

EHB 1823 - S COMM AMD
By Committee on Ways & Means

ADOPTED AS AMENDED 04/12/2023

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 28B.93.005 and 2022 c 206 s 1 are each amended to
4 read as follows:

5 (1) The legislature finds that college students continue to
6 borrow in order to fund their higher education, despite an increase
7 in access to state financial aid. In Washington state, estimates for
8 the number of borrowers carrying student loan debt are around 800,000
9 with an average balance around \$33,500, resulting in a total
10 outstanding balance of \$29.4 billion. Student loan debt outpaces
11 other sources of consumer debt, such as credit card and vehicle debt.
12 While research shows that earning a postsecondary credential
13 positively impacts a person's earning potential, high student loan
14 debt erodes much of this benefit.

15 (2) The legislature recognizes that people with student loan debt
16 are less likely to get married and start a family, establish small
17 businesses, and buy homes. High student loan debt negatively impacts
18 a person's credit score and their debt-to-income ratio, which impacts
19 their ability to qualify for a mortgage. However, student loan debt
20 does not impact all borrowers the same.

21 (3) Student loan borrowers who struggle the most are typically
22 lower income, first generation, and students of color. Data from the
23 national center for education statistics of a 12-year longitudinal
24 study based on students who began their education in the 2003-04
25 academic year found the following for students who defaulted: Almost
26 90 percent had received a Pell grant at one point; 70 percent were
27 first generation college students; 40 percent were in the bottom
28 quarter of income distribution; and 30 percent were African American.

29 (4) The legislature recognizes though that student loans are
30 beneficial for students who have no other way to pay for college or
31 have expenses beyond tuition and fees. Student loans can open up
32 postsecondary education opportunities for many and help boost the

1 state's economy by increasing the number of qualified graduates to
2 fulfill workforce shortages. However, the legislature finds that high
3 interest rates that accumulate while the student is in college
4 negatively impact the student's ability to prosper financially and
5 contribute to the state's economy after graduation. The legislature
6 also recognizes that there is very little financial aid available to
7 assist students pursuing graduate studies, despite the state's high
8 demand for qualified professionals in fields with workforce shortages
9 such as behavioral health, nursing, software development, teaching,
10 and more. Therefore, the legislature intends to support students
11 pursuing higher education by establishing a state student loan
12 program that is more affordable than direct federal student loans and
13 private loans. The legislature intends to offer student loans to
14 state residents with financial need who are pursuing (~~undergraduate~~
15 ~~and~~) high-demand graduate studies at a subsidized(~~(, one percent)~~)
16 interest rate not to exceed 2.5 percent. The legislature intends for
17 the Washington state student loan program to align with the
18 Washington college grant program, recognizing that student loans are
19 secondary forms of financial aid that often cover expenses beyond
20 tuition. (~~(Based on the feasibility of the state student loan program~~
21 ~~recommendations developed by the Washington student achievement~~
22 ~~council, in consultation with the Washington state investment board,~~
23 ~~and the office of the state treasurer, the legislature intends to~~
24 ~~finance the Washington state student loan program with a one-time~~
25 ~~\$150,000,000 appropriation to cover annual student loan originations~~
26 ~~and expenses until repayments are substantial enough to support the~~
27 ~~program on an ongoing basis.)~~)

28 **Sec. 2.** RCW 28B.93.010 and 2022 c 206 s 2 are each amended to
29 read as follows:

30 The definitions in this section apply throughout this chapter
31 unless the context clearly requires otherwise.

32 (1) "Borrower" means an eligible student who has received a
33 student loan under the Washington student loan program.

34 (2) "Eligible expenses" means reasonable expenses associated with
35 the costs of acquiring a postsecondary education such as tuition,
36 fees, books, equipment, room and board, and other expenses as
37 determined by the office.

38 (3) "Eligible graduate program" means an advanced academic degree
39 in a specialized field of study that has a workforce shortage or is

1 considered high demand including, but not limited to, professions in
2 health care, behavioral and mental health, early education, K-12,
3 higher education, law enforcement, public safety, and others, as
4 determined by the office.

