

A Public Bank Would Have Earned Washington State \$541 Million in 2025

If Washington State had owned a public bank like the Bank of North Dakota in 2025, the bank would have earned **\$541 million in profit** for the state budget. Over the last 10 years, the bank would have earned **\$4.8 billion** on the cash the state holds today.

Executive summary

The Washington State Standard reported in September that Washington State faces a multibillion-dollar shortfall in the next budget. A state bank would bring in money for that budget without cutting a single program or raising taxes a penny.

Here's how the bank would make that money. In fiscal 2026, the Washington State Treasurer held an average of \$11.96 billion of state cash, and an average of \$26.93 billion for local governments in the Local Government Investment Pool, **\$38.9 billion** in all. That cash would be deposited in the state's bank, and the state and local governments would keep earning exactly what it earns today. The bank would lend nearly half of it, at the prime rate, to Washington State businesses and farms through Washington State's community banks, and keep the difference between what borrowers pay and what depositors earn. Nobody would doubt that a new private bank handed \$38.9 billion in deposits on day one would make money. A bank the public owns makes money the same way.

Nobody can predict interest rates. So we tested the plan against every year from 2016 through 2025, when rates ranged from near zero to above 5%, and the bank would have turned a profit in all 10. We also tested 41 years of national loan losses, back to 1985, and the bank would have turned a profit in 39 of them. Every calculation and source is in the working paper.

Key findings

1. **A Washington State bank would have earned \$541 million in profit in 2025.** At 2025 interest rates, that comes to more than \$1 billion for every two-year state budget.
2. **The bank would have turned a profit in each of the last 10 years, \$4.8 billion in all, and in 39 of the last 41 years at national loan loss rates.** Profit was lowest in 2020, at \$417 million, and highest in 2024, at \$570 million.
3. **Two years of the bank's profit, \$1.1 billion, would have covered what the Legislature drew from the rainy day fund in 2026.** The 2026 budget agreement drew \$880 million from the state rainy day fund and cut child care and K-12 education, The Spokesman-Review reported.
4. **No depositor would lose a dollar, and no local government would be forced to join.** The bank would pay the state and every local government what their cash earns today. Local governments would take part through the Treasurer's Local Government Investment Pool, which they join by choice today and would still join by choice.
5. **The bank would lend \$18.3 billion to Washington State businesses and farms through Washington State's community banks.** The Bank of North Dakota works "in partnership with a majority of North Dakota's financial institutions," buying shares of the loans those banks make so the banks can offer larger loans than they could fund alone. A Washington State bank would do the same, at the prime rate.
6. **Starting the bank would take no new tax and no new debt.** The bank would need \$1 of capital for every \$19 of public cash, about \$2 billion at full size, and that capital would come from cash Washington State already holds. The money would stay the state's property and keep earning interest inside the bank, and the bank's profit would build the capital to full size.
7. **The Bank of North Dakota has operated for 107 years and is still "the only state-owned bank in the United States."** The bank earned \$231.8 million in 2025, a 17.2% return on investment, and S&P Global Ratings rates the bank A+.

The full working paper, with every calculation and source, and the figures for 49 states:
<https://theexistentialistrepublic.com/reports/public-bank>