
SUBSTITUTE HOUSE BILL 2418

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Housing (originally sponsored by Representatives Springer, Miloscia, Chase, Morrell, Hasegawa, Darneille, Santos, P. Sullivan, Kagi, Green, Sells, Ormsby and O'Brien)

READ FIRST TIME 01/24/06.

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
4 chapter 43.185A RCW; adding a new section to 2005 c 488 (uncodified);
5 making appropriations; providing an effective date; and providing
6 expiration dates.

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

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

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

1 The fiscal and societal costs of the lack of adequate affordable
2 housing are high for both the public and private sectors. However, the
3 legislature finds that while real estate generates large amounts of
4 revenue, current levels of funding for affordable housing programs are
5 inadequate to meet the housing needs of many low-income Washington
6 households.

7 Therefore, the legislature declares that a portion of the increased
8 revenue generated from the real estate excise tax must be used to
9 support affordable housing programs that assist low-income households
10 obtain and retain housing. It is the intent of the legislature to
11 appropriate funds as follows:

12 (1) For the energy matchmaker program, the amount appropriated in
13 section 5(3) of this act in the fiscal year ending June 30, 2007;

14 (2) For the backlog of housing trust fund projects identified by
15 the department as eligible under this chapter or chapter 43.185A RCW,
16 the amount appropriated in section 5(1) of this act in the fiscal year
17 ending June 30, 2007, and the amounts appropriated in section 5 (1) and
18 (3) of this act in the fiscal years ending June 30, 2008, June 30,
19 2009, and June 30, 2010; and

20 (3) For the purposes and amounts identified in section 5 (2) and
21 (4) through (9) of this act, the amounts appropriated in section 5 (2)
22 and (4) through (9) of this act in the fiscal years ending June 30,
23 2007, June 30, 2008, June 30, 2009, and June 30, 2010.

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

26 (1) There is imposed an excise tax upon each sale of real property
27 at the rate of one and twenty-eight one-hundredths percent of the
28 selling price. An amount equal to six and one-tenth percent of the
29 proceeds of this tax to the state treasurer shall be deposited in the
30 public works assistance account created in RCW 43.155.050. An amount
31 equal to one and six-tenths percent of the proceeds of this tax to the
32 state treasurer shall be deposited in the city-county assistance
33 account created in RCW 43.08.290.

34 (2) An amount equal to 3.039 percent of the proceeds of this tax to
35 the state treasurer in the fiscal year ending June 30, 2005, shall be
36 deposited in the Washington housing trust fund as described in RCW

1 43.185.030 for each of the fiscal years ending June 30, 2007, June 30,
2 2008, June 30, 2009, and June 30, 2010.

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

5 The application process and distribution procedure for the
6 allocation of funds described in RCW 82.45.060(2) are the same as the
7 competitive application process and distribution procedure for the
8 housing trust fund, described in this chapter and chapter 43.185A RCW,
9 except for the funds applied to the homeless families services fund
10 created in RCW 43.330.167, dollars appropriated to weatherization
11 administered through the energy matchmaker program, and dollars
12 appropriated to any program to provide financial assistance for grower-
13 provided on-farm housing for low-income migrant, seasonal, or temporary
14 farm workers.

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

17 The application process and distribution procedure for the
18 allocation of funds described in RCW 82.45.060(2) are the same as the
19 competitive application process and distribution procedure described in
20 section 3 of this act.

21 NEW SECTION. **Sec. 5.** A new section is added to 2005 c 488
22 (uncodified) to read as follows:

23 **FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT**
24 Housing Assistance, Weatherization, and Affordable Housing--Home
25 Security Fund (06-4-851)

26 The appropriations in this section are subject to the following
27 conditions and limitations:

28 (1) \$8,600,000 of the appropriation from the Washington housing
29 trust account is provided solely for the backlog, as defined by the
30 department, of projects determined by the department to be eligible
31 under chapter 43.185 or 43.185A RCW.