5 (4) "Eligible student" means a student who:

6 (a) Meets the definition of "resident student" under RCW
7 28B.15.012(2) (a) through (e);

8 (b) Has a median family income of 100 percent or less of the
9 state median family income;

10 (c) Is enrolled in an institution of higher education in an
11 eligible (~~undergraduate or~~) graduate program on at least a half-
12 time basis; and

13 (d) Has completed an annual application for financial aid as
14 approved by the office.

15 (~~(5) ("Eligible undergraduate program" means a postsecondary~~
16 ~~education program that leads to a certificate, associate's degree, or~~
17 ~~bachelor's degree.~~

18 ~~(6))~~ "Gift aid" means federal, state, institutional, or private
19 financial aid provided for educational purposes with no obligation of
20 repayment. "Gift aid" does not include student loans or work-study
21 programs.

22 (~~(7))~~ (6) "Institutions of higher education" includes
23 institutions of higher education authorized to participate in state
24 financial aid programs in accordance with chapter 28B.92 RCW.

25 (~~(8))~~ (7) "Office" means the office of student financial
26 assistance established under chapter 28B.76 RCW.

27 (~~(9))~~ (8) "Program" means the Washington student loan program.

28 (~~(10))~~ (9) "Student loan" means a loan that is approved by the
29 office and awarded to an eligible student to pay for eligible
30 expenses.

31 **Sec. 3.** RCW 28B.93.020 and 2022 c 206 s 3 are each amended to
32 read as follows:

33 (1) The Washington student achievement council, in consultation
34 with the office of the state treasurer and the state investment
35 board(~~(+,+)~~), shall design a student loan program to assist students
36 who need additional financial support to obtain postsecondary
37 education.

1 (2) At a minimum, the program design must make recommendations
2 about the following features of a state student loan program and
3 implementation plan:

4 (a) A low interest rate that is below current federal subsidized
5 student loan interest rates (~~(, with one option being a one)~~) not to
6 exceed 2.5 percent (~~(interest rate)~~);

7 (~~(The distribution of loans between graduate students and~~
8 ~~undergraduate students;~~

9 ~~(e)~~) The terms of the loans, including:

10 (i) Loan limits not to exceed \$20,000 per borrower;

11 (ii) Grace periods, including grace periods for active duty
12 members of the national guard who may lose eligibility when being
13 called up for active duty; and

14 (iii) Minimum postsecondary enrollment standards;

15 (~~(d)~~) (c) The terms and administration of a repayment program,
16 including:

17 (i) Repayment options such as standard loan repayment contracts
18 and the length of the repayment contracts, which shall not exceed 10
19 years;

20 (ii) Income-based repayment plans; and

21 (iii) Terms of loan forgiveness;

22 (~~(e)~~) (d) The types and characteristics of borrowers permitted
23 to participate in the program including family income, degree and
24 credential types, and other borrower characteristics. The program
25 must prioritize low-income borrowers; and

26 (~~(f)~~) (e) The design and administration of an appeals process.

27 (3) In the design of the program, the Washington student
28 achievement council may recommend contracting with one or more state-
29 based financial institutions regulated by either chapter 31.12 or
30 30A.04 RCW to provide loan origination and may contract with a third-
31 party entity to provide loan servicing for the program. The
32 Washington student achievement council must use an open and
33 competitive bid process in the selection of one or more (~~(state-~~
34 ~~based)~~) financial institutions for loan origination and servicing for
35 the program. A third-party entity providing loan servicing shall
36 comply with all of the requirements for student education loan
37 servicers under chapter 31.04 RCW.

38 (4) The Washington student achievement council (~~(shall contract~~
39 ~~with an independent actuary to conduct an analysis on the~~
40 ~~sustainability of the program design, including the ability of the~~

1 ~~program to operate as self-sustaining if issuing one percent interest~~
2 ~~rate loans)) may retain a consultant to design a loan program,~~
3 ~~including one or more financial advisors, to provide consultation on~~
4 ~~the sustainability of the loan program.~~

5 (5) The Washington student achievement council shall provide a
6 report on the design, sustainability, and implementation plan for the
7 program to the governor and the higher education committees of the
8 legislature by December 1, ~~((2022))~~ 2023, in accordance with RCW
9 43.01.036.

