

July 21, 2020

NY State Senate Majority Leader Andrea Stewart-Cousins
Room 907 Legislative Office Building
Albany, NY 11247

NY State Assembly Speaker Carl Heastie
Room 932, Legislative Office Building
Albany, NY 11247

Re: The “New York Public Banking Act,” S.5565-C (Sanders)/A.9665-D (Abinanti)

Dear Majority Leader Stewart-Cousins and Speaker Heastie:

We, the undersigned 55 community, labor, cooperative, environmental and economic justice organizations from across New York State, respectfully urge you to support S.5565-C (Sanders)/A.9665-D (Abinanti), the “New York Public Banking Act.” This carefully-crafted legislation creates a safe and appropriate regulatory framework for cities, counties, and regions seeking to establish public banks. It authorizes the NYS Department of Financial Services to issue special-purpose public bank charters, paving the way for public banking in New York.

Even before COVID-19 gripped our communities, New York faced widening inequality and other daunting challenges. As the COVID-19 crisis deepens, local governments need new tools — including public banks — to ensure a just recovery and future for all New Yorkers.

Public banks are financial institutions created by a public entity (such as a city, county, or state) and chartered to serve the public interest. They hold public deposits and leverage those funds to support local economic development.

Our organizations are fighting for public banks that have a clear mission to advance racial, economic, and environmental justice. With these principles at their core, public banks would reinvest in New York's low-income and immigrant neighborhoods and neighborhoods of color, meeting critical community needs and strengthening our ability to withstand future crises.

Under current state law, localities seeking to establish public banks must apply for a commercial bank charter. This forces local governments to retrofit their public bank business models into a regulatory system that was designed for private, for-profit enterprises. By passing the “New York Public Banking Act” this session, the NYS Legislature will help to facilitate the responsible formation of public banks by cities, counties, and regions around the state.

As you know, COVID-19 has laid bare the vast inequities at the core of so many of our institutions. Recent reports that big banks prioritized their most lucrative customers for Paycheck Protection Program (PPP) loans at the expense of struggling small businesses is only the latest warning that we need bold action to transform our financial system.

Wall Street banks have for decades blocked low-income people, immigrants, and people of color from mainstream banking, relegating them to high-cost, predatory financial services that extract massive amounts of wealth from communities and perpetuate poverty and inequality.

Public banks would partner with our state's numerous community-based lenders to deliver responsible financing and emergency funding to small and worker-owned businesses – including MWBEs – hardest hit by COVID-19. They would invest in economic development initiatives that build, rather than extract, wealth, such as permanently-affordable housing, community-controlled renewable energy, and more. They would also expand access to high-quality, affordable banking services in New York's historically-redlined communities of color.

Public banking is a proven model; it is common throughout the world, from Costa Rica to Germany. In the U.S., the Bank of North Dakota has successfully financed public projects and made responsible loans to small businesses, farmers, and others for more than a century. The Bank of North Dakota recently has been credited with helping North Dakota small businesses access more PPP funding, per private sector worker, than small businesses in any other state in the country.

Last year, California enacted legislation to facilitate public banking at the local level. It's time for New York to take action and usher in democratic financial institutions that meet the needs of New York's communities, during the COVID-19 crisis—and beyond.

Sincerely,

Action for A Better Community
Banana Kelly Community Improvement Association
A Bookkeeping Cooperative
Carroll Gardens Association
Center for Family Life
Center for Frontline Retail
Chhaya CDC
Citizen Action of New York
City Roots Community Land Trust
City Roots Contractors Guild
Communications Workers of America District 1
Cooper Square Committee
District Council 37, AFSCME
Ethical Humanist Society of Long Island
The Financial Clinic
Food & Water Watch
Freedom To Thrive
Fruit Belt Community Land Trust

Genesee Co-op Federal Credit Union
Housing Conservation Coordinators
Inclusiv
LatinoJustice PRLDEF
The Legal Aid Society
Legal Services Staff Association, NOLSW/UAW 2320
Long Island HousingServices, Inc.
Long Island Jobs with Justice
Long Island Progressive Coalition
Lower East Side People's Federal Credit Union
Maharlika Cleaning Coop
Mobilization for Justice, Inc.
Moving Forward Unidos
National Center for Law and Economic Justice
National Writers Union
New Economy Project
New York Communities for Change
New York Public Interest Research Group (NYPIRG)
New York StateWide Senior Action Council
NYC Network of Worker Cooperatives
OWN Rochester
Pan African CDI
Partners for Dignity and Rights
Picture the Homeless
Sixth Street Community Center
Stabilizing NYC
Sunrise NYC
TakeRoot Justice
Technical, Office and Professional Union Local 2110 UAW
U.S. Federation of Worker Cooperatives
United Auto Workers, Region 9A
WESPAC Foundation, Inc.
Western New York Law Center
Westminster Economic Development Initiative, Inc. (WEDI)
Woke Foods
The Working World
West Side Neighborhood Alliance