
SENATE BILL 5341

State of Washington

64th Legislature

2015 Regular Session

By Senators Hasegawa and Chase

Read first time 01/20/15. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the linked deposit program; amending RCW
2 43.86A.030; and reenacting and amending RCW 43.86A.060.

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

4 **Sec. 1.** RCW 43.86A.030 and 2010 c 139 s 1 are each amended to
5 read as follows:

6 (1)(a) The state treasurer shall make funds available for a time
7 certificate of deposit investment program according to the following
8 formula: The state treasurer shall apportion to all participating
9 depositaries an amount equal to five percent of the three year
10 average mean of general state revenues as certified in accordance
11 with Article VIII, section 1(b) of the state Constitution, or fifty
12 percent of the total surplus treasury investment availability,
13 whichever is less. Within thirty days after certification, an amount
14 equal to those funds determined to be available according to this
15 formula for the time certificate of deposit investment program shall
16 be available for deposit in qualified public depositaries. These
17 funds shall be allocated among the participating depositaries on a
18 basis to be determined by the state treasurer.

19 (b) The funds made available by the treasurer for a time
20 certificate of deposit investment program under (a) of this

1 subsection (1) may be provided from either treasury surplus funds or
2 funds held pursuant to chapter 43.250 RCW.

3 (2) Of all state funds available under this section, the state
4 treasurer may use up to (~~one hundred seventy five~~) two hundred
5 million dollars per year for the purposes of RCW 43.86A.060(2)(c) (i)
6 and (iii) and up to fifteen million dollars per year for the purposes
7 of RCW 43.86A.060(2)(c)(ii). The amounts made available to these
8 public depositaries shall be equal to the amounts of outstanding
9 loans made under RCW 43.86A.060.

10 (3) The formula so devised shall be a matter of public record
11 giving consideration to, but not limited to, deposits, assets, loans,
12 capital structure, investments, or some combination of these factors.
13 However, if in the judgment of the state treasurer the amount of
14 allocation for certificates of deposit as determined by this section
15 will impair the cash flow needs of the state treasury, the state
16 treasurer may adjust the amount of the allocation accordingly.

17 **Sec. 2.** RCW 43.86A.060 and 2009 c 385 s 3 and 2009 c 384 s 1 are
18 each reenacted and amended to read as follows:

19 (1) The state treasurer shall establish a linked deposit program
20 for investment of deposits in qualified public depositaries. As a
21 condition of participating in the program, qualified public
22 depositaries must make qualifying loans as provided in this section.
23 The state treasurer may purchase a certificate of deposit that is
24 equal to the amount of the qualifying loan made by the qualified
25 public depositary or may purchase a certificate of deposit that is
26 equal to the aggregate amount of two or more qualifying loans made by
27 one or more qualified public depositaries.

28 (2) Qualifying loans made under this section are those:

29 (a) Having terms that do not exceed ten years;

30 (b) Where an individual loan does not exceed one million dollars;

31 (c)(i) That are made to a minority or women's business enterprise
32 that has received state certification under chapter 39.19 RCW;

33 (ii) That are made to a veteran-owned business that has received
34 state certification under RCW 43.60A.190; or

35 (iii) That are made to a community development financial
36 institution that is: (A) Certified by the United States department of
37 the treasury pursuant to 12 U.S.C. Sec. 4701 et seq.; and (B) using
38 that loan to make qualifying loans under (c)(i) of this subsection;

1 (d) Where the interest rate on the loan to the minority or
2 women's business enterprise or veteran-owned business does not exceed
3 an interest rate that is two hundred basis points below the interest
4 rate the qualified public depository would charge for a loan for a
5 similar purpose and a similar term, except that, if the preference
6 given by the state treasurer to the qualified public depository under
7 subsection (3) of this section is less than two hundred basis points,
8 the qualified public depository may reduce the preference given on
9 the loan by an amount that corresponds to the reduction in preference
10 below two hundred basis points given to the qualified public
11 depository; and

12 (e) Where the points or fees charged at loan closing do not
13 exceed one percent of the loan amount.

14 (3) In setting interest rates of time certificate of deposits,
15 the state treasurer shall offer rates so that a two hundred basis
16 point preference will be given to the qualified public depository,
17 except that the treasurer may lower the amount of the preference to
18 ensure that the effective interest rate on the deposit is not less
19 than zero percent.

20 (4) Upon notification by the state treasurer that a minority or
21 women's business enterprise is no longer certified under chapter
22 39.19 RCW or that a veteran-owned business is no longer certified
23 under RCW 43.60A.190, the qualified public depository shall reduce
24 the amount of qualifying loans by the outstanding balance of the loan
25 made under this section to the minority or women's business
26 enterprise or the veteran-owned business, as applicable.

27 (5) The director of the office of minority and women's business
28 enterprises (~~has the authority to adopt rules to:~~

29 ~~(a) Ensure that when making a qualified loan under the linked~~
30 ~~deposit program, businesses that have never received a loan under the~~
31 ~~linked deposit program are given first priority;~~

32 ~~(b) Limit the total principal loan amount that any one business~~
33 ~~receives in qualified loans under the linked deposit program over the~~
34 ~~lifetime of the businesses;~~

35 ~~(c) Limit the total principal loan amount that an owner of one or~~
36 ~~more businesses receives in qualified loans under the linked deposit~~
37 ~~program during the owner's lifetime;~~

38 ~~(d) Limit the total amount of any one qualified loan made under~~
39 ~~the linked deposit program; and~~

1 ~~(e) Ensure that loans made by community development financial~~
2 ~~institutions are qualifying loans under subsection (2)(c)(i) of this~~
3 ~~section) may adopt rules as necessary to carry out the purposes of~~
4 this section.

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