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## Philadelphia Inches Closer to Creating a Public Bank.

Philadelphia is one step closer to creating a public bank, a taxpayer-owned financial institution owned by a government body rather than private investors.

**Why it matters:** Black and brown businesses have more difficulty obtaining credit compared to their white counterparts. A public bank is supposed to be a way to provide loans and boost access to credit for business owners of color.

- Black Philadelphians make up 44% of the city's population but only about 6% of businesses with employees. Latinos make up about 15% of the city's population but only make up 4% of businesses with employees.

**What they're saying:** "If we're able to take those businesses and give them more access to credit to help their cash flow, they can hire more people ... and by doing that, hopefully we can reduce the poverty in our city," Councilmember Derek Green, who spearheaded this effort, said.

**Between the lines:** Philly can't make its own bank immediately because Pennsylvania doesn't have legislation to allow cities to do that.

- The bill that passed last week is a workaround. It created the Philadelphia Public Finance Authority, which will issue letters of credit to guarantee loans to businesses borrowing from private banks.
- The city and PPFA will then work together to create a third entity to directly receive and manage city money. Green hopes this is a way to create the future public bank

**How the PPFA would work:** The mayor will appoint a nine-member board of directors to oversee the bank, and they will serve six-year terms.

- Those directors will then create a separate policy board that conducts the day-to-day operations and is responsible for creating the lending and investment policies and executing the approval process for letters of credit. The policy board will be made up of members with finance, business and community engagement experience.

**Zoom out:** The Bank of North Dakota and The Territorial Bank of American Samoa are the only two public banks in the U.S.

**What's next:** The city still needs to find resources for this to work, and that won't be finalized until the budget passes later this year.

- The mayor then needs to appoint the board of directors.
- Green told Axios he hopes the PPFA will be operational by the end of the year.

**Axios**

by Taylor Allen

Mar 7, 2022

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