
HOUSE BILL 2898

State of Washington

60th Legislature

2008 Regular Session

By Representatives Darneille, Haler, Appleton, Miloscia, Pettigrew, O'Brien, Santos, Roberts, Hasegawa, Upthegrove, Kagi, Morrell, Simpson, Conway, and Kenney

Read first time 01/17/08. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to expanding asset building strategies to assist
2 low-income working families; amending RCW 43.31.450, 43.31.455,
3 43.31.460, 43.31.465, 43.31.470, and 43.31.480; adding a new section to
4 chapter 43.31 RCW; creating a new section; and making an appropriation.

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

6 **Sec. 1.** RCW 43.31.450 and 2005 c 402 s 2 are each amended to read
7 as follows:

8 The legislature finds that economic well-being encompasses not only
9 income, spending, and consumption, but also savings, investment, and
10 asset-building. The legislature recognizes that low-income working
11 families often encounter significant barriers as they strive to achieve
12 financial self-sufficiency. Their challenges include acquiring
13 employment that pays enough to cover the costs of daily living,
14 accumulating funds for the down payment on a home, and setting aside
15 money for their children's education or for retirement. The
16 legislature also finds that one in five American households owes more
17 than it owns, and in the event of a job loss, one in four households
18 cannot support itself at the poverty line for three months. Asset-poor
19 families do not have enough cash reserves or equity in their homes or

1 businesses to meet basic needs through a period of joblessness, health
2 emergency, divorce, or other unexpected financial hardship. The
3 building of assets, in particular, can improve individuals' economic
4 independence and stability. The legislature further finds that it is
5 appropriate for the state to institute an asset-based strategy to
6 assist low-income families. It is the purpose of chapter 402, Laws of
7 2005 and chapter . . . , Laws of 2008 (this act) to promote job
8 training, home ownership, and business development among low-income
9 individuals and to provide assistance in meeting the financial goals of
10 low-income individuals.

11 **Sec. 2.** RCW 43.31.455 and 2005 c 402 s 3 are each amended to read
12 as follows:

13 The definitions in this section apply throughout RCW 43.31.450
14 through 43.31.475 unless the context clearly requires otherwise.

15 (1) "Asset building" means investment or savings for an investment
16 in a family home, higher education, small business, or other long-term
17 asset that will assist low-income families to attain greater self-
18 sufficiency.

19 (2) "Department" means the department of community, trade, and
20 economic development.

21 ((+2)) (3) "Director" means the director of the department of
22 community, trade, and economic development.

23 ((+3)) (4) "Foster youth" means a person who is fifteen years of
24 age or older who is a dependent of the department of social and health
25 services; or a person who is at least fifteen years of age, but not
26 more than twenty-three years of age, who was a dependent of the
27 department of social and health services for at least twenty-four
28 months after attaining thirteen years of age.

29 ((+4)) (5) "Individual development account" or "account" means an
30 account established by contract between a low-income individual and a
31 sponsoring organization for the benefit of the low-income individual
32 and funded through periodic contributions by the low-income individual
33 which are matched with contributions by or through the sponsoring
34 organization.

35 ((+5)) (6) "Low-income individual" means a person whose household
36 income is equal to or less than either:

1 (a) Eighty percent of the median family income, adjusted for
2 household size, for the county or metropolitan statistical area where
3 the person resides; or

4 (b) Two hundred percent of the federal poverty guidelines updated
5 periodically in the federal register by the United States department of
6 health and human services under the authority of 42 U.S.C. 9902(2).

7 ~~((6))~~ (7) "Program" means the individual development account
8 program established pursuant to RCW 43.31.450 through 43.31.475.

9 ~~((7))~~ (8) "Sponsoring organization" means: (a) A nonprofit,
10 fund-raising organization that is exempt from taxation under section
11 501(c)(3) of the internal revenue code as amended and in effect on
12 January 1, 2005; (b) a housing authority established under RCW
13 35.82.030; or (c) a federally recognized Indian tribe.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31 RCW
15 to read as follows:

16 ASSET BUILDING COALITIONS. (1) The Washington asset building
17 coalition is created. Its mission is to provide statewide leadership
18 on initiatives that foster financial self-sufficiency and economic
19 security for low-income working families and foster youth. The
20 Washington asset building coalition shall be staffed by the department
21 and shall work together with the department, community asset building
22 coalitions, and other public and private sector partners to:

23 (a) Create private and public prosperity products;

24 (b) Develop and promote public and private lending policies that
25 encourage asset building;

26 (c) Market savings, smart borrowing, and federal tax credit
27 programs;

28 (d) Expand financial literacy opportunities and outcomes; and

29 (e) Identify and promote other approaches that will help low-income
30 working families reach self-sufficiency by building and managing their
31 assets.

