

Annual Report 2023



New York State Senate Standing Committee on Banks

Senator James Sanders Jr.

Chair



Senator Andrea Stewart-Cousins
President Pro Tempore
NYS Senate Majority Leader

THE SENATE
STATE OF NEW YORK



JAMES SANDERS JR.
SENATOR, 10TH DISTRICT

CHAIRMAN

BANKS

MEMBER

COMMERCE, ECONOMIC DEVELOPMENT
AND SMALL BUSINESS

INSURANCE

LABOR

PROCUREMENT AND CONTRACTS

RACING, GAMING AND WAGERING

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December 2023

Dear Senator Stewart-Cousins:

I am pleased to transmit the Annual Report of the Senate's Standing Committee on Banks for the 2023 Legislative Session. As Chair, I am proud to continue to lead our efforts to address important matters under my committee's jurisdiction.

During the 2023 Session, this Committee met five times and reported 33 bills. I thank my colleagues who served on the Committee for their efforts and support for the work that was done in the Committee this year, and I thank you for the continued support from the Majority Conference in the Committee's operations.

Sincerely,

A handwritten signature in blue ink that reads "J. Sanders Jr." with a stylized flourish at the end.

James Sanders Jr.
Senator

2023 LEGISLATIVE SESSION REPORT

**NEW YORK STATE SENATE
STANDING COMMITTEE ON BANKS**

Senator James Sanders Jr., Chairperson

COMMITTEE MEMBERS

MAJORITY MEMBERS

Senator James Sanders Jr., *Chair*

Senator Jabari Brisport

Senator Cordell Cleare

Senator Timothy M. Kennedy

Senator Kevin S. Parker

MINORITY MEMBERS

Senator George M. Borrello, *Ranking Member*

Senator James N. Tedisco

COMMITTEE STAFF

Paul Alexander, Committee Director

COMMITTEE JURISDICTION AND OVERVIEW

The New York State Senate Standing Committee on Banks has legislative oversight responsibilities for issues affecting financial institutions that operate in New York State. The Committee addresses issues arising under the New York State Banking Law.

Entities subject to the jurisdiction of the Banks Committee include banks, credit unions, savings banks, savings and loan associations, licensed lenders, licensed check cashers, money transmitters, trust companies, safe deposit companies, bank holding companies, sales finance companies, budget planners, mortgage brokers, mortgage bankers, insurance premium finance agencies, and foreign and private banks.

The bills within the Banks Committee address a broad range of banking concerns, from both the industry and consumers, including maintaining the competitive balance among financial institutions, protecting customers' interests, providing financing options, and modifying banking regulations and administration.



During the 2023 Legislative Session, 71 bills were referred to the Committee for its review. Of these bills, 33 were reported by the Committee. A total of 17 passed the Senate, and 5 passed in both houses. This work was conducted through a series of 5 committee meetings. A list of all bills that were reported from the committee is provided at the end of this report.

In addition to its regular meetings, the Committee held 3 hearings and/or roundtable meetings. Topics of these hearings and/or roundtables included: Cryptocurrency and Regulation of Fintech Companies; Why did Signature Bank fail? What can be done to prevent future bank failures in New York?; and Public Banks Roundtable.

COMMITTEE HIGHLIGHTS

The following key bills were acted on by the committee in 2023:

Underwriting Standards to Assist MBEs and Small Businesses in Highly Distressed Areas

S.1690-A (Sanders) / A.6716-A (Hunter)

Chapter 699 of the Laws of 2023

This legislation requires the Department of Financial Services, the Empire State Development Corporation, and the New York Business Development Corporation to establish underwriting standards to assist Minority Business Enterprises and small businesses in highly distressed areas.

Establishes the New York State Cryptocurrency and Blockchain Study Task Force

S.1891 (Sanders, Addabbo, Comrie, Cooney, Harckham, May, Myrie, Scarcella-Spanton, Sepúlveda, Webb) / A.954 (Vanel)

VETOED MEMO.71

This bill creates a task force on the effects of the widespread use of cryptocurrencies and other forms of digital currencies and their ancillary systems in New York, including the blockchain.

Creates the Private Education Debt Registry

S.5056A (Thomas) / A.5286A (Epstein)

Passed both Houses

This bill requires private education creditors that are not already licensed or chartered by DFS to register with it. All private education creditors will submit information on their private education debt activity annually, regardless of the debt's principal amount or interest rate.

Authorizes DFS to Regulate Overdraft/Non-Sufficient Funds Fees

S.5972 (Sanders) / A.5519 (Hunter)

Chapter 556 of the Laws of 2023

This bill allows DFS to establish regulations to modify the order checks are drawn down to reduce overdraft fees. This bill also allows DFS to regulate the fees that can be applied to individuals with dishonored checks, as well as what disclosures are to be provided to consumers regarding the processing of transactions in a consumer account and any associated fees.

