

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 1445

Chapter 316, Laws of 2001

(partial veto)

57th Legislature
2001 Regular Legislative Session

LINKED DEPOSIT PROGRAM

EFFECTIVE DATE: 5/15/01

Passed by the House March 12, 2001
Yeas 97 Nays 1

FRANK CHOPP
**Speaker of the House of
Representatives**

CLYDE BALLARD
**Speaker of the House of
Representatives**

Passed by the Senate April 12, 2001
Yeas 26 Nays 21

ROSA FRANKLIN
President of the Senate

Approved May 15, 2001, with the
exception of sections 3 and 4, which
are vetoed.

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1445** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER
Chief Clerk

TIMOTHY A. MARTIN
Chief Clerk

FILED

May 15, 2001 - 2:40 p.m.

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 1445

Passed Legislature - 2001 Regular Session

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Kessler, Lambert, Ogden, Edmonds, Kagi, Dickerson, Jackley, Fromhold, Keiser, Veloria, Miloscia, Cody and McDermott; by request of State Treasurer)

Read first time 03/08/2001. Referred to Committee on .

1 AN ACT Relating to the time certificate of deposit investment
2 program; amending RCW 43.131.381, 43.131.382, 43.86A.060, and
3 43.63A.690; and declaring an emergency.

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

5 **Sec. 1.** RCW 43.131.381 and 1994 c 126 s 2 are each amended to read
6 as follows:

7 The linked deposit program shall be terminated on June 30, ((2000))
8 2003, as provided in RCW 43.131.382.

9 **Sec. 2.** RCW 43.131.382 and 1994 c 126 s 3 are each amended to read
10 as follows:

11 The following acts or parts of acts, as now existing or hereafter
12 amended, are each repealed, effective June 30, ((2001)) 2004:

13 (1) RCW 43.86A.060 and 1993 c 512 s 30;

14 (2) RCW 43.63A.690 and 1993 c 512 s 31; and

15 (3) RCW 43.86A.070 and 1993 c 512 s 34.

16 ***Sec. 3.** *RCW 43.86A.060 and 1993 c 512 s 30 are each amended to*
17 *read as follows:*

1 (1) The state treasurer shall establish a linked deposit program
2 for investment of deposits in qualified public depositories. As a
3 condition of participating in the program, qualified public
4 depositories must make qualifying loans as provided in this section.
5 The state treasurer may purchase a certificate of deposit that is equal
6 to the amount of the qualifying loan made by the qualified public
7 depository or may purchase a certificate of deposit that is equal to
8 the aggregate amount of two or more qualifying loans made by one or
9 more qualified public depositories.

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

11 (a) Are loans that have terms that do not exceed ten years;

12 (b) Are made to a ~~((minority or women's))~~ socially and economically
13 disadvantaged business enterprise that has received state certification
14 under chapter 39.19 RCW;

15 (c) Are made to ~~((minority or women's))~~ socially and economically
16 disadvantaged business enterprises that are considered a small business
17 ((as defined in RCW 43.31.025));

18 (d) Are made where the interest rate on the loan to the ~~((minority~~
19 ~~or women's))~~ socially and economically disadvantaged business
20 enterprise does not exceed an interest rate that is two hundred basis
21 points below the interest rate the qualified public depository would
22 charge for a loan for a similar purpose and a similar term; and

23 (e) Are made where the points or fees charged at loan closing do
24 not exceed one percent of the loan amount.

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

28 (4) For purposes of this section, "socially and economically
29 disadvantaged business enterprise" means any small business concern
30 where at least fifty-one percent is unconditionally owned by one or
31 more socially or economically disadvantaged individuals.

32 (a) "Socially disadvantaged individuals" are those who have been
33 subjected to racial or ethnic prejudice or cultural bias because of
34 their identity as a member of a group without regard to their
35 individual qualities.

36 (b) "Economically disadvantaged individuals" are those individuals,
37 including first-time small business owners that are under the age of
38 twenty-five, whose ability to compete in the free enterprise system has

1 been impaired due to diminished capital and credit opportunities as
2 compared to others in the same business area.

3 *Sec. 3 was vetoed. See message at end of chapter.

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

6 (1) The department shall provide technical assistance and loan
7 packaging services that enable (~~minority and women-owned~~) socially
8 and economically disadvantaged business enterprises to obtain financing
9 under the linked deposit program created under RCW 43.86A.060.

10 (2) The department shall, in consultation with the state treasurer,
11 monitor the performance of loans made to (~~minority and women-owned~~)
12 socially and economically disadvantaged business enterprises under RCW
13 43.86A.060.

14 *Sec. 4 was vetoed. See message at end of chapter.

15 NEW SECTION. Sec. 5. This act is necessary for the immediate
16 preservation of the public peace, health, or safety, or support of the
17 state government and its existing public institutions, and takes effect
18 immediately.

Passed the House March 12, 2001.

Passed the Senate April 12, 2001.

Approved by the Governor May 15, 2001, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 15, 2001.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to sections 3 and
3 4, Second Substitute House Bill No. 1445 entitled:

4 "AN ACT Relating to the time certificate of deposit investment
5 program;"

6 Second Substitute House Bill No. 1445 continues the state's Linked
7 Deposit Program, under which low-interest loans are made available for
8 women and minority-owned businesses beyond its June 30, 2001 sunset
9 date. This is an important program that aids in the creation and
10 expansion of many businesses. Additionally, the program has spurred
11 economic development in distressed areas of our state.

12 Section 3 of the bill was an amendment to the original bill and
13 would have directed the program to socially and economically
14 disadvantaged business enterprises, deleting all references to women or
15 minority-owned businesses. As such, several legislators who supported
16 the bill believe section 3 would have significantly diluted the Linked
17 Deposit Program, making it inconsistent with the original legislative
18 intent.

1 Section 4 also references socially and economically disadvantaged
2 business enterprises, and it would create confusion if section 3 were
3 vetoed alone.

4 For these reasons, I have vetoed sections 3 and 4 of Second
5 Substitute House Bill No. 1445.

6 With the exception of sections 3 and 4, Second Substitute House
7 Bill No. 1445 is approved."