HB 1724-FN - AS INTRODUCED

2018 SESSION

18-2654
03/08

HOUSE BILL ***1724-FN***

AN ACT creating a credit facility for local investments.

SPONSORS: Rep. Fraser, Belk. 1; Rep. Plumer, Belk. 6; Rep. McConnell, Ches. 12; Rep. McBeath, Rock. 26

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill authorizes the treasurer to establish a credit facility for local investments and establishes the treasurer's local investment advisory committee.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

18-2654
03/08

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eighteen

AN ACT creating a credit facility for local investments.

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

1 New Subdivision; Credit Facility for Local Investments. Amend RSA 6 by inserting after section 43 the following new subdivision:

Credit Facility for Local Investments

6:44 Credit Facility for Local Investments.

I. The state treasurer shall have the authority to establish a credit facility for local investments of up to 10 percent of the state's average cash balance on terms acceptable to the treasurer and consistent with prudent investment principles and guidelines pursuant to RSA 6:8 and the Uniform Prudent Investor Act, RSA 564-B. article 9.

II. The amount authorized in paragraph I shall include all credit facilities authorized by the general court and established by the treasurer, and the renewal or replacement of those credit facilities.

6:45 Treasurer's Local Investment Advisory Committee.

I. There is established a treasurer's local investment advisory committee is established to advise the treasurer on funding priorities and address other mechanisms to increase local investment.

II. The advisory committee shall be composed of 5 members as follows:

(a) The state treasurer, or designee.

(b) The executive director of the community development finance authority, or designee.

(c) A member representing the New Hampshire Higher Education Assistance Foundation, appointed by the foundation.

(d) The executive director of the New Hampshire housing finance authority, or designee.

(e) The director of the municipal bond bank, or designee.

III. The state treasurer shall be the chairperson of the advisory committee and shall appoint a vice chairperson and secretary.

IV. The advisory committee shall:

(a) Meet regularly to review and make recommendations to the state treasurer on funding priorities and using other mechanisms to increase local investment in the state of New Hampshire.

(b) Invite regularly state organizations, citizens' groups, and members of the public to advisory committee meetings to present information on needs for local investment, capital gaps, and

proposals for financing.

(c) Consult with constituents and review feedback on changes and needs in the local and state investment and financing environments.

V.(a) Meetings of the advisory committee shall occur at the call of the treasurer.

(b) A majority of the members of the advisory committee who are physically present at the same location or available electronically shall constitute a quorum, and a member may participate and vote electronically.

(c) To be effective, action of the advisory committee shall be taken by majority vote of the members at a meeting in which a quorum is present.

V. On or before January 15, the advisory committee annually shall submit a report to the house and senate standing committees with jurisdiction over appropriations, economic development, housing, finance, commerce, and ways and means. The report shall include the following:

(a) The amount of the subsidies associated with lending through each credit facility authorized by the general court and established by the treasurer.

(b) A description of the advisory committee's activities.

(c) Any information gathered by the advisory committee on the state's unmet capital needs, and other opportunities for state support for local investment and the community.

2 Effective Date. This act shall take effect 60 days after its passage.

LBAO
18-2654
11/15/17

HB 1724-FN- FISCAL NOTE
AS INTRODUCED

AN ACT creating a credit facility for local investments.

FISCAL IMPACT: [X] State [ ] County [ ] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Appropriation	$0	$0	$0	$0
Revenue	$0	$0	$0	$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	[X] General	[ ] Education	[ ] Highway	[ ] Other

METHODOLOGY:

This bill authorizes the Treasurer to establish a credit facility for local investments up to 10 percent of the state's average cash balance on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines. Amounts authorized shall include all credit facilities authorized by the General Court and established by the Treasurer, and the renewal or replacement of such facilities. It also establishes the Treasurer's Local Investment Advisory Committee. Treasury anticipates it would need to hire possibly 4 additional staff members with expertise to administer this program, including: a credit underwriter to perform borrower risk assessments, legal counsel from the Department of Justice or outside legal counsel, and an accountant or administrator to coordinate the delinquent collections aspect of the program. The Treasurer's capacity to oversee core Treasury operations is currently constrained by administrative and fiduciary responsibilities with numerous governance bodies. As a result, the Treasurer would require an additional staff person qualified to serve on the Commission to carry out the responsibilities outlined in the legislation. Additionally, the possible deployment of 10 percent of the state's average cash balance could deplete operating cash levels at various times during the fiscal year, requiring the Treasurer to undertake additional short-term or long-term borrowing to fund operating or capital budget appropriations. The Treasurer also assumes the general fund would need to absorb any loss or obligation incurred due to possible loan defaults from the program. The entirety of these costs is indeterminable.

The Department of Justice indicated the Department could provide legal counsel within its current budget with no fiscal impact.

The Banking Department indicated this bill will have no fiscal impact on the Department.

AGENCIES CONTACTED:

Treasury Department, Department of Justice, and Banking Department