



HOUSE OF REPRESENTATIVES

Testimony in Support for HB 2743

March 17, 2021

Chair Holvey, Vice Chairs Grayber and Bonham, and members of the committee,

My name is Khanh Pham, Representative for House District 46. I am honored to testify in support of HB 2743 with the -1 amendment.

HB 2743 creates the opportunity to improve our banking system with community focused, locally-controlled public banks that support local governments to maximize public dollars to work for the benefit of our Oregon communities. Public banks are chartered and capitalized by one or more cities to provide banking services for the benefit of the public. Our intent is to create a bank that can support local governments and leverage other banking institutions, it is not focused on consumers or individuals whom our traditional banks and credit unions serve. Our -1 amendment clarifies how public banks would be good partners with credit unions and community banks, and not in competition.

Municipal public banks keep money local and lended -- interest and fees earned by the municipal bank stay in the community instead of going to out-of-state corporate executives and shareholders. This increases the Bank's assets, which enables its local partners to make more loans in the community.

In the present crisis, big banks have focused too much on ways to benefit from federal assistance programs and not enough on getting assistance loans to the people who needed them. By contrast, public banks have been very effective in getting federal assistance funds from the recent CARES Act to the people they were intended for. The State Bank of North Dakota secured more Paycheck Protection Program dollars per employee than any other state. **That is because Public Banks are solely focused on serving the public interest**, while private banks are focused on their fiduciary responsibility towards making as much money as possible for their executives and shareholders.

Big profit-driven banks not only take money out of the local economy to send to their executives and shareholders in the form of dividends and stock buy-backs, but they have also been caught (like Wells Fargo, America's third largest bank) making fraudulent accounts, needlessly foreclosing on thousands of homeowners, and giving golden parachutes to misbehaving executives. In contrast, public banks would not participate in risky or speculative loans, and they would **fill the gap** to make large loans that Wall Street is uninterested in (because they're not highly profitable) and make loans that local credit unions are unable to make on their own (because of lending limits)

Benefits of Public Banks are immense, and we have great investments to make and projects to fund a just recovery for Oregon. **Public banks, in partnership with credit unions and other community financial institutions, can help revitalize local economies by** enabling loans at lower cost and larger access to capital for local businesses to grow, create jobs, and increase tax revenues.

Public banks can also help reduce financing costs of needed public projects - they can fund infrastructure, affordable housing, and other public-benefit projects at lower interest rates and fees than conventional Wall Street lenders, saving as much as 40% to 50% over the life of a 30-year bond -- which can save taxpayers hundreds of millions of dollars.

Many states are already working to create public banks to get more out of their limited budgets. Creating public banks will help solve these problems and give Oregonians more control over our future. I urge members of this committee to support HB 2743 to help keep profits and public projects more local as Oregon continues to grow this decade. Thank you.