
SENATE BILL 5496

State of Washington

68th Legislature

2023 Regular Session

By Senators Lovick, Saldaña, Cleveland, Frame, Kuderer, Lias, Lovelett, Nguyen, Pedersen, Salomon, Stanford, Valdez, Wellman, and C. Wilson

Read first time 01/20/23. Referred to Committee on Housing.

1 AN ACT Relating to creating the covenant homeownership account
2 and program to address the history of housing discrimination due to
3 racially restrictive real estate covenants in Washington state;
4 amending RCW 36.18.010, 43.84.092, and 43.84.092; adding a new
5 section to chapter 36.22 RCW; adding a new chapter to Title 43 RCW;
6 creating new sections; providing an effective date; and providing an
7 expiration date.

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

9 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

10 (a) Generations of systemic, racist, and discriminatory policies
11 and practices have created barriers to credit and homeownership for
12 black, indigenous, and people of color and other historically
13 marginalized communities in Washington state. The legislature finds
14 that these policies and practices include redlining, racially
15 restrictive covenants, mortgage subsidies and incentives, and
16 displacement and gentrification.

17 (b) The state government was both an active and passive
18 participant in this discrimination. For example, the legislature
19 recognizes the role of state courts in facilitating discrimination by
20 property owners; the existence of mandatory recording statutes that
21 required county auditors to record racially restrictive covenants;

1 the passage of the urban renewal law authorizing the designation,
2 regulation, and displacement of certain neighborhoods that were
3 deemed to be blighted; and state funding and regulation of the real
4 estate and banking industries in ways that facilitated or promoted
5 private discrimination. The legislature finds that the specific
6 discriminatory acts and omissions are well documented, including in
7 numerous public and private studies, reports, and other publications.

8 (c) This discrimination and its impacts continue to exist in the
9 present day. The legislature recognizes that the homeownership rate
10 for black, indigenous, and people of color and other historically
11 marginalized communities in Washington is 19 percent below that of
12 non-Hispanic white households, and the homeownership rate for black
13 households is even lower. The legislature recognizes that credit,
14 including home mortgages, is harder and more expensive to obtain for
15 black, indigenous, and people of color and other historically
16 marginalized communities in Washington than for non-Hispanic white
17 households. The legislature finds that the imbalance in supply and
18 demand in Washington's housing market has only exacerbated these
19 inequities.

20 (d) These negative impacts extend beyond homeownership and affect
21 wealth generation, housing security, and other outcomes for black,
22 indigenous, and people of color and other historically marginalized
23 communities in Washington. The legislature finds that these impacts
24 include higher rates of homelessness, rent burdening, substandard or
25 otherwise unhealthy or unsafe housing, and predatory and
26 discriminatory lending practices that lead to further displacement
27 and gentrification.

28 (e) Existing state and federal programs and other race-neutral
29 approaches are insufficient to remedy that discrimination and its
30 impacts on access to credit and homeownership for black, indigenous,
31 and people of color and other historically marginalized communities
32 in Washington. The legislature finds that race-conscious programs,
33 such as the special purpose credit programs authorized by section 6
34 of this act, are necessary to remedy the past discrimination in which
35 the state was complicit and to remove the structural barriers that
36 persist.

37 (2) The legislature declares that the state has an interest in
38 remedying past and ongoing discrimination and its impacts on access
39 to credit and homeownership for black, indigenous, and people of
40 color and other historically marginalized communities in Washington.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 36.22
2 RCW to read as follows:

3 (1) Beginning January 1, 2024, except as provided in subsection
4 (2) of this section, the county auditor must collect a covenant
5 homeownership program assessment of \$100 for each document recorded,
6 which is in addition to any other charge, surcharge, or assessment
7 allowed by law. The county auditor may retain up to one percent of
8 the moneys for collection of the assessment and must remit the
9 remainder of the moneys to the state treasurer to be deposited in the
10 covenant homeownership program account created in section 4 of this
11 act.

12 (2) The assessment imposed in this section does not apply to: (a)
13 Assignments or substitutions of previously recorded deeds of trust;
14 (b) documents recording a birth, marriage, divorce, or death; (c) any
15 recorded documents otherwise exempted from a recording fee or
16 additional assessments under state law; (d) marriage licenses issued
17 by the county auditor; or (e) documents recording a federal, state,
18 county, city, or water-sewer district, or wage lien or satisfaction
19 of lien.

