

# SENATE BILL REPORT

## SB 6462

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As Reported by Senate Committee On:  
Human Services & Corrections, February 2, 2012

**Title:** An act relating to determination of income and resources for the purposes of eligibility for public assistance.

**Brief Description:** Concerning determination of income and resources for the purposes of eligibility for public assistance.

**Sponsors:** Senators Fraser, Carrell, Regala, Stevens, Hargrove and Shin.

**Brief History:**

**Committee Activity:** Human Services & Corrections: 1/31/12, 2/02/12 [DPS].

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### SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

**Majority Report:** That Substitute Senate Bill No. 6462 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hargrove, Chair; Regala, Vice Chair; Stevens, Ranking Minority Member; Carrell, Harper, McAuliffe and Padden.

**Staff:** Jennifer Strus (786-7316)

**Background:** Income. The following provisions apply to all applications for cash assistance, medical programs for children, pregnant women and families, and food assistance.

In determining whether a person is eligible for assistance, the Department of Social and Health Services (DSHS) counts all available income owned or held by people in the assistance unit in determining whether the person is eligible for benefits in the following situations:

- The person receives or expects to receive the income in the month.
- The person owns the income. DSHS uses state and federal laws about who owns property to decide if the person actually own the income.
- The person has control over the income, which means the income is actually available to the person. If the person has a representative payee, protective payee, or other person who manages the income, DSHS considers this income available to the person.

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- The person is able to use the income to meet current needs. DSHS counts the gross amount of available income in the month the person receives it.

DSHS considers income to be owned by someone else and available to the applicant or recipient when the applicant or recipient receives the income and can use the income to meet his or her needs for food, clothing and shelter.

Resources. Generally DSHS counts the following resources toward an assistance unit's resource limits for cash assistance and family medical programs to determine eligibility for benefits:

- Liquid resources not specifically excluded below. These are resources that are easily changed into cash. Some examples of liquid resources are cash on hand; money in checking or savings accounts; money market accounts or certificates of deposit less any withdrawal penalty; available retirement funds or pension benefits, less any withdrawal penalty; stocks, bonds, annuities, or mutual funds less any early withdrawal penalty; available trusts or trust accounts; or lump sum payments.
- The cash surrender value (CSV) of whole life insurance policies.
- The CSV over \$1,500 of revocable burial insurance policies or funeral agreements.
- The amount of a child's irrevocable educational trust fund that is over \$4,000 per child.
- Funds withdrawn from an individual development account (IDA) if they were removed for a purpose other than those specified in RCW 74.08A.220.
- Any real property like a home, land or buildings not specifically excluded.
- The equity value of vehicles as described in WAC 388-470-0070.
- Personal property that is not a household good; needed for self-employment; or of great sentimental value, due to personal attachment or hobby interest.

The following types of liquid resources do not count when determining your eligibility: bona fide loans, including student loans; basic food benefits; income tax refunds for 12 months from the date of receipt; earned income tax credit (EITC) in the month received and for up to 12 months; advance earned income tax credit payments; federal economic stimulus payments that are excluded for federal and federally-assisted state programs; IDAs established; retroactive cash benefits or temporary assistance for needy families or state food assistance benefits resulting from a court order modifying a decision of DSHS; underpayments received; educational benefits that are excluded as income under WAC 388-450-0035; the income and resources of an SSI recipient; a bank account jointly owned with an Supplemental Security Income (SSI) recipient if the Social Security Administration already counted the money for SSI purposes; foster care payments provided under Title IV-E and/or state foster care maintenance payments; adoption support payments; self-employment accounts receivable that the client has billed to the customer but has been unable to collect; and resources specifically excluded by federal law.

The following types of real property do not count when DSHS determines eligibility:

- The applicant or recipient's home and the surrounding property that the applicant or recipient lives in.
- A house the applicant or recipient does not live in but plans to return to if the reason the applicant or recipient does not live in the home is because of employment; training for future employment; illness; or natural disaster or casualty.

- Property that the applicant or recipient is making a good faith effort to sell; intends to build a home on, if the applicant or recipient does not already own a home; produces income consistent with its fair market value, even if used only on a seasonal basis; or a household member needs for employment or self-employment.

**Summary of Bill (Recommended Substitute):** The definition of income, for purposes of determining eligibility for public assistance, is amended to include appreciable gains of a business owned or controlled, in whole or in part, by the applicant or recipient, and from which the applicant or recipient receives a salary. The share of the business included as income must be proportionate to the applicant's or recipient's share of ownership or control of the asset.

The definition of resources, for purposes of determining eligibility for public assistance, is amended to include ownership in a business, whether it is a sole proprietorship, partnership, corporation, or limited liability company that is owned by, available to, or whose assets are available to the applicant or recipient.

**EFFECT OF CHANGES MADE BY HUMAN SERVICES & CORRECTIONS COMMITTEE (Recommended Substitute):**

- Clarifies that appreciable gains in a business owned by a recipient are considered income for purposes of qualifying for TANF.
- Clarifies that the share of a business included as income of an applicant or recipient shall be proportionate to his or her share of ownership or control of the asset.
- Adds sole proprietorship to the types of business that are considered resources to the recipient.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: A constituent brought this issue to the sponsor's attention for people who control a business and deliberately pay a very low salary to themselves and put all of their assets in the name of the business so they can qualify for public assistance. This bill is designed to deal with that kind of fraud.

CON: People who receive TANF are looking for a way out of poverty, and, the way the bill is written, it could capture those people who are small business owners who have fallen on hard times. The bill could be interpreted to require those people to sell assets (tools, sewing machines) of the business to qualify for TANF when they would need those tools to get back on their feet and off TANF.

**Persons Testifying:** PRO: Senator Fraser, prime sponsor.

CON: Robin Zukoski, Columbia Legal Services.