

Academic report touts benefits of state bank

By **Vince Calio**, April 10, 2018 at 2:59 PM

A state bank would create almost 100 jobs and boost gross state output by \$15 million-\$21 million annually, according to a report prepared for the **William J. Hughes Center for Public Policy** at Stockton University.

The report, "Exploring a Public Bank for New Jersey: Economic Impact and Implementation Issues," was prepared by Economics Professor Deborah Figart at Stockton University, in response to Gov. Phil Murphy's ongoing support for the creation of a state bank.

It estimates that every \$10 million in new credit or lending by a state bank would yield between \$15 million and almost \$21 million in gross state output and between \$3.5 million and \$5.2 million in state earnings, and create between 60 and 93 new jobs as the result of additional lending.

Figart also recommends that Murphy create a team of independent consultants to conduct a feasibility study for the proposed bank and that the team focus on answering several questions, including:

- What are the unmet state needs in economic development and infrastructure, and what is the estimated cost of those needs?
- Where are deposits of all the state assets currently held, and what are the balances of all of the state liquid assets by financial institution?
- What is the estimated economic impact of the State Bank of New Jersey on Gross State Product, Employment, Earnings, and Value-Added?
- How will the State Bank of New Jersey be capitalized initially? Through issuing public
- bonds?
- Who will be required to deposit liquid funds in the State Bank of New Jersey? Only state departments in the executive branch of government? Would state authorities, agencies, and state-supported higher education institutions be required to deposit funds in the State Bank of New Jersey, and under what conditions?

"The exiting empirical research demonstrates that state banks would increase total lending within a state rather than [take from] local lending by local community banks working within their communities," Figart told NJBIZ in an email. "This can seem unexpected but lending is not a zero-sum game."

More From This Industry

- **Bills would restrict state pension fund investment options**
- **Poll: Residents give thumbs up to Murphy**
- **High-tech tax credit zones proposed for New Jersey**
- **Sports betting in NJ not likely until June, officials say**



Vince Calio

Follow @vincejcalio

Vince Calio covers health care and manufacturing for NJBIZ. You can contact him at vcalio@njbiz.com.

+ **Leave a Comment**

+ **2 Comments**
