

Annual Report 2022



New York State Senate Standing Committee on **Banks**

Senator James Sanders Jr.

Chair



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

CHAIRMAN

BANKS

MEMBER

COMMERCE, ECONOMIC DEVELOPMENT
AND SMALL BUSINESS

CULTURAL AFFAIRS, TOURISM,

PARKS AND RECREATION

INSURANCE

LABOR

PROCUREMENT AND CONTRACTS

VETERANS, HOMELAND SECURITY AND
MILITARY AFFAIRS

**THE SENATE
STATE OF NEW YORK**



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December 30, 2022

The Honorable Andrea Stewart-Cousins
Temporary President and Majority Leader
New York State Senate
Albany, NY 12247

Dear Senator Stewart-Cousins:

I am pleased to transmit the Annual Report of the Senate's Standing Committee on Banks for the 2022 Legislative Session. As Chair, I am proud to continue to lead our efforts to address important matters under my committee's jurisdiction,

During the 2022 session, this committee met 4 times in session and reported 23 bills. The Committee also held 3 hearings and/or roundtable meetings this past year.

I thank my colleagues who served on the Committee for their efforts and support of 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 black ink that reads "J. Sanders Jr." with a stylized flourish at the end.

James Sanders Jr.

2022 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 Neil D. Breslin

Senator Jabari Brisport

Senator Timothy M. Kennedy

Senator Rachel May

Senator Kevin S. Parker

Senator Diane J. Savino

Senator Kevin Thomas

Minority Members

Senator George Borrello, *Ranking Member*

Senator Daniel G. Stec

Senator James Tedisco

Committee Staff

Paul Alexander, Legislative Director

Laura Wharton, Committee Clerk

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 2022 Legislative Session, 70 bills were referred to the Committee for its review. Of these bills, 23 were reported from the Committee. A total of 19 passed the Senate, and 9 passed in both houses. This work was conducted through a series of 4 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 Unbanked/Underbanked, Banking and Climate Risks, and The Future of the Fintech Industry in New York State.

COMMITTEE HIGHLIGHTS

The following key bills were acted on by the committee in 2022:

Directs the Department of Financial Services to conduct a study on underbanked communities and households in New York State and to make recommendations to improve access to financial services

S.1684 (SANDERS)/Same as A.8293 (Fahy)

Chapter 183 of the Laws of 2022

This bill will require the Department of Financial Services to develop a study to determine the location and demographics of each underbanked community and household in New York State. In a world of mobile and cashless banking, it is hard to imagine how an individual can live without a bank account, especially while taking care of a household. This bill will update the numbers of households unbanked and underbanked and analyze the data to develop an assessment for New York State's Department of Financial Services to more effectively aid these communities.

Prohibits banking organizations from issuing mail-loan checks without request or application therefor

S.4894 (SANDERS) Same as A.1693 (Pretlow)

Chapter 184 of the Laws of 2022

The practice of mailing unsolicited loan checks to consumers can prove confusing to the consumer with respect to the obligation flowing from his or her endorsement. Additionally, an unsolicited loan check received by mail may be cashed by an unknown payee obligating the payee to repay the loan. This bill would negate the problems noted above.

Directs the Superintendent of Financial Services to study overdraft fees

S.9348 (SANDERS) Same as A.8292 (Fahy)

Chapter 380 of the Laws of 2022

The purpose of this legislation is to ensure that prospective homebuyers who are veterans are provided the opportunity to receive educational services to protect their financial interests. When applying for Veterans Affairs (VA) home loans Veterans are often targeted by unscrupulous mortgage brokers and loan companies. This legislation will provide that prospective homebuyers are offered accurate and educational information to ensure that they obtain financing that is fair, honest and tailored to their individual needs.

Extends the effectiveness of certain provisions relating to participation in the Banking Development Districts Program

**S.9152 (SANDERS) Same as A.9804 (Jean-Pierre)
Chapter 473 of the Laws of 2022**

To extend, for an additional six years, the provisions of Chapter 526 of 1998 which authorize savings institutions to participate in the Banking Development District program. The Banking Development District Program was created in 1997. This program enables municipalities to offer certain incentives in order to encourage the establishment of bank branches in underserved areas. Under the program, a municipality and a banking institution may jointly apply to designate a "Banking Development District." By establishing a branch in such a district, the bank would be eligible -- at local and state option -- to receive municipal and state deposits at reduced rates, and to receive a partial exemption on municipal property taxes.

