

Prince George's County Council

Agenda Item Summary

Meeting Date: 7/2/2013
Reference No.: CB-028-2013
Draft No.: 3
Proposer(s): Lehman
Sponsor(s): Lehman, Davis, Franklin, Toles, Harrison, Patterson, Olson, Turner
Item Title: An Act concerning Community Bank Small Business Lending Program for the purpose of establishing a Community Bank Small Business Lending Program, to require bank participants to make loans to small businesses in the County in an aggregate amount of at least 200% of incremental funds deposited into the bank by the County, define eligibility requirements for participating community banks, and to institute reporting requirements for participating community banks.

Drafter: Colette R. Gresham , Legislative Officer
Resource Personnel: Matthew A. Dernoga ,Policy Analyst District 1

LEGISLATIVE HISTORY:

Date Presented:	5/14/2013	Executive Action:	8/6/2013 S
Committee Referral:	5/14/2013 - PSFM	Effective Date:	9/23/2013
Committee Action:	6/18/2013 - FAV(A)		
Date Introduced:	7/2/2013		
Public Hearing:	7/24/2013 - 10:00 AM		
Council Action (1)	7/24/2013 - ENACTED		
Council Votes:	WC:A, DLD:A, MRF:A, AH:A, ML:A, EO:A, OP:A, IT:A, KT:A		
Pass/Fail:	P		
Remarks:			

AFFECTED CODE SECTIONS:

10-146, 10-147, 10-148, 10-149

COMMITTEE REPORTS:

PSFM

Date 6/18/2013

REPORT: COMMITTEE VOTE: Favorable as amended 5-0 (Councilmembers: Toles, Franklin, Davis, Harrison and Lehman)

This bill will establish the Community Bank Small Business Lending Program in an effort to enhance local small business lending by placing deposits in community banks headquartered or operating one or more branches in the County to generate jobs for the benefit of County residents. Staff gave a brief overview of the bill which requires the County to maintain a minimum of \$10 Million dollars in County deposits in locally based community banks and requiring those banks to redeploy those assets in loans to County small businesses. Participating banks shall agree to make and maintain small business loans in an aggregate amount equal to at least 200% of the deposits in the bank by the County. Thomas Himler, Deputy Chief Administrative Officer for Budget, Finance and Administration, stated the County Executive's support of the bill and noted that the County currently has some deposits in local banks. The

Committee members discussed what banks have been contacted and what banks may be eligible. A list of community banks consisted of Old Line, Washington First, Industrial, Columbia, Harbor, Agricultural Federal Credit Union, Sandy Hill, and Prince George's Federal Savings. The Committee discussed adding language to require a community outreach meeting to notify the public, banks, and small businesses and waiving a bank's assets requirements in certain circumstances. Language pertaining to participating banks accepting Certification of Deposit Account Registry Service (CDARS) certificate of deposit accounts for various maturities will be included in the regulations promulgated by the Director of Finance.

During the worksession the bill was amended as follows:

1. On page 2, line 15 after "Million" insert "dollars"; after "(\$10Million)" insert "in County"; after "deposits" delete "of County accounts"
2. On page 3, line 4 after "(b)" insert "The County shall have the ability to waive the requirements of Subsection (a)(2) of this Section upon good cause shown by a bank seeking to participate in the Program"
3. On page 3, line 8 delete "The loans shall be covered by the FDIC" and insert "The requirement to make eligible loans under the Program shall apply to the initial deposit by the County and any renewal of that deposit. If the loans have not been made within the twelve (12) calendar month time period, if good cause is shown, the County may extend the twelve (12) calendar month time period for origination of the loans as defined by the regulations promulgated by the Director of Finance."
4. On page 3, line 21 after "(c)" insert "In the event that"; after "participant" delete "that"; after "year" insert ", the County"; line 22 after "shall" delete "pay a premium to the County on the shortfall from the funding goal" and insert "have the right to withdraw the deposit in accordance with a process defined by the regulations promulgated by the Director of Finance."
5. On page 3, line 23 after "SECTION 2." insert "BE IT FURTHER ENACTED that the County shall hold at least one (1) community outreach forum to inform the public, banks, and small businesses about the establishment and requirements of the Community Bank Small Business Lending Program."; after line 24 insert "SECTION 3"

The Office of Law has reviewed this legislation and finds it to be in proper legislative form with no legal impediments to its enactment.

The enactment of CB-28-2013 will not have an adverse fiscal impact on the County.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

The proposed legislation establishes the Community Bank Small Business Lending Program in an effort to enhance local small business lending by placing deposits in community banks headquartered in the County to generate jobs for the benefit of County residents, while providing the County with a competitive return on those deposits.

7/24/2013 - CB-28-2013 (DR-2) was amended on the floor as follows:

On page 3, line 9 after "months" delete "of the commitment by" and insert "after"; on line 10 after "County" delete "to" and insert "has made the deposit with"; after "participating" delete "to make deposits"

CB-28-2013 (DR-3) was enacted.

CODE INDEX TOPICS:

INCLUSION FILES:
