



**State of Connecticut**  
**HOUSE OF REPRESENTATIVES**  
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**REPRESENTATIVE SUSAN M. JOHNSON**  
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**DEPUTY MAJORITY LEADER**

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APPROPRIATIONS COMMITTEE  
EDUCATION COMMITTEE  
HOUSING COMMITTEE

February 18, 2021

Good Morning,

Senator Kasser, Representative Doucette and distinguished members of the Banking Committee: Thank you for raising H.B. No. 5610, An Act Requiring Expanding Access to Certain Loans Issued by the Higher Education Supplemental Loan Authority; and, H.B. 6323 An Act Establishing a State of Connecticut Bank.

I am Representative Susan Johnson. I represent the 49<sup>th</sup> House District which covers most of the Town of Windham. I am in strong support of H.B. 5610 An Act Requiring Expanding Access to Certain Loans Issued by the Higher Education Supplemental Loan Authority because our students have been hurt and are being hurt economically because of the increasing cost of higher education and a financial system that charges most students at a higher rate than most home buyers pay for a mortgage. This is a problem that must be addressed so our graduates can obtain employment and begin to participate in our Connecticut economy. Student debt is taking money out of our economy and making it very difficult for graduates to do anything other than pay their student loan debt.

I am also in strong support of H.B. 6323 An Act Establishing a State of Connecticut Bank which would help our state economy by keeping our taxpayer dollars in Connecticut. This could work in Connecticut like the Bank of North Dakota (BND) has worked in that state since 1919. The BND is a depository bank so it can borrow from the Fed currently at a rate of 0.25%. Or we could expand access to our resources by creating a Connecticut Public Bank in the same way our Green Bank operates by including access to resources to municipalities and non-for-profit organizations. Our Green Bank has been able to “[l]everage 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. The pandemic has created a new need for more local financial control. It was demonstrated by the BND that because of the help they gave to their state banks the CARES ACT funds were provided quickly and completely to the businesses because the BND provided the necessary technical assistance to obtain the funds for that state quickly. This was not so in my part of Connecticut. Many small businesses never obtained any of the Cares Act funds despite trying several times to obtain Cares Act funds from our local banks. We could have had more stability in our Connecticut economy with a State of Connecticut Banking system working more efficiently to help our local banks and businesses. 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 negative changes in our economy.

Other states are moving forward, California recently passed a bill similar to H.B. 6323 which would include the opportunity in our banking statutes where Connecticut can either create a depository bank that will allow the state to borrow from the Fed at a lower interest rate and save taxpayers from additional costs in interest payments or expand our access to resources by using the Green Bank model either way, we can expand access to resources for municipalities and non-profit organizations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Susan Johnson". The signature is fluid and cursive, with a large initial "S" and "J".

Representative Susan Johnson  
49<sup>th</sup> Assembly District