



County of San Bernardino



Ensen Mason CPA, CFA • Auditor-Controller/Treasurer/Tax Collector

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MASON CALLS PUBLIC BANKING BILL ‘RECIPE FOR DISASTER’

San Bernardino, CA — San Bernardino County Auditor-Controller/Treasurer/Tax Collector (ATC) Ensen Mason today blasted Assembly Bill 857, which would authorize thousands of public agencies in California to form their own public banks. “This proposal is a recipe for disaster. It would result in massive waste of time and taxpayer money in studies, consultants, and staffing for yet another government overreach,” noted Mason. “The potential for political interference and fraud is great, and the potential reward is small. Banking is an extremely complicated, expensive, and risky business. Many governments can’t keep their own financial houses in order now. How could they possibly also manage money for thousands of others in the future?”

The bill is also strongly opposed by the California Association of County Treasurers and Tax Collectors (CACTTC), who point out that their members could not deposit county funds into a public bank because of their fiduciary responsibilities. Even among proponents of the bill, there are different opinions about what such a bank should do. Potential goals include financing low-income housing, offering banking services to people without bank accounts, and serving as banks for cannabis businesses. Many of these social goals are already the subject of large government programs, and banking for businesses deemed illegal under federal law is dangerous for state and local governments.

There is no assurance that banking regulators at the state and federal levels would even allow a public bank to open. A proposed bank would have to meet high professional banking standards and convince regulators that its routine operations and decision-making processes for making loans were insulated from political pressure and influence from donors to the elected officials of the government entity governing the bank. There is only one public bank in America at the state or local level – the Bank of North Dakota. It was formed a hundred years ago and partners with banks and credit unions to make loans to businesses. Dozens more have been tried and failed for various reasons all over America. A few years ago in California, then-State Treasurer John Chiang commissioned a study on the viability of a public bank aimed at serving the cannabis industry. The study found that such a proposal carried unacceptable degrees of legal, schedule, mission, and financial risks.

“The size and scope of government needs to decrease, not expand”, concluded Mason. “AB 857 is a dangerous step in the wrong direction and would be a financial bottomless pit for taxpayers.”

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