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HOUSE BILL 2418

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State of Washington                      59th Legislature                      2006 Regular Session

By Representatives Springer, Miloscia, Chase, Morrell, Hasegawa, Darneille, Santos, P. Sullivan, Kagi, Green, Sells, Ormsby and O'Brien

Prefiled 1/3/2006.              Read first time 01/09/2006.              Referred to Committee on Housing.

1            AN ACT Relating to affordable housing; amending RCW 82.45.060,  
2 43.135.035, and 43.135.035; amending 2005 c 488 s 927 (uncodified);  
3 adding new sections to chapter 43.185 RCW; adding a new section to 2005  
4 c 488 (uncodified); making appropriations; providing an effective date;  
5 providing expiration dates; and declaring an emergency.

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

7            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.185 RCW  
8 to read as follows:

9            The legislature finds that Washington is experiencing an affordable  
10 housing crisis and that this crisis is growing exponentially every year  
11 as the population of the state expands and housing values increase at  
12 a rate that far exceeds most households' proportionate increase in  
13 income. The legislature further finds that while the rapid increase in  
14 housing values has exacerbated the affordable housing crisis, the  
15 phenomena has also dramatically benefited the state's general fund, the  
16 growth of which is directly attributable to increased proceeds from the  
17 real estate excise tax.

18            The fiscal and societal costs of the lack of adequate affordable  
19 housing are high for both the public and private sectors. However, the

1 legislature finds that while real estate generates large amounts of  
2 revenue, current levels of funding for affordable housing programs are  
3 inadequate to meet the housing needs of many low-income Washington  
4 households.

5 Therefore, the legislature declares that a portion of the increased  
6 revenue generated from the real estate excise tax must be used to  
7 support affordable housing programs that assist low-income households  
8 obtain and retain housing. It is the intent of the legislature to  
9 appropriate funds for the purposes and amounts identified in section 4  
10 of this act in the fiscal years ending on June 30, 2007, June 30, 2008,  
11 June 30, 2009, and June 30, 2010.

12 **Sec. 2.** RCW 82.45.060 and 2005 c 450 s 1 are each amended to read  
13 as follows:

14 (1) There is imposed an excise tax upon each sale of real property  
15 at the rate of one and twenty-eight one-hundredths percent of the  
16 selling price. An amount equal to six and one-tenth percent of the  
17 proceeds of this tax to the state treasurer shall be deposited in the  
18 public works assistance account created in RCW 43.155.050. An amount  
19 equal to one and six-tenths percent of the proceeds of this tax to the  
20 state treasurer shall be deposited in the city-county assistance  
21 account created in RCW 43.08.290.

22 (2) An amount equal to 3.039 percent of the proceeds of this tax to  
23 the state treasurer in the fiscal year ending June 30, 2005, shall be  
24 deposited in the Washington housing trust fund as described in RCW  
25 43.185.030 for each of the fiscal years ending June 30, 2007, June 30,  
26 2008, June 30, 2009, and June 30, 2010.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.185 RCW  
28 to read as follows:

29 The application process and distribution procedure for the  
30 allocation of funds described in RCW 82.45.060(2) are the same as the  
31 existing competitive application process and distribution procedure for  
32 the housing trust fund, described in this chapter, except for the funds  
33 applied to the homeless family services fund and dollars appropriated  
34 to grower-provided on-farm housing for low-income migrant, seasonal, or  
35 temporary farm workers.

1        NEW SECTION.    **Sec. 4.** A new section is added to 2005 c 488  
2 (uncodified) to read as follows:

3    **FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT**

4        Housing Assistance, Weatherization, and Affordable Housing--Home  
5        Security Fund (06-4-851)

6        The appropriations in this section are subject to the following  
7        conditions and limitations:

8        (1) \$16,125,000 of the appropriation from the Washington housing  
9        trust account is provided solely for the backlog of projects eligible  
10       under chapter 43.185 RCW.

11       (2) \$1,125,000 of the appropriation from the Washington housing  
12       trust account is provided solely for weatherization administered  
13       through the energy matchmakers program.

14       (3) \$1,250,000 of the appropriation from the Washington housing  
15       trust account is provided solely to promote development of safe and  
16       affordable housing units for persons eligible for services from the  
17       division of developmental disabilities within the department of social  
18       and health services.

19       (4) \$500,000 of the appropriation from the Washington housing trust  
20       account is provided solely for shelters, transitional housing, or other  
21       housing facilities for victims of domestic violence.

22       (5) \$4,000,000 of the appropriation from the Washington housing  
23       trust account is provided solely for:    (a) Facilities housing  
24       low-income migrant, seasonal, or temporary farm workers; (b) a loan  
25       program to assist growers in financing the development of  
26       grower-provided on-farm housing units for low-income migrant, seasonal,  
27       or temporary farm workers; and (c) health and safety projects to the  
28       extent qualified projects are submitted.

