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## Governor Puts Construction Projects on Hold; Delays School Aid

Governor David Paterson suspended construction projects and delayed school aid payments due to the New York budget crisis.

The Governor suspended hundreds of current and new road construction projects. A spokesperson for the Governor's office said that all projects, not funded with federal stimulus dollars, will be on hold until a budget is passed. Lawmakers have recessed for Easter and Passover and won't return to Albany until April 7.

"Significant spending reductions must be made if we want to put New York on the road to long-term fiscal and economic recovery," Governor Paterson said in a statement. "Unfortunately, the spending plans that the Senate and Assembly have put forward did not include enough cuts to move us toward the goal of a fiscally responsible and sustainable State budget. In fact, in light of the State's worsening revenue situation, additional reductions beyond even those included in my original budget proposal may ultimately be necessary."

Governor Paterson also delayed more than \$2 billion in school aid payments. The payments were due at the end of the month but his office said the school districts might have to wait until June for payments.

"The fact that extraordinary cash-management actions such as these are necessary underscores the dire nature of our State's fiscal circumstances. In December, I ordered the withholding of \$750 million in payments to school districts, local governments, and other entities, in order to prevent the State from running out of cash. These withheld funds were ultimately paid in January when the State's operating margins temporarily improved. Deferring payments, however, does nothing more than delay an inevitable day of financial reckoning," the Governor said.

The state's 2010 fiscal year ended at midnight, and state lawmakers have yet to agree on a new budget for the coming fiscal year. The Legislature has adopted a short-term spending plan. New York faces a \$9.2 billion budget gap in 2011.

## Governor Paterson Signs Eighteen Bills into Law

Governor David A. Paterson signed eighteen bills into law, including a bill that will reimburse tolls that emergency vehicles incur when using the New York State Thruway, a bill that will designate May 17 as Thurgood Marshall Day in New York State, and a bill that will clarify existing law governing physician assistants, among several budget related bills and others. The Governor also signed emergency budget bills, ensuring the continued operation of State government until an enacted budget is achieved.

The signed bills include S.2831-A/A.901-A, which will authorize and direct the New York State Thruway Authority (Authority) to issue refunds for tolls incurred by ambulances or fire vehicles engaged in an emergency operation, or, at the option of the Authority, to issue emergency services permits for use by ambulances and fire vehicles engaged in an emergency operation, which would provide for free travel on the Thruway. This bill will also allow the Authority to select an auditor to determine whether the refunds or permits cause a significant loss of revenue to the Authority, and if a loss is determined, the Authority would be authorized to offer refunds or permits at a discount of the cash cost per mile.

"In some parts of the State, the New York State Thruway provides the fastest and most direct access to the site of an emergency," Governor Paterson said. "This bill will provide first responders with greater ease of travel and will bring increased protection and safety to some of New York's most remote communities. In an emergency, every second counts."

Governor Paterson also signed into law S.5323-A/A.7068-A, which commemorates the life and work of Associate Justice of the United State Supreme Court Thurgood Marshall by designating May 17 of each

## NEW YORK EDITION

April 6, 2010  
Volume 2, Issue 06

### *This Issue's Headlines:*

- Governor Puts Construction Projects on Hold; Delays School Aid
- Governor Paterson Signs Eighteen Bills into Law
- Governor Not Expected to Call Special Election to Fill Vacant Seat
- Silver And Farrell Announce Assembly Plan To Consolidate State Agencies

year as Thurgood Marshall Day in New York State.

"I am proud to sign this bill honoring United States Supreme Court Associate Justice Thurgood Marshall," Governor Paterson said. "As the first African American appointed to the Supreme Court, Thurgood Marshall not only helped to lead our country from the evils of segregation, but was an avid defender of personal liberties, proudly standing up for rights of individuals. From now on, on May 17 of each year, New Yorkers will honor his remarkable achievements and tireless quest to guarantee equality and social justice for all Americans."

In addition, Governor Paterson signed S.4998/A.1726-B, which clarifies that physician assistants can perform functions that flow from the medical services they are authorized to provide to patients, as long as they have the necessary training and competence to carry out such functions and act under the supervision of a physician whose ordinary practice includes those functions. The bill addresses the concern that if a statute authorizes or directs physicians to perform a function related to a medical service but does not specifically refer to physician assistants, it could be interpreted as prohibiting a physician assistant from performing that function, even if otherwise qualified to do so. However, the bill does not increase or decrease the lawful scope of practice of physician assistants.