32 (2) \$4,000,000 of the appropriation from the Washington housing
33 trust account is provided solely for rental vouchers for low-income
34 migrant farm workers, seasonal farm workers, or farm workers,
35 specifically to be used for: (a) Privately owned and operated rental

1 units, including single-family homes; or (b) on-farm housing units.
2 Housing and rental units for which rental vouchers may be used must
3 meet temporary worker housing standards, when applicable.

4 (3) \$4,500,000 of the appropriation from the Washington housing
5 trust account is provided solely for weatherization administered
6 through the energy matchmakers program.

7 (4) \$1,250,000 of the appropriation from the Washington housing
8 trust account is provided solely to promote development of safe and
9 affordable housing units for persons eligible for services from the
10 division of developmental disabilities within the department of social
11 and health services.

12 (5) \$500,000 of the appropriation from the Washington housing trust
13 account is provided solely for shelters, transitional housing, or other
14 housing facilities for victims of domestic violence.

15 (6) \$4,000,000 of the appropriation from the Washington housing
16 trust account is provided solely for farm worker housing projects and
17 programs that may include, but are not limited to: (a) Strategically
18 located permanent facilities housing low-income migrant, seasonal, or
19 temporary farm workers; (b) temporary facilities for housing migrant,
20 seasonal, or temporary farm workers, including mobile tent facilities;
21 and (c) a program to assist in financing the development of temporary
22 or permanent on-farm housing units for low-income migrant, seasonal, or
23 temporary farm workers, with priority given to grower-provided housing
24 projects. Preference for funding must be given to projects that are
25 consistent with the categories in (a), (b), and (c) of this subsection.

26 (7) \$1,000,000 of the appropriation from the Washington housing
27 trust account is provided solely for mobile home preservation.

28 (8) \$1,000,000 of the appropriation from the homeless families
29 services fund is provided solely for the purposes of RCW 43.330.167,
30 but limited to residents living in housing subject to a regulatory
31 agreement related to rent and/or income restrictions.

32 (9) \$150,000 of the appropriation from the Washington housing trust
33 account is provided solely for a program to assist individuals and
34 communities in the home-buying process, including, but not limited to:
35 Homebuyer education classes, credit and budget counseling, financial
36 literacy training, and down payment assistance programs. The
37 department shall contract with an organization that has experience and

1 expertise in addressing language access barriers in the home-buying
2 process to implement this program.

3 (10) Appropriations in this section shall be included in the
4 calculation of annual funds available for determining the
5 administrative costs of the department, which shall not exceed five
6 percent of the annual funds available for the housing assistance
7 program and the affordable housing program as authorized under RCW
8 43.185.050 and 43.185A.030.

9 Appropriation:

10	Washington Housing Trust Account--State	\$24,000,000
11	Homeless Families Services Account--State	\$1,000,000
12	Subtotal Appropriation	\$25,000,000
13	Prior Biennia (Expenditures)	\$0
14	Future Biennia (Projected Costs)	\$75,000,000
15	TOTAL	\$100,000,000

16 **Sec. 6.** 2005 c 488 s 927 (uncodified) is amended to read as
17 follows:

18 **FOR THE STATE TREASURER--TRANSFERS**

19 Local Toxics Control Account: For transfer
20 to the state toxics control account \$13,900,000
21 Washington Housing Trust Account: For transfer to the homeless
22 families services account \$1,000,000

23 **Sec. 7.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read
24 as follows:

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

1 (2)(a) If the legislative action under subsection (1) of this
2 section will result in expenditures in excess of the state expenditure
3 limit, then the action of the legislature shall not take effect until
4 approved by a vote of the people at a November general election. The
5 state expenditure limit committee shall adjust the state expenditure
6 limit by the amount of additional revenue approved by the voters under
7 this section. This adjustment shall not exceed the amount of revenue
8 generated by the legislative action during the first full fiscal year
9 in which it is in effect. The state expenditure limit shall be
10 adjusted downward upon expiration or repeal of the legislative action.

