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**SUBSTITUTE HOUSE BILL 2849**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Tharinger, DeBolt, Macri, Robinson, Chopp, Harris, Leavitt, Ramel, and Lekanoff)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to housing programs administered by the  
2 department of commerce; amending RCW 43.185.010, 43.185A.010,  
3 43.185.030, 43.185A.020, 43.185.050, 43.185.070, 43.185.110,  
4 43.185A.060, 43.185A.070, 43.185.074, 18.85.285, 18.85.311,  
5 31.04.025, 39.35D.080, 43.63A.680, 43.185C.200, 43.185C.210,  
6 47.12.063, 59.24.060, 82.14.400, and 82.45.100; adding new sections  
7 to chapter 43.185A RCW; adding a new section to chapter 43.185B RCW;  
8 recodifying RCW 43.185.010, 43.185.030, 43.185.050, 43.185.070,  
9 43.185.074, 43.185.080, 43.185.140, and 43.185.110; and repealing RCW  
10 43.185.015, 43.185.020, 43.185A.030, 43.185A.050, 43.185.060,  
11 43.185.076, 43.185.090, 43.185.100, 43.185A.090, 43.185A.100,  
12 43.185A.110, 43.185A.120, 43.185.120, 43.185.130, 43.185A.900, and  
13 43.185.910.

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

15 **Sec. 1.** RCW 43.185.010 and 1991 c 356 s 1 are each amended to  
16 read as follows:

17 The legislature finds that current economic conditions, federal  
18 housing policies, and declining resources at the federal, state, and  
19 local level adversely affect the ability of low and very low-income  
20 persons to obtain safe, decent, and affordable housing.

1 The legislature further finds that members of over one hundred  
2 (~~twenty thousand households live in housing units which are~~  
3 ~~overcrowded, lack plumbing, are otherwise threatening to health and~~  
4 ~~safety, and have rents and utility payments which exceed thirty~~  
5 ~~percent of their income)) fifty thousand households pay more than  
6 fifty percent of their income for rent and housing costs.~~

7 The legislature further finds that minorities, rural households,  
8 and migrant farmworkers require housing assistance at a rate which  
9 significantly exceeds their proportion of the general population.

10 The legislature further finds that one of the most dramatic  
11 housing needs is that of persons needing special housing-related  
12 services, such as (~~the mentally ill~~) individuals with mental  
13 illness, recovering alcoholics, frail elderly persons, families with  
14 members who have disabilities, and single parents. These services  
15 include medical assistance, counseling, chore services, and child  
16 care, resulting in a need for a significant investment of ongoing  
17 operating funding in addition to the underlying capital investments.

18 The legislature further finds that (~~housing assistance programs~~  
19 ~~in the past have often failed to help those in greatest need~~)  
20 through the housing trust fund program, since 1986 the state has  
21 invested more than one billion dollars in order to provide over fifty  
22 thousand units of safe and affordable housing to low-income  
23 individuals.

24 (~~The legislature declares that it is in the public interest to~~  
25 ~~establish a continuously renewable resource known as the housing~~  
26 ~~trust fund and housing assistance program to assist low and very low-~~  
27 ~~income citizens in meeting their basic housing needs, and that the~~  
28 ~~needs of very low-income citizens should be given priority and that~~  
29 ~~whenever feasible, assistance should be in the form of loans.))~~

30 **Sec. 2.** RCW 43.185A.010 and 2013 c 145 s 4 are each amended to  
31 read as follows:

32 Unless the context clearly requires otherwise, the definitions in  
33 this section apply throughout this chapter.

34 (1) "Affordable housing" means residential housing for rental  
35 occupancy which, as long as the same is occupied by low-income  
36 households, requires payment of monthly housing costs, including  
37 utilities other than telephone, of no more than thirty percent of the  
38 family's income. The department must adopt policies for residential  
39 homeownership housing, occupied by low-income households, which

1 specify the percentage of family income that may be spent on monthly  
2 housing costs, including utilities other than telephone, to qualify  
3 as affordable housing.

4 (2) "Contracted amount" (~~((has the same meaning as provided in RCW~~  
5 ~~43.185.020))~~) means the aggregate amount of all state funding for  
6 which the department has monitoring and compliance responsibility.

7 (3) "Department" means the department of commerce.

8 (4) "Director" means the director of the department of commerce.

9 (5) "Extremely low-income household" means a single person,  
10 family, or unrelated persons living together whose adjusted income is  
11 either:

12 (a) Up to thirty percent of the median family income, adjusted  
13 for household size, for the county where the project is located; or

14 (b) Up to fifty percent of the median family income, adjusted for  
15 household size, for the county where the project is located, when the  
16 project is located in a rural area, as defined by the department.

17 (6) "First-time home buyer" means an individual who meets any of  
18 the following criteria:

19 (a) An individual or ((his or her)) the individual's spouse ((or  
20 domestic partner)) who ((have not owned a home)) has had no ownership  
21 in a principal residence during the three-year period ((prior to  
22 purchase of a home)) ending on the date of purchase of the property;

23 (b) A single parent who has only owned a home with a former  
24 spouse while married;

25 (c) An individual who is a displaced homemaker as defined in 24  
26 C.F.R. Sec. 93.2 as it exists on the effective date of this section,  
27 or such subsequent date as may be provided by the department by rule,  
28 consistent with the purposes of this section, and has only owned a  
29 home with a spouse;

30 (d) An individual who has only owned a principal residence not  
31 permanently affixed to a permanent foundation in accordance with  
32 applicable regulations; or

33 (e) An individual who has only owned a property that is discerned  
34 by a licensed building inspector as being uninhabitable.

35 ~~((+6))~~ (7) "Low-income household" means a single person, family,  
36 or unrelated persons living together whose adjusted income is ~~((less~~  
37 ~~than))~~ up to eighty percent of the median family income, adjusted for  
38 household size, for the county where the project is located.

1       **Sec. 3.** RCW 43.185.030 and 2016 sp.s. c 36 s 936 are each  
2 amended to read as follows:

3       (1) There is hereby created in the state treasury an account to  
4 be known as the Washington housing trust fund. The housing trust fund  
5 shall include revenue from the sources established by this chapter,  
6 appropriations by the legislature, private contributions, repayment  
7 of loans, and all other sources. (~~During the 2015-2017 fiscal~~  
8 biennium, the legislature may transfer from the Washington housing  
9 trust fund to the home security fund account and to the state general  
10 fund such amounts as reflect the excess balance in the fund.)) Moneys  
11 in the account may be spent only after appropriation.

12       (2) The housing portfolio monitoring account is created in the  
13 state treasury. Revenues in the account consist of moneys transferred  
14 to the account pursuant to this section and any other moneys  
15 appropriated or transferred to the account by the legislature. Moneys  
16 in the account may be spent only after appropriation. Expenditures  
17 from the account may be used only for costs associated with  
18 compliance and monitoring activities of the department as required in  
19 RCW 43.185A.070.

20       (3) The department shall, on or before June 30th of each year,  
21 certify to the state treasurer the amount needed for administrative  
22 costs for compliance and monitoring activities in the following  
23 fiscal year. This amount may not exceed one-quarter of one percent of  
24 the annual contracted amount of state investment in the housing trust  
25 fund program.

26       (4) On July 1st of each year, the state treasurer shall transfer  
27 from the housing trust fund account to the housing portfolio  
28 monitoring account an amount equal to the amount certified by the  
29 department in this section.

