
SUBSTITUTE HOUSE BILL 2256

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Darneille, Haler, Morrell, Walsh, Pettigrew, Dickerson, Kenney, Schual-Berke, Kagi, P. Sullivan, Lantz, Hinkle, Upthegrove, Appleton, Williams, Seaquist, O'Brien, Hasegawa, Green, Linville, Simpson, Ormsby and Santos)

READ FIRST TIME 02/28/07.

1 AN ACT Relating to establishing the family prosperity act; amending
2 RCW 19.182.020; adding new sections to chapter 43.63A RCW; adding a new
3 section to chapter 74.08A RCW; adding a new section to chapter 82.04
4 RCW; creating a new section; and repealing RCW 43.63A.765 and
5 43.63A.767.

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

7 NEW SECTION. **Sec. 1.** INTENT. The legislature finds that low-
8 income working families often encounter significant barriers as they
9 strive to achieve financial self-sufficiency. Their challenges include
10 acquiring employment that pays enough to cover the costs of daily
11 living, accumulating funds for the down payment on a home, and setting
12 aside money for the children's education or for the parents'
13 retirement. The legislature also finds that the United States has a
14 negative savings rate, one in five American households owes more than
15 it owns, and in the event of a job loss, one in four households cannot
16 support itself at the poverty line for three months. Asset-poor
17 families do not have enough cash reserves or equity in their homes or
18 businesses to meet basic needs through a period of joblessness, health
19 emergency, divorce, or other unexpected financial hardship.

1 Compounding these problems, credit reports about low-income working
2 families tend to contain negative information, so that when used by
3 prospective employers, the reports can prevent the job seeker from
4 obtaining employment. Research shows that savings and ownership of
5 assets is possible for low-income wage earners and that they would
6 benefit from a variety of tools that allow them to better control and
7 increase their financial resources. The legislature therefore finds
8 that the state, together with local communities, must adopt policies
9 and provide services to help low-income working families achieve
10 prosperity.

11 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
12 section apply throughout sections 1 through 6 of this act unless the
13 context clearly requires otherwise.

14 (1) "Asset" or "asset building" means investment or savings for an
15 investment in a family home, higher education, small business, or other
16 long-term asset that will assist low-income families to attain greater
17 self-sufficiency.

18 (2) "Department" means the department of community, trade, and
19 economic development.

20 (3) "Director" means the director of the department of community,
21 trade, and economic development.

22 NEW SECTION. **Sec. 3.** WASHINGTON ASSET BUILDING COALITION. (1)
23 There is created the Washington asset building coalition, whose mission
24 is to provide statewide leadership on initiatives that foster financial
25 self-sufficiency and economic security for low-income working families.
26 The Washington asset building coalition shall work with the department,
27 local asset building coalitions, and other public and private sector
28 partners to:

29 (a) Create a range of private and public prosperity products;

30 (b) Develop and promote public and private lending policies that
31 encourage asset building;

32 (c) Market savings, smart borrowing, and federal tax credit
33 programs;

34 (d) Expand financial literacy opportunities and outcomes;

35 (e) Enhance protections from predatory lending, fraud, and consumer
36 scams; and

1 (f) Identify and promote other approaches that will help low-income
2 working families reach self-sufficiency by building and managing their
3 assets.

4 (2) For the 2007-2009 biennium, the department shall work with the
5 Washington asset building coalition and other partners to design,
6 implement, and fund a statewide public education and outreach campaign.
7 The department shall use state funds to attract matching investments by
8 other public and private sector organizations. The campaign shall
9 feature marketing, self-help tools, and local services, including
10 activities such as:

11 (a) Creation of a web site with financial information, savings and
12 investment calculators, credit repair links, and other self-help tools;

13 (b) Call-in assistance and referrals through a universal telephone
14 number that provides a directory to local services;

15 (c) Public service announcements and other educational outreach
16 through media outlets, WorkFirst agencies, mailing inserts, and print
17 and electronic materials designed to reach target groups such as
18 seniors, the military, foster youth, former offenders, WorkFirst
19 participants, limited English speakers, and other high need groups.