20 NEW SECTION. **Sec. 3.** The definitions in this section apply
21 throughout this chapter unless the context clearly requires
22 otherwise.

23 (1) "Department" means the department of commerce.

24 (2) "Commission" means the Washington state housing finance
25 commission.

26 (3) "Covenant homeownership program study" means an evidence-
27 based written report prepared by or on behalf of the commission as
28 required in section 5 of this act.

29 (4) "Oversight committee" means the covenant homeownership
30 program oversight committee established in section 7 of this act.

31 (5) "Program" means the covenant homeownership program described
32 in section 6 of this act.

33 (6) "Program participant" means a person who receives down
34 payment and closing cost assistance through a special purpose credit
35 program created by the commission for purposes of the covenant
36 homeownership program.

37 (7) "Racially restrictive real estate covenant" means a recorded
38 covenant or deed restriction that includes or included racial
39 restrictions on property ownership or use against protected classes

1 that are unlawful under RCW 49.60.224. For example, these unlawful
2 restrictions commonly included exclusions against black, indigenous,
3 and people of color and other historically marginalized communities
4 in Washington state, using terms, many of which are offensive, such
5 as "African blood" meaning all sub-Saharan African ancestries;
6 "Aryan" meaning not Jewish, not eastern or southern European, nor any
7 ancestry except northern European; "Asiatic" meaning all Asian
8 ancestries; Chinese; "colored person" meaning all sub-Saharan African
9 ancestries; "colored races" meaning all nonwhite races; "Ethiopian"
10 meaning all sub-Saharan African ancestries; "gentile" meaning non-
11 Jewish; Hawaiian; "Hebrew" meaning Jewish; "Hindu" meaning all South
12 Asian ancestries; "Indian" meaning Native Americans and also possibly
13 South Asian ancestries; Japanese; "Malay" meaning Filipino;
14 "Mongolian" meaning all East Asian ancestries; "Negro blood" meaning
15 all sub-Saharan African ancestries; "oriental" meaning all Asian
16 ancestries; "Turkish empire" meaning all middle easterners; and
17 "yellow races" meaning all Asian ancestries.

18 (8) "Special purpose credit program" means a credit assistance
19 program created by the commission as authorized by the federal
20 consumer financial protection bureau under regulation B, 12 C.F.R.
21 1002.8(a)(1), pursuant to Title VII of the consumer credit protection
22 act (the equal credit opportunity act, 15 U.S.C. Sec. 1691 et seq.)
23 as amended, allowing a creditor to extend special purpose credit to
24 applicants who meet eligibility requirements under a credit
25 assistance program expressly authorized by state law for the benefit
26 of an economically disadvantaged class of persons.

27 NEW SECTION. **Sec. 4.** The covenant homeownership program account
28 is created in the state treasury. All receipts from the assessment
29 established in section 2 of this act must be deposited into the
30 account. Moneys in the account may be spent only after appropriation.
31 Expenditures from the account may be made only for the purposes of
32 the program described in section 6 of this act. The legislature may
33 appropriate moneys in the account as follows:

34 (1) The legislature may appropriate up to one percent of moneys
35 in the account to the department for costs related to the program
36 described in section 6 of this act including, but not limited to,
37 costs related to administering one or more contracts with the
38 commission for purposes of the program, costs related to the
39 oversight committee created in section 7 of this act, costs related

1 to outreach and stakeholder engagement, and other administrative,
2 data collection, and reporting costs; and

3 (2) The legislature may appropriate the remainder of the moneys
4 in the account to the department to contract with the commission for
5 the purposes of the program described in section 6 of this act.

6 NEW SECTION. **Sec. 5.** (1)(a) The commission shall complete, or
7 cause to be completed, an initial covenant homeownership program
8 study. The initial covenant homeownership program study must:

9 (i) Document past and ongoing discrimination against black,
10 indigenous, and people of color and other historically marginalized
11 communities in Washington state and the impacts of this
12 discrimination on homeownership in the state, including access to
13 credit and other barriers to homeownership in the state;

14 (ii) Analyze whether and to what extent existing programs and
15 race-neutral approaches have been insufficient to remedy this
16 discrimination and its impacts;

17 (iii)(A) Recommend and evaluate potential programmatic and policy
18 changes, including creation of one or more special purpose credit
19 programs, to remedy this discrimination and its impacts;

20 (B) As part of the recommendations related to creation of one or
21 more special purpose credit programs, identify through evidence-based
22 documentation the economically disadvantaged class or classes of
23 persons that require down payment and closing cost assistance in
24 order to reduce racial disparities in homeownership in the state. The
25 class or classes of persons identified in the study may share one or
26 more common characteristics such as, race, national origin, or sex;
27 and

28 (iv) Identify methodology to evaluate the efficacy of any
29 recommended programmatic and policy changes over time.