10 **Sec. 4.** RCW 28B.93.030 and 2022 c 206 s 4 are each amended to
11 read as follows:

12 (1) The Washington student loan program is created to assist
13 students who need additional financial support to obtain
14 postsecondary education. Beginning in the ~~((2024-25))~~ 2025-26
15 academic year, the office may award student loans under the program
16 to eligible students from the funds available in RCW 28B.93.060.

17 (2) The program shall be administered by the office. To the
18 extent practicable, the program design must include the
19 recommendations for program design as provided in the report required
20 under RCW 28B.93.020 ~~((Student loans shall not be issued unless the~~
21 ~~program design recommended in RCW 28B.93.020 is forecasted by an~~
22 ~~independent actuary to be self-sustaining and the interest rates for~~
23 ~~the loans issued under the program do not exceed one percent))~~,
24 including that the Washington student loan account have a minimum
25 life cycle of seven years and that loans issued under the program do
26 not exceed 2.5 percent.

27 (3) The office is responsible for providing administrative
28 support to execute the duties and responsibilities provided in this
29 chapter. The duties and responsibilities include:

30 (a) Ensure institutions of higher education have a policy for
31 awarding student loans under the program that prioritizes funding for
32 eligible students who have greater unmet financial need, are lowest
33 income, are first generation college students, ~~((and))~~ are
34 demographically underrepresented, do not qualify for federally funded
35 student financial aid, or who have received loans under the program
36 in prior years;

37 (b) Issue low-interest student loans not to exceed 2.5 percent,
38 of which interest accrues during all periods including during
39 enrollment in an eligible graduate degree program;

1 (c) Define the terms of repayment, which shall not exceed 10
2 years in length unless provided for under (f) of this subsection;

3 (d) Collect and manage repayments from borrowers;

4 (e) Establish an appeals process;

5 (f) Exercise discretion to revise repayment obligations in
6 certain cases, such as economic hardship or disability;

7 (g) Publicize the program; and

8 (h) Adopt necessary rules.

9 (4) The office is responsible for establishing and administering
10 an appeals process that resolves appeals from borrowers within ninety
11 days of receipt.

12 **Sec. 5.** RCW 28B.93.040 and 2022 c 206 s 5 are each amended to
13 read as follows:

14 The office (~~shall~~) may contract with one or more state-based
15 financial institutions regulated by either chapter 31.12 RCW or
16 chapter 30A.04 RCW to provide loan origination and may contract with
17 a third-party entity to provide loan servicing for the program. A
18 third-party entity providing loan servicing shall comply with all of
19 the requirements for student education loan servicers under chapter
20 31.04 RCW.

21 **Sec. 6.** RCW 28B.93.050 and 2022 c 206 s 6 are each amended to
22 read as follows:

23 (1) The office shall collect data on the program in collaboration
24 with the institutions of higher education. The data must include, but
25 is not limited to:

26 (a) The number of eligible students who were awarded a student
27 loan;

28 (b) The number of borrowers;

29 (c) The average borrowed annual and total balances;

30 (d) Borrower demographics;

31 (e) The institutions of higher education and educational fields
32 of borrowers; (~~and~~)

33 (f) Postgraduation employment data;

34 (g) Time to degree completion; and

35 (h) Repayment statistics, including:

36 (i) The number of borrowers in active repayment, deferment,
37 delinquency, forbearance, and default;

1 (ii) The average time it took for borrowers to enter delinquency
2 and default;

3 (iii) Demographic and educational data of borrowers enrolled in
4 the income-based repayment plan option;

5 (iv) Demographic and educational data of borrowers in different
6 repayment statuses, including delinquency and default; and

7 (v) Information about what happened to borrowers who defaulted.

