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**SENATE BILL 6375**

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**State of Washington 65th Legislature 2018 Regular Session**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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