

HB 2040

Creating a means to finance public works infrastructure and economic development

HDC Presentation

May 2, 2011

Why?

#1 - Keep taxpayers money in our state ... working for our state!

- Create jobs and build infrastructure
- Access to Capital to create and preserve private sector jobs
- Economic Development to create jobs
- Work with and support commercial banking system
- Smart Government, Smart use of taxpayers' money

Modeled after the proven Bank of North Dakota



Video on BND

Excerpts from:

“The Bank of North Dakota”
by Prairie Public Television

- www.prairiepublic.org
- Or call (800) 359-6900

What's unique about North Dakota?

- Lowest unemployment in the country
- No bank failures during this recent banking crisis, most decentralized bank system in the U.S.
- Only state with a budget surplus (\$1.1 billion)



Other states are considering state banking options:

Oregon-HB2972

Hawaii *

New Mexico

Idaho

Massachusetts

Illinois

Virginia

Maryland

California

Florida

Michigan

Tennessee

Even the Federal Gov't has been talking about creating an infrastructure bank.

* HB 853 passed House, HCR 159 passed House, HR 139 passed House

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- Task force will develop an operational and implementation plan that includes:
 - Working with existing public entities on local government infrastructure and economic development;
 - How to streamline government bureaucracies, eliminate obsolete programs and consolidate accounts;
 - Ways in which the state could assist in the financing of local infrastructure, such as contingent loan agreements;
 - Cash management and banking needs of the state and alternative methods of meeting these needs;
 - Additional necessary legislation; and
 - Other matters as determined by the task force.

What owning our own financial institution COULD do for Washington:

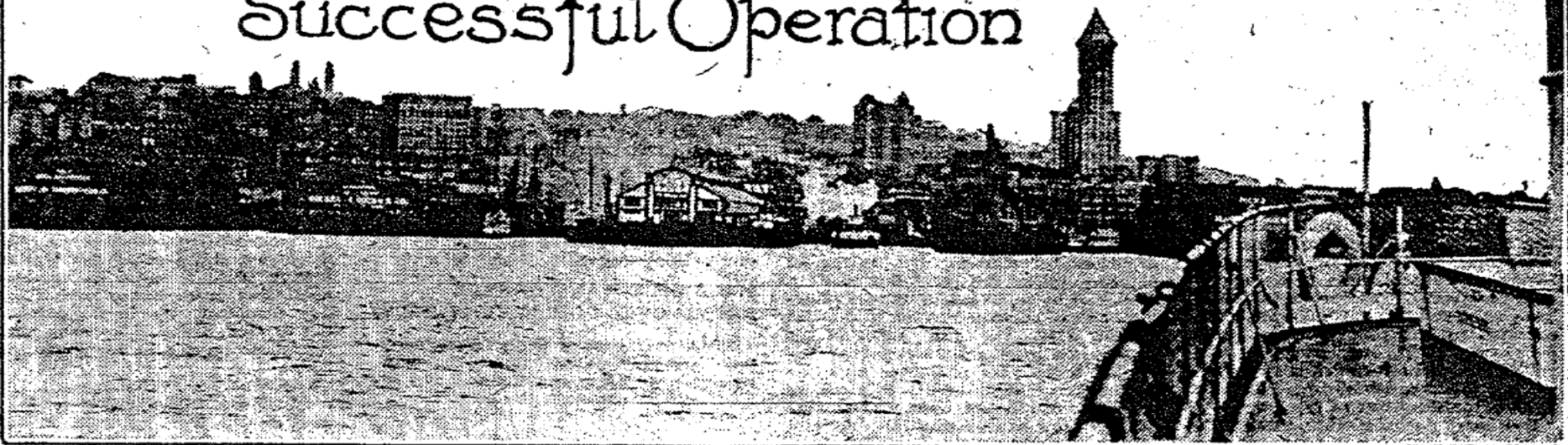
- Fund our own capital projects and reduce or eliminate debt service appropriation and create jobs
- Support small businesses and farms with access to credit, and maintain and create private sector jobs
- Target economic development initiatives to create jobs
- Work the multiplier effect of keeping money in-state
- Subsidize low/no-interest student loans
- Absorb debt capacity to keep people in their homes, on their farms, or keep their businesses afloat
- Share risk and partner with financial institutions

What this could mean for Washington:

- Pay return on investment back to the state
 - White paper by Ctr. For State Innovation shows:
 - positive return by year 3
 - By year 5 -- \$8.5M per \$100M of startup capital
 - By year 10 -- \$39.6 M per \$100M of startup capital
 - By year 20 -- \$131.8M per \$100M of startup capital
 - By year 30 -- \$361.3M per \$100M of startup capital
 - By year 40 -- \$743.4M per \$100M of startup capital
 - Our financial institution would grow even faster and help the state more if it retains earnings and puts them back into building our economy

WHAT SEATTLE HAS DONE

By Oliver S. Morris
America's Best Example
of Public Ownership in
Successful Operation



