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

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

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

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

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

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

WHEREAS, Some of the biggest commercial banks, including JPMorgan Chase, Citibank and U.S. Bank, prioritized the applications of their wealthiest clients before turning to other loan seekers, and their denials disproportionately impacted people of color-owned businesses; and
WHEREAS, California taxpayer money is currently held in private commercial banks that often engage in socially and environmentally destructive practices, including predatory lending practices targeting low-income communities of color, fossil fuel extraction, firearms, prisons and detention centers, and which charge government entities high interest rates on loans for retrofitting our schools and hospitals; and

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

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

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

WHEREAS, The Bank of North Dakota serves as evidence that a state-owned public bank is not only viable but can have deep and long-lasting positive impact on the economic development of a state, its residents and businesses; 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, California State Assembly Bill No. 310 was authored by Assembly Member Miguel Santiago and co-authored by Assembly Members David Chiu, Buffy Wicks, Ash Kalra, Lorena Gonzalez and Mike Gipson, and Senators Ben Hueso, Lena Gonzalez and Scott Weiner, to deepen investments in California residents and small businesses while creating
more economic independence from large commercial banks that too often do not represent the public interest; and

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

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

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

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

WHEREAS, The creation of a California State Public Bank is part of the larger financial ecosystem that compliments municipal and regional public bank efforts to break our dependence on Wall Street and large commercial banks; and
WHEREAS, Governor Gavin Newsom and other state elected leaders have repeatedly
publicly supported a public state bank, calling for an economy independent of corporate
influence; and

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

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

FURTHER RESOLVED, That copies of this Resolution be sent to the following parties:
Governor Gavin Newsom; Senator Scott Wiener; Assembly Member David Chiu; Assembly
Member Phil Ting; Mayor London Breed; Treasurer and Tax Collector Jose Cisneros; and the
San Francisco Office of the Controller.
Resolution supporting California State Assembly Bill No. 310, authored by Assembly Member Miguel Santiago and co-authored by Assembly Members David Chiu, Buffy Wicks, Ash Kalra, Lorena Gonzalez, and Mike Gipson, and Senators Ben Hueso, Lena Gonzalez, and Scott Weiner, to restructure the Infrastructure and Economic Development Bank as a depository public state bank to aid in recovery efforts related to COVID-19 and the subsequent economic recession.

July 28, 2020 Board of Supervisors - ADOPTED

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

I hereby certify that the foregoing Resolution was ADOPTED on 7/28/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved

Unsigned

8/7/2020

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

Date

8/10/2020