

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1015**

Chapter 189, Laws of 2022

67th Legislature  
2022 Regular Session

EQUITABLE ACCESS TO CREDIT

EFFECTIVE DATE: June 9, 2022

Passed by the House March 8, 2022  
Yeas 98 Nays 0

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Passed by the Senate March 4, 2022  
Yeas 46 Nays 2

DENNY HECK

**President of the Senate**

Approved March 30, 2022 2:07 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1015** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

March 31, 2022

**Secretary of State  
State of Washington**

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**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1015**

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AS AMENDED BY THE SENATE

Passed Legislature - 2022 Regular Session

**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** House Finance (originally sponsored by Representatives Maycumber, Chapman, Tharinger, Graham, Santos, and Macri)

READ FIRST TIME 02/19/21.

1 AN ACT Relating to creating the Washington equitable access to  
2 credit act; adding a new section to chapter 82.04 RCW; adding a new  
3 chapter to Title 43 RCW; creating a new section; and providing  
4 expiration dates.

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

6 NEW SECTION. **Sec. 1.** This chapter may be known and cited as the  
7 Washington equitable access to credit act.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04  
9 RCW to read as follows:

10 (1) Subject to the limitations in this section, a credit is  
11 allowed against the tax imposed under this chapter for contributions  
12 made by a person to the equitable access to credit program created in  
13 chapter 43.--- RCW (the new chapter created in section 6 of this  
14 act).

15 (2)(a) The person must make the contribution before claiming a  
16 credit authorized under this section. The credit may be used against  
17 any tax due under this chapter. The amount of the credit claimed for  
18 a reporting period may not exceed the tax otherwise due under this  
19 chapter for that reporting period. No person may claim more than  
20 \$1,000,000 of credit in any calendar year, including credit carried

1 over from a previous calendar year. No refunds may be granted for any  
2 unused credits.

3 (b) Any amount of tax credit otherwise allowable under this  
4 section not claimed by the person in any calendar year may be carried  
5 forward and claimed against a person's tax liability for the next  
6 succeeding calendar year; and any credit not used in that next  
7 succeeding calendar year may be carried forward and claimed against  
8 the person's tax liability for the second succeeding calendar year,  
9 but may not be carried over for any calendar year thereafter.

10 (3) Credits are available on a first-in-time basis. The  
11 department must disallow any credits, or portions thereof, that would  
12 cause the total amount of credits claimed under this section for any  
13 calendar year to exceed \$8,000,000. If this limitation is reached,  
14 the department must notify the department of commerce that the annual  
15 statewide limit has been met. In addition, the department must  
16 provide written notice to any person who has claimed tax credits in  
17 excess of the limitation in this subsection. The notice must indicate  
18 the amount of tax due and provide the tax be paid within 30 days from  
19 the date of the notice. The department may not assess penalties and  
20 interest as provided in chapter 82.32 RCW on the amount due in the  
21 initial notice if the amount due is paid by the due date specified in  
22 the notice, or any extension thereof.

23 (4) To claim a credit under this section, a person must  
24 electronically file with the department all returns, forms, and any  
25 other information required by the department, in an electronic format  
26 as provided or approved by the department. Any return, form, or  
27 information required to be filed in an electronic format under this  
28 section is not filed until received by the department in electronic  
29 format. As used in this subsection, "returns" has the same meaning as  
30 "return" in RCW 82.32.050.

31 (5) No application is necessary for the tax credit. The person  
32 must keep records necessary for the department to verify eligibility  
33 under this section.

34 (6) The equitable access to credit program must provide to the  
35 department, upon request, such information as may be needed to verify  
36 eligibility for credit under this section, including information  
37 regarding contributions received by the program.

38 (7) The maximum credit that may be earned for each calendar year  
39 under this section for a person is limited to the lesser of

1 \$1,000,000 or an amount equal to 100 percent of the contributions  
2 made by the person to the equitable access to credit program.

3 (8) No credit may be earned for contributions made on or after  
4 June 30, 2027. Credits may be claimed as provided in subsections (2)  
5 through (4) of this section; however, credits may not be claimed  
6 prior to January 1, 2023.

7 (9) For the purposes of this section, "equitable access to credit  
8 program" means a program established within the department of  
9 commerce pursuant to section 3 of this act.

10 (10) The provisions of chapter 82.32 RCW apply to the  
11 administration of this section.

12 (11) This section expires July 1, 2027.

13 NEW SECTION. **Sec. 3.** (1) Subject to appropriation, the  
14 department of commerce shall create and operate the equitable access  
15 to credit program. The purpose of the equitable access to credit  
16 program is to award grants to qualified lending institutions, using  
17 funds generated by business and occupation tax credits created in  
18 section 2 of this act, for the purpose of providing access to credit  
19 for historically underserved communities. The equitable access to  
20 credit program must be governed by the provisions of this chapter and  
21 by any guidelines developed and rules adopted by the department of  
22 commerce pursuant to this chapter.

