
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2475 Session of
2024

INTRODUCED BY BIZZARRO, HADDOCK, GUENST, HILL-EVANS, KHAN,
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BERNSTINE, SCHWEYER, WAXMAN, PARKER, SMITH-WADE-EL,
KOSIEROWSKI AND DONAHUE, JULY 2, 2024

REFERRED TO COMMITTEE ON COMMERCE, JULY 2, 2024

AN ACT

1 Establishing programs to provide linked deposits for certain
2 enterprises with certain lending institutions.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Linked
7 Deposit Impact Pennsylvania Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Eligible borrower." A person engaged in a for-profit
13 enterprise owned by a resident of this Commonwealth that employs
14 100 or fewer individuals with gross revenues that do not exceed
15 a three-year average of \$10,000,000.

16 "Eligible lending institution." Any financial institution

1 that:

2 (1) Is authorized to issue commercial loans.

3 (2) Is a State depository approved by the Board of
4 Finance and Revenue.

5 (3) Enters into an agreement with the State Treasurer
6 for participation in a linked deposit program.

7 "Linked deposit." A certificate of deposit, a share
8 certificate, other financial institution instrument or portion
9 of an existing deposit of interim funds placed, purchased or
10 designated by the State Treasurer with an eligible lending
11 institution, provided the institution agrees to lend up to the
12 value of the certificate of deposit, share certificate or other
13 financial institution instrument or designated portion of an
14 existing deposit to eligible borrowers at the rate established
15 in section 4 and in accordance with the deposit agreement.

16 "Linked deposit program." A program authorized under this
17 act and established by the State Treasurer.

18 Section 3. Linked deposit programs.

19 (a) Establishment.--The State Treasurer shall establish a
20 linked deposit program to aid an eligible borrower in accordance
21 with this act.

22 (b) Linked deposits.--An eligible lending institution that
23 desires to receive linked deposits shall accept and review
24 applications for loans from eligible borrowers for a linked
25 deposit program in which the eligible lending institution
26 participates. The eligible lending institution shall apply all
27 usual lending standards to determine the creditworthiness of
28 each eligible borrower. No loan shall exceed the amount
29 determined by the State Treasurer.

30 (c) Certification.--An eligible borrower shall certify on

1 the eligible borrower's loan application that the reduced rate
2 loan will be used exclusively for the purposes of the applicable
3 linked deposit program, as described in sections 6, 7, 8 and 9.
4 A person who knowingly makes a false statement concerning an
5 application is guilty of the offense of unsworn falsification to
6 authorities under 18 Pa.C.S. § 4904 (relating to unsworn
7 falsification to authorities).

8 (d) Duties of eligible lending institutions.--An eligible
9 lending institution shall forward to the State Treasurer a
10 linked deposit loan package, in the form and manner prescribed
11 by the State Treasurer. The package shall include information as
12 required by the State Treasurer, including the amount of each
13 loan requested by an eligible borrower and all other information
14 required for the applicable linked deposit program. The
15 institution shall certify all of the following:

16 (1) That each applicant is an eligible borrower and, for
17 each eligible borrower, the present borrowing rate.

18 (2) That the eligible lending institution applied all of
19 the usual lending standards to determine the creditworthiness
20 of an eligible borrower.

21 (e) Fees prohibited.--A fee may not be charged to a party
22 for the preparation, processing or reporting of an application
23 to an eligible lending institution or the State Treasurer for
24 participation in a linked deposit program.

25 Section 4. Acceptance of linked deposit loan package.

26 (a) State Treasurer's evaluation.--The State Treasurer may
27 accept or reject a linked deposit loan package, or any portion
28 of the linked deposit loan package, based on the State
29 Treasurer's evaluation of the eligible borrowers included in the
30 package, the amount of individual loans in the package and the

1 amount of State money to be deposited with an eligible lending
2 institution.

3 (b) Acceptance.--If the State Treasurer accepts the linked
4 deposit loan package, or any portion of the linked deposit loan
5 package, the State Treasurer may place, purchase or designate a
6 linked deposit with the eligible lending institution at the
7 discount interest rate in accordance with the deposit agreement
8 required under section 5 and the procedures established by the
9 State Treasurer.

10 (c) Requirement.--An eligible lending institution shall
11 fully comply with this act.

12 Section 5. Deposit agreement.

13 (a) Requirement.--An eligible lending institution shall
14 enter into a deposit agreement with the State Treasurer, which
15 shall include requirements necessary to carry out the purposes
16 of this act.

17 (b) Contents.--The deposit agreement shall specify the
18 maturity period of the linked deposit considered appropriate by
19 the State Treasurer, which shall not exceed five years, as well
20 as any other information, terms or conditions the State
21 Treasurer may require. Interest shall be paid by the eligible
22 lending institution at times determined by the State Treasurer.

23 Section 6. Loan rates.

24 (a) General rule.--Upon the State Treasurer placing,
25 purchasing or designating a linked deposit, the eligible lending
26 institution shall lend the corresponding money to each approved
27 eligible borrower listed in the accepted linked deposit loan
28 package and in accordance with the deposit agreement. Unless
29 otherwise specified in the deposit agreement, the interest rates
30 on the loans to an eligible borrower shall be at a rate equal to

1 or greater than the present borrowing rate applicable to a
2 specific eligible borrower in the accepted linked deposit loan
3 package minus the difference between the prevailing interest
4 rate and the discount interest rate at which the linked deposits
5 were placed, made or designated.

6 (b) Certification of compliance.--An eligible lending
7 institution shall provide to the State Treasurer a certificate
8 of compliance with this section, in a form and manner prescribed
9 by the State Treasurer.

10 (c) Renewals.--

11 (1) Upon the conclusion of the maturity period, the
12 State Treasurer may allow for the renewal of an application
13 for a linked deposit program with the same terms for one or
14 more additional maturity periods if certain requirements are
15 met, as determined by the State Treasurer.

16 (2) If the State Treasurer does not allow for renewal,
17 the requirements are not met or the eligible borrower is not
18 eligible for a renewal, an eligible borrower may submit a new
19 application to participate in a linked deposit program.

20 (d) Return of corresponding linked deposit.--At the time of
21 maturity or upon the repayment of a loan in the loan's entirety,
22 whichever is earlier, the eligible lending institution shall
23 return the amount of the corresponding linked deposit to the
24 State Treasurer in a timely manner, as prescribed by the State
25 Treasurer.

26 (e) Duty of the State Treasurer.--The State Treasurer shall
27 take any and all steps necessary to implement and administer the
28 linked deposit programs, including the development of guidelines
29 as necessary.

30 Section 7. Liability.

1 (a) Commonwealth or State Treasurer not liable.--The
2 Commonwealth or the State Treasurer shall not be liable to an
3 eligible lending institution or eligible borrower in any manner
4 for payment of the principal or interest on a loan to an
5 eligible borrower. Any delay in payments, default on the part of
6 an eligible borrower or misuse or misconduct on the part of an
7 eligible lending institution or eligible borrower does not in
8 any manner affect the deposit agreement between the eligible
9 lending institution and the State Treasurer.

10 (b) Default.--If an eligible lending institution changes the
11 terms of a loan to an eligible borrower because of a delay in
12 payments or default, the amount of the linked deposit associated
13 with the loan plus applicable interest and without early
14 withdrawal penalties shall be returned to the State Treasurer by
15 the eligible lending institution in a timely manner as
16 prescribed by the State Treasurer.

17 Section 8. Effective date.

18 This act shall take effect in 180 days.