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SECOND SUBSTITUTE SENATE BILL 5243

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State of Washington

56th Legislature

2000 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Kline, Winsley, Franklin, Prentice, Brown and Costa)

Read first time 02/08/2000.

1 AN ACT Relating to the linked deposit program; amending RCW  
2 43.86A.030, 43.86A.060, and 43.63A.690; adding a new section to chapter  
3 39.19 RCW; repealing RCW 43.131.381, 43.131.382, 43.63A.690, and  
4 43.86A.060; and providing an effective date.

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

6 **Sec. 1.** RCW 43.86A.030 and 1993 c 512 s 33 are each amended to  
7 read as follows:

8 (1) Funds held in public depositories not as demand deposits as  
9 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a  
10 time certificate of deposit investment program according to the  
11 following formula: The state treasurer shall apportion to all  
12 participating depositories an amount equal to five percent of the three  
13 year average mean of general state revenues as certified in accordance  
14 with Article VIII, section 1(b) of the state Constitution, or fifty  
15 percent of the total surplus treasury investment availability,  
16 whichever is less. Within thirty days after certification, those funds  
17 determined to be available according to this formula for the time  
18 certificate of deposit investment program shall be deposited in  
19 qualified public depositories. These deposits shall be allocated among

1 the participating depositaries on a basis to be determined by the state  
2 treasurer.

3 (2) The state treasurer may use up to (~~(fifty)~~) seventy-five  
4 million dollars per year of all funds available under this section for  
5 the purposes of RCW 43.86A.060. The amounts made available to these  
6 public depositaries shall be equal to the amounts of outstanding loans  
7 made under RCW 43.86A.060.

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

15 **Sec. 2.** RCW 43.86A.060 and 1993 c 512 s 30 are each amended to  
16 read as follows:

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

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

27 (a) (~~(Are loans that have)~~) Having terms that do not exceed ten  
28 years;

29 (b) Where the total amount of the loan or loans per minority or  
30 women's business enterprise does not exceed seven hundred fifty  
31 thousand dollars, unless the loan application states that the purpose  
32 of the loan is to start, enlarge, maintain, or otherwise enhance a  
33 construction business, in which case the total amount of a qualifying  
34 loan or loans per minority or women's business enterprise may not  
35 exceed one million dollars. For the purpose of this subsection,  
36 "construction business" means any person, firm, or corporation who or  
37 which undertakes, or offers to undertake, or submits a bid to  
38 construct, alter, repair, add to, subtract from, improve, move, wreck,

1 or demolish, for another, any building, highway, road, railroad,  
2 excavation, or other structure, project, development, or improvement to  
3 real property, or to do any part thereof; or who, to do similar work  
4 upon his or her own property, employs members of one or more building  
5 trade on a single project or under a single building permit;

6 ((Are)) (c) Made to a minority or women's business enterprise that  
7 has received state certification under chapter 39.19 RCW;

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

10 (d) ((Are made)) Where the interest rate on the loan to the  
11 minority or women's business enterprise does not exceed ((an interest  
12 rate that is two hundred basis points below the interest rate)) the  
13 qualified public ((depository would charge for a loan for a similar  
14 purpose and a similar term)) depository's prime interest rate; and

15 (e) ((Are made)) Where the points or fees charged at loan closing  
16 do not exceed one percent of the loan amount.

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

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

25 (5) As used in this section, "prime interest rate" means the  
26 interest rate that a qualified public depository charges to its lowest  
27 credit risk commercial customer.

28 NEW SECTION. Sec. 3. A new section is added to chapter 39.19 RCW  
29 to read as follows:

30 (1) The office shall, in consultation with the state treasurer and  
31 the department of community, trade, and economic development, compile  
32 information on minority and women's business enterprises that have  
33 requested financial assistance through a qualified public depository  
34 under the provisions of RCW 43.86A.060. The information shall include,  
35 but is not limited to:

36 (a) Name of the qualified public depository;

37 (b) Geographic location of the minority or women's business  
38 enterprise;

- 1 (c) Name of the minority or women's business enterprise;  
2 (d) Date of last certification by the office and certification  
3 number;  
4 (e) Type of business;  
5 (f) Race and ownership status of the minority or women's business  
6 enterprise;  
7 (g) Amount and term of the loan to the minority or women's business  
8 enterprise; and  
9 (h) Other information the office deems necessary for the  
10 implementation of this section.

11 (2) The office shall notify the state treasurer of minority or  
12 women's business enterprises that are no longer certified under the  
13 provisions of this chapter. The written notification shall contain  
14 information regarding the reason for the decertification and  
15 information on financing provided to the minority or women's business  
16 enterprise under RCW 43.86A.060.

17 **Sec. 4.** RCW 43.63A.690 and 1993 c 512 s 31 are each amended to  
18 read as follows:

19 (1) The department shall provide technical assistance and loan  
20 packaging services that enable minority and women-owned business  
21 enterprises to obtain financing under the linked deposit program  
22 created under RCW 43.86A.060.

23 (2) The department shall, in consultation with the state treasurer  
24 and office of minority and women's business enterprise, monitor the  
25 performance of loans made to minority and women-owned business  
26 enterprises under RCW 43.86A.060.

27 (3) The department, in consultation with the office of minority and  
28 women's business enterprise, shall develop indicators to measure the  
29 performance of the linked deposit program in the areas of job creation  
30 or retention and providing access to capital to minority or women's  
31 business enterprises. By November 1, 2003, the department shall report  
32 to the appropriate committees of the legislature on the performance of  
33 the linked deposit program in creating and retaining employment and  
34 improving access to capital.

35 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each  
36 repealed:

1 (1) RCW 43.131.381 (Linked deposit program--Termination) and 1994  
2 c 126 s 2 & 1993 c 512 s 35; and  
3 (2) RCW 43.131.382 (Linked deposit program--Repeal) and 1994 c 126  
4 s 3 & 1993 c 512 s 36.

5 NEW SECTION. **Sec. 6.** The following acts or parts of acts are each  
6 repealed, effective June 30, 2004:

7 (1) RCW 43.63A.690 (Minority and women-owned business enterprises--  
8 Linked deposit program) and 2000 c ... s 4 (section 4 of this act) &  
9 1993 c 512 s 31;

10 (2) RCW 43.86A.060 (Linked deposit program--Minority and women's  
11 business enterprises) and 2000 c ... s 2 (section 2 of this act) & 1993  
12 c 512 s 30; and

13 (3) RCW 39.19.--- and 2000 c ... s 3 (section 3 of this act).

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