

RESOLUTION NO. 2020-09

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELLINGHAM, WASHINGTON
TO SUPPORT A STATE BANK OWNED BY AND FOR THE PEOPLE OF WASHINGTON
STATE AND A POSSIBLE INITIATIVE TO THE PEOPLE**

WHEREAS, the taxpayers of Washington State expect and require financial accountability and wise use of the public funds for public benefit; and

WHEREAS, the State of Washington and its local government sub-entities rely upon banks and other lending institutions to finance capital investment in public infrastructure, transportation, utilities, housing, environmental remediation and restoration, student loans, job creation programs, and increase access to capital for small businesses; and

WHEREAS, a state bank owned by and for the people of Washington State would provide greater transparency and lower borrowing and bonding costs to the state and local governments, compared to private for-profit lending; and a state bank would support community banks, absorb debt capacity, avert long-term debt payments to Wall Street, and keep taxpayer dollars in Washington state; and

WHEREAS, a successful model of public banking in the U.S. is the Bank of North Dakota, which was established in 1919 and is controlled by the people for the benefit of the people and economy of North Dakota; and this year reported the 13th consecutive year of record profits for the people, including during the years of the recent Great Recession; and

WHEREAS, public banking is the accepted model for public development in most high achieving global economies, in both developed and developing countries under a wide range of economic systems; and

WHEREAS, in 2012 the people of passed a Constitutional Amendment that lowered Washington State debt capacity from 9% of state revenues to its current 8.25%, and again down to 8% by 2034, which places limits on current bond financing model; and the State is already at full debt capacity and is unable to obtain financing for further capital and infrastructure investments; and

WHEREAS, recent Washington State legislative sessions have exposed a serious lack of resources and bonding capacity to deal with the state's overwhelming capital needs; and

Bellingham City Council
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360-778-8200

WHEREAS, a Washington State bank can grow in capacity to be a new and unparalleled resource for future generations of Washingtonians; and

WHEREAS, a publicly owned Washington State bank will generate new revenue without raising taxes; and

WHEREAS, in 2018 the State Legislature approved a budget proviso to contract the Evans School of Public Policy and Governance at the University of Washington to develop a business plan for a public bank in Washington. That report is expected to be delivered in 2020; and

WHEREAS, in order to lay the foundation for a state bank, SB 5995 currently pending before the State Legislature would create a State Investment fund to take public deposits and to use those funds to underwrite lending for public infrastructure projects; and

WHEREAS, the City of Bellingham currently relies upon private for-profit lending institutions and underwriters for borrowing and bonding to obtain funds for capital projects and infrastructure investments, at interest rates that typically range from 2-4%, with 2019 debt service payments of approximately \$7.5 million; and

WHEREAS, public financing through a Washington State bank could substantially lower financing and debt service costs to the City of Bellingham, saving costs for taxpayers, while providing the same borrowing capacity and fiscal predictability to the City; and

NOW, THEREFORE, BE IT RESOLVED, that the City of Bellingham endorses the creation of a publicly owned Washington State Bank, which shall be governed by an independent public Commission that is accountable and transparent to the people; and

BE IT FURTHER RESOLVED, that a copy of this resolution be transmitted to the Washington State Governor, House and Senate leadership, Sen. Bob Hasegawa, and other civic-minded stakeholders for further dissemination to, and education of, the general public.

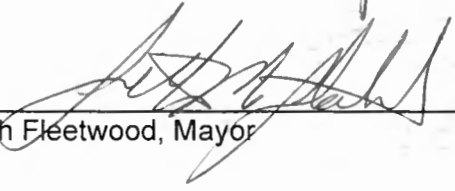
PASSED by the Council this 24th day of February, 2020.




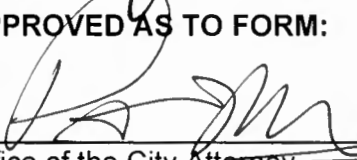
Gene Knutson, Council President

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APPROVED by me this 26th day of February, 2020.


Seth Fleetwood, Mayor

ATTEST: 
Andy Asbjornsen, Finance Director

APPROVED AS TO FORM:

Office of the City Attorney

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