A Homegrown Bank for Washington?

Local News

Posted by:

Posted on : February 6, 2012 at 4:40 am

OLYMPIA, Wash. - Backers of creating a public bank in Washington are proposing the idea to the Legislature again thi

North Dakota is the only state with a state-run bank, although about a dozen more states are considering it. Cindy Cole

The money will stay in the state of Washington instead of going for who knows what - speculation, which is what many of these banks are doing, or holding onto their cash. We think that it's a good idea to keep Washington's money in Washington, and have the state earn that interest. - Cindy Cole

The Washington state treasurer is not a fan of the idea. He agrees that the Bank of North Dakota works well, but says

The Bank of North Dakota does not have branch offices, as do typical banks. It creates and funds loan programs which are offered through local community banks - loans of all different types, says Marc Armstrong, executive director of the Public Banking Institute.

"The largest segment of the loan portfolio is for student loans, followed by guaranteed home mortgages, and then third on the list is commercial loans. Many of the commercial loan programs are coupled with their economic development dollars, so the interest rate is bought down to as low as 1 percent."

In some cases, the loans require that businesses hire a new employee for every $100,000 they borrow.

Detractors say Washington doesn't have the money to start a bank, but Armstrong says states can use their "rainy day" or unclaimed property funds, or raise money specifically for the new bank in the form of a bond. Some have painted the state-bank debate as another partisan issue, even calling the idea "socialistic." Armstrong disagrees.

"Here we have North Dakota - it certainly is very Republican - and it's using this publicly owned

institution to meet its own needs. So, is that socialistic? No. I think people just need to get past labels like that. Those are the labels which hold things up."

The current legislation to create the Washington Investment Trust, House Bill 2434, has 55 co-sponsors.
- Chris Thomas