

Proposed Second Substitute House Bill 1827

By Representative Sullivan

Original Bill: Establishes the Community Reinvestment Account (Account) and allows the Department of Commerce (Commerce) to make expenditures from the Account for economic development, civil and criminal legal assistance, community-based violence intervention and prevention, reentry services, and 911 system support.

Proposed Second Substitute Bill H-2604.1 compared to the Substitute House Bill 1827:

- adds legislative intent language;
- removes language allowing funds from the Account to be used to support 911 systems;
- requires Commerce to distribute funds from the Account using existing programs and networks until June 30, 2024, per Phase 1 of implementation, after which Commerce must distribute funds according to the Community Reinvestment Plan (Plan) per Phase 2 of implementation;
- requires Commerce to develop the Plan and requires the Plan to include criteria for eligible communities and programs, development of accountability measures to ensure that distribution and use of funding meets intended purposes, and tracking of outcomes for the funds;
- establishes certain minimum requirements for the Plan;
- requires Commerce to submit a report to the Governor and the relevant committees of the Legislature by December 1, 2023, that includes both a summary of spending in Phase 1 of implementation and the Plan;
- requires the Office of Equity to review the Plan; and
- requires Commerce to use the Plan to guide the distribution of funds in Phase 2 of implementation and review and update the Plan every ten years.

Committee: House Appropriations Committee
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1 AN ACT Relating to the creation of the community reinvestment
2 account and community reinvestment program; amending RCW 43.84.092
3 and 43.84.092; adding a new section to chapter 43.79 RCW; creating
4 new sections; providing an effective date; and providing an
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that in order to
8 address racial, economic, and social disparities in communities
9 across the state created by the historical design and enforcement of
10 state and federal criminal laws and penalties for drug possession and
11 use in Washington state, aggressive approaches and targeted resources
12 to support local design and control of community-based responses to
13 these outcomes are required.

14 The legislature intends to transfer an amount no lower than
15 \$125,000,000 per year into the community reinvestment account. The
16 legislature finds that to distribute money as quickly as possible it
17 is necessary to use existing programs and networks until June 30,
18 2024, for phase one of implementation. Where possible, the department
19 of commerce shall distribute funds in existing programs and networks
20 that invest in people and communities intended to be reached by this
21 act. However, the legislature recognizes that existing programs and

1 networks may not reach the people who are most affected by historic
2 laws and penalties for drug possession. Therefore, the legislature
3 intends for phase two of implementation, beginning July 1, 2024, to
4 shift away from existing programs and networks once the community
5 reinvestment plan is developed, unless the plan directs the use of
6 existing programs or networks.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.79
8 RCW to read as follows:

9 (1) The community reinvestment account is created in the state
10 treasury. Moneys in the account may be spent only after
11 appropriation. Expenditures from the account may only be made by the
12 department of commerce for:

13 (a) Economic development, which includes addressing wealth
14 disparities to promote asset building such as home ownership and
15 expanding access to financial resources including, but not limited
16 to, grants and loans for small businesses and entrepreneurs,
17 financial literacy training, and other small business training and
18 support activities;

19 (b) Civil and criminal legal assistance to provide postconviction
20 relief and case assistance, including the expungement of criminal
21 records and vacation of criminal convictions;

22 (c) Community-based violence intervention and prevention
23 services; and

24 (d) Reentry services to facilitate successful transitions for
25 persons formerly incarcerated in an adult correctional facility or
26 juvenile residential facility in Washington.

27 (2) Until June 30, 2024, for phase one of implementation, the
28 department of commerce shall distribute money using existing programs
29 and networks. Where possible, the department of commerce shall
30 distribute funds in existing programs and networks that invest in
31 people and communities intended to be reached by this act.

32 (3) After June 30, 2024, for phase two of implementation, the
33 department of commerce shall distribute funds according to the
34 recommendations of the community reinvestment plan developed under
35 section 3 of this act.

36 NEW SECTION. **Sec. 3.** (1) The department shall, in partnership
37 with the office of equity, and "by and for community organizations"
38 as defined by the office of equity, develop a community reinvestment

1 plan for distribution of the funds in the community reinvestment
2 account. The plan must include criteria for eligible communities and
3 programs, development of accountability measures to ensure that
4 distribution and use of funding meets intended purposes, and tracking
5 of outcomes for the funds.

