



**Testimony in Opposition to House Bill 2966
House Committee On Commerce and Consumer Protection
January 28, 2025**

Chair Sosa and members of the committee, my name is Scott Bruun, and I am the President and CEO of the Oregon Bankers Association and Community Banks of Oregon. Together we represent the FDIC-insured banks and trust companies operating in Oregon. We also work to advocate for a healthier business climate in Oregon because every business issue is also a banking issue.

Thank you for the opportunity to testify in opposition to House Bill 2966.

There are more than 20,000 bankers in Oregon, working at approximately 800 locations throughout our state. Oregon bankers provide essential services to individuals, families, businesses, and government entities. Every year we lend billions of dollars for homeownership, small businesses, large infrastructure projects, and everything in between. Additionally, Oregon banks contribute significantly to more than 1,000 nonprofits and charities as well as proudly exceed federal Community Reinvestment Act requirements, supporting vulnerable communities across the state.

Oregon's banking system is vibrant, diverse, and community minded, with both the desire and the capital to serve Oregonians. Operating within a highly competitive landscape, Oregon's banks are integral to the state's economic health and the well-being of individuals, families and communities.

House bill 2966 proposes a task force and study to establish a public state bank. It's a solution for problems that simply do not exist. Worse, HB 2966 and any eventual establishment of a public bank would create unnecessary costs and financial risks borne by the citizens and the taxpayers of Oregon.

Mister Chair, Committee, existing partnerships with Business Oregon, Oregon Housing and Community Services, federal entities like the Small Business Administration and USDA, and nonprofits and Community Development Financial Institutions like Craft3, already effectively enhance credit access opportunities without burdening taxpayers with the duplicative services and financial risks of a state bank.

While the arguments you have heard for a state bank in Oregon address important issues, they are generally either based on misunderstandings of how a state bank would operate, overlook existing solutions, or fail to account for the financial risks and costs involved.

And not only is establishing a public state bank costly and unnecessary, it's also unconstitutional. The Oregon State Constitution clearly prohibits the establishment of a state bank. Article XI, Section 1, states: "The Legislative Assembly shall not have the power to establish, or incorporate any bank or banking company, or monied institution..."

Committee, this foundational principle has stood the test of time for good reason – a state bank would place taxpayers at risk for capital and liquidity requirements, depositor protections and guarantees, and credit losses. Furthermore, a public state bank would almost certainly be vulnerable to political pressure, dictating products, services and loans, that undermine the safe, sound, and unbiased operations of a financial institution.

Nor is this a new conversation. For over 40 years, the notion of a public bank has been hotly debated in Oregon. Nothing has changed over those years, nor is there new evidence now that suggests a state bank is a viable idea worth another task force or study. As you have heard, however, the notion of a public bank intrigues some people for what seems to be different reasons each legislative session. The expressed needs are nebulous and ever-changing, while the solutions to any actual needs have never, throughout our state's long history, required or warranted a public bank.

OK, but it's just a task force, right? What's the harm? Well for starters, the cost – the cost to run and staff a task force paid for by taxpayers. But beyond that, I have been watching and actively participating in the Oregon legislative process for more than 30 years. It's not cynical, but simply a statement of observable fact to say that legislative task force studies in Oregon are almost universally pre-baked to elicit desired outcomes. Does anyone honestly think that there is even the slightest chance that this study will come back in 2027 with anything but a strong recommendation to proceed?

A new study is also redundant. There have been many task forces and studies in other states on this issue in recent years. In fact, our neighbor Washington State released a study on all the state-bank studies. Literally, it is a study of the studies. And the cover letter for that study of studies, penned by Washington's State Treasurer, says: "I firmly support building upon Washington's existing structure of banking and do not support public banking because of the higher risk and lower return on investment compared to the current private banking system." The treasurer goes on to write, "Using any of these resources to capitalize a bank would be reckless. The evidence from this and other municipalities' studies has established there is too much taxpayer risk, and not nearly enough proven benefit from the formation of a state bank."

Members of the committee, there is not a compelling case for spending the time or public treasure to further study a failed concept. A state bank has been thoroughly examined and consistently rejected because it would create more problems than it solves. Oregon's tax-paying, private-sector and highly regulated banks already excel in supporting our communities and strengthening our economy without exposing taxpayers to undue risk.

I urge you to oppose HB 2966, I thank you for your time, and I am happy to answer any questions.

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