



Alliance for Local Economic Prosperity

Keeping Our Public Funds Safe, Local and Working

MEDIA RELEASE

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Commerce and Economic Development Hearing Sets Agenda for Public Banking Movement in Preparation for 2023

(For Immediate Release, Santa Fe) **The Public Banking Act, HB 75**, introduced by Representative Patricia Roybal Caballero (D-Bernalillo), co-sponsored by Senator Jeff Steinborn (D-Doña Ana), was tabled by a 6 to 3 vote in the Commerce and Economic Development Committee of the House after a two-and a half hour hearing Monday, January 31. Thirty supporters of the proposed legislation spoke in its favor and 16 spoke in opposition.

Voting to table the proposed legislation were the Committee Chair, Antonio Maestas (D-Bernalillo), ranking Republican Rebecca Dow (Grant, Hidalgo & Sierra), Kelly Fajardo (R-Valencia), Jane Powdrell-Culbert (R-Sandoval), Joshua Hernandez (R-Sandoval), and D. Wonda Johnson (D-McKinley & San Juan); with Vice Chair Natalie Figueroa (D-Bernalillo) excused. Voting to continue the bill's consideration this legislative session were Majority Floor Leader Javier Martínez (D-Bernalillo), Majority Whip Doreen Gallegos (D-Doña Ana), and Linda Serrato (D-Santa Fe).

Although Committee Chair Maestas favored tabling the legislation in this year's short session, he urged supporters of a Public Bank of New Mexico to continue their efforts, saying, *"You need to get this out on the campaign trail, get some commitments from folks and have someone in the Executive Branch champion it, to make it happen."* Maestas concluded, *"This is a whole new world in which we know, learning from the Great Recession...that government must play a role in development of this economy, and New Mexico has to make some serious decisions over the next 5 – 10 years, whether it's going to grow or not. And I think this (public bank) is a key component of that growth."*

The Chair's sentiments were echoed by Representative D. Wanda Johnson who, after voting to table, explained, *"Thank you Senator and Representative for bringing this bill forward. I wanted to share, I used to live in Bismarck, North Dakota, living among wonderful people, community and Native tribes. Bison*

country and home of our sacred Badlands. While I give a shout out to the state of North Dakota and its unique success in creating a public bank, I need to first hear from my constituents regarding their concerns of this bill, especially with the Fiscal Impact Report (FIR), so that is why I voted NO today. And it doesn't mean I don't support the overall goal to improve our state's economy and to provide these funding opportunities."

During the hearing, Senator Steinborn emphasized that there had been *"a lot of dialogue with all affected agencies, with the State Treasurer, Economic Development, the Governor's Office and the New Mexico Finance Authority."* He pointed out that under this legislation, *"the bank itself will underwrite the expenses of its operations."*

Among those speaking in favor of the bill were Gary Payton, Coalition of Sustainable Communities; Nancy M. Bearce, Bernalillo County Treasurer and Chair of NM County Treasurers; Pam Roy, Coordinator, NM Food and Agriculture Policy Council; and John Muñoz, Past President of Hispano Chamber of Commerce.

Speaking in opposition, several private bank officials from around the state mounted arguments that are routinely, and inaccurately, made across the country by stockholder-owned bank leadership. Objections were raised to a Public Bank duplicating the work of the State's finance authority. AFLEP Executive Director, Angela Merkert, responded that, *"in fact, unlike the New Mexico Finance Authority, a Public Bank, could expand the supply of available funds by creating credit, greatly enhancing its capacity to drive economic development."* Like any private bank, a Public Bank would be able to extend substantially more credit than its cash in hand.

Opponents raised the issue of the safety of deposits, to which Senator Steinborn responded explaining that a Public Bank's deposits would be protected *"the same way other funds we appropriate are protected . . . that we guarantee as a state government. This bill,"* he said, establishes *"lots of criteria that we don't have in law for the New Mexico Finance Authority, that it (a Public Bank) has to follow. . . banking principles of procurement, transparency and oversight, professionally managed similar best practices."*

Harold Dixon, former President and CEO of State Employees Credit Union, and Board Chair of CUANM, served as AFLEP's expert witness. He spoke to the concerns of political influence of a state-owned bank, saying, *"the last thing we need are politicians running banks in New Mexico. . . the provisions that are in the Bill allow for professionals to be running the organization with oversight from a Board of Directors that is not just made up of State personnel, but also outside professionals; a good mix of private and public sector."*

Private bankers' talking points suggested that there were adequate funds in the private sector to meet New Mexico's loan needs, but Representative Roybal Caballero disagreed, telling the Committee that the proposed public bank would increase the availability of loans to individual communities and community organizations. *"That's exactly what this public bank is positioned to do,"* explaining that in her 40+ year career as a director of non-profit organizations, *"one of the hardest things we had to do . . . was to look for financing as a community-based organization because there were no resources available for our type of neighborhood revitalization projects."*

Representative Javier Martinez concurred, saying, *"I think more work needs to be done on the concept, to think about how it connects with NMFA and private banks, but I think this leap of faith is really worth looking at seriously, because for a place like New Mexico ... a lot of people call us POOR . . . I don't think we're poor at all... we have a great deal of land, natural resources and 'tons of money stashed under different mattresses'. We just haven't figured out how to deploy all of those resources and if this is one of the ways we can deploy for the benefit of communities across the state, so be it."*

The opposition also echoed the inaccurate, but often made, suggestion that the public banking movement as failing nationally, when the facts suggest the move toward creation of additional state and municipal Chartered Public Banks in the US is healthier than it has ever been. Angela Merkert responded, pointing out *"the number of feasibility studies going on around the country is quite extensive and there are a number of those states and larger urban areas which are proceeding with their implementation plans for public banking."* *"California,"* she said, *"has legislation that permits up to seven regional public banks and New York City and New York State are moving theirs along."*

While HB 75 will not be further considered during this session, AFLEP leadership was energized by the hearing. *"We found it especially heartening,"* Angela Merket said, *"that not only did many members of the Committee recommend we continue our work toward establishing a Public Bank of New Mexico, but they offered concrete suggestions detailing how the bank should be developed, asking for more nuts-and-bolts detail on cooperative relationships between the state-owned bank and Community Banks and how authorities and State departments would function."*

The entire 2:20 hour proceedings of the House Commerce and Economic Development Committee Hearing on HB 75 can be watched and heard at: *(The Public Banking Act portion of the Hearing begins at 3:10 hour mark)* <https://sg001-harmony.sliq.net/00293/Harmony/en/PowerBrowser/PowerBrowserV2/20220204/-1/68464>

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 Bank of 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.

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