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SECOND SUBSTITUTE HOUSE BILL 1980

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State of Washington

65th Legislature

2017 Regular Session

**By** House Capital Budget (originally sponsored by Representatives Blake, Chapman, Macri, Robinson, Van Werven, Morris, Smith, Haler, J. Walsh, Ryu, Johnson, Stanford, Sells, Ormsby, Frame, Kretz, Dye, Santos, Doglio, Pollet, Tarleton, and Jenkins)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to creating a low-income home rehabilitation  
2 revolving loan program; reenacting and amending RCW 43.79A.040; and  
3 adding new sections to chapter 43.330 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330  
6 RCW to read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Home" means a single-family residential structure.

10 (2) "Home rehabilitation" means residential repairs and  
11 improvements that address health, safety, and durability issues in  
12 existing housing in rural areas.

13 (3) "Homeowner" means a person who owns and resides permanently  
14 in the home the person occupies.

15 (4) "Low-income" means persons or households with income at or  
16 below two hundred percent of the federal poverty level as adjusted  
17 for family size and determined annually by the federal department of  
18 health and human services.

19 (5) "Rehabilitation agency" means any approved department  
20 grantee, tribal nation, or any public service company, municipality,  
21 public utility district, mutual or cooperative, or other entity that

1 bears the responsibility for rehabilitating residences under this  
2 chapter and has been approved by the department.

3 (6) "Rural areas" means areas of Washington state defined as non-  
4 entitlement areas by the United States department of housing and  
5 urban development.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330  
7 RCW to read as follows:

8 (1) Subject to availability of amounts appropriated for this  
9 specific purpose, the low-income home rehabilitation revolving loan  
10 program is created within the department.

11 (2) The program must include the following elements:

12 (a) Eligible homeowners must be low-income and live in rural  
13 areas.

14 (b) Homeowners who are senior citizens, persons with  
15 disabilities, families with children five years old and younger, and  
16 veterans must receive priority for loans.

17 (c) The cost of the home rehabilitation must be the lesser of  
18 eighty percent of the assessed value of the property post  
19 rehabilitation or forty thousand dollars.

20 (d) The maximum amount that may be loaned under this program may  
21 not exceed the cost of the home rehabilitation as provided in (c) of  
22 this subsection.

23 (e) The interest rate of the loan must be equal to the previous  
24 calendar year's annual average consumer price index compiled by the  
25 bureau of labor statistics, United States department of labor.

26 (f) The department must allow participating homeowners to defer  
27 repayment of the loan principal and interest and any fees related to  
28 the administration or issuance of the loan. Any amounts deferred  
29 pursuant to this section becomes a lien in favor of the state and is  
30 secondary in rank over all other privileges, liens, monetary  
31 encumbrances, or other security interests affecting the real  
32 property, whenever incurred, filed, or recorded, except for local and  
33 special district property tax assessments. The department must take  
34 such necessary action to file and perfect the state's lien. All  
35 amounts due under the loan become due and payable upon the sale of  
36 the home or upon change in ownership of the home.

37 (3) All moneys from repayments must be deposited into the low-  
38 income home rehabilitation revolving loan program account created in  
39 section 4 of this act.

1 (4) The department must adopt rules for implementation of this  
2 program.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330  
4 RCW to read as follows:

5 (1) The department must contract with rehabilitation agencies to  
6 provide home rehabilitation to participating homeowners. Preference  
7 must be given to local agencies delivering programs and services with  
8 similar eligibility criteria.

9 (2) Any rehabilitation agency may charge participating homeowners  
10 an administrative fee of no more than seven percent of the home  
11 rehabilitation loan amount. The administrative fee must become a  
12 component of the total loan amount to be repaid by the participating  
13 homeowner.

14 (3) Any rehabilitation agency receiving funding under this  
15 section must report to the department at least quarterly, or in  
16 alignment with federal reporting, whichever is the greater frequency,  
17 the project costs and the number of homes repaired or rehabilitated.  
18 The director must review the accuracy of these reports.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330  
20 RCW to read as follows:

21 The low-income home rehabilitation revolving loan program account  
22 is created in the custody of the state treasury. All transfers and  
23 appropriations by the legislature, repayments of loans, private  
24 contributions, and all other sources must be deposited into the  
25 account. Expenditures from the account may be used only for the  
26 purposes of the low-income home rehabilitation revolving loan program  
27 created in section 2 of this act. Only the director or the director's  
28 designee may authorize expenditures from the account. The account is  
29 subject to allotment procedures under chapter 43.88 RCW, but an  
30 appropriation is not required for expenditures.

