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 placement program for the Banking Development District Program

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

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

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

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

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

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

LBD11948-01-5

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

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

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

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

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

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

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

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

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

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

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

§ 3. This act shall take effect immediately.