

To: Committee on Finance

From: Committee on Government Operations

Date: February 27, 2014

Continuing our work related to enhancing state government lending activities, the Senate Government Operations Committee has taken testimony related to both S.55 (a state bank study) and 204 (the 10% for Vermont local investment program), with the understanding that S.204 is officially assigned to the Committee on Finance.

Our witnesses included State Treasurer Beth Pearce, Jo Bradley from VEDA, the Vermont Bankers Association, the UVM Gund Institute, The Public Banking Institute, Vermonters for a New Economy and others

We found areas of agreement including strong support for increased local investment and for moving 10% of the State's daily cash balance into VEDA to make local investments to help meet help address "capital gaps" identified by the state treasurer. There was not agreement on providing VEDA with banking powers to facilitate lending.

As a result of our testimony and discussion we recommend the following to the Senate Committee on Finance:

- Move 10% of the States daily cash balance (estimated at \$35 million) into VEDA
- Direct VEDA to use those funds to support local investment (there was discussion of directing the funds to certain investments, especially renewable energy and thermal efficiency that question was unresolved.).
- Continue the VEDA policy of primarily lending through or in partnership with, local banks and existing institutions
- Appoint an advisory group (as in S.204) to help set initial funding related priorities and address other questions regarding increased local investment to meet capital needs including but not limited to, the possibility of VEDA being granted a banking license and membership in the Federal Home Loan Bank

We believe that the increased local investment (approximately \$35 million) generated by this proposal will result in the growth of jobs and a stronger Vermont economy at no cost to the taxpayers or State of Vermont.

We appreciate your attention to these recommendations.