29       (6) \$1,000,000 of the appropriation from the Washington housing  
30       trust account is provided solely for mobile home preservation.

31       (7) \$1,000,000 of the appropriation from the homeless families  
32       services fund is provided solely for the purposes defined in RCW  
33       43.330.167, but limited to residents living in housing subject to a  
34       regulatory agreement related to income and/or income restrictions.

35       (8) Appropriations in this section shall be included in the  
36       calculation of annual funds available for determining the  
37       administrative costs authorized under RCW 43.185.050.

38       Appropriation:

1	Washington Housing Trust Account--State . . . . .	\$24,000,000
2	Homeless Families Services Account--State . . . . .	\$1,000,000
3	Subtotal Appropriation . . . . .	\$25,000,000
4	Prior Biennia (Expenditures) . . . . .	\$0
5	Future Biennia (Projected Costs) . . . . .	\$75,000,000
6	TOTAL . . . . .	\$100,000,000

7       **Sec. 5.** 2005 c 488 s 927 (uncodified) is amended to read as  
8 follows:

9       **FOR THE STATE TREASURER--TRANSFERS**

- 10       Local Toxics Control Account: For transfer  
11 to the state toxics control account . . . . . \$13,900,000  
12       Washington Housing Trust Account: For transfer to the homeless  
13 families services account . . . . . \$1,000,000

14       **Sec. 6.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read  
15 as follows:

16       (1) After July 1, 1995, any action or combination of actions by the  
17 legislature that raises state revenue or requires revenue-neutral tax  
18 shifts may be taken only if approved by a two-thirds vote of each  
19 house, and then only if state expenditures in any fiscal year,  
20 including the new revenue, will not exceed the state expenditure limits  
21 established under this chapter. However, for legislation enacted  
22 between the effective date of this 2005 act and June 30, 2007, any  
23 action or combination of actions by the legislature that raises state  
24 revenue or requires revenue-neutral tax shifts may be taken with the  
25 approval of a majority of members elected to each house, so long as  
26 state expenditures in any fiscal year, including the new revenue, will  
27 not exceed the state expenditure limits established under this chapter.

28       (2)(a) If the legislative action under subsection (1) of this  
29 section will result in expenditures in excess of the state expenditure  
30 limit, then the action of the legislature shall not take effect until  
31 approved by a vote of the people at a November general election. The  
32 state expenditure limit committee shall adjust the state expenditure  
33 limit by the amount of additional revenue approved by the voters under  
34 this section. This adjustment shall not exceed the amount of revenue  
35 generated by the legislative action during the first full fiscal year

1 in which it is in effect. The state expenditure limit shall be  
2 adjusted downward upon expiration or repeal of the legislative action.

3 (b) The ballot title for any vote of the people required under this  
4 section shall be substantially as follows:

5 "Shall taxes be imposed on . . . . . in order to allow a  
6 spending increase above last year's authorized spending adjusted for  
7 inflation and population increases?"

8 (3)(a) The state expenditure limit may be exceeded upon declaration  
9 of an emergency for a period not to exceed twenty-four months by a law  
10 approved by a two-thirds vote of each house of the legislature and  
11 signed by the governor. The law shall set forth the nature of the  
12 emergency, which is limited to natural disasters that require immediate  
13 government action to alleviate human suffering and provide humanitarian  
14 assistance. The state expenditure limit may be exceeded for no more  
15 than twenty-four months following the declaration of the emergency and  
16 only for the purposes contained in the emergency declaration.

17 (b) Additional taxes required for an emergency under this section  
18 may be imposed only until thirty days following the next general  
19 election, unless an extension is approved at that general election.  
20 The additional taxes shall expire upon expiration of the declaration of  
21 emergency. The legislature shall not impose additional taxes for  
22 emergency purposes under this subsection unless funds in the education  
23 construction fund have been exhausted.

24 (c) The state or any political subdivision of the state shall not  
25 impose any tax on intangible property listed in RCW 84.36.070 as that  
26 statute exists on January 1, 1993.

27 (4) If the cost of any state program or function is shifted from  
28 the state general fund on or after January 1, 1993, to another source  
29 of funding, or if moneys are transferred from the state general fund to  
30 another fund or account, the state expenditure limit committee, acting  
31 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit  
32 to reflect the shift. For the purposes of this section, a transfer of  
33 money from the state general fund to another fund or account includes  
34 any state legislative action taken that has the effect of reducing  
35 revenues from a particular source, where such revenues would otherwise  
36 be deposited into the state general fund, while increasing the revenues  
37 from that particular source to another state or local government  
38 account. This subsection does not apply to the dedication or use of

1 lottery revenues under RCW 67.70.240(3) or property taxes under RCW  
2 84.52.068, in support of education or education expenditures. This  
3 subsection does not apply to the diversion of real estate excise tax  
4 revenues under RCW 82.45.060(2), in support of affordable housing or  
5 affordable housing expenditures.