20 NEW SECTION. **Sec. 4.** COMMUNITY ASSET BUILDING COALITIONS. (1)
21 Community-based asset building coalitions involve collaboration among
22 local social service, faith-based, governmental, job training, and
23 health care agencies and the private sector, including financial
24 institutions. They are important partners to the department and the
25 statewide coalition because they deliver direct services to low-income
26 working families.

27 (2) The department shall expand and strengthen community-based
28 asset building coalitions by providing them with technical assistance
29 and grants. The department shall establish a process to offer
30 technical assistance and grants to local communities interested in
31 initiating or expanding asset building coalitions and services. The
32 department shall conduct an application process and select at least
33 twelve sites by October 31, 2007. The application must:

34 (a) Identify the local lead agency;

35 (b) Describe how the lead agency will work with community partners,
36 including local government and the private sector, to implement program
37 activities. The application must specifically identify the community

1 partners with whom the lead agency will collaborate, the role of each
2 partner, and their experience and accomplishments to date, if any, with
3 asset building and financial literacy programs;

4 (c) Identify areas of potential need based upon input from the
5 community partners, including: Financial literacy; assistance with
6 federal income tax preparation and the use of tax credits; the use of
7 individual development accounts; homeownership and micro-enterprise
8 promotion and services; and other asset-building strategies;

9 (d) Identify the community resources that might support training
10 for the implementation of the selected best practices chosen to address
11 the needs identified by the community; and

12 (e) Identify any local funds and in-kind resources that will be
13 contributed to complement the state's funding.

14 NEW SECTION. **Sec. 5.** TAX CREDIT MARKETING. To the extent funding
15 is appropriated, the department shall establish a program to create an
16 outreach campaign to increase the number of eligible low-income working
17 families who claim the federal earned income tax credit and the federal
18 child and dependent care tax credit. The department may work
19 collaboratively with other state agencies, private and nonprofit
20 agencies, local communities, and others with expertise that might
21 assist the department in implementing the program.

22 NEW SECTION. **Sec. 6.** ACCOUNTABILITY. The department shall report
23 to the appropriate committees of the legislature by December 1, 2008,
24 and annually thereafter, on the status of the asset building and
25 financial self-sufficiency programs created under this act. The report
26 shall include the status of program implementation, the outcomes
27 achieved to date, any barriers that have arisen to carrying out the
28 programs, and recommendations for additional services, tools, and
29 practices that would increase the effectiveness of state and local
30 asset building and financial literacy programs.

31 **Sec. 7.** RCW 19.182.020 and 1993 c 476 s 4 are each amended to read
32 as follows:

33 **LIMITING CREDIT REPORT USAGE FOR EMPLOYMENT.** (1) A consumer
34 reporting agency may furnish a consumer report only under the following
35 circumstances:

1 (a) In response to the order of a court having jurisdiction to
2 issue the order;

3 (b) In accordance with the written instructions of the consumer to
4 whom it relates; or

5 (c) To a person that the agency has reason to believe:

6 (i) Intends to use the information in connection with a credit
7 transaction involving the consumer on whom the information is to be
8 furnished and involving the extension of credit to, or review or
9 collection of an account of, the consumer;

10 (ii) Intends to use the information for employment purposes;

11 (iii) Intends to use the information in connection with the
12 underwriting of insurance involving the consumer;

13 (iv) Intends to use the information in connection with a
14 determination of the consumer's eligibility for a license or other
15 benefit granted by a governmental instrumentality required by law to
16 consider an applicant's financial responsibility or status; or

17 (v) Otherwise has a legitimate business need for the information in
18 connection with a business transaction involving the consumer.

