for-profit corporation, which perform a vital public service for the state. Through legislation, the Committee ensures laws affecting corporations remain up-to-date and serve the public interest.

II. BUDGET

During the annual state budget process, the Committee reviews funding for transportation authorities with a vested interest in the Metropolitan Transportation Authority (MTA), which runs the largest mass transit system in the nation. The 2020-2021 Executive state budget proposed an increase in operating aid for the MTA and other regional transportation authorities across the state. The Executive also proposed numerous policies without a budget impact including provisions which had been stand-alone legislation such as net neutrality and robocalls, as well as new proposals related to MTA regarding procurement contracts, strengthening the congestion tolling capital lockbox fund, and creating a mass transit expert panel.

As Budget negotiations were well underway between the Executive, Senate and Assembly, the COVID-19 pandemic spread through the State requiring every committee of the Legislature to focus on the public health crisis and its economic and humanitarian implications. The Committee shifted its focus to the MTA by passing a slate of budget parts to assist the agency with budget shortfalls, including:

- Amending the Public Authorities Law to increase the MTA's statutory bonding capacity from \$55.497 billion to \$90.1 billion and would extend their bonding authority an additional five years to 2024 - (Chapter 58, Part I)
- Extending, from April 1, 2021, to December 21, 2024, the authority for municipalities in the MTA District to share property tax revenues with the MTA through the use of tax increment financing - (Chapter 58, Part K)
- MTA Lockbox fund reimbursement which required any monies used from the fund, to offset decreases in revenue or increases in operating costs due to the pandemic state disaster emergency, to be repaid to the fund and used for the purposes originally intended - (Chapter 58, Part MMM)
- Authorizing the Thruway Authority to enter into agreements based on set fees for leasing and/or usage of its fiber optic system. These lease agreements would create additional revenue for the state - (Chapter 58, Part F)

The COVID-19 pandemic will undoubtedly present additional budget challenges in the year ahead. The Committee is ready to address those issues and work toward solving the MTA's budget shortfalls as it attempts to recover from this financial crisis.

III. COMMITTEE LEGISLATION OF 2020

A. Public Authorities

The following bills were signed into law:

A.8244 (Quart)

Chapter 183 of the Laws of 2020

This law enabled the Young Men's and Young Women's Hebrew Association (dba 92nd Street Y), of Manhattan, to receive financing through the Dormitory Authority of NY.

A.8936 (Thiele)

Chapter 358 of the Laws of 2020

This bill grants the Public Service Commission the authority to require the Long Island Power Authority and its service providers to implement recommendations made in any comprehensive and regular management and operations audit where fraud, abuse, or mismanagement is found.

The following bill passed the Assembly:

A.587B (Rozic)

Passed the Assembly

This bill establishes a program to create a preference for women to be appointed to state and local authority boards to secure gender parity.

The following bill was reported from Committee:

A.8992 (Seawright)

Reported to Ways and Means

This bill amends Chapter 383 of the Laws of 2019 to provide that the board of the Roosevelt Island Operating Corporation shall continue as it was constituted immediately preceding the effective date of that act, and not be construed as a newly-created corporation. In addition, all of the duties, obligations, and regulations of the board shall continue in full force and effect. The provisions of this act were ultimately included in Chapter 55 of the laws of 2020, part XX, subpart I.

B. Mass Transit Operations and Finance

The following bills were signed into law:

A.7888B (Byrne)

Chapter 202 of the Laws of 2020

This law renamed the Prospect Hill Road Bridge in the town of Southeast, as the “Putnam County Workers Memorial Bridge” to honor the men and women who work in Putnam County in the State of New York.

A.8127 (Dinowitz)

Chapter 309 of the Laws of 2020

This law requires the Metropolitan Transportation Authority, when formulating its capital program plans, to develop criteria for how to best prioritize subway stations for accessibility improvements.

The following bills were reported from Committee:

A.8987 (Richardson)

Reported to Ways and Means

This bill amended a chapter of The Laws of 2019 to facilitate the renaming of the President Street subway station of the New York City subway to the Franklin Avenue - Medgar Evers College station. This bill’s language was ultimately included in Chapter 55, part XX, subpart H of the budget.

