

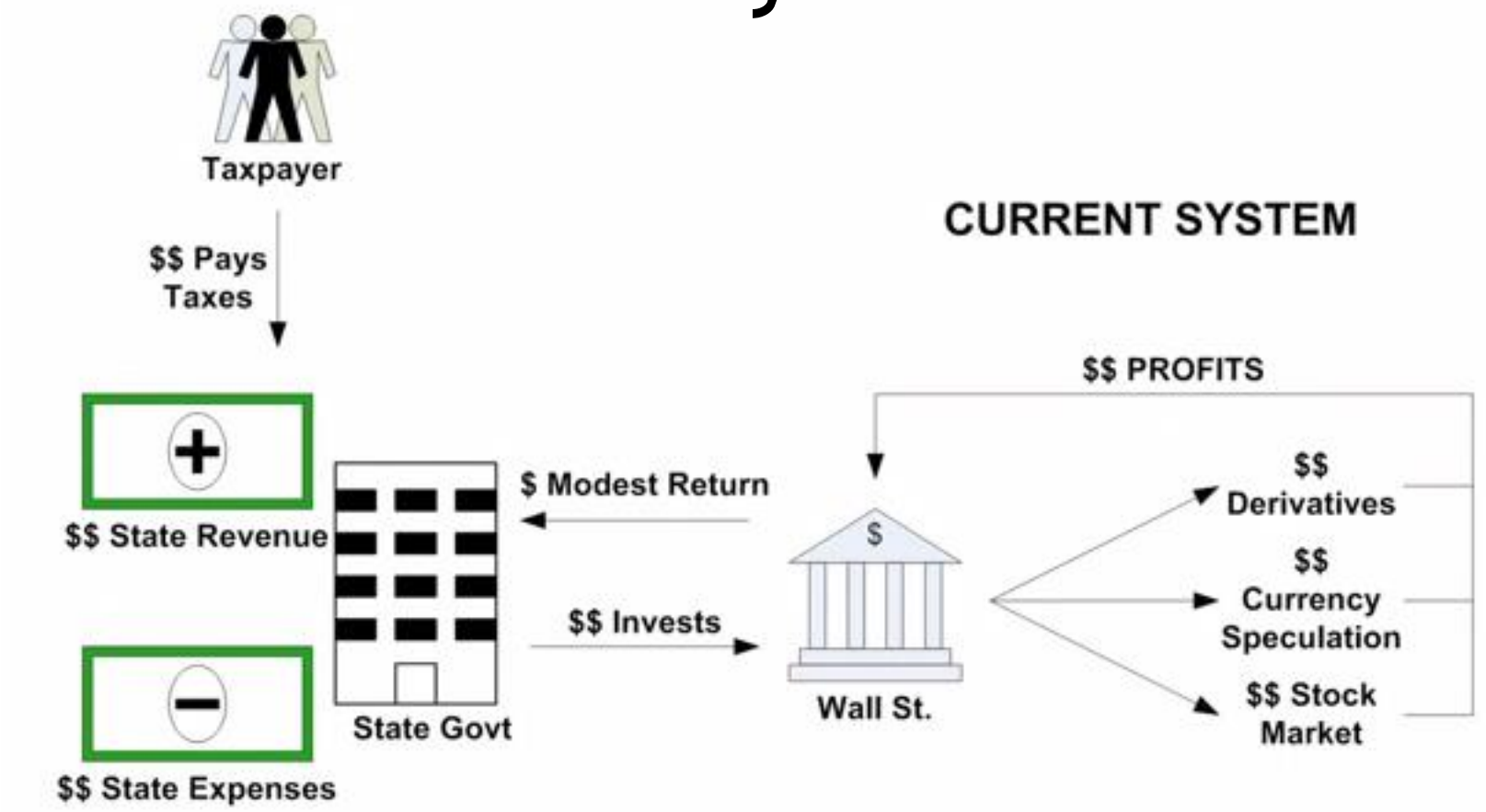
Top 10 Ways Public Banking Can Boost Arizona's Economy