30       **Sec. 4.** RCW 43.185A.020 and 1995 c 399 s 103 are each amended to  
31 read as follows:

32       The (~~affordable~~) housing trust fund program is created in the  
33 department for the purpose of developing and preserving affordable  
34 housing and coordinating public and private resources targeted to  
35 meet the affordable housing needs of low-income households in the  
36 state of Washington. The program shall be developed and administered  
37 by the department with advice and input from the affordable housing  
38 advisory board established in RCW 43.185B.020.

1       **Sec. 5.** RCW 43.185.050 and 2018 c 223 s 4 are each amended to  
2 read as follows:

3       (1) The department must use moneys from the housing trust fund  
4 and other legislative appropriations to finance in whole or in part  
5 any ~~((loans))~~ loan or grant projects that will provide affordable  
6 housing for persons and families with special housing needs and  
7 ~~((with incomes at or below fifty percent of the median family income~~  
8 ~~for the county or standard metropolitan statistical area where the~~  
9 ~~project is located))~~ who are low-income households. At least thirty  
10 percent of these moneys used in any given funding cycle must be for  
11 the benefit of projects located in rural areas of the state as  
12 defined by the department. If the department determines that it has  
13 not received an adequate number of suitable applications for rural  
14 projects during any given funding cycle, the department may allocate  
15 unused moneys for projects in nonrural areas of the state.

16       (2) Activities eligible for assistance from the housing trust  
17 fund and other legislative appropriations include, but are not  
18 limited to:

19       (a) New construction, rehabilitation, or acquisition of ~~((low and~~  
20 ~~very))~~ low-income housing units;

21       (b) ~~((Rent subsidies;~~

22       ~~(c) Matching funds for social services directly related to~~  
23 ~~providing housing for special-need tenants in assisted projects;~~

24       ~~(d))~~ Down payment or closing costs assistance for low-income  
25 first-time home buyers;

26       (c) Technical assistance, design and finance services and  
27 consultation, and administrative costs for eligible nonprofit  
28 community or neighborhood-based organizations;

29       ~~((c) Administrative costs for housing assistance groups or~~  
30 ~~organizations when such grant or loan will substantially increase the~~  
31 ~~recipient's access to housing funds other than those available under~~  
32 ~~this chapter;~~

33       ~~(f))~~ (d) Shelters ~~((and related services))~~ for the homeless,  
34 including emergency shelters and overnight youth shelters;

35       ~~((g) Mortgage subsidies, including temporary rental and mortgage~~  
36 ~~payment subsidies to prevent homelessness;~~

37       ~~(h) Mortgage insurance guarantee or payments for eligible~~  
38 ~~projects;~~

39       ~~(i) Down payment or closing cost assistance for eligible first-~~  
40 ~~time home buyers;~~

1       ~~(j))~~ (e) Acquisition of housing units for the purpose of  
2 preservation as low-income or very low-income housing;

3       ~~((k) Projects))~~ (f) Affordable housing projects making housing  
4 more accessible to ~~((families))~~ low-income households with members  
5 who have disabilities; and

6       ~~((l))~~ (g) Remodeling and improvements as required to meet  
7 building code, licensing requirements, or legal operations to  
8 residential properties owned and operated by an entity eligible under  
9 RCW 43.185A.040, which were transferred as described in RCW  
10 82.45.010(3)(t) by the parent of a child with developmental  
11 disabilities.

12       ~~(3) ((Preference must be given for projects that include an early  
13 learning facility.~~

14       ~~(4))~~ Legislative appropriations from capital bond proceeds may  
15 not be used ~~((only))~~ for the costs ~~((of projects))~~ authorized under  
16 subsection (2) ~~((a), (i), and (j))~~ (c) of this section ~~((, and not  
17 for the administrative costs of the department))~~.

18       ~~((5))~~ (4) Moneys received from repayment of housing trust fund  
19 loans that were made from appropriations from capital bond proceeds  
20 may be used for all activities necessary for the proper functioning  
21 of the housing ~~((assistance))~~ trust fund program ~~((except for  
22 activities authorized under subsection (2)(b) and (c) of this  
23 section))~~ including, but not limited to, providing preservation  
24 funding, as provided in section 8 of this act.

25       ~~((6) Administrative))~~ (5)(a) The department may spend up to  
26 three percent of the housing trust fund appropriation for  
27 administrative costs associated with application, distribution, and  
28 project development activities of the department ((may not exceed  
29 three percent of the annual funds available for the housing  
30 assistance program. Reappropriations must not be included in the  
31 calculation of the annual funds available for determining the  
32 administrative costs)).

33       ~~((7))~~ (b) Administrative costs associated with compliance and  
34 monitoring activities of the department may not exceed one-quarter of  
35 one percent annually of the contracted amount of state investment in  
36 the housing ~~((assistance))~~ trust fund program.

37       (c) In addition to the administrative costs authorized under (a)  
38 and (b) of this subsection, the department may spend up to an  
39 additional two percent of the housing trust fund appropriation if the  
40 following conditions are met:

1 (i) The department submits a spending plan to the office of  
2 financial management detailing total anticipated administrative  
3 costs; and

4 (ii) The director of the office of financial management finds  
5 that the spending plan exceeds the funding authorized in this  
6 subsection (5) and the amount certified in RCW 43.185.030 (as  
7 recodified by this act) and provides written authorization for the  
8 department to spend up to an additional two percent of the housing  
9 trust fund appropriation.

10 (d) The department may not charge fees under RCW 43.330.152 for  
11 the housing trust fund program.

12 **Sec. 6.** RCW 43.185.070 and 2019 c 325 s 5013 are each amended to  
13 read as follows:

14 (1) During each calendar year in which funds from the housing  
15 trust fund or other legislative appropriations are available for use  
16 by the department for the housing ~~((assistance))~~ trust fund program,  
17 the department must announce to all known interested parties, and  
18 ~~((through major media throughout the state))~~ on its web site, a grant  
19 and loan application period of at least ninety days' duration. This  
20 announcement must be made as often as the director deems appropriate  
21 for proper utilization of resources. The department must then  
22 promptly ~~((grant))~~ award as many applications as will utilize  
23 available funds less appropriate administrative costs of the  
24 department as provided in RCW 43.185.050 (as recodified by this act).

25 (2) In awarding funds under this chapter, the department must:

26 (a) Provide for a geographic distribution on a statewide basis;  
27 and

28 ~~((Until June 30, 2013, consider))~~ Consider the total cost and  
29 per-unit cost of each project for which an application is submitted  
30 for funding ~~((under RCW 43.185.050(2) (a) and (j)))~~, as compared to  
31 similar housing projects constructed or renovated within the same  
32 geographic area.

33 ~~((The department, with advice and input from the affordable~~  
34 ~~housing advisory board established in RCW 43.185B.020, or a~~  
35 ~~subcommittee of the affordable housing advisory board, must report~~  
36 ~~recommendations for awarding funds in a cost-effective manner. The~~  
37 ~~report must include an implementation plan, timeline, and any other~~  
38 ~~items the department identifies as important to consider to the~~  
39 ~~legislature by December 1, 2012.~~

1       ~~(4))~~) The department must give first priority to applications for  
2 projects and activities ~~((which utilize existing privately owned~~  
3 ~~housing stock including privately owned housing stock purchased by~~  
4 ~~nonprofit public development authorities and public housing~~  
5 ~~authorities as created in chapter 35.82 RCW. As used in this~~  
6 ~~subsection, privately owned housing stock includes housing that is~~  
7 ~~acquired by a federal agency through a default on the mortgage by the~~  
8 ~~private owner. Such projects and activities must be evaluated under~~  
9 ~~subsection (5) of this section. Second priority must be given to~~  
10 ~~activities and projects which utilize existing publicly owned housing~~  
11 ~~stock)) that increase the total number of units of affordable housing~~  
12 in the state. All projects and activities must be evaluated by some  
13 or all of the criteria under subsection (5) of this section, and  
14 similar projects and activities shall be evaluated under the same  
15 criteria.

