
SUBSTITUTE SENATE BILL 6276

State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Financial Institutions, Insurance & Housing
(originally sponsored by Senators Winsley, Kline, Sellar and Hale)

Read first time 01/29/98.

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

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

4 **Sec. 1.** RCW 43.86A.060 and 1993 c 512 s 30 are each amended to
5 read as follows:

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

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

16 (a) Are loans that have terms that do not exceed ten years;

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

1 (c) Are made to minority or women's business enterprises that are
2 considered a small business as defined in RCW ((43.31.025)) 19.85.020;

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

8 (e) Are made where the points or fees charged at loan closing do
9 not exceed one percent of the loan amount.

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

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.86A RCW
14 to read as follows:

15 (1) The state treasurer shall deposit twelve and one-half million
16 dollars of the funds available for the linked deposit program in
17 qualified public depositories at market interest rates. The qualified
18 public depository shall remit two hundred basis points of interest on
19 each deposit to entities that have (a) received funding during the
20 previous two years for business loans from one of the following federal
21 sources: (i) Department of housing and urban development under 42
22 U.S.C. Sec. 3535(d) and 5300-5320 et seq.; (ii) small business
23 administration under 15 U.S.C. Sec. 633 et seq.; (iii) economic
24 development administration under 42 U.S.C. Sec. 3243; (iv) department
25 of agriculture under 7 U.S.C. Sec. 1932 and 1989; and (v) the treasury
26 department through the community development financial institution fund
27 under 12 U.S.C. Sec. 4701 et seq.; (b) been in continuous operation for
28 a minimum of three years; (c) losses averaging less than ten percent of
29 outstanding loans for the previous three years; and (d) no more than
30 fifty percent of capital funding from a single source. The public
31 depository shall pay the remainder of the interest on each deposit to
32 the state treasurer. As a condition of receiving the remittance of two
33 hundred basis points of interest, the entity receiving the remittance
34 must make qualifying loans as provided in this section.

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

36 (a) Have terms that do not exceed ten years;

1 (b) Are made to minority or women's business enterprises that have
2 received certification under chapter 39.19 RCW, and are owned by
3 persons qualified as low-income households under RCW 43.185A.010; and

4 (c) Incur points or fees charged at loan closing that do not exceed
5 two percent of the loan amount.

6 (3) In addition to making loans under subsection (2) of this
7 section, the entity receiving the remittance may use the remittance for
8 technical assistance.

9 (4) The remittance of two hundred basis points of interest on each
10 deposit shall be administered in accordance with rules which shall be
11 adopted by the department of community, trade, and economic
12 development. The rules will define qualifying entities eligible to
13 participate in this program, and the method of allocating funds to
14 qualifying entities. The qualifying public depository providing the
15 remittance has no obligation to the qualifying entity, legal or
16 otherwise, other than providing the remittance.

17 (5) Participation of a qualified public depository in this program
18 contributes toward meeting the credit needs of the communities it
19 serves as set forth under chapter 30.60 RCW for state banks, chapter
20 32.40 RCW for state savings banks, and the federal community
21 reinvestment act of 1977 for federal savings banks, federal savings and
22 loan associations, and national banks.

23 (6) In setting interest rates for funds deposited under this
24 program, the state treasurer shall offer rates that are commensurate
25 with other similar deposits made by the treasurer.

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