STATE OF NEW YORK

7826--B

2023-2024 Regular Sessions

IN SENATE

December 20, 2023

Introduced by Sens. RAMOS, COMRIE -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- 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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to mandating acceptance of the New York city identity card as a primary form of identification at all covered entities

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. This act shall be known and may be cited as the "pro-banking act".

§ 2. Legislative findings. The legislature hereby finds and declares that:

(a) Local law no. 35 for the year 2014 amended subchapter 1 of chapter 1 of title 3 of the administrative code of the city of New York by adding a section 3-115, creating the New York city identity card program. One of the main objectives of the program was to expand access to bank-approved identification cards, thereby reducing the number of unbanked residents across the city. In 2015, federal regulatory authorities notified the city agencies in charge of administering the program that banks could use the New York city identity card to satisfy the minimum requirements of federal anti-money laundering laws. In 2016, the New York State Department of Financial Services further "encourage[~~d~~] New York state-chartered and licensed financial institutions to accept the Municipal ID as a form of acceptable identification card."

(b) Despite authorization by federal and state regulatory authorities, only approximately one-third of city banks accept the New York city identity card, leaving many city residents on the margins of the financial system. As of 2017, 11.2 percent of households in New York city had

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

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no bank account and ten neighborhoods accounted for nearly 35 percent of those households. Residents of color, undocumented residents, and residents living below the poverty line are disproportionately impacted and are at greater risk of falling victim to predatory financial services, imperiling their financial futures and aggravating economic inequality across the state.

(c) The purpose of this legislation is to ensure that our most vulnerable residents are not cut off from traditional banking services. Mandating acceptance of the New York city identity card at state-chartered financial institutions will allow all residents to build their financial futures and advance the state's goal of facilitating broader financial inclusion.

§ 3. The banking law is amended by adding a new section 13 to read as follows:

§ 13. Acceptance of New York city identity card. 1. Definitions. As used in this section:

(a) "New York city identity card" refers to the identity card issued by the city of New York pursuant to subdivision c of section 3-115 of the administrative code of the city of New York.

(b) "Covered entity" means all banking organizations, foreign banking corporations licensed by the superintendent, and interstate branches established pursuant to article five-C of this chapter.

2. Covered entities shall accept the New York city identity card as a primary source of identification for account-opening purposes. In the event a customer's New York city identity card does not contain a residential or business street address, a covered entity shall not deny a customer account-opening services, provided the customer can furnish a residential or business street address of their next of kin or another contact individual consistent with federal laws and regulations. Receipt of a New York city identity card shall be deemed to satisfy the customer identification program requirements of all covered entities consistent with laws, rules and regulations of the state of New York. Nothing in subdivision two of section twelve-a of this article shall be deemed to annul this section.

3. The superintendent is empowered to exempt any covered entity subject to subdivision two of this section upon a demonstration that it would be unable to comply with relevant federal laws or regulations, including without limitation, customer identification programs regarding anti-money laundering laws, or upon a demonstration of other reasons for inability to comply that the superintendent finds sufficient.

§ 4. Severability. If any clause, sentence, paragraph, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid and after exhaustion of all further judicial review, the judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part of this act directly involved in the controversy in which the judgment shall have been rendered.

§ 5. This act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.