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:

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

(b) The corporation shall undertake the following programs in furtherance of the above objectives: (i) establish regional offices at locations throughout New York, with sufficient staffing to advise, develop and package financial assistance for small and medium sized businesses; (ii) develop a comprehensive outreach program to increase the visibility and awareness of the corporation's programs, including allocating budget and staff to establish and maintain an aggressive and extensive marketing program of the corporation's program of assistance to small and medium sized businesses, providing for specific outreach to minority and women owned enterprises, and entering into cooperative relationships with local chambers of commerce, local development agencies, local development corporations and other community based financial intermediaries as set forth in subdivision three of this section; (iii) establish and operate, or affiliate with a small business investment company and a specialized small business investment company; [~~and~~] (iv) establish a pilot export financing program, using personnel from the private sector, to evaluate whether the corporation can play a significant role in the growth of the export industry in the state **and (v) establish a program in cooperation with the empire state development corporation that shall focus on small businesses located in highly distressed areas and minority business enterprises as such designations 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.

LBD05985-01-3

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

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

(b) Any contract entered into pursuant to subparagraph (i) of paragraph (a) of this subdivision shall:

(i) be for a period of two years and shall be renewed for an additional two year period subject to requirements of subparagraph (ii) of paragraph (a) of this subdivision; [~~and~~]

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

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

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

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

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

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

cations of creditworthiness presented or made available by the applicant.

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

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