

Submitter: Fergus Mclean

On Behalf Of: HB2763

Committee: House Committee On Emergency Management, General Government, and Veterans

Measure: HB2763

Senator Golden, committee members,

As a long-time advocate for public banking in Oregon I can tell you we have attracted an amazing influx of talent regarding public banking, a team who have developed a practical, reality-based and objective path forward for Oregon to consider legislation at the highest levels of sophistication before you in HB2763. We the People-Eugene have been strong supporters of an Oregon Public Bank since 2011, and we urge your support for HB2763.

As it's the legislature's responsibility to protect the assets of the state, I'd like to bring two national-scale potential banking problems which an Oregon public bank could address to the committee's attention:

1) Under the Dodd-Frank Act of 2009, banks in trouble can be given the power to seize their customers' deposits in exchange for ownership shares in the bank, called a "bail-in". This could happen to funds Oregon Treasury keeps on deposit with the big banks. In addition, under Dodd-Frank, derivatives are to be paid out before depositors can be made whole in the case of a bank failure. This means that hundreds of billions in derivatives will need to be fully repaid before the State of Oregon's claims for their own deposits will be honored. This is not an acceptable level of risk for Oregon's finances. Having the state's deposits in our own state bank will protect Oregon's financial assets from potential "Bail-Ins", a troubling prospect the State Bank Task Force can provide the necessary due diligence for on your behalf.

2) As the drumbeat for central bank digital currencies continues to grow louder, prospects for that level of competition with local banks means survival of our community banks and credit unions will become more and more challenging. A state bank can provide a support network to help keep small Oregon financial institutions in business, a role played very successfully by the Bank of North Dakota. North Dakota, with the only US state bank, has the strongest community banking system in the nation. The task force will make Oregon ready to swiftly cope with rapidly unfolding CBDC plans.

Please support this thoughtful and well-crafted piece of legislation to study the creation of an Oregon State Bank.