8 (2) Beginning December 1, ~~((2026))~~ 2027, and in compliance with
9 RCW 43.01.036, the office must submit an annual report on the data
10 collected under subsection (1) of this section and any other relevant
11 information regarding the program to the higher education committees
12 of the legislature.

13 **Sec. 7.** RCW 28B.93.060 and 2022 c 206 s 7 are each amended to
14 read as follows:

15 (1) The Washington student loan account is created in the
16 ((custody of the state treasurer)) state treasury. All receipts from
17 the Washington student loan program must be deposited in the account.
18 Expenditures from the account may be used only for administration and
19 the issuance of new student loans. ((Only the executive director of
20 the Washington student achievement council or the executive
21 director's designee may authorize expenditures from the account. The
22 account is subject to the allotment procedures under chapter 43.88
23 RCW, moneys)) Moneys in the account may be spent only after
24 appropriation.

25 (2) The legislature may appropriate no more than \$10,000,000 each
26 fiscal year from the account for five consecutive fiscal years,
27 beginning with the first fiscal year from which loans are made from
28 the account.

29 **Sec. 8.** RCW 43.79A.040 and 2022 c 244 s 3, 2022 c 206 s 8, 2022
30 c 183 s 16, and 2022 c 162 s 6 are each reenacted and amended to read
31 as follows:

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

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

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

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

15 (b) The following accounts and funds must receive their
16 proportionate share of earnings based upon each account's or fund's
17 average daily balance for the period: The 24/7 sobriety account, the
18 Washington promise scholarship account, the Gina Grant Bull memorial
19 legislative page scholarship account, the Rosa Franklin legislative
20 internship program scholarship account, the Washington advanced
21 college tuition payment program account, the Washington college
22 savings program account, the accessible communities account, the
23 Washington achieving a better life experience program account, the
24 Washington career and college pathways innovation challenge program
25 account, the community and technical college innovation account, the
26 agricultural local fund, the American Indian scholarship endowment
27 fund, the behavioral health loan repayment program account, the
28 foster care scholarship endowment fund, the foster care endowed
29 scholarship trust fund, the contract harvesting revolving account,
30 the Washington state combined fund drive account, the commemorative
31 works account, the county enhanced 911 excise tax account, the county
32 road administration board emergency loan account, the toll collection
33 account, the developmental disabilities endowment trust fund, the
34 energy account, the energy facility site evaluation council account,
35 the fair fund, the family and medical leave insurance account, the
36 fish and wildlife federal lands revolving account, the natural
37 resources federal lands revolving account, the food animal
38 veterinarian conditional scholarship account, the forest health
39 revolving account, the fruit and vegetable inspection account, the
40 educator conditional scholarship account, the game farm alternative

1 account, the GET ready for math and science scholarship account, the
2 Washington global health technologies and product development
3 account, the grain inspection revolving fund, the Washington history
4 day account, the industrial insurance rainy day fund, the juvenile
5 accountability incentive account, the law enforcement officers' and
6 firefighters' plan 2 expense fund, the local tourism promotion
7 account, the low-income home rehabilitation revolving loan program
8 account, the multiagency permitting team account, the northeast
9 Washington wolf-livestock management account, the produce railcar
10 pool account, the public use general aviation airport loan revolving
11 account, the regional transportation investment district account, the
12 rural rehabilitation account, the Washington sexual assault kit
13 account, the stadium and exhibition center account, the youth
14 athletic facility account, the self-insurance revolving fund, the
15 children's trust fund, the Washington horse racing commission
16 Washington bred owners' bonus fund and breeder awards account, the
17 Washington horse racing commission class C purse fund account, the
18 individual development account program account, the Washington horse
19 racing commission operating account, the life sciences discovery
20 fund, the Washington state library-archives building account, the
21 reduced cigarette ignition propensity account, the center for deaf
22 and hard of hearing youth account, the school for the blind account,
23 the Millersylvania park trust fund, the public employees' and
24 retirees' insurance reserve fund, the school employees' benefits
25 board insurance reserve fund, the public employees' and retirees'
26 insurance account, the school employees' insurance account, the long-
27 term services and supports trust account, the radiation perpetual
28 maintenance fund, the Indian health improvement reinvestment account,
29 the department of licensing tuition recovery trust fund, the student
30 achievement council tuition recovery trust fund, the tuition recovery
31 trust fund, (~~the Washington student loan account,~~) the industrial
32 insurance premium refund account, the mobile home park relocation
33 fund, the natural resources deposit fund, the Washington state health
34 insurance pool account, the federal forest revolving account, and the
35 library operations account.

