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HOUSE BILL 2827

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State of Washington

57th Legislature

2002 Regular Session

By Representatives Chase, Veloria, Eickmeyer, Santos and Kagi

Read first time 01/29/2002. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to individual development accounts for low-income  
2 wage earners; adding a new section to chapter 43.31 RCW; and making an  
3 appropriation.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.31 RCW  
6 to read as follows:

7 The department shall carry out a program to fund individual  
8 development accounts established for eligible low-income wage earners.

9 (1) An individual development account may be established by or on  
10 behalf of an eligible low-income wage earner for the purpose of  
11 enabling the recipient to accumulate funds for a qualified purpose  
12 described in subsection (2) of this section.

13 (2) A qualified purpose as described in this subsection is one or  
14 more of the following, as provided by the qualified entity providing  
15 assistance to the low-income wage earner:

16 (a) Postsecondary expenses paid from an individual development  
17 account directly to an eligible educational institution;

18 (b) Qualified acquisition costs with respect to a qualified  
19 principal residence for a qualified first-time homebuyer, if paid from

1 an individual development account directly to the persons to whom the  
2 amounts are due;

3 (c) Amounts paid from an individual development account directly to  
4 a business capitalization account which is established in a federally  
5 insured financial institution and is restricted to use solely for  
6 qualified business capitalization expenses.

7 (3) An eligible low-income wage earner may only contribute to an  
8 individual development account amounts derived from earned income, as  
9 defined in section 911(d)(2) of the internal revenue code of 1986.

10 (4) The department shall establish rules to ensure funds held in an  
11 individual development account are only withdrawn for a qualified  
12 purpose as provided in this section.

13 (5) An individual development account established under this  
14 section shall be a trust created or organized in the United States and  
15 funded through periodic contributions by the establishing eligible  
16 working-poor individual and matched by or through a qualified entity  
17 for a qualified purpose as provided in this section.

18 (6) The department shall adopt rules authorizing the use of  
19 organizations using microcredit and microenterprise approaches to  
20 assisting working-poor individuals to become financially self-  
21 sufficient.

22 (7) The department shall adopt rules implementing the use of  
23 individual development accounts by eligible low-income wage earners.

24 (8) Nothing in this section shall be construed to create an  
25 entitlement to matching moneys.

26 (9) For the purposes of this section:

27 (a) "Eligible educational institution," "postsecondary educational  
28 expenses," "qualified acquisition costs," "qualified business,"  
29 "qualified business capitalization expenses," "qualified expenditures,"  
30 "qualified first-time homebuyer," "date of acquisition," "qualified  
31 plan," and "qualified principal residence" have the same meaning as  
32 provided for them in P.L. 104-193.

33 (b) "Low-income wage earner" means a person whose adjusted income  
34 is less than eighty percent of the median family income, adjusted for  
35 household size, for the county or metropolitan statistical area where  
36 they reside.

37 NEW SECTION. **Sec. 2.** The sum of five hundred thousand dollars, or  
38 as much thereof as may be necessary, is appropriated for the fiscal

1 year ending June 30, 2003, from the general fund to the department of  
2 community, trade, and economic development for the purposes of this  
3 act.

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