

STATE OF NEW YORK

6716

2023-2024 Regular Sessions

IN ASSEMBLY

May 5, 2023

Introduced by M. of A. HUNTER -- read once and referred to the Committee on Economic Development

AN ACT to amend the banking law and the New York state urban development corporation act, in relation to the capital access program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph (b) of subdivision 1 of section 212 of the bank-
2 ing law, as amended by chapter 1 of the laws of 1994, is amended to read
3 as follows:

4 (b) The corporation shall undertake the following programs in further-
5 ance of the above objectives: (i) establish regional offices at
6 locations throughout New York, with sufficient staffing to advise,
7 develop and package financial assistance for small and medium sized
8 businesses; (ii) develop a comprehensive outreach program to increase
9 the visibility and awareness of the corporation's programs, including
10 allocating budget and staff to establish and maintain an aggressive and
11 extensive marketing program of the corporation's program of assistance
12 to small and medium sized businesses, providing for specific outreach to
13 minority and women owned enterprises, and entering into cooperative
14 relationships with local chambers of commerce, local development agen-
15 cies, local development corporations and other community based financial
16 intermediaries as set forth in subdivision three of this section; (iii)
17 establish and operate, or affiliate with a small business investment
18 company and a specialized small business investment company; ~~and~~ (iv)
19 establish a pilot export financing program, using personnel from the
20 private sector, to evaluate whether the corporation can play a signif-
21 icant role in the growth of the export industry in the state and (v)
22 establish a program in cooperation with the empire state development
23 corporation that shall focus on small businesses located in highly
24 distressed areas and minority business enterprises as such designations
25 are defined by the regulations of the New York state urban development

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

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1 corporation act, through which the corporation shall be authorized to:
2 (A) act as third-party agent for the capital access program established
3 by section sixteen-k of section one of chapter one hundred seventy-four
4 of the laws of nineteen hundred sixty-eight, constituting the urban
5 development corporation act; (B) process, fund and approve qualifying
6 program loans made by the corporation or a participating financial
7 institution pursuant to section sixteen-k of section one of chapter one
8 hundred seventy-four of the laws of nineteen hundred sixty-eight,
9 constituting the urban development corporation act; (C) maintain and
10 service a portfolio of qualifying loans made pursuant to the capital
11 access program; and (D) engage in outreach and marketing to financial
12 institutions to increase awareness of the program established under this
13 subparagraph. The corporation shall undertake the programs enumerated
14 herein at such times as its board of directors determines that the
15 corporation's capital base and available funds are adequate to support
16 the operation of such program. The programs enumerated herein may be
17 modified by the corporation as may be necessary to meet the changing
18 needs of the state's economy, as determined by the board of directors.

19 § 2. Paragraph (b) of subdivision 3 of section 16-k of section 1 of
20 chapter 174 of the laws of 1968, constituting the New York state urban
21 development corporation act, as amended by chapter 103 of the laws of
22 2011, is amended to read as follows:

23 (b) Any contract entered into pursuant to subparagraph (i) of para-
24 graph (a) of this subdivision shall:

25 (i) be for a period of two years and shall be renewed for an addi-
26 tional two year period subject to requirements of subparagraph (ii) of
27 paragraph (a) of this subdivision; ~~and~~

28 (ii) provide for compensation for expenses incurred by the third party
29 agent in connection with its services as agent and for such other
30 services as the corporation may deem appropriate including, but not
31 limited to the use of the premises, personnel and personal property of
32 the third party agent;

33 (iii) notwithstanding any law, rule or regulation to the contrary, use
34 the underwriting standards provided for in subdivision four of this
35 section to evaluate applications for loans pursuant to the program filed
36 by a minority business enterprise, or a small business whose principal
37 place of business is in a highly distressed area;

38 (iv) provide for the development of an integrated web portal for the
39 third-party agent which enables access by minority business enterprises
40 and small businesses in highly distressed areas to obtain information on
41 the capital access loan program including the ability to make applica-
42 tion and to receive approval for such loan online; and

43 (v) provide funding for marketing to the third-party agent to be
44 directed to potential loan recipients and to financial institutions to
45 increase awareness participation and referrals to the capital access
46 loan program.

47 § 3. Section 16-k of section 1 of chapter 174 of the laws of 1968,
48 constituting the New York state urban development corporation act, is
49 amended by adding two new subdivisions 4 and 5 to read as follows:

50 4. Notwithstanding any law, rule or regulation to the contrary, the
51 department of financial services, the empire state development corpo-
52 ration and the New York business development corporation shall jointly
53 establish underwriting standards to assist minority business enterprises
54 and small businesses in highly distressed areas. In addition to other
55 factors, such standards should incorporate verifiable alternative indi-

1 cations of creditworthiness presented or made available by the appli-
2 cant.

3 5. Pursuant to subparagraph (v) of paragraph (b) of subdivision 1 of
4 section 212 of the banking law, the New York business development corpo-
5 ration and the empire state development corporation shall enter into an
6 agreement pursuant to which the New York business development corpo-
7 ration shall authorize, maintain and administer the program established
8 in such subparagraph.

9 § 4. This act shall take effect on the one hundred twentieth day after
10 it shall have become a law.