36 (c) The following accounts and funds must receive 80 percent of
37 their proportionate share of earnings based upon each account's or
38 fund's average daily balance for the period: The advance right-of-way
39 revolving fund, the advanced environmental mitigation revolving
40 account, the federal narcotics asset forfeitures account, the high

1 occupancy vehicle account, the local rail service assistance account,
2 and the miscellaneous transportation programs account.

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

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

13 **Sec. 9.** RCW 43.84.092 and 2022 c 182 s 403 are each amended to
14 read as follows:

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

18 (2) The treasury income account shall be utilized to pay or
19 receive funds associated with federal programs as required by the
20 federal cash management improvement act of 1990. The treasury income
21 account is subject in all respects to chapter 43.88 RCW, but no
22 appropriation is required for refunds or allocations of interest
23 earnings required by the cash management improvement act. Refunds of
24 interest to the federal treasury required under the cash management
25 improvement act fall under RCW 43.88.180 and shall not require
26 appropriation. The office of financial management shall determine the
27 amounts due to or from the federal government pursuant to the cash
28 management improvement act. The office of financial management may
29 direct transfers of funds between accounts as deemed necessary to
30 implement the provisions of the cash management improvement act, and
31 this subsection. Refunds or allocations shall occur prior to the
32 distributions of earnings set forth in subsection (4) of this
33 section.

34 (3) Except for the provisions of RCW 43.84.160, the treasury
35 income account may be utilized for the payment of purchased banking
36 services on behalf of treasury funds including, but not limited to,
37 depository, safekeeping, and disbursement functions for the state
38 treasury and affected state agencies. The treasury income account is
39 subject in all respects to chapter 43.88 RCW, but no appropriation is

1 required for payments to financial institutions. Payments shall occur
2 prior to distribution of earnings set forth in subsection (4) of this
3 section.

4 (4) Monthly, the state treasurer shall distribute the earnings
5 credited to the treasury income account. The state treasurer shall
6 credit the general fund with all the earnings credited to the
7 treasury income account except:

8 (a) The following accounts and funds shall receive their
9 proportionate share of earnings based upon each account's and fund's
10 average daily balance for the period: The abandoned recreational
11 vehicle disposal account, the aeronautics account, the Alaskan Way
12 viaduct replacement project account, the ambulance transport fund,
13 the brownfield redevelopment trust fund account, the budget
14 stabilization account, the capital vessel replacement account, the
15 capitol building construction account, the Central Washington
16 University capital projects account, the charitable, educational,
17 penal and reformatory institutions account, the Chehalis basin
18 account, the Chehalis basin taxable account, the cleanup settlement
19 account, the climate active transportation account, the climate
20 transit programs account, the Columbia river basin water supply
21 development account, the Columbia river basin taxable bond water
22 supply development account, the Columbia river basin water supply
23 revenue recovery account, the common school construction fund, the
24 community forest trust account, the connecting Washington account,
25 the county arterial preservation account, the county criminal justice
26 assistance account, the deferred compensation administrative account,
27 the deferred compensation principal account, the department of
28 licensing services account, the department of retirement systems
29 expense account, the developmental disabilities community services
30 account, the diesel idle reduction account, the drinking water
31 assistance account, the administrative subaccount of the drinking
32 water assistance account, the early learning facilities development
33 account, the early learning facilities revolving account, the Eastern
34 Washington University capital projects account, the education
35 construction fund, the education legacy trust account, the election
36 account, the electric vehicle account, the energy freedom account,
37 the energy recovery act account, the essential rail assistance
38 account, The Evergreen State College capital projects account, the
39 fair start for kids account, the ferry bond retirement fund, the
40 fish, wildlife, and conservation account, the freight mobility

