February 14, 2019


I am Representative Susan Johnson. I represent the 49th House District which covers most of Windham.

I also support Proposed Bills: H.B. No. 5973, An Act Requiring A Study of the Feasibility of creating a State Bank to Serve the Cannabis Industry,

Proposed S.B. No. 70, An Act Establishing The Connecticut Infrastructure Bank; and

Proposed S.B. An Act Establishing A North East Regional Infrastructure Bank.

A Connecticut State Bank would help our State economy in some of the same ways that the Bank of North Dakota has been a stabilizing factor in that state since 1919, or in the way our Green Bank has been able to “Leverage limited public funds to attract multiples of private capital investment while reinvesting public funds overtime.” See, Green Bank Mission and Goals, Energy and Technology Committee, Informational Forum on Regulations and Utilities, February 5, 2019. A Connecticut State Bank would not be a bank that competes with local banks, but rather it would be supportive of our local banks and work with them to expand and stabilize our local economy.

It is not hard to understand why North Dakota established the first state owned bank in the nation back in 1919. It was difficult for farmers to obtain credit. Banks were foreclosing on properties and did not have in place the legal means to protect depositors or the general public from stunning downturns in the economy which greatly limited public access to credit. The Great Depression of the late 1920s and 1930s generated new legislation that helped stabilize markets and was in place for much of the rest of the last century. Those limitations on markets were repealed in the latter half of the 1990s.
As we are all still painfully aware, beginning in 2008, we suffered the greatest downturn in our economy since the Great Depression. Much of our economic tragedy was apparently precipitated by the changes made in our national banking laws. This began during my first term in office here in Hartford. Congresswoman Rosa DeLauro came to the Capitol and pitched the idea of public banking on the state and national level. I was impressed with her presentation and began researching the issue.

Shortly after the DeLauro message was delivered here, Congress began to work on a solution to create increased stability in our banking system by passing the Dodd-Frank legislation. Unfortunately, those protections are being traded away and eroded on the national level when there is a threat to shut down our federal government.* Hence we could be faced with greater market instability in the future.

The Bank of North Dakota was set up to “promote agriculture, commerce and industry.” It was not created to compete with other banks. Please refer to the 2012 report of former State Banking Commissioner Howard Pitkin on the Establishment of a State-Owned Bank in Connecticut. The report concludes that the Bank of North Dakota has a stabilizing impact on the North Dakota economy. Connecticut has a much larger economy than North Dakota. Nevertheless, our proximity to Wall Street and Washington DC makes us more susceptible to changes in the economy.

The creation of a task force for a state-owned Connecticut Bank or working with the Green Bank to add an infrastructure bank will create more economic stability in Connecticut. A state owned institution might be the best place to begin financing our newly proposed transportation projects. It might also be the optimum source for student loans.

Given the complexity of our economy here and our unfortunate experience of the past 10 years, it is time for Connecticut to pick up where Congresswoman DeLauro and former Banking Commissioner Pitkin left off and create and empanel the task force proposed in Proposed Bill No. 5970 to determine whether a state-owned bank could help address issues created by the instability and lack of regulation affecting the private markets today, and improve our economy and the fortunes of the people of Connecticut.

Sincerely,

[Signature]

Representative Susan Johnson

49th Assembly District