16       (4) The department must use a separate application form for  
17 applications to provide homeownership opportunities and evaluate  
18 homeownership project applications as allowed under chapter 43.185A  
19 RCW.

20       (5) The department must give preference for applications based on  
21 some or all of the criteria under this subsection, and similar  
22 projects and activities must be evaluated under the same criteria:

23       (a) The degree of leveraging of other funds that will occur;

24       (b) The degree of commitment from programs to provide necessary  
25 habilitation and support services for projects focusing on special  
26 needs populations;

27       (c) Recipient contributions to total project costs, including  
28 allied contributions from other sources such as professional, craft  
29 and trade services, and lender interest rate subsidies;

30       (d) Local government project contributions in the form of  
31 infrastructure improvements, affordable housing financing, and  
32 others;

33       (e) Projects that encourage ownership, management, and other  
34 project-related responsibility opportunities;

35       (f) Projects that demonstrate a strong probability of serving the  
36 original target group or income level for a period of at least  
37 twenty-five years;

38       (g) The applicant has the demonstrated ability, stability and  
39 resources to implement the project;

40       (h) Projects which demonstrate serving the greatest need;



1 (i) Projects that provide housing for persons and families with  
2 the lowest incomes;

3 (j) Projects serving special needs populations which (~~are~~  
4 ~~under~~) fulfill statutory (~~mandate~~) mandates to develop community  
5 housing;

6 (k) Project location and access to employment centers in the  
7 region or area;

8 (l) Projects that provide employment and training opportunities  
9 for disadvantaged youth under a youthbuild or youthbuild-type program  
10 as defined in RCW 50.72.020;

11 (m) Project location and access to available public  
12 transportation services; (~~and~~)

13 (n) Projects involving collaborative partnerships between local  
14 school districts and either public housing authorities or nonprofit  
15 housing providers, that help children of low-income families succeed  
16 in school. To receive this preference, the local school district must  
17 provide an opportunity for community members to offer input on the  
18 proposed project at the first scheduled school board meeting  
19 following submission of the grant application to the department;

20 (o) The degree of funding that has already been committed to the  
21 project by nonstate entities; and

22 (p) Projects that demonstrate a strong readiness to proceed to  
23 construction.

24 (5) Preference must be given for projects that include an early  
25 learning facility.

26 (6) The department must develop, with advice and input from the  
27 affordable housing advisory board established in RCW 43.185B.020, or  
28 a subcommittee of the affordable housing advisory board:

29 (a) Additional criteria to evaluate applications for assistance  
30 under this chapter; and

31 (b) Recommendations for awarding funding under RCW 43.185.050 (as  
32 recodified by this act) in a cost-effective manner.

33 **Sec. 7.** RCW 43.185.110 and 2019 c 325 s 5014 are each amended to  
34 read as follows:

35 The affordable housing advisory board established in RCW  
36 43.185B.020 shall advise the director on housing needs in this state,  
37 including housing needs for persons with mental illness or  
38 developmental disabilities or youth who are blind or deaf or  
39 otherwise disabled, operational aspects of the grant and loan program

1 or revenue collection programs established by (~~this~~) chapter  
2 43.185A RCW, and implementation of the policy and goals of (~~this~~)  
3 that chapter. (~~Such advice shall be consistent with policies and~~  
4 ~~plans developed by behavioral health administrative services~~  
5 ~~organizations according to chapter 71.24 RCW for individuals with~~  
6 ~~mental illness and the developmental disabilities planning council~~  
7 ~~for individuals with developmental disabilities.~~)

8 NEW SECTION. Sec. 8. A new section is added to chapter 43.185A  
9 RCW to read as follows:

10 PRESERVATION PROGRAM. (1) In order to maintain the long-term  
11 viability of affordable housing, using funding from the housing trust  
12 fund account established under RCW 43.185.030 (as recodified by this  
13 act) or from other legislative appropriations, the department may  
14 make competitive grant or loan awards to projects in need of major  
15 building improvements, preservation repairs, or system replacements.

16 (2) The department must solicit and review applications and  
17 evaluate projects based on the following criteria:

18 (a) The age of the property, with priority given to buildings  
19 that are more than fifteen years old;

20 (b) The population served, with priority given to projects  
21 serving persons or families with the lowest incomes;

22 (c) The degree to which the applicant demonstrates that the  
23 improvements will result in a reduction of operating or utility  
24 costs, or both;

25 (d) The potential for additional years added to the affordability  
26 commitment period of the property; and

27 (e) Other criteria that the department considers necessary to  
28 achieve the purpose of the housing trust fund program.

29 (3) The department must require an award recipient to submit a  
30 property capital needs assessment, in a form acceptable to the  
31 department, prior to contract execution.

32 NEW SECTION. Sec. 9. A new section is added to chapter 43.185A  
33 RCW to read as follows:

34 REPORTING. (1) The department must report on its web site on an  
35 annual basis, for each funding cycle:

36 (a) The number of homeownership and multifamily rental projects  
37 funded;

1 (b) The percentage of funding allocated to homeownership and  
2 multifamily rental projects; and

3 (c) For both homeownership and multifamily rental projects, the  
4 total number of households being served at up to eighty percent of  
5 the area median income, up to fifty percent of the area median  
6 income, and up to thirty percent of the area median income.

7 (2) All housing trust fund loan or grant recipients must provide  
8 certified final development cost reports to the department in a form  
9 acceptable to the department. The department must use the certified  
10 final development cost reports data as part of its cost containment  
11 policy and to report to the legislature. Beginning December 1, 2021,  
12 and continuing every odd-numbered year, the department must provide  
13 the appropriate committees of the legislature with a report of its  
14 final cost data for each project funded through the housing trust  
15 fund. Such cost data must, at a minimum, include:

16 (a) Total development cost per unit for each project completed  
17 within the past two complete fiscal years; and

18 (b) Descriptive statistics such as average and median per unit  
19 costs, regional cost variation, and other costs that the department  
20 deems necessary to improve cost controls and enhance understanding of  
21 development costs.

22 (3) The department must coordinate with the housing finance  
23 commission to identify relevant development costs data and ensure  
24 that the measures are consistent across relevant agencies.

25 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.185A  
26 RCW to read as follows:

27 (1) The department may provide project funding in the form of  
28 loans or grants.

29 (2)(a) When the department provides a loan for projects  
30 dedicating at least half of their housing units or beds to very low-  
31 income households as defined in RCW 43.63A.510, or to homeless  
32 persons as defined in RCW 43.185C.010, or to people in need of  
33 permanent supportive housing as defined in RCW 36.70A.030, the  
34 department must defer all loan payments. Loans subject to deferred  
35 payments under this subsection must be payable in full, including  
36 accrued one percent simple interest, at the end of the project's loan  
37 term, on the sale, or on change of use of the project, unless  
38 otherwise negotiated with the department and annual loan payments are  
39 reinstated. However, if the sale of the property is to the original

1 project sponsor or to an entity in which the original sponsor has  
2 controlling authority, the department may continue the deferral.

