
SUBSTITUTE HOUSE BILL 1250

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)

READ FIRST TIME 02/17/23.

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

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

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

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

- 12 (1) "Home" means a single-family residential structure.
- 13 (2) "Home rehabilitation" means residential repairs and
14 improvements that address health, safety, and durability issues in
15 existing housing in rural areas.
- 16 (3) "Homeowner" means a person who owns and resides permanently
17 in the home the person occupies.
- 18 (4) "Low-income" means persons or households with income at or
19 below ~~((two hundred))~~ 200 percent of the federal poverty level
20 ~~((as)),~~ 80 percent of the area median income for the county in which
21 the home receiving rehabilitation is located, or 60 percent of the

1 state median income, whichever is greater, and adjusted for
2 ~~((family))~~ household size ~~((and determined annually by the federal~~
3 ~~department of health and human services))~~.

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

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

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

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

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

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

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

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

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

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

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

38 (2) The department must allow participating homeowners to defer
39 repayment of the loan principal and interest and any fees related to

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

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

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

22 (~~(4)~~) (5) The department must adopt rules for implementation of
23 this program.

24 NEW SECTION. Sec. 3. A new section is added to chapter 43.330
25 RCW to read as follows:

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

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

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

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

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

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

38 (ii) \$50,000.

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

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

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330
7 RCW to read as follows:

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

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

17 **Sec. 5.** RCW 43.330.488 and 2017 c 285 s 4 are each amended to
18 read as follows:

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

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

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

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

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

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

20 (b) The following accounts and funds must receive their
21 proportionate share of earnings based upon each account's or fund's
22 average daily balance for the period: The 24/7 sobriety account, the
23 Washington promise scholarship account, the Gina Grant Bull memorial
24 legislative page scholarship account, the Rosa Franklin legislative
25 internship program scholarship account, the Washington advanced
26 college tuition payment program account, the Washington college
27 savings program account, the accessible communities account, the
28 Washington achieving a better life experience program account, the
29 Washington career and college pathways innovation challenge program
30 account, the community and technical college innovation account, the
31 agricultural local fund, the American Indian scholarship endowment
32 fund, the behavioral health loan repayment program account, the
33 foster care scholarship endowment fund, the foster care endowed
34 scholarship trust fund, the contract harvesting revolving account,
35 the Washington state combined fund drive account, the commemorative
36 works account, the county (~~enhanced~~) 911 excise tax account, the
37 county road administration board emergency loan account, the toll
38 collection account, the developmental disabilities endowment trust
39 fund, the energy account, the energy facility site evaluation council
40 account, the fair fund, the family and medical leave insurance

1 account, the fish and wildlife federal lands revolving account, the
2 natural resources federal lands revolving account, the food animal
3 veterinarian conditional scholarship account, the forest health
4 revolving account, the fruit and vegetable inspection account, the
5 educator conditional scholarship account, the game farm alternative
6 account, the GET ready for math and science scholarship account, the
7 Washington global health technologies and product development
8 account, the grain inspection revolving fund, the Washington history
9 day account, the industrial insurance rainy day fund, the juvenile
10 accountability incentive account, the law enforcement officers' and
11 firefighters' plan 2 expense fund, the local tourism promotion
12 account, the low-income home rehabilitation (~~revolving loan~~
13 ~~program~~) account, the multiagency permitting team account, the
14 northeast Washington wolf-livestock management account, the produce
15 railcar pool account, the public use general aviation airport loan
16 revolving account, the regional transportation investment district
17 account, the rural rehabilitation account, the Washington sexual
18 assault kit account, the stadium and exhibition center account, the
19 youth athletic facility account, the self-insurance revolving fund,
20 the children's trust fund, the Washington horse racing commission
21 Washington bred owners' bonus fund and breeder awards account, the
22 Washington horse racing commission class C purse fund account, the
23 individual development account program account, the Washington horse
24 racing commission operating account, the life sciences discovery
25 fund, the Washington state library-archives building account, the
26 reduced cigarette ignition propensity account, the center for deaf
27 and hard of hearing youth account, the school for the blind account,
28 the Millersylvania park trust fund, the public employees' and
29 retirees' insurance reserve fund, the school employees' benefits
30 board insurance reserve fund, the public employees' and retirees'
31 insurance account, the school employees' insurance account, the long-
32 term services and supports trust account, the radiation perpetual
33 maintenance fund, the Indian health improvement reinvestment account,
34 the department of licensing tuition recovery trust fund, the student
35 achievement council tuition recovery trust fund, the tuition recovery
36 trust fund, the Washington student loan account, the industrial
37 insurance premium refund account, the mobile home park relocation
38 fund, the natural resources deposit fund, the Washington state health
39 insurance pool account, the federal forest revolving account, and the
40 library operations account.

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

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

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

18 NEW SECTION. **Sec. 7.** The following acts or parts of acts are
19 each repealed:

20 (1) RCW 43.330.482 (Low-income home rehabilitation revolving loan
21 program) and 2023 c . . . s 2 (section 2 of this act) & 2017 c 285 s
22 2; and

23 (2) RCW 43.330.486 (Low-income home rehabilitation revolving loan
24 program—Contracts with rehabilitation agencies—Reports) and 2017 c
25 285 s 3.

26 NEW SECTION. **Sec. 8.** (1) Section 7 of this act takes effect on
27 July 1st of the year following the closure of the last loan issued
28 under the low-income home rehabilitation revolving loan program.

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

34 NEW SECTION. **Sec. 9.** Sections 1 through 6 of this act are
35 necessary for the immediate preservation of the public peace, health,

1 or safety, or support of the state government and its existing public
2 institutions, and take effect July 1, 2023.

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