

**FOR IMMEDIATE RELEASE:
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GOVERNOR SIGNS PUBLIC AUTHORITIES ACCOUNTABILITY ACT

Will Ensure Strong, Uniform Standards of Openness, Accountability and Professionalism Governor's Budget to Include \$1.5M in New Funds for New Public Authority Budget Office

Will Ensure Strong, Uniform Standards of Openness, Accountability and Professionalism Governor's Budget to Include \$1.5M in New Funds for New Public Authority Budget Office Governor George E. Pataki today announced that he has signed into law the Public Authorities Accountability Act -- a comprehensive reform measure that will help ensure that public authorities in New York State follow the highest standards of accountability, transparency and professionalism.

The Governor today also announced that his Executive Budget, which will be unveiled next week, will include \$1.5 million in funding to support the new Public Authority Budget Office, which is created by the new law and will report to the Governor, Legislature and the public on the operations of public authorities and their efforts to comply with the Act.

The legislation signed into law today by the Governor will codify the Model Governance Principles established for public authorities in 2004 by nationally respected corporate governance expert Ira Millstein; establish a new Public Authorities Budget Office; establish an independent inspector general to ensure greater accountability for authority-related activities; and provide new rules for the disposing of public authority property.

"From banning procurement lobbying, to strengthening the ethics, lobbying and FOIL laws, and approving the landmark Debt Reform Act of 2000, the sweeping reforms and improvements we've implemented have increased the effectiveness and accountability of our government," the Governor said. "This critical new legislation will build on our government reform efforts and further strengthen public confidence in public authorities by ensuring that strong, uniform standards of openness, accountability and professionalism are followed at all times."

In 2004, at the Governor's direction, corporate governance expert Ira Millstein worked to establish a set of Model Governance Principles to help improve oversight, accountability, and transparency at State public authorities, thereby strengthening public confidence in their important work. These principles are based on best practices of corporate governance utilized by private sector companies, as well as the requirements of the federal Sarbanes-Oxley Act of 2002.

The Public Authorities Accountability Act of 2005 will effectively codify the Model Governance Principles in New York State law, thus statutorily requiring public authorities to implement and abide by them.

The new measure will also: help to remove any remaining legal obstacles that could potentially hinder an authority's ability to comply with the principles; establish a new Public Authorities Budget Office to provide additional oversight and ensure full compliance with the principles; create an independent inspector general to ensure greater accountability for authority-related activities and operations; and provides new rules for the disposing of public authority property.

The Corporate Governance Principles codified by this bill address seven main areas:

- Formal training of public authority board members on their legal, fiduciary, ethical and personal responsibilities;
- The separation of oversight and executive functions;

- Guidelines governing the independence of public authority board members;
- The organization and structure of the public authority board and its committees, including the establishment of audit and governance committees;
- The establishment of codes of conduct governing honest and ethical conduct by public authority directors, officers and employees;
- Requirements for the sale of real and personal property; and
- The internal controls of public authority employees and operations.

The Public Authority Reform Act was part of a long list of important government reform measures thus far implemented or approved during the 2005-2006 Legislative Session, including:

- Holding open, public leaders meetings on the State Budget;
- Enacting legislation to strengthen the State's Freedom of Information public disclosure laws;
- Closing the "Flynn" loophole that allowed former State officials to avoid penalties for violations of the State's ethics laws by leaving State service;
- Enacting comprehensive reforms to the State Lobbying law, including measures designed to: impose a smart and effective ban on procurement lobbying; subject additional forms of lobbying to regulation by the State Lobby Commission; impose stiff penalties for lobbyists who violate the law including higher financial penalties and bans on lobbyists who break the law; close loopholes in the current Lobby Law in order to ban "contingent retainers" for local government lobbying; provide for greater enforcement of the Lobby Law; and clarify due process rights for persons and entities subject to the Lobby Commission's jurisdiction; and
- Enacting legislation requiring candidates for local office to file financial disclosure forms on-line with the State Board of Elections.