6 (2) At a minimum, the plan must address how the community
7 reinvestment account funding will:

8 (a) Produce significant long-term economic benefits to the state,
9 a region of the state, or a particular community in the state;

10 (b) Result in significant long-term economic benefits in the form
11 of new jobs, job retention, increased personal wealth, or higher
12 incomes for citizens of the state or a particular community in the
13 state; and

14 (c) Ensure that:

15 (i) Projects or programs do not require continuing state support;

16 (ii) An expenditure will not supplant private investment;

17 (iii) An expenditure is accompanied by additional public or
18 private investment; and

19 (iv) Nonprofit, faith-based, and grassroots organizations are
20 prioritized for funding.

21 (3) In developing the plan, the department is encouraged to
22 incorporate existing and ongoing work from relevant task forces and
23 work groups including, but not limited to, the social equity in
24 cannabis task force, the reentry council, and the homeownership
25 disparities work group.

26 (4) The department shall submit a report to the governor and
27 relevant committees of the legislature by December 1, 2023, that
28 includes a summary of spending in phase one of implementation and the
29 community reinvestment plan.

30 (5) The office of equity must review the plan.

31 (6) The department shall use the plan to guide the distribution
32 of funds in phase two of implementation. The department must review
33 and update the plan every 10 years.

34 (7) For purposes of this section:

35 (a) "Department" means the department of commerce; and

36 (b) "Plan" means the community reinvestment plan.

37 **Sec. 4.** RCW 43.84.092 and 2021 c 199 s 504 are each amended to
38 read as follows:

1 (1) All earnings of investments of surplus balances in the state
2 treasury shall be deposited to the treasury income account, which
3 account is hereby established in the state treasury.

4 (2) The treasury income account shall be utilized to pay or
5 receive funds associated with federal programs as required by the
6 federal cash management improvement act of 1990. The treasury income
7 account is subject in all respects to chapter 43.88 RCW, but no
8 appropriation is required for refunds or allocations of interest
9 earnings required by the cash management improvement act. Refunds of
10 interest to the federal treasury required under the cash management
11 improvement act fall under RCW 43.88.180 and shall not require
12 appropriation. The office of financial management shall determine the
13 amounts due to or from the federal government pursuant to the cash
14 management improvement act. The office of financial management may
15 direct transfers of funds between accounts as deemed necessary to
16 implement the provisions of the cash management improvement act, and
17 this subsection. Refunds or allocations shall occur prior to the
18 distributions of earnings set forth in subsection (4) of this
19 section.

20 (3) Except for the provisions of RCW 43.84.160, the treasury
21 income account may be utilized for the payment of purchased banking
22 services on behalf of treasury funds including, but not limited to,
23 depository, safekeeping, and disbursement functions for the state
24 treasury and affected state agencies. The treasury income account is
25 subject in all respects to chapter 43.88 RCW, but no appropriation is
26 required for payments to financial institutions. Payments shall occur
27 prior to distribution of earnings set forth in subsection (4) of this
28 section.

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the
32 treasury income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The abandoned recreational
36 vehicle disposal account, the aeronautics account, the Alaskan Way
37 viaduct replacement project account, the ambulance transport fund,
38 the brownfield redevelopment trust fund account, the budget
39 stabilization account, the capital vessel replacement account, the
40 capitol building construction account, the Central Washington

