

1 [Supporting California State Assembly Bill No. 310 (Santiago) - The California Public Banking
2 Act]

3 **Resolution supporting California State Assembly Bill No. 310, authored by Assembly**
4 **Member Miguel Santiago and co-authored by Assembly Members David Chiu, Buffy**
5 **Wicks, Ash Kalra, Lorena Gonzalez, and Mike Gipson, and Senators Ben Hueso, Lena**
6 **Gonzalez, and Scott Weiner, to restructure the Infrastructure and Economic**
7 **Development Bank as a depository public state bank to aid in recovery efforts related**
8 **to COVID-19 and the subsequent economic recession.**

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10 WHEREAS, California’s local and state governments are projecting calamitous revenue
11 shortfalls due to the COVID-19 pandemic; and

12 WHEREAS, Both the state and local governments, especially those serving low-income
13 communities of color, will be forced to consider cuts to critical services such as schools, food
14 programs and public health, which will disproportionately harm communities of color; and

15 WHEREAS, Many small businesses have been forced to close, and of those,
16 particularly those owned by disadvantaged and underrepresented people of color, many may
17 never return; and

18 WHEREAS, The Paycheck Protection Program loans funded by a federal stimulus
19 package and distributed by large commercial banks, were lauded as being in support of
20 businesses-- including hard-hit small businesses-- but widely critiqued as disproportionately
21 benefitting large corporate businesses as a result of decisions by the commercial banks; and

22 WHEREAS, Some of the biggest commercial banks, including JPMorgan Chase,
23 Citibank and U.S. Bank, prioritized the applications of their wealthiest clients before turning to
24 other loan seekers, and their denials disproportionately impacted people of color-owned
25 businesses; and

1 WHEREAS, California taxpayer money is currently held in private commercial banks
2 that often engage in socially and environmentally destructive practices, including predatory
3 lending practices targeting low-income communities of color, fossil fuel extraction, firearms,
4 prisons and detention centers, and which charge government entities high interest rates on
5 loans for retrofitting our schools and hospitals; and

6 WHEREAS, A bank owned by the State of California would allow for more public
7 control, transparency, accountability for taxpayer dollars, and allow the State to explore more
8 sustainable community investments including affordable housing development, small business
9 development, loans to low-income households, public transit, infrastructure, renewable
10 energy, and more; and

11 WHEREAS, The State of North Dakota has had a public bank since 1919, and while
12 celebrating its 100th anniversary in 2019 the Bank of North Dakota also recorded its 16th
13 consecutive year of record profits, with \$169 million in net earnings; and

14 WHEREAS, A recent study showed that thanks to the Bank of North Dakota, the state
15 of North Dakota outperformed nearly every state in the country in distributing the most federal
16 paycheck protection program loans per worker per state; and

17 WHEREAS, The Bank of North Dakota serves as evidence that a state-owned public
18 bank is not only viable but can have deep and long-lasting positive impact on the economic
19 development of a state, its residents and businesses; and

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

22 WHEREAS, California State Assembly Bill No. 310 was authored by Assembly Member
23 Miguel Santiago and co-authored by Assembly Members David Chiu, Buffy Wicks, Ash Kalra,
24 Lorena Gonzalez and Mike Gipson, and Senators Ben Hueso, Lena Gonzalez and Scott
25 Weiner, to deepen investments in California residents and small businesses while creating

1 more economic independence from large commercial banks that too often do not represent
2 the public interest; and

3 WHEREAS, Assembly Bill No. 310, as amended by Assembly Member Miguel
4 Santiago, would restructure the California Infrastructure and Economic Development Bank
5 (IBank) that was founded in 1994 to finance public infrastructure and private development, to
6 instead covert the IBank into a publicly-owned depository bank to invest in recovery lending
7 for California communities; and

8 WHEREAS, Assembly Bill No. 310 will provide COVID-19 relief by expanding the
9 lending capacity of the Infrastructure and Economic Development Bank (IBank), allowing the
10 insitution to be eligible to receive deposits from state and local sources, and allowing for
11 direct lending to local community banks, credit unions, local governments and small
12 businesses in need of support during the economic recession related to the COVID-19 public
13 health pandemic;

14 WHEREAS, Assembly Bill No. 310 will also expand the IBank's ability to provide
15 targeted financing, through partnerships with community development financial institutions
16 and local financial institutions, to expand access to capital and credit for disadvantaged
17 business owners in urban and rural settings; and

18 WHEREAS, Assembly Bill No. 310 will provide bridge loans to meet the emergency
19 credit needs of California local governments and local agencies to prevent furloughs and
20 layoffs and cuts to critical services; and

21 WHEREAS, The creation of a California State Public Bank is part of the larger financial
22 ecosystem that compliments municipal and regional public bank efforts to break our
23 dependence on Wall Street and large commercial banks; and

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1 WHEREAS, Governor Gavin Newsom and other state elected leaders have repeatedly
2 publicly supported a public state bank, calling for an economy independent of corporate
3 influence; and

4 WHEREAS, As the City of San Francisco and other municipalities search for funding
5 for small business and worker relief in response to the COVID-19 crisis and subsequent
6 economic recession, a California Public Bank could be the mechanism to allow for low-cost
7 lending at a local level to support the resurgence of our restaurant and small business
8 corridors; now, therefore, be it

9 RESOLVED, The Board of Supervisors urges our California State Legislature and
10 Governor Newsom to support Assembly Bill No. 310, the California Public Banking Act, to
11 enable our state to begin the economic recovery needed from COVID-19; and, be it

12 FURTHER RESOLVED, That copies of this Resolution be sent to the following parties:
13 Governor Gavin Newsom; Senator Scott Wiener; Assembly Member David Chiu; Assembly
14 Member Phil Ting; Mayor London Breed; Treasurer and Tax Collector Jose Cisneros; and the
15 San Francisco Office of the Controller.

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