



NEW YORK STATE SENATOR

Andrew J. Lanza

## New York Legislature Passes Historic, Bi-State Legislation to Create Transparency & Accountability at Port Authority of NY & Nj

ANDREW J LANZA June 18, 2014

| ISSUE: **PANYNJ (PORT AUTHORITY OF NEW YORK AND NEW JERSEY)**

### ***Bill Imposes Comprehensive Transparency and Accountability Standards to Bi-State Agency; Includes New Requirements for Public Participation and Reporting***

Senator Andrew Lanza (R-Staten Island) and Assemblymember James Brennan (D-Brooklyn) today announced passage of the Port Authority of New York and New Jersey Transparency and Accountability Act of 2014 (S.7721/A.3944-C (Lanza/Brennan)), a bi-partisan, bi-state bill which will create greater transparency and accountability at the Port Authority of New York and New Jersey.

The legislation, which now awaits action by Governor Cuomo, will modernize and overhaul the laws governing the massive operations of the bi-state agency, which includes Newark, LaGuardia, and Kennedy airports; the Port of New York and New Jersey, which is the leading marine cargo port on the east coast of North America; the PATH mass transit system; the World Trade Center; and numerous bridges and tunnels, including the George Washington Bridge and the Lincoln and Holland tunnels.

The original law creating the Port Authority was enacted in 1921 and there has been little change since then. Because laws governing the bi-state agency do not take effect until New Jersey and New York have enacted substantively identical legislation, NJ Senator Robert Gordon and NJ Assemblywoman Valerie Vainieri Huttel are spearheading the measure in their respective houses (S.2181/A.3417 (Gordon/Huttel)).

“This comprehensive package of reforms is designed to reign in the Port Authority’s misplaced real estate dealings and ensure its proper functioning as an open, transparent, and accountable interstate authority,” said Senator Andrew Lanza. “Over the last few years, a number of media reports and an audit issued by New York State Comptroller Tom DiNapoli showed numerous areas where the Port Authority failed to

contain costs and appropriately manage its finances. The Port Authority bears a tremendous amount of responsibility and has the ability to significantly impact the lives of thousands of commuters in New York and New Jersey every day, where residents already bear the highest state-local tax burdens in the country. This legislation is a bi-state, bi-partisan effort to ensure that hard-earned taxpayer dollars are being used efficiently and with the proper amount of oversight at the Port Authority.”

“I am proud to be the sponsor of a bill that applies New York’s reforms of public authorities to the Port Authority,” said Mr. Brennan. “These reforms will bring sunshine to the workings of this authority which oversees critical infrastructure in the metropolitan region including bridges, tunnels, airports and ports.”

"The Port Authority is a multi-billion-dollar agency with an operating budget larger than eleven states. For far too long, it has operated with no accountability to the public, to commuters or to state government," said Senator Bob Gordon (D-Bergen/Passaic). "This unprecedented bi-state effort will take the agency out of the dark ages by ensuring greater transparency, a higher level of accountability and increased public participation. These are long-overdue reforms that will have a transformative effect on the Port Authority and will inject public confidence in an agency that severely lacks it."

"There is agreement on both sides of the river that drastic changes are needed to transform the culture of the Port Authority, and to provide a new level of transparency and accountability at the agency," said Assemblywoman Valerie Vainieri Huttle (D-Bergen). "These common sense reforms will usher in a new era at the Authority to allow for greater oversight of the agency that will protect the public and the assets that residents in the region depend on. I'm pleased that Senator Lanza and Assemblyman Brennan have joined with us to help move these efforts forward in a bi-state, bi-partisan fashion."

Reforms in the bills include:

1. requiring commissioners of the Port Authority to perform their fiduciary duties and to certify in writing acknowledging their duty of loyalty and care to the authority and its mission;
  2. specifying that all meetings of the Port Authority are public meetings subject to the open meetings laws of both states, and require minutes to be taken in all meetings of Port Authority;
  3. requiring the financial statements of the Port Authority to be certified by its top officials and to be subject to generally accepted accounting and auditing standards; and imposing conflicts of interest rules on the auditing firm retained by the Port Authority to perform the audits;
1. requiring officers and employees of the Port Authority to report any suspected corruption, fraud, criminal activity or conflicts of interest to the Port Authority Inspector General;

5. requiring specific information to be included in its annual report, such as its audited financial statements, a current and projected capital budget, a description of assets or services bought or sold without competition, and the names and compensation schedule of its officers and managers;
6. prohibiting a commissioner from discussing or voting on any matter in which there may be a conflict of interest; and
7. requiring the Port Authority to:
  - prepare a written policy for acquisition and disposal of its property, including requiring the Port Authority to provide an annual list of all real and personal property disposed of, and procedures for disposing of property at below market value;
  - conduct a needs assessment and public hearings in both states before voting to raising tolls and fares;
  - establish a governance committee which shall annually examine the professional relationship between the employees of the two states to ensure maximum communication, coordination and cooperation;
  - establish a whistleblower program;
  - establish rules relating to contacts with lobbyists; and
  - require its commissioners, officers and certain employees file financial disclosure statements.

As a bi-state agency, identical legislation must be passed and enacted in both states before it can take effect.

###