

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 1955 By: Marlatt of the Senate
3 and
4 Jordan of the House
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7 (public finance - Oklahoma Small Business Linked
8 Deposit Act -
9 emergency)

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AUTHOR: Add the following House Coauthor: Tibbs
AMENDMENT NO. 1. Strike the stricken title, enacting clause and
entire bill and insert

"An Act relating to public finance; amending 62 O.S.
2001, Section 88.5, which relates to the Small
Business Linked Deposit Act; increasing maximum
amount on certain loans; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
SECTION 1. AMENDATORY 62 O.S. 2001, Section 88.5, is
amended to read as follows:
Section 88.5. A. The State Treasurer and the Department of
Commerce are hereby authorized to disseminate information and to

1 provide small business linked deposit loan packages to the lending
2 institutions eligible for participation under this act.

3 B. The small business linked deposit loan package shall be
4 completed by the borrower before being forwarded to the lending
5 institution for consideration. Any technical assistance in
6 completing such loan package shall be provided by the State
7 Treasurer.

8 C. An eligible lending institution that desires to receive a
9 small business linked deposit shall accept and review applications
10 for loans from eligible participants. The lending institution shall
11 apply all usual lending standards to determine the creditworthiness
12 of each eligible participant. Loans under this act shall conform to
13 the following conditions:

14 1. Maximum loan amounts under the Oklahoma Small Business
15 Linked Deposit Act shall:

16 a. not exceed ~~One Million Dollars (\$1,000,000.00)~~ One
17 Million Two Hundred Thousand Dollars (\$1,200,000.00)

18 for an eligible small business,

19 b. not exceed Six Million Dollars (\$6,000,000.00) for an
20 eligible industrial park or any public trust

21 authorized in accordance with Section 176 of Title 60
22 of the Oklahoma Statutes engaged in industrial
23 development as determined by the Oklahoma Linked
24 Deposit Review Board. Such public trusts are limited

1 to fifteen percent (15%) of the total available funds
2 and a nonrenewable term not to exceed six (6) months
3 unless their purpose is to make package passthrough
4 loans to other private recipients for industrial
5 development purposes. Loans made by an eligible trust
6 cannot exceed the interest rate established by this
7 act. Any recipient of a loan through an eligible
8 trust must meet the criteria of this act to receive a
9 small business linked deposit loan;

10 2. An eligible participant shall certify on the loan
11 application that the reduced rate loan will be used exclusively to
12 create new jobs or preserve existing jobs and employment
13 opportunities in accordance with the purpose of this section;

14 3. Only one linked deposit loan shall be made and be
15 outstanding at any time to any eligible participant; provided that
16 the linked deposit loan may be refinanced;

17 4. No linked deposit loan shall be approved for any otherwise
18 eligible participant when fifty percent (50%) or more of the
19 interest in or control of such otherwise eligible participant is
20 owned directly or indirectly by a person who owns directly or
21 indirectly fifty percent (50%) or more of or controls another
22 participating eligible participant;

1 5. No loan shall be made to any officer or director of the
2 lending institution making the loan or to any entity in which any
3 such officer or director maintains a controlling interest;

4 6. No loan shall be made to any employee of the State
5 Treasurer's office or members of the Board or to any entity in which
6 any such officer or director maintains a controlling interest;

7 7. The criteria for the amount of loans used for refinance
8 shall be established by the Oklahoma Linked Deposit Review Board to
9 reflect legislative intent to tighten previous criteria on
10 refinancing;

11 8. The criteria for the amount of loans per job ratio shall be
12 established by the Oklahoma Linked Deposit Review Board to reflect
13 legislative intent to maximize the program in terms of the jobs
14 created or saved;

15 9. Whoever knowingly makes a false statement concerning a
16 linked deposit loan application shall be prohibited from entering
17 into the linked deposit loan program; and

