

1 [Urging the Governor to Sign California State Assembly Bill No. 857 (Chiu and
2 Santiago) - Public Banks Act]

3 **Resolution urging the Governor to sign into law California State Assembly Bill**
4 **No. 857, authored by State Assembly Members David Chiu and Miguel Santiago,**
5 **the “Public Banks Act,” to provide a pathway for the creation of municipal and**
6 **regional public banks.**

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8 WHEREAS, San Francisco taxpayer funds are currently held in large commercial
9 banks that engage in practices misaligned with the values of the City and County of San
10 Francisco, including predatory lending and investment in fossil fuels, private prisons,
11 firearms, and more; and

12 WHEREAS, There have been many efforts to gain more control of city taxpayer
13 dollars, including through the San Francisco Treasurer and Tax Collector’s Office
14 development of a Social Responsibility Matrix to guide the investment of city dollars, but
15 these efforts are limited given the lack of alternatives to large commercial banks; and

16 WHEREAS, The Budget and Legislative Analyst for the Board of Supervisors
17 published a policy analysis report in November 2017 entitled, “Community Supportive
18 Banking Options 2017 Update”, which noted that “a public bank would be better
19 equipped to meet the city’s business needs and public policy goals”; and

20 WHEREAS, As recommended by the Board of Supervisors (via Resolution
21 No. 152-17), the Treasurer and Tax Collector convened a Municipal Bank Feasibility
22 Task Force to explore the creation of a municipal public bank and “increase
23 transparency and equity across the City’s financial functions”; and

24 WHEREAS, The Municipal Bank Feasibility Task Force met for eleven months,
25 then releasing a report in March 2019 that provided analysis of some of the financial

1 costs and benefits of creating a municipal bank, and outlined both policy and
2 operational considerations for further consideration; and

3 WHEREAS, California State Assembly Bill No. 857 (AB 857) was introduced by
4 Assembly Members David Chiu and Miguel Santiago in March 2019, to green-light the
5 development of a public banking system in the State of California and provide an
6 alternative to large commercial banks, in order to reinvest public funds for the public
7 good; and

8 WHEREAS, The bill would launch a pilot program, allowing for up to ten public
9 bank charters to be issued over a seven-year trial period, while also guaranteeing three
10 separate levels of regulatory oversight, from the California Department of Business
11 Oversight, the FDIC, and the Federal Reserve; and

12 WHEREAS, The bill would require partnerships between a public bank and
13 existing local financial institutions to provide retail services, enabling public banks to
14 support local credit unions and small banks, as well as small businesses and local non-
15 profits by increasing the lending capacity of the local banking system; and

16 WHEREAS, Over 180 community organizations, labor unions and elected
17 leaders have endorsed AB 857 from across the state of California; and

18 WHEREAS, The Board of Supervisors (via Resolution No. 196-19) unanimously
19 endorsed AB 857 and expressed support for the continued efforts in San Francisco to
20 create and operationalize a municipal public bank; and

21 WHEREAS, AB 857 cleared both houses of the California State Legislature in a
22 historic victory for economic democracy, and moved forward for consideration by the
23 Governor of California, Gavin Newsom; and

24 WHEREAS, Governor Newsom has previously expressed support for public
25 banking and a critique of the large commercial banking system that severely limits

1 the options for governments to reinvest tax dollars in public priorities; now, therefore, be
2 it

3 RESOLVED, That Board of Supervisors continues to support local efforts to
4 establish a municipal public bank in San Francisco; and, be it

5 FURTHER RESOVED, That the Board of Supervisors commends both houses of
6 the California State Legislature for passage of such a groundbreaking bill; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors urges Governor Gavin
8 Newsom to sign California State Assembly Bill No. 857 into law and allow for a pathway
9 for local and regional public banks in the State of California; and, be it

10 FURTHER RESOLVED, That the City and County of San Francisco hereby
11 directs the Clerk of the Board to transmit a copy of this Resolution to the Office of the
12 Governor of California.

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