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Ways and Means Committee

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB0041: Maryland State Bank Task Force - Establishment

Bill Hearing: March 23rd, 2021, 1:00 PM, Senate Finance Committee

Chairwoman Kelley, Vice Chair Feldman, and Members of the Finance Committee,

HB0041 aims to establish a 17 member Maryland Public Bank Taskforce, which will review and evaluate the creation of a public Maryland State Bank. The task force would perform an assessment of the state's current public and private network of financial institutions for the purpose of identifying community needs, which the new state bank would aim to target. The aims of the Maryland State Bank include:

- strengthening the economic and community development needs of Maryland;
- providing financial stability through its investments in other financial institutions;
- reducing 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; examine the long-term impact of creating a Maryland State Bank on economic growth, job creation, and State revenues.

Public banks are owned by the people of the state, city, community or nation that they are in. They serve as a depository for local government funds and are required to benefit the public by serving local community needs. A public bank also saves the state and local government money by cutting out the middleman and private shareholders, eliminating fees, and are able to finance projects at much lower rates.

I urge you to vote favorably on HB0041.

Sincerely,

Delegate Stephanie Smith