



**Alliance for Local  
Economic Prosperity**

*Keeping Our Public Funds Safe, Local and Working*

**MEDIA RELEASE**

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## **HB 75 The Public Banking Act has Sponsors from the New Mexico House & Senate**

*Senator Jeff Steinborn (D Las Cruces) has joined Representative Patricia Roybal Caballero (D Albuquerque) to sponsor HB 75, prefiled prior to the opening of 2022 Legislative Session.*

*"At this time of economic diversification, the creation of a public bank would be a powerful new tool to help create economic development and community infrastructure in New Mexico. It would help support a greater number of opportunities and needs, through generating a return on investments for New Mexicans. This is the right time to do it," said Senator Jeff Steinborn.*

*"While Senator Steinborn has been the driving force behind the concept of establishing a public bank for the last three years, anyone who has followed my work, knows 'persistence' is in my DNA when it comes to advancing social and economic justice initiatives for those who need it most," Representative Patricia Roybal Caballero said, continuing, "Once I understood the benefits of a state-owned bank for taxpayers, our public funds and especially rural economic development, I became a supporter – and this year am sponsoring the Public Banking Act, HB 75."*

*"There's some misinformation circulating that suggests a state-owned bank would compete with community banks and our state finance institutions. Not true. A public bank will help grow business for community banks and our governmental finance institutions by allowing more access to capital and increased investment in small businesses and rural communities," said Representative Caballero.*

**HB 75** is based on the work of a bank planning committee, whose members included state credit union leaders, former community bankers and a finance professor at UNM Anderson School of Mgmt., which spent more than a year developing the Public Bank of New Mexico business model and financial scenarios.

As modeled, the bank would show profit in the second year even with start-up costs included in their calculations. Operating costs for the bank will not require annual appropriations from the legislature but come initially from the \$50 million to capitalize the bank and ultimately from capital accrued as loans

are repaid and interest income is generated. Lending programs will address current gaps for investment in entrepreneurial programs, smaller size loans and longer-term loans. These are not loan types typically made by community banks and seldom made in New Mexico by the large multinational banks that dominate the financial scene here.

With the enactment of HB 75, the Public Bank of New Mexico would be created as a "banker's bank" and not a retail bank offering services directly to individuals and businesses as customers. The bank would be owned by the state and managed by its independent board and the bank officials hired by its board.

<https://www.nmlegis.gov/Sessions/22%20Regular/bills/house/HB0075.pdf>

As outlined in the bill a Public Bank of New Mexico is receiving broad support from the state's credit union community.

**Winona Nava**, President and CEO of Guadalupe Credit Union, believes *“Partnership lending by the state bank working with credit unions, community banks and CDFIs will more fully address the community economic development needs of our future. As a local community credit union, we know that many people lack access to capital. Pandemic recovery funds will end by 2023 and some projections say fossil fuel revenue will begin to decrease next year; so, to function at more than a status quo level in our economic development and to fund Empower and Collaborate, the aggressive 20-year NM Economic Development Plan released in late 2021, we should add a state-owned public bank to our finance system.”*

*“The bank board created by this bill assures the Public Bank of New Mexico would be transparently and democratically run, in contrast to boards of directors who are often stockholders in private banks and do not require reporting to the public except in summary audit statements. This board would include four people with strong community economic development experience, four with finance, investment and/or banking experience and three state officials—the State Treasurer, the CEO of the New Mexico Finance Authority and the Secretary of Economic Development.”* – **Harold Dixon**, (former) President and CEO of State Employees Credit Union and (former) Chairman of the Board for Credit Union Association of New Mexico.

The Public Bank of New Mexico would be one of several banks in which New Mexico revenue from taxes, fees and other public funds are deposited. Several national banks currently serve as depository banks for New Mexico with the lead being Wells Fargo. At any given time the state has \$3–7 billion on deposit in these accounts.

HB 75 calls for a one-time appropriation of \$50 million to capitalize the bank from the General Fund. In a moderately conservative projection, and with no additional appropriation from the legislature, that capitalization will grow to nearly \$113 million in seven years making possible almost \$1 billion in lending.

Efforts are now focused on getting hearings scheduled to include the \$50 million capitalization in this session's appropriations with the House Commerce and Economic Development Committee and the House Appropriations and Finance Committee.

**Eric Griego**, co-founder of SEED NM, past Albuquerque City Councilman, State Senator and NM Economic Development Assistant Secretary, (who recently joined the AFLEP Advisory Board), sees significant impact from a public bank on local communities saying, *“Areas of need that we are learning more about through community conversations across the state, include solar installations, local food processing and distribution, and such a bank could increase the funds available for investments in small businesses, entrepreneurs, farmers and other product innovators who are developing regenerative, sustainable practices that address the challenges of climate recovery.”*

Public banks are gaining popularity in the aftermath of the 2008 Recession and near-collapse of Wall Street banks, with as many as 23 municipal, regional and state initiatives now underway to establish public banks across the country.

Currently there is one long-term (over 100 years old), public bank – the Bank of North Dakota. American Samoa recently chartered a public bank – the Territorial Bank of American Samoa – in 2018. Numerous attempts at public banking in the early 20<sup>th</sup> century were quickly quashed by the financial interests of ‘Gilded Age Robber Barons,’ with only the Bank of North Dakota remaining beyond their reach.

<https://bnd.nd.gov/>

<https://www.americanbanker.com/news/american-samoa-finally-gets-a-public-bank-and-us-states-are-watching>

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## **ABOUT AFLEP**

The Alliance for Local Economic Prosperity (AFLEP) is a nonprofit, grassroots think tank advocating for a state public bank. New Mexico’s revenue (taxes and fees) is now largely invested in global banks outside the state, missing opportunities to invest in the economic needs of New Mexico *communities*. AFLEP is the successor to Santa Fe based *Banking on New Mexico* and *Public Banking for Central New Mexico* in Albuquerque, formed to study the benefits of – and to advocate for – a Public Banking for New Mexico as a tool to keep New Mexico revenue local, safe and working for New Mexicans. The organization’s mission is to promote local control of the management and investment of local resources through democratic decision-making for the common good.

### **Alliance for Local Economic Prosperity**

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