

# STATE OF NEW YORK

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2720

2023-2024 Regular Sessions

## IN ASSEMBLY

January 26, 2023

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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, herein-  
3 after 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 comp-  
20 troller's 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.

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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 design-  
8 ate 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 previ-  
15 ous 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 establish-  
19 ing a state bank in New York and may recommend legislation for the  
20 legislature to consider in order to 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.