STATE OF NEW YORK

8449

IN SENATE

March 2, 2022

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT authorizing the department of financial services to conduct a feasibility study to evaluate and make recommendations concerning the formation and control of a state public bank for New York; making an appropriation therefor; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The superintendent of the department of financial services is directed to hire a reputable consultant that has the capacity, capability, and experience to conduct a feasibility study to evaluate and make recommendations concerning the formation and control of a state public bank. Consultants that have conducted a previous feasibility study of a public bank at the request of a government entity in the United States will be given preference. Should such study find that a state bank in New York is feasible, the Legislature shall pass legislation to create a state public bank for New York.

§ 2. The scope of such study shall include, but shall not be limited to:

(a) the purposes of such public bank;

(b) an analysis of cost savings, impacts on the state's finances, economic development and infrastructure, housing and additional needs of the state, including but not limited to:

(i) appropriate governance structures;

(ii) minimum capitalization requirements;

(iii) appropriate insurance and risk management tools;

(iv) charter requirements;

(v) financial and operations framework;

(vi) deposits;

(vii) permitted activities;

(viii) benefits;

(ix) potential challenges that such public banks may encounter;

EXPLANATION--Matter in ***italics*** (underscored) is new; matter in brackets [-] is old law to be omitted.

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(x) how the lack of accessible financial services contributes to the cycle of poverty;

(xi) barriers to small business formation and growth;

(xii) impacts of such public banks on small businesses, including minority- and women-owned business enterprises; and

(xiii) impacts of such public banks on the unbanked, the underbanked and banking deserts.

(c) a fiscal analysis of costs associated with formation;

(d) an analysis that considers the effects of an economic recession on the financial results of such public banks;

(e) a legal analysis of whether the proposed structure and operation of such public bank complies with the New York state constitution;

(f) an analysis of how the proposed governance structure of such public bank would protect such public bank from unlawful insider transactions and apparent conflicts of interest;

(g) a fiscal analysis of the benefits associated with the creation of such public bank, including, but not limited to, cost savings, jobs created, jobs retained, economic activity generated and private capital leveraged;

(h) a qualitative assessment of social and environmental benefits of such public bank;

(i) a review of feasibility studies on public banking, including the city of Philadelphia public bank feasibility study and the city of San Francisco public bank feasibility study; and

(j) a review of AB-857 (2019 Cal. Stats. Ch. 442).

§ 3. No earlier than six months and no later than seven months after the effective date of this act, the superintendent of the department of financial services shall submit a report to the governor, the temporary president of the senate, the speaker of the assembly, the chair of the senate banks committee and the chair of the assembly banks committee on the findings and conclusions of the study conducted pursuant to sections one and two of this act and shall submit any legislative recommendations deemed to be necessary. Such report shall be contemporaneously published on the official website of the department of financial services.

§ 4. The sum of five hundred thousand dollars ($500,000), or so much thereof as may be available, is hereby appropriated to the department of financial services from any moneys in the state treasury in the general fund to the credit of the state purposes account, not otherwise appropriated, and made immediately available, for the purpose of carrying out the provisions of this act. Such moneys shall be payable on the audit and warrant of the comptroller on vouchers certified or approved by the commissioner of education in the manner prescribed by law.

§ 5. This act shall take effect immediately and shall expire and be deemed repealed one year after such effective date.