

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5782

Chapter 302, Laws of 2005

59th Legislature
2005 Regular Session

LINKED DEPOSIT PROGRAM

EFFECTIVE DATE: 7/24/05

Passed by the Senate April 21, 2005
YEAS 37 NAYS 9

BRAD OWEN

President of the Senate

Passed by the House April 11, 2005
YEAS 89 NAYS 7

FRANK CHOPP

Speaker of the House of Representatives

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5782** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

Approved May 6, 2005.

FILED

May 6, 2005 - 2:25 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5782

AS AMENDED BY THE HOUSE

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Shin, Prentice, Franklin, Kline, Kohl-Welles and Berkey; by request of Governor Gregoire)

READ FIRST TIME 03/08/05.

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; creating a new section; and repealing RCW
4 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 depositaries 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 depositaries 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, except that, if the preference given by the state treasurer to
4 the qualified public depository under subsection (3) of this section is
5 less than two hundred basis points, the qualified public depository may
6 reduce the preference given on the loan by an amount that corresponds
7 to the reduction in preference below two hundred basis points given to
8 the qualified public depository; and

9 ((~~d~~)) (e) Where the points or fees charged at loan closing do not
10 exceed one percent of the loan amount.

11 (3) In setting interest rates of time certificate of deposits, the
12 state treasurer shall offer rates so that a two hundred basis point
13 preference will be given to the qualified public depository, except
14 that the treasurer shall lower the amount of the preference to ensure
15 that the effective interest rate on the time certificate of deposit is
16 not less than two percent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Passed by the Senate April 21, 2005.

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