1 investment account, the freight mobility multimodal account, the
2 grade crossing protective fund, the public health services account,
3 the state higher education construction account, the higher education
4 construction account, the higher education retirement plan
5 supplemental benefit fund, the Washington student loan account, the
6 highway bond retirement fund, the highway infrastructure account, the
7 highway safety fund, the hospital safety net assessment fund, the
8 Interstate 405 and state route number 167 express toll lanes account,
9 the judges' retirement account, the judicial retirement
10 administrative account, the judicial retirement principal account,
11 the limited fish and wildlife account, the local leasehold excise tax
12 account, the local real estate excise tax account, the local sales
13 and use tax account, the marine resources stewardship trust account,
14 the medical aid account, the money-purchase retirement savings
15 administrative account, the money-purchase retirement savings
16 principal account, the motor vehicle fund, the motorcycle safety
17 education account, the move ahead WA account, the move ahead WA
18 flexible account, the multimodal transportation account, the multiuse
19 roadway safety account, the municipal criminal justice assistance
20 account, the oyster reserve land account, the pension funding
21 stabilization account, the perpetual surveillance and maintenance
22 account, the pilotage account, the pollution liability insurance
23 agency underground storage tank revolving account, the public
24 employees' retirement system plan 1 account, the public employees'
25 retirement system combined plan 2 and plan 3 account, the public
26 facilities construction loan revolving account, the public health
27 supplemental account, the public works assistance account, the Puget
28 Sound capital construction account, the Puget Sound ferry operations
29 account, the Puget Sound Gateway facility account, the Puget Sound
30 taxpayer accountability account, the real estate appraiser commission
31 account, the recreational vehicle account, the regional mobility
32 grant program account, the resource management cost account, the
33 rural arterial trust account, the rural mobility grant program
34 account, the rural Washington loan fund, the sexual assault
35 prevention and response account, the site closure account, the
36 skilled nursing facility safety net trust fund, the small city
37 pavement and sidewalk account, the special category C account, the
38 special wildlife account, the state investment board expense account,
39 the state investment board commingled trust fund accounts, the state
40 patrol highway account, the state reclamation revolving account, the

1 state route number 520 civil penalties account, the state route
2 number 520 corridor account, the statewide broadband account, the
3 statewide tourism marketing account, the supplemental pension
4 account, the Tacoma Narrows toll bridge account, the teachers'
5 retirement system plan 1 account, the teachers' retirement system
6 combined plan 2 and plan 3 account, the tobacco prevention and
7 control account, the tobacco settlement account, the toll facility
8 bond retirement account, the transportation 2003 account (nickel
9 account), the transportation equipment fund, the transportation
10 future funding program account, the transportation improvement
11 account, the transportation improvement board bond retirement
12 account, the transportation infrastructure account, the
13 transportation partnership account, the traumatic brain injury
14 account, the University of Washington bond retirement fund, the
15 University of Washington building account, the voluntary cleanup
16 account, the volunteer firefighters' and reserve officers' relief and
17 pension principal fund, the volunteer firefighters' and reserve
18 officers' administrative fund, the vulnerable roadway user education
19 account, the Washington judicial retirement system account, the
20 Washington law enforcement officers' and firefighters' system plan 1
21 retirement account, the Washington law enforcement officers' and
22 firefighters' system plan 2 retirement account, the Washington public
23 safety employees' plan 2 retirement account, the Washington school
24 employees' retirement system combined plan 2 and 3 account, the
25 Washington state patrol retirement account, the Washington State
26 University building account, the Washington State University bond
27 retirement fund, the water pollution control revolving administration
28 account, the water pollution control revolving fund, the Western
29 Washington University capital projects account, the Yakima integrated
30 plan implementation account, the Yakima integrated plan
31 implementation revenue recovery account, and the Yakima integrated
32 plan implementation taxable bond account. Earnings derived from
33 investing balances of the agricultural permanent fund, the normal
34 school permanent fund, the permanent common school fund, the
35 scientific permanent fund, and the state university permanent fund
36 shall be allocated to their respective beneficiary accounts.

