

2016-17 NEW YORK STATE EXECUTIVE BUDGET

**TRANSPORTATION
ECONOMIC DEVELOPMENT AND
ENVIRONMENTAL CONSERVATION
ARTICLE VII LEGISLATION**

MEMORANDUM IN SUPPORT

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MEMORANDUM IN SUPPORT

A BUDGET BILL submitted by the Governor in
Accordance with Article VII of the Constitution

AN ACT to amend public authorities law, in relation to committing the state of New York and the city of New York to partially fund part of the costs of the Metropolitan Transportation Authority's capital program (Part A); to amend the public authorities law, in relation to procurements by the New York City transit authority and the metropolitan transportation authority; and to amend the insurance law, in relation to extending owner controlled insurance programs in certain instances (Part B); to amend the public authorities law and the general municipal law, in relation to the New York transit authority and the metropolitan transportation authority (Part C); to amend the vehicle and traffic law and the state finance law, in relation to the dedication of revenues and the costs of the department of motor vehicles; to amend chapter 751 of the laws of 2005 amending the insurance law and the vehicle and traffic law relating to establishing the accident prevention course internet technology pilot program, in relation to the effectiveness thereof; to repeal subdivision 2 of section 89-g of the state finance law relating to funds to be placed into the accident prevention course internet, and other technology pilot program fund; and to repeal certain provisions of the state finance law relating to the motorcycle safety fund (Part D); to amend the vehicle and traffic law, in relation to farm vehicles and covered farm vehicles and to expand the scope of the P endorsement (Part E); to amend the New York state urban development corporation act, in relation to extending certain provisions relating to the empire state economic development fund (Part F); to amend chapter 393 of the laws of 1994, amending the New York state urban development corporation act, relating to the powers of the New York state urban development corporation to make loans, in relation to the effectiveness thereof (Part G); to establish the Transformational Economic Development Infrastructure and Revitalization Projects act (Part H);

to authorize and direct the New York state energy research and development authority to make a payment to the general fund of up to \$913,000 (Part I); to authorize the New York state energy research and development authority to finance a portion of its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the department of environmental conservation's climate change program, from an assessment on gas and electric corporations (Part J); to authorize the department of health to finance certain activities with revenues generated from an assessment on cable television companies (Part K); to amend the public service law, in relation to authorizing the department of public service to increase program efficiencies (Part L); to amend chapter 21 of the laws of 2003, amending the executive law, relating to permitting the secretary of state to provide special handling for all documents filed or issued by the division of corporations and to permit additional levels of such expedited service, in relation to extending the expiration date thereof (Part M); to amend the business corporation law, the cooperative corporations law, the executive law, the general associations law, the general business law, the limited liability company law, the not-for-profit corporation law, the partnership law, the private housing finance law, the real property law and the tax law, in relation to streamlining the process by which service of process is served against a corporate or other entity with the secretary of state; and to repeal certain provisions of the real property law relating thereto (Part N); to amend the general business law, the tax law, and the alcoholic beverage control law, in relation to authorized combative sports and to the costs of boxer medical examinations; and to repeal chapter 912 of the laws of 1920, relating to the regulation of boxing, sparring, and wrestling (Part O); to amend chapter 584 of the laws of 2011, amending the public authorities law relating to the powers and duties of the dormitory authority of the state of New York relative to the establishment of subsidiaries for certain purposes in relation to the effectiveness thereof (Part P); to amend the public authorities law, the canal law, the state finance law, the public officers law, the

transportation law, and the parks, recreation and historic preservation law, in relation to eliminating the canal corporation; and to repeal certain provisions of the public authorities law and the public officers law relating thereto (Part Q); to establish the private activity bond allocation act of 2016; to amend the public authorities law in relation to the powers, functions and duties of the New York state public authorities control board; and to repeal the private activity bond allocation act of 2014 (Part R); to amend the New York state urban development corporation act, in relation to transferring the statutory authority for the promulgation of marketing orders from the department of agriculture and markets to the New York state urban development corporation; to repeal certain provisions of the agriculture and markets law relating to the marketing of agricultural products; and providing for the repeal of such provisions upon expiration thereof (Part S); to amend the environmental conservation law, in relation to mandatory tire acceptance (Part T); to amend the state finance law, in relation to creating a new climate change mitigation and adaptation account in the environmental protection fund; to amend the environmental conservation law, in relation to local waterfront revitalization programs; and to amend the executive law, in relation to payments for local waterfront revitalization programs (Part U); and to amend the navigation law, in relation to the authorized reimbursement rate paid to governmental entities (Part V)

