



**Memorandum in Opposition
S. 9326/A. 10134**

Greater Rochester Chamber, on behalf of our 1,300 members throughout the nine-county Finger Lakes Region of New York, submits this memorandum in opposition to S. 9326/A. 10134, that would create a public bank for the City of Rochester.

We are surprised and disappointed that this bill was introduced by the sponsors without having any conversations with the Rochester area banks and credit unions they represent.

The Greater Rochester region has a vibrant, community-focused banking and credit union community that is working every day to help families, businesses, and neighborhoods to thrive. One simply needs to visit Rochester or speak with local leaders and residents to understand the important role these banks play as lenders, financial planners, employers, charitable donors, and more.

Though the bill sponsors purport that this public bank would not compete with private banks and credit unions, if this bill were passed and signed into law, it would devastate Rochester community banks, whose operations are dependent on the municipal funds that would necessarily be extracted to create a public bank, which could imperil these banks in the worst-case scenario but will no doubt stunt local business growth, job creation, and tax revenue in the short term.

The public bank proposal is not necessary to achieve the aims of the bill's proponents – which is expanded access to banking services. New York State already has several such programs – not to mention the well-established and highly-regulated banks that have been serving the Rochester community for decades.

Banks throughout Greater Rochester recognize the importance of increased focus on providing low-income communities and communities of color with access to capital. At the end of this memo are a handful of the many, many examples of exactly that.

The risks and potential downsides of a public bank in Rochester outweigh the purported benefits, making it an ill-advised venture. We are asking lawmakers to weigh whether any prospective benefits of a public bank will outweigh these risks, including the prospect of precarious loan-making with little capitalization, a lack of proper FDIC insurance and regulatory oversight, a scattered business focus, and the potential for external influence on lending and other decisions.

Establishing a new financial institution from scratch requires meeting rigorous regulatory standards, developing robust infrastructure, and recruiting qualified personnel. This process is not only time-consuming but also costly. The city of Rochester would need to divert significant resources to overcome these hurdles, resources that could be better utilized in addressing pressing community needs and working with existing banks to improve access.

Public banks also require substantial initial capital investment and ongoing financial support, which would likely come from taxpayer dollars. In an era of tight municipal budgets and competing priorities, diverting funds to create a public bank could strain Rochester's financial resources. Further, if the bank were to incur losses or fail, the burden of covering these losses would fall squarely on the taxpayers, potentially leading to higher taxes or cuts to essential public services.

The unrealistic expectations inherent in this proposal do not consider the complexities of starting, capitalizing and overseeing a bank of any kind. As the Los Angeles Times recently pointed out, "San Francisco recently studied three models for a public bank. The version that would have provided the most services would have required \$119 million in start-up funding and \$2.2 billion in public subsidies until the bank could break even — in 56 years. Few public agencies have the budget for such huge upfront costs or the ability to wait decades for a bank to become self-sustaining."

This proposal is an extremely risky endeavor for a government entity to take on and realistically operate. Instead of pursuing this uncertain and potentially detrimental path, Rochester should focus on strengthening its existing financial institutions and exploring other proven avenues for economic development and community support.

Greater Rochester Chamber of Commerce and our members are committed to working with legislators and interested stakeholders in finding workable and practical solutions to help all our communities and to providing improved and inclusive access to the financial system. This legislation is not the means to that end.

For the above reasons, Greater Rochester Chamber of Commerce respectfully submits this memorandum in opposition to S. 9326/A. 10134.

Examples of Rochester Area Banks and Credit Unions Commitment to the Rochester Economy

Five Star Bank has a long and proud history in Western New York that goes back to 1817. Five Star Bank's predecessor banks each operated in a rural area and played important roles in helping to meet the deposit and credit needs of traditionally underserved markets. They continue that mission today through fundraising efforts, educational sponsorships, community development efforts, food drives, and partnerships with local universities. They also strive to deliver financial advice and education and ensure the availability and accessibility of safe, transparent and fair financial products, including a suite of products tailored to meet the needs of unbanked, underbanked and low-to-moderate income individuals.

Genesee Regional Bank is a top SBA Lender in the Rochester area for 2021 – closing 37 loans totaling more than \$20 million. Those loans supported 891 jobs in the Rochester community.

Canandaigua National Bank takes an active role in the community through its support of local organizations and programs. With volunteerism as an integral part of the CNB culture, their people serve on boards, coach teams, and are emergency responders, investing their time and talent to enrich the lives of their neighbors.

M&T Bank, through the M&T Charitable Foundation, works in partnership with non-profit organizations that focus on improving the quality of life for the bank's customers, employees, and neighbors, awarding nearly \$40 million in grants each year. One example of this is M&T's work with the Pathstone Corporation, a housing counseling program that offers pre- and post-home purchase education and counseling, rental counseling for tenants, landlord education as well as mortgage delinquency and default resolution counseling.

ESL Federal Credit Union has a strong commitment to reinvestment in the Greater Rochester community. Through its charitable foundation, ESL works with community groups to expand individual opportunities, build strong neighborhoods and strengthen local organizations. In addition, ESL also funds programs and activities that keep our community strong, healthy, and vibrant—such as community crisis response, ensuring basic needs, and arts and culture.

Bank of America supports the Rochester community through its eight lines of business, the Bank of America Charitable Foundation, and developing strong partnerships with nonprofit organizations focused on issues fundamental to economic mobility in low- and moderate-income areas. Bank of America focuses on improving the lives of individuals and families by investing in health, jobs, and strengthening broader community vitality by addressing needs related to small business resiliency, and community development. Through their partnerships, they support vulnerable populations, including working families, youth, seniors, individuals living with disabilities, veterans, and those impacted by the criminal justice system – enabling them to move forward in their goals. Bank of America is proud of their long-standing philanthropic support of local organizations that include The Center for Youth, Teen Empowerment, Veterans Outreach Center, Catholic Charities, the Rochester Museum & Science Center, the Urban League, YMCA, Greater Rochester Habitat for Humanity, Volunteers of America, Spiritus Christi Prison Outreach, and many others that focus on improving the lives and well being of Rochester residents. Since 2019, they have given \$3.6 million dollars to Rochester based organizations. This year Bank of America was proud to open a new, state of the art financial center on Hudson Avenue, demonstrating again our commitment to the Rochester community.