

Testimony in support of LD 24:

An Act To Create a Public State Bank

February 3<sup>rd</sup>, 2015

Good afternoon, Senator Whittemore, Representative Beck, and members of the Insurance and Financial Services Committee, my name is Alan Tibbetts, I am here today as a concerned Maine citizen to voice my support for The Public State Bank bill.

Currently, the state keeps tens of millions of dollars in big banks<sup>1</sup> that care too little about Maine's economy and people to invest here. Why is OUR money being placed with these banks that serve Wall Street but are often not willing to give loans to small businesses right here in Augusta?

A Public State Bank would act in partnership with local banks to keep money from leaking out of Maine's economy. Together, they would assist Mainers in securing loans to expand their businesses, or to create new enterprises. The bill would put people back to work, and help build stronger, more vibrant communities

With a Public State Bank, Maine could gain independence from the Big Banks. Once fully operational and capitalized, the State Bank, partnering with local banks, would allow State and local government to borrow from within the state, keeping any interest paid right here in Maine.

North Dakota has proven the worth of such a bank. Since 1919 the Bank of North Dakota (BND) has been lending to farmers, businesses and students. It operates in partnership, not competition, with private sector banks, by sharing the risk and buying down the interest rate. As a secondary buyer of residential loans, BND purchases from local banks which then have the ability to re-loan that capital. They also act as a "bankers' bank" or wholesale bank, providing services to banks as a kind of mini-Fed.

So, it's up to the 127<sup>th</sup> Legislature. You have an opportunity to use tens of millions of dollars to help the Maine economy, and our communities. Or you can continue to send those tens of millions of our dollars out of state, to help Wall Street finance more big money deals that won't help Maine communities or Maine businesses. Thank you for your time today.

Alan Tibbetts

2986 Middle Road,

Sidney, Maine 04330

sonsane@roadrunner.com

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<sup>1</sup> Maine State Bank Analysis: <http://www.stateinnovation.org/Initiatives/State-Banks-Materials/CSI-Maine-State-Bank-Analysis-final.aspx>

# COVER SHEET

## 127th Maine State Legislature

**Committee:** Insurance and Financial Services

**LD:** 24

**Title:** An Act To Create a Public State Bank

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**Testimony Submitted By:**

**Name:**

*Rep. Mallett*

**Organization:**

*Calais*

**Policy Area:**

**Topic:**



# HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0002

(207) 287-1400

TTY: (207) 287-4469

## Joyce A. Maker

89 Lafayette Street

Calais, ME 04619

Residence: (207) 454-2327

Joyce.Maker@legislature.maine.gov

### In Opposition To

**L.D. 24: An Act to Create a Public State Bank**

**Joint Standing Committee on Insurance and Financial Services**

**February 3, 2015**

Senator Whittamore, Representative Beck, and Distinguished Members of the Joint Standing Committee on Insurance and Financial Services:

My name is Joyce Maker. I am the State Representative from House District 140, which includes the towns of Baileyville, Calais, Charlotte, Passamaquoddy Indian Township, Passamaquoddy Pleasant Point, Pembroke, Perry, Robbinston and Baring Plantation. I live in Calais and am here to speak in opposition to L.D. 24, An Act to Create a Public State Bank.

I am a strong supporter of FAME and its mission and would hate to see it abolished or merged into another, new entity of state government. FAME performs its mission exceedingly well, and at little to no cost to the state. Why would we want to reinvent the wheel or do away with such a successful economic development agency that is now thirty-one-years-old?

I know quite a bit about FAME because I served on its board of directors for many years and even had the privilege of serving as its board chair. I also know a good deal about FAME as it relates to its important higher education mission from my service on the Education Committee and from my time working in a prior life as director of student financial aid at Washington County Community College.

I do not agree with the need of establishing a state-run bank. This would be a huge and expensive undertaking. This bill is almost identical to one considered and rejected by this committee and the Legislature two years ago.

If we truly wish to expand job creation and access to capital for Maine citizens and businesses, let's invest more money in FAME and not create an expensive and unnecessary new state bureaucracy. FAME has a proven track record for return on investment and job creation/retention, never mind its outstanding reputation for providing access to higher education through NextGen, the Harold Alfond College Challenge, financial aid and financial education outreach, as well as the many grants, loans and loan repayment programs it operates on behalf of the state.

FAME offers a variety of flexible business financing programs to meet the needs of a variety of potential borrowers. In partnership with other entities like banks, credit unions, and local economic development agencies, and the U.S. Small Business Administration, they have helped to save thousands of Maine jobs over the years, most recently at the St. Croix Tissue, Inc. mill in Baileyville. FAME's leadership in that project helped to save approximately 400 jobs in Washington County. As I don't need to tell you, this is a huge deal in my county.

Thank you for your time and I will try to answer your questions and if I can't I am sure that CFO Carlos Mello will be able to answer them for you.