
SUBSTITUTE HOUSE BILL 2906

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Pettigrew, Voloria, McDonald, Priest, Hudgins, Skinner, Darneille, Eickmeyer, Simpson, D., McCoy, Wallace, Kessler, Schual-Berke, Simpson, G., Upthegrove, Wood, Kenney, Morrell, Ormsby and Conway)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to increasing the funding for the linked deposit
2 program for minority and women's business loans; and amending RCW
3 43.86A.030 and 43.86A.060.

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

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

7 (1) Funds held in public depositories not as demand deposits as
8 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a
9 time certificate of deposit investment program according to the
10 following formula: The state treasurer shall apportion to all
11 participating depositories an amount equal to five percent of the three
12 year average mean of general state revenues as certified in accordance
13 with Article VIII, section 1(b) of the state Constitution, or fifty
14 percent of the total surplus treasury investment availability,
15 whichever is less. Within thirty days after certification, those funds
16 determined to be available according to this formula for the time
17 certificate of deposit investment program shall be deposited in
18 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~~) sixty-five million
4 dollars per year of all funds available under this section for the
5 purposes of RCW 43.86A.060. The amounts made available to these public
6 depositaries shall be equal to the amounts of outstanding loans made
7 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 2002 c 305 s 1 are each amended to read
16 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:

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

28 (b) That are made to a minority or women's business enterprise that
29 has received state certification under chapter 39.19 RCW;

30 (c) Where the interest rate on the loan to the minority or women's
31 business enterprise does not exceed an interest rate that is two
32 hundred basis points below the interest rate the qualified public
33 depositary would charge for a loan for a similar purpose and a similar
34 term; and

35 (d) Where the points or fees charged at loan closing do not exceed
36 one percent of the loan amount.

1 (3) In setting interest rates of time certificate of deposits, the
2 state treasurer shall offer rates so that a two hundred basis point
3 preference will be given to the qualified public depository. In no
4 case shall the state treasurer give a preference where the effective
5 interest rates on the time certificates of deposit are less than two
6 percent.

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

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