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**HOUSE BILL 2523**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Reeves, Hill, Davis, Gregerson, Parshley, Ormsby, Santos, Donaghy, Scott, and Obras

Read first time 01/16/26. Referred to Committee on Technology, Economic Development, & Veterans.

1 AN ACT Relating to the community reinvestment program; amending  
2 RCW 43.79.567; adding a new section to chapter 43.330 RCW; creating  
3 new sections; and providing an expiration date.

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

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

12 The legislature further finds that it initially appropriated  
13 \$1,000,000 for the development of a community reinvestment plan and  
14 \$200,000,000 for implementation of the plan in the 2023-2025 fiscal  
15 biennium through the community reinvestment account in RCW 43.79.567.  
16 The legislature subsequently appropriated an additional \$60,000,000  
17 and \$50,000,000 for the 2025-2027 and 2027-2029 fiscal biennia. The  
18 legislature finds that the initial phase of the program required use  
19 of the department of commerce's existing programs and networks to  
20 distribute money as quickly as possible. The department of commerce  
21 and the office of equity published a preliminary report on December

1 1, 2022, a community reinvestment plan report on September 19, 2023,  
2 and a community investment plan implementation report in October  
3 2025. The legislature intends to transfer an amount no less than  
4 \$100,000,000 per year for continued implementation of the community  
5 investment plan, annual reporting on the plan, and updates to the  
6 plan.

7 The legislature recognizes that despite the development of a  
8 community investment plan and reporting on implementation of the  
9 plan, existing programs and networks may not reach the people who are  
10 most affected by the historic laws and penalties for drug possession.  
11 Therefore, the legislature intends for the next phase of  
12 implementation to include policy direction for expenditure of the  
13 legislative appropriations, annual reporting on distribution of the  
14 appropriated funds, direction to update the community investment plan  
15 every 10 years, and review of implementation of the program to date  
16 by the Washington state institute for public policy.

17 **Sec. 2.** RCW 43.79.567 and 2025 c 424 s 952 are each amended to  
18 read as follows:

19 (1) The community reinvestment account is created in the state  
20 treasury. Revenues to the account shall consist of appropriations and  
21 transfers by the legislature and all other moneys directed for  
22 deposit into the account. Moneys in the account may be spent only  
23 after appropriation.

24 (2) Expenditures from the account may be used by the department  
25 of commerce for:

26 (a) Economic development, which includes addressing wealth  
27 disparities to promote asset building such as homeownership and  
28 expanding access to financial resources including, but not limited  
29 to, grants and loans for small businesses and entrepreneurs,  
30 financial literacy training, and other small business training and  
31 support activities;

32 (b) Civil and criminal legal assistance to provide postconviction  
33 relief and case assistance, including the expungement of criminal  
34 records and vacation of criminal convictions;

35 (c) Community-based violence intervention and prevention  
36 services, which may include after-school programs focused on  
37 providing education and mentorship to youths;

1 (d) Reentry services to facilitate successful transitions for  
2 persons formerly incarcerated in an adult correctional facility or  
3 juvenile residential facility in Washington; and

4 (e) (~~Beginning July 1, 2025, agricultural~~) Agricultural and  
5 economic support and services available to historically marginalized  
6 communities.

7 (3) The distribution of the grants under this section must be  
8 done in collaboration with "by and for community organizations" as  
9 defined by the department of commerce and the office of equity. (~~For~~  
10 ~~the 2025-2027 fiscal biennium, "by~~) "By and for community  
11 organizations" include, but are not limited to, those operated by and  
12 for Black, Latino, Native American, Asian, Native Hawaiian, and  
13 Pacific Islander communities.

14 NEW SECTION. Sec. 3. A new section is added to chapter 43.330  
15 RCW to read as follows:

16 (1) The department shall, in partnership with the office of  
17 equity, and "by and for community organizations" as used in RCW  
18 43.79.567, update the community reinvestment plan every 10 years to  
19 identify the distribution of funds allocated to the community  
20 reinvestment account in RCW 43.79.567. The plan must include criteria  
21 for eligible communities and programs, development of accountability  
22 measures to ensure that distribution and use of funding meets  
23 intended purposes, and tracking of outcomes for the funds.

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

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

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

32 (c) Ensure that:

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

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

35 (iii) An expenditure is accompanied by additional public or  
36 private investment; and

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

1 (3) In updating the plan, the department is encouraged to  
2 incorporate existing and ongoing work from relevant task forces and  
3 work groups including, but not limited to, the social equity in  
4 cannabis task force, the statewide reentry council, and the  
5 homeownership disparities workgroup.

6 (4) The department shall submit a report consistent with RCW  
7 43.01.036 to the governor and relevant committees of the legislature  
8 by June 30, 2027, and every two years thereafter, that includes a  
9 summary of implementation of the plan, including outcome-based  
10 metrics.

11 (5) The office of equity must review the plan and the report.

12 (6) The department shall use the plan to guide the distribution  
13 of appropriated funds. The department must review and update the plan  
14 every 10 years, with the first update due in 2032.

15 (7) For the purposes of this section, "plan" means the community  
16 reinvestment plan.

17 NEW SECTION. **Sec. 4.** (1) The Washington state institute for  
18 public policy must conduct a study researching, analyzing, and  
19 determining, to the extent practicable, the department of commerce's  
20 distribution of and the recipient organizations' use of the funds  
21 allocated under the community reinvestment account in RCW 43.79.567.

22 (2) In conducting the study, the Washington state institute for  
23 public policy may conduct fact-finding and stakeholder discussions  
24 with the department of commerce, the office of equity, organizations  
25 that received funds, and organizations that were eligible for funds  
26 but did not receive funds.

27 (3) The department of commerce and the office of equity must  
28 cooperate with the Washington state institute for public policy to  
29 facilitate access to data or other resources necessary to complete  
30 the work of this section.

31 (4) By June 30, 2027, and in compliance with RCW 43.01.036, the  
32 Washington state institute for public policy shall submit a report to  
33 the appropriate committees of the legislature with the findings of  
34 its study under this section.

35 (5) This section expires June 1, 2028.

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