



S.1492 (Comrie) / A.1509 (Rosenthal L)

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STAFF CONTACT : Paul Zuber | Executive Vice President | 518-694-4463

<p>BILL</p> <p>S.1492 (Comrie) / A.1509 (Rosenthal L)</p>
<p>SUBJECT</p> <p>Funding Community Development Financial Institution Fund with DFS Fines</p>
<p>DATE</p> <p>February 24, 2023</p>
<p>OPPOSE</p>

The Business Council opposes S.1492 (Comrie) / A.1509 (Rosenthal L) which mandate that 10% of the penalties imposed by the Superintendent of Financial Services be deposited in the Community Development Financial Institution Fund.

The Business Council fully recognizes the value of the Community Development Financial Institution Fund and the work that it does. We understand the motivation of the sponsor in desiring to find new revenue to support the fund and the grants it makes. However, The Business Council strongly opposes any use of fines or penalties for specific revenue purposes.

The use of fines and penalties for specific budgetary purposes is a major problem throughout the country, and one that has been taking on increasing attention for reform. States and localities have long balanced budgets on both criminal defendants and those fined for civil violations. Diverse groups of public policy advocates have long concluded that the use of fines for specific and targeted budget purposes incentivize further, increased and often unwarranted enforcement.

The Department of Financial Services (DFS) has a robust enforcement record, fining thousands of entitles and collecting millions of dollars per year in fines. Given their broad power in both enforcement and adjudication, tying the DFS's collection of fines to the needs of any specific program may put the DFS in an unwelcomed position as tax collector by other means. This is not an outcome envisioned in the establishment of DFS nor in the establishment of Community Development Financial Institution Fund.

For these reasons, The Business Council opposes S.1492 (Comrie) / A.1509 (Rosenthal L).

