

# STATE OF NEW YORK

9665

## IN ASSEMBLY

February 4, 2020

Introduced by M. of A. ABINANTI -- read once and referred 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.

25 156-a. Public benefit corporations.

26 156-b. Insurance.

27 156-c. Inconsistency with other laws.

28 156-d. Retail services.

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

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1 156-e. Owners not to be considered bank holding companies.

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

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

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

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

15 4. "Self-insurance" means deposits guaranteed by the owners of the  
16 public bank in an amount approved by the superintendent of financial  
17 services.

18 § 156-a. Public benefit corporations. 1. A public bank shall identify  
19 in its certificate of incorporation a specific public benefit, consist-  
20 ent with the provisions of article seventeen of the business corporation  
21 law. Examples of specific public benefits include, but are not limited  
22 to, strengthening local economies, supporting community economic devel-  
23 opment, addressing infrastructure and housing needs for localities, and  
24 providing banking services to the unbanked or underbanked.

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

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

31 § 156-b. Insurance. A public bank shall obtain and maintain deposit  
32 insurance consistent with section thirty-two of this chapter.

33 § 156-c. Inconsistency with other laws. 1. A public bank shall comply  
34 with all requirements of this chapter, the financial services law, state  
35 finance law, local finance law, general municipal law, and all other  
36 relevant provisions of state or local law, except to the extent that a  
37 requirement of any of those laws is inconsistent with a provision of  
38 this article, in which case the provisions of this article shall  
39 prevail.

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

42 3. Notwithstanding any provision of state or local law, any state or  
43 local authority may invest in debt securities or other obligations of a  
44 public bank.

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

47 § 156-d. Retail services. 1. Wherever possible, any retail services of  
48 a public bank shall be conducted in partnership with local financial  
49 institutions.

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

52 (a) Engage in banking activities, including but not limited to,  
53 infrastructure lending, wholesale lending, and participating lending;  
54 and

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

4 § 156-e. Owners not to be considered bank holding companies. For the  
5 purposes of section one hundred thirty-two of this chapter, any person  
6 or entity, including a state or local authority, that owns, controls, or  
7 holds an ownership interest in a public bank is not a bank holding  
8 company by reason of that ownership interest.

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

11 7-a. Commercial paper, debt securities, bonds, notes, or other obli-  
12 gations of a public bank, as defined in article three-C of the banking  
13 law.

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

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

20 § 6. This act shall take effect immediately.