

SENATE BILL REPORT

SB 5971

As of March 3, 1997

Title: An act relating to the linked deposit program.

Brief Description: Revising the linked deposit program.

Sponsors: Senators Kline, Prentice, Winsley, Wojahn, Sheldon and Kohl.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 3/4/97.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Staff: Catherine Mele (786-7470)

Background: The Washington State linked deposit program assists in providing financing for certified minority and women-owned businesses. The Linked Deposit Act directs the State Treasurer to deposit state funds in a financial institution at below market interest rates. This interest rate savings is then passed on by the financial institution, in the form of lower rate loans, to minority and women-owned businesses. In order to qualify for the loan program, a minority or woman-owned business must have less than 50 employees, and must be certified by the Washington State Office of Minority and Women's Business Enterprises. The act permits all financial institutions to participate if they are qualified public depositories. Each financial institution is responsible for making the loan decision regarding the minority or woman-owned business.

Currently, the linked deposit program does not target any specific geographic location or region. In addition, the program does not specify exactly what amount of loan money financial institutions may lend to racial minorities or to women.

Summary of Bill: Seventy-five percent of loans made under the linked deposit program must be made to racial minorities. The remaining 25 percent of loans made under the linked deposit program must be made to women who are not racial minorities. The loans must be made to minority and women's business enterprises in community empowerment zones.

Appropriation: None.

Fiscal Note: Requested on March 3, 1997.

Effective Date: Ninety days after adjournment of session in which bill is passed.