

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 by

qualified depository institutions;

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

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

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

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

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

promulgate rules implementing the provisions of this section.

Those rules shall address the following areas:

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

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

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

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