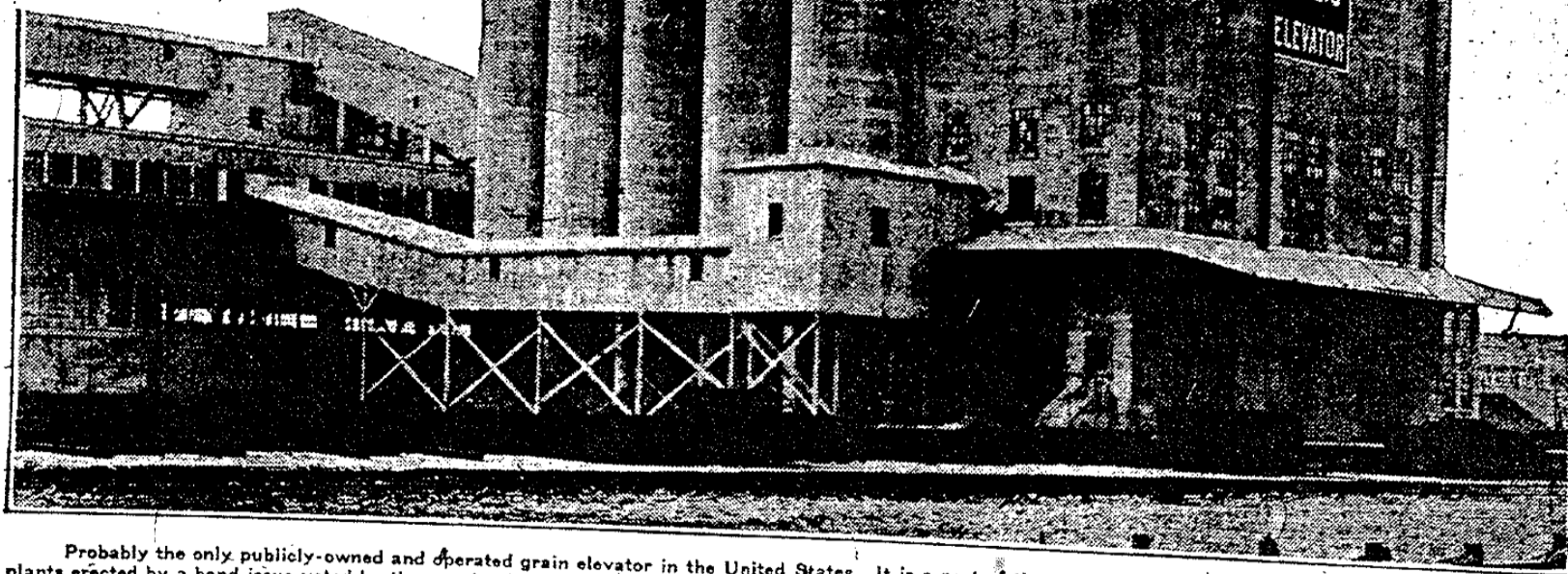
Part of the waterfront at Seattle, taken by the author from the deck of the Steamer Tacoma. The white smoke obscuring part of the buildings on the waterfront in the middle of the picture is from the publicly-owned West Seattle ferry. The ferry can be seen just under the smoke cloud. It was raining when the picture was taken.

Farmer Smith today lands his products at a public wharf at Seattle. He pays a quarter of the wharfage he formerly paid. He does not have to sell his products to the commission men at their prices if the price is not right. He can take them to the Seattle public market and sell them direct to the consumers. Or he can store them for a nominal charge in a publicly-owned cold storage plant or warehouse in which the charge is the same whether he is a big or little producer. If Olson, the fisherman, wants ice, the fish trust does not stick him three prices for it. He buys it at a publicly-owned ice plant. He can store his fish indefinitely at a publicly-owned cold storage plant that charges him no more for storage than it charges the big fish companies for the same service. The charge is one-half to a quarter what it used to be. He buys his supplies and equipment and bait at a publicly-owned supply house that furnishes him what he needs as cheap as the fish trust can equip its vessels.

If the producer happens to be a grain grower or fruit grower the facilities at the terminal are equally capable of taking care of him. The publicly-owned grain elevator for bulk grain

used to be and how they are was told me by G. F. Nicholson, chief engineer for the Port Commission.

"Great quantities of hay are produced on Puget Sound, for which there is a good market in Alaska and other places," said Mr. Nicholson. "Much of this hay is produced by farmers who can not afford to put in hay presses, either because they do not have the money or because it is a side line with them and the quantity of hay they produce does not justify the investment. Of course, the hay has to be baled by presses for shipment by vessel. Hay dealers owned presses and they charged from \$5 a ton up for baling it. This was a price that took all the profit out



Probably the only publicly-owned and operated grain elevator in the United States. It is a part of the system of public warehouses, wharves and cold storage plants erected by a bond issue voted by the people of King county, Washington, in which Seattle is located. The building back of the elevator is the Hanford street publicly-owned wharf. Modern equipment enables the grain to be conveyed by machinery out of or into ships or railroad cars. The patronage of this elevator by farmers has been so great that the Port Commission has decided to double its capacity.

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