

Public Banking in Oregon

**PROMOTING ECONOMIC DEVELOPMENT
& RAISING REVENUE WITHOUT RAISING TAXES**

Presented by the Oregon Public Banking Alliance
Supported by the Rural Engagement Project & the Oregon Public Banking
Legal Working Group at Willamette University College of Law

Who Are We?

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The Status Quo

- *Oregon's money is working for out of-state bankers and investors.*
 - Interest on public bonds (approx. 30% of new project financing cost)
 - Fiscal agent (banking) service fees
 - Reliance on Wall St for wholesale credit/investment

The Status Quo

- *Chronic underinvestment in public infrastructure & services*
 - Insufficient federal funds
 - Limited fiscal space in state budget
 - Property taxes already committed elsewhere
 - Prohibitive cost of credit

The Status Quo

- *Lack of access to payments and credit*
 - Rural communities, transportation, water & sewer services
 - Low income & minority populations
 - Affordable housing, healthcare
 - Agriculture, cannabis, psychedelic industries
 - Small businesses

The Status Quo

- *Predatory and harmful consumer practices*
 - Data-mining & privacy violations
 - Barriers to access (residency, identification, poverty)
 - Limited interoperability/portability of accounts

What Oregon Needs

- *A publicly coordinated investment strategy* (industrial policy)
 - Emerging national, bipartisan emphasis (GFC, COVID, Chips, etc.)
 - Focus on infrastructure: public goods + rising tide of private sector
 - Targeting underserved populations
 - goal of community resilience

What Oregon Needs

- *Access to patient, low-cost, equitable, mission-oriented finance*
 - History of purposive lending: Community Reinvestment Act
 - Credit directed towards promoting public purpose/wealth
 - Capable of countercyclical investment (contra recessions)
 - Underwriting/partnering with existing financial institutions
 - Minimal additional/long-term pressure on public budgets (no tax!)

What Oregon Needs

- *A public option for basic banking, payments, & savings*
 - Examples around the world (postal banks, public banks, etc.)
 - No-frills, generic service (to set minimum baseline)
 - Divest from national banks, partner with local banks/credit unions
 - Emphasis on inclusion, lowering cost of banking
 - Including federally excluded sectors (cannabis)

The Public Bank Solution

- A public bank will be:
 - State-chartered, limited liability, non-profit, public corporation
 - With legal & budgetary independence (post-capitalization)
 - Administered by financial/economic development experts
 - With public oversight, community governance, & stakeholder input
 - In partnership with credit unions and community banks

The Public Bank Solution

- A public bank will, at a minimum, provide:
 - "Fiscal agent" services to state/local govts & others (unions)
 - Direct investment in public projects (e.g. infrastructure)
 - Loan/credit support for existing commercial/non-profit lenders

The Public Bank Solution

- A public bank could, in addition, provide:
 - Universal accounts (checking/saving) & payments services
 - Including encouraging fintech innovation/standardization
 - Banking services to underserved industries (cannabis)
 - Securitization/insurance for loans issued by banks/credit unions
 - Institutional home for other statutory investment/lending programs

The Public Bank Solution

- Benefits of a public bank include:
 - Community input, direction, accountability
 - Keeps money local (divest from Wall Street)
 - Lower fees, expenses, interest, & overhead from finance/banking
 - Public sharing of credit risk to promote economic development
 - Coordination & harmonization of private banking sector activity

Next Steps

- *For the Legislature:*
 - Establish working group/task force, engage stakeholders
 - Conduct viability analysis, draft model legislation
 - Convince leadership to make public banking a legislative priority

Next Steps

- *For the Oregon Public Banking Movement:*
 - Grow coalition, partner with key stakeholders
 - Materials, events, fundraising, media outreach
 - Support legislative efforts on viability analysis and model law

Next Steps

- *For the Public Banking Legal Working Group at Willamette:*
 - Support org buildout and governance, liaise with national actors
 - Law student volunteers (Legislative Fellows Program, 'Lab' Course)
 - Legal analysis (Constitutionality Memo, Law Review Symposium)
 - Coordinate with other experts (econ, banking) on viability/draft bill

Where to Learn More

Online

- OPBA: <https://oregonpublicbanking.com/>
- Public Banking Institute: <https://publicbankinginstitute.org/>

Social Media

- Facebook: <https://www.facebook.com/ORPublicBank>
- Twitter: <https://twitter.com/ORpublicbank>
- Instagram: <https://www.instagram.com/ORpublicbank/>