Adds Underbanked Communities as a Criteria for the Establishment of Banking Development Districts

S.6270 (Sanders) / A.5516 (Hunter)

Chapter 555 of the Laws of 2023

Under current law, the Superintendent of DFS sets criteria for the establishment of banking development districts (BDD). This legislation expands the list of criteria DFS must consider and provides that a community which is unbanked or underbanked shall be criteria for the establishment of BDD.

Prohibits State-Chartered Banks From Financing Private Prisons

S.205 (Cleare, Brouk, Jackson, May) / A.6601 (Reyes)

Passed Senate

This bill prohibits any state-chartered banking institution from providing financing for or investing in the stocks, securities, or other obligations of any institution, company, or subsidiary that owns or contracts with a government to manage or run a prison.

Creates a Private Right Of Action For Mortgage Servicer Violations

S.564A (Kavanagh, Addabbo, Brisport, Jackson, May, Myrie, Ramos, Sanders) / A.2428A (Dinowitz)

Passed Senate

This bill creates a private right of action for those who are injured by a mortgage servicer's failure to comply with foreclosure proceeding rules and regulations. This bill also provides that the injured person can assert a counterclaim in an action due to such failure, or, if an action is commenced by the mortgagee or anyone acting on its behalf, bring a third party claim against either the mortgagee and/or the mortgage servicer to enjoin any violations.

Prohibits Banks from Various Actions After Account Closure

S.1065 (Mayer, Liu) / A.6320 (Zebrowski)

Passed Senate

This legislation prohibits State-chartered banks from the following actions after an account has been closed: honoring a request for deposit or withdrawal, keeping an account open or reopening the account, and charging additional fees beyond those needed to satisfy a negative balance.

Prohibitions for Unlicensed Brokers and Bankers

S.1144A (Sanders, Mannion) / A.1153A (Vanel)

Chapter 540 of the Laws of 2023

This bill prohibits mortgage bankers, mortgage brokers, or exempt organizations from conducting business with any person or entity which it knows or should have known is acting as a mortgage banker or broker without being properly licensed or registered.

Establishes a State Commission on the Feasibility of Establishing a Public Bank

S.1755A (Sanders) / A.2720A (Peoples-Stokes)

Passed Senate

This bill establishes a temporary commission to conduct a feasibility study on the formation and control of a State public bank.

DFS Removal and Suspension of Regulated Entities

S.7532 (Sanders) / A.7428A (Hunter)

Passed Senate

This bill authorizes DFS to remove a director, trustee, or member of any covered entity if they find the individual is operating in violation of a law, regulation, order, or agreement, or who has engaged in unsafe or unsound practices, or who has engaged or participated in a willful act that directly contributed to the failure of the entity. This removal has to be conducted to the extent consistent with the existing DFS hearing process.

TWO HOUSE BILLS

In 2023, 11 of the 33 bills reported from the Standing Committee on Banks passed both houses of the Legislature. Of these bills, the Governor has signed 8 and vetoed 2.

Bill	Sponsor	Summary	Action
S1144-A	Sanders	Prohibits mortgage lenders from conducting business with any individual or entity which it knows or should have known is acting as a mortgage banker or a mortgage broker without being licensed or registered.	Chapter 540 of 2023
S1690-A	Sanders	Expands the capacity of the Pursuit, a lending corporation, so minority- and women-owned business enterprises (MWBES) have access to more capital. Additionally, this bill would require the New York State Department of Financial Services, the Empire State Development Corporation and the New York Business Development Corporation (now called the Pursuit Lending Corporation) to jointly establish underwriting standards to assist minority business enterprises and small businesses in highly distressed areas.	Chapter 699 of 2023
S1891	Sanders	Establishes the New York State Cryptocurrency and Blockchain Study Task Force.	Veto 71
S5056-A	Thomas	Relates to creating a private education debt registry	On the Governor's Desk
S5972	Sanders	Authorizes the department of financial services to prescribe by regulation the order of payment of checks and other debts, insufficient funds charges and return deposit item charges.	Chapter 556 of 2023
S6270	Sanders	Requires DFS to consider whether a community is unbanked or underbanked when establishing Banking Development Districts.	Chapter 555 of 2023
S6647-A	Sanders	Creates a banking development district working group to assess and provide recommendations and future goals for the banking development district program.	Veto 59
S6920	Sanders	Extends the effectiveness of provisions of law relating to permissible fees in connection with open end loans	Chapter 155 of 2023
S6930	Sanders	Extends the effectiveness of provisions relating to limiting the check cashing exemption for national banks and other regulated entities	Chapter 274 of 2023
S6970	Sanders	Permits the submission of applications for Banking Development District designations regardless of the date the applicant opened.	Chapter 600 of 2023
S7369	Sanders	Allows the use of electronic notices and documents in premium finance transactions.	Chapter 581 of 2023

