



HOUSE OF REPRESENTATIVES

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May 25, 2023

Honorable Co-Chairs Senator Patterson and Representative Smith,

Thank you for considering a work session for House Bill 2763, the Public Banking Task Force Bill. This bill would set up a task force that will bring together stakeholders from across Oregon to explore the establishment of a fiscally-sound banking structure for a public state bank of Oregon. The final task force report is to guide future legislation on how an Oregon public bank could be set up, capitalized, and overseen.

Unlike a privately-owned bank, which prioritizes shareholder returns, public banks leverage their deposit base and lending power to benefit the public good. This shifts their focus from short term profits to pressing needs like affordable housing, small business loans, and public infrastructure projects such as rebuilding after wildfires and floods. A public bank's decisions will consider the long term fiscal interests of the state and leverage public funds to meet those needs at a lower cost than the private sector will ever provide.

HB 2763 passed the House Emergency Management, General Government, and Veterans' Committee and shares the endorsement of a number of coalitions, listed on the succeeding pages of this letter.

Our Ask: Approximately \$180,000 from the General Fund for the Treasurer's Office to provide staff support to the task force and up to \$33,000 if all 15 non-legislative members of the task force request travel compensation. In light of the new revenue forecast and in consideration of Oregon's many needs for infrastructure, affordable housing, small business and family farm loans, we ask that you consider the benefits a public bank could bring to our state:

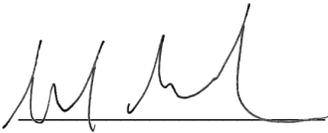
- **Public banks stretch our tax dollars and add to economic stability.** By partnering with local community banks and credit unions, public banks can make low interest loans that serve the interests of the community. With a bank's ability to make loans of up to several times its total capital, a public bank multiplies the funds available for public services and projects, and with lower interest rates it can cut the costs of infrastructure projects literally in half — helping our government accomplish more with less.
- **Public banks have a solid history of helping communities through crises.** North Dakota was the only state to escape the 2008—2009 credit crisis: its budget never went in the red. It also had the lowest unemployment and default rates in the nation. Why? The Bank of North Dakota stepped in to prevent market collapse, mortgage failures and student loan defaults, without ever taking a loss. Even when North Dakota's oil market collapsed and adverse weather conditions plagued its farmers, BND has consistently been profitable while focused solely on public good. In natural disasters, during the COVID crisis, and in many other moments, North Dakota had a faster, more robust response and stabilizing effect than any other state. Oregon and her people deserve to have that same kind of robust, effective solution.

- **An Oregon public bank could help us access additional Inflation Reduction Act funding.** The IRA doesn't create a national green bank but it does create the GHG Reduction Fund, which allocates \$28 Billion to non-profit green funds and an additional \$7 billion directly to states, municipalities, tribes, and eligible non-profits for their own clean power investments. An Oregon public bank could significantly expand the impact of any funding we receive by doing what banks alone can do: leverage its capital assets multiple times through the creation of lendable funds. Expanding the potential impact of the \$5.3 Billion in funds already allocated to Oregon via the IRA is a vital consideration for the Public Banking Task Force (HB 2763).
- ***There's a sure cost to doing nothing.*** In these times of increasing public challenges, economic uncertainty, and insufficient funding, we should explore financial tools that will provide more value for our public dollars and raise revenue without raising taxes. A task force could also explore re-finance options and structures to consolidate current public debt payments in Oregon. The cost of doing nothing is apparent in the current ongoing debt payments, as well as the future increasing costs of credit while we need major investments to uphold quality of life. *In 2019, Oregon paid \$581 million dollars in interest payments while Oregon cities, towns and school districts pay over \$700 million annually in interest.* With many projects looming on the immediate horizon, we can make a choice to spend the public's money more wisely.

Thank you for your consideration and for your stewardship of Oregon's state budget.

Respectfully,

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