AN ACT to amend the state finance law, the financial services law and the New York state urban development corporation act, in relation to establishing the empire state inclusive value ledger establishment and administration act

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

Section 1. This act shall be known and may be cited as the "empire state inclusive value ledger establishment and administration act".

 § 2. Legislative intent. Many New Yorkers, be they individuals or small businesses, lack access to retail banking services that can enable them to accumulate, store, and transfer value in simple commercial, financial, testamentary and gift transactions on non-exploitative terms. Many New Yorkers also lack access to basic retail payment services that can enable them to exchange value for value in retail and other transactions on non-exploitative terms. The aforementioned failures of access operate not only to marginalize and exclude large numbers of New Yorkers from ordinary interactions of the kind that underwrite full membership in society, but also to impede or obstruct multiple commercial and other transactions that determine the size and scope of the state's economy and the prosperity of its residents. Since a money or currency is what 'counts' in a system of value accounting, storage, and payment, the aforementioned failures of access also operate to limit the state and its localities' aggregate currency supplies, which in turn prevents the remuneration of many value-adding activities, including care of the needy, maintenance of local infrastructures, and provision of other public goods. As a result, the failures of access discourage such valuable activities from being undertaken at all.

A system of individual digital wallets or payment accounts, linked to a single master account that enables payments to move between such individual wallets or payment accounts, is now easy to construct and administer with the use of secure digital payment technologies. The state of New York annually disburses more than fifty-five billion dollars in the

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [ ] is old law to be omitted.
form of tax credits, procurement payments, pension payouts, and other
program disbursals, all of which can readily be disbursed via a system
of individual wallets or accounts linked to a master account. The state
of New York also receives billions of dollars annually in the form of
service payments, tax monies, licensing fees, civil fines and other
remittances, all of which can be readily paid into a master account from
individual wallets or accounts of the kind just described.

A system of individual digital wallets or payment accounts linked to a
master account could accordingly function as a state-provided and admin-
istered payment infrastructure, in and through which value could be
accumulated, stored, grown and exchanged in 'real-time,' with no need
for fees or other forms of exploitative value extraction, thereby assur-
ing that all New Yorkers are (a) 'banked,' (b) able to create, receive
and grow wealth, and (c) empowered to participate fully in a growing
state economy suffering no shortage of currency or forgoing of commerce.

§ 3. The state finance law is amended by adding a new section 4-b to
read as follows:

§ 4-b. Empire state inclusive value ledger establishment and adminis-
tration. 1. Definitions. As used in this section, the following terms
shall have the following meanings:

a. "Master account" means a digital account which enables payments to
be transferred between individual wallets.

b. "Individual wallet" means a digital account which: (i) is linked to
a master account; (ii) enables a resident to send or receive payment to
any entity of the state or to another resident; (iii) allows value to be
accumulated, stored, grown and exchanged; and

(iv) is not subject to fees or other value extraction for use of the
individual wallet.

c. "Resident" means an individual or a domestic corporation or foreign
corporation authorized to do business in the state.

d. "Value ledger" means the empire state inclusive value ledger estab-
lished pursuant to subdivision two of this section.

e. "State entity" means any department, board, bureau, division,
commission, committee, council, office of the state, or other govern-
mental entity with statewide jurisdiction.

f. "Payment service provider" means an entity which provides online
services for accepting electronic payments by a variety of methods,
including, but not limited to, by credit card, direct debit, and bank
transfer.

2. The department of financial services, in cooperation with the
department of taxation and finance, the office of the New York state
comptroller, the New York state and local retirement system, the depart-
ment of labor, and the department of social services shall develop,
establish, and maintain a value storage and payment platform to be known
as the empire state inclusive value ledger. The empire state inclusive
value ledger shall consist of a digital master account and coordinate a
system of individual wallets which shall be maintained and administered
by the urban development corporation as described herein.

3. All funds disbursed to residents by a state entity or any other
state instrumentality shall be made out of the master account to indi-
vidual wallets linked to the master account via the value ledger and any
remittance made to a state entity or other state instrumentality by a
resident shall be permitted to be made, at the option of the resident
making the remittance, from the resident's individual wallet.

4. All residents shall have the ability to make payments to, and
receive payments from, other residents through links among individual
wallets on the value ledger. Each payment shall be effected by a simultaneous crediting of the payee's individual wallet and an equal debiting of the payer's individual wallet. Such payments shall be able to be directed by the means of payment cards, wire services, smart-device apps, or other electronic funds transfer.

