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

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

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

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

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

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

WHEREAS, The Bank of North Dakota is the one operational public bank in existence in the United States, founded in 1919; and
WHEREAS, Public banking is actively being explored in municipalities across the
country, including Seattle, Oakland, Los Angeles, Santa Fe, St. Louis, Philadelphia, New York
City, and the states of Maryland and New Hampshire; and
WHEREAS, The creation of a San Francisco Public Bank has been endorsed by the
San Francisco Democratic County Central Committee, Harvey Milk Democratic Club, Rose
Pak Democratic Club, San Francisco Latino Democratic Club, Richmond District Democratic
Club, San Francisco Tenants Union, San Francisco Rising Alliance, Alliance of Californians
for Community Empowerment, California Faculty Association - San Francisco State University
Chapter, California Nurses Association - Northern California Chapter, Democratic Socialists of
America - San Francisco Chapter, and San Francisco Berniecrats; and
WHEREAS, On July 15, 2018, the California Democratic Party adopted a Resolution
supporting the creation of state-chartered public banks; and
WHEREAS, The California Department of Business Oversight (DBO) oversees the
operation of California’s state-chartered banks, and the only licenses available for depository
banks are commercial, industrial, and credit unions; and
WHEREAS, The State of California does not currently have a public banking charter
option, whether at the municipal, regional or state level, providing a major obstacle in the
efforts to explore a public bank and preventing public banks from obtaining a banking charter
and becoming operational; and
WHEREAS, As a result of the lack of a public banking charter option, many California
local governments must hold their assets with large out-of-state commercial banks, who
charge local governments fees to hold their deposits and perform their cash management
services; and
WHEREAS, Assembly Members David Chiu and Miguel Santiago have authored
Assembly Bill No. 857, which would provide an option for local governments to apply for a

Supervisors Fewer; Walton, Brown, Ronen, Haney
BOARD OF SUPERVISORS
WHEREAS, Assembly Bill No. 857 would provide more control, transparency, and self-
determination in how local taxpayer dollars are leveraged in the banking system by allowing
local government to charter their own public banks; and

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

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

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

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

RESOLVED, That the San Francisco Board of Supervisors supports the continued
efforts in San Francisco to create and operationalize a municipal public bank; and, be it
FURTHER RESOLVED, That the San Francisco Board of Supervisors supports Assembly Bill No. 857 and urges the California State Assembly to pass the bill; and, be it

FURTHER RESOLVED, That the San Francisco Board of Supervisors hereby directs the Clerk of the Board to send a copy of this Resolution to the California State Assembly and the Governor of the State of California.
Resolution supporting California State Assembly Bill No. 857, the "Public Banking Act", authored by Assembly Members David Chiu and Miguel Santiago, to allow local government to apply for a state banking charter to establish a public bank.

April 16, 2019 Board of Supervisors - ADOPTED

Ayes: 11 - Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 4/16/2019 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board

4/26/2019
Date Approved