

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1910

Short Title: Linked Deposit Study Funds. (Public)

Sponsors: Representative Locks.

Referred to: Appropriations.

May 10, 1989

A BILL TO BE ENTITLED
AN ACT TO CREATE THE LINKED DEPOSIT STUDY COMMISSION.

Whereas, the physical and economic health of all communities in North Carolina is vital to the well-being of the State as a whole; and

Whereas, community development loans and programs play an essential role in revitalizing depressed communities; and

Whereas, as federal programs to support community development disappear, State and local governments are becoming increasingly interested in leveraging their remaining financial resources; and

Whereas, financial institutions play a major role in providing capital for housing and business development in the State's communities and thus in leveraging scarce public resources; and

Whereas, the Committee on Interstate Banking, in its report to the 1989 General Assembly, found that "a significant number of diverse organizations and individuals around the State believe that there is a serious lack of affordable credit and deposit services available to small businesses, rural communities, minorities, and low- and moderate-income people and communities in North Carolina"; and

Whereas, this same Committee on Interstate Banking found, "That there is a serious lack of information on which to base an objective conclusion about the extent of access, cost and quality problems associated with banking services in North Carolina"; and

Whereas, all financial institutions have a continuing and affirmative obligation consistent with their safe and sound operation to help meet the credit needs of their entire communities, including low- and moderate-income communities; and

1 Whereas, to encourage financial institutions to devote more resources to
2 community development lending, local and state governments in the nation have
3 enacted Linked Deposit laws; Now, therefore,

4 The General Assembly of North Carolina enacts:

5 Section 1. The North Carolina Linked Deposit Study Commission is hereby
6 created.

7 Sec. 2. Duties of the Commission. The Commission shall:

8 (a) Investigate Linked Deposit Programs in other states and localities as to their
9 impact and feasibility;

10 (b) Determine the feasibility of such Programs in North Carolina, at both the
11 State and local levels; and

12 (c) If Linked Deposit Programs for North Carolina are deemed to be feasible,
13 determine:

14 (1) The criteria to be used for assessing the community reinvestment
15 performance of financial institutions seeking to serve as depositories of
16 public funds including: lending for low- and moderate-income
17 housing, loans to community development corporations, loans to
18 women and minority-owned businesses, loans within lower income
19 communities for other commercial purposes, and operating loans for
20 family farms;

21 (2) The data to be collected from financial institutions to establish Linked
22 Deposit Systems;

23 (3) Appropriate systems for collecting, analyzing and disseminating such
24 data, at both the State and local levels;

25 (4) The advisability of voluntary vs. mandatory reporting and rating
26 systems;

27 (5) Appropriate ways for State and local governments to link community
28 reinvestment performance with selection of public depositories so as to
29 maximize the leveraging of private dollars; and

30 (6) How public access to such information can best be assured, while
31 protecting any necessary confidentiality of such information.

32 (d) Recommend how an advisory body at the State level for public investments
33 should best be structured.

34 Sec. 3. Organization of the Commission. (a) The Commission shall consist of
35 14 members: three Senators appointed by the President Pro Tempore of the Senate;
36 three Representatives appointed by the Speaker of the House of Representatives; two
37 representatives of the banking community appointed by the President Pro Tempore of
38 the Senate; one representative of the Community Development Corporation sector
39 appointed by the President Pro Tempore of the Senate; one representative of the small
40 and minority business community appointed by the Speaker of the House of
41 Representatives; one representative of the nonprofit housing development sector
42 appointed by the Speaker of the House of Representatives; one representative of
43 municipal government appointed by the Speaker of the House of Representatives; one
44 representative of county government appointed by the President Pro Tempore of the

1 Senate. The State Treasurer shall serve ex officio. All initial appointments shall be
2 made by September 1, 1989. Vacancies on the Commission shall be filled in the same
3 manner as initial appointments.

4 (b) If a vacancy occurs in the membership of the Commission, it shall be filled
5 by action of the officer who appointed the former member who is to be replaced.

6 (c) The members of the Commission shall be appointed within 30 days of
7 ratification of this act and they shall serve until termination of the Commission.

8 (d) The President Pro Tempore of the Senate and the Speaker of the House of
9 Representatives shall appoint a cochairperson each from among the membership of the
10 Commission, excluding any ex officio members.

11 Sec. 4. The Initial Meeting. The initial meeting of the Commission shall be
12 called by the cochairpersons. Subsequent meetings shall be held upon the call of the
13 cochairpersons or upon written request of five members.

14 Sec. 5. Reports by the Commission. The Commission shall submit a final
15 report of its findings and recommendations to the General Assembly on or before the
16 first day of the 1990 Session of the General Assembly by filing the report with the
17 President Pro Tempore of the Senate and the Speaker of the House of Representatives.
18 Upon filing its final report, the Commission shall terminate. The report of the
19 Commission shall summarize the information obtained in the course of its inquiry, set
20 forth any findings and conclusions, and recommend such administrative actions or
21 legislative actions that may be necessary. If legislation is recommended, the
22 Commission shall prepare and submit with its report appropriate bills.

23 Sec. 6. With the prior approval of the Legislative Services Commission,
24 necessary professional and clerical assistance shall be provided by the Legislative
25 Services Office. The Commission may hold its meetings in legislative buildings with
26 prior approval from the Legislative Services Commission. The Commission may also
27 enter into contracts for the provision of technical assistance it finds necessary for the
28 performance of its responsibilities under this act.

29 Sec. 7. Members of the Commission who are also members of the General
30 Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-
31 3.1. Members of the Commission who are officials or employees of the State shall
32 receive travel allowances at the rate set forth in G.S. 138-6. All other members of the
33 Commission shall be paid the per diem and allowances at the rates set forth in G.S. 138-
34 5.

35 Sec. 8. There is appropriated from the General Fund to the Legislative
36 Services Commission for the Linked Deposit Study Commission \$25,000 for fiscal year
37 1989-90. Unexpended funds at the end of the 1989-90 fiscal year do not revert but shall
38 remain in the budget to fund the Commission until it terminates. The Legislative
39 Services Commission may allocate to the Commission funds necessary to enable the
40 Commission to complete its study.

41 Sec. 9. Section 8 of this act shall become effective July 1, 1989. The
42 remainder of this act is effective upon ratification.