1 University capital projects account, the charitable, educational,
2 penal and reformatory institutions account, the Chehalis basin
3 account, the Chehalis basin taxable account, the cleanup settlement
4 account, the Columbia river basin water supply development account,
5 the Columbia river basin taxable bond water supply development
6 account, the Columbia river basin water supply revenue recovery
7 account, the common school construction fund, the community forest
8 trust account, the community reinvestment account, the connecting
9 Washington account, the county arterial preservation account, the
10 county criminal justice assistance account, the deferred compensation
11 administrative account, the deferred compensation principal account,
12 the department of licensing services account, the department of
13 retirement systems expense account, the developmental disabilities
14 community services account, the diesel idle reduction account, the
15 drinking water assistance account, the administrative subaccount of
16 the drinking water assistance account, the early learning facilities
17 development account, the early learning facilities revolving account,
18 the Eastern Washington University capital projects account, the
19 education construction fund, the education legacy trust account, the
20 election account, the electric vehicle account, the energy freedom
21 account, the energy recovery act account, the essential rail
22 assistance account, The Evergreen State College capital projects
23 account, the fair start for kids account, the ferry bond retirement
24 fund, the fish, wildlife, and conservation account, the freight
25 mobility investment account, the freight mobility multimodal account,
26 the grade crossing protective fund, the public health services
27 account, the state higher education construction account, the higher
28 education construction account, the higher education retirement plan
29 supplemental benefit fund, the highway bond retirement fund, the
30 highway infrastructure account, the highway safety fund, the hospital
31 safety net assessment fund, the Interstate 405 and state route number
32 167 express toll lanes account, the judges' retirement account, the
33 judicial retirement administrative account, the judicial retirement
34 principal account, the limited fish and wildlife account, the local
35 leasehold excise tax account, the local real estate excise tax
36 account, the local sales and use tax account, the marine resources
37 stewardship trust account, the medical aid account, the money-
38 purchase retirement savings administrative account, the money-
39 purchase retirement savings principal account, the motor vehicle
40 fund, the motorcycle safety education account, the multimodal

1 transportation account, the multiuse roadway safety account, the
2 municipal criminal justice assistance account, the oyster reserve
3 land account, the pension funding stabilization account, the
4 perpetual surveillance and maintenance account, the pilotage account,
5 the pollution liability insurance agency underground storage tank
6 revolving account, the public employees' retirement system plan 1
7 account, the public employees' retirement system combined plan 2 and
8 plan 3 account, the public facilities construction loan revolving
9 account, the public health supplemental account, the public works
10 assistance account, the Puget Sound capital construction account, the
11 Puget Sound ferry operations account, the Puget Sound Gateway
12 facility account, the Puget Sound taxpayer accountability account,
13 the real estate appraiser commission account, the recreational
14 vehicle account, the regional mobility grant program account, the
15 resource management cost account, the rural arterial trust account,
16 the rural mobility grant program account, the rural Washington loan
17 fund, the sexual assault prevention and response account, the site
18 closure account, the skilled nursing facility safety net trust fund,
19 the small city pavement and sidewalk account, the special category C
20 account, the special wildlife account, the state investment board
21 expense account, the state investment board commingled trust fund
22 accounts, the state patrol highway account, the state reclamation
23 revolving account, the state route number 520 civil penalties
24 account, the state route number 520 corridor account, the statewide
25 broadband account, the statewide tourism marketing account, the
26 supplemental pension account, the Tacoma Narrows toll bridge account,
27 the teachers' retirement system plan 1 account, the teachers'
28 retirement system combined plan 2 and plan 3 account, the tobacco
29 prevention and control account, the tobacco settlement account, the
30 toll facility bond retirement account, the transportation 2003
31 account (nickel account), the transportation equipment fund, the
32 transportation future funding program account, the transportation
33 improvement account, the transportation improvement board bond
34 retirement account, the transportation infrastructure account, the
35 transportation partnership account, the traumatic brain injury
36 account, the University of Washington bond retirement fund, the
37 University of Washington building account, the voluntary cleanup
38 account, the volunteer firefighters' and reserve officers' relief and
39 pension principal fund, the volunteer firefighters' and reserve
40 officers' administrative fund, the vulnerable roadway user education

1 account, the Washington judicial retirement system account, the
2 Washington law enforcement officers' and firefighters' system plan 1
3 retirement account, the Washington law enforcement officers' and
4 firefighters' system plan 2 retirement account, the Washington public
5 safety employees' plan 2 retirement account, the Washington school
6 employees' retirement system combined plan 2 and 3 account, the
7 Washington state patrol retirement account, the Washington State
8 University building account, the Washington State University bond
9 retirement fund, the water pollution control revolving administration
10 account, the water pollution control revolving fund, the Western
11 Washington University capital projects account, the Yakima integrated
12 plan implementation account, the Yakima integrated plan
13 implementation revenue recovery account, and the Yakima integrated
14 plan implementation taxable bond account. Earnings derived from
15 investing balances of the agricultural permanent fund, the normal
16 school permanent fund, the permanent common school fund, the
17 scientific permanent fund, and the state university permanent fund
18 shall be allocated to their respective beneficiary accounts.

