
SENATE BILL 6068

State of Washington

57th Legislature

2001 Regular Session

By Senators Kline and Prentice

Read first time 02/16/2001. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to community development financial institutions;
2 amending RCW 43.86A.030; and adding new sections to chapter 43.86A RCW.

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 depositories 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 depositories 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 depositories. These deposits shall be allocated among
18 the participating depositories on a basis to be determined by the state
19 treasurer.

1 (2)(a) 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.

6 (b) The state treasurer may use up to twenty-five million dollars
7 per year of all funds available under this section for the purposes of
8 section 2 of this act.

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

16 NEW SECTION. Sec. 2. A new section is added to chapter 43.86A RCW
17 to read as follows:

18 (1) The state treasurer shall deposit the funds available under RCW
19 43.86A.030(2)(b) in qualified public depositaries at market interest
20 rates. The qualified public depositary shall remit two hundred basis
21 points of interest on each deposit to entities that have:

22 (a) Received or administered funding during the previous two years
23 for business loans from one of the following federal sources: (i)
24 Department of housing and urban development under 42 U.S.C. Sec.
25 3535(d) and 5300-5320 et seq.; (ii) small business administration under
26 15 U.S.C. Sec. 633 et seq.; (iii) economic development administration
27 under 42 U.S.C. Sec. 3243; (iv) department of agriculture under 7
28 U.S.C. Sec. 1932 and 1989; and (v) the treasury department through the
29 community development financial institution fund under 12 U.S.C. Sec.
30 4701 et seq.;

31 (b) Been in continuous operation or administers a loan fund which
32 has been in continuous operation for a minimum of three years;

33 (c) Losses averaging less than ten percent of outstanding loans for
34 the previous three years; and

35 (d) No more than fifty percent of operational funding from a single
36 source.

37 The public depositary shall pay the remainder of the interest on
38 each deposit to the state treasurer. As a condition of receiving the

1 remittance of two hundred basis points of interest, the entity
2 receiving the remittance must make qualifying loans as provided in this
3 section.

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

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

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

8 (c) Incur points or fees charged at loan closing that do not exceed
9 two percent of the loan amount; and

10 (d) Are for a principal amount not exceeding one hundred fifty
11 thousand dollars.

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

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

21 (5) Participation of a qualified public depository in this program
22 contributes toward meeting the credit needs of the communities it
23 serves as set forth under chapter 30.60 RCW for state banks, chapter
24 32.40 RCW for state savings banks, and the federal community
25 reinvestment act of 1977 for federal savings banks, federal savings and
26 loan associations, and national banks.

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

30 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.86A RCW
31 to read as follows:

32 The qualifying entities, as defined in section 2 of this act, shall
33 compile information on loans made to business enterprises under section
34 2 of this act. The information shall include, but is not limited to:

35 (1) Name of the business enterprise;

36 (2) Geographic location of the business enterprise;

37 (3) Type of business;

1 (4) Total number and amount of loans requested by business
2 enterprises;
3 (5) Amount and term of the loan made to the business enterprise;
4 (6) Amount of the funds under section 2 of this act that are used
5 for technical assistance by the qualifying entity; and
6 (7) Other information the state treasurer, in consultation with the
7 department of community, trade, and economic development deems
8 necessary for the implementation of this section.

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