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We are pleased to be able to submit testimony regarding the Banking Development District (BDD) program in New York State.

Pioneer has been proud to sponsor a BDD in the Village of Green Island since December 2004. Our partnership with the Village has been proactive over the last five years with the end result of us providing essential banking and financial services in a community that was abandoned by a larger financial institution a number of years ago. This created a void of an integral part of this community. Over the years since we have established a BDD, Pioneer has reached out to the community, especially it's senior citizen population to provide banking as well as financial literacy services.

Any newly proposed legislation regarding BDD's could be crafted to allow overlap geographically with an existing BDD if value added services to that community could be ascertained. Concerning any subsidy or below market rate deposits that are offered by the Comptroller's Office, each district should stand on its own merit and should be evaluated separately. However, to allow for a stable initial period for fixed cost absorption, a commitment of three years up front should be granted. After the three year period, each district should be evaluated separately to ascertain whether an extension should be granted. This criterion should include profitability, economic development opportunities, literacy outreach and other matters that allow the district to receive services that would be equivalent to other non-BDD areas.

In the case of Pioneer Bank, we have seen first hand the benefits of a BDD in the Village of Green Island. These include convenient access to financial services by its citizens, especially seniors. We have experienced a very trusting and close relationship with the civic and governmental entities of Green Island. Our Bank and Staff have participated in not-for-profit activities such as the American Cancer Society's Relay for Life event which the Bank partnered with the Village to make successfully happen for a number of years. These benefits should be afforded to all communities in New York State. We are a strong advocate of this activity. However, we also feel very strongly that only entities that pay New York State federal income and sales taxes should be allowed to sponsor a BDD, therefore managing taxpayer dollars by accepting deposits from the municipality involved with the BDD.

Once again, we appreciate the opportunity to provide testimony on this issue and look forward to working with the New York State Banking department, the Comptroller's Office and others to continue with this excellent program.