30 (b) By December 31, 2023, and in compliance with RCW 43.01.036,
31 the commission shall submit a copy of the initial covenant
32 homeownership program study to the appropriate committees of the
33 legislature and post a copy of the study to the commission's website.

34 (2)(a) At least every five years after the initial covenant
35 homeownership program study is completed, the commission shall
36 complete, or cause to be completed, an updated covenant homeownership
37 program study. The updated covenant homeownership program study must:

1 (i) Update and reevaluate the findings and recommendations
2 contained in the initial covenant homeownership program study and any
3 subsequent program studies;

4 (ii) Document the experience of program participants and others
5 impacted by past and ongoing discrimination, including their
6 experience accessing or attempting to access credit and any barriers
7 to homeownership in the state that they have faced or continue to
8 face;

9 (iii) Evaluate the special purpose credit program or programs'
10 efficacy in providing down payment and closing cost assistance to the
11 economically disadvantaged class or classes of persons identified in
12 the initial covenant homeownership program study and any subsequent
13 program studies, and the special purpose credit program or programs'
14 impacts on remedying discrimination and reducing racial disparities
15 in homeownership in the state; and

16 (iv) Recommend program modifications and improvements.

17 (b) By December 31, 2028, and by December 31st every five years
18 thereafter, and in compliance with RCW 43.01.036, the commission
19 shall submit a copy of an updated covenant homeownership program
20 study to the appropriate committees of the legislature and post a
21 copy of the study to the commission's website.

22 (c) The board of the commission shall review each subsequent
23 covenant homeownership program study and consider the evidence-based
24 documentation and recommendations in designing and implementing
25 program amendments.

26 NEW SECTION. **Sec. 6.** (1) As part of the covenant homeownership
27 program, the department shall contract with the commission to design,
28 develop, implement, and evaluate one or more special purpose credit
29 programs to reduce racial disparities in homeownership in the state
30 by providing down payment and closing cost assistance. The contract
31 must authorize the commission to use the contract funding as follows:

32 (a) The contract must authorize the commission to use up to one
33 percent of the contract funding for costs related to administering
34 the program including, but not limited to, costs related to
35 completing a covenant homeownership program study required under
36 section 5 of this act, and other administrative, data collection, and
37 reporting costs;

38 (b) The contract must authorize the commission to use up to one
39 percent of the contract funding to provide targeted education,

1 homeownership counseling, and outreach about special purpose credit
2 programs created under this section to black, indigenous, and people
3 of color and other historically marginalized communities in
4 Washington state, including outreach to relevant affinity groups for
5 mortgage lenders; and

6 (c) The contract must authorize the commission to use the
7 remainder of the contract funding to provide down payment and closing
8 cost assistance to program participants. This portion of the contract
9 funding may not be used to provide any type of assistance other than
10 down payment and closing cost assistance.

11 (2) The commission shall create one or more special purpose
12 credit programs to provide down payment and closing cost assistance
13 for the benefit of one or more economically disadvantaged classes of
14 persons identified in a covenant homeownership program study under
15 section 5 of this act. In creating a special purpose credit program,
16 the commission must consider the evidence-based documentation and
17 programmatic and policy recommendations set forth in the initial
18 covenant homeownership program study and any subsequent program
19 studies. If the covenant homeownership program study identifies an
20 economically disadvantaged class or classes of persons that share one
21 or more common characteristics such as, race, national origin, or sex
22 and the board of the commission finds it necessary to consider this
23 information in tailoring a special purpose credit program to provide
24 credit assistance to economically disadvantaged classes of persons,
25 the commission may consider these characteristics in designing and
26 implementing the program.

