

STATE OF NEW YORK

191

2021-2022 Regular Sessions

IN SENATE

(Prefiled)

January 6, 2021

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

AN ACT to amend the state finance law and the banking law, in relation to authorizing credit unions to participate in the excelsior linked deposit program

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

1 Section 1. Paragraph (b) of subdivision 14 of section 213 of the state
2 finance law, as added by chapter 25 of the laws of 1995, is amended to
3 read as follows:

4 (b) any thrift **or credit union** which an authorized depositor deter-
5 mines is eligible to accept linked deposits based upon criteria applied
6 by the authorized depositor in making determinations under section one
7 hundred five of this chapter, and which agrees to participate in the
8 program, provided that any linked deposit in such thrift **or credit union**
9 shall be secured in the same manner as moneys deposited pursuant to
10 section one hundred five of this chapter and such thrifts **or credit**
11 **unions** shall pledge assets or furnish other security satisfactory in
12 form and amount to the authorized depositor for the repayment of moneys.
13 Until April first, nineteen hundred ninety-six, in the determination of
14 thrifts eligible to accept linked deposits, the authorized depositor
15 shall give priority to applications by those thrifts seeking to make
16 linked loans in economic development regions in which fewer than ten
17 linked loans have been made on or before April first, nineteen hundred
18 ninety-five. Provided, however, that the granting of such priority shall
19 in no way relieve an authorized depositor of his or her duty and obli-
20 gation to review all thrift applications from all economic development
21 regions in the state on a timely basis.

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

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1 § 2. The closing paragraph of subdivision 15 of section 213 of the
2 state finance law, as amended by chapter 291 of the laws of 2004, is
3 amended to read as follows:

4 This article and the related statutes that refer to this article do
5 not grant thrifts, **credit unions**, farm credit system institutions or the
6 New York business development corporation eligibility to accept public
7 funds or public moneys from public entities for investment purposes. For
8 farm credit system institutions, the linked deposit program is available
9 for loans with an agricultural purpose as defined by the farm credit act

10 of nineteen hundred seventy-one, as amended and regulations promulgated
11 thereunder. A linked deposit is intended to enable a lender to make a
12 linked loan to an eligible business and such deposit earns a yield lower
13 than posted rates in order to accomplish the goals of this article.

14 § 3. Section 213 of the state finance law is amended by adding a new
15 subdivision 24 to read as follows:

16 24. "Credit union" means any credit union chartered under article
17 eleven of the banking law or any federal credit union.

18 § 4. Section 454 of the banking law is amended by adding a new subdi-
19 vision 33-a to read as follows:

20 33-a. To accept moneys deposited by the commissioner of taxation and
21 finance or the comptroller as linked deposits and make linked loans
22 pursuant to article fifteen of the state finance law and to pledge
23 assets or furnish other security satisfactory in form and amount to the
24 depositor, for repayment of such moneys.

25 § 5. This act shall take effect immediately.

NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1

BILL NUMBER: S191

SPONSOR: SANDERS

TITLE OF BILL:

An act to amend the state finance law and the banking law, in relation to authorizing credit unions to participate in the excelsior linked deposit program

PURPOSE:

This legislation authorizes credit unions to participate in the Excelsior Linked Deposit Program and raises the limit on the amount permitted to be on deposit at any given time.

SUMMARY OF PROVISIONS:

Sections 1 and 2 amend subdivisions 14 and 15 of § 213 of the State Finance Law to include state and federal credit unions.

Section 3 amends § 213 of the State Finance Law by adding a new subdivision 24 defining the term "credit union."

Section 4 amends § 454 of the Banking Law to allow state chartered credit unions to accept deposits and make loans pursuant to the Excelsior Linked Deposit Program and pledge assets or other security to repay such moneys.

Section 5 states that this act shall take effect immediately.

JUSTIFICATION:

In the past 35 years as New York has shifted from a manufacturing to a service economy, some of the largest companies in the state (many of which sponsor a credit union for the benefit of their employees) have downsized, forcing thousands of credit union members to become self-employed. Credit unions have responded to the needs of their members by offering business loans. In most instances, members have sought assistance from their credit union for business loans primarily for the same reason they joined the credit union; because they were denied a loan (in this example, a business loan) at another financial institution.

With the State's economic and employment fortunes resting on the success of small business, it is increasingly evident that small businesses must have greater access to capital through a wider range of lenders. Since their inception, credit unions have filled an important niche in serving communities underserved by commercial banks and thrifts. Over 700 credit unions across the State play an integral role in serving the financial needs of 3.5 million New Yorkers. Credit unions were created as a not-for-profit alternative to other financial institutions primarily because working-class individuals were being denied business through the ELDP which is a natural extension of the credit union mission.

LEGISLATIVE HISTORY:

2015-2016 - S1347

2013-2014 - S.58

2011-12:S.359

2010:S.7908/A.26130A

2008:A.3205 -Passed Assembly

2005:A.4070 -Passed Assembly

2004:A.2078 -Passed Assembly

2001:A.9809B- Passed Assembly

2000:A.2565 -Passed Assembly

1998:A.10024- Passed Assembly

FISCAL IMPLICATIONS:

None.

EFFECTIVE DATE:

This act shall take effect immediately.