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New Jersey Edges Toward First Public Bank to Bypass Commercial Lenders.

- **North Dakota is only U.S. state to own bank; it opened in 1919**
- **State-run bank would be 'a force for good,' Murphy says**

New Jersey Governor Phil Murphy took a first step toward the potential creation of a state bank that would encourage some loan seekers to bypass commercial lenders.

Murphy, a retired Goldman Sachs Group Inc. senior director, signed an executive order on Wednesday creating a panel to study how to establish the bank, as he had promised prior to taking office in January 2018. A report is due in 12 months.

"I still believe in the ability of a public bank, owned by the people of New Jersey, to be a force for good," Murphy, a first-term Democrat, told an audience Wednesday in Newark.

Such an institution would keep cash in state, Murphy said. Loans likely would be at rates lower than those from commercial banks, contributing to economic growth, he said.

North Dakota is the only U.S. state that permits such an institution, whose risk is shouldered by taxpayers. California Governor Gavin Newsom last month signed legislation allowing counties and municipalities to form public banks.

"We want to work with community banks," Murphy said. "But it turns out a lot of those dollars go to money-center banks, including non-U.S.-headquartered banks."

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