

# SENATE BILL REPORT

## SB 5706

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As Reported by Senate Committee On:  
Labor, Commerce & Tribal Affairs, January 26, 2022

**Title:** An act relating to the creation of the community reinvestment account and community reinvestment program.

**Brief Description:** Creating the community reinvestment account and community reinvestment program.

**Sponsors:** Senators Saldaña, Frockt, Hasegawa, Nguyen, Stanford and Wilson, C.; by request of Office of the Governor.

**Brief History:**

**Committee Activity:** Labor, Commerce & Tribal Affairs: 1/19/22, 1/26/22 [DPS-WM, DNP, w/oRec].

**Brief Summary of First Substitute Bill**

- Requires \$125 million to be transferred from the Dedicated Marijuana Account to the Community Reinvestment Account and appropriated to the Department of Commerce for specified community reinvestment purposes, beginning fiscal year 2023 and each succeeding fiscal year.

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### SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

**Majority Report:** That Substitute Senate Bill No. 5706 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Conway, Vice Chair, Labor; Stanford, Vice Chair, Commerce & Tribal Affairs; Robinson and Saldaña.

**Minority Report:** Do not pass.

Signed by Senators Braun and Schoesler.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** That it be referred without recommendation.

Signed by Senators King, Ranking Member; Rivers.

**Staff:** Matt Shepard-Koningsor (786-7627)

**Background:** Dedicated Marijuana Account. The Dedicated Marijuana Account (Marijuana Account) is an appropriated account in the custody of the state treasurer. All moneys received by the Liquor and Cannabis Board from marijuana-related activities must be deposited in the Marijuana Account. These moneys include marijuana excise taxes collected on sales of marijuana and marijuana products, license fees, penalties, and forfeitures from marijuana producers, processors, researchers, and retailers. Moneys from the account are distributed to agencies, local governments, and to the Basic Health Plan Trust Account. At the end of each fiscal year (FY), unappropriated amounts in the Marijuana Account are transferred into the State General Fund.

**Summary of Bill (First Substitute):** Beginning in FY23, and annually thereafter, \$125 million must be transferred from the Marijuana Account into the Community Reinvestment Account (Reinvestment Account) and appropriated to the Department of Commerce.

The Reinvestment Account is created in the state treasury. The Reinvestment Account must receive its proportionate share of earnings based upon its average daily balance for the period. Expenditures from the account may be used for:

- economic development, which includes addressing wealth disparities to promote asset building, such as home ownership, and expanding access to financial resources including, but not limited to, grants and loans for small businesses and entrepreneurs, financial literacy training, and other small business training and support activities;
- civil and criminal legal assistance to provide post-conviction relief and case assistance, including the removal of criminal records and convictions; and
- reentry services to facilitate successful transitions for persons formerly incarcerated in an adult correctional facility or juvenile residential facility in Washington.

**EFFECT OF CHANGES MADE BY LABOR, COMMERCE & TRIBAL AFFAIRS COMMITTEE (First Substitute):**

- Modifies the subsection appropriating \$125 million to the Reinvestment Account to clarify the appropriation is for the purposes outlined in the Reinvestment Account section to avoid confusion with other existing social equity grant programs.

**Appropriation:** The bill contains an appropriation totaling \$125,000,000 from the Dedicated Marijuana Account.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 5, relating to account earnings, which takes effect July 1, 2024.

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: This bill represents one of the recommendations from the Social Equity Task Force. Washington has had almost a decade of legal cannabis and the Governor believes it is our moral obligation to invest in communities disproportionately impacted by the War on Drugs. We are looking at data showing disproportionate impacts on communities of color, and based on that data, targeting investments into those communities. This is a restorative process that can help people obtain post-conviction relief. This bill aims, in part, to provide necessary reentry services. I support this bill to increase state funding for intervention and prevention services. Washington took in over a billion dollars in cannabis revenues but failed to invest in communities of color. We need more resources for reentry in our state and this bill does that.

**Persons Testifying:** PRO: Senator Rebecca Saldaña, Prime Sponsor; Theodore Boe, Burien Police Department; Larry Jefferson, Washington State Office of Public Defense (OPD); Jim Bamberger, Washington State Office of Civil Legal Aid; Sheri Sawyer, Governor's Office; Ollie Garrett, Liquor & Cannabis Board; Kate Kelly, Department of Commerce; Darrell Powell, NAACP Alaska, Oregon and Washington State Region; Jim Buchanan, Washington State African American Cannabis Association; Adán Espino, Craft Cannabis Coalition; Paula Sardinas, WBBA/FMSGs; Micah Sherman; Chris Hoke, Underground Ministries.

**Persons Signed In To Testify But Not Testifying:** No one.