

EHB 1167 - S COMM AMD

By Committee on Financial Institutions, Housing & Insurance

ADOPTED 04/15/2009

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the linked  
4 deposit program is not accessible to many certified small businesses  
5 that the program was created to serve. The legislature further finds  
6 that the increased involvement of community development financial  
7 institutions in the linked deposit program could increase the  
8 participation of these small businesses. The legislature intends that  
9 the office of minority and women's business enterprises report to the  
10 legislature with an analysis of barriers faced by certified small  
11 businesses that are currently not able to participate in the linked  
12 deposit program and make recommendations on how to overcome those  
13 barriers.

14 NEW SECTION. **Sec. 2.** By December 1, 2009, the office of minority  
15 and women's business enterprises shall, in consultation with the state  
16 treasurer and within existing resources, submit a report with  
17 recommendations to the legislature that addresses the following issues:

18 (1) The availability of sources of capital for certified borrowers,  
19 including the amounts and interest rates for that capital;

20 (2) The loans that are not being funded for certified borrowers  
21 under the current program and why those loans are not being funded;

22 (3) The availability of other sources of capital in the marketplace  
23 for those nonfunded loans of certified borrowers, including the amounts  
24 and interest rates for that capital;

25 (4) Whether there are other institutions that may be willing to  
26 make those loans that are currently not being made to certified  
27 borrowers under the program;

28 (5) Whether the program could be modified to encourage lenders to

1 make those loans that are not currently being made to certified  
2 borrowers and whether the cost of those loans would be a barrier;

3 (6) A review of how other states seek to increase access to capital  
4 for borrowers that traditionally lack access to capital; and

5 (7) The role community development financial institutions could  
6 play in mitigating the cost of lending to certified borrowers who are  
7 not currently being served by the program.

8 **Sec. 3.** RCW 43.86A.060 and 2008 c 187 s 3 are each amended to read  
9 as follows:

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

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

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

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

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

24 (ii) That are made to a veteran-owned business that has received  
25 state certification under RCW 43.60A.190;

26 (d) Where the interest rate on the loan to the minority or women's  
27 business enterprise or veteran-owned business does not exceed an  
28 interest rate that is two hundred basis points below the interest rate  
29 the qualified public depository would charge for a loan for a similar  
30 purpose and a similar term, except that, if the preference given by the  
31 state treasurer to the qualified public depository under subsection (3)  
32 of this section is less than two hundred basis points, the qualified  
33 public depository may reduce the preference given on the loan by an  
34 amount that corresponds to the reduction in preference below two  
35 hundred basis points given to the qualified public depository; and

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

1 (3) In setting interest rates of time certificate of deposits, the  
2 state treasurer shall offer rates so that a two hundred basis point  
3 preference will be given to the qualified public depository, except  
4 that the treasurer (~~shall~~) may lower the amount of the preference to  
5 ensure that the effective interest rate on the (~~time certificate of~~)  
6 deposit is not less than (~~two~~) zero percent.

7 (4) Upon notification by the state treasurer that a minority or  
8 women's business enterprise is no longer certified under chapter 39.19  
9 RCW or that a veteran-owned business is no longer certified under RCW  
10 43.60A.190, the qualified public depository shall reduce the amount of  
11 qualifying loans by the outstanding balance of the loan made under this  
12 section to the minority or women's business enterprise or the veteran-  
13 owned business, as applicable.

14 (5) The office of minority and women's business enterprises has the  
15 authority to adopt rules to:

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

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

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

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

27 NEW SECTION. **Sec. 4.** Sections 1 and 2 of this act expire July 1,  
28 2010."

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29 On page 1, line 1 of the title, after "program;" strike the

1 remainder of the title and insert "amending RCW 43.86A.060; creating  
2 new sections; and providing an expiration date."

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