



IOWA CHAPTER

Creating a State Bank

Iowa's constitution provides the authority for the State of Iowa to establish a state bank. But the state of Iowa has never done so.

Now is the time to begin the process to create a state bank. It first requires some legislation.

That legislation would ask that the State Treasurer convene a state bank working group to plan for and establish the state bank. The working group would have one year to create the plan. The state bank would become fully operational within five years. The state bank of Iowa can begin operating prior to this, on a limited or test basis.

Another feature of the state legislation is to require all state-generated revenue to be deposited in the Iowa state bank.

When fully operational, the state bank shall make loans to small business owners, farmers, and main-street businesses operating in Iowa, businesses and people requesting microloans, students, builders of affordable housing, home-buyers, and home owners remodeling their homes.

Every year Iowa Economic Development Authority shall fund a People's Loan program. The amount is one-half of the average amount of the Iowa Economic Development Authority budget for the previous five years from the date of enactment. The loans from this program shall be administered by the state bank.

The bank shall be capitalized by a newly implemented sports betting tax, which is to be taxed at the same rate as casino gaming taxes.

Other entities, beyond the State of Iowa, may open accounts at the state bank. The state bank shall have an account with the Federal Reserve Bank. Deposits to the state bank will be guaranteed by the full faith and credit of the state of Iowa.

Currently Iowa taxpayer money is deposited in private banks, including Wells Fargo which has been investigated by a number of federal agencies for wrong-doing, including fraud.

The taxpayer funds should be deposited in a bank that has the best interest of the state and its taxpayers as part of its mission.

Creating a state bank would provide financial mechanisms for ensuring that Iowa's money could be leveraged for Iowa goals. Finally, it would guarantee Iowa could fulfill its fiduciary duty to manage the public's money for the public good.