

# STATE OF NEW YORK

8094

## IN SENATE

January 5, 2024

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

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 a chapter of the laws of 2023 amending the bank-  
3 ing law and the New York state urban development corporation act relat-  
4 ing to the capital access program, as proposed in legislative bills  
5 numbers S. 1690-A and A. 6716-A, is amended to read as follows:

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

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

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1 ration shall be authorized to: (A) act as third-party agent for the  
2 capital access program established by section sixteen-k of section one  
3 of chapter one hundred seventy-four of the laws of nineteen hundred  
4 sixty-eight, constituting the urban development corporation act; (B)  
5 process, fund and approve qualifying program loans made by the corpo-  
6 ration or a participating financial institution pursuant to section  
7 sixteen-k of section one of chapter one hundred seventy-four of the laws  
8 of nineteen hundred sixty-eight, constituting the urban development  
9 corporation act; (C) maintain and service a portfolio of qualifying  
10 loans made pursuant to the capital access program; and (D) engage in  
11 outreach and marketing to financial institutions to increase awareness  
12 of the program established under this subparagraph. The corporation  
13 shall undertake the programs enumerated herein at such times as its  
14 board of directors determines that the corporation's capital base and  
15 available funds are adequate to support the operation of such program.  
16 The programs enumerated herein may be modified by the corporation as may  
17 be necessary to meet the changing needs of the state's economy, as  
18 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 a chapter of the laws of 2023  
22 amending the banking law and the New York state urban development corpo-  
23 ration act relating to the capital access program, as proposed in legis-  
24 lative bills numbers S. 1690-A and A. 6716-A, is amended to read as  
25 follows:

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

28 (i) be for a period of two years and shall be renewed for an addi-  
29 tional two year period subject to requirements of subparagraph (ii) of  
30 paragraph (a) of this subdivision;

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

36 (iii) notwithstanding any law, rule or regulation to the contrary, use  
37 the guidelines, related to, but not limited to underwriting standards  
38 provided for in subdivision four of this section to evaluate applica-  
39 tions for loans pursuant to the program filed by a minority and women-  
40 owned business [~~enterprise~~ enterprises, or a small business whose prin-  
41 cipal place of business is in a highly distressed area[~~+~~

42 ~~(iv) provide for the development of an integrated web portal for the~~  
43 ~~third party agent which enables access by minority and women-owned busi-~~  
44 ~~ness enterprises and small businesses in highly distressed areas to~~  
45 ~~obtain information on the capital access loan program including the~~  
46 ~~ability to make application and to receive approval for such loan~~  
47 ~~online; and~~

48 ~~(v) provide funding for marketing to the third party agent to be~~  
49 ~~directed to potential loan recipients and to financial institutions to~~  
50 ~~increase awareness participation and referrals to the capital access~~  
51 ~~loan program].~~

52 § 3. Subdivision 3 of section 16-k of section 1 of chapter 174 of the  
53 laws of 1968, constituting the New York state urban development corpo-  
54 ration act, is amended by adding a new paragraph (c) to read as follows:

55 (c) The corporation, and any third party it contracts with pursuant to  
56 paragraph (a) of this subdivision, shall collaborate, to the extent

1 practicable, to increase minority and women-owned businesses' and small  
2 businesses' whose principal place of business is in a highly distressed  
3 area, awareness of, participation in, and referrals to the capital  
4 access loan program.

5 § 4. Subdivision 4 of section 16-k of section 1 of chapter 174 of the  
6 laws of 1968, constituting the New York state urban development corpo-  
7 ration act, as added by a chapter of the laws of 2023 amending the bank-  
8 ing law and the New York state urban development corporation act relat-  
9 ing to the capital access program, as proposed in legislative bills  
10 numbers S. 1690-A and A. 6716-A, is amended to read as follows:

11 4. Notwithstanding any law, rule or regulation to the contrary, the  
12 department of financial services, the empire state development corpo-  
13 ration and the New York business development corporation, in consulta-  
14 tion with relevant stakeholders, shall jointly establish [~~underwriting~~  
15 ~~standards~~] guidelines relating to, but not limited to, underwriting  
16 standards to assist minority and women-owned business enterprises and  
17 small businesses in highly distressed areas in accessing and participat-  
18 ing in the capital access program. In addition to other factors, such  
19 [~~standards~~] guidelines should incorporate verifiable alternative indi-  
20 cations and best practices of creditworthiness presented or made avail-  
21 able by the applicant.

22 § 5. This act shall take effect on the same date and in the same  
23 manner as a chapter of the laws of 2023 amending the banking law and the  
24 New York state urban development corporation act relating to the capital  
25 access program, as proposed in legislative bills numbers S. 1690-A and  
26 A. 6716-A, takes effect.