6 (5) If the cost of any state program or function is shifted to the  
7 state general fund on or after January 1, 2000, from another source of  
8 funding, or if moneys are transferred to the state general fund from  
9 another fund or account, the state expenditure limit committee, acting  
10 pursuant to RCW 43.135.025(5), shall increase the state expenditure  
11 limit to reflect the shift.

12 **Sec. 7.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read  
13 as follows:

14 (1) After July 1, 1995, any action or combination of actions by the  
15 legislature that raises state revenue or requires revenue-neutral tax  
16 shifts may be taken only if approved by a two-thirds vote of each  
17 house, and then only if state expenditures in any fiscal year,  
18 including the new revenue, will not exceed the state expenditure limits  
19 established under this chapter.

20 (2)(a) If the legislative action under subsection (1) of this  
21 section will result in expenditures in excess of the state expenditure  
22 limit, then the action of the legislature shall not take effect until  
23 approved by a vote of the people at a November general election. The  
24 state expenditure limit committee shall adjust the state expenditure  
25 limit by the amount of additional revenue approved by the voters under  
26 this section. This adjustment shall not exceed the amount of revenue  
27 generated by the legislative action during the first full fiscal year  
28 in which it is in effect. The state expenditure limit shall be  
29 adjusted downward upon expiration or repeal of the legislative action.

30 (b) The ballot title for any vote of the people required under this  
31 section shall be substantially as follows:

32 "Shall taxes be imposed on . . . . . in order to allow a  
33 spending increase above last year's authorized spending adjusted for  
34 personal income growth?"

35 (3)(a) The state expenditure limit may be exceeded upon declaration  
36 of an emergency for a period not to exceed twenty-four months by a law  
37 approved by a two-thirds vote of each house of the legislature and

1 signed by the governor. The law shall set forth the nature of the  
2 emergency, which is limited to natural disasters that require immediate  
3 government action to alleviate human suffering and provide humanitarian  
4 assistance. The state expenditure limit may be exceeded for no more  
5 than twenty-four months following the declaration of the emergency and  
6 only for the purposes contained in the emergency declaration.

7 (b) Additional taxes required for an emergency under this section  
8 may be imposed only until thirty days following the next general  
9 election, unless an extension is approved at that general election.  
10 The additional taxes shall expire upon expiration of the declaration of  
11 emergency. The legislature shall not impose additional taxes for  
12 emergency purposes under this subsection unless funds in the education  
13 construction fund have been exhausted.

14 (c) The state or any political subdivision of the state shall not  
15 impose any tax on intangible property listed in RCW 84.36.070 as that  
16 statute exists on January 1, 1993.

17 (4) If the cost of any state program or function is shifted from  
18 the state general fund or a related fund to another source of funding,  
19 or if moneys are transferred from the state general fund or a related  
20 fund to another fund or account, the state expenditure limit committee,  
21 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure  
22 limit to reflect the shift. For the purposes of this section, a  
23 transfer of money from the state general fund or a related fund to  
24 another fund or account includes any state legislative action taken  
25 that has the effect of reducing revenues from a particular source,  
26 where such revenues would otherwise be deposited into the state general  
27 fund or a related fund, while increasing the revenues from that  
28 particular source to another state or local government account. This  
29 subsection does not apply to the dedication or use of lottery revenues  
30 under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in  
31 support of education or education expenditures. This subsection does  
32 not apply to the diversion of real estate excise tax revenues under RCW  
33 82.45.060(2), in support of affordable housing or affordable housing  
34 expenditures.

35 (5) If the cost of any state program or function and the ongoing  
36 revenue necessary to fund the program or function are shifted to the  
37 state general fund or a related fund on or after January 1, 2007, the

1 state expenditure limit committee, acting pursuant to RCW  
2 43.135.025(5), shall increase the state expenditure limit to reflect  
3 the shift.

4 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.185 RCW  
5 to read as follows:

6 The department must report upon the accomplishments of this chapter  
7 to the appropriate committees of the legislature by December 31, 2010.  
8 Performance measures must be determined by the department, with  
9 required input from the appropriate committees of the legislature, by  
10 December 31, 2006.

11 NEW SECTION. **Sec. 9.** Section 6 of this act expires July 1, 2007.

12 NEW SECTION. **Sec. 10.** Section 7 of this act takes effect July 1,  
13 2007.

14 NEW SECTION. **Sec. 11.** Sections 1 through 5 and 7 through 9 of  
15 this act expire July 1, 2010.

16 NEW SECTION. **Sec. 12.** Except for section 7 of this act, this act  
17 is necessary for the immediate preservation of the public peace,  
18 health, or safety, or support of the state government and its existing  
19 public institutions, and takes effect immediately.

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