PURPOSE:

This bill contains provisions needed to implement the Transportation, Economic Development and Environmental Conservation portions of the 2016-17 Executive Budget.

This memorandum describes Parts A through N the bill which are described wholly within the parts listed below.

Part A – Commits the State of New York and the City of New York to fund \$10.828 billion of the MTA's 2015-2019 Capital Program

Purpose:

This bill would establish the “Metropolitan Transportation Authority (MTA) Capital Financing Act of 2016”, and would commit the State of New York and the City of New York to fund, over a multi-year period, \$10.828 billion in capital costs related to projects found in the MTA’s 2015-2019 Capital Program.

Summary of Provisions and Statement in Support:

This bill would commit the State to fund \$8.336 billion in capital costs of the MTA Capital Program, including \$1.0 billion of previously enacted appropriations. It would also commit the City to fund \$2.492 billion in capital costs of the MTA Program, including \$657 million from 2015-19. Finally, the bill would increase the MTA's bond cap so the MTA may raise funds to provide for elements of its 2015-2019 Capital Plan.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it provides the MTA with greater certainty regarding the funding sources that are available to pay for its 2015-2019 Capital Plan.

Effective Date:

This bill would take effect immediately, and shall be deemed to have been in full force and effect on and after April 1, 2016.

Part B - MTA procurement reforms to create savings for their 2015-19 Capital Plan

Purpose:

This bill would create savings and speed procurements for the Metropolitan Transportation Authority (MTA) for the 2015-19 capital program.

Summary of Provisions and Statement in Support:

This bill would create MTA savings in the following ways:

- Removes newspaper advertising requirements for biddings;
- Expands the use of reverse auctions using electronic bidding;
- Re-establishes ability to dispose of assets by public auction;
- Raises competitive sealed bidding thresholds on purchase contracts from \$15K to \$100K, and on public work contracts from \$25K to \$100K;

- Raises competitive bidding requirement for contracts under \$400K with small businesses, minority or women business enterprises, service disabled veteran owned businesses, and for purchases of recycled goods;
- Increases threshold for Board approval of service contracts from \$20K to \$100K, and eliminates second-approval requirement;
- Expedites OSC contract reviews; and
- Expands owner-controlled insurance programs to bus facilities, and bridge and tunnel projects

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it creates MTA savings of over \$4 million annually, thus helping to ensure that State assistance to the MTA is used as efficiently as possible.

Effective Date:

This bill would take effect immediately.

Part C - Project delivery reforms which generate savings throughout the MTA's 2015-19 Capital Plan period

Purpose:

This bill would help the Metropolitan Transportation Authority (MTA) to efficiently deliver the 2015-19 Capital Plan, and would save taxpayer dollars, by giving the MTA new project delivery and financing tools, flexibility to innovate, and methods to cut capital project costs and maximize revenues.

Summary of Provisions and Statement in Support:

In its 2015 report, the MTA Transportation Reinvention Commission provided several recommendations to make the MTA more efficient, integrated, and accountable. The recommendations also identified ways to maximize MTA revenues, and to expand the use of innovative project delivery tools including design-build and public-private partnerships for capital projects.

