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The Stouffer Report: *Learning from North Dakota*

As Missouri lawmakers look at ways to save money, there is one state that may have the answer to better budgeting.

North Dakota uses its own bank, the [Bank of North Dakota](#), to do its own financing. Regardless whether this is the right approach, it is the only state-owned bank in the country. While many major banks were losing billions of dollars last year, the Bank of North Dakota turned a profit. Granted, North Dakota is different from a lot of states in that it relies more heavily on agriculture than it does housing futures. But, this also points to the power of America's oldest industry, and this is what separates rural Missouri from the rest of our state.

Through its bank, North Dakota has avoided the credit freeze so many other states have encountered during this troubling economic climate. This economic sovereignty provided North Dakota the opportunity to maintain existing services, continue its commitment to education and be ready for any disaster or emergency that could come our way.

Ironically, it was a citizen uprising that created the bank. In 1919, certain states — mainly in the east — were dictating how banks should award money. Loans were not given to folks who wanted to distribute goods

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and a lot of farmers were also denied loans. What became known as the Nonpartisan League started to take control of legislatures throughout the Midwest. In North Dakota, lawmakers there put together an industrial program. This created the Bank of North Dakota to finance growing, buying and shipping grain in the state.

The Bank of North Dakota is the depository for all collected state fees and taxes. The bank then takes this money and reinvests it into the state through loans. A lot of it is through student loans, the rest through agricultural or other economic development programs. A lot of banks in our country have pulled out of the student loan business, which is why the federal government has taken over most student loans. But, this is not the case in North Dakota.

The Bank of North Dakota is able to do a lot of forward thinking with its loans as well. For instance, in 1998, a town in North Dakota experienced severe flooding and went through the largest evacuation in U.S. history at the time. The state was prepared financially and also stepped in when the waters receded with disaster loans for businesses. The bank's policy is to partner with local banks — not compete with them.

With a potential \$1 billion budget shortfall expected for Missouri's next fiscal year, we need to be thinking of ways to make the best use of taxpayer money. I am not convinced crowding the private sector's banking industry is the best approach, but we need new ideas. We have a great opportunity ahead of us, and I pray we make the right decisions when we start to work on Missouri's 2012 fiscal year budget.

Senator Stouffer serves the counties of Carroll, Chariton, Cooper, Howard, Lafayette, Macon, Ray, Saline, and a part of Clay.

If you have questions or comments about this or any other issue, please call toll free (866) 768-3987 or by e-mail at bstouffer@senate.mo.gov.

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