

HOUSE BILL REPORT

SB 6085

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to the linked deposit program.

Brief Description: Addressing the linked deposit program.

Sponsors: Senators Hasegawa, Keiser, Chase and Mullet.

Brief History:

Committee Activity:

Business & Financial Services: 2/15/18, 2/20/18 [DP].

Brief Summary of Bill

- Increases the amount of funds available for the purpose of loans to veteran-owned businesses.
- Adds prioritization criteria for awarding loans to qualified businesses.
- Requires lines of credit with a zero balance for 12 or more months be removed from the program.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 11 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Barkis, Bergquist, Blake, Jenkin, McCabe, Santos and Stanford.

Staff: Robbi Kesler (786-7153).

Background:

Linked Deposit Program.

The Linked Deposit Program (Program) allows certified businesses to obtain reduced interest rate loans from participating financial institutions. The State Treasurer is authorized to use short-term state treasury surplus funds for the Program. These funds are deposited in qualified public depositories as certificates of deposit (CDs) on the condition that the public

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depository make "qualifying loans" under the Program. The state forgoes up to 2 percent in interest on the CDs and passes along the savings to the public depository with the condition that the depository reduces the interest rate for the loan recipients.

Up to \$15 million per year of the total program amount is provided for veteran-owned businesses, and up to \$175 million in funding is provided for minority-owned and women-owned businesses. A qualifying loan cannot exceed \$1 million per business or have a repayment period greater than 10 years.

The Office of Minority and Women's Business Enterprises (OMWBE) must adopt rules implementing the Program to:

- ensure businesses that have never received a loan under the Program are given first priority;
- limit the total principal loan amount that any one business or owner may receive over the business or owner's lifetime;
- limit the total amount of any one loan under the Program; and
- ensure that loans are made to qualifying businesses.

Summary of Bill:

The State Treasurer is authorized to make deposits up to \$25 million in accordance with the Program for veteran-owned businesses.

A line of credit issued under the Program that has a zero balance for 12 or more months will be removed. The OMWBE must prioritize loans that create jobs in underserved communities that have inadequate access to capital, and are targeted for applicants that do not currently have loans with other small business lending agencies.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) There is a waiting list for veterans seeking loans through the Program. Currently, the money is not being used to the best interest of the communities; some people are using the money for investment purposes rather than businesses that directly create jobs. The prioritization for loans will better serve communities in the state.

(Opposed) None.

Persons Testifying: Senator Hasegawa, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.