

SENATE FINANCE COMMITTEE SUBSTITUTE FOR  
SENATE BILL 578

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

AN ACT

RELATING TO FINANCIAL INSTITUTIONS; ESTABLISHING THE LINKED  
DEPOSIT PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new Section 6-10-24.2 NMSA 1978 is enacted  
to read:

"6-10-24.2. [NEW MATERIAL] LINKED DEPOSIT PROGRAM.--

A. As used in this section:

(1) "financially at risk rural community"  
means a community with the following characteristics:

(a) no more than one insured bank,  
thrift institution or credit union within the community; and

(b) a population not exceeding two  
thousand six hundred; and either

(c) a declining population as evidenced

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underscored material = new  
[bracketed material] = delete

1 by a decrease in population as shown by the two most recent  
2 federal decennial censuses; or

3 (d) a median household income less than  
4 eighty percent of the state median household income;

5 (2) "linked deposit program" means a  
6 depository institution's participation in the deposit program  
7 established pursuant to this section;

8 (3) "market rate" means the rate of return  
9 established by the state board of finance for deposits held by  
10 qualified depository institutions;

11 (4) "qualified depository institution" means  
12 an insured bank, trust institution or credit union qualified  
13 pursuant to Section 6-10-15 NMSA 1978;

14 (5) "qualifying branch" means an office of a  
15 qualified depository institution that is open five days a week,  
16 has a night deposit box and provides banking services to  
17 residents of the community; and

18 (6) "state deposits" means public funds under  
19 the control of the state treasurer or the state treasurer's  
20 designee and held by qualified depository institutions.

21 B. The state treasurer may invest up to fourteen  
22 percent of state deposits, not to exceed forty-nine million  
23 dollars (\$49,000,000), in qualified depository institutions  
24 with a qualifying branch located in a financially at risk rural  
25 community. No more than ten million dollars (\$10,000,000) may

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1 be deposited in any one qualified depository institution  
2 pursuant to the linked deposit program. For funds invested in  
3 qualified depository institutions pursuant to the linked  
4 deposit program, the state treasurer is authorized to accept a  
5 rate of return that is not more than one percent below the  
6 market rate.

7 C. The director of the financial institutions  
8 division of the regulation and licensing department shall  
9 promulgate rules implementing the provisions of this section.  
10 Those rules shall address the following areas:

11 (1) eligibility criteria for qualified  
12 depository institutions participating in the linked deposit  
13 program;

14 (2) application procedures for participation  
15 in the linked deposit program; and

16 (3) verification criteria for determining that  
17 a qualified depository institution participating in the linked  
18 deposit program is meeting the banking service needs of a  
19 financially at risk community."

20 Section 2. EFFECTIVE DATE.--The effective date of the  
21 provisions of this act is July 1, 2007.