Public & Commercial Banks Have Complementary Services

- Public Banks
- Invest taxpayer funds locally for public good
- Infrastructure projects (roads, bridges, parks, etc.)
- Consumer debt relief (re-finance or strike debt such as student loans or underwater mortgages)
- Low-cost loans for local businesses, entrepreneurs, farmers, and students (backed by the public bank and managed by a community bank)

- Commercial Banks & Credit Unions
- Savings accounts
- Checking accounts
- Credit cards
- Auto and home loans
- Business loans
- Other personal loans, lines of credit, bank products
- Counter services (ie, notary, check cashing)

The Current System: Where Our Money Goes



Top 10 Ways Public Banking Can Boost Arizona's Economy

10: Finance Infrastructure Projects

- Roads are full of potholes
- Bridges and freeways are deteriorating
- Improvements delayed due to austerity cuts
- Hurts competitiveness and productivity, while increasing transportation costs to business
- And it's not safe!

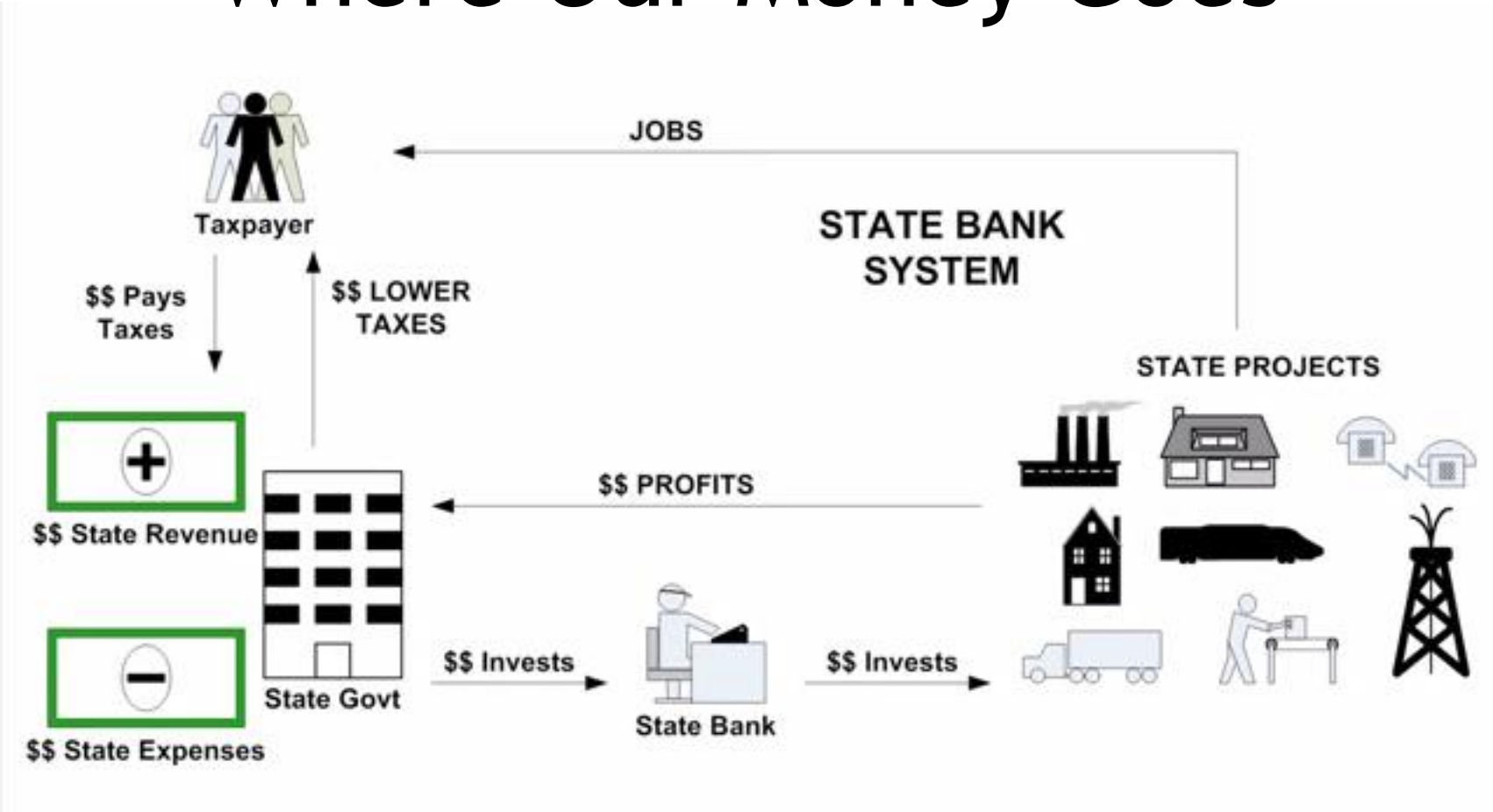
Use public funds to fix and build infrastructure and make Arizona more competitive and safer. State bank can lend to local governments at low rates, saving money.

