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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, Liiias, Lovelett, Nguyen, Nobles, Pedersen, Randall, Rivers, Salomon, Stanford, Wellman, and C. Wilson; by request of State Treasurer

Prefiled 01/07/22. Read first time 01/10/22. Referred to Committee on Human Services, Reentry & Rehabilitation.

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

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

6 NEW SECTION. **Sec. 1.** The legislature finds that persistent and  
7 disproportionate wealth inequities exist in Washington state. As  
8 wealth is the key indicator of long-term economic stability and well-  
9 being, those born into families of limited means face additional and  
10 substantial barriers to accessing reliable pathways out of poverty  
11 such as owning a home, completing postsecondary education, or  
12 starting a small business. The legislature declares that it is the  
13 public policy of the state and a recognized governmental function to  
14 assist individuals who are born into families of limited means to  
15 overcome economic and other disadvantages that would otherwise limit  
16 their opportunities as adults, making them better able to contribute  
17 to the general welfare.

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

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

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

15 NEW SECTION. **Sec. 2.** The definitions in this section apply  
16 throughout this chapter unless the context clearly requires  
17 otherwise.

18 (1) "Designated beneficiary" means an individual:

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

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

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

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

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

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

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

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

36 (4) "Treasurer" means the state treasurer.

37 (5) "Washington future fund trust fund" or "trust" means the fund  
38 established in the custody of the state treasurer by section 4 of

1 this act, comprised of private, public, or private and public  
2 sources, to finance benefits for designated beneficiaries.

3 NEW SECTION. **Sec. 3.** (1)(a) A committee on the Washington  
4 future fund trust fund is established, with members as provided in  
5 this subsection:

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

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

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

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

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

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

18 (b) The committee shall be chaired by the state treasurer. The  
19 state treasurer must convene the initial meeting of the committee in  
20 2029. Subsequent meetings shall be held as follows:

21 (i) Annual meetings through 2034;

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

23 (iii) Quarterly meetings in 2040 through 2042.

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

26 (3) The committee shall review the following topics:

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

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

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

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

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

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

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

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

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

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

14 (8) This section expires January 1, 2045.

15 NEW SECTION. **Sec. 4.** (1) The Washington future fund trust fund  
16 is created in the custody of the state treasurer. Expenditures from  
17 the fund may be used only for the purposes of the Washington future  
18 fund trust fund established under this chapter. The fund shall retain  
19 its interest earnings in accordance with RCW 43.79A.040.

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

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

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

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

32 NEW SECTION. **Sec. 5.** (1) The state investment board has the  
33 full power to invest, reinvest, manage, contract, sell, or exchange  
34 investment money in the trust. All of the earnings from the  
35 investment of the money shall be retained by the trust.

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

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

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

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

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

14 NEW SECTION. **Sec. 6.** (1) The treasurer shall administer the  
15 Washington future fund trust fund. To the extent that funds are  
16 appropriated for this purpose, the office of the state treasurer  
17 shall provide staff and administrative support to the treasurer.

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

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

32 NEW SECTION. **Sec. 7.** (1) Beginning on a designated  
33 beneficiary's 18th birthday and before the designated beneficiary's  
34 31st birthday, a designated beneficiary is eligible to receive the  
35 total sum of the initial investment and investment earnings to be  
36 used for an eligible expenditure. The designated beneficiary may  
37 submit a claim for benefits subject to the following conditions:

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

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

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

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

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

16 NEW SECTION. **Sec. 8.** On or before the first day of September in  
17 each year, beginning September 1, 2025, the health care authority  
18 shall inform the treasurer of the number of designated beneficiaries  
19 born in the prior fiscal year. Promptly thereafter, the treasurer  
20 shall submit to the office of financial management a calculation of  
21 the total amount required to deposit to the trust in an amount equal  
22 to \$3,200 per designated beneficiary born in the prior fiscal year.

23 NEW SECTION. **Sec. 9.** The treasurer may receive gifts, grants,  
24 and endowments from public or private sources as may be made from  
25 time to time, in trust or otherwise, for the use and benefit of the  
26 purposes of the Washington future fund trust fund, and the treasurer  
27 may expend the gifts, grants, and endowments according to their  
28 terms.

29 NEW SECTION. **Sec. 10.** Trust assets are not considered assets  
30 for purposes of determining an individual's eligibility for  
31 assistance under any program administered by the department of social  
32 and health services.

