

REFERENCE TITLE: state-owned bank task force.

State of Arizona  
Senate  
Fifty-third Legislature  
First Regular Session  
2017

## **SB 1265**

Introduced by  
Senators Dalessandro: Cajero Bedford, Contreras, Farley, Hobbs, Mendez,  
Peshlakai

AN ACT

ESTABLISHING A STATE-OWNED BANK TASK FORCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. State-owned bank task force; members; duties;  
3 delayed repeal

4 A. A state-owned bank task force is established within the Arizona  
5 commerce authority, consisting of the following members who are appointed  
6 by the chief executive officer of the Arizona commerce authority:

7 1. The superintendent of financial institutions or the  
8 superintendent's designee.

9 2. A representative from the Arizona commerce authority.

10 3. A representative from the department of administration.

11 4. A representative from the corporation commission.

12 5. A representative from the state treasurer's office.

13 6. A representative from the department of revenue.

14 7. A representative from the Arizona department of agriculture.

15 8. A representative from a bank that has a permit that is issued  
16 pursuant to title 6, chapter 2, Arizona Revised Statutes.

17 9. A representative from a public bank advocacy organization.

18 10. A representative from the economic research department of each  
19 university under the jurisdiction of the Arizona board of regents.

20 B. The superintendent of financial institutions or the  
21 superintendent's designee shall serve as the chairperson of the task  
22 force.

23 C. Task force members serve without compensation but are eligible  
24 for reimbursement of expenses pursuant to title 38, chapter 4, article 2,  
25 Arizona Revised Statutes.

26 D. The task force shall explore and evaluate the feasibility of  
27 establishing a state-owned bank. The task force shall review and evaluate  
28 the following:

29 1. The bank of North Dakota, including its enabling statutes,  
30 governing structure and programs.

31 2. The findings from studies conducted by the state of  
32 Massachusetts relating to establishing a state-owned bank, including the  
33 report of the commission to study the feasibility of establishing a bank  
34 owned by the commonwealth.

35 3. Models used in other states and by financial institutions.

36 4. The effectiveness and usefulness of an existing state-owned  
37 bank, specifically the economic impact of having a state-owned bank.

38 5. Any effects a state-owned bank will have on existing banks and  
39 financial institutions in this state.

40 6. The long-term broad economic impact and long-term job creation  
41 and state revenue effects of having a state-owned bank.

42 7. The capital requirements of a state-owned bank.

43 8. Initial capitalization options for a state-owned bank.

44 9. The cash management and banking needs of this state.

1           10. An estimate of the short-term operating costs and projected  
2 revenues of a state-owned bank.

3           11. The laws, statutes and rules applicable to establishing a  
4 state-owned bank, including the possibility of amending the Constitution  
5 of Arizona to make a state-owned bank in this state viable.

6           E. The task force shall also consider other programs or options  
7 that could serve the same purposes or achieve the same goals as a  
8 state-owned bank, including:

9           1. Boston Community Capital's SUN (Stabilizing Urban Neighborhoods)  
10 initiative or the programs of other similar community development  
11 financial institutions if the task force reviews Boston Community Capital  
12 as a model of a nonprofit community development financial institution that  
13 both:

14           (a) Buys distressed mortgage loans of owner-occupied residential  
15 property.

16           (b) Provides new mortgages to the homeowners.

17           2. Loans and financial assistance offered by the United States  
18 small business administration if the task force considers whether any  
19 barriers or restrictions exist for small businesses in Arizona seeking  
20 financial assistance.

21           3. Any agricultural loan program or loan guaranty program at the  
22 federal and state levels if the task force considers whether any barriers  
23 or restrictions exist for small businesses in Arizona seeking loans for  
24 agricultural businesses.

25           4. Any investment authority that uses existing staff from several  
26 state agencies to promote, develop and invest in clean energy and energy  
27 efficiency projects if the task force both:

28           (a) Reviews whether an investment fund can leverage its capital to  
29 provide low-cost financing to clean energy and energy efficiency projects  
30 in which a commercial bank would be less likely to invest.

31           (b) Investigates how such an investment authority would be funded.

32           F. For the purposes of subsection E of this section, the task force  
33 may:

34           1. Establish investigative subgroups.

35           2. Invite experts in relevant fields, including banking, finance,  
36 economics and community development, to provide information and assistance  
37 to the task force.

38           G. The task force shall submit a report of its findings and  
39 recommendations to the governor, the president of the senate and the  
40 speaker of the house of representatives on or before December 1, 2017 and  
41 shall provide a copy of this report to the secretary of state.

42           H. This section is repealed from and after September 30, 2018.