

REVISED LEGISLATIVE DIGEST
(Amended in Committee – June 3, 2021)

[Administrative Code - San Francisco Reinvestment Working Group]

Ordinance amending the Administrative Code to establish the San Francisco Reinvestment Working Group to submit business and governance plans for a non-depository Municipal Financial Corporation and for a Public Bank to the Board of Supervisors and to the Local Agency Formation Commission.

Existing Law

California Assembly Bill 857, the Public Banking Act, effective January 1, 2020, authorizes local agencies to form State-licensed public banks.

Amendments to Current Law

This ordinance creates the San Francisco Reinvestment Working Group, which, within one year of its first meeting, must submit to the Board of Supervisors (Board) and the Local Agency Formation Commission (LAFCO), a business and governance plan to establish a non-depository lending corporation wholly-owned by the City, designated as the “Municipal Finance Corporation” or MFC.

Also within one year its first meeting, the Working Group must submit to the Board and LAFCO a separate business and governance plan for the MFC to become a state-licensed public bank. Among other requirements, this plan must include the business plan elements required for a State public bank license; a study required to apply for a State public bank license; and lending priorities. The plan must recommend a governance and regulatory structure for the Public Bank; modifications to City laws and regulations; and whether the City should partner with another local agency in the establishment and operation of a public bank.

The ordinance (and hence the Working Group) sunsets 18 months from its effective date.

Background Information

In 2017, in response to Resolution No. 152-17, Treasurer Jose Cisneros formed a Municipal Bank Feasibility Working Group, which produced a report in March 2019 that analyzed three potential models for public banking: 1) a lending entity focused on investments in affordable housing and small business lending; 2) a bank that performs the City’s cash management and other banking needs; and 3) a bank that combines these functions. The Working Group created by this ordinance will build on the work of the earlier task force.

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The proposed ordinance was amended in committee to assign to the Clerk of the Board of Supervisors, rather than to LAFCO, the roles of providing administrative and clerical support to the Working Group and hiring any consultants for the working group. Additionally, as amended, the President of the Board, rather than the full Board, will nominate the Board-appointed members of the Working Group.

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