This bill would help the MTA achieve those goals in several ways:

- **Utility relocation cost allocation** - Requires public utilities to perform and bear the cost of utility relocation work as they do for other public construction projects;

- **Innovative capital project delivery** - Allows the MTA to enter into public-private partnerships to design, build, finance, or operate transportation projects, including acceptance of unsolicited proposals;
- **Value capture financing** - Authorizes the MTA to cooperate with local governments to capture the value of MTA improvements through special assessments or tax-increment programs;
- **Local government regulation** - Limits local jurisdiction over MTA facilities, including those facilities developed through joint arrangements that generate MTA revenue;
- **Land-banking for future use** - Gives the MTA the flexibility to acquire land in advance of future projects;
- **Real property disposition** - Allows for negotiated real property transfers or exchanges needed to pursue projects;
- **Streamlined environmental review** - Expands the existing SEQRA exemption for the acquisition or use of land located adjacent to existing MTA facilities; and
- **Maximize advertising revenue** - Limits local government authority to tax or interfere with revenue-generating MTA advertising.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it maximizes taxpayer value as the MTA utilizes the \$8.336 billion State contribution (32%) to the MTA's \$26.1 billion 2015-2019 capital plan, with savings up to \$375 million over the course of the plan.

Effective Date:

This bill would take effect immediately.

Part D - Consolidates four existing Department of Motor Vehicles' Special Revenue Funds within the Dedicated Highway and Bridge Trust Fund (DHBTF)

Purpose:

This bill consolidates the Department of Motor Vehicles (DMV) Seized Assets Fund, Compulsory Insurance Fund, Internet Point Insurance Reduction Program (IPIRP) Fund, and the Motorcycle Safety Fund into the Dedicated Highway and Bridge Trust Fund (DHBTF) by redirecting the revenues of those funds into the DHBTF with the intent of financing the programs from DHBTF appropriations beginning in 2016-17.

Summary of Provisions and Statement in Support:

This bill would consolidate the activities subsidized by the DMV Seized Assets Fund, Compulsory Insurance Fund, IPIRP Fund, and the Motorcycle Safety Fund within the DHBTF, thereby reducing the number of accounts and increasing programmatic flexibility. Revenues from these funds would henceforth be deposited into the DHBTF, and would therefore contribute to maintaining the DHBTF's debt service coverage ratio.

This bill amends Sections 318, 410, 423, 503, and Article 12-c of Vehicle and Traffic Law and Sections 89-b, 89-g, and 92-g of State Finance Law by altering the disposition of revenues from the DMV Seized Assets Fund, Compulsory Insurance Fund, IPIRP Fund, and the Motorcycle Safety Fund to the DHBTF.

Additionally, the bill amends the May 31, 2019 sunset of IPIRP, extending it to April 1, 2020 since the Motorcycle Safety Fund has that same sunset.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget to reduce the number of funds, improve programmatic flexibility and achieve an annual \$5.5 million of General Fund savings.

Effective Date:

This bill would take effect immediately.

Part E - Bring New York State into compliance with federal regulations regarding covered farm vehicles as well as requiring a P endorsement to operate certain vehicles

Purpose:

This bill would align New York State law with federal requirements regarding the operation of certain vehicles.

Summary of Provisions and Statement in Support:

This bill would conform State law with the following federal requirements:

- The Federal Motor Carrier Safety Administration (FMCSA) adopted a final rule requiring a Covered Farm Vehicle (CFV) designation for any vehicle operated by the owner of a ranch or farm, or such owner's family or employees. The CFV designation would give farmers more flexibility than they have today by allowing the operation of the vehicle anywhere in the State or across State lines within 150 air miles from the farm.

- The FMCSA issued a notice of regulatory guidance requiring a P endorsement to operate any motor vehicle with a gross vehicle weight or gross vehicle weight rating of more than 26,000 pounds that is designed to transport passengers in commerce. Under current law, only the operator of a bus must obtain a P endorsement on his or her commercial driver's license (CDL). This bill would capture all vehicles over 26,000 pounds that transport passengers (i.e. custom motor coaches).

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget. Failure to do so would result in the risk of losing up to \$65 million in federal highway funding as well as \$13.5 million in Motor Carrier Safety Assistance Program funding.

Effective Date:

The bill would take effect 90 days upon enactment.

Part F - Extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund

Purpose:

This bill would extend the authorization of the New York State Urban Development Corporation (UDC) to administer the Empire State Economic Development Fund (EDF) for an additional year.

