
SENATE BILL 5971

State of Washington

55th Legislature

1997 Regular Session

By Senators Kline, Prentice, Winsley, Wojahn, Sheldon and Kohl

Read first time 02/24/97. Referred to Committee on Financial Institutions, Insurance & Housing.

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

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

4 **Sec. 1.** RCW 43.86A.030 and 1993 c 512 s 33 are each amended to
5 read as follows:

6 (1) Funds held in public depositaries 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 depositaries 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 depositaries. These deposits shall be allocated among
18 the participating depositaries on a basis to be determined by the state
19 treasurer.

1 (2) The state treasurer may use up to fifty million dollars per
2 year of all funds available under this section for the purposes of RCW
3 43.86A.060. The amounts made available to these public depositaries
4 shall be equal to the amounts of outstanding loans made under RCW
5 43.86A.060. Seventy-five percent of the funds made available under
6 this section for the purposes of RCW 43.86A.060 each year shall be made
7 in loans to racial minorities. Twenty-five percent of the funds made
8 available under this section for the purposes of RCW 43.86A.060 each
9 year shall be made in loans to women who are not racial minorities.
10 The state treasurer shall monitor, on a yearly basis, whether the funds
11 available under this subsection are meeting these percentage
12 requirements.

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. 2.** RCW 43.86A.060 and 1993 c 512 s 30 are each amended to
21 read as follows:

22 (1) The state treasurer shall establish a linked deposit program
23 for investment of deposits in qualified public depositaries. As a
24 condition of participating in the program, qualified public
25 depositaries 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 depositary 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 depositaries.

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

32 (a) Are loans made to minority and women's business enterprises in
33 community empowerment zones approved under RCW 43.63A.700;

34 (b) Are loans that have terms that do not exceed ten years;

35 ~~((b))~~ (c) Are made to a minority or women's business enterprise
36 that has received state certification under chapter 39.19 RCW;

37 ~~((e))~~ (d) Are made to minority or women's business enterprises
38 that are considered a small business as defined in RCW 43.31.025;

1 (~~(d)~~) (e) Are made where the interest rate on the loan to the
2 minority or women's business enterprise does not exceed an interest
3 rate that is two hundred basis points below the interest rate the
4 qualified public depository would charge for a loan for a similar
5 purpose and a similar term; and

6 (~~(e)~~) (f) Are made where the points or fees charged at loan
7 closing do not exceed one percent of the loan amount.

8 (3) In setting interest rates of time certificate of deposits, the
9 state treasurer shall offer rates so that a two hundred basis point
10 preference will be given to the qualified public depository.

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