3 (b) When the department provides a loan for a project that is not  
4 subject to deferred payments under (a) of this subsection, the  
5 department must define cash-flow payment loan terms and conditions.  
6 For projects that receive a low-income tax credit, the loan payment  
7 must start when the low-income housing tax credit investor exits or  
8 the project refinances, whichever comes first, but in no case before  
9 the end of the initial low-income housing tax credit fifteen year  
10 compliance period.

11 (3) With advice and input from the affordable housing advisory  
12 board established in RCW 43.185B.020, the department must develop  
13 recommendations for loan terms and conditions for projects not  
14 covered by subsection (2)(a) of this section. The department must  
15 submit a report containing these recommendations to the governor and  
16 the legislature by December 31, 2020.

17 **Sec. 11.** RCW 43.185A.060 and 1991 c 356 s 15 are each amended to  
18 read as follows:

19 The department shall adopt policies to ensure that the state's  
20 interest will be protected upon either the sale or change of use of  
21 projects financed in whole or in part under RCW (~~(43.185A.030(2)(a),~~  
22 ~~(b), (c), (d), and (e))~~) 43.185.050 (as recodified by this act).  
23 These policies may include, but are not limited to: (1) Requiring  
24 payment to the state of a share of the appreciation in the project in  
25 proportion to the state's contribution to the project; (2) requiring  
26 a lump-sum repayment of the loan or grant upon the sale or change of  
27 use of the project; or (3) requiring a deferred payment of principal  
28 or principal and interest on loans after a specified time period. The  
29 policies must require projects to remain as affordable housing for a  
30 minimum of forty years except for projects that provide homes for  
31 low-income first-time home buyers, which must remain affordable for a  
32 minimum of twenty-five years.

33 **Sec. 12.** RCW 43.185A.070 and 1991 c 356 s 16 are each amended to  
34 read as follows:

35 The director shall monitor, to the extent funds are appropriated  
36 for this purpose, the activities of recipients of grants and loans  
37 under this chapter to determine compliance with the terms and

1 conditions set forth in its application or stated by the department  
2 in connection with the grant or loan.

3 **Sec. 13.** RCW 43.185.074 and 1987 c 513 s 11 are each amended to  
4 read as follows:

5 The director shall designate grant and loan applications for  
6 approval and for funding under the revenue from remittances made  
7 pursuant to RCW ~~((18.85.310))~~ 18.85.285. ~~((These applications shall  
8 then be reviewed for final approval by the broker's trust account  
9 board created by RCW 18.85.500.~~

10 ~~The director shall submit to the broker's trust account board  
11 within any fiscal year only such applications which in their  
12 aggregate total funding requirements do not exceed the revenue to the  
13 housing trust fund [fund] from remittances made pursuant to RCW  
14 18.85.310 for the previous fiscal year.))~~

15 **Sec. 14.** RCW 18.85.285 and 2008 c 23 s 37 are each amended to  
16 read as follows:

17 (1) Brokers and managing brokers must submit complete copies of  
18 their transactions to their firm. The designated broker shall keep  
19 adequate records of all real estate transactions handled by or  
20 through the firm or firms to which the designated broker is  
21 registered. The records shall include, but are not limited to, a copy  
22 of the purchase and sale agreement, earnest money receipt, and an  
23 itemization of the receipts and disbursements with each transaction.  
24 These records and all other records specified by the director by rule  
25 are open to inspection by the director or the director's authorized  
26 representatives.

27 (2) If any licensee exercises control over real estate  
28 transaction funds, those funds are considered trust funds.

29 (3) Every real estate licensee shall deliver or cause to be  
30 delivered to all parties signing the same, within a reasonable time  
31 after signing, purchase and sale agreements, listing agreements, and  
32 all other like or similar instruments signed by the parties.

33 (4) Every real estate firm that keeps separate real estate trust  
34 fund accounts must keep the accounts in a recognized Washington state  
35 depository. A real estate firm must maintain an adequate amount of  
36 funds in the trust fund accounts to facilitate the opening of the  
37 trust fund accounts or to prevent the closing of the trust fund  
38 accounts.

1 (5) All licensees shall keep separate and apart and physically  
2 segregated from the licensees' own funds, all funds or moneys  
3 including advance fees of clients that are being held by the  
4 licensees pending the closing of a real estate sale or transaction,  
5 or that have been collected for the clients and are being held for  
6 disbursement for or to the clients.

7 (6) A firm is not required to maintain a trust fund account for  
8 transactions concerning a purchase and sale agreement that instructs  
9 the broker to deliver the earnest money check directly to a named  
10 closing agent or to the seller.

11 (7) Brokers must deposit all funds into their firm's trust bank  
12 account the next banking day following receipt of the funds unless  
13 the purchase and sale agreement provides for deferred deposit or  
14 delivery. In that event, the broker must promptly deposit or deliver  
15 funds in accordance with the terms of the purchase and sale  
16 agreement.

17 (8) (a) If a real estate broker receives or maintains earnest  
18 money or client funds for deposit, the real estate firm shall  
19 maintain a pooled interest-bearing trust account for deposit of  
20 client funds, with the exception of property management trust  
21 accounts.

22 (b) The interest accruing on this account, net of any reasonable  
23 and appropriate financial institution service charges or fees, shall  
24 be paid to the state treasurer for deposit in the Washington housing  
25 trust fund created in RCW 43.185.030 (as recodified by this act) and  
26 the real estate education program account created in RCW 18.85.321.  
27 Appropriate service charges or fees are those charges made by  
28 financial institutions on other demand deposit or "now" accounts. The  
29 firm or designated broker is not required to notify the client of the  
30 intended use of the funds.

31 (c) The department shall adopt rules that will serve as  
32 guidelines in the choice of an account specified in this subsection.

33 (9) If trust funds are claimed by more than one party, the  
34 designated broker or designated broker's delegate must promptly  
35 provide written notification to all contracting parties to a real  
36 estate transaction of the intent of the designated broker or  
37 designated broker's delegate to disburse client funds. The  
38 notification must include the names and addresses of all parties to  
39 the contract, the amount of money held and to whom it will be

1 disbursed, and the date of disbursement that must occur no later than  
2 thirty consecutive days after the notification date.

3 (10) For an account created under subsection (8) of this section,  
4 the designated or managing broker shall direct the depository  
5 institution to:

6 (a) Remit interest or dividends, net of any reasonable and  
7 appropriate service charges or fees, on the average monthly balance  
8 in the account, or as otherwise computed in accordance with an  
9 institution's standard accounting practice, at least quarterly, to  
10 the state treasurer for deposit in the housing trust fund created by  
11 RCW 43.185.030 (as recodified by this act) and the real estate  
12 education program account created in RCW 18.85.321; and

13 (b) Transmit to the director of (~~community, trade, and economic~~  
14 ~~development~~)) commerce a statement showing the name of the person or  
15 entity for whom the remittance is spent, the rate of interest  
16 applied, and the amount of service charges deducted, if any, and the  
17 account balance(s) of the period in which the report is made, with a  
18 copy of the statement to be transmitted to the depositing person or  
19 firm.

20 (11) The director of (~~community, trade, and economic~~  
21 ~~development~~)) commerce shall forward a copy of the reports required  
22 by subsection (10) of this section to the department to aid in the  
23 enforcement of the requirements of this section consistent with the  
24 normal enforcement and auditing practices of the department.

