

SSB 5077 - S AMD 331

By Senators Hasegawa, Benton

ADOPTED 04/03/2015

1 On page 251, after line 33, insert the following:

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3 "Sec. 943. RCW 43.86A.060 and 2009 c 385 s 3 and 2009 c 384 s 1
4 are each reenacted and amended to read as follows:

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

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

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

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

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

21 (ii) That are made to a veteran-owned business that has received
22 state certification under RCW 43.60A.190; or

23 (iii) That are made to a community development financial
24 institution that is: (A) Certified by the United States department
25 of the treasury pursuant to 12 U.S.C. Sec. 4701 et seq.; and (B)
26 using that loan to make qualifying loans under (c)(i) of this
27 subsection;

1 (d) Where the interest rate on the loan to the minority or
2 women's business enterprise or veteran-owned business does not
3 exceed an interest rate that is two hundred basis points below the
4 interest rate the qualified public depository would charge for a
5 loan for a similar purpose and a similar term, except that, if the
6 preference given by the state treasurer to the qualified public
7 depository under subsection (3) of this section is less than two
8 hundred basis points, the qualified public depository may reduce the
9 preference given on the loan by an amount that corresponds to the
10 reduction in preference below two hundred basis points given to the
11 qualified public depository; ~~((and))~~

12 (e) Where the points or fees charged at loan closing do not
13 exceed one percent of the loan amount; and

14 (f) Where funds are used for active business pursuits and not
15 for passive investment activities.

16 (3) In setting interest rates of time certificate of deposits,
17 the state treasurer shall offer rates so that a two hundred basis
18 point preference will be given to the qualified public depository,
19 except that the treasurer may lower the amount of the preference to
20 ensure that the effective interest rate on the deposit is not less
21 than zero percent.

22 (4) Upon notification by the state treasurer that a minority or
23 women's business enterprise is no longer certified under chapter
24 39.19 RCW or that a veteran-owned business is no longer certified
25 under RCW 43.60A.190, the qualified public depository shall reduce
26 the amount of qualifying loans by the outstanding balance of the
27 loan made under this section to the minority or women's business
28 enterprise or the veteran-owned business, as applicable.

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

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

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

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

7 (d) Limit the total amount of any one qualified loan made under
8 the linked deposit program; (~~and~~)

9 (e) Ensure that loans made by community development financial
10 institutions are qualifying loans under subsection (2)(c)(i) of this
11 section;

12 (f) Ensure that, when making a qualified loan under the linked
13 deposit program, businesses not requesting loans for the purchase or
14 refinancing of real property appraised at a value greater than an
15 amount set by the director are given first priority;

16 (g) Ensure that, when making a qualified loan under the linked
17 deposit program, businesses not requesting loans for improvements to
18 real property, other than tenant improvements, where the total cost
19 of the improvements is greater than an amount set by the director
20 are given first priority; and

21 (h) Develop reporting requirements for businesses receiving
22 linked deposit loans, except that the reporting must not require
23 personnel resources exceeding those allocated to the office of
24 minority and women's business enterprises on the effective date of
25 this section.

26 (6) The director of the office of minority and women's business
27 enterprises shall adopt rules prioritizing loans to minority or
28 women's business enterprises or veteran-owned businesses for
29 applicants that:

30 (a) Are located in an underserved area of the state;

31 (b) Demonstrate an ability to create or maintain at least one
32 job opportunity; and

33 (c) Do not currently have loans with other small business
34 lending agencies.

1 (7) The director of the office of minority and women's business
2 enterprises shall report to the legislature on December 1, 2016, and
3 annually by December 1st thereafter on the linked deposit program
4 and may provide recommendations on additional rule-making authority
5 for the linked deposit program."

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11 **EFFECT:** In the Linked Deposit Program, removes the requirement that a
12 business must first demonstrate that a loan will result in the
13 creation of at least five job opportunities.

14 Requires that a business show that the loan will result in the
15 creation or maintenance of at least one job opportunity over the life
16 of the loan.

17 Requires that priority be given to funds that are used for active
18 business pursuits and not for passive investment activities.

19 The OMWBE must create a reporting requirement for businesses
20 receiving linked deposit program loans. The report must not use
21 personnel resources exceeding those already allocated to the OMWBE.
22 The OMWBE must also report to the Legislature on the Program each
23 December.

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