

SENATE BILL REPORT

SB 5787

As Reported by Senate Committee On:
Business, Financial Services & Trade, January 18, 2022

Title: An act relating to the linked deposit program.

Brief Description: Concerning the linked deposit program.

Sponsors: Senators Nguyen, Dhingra, Frockt, Keiser, Kuderer, Liias, Lovick and Pedersen; by request of State Treasurer.

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/13/22, 1/18/22 [DP].

Brief Summary of Bill

- Authorizes the Office of the State Treasurer to expand the types of investments used to invest short-term surplus funds in the Linked Deposit program.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: Do pass.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Dozier, Ranking Member; Brown, Frockt, Lovick and Wilson, L.

Staff: Clinton McCarthy (786-7319)

Background: The Linked Deposit Program (program) was created to increase access to business capital for the state's certified minority-owned, women-owned, and veteran-owned businesses. Under the program, the state treasurer may use up to \$190 million of the state's short-term surplus funds to allow certified businesses to obtain reduced interest rate loans from participating financial institutions using certificate of deposits as an investment. Up to \$15 million per year of the total program amount is provided for veteran-owned businesses,

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with the remaining \$175 million in funding allocated to minority-owned and women-owned businesses. A qualifying loan is one to certified minority-owned, women-owned, and veteran-owned businesses, and cannot exceed \$1 million per business or have a repayment period greater than ten years.

Summary of Bill: The short-term surplus funds used to allow certified businesses to obtain reduced interest rate loans from participating financial institutions are expanded to include investment instruments, rather than just certificates of deposits. The certificate of deposit investment program is renamed the surplus property investment program. The deposits and interest accrued through the investment of surplus funds are protected against loss.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a good little bill. It is a technical fix that allows the state treasurer to take deposits beyond certificates of deposits. This provides the state treasurer and our lending partners more flexibility. This bill will allow the use of deposit accounts with no fixed maturity date. This change will only enhance the security of the program for the participants.

Persons Testifying: PRO: Senator Joe Nguyen, Prime Sponsor; James Rosenkoetter, Washington State Treasurer's Office; Megan Managan, Washington Bankers Association.

Persons Signed In To Testify But Not Testifying: No one.