

March 27, 2017

NW17-006

To: Northwest Council Delegates

From: Northwest L&PA Committee

Subject: **PRESUBMITTED NEW BUSINESS: Motion to Support the Creation of a State Bank of Washington**

Background

We all know that the state of Washington has many unmet capital and infrastructure needs: aging bridges, inadequate public transportation systems, overcrowded school buildings, etc. However, the high cost of financing such projects must compete for limited tax dollars with ongoing state obligations, like funding basic education and human services. Wouldn't it be great if there was a way to free up more revenue by drastically reducing the financing cost of capital projects? **Actually, there is – it's called public banking.**

Public banking is banking operated in the public interest via institutions owned by the people through their representative governments. Public banks can exist at all levels, from local to state to national or even international. Public banking saves money compared to seeking financing through private banks, because the need to satisfy shareholders interested primarily in short-term profits is eliminated. A public bank for Washington would keep our money here, where it can serve the public interest, rather than being used by Wall Street for the kind of risky lending and speculative investment that caused the economic crisis of 2008.

A successful model of public banking is the Bank of North Dakota, which was first established in 1919 and is controlled by the people for the benefit of the people and economy of North Dakota. Public banking is a bedrock of social development in most high achieving global economies like Germany, Japan, Brazil, Russia, India and China.

Legislation to create a public bank for Washington has been introduced in Olympia again this legislative session. Senate Bill 5464 would create a state bank called the "Washington Investment Trust". State money and federal transportation funds would be deposited into the trust to gradually build a permanent capital reserve that the state could use to great advantage in many ways:

- Make affordable loans to small businesses, farmers, government entities, and students
- Save taxpayers up to 50% on critical infrastructure like bridges, public transit, and schools
- Eliminate billions in bank fees and money management fees
- Support a vibrant community banking sector
- Enable sustainable prosperity

Motion

It is moved that the Northwest Council go on record as supporting the creation of a state bank of Washington by authorizing our activists and staff to lobby in support of 2017 Senate Bill 5464, or similar future legislation, and by educating SPEEA members about such legislation and encouraging them to personally support it.

Pros: State bank would provide for much cheaper financing compared to Wall Street, saving taxpayer money for ongoing needs

Cons: Will require some state expenditure for administration

<p>SPEEA NW Policy Manual Section V, Subsection A. 5.a Passage or adoption of any legislative or public issue proposal shall be by published ballot and require: Total affirmative vote cast must be at least a simple majority of the total number of seated Council Representatives. Council Representatives who are employed beyond 50 statute air miles from the meeting and are unable to attend are excluded from the total number required.</p>
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