STATE OF NEW YORK

6804

2021-2022 Regular Sessions

IN SENATE

May 18, 2021

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

AN ACT authorizing and directing the department of financial services to study, evaluate and make recommendations concerning the formation and control of public banks by municipal and local governments; 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. The department of financial services is hereby authorized and directed to study, evaluate and make recommendations concerning the formation and control of public banks by municipal and local governments through the ownership of capital stock or other ownership interests.

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

(a) the purposes of such public banks;

(b) an analysis of cost savings, impacts on local economies, community economic development and infrastructure, housing and additional needs of localities, including but not limited to:

(i) appropriate governance structures;

(ii) appropriate sponsors and corporate structures;

(iii) minimum capitalization requirements;

(iv) appropriate insurance and risk management tools;

(v) charter requirements;

(vi) financial and operations framework;

(vii) deposits;

(viii) permitted activities;

(ix) benefits;

(x) potential challenges that such public banks may encounter;

(xi) how the lack of accessible financial services contributes to the cycle of poverty;

(xii) barriers to small business formation and growth;

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

LBD11521-02-1

(xiii) impacts of such public banks on small businesses, including minority- and women-owned business enterprises; and

(xiv) impacts of such public banks on the unbanked, the underbanked and banking deserts.

(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 banks comply with the New York state constitution;

(f) an analysis of how the proposed governance structure of such public banks would protect such public banks from unlawful insider transactions and apparent conflicts of interest;

(g) a fiscal analysis of the benefits associated with the creation of such public banks, 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 banks;

(i) a review of recent feasibility studies on public banking, including the Philadelphia public bank feasibility study and the District of Columbia public bank feasibility study; and

(j) a review of AB-857 (2019 Cal. Stats. Ch. 442).

§ 3. No earlier than six months and no later than seven months after the effective date of this act, the department of financial services 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 one and two 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.

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