

# STATE OF NEW YORK

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8449

## IN SENATE

March 2, 2022

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

AN ACT authorizing the department of financial services to conduct a feasibility study to evaluate and make recommendations concerning the formation and control of a state public bank for New York; 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. The superintendent of the department of financial services  
2 is directed to hire a reputable consultant that has the capacity, capa-  
3 bility, and experience to conduct a feasibility study to evaluate and  
4 make recommendations concerning the formation and control of a state  
5 public bank. Consultants that have conducted a previous feasibility  
6 study of a public bank at the request of a government entity in the  
7 United States will be given preference. Should such study find that a  
8 state bank in New York is feasible, the Legislature shall pass legis-  
9 lation to create a state public bank for New York.
- 10 § 2. The scope of such study shall include, but shall not be limited  
11 to:
- 12 (a) the purposes of such public bank;
  - 13 (b) an analysis of cost savings, impacts on the state's finances,  
14 economic development and infrastructure, housing and additional needs of  
15 the state, including but not limited to:
    - 16 (i) appropriate governance structures;
    - 17 (ii) minimum capitalization requirements;
    - 18 (iii) appropriate insurance and risk management tools;
    - 19 (iv) charter requirements;
    - 20 (v) financial and operations framework;
    - 21 (vi) deposits;
    - 22 (vii) permitted activities;
    - 23 (viii) benefits;
    - 24 (ix) potential challenges that such public banks may encounter;

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

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1 (x) how the lack of accessible financial services contributes to the  
2 cycle of poverty;

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

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

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

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

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

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

13 (f) an analysis of how the proposed governance structure of such  
14 public bank would protect such public bank from unlawful insider trans-  
15 actions and apparent conflicts of interest;

16 (g) a fiscal analysis of the benefits associated with the creation of  
17 such public bank, including, but not limited to, cost savings, jobs  
18 created, jobs retained, economic activity generated and private capital  
19 leveraged;

20 (h) a qualitative assessment of social and environmental benefits of  
21 such public bank;

22 (i) a review of feasibility studies on public banking, including the  
23 city of Philadelphia public bank feasibility study and the city of San  
24 Francisco public bank feasibility study; and

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

26 § 3. No earlier than six months and no later than seven months after  
27 the effective date of this act, the superintendent of the department of  
28 financial services shall submit a report to the governor, the temporary  
29 president of the senate, the speaker of the assembly, the chair of the  
30 senate banks committee and the chair of the assembly banks committee on  
31 the findings and conclusions of the study conducted pursuant to sections  
32 one and two of this act and shall submit any legislative recommendations  
33 deemed to be necessary. Such report shall be contemporaneously  
34 published on the official website of the department of financial  
35 services.

36 § 4. The sum of five hundred thousand dollars (\$500,000), or so much  
37 thereof as may be available, is hereby appropriated to the department of  
38 financial services from any moneys in the state treasury in the general  
39 fund to the credit of the state purposes account, not otherwise appro-  
40 priated, and made immediately available, for the purpose of carrying out  
41 the provisions of this act. Such moneys shall be payable on the audit  
42 and warrant of the comptroller on vouchers certified or approved by the  
43 commissioner of education in the manner prescribed by law.

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