



**County of Santa Cruz Board of Supervisors
Agenda Item Submittal**

From: Board of Supervisors: Third District
(831) 454-2200

Subject: Resolution in Support of Public Banking

Meeting Date: February 26, 2019

Recommended Action:

Adopt resolution supporting the establishment of a California municipal public banking license and supporting the concept of a state, regional, or network of public banks to provide cost-saving services to public entities and to serve local needs including affordable housing, transportation and education investment adhering to principles of economic, racial and environmental justice, and direct the Clerk of the Board to distribute the resolution as indicated.

Executive Summary

Public banks offer a way for governmental agencies such as cities, counties, and states to invest their funds in an institution that could allow the investing organizations to avoid the high financial costs of dealing with private sector for-profit banks. Public banks also generate income from their investments that can be re-invested in public benefit projects such as affordable housing, public transportation, and social programs. I propose that the Board adopt the attached resolution supporting the establishment of a California municipal public banking license and supporting the concept of a state, regional, or network of public banks to provide cost-saving services to public entities and to serve local needs including affordable housing, transportation and education investment adhering to principles of economic, racial and environmental justice.

Background

Public banks offer a way for governmental agencies such as cities, counties and states, as well as some organizations such as pension funds and school districts, to invest their funds in an institution that could allow the investing organizations to avoid the high financial costs of dealing with private sector for-profit banks. Because public banks are created in the public interest rather than to maximize profit, public banks also generate income from their investments that can be re-invested in public benefit projects such as affordable housing, public transportation, and social programs. A public bank could decide to have no investment in fossil fuels, weapons, or tobacco. It could adhere to principles of economic, racial and environmental justice. Public banks are run by qualified bankers serving a public mission and these banks partner with and support rather than compete with local banks. The Bank of North Dakota, a public bank which was founded in 1919, successfully weathered the last recession without the bailouts that went to Wall Street banks, and has provided hundreds of millions of dollars to North Dakota's treasury over the years.

Currently, all municipal finance in California is conducted through the private banking system, but several large cities in California, including Los Angeles, Oakland, and San Francisco are exploring the establishment of public banks. Local public banking advocates have agreed that the size and characteristics of Santa Cruz County are not conducive to an independent public bank, however, a consortium of local jurisdictions, or a state bank with some local control could be advantageous and feasible. For any public banking approach, the first step is the establishment of a California municipal public banking license to be administered by the California Department of Business Oversight.

Such a license could allow public entities to develop their own banks owned solely by the public. The license could provide a regulatory framework tailored to establishing public banks that are democratic and transparent while ensuring ethical outcomes for the public good.

Analysis

This Board has previously taken steps to stop doing business with law-breaking banks. The greed, fraud, and corruption of many Wall Street banks has been appalling and costly.

I recommend that the Board support the establishment of a municipal public banking license and the concept of a public bank with the recognition that extensive feasibility research and other important work would need to be conducted before Santa Cruz County would be in a position to formally join a public bank.

Strategic Plan Element(s)

A public bank could connect to and support all of the focus areas in the Strategic Plan.

Submitted by:

Ryan Coonerty, Third District Supervisor

Attachments:

- a Resolution - Public Banking

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO.

On the motion of
duly seconded by
the following resolution is adopted

RESOLUTION SUPPORTING THE ESTABLISHMENT OF A CALIFORNIA MUNICIPAL
PUBLIC BANKING LICENSE AND SUPPORTING THE CONCEPT OF A STATE,
REGIONAL, OR NETWORK OF PUBLIC BANKS

WHEREAS, public banks offer a way for governmental agencies such as cities, counties, and states, as well as organizations such as pension funds and school districts, to invest their funds in an institution that could allow the investing organizations to avoid the high financial costs of dealing with private sector, for-profit banks; and

WHEREAS, because public banks are created in the public interest rather than to maximize profit, public banks also generate income from their investments that can be re-invested in public benefit projects such as affordable housing, public transportation, and social programs; and

WHEREAS, a public bank could decide to have no investment in fossil fuels, weapons, or tobacco and could adhere to principles of economic, racial and environmental justice; and

WHEREAS, public banks are run by qualified bankers serving a public mission and these banks partner with and support rather than compete with local banks; and

WHEREAS, the Bank of North Dakota, a public bank which was founded in 1919, successfully weathered the last recession without the bailouts that went to Wall Street banks, and has provided hundreds of millions of dollars to North Dakota's treasury over the years; and

WHEREAS, currently, all municipal finance in California is conducted through the private banking system, but several large cities in California, including Los Angeles, Oakland, and San Francisco are exploring the establishment of public banks; and

WHEREAS, local public banking advocates have agreed that the size and characteristics of Santa Cruz County are not conducive to an independent public bank, however, a consortium of local jurisdictions or a state bank with some local control could be advantageous and feasible; and

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RESOLUTION SUPPORTING THE ESTABLISHMENT OF A CALIFORNIA MUNICIPAL PUBLIC BANKING LICENSE

WHEREAS, for any public banking approach, the first step is the establishment of a California municipal public banking license, to be administered by the California Department of Business Oversight; and

WHEREAS, a municipal public banking license could allow public entities to develop their own banks owned solely by the public; and

WHEREAS, the license could provide a regulatory framework tailored to establishing public banks that are democratic and transparent while ensuring ethical outcomes for the public good; and

WHEREAS, this Board has previously taken steps to stop doing business with law-breaking banks; and

WHEREAS, the greed, fraud, and corruption of many Wall Street banks has been appalling and costly.

NOW, THEREFORE, BE IT RESOLVED, that the Santa Cruz County Board of Supervisors hereby supports the establishment of a California municipal public banking license and supports the concept of a state, regional, or network of public banks to provide cost-saving services to public entities and to serve local needs including affordable housing, transportation and education investment adhering to principles of economic, racial and environmental justice.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 26 day of FEBRUARY, 2019, by the following vote:

AYES: SUPERVISOR
NOES: SUPERVISOR
ABSENT: SUPERVISOR

CHAIR
Board of Supervisors

ATTEST: _____
Clerk of said Board

Attachment: Resolution - Public Banking (6725 : Resolution in Support of Public Banking)

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RESOLUTION SUPPORTING THE ESTABLISHMENT OF A CALIFORNIA MUNICIPAL
PUBLIC BANKING LICENSE

Approved as to form:



County Counsel

Attachment: Resolution - Public Banking (6725 : Resolution in Support of Public Banking)