32 (2)(a) Community-based asset building coalitions involve
33 collaboration among local social service, faith-based, governmental,
34 job training, and health care agencies and the private sector,
35 including financial institutions. They are important partners to the
36 department and the statewide coalition because they deliver direct
37 services to low-income working families.

1 (b) The department shall help initiate, expand, and strengthen
2 services of community-based asset building coalitions by providing them
3 with technical assistance and grants.

4 (c) To the extent that funding is appropriated for this purpose,
5 the department shall conduct an application process and evaluate and
6 select community-based asset building coalitions for grant awards. The
7 application must identify a local lead agency, specific needs,
8 appropriate community partners, and any matching funds or in-kind
9 contributions to complement the state's grant.

10 (3) To the extent funding is appropriated for this purpose, for the
11 2009-2011 biennium, the department shall work with the Washington asset
12 building coalition, relevant state agencies, community-based asset
13 building coalitions, and other partners to design, implement, and fund
14 a statewide public education and outreach campaign. The department
15 shall use state funds to attract matching investments by other public
16 and private sector organizations. The campaign shall feature
17 marketing, self-help tools, and local services, including activities
18 such as:

19 (a) Creation of a web site with financial information, savings and
20 investment calculators, credit repair links, and other self-help tools;

21 (b) Call-in assistance and referrals through a universal telephone
22 number that provides a directory to local services;

23 (c) Public service announcements and other educational outreach
24 through media outlets, WorkFirst agencies, the temporary assistance for
25 needy families program, mailing inserts, and print and electronic
26 materials designed to reach target groups such as seniors, the
27 military, foster youth, former offenders, WorkFirst participants,
28 recipients of temporary assistance for needy families, limited English
29 speakers, and other high-need groups;

30 (d) An outreach campaign to increase the number of eligible
31 low-income working families who claim the federal earned income tax
32 credit and the federal child and dependent care tax credit.

33 **Sec. 4.** RCW 43.31.460 and 2005 c 402 s 4 are each amended to read
34 as follows:

35 An individual development account program is hereby established
36 within the department for the purpose of facilitating the creation by

1 sponsoring organizations of individual development accounts for low-
2 income individuals.

3 (1) The department shall select sponsoring organizations to
4 establish and monitor individual development accounts using the
5 following criteria:

6 (a) The ability of the sponsoring organization to implement and
7 administer an individual development account program, including the
8 ability to verify a low-income individual's eligibility, certify that
9 matching deposits are used only for approved purposes, and exercise
10 general fiscal accountability;

11 (b) The capacity of the sponsoring organization to provide or raise
12 funds to match the contributions made by low-income individuals to
13 their individual development accounts;

14 (c) The capacity of the sponsoring organization to provide or
15 arrange for the provision of financial counseling and other related
16 services to low-income individuals;

17 (d) The links the sponsoring organization has to other activities
18 and programs related to the purpose of chapter 402, Laws of 2005; and

19 (e) Such other criteria as the department determines are consistent
20 with the purpose of chapter 402, Laws of 2005 and ease of
21 administration.

22 (2) An individual development account may be established by or on
23 behalf of an eligible low-income individual to enable the individual to
24 accumulate funds for the following purposes:

25 (a) The acquisition of postsecondary education or job training;

26 (b) The purchase of a primary residence, including any usual or
27 reasonable settlement, financing, or other closing costs;

28 (c) The capitalization of a small business. Account moneys may be
29 used for capital, land, plant, equipment, and inventory expenses or for
30 working capital pursuant to a business plan. The business plan must
31 have been developed with a business counselor, trainer, or financial
32 institution approved by the sponsoring organization. The business plan
33 shall include a description of the services or goods to be sold, a
34 marketing strategy, and projected financial statements;

35 (d) The purchase of a computer, an automobile if necessary for
36 employment or postsecondary education, or home ~~((improvements))~~
37 repairs; or

1 (e) The purchase of assistive technologies that will allow a person
2 with a disability to participate in community and work-related
3 activities.

4 (3) An eligible low-income individual participating in the program
5 must contribute to an individual development account. The
6 contributions may be derived from earned income or other income, as
7 provided by the department. Other income shall include child support
8 payments, supplemental security income, and disability benefits.

9 (4) A sponsoring organization may authorize a low-income individual
10 for whom an individual development account has been established to
11 withdraw all or part of the individual's deposits for the following
12 emergencies:

13 (a) Necessary medical expenses;

14 (b) To avoid eviction of the individual from the individual's
15 residence;

16 (c) Necessary living expenses following loss of employment; or

17 (d) Such other circumstances as the sponsoring organization
18 determines merit emergency withdrawal.

19 The low-income individual making an emergency withdrawal shall
20 reimburse the account for the amount withdrawn within twelve months of
21 the date of withdrawal or the individual development account shall be
22 closed.

