

STATE OF NEW YORK

5565

2019-2020 Regular Sessions

IN SENATE

May 7, 2019

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

AN ACT to amend the banking law, the state finance law and the general municipal law, in relation to the establishment of public banks

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

1 Section 1. It is the intent of the Legislature that this act author-
2 izes the lending of public credit to public banks and authorize public
3 ownership of stock in public banks for the purpose of achieving cost
4 savings, strengthening local economies, supporting community economic
5 development, and addressing infrastructure and housing needs for locali-
6 ties.

7 § 2. Subdivisions 1 and 11 of section 2 of the banking law, subdivi-
8 sion 1 as amended by chapter 684 of the laws of 1938 and subdivision 11
9 as amended by chapter 154 of the laws of 2007, are amended to read as
10 follows:

11 1. Bank. The term, "bank," when used in this chapter, unless a differ-
12 ent meaning appears from the context, means any corporation, other than
13 a trust company, organized under or subject to the provisions of article
14 three or three-C of this chapter.

15 11. Banking organizations. The term, "banking organizations," when
16 used in this chapter, means and includes all banks, trust companies,
17 private bankers, savings banks, safe deposit companies, savings and loan
18 associations, credit unions, public banks organized under article
19 three-C of this chapter, and investment companies.

20 § 3. The banking law is amended by adding a new article 3-C to read as
21 follows:

ARTICLE 3-C PUBLIC BANKS

Section 156. Definitions.

156-a. Public benefit corporations.

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

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1 156-b. Insurance.

2 156-c. Inconsistency with other laws.

3 156-d. Retail services.

4 156-e. Owners not to be considered bank holding companies.

5 § 156. Definitions. For the purposes of this article:

6 1. "Local financial institution" means a certified community develop-
7 ment financial institution, a credit union, or a small bank or an inter-
8 mediate small bank, as defined in 12 CFR 25.12.

9 2. "Public bank" means a corporation, organized for the purpose of
10 engaging in the commercial banking business or industrial banking busi-
11 ness, that is wholly owned by a state or local authority as defined by
12 this section.

13 3. "State or local authority" means a local government or agency, a
14 group of two or more local governments or agencies acting together,
15 special district, a group of two or more special districts acting
16 together, state agency, or a group of two or more state agencies acting
17 together.

18 4. "Self-insurance" means deposits guaranteed by the owners of the
19 public bank in an amount approved by the superintendent of financial
20 services.

21 § 156-a. Public benefit corporations. 1. A public bank shall identify
22 in its certificate of incorporation a specific public benefit, consist-
23 ent with the provisions of article seventeen of the business corporation
24 law. Examples of specific public benefits include, but are not limited
25 to, strengthening local economies, supporting community economic devel-
26 opment, addressing infrastructure and housing needs for localities, and
27 providing banking services to the unbanked or underbanked.

28 2. A public bank may, but is not required to, incorporate as a benefit
29 corporation under article seventeen of the business corporation law.

30 3. A public bank that does not incorporate as a benefit corporation
31 shall nevertheless be required to deliver an annual benefit report in
32 compliance with section one thousand seven hundred eight of the business
33 corporation law.

34 § 156-b. Insurance. A public bank shall obtain and maintain deposit
35 insurance consistent with section thirty-two of this chapter.

36 § 156-c. Inconsistency with other laws. 1. A public bank shall comply
37 with all requirements of this chapter, the financial services law, state
38 finance law, local finance law, general municipal law, and all other
39 relevant provisions of state or local law, except to the extent that a
40 requirement of any of those laws is inconsistent with a provision of
41 this article, in which case the provisions of this article shall
42 prevail.

43 2. Notwithstanding any provision of state or local law, a county or
44 other state or local authority may lend its credit to any public bank.

45 3. Notwithstanding any provision of state or local law, any state or
46 local authority may invest in debt securities or other obligations of a
47 public bank.

48 4. Notwithstanding any provision of state or local law, a public bank
49 shall be eligible to receive state or local authority money.

50 § 156-d. Retail services. 1. Wherever possible, any retail services of
51 a public bank shall be conducted in partnership with local financial
52 institutions.

53 2. Notwithstanding subdivision one of this section, a public bank
54 shall not do both of the following:

1 (a) Engage in banking activities, including but not limited to,
2 infrastructure lending, wholesale lending, and participating lending;
3 and

4 (b) Engage in retail activities that are not provided by local finan-
5 cial institutions in the jurisdiction of the state or local authority
6 that own the public bank.

7 § 156-e. Owners not to be considered bank holding companies. For the
8 purposes of section one hundred thirty-two of this chapter, any person
9 or entity, including a state or local authority, that owns, controls, or
10 holds an ownership interest in a public bank is not a bank holding
11 company by reason of that ownership interest.

12 § 4. Section 98 of the state finance law is amended by adding a new
13 subdivision 7-a to read as follows:

14 7-a. Commercial paper, debt securities, bonds, notes, or other obli-
15 gations of a public bank, as defined in article three-C of the banking
16 law.

17 § 5. Paragraph d of subdivision 1 of section 10 of the general municipi-
18 pal law, as amended by chapter 623 of the laws of 1998, is amended to
19 read as follows:

20 d. "Bank" shall mean a bank or public bank as defined by the banking
21 law or a national banking association located and authorized to do busi-
22 ness in New York.

23 § 6. This act shall take effect immediately.