

Public Banking for New Mexico

An initiative of the
Alliance for Local Economic Prosperity

The Bank of North Dakota's Success Could Be the Public Bank of New Mexico's

- Founded in 1919 with \$2 million in capital, (BND) reported assets of over \$7 Billion in 2017.
- BND is highly profitable, with an ROI of 18% for 2018.
- BND posted its 15th year of record profits at \$159 million in 2018.
- BND originated or renewed 17,299 loans totaling \$1.33 billion in 2018.
- Community banks are thriving because of their partnerships with BND.
- North Dakota has the lowest unemployment rate in the nation.
- BND has added to North Dakota's annual operating budget \$300 million+ over the past 10 years.

Comparison of New Mexico & North Dakota General Characteristics

New Mexico

2.1 Million Population
4.6% Unemployment
\$45,000 Median Income
Substantial Oil & Gas Revenue,
subject to peaks & valleys
Agriculture Important
National Labs
Public Lands Reduce Tax Base
Border State
Cultural Center – Santa Fe
Water Supply Insufficient
Prone to Drought & Fires
Tourism Dependent
Hispanic, Native, Anglo
62% Loan to Deposit Ratio in NM Banks

North Dakota

700,000 Population
2.6% Unemployment
\$57,000 Median Income
Substantial Oil & Gas Revenue,
currently low
Agriculture Important
100+ Nuclear Missile Installations
Public Lands Reduce Tax Base
Border State
Cultural Center – Fargo
Water Supply Sufficient
Prone to Severe Flooding
Somewhat Tourism Dependent
Native, Anglo
87% Loan to Deposit Ratio in ND Banks

Comparison of State Revenues Generated by Permanent or Sovereign Funds

State Revenue Provided by New Mexico Permanent Funds in 2017 Annual Budget Year

\$5.6 Billion Annual Operating Budget, 2017

\$24 Billion held by New Mexico State Investment Council's four endowment funds, sometimes called a Sovereign Investment Fund

\$840 Million or 15% of State Operating Budget Contributed by Sovereign Investment Fund

Revenue Provided by North Dakota Permanent Funds in 2017-18 Portion of Biennial Budget Year

\$2.15 Billion Annual Portion of Biennial 2017-19 Operating Budget

\$4.2 Billion held by North Dakota's Legacy Fund, its Oil & Gas funded Sovereign Investment Fund

\$100 Million or 4.6% of the 2017-18 Portion of Biennial Budget Derived from Sovereign Investment Fund, The Legacy Fund

\$70 Million or 3.2% of the 2017-2018 Portion of Biennial Budget Derived from **Bank of North Dakota**

\$124 Million or 5.7% of the 2017-18 Portion of Biennial Budget Derived from the Strategic Investments and Improvements Fund

\$91.5 Million or 4.25% of the 2017-18 Portion of Biennial Budget Derived from ND Tax Relief Fund

\$385.5 Million or 17.5% of State Operating Budget Contributed by ND Sovereign Investment Funds and the Bank of North Dakota

2017 Comparison of NM Investment Council Funds to Bank of North Dakota

New Mexico State Investment Council Funds

\$24 Billion in 4 Endowment Funds

Fund ROI 15%

\$840 Million Transfer to New Mexico Annual State Operating Budget

Bank of North Dakota Annual Report

\$7 Billion in BND Assets

\$825 Million in Capital

Bank ROI 17%

\$140 Million Transfer to North Dakota Biennial Budget General Fund

\$4.909 Billion BND Loan Portfolio

- \$232 Million in Agriculture Loans Funded/renewed
- \$1.175 Billion in Business Loans Funded/renewed
- \$122 Million in New Home Loans, Bringing Portfolio to \$762 Million
- \$192 Million New or Refinanced Student Loans Bringing Portfolio to \$1.406 Billion

\$145.3 Million in BND Profit

SOURCES:

Second Chart:

<http://www.sic.state.nm.us/about-the-sic.aspx>

<https://www.nd.gov/omb/agency/financial/state-budget>

NOTE: North Dakota State Government Budgets are for two years; numbers represent ½ of the biennial budget for 2017-19.

Third Chart:

<http://www.sic.state.nm.us/about-the-sic.aspx>

<https://bnd.nd.gov/annual-report/>

NOTE: These numbers are from the Bank of North Dakota 2017 Annual Report.