23 (2) The following requirements apply to the operation of the  
24 equitable access to credit program:

25 (a) No more than 25 percent of all grants awarded in any calendar  
26 year may be awarded to the same grant recipient;

27 (b) Up to 20 percent of an individual grant award may be used by  
28 the grant recipient to fund a loan loss reserve, technical  
29 assistance, and/or small business training programs;

30 (c) At least 65 percent of the value of all grants awarded in any  
31 calendar year must be provided for native community development  
32 financial institution grantees or grantees to provide services or  
33 invest, or both, in rural counties as defined in RCW 82.14.370; and

34 (d) Beginning in fiscal year 2022, up to five percent of the  
35 program revenues may be used for all agencies' staffing and other  
36 administrative costs related to the implementation of this act. In  
37 the event that the statewide limit in section 2(3) of this act is not  
38 reached, the percentage used for administration may be increased as

1 necessary to maintain normal staffing operations, not to exceed 10  
2 percent.

3 (3) In order to receive a grant award under the equitable access  
4 to credit program, a qualified lending institution must:

5 (a) Be recognized by the United States department of the treasury  
6 as:

7 (i) An emerging community development financial institution; or

8 (ii) A certified community development financial institution;

9 (b) Match any grant awarded by the equitable access to credit  
10 program on:

11 (i) At least a five percent basis, if the institution is  
12 recognized by the United States department of the treasury as an  
13 emerging community development financial institution;

14 (ii) At least a 10 percent basis, if the institution:

15 (A) Is recognized by the United States department of the treasury  
16 as a certified community development financial institution; and

17 (B) Has net assets of fewer than \$3,000,000 at the time of the  
18 grant application; or

19 (iii) At least a 25 percent basis, if the institution:

20 (A) Is recognized by the United States department of the treasury  
21 as a certified emerging community development financial institution;  
22 and

23 (B) Has net assets of \$3,000,000 or more at the time of the grant  
24 application;

25 (c) Be registered as a nonprofit organization exempt from  
26 taxation under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal  
27 revenue code of 1986, as amended, as of the effective date of this  
28 section; and

29 (d) Demonstrate a history of lending in Washington.

30 (4) The director must appoint members to an advisory board that  
31 will assist the department in ranking applications for the grants.  
32 The department is encouraged to seek representation from members with  
33 relevant expertise, including those from the banking industry  
34 familiar with community development financial institutions, rural  
35 economic development professionals, local government representatives,  
36 and representatives from federally recognized Indian tribes. The  
37 department shall seek, to the greatest extent possible, a fair  
38 geographic balance.

39 (5)(a) The following criteria must be considered in ranking  
40 applications:

1 (i) The number and total value of loans and investments closed  
2 during the previous five-year period by the qualified lending  
3 institution in Washington and the percentage of those loans and  
4 investments that went to historically underserved communities;

5 (ii) Funds leveraged by the proposed grant award, which may be no  
6 less than 25 percent for certified community development financial  
7 institutions with net assets of \$3,000,000 or more at the time of the  
8 grant application;

9 (iii) Projected loan or investment production with the award over  
10 the performance period of the grant;

11 (iv) How the award supports the growth of the qualified lending  
12 institution;

13 (v) Past performance of loans and investments made by the  
14 qualified lending institution including, where applicable, past  
15 performance of loans and investments made using funds from the  
16 equitable access to credit program; and

17 (vi) Awards to a diversity of qualified lending institution  
18 awardees, including institutions of different sizes or with different  
19 target markets or products, access to historically underserved  
20 communities, or other differentiators that ensure a broad-base access  
21 to capital.

22 (b) The department may also include such additional criteria as  
23 it deems helpful in achieving the goal of ensuring access to credit  
24 to underserved communities across the state.

25 (6) Grants may be awarded from the equitable access to credit  
26 program beginning six months after the first tax credits are claimed  
27 pursuant to section 2 of this act. Grant awards must cease from the  
28 equitable access to credit program upon the expiration of this  
29 chapter.

30 (7) No loan or investment made by a qualified lending institution  
31 using funds awarded from the equitable access to credit program may  
32 have an interest rate that exceeds 200 basis points above the Wall  
33 Street Journal prime rate when the loan or investment is made.

34 (8) Once a loan or investment made by a qualified lending  
35 institution using funds awarded from the equitable access to credit  
36 program has been repaid, the qualified lending institution must  
37 reloan the repaid funds consistent with the terms of this chapter.

