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**HOUSE BILL 2843**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Representatives McBride, Stanford, Walkinshaw, and Santos

AN ACT Relating to supporting affordable housing; reenacting and amending RCW 43.79A.040; and adding a new chapter to Title 82 RCW.

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

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Affordable housing account" means the Washington affordable housing account created under section 5 of this act.

(2) "Applicant" means a person applying for a tax credit under this chapter.

(3) "Contribution" means cash contributions.

(4) "Person" has the same meaning as provided in RCW 82.04.030.

NEW SECTION. **Sec.**  (1) Application for tax credits under this chapter must be made to the department before making a contribution to the affordable housing account. The application must be made to the department in a form and manner prescribed by the department. The application must contain information regarding the proposed amount of contribution to the account. The department must rule on the application within thirty days. Applications are approved on a first-come basis.

(2) The person must make the contribution described in the approved application by the end of the calendar year in which the application is approved to claim a credit allowed under this chapter.

NEW SECTION. **Sec.**  (1) Subject to the limitations in this chapter, a credit is allowed against the tax imposed by chapters 82.04 and 82.16 RCW for approved contributions that are made by a person to the affordable housing account. The amount of the credit is equal to the amount of the contribution.

(2) The department must keep a running total of all credits approved under this chapter for each calendar year. The department may not approve any credits under this section that would cause the total amount of approved credits statewide to exceed ten million dollars in any calendar year.

(3) The total credits allowed under this chapter for a person may not exceed five hundred thousand dollars in a calendar year.

(4) The credit may be claimed against any tax due under chapters 82.04 and 82.16 RCW and may be carried over to subsequent years. No refunds may be granted for credits under this chapter.

NEW SECTION. **Sec.**  To claim a credit under this chapter, a person must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this section, "returns" has the same meaning as "return" in RCW 82.32.050.

NEW SECTION. **Sec.**  (1) The Washington affordable housing account is created in the custody of the state treasurer. All contributions to the account must be deposited into the account. Only the director of the department of commerce or the director's designee may authorize expenditures from the account.

(2) One-half of the funds deposited in the account must be used for the following purposes:

(a) To provide funds to eligible organizations, as defined in RCW 59.20.030, for the purchase of mobile home/manufactured communities under chapter 59.20 RCW;

(b) To provide funds for low-income housing located near transit facilities; or

(c) To provide funds for the preservation of special needs housing.

(3) The remainder of funds deposited in the account must be distributed to an affordable housing entity to be used for the development of affordable housing, including the acquisition, building, rehabilitation, and maintenance of the housing.

(4) Any interest earned on the affordable housing account or funds returned to the department of commerce through the repayment of a loan must accrue to the account and may be reallocated for the same purposes as the funds earned from the sale of the tax credit, thereby creating a revolving fund.

(5) For the purposes of this section, "affordable housing entity" means local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide housing assistance nonprofit organizations or cooperatives.

NEW SECTION. **Sec.**  Chapter 82.32 RCW applies to the administration of this chapter.

NEW SECTION. **Sec.**  Sections 1 through 6 of this act constitute a new chapter in Title 82 RCW.

**Sec.**  RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 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 Washington promise scholarship account, the Washington advanced college tuition payment program account, the accessible communities account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, 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 toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers 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 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 multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation 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 heritage center account, the Washington affordable housing account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced 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.

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