

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 1512**

Chapter 500, Laws of 2007

60th Legislature  
2007 Regular Session

LINKED DEPOSIT PROGRAM

EFFECTIVE DATE: 07/22/07

Passed by the House April 18, 2007  
Yeas 96 Nays 1

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 10, 2007  
Yeas 41 Nays 8

BRAD OWEN

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**President of the Senate**

Approved May 15, 2007, 2:49 p.m.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1512** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

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**Chief Clerk**

FILED

May 16, 2007

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 1512**

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AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

**State of Washington                      60th Legislature                      2007 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Hasegawa, Haler, Pettigrew, Skinner, Santos, Hankins, Kenney, Walsh, McCoy, Kirby, Schual-Berke, Chase, Williams, Roberts, P. Sullivan, Hudgins, Ericks, Darneille, Kagi and Ormsby)

READ FIRST TIME 03/05/07.

1            AN ACT Relating to the linked deposit program; amending RCW  
2 43.86A.030 and 43.86A.060; and creating a new section.

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

4            **Sec. 1.** RCW 43.86A.030 and 2005 c 302 s 2 are each amended to read  
5 as follows:

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

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

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

13 **Sec. 2.** RCW 43.86A.060 and 2005 c 302 s 3 are each amended to read  
14 as follows:

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

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

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

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

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

29 (d) Where the interest rate on the loan to the minority or women's  
30 business enterprise does not exceed an interest rate that is two  
31 hundred basis points below the interest rate the qualified public  
32 depository would charge for a loan for a similar purpose and a similar  
33 term, except that, if the preference given by the state treasurer to  
34 the qualified public depository under subsection (3) of this section is  
35 less than two hundred basis points, the qualified public depository may  
36 reduce the preference given on the loan by an amount that corresponds

1 to the reduction in preference below two hundred basis points given to  
2 the qualified public depository; and

3 (e) Where the points or fees charged at loan closing do not exceed  
4 one percent of the loan amount.

5 (3) In setting interest rates of time certificate of deposits, the  
6 state treasurer shall offer rates so that a two hundred basis point  
7 preference will be given to the qualified public depository, except  
8 that the treasurer shall lower the amount of the preference to ensure  
9 that the effective interest rate on the time certificate of deposit is  
10 not less than two percent.

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

16 (5) The office of minority and women's business enterprises has the  
17 authority to adopt rules to:

18 (a) Ensure that when making a qualified loan under the linked  
19 deposit program, businesses that have never received a loan under the  
20 linked deposit program are given first priority;

21 (b) Limit the total principal loan amount that any one business  
22 receives in qualified loans under the linked deposit program over the  
23 lifetime of the businesses;

24 (c) Limit the total principal loan amount that an owner of one or  
25 more businesses receives in qualified loans under the linked deposit  
26 program during the owner's lifetime; and

27 (d) Limit the total amount of any one qualified loan made under the  
28 linked deposit program.

29 NEW SECTION. Sec. 3. If specific funding for the purposes of this  
30 act, referencing this act by bill or chapter number, is not provided by  
31 June 30, 2007, in the omnibus appropriations act, this act is null and  
32 void.

Passed by the House April 18, 2007.

Passed by the Senate April 10, 2007.

Approved by the Governor May 15, 2007.

Filed in Office of Secretary of State May 16, 2007.