25 (12)(a) This section does not relieve any real estate broker,  
26 managing broker, or firm of any obligation with respect to the  
27 safekeeping of clients' funds.

28 (b) Any violation by real estate brokers, managing brokers, or  
29 firms of any of the provisions of this section, RCW 18.85.361, or  
30 chapter 18.235 RCW is grounds for disciplinary action against the  
31 licenses issued to the brokers, managing brokers, or firms.

32 **Sec. 15.** RCW 18.85.311 and 2008 c 23 s 38 are each amended to  
33 read as follows:

34 Remittances received by the state treasurer pursuant to RCW  
35 18.85.285 shall be divided between the housing trust fund created by  
36 RCW 43.185.030 (as recodified by this act), which shall receive  
37 seventy-five percent and the real estate education program account  
38 created by RCW 18.85.321, which shall receive twenty-five percent.

1       **Sec. 16.** RCW 31.04.025 and 2015 c 229 s 20 are each amended to  
2 read as follows:

3       (1) Each loan made to a resident of this state by a licensee, or  
4 persons subject to this chapter, is subject to the authority and  
5 restrictions of this chapter.

6       (2) This chapter does not apply to the following:

7       (a) Any person doing business under, and as permitted by, any law  
8 of this state or of the United States relating to banks, savings  
9 banks, trust companies, savings and loan or building and loan  
10 associations, or credit unions;

11       (b) Entities making loans under chapter 19.60 RCW (pawnbroking);

12       (c) Entities conducting transactions under chapter 63.14 RCW  
13 (retail installment sales of goods and services), unless credit is  
14 extended to purchase merchandise certificates, coupons, open or  
15 closed loop stored value, or other similar items issued and  
16 redeemable by a retail seller other than the retail seller extending  
17 the credit;

18       (d) Entities making loans under chapter 31.45 RCW (check cashers  
19 and sellers);

20       (e) Any person making a loan primarily for business, commercial,  
21 or agricultural purposes unless the loan is secured by a lien on the  
22 borrower's primary dwelling;

23       (f) Any person selling property owned by that person who provides  
24 financing for the sale when the property does not contain a dwelling  
25 and when the property serves as security for the financing. This  
26 exemption is available for five or fewer transactions in a calendar  
27 year. This exemption is not available to individuals subject to the  
28 federal S.A.F.E. act or any person in the business of constructing or  
29 acting as a contractor for the construction of residential dwellings;

30       (g) Any person making loans made to government or government  
31 agencies or instrumentalities or making loans to organizations as  
32 defined in the federal truth in lending act;

33       (h) Entities making loans under chapter (~~43.185~~) 43.185A RCW  
34 (housing trust fund);

35       (i) Entities making loans under programs of the United States  
36 department of agriculture, department of housing and urban  
37 development, or other federal government program that provides  
38 funding or access to funding for single-family housing developments  
39 or grants to low-income individuals for the purchase or repair of  
40 single-family housing;



1 (j) Nonprofit housing organizations making loans, or loans made,  
2 under housing programs that are funded in whole or in part by federal  
3 or state programs if the primary purpose of the programs is to assist  
4 low-income borrowers with purchasing or repairing housing or the  
5 development of housing for low-income Washington state residents;

6 (k) Entities making loans which are not residential mortgage  
7 loans under a credit card plan;

8 (l) Individuals employed by a licensed residential mortgage loan  
9 servicing company engaging in activities related to servicing, unless  
10 licensing is required by federal law or regulation; and

11 (m) Entities licensed under chapter 18.44 RCW that process  
12 payments on seller-financed loans secured by liens on real or  
13 personal property.

14 (3) The director may, at his or her discretion, waive  
15 applicability of the consumer loan company licensing provisions of  
16 this chapter to other persons, not including individuals subject to  
17 the S.A.F.E. act, making or servicing loans when the director  
18 determines it necessary to facilitate commerce and protect consumers.

19 (4) The burden of proving the application for an exemption or  
20 exception from a definition, or a preemption of a provision of this  
21 chapter, is upon the person claiming the exemption, exception, or  
22 preemption.

23 (5) The director may adopt rules interpreting this section.

24 **Sec. 17.** RCW 39.35D.080 and 2005 c 12 s 12 are each amended to  
25 read as follows:

26 Except as provided in this section, affordable housing projects  
27 funded out of the state capital budget are exempt from the provisions  
28 of this chapter. On or before July 1, 2008, the department of  
29 (~~community, trade, and economic development~~) commerce shall  
30 identify, implement, and apply a sustainable building program for  
31 affordable housing projects that receive housing trust fund (under  
32 chapter (~~43.185~~) 43.185A RCW) funding in a state capital budget.  
33 The department of (~~community, trade, and economic development~~)  
34 commerce shall not develop its own sustainable building standard, but  
35 shall work with stakeholders to adopt an existing sustainable  
36 building standard or criteria appropriate for affordable housing. Any  
37 application of the program to affordable housing, including any  
38 monitoring to track the performance of either sustainable features or  
39 energy standards or both, is the responsibility of the department of

1 ((community, trade, and economic development)) commerce. Beginning in  
2 2009 and ending in 2016, the department of ((community, trade, and  
3 economic development)) commerce shall report to the department as  
4 required under RCW 39.35D.030(3)(b).

5 **Sec. 18.** RCW 43.63A.680 and 1993 c 478 s 19 are each amended to  
6 read as follows:

7 (1) The department may develop and administer a home-matching  
8 program for the purpose of providing grants and technical assistance  
9 to eligible organizations to operate local home-matching programs.  
10 For purposes of this section, "eligible organizations" are those  
11 organizations eligible to receive assistance through the Washington  
12 housing trust fund, chapter ((43.185)) 43.185A RCW.

13 (2) The department may select up to five eligible organizations  
14 for the purpose of implementing a local home-matching program. The  
15 local home-matching programs are designed to facilitate: (a)  
16 Intergenerational homesharing involving older homeowners sharing  
17 homes with younger persons; (b) homesharing arrangements that involve  
18 an exchange of services such as cooking, housework, gardening, or  
19 babysitting for room and board or some financial consideration such  
20 as rent; and (c) the more efficient use of available housing.

21 (3) In selecting local pilot programs under this section, the  
22 department shall consider:

23 (a) The eligible organization's ability, stability, and resources  
24 to implement the local home-matching program;

25 (b) The eligible organization's efforts to coordinate other  
26 support services needed by the individual or family participating in  
27 the local home-matching program; and

28 (c) Other factors the department deems appropriate.

29 (4) The eligible organizations shall establish criteria for  
30 participation in the local home-matching program. The eligible  
31 organization shall make a determination of eligibility regarding the  
32 individuals' or families' participation in the local home-matching  
33 program. The determination shall include, but is not limited to a  
34 verification of the individual's or family's history of making rent  
35 payments in a consistent and timely manner.

36 **Sec. 19.** RCW 43.185C.200 and 2007 c 483 s 604 are each amended  
37 to read as follows:

1 (1) The department of (~~community, trade, and economic~~  
2 ~~development~~) commerce shall establish a pilot program to provide  
3 grants to eligible organizations, as described in RCW (~~43.185.060~~)  
4 43.185A.040, to provide transitional housing assistance to offenders  
5 who are reentering the community and are in need of housing.

6 (2) There shall be a minimum of two pilot programs established in  
7 two counties. The pilot programs shall be selected through a request  
8 for proposal process and in consultation with the department of  
9 corrections. The department shall select the pilot sites by January  
10 1, 2008.