SUMMARY OF COMMITTEE ACTIVITY

Bill No.	Sponsor	Summary	Significant Action
S177	Gianaris	Requires transmitters of money to provide a certain warning to consumers	Passed Senate Only
S205	Cleare	Prohibits state chartered banking institutions from investing in and providing financing for private prisons	Passed Senate Only
S564-A	Kavanagh	Relates to mortgage loan servicers	Passed Senate Only
S666-A	Kavanagh	Relates to licensing consumer debt collectors	Reported from Committee
S1065	Mayer	Relates to establishing limitations on bank accounts after such accounts have been closed	Passed Senate Only
S1137	Sanders	Relates to including information concerning repayment of outstanding loans in the standard financial aid award letter	Passed Senate Only
S1144-A	Sanders	Prohibits mortgage lenders from conducting business with any individual or entity which it knows or should have known is acting as a mortgage banker or a mortgage broker without being licensed or registered.	Chapter 540 of 2023
S1450	Sanders	Regulates commercial finance licensing	Reported from Committee
S1453	Sanders	Allows credit unions, savings banks, savings and loan associations and federal savings associations to accept and secure deposits from municipal corporations	Reported from Committee
S1492	Sanders	Requires 10% of the penalties imposed by the superintendent of financial services to be deposited in the community development financial institution fund	Reported from Committee
S1690-A	Sanders	Expands the capacity of the Pursuit, a lending corporation, so minority- and women-owned business enterprises (MWBEs) have access to more capital. Additionally, this bill would require the New York State Department of Financial Services, the Empire State Development Corporation and the New York Business Development Corporation (now called the Pursuit Lending Corporation) to jointly establish underwriting standards to assist minority business enterprises and small businesses in highly distressed areas.	Chapter 699 of 2023

S1748	Sanders	Enacts the New York state money transmission disclosure act	Passed Senate Only
S1755-A	Sanders	Establishes a temporary state commission to conduct a feasibility study on the formation and control of a state public bank; appropriation	Passed Senate Only
S1891	Sanders	Establishes the New York State Cryptocurrency and Blockchain Study Task Force.	Veto 71
S2601	Hoylman-Sigal	Prohibits fees for any service rendered through a bank relating to the use of an electronic benefit transfer card issued by the state or certain departments or agencies thereof	Reported from Committee
S5014	Sanders	Relates to requiring all banks and credit unions to have a notary public available during business hours	Reported from Committee
S5055	Parker	Relates to alternative investment bonds	Passed Senate Only
S5056-A	Thomas	Relates to creating a private education debt registry	On the Governor's Desk
S5437	Harckham	Requires certain corporations to annually prepare a climate-related financial risk report for submission to the secretary of state and to make such report available to the public	Reported from Committee
S5597	Comrie	Requires what mortgage applicant's need to know pamphlet on residential mortgages	Passed Senate Only
S5972	Sanders	Authorizes the department of financial services to prescribe by regulation the order of payment of checks and other debts, insufficient funds charges and return deposit item charges.	Chapter 556 of 2023
S6270	Sanders	Requires DFS to consider whether a community is unbanked or underbanked when establishing Banking Development Districts.	Chapter 555 of 2023
S6271	Sanders	Relates to minority depository institutions which apply to establish a home or branch office in an unbanked or underbanked community	Reported from Committee
S6545	Kennedy	Establishes joint and survivorship accounts	Passed Senate Only
S6639	Myrie	Relates to civil penalties for certain fraud or misrepresentation of a material fact with respect to a financial product or service	Reported from Committee
S6647-A	Sanders	Creates a banking development district working group to assess and provide recommendations and future goals for the banking development district program.	Veto 59

S6648	Sanders	Includes participation in a banking development district as a factor when assessing a banking institution's record of performance	Passed Senate Only
S6920	Sanders	Extends the effectiveness of provisions of law relating to permissible fees in connection with open end loans	Chapter 155 of 2023
S6930	Sanders	Extends the effectiveness of provisions relating to limiting the check cashing exemption for national banks and other regulated entities	Chapter 274 of 2023
S6970	Sanders	Permits the submission of applications for Banking Development District designations regardless of the date the applicant opened.	Chapter 600 of 2023
S6982	Sanders	Relates to banking institutions chartered in other states to be subjected to the approval of the superintendent of financial services	Reported from Committee
S7369	Sanders	Allows the use of electronic notices and documents in premium finance transactions.	Chapter 581 of 2023
S7420	Krueger	Allows the department of financial services to have additional oversight of banks and insurance companies that are not currently licensed	Passed Senate Only



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on Banks**