37 (b) Any state agency that has independent authority over accounts
38 or funds not statutorily required to be held in the state treasury
39 that deposits funds into a fund or account in the state treasury
40 pursuant to an agreement with the office of the state treasurer shall

1 receive its proportionate share of earnings based upon each account's
2 or fund's average daily balance for the period.

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

6 **Sec. 10.** RCW 43.84.092 and 2022 c 182 s 404 are each amended to
7 read as follows:

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

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

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

36 (4) Monthly, the state treasurer shall distribute the earnings
37 credited to the treasury income account. The state treasurer shall
38 credit the general fund with all the earnings credited to the
39 treasury income account except:

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The abandoned recreational
4 vehicle disposal account, the aeronautics account, the Alaskan Way
5 viaduct replacement project account, the brownfield redevelopment
6 trust fund account, the budget stabilization account, the capital
7 vessel replacement account, the capitol building construction
8 account, the Central Washington University capital projects account,
9 the charitable, educational, penal and reformatory institutions
10 account, the Chehalis basin account, the Chehalis basin taxable
11 account, the cleanup settlement account, the climate active
12 transportation account, the climate transit programs account, the
13 Columbia river basin water supply development account, the Columbia
14 river basin taxable bond water supply development account, the
15 Columbia river basin water supply revenue recovery account, the
16 common school construction fund, the community forest trust account,
17 the connecting Washington account, the county arterial preservation
18 account, the county criminal justice assistance account, the deferred
19 compensation administrative account, the deferred compensation
20 principal account, the department of licensing services account, the
21 department of retirement systems expense account, the developmental
22 disabilities community services account, the diesel idle reduction
23 account, the drinking water assistance account, the administrative
24 subaccount of the drinking water assistance account, the early
25 learning facilities development account, the early learning
26 facilities revolving account, the Eastern Washington University
27 capital projects account, the education construction fund, the
28 education legacy trust account, the election account, the electric
29 vehicle account, the energy freedom account, the energy recovery act
30 account, the essential rail assistance account, The Evergreen State
31 College capital projects account, the fair start for kids account,
32 the ferry bond retirement fund, the fish, wildlife, and conservation
33 account, the freight mobility investment account, the freight
34 mobility multimodal account, the grade crossing protective fund, the
35 public health services account, the state higher education
36 construction account, the higher education construction account, the
37 higher education retirement plan supplemental benefit fund, the
38 Washington student loan account, the highway bond retirement fund,
39 the highway infrastructure account, the highway safety fund, the
40 hospital safety net assessment fund, the Interstate 405 and state

