

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 177

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, after “(Administration)” insert “and Senators Fry, Middleton, Ruben, and Van Hollen”;

in line 6, after “terms;” insert “establishing an application process for linked deposit loans; requiring the Administration to make certain certifications regarding the eligibility of certain borrowers; requiring the Administration and a lender to enter into certain agreements under certain circumstances; providing that a linked deposit loan is not a debt of the State or a pledge of the credit of the State;”;

and after line 17, insert:

“BY adding to

Article - Environment

Section 9-1606.1

Annotated Code of Maryland

(1996 Replacement Volume and 1997 Supplement)”.

AMENDMENT NO. 2

On page 2, in line 15, after “300” insert “F”; strike beginning with “MEANS” in line 22 down through “CORPORATION” in line 28 and substitute “HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE”; strike beginning with “MEANS” in line 29 down through “DEPOSIT” in line 31 and substitute “HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE”; in line 32, after “(O)” insert ““LINKED DEPOSIT LOAN” HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE.

(P)”.

On pages 2 and 3, strike beginning with “MEANS” in line 32 on page 2 through “SUBTITLE” in line 3 on page 3 and substitute “HAS THE MEANING STATED IN § 9-1606.1 OF THIS SUBTITLE”.

On page 3, in lines 4, 8, 12, 14, 18, 28, and 30 strike “(P)”, “(Q)”, “(R)”, “(S)”, “(T)”, “(U)”, and “(V)”, respectively, and substitute “(Q)”, “(R)”, “(S)”, “(T)”, “(U)”, “(V)”, and “(W)”, respectively.

#### AMENDMENT NO. 3

On page 4, in line 6, strike “Subject” and substitute “(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AND SUBJECT”; in line 8, strike “, EXCEPT THAT” and substitute a period; and in line 9, before the first “THE” insert “(II)”.

On page 6, in line 1, strike “CONTROL” and substitute “PROMOTE LOANS FOR CONTROLLING”; in line 2, strike “TO PROTECT” and substitute “PROTECTING”; in line 28, strike “Subject” and substitute “(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AND SUBJECT”; in lines 30 and 31, strike “, EXCEPT THAT” and substitute “. (II)”.

#### AMENDMENT NO. 4

On page 9, after line 40, insert:

“9-1606.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “LENDER” MEANS A FINANCIAL INSTITUTION THAT:

(I) IS ELIGIBLE TO MAKE COMMERCIAL LOANS;

(II) IS A PUBLIC DEPOSITORY OF STATE FUNDS;

(III) AGREES TO RECEIVE LINKED DEPOSITS UNDER THIS SUBTITLE; AND

(IV) IS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.

(3) "LINKED DEPOSIT" MEANS A DEPOSIT THAT IS PLACED BY THE ADMINISTRATION WITH A LENDER AND EARNS INCOME BELOW THE PREVAILING MARKET RATE FOR EQUIVALENT DEPOSITS MADE WITH THE LENDER AT THE TIME OF THE DEPOSIT.

(4) "LINKED DEPOSIT LOAN" MEANS A LOAN FROM A LENDER TO A BORROWER THAT:

(I) IS USED FOR THE PURPOSES OF § 9-1605 (D)(6) OR § 9-1605.1(D)(7) OF THIS SUBTITLE; AND

(II) IS PROVIDED AT AN INTEREST RATE BELOW THE PREVAILING MARKET RATE TO THE SAME EXTENT INCOME EARNED ON THE LINKED DEPOSIT IS BELOW INCOME PAID ON EQUIVALENT DEPOSITS.

(5) "LINKED DEPOSIT PROGRAM" MEANS A PROGRAM ESTABLISHED BY THE ADMINISTRATION WHEREBY A LINKED DEPOSIT IS PLACED WITH A LENDER BASED ON THE AGREEMENT OF THE LENDER TO PROVIDE A LINKED DEPOSIT LOAN TO A BORROWER.

(B) (1) A BORROWER DESIRING TO ACQUIRE A LINKED DEPOSIT LOAN SHALL APPLY TO A LENDER.

(2) THE ADMINISTRATION SHALL CERTIFY TO A LENDER THAT A BORROWER IS ELIGIBLE FOR A LINKED DEPOSIT LOAN CONSISTENT WITH § 9-1605(D)(6) OR § 9-1605.1(D)(7) OF THIS SUBTITLE.

(C) UPON APPROVAL OF A LINKED DEPOSIT LOAN BY THE LENDER, THE ADMINISTRATION AND LENDER SHALL ENTER INTO AN AGREEMENT UNDER WHICH THE AMOUNT AND TERM OF, AND SCHEDULE FOR PAYMENT OF PRINCIPAL AND

INTEREST ON, THE LINKED DEPOSIT SHALL BE DETERMINED.

(D) ON RECEIVING A LINKED DEPOSIT FROM THE ADMINISTRATION, THE LENDER SHALL EXECUTE A LOAN COMMITMENT WITH THE BORROWER.

(E) A LINKED DEPOSIT LOAN IS NOT A DEBT OF THE STATE OR A PLEDGE OF THE CREDIT OF THE STATE.”.