

# BUSINESS AND ECONOMIC DEVELOPMENT (BED)

Resolution BED-22-32

## ESTABLISHING PUBLIC BANKS

WHEREAS, there is significant economic inequality and access to banking services among African Americans in the United States, according to a 2019 report by McKinsey & Co, which stated that Black households have problems getting access to mortgage credit;

WHEREAS, discrimination has resulted in credit characteristics among Black households which are weaker than White households, according to an Urban Institute report;

WHEREAS, a public bank is a financial institution created by a state, city, county, town, village, or a federal government for a "public benefit" to the community, state, or the nation;

WHEREAS, the municipality, state or federal government that creates a public bank that can make public deposits into the public bank;

WHEREAS, the public bank could exist in unbanked and underbanked communities—ones that have little to no access to quality banking services;

WHEREAS, city and state governments pay many billions of dollars to banks and investors in interest on loans issued for public objectives;

WHEREAS, public banks and public financing options can save billions of dollars for state and local governments by making below-market loans;

WHEREAS, there are numerous federal programs that help provide low interest loans to government through programs like the Transportation Infrastructure Finance and Innovation Act, the Drinking Water State Revolving Loan Fund, the Clean Water State Revolving Loan Fund, and the recently created STORM Act which established the Resilience Revolving Loan Fund;

WHEREAS, the public bank could: fund local projects at a reduced cost; generate profits for local government to hold the line on taxes, finance infrastructure, provide access to credit for communities of color and minority- and women-owned business enterprises (MWBs), refinance student debts and provide low-cost student loans, and provide financial assistance to farmers;

WHEREAS, the Bank of North Dakota, founded in 1919, is currently the only public bank that exists in the United States, although there are many public banks in Europe and elsewhere;

WHEREAS, the Bank of North Dakota has consistently been awarded an "A" rating by the major credit rating agency Standard & Poor's, demonstrating the highest possible levels of confidence in the bank's standards, practices, and credit worthiness;

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WHEREAS, the Bank of North Dakota secured more federal Paycheck Protection Program (PPP) funds for small businesses than their competitors in any other state relative to the state's workforce;

WHEREAS, over the last decade, nearly half the states and Congress have introduced legislation to establish a public bank; and

WHEREAS, the State of California enacted a law in 2019 allowing municipalities to form a public bank.

THEREFORE BE IT RESOLVED, that the National Black Caucus of State Legislators (NBCSL) will work with its partners to establish public banks because public banks can fund local projects at a reduced cost, generate profits for local government to hold the line on taxes, finance infrastructure, provide access to credit for communities of color and minority- and women-owned business enterprises (MWBs), refinance student debts and provide low cost student loans; and provide financial assistance to farmers;

BE IT FURTHER RESOLVED, that the NBCSL supports full funding for Transportation Infrastructure Finance and Innovation Act, the Drinking Water State Revolving Loan Fund, the Clean Water State Revolving Loan Fund, and the recently created STORM Act; and

BE IT FINALLY RESOLVED, that a copy of this resolution be transmitted to the President of the United States, the Vice President of the United States, members of the United States House of Representatives and the United States Senate, and other federal and state government officials and agencies as appropriate

**SPONSOR: Senator James Sanders, Jr. (NY)**

**Committee of Jurisdiction: Business and Economic Development (BED) Policy Committee**

**Ratified in Plenary Session: December 2, 2021**

**Ratification certified by: Representative Billy Mitchell (GA), NBCSL President**