

Testimony of Kim Fraczek, Director of Sane Energy Project

Before the New York State Senate Finance Committee and New York State Assembly Ways and Means Committee.

Joint Legislative Hearing Schedule on Economic Development and the Fiscal Year (FY) 2022-23 Executive Budget Proposal.

Chairs Krueger and Weinstein and committee members, thank you for the opportunity to testify at today's hearing. My name is Kim Fraczek, Director of Sane Energy Project. We are an environmental organization with a mission to build a potent grassroots movement pushing for a rapid and just transition to 100% publicly owned renewable and sustainable energy in New York. We do our work through a lens of racial, social, and economic justice.

Sane Energy Project is a member of the Public Bank NYC Coalition and strongly supports the passage of the New York Public Banking Act as a tool for advancing climate justice. We believe including this bill in the FY23 budget is critical to help support the state's economic development as we recover from the pandemic and to help meet our state's climate goals. Across the state, there is great interest among local governments, community organizations, and residents to build out renewable energy projects and retrofit buildings to decarbonize and make them more energy efficient. Local public banks could create financing programs to support these types of projects, which would generate green jobs and investment in the state and local economies. The New York State Public Banking Act would provide a robust framework for public banks and equitable investment in social, economic, and environmental needs that make our communities healthier and more resilient to crises like climate change.

Under current law, a New York locality seeking to establish a public bank must apply for a commercial bank charter. This forces local governments to retrofit their public banking business models into a regulatory system designed for private, commercial banks. S.1762A/A.5782 authorizes the NYS Department of Financial Services to issue "special purpose" charters to New York cities and counties that apply to create a local public bank. It includes robust safeguards to ensure safety and soundness of local public banks that DFS would regulate, along with strong governance requirements ensuring diversity and public accountability.

Local public banks will strengthen New York's banking sector and local economies, advancing racial, economic, and environmental justice. Public banks partner—rather than compete—with local banks and credit unions to drive responsible lending and expand affordable financial services in historically-redlined neighborhoods. Thanks to the century-old Bank of North Dakota, for example, North Dakota has the greatest number of local banks and credit unions per capita in the country. The bank is also credited with helping North Dakota secure more PPP loans per capita than in any other state.

Public banking is well established throughout the world, and research shows that countries with public banks are significantly more resilient than those without them. California recently enacted legislation to facilitate public banking at the local level. It's time for New York to act. Last month, 150 community, labor, environmental, and small business groups signed a letter in support of the New York Public Banking Act, and the legislation has been co-sponsored by 50 Assemblymembers and 27 Senators. The law also has the backing of numerous local elected officials and recently received a letter of support from the entire Rochester, NY City Council. We urge the Governor and Legislature to adopt the NY Public Banking Act as part of the FY23 budget. Thank you for your consideration of this testimony.