

STATE OF NEW YORK

8357

2025-2026 Regular Sessions

IN SENATE

June 4, 2025

Introduced by Sen. SANDERS -- (at request of the State Comptroller) --
read twice and ordered printed, and when printed to be committed to
the Committee on Rules

AN ACT to amend the state finance law, in relation to a deposit place-
ment program for the Banking Development District Program

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

1 Section 1. The opening paragraph of subdivision 2 of section 105 of
2 the state finance law, as amended by chapter 154 of the laws of 1953, is
3 amended to read as follows:

4 [~~Every~~] Except as otherwise provided in this section, every bank,
5 trust company and industrial bank designated for the deposit of state
6 moneys under the provisions of this section shall, before deposits are
7 made:

8 § 2. Subdivision 3 of section 105 of the state finance law, as amended
9 by chapter 154 of the laws of 1953, is amended and a new subdivision 7
10 is added to read as follows:

11 3. Notwithstanding any other general or special law, and except as
12 otherwise provided in this section, no bonds, notes or other obli-
13 gations[~~, except as above described,~~] shall be accepted as security for
14 moneys deposited pursuant to this section or section one hundred six of
15 this [~~chapter~~] article. No general or special law which in substance or
16 in effect authorizes or requires the deposit of specified bonds, notes
17 or other obligations with any public officer or body of this state for
18 any purpose for which the deposit of bonds or other obligations of this
19 state may be authorized or required, shall be construed to authorize or
20 require the acceptance of such bonds, notes or other obligations as
21 security for moneys deposited pursuant to this section or section one
22 hundred six of this [~~chapter~~] article.

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

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1 7. a. For the purposes of this subdivision, the term "participating
2 bank" shall mean a bank, trust company, or national bank, as set forth
3 in section ninety-six-d of the banking law, that:

4 (1) is approved by the department of financial services to establish
5 and/or operate a branch in a banking development district established
6 pursuant to section ninety-six-d of the banking law;

7 (2) is designated by the comptroller as a depository for the banking
8 development district program as created by section ninety-six-d of the
9 banking law; and

10 (3) is a minority depository institution or has less than ten billion
11 dollars in assets.

12 b. In lieu of a security bond, letter of credit, check, or other secu-
13 rity as prescribed by this section, a participating bank may, in the
14 discretion of the comptroller and the commissioner of taxation and
15 finance, arrange for the redeposit of moneys, in whole or in part,
16 through a deposit placement program, that meets all of the following
17 conditions:

18 (1) the participating bank shall arrange for the redeposit of the
19 moneys into deposit accounts with one or more banking institutions, as
20 defined in section nine-r of the banking law, for the account of the
21 state, and serve as custodian for the state with respect to the moneys
22 redeposited into such deposit accounts;

23 (2) moneys held by a participating bank pending redeposit pursuant to
24 subparagraph one of this paragraph that are in excess of the amount
25 insured by the federal deposit insurance corporation or the national
26 credit union administration shall be secured in accordance with subdivi-
27 sion two or four of this section;

28 (3) the full amount of the moneys redeposited into deposit accounts
29 pursuant to subparagraph one of this paragraph, plus accrued interest,
30 if any, shall be insured by the federal deposit insurance corporation or
31 the national credit union administration; and

32 (4) at the same time that the moneys are redeposited pursuant to
33 subparagraph one of this paragraph, a participating bank receives an
34 amount of deposits from customers of other financial institutions pursu-
35 ant to the deposit placement program that are at least equal to the
36 amount of money redeposited by a participating bank.

37 c. The comptroller may promulgate rules and regulations regarding the
38 deposit placement program, set forth in paragraph b of this subdivision,
39 including contract requirements establishing the duration and moneys
40 allowable under the program on a per institution basis, as well as
41 reporting requirements regarding the impacts of such reciprocal deposits
42 on a participating bank's lending activities and business.

43 d. Nothing in this subdivision shall be construed to permit the use of
44 a deposit placement program for deposits of moneys for any other purpose
45 or program other than for amounts expressly authorized by this subdivi-
46 sion and in connection with the banking development district program.

47 § 3. This act shall take effect immediately.