

A BANK OF VERMONT

Exploring a Public Banking Model for Vermont

What if more of Vermont's public financial resources could be put to work strengthening Vermont's economy?

A **Bank of Vermont** would be a state-owned financial institution modeled in part on the century-old **Bank of North Dakota (BND)**. Established in 1919, BND remains the nation's only state-owned bank. Its purpose includes supporting agriculture, commerce and industry while partnering with local financial institutions.

HOW WOULD IT WORK?

Instead of functioning primarily like a conventional retail bank, a Bank of Vermont could serve as a **financial partner for Vermont's existing community banks, credit unions and public institutions**. North Dakota provides an important example. State funds generally must be deposited with BND, and most of its deposits come from State taxes and fees. BND then uses its financial capacity for lending, investments and economic-development programs.

A Vermont model could explore using this capacity to support:

Housing — financing affordable and workforce housing and infrastructure needed for new development.

Small Businesses — partnering with local lenders to help Vermont businesses start, expand and create jobs.

Farms & Working Lands — expanding access to agricultural financing.

Community Infrastructure — helping finance water, wastewater, broadband, transportation and other long-term community investments.

Energy & Resilience — financing weatherization, renewable energy, flood resilience and other projects that can produce long-term economic value.

WOULD IT COMPETE WITH LOCAL BANKS?

It doesn't have to—and the North Dakota model was specifically designed not to. BND says its longstanding policy is to **support rather than compete with local financial institutions**. For many business and agricultural loans, the customer works with a local bank or credit union, which can then ask BND to participate in the loan. This allows the two institutions to share financing and risk.

For example:

Vermont business needs financing → Local bank makes the loan → Bank of Vermont participates in part of the loan → Local bank maintains the customer relationship.

WHAT HAPPENS TO THE BANK'S EARNINGS?

North Dakota uses BND earnings in three principal ways: maintaining the Bank's capital, supporting mission-oriented lending programs, and making legislatively authorized transfers to the State's General Fund. A Vermont bank would need its own rules governing capitalization, reserves and any transfer of earnings.

IMPORTANT QUESTIONS VERMONT SHOULD ANSWER

A serious proposal should examine how much initial capital would be required; which State funds could appropriately be deposited; how deposits would be protected; how taxpayers would be protected from losses; how the Bank would interact with VEDA, the Vermont Bond Bank, community banks and credit unions; what independent professional oversight would be required; and which investments would provide the greatest public benefit. A public bank isn't free money, and it isn't a substitute for responsible budgeting. It is a financial tool.

The question worth exploring is:

Could a carefully designed Bank of Vermont help put more financial capacity to work building housing, businesses, infrastructure and economic opportunity here in Vermont?

For comparison, readers can learn directly about the existing model from the [Bank of North Dakota](#).

The Candidate

I'm Ben Bosley and I'm running for House of Representatives in Burlington's Chittenden -15 district to help make Vermont somewhere people can afford to live and build a future, by bringing public and private investment together to expand housing, good jobs, healthcare, clean energy and opportunity.

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