

FINAL BILL REPORT

SSB 6168

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Synopsis as Enacted

Brief Description: Regulating business development companies and the participation of financial institutions and nondepository lenders in economic development within the state.

Sponsors: Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Fairley, Benton, Keiser, Benson, Prentice, Franklin, Brandland, Berkey and Schmidt; by request of Department of Financial Institutions).

Senate Committee on Financial Institutions, Housing & Consumer Protection
House Committee on Financial Institutions & Insurance

Background: Washington State has a little-used 1963 law creating "industrial development corporations," meant to enhance economic development. It is believed that creation of a modernized form of "business development company" would provide incentives for financial institutions, other lenders and investors to participate in small business development and job creation, benefitting the citizens of Washington.

Summary: "Business Development Corporations" are established in statute, to promote economic development in Washington State. Minimum requirements for incorporation are set forth, along with specific, expanded corporate powers, and corporate governance standards.

The Department of Financial Institutions (DFI) has broad regulatory oversight and rulemaking authority. DFI performs confidential examinations to ensure safety and soundness, and sets standards for capital, surplus, and investment caps.

Technical details regarding transparency and ratification of insider transactions, treatment of insolvency and liquidation, mergers, and conversion to limited liability corporations are set forth, in an effort to maintain regulatory parity with the treatment of state chartered commercial banks.

Votes on Final Passage:

Senate	47	0
House	97	0

Effective: June 7, 2006