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**SENATE BILL 5752**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Senators Trudeau, Lovick, Das, Dhingra, Frockt, Hasegawa, Keiser, Liias, Lovelett, Nguyen, Nobles, Pedersen, Randall, Rivers, Salomon, Stanford, Wellman, and C. Wilson; by request of State Treasurer

AN ACT Relating to the creation of the Washington future fund trust fund program; reenacting and amending RCW 43.79A.040; adding a new section to chapter 74.09 RCW; adding a new chapter to Title 43 RCW; making an appropriation; and providing an expiration date.

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

NEW SECTION. **Sec.**  The legislature finds that persistent and disproportionate wealth inequities exist in Washington state. As wealth is the key indicator of long-term economic stability and well-being, those born into families of limited means face additional and substantial barriers to accessing reliable pathways out of poverty such as owning a home, completing postsecondary education, or starting a small business. The legislature declares that it is the public policy of the state and a recognized governmental function to assist individuals who are born into families of limited means to overcome economic and other disadvantages that would otherwise limit their opportunities as adults, making them better able to contribute to the general welfare.

Nearly half of all births in Washington state occur with a public subsidy from apple health. This indicates that a significant population of Washingtonians are born every year without financial stability.

The legislature recognizes that the effects of economic hardship are well-documented. Poverty causes negative outcomes for children, adults, and families. Further, financial hardship to individuals can result in state expenditures that could have been avoided if affected individuals were empowered to be more financially independent.

The purpose of this chapter is to establish a Washington future fund trust fund program housed in the office of the state treasurer to provide a sum of money in a savings and investment account for individuals who are born into families of limited means, to assist them in pursuing opportunities for education, housing, and entrepreneurship by starting a small business. The legislature also intends for this chapter to create opportunities that will foster financial independence and correspondingly reduce the need for certain state support.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Designated beneficiary" means an individual:

(a) Born on or after January 1, 2024;

(b) Whose birth was subject to medical coverage provided under apple health for kids, as provided in RCW 74.09.470; and

(c) Who is facing financial hardship at the time of making a claim for funds provided in this chapter, as determined by the treasurer.

(2) "Eligible expenditure" means an expenditure associated with any of the following:

(a) Postsecondary education of a designated beneficiary in Washington state, including trade schools, apprenticeships, and technical certifications;

(b) Purchase of a home in Washington state by a designated beneficiary; or

(c) The formation of a business in Washington state by a designated beneficiary.

(3) "Facing financial hardship" means having an income that is less than 193 percent of the federal poverty level.

(4) "Treasurer" means the state treasurer.

(5) "Washington future fund trust fund" or "trust" means the fund established in the custody of the state treasurer by section 4 of this act, comprised of private, public, or private and public sources, to finance benefits for designated beneficiaries.

NEW SECTION. **Sec.**  (1)(a) A committee on the Washington future fund trust fund is established, with members as provided in this subsection:

(i) The president of the senate shall appoint one member of the senate from each of the two largest caucuses;

(ii) The speaker of the house of representatives shall appoint one member of the house of representatives from each of the two largest caucuses;

(iii) The state treasurer, or the treasurer's designee;

(iv) The state treasurer shall appoint two members representing underrepresented communities;

(v) The state treasurer shall appoint one member representing an economic empowerment organization; and

(vi) The director of the Washington health care authority, or the director's designee.

(b) The committee shall be chaired by the state treasurer. The state treasurer must convene the initial meeting of the committee in 2029. Subsequent meetings shall be held as follows:

(i) Annual meetings through 2034;

(ii) Twice annual meetings in 2035 through 2039; and

(iii) Quarterly meetings in 2040 through 2042.

(2) All appointed members shall serve a two-year term that begins on January 1st.

(3) The committee shall review the following topics:

(a) The distribution of funds in accordance with the intent of the trust;

(b) How to determine eligibility at the time that funds are received, including means-testing and identification verification;

(c) How to monitor the designated beneficiary's use of funds to ensure compliance with program requirements;

(d) Creating a campaign to increase public awareness of eligibility for the program;

(e) The identification and approval of financial education course offerings; and

(f) Other policy considerations that may arise and be pertinent to the administration of the trust.

(4) Staff support for the committee is provided by the office of the treasurer.

(5) Legislative members of the committee are reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members are not entitled to be reimbursed for travel expenses if they are elected officials or are participating on behalf of an employer, governmental entity, or other organization. Any reimbursement for other nonlegislative members is subject to chapter 43.03 RCW.

(6) Committee expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(7) The committee shall report its findings and recommendations to the appropriate committees of the legislature by December 1, 2040.

(8) This section expires January 1, 2045.

NEW SECTION. **Sec.**  (1) The Washington future fund trust fund is created in the custody of the state treasurer. Expenditures from the fund may be used only for the purposes of the Washington future fund trust fund established under this chapter. The fund shall retain its interest earnings in accordance with RCW 43.79A.040.

(2) The treasurer shall deposit in the fund all money received for the program, including state appropriations and private contributions.

(3) Disbursements from the fund are exempt from appropriations and the allotment provisions of chapter 43.88 RCW.

(4) Money used for program administration by the treasurer is subject to the allotment and budgetary controls of chapter 43.88 RCW, and an appropriation is required for these expenditures.

(5) All moneys in the fund, all property and rights purchased from the fund, and all income attributable to the fund, shall be held in trust by the state investment board, as provided in RCW 43.33A.030, for the exclusive benefit of fund beneficiaries.

