
SENATE BILL 5361

State of Washington

58th Legislature

2003 Regular Session

By Senators Reardon, Doumit, Schmidt and Kohl-Welles

Read first time 01/23/2003. Referred to Committee on Economic Development.

1 AN ACT Relating to family development accounts for low-income wage
2 earners; adding a new section to chapter 43.31 RCW; and making an
3 appropriation.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.31 RCW
6 to read as follows:

7 The department shall carry out a program to fund family development
8 accounts established for eligible low-income wage earners.

9 (1) A family development account may be established by or on behalf
10 of an eligible low-income wage earner for the purpose of enabling the
11 recipient to accumulate funds for a qualified purpose described in
12 subsection (2) of this section.

13 (2) A qualified purpose as described in this subsection is one or
14 more of the following, as provided by the qualified entity providing
15 assistance to the low-income wage earner:

16 (a) Postsecondary expenses paid from a family development account
17 directly to an eligible educational institution;

18 (b) Qualified acquisition costs with respect to a qualified

1 principal residence for a qualified first-time home buyer, if paid from
2 a family development account directly to the persons to whom the
3 amounts are due;

4 (c) Amounts paid from a family development account directly to a
5 business capitalization account which is established in a federally
6 insured financial institution and is restricted to use solely for
7 qualified business capitalization expenses.

8 (3) An eligible low-income wage earner may only contribute to a
9 family development account amounts derived from earned income, as
10 defined in section 911(d)(2) of the internal revenue code of 1986.

11 (4) The department shall establish rules to ensure funds held in a
12 family development account are only withdrawn for a qualified purpose
13 as provided in this section.

14 (5) A family development account established under this section
15 shall be a trust created or organized in the United States and funded
16 through periodic contributions by the establishing eligible working-
17 poor individual and matched by or through a qualified entity for a
18 qualified purpose as provided in this section.

19 (6) The department shall adopt rules authorizing the use of
20 organizations using microcredit and microenterprise approaches to
21 assisting working-poor individuals to become financially self-
22 sufficient.

23 (7) The department shall adopt rules implementing the use of family
24 development accounts by eligible low-income wage earners.

25 (8) Nothing in this section shall be construed to create an
26 entitlement to matching moneys.

27 (9) For the purposes of this section:

28 (a) "Eligible educational institution," "postsecondary educational
29 expenses," "qualified acquisition costs," "qualified business,"
30 "qualified business capitalization expenses," "qualified expenditures,"
31 "qualified first-time home buyer," "date of acquisition," "qualified
32 plan," and "qualified principal residence" have the same meaning as
33 provided for them in P.L. 104-193.

34 (b) "Low-income wage earner" means a person whose adjusted income
35 is less than eighty percent of the median family income, adjusted for
36 household size, for the county or metropolitan statistical area where
37 they reside.

1 NEW SECTION. **Sec. 2.** The sum of five hundred thousand dollars, or
2 as much thereof as may be necessary, is appropriated for the fiscal
3 biennium ending June 30, 2005, from the general fund to the department
4 of community, trade, and economic development for the purposes of this
5 act.

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