

Vermont State Senate – Finance Committee / April 19, 2016
Data Presented by Thomas Leavitt – Northfield Savings Bank President & CEO

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actual Franchise Tax	\$586,000	\$593,000	\$606,000	\$643,000	\$691,000 Est.
Estimate of Income Tax*	\$549,000	\$583,000	\$565,000	\$476,000	
Difference	\$ 37,000	\$ 10,000	\$ 41,000	\$167,000	

*NSB VP-Finance calculation of estimated tax obligation using state income tax as alternative

Estimated NSB Bank Franchise Tax using 2016 projected deposits @ rate of .000118: \$849,600 (+23%)

Factors to consider in weighing merit of proposed rate increase:

- Vermont banks are active in community contributions (NSB gives 10% of its earnings to Vermont community organizations)
- Vermont banks are investing responsibly in affordable housing and downtown development by purchasing tax credits
- Vermont banks face increasing competitive pressure from credit unions that enjoy expanding powers and are gaining deposit market share without being subjected to the franchise tax
- Vermont banks are major employers and sustainers of economic growth via loans to businesses large and small
- Vermont banks are committed to improving financial literacy in Vermont (NSB making a \$450 thousand grant to Capstone Community Action and Champlain Valley Office of Economic Opportunity 2015-2017)
- Vermont banks and Vermont bankers are community citizens that volunteer time and resources in providing leadership to Vermont non-profits
- Vermont banks, though not contributors to the economic crisis of the last decade, have been subjected to increasing national regulation, with attendant compliance costs
- Vermont banks continue to pay an increasing commitment to the franchise tax as deposits rise
- Vermont independent banks are growing fewer in number; those of us remaining are making decisions locally and are focused almost exclusively on Vermont

For these reasons, NSB is opposed to an increase in the current rate assessed to banks paying the franchise tax.

About Northfield Savings Bank - Northfield Savings Bank was founded in 1867 by a local university president who believed a mutual bank, owned by its depositors, would benefit the community. 149 years later, NSB continues this tradition. Northfield Savings Bank is one of the nation's remaining mutual, depositor-owned organizations, and the second largest bank headquartered in Vermont. With 13 full service locations in Central Vermont and Chittenden County, NSB provides a comprehensive range of personal and business banking solutions, backed by a range of electronic delivery channels and a new technologically advanced Operations Center in Berlin, VT opened in October 2015. The bank's 110% Banking commitment directs 10% of its earnings to Vermont community organizations. Northfield Savings Bank is rated Outstanding for its Community Reinvestment Act performance. www.nsbvt.com

Thomas S. Leavitt

President & CEO | Northfield Savings Bank
 1021 Paine Turnpike N | Berlin, VT 05602
 P.O. Box 7180 | Barre, VT 05641-7180
 802.661.5350 (o) | 802.595.1795 (m)