18 10. Linked deposits may be made for any maturity considered
19 appropriate by the State Treasurer not to exceed two (2) years and
20 may be renewed for up to an additional three renewals not to exceed
21 two (2) years each at the discretion of the State Treasurer with the
22 approval of the lending institution. No renewals will be allowed
23 unless the amount of principal has been reduced by a minimum of five
24 percent (5%) and all interest paid to date from the time of the

1 prior loan or renewal. However, at renewal the Oklahoma Linked
2 Deposit Review Board may approve an increase in the amount of
3 principal, if the business is expanding and additional jobs will be
4 created. An approval of such an increase in principal will not
5 extend the maximum years of participation in the program. In
6 addition, loans made to eligible participants where the loan is to
7 be used within an enterprise zone may be made for the maturity date
8 of three (3) years with two additional renewals. The first renewal
9 may be for up to three (3) years and the last renewal may be for up
10 to two (2) years. Loans made to be used within Priority Enterprise
11 Zones may be made with a maturity date of five (5) years and have
12 another three (3) years of renewal. Interest shall be paid at the
13 times determined by the State Treasurer. The State Treasurer may
14 place a small business linked deposit with an eligible lending
15 institution or decline to do so based on the cash flow needs of the
16 state, the security of state funds, investment needs of the state
17 and the ratio of state funds deposited to jobs which would be
18 sustained or created.

19 D. In considering which eligible participants to include in the
20 small business linked deposit loan package for reduced rate loans,
21 the eligible lending institution shall give priority to the economic
22 needs of the area in which the business is located and other factors
23 it considers appropriate to determine the relative financial need of
24 the business including those criteria set forth in the Community

1 Reinvestment Act of the United States. Location in an enterprise
2 zone shall be evidence of the economic needs of the area.

3 E. The eligible lending institution shall forward to the State
4 Treasurer a small business linked deposit loan package in the form
5 and manner prescribed and approved by the State Treasurer. The
6 package shall include information regarding the amount of the loan
7 requested by each eligible participant, the number of jobs to be
8 created or sustained, an estimate of the number of zone residents to
9 be employed in such jobs where the loan is to be used in an
10 enterprise zone and such other information regarding each business
11 the State Treasurer and the Board requires. The institution shall
12 certify that each applicant is an eligible participant, and shall,
13 for each business, certify the present borrowing rate applicable to
14 each specific eligible small business.

15 F. Upon receipt of a completed small business linked deposit
16 loan package, the State Treasurer shall forward the loan package to
17 the Board, Oklahoma Tax Commission and Oklahoma Employment Security
18 Commission. The Board shall review the small business linked
19 deposit loan package to determine if said package is qualified under
20 this act. Within ten (10) days of receipt of the loan package, the
21 Oklahoma Tax Commission and the Oklahoma Employment Security
22 Commission shall determine and certify with the Board whether or not
23 the applicant is in good standing. The Board shall make a
24 recommendation concerning the package at the next regularly

1 | scheduled Board meeting or at a special Board meeting, after receipt
2 | of the responses from the Oklahoma Tax Commission and the Oklahoma
3 | Employment Security Commission. No applicant will be approved
4 | without certification of good standing with the Oklahoma Tax
5 | Commission and Oklahoma Employment Security Commission. The Board
6 | shall return the package to the State Treasurer with a written
7 | recommendation of approval or rejection. If the Board recommends
8 | rejection, the written recommendation shall include reasons for said
9 | rejection. The Board shall forward a copy of its rejection notice
10 | to the lending institution and the borrower. The State Treasurer
11 | shall keep a chronological list of applications forwarded by the
12 | Board for approval or rejection.

13 | SECTION 2. It being immediately necessary for the preservation
14 | of the public peace, health and safety, an emergency is hereby
15 | declared to exist, by reason whereof this act shall take effect and
16 | be in full force from and after its passage and approval."

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1 Passed the House of Representatives the 14th day of April, 2010.

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4 Presiding Officer of the House of
Representatives
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6 Passed the Senate the ____ day of _____, 2010.

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9 Presiding Officer of the Senate
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