Summary of Provisions and Statement in Support:

Section 16-m of the UDC Act authorizes UDC to provide financial assistance through the EDF. This authorization has been renewed annually since 2012 and is currently set to expire on July 1, 2016.

The bill would provide for the smooth administration of the EDF, UDC's primary economic development program. Extending the sunset date until July 1, 2017 will permit UDC to fulfill prior commitments made through the EDF and to make new assistance available to businesses and other stakeholders throughout the State without interruption.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget, which includes new appropriations and reappropriations to support the EDF.

Effective Date:

This bill would take effect immediately.

Part G - Extend the general loan powers of the New York State Urban Development Corporation

Purpose:

This bill would extend the general loan powers of the New York State Urban Development Corporation (UDC) for an additional year.

Summary of Provisions and Statement in Support:

Chapter 393 of the Laws of 1994 provides UDC with the general power to make loans. This authorization has been renewed annually since 1997 and is currently set to expire on July 1, 2016.

Absent enactment of this bill, UDC will be authorized to make loans only in connection with certain State-funded economic development programs that grant statutory loan authorization.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget, which assumes that UDC will provide certain economic development assistance through loans. Absent this legislation, the UDC could not fund approved loans made through economic programs lacking specific statutory authorization.

Effective Date:

This bill would take effect April 1, 2016.

Part H - This bill would establish the Transformational Economic Development Infrastructure and Revitalization Projects Act

Purpose:

This bill would establish the Transformational Economic Development Infrastructure and Revitalization Projects Act (Act). The Act would establish design build authority with the Empire State Development Corporation (ESDC), the New York Convention Center Development Corporation (NYCCDC), and their subsidiaries related to the Jacob V. Javits Convention Center, the Empire State Station Complex, the James A. Farley Building Replacement, and the Pennsylvania Station New York Redevelopment projects.

Summary of Provisions and Statement in Support:

The Act would amend unconsolidated law by establishing design build authority with ESDC and NYCCDC related to the Jacob V. Javits Convention Center, the Empire State Station Complex, the James A. Farley Building Replacement, and the Pennsylvania Station New York Redevelopment projects.

With this authority, ESDC and NYCCDC would be able to award design and construction contracts to a single entity. This would reduce the time and expense necessary for completing these projects.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because the Act would allow design and construction contracts to be awarded to a single entity for a project to optimize cost, quality, and efficiency.

Effective Date:

This bill would take effect immediately.

Part I - Authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from the New York State Energy Research and Development Authority

Purpose:

This bill would authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from the New York State Energy Research and Development Authority (NYSERDA).

Summary of Provisions and Statement in Support:

This bill would authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from NYSERDA from unrestricted corporate funds. The \$913,000 transfer would help offset New York State's debt service requirements related to the Western New York Nuclear Service Center (West Valley). Chapter 58 of the Laws of 2015 provided a similar one-year authorization.

Budget Implications:

The \$913,000 transfer authorized by this legislation is necessary to implement the 2016-17 Executive Budget and State Financial Plan.

Effective Date:

This bill would take effect immediately.

Part J - Authorize the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, policy and planning, and Fuel NY programs and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations

Purpose:

This bill would authorize the New York State Energy Research and Development Authority (NYSERDA) to obtain revenue for certain programs from a special assessment on gas and electric corporations.

Summary of Provisions and Statement in Support:

The bill would authorize NYSERDA to finance its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the Department of Environmental Conservation's (DEC) climate change program, from a special assessment on gas and electric corporations. This special assessment is in addition to the special assessment under Section 18-a of the Public Service Law which authorizes the Department of Public Service to assess gas and electric corporations for expenses related to administering Public Service Law programs. A similar bill has been proposed annually as an Article VII provision, and was last enacted as Part P of Chapter 58 of the Laws of 2015. Without this authorization, NYSERDA and DEC could not continue to implement necessary programs in the 2016-17 State Fiscal Year.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would authorize collection of an amount not to exceed \$19.7 million in assessments to fund NYSERDA's research, development and demonstration, and policy and planning, and DEC's climate change program.

Effective Date:

This bill would take effect immediately.

