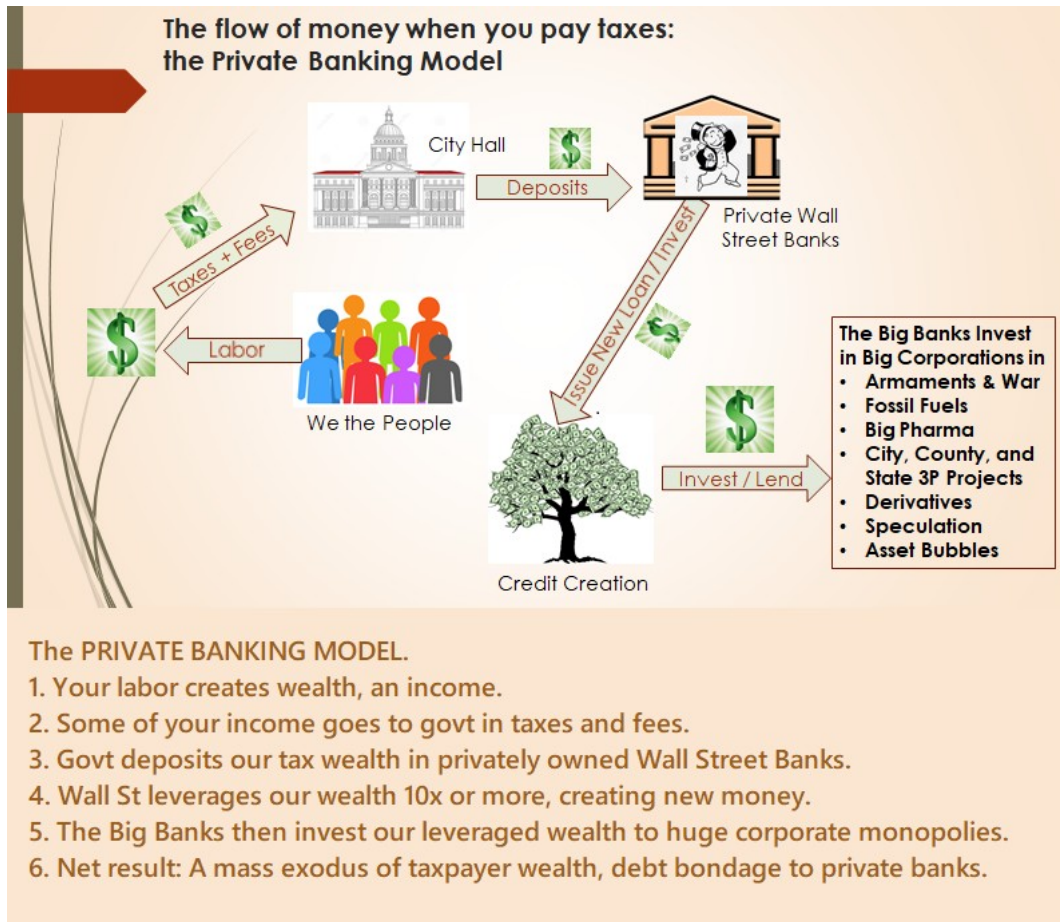


# Establishing a Mendocino County Public Bank

Offered by Patrick Hentschel

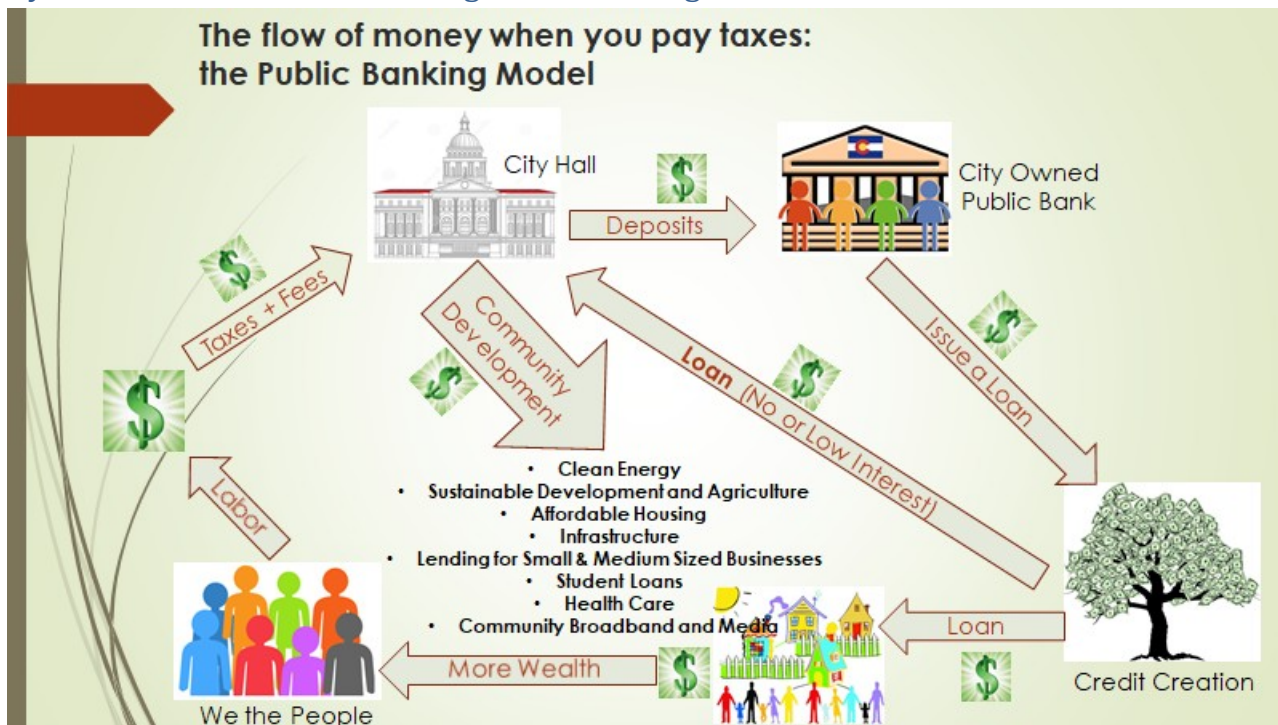
## The Current Flow of Money When Paying Taxes – The Private Banking Model

The private banking model is the overwhelmingly dominant model used by every city, county, and state, with a few exceptions (State bank of ND, Chickasaw Tribe, American Samoa).



- In addition to the above points, cities, counties, and states, after depositing our taxes in Wall Street banks, turn once again to the same private banks when they need money for infrastructure projects, costing taxpayers huge sums in interest payments alone, often doubling the cost.
- In this model, Credit Creation, that enormous power to create money, is in private hands, serving the private interests of Wall Street bankers, and the monopolies they create in fossil fuels, petrochemicals, plastics, and armaments.
- Studies show that the Giant Wall Street banks invest in Big Corporations, often creating monopolies in every sector of the economy, in fossil fuels, in petrochemicals, in plastics, and in armaments – namely, the very industries responsible in large measure for this Climate Crisis, and the 6<sup>th</sup> Mass Extinction Event. Source: [https://www.ran.org/bankingonclimatechange2020/?fbclid=IwAR3801js2wi\\_5PSu-TgnmhNmS1rljhoz1MAzIJ2GcLq9ZkZkPNvC8G-bl08#data-panel](https://www.ran.org/bankingonclimatechange2020/?fbclid=IwAR3801js2wi_5PSu-TgnmhNmS1rljhoz1MAzIJ2GcLq9ZkZkPNvC8G-bl08#data-panel)

## By Contrast, The Public Banking Model is Designed to Serve the Public Good



### The PUBLIC BANKING MODEL

1. Your labor creates wealth in the form of money or an income.
2. Part of your money is paid in taxes to your city, county, or state government.
