CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1250**

68th Legislature

2023 Regular Session

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| Passed by the House April 17, 2023Yeas 96 Nays 0**Speaker of the House of Representatives**Passed by the Senate April 12, 2023Yeas 47 Nays 2**President of the Senate** | CERTIFICATEI, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1250** as passed by the House of Representatives and the Senate on the dates hereon set forth.Chief Clerk |
| Approved  |  |
| **Governor of the State of Washington** | **Secretary of State** **State of Washington** |

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**SUBSTITUTE HOUSE BILL 1250**

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AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Steele and Eslick)

AN ACT Relating to modifying the low-income home rehabilitation program; amending RCW 43.330.480, 43.330.482, and 43.330.488; reenacting and amending RCW 43.79A.040; adding new sections to chapter 43.330 RCW; repealing RCW 43.330.482 and 43.330.486; providing an effective date; providing a contingent effective date; and declaring an emergency.

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

**Sec.**  RCW 43.330.480 and 2017 c 285 s 1 are each amended to read as follows:

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

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

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

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

(4) "Low-income" means persons or households with income at or below ((~~two hundred~~)) 200 percent of the federal poverty level ((~~as~~)), 80 percent of the area median income for the county in which the home receiving rehabilitation is located, or 60 percent of the state median income, whichever is greater, and adjusted for ((~~family~~)) household size ((~~and determined annually by the federal department of health and human services~~)).

(5) "Rehabilitation agency" means any approved department grantee, tribal nation, or any public service company, municipality, public utility district, mutual or cooperative, or other entity that bears the responsibility for rehabilitating residences under this chapter and has been approved by the department.

(6) "Rural areas" means areas of Washington state defined as nonentitlement areas by the United States department of housing and urban development.

**Sec.**  RCW 43.330.482 and 2017 c 285 s 2 are each amended to read as follows:

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

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

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

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

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

~~(d) The maximum amount that may be loaned under this program may not exceed the cost of the home rehabilitation as provided in (c) of this subsection, and must not result in total loans borrowed against the property equaling more than eighty percent of the assessed value.~~

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

~~(f)~~)) On July 1, 2023, the low-income home rehabilitation revolving loan program is terminated except for purposes of addressing outstanding loans as provided in this section, and the department and partnering rehabilitation agencies must immediately cease issuing new loans under the program.

(2) The department must allow participating homeowners to defer repayment of the loan principal and interest and any fees related to the administration or issuance of the loan. Any amounts deferred pursuant to this section become a lien in favor of the state. The lien is subordinate to liens for general taxes, amounts deferred under chapter 84.37 or 84.38 RCW, or special assessments as defined in RCW 84.38.020. The lien is also subordinate to the first deed of trust or the first mortgage on the real property but has priority over all other privileges, liens, monetary encumbrances, or other security interests affecting the real property, whenever incurred, filed, or recorded. The department must take such necessary action to file and perfect the state's lien. ((~~All amounts due under the loan become due and payable upon the sale of the home or upon change in ownership of the home.~~))

(3) The balance of any loan previously issued under this section that is outstanding as of the effective date of this section is forgiven. The forgiveness applies to all remaining amounts owed, including loan principal, interest, and fees. Loan forgiveness is not retroactive, and does not apply to any loans issued under this section paid in full before the effective date of this section.

(4) All moneys from repayments must be deposited into the low-income home rehabilitation ((~~revolving loan program~~)) account created in RCW 43.330.488.

((~~(4)~~)) (5) The department must adopt rules for implementation of this program.

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

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

(2) The program must include the following elements:

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

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

(c) The cost of the home rehabilitation must be the lesser of:

(i) 80 percent of the assessed or appraised value of the property post rehabilitation, whichever is greater; or

(ii) $50,000.

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

(3) The department must adopt rules for implementation of this grant program.

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

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

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

**Sec.**  RCW 43.330.488 and 2017 c 285 s 4 are each amended to read as follows:

The low-income home rehabilitation ((~~revolving loan program~~)) account is created in the custody of the state treasury. All transfers and appropriations by the legislature, repayments of loans, private contributions, and all other sources must be deposited into the account. Expenditures from the account may be used only for the purposes of the low-income home rehabilitation revolving loan program created in RCW 43.330.482 and the low-income home rehabilitation grant program created in section 3 of this act. After July 1, 2023, the director may expend moneys in the account only for wind-down costs of the loan program in RCW 43.330.482 until the loan program terminates pursuant to this act, and for the grant program created in section 3 of this act. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec.**  RCW 43.79A.040 and 2022 c 244 s 3, 2022 c 206 s 8, 2022 c 183 s 16, and 2022 c 162 s 6 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

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

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

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

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Rosa Franklin legislative internship program scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the Washington career and college pathways innovation challenge program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the behavioral health loan repayment program account, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county ((~~enhanced~~)) 911 excise tax account, the county road administration board emergency loan account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the energy facility site evaluation council account, the fair fund, the family and medical leave insurance account, the fish and wildlife federal lands revolving account, the natural resources federal lands revolving account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the educator conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the Washington history day account, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation ((~~revolving loan program~~)) account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the produce railcar pool account, the public use general aviation airport loan revolving account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state library-archives building account, the reduced cigarette ignition propensity account, the center for deaf and hard of hearing youth account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, the school employees' benefits board insurance reserve fund, the public employees' and retirees' insurance account, the school employees' insurance account, the long-term services and supports trust account, the radiation perpetual maintenance fund, the Indian health improvement reinvestment account, the department of licensing tuition recovery trust fund, the student achievement council tuition recovery trust fund, the tuition recovery trust fund, the Washington student loan account, the industrial insurance premium refund account, the mobile home park relocation fund, the natural resources deposit fund, the Washington state health insurance pool account, the federal forest revolving account, and the library operations account.

(c) The following accounts and funds must receive 80 percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advance right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

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

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

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

(1) RCW 43.330.482 (Low-income home rehabilitation revolving loan program) and 2023 c . . . s 2 (section 2 of this act) & 2017 c 285 s 2; and

(2) RCW 43.330.486 (Low-income home rehabilitation revolving loan program—Contracts with rehabilitation agencies—Reports) and 2017 c 285 s 3.

NEW SECTION. **Sec.**  (1) Section 7 of this act takes effect on July 1st of the year following the closure of the last loan issued under the low-income home rehabilitation revolving loan program.

(2) The department of commerce must provide written notice of the effective date of section 7 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department.

NEW SECTION. **Sec.**  Sections 1 through 6 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2023.

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