House Bill 2419

Sponsored by Representative BNUM (at the request of Oregon Bankers Association) (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Directs State Treasurer to establish linked deposit program under which State Treasurer purchases investment instruments from qualified depository at below-market rates and qualified depository issues below-market rate loans to minority-owned businesses, woman-owned businesses or businesses that service-disabled veterans own.

A BILL FOR AN ACT

Relating to linked deposit program.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1)(a) The State Treasurer may make moneys available for a linked deposit program under this section in the amount described in paragraph (b) of this subsection.

(b) The maximum amount available for the linked deposit program for each biennium is five percent of the average revenues received by the General Fund, as determined under Article IX, section 14, of the Oregon Constitution, for the previous three biennia.

(2) The State Treasurer shall establish a linked deposit program as described in this section. Under the program, if a qualified depository makes one or more qualifying loans as described in subsection (3) of this section, the State Treasurer may purchase one or more investment instruments, at the reduced interest rate described in subsection (5) of this section, from the qualified depository in a total amount equal to the total amount of qualifying loans made by the qualified depository. Purchases of investment instruments under this section may be made only from moneys made available for the linked deposit program under subsection (1) of this section.

(3) A qualifying loan under this section is a loan:

(a) Made to a person that is certified under ORS 200.055 as a minority-owned business, woman-owned business or business that a service-disabled veteran owns;

(b) Made to a person with an average annual gross revenue of less than $5 million over the three calendar years prior to the calendar year in which the loan is made;

(c) That carries a fixed interest rate that is 200 basis points below the rate the qualified depository would charge for a loan for a similar purpose and similar term, except as provided in subsection (5) of this section;

(d) That has a term of no longer than 25 years; and

(e) Where fees and other charges assessed at closing do not exceed one percent of the loan amount.

(4) A person may receive more than one qualifying loan under this section. A person may not receive more than $5 million in qualifying loans under this section.

(5)(a) Investment instruments that the State Treasurer purchases under this section

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.
must carry an interest rate that is 200 basis points below the rate the investment instrument
would otherwise carry, except that such reduction may be modified to ensure that the re-
sulting interest rate is not less than zero.

(b) If the reduction under paragraph (a) of this subsection is modified to be less than 200
basis points, then a qualified depository may decrease the interest reduction on new qualified
loans specified in subsection (3)(c) of this section by the same amount as the modification
below 200 basis points under paragraph (a) of this subsection.

(6) The State of Oregon and its agents are not liable for payment of the principal or in-
terest on qualifying loans. Delinquencies or defaults on qualifying loans do not affect the
deposit agreement between the qualified depository and the State Treasurer.

(7) Participation by a qualified depository in the linked deposit program under this sec-
tion is voluntary.

(8) The State Treasurer shall adopt rules to carry out the provisions of this section.

(9) As used in this section, “qualified depository” has the meaning given that term in
ORS 295.001.