5. Any resident making payment to, or receiving payment from, any other resident may require that the payee or payer accept or make payment via the system of individual wallets on the value ledger; provided, however, that residents who make payments to, or receive payments from, other residents shall not be required to transact with each other on the value ledger in the event that no party to the transacting opts to do so and further provided that no transacting party's opting not to do so is coerced by any other transacting party or associates of such transacting party.

6. Any commercial bank, other financial institution, or payment service provider doing business in the state shall be required to:
   a. provide for full interoperability between individual wallets on the value ledger and any demand deposit or transaction account maintained by the commercial bank, other financial institution, or payment service provider for the holders of such individual wallets; and
   b. permit all holders of individual wallets to make deposits into and withdrawals from such individual wallet via any automated teller machine, teller window, or other deposit or withdrawal facility the bank, financial institution, or payment service provider offers to customers. There shall be no pecuniary or other charge assessed for access to individual wallets; any costs associated with access to and use of individual wallets shall be considered an incident of such commercial bank, other financial institution, or payment service provider's status as a publicly licensed financial utility.

7. The department of financial services shall also develop and make available at no cost a downloadable smart-device application to be known as the empire state inclusive value ledger app through which residents can access and receive and make payments into and out of individual wallets. All entities operating in the state that accept payments via smart-device applications of any kind shall be required to accept payments via the value ledger application at the option of any payer wishing to pay via such value ledger application.

8. The department of taxation and finance, the New York state and local retirement system, and the department of social services, as the state's principal disbursers and receivers of funds, credits, and remittances, shall exercise special care in assisting with and promoting the establishment and wide use of the value ledger payments system, in order to hasten both:
   a. the full 'banking' of the state's 'unbanked' individuals and small businesses; and
   b. inclusion of the state's currently marginalized residents in the process of value creation, wealth accumulation, and commercial exchange.

9. The department of financial services shall:
   a. ensure compliance by all banks, other financial institutions, and payment service providers with the requirements of this section;
   b. prohibit and prevent any other person or company in the financial services or payments industries from exploiting value ledger wallet holders or otherwise subverting the value-creating and commerce-promoting purposes of this section, including by offering advances on anticipated state remittances for fees; and
c. ensure compliance with state banking, regulatory, and digital and financial privacy laws by all entities that oversee or transact via the value ledger. The department, in coordination with the urban development corporation, shall also coordinate with any relevant regulatory agency of the United States to ensure compliance with federal banking, regulatory, employee benefit and any other applicable federal laws.

10. The department of financial services shall be authorized to coordinate with its counterpart agencies in other states and territories of the United States in connection with any common regulatory needs or challenges raised by state value ledgers.

§ 4. Section 301 of the financial services law is amended by adding a new subdivision (d) to read as follows:

(d) The superintendent shall have the power to direct the department to develop, establish, and maintain the empire state inclusive value ledger established pursuant to section four-b of the state finance law. The superintendent shall also have the power to direct the department to coordinate with agencies in other states and territories of the United States the regulatory needs or challenges raised by state value ledgers.

§ 5. Section 5 of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act, is amended by adding three new subdivisions 31, 32 and 33 to read as follows:

(31) To maintain and administer, in consultation with the department of financial services, the department of labor, and the department of social services, the empire state inclusive value ledger established pursuant to section four-b of the state finance law, with a view to encouraging the expansion of commerce and the broad growth and accumulation of wealth in the state.

(32) To explore and negotiate possible interstate compacts enabling the growth of a value ledger system across multiple states, regions, and territories of the United States. The corporation, as the principal administrator of the empire state inclusive value ledger, shall reach out to and consult with counterpart agencies in other states, with a view to assisting with the development of similar value storage and payment platforms in such states and with the goal of the possible interoperability of such platforms with the empire state inclusive value ledger.

(33) To explore and negotiate possible pilot programs enabling the growth and spread of a value ledger system across the broader United States. As the principal administrator of the empire state inclusive value ledger established pursuant to section four-b of the state finance law, the corporation shall be authorized to reach out to and consult with the federal reserve bank of New York, the federal reserve board of the United States, and the department of treasury of the United States, with a view to possibly assisting such entities with the development of a national value storage and payment platform similar to the empire state inclusive value ledger.

§ 6. Severability. If any provision of this act, or any application of any provision of this act, is held to be invalid, that shall not affect the validity or effectiveness of any other provision of this act, or of any other application of any provision of this act, which can be given effect without that provision or application; and to that end, the provisions and applications of this act are severable.

§ 7. This act shall take effect immediately.