19 (2)(a) A person may not procure a consumer report, or cause a
20 consumer report to be procured, for employment purposes with respect to
21 any consumer who is not an employee at the time the report is procured
22 or caused to be procured unless the contents of the consumer report are
23 substantially job related and the reasons for the use of the consumer
24 report are disclosed to the consumer in writing, and:

25 (i) A clear and conspicuous disclosure has been made in writing to
26 the consumer before the report is procured or caused to be procured
27 that a consumer report may be obtained for purposes of considering the
28 consumer for employment. The disclosure may be contained in a written
29 statement contained in employment application materials; or

30 (ii) The consumer authorizes the procurement of the report.

31 (b) A person may not procure a consumer report, or cause a consumer
32 report to be procured, for employment purposes with respect to any
33 employee unless the employee has received, at any time after the person
34 became an employee, written notice that consumer reports may be used
35 for employment purposes. A written statement that consumer reports may
36 be used for employment purposes that is contained in employee
37 guidelines or manuals available to employees or included in written
38 materials provided to employees constitutes written notice for purposes

1 of this subsection. This subsection does not apply with respect to a
2 consumer report of an employee who the employer has reasonable cause to
3 believe has engaged in specific activity that constitutes a violation
4 of law.

5 (c) In using a consumer report for employment purposes, before
6 taking any adverse action based in whole or part on the report, a
7 person shall provide to the consumer to whom the report relates: (i)
8 The name, address, and telephone number of the consumer reporting
9 agency providing the report; (ii) a description of the consumer's
10 rights under this chapter pertaining to consumer reports obtained for
11 employment purposes; and (iii) a reasonable opportunity to respond to
12 any information in the report that is disputed by the consumer. This
13 subsection applies to job applicants and current employees.

14 NEW SECTION. Sec. 8. A new section is added to chapter 74.08A RCW
15 to read as follows:

16 DEPARTMENT OF SOCIAL AND HEALTH SERVICES TO ENCOURAGE ASSET
17 BUILDING. The department of social and health services shall encourage
18 recipients of temporary assistance for needy families to learn about
19 asset building and participate in programs to assist low-income persons
20 in developing personal assets. The department of social and health
21 services shall provide its regional offices, recipients of temporary
22 assistance for needy families, and any contractors providing job
23 search, training, or placement services notification of programs
24 available in the state for financial literacy, individual development
25 accounts, assistance with federal income tax information and the
26 availability of tax credits, and other resources to assist with asset
27 building.

28 NEW SECTION. Sec. 9. A new section is added to chapter 82.04 RCW
29 to read as follows:

30 (1) Every person engaging in the business of making small loans
31 subject to chapter 31.45 RCW is subject to a tax in addition to the tax
32 under RCW 82.04.290(2). The amount of the additional tax with respect
33 to such business is equal to the gross income of the business,
34 multiplied by the rate of one percent.

35 (2) Thirty-five percent of the proceeds of the tax under subsection
36 (1) of this section shall be deposited in the family prosperity account

1 created in section 10 of this act. The remainder shall be deposited in
2 the individual development account program account created in RCW
3 43.31.470.

4 NEW SECTION. **Sec. 10.** The family prosperity account is created in
5 the state treasury. All receipts from section 9 of this act and any
6 federal, state, and private funds must be deposited in the account.
7 Moneys in the account may be spent only after appropriation.
8 Expenditures from the account may be used only for supporting
9 initiatives that foster financial self-sufficiency and economic
10 security for low-income working families.

11 NEW SECTION. **Sec. 11.** REPEALERS. The following acts or parts of
12 acts are each repealed:

13 (1) RCW 43.63A.765 (Pilot programs for asset accumulation) and 2006
14 c 91 s 2; and

15 (2) RCW 43.63A.767 (Outreach campaign--Eligibility for federal
16 earned income tax credit) and 2006 c 91 s 3.

17 NEW SECTION. **Sec. 12.** CAPTIONS NOT LAW. Captions used in this
18 act are not any part of the law.

19 NEW SECTION. **Sec. 13.** Sections 1 through 6 and 12 of this act are
20 each added to chapter 43.63A RCW.

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