C. Corporations Law

The following bills were signed into law:

A.3429A (Dilan)

Chapter 336 of the Laws of 2020

This law requires cemetery corporations to post and provide customers with the New York state cemetery disclosure form informing customers of cemetery fees and services, inheritance rights of a burial lot and other information deemed important by the Department of State.

A.7652A (Paulin)

Chapter 119 of the Laws of 2020

This law modernizes cemetery operations by allowing cemeteries to use internet web portals for sales of lots and services. At the height of the COVID-19 pandemic, in person visits to purchase plots and burial services from a cemetery became a health risk. This law simplified the process by allowing for online sales and reduced the need for in-person visits.

A.8991 (Seawright)

Chapter 17 of the Laws of 2020

This law amends Chapter 747 of the Laws of 2019, which enacted the “women on corporate boards study” to extend the effective date in order to give the Department of State time to update its computer system to receive necessary information from businesses in their biennial reports.

A.9089 (Paulin)

Chapter 359 of the Laws of 2020

This law establishes a clear and supportive state policy concerning mergers of cemetery corporations with a particular emphasis on validating all previous mergers and real property acquisitions and encouraging future mergers and consolidations to avoid costly cemetery abandonments.

The following bills passed the Assembly:

A.222 (Paulin)

Passed the Assembly

This bill would require a two-thirds majority of the directors present at the time of a vote, if a quorum is present at that time, for a proposed merger, consolidation, or dissolution of a not-for-profit corporation.

D. Telecommunications and Utilities

The following bills were signed into law:

A.8986 (Paulin)

Chapter 13 of the Laws of 2020

This law provides a technical amendment to Chapter 606 of the laws of 2019 to allow the Public Service Commission to designate any commercial mobile radio or cellular telephone service provider as an eligible telecommunications carrier for purposes of providing lifeline service.

A.10498A (Paulin)

Chapter 122 of the Laws of 2020

This law allows business corporations, not-for-profit corporations, religious institutions, and cooperatives, for the duration of the COVID-19 state disaster emergency, to hold meetings of shareholders, members, trustees, etc., via electronic communication.

A.10521 (Mosley)

Chapter 108 of the Laws of 2020

This law implements a moratorium on utility termination of services during the COVID-19 pandemic. No utility corporation or municipality shall terminate or disconnect services to any residential customer for the non-payment of an overdue charge for the duration of the COVID-19 state disaster emergency and for 180 days following the end of the state of emergency.

The following bills passed the Assembly:

A.714A (Paulin)

Passed the Assembly

This bill would require gas corporations to file annual gas safety reports with the PSC. The reports would detail the corporation's pipeline replacement projects and all other activities related to providing safe and reliable gas service.

A.7759C (Paulin)

Passed the Assembly

This bill would require providers of voice service to implement the STIR/SHAKEN authentication framework in the internet protocol networks of voice service providers to prevent unwanted robocalls.

E. Vetos

A.8517A (Colton)

Veto – Memo 55

This bill would direct the Public Service Commission to study and report on time-of-use plans offered by electric and gas utilities. Under a time-of-use plan, utility customers are charged more for electricity and gas used during afternoon “peak” hours, when the demand for service is higher.

A.6679C (Ryan)

Veto – Memo 77

This bill would require the Public Service Commission to review broadband and fiber optic services within the state. Known as the “comprehensive broadband connectivity act,” this study would identify areas of the state lacking adequate high-speed internet service, examine internet service affordability, and identify locations where the Commission believes fiber optic service is necessary.

IV. PUBLIC HEARINGS OF 2020

A. Public Utilities and Tropical Storm Isaias

August 20, 2020

Hurricane Isaias was a destructive Category 1 hurricane that caused extensive damage across the Caribbean and the East Coast of the United States from July 3 to August 5, 2020. The storm generated tropical winds and heavy rain which resulted in widespread, prolonged power outages. A state of emergency was declared in Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk and Westchester counties. On August 20, the Assembly Standing Committees on Energy and Corporations, Authorities, and Commissions and the Senate Standing Committees on Energy and Telecommunications and Corporations, Authorities and Commissions held a hearing to examine the emergency storm response by utilities. The Committees received testimony from Con Edison, PSEG, Long Island Power Authority (LIPA), Central Hudson and various utility advocacy groups. The hearing was an opportunity to discuss utility response, communications, and restoration of power in the wake of such events.