19 (b) Any state agency that has independent authority over accounts
20 or funds not statutorily required to be held in the state treasury
21 that deposits funds into a fund or account in the state treasury
22 pursuant to an agreement with the office of the state treasurer shall
23 receive its proportionate share of earnings based upon each account's
24 or fund's average daily balance for the period.

25 (5) In conformance with Article II, section 37 of the state
26 Constitution, no treasury accounts or funds shall be allocated
27 earnings without the specific affirmative directive of this section.

28 **Sec. 5.** RCW 43.84.092 and 2021 c 199 s 505 are each amended to
29 read as follows:

30 (1) All earnings of investments of surplus balances in the state
31 treasury shall be deposited to the treasury income account, which
32 account is hereby established in the state treasury.

33 (2) The treasury income account shall be utilized to pay or
34 receive funds associated with federal programs as required by the
35 federal cash management improvement act of 1990. The treasury income
36 account is subject in all respects to chapter 43.88 RCW, but no
37 appropriation is required for refunds or allocations of interest
38 earnings required by the cash management improvement act. Refunds of
39 interest to the federal treasury required under the cash management

1 improvement act fall under RCW 43.88.180 and shall not require
2 appropriation. The office of financial management shall determine the
3 amounts due to or from the federal government pursuant to the cash
4 management improvement act. The office of financial management may
5 direct transfers of funds between accounts as deemed necessary to
6 implement the provisions of the cash management improvement act, and
7 this subsection. Refunds or allocations shall occur prior to the
8 distributions of earnings set forth in subsection (4) of this
9 section.

10 (3) Except for the provisions of RCW 43.84.160, the treasury
11 income account may be utilized for the payment of purchased banking
12 services on behalf of treasury funds including, but not limited to,
13 depository, safekeeping, and disbursement functions for the state
14 treasury and affected state agencies. The treasury income account is
15 subject in all respects to chapter 43.88 RCW, but no appropriation is
16 required for payments to financial institutions. Payments shall occur
17 prior to distribution of earnings set forth in subsection (4) of this
18 section.

19 (4) Monthly, the state treasurer shall distribute the earnings
20 credited to the treasury income account. The state treasurer shall
21 credit the general fund with all the earnings credited to the
22 treasury income account except:

23 (a) The following accounts and funds shall receive their
24 proportionate share of earnings based upon each account's and fund's
25 average daily balance for the period: The abandoned recreational
26 vehicle disposal account, the aeronautics account, the Alaskan Way
27 viaduct replacement project account, the brownfield redevelopment
28 trust fund account, the budget stabilization account, the capital
29 vessel replacement account, the capitol building construction
30 account, the Central Washington University capital projects account,
31 the charitable, educational, penal and reformatory institutions
32 account, the Chehalis basin account, the Chehalis basin taxable
33 account, the cleanup settlement account, the Columbia river basin
34 water supply development account, the Columbia river basin taxable
35 bond water supply development account, the Columbia river basin water
36 supply revenue recovery account, the common school construction fund,
37 the community forest trust account, the community reinvestment
38 account, the connecting Washington account, the county arterial
39 preservation account, the county criminal justice assistance account,
40 the deferred compensation administrative account, the deferred

1 compensation principal account, the department of licensing services
2 account, the department of retirement systems expense account, the
3 developmental disabilities community services account, the diesel
4 idle reduction account, the drinking water assistance account, the
5 administrative subaccount of the drinking water assistance account,
6 the early learning facilities development account, the early learning
7 facilities revolving account, the Eastern Washington University
8 capital projects account, the education construction fund, the
9 education legacy trust account, the election account, the electric
10 vehicle account, the energy freedom account, the energy recovery act
11 account, the essential rail assistance account, The Evergreen State
12 College capital projects account, the fair start for kids account,
13 the ferry bond retirement fund, the fish, wildlife, and conservation
14 account, the freight mobility investment account, the freight
15 mobility multimodal account, the grade crossing protective fund, the
16 public health services account, the state higher education
17 construction account, the higher education construction account, the
18 higher education retirement plan supplemental benefit fund, the
19 highway bond retirement fund, the highway infrastructure account, the
20 highway safety fund, the hospital safety net assessment fund, the
21 Interstate 405 and state route number 167 express toll lanes account,
22 the judges' retirement account, the judicial retirement
23 administrative account, the judicial retirement principal account,
24 the limited fish and wildlife account, the local leasehold excise tax
25 account, the local real estate excise tax account, the local sales
26 and use tax account, the marine resources stewardship trust account,
27 the medical aid account, the money-purchase retirement savings
28 administrative account, the money-purchase retirement savings
29 principal account, the motor vehicle fund, the motorcycle safety
30 education account, the multimodal transportation account, the
31 multiuse roadway safety account, the municipal criminal justice
32 assistance account, the oyster reserve land account, the pension
33 funding stabilization account, the perpetual surveillance and
34 maintenance account, the pilotage account, the pollution liability
35 insurance agency underground storage tank revolving account, the
36 public employees' retirement system plan 1 account, the public
37 employees' retirement system combined plan 2 and plan 3 account, the
38 public facilities construction loan revolving account, the public
39 health supplemental account, the public works assistance account, the
40 Puget Sound capital construction account, the Puget Sound ferry

