

# Oregon Public Banking Alliance

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Public Banking Taskforce  
(HB 2763)

## ***What is a public bank?***

A public bank is a bank chartered and capitalized to provide banking services that benefit the public. They are independently managed by banking professionals and a board of directors, and are chartered and mandated to serve the long-term financial interests of the public instead of short term profits for private investors.

## ***What are the benefits of public banks?***

Public banks can fund infrastructure, affordable housing, and other public projects at lower interest rates and with lower fees than conventional Wall Street financiers, saving as much as 40%—50% over the life of a 30-year bond.

Additionally, interest, fees, and profits go back to the public bank itself, which provides a new form of public revenue without raising taxes. They can offer better rates for underbanked and rural communities via small agriculture and small business loans (administered by community banks and credit unions), as well as funding infrastructure that private banks refuse to capitalize (in our cities and townships with small annual budgets).

## ***Will a state bank hurt community banks and credit unions?***

No, public banks can be designed to support these institutions. By leveraging the bank's resources, we can increase local lending and meet community needs in partnership with local financial institutions such as community banks, credit unions, and CDFIs. A public bank can support local banks and credit unions by backing their loans and letters of credit.

In our U.S. example, the Bank of North Dakota has vibrant public/private partnerships with community banks and credit unions, and the state has the highest rate of these institutions per capita of any state in the nation.

## ***What does this bill do?***

HB 2763 seeks to stand up a task force that will bring together stakeholders from across Oregon to explore and recommend a fiscally sound banking structure as well as weigh the benefits and harms of a state bank potentially engaging in affordable housing construction, student loans, agricultural loans, a green bank to capture federal funds, financing for local government infrastructure projects, and/or financial services for cannabis businesses. The taskforce would then generate a report with their recommendations for how to best use public banking in Oregon. This report will guide future legislation on how an Oregon public bank should be set up, capitalized and overseen.

## ***Why aren't public banks more common?***

Globally, public banks are very common. More than 900 public banks hold more than \$49 trillion in assets worldwide. The Bank of North Dakota, founded in 1919, remained profitable through the 2008 financial crisis, and continues to be one of the most profitable banks in the US.

## ***Will we be able to capitalize a public bank?***

There are many models to capitalize a public bank, which the task force bill is designed to explore. However, a public bank has the ability to lend up to ten times the amount of capital it holds, allowing it to start making loans as soon as it opens its doors. The charter, directors, and management can focus on a triple bottom line philosophy, which prioritizes preserving the capital of government depositors, meeting the needs of residents, and supporting the economic and environmental goals of the state and its communities.

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