

Proposed Constitutional Amendment for the State of Colorado  
To Establish a State-Owned Bank  
To be Numbered as Article X, Section 22

WHEREAS, since 1919 the People of North Dakota have owned and benefited from the successful operation of the Bank of North Dakota, the specific purpose of which has been to provide an in-state repository for the holding, management and distribution of the fees and taxes collected from the operation of the government of North Dakota; and,

WHEREAS, the Bank of North Dakota is limited in its scope and purpose to: administer bank charters and audits, make funds available for state, city and county government operations, to benefit the People and communities of North Dakota, and to provide correspondent banking services for chartered members,

WHEREAS, the Bank of North Dakota is prohibited from competing in the private sector with privately-owned banks also operating in North Dakota under state or federal charter; and,

WHEREAS, the People of North Dakota have significantly benefited from the Bank of North Dakota which has paid the state treasurer more than \$325 million from bank profits over the past ten years; and,

WHEREAS, the Bank of North Dakota is attributed with being the cause for the North Dakota economy topping the list of state economies year after year, and with being the only State that has had a continuous budget surplus since before the financial crisis of 2008; and while the rest of America has been enduring a recession, the state of North Dakota has enjoyed the largest budget surplus in its history; and

WHEREAS, the Bank of North Dakota is attributed with being the cause why in 2011 the People of North Dakota saw almost \$500 million returned to them in income and property tax cuts and will enjoy a 30% decrease in tax liability when combining 2009-2011 tax cuts; and

WHEREAS, the Bank of North Dakota is attributed with being the cause why North Dakota has the lowest foreclosure rate, the lowest credit card default rate, and the lowest unemployment rate of any State (3.3%) in the nation; and,

WHEREAS, banks in the state of Colorado are failing at a rate five times greater than banks in other parts of the United States; and,

WHEREAS, Small businesses in the state of Colorado have experienced great difficulties in obtaining necessary capital as a result of the recession that began in 2008 and which result from the monetary policies of the national banking system under the control of the Federal Reserve

System; and

WHEREAS, The bank of North Dakota consolidates the handling of all state funds, while in Colorado various economic development and home ownership programs have limited authority, which may be more efficient if consolidated within one agency;

THEREFORE, be it enacted as Article X, Section 22 of the Colorado Constitution:

The state of Colorado hereby establishes a bank to be owned by the state of Colorado. The bank is authorized to lend money at interest to promote development, commerce, industry, and agriculture in the state, to promote home ownership, maintenance and construction of needed infrastructure, education, public health, safety, and other purposes for the general welfare of its citizens. The bank shall have all the powers and authority of other banks chartered by the State of Colorado, except that the bank will not take deposits of individual citizens, corporations, and other legal entities. The revenue and income of such a bank shall not be limited, nor shall expenditures and management of its revenue, income, and assets be restricted except upon sound financial and public policy considerations. All provisions of this section are self-executing and severable and supersede conflicting state constitutional, state statutory, charter, or other state or local provisions.

Governance of State Bank: The board of directors of the bank shall be comprised of the Governor, Attorney General, and Auditor of the state, plus four others to be chosen by holders of the offices first mentioned above and should represent Colorado's financial, business, agriculture, and labor sectors. At least two of these seven members must have executive experience managing banks, the majority of the stock of which is owned by residents of this state. The board of directors shall receive input on the general direction of the bank from a nine-member board of advisors whose members represent a broad cross-section of the state, including business and industry, farming, technology, finance, small business, education, labor, and employment, to be appointed by the Governor, subject to confirmation by a majority of the Senate of the State of Colorado. Members of the board of advisors shall be nominated by various groups within each area of interest. The board of directors shall also receive regular financial reports, no less than once a month, from the management of the bank. The finances of the bank shall be audited annually by an independent accounting firm free from any conflicts of interest with the bank or state. Except for the President of the bank, who shall be appointed by the board of directors, the management of the bank shall be hired according to the standards of the State Civil Service System, which shall endeavor to hire the best qualified persons and compensate them accordingly. The person appointed as president must have substantial experience in banking. The management of the bank shall be responsible for the day-to-day operations of the bank, which shall follow the general objectives set by the board of directors.

After passage of this amendment, the initial management of the bank, consisting of the top five officials of the bank, shall be charged with drafting the rules and regulations of the bank, subject to approval by Advisory Board, the Board of the Bank, and the Colorado General Assembly and signed by the Governor, in accordance with the rules of the legislature.

Capitalization of State Bank: The capitalization of the bank shall include all tax and other revenues and funds of the state, not already otherwise specifically allocated. Specifically allocated funds and other assets of the state normally held by financial institutions shall be deposited and held by the bank.