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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. 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 three  
thousand five hundred; and either
  - (c) a declining population as evidenced  
by a decrease in population as shown by the two most recent  
federal decennial censuses; or
  - (d) a median household income less than  
eighty percent of the state median household income;
- (2) "linked deposit program" means a  
depository institution's participation in the deposit program  
established pursuant to this section;
- (3) "market rate" means the rate of return  
established by the state board of finance for deposits held

1 by qualified depository institutions;

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

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

9 (6) "state deposits" means public funds  
10 under the control of the state treasurer or the state  
11 treasurer's designee and held by qualified depository  
12 institutions.

13 B. The state treasurer may invest up to fourteen  
14 percent of state deposits, not to exceed forty-nine million  
15 dollars (\$49,000,000), in qualified depository institutions  
16 with a qualifying branch located in a financially at risk  
17 rural community. No more than ten million dollars  
18 (\$10,000,000) may be deposited in any one qualified  
19 depository institution pursuant to the linked deposit  
20 program. For funds invested in qualified depository  
21 institutions pursuant to the linked deposit program, the  
22 state treasurer is authorized to accept a rate of return that  
23 is not more than one percent below the market rate.

24 C. The director of the financial institutions  
25 division of the regulation and licensing department shall

1 promulgate rules implementing the provisions of this section.

2 Those rules shall address the following areas:

3 (1) eligibility criteria for qualified  
4 depository institutions participating in the linked deposit  
5 program;

6 (2) application procedures for participation  
7 in the linked deposit program; and

8 (3) verification criteria for determining  
9 that a qualified depository institution participating in the  
10 linked deposit program is meeting the banking service needs  
11 of a financially at risk community."

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

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