

As cities and towns across Oregon are trying to recover from the coronavirus, the big money center banks are not in a loaning mood to small businesses like restaurants and gyms because interest rates are so low today. Instead, the big banks are closing many of their branches in Oregon. The only operating public bank in the United States, the Bank of North Dakota, has 23,000 commercial loans outstanding to businesses throughout that state. We see a future in which towns and cities can use their ending balances, their large reserves and contingencies, to create a city bank, or as we call it in HB 2743, "a municipal bank". Loans go on the credit side of the bank's ledger, so, if Hermiston with its 18,000 population, for example, were to take \$3 million from its \$10 million reserves in each of three years, it could create a bank that could loan \$50 million to local businesses. That could create hundreds of local jobs and help to restore the local economy to its pre-covid status.

Many of the 36 cities in Oregon with more population than Hermiston use bonds today to fund their infrastructure projects. They pay huge fees for access to these bond funds. The Bank of North Dakota charges far less for funding public infrastructure projects in that state. Municipal banks, after they are well-established, can fund these projects for Oregon's cities. The Bank of North Dakota, operating in the public interest, also provides low interest loans to college students, financing their education. Public banks don't send the money back to Wall Street -- they keep it local. They don't compete with credit unions or local community banks. They work with them to help them serve the economy of the local community. The Bank of North Dakota doesn't take in consumer deposits, so FDIC insurance for deposits doesn't apply. Our model for municipal banks does not have them controlled by Mayors or City Councils, but by independent boards with experienced bankers sitting on them, adhering to prudent loan regulations.