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California Local Governments Gain a Pathway to Establish Public Banks.

Cities and counties would be able to create up to 10 public banks where governments could deposit money under a bill the state's governor signed into law this week.

Legislation that California Gov. Gavin Newsom signed into law this week clears the way for cities and counties to form and own public banks, an idea that has drawn interest in recent years both in and out of the state, while also spurring opposition from the banking industry.

The law authorizes local governments in California to deposit their money in public banks and to invest in them as well. Supporters say localities are currently forced to deposit their money in large out-of-state banks that prioritize profits rather than local priorities.

Public banks, they contend, would be better positioned to offer financing with attractive interest rates for things like public infrastructure projects, affordable housing and small businesses.

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Route Fifty

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