The New York City Council

City Hall
New York, NY 10007

Legislation Details (With Text)

File #:	Res 1600-2021	**Version:** *	**Name:**	Establish the New York Public Banking Act, which would establish an Empire State Public Bank. (A.5782/S.176 and A.3309/S.3016)
Type:	Resolution		**Status:**	Filed (End of Session)
			In control:	Committee on Finance
On agenda:	4/22/2021			
Enactment date:			**Enactment #:**	

Title: Resolution calling upon the State Legislature to pass, and the Governor to sign, A.5782/S.176, which would establish the New York Public Banking Act, and A.3309/S.3016, which would establish an Empire State Public Bank.

Sponsors: Robert E. Cornegy, Jr., Mark Levine, Brad S. Lander, Keith Powers, Helen K. Rosenthal, Carlina Rivera, Ben Kallos, Kalman Yeger, Darma V. Diaz

Indexes:

Attachments: 1. Res. No. 1600, 2. April 22, 2021 - Stated Meeting Agenda with Links to Files, 3. Hearing Transcript - Stated Meeting 4-22-21, 4. Minutes of the Stated Meeting - April 22, 2021, 5. Committee Report 4/28/21, 6. Hearing Testimony 4/28/21, 7. Hearing Transcript 4/28/21

Date	Ver.	Action By	Action	Result
4/22/2021	*	City Council	Introduced by Council	
4/22/2021	*	City Council	Referred to Comm by Council	
4/28/2021	*	Committee on Finance	Laid Over by Committee	
4/28/2021	*	Committee on Finance	Hearing Held by Committee	
12/31/2021	*	City Council	Filed (End of Session)	

Res. No. 1600

Resolution calling upon the State Legislature to pass, and the Governor to sign, A.5782/S.176, which would establish the New York Public Banking Act, and A.3309/S.3016, which would establish an Empire State Public Bank.

By Council Members Cornegy, Levine, Lander, Powers, Rosenthal, Rivera, Kallos, Yeger and D. Diaz

Whereas, Each year, New York State pays millions of taxpayer dollars to the financial industry in the form of banking fees, bonding fees, interest, commissions and other payments, simply for the privilege of utilizing their banking services; and

Whereas, Private banks use municipal and state deposits to earn money for themselves and their shareholders by speculating in the market with these deposits; and

Whereas, Since 1999, with the repeal of the federal Banking Act of 1933, commonly referred to as the

Glass-Steagall Act, which required the separation of commercial and investment banking activities, municipal and state deposits held in for-profit banks are now permitted to be co-mingled with speculative commercial investment; and

Whereas, The Great Recession of 2008 resulted in losses for both individuals and governments, while for-profit banks still made money in the form of commissions, fees, interest and other payments; and

Whereas, the COVID-19 pandemic exposed how private banks could not and/or were unable to respond to providing banking services to unbanked and under-banked communities or the needs of the small businesses and Minority & Women Business Enterprises, particularly when it came to securing PPP loans to non-clients or refinancing student loan debts.

Whereas, New York State has a fiduciary responsibility to its taxpayers to ensure their tax dollars are used in the most efficient manner possible; and

Whereas, New York State Assembly Member Victor Pichardo has introduced A.5782 and New York State Senator James Sanders Jr. has introduced S.176, which would establish the New York Public Banking Act to authorize the lending of public credit to public banks and public ownership of stock in public banks, for the public purposes of achieving cost savings, strengthening local economies, supporting community economic development, and addressing infrastructure and housing needs for localities; and

Whereas, According to the memorandum in support, the legislation would create a safe and appropriate regulatory framework for cities and counties seeking to establish public banks and additionally would allow the State Department of Financial Services (DFS) to issue special-purpose public bank charters; and

Whereas, This is significant because under current law, localities seeking to establish public banks must apply for a commercial bank charter which, according to the New Economy Project, forces local governments to retrofit their public bank business models into a regulatory system that was designed for private, for-profit enterprises; and

Whereas, With special-purpose charters issued by DFS, municipalities create democratically-controlled

financial institutions that meet the needs of New York's communities, including achieving cost savings, strengthening local economies, supporting community economic development, and addressing local infrastructure and housing needs; and

Whereas, In addition, New York State Assembly Member Phil Steck has introduced A.3309 and New York State Senator Luis Sepúlveda has introduced S.3016, which would establish the Empire State Public Bank to use the State's depository assets to generate additional benefit for the people and the economy of the state, including access to low-cost capital to build up our infrastructure, sustain and build affordable housing, spur economic development, to lower the total cost of education in the form of low-interest student loans, and subsidize the state general fund in the form of bank dividends and profits; and

Whereas, According to the memorandum in support, a public bank for New York would ensure that tax revenues will stay in the possession of the taxpaying public, allowing for significantly more transparency, utilizing a higher percentage per dollar of these funds directly for the benefit of the residents of New York State, and paying any profits made from investing those funds to the taxpayers, via the general fund instead of to a for-profit bank and its shareholders and principal officers; and

Whereas, New York taxpayer funds should be put to use for sole benefit of the taxpayers for New York State in the form of economic development, infrastructure, affordable housing and education, and the dividends and earnings on these deposits should be paid to the taxpayers of the state of New York; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the State Legislature to pass, and the Governor to sign, A.5782/S.176, which would establish the New York Public Banking Act, and A.3309/S.3016, which would establish an Empire State Public Bank.

NB
LS 13460, 13461
4/7/2021