



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

VETO # 79

December 31, 2021

TO THE ASSEMBLY:

I am returning herewith, without my approval, the following bill:

Assembly Bill Number 7769, entitled

“AN ACT to amend the civil practice law and rules, the business corporation law, the general associations law, the limited liability company law, the not-for-profit corporation law and the partnership law, in relation to consent to jurisdiction by foreign business organizations authorized to do business in New York”

NOT APPROVED

This bill would provide that out-of-state companies who register to, are authorized to or are designated to do business in New York, consent to general jurisdiction of the courts of the State, regardless of whether such company maintains a principal place of business in New York and regardless of whether the claims at issue relate to events in New York. This bill would also deem the withdrawal or revocation of such authorization, registration or designation as termination of consent to the general jurisdiction of State courts.

New York is a premier destination to live, work, and play. My administration is committed to ensuring that as we build a stronger, more inclusive economy, New York remains open for business and attractive to firms who may be incorporated in other states but seek opportunities for growth in New York. Whether they come in search of new markets, a skilled diverse workforce or other resources and support, their investments in New York mean a more resilient State economy, the creation of good jobs, and strong communities.

Of course foreign companies holding the privilege to conduct business in New York must abide by State law and may nonetheless be subject to the jurisdiction of New York courts under other theories of personal jurisdiction. However, this bill would deter out-of-state companies from doing business in New York entirely. Rather than agree to defend against any claims in the State, regardless of the connection to in-state activities, foreign companies may limit their business in New York or avoid our State entirely, finding other jurisdictions that are more favorable. Foreign corporate flight, or a significant decline in investments in the State, reduces tax revenues, risks harm to the New Yorkers who depend on the presence of foreign companies for jobs, products, and services, and undermines the State's competitiveness. Additionally, this bill would instantaneously create substantial uncertainties for businesses, thereby increasing their risks, including the prospect of increased and unforeseen litigation in New York and would raise their costs of doing business in New York. This bill would also cause an increase in lawsuits over disputes that may bear no nexus to New York, thereby overwhelming an already taxed judiciary and impeding due process. We cannot sustain a healthy State economy if we ask businesses to gamble with their futures, especially in light of the economic unpredictability caused by the COVID-19 pandemic.

Fundamentally, enactment of this legislation is not in the public interest. Accordingly, I am constrained to veto this bill.

The bill is disapproved.

Ruth Hochul