9: Create Good-Paying Jobs

- Thousands of workers have been laid off since the Wall Street Crash of 2008-09
- Majority of newly created jobs are low-wage and/or part-time
- Arizona is lagging behind other states on creation of good-paying jobs
- Families are struggling

Infrastructure jobs, research jobs, banking jobs, small business jobs will be created with investment on Main Street

The Public Banking System: Where Our Money Goes



8: Provide Low-Cost Business Loans

- Small businesses need money to expand
- Wall Street banks aren't lending locally and are pulling out of some border communities
- Community banks are going out of business
- Many businesses choose not to expand or use credit cards to expand

Through community banks, public banks can back low-cost loans to local businesses, farmers and entrepreneurs, thus growing the economy

7: Strengthen Community Banks

- 10 Arizona community banks failed between 2010-2013; 12 are still in operation; 23 institutions
- North Dakota (only state with a public bank) has *population of Pima County* and more than 87 financial institutions
- Arizona businesses need money; community banks want to loan it

As a ‘wholesale bank’, public banks partner with community banks to make low-cost loans

6: Offer Low-Cost Student Loans

- Businesses need an educated workforce
- College tuition keeps rising due to budget cuts
- Students often take on massive debt to get a degree

Low-cost student loans would open the doors of the universities to more students, strengthen the university system, create university jobs, and build the workforce of the future

5: Excuse/Refinance Personal Debt

- College graduates are paying $500-1500/month or more on student loan debt but can't find good-paying jobs after graduation
- Arizona was one of the hardest hit states in the housing crash
- Arizonans continue to lose their homes due to underwater mortgages
- People turn to high-interest pay day loans and credit cards to make ends meet
- Banks avoid refinancing loans

5: Excuse/Refinance Personal Debt

- The middle class is struggling
- Millennials can't buy homes, cars and can't start families
- When consumers are saddled with debt, they cut their budgets and buy only what they need

Public banks can buy personal debt for pennies on the dollar. They can excuse the debt or refinance it. Refinanced debt would become an asset and an income stream for the bank *and* help citizens.

4: Fully Fund Public Education

- After Wall Street Crash, states lost millions
- During austerity cuts, Arizona Legislature cut public education too much and courts agreed
- Arizona owes public education ~$317 million for one year and more than $1.7 billion total
- This is on top of Arizona's existing budget shortfall

Business leaders and education advocates have said Arizona needs educated workforce to compete. Public bank profits could pay back the schools.

3: Foster University-based Spin-Off Businesses

- University-based scientists make discoveries and create inventions
- To bring inventions to market, they seek venture capital on Wall Street
- Creative scientists are lured away from Arizona

Supplying research seed grants to scientists and start-up funds for new ideas/inventions keeps high-paying jobs and research spin-offs here.

