
HOUSE BILL 3116

State of Washington 61st Legislature 2010 Regular Session

By Representatives Campbell, Lias, Kirby, Wallace, Santos, and McCune

Read first time 01/25/10. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to the small business loan guarantee program; and
2 amending RCW 43.163.070.

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

4 **Sec. 1.** RCW 43.163.070 and 1990 c 53 s 4 are each amended to read
5 as follows:

6 (1) The authority may use any funds legally available to it for any
7 purpose specifically authorized by this chapter, or for otherwise
8 improving economic development in this state by assisting businesses
9 and farm enterprises that do not have access to capital at terms and
10 rates comparable to large corporations due to the location of the
11 business, the size of the business, the lack of financial expertise, or
12 other appropriate reasons: PROVIDED, That no funds of the state shall
13 be used for such purposes.

14 (2)(a) The legislature finds that many small businesses are
15 experiencing financial hardship because of the economic downturn in the
16 state and nation. The purpose of this subsection (2) is to provide for
17 a program of financial assistance to small businesses that, absent
18 these economic conditions, would otherwise remain viable.

1 (b) Until December 31, 2015, the authority shall develop and
2 conduct a small business loan guarantee program of up to three hundred
3 million dollars to provide access to capital for qualified small
4 businesses which are unable to obtain funding from private commercial
5 lenders on commercially reasonable terms or to qualify for federal
6 small business administration loans. Loans made through the program
7 may be for general business purposes, including working capital,
8 machinery and equipment, furniture and fixtures, land and building,
9 including purchase, renovation, and new construction, leasehold
10 improvements, and, under conditions determined by the authority, debt
11 refinancing.

12 (c) In conducting the small business loan guarantee program, the
13 authority may:

14 (i) Secure or provide guaranties or insurance for small business
15 loans to qualified small businesses or otherwise provide for such loans
16 through an eligible banking organization. For such purpose, the
17 authority may use any funds legally available to it, including proceeds
18 from the issuance of bonds authorized by this chapter; and

19 (ii) Adopt rules governing the program, including the terms and
20 conditions of borrower participation in the program and borrower
21 eligibility criteria.

22 (d) For purposes of this subsection:

23 (i) "Small business" means a business that has its principal office
24 located in Washington and its officers domiciled in Washington, and
25 that is independently owned and operated and together with affiliates
26 has fifty or fewer employees and average annual gross receipts of five
27 million dollars or less over the previous three consecutive years.

28 (ii) "Small business loan" means a loan made for use exclusively in
29 Washington to retain or expand a qualified small business.

30 (iii) "Qualified small business" is a small business that has
31 demonstrated a reasonable prospect of loan repayment of a small
32 business loan.

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