From this hearing the Assembly learned of inadequate storm preparations by some utility companies and breakdowns in communication systems related to response and restoration times. Utility companies must make substantial investments in tree trimming, pole replacement, and upgrades to wires and transmitters to better prepare for future storms. The Committee will focus its efforts on the need for utilities to develop and implement storm hardening plans to reduce the frequency of major outages and restore power more quickly to customers.

B. Metropolitan Transportation Authority (MTA) and COVID-19

August 25, 2020

At the height of the COVID-19 pandemic, the MTA's ridership decreased by 90% resulting in a loss of millions of dollars and further exacerbating the agency's fiscal crisis. This hearing was an opportunity for the Assembly Committee on Corporations, Authorities and Commissions and the Senate Committees on Corporations, Authorities, Commissions and Transportation to assess the financial status of the MTA and the potential need for federal and state commitments. The Committees heard testimony from the MTA, union leadership, rider advocates, good government groups, advocates for transit-dependent individuals and contractors over the course of this hearing.

The MTA faces a budget deficit expected to exceed \$16 billion by 2024, the agency's worst financial crisis in history. Without another infusion of emergency federal funding relief – as much as \$12 billion through the end of 2021 – the MTA will be forced to make difficult choices, including deep service cuts, reduced cleaning, fare increases, layoffs, and a significant reduction in the MTA's capital program. The Committee is committed to working with the MTA to explore capital and operating funding possibilities in the year ahead to help keep the country's largest mass transportation system moving.

V. OUTLOOK FOR 2021

The Committee on Corporations, Authorities, and Commissions plays an active role in overseeing the country's largest mass transportation system, the Metropolitan Transportation Authority (MTA). The COVID-19 health emergency resulted in a staggering decrease in ridership on subways, trains and buses. With ridership lows topping those seen during the Great Depression, federal and state aid became imperative to keeping the largest mass transit system in the country running. Heading into 2021, the MTA projects a \$12 billion dollar deficit. Without additional aid, the MTA anticipates subway and bus service will need to be cut by 40% combined with a 50% reduction in service by Metro North and Long Island Railroad. More than seven thousand employees face layoffs. In 2021, with a new presidential administration, federal funding is expected for the MTA and will satisfy much of the shortfall. Working with the Executive and Senate, the Committee hopes to stabilize this important mass transit system that nearly nine million New Yorkers rely on every day.

Throughout 2021, the Committee will monitor the MTA's 2020-24 Capital Program which includes \$54.8 billion of investments in the region's subways, buses, commuter railroads, bridges and tunnels. The Committee will evaluate progress on capital infrastructure while assessing possible sustainable funding options that have been proposed as methods to assist in funding the system's operations.

During the COVID-19 pandemic, as employees and students shifted to working from home, broadband internet service became more of a necessity than ever before. Nearly all New Yorkers have access to broadband in some form with 98% of the state served, according to the State's Broadband Program Office. However, some areas still suffer inadequate speeds due to multiple users within the same household or area and affordability continues to be an issue. Never before has it been more apparent that high-speed internet is a utility that should be accessible to all residents. In 2021, the Committee will continue to search for ways to expand broadband access.

Another lesson learned from the COVID-19 pandemic is that virtual meetings of businesses, not-for-profit corporations, and religious institutions have resulted in increased participation. Expanding on Chapter 122 of the Laws of 2020, which allowed such entities and cooperatives, to hold meetings of shareholders, trustees, and members through electronic communication during the pandemic, the Committee plans to advance legislation to allow virtual meetings permanently.

