
HOUSE BILL 1358

State of Washington 61st Legislature 2009 Regular Session

By Representatives Hasegawa, Appleton, Chase, Moeller, Hudgins, Hunter, Ormsby, Green, Sullivan, and Goodman

Read first time 01/19/09. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to allowing credit unions to participate in the
2 linked deposit program; and amending RCW 43.86A.010, 43.86A.030,
3 43.86A.060, and 43.86A.070.

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

5 **Sec. 1.** RCW 43.86A.010 and 1983 c 66 s 20 are each amended to read
6 as follows:

7 The legislature finds that a procedure should be established for
8 the management of short term treasury surplus funds by the state
9 treasurer in order to insure a maximum return while they are on deposit
10 in public depositories or federal or state-chartered credit unions.
11 The objectives of this procedure are to minimize noninterest earning
12 demand deposits and provide fair compensation to financial institutions
13 for services rendered to the state through the investment of state
14 funds in time deposits.

15 **Sec. 2.** RCW 43.86A.030 and 2008 c 187 s 2 are each amended to read
16 as follows:

17 (1) Funds held in public depositories or federal or state-chartered
18 credit unions not as demand deposits as provided in RCW 43.86A.020 and

1 ((~~43.86A.030~~)) this section, shall be available for a time certificate
2 of deposit investment program according to the following formula: The
3 state treasurer shall apportion to all participating depositaries or
4 federal or state-chartered credit unions an amount equal to five
5 percent of the three year average mean of general state revenues as
6 certified in accordance with Article VIII, section 1(b) of the state
7 Constitution, or fifty percent of the total surplus treasury investment
8 availability, whichever is less. Within thirty days after
9 certification, those funds determined to be available according to this
10 formula for the time certificate of deposit investment program shall be
11 deposited in qualified public depositaries or federal or state-
12 chartered credit unions. These deposits shall be allocated among the
13 participating depositaries or federal or state-chartered credit unions
14 on a basis to be determined by the state treasurer.

15 (2) Of all funds available under this section, the state treasurer
16 may use up to one hundred seventy-five million dollars per year for the
17 purposes of RCW 43.86A.060(2)(c)(i) and up to fifteen million dollars
18 per year for the purposes of RCW 43.86A.060(2)(c)(ii). The amounts
19 made available to these public depositaries or federal or state-
20 chartered credit unions shall be equal to the amounts of outstanding
21 loans made under RCW 43.86A.060.

22 (3) The formula so devised shall be a matter of public record
23 giving consideration to, but not limited to deposits, assets, loans,
24 capital structure, investments or some combination of these factors.
25 However, if in the judgment of the state treasurer the amount of
26 allocation for certificates of deposit as determined by this section
27 will impair the cash flow needs of the state treasury, the state
28 treasurer may adjust the amount of the allocation accordingly.

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

31 (1) The state treasurer shall establish a linked deposit program
32 for investment of deposits in qualified public depositaries or federal
33 or state-chartered credit unions. As a condition of participating in
34 the program, qualified public depositaries or federal or state-
35 chartered credit unions must make qualifying loans as provided in this
36 section. The state treasurer may purchase a certificate of deposit
37 that is equal to the amount of the qualifying loan made by the

1 qualified public depository or federal or state-chartered credit union
2 or may purchase a certificate of deposit that is equal to the aggregate
3 amount of two or more qualifying loans made by one or more qualified
4 public depositories or federal or state-chartered credit unions.

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

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

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

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

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

12 (d) Where the interest rate on the loan to the minority or women's
13 business enterprise or veteran-owned business does not exceed an
14 interest rate that is two hundred basis points below the interest rate
15 the qualified public depository or federal or state-chartered credit
16 union would charge for a loan for a similar purpose and a similar term,
17 except that, if the preference given by the state treasurer to the
18 qualified public depository or federal or state-chartered credit union
19 under subsection (3) of this section is less than two hundred basis
20 points, the qualified public depository or federal or state-chartered
21 credit union may reduce the preference given on the loan by an amount
22 that corresponds to the reduction in preference below two hundred basis
23 points given to the qualified public depository or federal or state-
24 chartered credit union; and

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

27 (3) In setting interest rates of time certificate of deposits, the
28 state treasurer shall offer rates so that a two hundred basis point
29 preference will be given to the qualified public depository or federal
30 or state-chartered credit union, except that the treasurer shall lower
31 the amount of the preference to ensure that the effective interest rate
32 on the time certificate of deposit is not less than two percent.

33 (4) Upon notification by the state treasurer that a minority or
34 women's business enterprise is no longer certified under chapter 39.19
35 RCW or that a veteran-owned business is no longer certified under RCW
36 43.60A.190, the qualified public depository or federal or state-
37 chartered credit union shall reduce the amount of qualifying loans by

1 the outstanding balance of the loan made under this section to the
2 minority or women's business enterprise or the veteran-owned business,
3 as applicable.

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

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

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

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

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

17 **Sec. 4.** RCW 43.86A.070 and 1993 c 512 s 34 are each amended to
18 read as follows:

19 The state and those acting as its agents are not liable in any
20 manner for payment of the principal or interest on qualifying loans
21 made under RCW 43.86A.060. Any delay in payments or defaults on the
22 part of the borrower does not in any manner affect the deposit
23 agreement between the qualified public depository or federal or state-
24 chartered credit union and the state treasurer.

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