

SENATE BILL REPORT

SB 5299

AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC
DEVELOPMENT, FEBRUARY 10, 1993

Brief Description: Including certain department of community development accounts that are governed by federal law in the class of accounts to which interest is credited.

SPONSORS: Senators Skratek, Erwin, Sheldon, M. Rasmussen and Winsley

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5299 be substituted therefor, and the substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Deccio, Erwin, M. Rasmussen, and Williams.

Staff: Jack Brummel (786-7428)

Hearing Dates: February 2, 1993; February 10, 1993

BACKGROUND:

In 1991, the state's policy of crediting the various accounts in the State Treasurer's Office with their interest earnings was changed. All accounts but those specifically exempt now have their interest earnings swept into the general fund. Two accounts holding federal funds for programs operated by the Department of Community Development, the Development Loan Program, and the Low-Income Weatherization Assistance Program are include in this sweep. The federal government has protested that it is illegal to take interest from federal funds and put it in the state general fund. The federal government has also protested that a 1992 change made by the state has precluded the department from using funds accruing in the development loan program account to make additional business loans.

SUMMARY:

The low-income weatherization assistance account and the Washington State development loan fund will receive their proportionate share of interest earnings on surplus balances. Monies in the development loan fund must be spent consistent with federal law but may be spent without further legislative appropriation.

EFFECT OF PROPOSED SUBSTITUTE:

Section 2 is deleted, leaving existing law which requires that moneys in the development loan fund may be spent only after legislative appropriation.

Appropriation: none

Revenue: none

Fiscal Note: requested February 1, 1993

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

The Department of Housing and Urban Development issued a finding of noncompliance with regulations regarding tracking of federal program income.

The bill reverses the risk caused by a 1992 law change to utilize funding of the low-income weatherization account.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Dara Frederickson, Kathy Kreiter, DCD; Mike Ryherd, Low Income Housing Congress, Community Action Agencies