

1 [Supporting California State Assembly Bill No. 857 (Chiu and Santiago) - Public Banking Act]

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3 **Resolution supporting California State Assembly Bill No. 857, the “Public Banking**
4 **Act”, authored by Assembly Members David Chiu and Miguel Santiago, to allow local**
5 **government to apply for a state banking charter to establish a public bank.**

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7 WHEREAS, San Francisco taxpayer money currently is held in private commercial
8 banks that engage in socially and environmentally destructive practices that are fundamentally
9 against the values of San Franciscans, from predatory lending practices for low-income
10 communities of color, to funding fossil fuel extraction, firearms, prisons and detention centers,
11 to charging the City high interest rates on loans for retrofitting our schools and hospitals; and

12 WHEREAS, A bank owned by the City and County of San Francisco would allow the
13 City to have more local control, transparency, self-determination, and allow us to move in a
14 direction to achieve sustainable community investments such as affordable housing, small
15 business development, loans to low-income households, public transit, infrastructure,
16 renewable energy; and

17 WHEREAS, A recent report from the Budget and Legislative Analyst notes that “a
18 public bank would be better equipped to meet the city’s business needs and public policy
19 goals”, prompting Treasurer José Cisneros to convene a Municipal Bank Feasibility Task
20 Force as recommended by the Board of Supervisors (via Resolution No. 152-17) to identify
21 and pursue opportunities to create a municipal bank; and

22 WHEREAS, A public bank is defined as a financial institution owned by one or more
23 public entities such as a state, city, or county; and

24 WHEREAS, The Bank of North Dakota is the one operational public bank in existence
25 in the United States, founded in 1919; and

1 WHEREAS, Public banking is actively being explored in municipalities across the
2 country, including Seattle, Oakland, Los Angeles, Santa Fe, St. Louis, Philadelphia, New York
3 City, and the states of Maryland and New Hampshire; and

4 WHEREAS, The creation of a San Francisco Public Bank has been endorsed by the
5 San Francisco Democratic County Central Committee, Harvey Milk Democratic Club, Rose
6 Pak Democratic Club, San Francisco Latino Democratic Club, Richmond District Democratic
7 Club, San Francisco Tenants Union, San Francisco Rising Alliance, Alliance of Californians
8 for Community Empowerment, California Faculty Association - San Francisco State University
9 Chapter, California Nurses Association - Northern California Chapter, Democratic Socialists of
10 America - San Francisco Chapter, and San Francisco Berniecrats; and

11 WHEREAS, On July 15, 2018, the California Democratic Party adopted a Resolution
12 supporting the creation of state-chartered public banks; and

13 WHEREAS, The California Department of Business Oversight (DBO) oversees the
14 operation of California's state-chartered banks, and the only licenses available for depository
15 banks are commercial, industrial, and credit unions; and

16 WHEREAS, The State of California does not currently have a public banking charter
17 option, whether at the municipal, regional or state level, providing a major obstacle in the
18 efforts to explore a public bank and preventing public banks from obtaining a banking charter
19 and becoming operational; and

20 WHEREAS, As a result of the lack of a public banking charter option, many California
21 local governments must hold their assets with large out-of-state commercial banks, who
22 charge local governments fees to hold their deposits and perform their cash management
23 services; and

24 WHEREAS, Assembly Members David Chiu and Miguel Santiago have authored
25 Assembly Bill No. 857, which would provide an option for local governments to apply for a

1 public bank charter; and

2 WHEREAS, Assembly Bill No. 857 would provide more control, transparency, and self-
3 determination in how local taxpayer dollars are leveraged in the banking system by allowing
4 local government to charter their own public banks; and

5 WHEREAS, Local public banks under Assembly Bill No. 857 would have oversight from
6 the Department of Business Oversight (DBO) and a separate, professional board, who would
7 have a fiduciary duty to protect taxpayers' assets; and

8 WHEREAS, Assembly Bill No. 857 also requires partnerships between a public bank
9 and existing local financial institutions to provide retail services, enabling public banks to
10 provide affordable loans and lines of credit to local businesses and nonprofits, and increase
11 the lending capacity of the local banking system; and

12 WHEREAS, By creating a public bank under Assembly Bill No. 857, taxpayer money
13 will be held by an insured financial institution that measures its return on investment not only
14 by profits, but also by its success in supporting communities; and

15 WHEREAS, Assembly Bill No. 857 is supported by California Public Banking Alliance,
16 Beneficial State Foundation, Communities for a Better Environment, Cooperation Humboldt –
17 Eureka, Friends of Public Banking Santa Rosa, Friends of the Earth, Lawyers' Committee for
18 Civil Rights of the San Francisco Bay Area, Local Clean Energy Alliance, Orange County
19 Public Banking Coalition, Public Bank East Bay, Public Bank Los Angeles, Public Bank Santa
20 Barbara, Public Bank San Diego, People for Public Banking Santa Cruz, Progressive Asian
21 Network for Action, San Francisco Berniecrats, San Francisco Public Bank Coalition, South
22 Bay Progressive Alliance, Teamsters Local 665, and United Educators of San Francisco; now,
23 therefore, be it

24 RESOLVED, That the San Francisco Board of Supervisors supports the continued
25 efforts in San Francisco to create and operationalize a municipal public bank; and, be it

1 FURTHER RESOLVED, That the San Francisco Board of Supervisors supports
2 Assembly Bill No. 857 and urges the California State Assembly to pass the bill; and, be it

3 FURTHER RESOLVED, That the San Francisco Board of Supervisors hereby directs
4 the Clerk of the Board to send a copy of this Resolution to the California State Assembly and
5 the Governor of the State of California.

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