Part K - Authorize the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies

Purpose:

This bill would authorize the Department of Health (DOH) to finance public service education activities with revenues generated from an assessment on cable television companies.

Summary of Provisions and Statement in Support:

The bill would authorize certain expenditures of DOH as eligible expenses of the Department of Public Service (DPS). Section 217 of the Public Service Law authorizes DPS to assess cable television companies for DPS costs associated with the regulation of cable television companies. This annual Article VII bill would make DOH public service education expenses that are charged to the special revenue cable television account eligible for these funds. Chapter 58 of the Laws of 2015 provided similar authorization for State Fiscal Year 2015-16.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget which presumes the recovery of public service education expenses incurred by DOH.

Effective Date:

This bill would take effect immediately.

Part L - Reduce the administrative burden associated with the Public Service Commission's review of municipal and investor owned utility rate requests

Purpose:

This bill would authorize the Public Service Commission (PSC) to reduce overall workload and more effectively utilize agency resources by streamlining the review and approval process of electric service rates imposed by municipally owned gas and electric utilities, and extending the length of time the PSC has to approve utility sought rate increases from eleven to fifteen months.

Summary of Provisions and Statement in Support:

This bill would streamline the review and approval process for the State's 40 municipally owned gas and electric utilities by exempting them from the mandatory evidentiary hearing currently required for municipal rate cases. The opportunity to comment, provide written testimony, and have a written PSC order would still remain part of the Department of Public Service (DPS) staff investigation. The avoidance of the mandatory evidentiary hearing would also reduce expenses for municipal utilities and, ultimately, their ratepayers. The PSC would still maintain the authority to open a full review if one is believed to be in the public's best interest.

This bill would also extend the length of time the PSC has to approve utility sought rate increases, from eleven to fifteen months. This extension would help to reduce overall workload and allow for longer, more comprehensive reviews of highly technical and complex rate cases by department staff.

The authorization of this bill would reduce costly administrative burdens borne by municipal utilities, while also providing for reduced spending and increased efficiencies within the DPS and the PSC.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because the State Financial Plan assumes \$1.2 million in savings resulting from the efficiencies contained in this bill.

Effective Date:

This bill would take effect immediately.

Part M - Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents

Purpose:

This bill would extend for one year provisions of law permitting the Secretary of State to charge increased fees for the expedited handling of documents issued by or requested from the Department's Division of Corporations. The increased fees for expedited handling are necessary to reimburse the Department of State for increased administrative costs associated with expedited handling.

Summary of Provisions and Statement in Support:

The Executive Law currently authorizing the Secretary of State to charge increased fees for expedited handling expires on March 31, 2016. Historically, this statute has been extended annually to coincide with the enactment of the Budget.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget. The 2016-17 Executive Budget assumes that expedited handling fees will be enacted since the costs associated with expedited handling are greater than traditional requests. Failure to enact this legislation will result in annual revenue losses of approximately \$4.5 million, forcing the Department to bear the additional costs related to expedited services without supporting revenues.

Effective Date:

This bill would take effect immediately.

Part N - Places responsibility for mailing a copy of service of process with plaintiffs rather than the Department of State (DOS)

Purpose:

Under existing law, persons or entities suing corporations may serve the attendant legal papers upon the Secretary of State as the agent for the defendant corporate entity. The Secretary must then mail copies of such process documents to the defendant entity. This bill would require that plaintiffs serve these papers on the Secretary and the defendant entity at the same time.

Summary of Provisions and Statement in Support:

Requiring the plaintiff to serve copies of process documents on the defendant entity directly, rather than going through the Department of State, removes an unnecessary administrative burden on the Department.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget as the State Financial Plan assumes \$600,000 in recurring savings resulting from no longer mailing paper copies of process to defendants.

Effective Date:

This bill would take effect 120 days following enactment.

Part O - This bill would create a statutory model by which combative sports would be licensed and regulated by the State

Purpose:

This bill would authorize the New York State Athletic Commission (NYSAC) to regulate professional mixed martial arts (MMA) in a manner similar to how NYSAC regulates professional boxing, wrestling and sparring.

