Z-0151.2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SENATE BILL 5156**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 67th Legislature 2021 Regular Session**

**By** Senators Rolfes, Conway, Das, Dhingra, Frockt, Kuderer, Liias, Nobles, Randall, Saldaña, and Wilson, C.; by request of Office of Financial Management

AN ACT Relating to making expenditures from the budget stabilization account to address issues of homelessness, home security, and economic impacts of the COVID-19 pandemic on small businesses; amending RCW 43.185C.060; creating a new section; making appropriations; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature finds that the COVID-19 pandemic has created significant economic consequences for people, businesses, and communities across the state. Prior to the pandemic, approximately 250,000 households in Washington struggled to pay rent. According to the United States census bureau, nearly 75,000 households are not current on rent or mortgage payments and could face eviction or foreclosure in the near future. Small businesses have struggled to remain operational under necessary public health measures, especially those in hardest-hit industries such as restaurants and event venues.

To address these serious impacts, a total of $315,000,000 has been allocated to the department of commerce from the federal coronavirus aid, relief, and economic security act for rent assistance and small business and nonprofit assistance. However, as the pandemic endures, additional relief will be necessary to prevent future evictions and business closures.

This act appropriates $200,000,000 from the budget stabilization account to address the immediate financial crises of households and small businesses. The intent of the appropriations is to prevent future evictions due to nonpayment of rent and to keep businesses in operation, especially those that have been impacted by recent public health restrictions or that have experienced significant, cumulative economic impacts. The amounts appropriated will be provided to the department of commerce for a rental assistance program and a small business assistance grant program.

NEW SECTION. **Sec.**  FOR THE OFFICE OF FINANCIAL MANAGEMENT—HOME SECURITY FUND ACCOUNT. The sum of $100,000,000 is appropriated from the budget stabilization account for the fiscal year ending June 30, 2021. The appropriation is provided solely for expenditure into the home security fund account, and is provided solely for a rental assistance program, as provided in section 3 of this act.

NEW SECTION. **Sec.**  FOR THE DEPARTMENT OF COMMERCE—RENTAL ASSISTANCE. The sum of $100,000,000 is appropriated from the home security fund account to the department of commerce for the fiscal biennium ending June 30, 2021. The appropriation in this section is provided solely for the department to administer rental assistance. To be eligible for the program, applicants must, at a minimum, have an income at or below 80 percent of the area median income, and have a missed or partially paid rent payment. Rental payments made through the program will be provided directly to landlords. The department may determine additional eligibility criteria in order to target these resources to households most likely to become homeless if they do not receive rental assistance.

NEW SECTION. **Sec.**  FOR THE OFFICE OF FINANCIAL MANAGEMENT—ECONOMIC DEVELOPMENT STRATEGIC RESERVE ACCOUNT. The sum of $100,000,000 is appropriated from the budget stabilization account for the fiscal year ending June 30, 2021. The appropriation in this section is provided solely for expenditure into the economic development strategic reserve account and is provided solely for business assistance as provided in section 5 of this act.

NEW SECTION. **Sec.**  FOR THE DEPARTMENT OF COMMERCE—BUSINESS ASSISTANCE. The sum of $100,000,000 is appropriated from the economic development strategic reserve account to the department of commerce for the fiscal biennium ending June 30, 2021. The appropriation in this section is provided solely for business assistance grants, and is subject to the following conditions and limitations:

(1) Expenditures from the account may be made to prevent closure of a business or facility.

(2) Grant funding will be prioritized for small businesses with annual revenues of $5,000,000 or less, and for businesses in sectors that have experienced significant impacts as a result of public health measures.

(3) Nonprofit entities may be eligible for grant funding if they meet eligibility criteria similar to those in subsection (2) of this section.

**Sec.**  RCW 43.185C.060 and 2020 c 357 s 915 are each amended to read as follows:

(1) The home security fund account is created in the state treasury, subject to appropriation. The state's portion of the surcharge established in RCW 36.22.179 and 36.22.1791 must be deposited in the account. Expenditures from the account may be used only for homeless housing programs as described in this chapter.

(2) The department must distinguish allotments from the account made to carry out the activities in RCW 43.330.167, 43.330.700 through 43.330.715, 43.330.911, 43.185C.010, 43.185C.250 through 43.185C.320, and 36.22.179(1)(b).

(3) The office of financial management must secure an independent expenditure review of state funds received under RCW 36.22.179(1)(b) on a biennial basis. The purpose of the review is to assess the consistency in achieving policy priorities within the private market rental housing segment for housing persons experiencing homelessness. The independent reviewer must notify the department and the office of financial management of its findings. The first biennial expenditure review, for the 2017-2019 fiscal biennium, is due February 1, 2020. Independent reviews conducted thereafter are due February 1st of each even-numbered year.

(4) During the 2019-2021 fiscal biennium, expenditures from the account may also be used for shelter capacity grants.

(5) During the 2019-2021 fiscal biennium, expenditures from the account may also be used for a rental assistance program.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

**--- END ---**