

# STATE OF NEW YORK

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5669

2023-2024 Regular Sessions

## IN SENATE

March 13, 2023

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

AN ACT in relation to the study of the utilization of state government payments as an opportunity to transition unbanked and underbanked state residents into the banking system

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 in conjunction with the director of the state budget, the director of  
3 state operations and the commissioner of the department of taxation and  
4 finance, and in consultation with the state comptroller, shall study and  
5 issue a comprehensive report on methods and opportunities to transition  
6 unbanked and underbanked state residents entitled to state government  
7 payments into the banking system.
- 8 1. For purposes of this section, the following terms shall have the  
9 following meanings:
- 10 a. "unbanked" shall mean an individual not served by an insured insti-  
11 tution in any capacity;
- 12 b. "underbanked" shall mean an individual with an account at an  
13 insured institution but who has obtained alternative, nonbank financial  
14 services in the past twelve months; and
- 15 c. "state agency" shall mean any agency, department, bureau, commis-  
16 sion, board, task force, committee, public benefit corporation, or  
17 public authority, where a member is appointed by the governor.
- 18 2. Such study shall:
- 19 a. examine the types of payments made by state agencies to state resi-  
20 dents including but not limited to tax returns, benefits, credits, unem-  
21 ployment insurance, and the lottery, which are made in a sufficient  
22 amount to the unbanked and underbanked;

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

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- 1 b. examine what methods of payment are used by state agencies and
  - 2 whether direct deposit and debit cards are included as options for
  - 3 recipients of such state payments;
  - 4 c. determine whether opportunities exist when state payments are made
  - 5 to enable state agencies to provide financial education as it relates to
  - 6 the value of participation in the banking system;
  - 7 d. examine any barriers to choice of direct deposit and the use of the
  - 8 banking system based on contact with state agencies;
  - 9 e. examine the use of debit cards of other new financial technologies
  - 10 as a method for disbursement of state payments to the unbanked and
  - 11 underbanked as a bridge to the banking system;
  - 12 f. examine whether a contractual relationship with a minority bank or
  - 13 banks that define specific terms of financial service would be an effec-
  - 14 tive measure in encouraging use of direct deposit;
  - 15 g. determine in which, if any, circumstances state payments should be
  - 16 exempted from an execution of judgment to encourage use of the banking
  - 17 system for the unbanked and the underbanked;
  - 18 h. examine barriers and opportunities to charter minority-owned banks
  - 19 in unbanked or underbanked communities including capital availability
  - 20 and use of state deposits to incentivize their formation; and
  - 21 i. include any concerns or recommendations that the superintendent of
  - 22 the department of financial services deems necessary.
- 23 3. A comprehensive report summarizing all of the findings from subdi-
- 24 vision two of this section shall be sent to the governor, the speaker of
- 25 the assembly and the temporary president of the senate no later than
- 26 eighteen months after the effective date of this act.
- 27 4. The superintendent of the department of financial services may
- 28 request and is authorized to receive any information from any state
- 29 agencies that is relevant and material to the completion of this study
- 30 and report. Such information received by the superintendent of the
- 31 department of financial services shall be subject to the same require-
- 32 ments for confidentiality and limitations on use, if any, as are appli-
- 33 cable to such state agency's use of such information.
- 34 § 2. This act shall take effect immediately.