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**SUBSTITUTE HOUSE BILL 1415**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** House Business & Financial Services (originally sponsored by Representatives Kirby, Santos, Tarleton, Ryu, Van De Wege, S. Hunt, Kilduff, Ortiz-Self, McBride, and Gregerson; by request of Office of Minority and Women's Business Enterprises)

READ FIRST TIME 02/17/15.

1 AN ACT Relating to the linked deposit program; and reenacting and  
2 amending RCW 43.86A.060.

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

4 **Sec. 1.** RCW 43.86A.060 and 2009 c 385 s 3 and 2009 c 384 s 1 are  
5 each reenacted and amended to read as follows:

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

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

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

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

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

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

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

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

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

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

24 (4) Upon notification by the state treasurer that a minority or  
25 women's business enterprise is no longer certified under chapter  
26 39.19 RCW or that a veteran-owned business is no longer certified  
27 under RCW 43.60A.190, the qualified public depository shall reduce  
28 the amount of qualifying loans by the outstanding balance of the loan  
29 made under this section to the minority or women's business  
30 enterprise or the veteran-owned business, as applicable.

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

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

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

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

4 (d) Limit the total amount of any one qualified loan made under  
5 the linked deposit program; ~~((and))~~

6 (e) Ensure that loans made by community development financial  
7 institutions are qualifying loans under subsection (2)(c)(i) of this  
8 section;

9 (f) Ensure that, when making a qualified loan under the linked  
10 deposit program, businesses not requesting loans for the purchase or  
11 refinancing of real property appraised at a value greater than an  
12 amount set by the director are given first priority;

13 (g) Ensure that, when making a qualified loan under the linked  
14 deposit program, businesses not requesting loans for improvements to  
15 real property, other than tenant improvements, where the total cost  
16 of the improvements is greater than an amount set by the director are  
17 given first priority; and

18 (h) Develop reporting requirements for businesses receiving  
19 linked deposit loans, except that the reporting must not require  
20 personnel resources exceeding those allocated to the office of  
21 minority and women's business enterprises on the effective date of  
22 this section.

23 (6) The director of the office of minority and women's business  
24 enterprises shall report to the legislature on December 1, 2016, and  
25 annually by December 1st thereafter on the linked deposit program and  
26 may provide recommendations on additional rule-making authority for  
27 the linked deposit program.

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