11 (3) The pilot program shall:

12 (a) Be operated in collaboration with the community justice  
13 center existing in the location of the pilot site;

14 (b) Offer transitional supportive housing that includes  
15 individual support and mentoring available on an ongoing basis, life  
16 skills training, and close working relationships with community  
17 justice centers and community corrections officers. Supportive  
18 housing services can be provided directly by the housing operator, or  
19 in partnership with community-based organizations;

20 (c) In providing assistance, give priority to offenders who are  
21 designated as high risk or high needs as well as those determined not  
22 to have a viable release plan by the department of corrections;

23 (d) Optimize available funding by utilizing cost-effective  
24 community-based shared housing arrangements or other noninstitutional  
25 living arrangements; and

26 (e) Provide housing assistance for a period of time not to exceed  
27 twelve months for a participating offender.

28 (4) The department may also use up to twenty percent of the  
29 funding appropriated in the operating budget for this section to  
30 support the development of additional supportive housing resources  
31 for offenders who are reentering the community.

32 (5) The department shall:

33 (a) Collaborate with the department of corrections in developing  
34 criteria to determine who will qualify for housing assistance; and

35 (b) Gather data, and report to the legislature by November 1,  
36 2008, on the number of offenders seeking housing, the number of  
37 offenders eligible for housing, the number of offenders who receive  
38 the housing, and the number of offenders who commit new crimes while  
39 residing in the housing to the extent information is available.

1 (6) The department of corrections shall collaborate with  
2 organizations receiving grant funds to:

3 (a) Help identify appropriate housing solutions in the community  
4 for offenders;

5 (b) Where possible, facilitate an offender's application for  
6 housing prior to discharge;

7 (c) Identify enhancements to training provided to offenders prior  
8 to discharge that may assist an offender in effectively transitioning  
9 to the community;

10 (d) Maintain communication between the organization receiving  
11 grant funds, the housing provider, and corrections staff supervising  
12 the offender; and

13 (e) Assist the offender in accessing resources and services  
14 available through the department of corrections and a community  
15 justice center.

16 (7) The state, department of (~~community, trade, and economic~~  
17 ~~development~~) commerce, department of corrections, local governments,  
18 local housing authorities, eligible organizations as described in RCW  
19 (~~43.185.060~~) 43.185A.040, and their employees are not liable for  
20 civil damages arising from the criminal conduct of an offender solely  
21 due to the placement of an offender in housing provided under this  
22 section or the provision of housing assistance.

23 (8) Nothing in this section allows placement of an offender into  
24 housing without an analysis of the risk the offender may pose to that  
25 particular community or other residents.

26 **Sec. 20.** RCW 43.185C.210 and 2011 c 353 s 6 are each amended to  
27 read as follows:

28 (1) The transitional housing operating and rent program is  
29 created in the department to assist individuals and families who are  
30 homeless or who are at risk of becoming homeless to secure and retain  
31 safe, decent, and affordable housing. The department shall provide  
32 grants to eligible organizations, as described in RCW (~~43.185.060~~)  
33 43.185A.040, to provide assistance to program participants. The  
34 eligible organizations must use grant moneys for:

35 (a) Rental assistance, which includes security or utility  
36 deposits, first and last month's rent assistance, and eligible moving  
37 expenses to be determined by the department;

1 (b) Case management services designed to assist program  
2 participants to secure and retain immediate housing and to transition  
3 into permanent housing and greater levels of self-sufficiency;

4 (c) Operating expenses of transitional housing facilities that  
5 serve homeless families with children; and

6 (d) Administrative costs of the eligible organization, which must  
7 not exceed limits prescribed by the department.

8 (2) Eligible to receive assistance through the transitional  
9 housing operating and rent program are:

10 (a) Families with children who are homeless or who are at risk of  
11 becoming homeless and who have household incomes at or below fifty  
12 percent of the median household income for their county;

13 (b) Families with children who are homeless or who are at risk of  
14 becoming homeless and who are receiving services under chapter 13.34  
15 RCW;

16 (c) Individuals or families without children who are homeless or  
17 at risk of becoming homeless and who have household incomes at or  
18 below thirty percent of the median household income for their county;

19 (d) Individuals or families who are homeless or who are at risk  
20 of becoming homeless and who have a household with an adult member  
21 who has a mental health or chemical dependency disorder; and

22 (e) Individuals or families who are homeless or who are at risk  
23 of becoming homeless and who have a household with an adult member  
24 who is an offender released from confinement within the past eighteen  
25 months.

26 (3) All program participants must be willing to create and  
27 actively participate in a housing stability plan for achieving  
28 permanent housing and greater levels of self-sufficiency.

29 (4) Data on all program participants must be entered into and  
30 tracked through the Washington homeless client management information  
31 system as described in RCW 43.185C.180. For eligible organizations  
32 serving victims of domestic violence or sexual assault, compliance  
33 with this subsection must be accomplished in accordance with 42  
34 U.S.C. Sec. 11383(a)(8).

35 (5)(a) Except as provided in (b) of this subsection, beginning in  
36 2011, each eligible organization receiving over five hundred thousand  
37 dollars during the previous calendar year from the transitional  
38 housing operating and rent program and from sources including: (i)  
39 State housing-related funding sources; (ii) the affordable housing  
40 for all surcharge in RCW 36.22.178; (iii) the home security fund

1 surcharges in RCW 36.22.179 and 36.22.1791; and (iv) any other  
2 surcharge imposed under chapter 36.22 RCW or (~~43.185C-RCW~~) this  
3 chapter to fund homelessness programs or other housing programs,  
4 shall apply to the Washington state quality award program for an  
5 independent assessment of its quality management, accountability, and  
6 performance system, once every three years.

7 (b) Cities and counties are exempt from the provisions of (a) of  
8 this subsection until 2018.

9 (6) The department may develop rules, requirements, procedures,  
10 and guidelines as necessary to implement and operate the transitional  
11 housing operating and rent program.

12 (7) The department shall produce an annual transitional housing  
13 operating and rent program report that must be included in the  
14 department's homeless housing strategic plan as described in RCW  
15 43.185C.040. The report must include performance measures to be  
16 determined by the department that address, at a minimum, the  
17 following issue areas:

18 (a) The success of the program in helping program participants  
19 transition into permanent affordable housing and achieve self-  
20 sufficiency or increase their levels of self-sufficiency, which shall  
21 be defined by the department based upon the costs of living,  
22 including housing costs, needed to support: (i) One adult individual;  
23 and (ii) two adult individuals and one preschool-aged child and one  
24 school-aged child;

25 (b) The financial performance of the program related to efficient  
26 program administration by the department and program operation by  
27 selected eligible organizations, including an analysis of the costs  
28 per program participant served;

29 (c) The quality, completeness, and timeliness of the information  
30 on program participants provided to the Washington homeless client  
31 management information system database; and

32 (d) The satisfaction of program participants in the assistance  
33 provided through the program.

34 **Sec. 21.** RCW 47.12.063 and 2015 3rd sp.s. c 13 s 2 are each  
35 amended to read as follows:

36 (1) It is the intent of the legislature to continue the  
37 department's policy giving priority consideration to abutting  
38 property owners in agricultural areas when disposing of property  
39 through its surplus property program under this section.