Summary of Provisions and Statement in Support:

MMA, a full-contact sport in which competitors draw on techniques from various martial arts disciplines, has become extremely popular in the last decade. The fights take place in a ring, much like boxing or wrestling. Although all other states permit professional MMA events, they are banned by New York State law.

NYSAC currently regulates professional boxing and wrestling. This bill would allow NYSAC to authorize, license and regulate professional MMA in order to protect the health and safety of participants and spectators. MMA would be governed much like boxing, including licensing, permitting, physical examination requirements for participants, and standards for event and training facilities.

The growth of MMA has resulted in the conduct of unregulated “amateur” MMA events in the State, attracting many fans and fighters. These unregulated events create unnecessary risks to both MMA participants and event attendees. Establishing MMA as a NYSAC regulated sport will end this practice and make MMA events safer for all involved.

Considering the popularity of MMA, it is likely New York venues would attract major MMA events.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget. It is estimated that this bill would result in approximately \$1 million in additional revenue from license fees and gross receipts taxes on the sale of tickets and broadcast rights.

Effective Date:

This bill would take effect on the first day of the first month next succeeding the one hundred twentieth day after enactment; provided, however, that the addition, amendment and/or repeal of any rule or regulation of the State Athletic Commission is authorized to be made on or before the effective date.

Part P - Extend the authorization of the Dormitory Authority of the State of New York to form subsidiaries

Purpose:

This bill would extend for an additional two years the authorization of the Dormitory Authority of the State of New York (DASNY) to create subsidiaries to take title to the property of borrowers regulated under Public Health Law Article 28, who have defaulted on loan agreements or mortgages with DASNY.

Summary of Provisions and Statement in Support:

Chapter 584 of the laws of 2011 authorizes DASNY to create subsidiaries to take title to the property of borrowers regulated under Public Health Law Article 28, who have defaulted on loan agreements or mortgages with DASNY. This authorization has been renewed twice since 2011 and is currently set to expire on July 1, 2016.

Absent enactment of this bill, DASNY would open itself up to unnecessary risk when attempting to pursue remedies against a hospital that has defaulted on a DASNY loan or mortgage. By forming a subsidiary to take title to the property of the defaulted borrower, DASNY limits its exposure to potential liability including for injuries occurring because of the condition of the property.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget, which assumes that DASNY will continue to be a financing vehicle for not-for-profit hospitals and health care facilities across the State.

Effective Date:

This bill would take effect immediately.

Part Q - Authorize the transfer of the New York State Canal Corporation to the New York Power Authority

Purpose:

This bill would authorize the transfer of the New York State Canal Corporation (Canal Corp.) from the New York State Thruway Authority (NYSTA) to the New York Power Authority (NYPA).

Summary of Provisions and Statement in Support:

This bill would amend the Public Authorities Law, the Canal Law and the State Finance Law in order to effectuate the transfer of the Canal Corp. from NYSTA to NYPA.

The bill would amend the New York State Thruway Act (Act) in order to repeal sections 382 and 383 of the Act relating to the Canal Corp. and the ability of the Canal Corp. to finance certain projects, and would remove references to the Canal Corp as a subsidiary of NYSTA.

The bill would also amend the Act to require that NYSTA reimburse the State for expenses related to Division of State Police's enforcement activity on the Thruway, and make NYSTA a public authority eligible to receive an annual State governmental cost recovery assessment.

The bill would amend the Canal Law to transfer the powers and duties relating to the canal, the canal lands, the canal system, and all State assets, equipment, and property owned or used in connection with the canal system, from NYSTA to NYPA. The bill would also amend Canal Law to require that all rules, regulations, executed contracts, and other business continue to remain in effect after the transfer of the Canal Corp.

The bill would further amend the Power Authority Act to establish the Canal Corp. as a subsidiary of NYPA. As a result, NYPA's trustees would become the Canal Corp. trustees, and management and administration of the Canal Corp. would become an additional corporate purpose of NYPA. The bill would also amend the State Finance Law to authorize NYPA to make payments from the New York State Canal System Development Fund on behalf of the Canal Corp.