27 (3) At minimum, a special purpose credit program authorized under
28 this section must:

29 (a) Provide loans for down payment and closing cost assistance to
30 program participants that can be combined with other forms of down
31 payment and closing cost assistance;

32 (b) Require a program participant to repay loans for down payment
33 and closing cost assistance at the time that the house is sold; and

34 (c) Be implemented in conjunction with the commission's housing
35 finance programs.

36 (4) To be eligible to receive down payment and closing cost
37 assistance through a special purpose credit program authorized under
38 this section, a special purpose credit program applicant must:

39 (a) Have a household income at or below 100 percent of the area
40 median income;

1 (b) Be a first-time homebuyer; and

2 (c) (i) Be a Washington state resident who:

3 (A) Was a Washington state resident on or before the enactment of
4 the federal fair housing act (Title VIII of the civil rights act of
5 1968; P.L. 90-284; 82 Stat. 73) on April 11, 1968, and was or would
6 have been excluded from homeownership in Washington state by a
7 racially restrictive real estate covenant on or before April 11,
8 1968; or

9 (B) Is a descendant of a person who meets the criteria in
10 (c) (i) (A) of this subsection;

11 (ii) Records that show a person's address on or about a specific
12 date or include a reference indicating that a person is a resident of
13 a specific city or area on or about a specific date may be used to
14 provide proof that a person satisfies the criteria in (c) (i) of this
15 subsection, such as genealogical records, vital records, church
16 records, military records, probate records, public records, census
17 data, newspaper clippings, and other similar documents.

18 (5) The commission may adopt rules, and shall adopt program
19 policies, as necessary to implement this section. Program rules or
20 policies must include procedures and standards for extending credit
21 under the special purpose credit program, including program
22 eligibility requirements. From time to time, including in response to
23 a covenant homeownership program study's evaluation of program
24 efficacy, the board of the commission may amend the special purpose
25 credit programs, rules, and policies.

26 (6) By July 1, 2024, one or more of the special purpose credit
27 programs must begin providing down payment and closing cost
28 assistance to program participants.

29 (7) By December 31, 2025, and by each following December 31st,
30 and in compliance with RCW 43.01.036, the commission shall submit an
31 annual report to the appropriate committees of the legislature on the
32 progress of the special purpose credit program or programs developed
33 under this section. The report shall include, at minimum, the program
34 eligibility requirements, the type and amount of down payment and
35 closing cost assistance provided to program participants, the number
36 of program participants and their corresponding eligibility
37 categories, the location of property financed, and program outreach
38 efforts. The report must be posted on the commission's website.

1 NEW SECTION. **Sec. 7.** (1) The department shall establish an
2 oversight committee consisting of the following members:

3 (a) One person who meets the eligibility criteria for the special
4 purpose credit program described in section 6(4) of this act and is
5 from east of the crest of the Cascade mountains, appointed by the
6 governor;

7 (b) One person who meets the eligibility criteria for the special
8 purpose credit program described in section 6(4) of this act and is
9 from west of the crest of the Cascade mountains, appointed by the
10 governor;

11 (c) One representative of an organization that operates a special
12 purpose credit program, counseling service, or debt relief program
13 that serves persons who were commonly subject to unlawful exclusions
14 contained in racially restrictive real estate covenants as defined in
15 section 3 of this act, appointed by the governor;

16 (d) One representative of a community-based organization that
17 specializes in the development of permanently affordable housing that
18 serves persons who were commonly subject to unlawful exclusions
19 contained in racially restrictive real estate covenants, appointed by
20 the governor;

21 (e) One representative of the real estate sales profession,
22 appointed by the governor;

23 (f) One representative of the home mortgage lending profession
24 who has a minimum of five years' lending or underwriting experience,
25 appointed by the governor;

26 (g) One representative of the nonprofit affordable housing
27 development industry, appointed by the governor;

28 (h) Two senators, one from each of the two largest caucuses,
29 appointed by the president of the senate;

30 (i) Two members of the house of representatives, one from each of
31 the two largest caucuses, appointed by the speaker of the house of
32 representatives; and

33 (j) One person designated by the director of the Washington state
34 office of equity established under chapter 43.06D RCW, approved by
35 the governor.

36 (2) Members shall each serve a three-year term, subject to
37 renewal for no more than one additional three-year term. The
38 oversight committee shall develop rules that provide for the
39 staggering of terms so that, after the first three years of the

1 committee's existence, the terms of one-third of the members expire
2 each year.

