



Legislation Text

File #: Res 0203-2022, **Version:** *

Res. No. 203

Resolution calling upon the State Legislature to pass, and the Governor to sign, A.8290-A/S.1762-B, which would establish the New York Public Banking Act.

By Council Members Powers, Abreu, De La Rosa, Restler, Hudson, Cabán, Nurse, Avilés, Menin, Gutiérrez, Bottcher, Won, Riley, Rivera, Krishnan, Louis, Marte, Schulman, Bottcher, Williams, Ossé, Sanchez, Velázquez, Farías, Brannan, Ayala, Barron, Hanif, Joseph, Narcisse, Brewer, Brooks-Powers, Ung, Stevens and Richardson Jordan (in conjunction with the Brooklyn Borough President) (by the request of the Manhattan Borough President)

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 provide services to unbanked and under-banked communities or respond to the needs of 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 Patricia Fahy has introduced A.8290-A and New York State Senator James Sanders Jr. has introduced S.1762-B, 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 legislation's memorandum in support, the bills 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, 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 could 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; 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.8290-A/S.1762-B, which would establish the New York Public Banking Act..

WJH
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