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HOUSE BILL 1573

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State of Washington

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By Representatives P. Sullivan, Haler, Linville, Dunn, Skinner, Fromhold, Grant, Wallace, Ormsby, Morrell, Hasegawa, Kenney, Pettigrew, Holmquist, McCoy, Upthegrove, Clibborn, Santos and Kilmer

Read first time 01/28/2005. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the linked deposit program; amending RCW  
2 43.86A.030, 43.86A.060, 39.19.240, and 43.63A.690; adding a new section  
3 to chapter 43.86A RCW; adding a new section to chapter 39.19 RCW;  
4 creating a new section; and repealing RCW 43.131.381 and 43.131.382.

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

6 NEW SECTION. **Sec. 1.** The legislature intends that funds provided  
7 under the linked deposit program shall be used to create jobs and  
8 economic opportunity as well as to remedy the problem of a lack of  
9 access to capital by minority and women's business enterprises.

10 **Sec. 2.** RCW 43.86A.030 and 1993 c 512 s 33 are each amended to  
11 read as follows:

12 (1) Funds held in public depositories not as demand deposits as  
13 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a  
14 time certificate of deposit investment program according to the  
15 following formula: The state treasurer shall apportion to all  
16 participating depositories an amount equal to five percent of the three  
17 year average mean of general state revenues as certified in accordance  
18 with Article VIII, section 1(b) of the state Constitution, or fifty

1 percent of the total surplus treasury investment availability,  
2 whichever is less. Within thirty days after certification, those funds  
3 determined to be available according to this formula for the time  
4 certificate of deposit investment program shall be deposited in  
5 qualified public depositories. These deposits shall be allocated among  
6 the participating depositories on a basis to be determined by the state  
7 treasurer.

8 (2) The state treasurer may use up to (~~fifty~~) one hundred million  
9 dollars per year of all funds available under this section for the  
10 purposes of RCW 43.86A.060. The amounts made available to these public  
11 depositories shall be equal to the amounts of outstanding loans made  
12 under RCW 43.86A.060.

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

20 **Sec. 3.** RCW 43.86A.060 and 2002 c 305 s 1 are each amended to read  
21 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 The state treasurer may purchase a certificate of deposit that is equal  
27 to the amount of the qualifying loan made by the qualified public  
28 depository or may purchase a certificate of deposit that is equal to  
29 the aggregate amount of two or more qualifying loans made by one or  
30 more qualified public depositories.

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

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

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

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

36 (~~(e)~~) (d) Where the interest rate on the loan to the minority or  
37 women's business enterprise does not exceed an interest rate that is

1 two hundred basis points below the interest rate the qualified public  
2 depository would charge for a loan for a similar purpose and a similar  
3 term; (~~and~~

4 ~~(d))~~ (e) Where the points or fees charged at loan closing do not  
5 exceed one percent of the loan amount; and

6 (f) Where no more than twenty-five percent of qualified loans made  
7 by a qualified public depository under the linked deposit program are  
8 made for the purchase, lease, or development of real estate.

9 (3) In setting interest rates of time certificate of deposits, the  
10 state treasurer shall offer rates so that a two hundred basis point  
11 preference will be given to the qualified public depository. In no  
12 case shall the state treasurer give a preference where the effective  
13 interest rates on the time certificate of deposit are less than two  
14 percent.

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

20 NEW SECTION. Sec. 4. A new section is added to chapter 43.86A RCW  
21 to read as follows:

22 Public depositories participating in the linked deposit program are  
23 encouraged to increase the funds available to certified minority and  
24 women's business enterprises by taking full advantage of the linked  
25 deposit program loans to qualify for the community reinvestment act  
26 community programs under federal law (12 U.S.C.S. Sec. 2901 et seq.).

27 **Sec. 5.** RCW 39.19.240 and 2002 c 305 s 2 are each amended to read  
28 as follows:

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

35 (a) Name of the qualified public depository;

1 (b) Geographic location of the minority or women's business  
2 enterprise;

3 (c) Name of the minority or women's business enterprise;

4 (d) Date of last certification by the office and certification  
5 number;

6 (e) Type of business;

7 (f) Amount and term of the loan to the minority or women's business  
8 enterprise; and

9 (g) 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 (3) The office shall, in consultation with the state treasurer and  
18 the department of community, trade, and economic development, monitor  
19 the performance of loans made to minority and women-owned business  
20 enterprises under RCW 43.86A.060.

21 **Sec. 6.** RCW 43.63A.690 and 2002 c 305 s 3 are each amended to read  
22 as follows:

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

27 ~~(2) ((The department shall, in consultation with the state~~  
28 ~~treasurer and office of minority and women's business enterprises,~~  
29 ~~monitor the performance of loans made to minority and women-owned~~  
30 ~~business enterprises under RCW 43.86A.060.~~

31 ~~(3))~~) The department, in consultation with the office of minority  
32 and women's business enterprises, shall develop indicators to measure  
33 the performance of the linked deposit program in the areas of job  
34 creation or retention and providing access to capital to minority or  
35 women's business enterprises.

1        NEW SECTION.   **Sec. 7.**   A new section is added to chapter 39.19 RCW  
2 to read as follows:

3        The office shall develop the necessary rules and methodology for  
4 implementing the linked deposit program.   Periodically, the office  
5 shall review all rules and shall adopt, amend, or repeal them as may be  
6 necessary.

7        NEW SECTION.   **Sec. 8.**   The following acts or parts of acts are each  
8 repealed:

9        (1) RCW 43.131.381 (Linked deposit program--Termination) and 2002  
10 c 305 s 4, 2001 c 316 s 1, 1994 c 126 s 2, & 1993 c 512 s 35; and

11        (2) RCW 43.131.382 (Linked deposit program--Repeal) and 2002 c 305  
12 s 5, 2001 c 316 s 2, 1994 c 126 s 3, & 1993 c 512 s 36.

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