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Michael A. Patterson  
Councilmember  
Northeast District

Jose Peo  
Councilmember  
Northwest District

Hon. Andrea Stewart-Cousins  
Majority Leader, New York State Senate  
Room 907 Legislative Office Building  
Albany, NY 11247  
Scousins@nysenate.gov

Hon. Carl E. Heastie  
Speaker, New York State Assembly  
Room 932, Legislative Office Building  
Albany, NY 11247  
Speaker@nyassembly.gov

Dear Majority Leader Stewart-Cousins and Speaker Heastie:

We, the undersigned Rochester City Councilmembers, 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 New York State Department of Financial Services to issue special-purpose public bank charters, paving the way for public banking in Rochester.

Even before COVID-19 gripped our communities, New York faced widening financial 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 a stable future for all New Yorkers. Because of revenue shortfalls caused by the COVID-19 pandemic and the refusal of the Federal Government to provide direct aid to municipalities, a Public Bank in Rochester would allow us to use our own public money to generate revenue and spur local investment.

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.

We support the efforts of the Rochester Public Banking Coalition in fighting for public banks that have a clear mission to advance racial, economic, and environmental justice. Public banks would reinvest in New York's neighborhoods that need it most, including low-income neighborhoods, immigrant communities, and neighborhoods that are primarily comprised of people of color. public banks meet critical community needs and strengthen the resiliency and ability of communities 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 New York State Legislature will help to facilitate the responsible formation of public banks by cities, counties, and regions around New York 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 MWBs – 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. And they would 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,



Loretta C. Scott



Mitch Gruber



Mary Lupien



Jacklyn Ortiz



Jose Peo