

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 1166**

61st Legislature  
2009 Regular Session

Passed by the House April 20, 2009  
Yeas 64 Nays 34

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**Speaker of the House of Representatives**

Passed by the Senate April 2, 2009  
Yeas 33 Nays 12

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1166** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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HOUSE BILL 1166

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AS AMENDED BY THE SENATE

Passed Legislature - 2009 Regular Session

State of Washington                      61st Legislature                      2009 Regular Session

By Representatives Hasegawa, Kenney, Simpson, Chase, Ormsby, and Santos

Read first time 01/14/09.            Referred to Committee on Financial  
Institutions & Insurance.

1            AN ACT Relating to allowing loans to community development  
2 financial institutions under the linked deposit program; and amending  
3 RCW 43.86A.060 and 43.86A.030.

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

5            **Sec. 1.** RCW 43.86A.060 and 2008 c 187 s 3 are each amended to read  
6 as follows:

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

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

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

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

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

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

5 (iii) That are made to a community development financial  
6 institution that is: (A) Certified by the United States department of  
7 the treasury pursuant to 12 U.S.C. Sec. 4701 et seq.; and (B) using  
8 that loan to make qualifying loans under (c)(i) of this subsection;

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

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

21 (3) In setting interest rates of time certificate of deposits, the  
22 state treasurer shall offer rates so that a two hundred basis point  
23 preference will be given to the qualified public depository, except  
24 that the treasurer shall lower the amount of the preference to ensure  
25 that the effective interest rate on the time certificate of deposit is  
26 not less than two percent.

27 (4) Upon notification by the state treasurer that a minority or  
28 women's business enterprise is no longer certified under chapter 39.19  
29 RCW or that a veteran-owned business is no longer certified under RCW  
30 43.60A.190, the qualified public depository shall reduce the amount of  
31 qualifying loans by the outstanding balance of the loan made under this  
32 section to the minority or women's business enterprise or the veteran-  
33 owned business, as applicable.

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

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

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

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

7 (d) Limit the total amount of any one qualified loan made under the  
8 linked deposit program; and

9 (e) Ensure that loans made by community development financial  
10 institutions are qualifying loans under subsection (2)(c)(i) of this  
11 section.

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

14 (1) Funds held in public depositories not as demand deposits, as  
15 provided in RCW 43.86A.020 and (~~43.86A.030~~) this section, shall be  
16 available for a time certificate of deposit investment program  
17 according to the following formula: The state treasurer shall  
18 apportion to all participating depositories an amount equal to five  
19 percent of the three year average mean of general state revenues as  
20 certified in accordance with Article VIII, section 1(b) of the state  
21 Constitution, or fifty percent of the total surplus treasury investment  
22 availability, whichever is less. Within thirty days after  
23 certification, those funds determined to be available according to this  
24 formula for the time certificate of deposit investment program shall be  
25 deposited in qualified public depositories. These deposits shall be  
26 allocated among the participating depositories on a basis to be  
27 determined by the state treasurer.

28 (2) Of all funds available under this section, the state treasurer  
29 may use up to one hundred seventy-five million dollars per year for the  
30 purposes of RCW 43.86A.060(2)(c) (i) and (iii) and up to fifteen  
31 million dollars per year for the purposes of RCW 43.86A.060(2)(c)(ii).  
32 The amounts made available to these public depositories shall be equal  
33 to the amounts of outstanding loans made under RCW 43.86A.060.

34 (3) The formula so devised shall be a matter of public record  
35 giving consideration to, but not limited to deposits, assets, loans,  
36 capital structure, investments or some combination of these factors.  
37 However, if in the judgment of the state treasurer the amount of

1 allocation for certificates of deposit as determined by this section  
2 will impair the cash flow needs of the state treasury, the state  
3 treasurer may adjust the amount of the allocation accordingly.

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