
SENATE BILL 6276

State of Washington 55th Legislature 1998 Regular Session

By Senators Winsley, Kline, Sellar and Hale

Read first time . Referred to Committee on .

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~~) five
17 years;

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

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

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

37 (b) Are made to business enterprises that are owned by persons
38 qualified as low-income households under RCW 43.185A.010; and

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

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

6 (4) The remittance of two hundred basis points of interest on each
7 deposit must be approved by the department of community, trade, and
8 economic development as being made to qualifying entities eligible to
9 participate in this program. The qualifying public depository
10 providing the remittance has no obligation to the qualifying entity,
11 legal or otherwise, other than providing the remittance.

12 (5) Participation of a qualified public depository in this program
13 contributes toward meeting the credit needs of the communities it
14 serves as set forth under chapter 30.60 RCW for state banks, chapter
15 32.40 RCW for state savings banks, and the federal community
16 reinvestment act of 1977 for federal savings banks, federal savings and
17 loan associations, and national banks.

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

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