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ENGROSSED SUBSTITUTE HOUSE BILL 1512

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State of Washington

60th Legislature

2007 Regular Session

By House Committee on Finance (originally sponsored by Representatives Hasegawa, Haler, Pettigrew, Skinner, Santos, Hankins, Kenney, Walsh, McCoy, Kirby, Schual-Berke, Chase, Williams, Roberts, P. Sullivan, Hudgins, Ericks, Darneille, Kagi and Ormsby)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to the linked deposit program; amending RCW  
2 43.86A.030 and 43.86A.060; adding a new section to chapter 43.86A RCW;  
3 creating a new section; and providing a contingent effective date.

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

5 **Sec. 1.** RCW 43.86A.030 and 2005 c 302 s 2 are each amended to read  
6 as follows:

7 (1) Funds held in public depositaries 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 depositaries 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 depositaries. 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 (~~one~~) two hundred million  
4 dollars per year of all funds available under this section for the  
5 purposes of RCW 43.86A.060. The amounts made available to these public  
6 depositaries shall be equal to the amounts of outstanding loans made  
7 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 2005 c 302 s 3 are each amended to read  
16 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:

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

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

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

31 (d) Where the interest rate on the loan to the minority or women's  
32 business enterprise does not exceed an interest rate that is two  
33 hundred basis points below the interest rate the qualified public  
34 depositary would charge for a loan for a similar purpose and a similar  
35 term, except that, if the preference given by the state treasurer to  
36 the qualified public depositary under subsection (3) of this section is  
37 less than two hundred basis points, the qualified public depositary may

1 reduce the preference given on the loan by an amount that corresponds  
2 to the reduction in preference below two hundred basis points given to  
3 the qualified public depository; and

4 (e) Where the points or fees charged at loan closing do not exceed  
5 one percent of the loan amount.

6 (3) In setting interest rates of time certificate of deposits, the  
7 state treasurer shall offer rates so that a two hundred basis point  
8 preference will be given to the qualified public depository, except  
9 that the treasurer shall lower the amount of the preference to ensure  
10 that the effective interest rate on the time certificate of deposit is  
11 not less than two percent.

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

17 (5) The office of minority and women's business enterprises has the  
18 authority to promulgate, amend, and repeal rules in order to:

19 (a) Ensure that when making a qualified loan under the linked  
20 deposit program, businesses that have never received a loan under the  
21 linked deposit program are given first priority;

22 (b) Limit the total principal loan amount that any one business  
23 receives in qualified loans under the linked deposit program over the  
24 lifetime of the businesses;

25 (c) Limit the total principal loan amount that an owner of one or  
26 more businesses receives in qualified loans under the linked deposit  
27 program during the owner's lifetime; and

28 (d) Limit the total amount of any one qualified loan made under the  
29 linked deposit program.

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

32 The requirements upon the state treasurer in RCW 43.86A.030 are  
33 contingent upon at least one additional full-time equivalent employee,  
34 which must be dedicated to the deposit investment program, for the  
35 purposes of RCW 43.86A.030 and this section, being funded from the  
36 state treasurer's service fund created in RCW 43.08.190.

1        NEW SECTION.    **Sec. 4.**    If specific funding from the state  
2 treasurer's service fund created in RCW 43.08.190 for the purpose of  
3 providing an additional full-time equivalent employee, dedicated to the  
4 deposit investment program, for the purposes of this act, referencing  
5 this act by bill or chapter number, is not provided by June 30, 2007,  
6 in the omnibus appropriations act, this act is null and void

7        NEW SECTION.    **Sec. 5.**    (1) This act takes effect the first day of  
8 the month immediately following the state treasurer's determination  
9 that the contingency in section 3 of this act has occurred.

10        (2) The state treasurer must provide notice of the effective date  
11 of this act to the legislature, the office of the code reviser, and  
12 others as deemed appropriate by the state treasurer.

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