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

13 "Shall taxes be imposed on in order to allow a
14 spending increase above last year's authorized spending adjusted for
15 inflation and population increases?"

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

25 (b) Additional taxes required for an emergency under this section
26 may be imposed only until thirty days following the next general
27 election, unless an extension is approved at that general election.
28 The additional taxes shall expire upon expiration of the declaration of
29 emergency. The legislature shall not impose additional taxes for
30 emergency purposes under this subsection unless funds in the education
31 construction fund have been exhausted.

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

35 (4) If the cost of any state program or function is shifted from
36 the state general fund on or after January 1, 1993, to another source
37 of funding, or if moneys are transferred from the state general fund to
38 another fund or account, the state expenditure limit committee, acting

1 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit
2 to reflect the shift. For the purposes of this section, a transfer of
3 money from the state general fund to another fund or account includes
4 any state legislative action taken that has the effect of reducing
5 revenues from a particular source, where such revenues would otherwise
6 be deposited into the state general fund, while increasing the revenues
7 from that particular source to another state or local government
8 account. This subsection does not apply to the dedication or use of
9 lottery revenues under RCW 67.70.240(3) or property taxes under RCW
10 84.52.068, in support of education or education expenditures. This
11 subsection does not apply to the diversion of real estate excise tax
12 revenues under RCW 82.45.060(2), in support of affordable housing or
13 affordable housing expenditures.

14 (5) If the cost of any state program or function is shifted to the
15 state general fund on or after January 1, 2000, from another source of
16 funding, or if moneys are transferred to the state general fund from
17 another fund or account, the state expenditure limit committee, acting
18 pursuant to RCW 43.135.025(5), shall increase the state expenditure
19 limit to reflect the shift.

20 **Sec. 8.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read
21 as follows:

22 (1) After July 1, 1995, any action or combination of actions by the
23 legislature that raises state revenue or requires revenue-neutral tax
24 shifts may be taken only if approved by a two-thirds vote of each
25 house, and then only if state expenditures in any fiscal year,
26 including the new revenue, will not exceed the state expenditure limits
27 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
36 in which it is in effect. The state expenditure limit shall be
37 adjusted downward upon expiration or repeal of the legislative action.

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

3 "Shall taxes be imposed on in order to allow a
4 spending increase above last year's authorized spending adjusted for
5 personal income growth?"

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

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

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

25 (4) If the cost of any state program or function is shifted from
26 the state general fund or a related fund to another source of funding,
27 or if moneys are transferred from the state general fund or a related
28 fund to another fund or account, the state expenditure limit committee,
29 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure
30 limit to reflect the shift. For the purposes of this section, a
31 transfer of money from the state general fund or a related fund to
32 another fund or account includes any state legislative action taken
33 that has the effect of reducing revenues from a particular source,
34 where such revenues would otherwise be deposited into the state general
35 fund or a related fund, while increasing the revenues from that
36 particular source to another state or local government account. This
37 subsection does not apply to the dedication or use of lottery revenues
38 under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in

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

5 (5) If the cost of any state program or function and the ongoing
6 revenue necessary to fund the program or function are shifted to the
7 state general fund or a related fund on or after January 1, 2007, the
8 state expenditure limit committee, acting pursuant to RCW
9 43.135.025(5), shall increase the state expenditure limit to reflect
10 the shift.

11 NEW SECTION. Sec. 9. A new section is added to chapter 43.185 RCW
12 to read as follows:

13 The department must report annually by December 31st the
14 accomplishments of this act to the appropriate committees of the
15 legislature. The report must include statewide information as well as
16 information that is county and city specific. Performance measures
17 must be determined by the department, with required input from the
18 appropriate committees of the legislature, by December 31, 2006.

19 NEW SECTION. Sec. 10. Section 7 of this act expires July 1, 2007.

20 NEW SECTION. Sec. 11. Section 8 of this act takes effect July 1,
21 2007.

22 NEW SECTION. Sec. 12. Sections 1 through 6 and 8 through 10 of
23 this act expire July 1, 2010.

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