STATE OF NEW YORK

4811

2025-2026 Regular Sessions

IN ASSEMBLY

February 6, 2025

Introduced by M. of A. VANEL, LUNSFORD -- read once and referred to the Committee on Banks

AN ACT to amend the banking law and the state finance law, in relation to credit unions

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

Section 1. The banking law is amended by adding a new article 2-D to read as follows:

ARTICLE 2-D

CREDIT UNION DEPOSIT PROGRAM

Section 89. Credit union deposit program; purpose.
90. Eligibility.
91. Deposits.

§ 89. Credit union deposit program; purpose. In recognition of the economic benefits and stimulus which result from the placement of deposits in local credit unions, the credit union deposit program is hereby created to authorize and encourage the state comptroller and the commissioner of taxation and finance to deposit a portion of the funds under their control into credit unions.

§ 90. Eligibility. 1. To be eligible to receive deposits, or to renew existing deposits under this program, a credit union must be chartered under the provisions of this chapter and must have a current examination rating of satisfactory or better. The superintendent shall, if requested by the state comptroller or the commissioner of taxation and finance, confirm whether a particular credit union meets the criteria specified in this section.

2. A federal credit union may also be eligible to receive deposits, or to renew existing deposits, under this program if: (a) its principal office is located in this state; (b) it has a current examination rating of satisfactory or better; and (c) it meets any additional criteria established by the comptroller and the commissioner of taxation and

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

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finance to determine eligibility for participation in the program. Such criteria may include a credit union's loan to deposit ratio, its record of small business lending, and the impact such deposits would have on an area's economic activity.

§ 91. Deposits. 1. Notwithstanding any provisions of law to the contrary, the state comptroller and the commissioner of taxation and finance shall, for the purposes of administering moneys in accordance with the provisions of sections ninety-eight-a and one hundred five of the state finance law, give consideration to depositing funds into those credit unions which are deemed eligible to receive deposits pursuant to section ninety of this article.

2. The maximum amount of funds which the state comptroller and the commissioner of taxation and finance may deposit under this program shall not exceed two hundred fifty million dollars in aggregate for each eligible credit union pursuant to this section.

3. Notwithstanding any provision of law to the contrary, any deposits made pursuant to this article shall be made at rates, and for such periods of time, as may be agreed to by the state comptroller or the commissioner of taxation and finance and the eligible credit union.

4. Any deposits made pursuant to this article may be secured by an irrevocable letter of credit issued by a federal home loan bank.

§ 2. The banking law is amended by adding a new section 454-a to read as follows:

§ 454-a. Deposits of public money with credit unions. A credit union may accept deposits of public money in accordance with the provisions of section ninety-one of this chapter and sections ninety-eight-a and one hundred five of the state finance law.

§ 3. The opening paragraph of subdivision 1 of section 98-a of the state finance law, as amended by chapter 545 of the laws of 2005, is amended to read as follows:

Except as otherwise provided in subdivision two of this section, any moneys in the general fund of the state or moneys received from the sale of any bonds or notes issued by the state, any moneys in any fund or account of the state, heretofore or hereafter established, the investment of which is not otherwise authorized and which are not immediately required may be invested by the comptroller. Such moneys may be invested only in obligations of the categories specified in subdivisions one to five, both inclusive, and subdivision seven, subdivision fourteen, as added by chapters seven hundred ninety-seven and nine hundred thirty-two of the laws of nineteen hundred sixty-three, respectively, subdivisions fifteen, sixteen and seventeen of section ninety-eight of this article, maturing or redeemable at the option of the holder within twelve years of the date of such investment, subdivisions two-a, eighteen, nineteen and twenty of section ninety-eight of this article or in a certificate of deposit of a bank [~~or~~], trust company or credit union in this state. Any certificate of deposit shall be fully secured by the issuer thereof depositing with the comptroller stocks, bonds, or notes of any county, town, city, village, fire district or school district of this state issued pursuant to law and maturing within five years from the date of issuance of such certificate of deposit, bonds or notes or direct or guaranteed obligation of the United States of America or its agencies or of the state of New York or bonds and notes issued for any of the corporate purposes of the municipal assistance corporation for the city of New York in an amount equal to the amount of such certificate of deposit. Any bonds, notes or certificates of deposit purchased with moneys of the general fund shall be available always to pay any

lawful appropriation in force. Any bonds, notes or certificates of deposit purchased with moneys received from the sale of any bonds or notes issued by the state shall be available always for the purposes or purpose for which such bonds or notes were issued. Any bonds, notes or certificates of deposit purchased with moneys of any other funds shall be available always for the purpose for which such fund was created. Unless otherwise required by law, income received on any moneys invested pursuant to this section shall be credited to the fund or funds from which such moneys were invested, provided, however, the comptroller is hereby precluded from crediting interest earnings to funds/accounts which:

§ 4. Subdivisions 1 and 2 of section 105 of the state finance law, subdivision 1 as amended by section 1 of part W of chapter 59 of the laws of 2023, subdivision 2 as amended by chapter 154 of the laws of 1953, and paragraph b of subdivision 2 as amended by chapter 345 of the laws of 2005, are amended to read as follows:

1. All moneys received by the commissioner of taxation and finance on account of the state, excepting such moneys as are required by law to be deposited to the credit of the comptroller, but including such moneys as are thereafter paid into the state treasury by the comptroller, shall be deposited by the commissioner of taxation and finance within three business days after the receipt thereof, either as a demand deposit or an interest-bearing time deposit (other than a time certificate of deposit), as the commissioner and the comptroller may determine, in such banks, trust companies [~~and~~], industrial banks **and credit unions** as in the opinion of the commissioner and the opinion of the comptroller are secure. The moneys so deposited shall be placed to the account of the commissioner of taxation and finance. The commissioner shall keep a bankbook in which shall be entered their account of deposit in and moneys drawn from the banks [~~and~~], trust companies [~~and~~], industrial banks **and credit unions** in which deposits are made by the commissioner, which they shall exhibit to the comptroller for inspection on the first Tuesday of every month and oftener if required. The commissioner shall not draw any moneys from such banks, trust companies [~~or~~], industrial banks **or credit unions** unless by checks signed and countersigned in the manner prescribed by section one hundred one, unless otherwise provided by law. No moneys shall be paid by any such bank, trust company [~~or~~], industrial bank **or credit union** out of any such deposit except upon such checks. Moneys may be paid through electronic transfer in accordance with procedures developed by the commissioner of taxation and finance and the comptroller and consistent with the requirements of this section for recording payments. Such payments through electronic transfer shall be considered, for purposes of this chapter, to be moneys drawn by check. Every such bank, trust company [~~or~~], industrial bank **or credit union** shall transmit to the comptroller monthly statements of all moneys received and paid by it on account of the commissioner of taxation and finance.

2. Every bank, trust company [~~and~~], industrial bank **and credit union** designated for the deposit of state moneys under the provisions of this section shall, before deposits are made:

a. Execute and file with the commissioner of taxation and finance a bond to the state in such form and with such surety or sureties for such sums as may be prescribed and approved by the commissioner of taxation and finance and comptroller, for the safekeeping and prompt payment of such moneys on legal demand therefor with interest, if any; or

b. In lieu of such surety bond, with the permission of the comptroller and the commissioner of taxation and finance, deposit with the comptroller outstanding unmatured:

(1) bonds or notes of the United States of America, or obligations, the payment of which is guaranteed by the United States of America,

(2) bonds or notes of the state of New York,

(3) bonds or notes of any county, town, city, village, fire district or school districts in the state of New York authorized to be issued by law,

(4) bonds of the Port of New York Authority of any year,

(5) bonds of the Buffalo and Fort Erie Public Bridge Authority,

(6) bonds of the Triborough bridge and tunnel authority,

(7) bonds or notes of the New York state thruway authority,

(8) bonds, notes or other obligations of any municipal housing authority in the state of New York authorized to be issued by law, provided such bonds, notes or other obligations qualify under the provisions of section forty-nine of the public housing law,

(9) bonds or notes of the Power Authority of the state of New York,

(10) bonds or notes of the Niagara Frontier Port Authority,

(11) bonds or notes of the Dormitory Authority of the state of New York,

(12) bonds or notes of the New York state bridge authority,

(13) bonds or notes issued for any of the corporate purposes of the New York state housing finance agency,

(14) bonds or notes of the Metropolitan Commuter Transportation Authority,

(15) bonds or notes of the New York State Pure Waters Authority, for which the commissioner of taxation and finance and the comptroller shall deliver a certificate of deposit containing the conditions of such deposit,

(16) bonds or notes of the Niagara Frontier Transportation Authority,

(17) bonds or notes of the Rochester-Genesee Regional Transportation Authority,

(18) bonds or notes of the Capital District Transportation Authority,

(19) bonds or notes of the Central New York Regional Transportation Authority,

[~~20~~] **(20)** Bonds or notes of the New York state project finance agency,

(21) Bonds or notes of the municipal assistance corporation for the city of New York,

(22) bonds or notes issued for any of the corporate purposes of the New York state medical care facilities finance agency, for which the commissioner of taxation and finance and the comptroller shall deliver a certificate of deposit containing the conditions of such deposit, or

(23) irrevocable letters of credit issued by a federal home loan bank.

c. With the permission of the comptroller and commissioner of taxation and finance execute and file with the commissioner of taxation and finance an undertaking to the effect that such bank, trust company [~~or~~], industrial bank **or credit union** will safely keep and promptly pay over all such deposits on legal demand therefor with interest, if any, and as collateral to such undertaking deposit with the comptroller a certified check or checks drawn on and certified by the federal reserve bank within the state payable to [~~his~~] **the** order **of the comptroller** in such amount or amounts as shall be agreed upon by the comptroller and the depositary.

§ 5. This act shall take effect immediately.