3 (3) The oversight committee shall oversee and review the
4 commission's activities and performance related to the program,
5 including the commission's creation and administration of one or more
6 special purpose credit programs authorized in section 6 of this act.
7 The oversight committee may, from time to time, make recommendations
8 to the appropriate committees of the legislature regarding the
9 program.

10 (4) (a) The oversight committee is a class one group under RCW
11 43.03.220. Except as provided in (b) of this subsection, members of
12 the committee receive no compensation for their services as members
13 of the committee but may be reimbursed for travel and other expenses
14 in accordance with rules adopted by the office of financial
15 management.

16 (b) As authorized by RCW 43.03.220, the department may provide a
17 stipend to individuals who are low income or have lived experience to
18 support their participation on the oversight committee.

19 (5) The department and the commission shall work together to
20 supply the oversight committee with any information necessary for the
21 committee to carry out its duties under this section.

22 (6) The department shall provide administrative assistance and
23 staff support to the oversight committee.

24 **Sec. 8.** RCW 36.18.010 and 2022 c 141 s 2 are each amended to
25 read as follows:

26 Except as otherwise ordered by the court pursuant to RCW
27 4.24.130, county auditors or recording officers shall collect the
28 following fees for their official services:

29 (1) For recording instruments, for the first page eight and one-
30 half by (~~fourteen~~) 14 inches or less, (~~five dollars~~) \$5; for each
31 additional page eight and one-half by (~~fourteen~~) 14 inches or less,
32 (~~one dollar~~) \$1. The fee for recording multiple transactions
33 contained in one instrument will be calculated for each transaction
34 requiring separate indexing as required under RCW 65.04.050 as
35 follows: The fee for each title or transaction is the same fee as the
36 first page of any additional recorded document; the fee for
37 additional pages is the same fee as for any additional pages for any
38 recorded document; the fee for the additional pages may be collected
39 only once and may not be collected for each title or transaction;

- 1 (2) For preparing and certifying copies, for the first page eight
2 and one-half by (~~fourteen~~) 14 inches or less, (~~three dollars~~) \$3;
3 for each additional page eight and one-half by (~~fourteen~~) 14 inches
4 or less, (~~one dollar~~) \$1;
- 5 (3) For preparing noncertified copies, for each page eight and
6 one-half by (~~fourteen~~) 14 inches or less, (~~one dollar~~) \$1;
- 7 (4) For administering an oath or taking an affidavit, with or
8 without seal, (~~two dollars~~) \$2;
- 9 (5) For issuing a marriage license, (~~eight dollars~~) \$8, (this
10 fee includes taking necessary affidavits, filing returns, indexing,
11 and transmittal of a record of the marriage to the state registrar of
12 vital statistics) plus an additional (~~five dollar~~) \$5 fee for use
13 and support of the prevention of child abuse and neglect activities
14 to be transmitted monthly to the state treasurer and deposited in the
15 state general fund plus an additional (~~ten dollar~~) \$10 fee to be
16 transmitted monthly to the state treasurer and deposited in the state
17 general fund. The legislature intends to appropriate an amount at
18 least equal to the revenue generated by this fee for the purposes of
19 the displaced homemaker act, chapter 28B.04 RCW;
- 20 (6) For searching records per hour, (~~eight dollars~~) \$8;
- 21 (7) For recording plats, (~~fifty~~) 50 cents for each lot except
22 cemetery plats for which the charge shall be (~~twenty-five~~) 25 cents
23 per lot; also (~~one dollar~~) \$1 for each acknowledgment, dedication,
24 and description: PROVIDED, That there shall be a minimum fee of
25 (~~twenty-five dollars~~) \$25 per plat;
- 26 (8) For recording of miscellaneous records not listed above, for
27 the first page eight and one-half by (~~fourteen~~) 14 inches or less,
28 (~~five dollars~~) \$5; for each additional page eight and one-half by
29 (~~fourteen~~) 14 inches or less, (~~one dollar~~) \$1;
- 30 (9) For modernization and improvement of the recording and
31 indexing system, a surcharge as provided in RCW 36.22.170;
- 32 (10) For recording an emergency nonstandard document as provided
33 in RCW 65.04.047, (~~fifty dollars~~) \$50, in addition to all other
34 applicable recording fees;
- 35 (11) For recording instruments, a (~~three dollar~~) \$3 surcharge
36 to be deposited into the Washington state library operations account
37 created in RCW 43.07.129;
- 38 (12) For recording instruments, a (~~two dollar~~) \$2 surcharge to
39 be deposited into the Washington state library-archives building
40 account created in RCW 43.07.410 until the financing contract entered