This bill would also provide NYSTA, the Canal Corp., and NYPA with indemnification from the State for liabilities occurring prior to August 3, 1992. It would also provide the Canal Corp. and NYPA with indemnification from NYSTA for liabilities occurring after August 3, 1992 until the effective transfer of the Canal Corp.

Finally, this bill would authorize NYPA, pursuant to an agreement between NYPA and NYSTA effective April 1, 2016, to reimburse NYSTA for any and all operating and capital costs expended by NYSTA related to the operation of the canal system for the time period of April 1, 2016 to January 1, 2017.

This transfer would enable the canal system to benefit from NYPA's experience in managing our State's water assets while ensuring the continued efficient operation of the canal system. NYPA operates hydro-electric plants throughout the State, including three small hydro plants located within the canal system. NYPA and the Canal Corporation already share services on the canal system, and this transfer would only strengthen this partnership.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget and will ensure the continued efficient operation of the canal system.

Effective Date:

This act would take effect on January 1, 2017; provided, however, that sections 5 and 28 of this act shall take effect immediately.

Part R - Enact the Private Activity Bond Allocation Act of 2016, to extend authorization for the issuance of tax exempt bonds for eligible purposes

Purpose:

This bill would enact the "Private Activity Bond Allocation Act of 2106" to extend provisions related to the allocation of tax exempt private activity bonding authority to state and local issuers, and would add a new provision requiring that any private activity bonds issued utilizing the local agency set-aside reserved for local issuers receive approval from the Public Authorities Control Board (PACB).

Summary of Provisions and Statement in Support:

This bill would permanently extend provisions related to the State's process for allocating tax exempt private activity bonding authority, known as the "Private Activity Bond Cap." The bill would continue existing provisions related to the allocation formula for the distribution of private activity bonds, as follows: one-third would be available to State agencies, one-third would be available to local agencies (principally, industrial development agencies, or IDAs) and one-third would be available through a statewide bond reserve for use by both state agencies and IDAs. The bill would also continue provisions related to future allocations of private activity bond cap for certain multi-year housing development projects, the annual year end recapture of unused bond cap, and procedures for carryforward election of bond cap. Additionally, the bill would include a new provision requiring PACB approval prior to the financing or bond issuance from any portion of the local agency set-aside by any local issuer.

Finally, this bill would repeal chapter 49 of the laws of 2014 which provides the current authorization for the allocation of private activity bond cap and is set to expire on July 1, 2016.

Private activity bonds can be used to finance a wide range of qualified purposes, including economic development, multifamily housing, student loans, and mortgages. Providing tax-exempt financing to eligible private issuers reduces borrowing costs and thereby enhances local and State economic development efforts. Private activity bonds are predominantly used in New York State to finance construction of multifamily housing projects. The extension of these provisions related to the State's private activity cap allocation process will continue the orderly flow of bonds for the development and preservation of affordable housing and other economic activity in New York State. Authorization of this bill would also allow for enhanced oversight and input into the award and geographic disbursement of private activity bond cap to local projects.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 budget.

Effective Date:

This bill would take effect immediately.

Part S - Enhance the marketing of New York farm products by authorizing the Empire State Development Corporation, in cooperation with the Department of Agriculture and Markets, to administer agricultural and dairy marketing orders

Purpose:

This bill would transfer the statutory authorization for agricultural and dairy product marketing orders, which are currently administered by the Department of Agriculture and Markets (DAM), to the Empire State Development Corporation (ESD).

Summary of Provisions and Statement in Support:

This bill would transfer the statutory authorization for agricultural and dairy product marketing orders currently administered by DAM under Article 21-AA and Article 25 of the Agriculture and Markets Law to ESD. This transfer would enable ESD to provide marketing and branding support to the State's existing marketing orders: Dairy Promotion, Western NY Milk, Apple, Apple Research, Cabbage Research, Sour Cherry, and Onion Research.

Marketing orders permit industry groups to impose an assessment on certain products, and use the funds for marketing programs that are deemed important to each group. Through this new program structure, future assessments would be directed to ESD, which in consultation with DAM, would administer the market orders.

