

2 **ESHB 1493** - S COMM AMD TO TED COMM AMD (S-2789.4/93)  
3 By Committee on Ways & Means

4 ADOPTED 4/16/93

5 On page 15, after line 23 of the amendment, strike all material  
6 through "accordingly." on page 18, line 13, and insert the following:

7 "V. WASHINGTON STATE LINKED DEPOSIT PROGRAM

8 NEW SECTION. **Sec. 28.** The legislature finds that minority and  
9 women's business enterprises have been historically excluded from  
10 access to capital in the marketplace. The lack of capital has been a  
11 major barrier to the development and expansion of business by various  
12 minority groups and women. There has been a significant amount of  
13 attention on the capital needs of minority and women's business  
14 enterprises. It is the intent of the legislature to remedy the problem  
15 of a lack of access to capital by minority and women's business  
16 enterprises, and other small businesses by authorizing the state  
17 treasurer to operate a program that links state deposits to business  
18 loans by financial institutions to minority and women's business  
19 enterprises.

20 NEW SECTION. **Sec. 29.** A new section is added to chapter 43.86A  
21 RCW to read as follows:

22 (1) The state treasurer shall establish a linked deposit program  
23 for investment of deposits in qualified public depositories. As a  
24 condition of participating in the program, qualified public  
25 depositories must make qualifying loans as provided in this section.  
26 Each time certificate of deposit purchased by the state treasurer shall  
27 be equal to the amount of the qualifying loan made by the qualified  
28 public depository. The state treasurer is authorized to set interest  
29 rates on certificates and on qualifying loans consistent with the  
30 intent of sections 28 through 32, chapter . . . , Laws of 1993 (sections  
31 28 through 32 of this act) and sound financial practices.

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

33 (a) Are loans that have terms that do not exceed five years;

1 (b) Are made to a minority or women's business enterprise that has  
2 received state certification under chapter 39.19 RCW;

3 (c) Are made to minority or women's business enterprises that are  
4 considered a small business as defined in RCW 43.31.025;

5 (d) Are made where the interest rate on the loan to the minority or  
6 women's business enterprise does not exceed the interest rate on the  
7 corresponding time certificate of deposit by two hundred fifty basis  
8 points;

9 (e) Are made where the points or fees charged at loan closing do  
10 not exceed one percent of the loan amount; and

11 (f) Are consistent with other criteria set by the state treasurer.

12 (3) In setting interest rates of time certificate of deposits, the  
13 state treasurer shall offer rates so that a two hundred basis point  
14 preference will be given to the qualified public depository.

15 NEW SECTION. **Sec. 30.** A new section is added to chapter 43.63A  
16 RCW to read as follows:

17 (1) The department shall provide technical assistance and loan  
18 packaging services that enable minority and women-owned business  
19 enterprises to obtain financing under the linked deposit program  
20 created under section 29 of this act.

21 (2) The department shall, in consultation with the state treasurer,  
22 monitor the performance of loans made to minority and women-owned  
23 business enterprises under section 29 of this act.

24 **Sec. 31.** RCW 43.85.230 and 1984 c 177 s 20 are each amended to  
25 read as follows:

26 The state treasurer may deposit moneys not required to meet current  
27 demands upon a term deposit basis not to exceed (~~one year~~) five years  
28 at such interest rates and upon such conditions as to withdrawals of  
29 such moneys as may be agreed upon between the state treasurer and any  
30 qualified public depository.

31 **Sec. 32.** RCW 43.86A.030 and 1982 c 74 s 1 are each amended to read  
32 as follows:

33 (1) Funds held in public depositories not as demand deposits as  
34 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a  
35 time certificate of deposit investment program according to the  
36 following formula: The state treasurer shall apportion to all

1 participating depositaries an amount equal to five percent of the three  
2 year average mean of general state revenues as certified in accordance  
3 with Article VIII, section 1(b) of the state Constitution, or fifty  
4 percent of the total surplus treasury investment availability,  
5 whichever is less. Within thirty days after certification, those funds  
6 determined to be available according to this formula for the time  
7 certificate of deposit investment program shall be deposited in  
8 qualified public depositaries. These deposits shall be allocated among  
9 the participating depositaries on a basis to be determined by the state  
10 treasurer.

11 (2) The state treasurer may use up to fifty million dollars per  
12 year of all funds available under this section for the purposes of  
13 section 29 of this act. The amounts made available to these public  
14 depositaries shall be equal to the amounts of outstanding loans made  
15 under section 29 of this act.

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

23 NEW SECTION. Sec. 33. A new section is added to chapter 43.86A  
24 RCW to read as follows:

25 The state and those acting as its agents are not liable in any  
26 manner for payment of the principal or interest on qualifying loans  
27 made under section 29 of this act. Any delay in payments or defaults  
28 on the part of the borrower does not in any manner affect the deposit  
29 agreement between the qualified public depositary and the state  
30 treasurer.

31 NEW SECTION. Sec. 34. A new section is added to chapter 43.131  
32 RCW to read as follows:

33 The linked deposit program shall be terminated on June 30, 1996, as  
34 provided in section 35 of this act.

35 NEW SECTION. Sec. 35. A new section is added to chapter 43.131  
36 RCW to read as follows:

1 The following acts or parts of acts, as now existing or hereafter  
2 amended, are each repealed, effective June 30, 1997:

- 3 (1) Section 29 of this act;
- 4 (2) Section 30 of this act; and
- 5 (3) Section 33 of this act.

6 NEW SECTION. **Sec. 36.** If specific funding for the purposes of  
7 sections 28 through 35 of this act, referencing sections 28 through 35  
8 of this act by bill and section numbers, is not provided by June 30,  
9 1993, in the omnibus appropriations act, sections 28 through 35 of this  
10 act are null and void."

11 Renumber the remaining part headings and sections consecutively and  
12 correct internal references accordingly.

13 EFFECT: Creates the linked deposit program in the State Treasurer.  
14 Establishes rates for certificates and qualifying loans to businesses.  
15 Directs DCD to provide technical assistance and loan packaging services  
16 to businesses through its existing programs. DCD and State Treasurer  
17 to monitor loans made through the program. Establishes a sunset date  
18 of June 30, 1996. Repeals program in June 1997.

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22 On page 19, beginning on line 6 of the title amendment, after  
23 "43.168.100," strike the remainder of the title amendment and insert  
24 "43.85.230, and 43.86A.030; adding a new section to chapter 43.210 RCW;  
25 adding a new section to chapter 43.31 RCW; adding a new section to  
26 chapter 39.19 RCW; adding a new section to chapter 43.168 RCW; adding  
27 new sections to chapter 43.86A RCW; adding a new section to chapter  
28 43.63A RCW; adding new sections to chapter 43.131 RCW; adding a new  
29 chapter to Title 43 RCW; creating new sections; providing an effective  
30 date; and declaring an emergency."

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