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:

Section 1. Paragraph (b) of subdivision 1 of section 212 of the banking law, as amended by a chapter of the laws of 2023 amending the banking law and the New York state urban development corporation act relating to the capital access program, as proposed in legislative bills numbers S. 1690-A and A. 6716-A, 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~~] **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; (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 and women-owned business enterprises (MWBEs) as such designations are defined by [~~the regulations of~~] the New 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.

LBD05985-04-4

ration 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 a chapter of the laws of 2023 amending the banking law and the New York state urban development corporation act relating to the capital access program, as proposed in legislative bills numbers S. 1690-A and A. 6716-A, 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;

(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 **New York business development** corporation may deem appropriate including, but not limited to the use of the premises, personnel and personal property of the third party agent; **and**

(iii) notwithstanding any law, rule or regulation to the contrary, use the **guidelines, related to, but not limited to** underwriting standards provided for in subdivision four of this section to evaluate applications for loans pursuant to the program filed by a minority and women-owned business [~~enterprise~~] **enterprises**, 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 and women-owned 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. 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, is amended by adding a new paragraph (c) to read as follows:

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

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

§ 4. Subdivision 4 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 added by a chapter of the laws of 2023 amending the banking law and the New York state urban development corporation act relating to the capital access program, as proposed in legislative bills numbers S. 1690-A and A. 6716-A, is amended 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, in consultation with relevant stakeholders, shall jointly establish [~~underwriting standards~~] guidelines relating to, but not limited to, underwriting standards to assist minority and women-owned business enterprises and small businesses in highly distressed areas in accessing and participating in the capital access program. In addition to other factors, such [~~standards~~] guidelines should incorporate verifiable alternative indications and best practices of creditworthiness presented or made available by the applicant.

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