NEW SECTION. **Sec.**  (1) The state investment board has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the trust. All of the earnings from the investment of the money shall be retained by the trust.

(2) All investment and operating costs associated with the investment of money shall be paid under RCW 43.33A.160 and 43.84.160.

(3) All investments made by the state investment board shall be made with the exercise of judgment and care required by RCW 43.33A.140 and consistent with the investment policy established by the state investment board.

(4) As deemed appropriate by the state investment board, money in the trust may be commingled for investment with other funds subject to investment by the board.

(5) The authority to establish all policies relating to the trust, other than the investment policies as set forth in subsections (1) through (3) of this section, resides with the treasurer.

(6) The state investment board shall routinely consult and communicate with the treasurer on the investment policy, earnings of the trust, and related needs of the program.

NEW SECTION. **Sec.**  (1) The treasurer shall administer the Washington future fund trust fund. To the extent that funds are appropriated for this purpose, the office of the state treasurer shall provide staff and administrative support to the treasurer.

(2) The treasurer, the office of the state treasurer, and the state investment board shall not be considered an insurer of the funds or assets of the trust or the individual trust accounts. Neither the treasurer, the office of the state treasurer, nor the state investment board are liable for the action or inaction of the other.

(3) The treasurer, the office of the state treasurer, and the state investment board are not liable to the state, to the trust, or to any other person as a result of their activities relating to this chapter, whether those activities are ministerial or discretionary, except for willful dishonesty or intentional violations of law. The treasurer may purchase liability insurance for the treasurer and the office of the state treasurer, and the state investment board may purchase liability insurance for its members.

NEW SECTION. **Sec.**  (1) Beginning on a designated beneficiary's 18th birthday and before the designated beneficiary's 31st birthday, a designated beneficiary is eligible to receive the total sum of the initial investment and investment earnings to be used for an eligible expenditure. The designated beneficiary may submit a claim for benefits subject to the following conditions:

(a) The designated beneficiary must be a resident of the state of Washington;

(b) The designated beneficiary must have successfully completed a financial education course or a comparable financial education offering as determined by the treasurer; and

(c) The designated beneficiary must be facing financial hardship.

(2) If a designated beneficiary is deceased before submitting a valid claim or does not submit a valid claim before the designated beneficiary's 31st birthday, such accounting shall be credited back to the assets of the trust.

(3) Subject to federal and state laws governing the disclosure of confidential information related to designated beneficiaries, the treasurer and the Washington health care authority shall enter into a memorandum of understanding to establish information-sharing practices in order to carry out the purposes of this chapter.

NEW SECTION. **Sec.**  On or before the first day of September in each year, beginning September 1, 2025, the health care authority shall inform the treasurer of the number of designated beneficiaries born in the prior fiscal year. Promptly thereafter, the treasurer shall submit to the office of financial management a calculation of the total amount required to deposit to the trust in an amount equal to $3,200 per designated beneficiary born in the prior fiscal year.

NEW SECTION. **Sec.**  The treasurer may receive gifts, grants, and endowments from public or private sources as may be made from time to time, in trust or otherwise, for the use and benefit of the purposes of the Washington future fund trust fund, and the treasurer may expend the gifts, grants, and endowments according to their terms.

NEW SECTION. **Sec.**  Trust assets are not considered assets for purposes of determining an individual's eligibility for assistance under any program administered by the department of social and health services.

(2) Trust assets are not considered assets for purposes of determining an individual's eligibility for need-based, institutional aid grants offered to an individual at the public educational institutions in the state.

NEW SECTION. **Sec.**  The treasurer may adopt rules under chapter 34.05 RCW for the implementation of this chapter.

NEW SECTION. **Sec.**  The sum of $64,000,000, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2022, from the general fund to the office of the state treasurer for the purposes of beginning investments in the Washington future fund trust fund.

NEW SECTION. **Sec.**  A new section is added to chapter 74.09 RCW to read as follows:

The authority must enter into a data-sharing agreement with the office of the state treasurer to share the necessary data to facilitate the Washington future fund trust fund under chapter 43.--- RCW (the new chapter created in section 15 of this act). To effectuate this agreement, the authority must retain client eligibility records for children born under apple health until they turn 31 years old.

**Sec.**  RCW 43.79A.040 and 2021 c 175 s 10 and 2021 c 108 s 5 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Rosa Franklin legislative internship program scholarship ((~~[account]~~)) account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the county road administration board emergency loan account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family and medical leave insurance account, the fish and wildlife federal lands revolving account, the natural resources federal lands revolving account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the educator conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the Washington history day account, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the produce railcar pool account, the public use general aviation airport loan revolving account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state library-archives building account, the reduced cigarette ignition propensity account, the center for deaf and hard of hearing youth account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, the school employees' benefits board insurance reserve fund, the public employees' and retirees' insurance account, the school employees' insurance account, the long-term services and supports trust account, the radiation perpetual maintenance fund, the Indian health improvement reinvestment account, the department of licensing tuition recovery trust fund, the student achievement council tuition recovery trust fund, the tuition recovery trust fund, the industrial insurance premium refund account, the mobile home park relocation fund, the natural resources deposit fund, the Washington state health insurance pool account, the federal forest revolving account, ((~~and~~)) the library operations account, and the Washington future fund trust fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advance right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

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

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

NEW SECTION. **Sec.**  Sections 1 through 11 of this act constitute a new chapter in Title 43 RCW.

**--- END ---**