

UPDATES ON ALBANY & WASHINGTON AS OF MAY 2, 2018

IBANYS held a Government Relations Committee conference call Wednesday, May 2 to provide *updates on both state and federal issues and developments.*

- **In Albany**, with the State Budget enacted, the NYS Legislature has now returned from its subsequent two-week recess and is finally ready to take up legislation in the remaining 24 days of the 2018 session -- *including bills to allow credit unions to accept state deposits under the Business Development Program.*
- *With just over 20 legislative days remaining in the 2018 session, the Assembly is considering two credit union bills. **A.6949B Zebrowski/S.6700, Hamilton** would permit federal and state chartered credit unions to accept State and Local deposits through the BDD program (a program currently available only to banks and thrifts). The bill is on the floor of the Assembly, but has not yet moved in the Senate. **A.10232, Jean-Pierre)/S.7100, Kavanaugh** would allow low income credit unions in New York City to accept municipal deposits for the BDD program only. It is now on the Assembly Banks Committee agenda this week, but also has seen no movement in the Senate. IBANYS was successful in defeating these initiatives last year during the 2017 legislative session, and opposes both bills this year as well. We stress that it would be inappropriate for credit unions, which pay no taxes, to have the additional ability to accept taxpayer deposits.*
- *Also in the Assembly, **A.10431, Steck** would establish a state public bank. There is no sponsor in the Senate. The bill is modeled after a similar initiative that established the North Dakota State Bank, and there is a similar legislative proposal in New Jersey.*
- The State Senate has been in internal turmoil since the budget was enacted. Democrats in the Senate have reunited, ending the governing coalition between the Independent Democratic Conference and Republicans. Special elections were held to fill vacant legislative seats, including two in the Senate. Democrats won both, giving them 32 registered Democrats in the 63 seat chamber. However, the GOP continues to control the Senate, as Brooklyn Democratic Senator, Simcha Felder plans to keep voting with them through the end of session. The Governor is trying hard to persuade him to change his alliance and conference with the Democrats to give them control of the Senate. If successful, that would cause even more upheaval, with the likelihood of new committee chairmanships and a re-ordering of the legislative agenda and priorities.
- In the past week, three incumbent GOP State Senators (John Bonacic, Hudson Valley; Kathy Marchione, Capital District/Hudson Valley; John DeFrancisco, Onondaga and Cayuga Counties) announced they will not seek re-election in November. The likelihood is that at least two others may soon follow suit.

- There is a new Senate Banks Committee Chair in place: Senator Elaine Phillips (R-Nassau County). IBANYS has met with her in Albany to discuss the importance and needs of community banks. She appears to have a firm understanding of the role of, and differences between, community banks and credit unions. We are looking for issues that we can put into a legislative bill for her to sponsor on behalf of community banks, and are seeking input.
- The State Department of Financial Services and the Governor advised financial institutions to review their relationships with the NRA and related industries to guard against "reputational risk". . .it is an issue that has also been prominent in Washington.
- **In Washington**, S.2155, the legislation containing the most meaningful regulatory relief for community banks since Dodd Frank's enactment, passed the Senate with strong bipartisan support -- but is now stalled in the House as Republicans want to amend that bill -- jeopardizing its future. However, there is some indication that House Financial Services Chairman Hensarling and Speaker Ryan may be moving towards passing S.2155 as is, and taking up other would-be amendments separately. The goal is to pass this, as well as a new farm bill (the current one expires September 30) during May.
- Senator Gillibrand has introduced legislation in the U.S. Senate to establish a retail bank in each of the United States Postal Service's 30,000 locations -- including all 1,506 in New York State. Her bill is intended to eliminate payday lenders by providing basic banking services in low-income areas, which the Senator believes are underserved by traditional banks. There does not appear to be much traction on this, but ICBA and INANYS oppose it.
- IBANYS met earlier this month with more than a dozen New York House members and Senators Schumer and Gillibrand to advocate for reg relief and a number of other priority issues.