STATE OF NEW YORK

6808

2021-2022 Regular Sessions

IN ASSEMBLY

April 8, 2021

Introduced by M. of A. GALEF, O'DONNELL, STECK, L. ROSENTHAL, QUART, BARNWELL -- Multi-Sponsored by -- M. of A. GOTTFRIED -- read once and referred to the Committee on Banks

AN ACT to establish a commission to determine what benefits 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 can provide; 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 commission on establishing a bank owned by New York state, hereinafter referred to as the commission, is hereby established to determine what benefits 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 could provide for the New York state government, local governments, communities, private businesses, community banks, credit unions and people.

§ 2. a. The commission shall consist of seventeen members, to be appointed as follows:

(i) eight 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 six governor's appointees shall not be employees of the executive branch and at least one member shall represent the banking and financial industries;

(ii) one member shall be the New York state comptroller or the comptroller's designee;

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

(iv) one member shall be appointed by the minority leader of the senate;

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

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

(vi) one member shall be appointed by the minority leader of the assembly.

b. The governor shall designate one of his or her appointees 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.

§ 3. The commission shall:

a. determine what the existing laws and regulatory structures would need to be amended to create a public bank in New York state;

b. evaluate the experiences of other states and countries with state-owned banks, identifying the financial performance of such banks and evaluating the lending practices of such banks to show whether such banks successfully fill lending gaps not filled by the private sector;

c. identify changes to the current financial system that would maximize the state's independence and free up capital for public priorities, including but not limited to:

(i) a public bank model in which the state creates a public bank to serve its own banking needs as currently provided by commercial banks; and

(ii) a public bank model in which the state creates a public bank to serve its own banking needs as currently provided by commercial banks and engages in supplemental activities, including accepting public deposits, accepting deposits from the general public, and issuing loans.

d. identify steps that can be taken immediately to further the ends identified in subdivision c of this section and to create a gradual plan under which the state could comply with both models listed in paragraphs (i) and (ii) of subdivision c of this section;

e. examine the lending practices, including lending to support infrastructure, of the existing public agencies in the state that perform lending services. Any other public authority in the state that lends money shall cooperate fully with the commission and shall supply information reasonably required by the commission to carry out its charge;

f. determine the benefits with respect to the availability of affordable credit; job and wealth creation; the diminishment of racial, gender and other social disparities in economic outcomes; and any other benefit that the commission deems appropriate that a state-owned public bank or network of locally-controlled public banks could provide to: New York state government; industry, including agriculture; small businesses; local governments; communities; credit unions and community banks; and people; and

g. examine the political, economic, and social climate of public banks world-wide, and recommend safeguards to insulate a New York public bank from such conditions.

§ 4. The commission shall:

a. hold at least three public hearings in distinct geographic regions of the state; and

b. publish its findings and recommendations, together with the draft of legislation necessary to carry those recommendations into effect, in a written report not later than one year after the effective date of this act. The report shall be published on the official website of the state, and shall be contemporaneously filed with the senate finance committee and the assembly ways and means committee.

§ 5. The members of the commission shall receive no compensation for their services, but shall be allowed their actual and necessary expenses incurred in the performance of their duties pursuant to this act. The department of financial services shall provide staff and other resources to the commission.

§ 6. This act shall take effect immediately and shall expire and be deemed repealed one year after such effective date.