1 (2) Whenever the department determines that any real property  
2 owned by the state of Washington and under the jurisdiction of the  
3 department is no longer required for transportation purposes and that  
4 it is in the public interest to do so, the department may sell the  
5 property or exchange it in full or part consideration for land or  
6 building improvements or for construction of highway improvements at  
7 fair market value to any person through the solicitation of written  
8 bids through public advertising in the manner prescribed under RCW  
9 47.28.050 or in the manner prescribed under RCW 47.12.283.

10 (3) The department may forego the processes prescribed by RCW  
11 47.28.050 and 47.12.283 and sell the real property to any of the  
12 following entities or persons at fair market value:

13 (a) Any other state agency;

14 (b) The city or county in which the property is situated;

15 (c) Any other municipal corporation;

16 (d) Regional transit authorities created under chapter 81.112  
17 RCW;

18 (e) The former owner of the property from whom the state acquired  
19 title;

20 (f) In the case of residentially improved property, a tenant of  
21 the department who has resided thereon for not less than six months  
22 and who is not delinquent in paying rent to the state;

23 (g) Any abutting private owner but only after each other abutting  
24 private owner (if any), as shown in the records of the county  
25 assessor, is notified in writing of the proposed sale. If more than  
26 one abutting private owner requests in writing the right to purchase  
27 the property within fifteen days after receiving notice of the  
28 proposed sale, the property shall be sold at public auction in the  
29 manner provided in RCW 47.12.283;

30 (h) To any other owner of real property required for  
31 transportation purposes;

32 (i) In the case of property suitable for residential use, any  
33 nonprofit organization dedicated to providing affordable housing to  
34 very low-income, low-income, and moderate-income households as  
35 defined in RCW 43.63A.510 and is eligible to receive assistance  
36 through the Washington housing trust fund created in chapter  
37 (~~43.185~~) 43.185A RCW; or

38 (j) A federally recognized Indian tribe within whose reservation  
39 boundary the property is located.

1 (4) When selling real property pursuant to RCW 47.12.283, the  
2 department may withhold or withdraw the property from an auction when  
3 requested by one of the entities or persons listed in subsection (3)  
4 of this section and only after the receipt of a nonrefundable deposit  
5 equal to ten percent of the fair market value of the real property or  
6 five thousand dollars, whichever is less. This subsection does not  
7 prohibit the department from exercising its discretion to withhold or  
8 withdraw the real property from an auction if the department  
9 determines that the property is no longer surplus or chooses to sell  
10 the property through one of the other means listed in subsection (2)  
11 of this section. If a transaction under this subsection is not  
12 completed within sixty days, the real property must be put back up  
13 for sale.

14 (5) Sales to purchasers may, at the department's option, be for  
15 cash, by real estate contract, or exchange of land or highway  
16 improvements. Transactions involving the construction of improvements  
17 must be conducted pursuant to chapter 47.28 RCW and Title 39 RCW, as  
18 applicable, and must comply with all other applicable laws and rules.

19 (6) Conveyances made pursuant to this section shall be by deed  
20 executed by the secretary of transportation and shall be duly  
21 acknowledged.

22 (7) Unless otherwise provided, all moneys received pursuant to  
23 the provisions of this section less any real estate broker  
24 commissions paid pursuant to RCW 47.12.320 shall be deposited in the  
25 motor vehicle fund.

26 (8) The department may not enter into equal value exchanges or  
27 property acquisitions for building improvements without first  
28 consulting with the office of financial management and the joint  
29 transportation committee.

30 **Sec. 22.** RCW 59.24.060 and 1995 c 399 s 159 are each amended to  
31 read as follows:

32 The department of (~~community, trade, and economic development~~)  
33 commerce may receive such gifts, grants, or endowments from public or  
34 private sources, as may be made from time to time, in trust or  
35 otherwise, to be used by the department of (~~community, trade, and~~  
36 ~~economic development~~) commerce for its programs, including the  
37 rental security deposit guarantee program. Funds from the housing  
38 trust fund, chapter (~~43.185~~) 43.185A RCW, up to one hundred  
39 thousand dollars, may be used for the rental security deposit



1 guarantee program by the department of (~~community, trade, and~~  
2 ~~economic development~~) commerce, local governments, and nonprofit  
3 organizations, provided all the requirements of this chapter and  
4 chapter (~~43.185~~) 43.185A RCW are met.

5 **Sec. 23.** RCW 82.14.400 and 2000 c 240 s 1 are each amended to  
6 read as follows:

7 (1) Upon the joint request of a metropolitan park district, a  
8 city with a population of more than one hundred fifty thousand, and a  
9 county legislative authority in a county with a national park and a  
10 population of more than five hundred thousand and less than one  
11 million five hundred thousand, the county shall submit an authorizing  
12 proposition to the county voters, fixing and imposing a sales and use  
13 tax in accordance with this chapter for the purposes designated in  
14 subsection (4) of this section and identified in the joint request.  
15 Such proposition must be placed on a ballot for a special or general  
16 election to be held no later than one year after the date of the  
17 joint request.

18 (2) The proposition is approved if it receives the votes of a  
19 majority of those voting on the proposition.

20 (3) The tax authorized in this section is in addition to any  
21 other taxes authorized by law and shall be collected from those  
22 persons who are taxable by the state under chapters 82.08 and 82.12  
23 RCW upon the occurrence of any taxable event within the county. The  
24 rate of tax shall equal no more than one-tenth of one percent of the  
25 selling price in the case of a sales tax, or value of the article  
26 used, in the case of a use tax.

27 (4) Moneys received from any tax imposed under this section shall  
28 be used solely for the purpose of providing funds for:

29 (a) Costs associated with financing, design, acquisition,  
30 construction, equipping, operating, maintaining, remodeling,  
31 repairing, reequipping, or improvement of zoo, aquarium, and wildlife  
32 preservation and display facilities that are currently accredited by  
33 the American zoo and aquarium association; or

34 (b) Those costs associated with (a) of this subsection and costs  
35 related to parks located within a county described in subsection (1)  
36 of this section.

37 (5) The department of revenue shall perform the collection of  
38 such taxes on behalf of the county at no cost to the county. In lieu  
39 of the charge for the administration and collection of local sales

1 and use taxes under RCW 82.14.050 from which the county is exempt  
2 under this subsection (5), a percentage of the tax revenues  
3 authorized by this section equal to one-half of the maximum  
4 percentage provided in RCW 82.14.050 shall be transferred annually to  
5 the department of (~~community, trade, and economic development~~)  
6 commerce, or its successor agency, from the funds allocated under  
7 subsection (6)(b) of this section for a period of twelve years from  
8 the first date of distribution of funds under subsection (6)(b) of  
9 this section. The department of (~~community, trade, and economic  
10 development~~) commerce, or its successor agency, shall use funds  
11 transferred to it pursuant to this subsection (5) to provide,  
12 operate, and maintain community-based housing under chapter  
13 (~~43.185~~) 43.185A RCW for (~~persons who are mentally ill~~)  
14 individuals with mental illness.

15 (6) If the joint request and the authorizing proposition include  
16 provisions for funding those costs included within subsection (4)(b)  
17 of this section, the tax revenues authorized by this section shall be  
18 allocated annually as follows:

19 (a) Fifty percent to the zoo and aquarium advisory authority; and

20 (b) Fifty percent to be distributed on a per capita basis as set  
21 out in the most recent population figures for unincorporated and  
22 incorporated areas only within that county, as determined by the  
23 office of financial management, solely for parks, as follows: To any  
24 metropolitan park district, to cities and towns not contained within  
25 a metropolitan park district, and the remainder to the county. Moneys  
26 received under this subsection (6)(b) by a county may not be used to  
27 replace or supplant existing per capita funding.