38 (9) A qualified lending institution that receives funds from the  
39 equitable access to credit program must submit a report to the

1 department of commerce by June 30th of each year that contains the  
2 following information:

3 (a) A list of loans and investments made using funds from the  
4 equitable access to credit program's grant and associated match,  
5 including, on a per-borrower or per-investee basis:

6 (i) The date the loan or investment was originated;

7 (ii) The amount of the loan or investment;

8 (iii) The total cost of the project, including owner equity and  
9 leverage;

10 (iv) The interest rate and interest type;

11 (v) The Wall Street Journal prime rate at the time the loan or  
12 investment is made;

13 (vi) The term;

14 (vii) The number of permanent full-time equivalent jobs projected  
15 to be created in the business due to this financing;

16 (viii) Whether the loan or investment utilized a guarantee  
17 program;

18 (ix) The North American industry classification system code;

19 (x) The entity structure;

20 (xi) Whether the investee or borrower is more than 50 percent  
21 owned or controlled by:

22 (A) One or more minorities;

23 (B) One or more women; or

24 (C) One or more low-income persons;

25 (xii) The race of the primary investee(s) or borrower(s);

26 (xiii) Whether the primary investee or borrower is Hispanic or  
27 Latino; and

28 (xiv) The location, by city and county, in which funds from the  
29 program will be invested;

30 (b) Certification that each loan or investment made using funds  
31 from the program was to a historically underserved community; and

32 (c) Other information as required by the department of commerce.

33 (10) No later than September 15th of each year, beginning in  
34 2022, the department of commerce must submit a report to the  
35 appropriate committees of the legislature that contains the following  
36 information:

37 (a) The list of grant applicants, total value of grants  
38 requested, and the location of each applicant;

39 (b) The list of grant recipients, total amount of awards, and  
40 required match amounts; and

1 (c) On an aggregate basis, information on loans and investments  
2 as reported under subsection (9) of this section.

3 (11) The department may contract for all or part of the  
4 administration of this section.

5 (12) The department may adopt rules as necessary to implement  
6 this section.

7 NEW SECTION. **Sec. 4.** The equitable access to credit program  
8 account is created in the custody of the state treasurer. All  
9 receipts from contributions to the equitable access to credit program  
10 created by this chapter must be deposited in the account.  
11 Expenditures from the account may be used only for the award of  
12 grants to qualified lending institutions from the equitable access to  
13 credit program and administrative costs pursuant to section 3 of this  
14 act. Only the director of the department of commerce or the  
15 director's designee may authorize expenditures from the account. The  
16 account is subject to allotment procedures under chapter 43.88 RCW,  
17 but an appropriation is not required for expenditures. Any funds  
18 remaining in the account upon the expiration of this chapter must be  
19 transferred to the state general fund.

20 NEW SECTION. **Sec. 5.** (1) This section is the tax preference  
21 performance statement for the tax preference contained in section 2,  
22 chapter . . ., Laws of 2022 (section 2 of this act). This performance  
23 statement is only intended to be used for subsequent evaluation of  
24 the tax preference. It is not intended to create a private right of  
25 action by any party or to be used to determine eligibility for  
26 preferential tax treatment.

27 (2) The legislature categorizes this tax preference as one  
28 intended to create or retain jobs pursuant to RCW 82.32.808(2)(c), as  
29 well as encourage community and economic development within  
30 communities that have historically lacked access to capital.

31 (3) It is the legislature's specific public policy objective to  
32 create a program that encourages investment in small, underserved  
33 businesses to encourage community and economic development in  
34 Washington.

35 (4) The legislature intends to extend the expiration date of this  
36 tax preference if a review finds that the equitable access to credit  
37 program has had a net positive impact on investment in communities  
38 historically underserved by credit and on state and local tax



1 revenues. In conducting its review under this section, the joint  
2 legislative audit and review committee should consider, among other  
3 data:

4 (a) The number and aggregate amount of loans and investments  
5 originated under the program, including with revolved dollars;

6 (b) Overall match, including project leverage, invested by grant  
7 recipients;

8 (c) The balance sheet growth of community development financial  
9 institutions that received grants from the program;

10 (d) Whether participants in the program achieved balance sheet  
11 growth during the time of their participation in the program;

12 (e) The percentage of community development financial  
13 institutions in Washington that received funding from the program;  
14 and

15 (f) The level of ongoing demand for funding from the program.

16 (5) In order to obtain the data necessary to perform the review  
17 in subsection (4) of this section, the joint legislative audit and  
18 review committee may refer to any data collected by the state.

19 (6) This section expires July 1, 2027.

20 NEW SECTION. **Sec. 6.** Sections 1, 3, and 4 of this act  
21 constitute a new chapter in Title 43 RCW.

Passed by the House March 8, 2022.

Passed by the Senate March 4, 2022.

Approved by the Governor March 30, 2022.

Filed in Office of Secretary of State March 31, 2022.

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