
HOUSE BILL 2314

State of Washington

60th Legislature

2007 Regular Session

By Representatives Schual-Berke, Hasegawa, Cody, McDermott, Green, Pettigrew, Linville, McIntire, Kagi, Morrell, Dunshee, Chase, Roberts, Eddy, Hunt, Goodman, Conway, Quall, Moeller, Seaquist, Appleton, Ormsby, Campbell, Dickerson, Hurst, McCoy, Lantz, Miloscia, Morris, B. Sullivan, Rolfes, Darneille and Hudgins

Read first time 02/20/2007. Referred to Committee on Insurance, Financial Services & Consumer Protection.

1 AN ACT Relating to short-term loans by credit unions; reenacting
2 and amending RCW 43.79A.040; adding a new section to chapter 82.04 RCW;
3 and adding new sections to chapter 31.12 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 Every person engaging in the business of making small loans subject
8 to chapter 31.45 RCW is subject to a tax in addition to the tax under
9 RCW 82.04.290(2). The amount of the additional tax with respect to
10 such a business is equal to the gross income of the business,
11 multiplied by the rate of one percent. All revenue collected under
12 this section must be deposited into the short-term cash advance loan
13 program account under section 2 of this act.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.12 RCW
15 to read as follows:

16 The short-term cash advance loan program account is created in the
17 custody of the state treasurer. All receipts from the tax imposed
18 under section 1 of this act must be deposited into the account.

1 Expenditures from the account may be used for the purchase of
2 certificates of deposit from participating credit unions under section
3 3 of this act. Only the state treasurer or the treasurer's designee
4 may authorize expenditures from the account. The account is subject to
5 allotment procedures under chapter 43.88 RCW, but an appropriation is
6 not required for expenditures.

7 NEW SECTION. **Sec. 3.** A new section is added to chapter 31.12 RCW
8 to read as follows:

9 (1)(a) The short-term cash advance loan program is created. The
10 state treasurer shall use the moneys collected under section 1 of this
11 act and deposited under section 2 of this act to purchase certificates
12 of deposit from participating credit unions. Subject to subsection (2)
13 of this section, the participating credit unions must use the funds
14 made available under this subsection to make loans under this section.

15 (b) To participate under this section, credit unions must apply for
16 approval to the director of financial institutions on forms provided by
17 the director. The director shall maintain a list of participating
18 credit unions and make the list available to the state treasurer. A
19 participating credit union must provide the department with compliance
20 reports to remain a participating credit union. The director shall
21 adopt rules for granting approval and compliance reporting under this
22 section.

23 (2) Loans made under this section must comply with the following:

24 (a) No fees;

25 (b) Maximum ninety-day term;

26 (c) No credit check;

27 (d) Maximum amount of five hundred dollars;

28 (e) Maximum annual percentage rate of eighteen percent; and

29 (f) Refinancing is subject to an additional ten percent of the
30 requested amount in mandatory savings under subsection (3) of this
31 section.

32 (3) A participating credit union must deposit ten percent of the
33 requested loan amount in a savings account in the member's name. The
34 amount deposited is in addition to the loan amount and is available for
35 withdrawal when the loan is paid in full. Any interest on the savings
36 deposit is credited to the member, if the loan is paid in full by the

1 agreed date. When a member is allowed to refinance a loan made under
2 this section, an additional ten percent of the loan amount must be
3 deposited into the member's savings account.

4 (4) A participating credit union must provide financial counseling
5 services to its members through internal expertise or contracts with
6 financial counselors.

7 **Sec. 4.** RCW 43.79A.040 and 2006 c 311 s 21 and 2006 c 120 s 2 are
8 each reenacted and amended to read as follows:

9 (1) Money in the treasurer's trust fund may be deposited, invested,
10 and reinvested by the state treasurer in accordance with RCW 43.84.080
11 in the same manner and to the same extent as if the money were in the
12 state treasury.

13 (2) All income received from investment of the treasurer's trust
14 fund shall be set aside in an account in the treasury trust fund to be
15 known as the investment income account.

16 (3) The investment income account may be utilized for the payment
17 of purchased banking services on behalf of treasurer's trust funds
18 including, but not limited to, depository, safekeeping, and
19 disbursement functions for the state treasurer or affected state
20 agencies. The investment income account is subject in all respects to
21 chapter 43.88 RCW, but no appropriation is required for payments to
22 financial institutions. Payments shall occur prior to distribution of
23 earnings set forth in subsection (4) of this section.

24 (4)(a) Monthly, the state treasurer shall distribute the earnings
25 credited to the investment income account to the state general fund
26 except under (b) and (c) of this subsection.

27 (b) The following accounts and funds shall receive their
28 proportionate share of earnings based upon each account's or fund's
29 average daily balance for the period: The Washington promise
30 scholarship account, the college savings program account, the
31 Washington advanced college tuition payment program account, the
32 agricultural local fund, the American Indian scholarship endowment
33 fund, the foster care scholarship endowment fund, the foster care
34 endowed scholarship trust fund, the students with dependents grant
35 account, the basic health plan self-insurance reserve account, the
36 contract harvesting revolving account, the Washington state combined
37 fund drive account, the commemorative works account, the Washington

1 international exchange scholarship endowment fund, the developmental
2 disabilities endowment trust fund, the energy account, the fair fund,
3 the fruit and vegetable inspection account, the future teachers
4 conditional scholarship account, the game farm alternative account, the
5 grain inspection revolving fund, the juvenile accountability incentive
6 account, the law enforcement officers' and fire fighters' plan 2
7 expense fund, the local tourism promotion account, the produce railcar
8 pool account, the regional transportation investment district account,
9 the rural rehabilitation account, the stadium and exhibition center
10 account, the youth athletic facility account, the self-insurance
11 revolving fund, the sulfur dioxide abatement account, the children's
12 trust fund, the Washington horse racing commission Washington bred
13 owners' bonus fund account, the Washington horse racing commission
14 class C purse fund account, the individual development account program
15 account, the Washington horse racing commission operating account
16 (earnings from the Washington horse racing commission operating account
17 must be credited to the Washington horse racing commission class C
18 purse fund account), the life sciences discovery fund, the short-term
19 cash advance loan program, and the reading achievement account.
20 However, the earnings to be distributed shall first be reduced by the
21 allocation to the state treasurer's service fund pursuant to RCW
22 43.08.190.

23 (c) The following accounts and funds shall receive eighty percent
24 of their proportionate share of earnings based upon each account's or
25 fund's average daily balance for the period: The advanced right of way
26 revolving fund, the advanced environmental mitigation revolving
27 account, the city and county advance right-of-way revolving fund, the
28 federal narcotics asset forfeitures account, the high occupancy vehicle
29 account, the local rail service assistance account, and the
30 miscellaneous transportation programs account.

31 (5) In conformance with Article II, section 37 of the state
32 Constitution, no trust accounts or funds shall be allocated earnings
33 without the specific affirmative directive of this section.

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