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

1        NEW SECTION.     **Sec. 11.**     The treasurer may adopt rules under  
2 chapter 34.05 RCW for the implementation of this chapter.

3        NEW SECTION.     **Sec. 12.**     The sum of \$64,000,000, or as much  
4 thereof as may be necessary, is appropriated for the fiscal year  
5 ending June 30, 2022, from the general fund to the office of the  
6 state treasurer for the purposes of beginning investments in the  
7 Washington future fund trust fund.

8        NEW SECTION.     **Sec. 13.**     A new section is added to chapter 74.09  
9 RCW to read as follows:

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

17        **Sec. 14.**     RCW 43.79A.040 and 2021 c 175 s 10 and 2021 c 108 s 5  
18 are each reenacted and amended to read as follows:

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

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

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

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

1 (b) The following accounts and funds must receive their  
2 proportionate share of earnings based upon each account's or fund's  
3 average daily balance for the period: The 24/7 sobriety account, the  
4 Washington promise scholarship account, the Gina Grant Bull memorial  
5 legislative page scholarship account, the Rosa Franklin legislative  
6 internship program scholarship (~~([account])~~) account, the Washington  
7 advanced college tuition payment program account, the Washington  
8 college savings program account, the accessible communities account,  
9 the Washington achieving a better life experience program account,  
10 the community and technical college innovation account, the  
11 agricultural local fund, the American Indian scholarship endowment  
12 fund, the foster care scholarship endowment fund, the foster care  
13 endowed scholarship trust fund, the contract harvesting revolving  
14 account, the Washington state combined fund drive account, the  
15 commemorative works account, the county enhanced 911 excise tax  
16 account, the county road administration board emergency loan account,  
17 the toll collection account, the developmental disabilities endowment  
18 trust fund, the energy account, the fair fund, the family and medical  
19 leave insurance account, the fish and wildlife federal lands  
20 revolving account, the natural resources federal lands revolving  
21 account, the food animal veterinarian conditional scholarship  
22 account, the forest health revolving account, the fruit and vegetable  
23 inspection account, the educator conditional scholarship account, the  
24 game farm alternative account, the GET ready for math and science  
25 scholarship account, the Washington global health technologies and  
26 product development account, the grain inspection revolving fund, the  
27 Washington history day account, the industrial insurance rainy day  
28 fund, the juvenile accountability incentive account, the law  
29 enforcement officers' and firefighters' plan 2 expense fund, the  
30 local tourism promotion account, the low-income home rehabilitation  
31 revolving loan program account, the multiagency permitting team  
32 account, the northeast Washington wolf-livestock management account,  
33 the produce railcar pool account, the public use general aviation  
34 airport loan revolving account, the regional transportation  
35 investment district account, the rural rehabilitation account, the  
36 Washington sexual assault kit account, the stadium and exhibition  
37 center account, the youth athletic facility account, the self-  
38 insurance revolving fund, the children's trust fund, the Washington  
39 horse racing commission Washington bred owners' bonus fund and  
40 breeder awards account, the Washington horse racing commission class



1 C purse fund account, the individual development account program  
2 account, the Washington horse racing commission operating account,  
3 the life sciences discovery fund, the Washington state library-  
4 archives building account, the reduced cigarette ignition propensity  
5 account, the center for deaf and hard of hearing youth account, the  
6 school for the blind account, the Millersylvania park trust fund, the  
7 public employees' and retirees' insurance reserve fund, the school  
8 employees' benefits board insurance reserve fund, the public  
9 employees' and retirees' insurance account, the school employees'  
10 insurance account, the long-term services and supports trust account,  
11 the radiation perpetual maintenance fund, the Indian health  
12 improvement reinvestment account, the department of licensing tuition  
13 recovery trust fund, the student achievement council tuition recovery  
14 trust fund, the tuition recovery trust fund, the industrial insurance  
15 premium refund account, the mobile home park relocation fund, the  
16 natural resources deposit fund, the Washington state health insurance  
17 pool account, the federal forest revolving account, ~~((and))~~ the  
18 library operations account, and the Washington future fund trust  
19 fund.

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

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

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

1        NEW SECTION.    **Sec. 15.**    Sections 1 through 11 of this act  
2    constitute a new chapter in Title 43 RCW.

--- **END** ---