

State Bank Op-Ed
State Treasurer Ted Wheeler

516 words

Almost a century ago and half a continent away, leaders in North Dakota recognized there wasn't sufficient financing available for their state's farmers. In response, they created a state-owned bank.

The Bank of North Dakota now employs 168 public employees, operates out of a headquarters building in Bismarck, is profitable, and offers many financial services including farm mortgages and student loans, all of which are guaranteed by taxpayers.

Today in Oregon, some say we should follow the footsteps of North Dakota. After all, their model has worked very well for their state.

I am urging Oregon leaders to craft an Oregon solution.

There are elements of North Dakota's approach that are not workable here. Chiefly, we do not need a new bricks-and-mortar institution in your hometown – or anywhere else in Oregon – to accomplish the goals that are driving this conversation.

Also, it would be a mistake to hire new public employees to compete against Oregon's network of credit unions and community banks. Rather, we should be creative and bold in our approach to unlock additional lending capacity, in partnership with existing local institutions.

I am grateful to the organizations and the bipartisan legislators who are advancing the concept of a state banking function for Oregon, including Reps. Phil Barnhart of Eugene and Bob Jenson of Pendleton, and I look forward to collaborating with them.

One of the frequently cited reasons for Oregon's sluggish recovery has been a shortage of bank financing. We also frequently hear that our tools for economic development need sharpening.

If this effort succeeds, we will put more Oregon public funds to work for Oregon families, businesses and communities.

I recently circulated a framework at the Capitol for what I call a "virtual economic development bank." It appears to have broad support among legislators, advocates for a new bank function, and also the banking and credit union community.

This new model would consolidate Oregon's various economic development loan programs in one place, and allow state government to step in as a new lending participant, which will help qualified Oregonians to secure additional financing. We also have strategic investment tools such as the Oregon Growth Account that could be better utilized as part of this framework.

Enhanced lending opportunities and better economic development tools will be a catalyst to help Oregon's economy recover and grow.

On Jan. 25, the State Treasury made \$600 million in additional financing available to lend to Oregon families and small businesses, by making a measured reduction in the required reserves that healthy institutions must maintain.

That was a good start. We can do even more, if we have better tools in place.

As the architects of a virtual bank, it is incumbent on us to require measures of accountability to ensure public resources are used effectively. Also, we must adhere to our highest obligation: Our public funds must remain safe.

We will be well-served by this Oregon solution. We can build upon our existing financial institutions and strengthen our economic development efforts.

A virtual Oregon State Bank will be a wise investment in Oregon communities, and in our future.