1 route number 167 express toll lanes account, the judges' retirement
2 account, the judicial retirement administrative account, the judicial
3 retirement principal account, the limited fish and wildlife account,
4 the local leasehold excise tax account, the local real estate excise
5 tax account, the local sales and use tax account, the marine
6 resources stewardship trust account, the medical aid account, the
7 money-purchase retirement savings administrative account, the money-
8 purchase retirement savings principal account, the motor vehicle
9 fund, the motorcycle safety education account, the move ahead WA
10 account, the move ahead WA flexible account, the multimodal
11 transportation account, the multiuse roadway safety account, the
12 municipal criminal justice assistance account, the oyster reserve
13 land account, the pension funding stabilization account, the
14 perpetual surveillance and maintenance account, the pilotage account,
15 the pollution liability insurance agency underground storage tank
16 revolving account, the public employees' retirement system plan 1
17 account, the public employees' retirement system combined plan 2 and
18 plan 3 account, the public facilities construction loan revolving
19 account, the public health supplemental account, the public works
20 assistance account, the Puget Sound capital construction account, the
21 Puget Sound ferry operations account, the Puget Sound Gateway
22 facility account, the Puget Sound taxpayer accountability account,
23 the real estate appraiser commission account, the recreational
24 vehicle account, the regional mobility grant program account, the
25 resource management cost account, the rural arterial trust account,
26 the rural mobility grant program account, the rural Washington loan
27 fund, the sexual assault prevention and response account, the site
28 closure account, the skilled nursing facility safety net trust fund,
29 the small city pavement and sidewalk account, the special category C
30 account, the special wildlife account, the state investment board
31 expense account, the state investment board commingled trust fund
32 accounts, the state patrol highway account, the state reclamation
33 revolving account, the state route number 520 civil penalties
34 account, the state route number 520 corridor account, the statewide
35 broadband account, the statewide tourism marketing account, the
36 supplemental pension account, the Tacoma Narrows toll bridge account,
37 the teachers' retirement system plan 1 account, the teachers'
38 retirement system combined plan 2 and plan 3 account, the tobacco
39 prevention and control account, the tobacco settlement account, the
40 toll facility bond retirement account, the transportation 2003

1 account (nickel account), the transportation equipment fund, the
2 transportation future funding program account, the transportation
3 improvement account, the transportation improvement board bond
4 retirement account, the transportation infrastructure account, the
5 transportation partnership account, the traumatic brain injury
6 account, the University of Washington bond retirement fund, the
7 University of Washington building account, the voluntary cleanup
8 account, the volunteer firefighters' and reserve officers' relief and
9 pension principal fund, the volunteer firefighters' and reserve
10 officers' administrative fund, the vulnerable roadway user education
11 account, the Washington judicial retirement system account, the
12 Washington law enforcement officers' and firefighters' system plan 1
13 retirement account, the Washington law enforcement officers' and
14 firefighters' system plan 2 retirement account, the Washington public
15 safety employees' plan 2 retirement account, the Washington school
16 employees' retirement system combined plan 2 and 3 account, the
17 Washington state patrol retirement account, the Washington State
18 University building account, the Washington State University bond
19 retirement fund, the water pollution control revolving administration
20 account, the water pollution control revolving fund, the Western
21 Washington University capital projects account, the Yakima integrated
22 plan implementation account, the Yakima integrated plan
23 implementation revenue recovery account, and the Yakima integrated
24 plan implementation taxable bond account. Earnings derived from
25 investing balances of the agricultural permanent fund, the normal
26 school permanent fund, the permanent common school fund, the
27 scientific permanent fund, and the state university permanent fund
28 shall be allocated to their respective beneficiary accounts.

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

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

38 NEW SECTION. **Sec. 11.** Section 9 of this act expires July 1,
39 2024.

1 NEW SECTION. **Sec. 12.** Section 10 of this act takes effect July
2 1, 2024."

EHB 1823 - S COMM AMD
By Committee on Ways & Means

ADOPTED AS AMENDED 04/12/2023

3 On page 1, line 1 of the title, after "program;" strike the
4 remainder of the title and insert "amending RCW 28B.93.005,
5 28B.93.010, 28B.93.020, 28B.93.030, 28B.93.040, 28B.93.050,
6 28B.93.060, 43.84.092, and 43.84.092; reenacting and amending RCW
7 43.79A.040; providing an effective date; and providing an expiration
8 date."

EFFECT: (1) Requires that the maximum interest rate for the student loan program does not exceed 2.5 percent and accrues during all periods including while enrolled in school.

(2) Specifies a maximum borrowing limit of \$20,000 per person.

(3) Limits the repayment period to 10 years except in cases where WSAC determines a financial hardship or other extenuating circumstances exist and revises repayment obligations.

(4) Makes the Washington student loan account an appropriated account. Requires that appropriations from the account only be for administration of the program and issuance of new loans. Limits appropriations to \$10 million annually and \$50 million total.

(5) Eliminates the requirement that in the design of the program, WSAC recommend contracting with state-based financial institutions.

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