

Re: HB 2743 Municipal Bank Bill

Chair Holvey, Vice-Chairs Bonham and Grayber, and Members of the House Business and Labor Committee, My name is Robin Bloomgarden, and I am with the Oregon Public Bank Alliance. I have been very much in favor of Public Banks in Oregon since before 2006'. I am writing / testifying in SUPPORT of HB 2743, Municipal Public Banking.

What HB 2743 does:

- Formally establish and define the term "municipal bank" in Oregon's banking statute.
- Simplify creation of a municipal bank by making FDIC insurance optional as long as the bank does not accept consumer or business deposits.
- Clarify how munibanks can serve as a depository for public funds. For every dollar of deposit and loan repayment, the bank's capacity to make loans increases several fold!

It ensures separation between a local government and their municipal banks by prohibiting cities from being stockholders or covering bank debts. Once created, a municipal bank must stand on its own without any financial ties to a city. A municipal bank is run by banking professionals, not politicians, according to the public mission as defined in its charter.

Why is municipal banking important for my community?

Oregon's cities pay millions of dollars in interest and fees to Well Fargo, US Bank, and other big banks. That money ends up lining the pockets of big bank CEOs and shareholders in other states rather than getting reinvested in our own communities. With public banks, all the money is kept local, and profits are reinvested back into my community.

Public banks can serve an important role and new tool for economic resilience and stability. Prominent examples include the Reconstruction Finance Corporation that funded New Deal job programs and helped pull the country out of the Great Depression, and the public Bank of North Dakota, which has given rise to one of the most robust banking environments of any state and helped that state weather economic downturns better than other states.

Rural communities in Oregon had one of the slowest recoveries from the 2008 recession with unemployment still at 5.5% in 2018. Municipal banks would expand access to capital by increasing capacity for credit unions and community banks to lend to small businesses, and local infrastructure projects, adding opportunities for hiring unemployed workers, and over time give a substantial boost in stability to rural communities.

Why I support HB 2743 now when there are so many other pressing needs?

While it may seem that there are more immediate concerns than creating public banks, it's important to think of our long-term needs. With federal help from Washington becoming less reliable and Salem less able to provide help, Oregon's cities can develop ways to help themselves. If we had public banks now, our communities would be in better shape to address the pressing needs of today, and tomorrow. We can't go back in the past, but we can take steps with new tools NOW to prepare our cities against the crises of tomorrow, and it takes very little effort today to show support for cities across Oregon who want to employ this tool for economic stability and resilience. The sooner we get started, the sooner we will have public banks available to help build a thriving economy and make us more resilient to respond to future economic shocks.

What HB 2743 does NOT do:

- It does NOT allocate state revenues. It is revenue neutral.
- It does NOT create new state agencies. Munibanks are regulated by the same agency that regulates other banks in Oregon.
- It does NOT put any new requirements on cities. Cities do not have to create municipal banks.
- It does NOT give any new powers to cities. Oregon cities already have the power to create municipal banks. It simply provides clarification if they choose to do so.

I am very much in favor of this Clarifying Legislation for the State of Oregon! This is the time to allow cities to create their own low-interest munibanks and use the money saved