

Written Testimony of Lawrence A. Wilson
Deputy Treasurer
State of Connecticut Office of the Treasurer
SUBMITTED TO THE BANKING COMMITTEE
FEBRUARY 14, 2017



Senator Winfield, Senator Martin, Representative Lesser, and members of the Banking Committee, my name is Larry Wilson, Deputy State Treasurer. On behalf of State Treasurer Denise Nappier, I am pleased to submit this testimony in support of Raised Bill No. 6520, ***An Act Raising the Asset Limitation for Community Banks and Credit Unions***.

As a matter of public policy, we believe it is in the public interest, the best interest of our business community, and the best interest of the State of Connecticut, to do what we can to encourage the continued viability of community banks in our State. For these reasons, we worked with the General Assembly in 2003 as it enacted legislation giving the Treasurer authority under Section 3-24j *et seq.* of the Connecticut General Statutes to establish a program in which community banks and credit unions – defined as those banks and credit unions with assets not exceeding \$500 million and domiciled in Connecticut – could compete for and earn investments of State monies.

This bill would raise the asset eligibility limit to \$1 billion, which we believe is reasonable given the passage of time since the initial limit was established and the consolidation within the financial services industry. Accordingly, we support passage of the bill.

When the Community Bank and Credit Union Initiative was implemented, 39 banks and 11 credit unions qualified for the program. Currently, only 20 banks and 12 credit unions qualify. Increasing the asset limit would allow an additional 10 banks and one credit union to participate in the program.

Since the program began the Treasury has made \$478 million in investments with 10 community banks and credit unions through a monthly competitive bidding process. We currently have \$22 million invested through the program.

We appreciate the Committee's interest in further promoting the investment of the State's cash with community banks and credit unions by expanding the pool of financial institutions that are eligible to compete under the Community Bank and Credit Union Initiative.

Thank you for the opportunity to share with you our views on this legislation.