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March 17, 2021

Thank you Chair Holvey and members of the Committee for the Hearing on HB 2743 today.

My name is James Davis and I am the Chair of the Oregon Public Bank Alliance. Recently, the Action Center on Race and the Economy (ACRE) reported that cities and states across the US spend \$160 BILLION annually in interest and fees for the money they borrow. In these times of tightening budgets, states from New York to California have explored creating municipal and state banks to stretch tax dollars and leverage resources to address multiple needs, including funding infrastructure, local business development, affordable housing, and addressing the impacts of climate change.

While several cities in California are now in the process of establishing municipal banks, our approach is different from the California model. Municipal banks would not be brick and mortar retail establishments, but operate more like a banker's bank, serving as a depository for institutional funds and providing financing for municipal projects. Once created, a municipal bank stand on its own without financial ties to a city and run by banking professionals according to the public mission as defined in its charter. Free of the imperative to extract profits for distant shareholders, they will be able to offering loan programs, primarily in partnership with credit unions and state-chartered community banks, for small to medium sized businesses, family farms, minority-owned businesses, traditionally underserved communities, affordable housing projects and other public-benefit lending that that big banks don't find profitable.

The Municipal Bank Bill updates Oregon banking laws to give cities a clear path to form a public bank if they choose – enabling them to:

- Save Oregon cities many millions of dollars through loans at lower interest rates and fees
- Partner with community banks and credit unions to increase their lending capacity/programs
- Stretch our tax dollars and keep bank profits working in our communities

HB 2743 would:

- Formally establishes and defines the term “municipal bank” in Oregon’s banking statute.
- Clarifies that FDIC insurance is not required as these banks won't accept consumer deposits.
- Clarifies how municipal banks can serve as a depository for public funds.
- Ensures separation between cities and municipal banks by prohibiting cities from being stockholders or covering bank debts.

Here's what HB 2743 does NOT do...

- It does NOT allocate state revenues. It is revenue neutral.
- It does NOT create new state agencies. Munibanks are regulated by the same agency that regulates other banks in Oregon.
- It does NOT put new requirements on cities. Cities don't have to create municipal banks.

- It does NOT give new powers to cities. Oregon cities already have the power to create municipal banks. It simply provides clarification if they choose to do so.

Aside from contributing to local economic stability and resilience, the major benefit for cities is the opportunity to fund municipal projects at 40-50% less than the cost of using traditional financing from Wall Street banks. Oregon cities pay far more in interest and fees on loans for infrastructure projects than they get in interest on funds they keep in reserve. Enabling cities to create local municipal banks creates an alternative to the extractive for-profit banks which seeks to maximize a financial return for distant executives and shareholders. While we expect municipal banks to offer cities decent deposit returns, the opportunity to borrow funds at much lower interest and fees more than makes up for any potential loss of interest on those deposits.

It may seem like there are more pressing issues on the table, however if we had public banks today, they would be a vital tool for addressing the impacts of climate change and other crises we face. We can't go back into the past, but we can take steps now to prepare our cities for the crises of tomorrow, and it takes very little effort today to show support for cities across Oregon who want to employ this tool for economic stability and resilience.

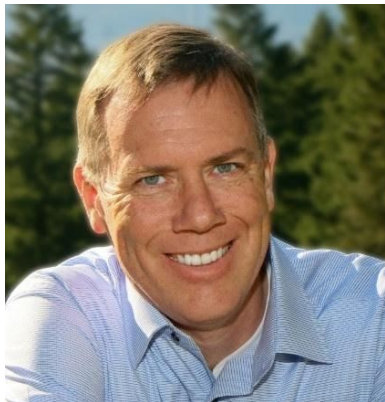
Please pass HB 2743,



James Davis

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James Davis, Chair
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[OPBA Materials on Municipal Banks](#)
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I believe that banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around the banks will deprive the people of all property until their children wake-up homeless on the continent their fathers conquered. -- Thomas Jefferson 1802

Organizations and Public Officials Who Support HB 2743

Endorsing Organizations:

- 350PDX
- AFSCME
- Alliance for Democracy
- Angry Grandparents Against High Stakes Testing
- Bernie PDX
- Climate Jobs PDX
- Common Ground OR-WA
- Communications Workers of America (CWA) District 7
- Community Rights US
- Congregation P'nai Or Tikun Olam Committee
- Duell Wealth Preservation
- Economic Justice Action Group of the First Unitarian Church
- Enlace
- Friends of Family Farmers
- Health Care for All Oregon
- Independent Party of Oregon
- Jobs with Justice – Portland
- Main Street Alliance Oregon
- North Tabor Neighborhood Association
- Oregon Physicians for Social Responsibility
- Oregon Progressive Party
- Oregon Working Families Party
- Occupy Portland Elder Caucus
- Pacific Green Party
- Parents Across America Oregon
- Placemaker
- Portland Forward
- Portland Metro People's Coalition
- Rural Organizing Project
- SEIU 503
- StandUp!PDX
- Sustainable Economies NW
- Veterans For Peace - Linus Pauling Chapter - Corvallis
- Women's International League for Peace & Freedom, Portland Branch

Metropolitan Mayors Consortium representing mayors from:

- City of Beaverton
- City of Canby
- City of Cornelius
- City of Durham
- City of Fairview
- City of Forest Grove
- City of Gresham
- City of Happy Valley
- City of Hillsboro
- City of King City
- City of Lake Oswego
- City of Maywood Park
- City of Milwaukie
- City of North Plains
- City of Oregon City
- City of Portland
- City of Rivergrove
- City of Sherwood
- City of Tigard
- City of Troutdale
- City of Tualatin
- City of West Linn
- City of Wilsonville
- City of Wood Village

Other City Leaders Across Oregon Who Support the Bill:

- Beaverton Mayor Lacey Beaty
- Eugene Councilor Greg Evans
- Gresham Councilor Eddy Morales
- Medford Councilor Sarah Spansail
- Milwaukie Mayor Mark Gamba
- Silverton Councilor Jason Freiling