
SENATE BILL 5220

State of Washington

53rd Legislature

1993 Regular Session

By Senators Skratek, Erwin, Bluechel, Sheldon, M. Rasmussen, Deccio and Winsley

Read first time 01/18/93. Referred to Committee on Trade, Technology & Economic Development.

1 AN ACT Relating to a linked deposit program for investment by the
2 state; and adding new sections to chapter 43.84 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that many communities
5 throughout the state are experiencing economic stagnation or decline.
6 The unemployment and underemployment in these distressed areas threaten
7 the safety, health, and welfare of residents of these areas, decreasing
8 the value of private investment and jeopardizing the sources of public
9 revenue. The revitalization of distressed areas requires the
10 development of new business ventures and the stimulation of private
11 investment. It is the intent of the legislature to provide capital to
12 promote economic development and job creation in distressed areas by
13 authorizing the state treasurer to operate a program which links state
14 deposits to business loans by financial institutions.

15 NEW SECTION. **Sec. 2.** (1) The state treasurer shall establish a
16 linked deposit program for investments in certificates of deposit in
17 Washington financial institutions. As a condition of participating in
18 the program, financial institutions must make qualifying loans as

1 provided in section 3 of this act. Each certificate of deposit
2 purchased by the state treasurer shall be equal to the amount of the
3 qualifying loan made by the financial institution. The state treasurer
4 is authorized to set interest rates on certificates and on qualifying
5 loans consistent with the intent of sections 1 through 4 of this act
6 and sound financial practices.

7 (2) Qualifying loans under the linked deposit program are those
8 which:

9 (a) Are made in distressed areas as defined in RCW 43.165.010;

10 (b) Are made to a small business with a majority of employees in
11 the state; and

12 (c) Are consistent with other criteria set by the state treasurer.

13 (3) The state treasurer may reject any specific loan.

14 (4) In setting interest rates on certificates and loans, the state
15 treasurer shall vary the rates so that preference in lending will be
16 given to businesses that are engaged in manufacturing, export, or
17 providing services for sale outside the state or that have innovative
18 products or production processes. The treasurer may also vary the
19 length of the terms of deposit.

20 NEW SECTION. **Sec. 3.** The state and those acting as its agents are
21 not liable in any manner for payment of the principal or interest on
22 qualifying loans under the linked deposit program. Any delay in
23 payments or default on the part of the borrower does not in any manner
24 affect the deposit agreement between the financial institution and the
25 state treasurer.

26 NEW SECTION. **Sec. 4.** The state treasurer may use up to two
27 hundred million dollars per year of state funds for the linked deposit
28 program.

29 NEW SECTION. **Sec. 5.** If any provision of this act or its
30 application to any person or circumstance is held invalid, the
31 remainder of the act or the application of the provision to other
32 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act are each
2 added to chapter 43.84 RCW.

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