



Legislation to Establish a State Public Bank

H975/S632 FILED TO CREATE MASSACHUSETTS PUBLIC BANK

H975 has been filed by Rep. Mike Connolly and Rep. Antonio Cabral.
S632 has been filed by Senator Jamie Eldridge.

Under the legislation, the state public bank will be established to benefit our communities and local businesses. The bank will be capitalized with \$200 million in state funds deposited over four years. Its deposits of approximately \$1.4 billion will be drawn from existing state revenues currently invested out-of-state. The State Treasurer is the sole depositor of funds in the bank.

Priorities: The MA Public Bank will make loans to

- help our cities and towns across the state meet their needs with affordable financing rather than having to depend on the bond market
- support small and medium-sized businesses providing livable wages, especially in underserved communities including in our rural communities
- create jobs by
 - helping expand businesses and finance new businesses
 - supporting cooperative business including worker-owned co-ops
 - providing financing for businesses for which traditional financing is not available
- addressing the historic and current economic inequities experienced by underserved communities, their neighborhoods and businesses by providing affordable loans, including to organizations working to address the results of such racial injustice
- providing affordable financing to women-owned businesses and for organizations promoting women's economic and social equity
- increase available affordable housing across the state by working in tandem with state agencies
- strengthen our local state-chartered banks by joining with them to make loans benefiting our local communities
- provide further local financing by joining with Community Development Financial Institutions (CDFIs) and Community Development Corporations (CDCs)
- promote sustainable agricultural production by local farms and help address food insecurity

- support initiatives to mitigate the grave dangers of climate change and to promote substantial reductions in greenhouse gas emissions

Currently most of the state's revenues are deposited in the Massachusetts Municipal Depository Trust (MMDT) which invests those funds across the country and around the world.. The Treasurer **will not** draw out state funds designated for deposit in local banks. To the contrary, the public bank will work through local banks because much of its lending will be done in partnership with these local banks through participation loans.

When the state deposits a portion of its revenues into the MA Public Bank, the state's revenues will benefit our state many times over because the bank's funds will operate as part of the larger circulation of funds which constantly flow through the banking system. This will allow the state to offer credit at better terms and for longer periods than it could do without the ability to operate as a bank.

The bank will have a robust governing structure.

- Board of Directors: 9-members with professional banking expertise including the State Treasurer, 4 members appointed by the Governor, and 4 members appointed by the State Treasurer
- Board of Advisors: 18 members appointed by the Governor who represent
 - local municipalities
 - underserved neighborhoods
 - small businesses particularly in underserved neighborhoods
 - other businesses lacking access to needed credit
 - sustainable agriculture and food security
 - climate change and green finance
 - environmental justice
 - interests of workers including wages and working conditions
 - community economic development such as community development financial institutions (CDFI's)
 - local banks and credit unions

The MA Division of Banks, which has reviewed the proposal for the public bank, will have regulatory oversight of the MA public bank, just as with any bank in the state.

Endorsing organizations include:

Metropolitan Area Planning Council (MAPC), Metropolitan Mayors Coalition, MA Budget & Policy Center, the Boston Foundation, BECMA, Boston Ujima Project, Boston Workers Circle, Boston Impact Initiative, Environmental League of MA, Sierra Club, King Boston, YW Boston, Neighbor to Neighbor, Community Economic Development Center.

For more information, www.masspublicbanking.org