

HB 2966 A STAFF MEASURE SUMMARY

House Committee On Commerce and Consumer Protection

Action Date: 03/06/25

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 6-4-0-0

Yeas: 6 - Chaichi, Chotzen, Gomberg, Neron, Sosa, Walters

Nays: 4 - Cate, Osborne, Reschke, Wallan

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 1/28, 3/6

WHAT THE MEASURE DOES:

The measure establishes the State Public Finance Task Force with 16 members:

- Four (4) appointed by the State Treasurer,
- Eight (8) appointed by the Governor, and
- Four (4) appointed by the presiding officers of the Legislative Assembly.

The Task Force is charged with

- examining methods that public bodies use to invest their funds,
- looking for cost savings by using public financing practices,
- exploring governing and corporate structures for public financing entities, and
- exploring means of capitalizing public financing entities.

The measure requires the Task Force to submit a report with findings and recommendations to the Legislative Assembly by December 31, 2026.

The measure tasks the State Treasurer with providing staff support for the Task Force and appropriates \$400,000 from the General Fund for a consultant to provide research services to the Task Force.

The measure sunsets on January 2, 2028. It declares an emergency and is effective on passage.

ISSUES DISCUSSED:

- The effects of a public bank on the other financial institutions
- The constitutionality of a public bank in Oregon

EFFECT OF AMENDMENT:

- The amendment adds two members to the State Public Finance Task Force.
- It directs the State Treasurer to appoint four members, including a member with experience in management of a credit union, a member with experience in management of a community development financial institution, a member with experience in public banking law, and a representative of the office of the State Treasurer.
- It specifies that the Governor appoints eight (8) members by making the credit union, community development, and public banking members be appointed by the State Treasurer and adding the appointment of a member with experience building public-private partnerships.
- The amendment removes student loan and agricultural loans to incentivize sustainable farming practices from the topics the Task Force must explore for cost savings.
- The amendment also changes the final report deadline to December 31, 2026.

BACKGROUND:

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North Dakota is currently the only state that operates a state public bank, having begun the institutions in the early 20th Century as a way to offer loans to farmers at more favorable rates than those charged by commercial banks. As a concept, a state public bank can be given a mission to invest in public priorities.

Section 1, Article XI, of the Oregon Constitution prohibits a state bank by restricting the Legislative Assembly from having the power to "establish, or incorporate any bank or banking company, or monied [sic] institution whatever; nor shall any bank company, or instition [sic] exist in the State, with the privilege of making, issuing, or putting in circulation, any bill, check, certificate, prommisory [sic] note, or other paper, or the paper of any bank company, or person, to circulate as money."