1 operations account, the Puget Sound Gateway facility account, the
2 Puget Sound taxpayer accountability account, the real estate
3 appraiser commission account, the recreational vehicle account, the
4 regional mobility grant program account, the resource management cost
5 account, the rural arterial trust account, the rural mobility grant
6 program account, the rural Washington loan fund, the sexual assault
7 prevention and response account, the site closure account, the
8 skilled nursing facility safety net trust fund, the small city
9 pavement and sidewalk account, the special category C account, the
10 special wildlife account, the state investment board expense account,
11 the state investment board commingled trust fund accounts, the state
12 patrol highway account, the state reclamation revolving account, the
13 state route number 520 civil penalties account, the state route
14 number 520 corridor account, the statewide broadband account, the
15 statewide tourism marketing account, the supplemental pension
16 account, the Tacoma Narrows toll bridge account, the teachers'
17 retirement system plan 1 account, the teachers' retirement system
18 combined plan 2 and plan 3 account, the tobacco prevention and
19 control account, the tobacco settlement account, the toll facility
20 bond retirement account, the transportation 2003 account (nickel
21 account), the transportation equipment fund, the transportation
22 future funding program account, the transportation improvement
23 account, the transportation improvement board bond retirement
24 account, the transportation infrastructure account, the
25 transportation partnership account, the traumatic brain injury
26 account, the University of Washington bond retirement fund, the
27 University of Washington building account, the voluntary cleanup
28 account, the volunteer firefighters' and reserve officers' relief and
29 pension principal fund, the volunteer firefighters' and reserve
30 officers' administrative fund, the vulnerable roadway user education
31 account, the Washington judicial retirement system account, the
32 Washington law enforcement officers' and firefighters' system plan 1
33 retirement account, the Washington law enforcement officers' and
34 firefighters' system plan 2 retirement account, the Washington public
35 safety employees' plan 2 retirement account, the Washington school
36 employees' retirement system combined plan 2 and 3 account, the
37 Washington state patrol retirement account, the Washington State
38 University building account, the Washington State University bond
39 retirement fund, the water pollution control revolving administration
40 account, the water pollution control revolving fund, the Western

1 Washington University capital projects account, the Yakima integrated
2 plan implementation account, the Yakima integrated plan
3 implementation revenue recovery account, and the Yakima integrated
4 plan implementation taxable bond account. Earnings derived from
5 investing balances of the agricultural permanent fund, the normal
6 school permanent fund, the permanent common school fund, the
7 scientific permanent fund, and the state university permanent fund
8 shall be allocated to their respective beneficiary accounts.

9 (b) Any state agency that has independent authority over accounts
10 or funds not statutorily required to be held in the state treasury
11 that deposits funds into a fund or account in the state treasury
12 pursuant to an agreement with the office of the state treasurer shall
13 receive its proportionate share of earnings based upon each account's
14 or fund's average daily balance for the period.

15 (5) In conformance with Article II, section 37 of the state
16 Constitution, no treasury accounts or funds shall be allocated
17 earnings without the specific affirmative directive of this section.

18 NEW SECTION. **Sec. 6.** Section 4 of this act expires July 1,
19 2024.

20 NEW SECTION. **Sec. 7.** Section 5 of this act takes effect July 1,
21 2024.

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