23 (5) Funds held in an individual development account established
24 under RCW 43.31.450 through 43.31.475 shall not be used in the
25 determination of eligibility for, or the amount of, assistance in any
26 state or federal means-tested program.

27 (6) The department shall adopt rules as necessary to implement
28 chapter 402, Laws of 2005, including rules regulating the use of
29 individual development accounts by eligible low-income individuals.
30 The department's rules shall require that funds held in an individual
31 development account are to be withdrawn only for the purposes specified
32 in subsection (2) of this section or withdrawn as permitted for
33 emergencies under subsection (4) of this section.

34 (7) Nothing in this section shall be construed to create an
35 entitlement to matching moneys.

36 **Sec. 5.** RCW 43.31.465 and 2005 c 402 s 5 are each amended to read
37 as follows:

1 (1) A foster youth individual development account program is hereby
2 established within the individual development account program
3 established pursuant to RCW 43.31.460 for the purpose of facilitating
4 the creation by sponsoring organizations of individual development
5 accounts for foster youth.

6 (2) The department shall select sponsoring organizations to
7 establish and monitor individual development accounts for foster youth
8 from those entities with whom the department of social and health
9 services contracts for independent living services for youth who are or
10 have been dependents of the department of social and health services.

11 (3) An individual development account may be established by or on
12 behalf of a foster youth to enable the individual to accumulate funds
13 for the following purposes:

14 (a) The acquisition of postsecondary education or job training;

15 (b) Housing needs, including rent, security deposit, and utilities
16 costs;

17 (c) The purchase of a computer if necessary for postsecondary
18 education or job training;

19 (d) The purchase of a car if necessary for employment or
20 postsecondary education; (~~and~~))

21 (e) Payment of health insurance premiums; and

22 (f) The purchase of assistive technologies that will allow a person
23 with a disability to participate in community and work-related
24 activities.

25 (4) Contributions to an individual development account may be made
26 by a foster youth participating in the program (~~must contribute to an~~
27 individual development account)) or by other sources, including but not
28 limited to, foster parents and community organizations. The
29 contributions may be derived from earned income or other income, as
30 provided by the department. Other income shall include financial
31 incentives for educational achievement provided by entities contracted
32 with the department of social and health services for independent
33 living services for youth who are or have been dependents of the
34 department of social and health services.

35 **Sec. 6.** RCW 43.31.470 and 2005 c 402 s 6 are each amended to read
36 as follows:

37 (1) An account is created in the custody of the state treasurer to

1 be known as the individual development account program account. The
2 account shall consist of all moneys appropriated to the account by the
3 legislature and any other federal, state, or private funds,
4 appropriated or nonappropriated, as the department receives for the
5 purpose of matching low-income individuals' contributions to their
6 individual development accounts. Expenditures from the account may be
7 used only for the following:

8 (a) Grants to sponsoring organizations selected by the department
9 to participate in the individual development account program to assist
10 sponsoring organizations in providing or arranging for the provision of
11 financial counseling and other related services to low-income
12 individuals participating in the program and for program administration
13 purposes;

14 (b) A match to be determined by the department of up to four
15 dollars for every dollar deposited by an individual into the
16 individual's individual development account, except that the maximum
17 amount provided as a match for each individual development account
18 shall be four thousand dollars; and

19 (c) The department's administrative expenses in carrying out the
20 purposes of chapter 402, Laws of 2005 and chapter . . . , Laws of 2008
21 (this act).

22 (2) Only the director or the director's designee may authorize
23 expenditures from the account.

24 (3) The account is subject to allotment procedures under chapter
25 43.88 RCW, but an appropriation is not required for expenditures.

26 **Sec. 7.** RCW 43.31.480 and 2005 c 402 s 9 are each amended to read
27 as follows:

28 The department shall (~~annually~~) report biennially to the
29 legislature and the governor on the individual development account
30 program and other financial self-sufficiency programs established
31 pursuant to RCW 43.31.450 through 43.31.475 and section 3 of this act.
32 The report shall include the status of the programs in place, the
33 outcomes achieved since the previous report, and recommendations for
34 changed practices and additional tools that would improve program
35 outcomes. For the report due in 2010, the department shall assess and
36 make a recommendation regarding the need and options for formalizing
37 membership and operations of the Washington asset building coalition.

1 NEW SECTION. **Sec. 8.** APPROPRIATION. The sum of two million
2 dollars, or as much thereof as may be necessary, is appropriated for
3 the fiscal year ending June 30, 2009, from the general fund to the
4 individual development account program account in RCW 43.31.470. The
5 department of community, trade, and economic development shall allocate
6 the full amount for the purposes of RCW 43.31.460.

7 NEW SECTION. **Sec. 9.** CAPTIONS NOT LAW. Captions used in this act
8 are not any part of the law.

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