*The following bills were also signed into law:*

- A.9711B (BUDGET): Enacts the deficiency budget for the 2009-2010 State fiscal year.
- A.9712A (BUDGET): Relates to authorizing certain payments, deposits and transfers for the support of government.
- A.10241: Extends a real property tax abatement program for certain commercial properties and a special reduction under the commercial rent tax.
- A.10407: Extends provisions of part X2 of chapter 62 of the law of 2003 relating to allowing the use of funds of the office of professional medical conduct.
- A.10468: Enacts provisions relating to an emergency spending plan for the period April 1, 2010 through April 11, 2010.
- A.10469: Provides for emergency appropriation for the period of April 1, 2010 through April 11, 2010.
- A.10096/S.6944: Extends transitional provisions relating to the federal Gramm-Leach-Bliley act.
- S.2088A/A.4758-A: Relates to standard fire insurance policies
- S.3351A/A.7803: Relates to the membership of the Saratoga-Capital district regional park, recreation and historic preservation
- S.3528A/A.7132-A: Relates to the renunciation of property interests
- S.4242/A.8541: Relates to the deadline for the publication of enrollment lists
- S.4256/A.8316: Relates to disclosure in New York State in an action pending in another jurisdiction.
- S.5588-A/A.8378: Grants an exemption to provisions prohibiting transfer of any retirement plan upon commencement of matrimonial action when benefits are being paid under such plan.
- S.5760A/A.6117-A: Authorize the First United Methodists Church of Roosevelt to file an application for real property tax exemptions.
- S.5857/A.7660: Increases the number of affirmative votes required to adopt, amend or repeal a rule.

*Governor Paterson vetoed the following bills:*

- S.6828; S.3038-A/A.9925: Includes Niagara Frontier transportation authority and its police officers and aircraft rescue firefighters under provisions for resolution of impasse in collective.
- S.3284/A.6336: Relates to binding arbitration in negotiations with members who are designated as security services or security supervisors.
- S.2829/A.2941: Provides for the detailing of the benefits and costs of proposed rules in the regulatory impact statements.
- S.764/A.317: Authorizes insurance premium reductions for non-commercial private passenger vehicles retrofitted with daytime running lamps.
- S.6154-B/A.1812-A: Expands certain mandates, currently only for teachers, to other specified personnel during a consolidation of BOCES and school district services
- A.7287/S.5720: Relates to online listing of real property for sale or rent
- S.2971/A.2873: Requires prior disclosure of income, assets, financial obligations of decedent to enforce surviving spouse's waiver of right of election; waives dead man's statute.

## **Governor Not Expected to Call Special Election to Fill Vacant Seat**

The announcement that one of the leading Democratic candidates in the 29th Congressional District had dropped out of consideration makes it that less likely Gov. David Paterson will call a special election to fill the seat, according to a report by the Olean Times Herald.

Assemblyman David Koon of Fairport decided against seeking the seat on Thursday and informed Democratic chairmen from the eight counties that comprise the district, the article stated.

The assemblyman said in a statement, that despite encouragement from the Democratic county chairmen, and many supporters, "I have decided that now is not the time to seek higher office."

Mary Wilmot, a regional aid to Gov. Paterson, has also reportedly withdrawn her name from consideration. No reason was given.

The seat has been vacant since March 8 when freshman Democrat Eric Massa resigned due to health reasons amid allegations of sexual harassment involving a male congressional aide.

The abrupt resignation left former Corning Mayor Tom Reed, a Republican, as the only candidate in the November race. He was endorsed by Republican county chairmen across the district for the November race against then-Rep. Massa.

Mr. Reed cited growing voter frustration in urging Gov. Paterson on Friday to "stop the political delays and call the special election in New York's 29th Congressional District."

Republicans have a 45,000-vote edge over registered Democrats in the sprawling 29th Congressional District.

In a statement, Mr. Reed said, "Everywhere we go, I hear frustration about the election delay. People see it for what it is: Politics being played by the Democratic leadership.

"Six hundred and sixty thousand western New Yorkers had no voice in the House on the health-care votes and no voice on the government takeover of the student loan industry. We will not have a voice on coming issues such as the carbon tax, immigration reform and the on-going appropriations process that will decide the 2011 Federal budget," Mr. Reed said.