In 2020, the Committee worked with other Assembly committees to develop legislation related to the proliferation of relatively unregulated Local Development Corporations (LDC), which will be introduced in 2021. Over the last decade as their economic development counterparts, Industrial Development Agencies (IDA), have been increasingly regulated but LDCs have not. Beginning with the IDA hearing sponsored by the Committee in conjunction with the Local Government Committee in 2019, the Committee has worked with reform advocates to ensure LDCs are not used merely as a mechanism to avoid taxes and government oversight. The Committee must ensure that the regulation of LDCs occurs simultaneously with any IDA reform, in order to provide consistent oversight of local development entities.

In August of 2020, Hurricane Isaias pummeled much of the east coast including parts of Long Island, New York City, Westchester and Rockland counties. High winds and downed trees

resulted in some customers losing power for more than a week. In recent years, the rise in storm intensity demonstrates the need for New York's utility companies to develop and implement storm hardening plans. Storm hardening is the process of constructing new, or upgrading old, infrastructure to increase resiliency and overall reliability during weather events. The Committee will advance legislation requiring such plans be created, implemented and updated with oversight and enforcement through the Public Service Commission.

Through the budget process and legislation, the Committee will carry on its attention to increasing transparency and accountability of public authorities. The Committee will also continue to examine New York's corporation laws to ensure they are modernized, and to ensure that utilities and the telecommunications industry serve ratepayers.

APPENDIX A

2020 SUMMARY SHEET

Summary of Action on All Bills Referred to the New York State Assembly S Committee on Corporations, Authorities, and Commissions

Total Number of Committee Meetings Held: 4

| | Assembly Bills | Senate Bills | Total Bills |
|-------------------------------------|-------------------|-----------------|----------------|
| Bills Reported Favorable To: | | | |
| Codes | 5 | 0 | 5 |
| Judiciary | 0 | 0 | 0 |
| Ways and Means | 8 | 0 | 8 |
| Rules | 3 | 0 | 3 |
| Floor | 3 | 0 | 3 |
| TOTAL | 19 | 0 | 19 |
| | | | |
| Committee Action | | | |
| Held for Consideration | 13 | 0 | 13 |
| Defeated | 0 | 0 | 0 |
| Enacting Clause Stricken | 16 | 0 | 16 |
| | | | |
| Remaining in Committee | 273 | 13 | 286 |
| | | | |
| Bills Reference Changed To: | | | |
| Local Governments | 1 | | |
| Ways and Means | 2 | | |
| TOTAL | 3 | | 3 |

APPENDIX B

BILLS THAT BECAME LAW

| CHAPTER NUMBER | ASSEMBLY BILL (SPONSOR) | DESCRIPTION |
|-----------------------|--------------------------------|--|
| 13 | A.8986 (Paulin) | Allows the PSC to designate any commercial mobile radio or cellular telephone service provider as an eligible telecommunications carrier for purposes of Lifeline service. |
| 17 | A.8991 (Seawright) | Relates to enacting the “Women on Corporate Boards Study.” |
| 108 | A.10521 (Mosley) | Issues a moratorium on utility termination of services during periods of pandemics and/or states of emergency. |
| 109 | A.10294A (Stirpe) | Establishes a state disaster emergency loan program. |
| 119 | A.7652A (Paulin) | Allows cemeteries to utilize internet web portals for sales of cemetery lots and services. |
| 122 | A.10498A (Paulin) | Allows business corporations, not-for-profit corporations, religious institutions, and cooperatives, for the duration of the COVID-19 state disaster emergency, to hold meetings via electronic communication. |
| 183 | A.8244 (Quart) | Enables the Young Men’s and Women’s Hebrew Association of Manhattan to receive financing through the Dormitory of NY. |
| 202 | A.7888B (Byrne) | Renames the “Prospect Hill Road Bridge” in the town of Southeast as the “Putnam County Workers Memorial Bridge.” |

| CHAPTER NUMBER | ASSEMBLY BILL (SPONSOR) | DESCRIPTION |
|-------------------|-------------------------------|--|
| 358 | A.8936 (Thiele) | Relates to comprehensive and regular management and operations audits. |
| 359 | A.9089 (Paulin) | Requires consent prior to the merger of cemetery corporations. |