28 (7) Funds shall be distributed annually by the county treasurer  
29 to the county, and cities and towns located within the county, in the  
30 manner set out in subsection (6)(b) of this section.

31 (8) Prior to expenditure of any funds received by the county  
32 under subsection (6)(b) of this section, the county shall establish a  
33 process which considers needs throughout the unincorporated areas of  
34 the county in consultation with community advisory councils  
35 established by ordinance.

36 (9) By December 31, 2005, and thereafter, the county or any city  
37 with a population greater than eighty thousand must provide at least  
38 one dollar match for every two dollars received under this section.

39 (10) Properties subject to a memorandum of agreement between the  
40 federal bureau of land management, the advisory council on historic

1 preservation, and the Washington state historic preservation officer  
2 have priority for funding from money received under subsection (6)(b)  
3 of this section for implementation of the stipulations in the  
4 memorandum of agreement.

5 (a) At least one hundred thousand dollars of the first four years  
6 of allocations under subsection (6)(b) of this section, to be matched  
7 by the county or city with one dollar for every two dollars received,  
8 shall be used to implement the stipulations of the memorandum of  
9 agreement and for other historical, archaeological, architectural,  
10 and cultural preservation and improvements related to the properties.

11 (b) The amount in (a) of this subsection shall come equally from  
12 the allocations to the county and to the city in which the properties  
13 are located, unless otherwise agreed to by the county and the city.

14 (c) The amount in (a) of this subsection shall not be construed  
15 to displace or be offered in lieu of any lease payment from a county  
16 or city to the state for the properties in question.

17 **Sec. 24.** RCW 82.45.100 and 2010 1st sp.s. c 23 s 211 are each  
18 amended to read as follows:

19 (1) Payment of the tax imposed under this chapter is due and  
20 payable immediately at the time of sale, and if not paid within one  
21 month thereafter will bear interest from the time of sale until the  
22 date of payment.

23 (a) Interest imposed before January 1, 1999, is computed at the  
24 rate of one percent per month.

25 (b) Interest imposed after December 31, 1998, is computed on a  
26 monthly basis at the rate as computed under RCW 82.32.050(2). The  
27 rate so computed must be adjusted on the first day of January of each  
28 year for use in computing interest for that calendar year. The  
29 department must provide written notification to the county treasurers  
30 of the variable rate on or before December 1st of the year preceding  
31 the calendar year in which the rate applies.

32 (2) In addition to the interest described in subsection (1) of  
33 this section, if the payment of any tax is not received by the county  
34 treasurer or the department of revenue, as the case may be, within  
35 one month of the date due, there is assessed a penalty of five  
36 percent of the amount of the tax; if the tax is not received within  
37 two months of the date due, there will be assessed a total penalty of  
38 ten percent of the amount of the tax; and if the tax is not received  
39 within three months of the date due, there will be assessed a total

1 penalty of twenty percent of the amount of the tax. The payment of  
2 the penalty described in this subsection is collectible from the  
3 seller only, and RCW 82.45.070 does not apply to the penalties  
4 described in this subsection.

5 (3) If the tax imposed under this chapter is not received by the  
6 due date, the transferee is personally liable for the tax, along with  
7 any interest as provided in subsection (1) of this section, unless an  
8 instrument evidencing the sale is recorded in the official real  
9 property records of the county in which the property conveyed is  
10 located.

11 (4) If upon examination of any affidavits or from other  
12 information obtained by the department or its agents it appears that  
13 all or a portion of the tax is unpaid, the department must assess  
14 against the taxpayer the additional amount found to be due plus  
15 interest and penalties as provided in subsections (1) and (2) of this  
16 section. The department must notify the taxpayer by mail, or  
17 electronically as provided in RCW 82.32.135, of the additional amount  
18 and the same becomes due and must be paid within thirty days from the  
19 date of the notice, or within such further time as the department may  
20 provide.

21 (5) No assessment or refund may be made by the department more  
22 than four years after the date of sale except upon a showing of:

23 (a) Fraud or misrepresentation of a material fact by the  
24 taxpayer;

25 (b) A failure by the taxpayer to record documentation of a sale  
26 or otherwise report the sale to the county treasurer; or

27 (c) A failure of the transferor or transferee to report the sale  
28 under RCW 82.45.090(2).

29 (6) Penalties collected on taxes due under this chapter under  
30 subsection (2) of this section and RCW 82.32.090 (2) through (8) must  
31 be deposited in the housing trust fund as described in chapter  
32 ((43.185)) 43.185A RCW.

33 NEW SECTION. **Sec. 25.** RCW 43.185.010, 43.185.030, 43.185.050,  
34 43.185.070, 43.185.074, 43.185.080, and 43.185.140 are recodified as  
35 sections in chapter 43.185A RCW.

36 NEW SECTION. **Sec. 26.** RCW 43.185.110 is recodified as a section  
37 in chapter 43.185B RCW.

1        NEW SECTION.    **Sec. 27.**    The following acts or parts of acts are  
2 each repealed:

3        (1) RCW 43.185.015 (Housing assistance program) and 1995 c 399 s  
4 100 & 1991 c 356 s 2;

5        (2) RCW 43.185.020 (Definitions) and 2013 c 145 s 1, 2009 c 565 s  
6 37, 1995 c 399 s 101, & 1986 c 298 s 3;

7        (3) RCW 43.185A.030 (Activities eligible for assistance) and 2013  
8 c 145 s 5 & 2011 1st sp.s. c 50 s 954;

9        (4) RCW 43.185A.050 (Grant and loan application process—Report)  
10 and 2013 c 145 s 6, 2012 c 235 s 2, & 1991 c 356 s 14;

11        (5) RCW 43.185.060 (Eligible organizations) and 2019 c 325 s  
12 5012, 2014 c 225 s 61, 1994 c 160 s 2, 1991 c 295 s 1, & 1986 c 298 s  
13 7;

14        (6) RCW 43.185.076 (Low-income housing grants and loans—Approval  
15 —License education programs) and 1988 c 286 s 3 & 1987 c 513 s 10;

16        (7) RCW 43.185.090 (Compliance monitoring) and 1986 c 298 s 10;

17        (8) RCW 43.185.100 (Rule-making authority) and 1987 c 513 s 2 &  
18 1986 c 298 s 11;

19        (9) RCW 43.185A.090 (Application process—Distribution procedure)  
20 and 2006 c 349 s 4;

21        (10) RCW 43.185A.100 (Housing programs and services—Review of  
22 reporting requirements—Report to the legislature) and 2006 c 349 s  
23 11;

24        (11) RCW 43.185A.110 (Affordable housing land acquisition  
25 revolving loan fund program) and 2017 c 274 s 1, 2008 c 112 s 1, &  
26 2007 c 428 s 2;

27        (12) RCW 43.185A.120 (Affordable housing and community facilities  
28 rapid response loan program) and 2008 c 112 s 2;

29        (13) RCW 43.185.120 (Protection of state's interest) and 1991 c  
30 356 s 7;

31        (14) RCW 43.185.130 (Application process—Distribution procedure)  
32 and 2006 c 349 s 3;

33        (15) RCW 43.185A.900 (Short title) and 1991 c 356 s 9; and

34        (16) RCW 43.185.910 (Conflict with federal requirements—1991 c  
35 356) and 1991 c 356 s 8.

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