

STATE OF NEW YORK

9656

IN SENATE

March 31, 2026

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the banking law, in relation to prohibiting fees for electronic benefit transfer services

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

1 Section 1. The banking law is amended by adding a new section 9-aa to
2 read as follows:

3 § 9-aa. Electronic benefit transfer services. 1. As used in this
4 section:

5 (a) "electronic benefit transfer services" means any service relating
6 to the use of an electronic benefit transfer card including deposit,
7 withdrawal, disbursement via electronic fund transfer, checks, or other
8 mechanisms; reconciliation; reporting; or electronic cash management for
9 benefit programs; and

10 (b) "electronic benefit transfer card" means any card or device issued
11 in connection with the electronic benefit transfer system established in
12 section twenty-one-a of the social services law that allows individuals
13 to access public assistance or benefit funds including:

14 (i) any medical assistance card, food stamp assistance card, public
15 assistance card, or any other identification, authorization card or
16 electronic access device issued by the state or a social services
17 district as defined in subdivision seven of section two of the social
18 services law which entitles a person to obtain public assistance bene-
19 fits under a local, state or federal program administered by the state,
20 its political subdivisions or social services districts; or

21 (ii) any unemployment insurance program card, occupational training
22 act program card, adoption subsidy electronic payments program card, or
23 card issued by the New York child support program which entitles a
24 person to receive funds under a local, state or federal program adminis-
25 tered by the state, its political subdivisions or social services
26 districts.

27 2. No banking organization, out-of-state state bank that opens, occu-
28 pies or maintains a branch in this state pursuant to article five-C of

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

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1 this chapter, or foreign banking corporation licensed by the superinten-
2 dent to transact business in this state shall impose any fee or
3 surcharge on a consumer, cardholder or benefit recipient for electronic
4 benefit transfer services attributable to the use of an electronic bene-
5 fit transfer card.

6 3. No operator or owner of an automated teller machine as defined in
7 section seventy-five-b of this chapter shall impose any fee or surcharge
8 on a consumer, cardholder or benefit recipient for electronic benefit
9 transfer services attributable to the use of an electronic benefit
10 transfer card.

11 4. Nothing in this section shall be construed to prohibit or restrict
12 the assessment, payment, or receipt of interchange fees, processing
13 fees, switch fees, settlement fees, and network connectivity fees or
14 other fees assessed or paid between financial institutions, payment card
15 networks, processors, or program administrators in connection with tran-
16 sactions made using an electronic benefit transfer card.

17 5. (a) Nothing in this section shall apply to any national bank,
18 federal savings bank, federal savings and loan association, federal
19 credit union, or any entity chartered or licensed by the United States,
20 including any automated teller machine owned or operated by any such
21 entity.

22 (b) If any provision of this section or the application thereof to any
23 person or circumstances is held to be invalid, such invalidity shall not
24 affect other provisions or applications of this section which can be
25 given effect without the invalid provision or application, and to this
26 end the provisions of this section are severable.

27 6. The superintendent, in consultation with the office of temporary
28 and disability assistance, may promulgate such rules and regulations as
29 are necessary to implement the provisions of this section.

30 § 2. This act shall take effect on the one hundred eightieth day after
31 it shall have become a law and shall apply to any contract for electron-
32 ic benefit transfer services as defined in section 9-aa of the banking
33 law, as added by section one of this act, entered into on or after such
34 effective date between the state, or any agency, subdivision or depart-
35 ment thereof, and any entity subject to the New York state banking law,
36 general business law, or financial services law.