

July 27, 2009

Via Electronic Mail Only to: Comments@FDIC.gov

Sheila Bair, Chair
Federal Deposit Insurance Corporation
550 17th Street NW
Room MB-6028
Washington, DC 20249

Re: RIN #3064-AD37

Dear Ms. Bair:

The Pennsylvania Treasury Department strongly supports an extension of the Treasury Asset Guarantee (TAG) Program beyond its current December 31, 2009 expiration date. By providing a federal guarantee on non-interest bearing transaction accounts, this program serves not only citizens but also small community banks and local governments throughout the Commonwealth of Pennsylvania, and should be continued for at least an additional year.

As the Treasurer of the Commonwealth of Pennsylvania, the economic security of all Pennsylvanians is deeply important to me. With the economic climate still uncertain, I believe that Pennsylvania citizens need a safe and secure option to store their funds. By providing a guarantee, the TAG program offers that security for persons with transaction accounts, instilling increased confidence in retail banks. That confidence will help support the small community banks that have been playing such a vital role during the current crisis. Ensuring public confidence should bolster their deposit reserves, and enable local banks to play a greater role in our economic recovery.

In addition, the TAG program provides cash-strapped municipalities and local governments access to a safe option for their public funds. Given the difficult fiscal environment, providing Pennsylvania's towns and cities a safe place to conduct their business and store transaction funds is crucial to ensuring the financial health of the Commonwealth

However, I am concerned about the proposed increase in participation fees, and the impact that that this might have on community banks and the broader economic recovery. Our local banks have been working hard to serve our communities in these difficult times

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and are likely to play an instrumental role in our nation's economic recovery. This additional fee could pose a significant hardship for smaller banks throughout Pennsylvania, which would not only hamper their efforts to provide secure and safe financing but could also force some banks to withdraw from the program entirely.

The Pennsylvania Treasury Department strongly supports the current proposal to extend the TAG program, but also urges that all associated fees be kept at the lowest possible level. The Pennsylvania Treasury has actively supported the TAG program by depositing funds in qualifying accounts at participating institutions. In the event the program continues, we are prepared to extend and increase our support significantly.

Sincerely,

Robert M. McCord
Treasurer of the Commonwealth of Pennsylvania