
SUBSTITUTE SENATE BILL 5243

State of Washington

56th Legislature

2000 Regular Session

By Senate Committee on Commerce, Trade, Housing & Financial Institutions (originally sponsored by Senators Kline, Winsley, Franklin, Prentice, Brown and Costa)

Read first time 01/31/2000.

1 AN ACT Relating to the linked deposit program; amending RCW
2 43.86A.030, 43.86A.060, and 43.63A.690; adding a new section to chapter
3 39.19 RCW; and repealing RCW 43.131.381 and 43.131.382.

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

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

7 (1) Funds held in public depositories not as demand deposits as
8 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a
9 time certificate of deposit investment program according to the
10 following formula: The state treasurer shall apportion to all
11 participating depositories an amount equal to five percent of the three
12 year average mean of general state revenues as certified in accordance
13 with Article VIII, section 1(b) of the state Constitution, or fifty
14 percent of the total surplus treasury investment availability,
15 whichever is less. Within thirty days after certification, those funds
16 determined to be available according to this formula for the time
17 certificate of deposit investment program shall be deposited in
18 qualified public depositories. These deposits shall be allocated among

1 the participating depositaries on a basis to be determined by the state
2 treasurer.

3 (2) The state treasurer may use up to (~~fifty~~) seventy-five
4 million dollars per year of all funds available under this section for
5 the purposes of RCW 43.86A.060. The amounts made available to these
6 public depositaries shall be equal to the amounts of outstanding loans
7 made under RCW 43.86A.060.

8 (3) The formula so devised shall be a matter of public record
9 giving consideration to, but not limited to deposits, assets, loans,
10 capital structure, investments or some combination of these factors.
11 However, if in the judgment of the state treasurer the amount of
12 allocation for certificates of deposit as determined by this section
13 will impair the cash flow needs of the state treasury, the state
14 treasurer may adjust the amount of the allocation accordingly.

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

17 (1) The state treasurer shall establish a linked deposit program
18 for investment of deposits in qualified public depositaries. As a
19 condition of participating in the program, qualified public
20 depositaries must make qualifying loans as provided in this section.
21 The state treasurer may purchase a certificate of deposit that is equal
22 to the amount of the qualifying loan made by the qualified public
23 depositary or may purchase a certificate of deposit that is equal to
24 the aggregate amount of two or more qualifying loans made by one or
25 more qualified public depositaries.

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

27 (a) (~~Are loans that have~~) Having terms that do not exceed ten
28 years;

29 (b) Where the total amount of the loan or loans per minority or
30 women's business enterprise does not exceed seven hundred fifty
31 thousand dollars, unless the loan application states that the purpose
32 of the loan is to start, enlarge, maintain, or otherwise enhance a
33 construction business, in which case the total amount of a qualifying
34 loan or loans per minority or women's business enterprise may not
35 exceed one million dollars. For the purpose of this subsection,
36 "construction business" means any person, firm, or corporation who or
37 which undertakes, or offers to undertake, or submits a bid to
38 construct, alter, repair, add to, subtract from, improve, move, wreck,

1 or demolish, for another, any building, highway, road, railroad,
2 excavation, or other structure, project, development, or improvement to
3 real property, or to do any part thereof; or who, to do similar work
4 upon his or her own property, employs members of one or more building
5 trade on a single project or under a single building permit;

6 ((Are)) (c) Made to a minority or women's business enterprise that
7 has received state certification under chapter 39.19 RCW;

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

10 (d) ((Are made)) Where the interest rate on the loan to the
11 minority or women's business enterprise does not exceed ((an interest
12 rate that is two hundred basis points below the interest rate)) the
13 qualified public ((depository would charge for a loan for a similar
14 purpose and a similar term)) depository's prime interest rate; and

15 (e) ((Are made)) Where the points or fees charged at loan closing
16 do not exceed one percent of the loan amount.

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

20 (4) Upon notification by the state treasurer that a minority or
21 women's business enterprise is no longer certified under chapter 39.19
22 RCW, the qualified public depository shall reduce the amount of
23 qualifying loans by the outstanding balance of the loan made under this
24 section to the minority or women's business enterprise.

25 (5) As used in this section, "prime interest rate" means the
26 interest rate that a qualified public depository charges to its lowest
27 credit risk commercial customer.

28 **NEW SECTION. Sec. 3.** A new section is added to chapter 39.19 RCW
29 to read as follows:

30 (1) The office shall, in consultation with the state treasurer and
31 the department of community, trade, and economic development, compile
32 information on minority and women's business enterprises that have
33 requested financial assistance through a qualified public depository
34 under the provisions of RCW 43.86A.060. The information shall include,
35 but is not limited to:

36 (a) Name of the qualified public depository;

37 (b) Geographic location of the minority or women's business
38 enterprise;

- 1 (c) Name of the minority or women's business enterprise;
2 (d) Date of last certification by the office and certification
3 number;
4 (e) Type of business;
5 (f) Race and ownership status of the minority or women's business
6 enterprise;
7 (g) Amount and term of the loan to the minority or women's business
8 enterprise; and
9 (h) Other information the office deems necessary for the
10 implementation of this section.

11 (2) The office shall notify the state treasurer of minority or
12 women's business enterprises that are no longer certified under the
13 provisions of this chapter. The written notification shall contain
14 information regarding the reason for the decertification and
15 information on financing provided to the minority or women's business
16 enterprise under RCW 43.86A.060.

17 **Sec. 4.** RCW 43.63A.690 and 1993 c 512 s 31 are each amended to
18 read as follows:

19 (1) The department shall provide technical assistance and loan
20 packaging services that enable minority and women-owned business
21 enterprises to obtain financing under the linked deposit program
22 created under RCW 43.86A.060.

23 (2) The department shall, in consultation with the state treasurer
24 and office of minority and women's business enterprise, monitor the
25 performance of loans made to minority and women-owned business
26 enterprises under RCW 43.86A.060.

27 (3) The department, in consultation with the office of minority and
28 women's business enterprise, shall develop indicators to measure the
29 performance of the linked deposit program in the areas of job creation
30 or retention and providing access to capital to minority or women's
31 business enterprises.

32 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each
33 repealed:

34 (1) RCW 43.131.381 (Linked deposit program--Termination) and 1994
35 c 126 s 2 & 1993 c 512 s 35; and

1 (2) RCW 43.131.382 (Linked deposit program--Repeal) and 1994 c 126
2 s 3 & 1993 c 512 s 36.

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