What is the Linked Deposit Program?
The Linked Deposit Program (LDP) was created by the legislature in 1993 as part of the bill which established the Office of Minority and Women’s Business Enterprises (OMWBE). To encourage lending to businesses certified by OMWBE, the LDP authorizes the Treasury to purchase certificates of deposit (CDs) in order to reduce interest rates on loans given to eligible borrowers by up to two percent (2%).

What does this bill do?
This is a technical adjustment to the LDP that would broaden depositing options for the Treasury beyond only CDs. Diversifying options for depositing funds will keep our key LDP partners engaged and flexible to ensure program health and function. To accurately reflect this change, the bill also amends the name of the overarching program from “Time Certificate of Deposit Investment Program” to “Surplus Funds Investment Program”.

Why is this important?
The Washington State Legislature found that veteran, minority, and women-owned businesses had been historically denied access to capital, which is a key barrier to the development of these businesses. Amending the LDP statute will keep banks on board as participants in the program as we work toward new program improvements in future sessions and continue collaborating to create equitable access to capital.

Program Eligibility
Businesses certified by OMWBE and veteran-owned firms certified by the Department of Veteran’s Affairs (DVA) are eligible to participate in the state’s Linked Deposit Loan Program. Any business-related loan carried by a certified firm, and made by a participating lender, is eligible for enrollment in the program. A firm must be certified by OMWBE before their business loan can be enrolled in the program.

Firms with Linked Deposit loans by ethnicity
Out of the 241 total OMWBE Certified Firms with Linked Deposit Loans in FY 2020:

- 3 firms (1.2%) Native American
- 3 firms (1.2%) Other
- 10 firms (4.2%) Black / African American
- 20 firms (8.3%) Hispanic / Latinx
- 87 firms (36.1%) Caucasian
- 118 firms (49%) Asian / Pacific Islander