To ensure program continuity, the bill would authorize DAM to provide assistance to ESD with the administrative components of the marketing orders. DAM would retain the existing powers of the marketing order advisory boards, which include recommending rules, regulations, amendments to the market orders, and methods for assessing producers.

ESD has substantial experience administering marketing and branding programs, including the successful "New York Open for Business" and "I Love NY" campaigns. This bill would enable the State's agricultural associations directly involved with the market orders to utilize ESD's expertise in order to increase awareness and promotion of the State's agricultural products.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because the State Financial Plan assumes \$12.3 million in savings resulting from the transfer of these marketing responsibilities to ESD.

Effective Date:

This bill would take effect 90 days after enactment.

Part T - Eliminate the sunset applicable to the waste tire management and recycling fee

Purpose:

This bill would eliminate the sunset applicable to the waste tire management and recycling fee.

Summary of Provisions and Statement in Support:

Eliminating the December 31, 2016 sunset would ensure that adequate monies continue to be available to DEC for the regulation of waste tire storage facilities and abatement of noncompliant waste tire stockpiles, and to administer and enforce other provisions of Environmental Conservation Law in relation to the collection, treatment, disposal, and management of solid and hazardous wastes.

Section 1 of the bill would remove the December 31, 2016 sunset related to waste tire services accepting waste tires from consumers and posting appropriate written notice.

Section 2 would make permanent (i) the \$2.50 fee which is to be collected on each new tire sold, (ii) the requirement that the tire service collect the fee and remit it to the Department of Taxation and Finance (DTF), (iii) the requirement that each tire service make a return to DTF on a quarterly basis, and (iv) the provisions authorizing additional waste tire management and recycling costs of the tire service.

Section 3 provides that the bill would take effect immediately.

Environmental Conservation Law Article 27, Title 19, enacted in 2003, sets forth New York State's priorities for the management of waste tires, establishes the \$2.50 fee charged on each new tire sold, and enumerates the purposes of the fund to be used to abate noncompliant waste tire stockpiles. The requirement to collect the Fee and remit it to DTF sunsets on December 31, 2016.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-2017 Executive Budget in order to continue revenue that is used to support DEC's Solid Waste program staff.

Effective Date:

This bill takes effect immediately.

Part U - Create a new climate change mitigation and adaptation account and make changes to the Local Waterfront Revitalization Program in support of a \$300 million Environmental Protection Fund

Purpose:

This bill would establish a climate change mitigation and adaptation account within the Environmental Protection Fund (EPF) and would make statutory changes related to the local waterfront revitalization program to allow for increased State assistance payments under certain circumstances. The Executive Budget would then include appropriations funding the EPF, including the new account, in the amount of \$300 million.

Summary of Provisions and Statement in Support:

This bill would establish a new climate change mitigation and adaptation account within the EPF, to authorize programs that reduce greenhouse gasses, facilitate climate change adaptation, and strengthen resiliency. The bill would also make changes to the local waterfront revitalization program by allowing State assistance payments and technical assistance of up to 90 percent of total costs for municipalities subject to certain financial hardships or for planning projects to mitigate future physical climate risks.

The Executive Budget includes appropriations of \$300 million for the EPF, the highest level of funding in the program's history and an increase of \$123 million from the 2016-17 budget. As a part of this historic increase, the EPF, for the first time, will include funding for critical adaptive infrastructure, greenhouse gas management, and resiliency planning and mitigation programs. The changes contained in this bill would provide the necessary statutory authorization for these critical initiatives to receive funding from the EPF.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-2017 Executive Budget in support of a \$300 million EPF.

Effective Date:

This bill would take effect immediately.

Part V - Reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce the provisions of the navigation law

Purpose:

This bill would reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce the navigation law from 50 percent to 25 percent.

Summary of Provisions and Statement in Support:

The bill would amend Subdivision 3 of Section 79-b of the Navigation Law to reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce the provisions of the navigation law from 50 percent to 25 percent.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-2017 Executive Budget in order to achieve Financial Plan savings.

Effective Date:

This bill takes effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2016.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.