

# Oregon Public Banking Alliance

*Our Money, Our Future* [www.oregonpublicbanking.com](http://www.oregonpublicbanking.com)

## Public Banking & Benefits to Local Economies

### ***How can public banking benefit the local economy?***

There are many potential benefits a state public bank could bring to local economies. A state public bank could serve as a “fiscal agent” to the state and municipal governments, performing basic services such as holding public funds, managing payroll for public employees, etc. However, a state public bank could also be used to address public infrastructure and services that are currently facing underinvestment due to insufficient federal support, limited fiscal space in the state budget, and the prohibitive cost of credit. Moreover, a state public bank could potentially support broader access to banking and credit services for unbanked and underbanked communities, such as rural communities, the marijuana industry, and low income populations and partner these efforts with community banks, credit unions and CDFIs.

### ***How would a public bank benefit Oregon as a whole?***

A state public bank could support Oregon and her people by reinvesting public money that is currently being held in Wall Street banks, who charge exorbitant fees, high rates of interest on public bonds, fiscal agent fees, and require reliance on national banks for wholesale credit. Ensuring that Oregon has access to low-cost, equitable and mission-oriented finance means that credit can be directed toward promoting public purpose and overall community wealth. Essentially, a state public bank could provide the state with lower cost funding for any sort of project that the state would normally seek private, commercial funding for. Additionally, a state public bank could serve as an institutional home for other statutory investment and lending programs, such as the Equity Investment Act (SB-1579).

### ***Would a public bank work alongside existing credit unions and community banks?***

A state bank would work in partnership with existing credit unions and community banks. In addition to the minimum services that a state public bank could provide, there are additional services that could be included to bring the public bank to the next level.

The task force could explore the possibility of these additional services. For example, a state public bank could back generic, universal checking and savings accounts, which could help set standards for the rest of the banking industry in Oregon. Additionally, the task force could explore the benefits of using a state public bank for the securitization of smaller loans issued by credit unions and community banks, which would allow smaller loan institutions to have a greater appetite for risk when that risk aligns with public economic benefit.

### ***Who would oversee a public bank?***

A state public bank would be administered by financial and economic development experts, but have public oversight, specific community governance, and ongoing input from various key industry stakeholders, such as credit unions and the agricultural industry.

Utilization of a public bank would lead to the overall cost of the banking sector, including overhead and infrastructure costs, in Oregon to decrease given there would be less fees and interest charged on public funds. Keeping public money and investment decisions local is important to guarantee that the community has an input in the investments of public money, is able to provide direction, and hold accountable the entities that are managing these public funds.