

**Testimony to the Senate Finance Committee  
HB41: Maryland State Bank Task Force-Establishment  
Position: Favorable**

March 23, 2021

The Honorable Delores Kelley, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, Maryland 21401  
cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial inclusion and economic justice for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

MCRC is in strong support of HB 41. HB41 would establish the creation of a task force to study the creation of a Maryland State Bank.

This past year, the global pandemic coupled with the economic crisis that followed has created conditions of economic hardship and suffering throughout the state. There is a need to meet this moment with transformative public policy. A task force to consider the formation of a Maryland State Bank is a practical first step in determining the role a public bank might play in Maryland.

Banks play a critical role in providing financial products and services to Maryland families. Banks also provide loans to small business owners, home buyers, and to a number of community development projects. While there is a great need of creative capital and new products that provide sustainable and affordable loans to working families, in many cases, banks have fallen short of realizing these opportunities.

Brick-and-mortar bank branches have been closing. In recent months, PNC, Capital One, Fulton, and FNB have all closed branches in Maryland. Bank of America closed 8 full-service branches in Baltimore in the past 10 years—all in majority-Black neighborhoods, even when deposits were growing at the branch. These closures often leave communities without a full bank branch and increase reliance on high-cost, alternative financial products.

The Community Reinvestment Act (CRA) requires banks to serve the communities that it takes deposits from through affordable lending and other products and services. Yet, even when banks provide mortgage and business lending below their competitors, they often pass CRA exams. CRA is an important tool but it needs to be strengthened and modernized.

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A public bank may provide competition and spur traditional banks to compete for business in underserved communities, or it may complement traditional banks as the Bank of North Dakota does and provide capital, loans, and innovative products designed to invest in neighborhoods that traditional banks have disinvested from or who are unwilling to make more creative investments.

HB41 creates a workgroup comprised of a diverse set of stakeholders to study the issue and provide recommendations about how Maryland should proceed.

For all of these reasons, we support HB41 and urge a favorable report.

Best,

Marceline White  
Executive Director