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LA Voters Overwhelmingly Reject City-Owned Bank.

LOS ANGELES (CBSLA) – Los Angeles voters Tuesday overwhelmingly rejected the proposed creation of a city-owned bank, something first suggested more than a year ago as a way to finance local entrepreneurs and affordable housing while also potentially creating a safe avenue for marijuana businesses.

By a margin of 57 to 42 percent, voters soundly rejected Measure B, which would have amended the city charter to allow it “to establish a municipal financial institution or bank.”

The L.A. City Council unanimously in June to place the ballot measure before voters.

Since City Council President Herb Wesson introduced the idea last year, the city council’s Ad Hoc on Comprehensive Job Creation Plan Committee has held several meetings on the topic, but many of the key details on how or if the city could actually create its own bank remain unanswered.

Wesson’s motion acknowledged the uncertainty, noting, “There are many milestones that must be met in order to achieve the formation of a municipal bank. Changes in federal and state law are necessary and significant decisions regarding the governance structure of a municipal bank must be made.”

In December of last year, lawyers with the City Attorney’s Office told the committee the public bank would be subject to the same laws that any other bank is when it comes to marijuana businesses. And since marijuana is still a Schedule 1 drug at the federal level, accepting deposits from cannabis businesses could violate the Banking Secrecy Act and open the city and employees at the bank to potential liability, the attorneys said.

However, there are efforts both at the state and federal level to change laws that would allow cannabis businesses to freely use banks, including the SAFE Banking Act, which is under consideration by a Senate committee and would make banking legal for the cannabis industry in states that allow the sale of the drug.

No city in America has its own bank, and the only public bank in the nation is the Bank of North Dakota, which was created in 1919.

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