
SECOND SUBSTITUTE SENATE BILL 5782

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Shin, Prentice, Franklin, Kline, Kohl-Welles and Berkey; by request of Governor Gregoire)

READ FIRST TIME 03/08/05.

1 AN ACT Relating to the linked deposit program; amending RCW
2 43.86A.060, 39.19.240, and 43.63A.690; adding a new section to chapter
3 43.86A RCW; creating a new section; and repealing RCW 43.131.381 and
4 43.131.382.

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

6 NEW SECTION. **Sec. 1.** The legislature intends that funds provided
7 under the linked deposit program shall be used to create jobs and
8 economic opportunity as well as to remedy the problem of a lack of
9 access to capital by minority and women's business enterprises.

10 **Sec. 2.** RCW 43.86A.060 and 2002 c 305 s 1 are each amended to read
11 as follows:

12 (1) The state treasurer shall establish a linked deposit program
13 for investment of deposits in qualified public depositories. As a
14 condition of participating in the program, qualified public
15 depositories must make qualifying loans as provided in this section.
16 The state treasurer may purchase a certificate of deposit that is equal
17 to the amount of the qualifying loan made by the qualified public

1 depository or may purchase a certificate of deposit that is equal to
2 the aggregate amount of two or more qualifying loans made by one or
3 more qualified public depositories.

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

5 (a) Having terms that do not exceed ten years;

6 (b) Where an individual loan does not exceed one million dollars;

7 (c) That are made to a minority or women's business enterprise that
8 has received state certification under chapter 39.19 RCW;

9 ~~((+e))~~ (d) Where the interest rate on the loan to the minority or
10 women's business enterprise does not exceed an interest rate that is
11 two hundred basis points below the interest rate the qualified public
12 depository would charge for a loan for a similar purpose and a similar
13 term, except that, if the preference given by the state treasurer to
14 the qualified public depository under subsection (3) of this section is
15 less than two hundred basis points, the qualified public depository may
16 reduce the preference given on the loan by an amount that corresponds
17 to the reduction in preference below two hundred basis points given to
18 the qualified public depository; and

19 ~~((+d))~~ (e) Where the points or fees charged at loan closing do not
20 exceed one percent of the loan amount.

21 (3) In setting interest rates of time certificate of deposits, the
22 state treasurer shall offer rates so that a two hundred basis point
23 preference will be given to the qualified public depository, except
24 that the treasurer shall lower the amount of the preference to ensure
25 that the effective interest rate on the time certificate of deposit is
26 not less than two percent.

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

32 NEW SECTION. Sec. 3. A new section is added to chapter 43.86A RCW
33 to read as follows:

34 Public depositories participating in the linked deposit program are
35 encouraged to increase the funds available to certified minority and
36 women's business enterprises by taking full advantage of the linked

1 deposit program loans to qualify for the community reinvestment act
2 community programs under federal law (12 U.S.C. Sec. 2901 et seq.).

3 **Sec. 4.** RCW 39.19.240 and 2002 c 305 s 2 are each amended to read
4 as follows:

5 (1) The office shall, in consultation with the state treasurer and
6 the department of community, trade, and economic development, compile
7 information on minority and women's business enterprises that have
8 received financial assistance through a qualified public depository
9 under the provisions of RCW 43.86A.060. The information shall include,
10 but is not limited to:

- 11 (a) Name of the qualified public depository;
- 12 (b) Geographic location of the minority or women's business
13 enterprise;
- 14 (c) Name of the minority or women's business enterprise;
- 15 (d) Date of last certification by the office and certification
16 number;
- 17 (e) Type of business;
- 18 (f) Amount and term of the loan to the minority or women's business
19 enterprise; and
- 20 (g) Other information the office deems necessary for the
21 implementation of this section.

22 (2) The office shall notify the state treasurer of minority or
23 women's business enterprises that are no longer certified under the
24 provisions of this chapter. The written notification shall contain
25 information regarding the reason for the decertification and
26 information on financing provided to the minority or women's business
27 enterprise under RCW 43.86A.060.

28 (3) The office shall, in consultation with the state treasurer and
29 the department of community, trade, and economic development, monitor
30 the performance of loans made to minority and women-owned business
31 enterprises under RCW 43.86A.060.

32 **Sec. 5.** RCW 43.63A.690 and 2002 c 305 s 3 are each amended to read
33 as follows:

34 (1) The department shall provide technical assistance and loan
35 packaging services that enable minority and women-owned business

1 enterprises to obtain financing under the linked deposit program
2 created under RCW 43.86A.060.

3 ~~(2) ((The department shall, in consultation with the state
4 treasurer and office of minority and women's business enterprises,
5 monitor the performance of loans made to minority and women-owned
6 business enterprises under RCW 43.86A.060.~~

7 ~~(3))~~ The department, in consultation with the office of minority
8 and women's business enterprises, shall develop indicators to measure
9 the performance of the linked deposit program in the areas of job
10 creation or retention and providing access to capital to minority or
11 women's business enterprises.

12 NEW SECTION. **Sec. 6.** The following acts or parts of acts are each
13 repealed:

14 (1) RCW 43.131.381 (Linked deposit program--Termination) and 2002
15 c 305 s 4, 2001 c 316 s 1, 1994 c 126 s 2, & 1993 c 512 s 35; and

16 (2) RCW 43.131.382 (Linked deposit program--Repeal) and 2002 c 305
17 s 5, 2001 c 316 s 2, 1994 c 126 s 3, & 1993 c 512 s 36.

--- END ---