

STATE OF NEW YORK

2720

2023-2024 Regular Sessions

IN ASSEMBLY

January 26, 2023

Introduced by M. of A. PEOPLES-STOKES -- read once and referred to the Committee on Banks

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; 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, hereinafter
3 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 comptroller's
20 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;

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

LBD02072-01-3

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

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

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

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

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

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

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

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

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

28 (i) appropriate governance structures;

29 (ii) minimum capitalization requirements;

30 (iii) appropriate insurance and risk management tools;

31 (iv) charter requirements;

32 (v) financial and operations framework;

33 (vi) deposits;

34 (vii) permitted activities;

35 (viii) benefits;

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

37 (x) how the lack of accessible financial services contributes to the
38 cycle of poverty;

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

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

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

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

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

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

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

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

54 (g) a fiscal analysis of the benefits associated with the creation of
55 such public bank, including, but not limited to, cost savings, jobs

1 created, jobs retained, economic activity generated and private capital
2 leveraged;

3 (h) a qualitative assessment of social and environmental benefits of
4 such public bank;

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

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

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

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