3. Your government deposits your taxes in a publicly owed, City-, County-, or State-Public Bank, chartered to serve the community being taxed.
4. The public bank, working with local community banks, issues loans to the community, and provides no-interest loans for government projects, leveraging taxpayer taxes 10x or more, making a Green New Deal a real possibility.
5. The circle of money is complete, an engine for a sustainable economy is created.
6. More wealth is added to the community, and a dynamic feedback loop ensues.

- In the Public Banking Model, taxpayer taxes are directly invested in the community being taxed, through a bank owned by them, and chartered to serve the public good. Small Business loans, low-cost or no-cost student loans, and city, county, and state infrastructure projects can easily be financed as taxpayer wealth is leveraged 10 times or more.
- In this model, the powers of Credit Creation are rightfully returned to the people who benefit directly from their tax contributions. Money is kept in the city, or county, or state, instead of taking flight to Wall Street as it presently does.

### A Mendocino Public Bank – The Broad Contours

- In October of 2019, Governor Newsome signed into California Law, the Public Banking Act (AB 857), which allows for the creation of city and county Public Banks. The Bill can be read here: [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201920200AB857](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB857)
- Unfortunately, the Bill restricts the establishment of public banks to 2 per calendar year.
- The bill also requires applicants to be, as I read it, a Charter City or Charter County. Mendocino presently is not a Charter County. But it can be.
- [I'm consulting with other PBI members with other options.]