

# What Others Are Saying About Establishing Government-Run Public Banks

"A municipal bank could easily be the wrong tool. Some of the economic models illustrate that San Francisco would incur billions in losses to eventually, maybe have such a bank function effectively. There are hundreds of thousands of low-income San Franciscans who urgently need housing, social services, healthcare, transportation, education, childcare, job training, legal aid and more. Are we willing to accept the trade-offs that will be required to launch a municipal bank that will materially decrease our ability to provide these things to San Francisco families?"

Ben Mangan, Executive Director, Center for Social Sector Leadership at UC Berkeley; San Francisco City and County Treasurer Jose Cisneros' **Press Release on *Municipal Bank Feasibility Task Force Report***; March 22, 2019

"...as the Assembly Banking and Finance Committee was told by several witnesses, it would undermine the liquidity of local community banks, create unfair competition to those banks, and disrupt the pooled money investment accounts that county treasurers maintain for other local governments.

From that standpoint alone, AB 857 is very flawed. But that's just the beginning of its dangerous aspects.

At the very least, local politicians would be under terrific pressure to provide funds from their banks for cockamamie schemes that can't pass muster with regular banks."

Dan Walters, "Commentary: Some bills are silly, and some are just dumb," ***Sacramento Bee***, April 28, 2019

"The reason so few localities have moved ahead with the public bank idea is that they soon discover it's a really expensive, complicated and risky business, particularly when it involves taxpayer dollars."

"...there is good reason to question whether a Bank of L.A. would be a good deal for taxpayers. A public bank runs the risk of political interference, as elected officials might put pressure on the bank to make risky loans to and investments in favored individuals, causes and communities."

***Los Angeles Times Editorial***, "Charter Amendment B is one of the most ill-conceived, half-baked ballot measures in years. Vote no", September 20, 2018

"If approved to open, the bank will then require just under \$1 billion in capital, will lose money for 12 years before the bank is able to pay dividends sufficient to fully provide a return on the invested capital and begin repaying that capital, and the state of California will not begin receiving net dividends until 25 to 30 years after the bank opens, or sometime between 2050 and 2055."

***California State Backed Bank Feasibility Study Report*** prepared for the California State Treasurer's Officer; December 27, 2018

"Approximately 29 public banks were chartered and operated between 1917 and 2017. All public banks have ceased to exist either by regulatory order, financial failure, or the state or municipality closing the public bank, with the sole exceptions of the Bank of North Dakota and the recently approved American Samoa Bank."

***California State Backed Bank Feasibility Study Report*** prepared for the California State Treasurer's Officer; December 27, 2018