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Date: February 4, 2026

To: Chair and Members of the House Revenue Committee
From: Scott Bruun, Oregon Bankers Association
RE: Testimony in support of HB 4052 / Oregon De Novo Bank Act

Chair Nathanson and Members of the Committee,

My name is Scott Bruun, and I am the President and CEO of the Oregon Bankers Association and the Community Banks of Oregon. Together, we represent the FDIC-insured banks and trust companies operating in Oregon.

Let me begin by thanking the Committee for its time and attention to this issue. Madam Chair, thank you for scheduling this bill. Vice Chair Reschke, thank you for sponsoring it. And to each member of the Committee, thank you for engaging—both this year and last—on why this policy matters to Oregon's economic future.

HB 4052 is a straightforward and targeted proposal. It provides new, Oregon-chartered banks with a limited, three-year Oregon business excise tax exemption, capped at \$1 million per year. This temporary relief is designed to help offset the extraordinary regulatory, compliance, and capital costs associated with starting a new bank—costs that have proven prohibitive in Oregon. In short, HB 4025 is intended to make the formation of new community banks possible in Oregon again.

Community banks are locally headquartered financial institutions that take local deposits and reinvest those funds back into the same communities through relationship-based lending to small businesses, families, farmers, nonprofits, and local governments. They are deeply rooted in the communities they serve. Importantly, the community banks currently operating in Oregon are strong, well-capitalized, and performing well.

The challenge before us is not the strength of existing community banks—it is the collapse of the model that once produced new ones.

Historically, as some banks grew larger or were acquired, experienced bankers would leave to start new, smaller institutions focused on unmet local needs. This entrepreneurial cycle ensured competition, innovation, and access to credit across all markets. In Oregon,

that cycle has broken. By my estimation, we are less than ten years away from losing that model entirely if current trends continue.

Twenty-five years ago, Oregon had nearly 60 Oregon-chartered community banks. Today, there are just 12. The last *de novo* bank formed in Oregon was in 2007. That absence of new entrants is not healthy for competition, access to capital, or long-term economic resilience—particularly in rural and underserved areas.

Community banks play an outsized role in Oregon's economy. They safeguard more than \$47 billion in deposits and extend nearly \$29 billion in credit annually to support small businesses, farms, construction, commercial real estate, and families. Over the past 15 years, Oregon's community banks have made nearly 7,000 SBA loans totaling approximately \$4 billion, supporting or creating more than 71,000 Oregon jobs. These SBA lending totals exceed those of any other type of financial institution operating in the state. In many rural and underserved communities, community banks are often the only lenders serving local borrowers.

HB 4052 represents a smart, measured response to this challenge—and the concept is proven. The State of Ohio faced a nearly identical situation, having seen no new bank formations for more than a decade. In 2020, Ohio enacted legislation similar to HB 4025. Since that law passed, six new banks have formed there. While no one can guarantee identical results in Oregon, what can be said with confidence is that the policy worked as intended: it restarted serious, realistic conversations about new bank formation.

And that is exactly what Oregon needs right now.

Community banks matter. They pay taxes. They are locally managed, locally accountable, and—by law—required to serve the credit needs of their communities, including low and moderate-income and rural areas. If we believe community banks matter—if we believe in their mission, their value, and their role in local economic development—then we cannot afford to wait.

HB 4052 provides Oregon with a practical, responsible way to preserve and strengthen the community banking model for the future.

Thank you, Madam Chair and members of the Committee, for the opportunity to testify. We respectfully urge your support of HB 4052.

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