

STATE OF NEW YORK

9711--A

IN ASSEMBLY

March 28, 2022

Introduced by M. of A. PEOPLES-STOKES -- read once and referred to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT establishing 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; making an appropriation therefor; 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:

1 Section 1. A temporary state commission, to be known as the New York
2 state commission on establishing a bank owned by New York state, herein-
3 after referred to as the commission, is hereby established to hire a
4 consultant to study the feasibility of establishing a bank owned by the
5 state of New York or by a public authority constituted by the state of
6 New York for the public interest.

7 § 2. (a) The commission shall consist of fifteen members, to be
8 appointed as follows:(i) six members shall be appointed by the governor,
9 one of whom shall be a representative of the New York state department
10 of financial services, one shall be a representative from the New York
11 state department of taxation and finance, the remaining four governor's
12 appointees shall not be employees of the executive branch and at least
13 one member shall represent the banking and financial industries of the
14 state including, but not limited to, the New York bankers association,
15 at least one member shall represent community banking, and no more
16 than one member may be a representative of any financial services firm
17 located within the state, including, but not limited to, the New York
18 state small business development center;

19 (ii) one member shall be the New York state comptroller or the comp-
20 troller's designee;

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

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

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

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

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

5 (b) The majority of the members of the entire commission shall designate one of the commissioners to serve as the chair of the commission.

6 (c) The members of the commission shall be appointed no later than
7 ninety days after the effective date of this act.

8 (d) The commission is directed to hire a reputable consultant that has
9 the capacity, capability, and experience to conduct a feasibility study
10 to evaluate and make recommendations concerning the formation and
11 control of a state public bank. Consultants that have conducted a previous
12 feasibility study of a public bank at the request of a government
13 entity in the United States will be given preference. Such study shall
14 make recommendations, with the advice of the department of financial
15 services, including but not limited to, on the feasibility of establishing
16 a state bank in New York and may recommend legislation for the
17 legislature to consider in order to create a state public bank for
18 New York.

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

21 (a) the purposes of such public bank in the public interest;

22 (b) an analysis of cost savings, impacts on the state's finances,
23 economic development and infrastructure, housing and additional needs of
24 the state, including but not limited to:

25 (i) appropriate governance structures;

26 (ii) minimum capitalization requirements;

27 (iii) appropriate insurance and risk management tools;

28 (iv) charter requirements;

29 (v) financial and operations framework;

30 (vi) deposits;

31 (vii) permitted activities;

32 (viii) benefits;

33 (ix) potential challenges that such public banks may encounter;

34 (x) how the lack of accessible financial services contributes to the
35 cycle of poverty;

36 (xi) barriers to small business formation and growth;

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

39 (xiii) impacts of such public banks on the unbanked, the underbanked
40 and banking deserts; and

41 (xiv) how a state public bank may provide banking to the cannabis
42 industry.

43 (c) a fiscal analysis of costs associated with formation;

44 (d) an analysis that considers the effects of an economic recession on
45 the financial results of such public banks;

46 (e) a legal analysis of whether the proposed structure and operation
47 of such public bank complies with the New York state constitution;

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

51 (g) a fiscal analysis of the benefits associated with the creation of
52 such public bank, including, but not limited to, cost savings, jobs
53 created, jobs retained, economic activity generated and private capital
54 leveraged;
55

1 (h) a qualitative assessment of social and environmental benefits of
2 such public bank;

3 (i) a review of feasibility studies on public banking, including the
4 city of Philadelphia public bank feasibility study and the city of San
5 Francisco public bank feasibility study; and

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

7 § 4. No earlier than six months and no later than seven months after
8 the effective date of this act, the commission shall submit a report to
9 the governor, the temporary president of the senate, the speaker of the
10 assembly, the chair of the senate banks committee and the chair of the
11 assembly banks committee on the findings and conclusions of the study
12 conducted pursuant to sections two and three of this act and shall
13 submit any legislative recommendations deemed to be necessary. Such
14 report shall be contemporaneously published on the official website of
15 the department of financial services.

16 § 5. The sum of five hundred thousand dollars (\$500,000), or so much
17 thereof as may be available, is hereby appropriated to the department of
18 financial services, or from any moneys in the state treasury in the
19 general fund to the credit of the state purposes account, not otherwise
20 appropriated, and made immediately available, for the purpose of carry-
21 ing out the provisions of this act. Such moneys shall be payable on the
22 audit and warrant of the comptroller on vouchers certified or approved
23 by the commissioner of education in the manner prescribed by law.

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