

# STATE OF NEW YORK

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1755--C

2023-2024 Regular Sessions

## IN SENATE

January 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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Banks in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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 eleven members, to be  
8 appointed as follows:(i) five members shall be appointed by the gover-  
9 nor, one of whom shall be a representative of the New York state depart-  
10 ment of financial services, one shall be a representative from the New  
11 York state department of taxation and finance, the remaining three  
12 governor's appointees shall not be employees of the executive branch and  
13 at least one member shall represent the banking and financial industries  
14 of the state including, but not limited to, the New York bankers associ-  
15 ation, at least one member shall represent community banking, and no  
16 more than one member may be a representative of any financial services  
17 firm located within the state, including, but not limited to, the New  
18 York state small business development center;

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

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1 (ii) three members shall be appointed by the temporary president of  
2 the senate, one of whom shall be a member of the senate;

3 (iii) three members shall be appointed by the speaker of the assembly,  
4 one of whom shall be a member of the assembly.

5 (b) The majority of the members of the entire commission shall designate  
6 one of the commissioners to serve as the chair of the commission.

7 (c) The members of the commission shall be appointed no later than  
8 ninety days after the effective date of this act.

9 (d) The commission is directed to hire a reputable consultant that has  
10 the capacity, capability, and experience to conduct a feasibility study  
11 to evaluate and make recommendations concerning the formation and  
12 control of a state public bank. Consultants that have conducted a previous  
13 feasibility study of a public bank at the request of a government  
14 entity in the United States will be given preference. Such study shall  
15 make recommendations, with the advice of the department of financial  
16 services, including but not limited to, on the feasibility of establishing  
17 a state bank in New York and may recommend legislation for the  
18 legislature to consider in order to create a state public bank for New  
19 York.

20 § 3. The scope of such study shall include, but shall not be limited  
21 to:

22 (a) the purposes of such public bank in the public interest;

23 (b) an analysis of cost savings, impacts on the state's finances,  
24 economic development and infrastructure, housing and additional needs of  
25 the state, including but not limited to:

26 (i) appropriate governance structures;

27 (ii) minimum capitalization requirements;

28 (iii) appropriate insurance and risk management tools;

29 (iv) charter requirements;

30 (v) financial and operations framework;

31 (vi) deposits;

32 (vii) permitted activities;

33 (viii) benefits;

34 (ix) potential challenges that such public banks may encounter;

35 (x) how the lack of accessible financial services contributes to the  
36 cycle of poverty;

37 (xi) barriers to small business formation and growth;

38 (xii) impacts of such public banks on small businesses, including  
39 minority- and women-owned business enterprises;

40 (xiii) impacts of such public banks on the unbanked, the underbanked  
41 and banking deserts; and

42 (xiv) how a state public bank may provide banking to the cannabis  
43 industry;

44 (c) a fiscal analysis of costs associated with formation;

45 (d) an analysis that considers the effects of an economic recession on  
46 the financial results of such public banks;

47 (e) a legal analysis of whether the proposed structure and operation  
48 of such public bank complies with the New York state constitution;

49 (f) an analysis of how the proposed governance structure of such  
50 public bank would protect such public bank from unlawful insider trans-  
51 actions and apparent conflicts of interest;

52 (g) a fiscal analysis of the benefits associated with the creation of  
53 such public bank, including, but not limited to, cost savings, jobs  
54 created, jobs retained, economic activity generated and private capital  
55 leveraged;

1 (h) a qualitative assessment of social and environmental benefits of  
2 such public bank;

3 (i) a review of feasibility studies on public banking, including the  
4 city of Philadelphia public bank feasibility study and the city of San  
5 Francisco public bank feasibility study; and

6 (j) a review of AB-857 (2019 Cal. Stats. Ch. 442).

7 § 4. No earlier than six months and no later than seven months after  
8 the effective date of this act, the commission shall submit a report to  
9 the governor, the temporary president of the senate, the speaker of the  
10 assembly, the chair of the senate banks committee and the chair of the  
11 assembly banks committee on the findings and conclusions of the study  
12 conducted pursuant to sections two and three of this act and shall  
13 submit any legislative recommendations deemed to be necessary. Such  
14 report shall be contemporaneously published on the official website of  
15 the department of financial services.

16 § 5. This act shall take effect immediately and shall expire and be  
17 deemed repealed one year after such effective date.