1 into by the secretary of state for the Washington state library-
2 archives building is paid in full;

3 (13) For recording instruments, a surcharge as provided in RCW
4 36.22.178; (~~and~~)

5 (14) For recording instruments, except for documents recording a
6 birth, marriage, divorce, or death or any documents otherwise
7 exempted from a recording fee under state law, a surcharge as
8 provided in RCW 36.22.179; and

9 (15) For recording instruments, except for documents recording a
10 birth, marriage, divorce, or death or any documents otherwise
11 exempted from a recording fee under state law, an assessment as
12 provided in section 2 of this act.

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 covenant homeownership program account, the
27 deferred compensation administrative account, the deferred
28 compensation principal account, the department of licensing services
29 account, the department of retirement systems expense account, the
30 developmental disabilities community services account, the diesel
31 idle reduction account, the drinking water assistance account, the
32 administrative subaccount of the drinking water assistance account,
33 the early learning facilities development account, the early learning
34 facilities revolving account, the Eastern Washington University
35 capital projects account, the education construction fund, the
36 education legacy trust account, the election account, the electric
37 vehicle account, the energy freedom account, the energy recovery act
38 account, the essential rail assistance account, The Evergreen State
39 College capital projects account, the fair start for kids account,
40 the ferry bond retirement fund, the fish, wildlife, and conservation

1 account, the freight mobility investment account, the freight
2 mobility multimodal account, the grade crossing protective fund, the
3 public health services account, the state higher education
4 construction account, the higher education construction account, the
5 higher education retirement plan supplemental benefit fund, 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 covenant
19 homeownership program account, the deferred compensation
20 administrative account, the deferred compensation principal account,
21 the department of licensing services account, the department of
22 retirement systems expense account, the developmental disabilities
23 community services account, the diesel idle reduction account, the
24 drinking water assistance account, the administrative subaccount of
25 the drinking water assistance account, the early learning facilities
26 development account, the early learning facilities revolving account,
27 the Eastern Washington University capital projects account, the
28 education construction fund, the education legacy trust account, the
29 election account, the electric vehicle account, the energy freedom
30 account, the energy recovery act account, the essential rail
31 assistance account, The Evergreen State College capital projects
32 account, the fair start for kids account, the ferry bond retirement
33 fund, the fish, wildlife, and conservation account, the freight
34 mobility investment account, the freight mobility multimodal account,
35 the grade crossing protective fund, the public health services
36 account, the state higher education construction account, the higher
37 education construction account, the higher education retirement plan
38 supplemental benefit fund, the highway bond retirement fund, the
39 highway infrastructure account, the highway safety fund, the hospital
40 safety net assessment fund, the Interstate 405 and state route number

1 167 express toll lanes account, the judges' retirement account, the
2 judicial retirement administrative account, the judicial retirement
3 principal account, the limited fish and wildlife account, the local
4 leasehold excise tax account, the local real estate excise tax
5 account, the local sales and use tax account, the marine resources
6 stewardship trust account, the medical aid account, the money-
7 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.** This act may be known and cited as the
39 covenant homeownership account and program act.

1 NEW SECTION. **Sec. 12.** Sections 1 and 3 through 7 of this act
2 constitute a new chapter in Title 43 RCW.

3 NEW SECTION. **Sec. 13.** If any part of this act is found to be in
4 conflict with federal requirements that are a prescribed condition to
5 the allocation of federal funds to the state, the conflicting part of
6 this act is inoperative solely to the extent of the conflict and with
7 respect to the agencies directly affected, and this finding does not
8 affect the operation of the remainder of this act in its application
9 to the agencies concerned. Rules adopted under this act must meet
10 federal requirements that are a necessary condition to the receipt of
11 federal funds by the state.

12 NEW SECTION. **Sec. 14.** If any provision of this act or its
13 application to any person or circumstance is held invalid, the
14 remainder of the act or the application of the provision to other
15 persons or circumstances is not affected.

16 NEW SECTION. **Sec. 15.** Section 9 of this act expires July 1,
17 2024.

18 NEW SECTION. **Sec. 16.** Section 10 of this act takes effect July
19 1, 2024.

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