

# New Banking Law Helps Communities— Finally!

by [Phil Kent](#) | Jun 26, 2019

SB 157 – unanimously passed by the General Assembly during the 2019 session– was signed into law by Gov. Brian Kemp last month before a group of community bankers. Yet its purpose and benefits have been widely under-reported.

The law allows community banks, many of which are in rural Georgia, to accept local government's funds and allows these banks in turn to reinvest and loan monies back into their own communities and spur economic activity. Such increased lending, of course, will spur business growth, jobs, and boost statewide economic activity.

Caric Martin, senior vice president of the Vinings Bank in Smyrna, shares the view of many community bankers when InsiderAdvantage asked him for his opinion of the new law that he wishes could have been passed years ago.

"My basic thought on government entities being able to use a Deposit Placement Service, authorized for government entities by SB 157, is that it puts deposits on Main Street and not Wall Street. Instead of community banks having to buy government bonds (Wall Street) the money will be lent out on Main Street. Because of rules limiting the size of loans for banks based on their capital levels, by default deposits placed in community banks will go to local small and medium size businesses, local agricultural concerns, local small commercial real estate projects and in many cases to mortgages," Martin explains.

"It is amazing to me that Georgia is the last state to allow the flexibility of using deposit placement services for government deposits," Martin says. "Think about how we might have bounced back quicker from the last recession if this rule had been in place earlier. I'm glad a few of the bureaucratic restraints in government and from lobbyists are gone with the passage and signing of SB 157.

"Seldom is heard an elected official saying the funds they control are the citizens' money. These funds should benefit the citizens of their jurisdiction not large banks (who often move these funds to projects outside of Georgia). What we need now are forward thinking elected officials and government entities – cities, counties, state agencies, authorities, any government body that has an operating checking accounts or reserve funds – to realize that, over time, using a deposit placement service to place their deposits in a bank in their community will be an economic generator," he emphasizes.

And the veteran banker adds a final comment: "SB 157 fits nicely with Governor Kemp's theme of Georgians First. It is time we demand that our elected officials understand the power of deposits and make our deposits work in our communities.