
SENATE BILL 6375

State of Washington

65th Legislature

2018 Regular Session

By Senators Hasegawa, Kuderer, Chase, Wellman, Saldaña, Palumbo, Ranker, Rolfes, Conway, Keiser, and Hunt

Read first time 01/15/18. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to developing a publicly owned depository
2 business plan; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) A task force on public infrastructure
5 and a publicly owned depository was established in chapter 1, Laws of
6 2017 3rd sp. sess. The task force was directed to examine the scope
7 of financial needs for local governments for constructing public
8 infrastructure and the feasibility of creating a publicly owned
9 depository to facilitate investment in, and financing of, public
10 infrastructure systems. The legislature finds that there are
11 significant public infrastructure needs of the state that are unmet.
12 The legislature further finds that there are opportunities to use the
13 state's depository assets to generate additional benefit for the
14 people and the economy of the state by producing revenue for the
15 state while also creating greatly expanded financing capacity for
16 infrastructure and other projects for public benefit that will grow
17 great capacity for future generations. The legislature further finds
18 that a publicly owned depository will keep taxpayer money in
19 Washington and provide new options that do not rely on Wall Street.
20 The legislature therefore finds that the state must continue working
21 to establish and implement a publicly owned depository to strengthen

1 our fiscal footing, grow revenue for the state, and develop a wider
2 range of financing options for state and local governments.

3 (2)(a) The department of commerce must work with the department
4 of financial institutions, the office of financial management, the
5 state treasurer, the attorney general, and other appropriate agencies
6 to contract with an entity or entities with expertise in public
7 finance and commercial and public banking to develop an
8 organizational and governance structure appropriate for public
9 banking, and a business plan to establish a publicly owned depository
10 for infrastructure development and local government funding
11 assistance. The department of commerce shall provide a final report
12 to the house of representative's business and financial services
13 committee and the senate financial institutions and insurance
14 committee by December 1, 2018.

15 (b) The business plan shall include, but not be limited to:

16 (i) A start-up business plan for the public bank that includes
17 plans and timelines for new functions and functions transitioning to
18 the bank that were previously performed by another entity;

19 (ii) Identify sources of capitalization and recommended cash
20 flows. Options for capitalizing the bank may include, but are not
21 limited to, state revenues, federal funds, funds from local
22 governments or political subdivisions, private donations,
23 crowdfunding, and other core capital reserves not needed for
24 liquidity. The business plan should consider different scale options
25 for the financial assets of the public bank including an option for
26 financial deposits up to five hundred million dollars over the first
27 five years of operation;

28 (iii) Options for financing existing infrastructure revolving
29 funds programs and identification of possible lending programs;

30 (iv) An analysis of legal, constitutional, and regulatory issues;

31 (v) A plan for obtaining a federal master account and joining the
32 federal reserve;

33 (vi) A plan to address information technology security and other
34 security concerns;

35 (vii) Opportunities for collaborating with state-chartered
36 financial institutions and credit unions and areas that might compete
37 with private financial institutions;

38 (viii) Impacts on the state's debt limit;

39 (ix) Recommendations for managing political influence on the
40 public bank;

1 (x) Impacts to existing state agencies including the state
2 treasurer;

3 (xi) Impacts on the operating, capital, and transportation
4 budgets; and

5 (xii) Other items necessary to establish a state bank, state
6 cooperative bank, or a state bank modeled after the federal home loan
7 bank.

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