



MEMO OF SUPPORT

S6165-A (Skoufis) / A173-A (Paulin)

*Applies open meetings and freedom of information requirements
to municipal-affiliated nonprofit organizations*

July 14, 2026

TITLE OF BILL

Relates to the applicability of open meetings and freedom of information laws to certain not-for-profit corporations

STATEMENT OF SUPPORT

Reinvent Albany supports this legislation because it will clarify when private nonprofit organizations are formally affiliated with governmental entities, and subject the affiliated nonprofits to higher standards of transparency, ethics, financial reporting, and accountability consistent with functioning as a formal affiliate of New York State or a municipal government.

Reinvent Albany believes government work should be done by government agencies to the maximum extent practical. It makes sense for government agencies to hire nonprofit organizations as vendors that supply goods and services in the same way that for-profit entities do. However, government agencies risk reducing their transparency and accountability to the public when they create or functionally control nonprofit organizations and use them to perform governmental tasks.

For this reason, we believe nonprofit entities functionally controlled by government should follow the same standards of transparency and accountability to the public.

New York State has 244 local development corporations (LDCs) established as nonprofit organizations. These LDCs are commonly managed or otherwise coordinated by local industrial development agencies (IDAs) and under state law are classified as local public authorities. New York City government, for example, actively uses a web of at least 15 LDC nonprofit organizations led by the New York City Economic Development

Corporation, which itself is a nonprofit and a local public authority. Outside of economic development, New York City has also created affiliated nonprofits like the Mayor's Fund for New York City that are created by or act at the behest of city agencies and offices.

This bill will provide greater clarity as to when a nonprofit is affiliated with the government by requiring them to obtain the consent of the Authorities Budget Office to form. Prospective nonprofits will have to indicate when they are affiliated with or created on behalf of a governmental entity when they submit their certificate of incorporation with the Department of State. The bill also identifies specific member corporations like the Research Foundation of the State University of New York as being state authorities.

We further support the bill's provision clarifying that nonprofits affiliated with the government, as defined in the bill, will be subject to open meetings and freedom of information laws. Reforms, such as including more information about the sale or lease of property to an LDC in public hearing notices and requiring hearing notices be issued earlier (21 days instead of 10 days), will also increase transparency and public input.

Provisions that limit contracts between government and affiliated nonprofits to 25 years (and require fair consideration to government) and limit leasing of real property by government to affiliated nonprofits to 25-year from 99-year terms will at least require a once-in-a-generation review of those transactions.

We urge Governor Hochul to sign this legislation.

SUMMARY OF PROVISIONS

Section 1

Requires the Department of State (DOS) to send to the Authorities Budget Office (ABO) a copy of the certification of incorporation filed to form a nonprofit organization affiliated with a municipal corporation, state or local public authority, or district.

Section 2

Requires the completion of a certificate of incorporation to include notification of consent from the Authorities Budget Office if the prospective nonprofit is affiliated with a municipal corporation, state or local public authority, or district.

Section 3

Requires the completed certificate of incorporation to include a statement indicating whether the nonprofit organization is being formed on behalf of a municipal corporation, state or local public authority, or district.

Section 4

Requires a certification of incorporation for a nonprofit organization to include the ABO Director's consent when one or more officers or employees of a municipal corporation, state or local public authority, or district:

- Will choose the nonprofit organization's CEO or majority of the board; or
- Will possess the majority of the voting strength to select the CEO or majority of the board; or
- Will serve as a majority of the board's members or in their official capacity as the CEO

The ABO Director's consent is also required when the nonprofit is being formed on behalf of a municipal corporation, state or local public authority, or district.

Section 5

Adds parentheses to clarify existing provisions related to the sale or lease of county or municipal real property to a local development corporation (LDC). Reduces the term for real property leased to an LDC from 99 years to 25 years.

Section 6

Requires publication of a notice of a public hearing 21 days prior to a hearing (increased from 10 days) when a county or municipality intends to lease or sell real property to an LDC. Adds requirements to the notice specifying the property be described, the proposed consideration for the sale, the market value of the property, and the use of or disposition of the property by the LDC.

Section 7

Clarifies that if an LDC enters into a contract with a municipal corporation, state or local public authority, or district for certain purposes like job creation, job training, or industry research, the LDC is a local public authority and subject to the General Municipal Law on public contracts. Furthermore, a municipal corporation, state or local public authority entering into a contract with an LDC must receive fair consideration, must not enter into a contract with a term longer than 25 years, and that no contract can finance the operations of a municipal corporation, state or local public authority or acquire or improve an asset for a municipal corporation, state or local public authority.

Section 8

Expands the definition of "state authority" in the public authorities law to include the Youth Research Inc., The Research Foundation for Mental Hygiene, Inc., Health

Research Inc., The Research Foundation of the State University of New York, and Welfare Research Inc.

Clarifies in the public authorities law that nonprofit organizations (other than business improvement districts, fire corporations, a public group self-insurer regulated under the workers' compensation law, and a statewide association of local governments or local officials) are “local public authorities” if they issue tax exempt debt or provide state and local tax expenditures for a particular project.

Clarifies in the public authorities law that nonprofit organizations affiliated with local government are “local public authorities” including but not limited to when one or more officers who serve as officers or employees of the county or locality select a majority of the nonprofit’s board or the CEO, constitute a majority of the voting power to select the nonprofit’s board or the CEO, serve as the majority of the board themselves, are the CEO in their official capacity, or pay staff of a state or local government or authority to provide administrative or operational support to the nonprofit organization.

Section 9

Clarifies that all affiliates of state and local public authorities are subject to open meetings and freedom of information laws.

Section 10

States that the effective date of the bill is 30 days after enactment but sections 5 and 7 related to contracts between nonprofit organizations and a municipal corporation, state or local public authority, or district, are prospective.