
HOUSE BILL 2152

State of Washington

57th Legislature

2001 Regular Session

By Representatives Ogden, Dunshee, Jarrett, Murray, McIntire, D. Schmidt, Schual-Berke, Santos and Fromhold

Read first time 02/19/2001. Referred to Committee on Local Government & Housing.

1 AN ACT Relating to authorizing the housing finance commission
2 to provide a revenue source for home ownership assistance for
3 first-time homebuyers through the auction sale of tax credits;
4 adding new sections to chapter 82.04 RCW; adding a new section to
5 chapter 82.16 RCW; creating new sections; providing an effective
6 date; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** It is the policy of the state to
9 contribute to the state's general welfare by assisting in making
10 affordable and decent housing available to low and moderate-income
11 persons. Providing affordable home ownership opportunities for such
12 persons helps protect the health and safety needs of those
13 persons.

14 It is the purpose of this act to establish a pool of funds to
15 provide a source of revenue for home ownership assistance for
16 first-time buyers through the creation of a tax credit to be used
17 against the business and occupation or public utility tax.
18

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
2 RCW to read as follows:

3 (1) Subject to the limitations and conditions of this section,
4 a person is allowed a credit against taxes due under this chapter
5 equal to the face value of credit purchased in an auction under
6 this section.

7 (2) The commission is authorized to conduct auctions of tax
8 credits to be used against the business and occupation or public
9 utility tax. The commission will establish the procedures under
10 which the auctions will be conducted. The commission will not
11 accept a bid less than fifty percent of the value of the
12 credit. The commission may establish a minimum bid higher than this
13 fifty percent statutory, minimum. No more than ten million dollars
14 worth of credit may be auctioned by the commission for the current
15 biennium.

16 (3) A person purchasing a credit must complete a registration
17 form at the time of purchase. The commission will develop and
18 provide the form. The form must include: An identifying number; the
19 time period during which the credit must be used; in a conspicuous
20 manner, the conditions under which the credit may be claimed; and
21 the amount of credit purchased by the buyer. The identifying number
22 on the form will be discrete as to each purchase. The commission
23 will maintain a registry of tax credits purchased at auction and
24 will provide the department electronic access to the file.

25 (4) No application is necessary for the use of the tax
26 credit. The person must claim the credit on the combined excise tax
27 reporting form. The person claiming the credit must keep records
28 necessary for the department to verify eligibility under this
29 section. The person or its successor must keep a copy of the
30 registration form.

31 (5) No applicant is eligible for tax credits under this section
32 in excess of the amount of tax that would otherwise be due under
33 this chapter. A credit must be used during the biennium in which it
34 was purchased or it expires. Refunds will not be given in place of
35 credits.

36 (6) If at any time the department finds that a person is not
37 eligible for a tax credit under this section, the amount of taxes
38 for which a credit has been used are immediately due. The

1 department will assess interest, but not penalties, on the
2 credited taxes for which the person is not eligible. The interest
3 will be assessed at the rate provided for delinquent excise taxes
4 under chapter 82.32 RCW, be assessed retroactively to the date the
5 tax credit was taken, and accrue until the taxes for which a
6 credit has been used are repaid.

7 (7) The commission must deposit all of the proceeds from the
8 auction into a trust account. The trust account must be an account
9 with a qualified financial institution, established by the
10 commission for the deposit of the proceeds of the auction.

11 (8) The proceeds and earnings in the trust account must be used
12 by the commission for the benefit of low and moderate-income
13 persons buying their first home. The commission may allocate funds
14 which include, but are not limited to, the following purposes:

15 (a) Providing funds for down payment and closing cost
16 assistance;

17 (b) Providing funds for reducing the amount of initial
18 mortgage;

19 (c) Providing funds for reducing the interest rate on mortgage
20 loans or down payment assistance loans;

21 (d) Providing funds for the costs of issuing taxable or tax-
22 exempt bonds in furtherance of the purpose of this act; and

23 (e) Providing funds for reducing other costs of home ownership
24 for eligible families that may include, but not be limited to,
25 principal or interest write-downs, land banking, providing
26 guarantees, and other necessary activities to fulfill the purpose
27 of this act.

28 (9) Programs established under subsection (8) of this section
29 will be administered by the commission and the commission may
30 adopt rules and guidelines as necessary to implement and
31 administer this section.

32 (10) Unless the context clearly requires otherwise, the
33 following definitions apply to this section.

34 (a) "Commission" means the housing finance commission.

35 (b) "Auction" means the sale of a business and occupation or
36 public utility tax credit through sealed bid, conducted by the
37 commission.

1 (c) "First-time homebuyer" means a person or household who has
2 not previously owned its own personal residence in the last three
3 years.

4 (d) "Eligible person or household" means a person or household
5 with a combined income of less than one hundred fifteen percent of
6 the median income in the county in which the home is located or
7 the state median income, whichever is higher.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04
9 RCW to read as follows:

10 Purchase of a tax credit by a financial institution qualifies
11 as an investment in affordable housing for purposes of the
12 community reinvestment act under Titles 30 and 32 RCW.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.16
14 RCW to read as follows:

15 A credit purchased at the auction under section 2 of this act
16 may be used against tax due under this chapter. If a person has
17 used a credit against tax due under chapter 82.04 RCW, the person
18 may not use the same credit for tax due under this chapter.

19 NEW SECTION. **Sec. 5.** The amount of credit specified in section
20 2 of this act is exempt from RCW 43.135.035 for the purposes of
21 determining and adjusting the state expenditure limit.

22 NEW SECTION. **Sec. 6.** The department of revenue and the housing
23 finance commission will evaluate the results of all programs
24 allocated funds from the trust account and report the findings to
25 the governor and the legislature by December 1, 2002. The
26 evaluation must consider the effect of the programs in meeting the
27 purposes of this act, the financing options available for similar
28 purposes and the effectiveness of the programs to create home
29 ownership opportunities for eligible families.

30 NEW SECTION. **Sec. 7.** If any part of this act is found to be in
31 conflict with federal requirements that are a prescribed condition
32 to the allocation of federal funds to the state, the conflicting
33 part of this act is inoperative solely to the extent of the

1 conflict and with respect to the agencies directly affected, and
2 this finding does not affect the operation of the remainder of
3 this act in its application to the agencies concerned. Rules
4 adopted under this act must meet federal requirements that are a
5 necessary condition to the receipt of federal funds by the state.

6 NEW SECTION. **Sec. 8.** If any provision of this act or its
7 application to any person or circumstance is held invalid, the
8 remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

10 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
11 preservation of the public peace, health, or safety, or support of
12 the state government and its existing public institutions, and
13 takes effect July 1, 2001.

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