"The special election is being delayed for purely political purposes," Mr. Reed said. "If cost is the issue, then why was money made available to have special elections in New York's 20th and 23rd districts, but not the 29th district?"

Special elections in the 20th and 23rd congressional districts were called just days after the seats went vacant, Mr. Reed observed. It has been almost a month since Eric Massa resigned.

Once again, the people of Western New York and the Southern Tier get a raw deal from the Democratic leadership. It's this kind of game-playing that makes people so upset."

Mr. Reed called on Gov. Paterson to keep his word, put politics aside and call the special election immediately.

Other Democrats in the sweepstakes for the special election - if one is called by the governor - include David Nachbar of Pittsford, another front-runner; former Allegany County legislator Michael McCormick of Andover; David Rose, an Allegany County native now teaching at Rush-Henrietta School District, as well as another Southern Tier native, Matthew Zeller.

## **Silver And Farrell Announce Assembly Plan To Consolidate State Agencies**

Assembly Speaker Sheldon Silver and Ways and Means Committee Chair Herman D. Farrell, Jr. announced a proposal for agency consolidation and shared services that would help save taxpayers over \$30 million by merging certain state agencies. The Assembly plan includes consolidations included in the Executive Budget as well as additional measures.

"Last year the Assembly passed legislation allowing for the consolidation of local government entities to help save taxpayer dollars and reduce duplicative services," said Silver (D-Manhattan). "It is common sense that we would take steps to do the same on the state level. Combining agencies and merging services could potentially save millions in taxpayer dollars."

"This initiative would streamline agencies by combining those which perform similar functions and would also authorize the use of shared administrative services between a number of state agencies," said Farrell (D-Manhattan). "The nationwide recession has made it clear that state governments need to do all that they can to reduce costs and lessen the financial burden on taxpayers."

*The proposal, which would take effect on January 1, 2011, would:*

- Establish a new Department of Financial Services by merging the Department of Banking and the Department of Insurance;
- Authorize the use of shared administrative services between the Office of Temporary and Disability Assistance and the Office of Children and Family Services;
- Authorize the use of shared administrative services between the Office of Mental Health, the Office of Mental Retardation and Developmental Disabilities and the Office of Alcoholism and Substance Abuse Services;
- Merge the Higher Education Services Corporation into the State Education Department;
- Merge the State University Construction Fund into the Dormitory Authority of the State of New York;
- Consolidate the Governor's Office of Regulatory Reform into the Department of State;
- Merge the Administration of the Environmental Facilities Corporation programs into the Department of Environmental Conservation;

- Authorize the use of shared administrative services between the Racing and Wagering Board and the Division of Lottery; and
- Create a task force to evaluate the consolidation of the Empire State Development Corporation (ESDC), the Job Development Authority, the Foundation for Science, Technology and Innovation and the New York State Energy Research and Development Authority into one authority.

*The Assembly has also accepted the following Executive proposals, which would:*

- Consolidate the Emergency Service and Homeland Security entities into a Department of Homeland Security and Emergency Services;
- Merge the Office of Real Property Services and the Department of Tax and Finance;
- Authorize the use of shared administrative services for the Office of the Medicaid Inspector General and the Office of the Welfare Inspector General;
- Merge the State Fair and the Industrial Exhibit Authority;
- Transfer the Nutritional Outreach Program and the AIDS Homeless Housing Program from the Department of Health to the Office for Temporary Disability Assistance; and
- Consolidate the Operation of the Division of Housing and Community Renewal and the Housing Finance Authority.

*Other actions taken by the Assembly in response to the Executive's proposal would:*

- Reject merging the Crime Victims Board (CVB), the Office for the Prevention of Domestic Violence (OPDV) and the Department of Parole and Correctional Alternatives into a single entity;
- Reject the Executive proposal to merge the Department of Economic Development and the ESDC into the new Job Development Corporation; and
- Amend the proposed merger of the Public Employees Relations Board and the State Employee Relations Board to make the merger take effect on April 1, 2011.

*Duane Morris Government Affairs LLC will continue to monitor these and other important issues. Contact us if you have an issue you would like additional information on, or to be removed from the Capitol Commentary distribution list:*

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