California’s local governments are projecting calamitous revenue shortfalls due to the COVID-19 pandemic. Local governments will be forced to cut critical services such as schools, food programs and public health, which will disproportionately harm communities of color. Small businesses, particularly those owned by disadvantaged and underrepresented people of color, that have been forced to close may never return. Now is the time to invest directly in local governments and small businesses to aid the economic recovery.

AB 310 provides relief for local governments and small businesses without increased taxes and austerity measures. By converting the existing California Infrastructure Bank (IBank) into first a revolving loan fund and then a depository bank, and by using California’s available Pooled Money Investment Account (PMIA) to fund the new bank, elected leaders can lead California and their constituency into a resilient, regenerative 21st century economy.

OUR STATE BANK WILL CREATE JOBS FOR CONSTITUENTS.

Small and medium-sized businesses remain the core economic driver for California. Working with all available stimulus funds and federal programs, the state bank will provide small and medium-sized businesses with needed lending and capital access to develop and scale, and will ensure the continued functioning of critical services. The public bank would conform to the same standards set by unions, bolstering wages and a more equal distribution of power towards labor.

OUR STATE BANK WILL PROVIDE STABLE FINANCING.

The state public bank would accept deposits and handle accounts for California local agencies and governments, functioning for local agencies as a credit union functions for individuals. This would offer local governments savings on fees and interest they are currently paying to Wall Street banks.

OUR STATE BANK WILL CREATE A STRONG ECONOMY.

California pays billions per year in interest to private banks which are reaping record profits from COVID-19 manipulations. Nearly 50% of the cost of all state infrastructure projects goes towards paying interest and fees. Money from our cities and counties, deposited into the new public bank, will fund public projects, cut the cost of infrastructure needs in half. A state bank can leverage capital up to ten times—every dollar of capital enables ten dollars of loans, providing funds for needed projects from affordable housing to climate change infrastructure to hospital and school expansion.