

SB0792/367771/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 792
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Young” and substitute “Young, Middleton, and Astle”; in line 2, strike “State Procurement – Banking Services Preference” and substitute “Linked Deposit Program for Small Businesses”; strike beginning with “requiring” in line 3 down through “State” in line 9 and substitute “establishing a Linked Deposit Program for Small Businesses in the Department of Housing and Community Development for a certain purpose; specifying that certain loans qualify under the Program; requiring the Department of Housing and Community Development to confirm with the Department of General Services that certain loans are made to certain businesses; requiring the Department of Housing and Community Development to establish certain procedures for a certain notification; requiring the Department of Housing and Community Development to receive loan applications from small businesses and forward loan applications to lenders; requiring the Department of Housing and Community Development to require small businesses to notify the Department of Housing and Community Development concerning final loan disposition; requiring the Department of Housing and Community Development to report annually to the Governor, the Treasurer, and the General Assembly on the overall performance of the Program; authorizing the Treasurer to establish the Program for investment of deposits in certain financial institutions; authorizing the Treasurer to make certain interest bearing deposits; authorizing the Treasurer to accept a rate that is a certain percent below current market rates or a certain index; authorizing the Treasurer to use up to a certain amount to make certain interest bearing deposits; requiring the Treasurer to reduce a certain loan amount on a certain notification; prohibiting a certain small business from being considered unqualified for certain purposes under certain circumstances; providing that a certain loan is not a debt of the State or a pledge of the credit of the State; providing that the Treasurer and the State are not liable to certain financial institutions for certain payments of a”

(Over)

loan assisted by a linked deposit; authorizing the Treasurer and the Department of Housing and Community Development to adopt certain regulations; requiring the Treasurer to meet with representatives from the Maryland banking industry and certain related stakeholders for certain purposes; requiring the Treasurer to report to the General Assembly on or before a certain date; and generally relating to the establishment of a Linked Deposit Program for Small Businesses"; strike in their entirety lines 10 through 19, inclusive, and substitute:

"BY adding to

Article - State Finance and Procurement

Section 6-212

Annotated Code of Maryland

(2009 Replacement Volume and 2011 Supplement)".

AMENDMENT NO. 2

On pages 1 through 3, strike in their entirety the lines beginning with line 23 on page 1 through line 20 on page 3, inclusive, and substitute:

~~6-212.~~

(A) (1) THERE IS A LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES IN THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

(2) THE PURPOSE OF THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES IS TO STIMULATE OPPORTUNITIES FOR SMALL BUSINESSES TO HAVE ACCESS TO CREDIT BY ASSISTING THESE BUSINESSES IN OBTAINING LOANS AT LOWER THAN MARKET INTEREST RATES.

(B) A LOAN QUALIFIES UNDER THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES IF THE LOAN:

(1) SATISFIES THE LENDING CRITERIA OF THE FINANCIAL INSTITUTION;

(2) HAS A TERM NOT EXCEEDING 10 YEARS;

(3) IS MADE TO A SMALL BUSINESS QUALIFIED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE;

(4) HAS AN INTEREST RATE THAT IS 2 PERCENTAGE POINTS BELOW THE INTEREST RATE THE FINANCIAL INSTITUTION WOULD CHARGE FOR A LOAN FOR A SIMILAR PURPOSE AND A SIMILAR TERM; AND

(5) HAS POINTS OR FEES CHARGED AT LOAN CLOSING NOT EXCEEDING 1 PERCENT OF THE LOAN AMOUNT.

(C) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SHALL:

(1) CONFIRM WITH THE DEPARTMENT OF GENERAL SERVICES THAT EACH LOAN UNDER THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES IS MADE TO A BUSINESS THAT QUALIFIES AS A SMALL BUSINESS;

(2) ESTABLISH PROCEDURES FOR NOTIFICATION BY THE DEPARTMENT OF GENERAL SERVICES IF A BUSINESS THAT HAS AN OUTSTANDING BALANCE OF A LOAN UNDER THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES NO LONGER QUALIFIES AS A SMALL BUSINESS;

(3) REQUIRE SMALL BUSINESSES AND LENDERS TO NOTIFY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CONCERNING FINAL LOAN DISPOSITION; AND

(4) REPORT ANNUALLY TO THE GOVERNOR, THE TREASURER, AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON OVERALL PERFORMANCE OF THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES.

(D) THE TREASURER MAY ESTABLISH THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES FOR INVESTMENT OF DEPOSITS IN ANY FINANCIAL INSTITUTION THAT:

(1) THE TREASURER HAS DESIGNATED AS A DEPOSITORY FOR STATE MONEY; AND

(2) MAKES A LOAN IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION.

(E) (1) THE TREASURER MAY MAKE ONE OR MORE INTEREST BEARING DEPOSITS THAT ARE EQUAL TO:

(I) THE AMOUNT OF THE LOAN MADE BY THE FINANCIAL INSTITUTION IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION; OR

(II) THE AGGREGATE AMOUNT OF TWO OR MORE LOANS MADE BY ONE OR MORE FINANCIAL INSTITUTIONS IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION.

(2) IN MAKING AN INTEREST BEARING DEPOSIT UNDER THIS SUBSECTION, THE TREASURER MAY ACCEPT A RATE THAT IS 2 PERCENTAGE POINTS BELOW CURRENT MARKET RATES OR AN INDEX SELECTED BY THE TREASURER.

(3) THE TREASURER MAY USE UP TO \$50,000,000 TO MAKE INTEREST BEARING DEPOSITS IN AN AMOUNT EQUIVALENT TO THE AMOUNT FINANCIAL INSTITUTIONS LOAN TO QUALIFIED SMALL BUSINESSES.

(F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ON NOTIFICATION BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT THAT A SMALL BUSINESS PARTICIPATING IN THE LINKED DEPOSIT PROGRAM FOR SMALL BUSINESSES NO LONGER QUALIFIES AS A SMALL BUSINESS UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE, THE TREASURER SHALL REDUCE THE AMOUNT OF THE INTEREST BEARING DEPOSIT WITH THE PARTICIPATING FINANCIAL INSTITUTION BY THE OUTSTANDING BALANCE OF THE LOAN MADE UNDER THIS SECTION TO THE SMALL BUSINESS THAT NO LONGER QUALIFIES UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE.

(2) A SMALL BUSINESS THAT LOSES ITS QUALIFICATION DUE TO REVENUE OR EMPLOYEE GROWTH MAY NOT BE CONSIDERED UNQUALIFIED FOR PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION.

(G) (1) A LOAN ASSISTED BY A LINKED DEPOSIT IS NOT A DEBT OF THE STATE OR A PLEDGE OF THE CREDIT OF THE STATE.

(2) THE TREASURER AND THE STATE ARE NOT LIABLE TO ANY FINANCIAL INSTITUTION FOR PAYMENT OF THE PRINCIPAL OR INTEREST ON A LOAN ASSISTED BY A LINKED DEPOSIT.

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**(H) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
AND THE TREASURER MAY ADOPT REGULATIONS TO CARRY OUT THIS SECTION.**

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The State Treasurer shall meet with representatives from the Maryland banking industry and any related stakeholders and identify:

(1) impediments to participating in the procurement process for the selection of designated State depositories, including State agency and linked-deposit programs;

(2) any possible solutions to any impediments identified under item (1) of this subsection.

(b) On or before December 31, 2012, the Treasurer shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on the results of the meetings with representatives from the Maryland banking industry and any related stakeholders to the General Assembly.”.

On page 3, in line 21, strike “2.” and substitute “3.”.