2: Protect Taxpayer Funds from Wall Street Gamblers

- Stock market has boom and bust cycles
- Federal, state and city budgets, personal finances, jobs, houses– all were hit hard (or lost) during 2008-09 Wall Street crash
- Wall Street is not stable

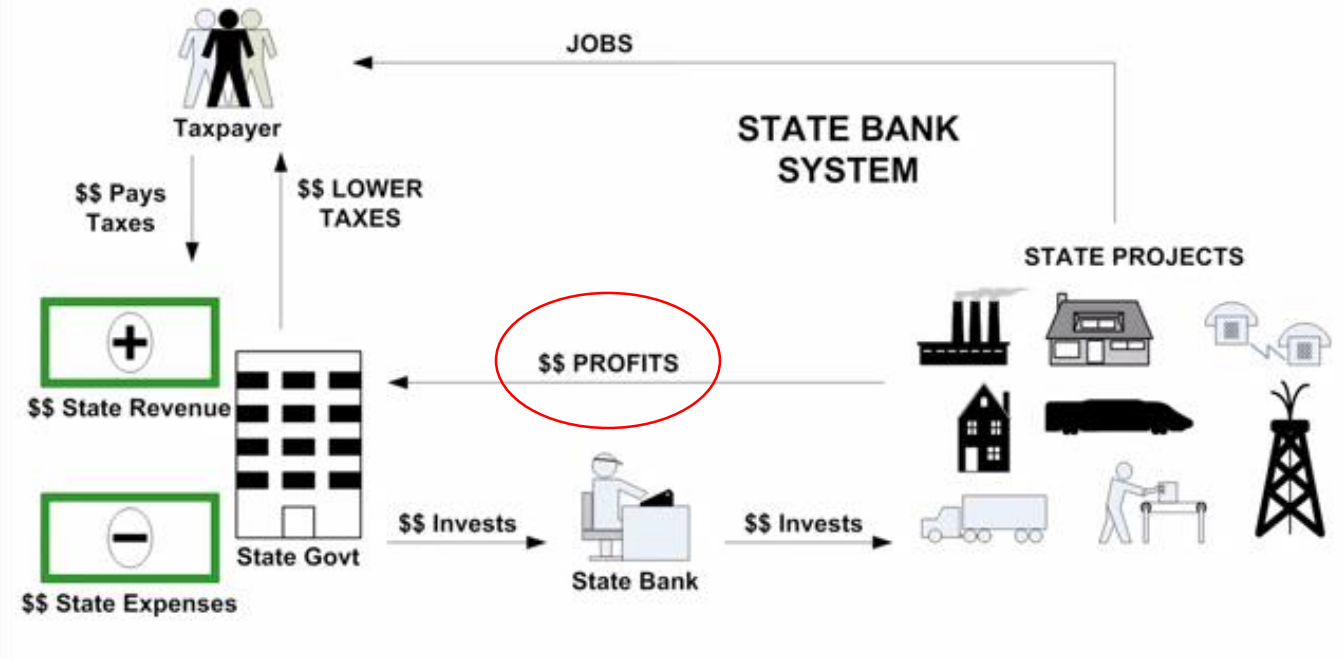
Public banks are safer than Wall Street. State banks invest locally and work with community bankers who know clients. They avoid risky investments.

1: Nonpartisan Economic Solution to Generate Revenue

- Arizona is broke
- Politicians lack the political will to raise taxes to efficiently run the state
- Arizona has one of the lowest and most regressive business tax rates in US– yet politicians want to cut taxes (and thus revenue) even more
- Arizona citizens are suffering from low wages, high unemployment, high sales tax, faltering economy, poor jobs outlook…

1: Nonpartisan Economic Solution to Generate Revenue

- Public banking can generate revenue without raising taxes. This is why public banking has bipartisan support.



Next Steps…

- Feasibility Study: gather baseline data
  - Access to credit by local businesses
    - Can local businesses get money to grow? Are banks lending? Are businesses using pay day loans or credit cards to expand?
  - Community bank vs Wall Street bank lending practices
    - What is the status? Who's lending how much to whom?
  - Status of community banks
    - Are they healthy?
  - Survey of personal debt
    - Are citizens in need of debt relief from student loans and underwater mortgages?
  - What is the status of Arizona's infrastructure?

Next Steps…

- Follow bills in the Legislature
- Sign up as supporter
- Join mailing list
- Host a house party
- Suggest events where we can present
- Follow Arizonans for a New Economy on Facebook, Twitter (@AZPublicBank), and blog (http://ArizonaPublicBanking.org)

Thank You!

Arizonans for a New Economy

Jim Hannley and Pamela Powers Hannley
Co-Directors

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