TWO HOUSE BILLS

In 2022, 9 of the 23 bills reported from the Standing Committee on Banks passed both houses of the Legislature. Of these bills, the Governor has signed 5 and vetoed 2.

Bill	Sponsor	Summary	Action
S1684	SANDERS	Relates to directing the department of financial services to conduct a study on underbanked communities and households in New York state and to make recommendations to improve access to financial services	Chapter 183 of 2022
S4894	SANDERS	Prohibits banking organizations from issuing mail-loan checks without request or application therefor	Chapter 184 of 2022
S7202A	SANDERS	Requires a written notification of overdraft fees charged to certain account holders	Veto 104
S7535A	SANDERS	Provides that a banking institution must cash checks drawn on said institution, if payee presents a form of valid identification	Chapter 830 of 2022
S8318	MYRIE	Requires the superintendent of financial services to maintain and annually update a list of financial institutions that waive wire transfer or processing fees associated with Holocaust reparations payments	Chapter 493 of 2022
S8343	SANDERS	Establishes the New York state cryptocurrency and blockchain study task force	Veto 60
S8670A	BROOKS	Relates to loan counseling services for a mortgage guaranteed under the "Servicemen's Readjustment Act of 1944"	Chapter 698 of 2022

S9152	SANDERS	Extends the effectiveness of certain provisions relating to participation in the banking development districts program	Chapter 473 of 2022
S9348	SANDERS	Directs the superintendent of financial services to study overdraft fees	Chapter 380 of 2022

SUMMARY OF COMMITTEE ACTIVITY

Bill	Sponsor	Summary	Significant Action
S134	MAYER	Establishes limitations on bank accounts after such accounts have been closed	Passed Senate
S166B	GIANARIS	Requires transmitters of money to provide a certain warning to consumers	Passed Senate
S239	THOMAS	Grants the department of financial services jurisdiction over the financing of motor vehicles	Reported from Committee
S664	SANDERS	Includes information concerning repayment of outstanding loans in the standard financial aid award letter	Passed Senate
S670	SANDERS	Allows credit unions, savings banks, savings and loan associations and federal savings associations to accept and secure deposits from municipal corporations	Passed Senate
S1061B	SANDERS	Regulates commercial finance licensing, establishes the minority- and women-owned business protection program	Reported from Committee
S1565	SANDERS	Relates to unauthorized entities, unregistered mortgage brokers and mortgage fraud	Passed Senate
S1684	SANDERS	Relates to directing the department of financial services to conduct a study on underbanked communities and households in New York state and to make recommendations to improve access to financial services	Chapter 183 of 2022
S2143A	KAVANAGH	Provides a private right of action to homeowners who are injured by a mortgage servicer or mortgagee's	Passed Senate

		failure to comply with foreclosure rules and regulations. This bill will make the failure to comply a defense in a foreclosure proceeding, and compliance a condition before which a foreclosure action may be commenced	
S3676	COMRIE	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
S4894	SANDERS	Prohibits banking organizations from issuing mail-loan checks without request or application therefor	Chapter 184 of 2022
S5046	PARKER	Directs the chair of the Urban Development Corporation in conjunction with the chair of the Dormitory Authority, director of Budget, superintendent of Financial Services, and the Commissioner of Tax and Finance to create an investment vehicle known as an Alternative Finance Investment Bond	Passed Senate
S5201	SANDERS	Enacts the New York state money transmission disclosure act	Reported from Committee
S5658	PARKER	Encourage voluntary reporting of suspected financial exploitation	Passed Senate
S6949	KENNEDY	Establishes joint and survivorship accounts; repealer	Passed Senate
S7202A	SANDERS	Requires a written notification of overdraft fees charged to certain account holders	Veto 104
S7535A	SANDERS	Provides that a banking institution must cash checks drawn on said institution, if payee presents a form of valid identification	Chapter 830 of 2022

S8073	CLEARE	Prohibits state chartered banking institutions from investing in and providing financing for private prisons	Passed Senate
S8318	MYRIE	Requires the superintendent of financial services to maintain and annually update a list of financial institutions that waive wire transfer or processing fees associated with Holocaust reparations payments	Chapter 493 of 2022
S8343	SANDERS	Establishes the New York state cryptocurrency and blockchain study task force	Veto 60
S8670A	BROOKS	Relates to loan counseling services for a mortgage guaranteed under the "Servicemen's Readjustment Act of 1944"	Chapter 698 of 2022
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Standing Committee on Banks