STATE OF NEW YORK

1996

2025-2026 Regular Sessions

IN SENATE

January 14, 2025

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

AN ACT establishing a New York state public bank commission to study the benefits of a public bank or network of public banks owned by the state of New York or by a public authority constituted by the state of 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. A temporary state commission, to be known as the New York state public bank commission, hereinafter referred to as the commission, is hereby established to hire a consultant to study the feasibility of establishing a bank owned by the state of New York or by a public authority constituted by the state of New York for the public interest.

§ 2. (a) The commission shall consist of thirteen members, to be appointed as follows: (i) six members shall be appointed by the governor, one of whom shall be a representative of the New York state department of financial services, one shall be a representative from the New York state department of taxation and finance, the remaining four governor's appointees shall not be employees of the executive branch and at least one member shall represent the banking and financial industries of the state including, but not limited to, the New York bankers association, at least one member shall represent community banking, and no more than one member may be a representative of any financial services firm located within the state, including, but not limited to, the New York state small business development center;

(ii) three members shall be appointed by the temporary president of the senate, one of whom shall be a member of the senate;

(iii) three members shall be appointed by the speaker of the assembly, one of whom shall be a member of the assembly; and

(iv) the state comptroller or a proxy.

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

LBD05646-02-5

(b) The majority of the members of the entire commission shall designate one of the commissioners to serve as the chair of the commission.

(c) The members of the commission shall be appointed no later than ninety days after the effective date of this act.

(d) The commission 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. Such study shall make recommendations, with the advice of the department of financial services, including but not limited to, on the feasibility of establishing a state bank in New York and may recommend legislation for the legislature to consider in order to create a state public bank for New York.

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

(a) the purposes of such public bank in the public interest;

(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;

(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;

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

(xiv) how a state public bank may provide banking to the cannabis industry;

(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).

§ 4. The sum of five hundred thousand dollars ($500,000), or so much thereof as may be necessary, 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 for the purposes of carrying out the provisions of this act. Such sum shall be payable on the audit and warrant of the state comptroller on vouchers certified or approved by the superintendent of financial services, or such superintendent's duly designated representative in the manner provided by law.

§ 5. No earlier than six months and no later than seven months after the effective date of this act, the commission 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 two and three 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.

§ 6. This act shall take effect on the thirtieth day after it shall have become a law and shall expire and be deemed repealed one year after such effective date.