

SENATE BILL REPORT

SB 5220

**AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC
DEVELOPMENT, FEBRUARY 18, 1993**

Brief Description: Linking state deposits to business loans.

SPONSORS: Senators Skratek, Erwin, Bluechel, Sheldon, M. Rasmussen, Deccio and Winsley

SENATE COMMITTEE ON TRADE, TECHNOLOGY, & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5220 be substituted therefor, and the substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Erwin, M. Rasmussen, and Williams.

Minority Report: Do not pass.

Signed by Senator Deccio.

Staff: Blaine Gibson (786-7457)

Hearing Dates: February 2, 1993; February 18, 1993

BACKGROUND:

A linked deposit program is one in which the state deposits money in financial institutions, and those deposits are tied to loans to businesses or industries in regions the state wants to assist. At least 17 states have linked deposit programs for small business and agriculture.

SUMMARY:

The State Treasurer must establish a linked deposit program for investments in certificates of deposit in qualified public depositories. In order to participate in the program, the depository must lend an equal amount of money in economically distressed areas to small businesses, or according to criteria established by the Treasurer. The Treasurer may use up to \$200 million for the program.

EFFECT OF PROPOSED SUBSTITUTE:

One half of all funds available under the Treasurer's time certificate of deposit program are made available only to qualified public depositories that make small business or low-income housing loans in economically distressed areas. The amount of certificates of deposit made available to them are equal to the amount of such outstanding loans they have made. The Treasurer is authorized to issue certificates of deposit with a maturity of up to five years.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR (on proposed substitute): None

TESTIMONY AGAINST (on proposed substitute): None

TESTIFIED (on proposed substitute): No one