

---

**ENGROSSED SUBSTITUTE SENATE BILL 5167**

---

**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Financial Institutions, Economic Development & Trade  
(originally sponsored by Senators Hasegawa, Saldaña, Darneille,  
Frockt, Keiser, Nguyen, and Mullet)

READ FIRST TIME 01/25/19.

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) A line of credit issued under the linked deposit program that  
32 has a zero balance for twelve or more months must be removed from the  
33 program.

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

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;

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

12           (f) Ensure that when making a qualified loan under the linked  
13 deposit program priority is given to loans that:

14           (i) Create jobs in underserved communities that have inadequate  
15 access to capital; and

16           (ii) Are for applicants that do not currently have loans with  
17 other small business lending agencies.

--- END ---