

GOVERNOR'S PROGRAM BILL

2015

MEMORANDUM

AN ACT to amend chapter 154 of the laws of 1921 relating to the port authority of New York and New Jersey, in relation to port authority organization, open meetings, public hearings, financial reporting and handling of property

Purpose:

This bill would enact the "Port Authority of New York and New Jersey Transparency and Accountability Act of 2015."

Summary of Provisions:

Section one of the bill would set forth the title of the Act as the "Port Authority of New York and New Jersey Transparency and Accountability Act of 2015."

Section two would amend Article IV of chapter 154 of the Laws of 1921 to strengthen the governance of the Port Authority of New York and New Jersey ("Port Authority") and implement stronger accountability measures for the Port Authority's Board of Commissioners ("Commissioners), officers, and employees, including:

- Beginning upon the next hiring of a Chief Executive Officer but no less than one year from the effective date of this act, the Chairperson and Vice Chairperson shall be rotated for a term of two years among the Board of Commissioners, beginning with a Chairperson appointed by the Governor of New York, and the Vice Chairperson appointed by the Governor of New Jersey, respectively;
- Prohibiting a Commissioner, including the Chairperson, from serving as the Port Authority's Chief Executive Officer or as any other officer while serving as a Commissioner;
- Appointing a Chief Ethics and Compliance Officer who shall enforce compliance with applicable laws and best practices, bolstering the authority of the Port Authority's Inspector General, and establishing a whistleblower access and assistance program;
- Requiring Commissioners to execute a statement declaring their fiduciary obligation to exercise independent judgment and act in the best interest of the Port Authority, its mission, and the public;
- Adopting a Port Authority mission statement designed to meet the critical transportation infrastructure needs of the bi-state region's residents, businesses, and visitors by providing the highest quality and most efficient transportation and port commerce facilities and services to move people and goods within the region, provide access to the nation and the world, and to promote the region's economic development;
- Establishing a clear recusal policy to prevent conflicts of interest, requiring Commissioners, officers,

and certain employees to file financial disclosures, and requiring all Commissioners, officers, and employees to maintain records regarding contact with lobbyists; and

- Requiring public notice of Port Authority meetings and that such meetings are open to the public.

Section three would amend Article 15-A of chapter 154 (L. 1921), as added by chapter 275 (L. 1992) to define the terms “committee”, “committees”, and “news media”. It would also require the Board of Commissioners to adopt rules and regulations concerning proper notice to the public and the news media of its meetings.

Section four would add new Articles VII-B, VII-C, and VII-D to chapter 154 (L. 1921). Article VII-B would require the Port Authority to conduct a needs assessment and public hearings before raising tolls and fares. Article VII-C would require the Port Authority to provide enhanced annual reports, to undergo financial audits, and to make public its capital plan and debt issuance. Finally, Article VII-D would require the Port Authority to make property dispositions in compliance with the laws of the State in which the property is located, and to only sell, lease, or otherwise alienate a property below fair market value in limited circumstances.

Section five would provide for severability.

Section six provides that the act shall take effect upon the enactment by the state of New Jersey of legislation having an identical effect with this bill.

Existing Law:

These provisions are new.

Statement in Support:

Established almost a century ago, the Port Authority was created to oversee the harbor interests shared by New Jersey and New York. Over the decades, the Port Authority has expanded to manage new opportunities and face new challenges, and currently operates a wide array of transportation programs under a multi-billion-dollar yearly budget.

In August 2011, Governors Cuomo and Christie required the Port Authority to undergo a comprehensive audit of its finances and operations. As a result of those audit findings, the Port Authority has taken numerous steps towards reform and positive change. In 2014, Governors Cuomo and Christie created the bi-state Special Panel on the Future of the Port Authority (“Special Panel”) to further review the role and functionality of the Port Authority. This legislation would statutorily codify reforms the Port Authority has undertaken to ensure that its functions are open and transparent, and includes other reforms recommended by the Special Panel regarding the Port Authority’s overall organization and its role in the region.

Budget Implications:

None to the State.

Effective Date:

This act shall take effect upon the enactment into law by the state of New Jersey of legislation having an identical effect with this Act.