



HOUSE OF REPRESENTATIVES  
900 COURT ST NE  
SALEM, OR 97301

June 5<sup>th</sup>, 2019

Dear Chair Barker, Vice-Chairs, and Members of House Committee on Business and Labor,

Thank you for holding a hearing on HB 3029, which makes small changes to the State's banking laws to make it easier for municipalities to start publicly owned banks. Oregon cities should be able to borrow funds for capital projects locally rather than from Wall Street and out of state firms - who often have outlandish bonuses, fraud scandals, and investments that are counter to Oregon's values.

Portland Forward has been working with groups for a few years to propose a Public Bank of Portland modeled on the successful North Dakota State Bank\*. **A municipal public bank would allow City investments – often in partnership with credit unions and community banks - to stay local, and the bank would have the stated purpose of serving the public good.** It could help invest in small businesses, home mortgages, farm loans and student loans with lower interest. It may also serve as a template for other cities throughout the state and the country.

As the Portland Public Bank gained traction, they recognized a need to legally clear a path for municipal banks. While current Oregon law does not explicitly prohibit municipalities from starting or owning public banks, banking statues need two tweaks:

- Exempt non-consumer public banks from FDIC insurance except to ensure individual depositors;
- Clarify in statute that municipalities may start and own a Municipal Public Bank.

\*The Bank of North Dakota was established 100 years ago and survived the Depression and remained stable in the 2008 recession, in part because it doesn't invest in risky derivatives, etc. Relevant links:

<http://www.immensepossibilities.org/ipr-podcasts/state-banks/> Sen. Golden's podcast

<https://www.governing.com/columns/public-finance/col-case-state-owned-bank-north-dakota.html>

<https://newrepublic.com/article/150594/public-banks-suddenly-popular>

<https://ilsr.org/rule/bank-of-north-dakota-2/>

[https://bnd.nd.gov/pdf/2018\\_bnd\\_annual\\_report.pdf](https://bnd.nd.gov/pdf/2018_bnd_annual_report.pdf) 2018 Annual Report

<http://www.banknd.nd.gov/>

"Bank of North Dakota FAQ" (PDF). Bank of North Dakota. October 17, 2011. Retrieved February 7, 2012.

"Bank of North Dakota". Prairie Public Broadcasting via YouTube. Retrieved 11 October 2013.

I look forward to bringing this legislation back in a future session and hope for your support.

Sincerely,

  
Alissa Keny-Guyer

