



Why a State-Owned Public Bank Is Good for New Mexico

What is a Public Bank?

Public Banks are owned by the people through their representative governments: a city, a county, a regional authority, a state, or a tribe, for the purpose of benefiting the community. Legislation will enable New Mexico to create a state public bank.

How is a Public Bank different from privately owned banks?

- Bank decisions are guided by a public mission or purpose established by the public.
- Its purpose is to benefit the whole public and it does not accept individual accounts or serve private shareholders.
- It accepts and invests public funds (taxes, fees, and fines), keeping them circulating in the state.
- Its decisions are fully transparent and accountable to the public, unlike privately owned banks.
- It works in partnership with community banks, credit unions, and Community Development Financial Institutions (CDFIs) to make loans that enhance local communities.

Will state government run the bank?

- No. A Public Bank would be operated by professional bankers who make all bank financial decisions independent from the government entity.
- There are strong protections between the public interest and inappropriate political influence.

How does a Public Bank benefit the community?

- It may invest in local economic and community development, such as small businesses, low-income housing, enhancing our food system, roads, buildings, parks, water and air safety, broadband, and transitioning to sustainable energy.
- Its loans can replace expensive bonds for public projects, thereby lowering project costs with lower interest rates and returning the interest to the public bank.
- Bank profits from these investments can help fund new community services and projects.

Would a Public Bank Compete with Community Banks or Credit Unions?

No. A public bank works together with Community Banks, Community Development Financial Institutions, and Credit Unions to enhance the local economy. For example:

- Private local lenders (PLLs) do not make loans for public projects, but they benefit when the contractors who do public projects borrow from them for their interim financing and make deposits.
- A public bank can provide low interest funding to community banks and credit unions for economic development and infrastructure loans they do not typically make.
- Through a cooperative arrangement – as in North Dakota – a public bank can help reduce regulatory costs for community banks and credit unions.

Building grassroots power to successfully advocate for social, racial, environmental, and economic justice.

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- While community banks and credit unions do not make loans for public projects, they benefit when the contractors who work on public projects borrow from them. Money from these interim financing loans is deposited locally, thereby enhancing the local community.

Are Public Banks Safe?

- Public Banks make conservative, local investments; they are not vulnerable to the risk of loss associated with global investment banks.
- A Public Bank holds a bank charter and must comply with the rules, regulations and independent audits required under that charter.
- A Public Bank is managed by professional bankers and governed by qualified community members.

What are Other Examples of Public Banks?

- The highly successful Bank of North Dakota has been owned and operated for the benefit of the people of North Dakota for 98 years. The *Associated Press* reports that in 2017, the Bank of North Dakota (BND) recorded its 14th consecutive year of record profits, with \$145 million in net earnings. BND has helped North Dakota maintain a low unemployment rate, large state government budget surpluses, a robust network of community banks, and high credit availability even during economic crises.
- In the United States, there are initiatives to establish Public Banks in more than twenty-three cities, counties, regions, states, and tribes.
- The Sparkassen Savings Banks in Germany have supported thriving communities for more than 200 years.
- Public Banks worldwide hold 40% of public funds (taxes, fees, and fines).

Supporters of a New Mexico Public Bank

Center for Emergent Diplomacy	Pace Fund NM
Central PDA New Mexico	Renewable Taos
City of Albuquerque	Sacred Wind Communications
City of Las Cruces	San Miguel County
Cooperative Catalyst of New Mexico	Santa Fe City Council
Credit Union Association of New Mexico	Santa Fe County
Empowerment Congress of Doña Ana County	Santa Fe Green Chamber of Commerce
Guadalupe Credit Union	Southwest NM Green Chamber of Commerce
Healthy Soil Working Group	State Employees Credit Union
Indivisible San Juan	T or C Brewing Co.
Las Cruces Green Chamber of Commerce	Upspring
Las Vegas Peace & Justice Center	Veterans for Peace
NM Working Families Party	350.org New Mexico
New Mexico Women	350 Santa Fe

What is the Alliance for Local Economic Prosperity?

The Alliance for Local Economic Prosperity is a statewide coalition of concerned citizens with the mission to explore and advocate for a more democratic society with economic justice for all, through Public Banks that keep our state's dollars at work in NM. For more information, go to aflep.org.

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