

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegates Vaughn, Anderson, Benson, C. Davis, Goodwin, Haynes, Howard, Oaks, Paige, Patterson, Ramirez, and V. Turner V. Turner, Burns, Conroy, D. Davis, Doory, Feldman, Haddaway, Harrison, Kirk, Krysiak, Love, McHale, Moe, Parrott, and Taylor**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Linked Deposit Program - State Depository Financial Institutions - Loans to**
3 **Minority Business Enterprises**

4 FOR the purpose of establishing a Linked Deposit Program in the ~~Treasurer's Office~~
5 Department of Housing and Community Development for the purpose of
6 stimulating opportunities for minority business enterprises to have access to
7 credit by assisting these businesses in obtaining loans at lower than market
8 interest rates; specifying that certain loans qualify under the Program;
9 requiring the ~~Treasurer~~ Department to confirm with a certain certification
10 agency that certain loans are made to certain businesses; requiring the
11 ~~Treasurer~~ Department to establish certain procedures for a certain notification;
12 requiring the Department to receive loan applications from minority business
13 enterprises and forward loan applications to lenders; requiring the Department
14 to require minority business enterprises to notify the Department concerning

1 final loan disposition; requiring the Department to report annually to the
 2 Governor, the Treasurer, and the General Assembly on the overall performance
 3 of the Linked Deposit Program; allowing the Treasurer to establish the program
 4 for investment of deposits in certain financial institutions; allowing the
 5 Treasurer to purchase certain certificates of deposit; allowing the Treasurer to
 6 accept a rate that ~~gives a certain preference to the financial institution~~ is a
 7 certain percent below current market rates or a certain index; allowing the
 8 Treasurer to use up to a certain amount to purchase certificates of deposit;
 9 requiring ~~certain financial institutions~~ the Treasurer to reduce a certain loan
 10 amount upon a certain notification; providing that a certain loan is not a debt of
 11 the State or a pledge of the credit of the State; providing that the Treasurer and
 12 the State are not liable to certain financial institutions for certain payments of
 13 a loan assisted by a linked deposit; authorizing the Treasurer and the
 14 Department to adopt certain regulations; requiring a certain report; providing
 15 for the termination of this Act; and generally relating to the establishment of a
 16 Linked Deposit Program.

17 BY adding to
 18 Article - State Finance and Procurement
 19 Section 6-211
 20 Annotated Code of Maryland
 21 (2001 Replacement Volume and 2005 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article - State Finance and Procurement**

25 6-211.

26 (A) (1) ~~THERE IS A LINKED DEPOSIT PROGRAM IN THE TREASURER'S OFFICE~~
 27 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

28 (2) THE PURPOSE OF THE LINKED DEPOSIT PROGRAM IS TO STIMULATE
 29 OPPORTUNITIES FOR MINORITY BUSINESS ENTERPRISES TO HAVE ACCESS TO
 30 CREDIT BY ASSISTING THESE BUSINESSES IN OBTAINING LOANS AT LOWER THAN
 31 MARKET INTEREST RATES.

32 (B) A LOAN QUALIFIES UNDER THE LINKED DEPOSIT PROGRAM IF THE LOAN:

33 (1) SATISFIES THE FINANCIAL INSTITUTION'S LENDING CRITERIA;

34 (2) HAS A TERM NOT EXCEEDING 10 YEARS;

35 (3) IS MADE TO A MINORITY BUSINESS ENTERPRISE CERTIFIED UNDER
 36 TITLE 14, SUBTITLE 3 OF THIS ARTICLE;

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

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

6 (C) ~~THE TREASURER~~ THE DEPARTMENT OF HOUSING AND COMMUNITY
7 DEVELOPMENT SHALL:

8 (1) CONFIRM WITH THE CERTIFICATION AGENCY DESIGNATED UNDER
9 TITLE 14, SUBTITLE 3 OF THIS ARTICLE THAT EACH LOAN UNDER THE LINKED
10 DEPOSIT PROGRAM IS MADE TO A BUSINESS THAT IS CERTIFIED AS A MINORITY
11 BUSINESS ENTERPRISE; ~~AND~~

12 (2) ESTABLISH PROCEDURES FOR NOTIFICATION BY THE
13 CERTIFICATION AGENCY DESIGNATED UNDER TITLE 14, SUBTITLE 3 OF THIS
14 ARTICLE IF A BUSINESS THAT HAS AN OUTSTANDING BALANCE OF A LOAN UNDER
15 THE LINKED DEPOSIT PROGRAM IS NO LONGER CERTIFIED;

16 (3) RECEIVE ELECTRONIC LOAN APPLICATIONS FROM MINORITY
17 BUSINESS ENTERPRISES;

18 (4) FORWARD LOAN APPLICATIONS TO LENDERS;

19 (5) REQUIRE MINORITY BUSINESS ENTERPRISES TO NOTIFY THE
20 DEPARTMENT CONCERNING FINAL LOAN DISPOSITION; AND

21 (6) REPORT ANNUALLY TO THE GOVERNOR, THE TREASURER, AND, IN
22 ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
23 ASSEMBLY ON OVERALL PERFORMANCE OF THE LINKED DEPOSIT PROGRAM.

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

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

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

30 (E) (1) THE TREASURER MAY PURCHASE ~~A CERTIFICATE~~ ONE OR MORE
31 CERTIFICATES OF DEPOSIT THAT ~~IS~~ ARE EQUAL TO:

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

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

1 (2) IN PURCHASING A CERTIFICATE OF DEPOSIT UNDER THIS
2 SUBSECTION, THE TREASURER MAY ACCEPT A RATE THAT ~~GIVES A IS~~ 2 PERCENTAGE
3 ~~POINT PREFERENCE TO THE FINANCIAL INSTITUTION~~ POINTS BELOW CURRENT
4 MARKET RATES OR AN INDEX SELECTED BY THE TREASURER.

5 (3) THE TREASURER MAY USE UP TO \$50,000,000 TO PURCHASE
6 CERTIFICATES OF DEPOSIT IN AN AMOUNT EQUIVALENT TO THE AMOUNT
7 FINANCIAL INSTITUTIONS LOAN TO CERTIFIED MINORITY BUSINESS ENTERPRISES.

8 (F) UPON NOTIFICATION BY ~~THE TREASURER~~ THE DEPARTMENT OF HOUSING
9 AND COMMUNITY DEVELOPMENT THAT A MINORITY BUSINESS ENTERPRISE
10 PARTICIPATING IN THE LINKED DEPOSIT PROGRAM IS NO LONGER CERTIFIED
11 UNDER TITLE 14, SUBTITLE 3 OF THIS ARTICLE, THE FINANCIAL INSTITUTION
12 TREASURER SHALL REDUCE THE AMOUNT OF THE LOAN CERTIFICATE OF DEPOSIT
13 WITH THE PARTICIPATING FINANCIAL INSTITUTION BY THE OUTSTANDING
14 BALANCE OF THE LOAN MADE UNDER THIS SECTION TO THE DECERTIFIED
15 MINORITY BUSINESS ENTERPRISE.

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

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

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

23 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December
24 31, 2007, *the Department of Housing and Community Development, in consultation*
25 *with* the Treasurer, shall report to the Governor and, in accordance with § 2-1246 of
26 the State Government Article, to the Economic Matters Committee and the Finance
27 Committee of the General Assembly on the ~~activities during the previous fiscal year~~
28 ~~relating to~~ *status of* the establishment of a Linked Deposit Program for investment of
29 deposits in financial institutions.

30 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2006, ~~and, It~~ shall remain effective for a period of 15 years and, at the end
32 of September 30, 2021, with no further action required by the General Assembly, this
33 Act shall be abrogated and of no further force and effect.

