



Legislation Text

File #: Res 0017-2010, **Version:** A

Proposed Res. No. 17-A

Resolution calling upon the New York State Legislature to adopt and the Governor to sign legislation which would allow credit unions, savings banks, and savings and loan associations to accept and secure deposits from municipal corporations.

By Council Members Vann, Barron, Brewer, Fidler, James, Koppell, Lander, Mark-Viverito, Sanders, Jr., Williams, Rivera, Ferreras, Reyna, Levin, Gentile, Mendez, Jackson, Mealy, Dromm, White, Cabrera, Eugene, Gonzalez, Foster and Arroyo

Whereas, Credit unions, savings banks, and savings and loan associations, were originally established to promote the encouragement of thrift by mutuality of ownership; and

Whereas, These thrift institutions, which are usually locally owned, play an active role in a community by encouraging personal savings through savings accounts and homeownership through mortgage lending; and

Whereas, The majority of states and large cities throughout the United States expressly allow for the deposit of public funds in credit unions, savings banks, and savings and loan associations; and

Whereas, In New York State, however, thrift institutions, pursuant to Section 237 of the State Banking Law and Section 10 of the General Municipal Law, are specifically prohibited from accepting deposits of public money; and

Whereas, Under current law, only commercial banks and trust companies are allowed to accept municipal deposits; and

Whereas, As a result, commercial banks enjoy a virtual monopoly over the deposits of State and local funds in New York State; and

Whereas, In the past, credit unions, savings banks, and savings and loan associations, were smaller and less secure entities that primarily served individual investors by providing investment opportunities and offering loans, particularly

mortgages to residents of the communities they served; and

Whereas, Now, these institutions are now on par with commercial banks in many of the services they provide as well as the security they offer to their investors; and

Whereas, Allowing credit unions, savings banks, and savings and loan associations to accept municipal deposits would be beneficial to the communities they are serving by offering a competitive alternative to commercial banks, which are often a large corporate entity with no real affiliation or commitment to the community they serve; and

Whereas, There are currently pending in the New York legislature: A.8386/S.6221 and A.4370/S.1872 that authorize the deposit of municipal funds in credit unions, savings banks and savings and loan associations, in addition to commercial banks and trust companies; and

Whereas, The Governor, in his amended Proposed 2010-11 New York State Executive Budget, has also included a provision that municipalities be given the option of placing municipal deposits in credit unions, savings banks and savings and loan associations, in addition to commercial banks and trusts companies.

Whereas, By enacting legislation to permit the deposit of municipal funds in such institutions, the State will be helping local and State governments by expanding their financial options, while at the same time providing these important institutions with significant amounts of capital, thereby allowing them to increase their financial support of the communities in which they are located; now therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to adopt and the Governor to sign legislation which would allow credit unions, savings banks, and savings and loan associations to accept and secure deposits from municipal corporations.

TD 3-23-10
LS#381