
SUBSTITUTE SENATE BILL 5255

State of Washington

64th Legislature

2015 Regular Session

By Senate Financial Institutions & Insurance (originally sponsored by Senators Hasegawa, McCoy, Chase, Hatfield, and Keiser; by request of Office of Minority and Women's Business Enterprises)

READ FIRST TIME 02/13/15.

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+))~~ (4) of this section is less than two hundred basis
12 points, the qualified public depository may reduce the preference
13 given on the loan by an amount that corresponds to the reduction in
14 preference below two hundred basis points given to the qualified
15 public 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 order to qualify for a loan under this section, a minority
19 or women's business enterprise or veteran-owned business must
20 demonstrate the loan will result in the creation of at least five
21 jobs over the life of the loan. Funds must be used for active
22 business pursuits and may not be used for passive investment
23 activities.

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

30 ~~((+4+))~~ (5) Upon notification by the state treasurer that a
31 minority or women's business enterprise is no longer certified under
32 chapter 39.19 RCW or that a veteran-owned business is no longer
33 certified under RCW 43.60A.190, the qualified public depository shall
34 reduce the amount of qualifying loans by the outstanding balance of
35 the loan made under this section to the minority or women's business
36 enterprise or the veteran-owned business, as applicable.

37 ~~((+5+))~~ (6) The director of the office of minority and women's
38 business enterprises has the authority to adopt rules to:

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

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

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

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

12 (e) Ensure that loans made by community development financial
13 institutions are qualifying loans under subsection (2)(c)(i) of this
14 section.

15 (7) The director of the office of minority and women's business
16 enterprises shall adopt rules prioritizing loans to minority or
17 women's business enterprises or veteran-owned businesses for
18 applicants that:

19 (a) Demonstrate the ability to accomplish the purposes stated in
20 subsection (3) of this section;

21 (b) Are located in an underserved area of the state; and

22 (c) Do not currently have loans with other small business lending
23 agencies.

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