31 **Sec. 5.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10, 2016  
32 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to read  
33 as follows:

34 (1) Money in the treasurer's trust fund may be deposited,  
35 invested, and reinvested by the state treasurer in accordance with  
36 RCW 43.84.080 in the same manner and to the same extent as if the

1 money were in the state treasury, and may be commingled with moneys  
2 in the state treasury for cash management and cash balance purposes.

3 (2) All income received from investment of the treasurer's trust  
4 fund must be set aside in an account in the treasury trust fund to be  
5 known as the investment income account.

6 (3) The investment income account may be utilized for the payment  
7 of purchased banking services on behalf of treasurer's trust funds  
8 including, but not limited to, depository, safekeeping, and  
9 disbursement functions for the state treasurer or affected state  
10 agencies. The investment income account is subject in all respects to  
11 chapter 43.88 RCW, but no appropriation is required for payments to  
12 financial institutions. Payments must occur prior to distribution of  
13 earnings set forth in subsection (4) of this section.

14 (4)(a) Monthly, the state treasurer must distribute the earnings  
15 credited to the investment income account to the state general fund  
16 except under (b), (c), and (d) of this subsection.

17 (b) The following accounts and funds must receive their  
18 proportionate share of earnings based upon each account's or fund's  
19 average daily balance for the period: The 24/7 sobriety account, the  
20 Washington promise scholarship account, the Washington advanced  
21 college tuition payment program account, the Washington college  
22 savings program account, the accessible communities account, the  
23 Washington achieving a better life experience program account, the  
24 community and technical college innovation account, the agricultural  
25 local fund, the American Indian scholarship endowment fund, the  
26 foster care scholarship endowment fund, the foster care endowed  
27 scholarship trust fund, the contract harvesting revolving account,  
28 the Washington state combined fund drive account, the commemorative  
29 works account, the county enhanced 911 excise tax account, the toll  
30 collection account, the developmental disabilities endowment trust  
31 fund, the energy account, the fair fund, the family leave insurance  
32 account, the food animal veterinarian conditional scholarship  
33 account, the fruit and vegetable inspection account, the future  
34 teachers conditional scholarship account, the game farm alternative  
35 account, the GET ready for math and science scholarship account, the  
36 Washington global health technologies and product development  
37 account, the grain inspection revolving fund, the industrial  
38 insurance rainy day fund, the juvenile accountability incentive  
39 account, the law enforcement officers' and firefighters' plan 2  
40 expense fund, the local tourism promotion account, the low-income

1 home rehabilitation revolving loan program account, the multiagency  
2 permitting team account, the pilotage account, the produce railcar  
3 pool account, the regional transportation investment district  
4 account, the rural rehabilitation account, the Washington sexual  
5 assault kit account, the stadium and exhibition center account, the  
6 youth athletic facility account, the self-insurance revolving fund,  
7 the children's trust fund, the Washington horse racing commission  
8 Washington bred owners' bonus fund and breeder awards account, the  
9 Washington horse racing commission class C purse fund account, the  
10 individual development account program account, the Washington horse  
11 racing commission operating account, the life sciences discovery  
12 fund, the Washington state heritage center account, the reduced  
13 cigarette ignition propensity account, the center for childhood  
14 deafness and hearing loss account, the school for the blind account,  
15 the Millersylvania park trust fund, the public employees' and  
16 retirees' insurance reserve fund, and the radiation perpetual  
17 maintenance fund.

18 (c) The following accounts and funds must receive eighty percent  
19 of their proportionate share of earnings based upon each account's or  
20 fund's average daily balance for the period: The advanced right-of-  
21 way revolving fund, the advanced environmental mitigation revolving  
22 account, the federal narcotics asset forfeitures account, the high  
23 occupancy vehicle account, the local rail service assistance account,  
24 and the miscellaneous transportation programs account.

25 (d) Any state agency that has independent authority over accounts  
26 or funds not statutorily required to be held in the custody of the  
27 state treasurer that deposits funds into a fund or account in the  
28 custody of the state treasurer pursuant to an agreement with the  
29 office of the state treasurer shall receive its proportionate share  
30 of earnings based upon each account's or fund's average daily balance  
31 for the period.

32 (5) In conformance with Article II, section 37 of the state  
33 Constitution, no trust accounts or funds shall be allocated earnings  
34 without the specific affirmative directive of this section.

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