

# MARYLAND PUBLIC BANKING

FACT SHEET

## TOP TEN FACTS OF PUBLIC BANKING

1. Public Banks: Are owned by the people of a state, city, community, or nation;
2. Serve as the depository for local government funds (city or state taxes, fees, etc.);
3. Are required to benefit the public by serving local community needs;
4. Can save state and local governments millions or even billions of dollars, by cutting out middlemen and private shareholders, eliminating fees, and financing projects at lower interest rates;
5. Reinvest bank profits into the community, providing a new source of income for cities and states and a source of funding for projects such as infrastructure, renewable energy and affordable housing;
6. Are run, not by politicians, but by qualified bankers serving a public mission;
7. Provide accountability and transparency to the public for bank decisions, avoiding the risks of Wall Street's speculative gambling;
8. Create new jobs and spur economic growth by supporting local small businesses;
9. Partner with and support rather than competing with local community banks;
10. Can lend during times of stress and crisis, helping to sustain a healthy local economy.

**SOURCE: Public Banking Institute**  
<https://www.publicbankinginstitute.org>

## PUBLIC BANKING: AN OPPORTUNITY FOR MARYLAND

The Abell Foundation published a July 2019 report on how public banking is an opportunity for the city of Baltimore and Maryland. The report also found:

- Public banks, owned by state or municipal governments and dedicated to public service, have a proven track record of promoting local economic development and financial inclusion in the U.S. and abroad.
- Since the 2008 financial crisis, banks have continued to aggressively close branch offices, transitioning from offering financial services through physical bank buildings to offering banking services online further pulling services away from local communities.
- Maryland can learn from other governments that created public banks. The Bank of North Dakota was established in 1919, is the sole depository for North Dakota state funds, and supports a robust local development agenda.

**SOURCE: "The Municipal Banking Movement: An Opportunity for Baltimore"**  
<https://abell.org/publications/municipal-banking-movement-opportunity-baltimore>

# HB41 ESTABLISHES MARYLAND PUBLIC BANK TASKFORCE

## CONTACT:

DELEGATE STEPHANIE SMITH (D-45)

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Delegate Stephanie Smith (D-45) is the primary sponsor of HB41 (2021 Session) which will establish a Maryland State Bank Task Force to review and evaluate the creation of a Maryland State Bank and report its findings and recommendations to the Governor and certain committees of the General Assembly.

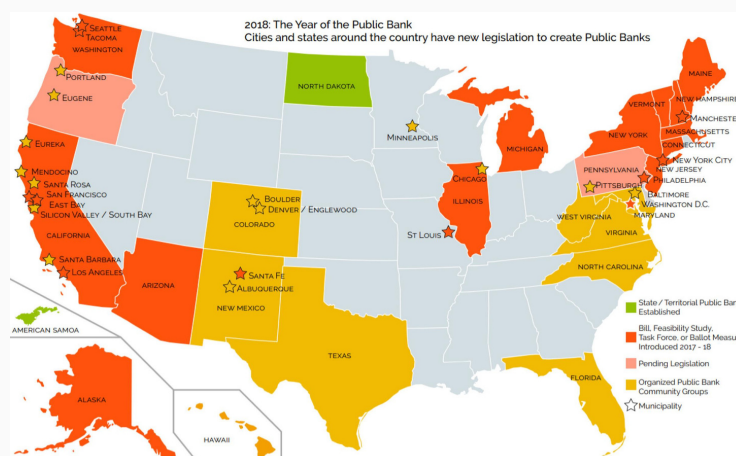
## TASKFORCE MEMBERSHIP

The Maryland State Bank Task Force will consist of 17 appointed members including members of the Maryland General Assembly, the State Treasurer (or designee), the State Comptroller (or designee), the Secretary of Commerce (or designee), financial regulators, labor, economic advocates and academic researchers.

## SCOPE OF TASKFORCE

Perform a general assessment of the State's current network of public and private financial resources for the purpose of identifying potential areas of State bank focus, including how a State bank may:

- strengthen the economic and community development needs of Maryland;
- provide financial stability through its investments in other financial institutions;
- reduce the cost paid by State government for banking services;
- generate earnings beyond those necessary for the continued operation of the trust, which could be used to supplement the General Fund of the State;
- examine how a State bank may support a strong private sector financial community that would provide capital for businesses in Maryland;
- examine various administrative and operational structure organizing a State bank, including boards of directors, sources of deposits, oversight and audit of financial activities, and guarantees of financial products;
- consider options for integrating a State bank model into the existing State financial services network, including ideas such as lending capital to banks, credit unions, and nonprofit community development financial institutions; and
- examine the long-term impact of creating a Maryland State Bank on economic growth, job creation, and State revenues.



Source:  
Public Banking  
Institute (2018)