

House Committee on Rules
Meeting on 2022-02-22
Public testimony of Kyle Markley
kyle@kylemarkley.org
on House Joint Resolution 205

Why does Oregon need a State bank?

Oregon already has a widespread collection of banks, credit unions, and other financial institutions competing in the market for deposits and loans.

The purpose of a State bank is manifestly to conduct business in ways that the private sector does not. To wit, in ways that the private sector either may not (because they are limited by regulation) or chooses not to (because it would be unprofitable).

In the first case, the State could change the regulations much more easily than it can amend the Constitution and enter a line of business already occupied by the private sector.

In the second case, the State bank would be deliberately making imprudent investments, and the losses incurred by a State bank would inevitably be borne by the taxpayers. There is no good reason to socialize that risk.

Let the investors of private financial institutions shoulder their own risks. The federal bailouts of the 2007-2008 financial crisis were a mistake, and Oregon can best avoid repeating that mistake by not entering into the business of banking at all.