

SB 202-FN - AS INTRODUCED

2017 SESSION

17-0976

06/01

SENATE BILL ***202-FN***

AN ACT allowing community investment in a development finance institution.

SPONSORS: Sen. Feltes, Dist 15; Sen. Lasky, Dist 13

COMMITTEE: Public and Municipal Affairs

ANALYSIS

This bill permits municipalities to invest in a development finance institution.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struck through.]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Seventeen

AN ACT allowing community investment in a development finance institution.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Consumer Credit Reporting; Investment. Amend RSA 35:9 to read as follows:
2 35:9 Investment. Each capital reserve fund shall be maintained separately on the books of the
3 town. The assets of such funds may be pooled in order to invest in a broader range of investments
4 to maximize growth and mitigate risk. Said capital reserve funds shall be invested only in deposits
5 in any federally or state-chartered bank or association authorized to engage in a banking business
6 in this state, or in bonds or notes of this state, in such stocks and bonds as are legal for investment
7 by banks and associations chartered by this state to engage in a banking business, ***in a community***
8 ***development finance institution certified pursuant to the Community Development and***
9 ***Regulatory Improvement Act of 1994, 12 U.S.C. section 4701 et seq.,*** or in participation units in
10 the public deposit investment pool established pursuant to RSA 383:22, or in obligations with
11 principal and interest fully guaranteed by the United States government. The obligations may be
12 held directly or in the form of securities of or other interests in any open-end or closed-end
13 management-type investment company or investment trust registered under 15 U.S.C. section 80a-
14 1 et seq., if the portfolio of the investment company or investment trust is limited to such
15 obligations and repurchase agreements fully collateralized by such obligations. When so invested
16 the trustees hereinafter named shall not be liable for the loss thereof. Any interest earned or
17 capital gains realized on the moneys so invested shall accrue to and become a part of the individual
18 funds on a pro rata basis. Deposits in federally or state-chartered banks and associations shall be
19 made in the name of the town, district, or county which holds the same as a reserve, and it shall
20 appear upon the books thereof that the same is a capital reserve fund. Any person who directly or
21 indirectly receives any such capital reserve funds for deposit or for investment in securities of any
22 kind shall, prior to acceptance of such funds, make available at the time of such deposit or
23 investment an option to have such funds secured by collateral having a value at least equal to the
24 amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town,
25 school district, village district, or county depositing or investing such funds. Only securities defined
26 by the bank commissioner as provided by rules adopted pursuant to RSA 383-B:3-301(e) shall be
27 eligible to be pledged as collateral. The trustees shall formally adopt an investment policy for all
28 investments made by them or by their agents for any trust funds in their custody in conformance
29 with the provisions of applicable statutes. The trustees shall review and confirm the investment
30 policy at least annually. A copy of the investment policy shall be filed with the attorney general.
31 2 Effective Date. This act shall take effect 60 days after its passage.

**SB 202-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT allowing community investment in a development finance institution.

FISCAL IMPACT: ☐ State ☐ County ☒ Local ☐ None

LOCAL:

Revenue	Indeterminable	Indeterminable	Indeterminable	Indeterminable
Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill permits towns to invest capital reserve funds in a community development finance institution. The New Hampshire Municipal Association states that a change in a municipality's investments is likely to increase or decrease its return on its investments, but it is impossible to predict the nature or amount of the change. Therefore, the Association cannot estimate the impact on municipal revenue. The Association does not expect any impact to local expenditures.

The Banking Department states this legislation will have no impact on its budget as it does not require new personnel and does not include a new state revenue stream.

AGENCIES CONTACTED:

New Hampshire Municipal Association and New Hampshire Banking Department